

# SUSTAINABILITY REPORT 2023





## Contents

About This Sustainability Report	02
CEO Message	04
About Crystal International	06
Our Sustainability Vision and Approach	10
Stakeholder Engagement	16
Preserving Our Planet	20
Driving Innovative Manufacturing	42
Product Responsibility	46
Supply Chain Management	50
Pioneering Social Sustainability	54
Awards and Recognition	74
Glossary	77
ESG Reporting Guide Index and GRI Content Index	80

# About This Sustainability Report

This Sustainability Report 2023 (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**”), as well as with reference to the latest Global Reporting Initiative (“**GRI**”) Standards. Our climate-related disclosure makes reference to the framework of the Task Force on Climate-related Financial Disclosures (“**TCFD**”). This is the fifteenth 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 1 January to 31 December 2023.

This year, our number of facilities increased from 20 to 23, driven by operational growth and business expansion. The reporting boundary of this Report covers all 23 facilities across five countries – Vietnam, China, Cambodia, Bangladesh and Sri Lanka – unless otherwise specified. This Report summarises the positive steps and actions taken to address material sustainability topics and to foster a more sustainable fashion future.

Following the successful accomplishment of three cycles of Global 5-Year Sustainability Targets in 2022, we have embarked on a new journey: Crystal Sustainability Vision 2030 (“**CSV2030**”). This is a comprehensive set of environmental and social indicators that sets out the rising importance of our sustainability focus. During the reporting period, we have formulated the CSV2030 framework by engaging with different stakeholders, defining eight impact areas and relevant goals to cope with a wider spectrum of sustainability challenges.

I am sincerely grateful for the staunch support from top management who are confident in our firm beliefs and sustainability targets. We are humbled that our sustainability performance received positive recognition from renowned sources. My heartfelt gratitude goes out to all factories and global employees for their hard work in making all of our remarkable achievements possible. The concerted efforts from all departments help to strengthen internal cohesion across all levels and gain the trust of our external stakeholders.

Moving forward, we are devising the action agenda of CSV2030, which may be of most interest to our stakeholders. We will work with all operations to address the identified impact areas, to make continuous progress towards our vision in the years ahead.

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](mailto:sustainability@crystalgroup.com).

**Catherine Chiu**  
Vice President  
Corporate Quality and Sustainability



# CEO Message

## Actions Build Hope

In 2023, we faced competing business and wider climate challenges. The economy experienced a slowdown and global industry encountered reduced orders and inventory stockpiles. Thanks to our team's efforts in proactive cost control and automation advances, our profit margin improved despite the external environmental factors. Amidst a year of cyclical fluctuations, our cohesiveness has empowered us to embrace greater resilience, to make fashion sustainable in a way that is good for our next generation and the planet. Sustainability has been embedded into our operations for almost two decades, enabling us to meet the rising expectations of various stakeholders and achieve excellence for customers. As our work continues, our actions build hope to optimise positive change.

## Transitioning to Crystal Sustainability Vision 2030

Over the past 16 years, we have accomplished challenging and remarkable achievements in sustainability and evolved into a pioneering garment manufacturer. As our next milestone, the introduction of Crystal Sustainability Vision 2030 (“**CSV2030**”) will guide our future sustainability agenda. CSV2030 focuses on eight impact areas addressing the emerging ESG issues in a broader scope. 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.

## Leading with Net Zero 2050

Climate change with frequent extreme weather events has made 2023 a record-breaking year. Average temperatures were higher than ever, which signals again the urgency of global efforts. Under our Crystal Net Zero 2050 Vision, we have put our unwavering focus on deploying a climate strategy through a multi-pronged approach and climate-related risk management. We rolled out a net zero roadmap, tailored potential carbon reduction by via energy efficiency enhancement and defined implementation details with all factories. Our factories have committed to adopting around 180 short- and long-term energy efficiency measures by 2028. We also started to compile our Scope 3 value chain inventory by following carbon accounting principles. We believe that preventing the climate crisis is the responsibility of everyone, and we will influence global stakeholders to seize new opportunities and join us on this journey.

## Expanding with Vertical Integration

During the reporting period, we extended our capacity and strengthened vertical integration by enhancing the operation model of our fabric mill in Vietnam. To ride the tide of vertical strategy, we have taken a big step by further acquiring a fabric mill in Bangladesh, streamlining operations by taking more ownership of multiple stages of the supply chain. To support business expansion, vertical integration allows us to achieve better synchronisation of supply and demand, fewer supply chain disruptions, and greater economies of scale. We are anticipating a breakthrough in our vertical strategy with the first Crystal self-established textile mill in Vietnam under construction. With the expansion of our foothold in fabric production, along with our profound expertise, we feel motivated to bring our sustainability values to the new frontier.

## Elevating Manufacturing Excellence

With wider application of automated equipment and digital transformation, we have made sustainable improvements in production through increased efficiency and productivity. We will continue to focus on upgrading and implementing automation, in order to provide more flexibility to meet customers' evolving expectations. This will enable us to stand out in a competitive market.

## Spearheading with Circularity

Looking forward, we will ramp up strategic actions to drive the success of CSV2030 and net zero. In addition to climate change, circularity is also at the top of our agenda. To transition towards a circular model, we will scale up waste management and explore partnerships in expanding the use of sustainable materials.

The path is challenging, but I am confident that our ultimate aims will be achieved by collaborating with our dedicated employees, like-minded value chain partners, professional suppliers, and other committed stakeholders. I would like to thank my global teams for their extraordinary contribution over the past year. The pursuit of sustainability will set us up for future success. We will stay realistic and optimistic, and let Crystal values, culture, and spirit lead the way.

**Andrew Lo**  
Chief Executive Officer



# About Crystal International

Founded in 1970 and headquartered in Hong Kong, 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, Sportswear and outdoor apparel, Denim, Intimate, Sweater, and Knitted fabrics. The Group operates a multi-country manufacturing platform, with 23 production facilities including both garment factories and fabric mills spanning five countries: Vietnam, China, Cambodia, Bangladesh and Sri Lanka. As a global apparel manufacturer, Crystal International Group Limited aims to be a pioneer in sustainability.

## Mission

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

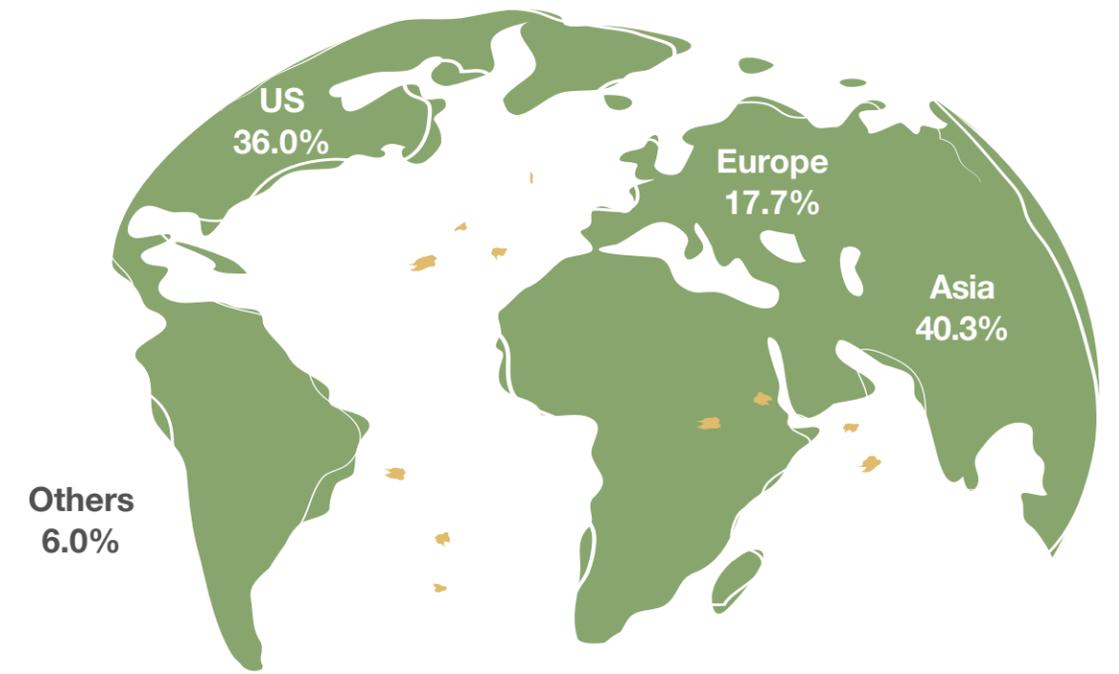
## Corporate Values

- Integrity
- Respect for people
- Embrace innovation
- Energise others
- Delight our customer
- Live quality
- Deliver bottom line results
- Boundaryless enterprise

## Product Types



## Geographical Markets and Global Operations



## Multi-country Network of Production Facilities



## Corporate Governance

Crystal International is the embodiment of exemplary corporate governance, with practices that are not only in compliance with all relevant rules and regulations, including the Corporate Governance Code (the “**CG Code**”), but also intricately aligned with the organisation’s goals and strategies. Crystal recognises the integral role that robust governance plays in achieving long-term success and is unequivocally committed to maintaining the high standards that are crucial to the sustainable growth of the Group.

To ensure that its governance framework remains effective and responsive to the evolving needs of the business, Crystal’s board of directors (the “**Board**”) undertakes regular reviews and is proactive in establishing relevant Board committees as necessary. This dynamic governance structure is designed to facilitate strategic objectives and enhance overall performance.

The composition of Crystal’s Board is thoughtfully diversified. Apart from a substantial number of female Board members, it also includes members with expertise of management in different industries, such as banking and financing, technology and manufacturing. This diversity is strategic, reflecting the Company’s commitment to staying at the forefront of manufacturing innovation and efficiency. Such a varied Board composition is instrumental in steering Crystal towards its vision of excellence in manufacturing capabilities.

Understanding the critical nature of board development, Crystal invests in the continuous development of its Board members. Seminars and forums are organised, as well as visits to factories in the countries where we operate. This provides Board members with deeper insights into the Company’s business environment, risk management and operations. These visits are more than just informational excursions, they are integral to ensuring that Board members are well-informed and equipped with a thorough understanding of the business landscape Crystal navigates.

Our consistent application of and adherence to advanced corporate governance standards underlines our belief that such practices are not mere formalities but are, in fact, vital to driving forward Crystal’s vision and long-term success.

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

The roles and responsibilities of each committee and details of our corporate governance framework are available in Crystal’s Annual Report 2023.

## ESG Ratings



## Sustainability Governance

Our sustainability is led from a holistic perspective with an aligned overall direction. The Board retains overall responsibility for overseeing Crystal’s strategic direction, policy and annual reporting on sustainability, guiding high level sustainability governance. The role of the Board involves steering and supervising sustainability initiatives to ensure their effectiveness and relevance in light of the evolving sustainability landscape.

We have a robust governance structure to manage our sustainability approach. The Board-level Sustainability Committee, which is comprised of our CEO and two non-executive Directors, endorses our sustainability vision and commitments, oversees the strategy formulation and management approach, and provides recommendations on the Group’s sustainability framework and policies, to ensure their effectiveness and alignment with the Group’s business strategies. The Sustainability Committee also reviews annual reporting, the Group’s sustainability performance, material ESG issues, and related risks and opportunities, in addition to making recommendations and reporting to the Board on a regular basis.

Sustainability performance and progress towards our targets are reported to the Executive Committee (“**Execo**”) members on a quarterly basis and to the Sustainability Committee twice a year for review and evaluation.

Authorised by the Board and led by an Executive Director, the Corporate Quality and Sustainability Department (“**CQS**”) is delegated to develop and execute sustainability strategies and policies, drive the implementation of relevant initiatives, assess the Group’s sustainability performance, identify improvement areas, and prepare the sustainability reports. 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.

## ESG Risk Management

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

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

# Our Sustainability Vision and Approach

## Our Sustainability Framework

Sustainability has been ingrained in our business operations since 2007, when we set out our sustainability framework. This serves as a guiding principle when formulating sustainability strategies. The five pillars of the framework and their highlighted initiatives are as follows:

<b>Environment</b>	<ul style="list-style-type: none"> <li>Crystal Net Zero 2050 Vision</li> <li>UN Fashion Industry Charter for Climate Action (“<b>UNFICCA</b>”)</li> <li>Decarbonisation strategy and roadmap</li> <li>Group-wide rooftop solar plan</li> <li>CDP disclosure</li> <li>Task Force on Climate-related Financial Disclosures (“<b>TCFD</b>”)</li> <li>Sustainable material and product development</li> <li>Holistic water conservation</li> <li>Zero operational waste to landfill</li> <li>Global partnership for climate action and circularity</li> </ul>	
<b>Innovation</b>	<ul style="list-style-type: none"> <li>Automation for operational efficiency and effectiveness</li> <li>Digital transformation</li> <li>Manufacturing excellence to achieve industry 4.0</li> <li>Smart factory, smart warehouse and smart laundry</li> <li>System transformation and integration</li> </ul>	
<b>Product Integrity</b>	<ul style="list-style-type: none"> <li>Quality policy and corporate guidelines</li> <li>Group-wide quality management system</li> <li>Digitalising quality assurance processes and quality online system</li> <li>Supply chain quality management</li> <li>Driving “Right First Time” culture and awareness</li> </ul>	
<b>Employee Care</b>	<ul style="list-style-type: none"> <li>People-oriented culture</li> <li>Gender equality engagement activities</li> <li>Talent development and capacity building</li> <li>CARE programme and P.A.C.E. for women empowerment</li> <li>Promoting a health and safety culture</li> </ul>	
<b>Community Engagement</b>	<ul style="list-style-type: none"> <li>Creating shared value with local communities</li> <li>Employee volunteering to address social needs</li> <li>Advancing collaboration for healthy and sustainable communities</li> <li>Consistent support for community resilience</li> </ul>	

## United Nations Global Compact



**WE SUPPORT**

We joined the United Nations Global Compact in 2021 and continue to support the Ten Principles on human rights, labour, environment and anti-corruption. Acting together with more than 24,000 other participating companies and organisations worldwide, we remain committed to making the principles part of our strategy, culture and daily operations, and to engaging with our industry peers on various partnerships that advance towards the common goals of the United Nations.

## The Ten Principles of the United Nations Global Compact

Businesses should:

- |   |  |
|---|--|
| <br><small>HUMAN RIGHTS</small>     | <ol style="list-style-type: none"> <li>Support and respect the protection of internationally proclaimed human rights.</li> <li>Make sure that they are not complicit in human rights abuses.</li> </ol>  |
| <br><small>LABOUR</small>          | <ol style="list-style-type: none"> <li>Uphold the freedom of association and the effective recognition of the right to collective bargaining.</li> <li>Uphold the elimination of all forms of forced and compulsory labour.</li> <li>Uphold the effective abolition of child labour.</li> <li>Uphold the elimination of discrimination in respect of employment and occupation.</li> </ol> |
| <br><small>ENVIRONMENT</small>     | <ol style="list-style-type: none"> <li>Support a precautionary approach to environmental challenges.</li> <li>Undertake initiatives to promote greater environmental responsibility.</li> <li>Encourage the development and diffusion of environmentally friendly technologies.</li> </ol>   |
| <br><small>ANTI-CORRUPTION</small> | <ol style="list-style-type: none"> <li>Work against corruption in all its forms, including extortion and bribery.</li> </ol>   |

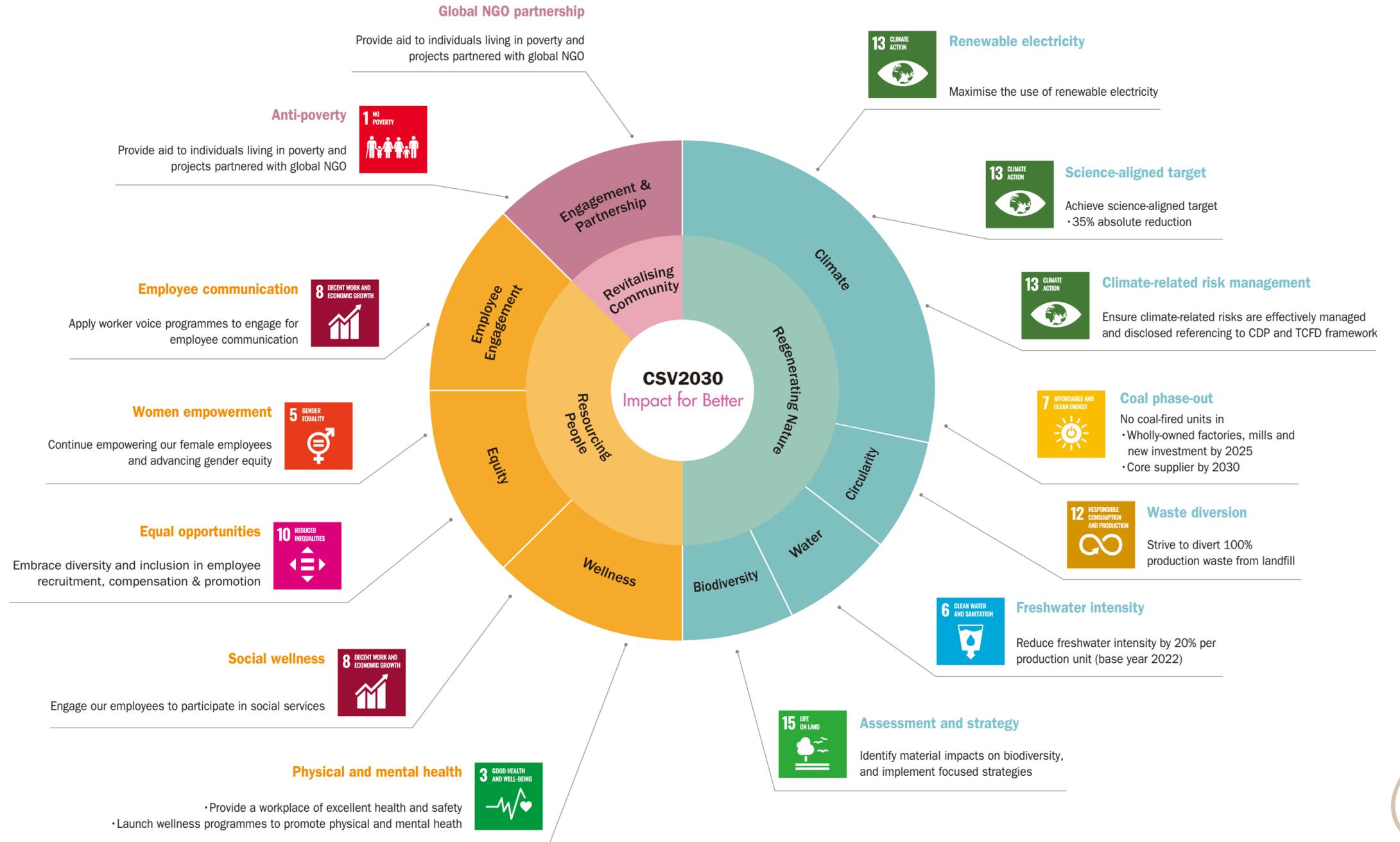
## Crystal Sustainability Vision 2030 – Impact for Better

Following our accomplishment of the three cycles of Global 5-year Sustainability Targets ending in 2022, we have not been complacent. Our new Crystal Sustainability Vision 2030 (“**CSV2030**”) was established to craft a blueprint for the Group to take sustainable fashion to the new heights, on the basis of 16 years of persistent efforts for sustainability. After rounds of stakeholder engagement, review of industry best practices and analysis of macro issues, we completed the development of CSV2030 with the endorsement by the Board in 2023. With reference to the UN SDGs, CSV2030 consists of eight impact areas across environmental, social and community dimensions, as well as relevant goals associated with each impact area that we are committed to achieving by the end of the decade. These aim to tackle the sustainability issues of the industry.

The slogan “impact for better” accentuates our ambition and motive of CSV2030. It also illustrates our aspiration to positively influence various impact areas for our nature, people and communities, to create a better future in the long run. In the year ahead, we will devise a detailed agenda for concrete action, and work with all operations to continuously progress towards the new vision.



# CSV2030 Impact for Better



## Highlights towards CSV2030 in 2023

<p><b>12 MW</b> group-wide solar PV</p>		<p><b>US\$580,000</b> contribution to communities</p>
	<p><b>Employee wellness programmes</b> in all operating countries</p>	<p><b>100,000</b> trees planted in Bangladesh and Sri Lanka</p>
<p><b>60%</b> of factories implemented worker voice programmes</p>	<p>No coal-fired units in wholly owned factories</p>	
<p><b>↓ 23%</b> freshwater per garment vs 2022</p>		<p><b>6,500</b> volunteering hours</p>
	<p><b>↓ 4.7%</b> absolute carbon vs 2022</p>	
<p><b>2</b> factories achieved zero operational waste to landfill</p>		<p><b>59,000</b> women empowered through CARE since 2014</p>

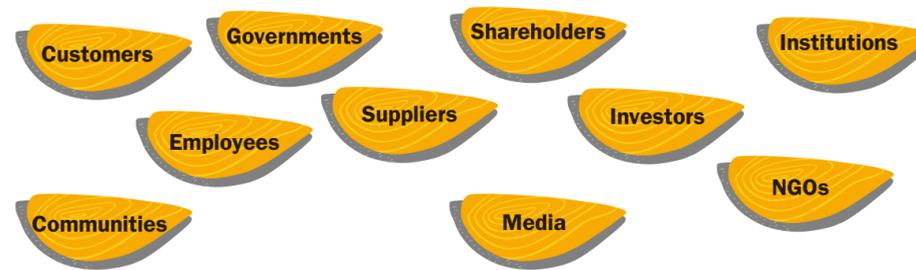
## Stakeholder Engagement

The concerns and interests of stakeholders are an essential foundation in devising sustainability directions. 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.

It is important to leverage diversified communication channels and develop strong relationships in order to gather opinions from our stakeholders and stay connected. We engage with different stakeholder groups on a continuous basis actively and openly, which allows two-way transparent communication to understand their expectations, interests, requirements and needs. Our communication channels include:

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

### Stakeholder Groups



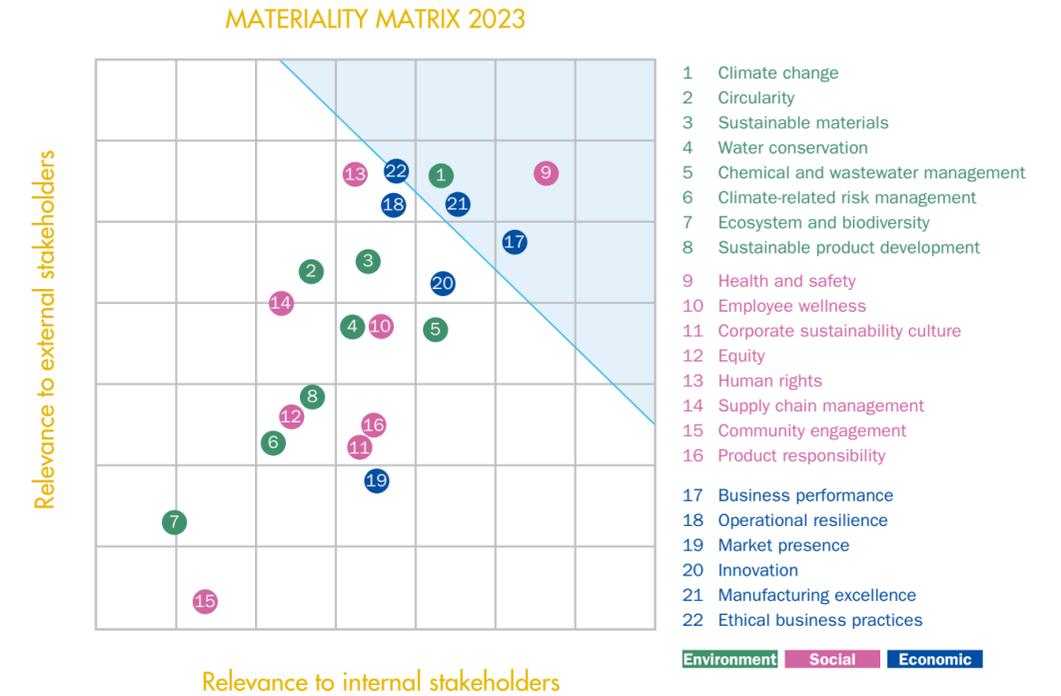
### Follow Us on Social Media



## Materiality Assessment

As a fundamental part of our materiality assessment, we engaged with internal and external stakeholders, who play a significant role in our operations, 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, including senior management, employees, business partners and NGOs.



## Material Issues under Our Spotlight

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

- Climate change
- Business performance
- Manufacturing excellence
- Health and safety
- Ethical business practices

These identified material topics were validated 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><b>Climate change</b></p> 	<ul style="list-style-type: none"> <li>• Net zero roadmap to 2050</li> <li>• Interim 2030 target of reducing absolute carbon emissions by 35%</li> <li>• Group-wide rooftop solar panel plan</li> <li>• Energy-efficient manufacturing process</li> <li>• Transparency of climate action and emissions – CDP</li> <li>• Climate-related risk management – TCFD</li> <li>• Industry collaboration with customers, institutions, and NGOs</li> </ul>
<p><b>Business performance</b></p> 	<ul style="list-style-type: none"> <li>• Increasing green energy and energy reduction capital investment in our five-year plan</li> <li>• Setting key carbon-reduction initiatives in our balanced scorecard</li> <li>• Enhancing factory productivity to drive down carbon emissions and costs</li> <li>• Increasing investment in green energy and energy reduction initiatives</li> <li>• Increasing research in energy-reduction initiatives</li> </ul>
<p><b>Manufacturing excellence</b></p> 	<ul style="list-style-type: none"> <li>• System transformation and integration</li> <li>• Digitalisation and automation</li> <li>• Smart factory, smart warehouse, smart laundry</li> <li>• Smart manufacturing models – FLAP and FLOCK</li> <li>• Modernisation Centre – innovation hub of automated machine development and manufacturing</li> <li>• Product and value-added process innovation</li> <li>• Roadmap for artificial intelligence</li> </ul>
<p><b>Health and safety</b></p> 	<ul style="list-style-type: none"> <li>• Corporate governance mechanism             <ul style="list-style-type: none"> <li>◦ Awareness and promotion</li> <li>◦ Operational control and tracking</li> </ul> </li> <li>• Social compliance policy</li> <li>• Factory health and safety preventive mechanism</li> <li>• ISO45001 Occupational Health and Safety Management System</li> <li>• Life And Building Safety (“<b>LABS</b>”) Initiative</li> <li>• Programmes promoting physical and mental wellness</li> </ul>
<p><b>Ethical business practices</b></p> 	<ul style="list-style-type: none"> <li>• Master policies on business conduct</li> <li>• Factory governance mechanism to raise awareness and monitor compliance</li> <li>• Supply chain management</li> <li>• Disciplinary, grievance and whistle-blowing mechanism</li> <li>• Anti-corruption policy governing vendor management</li> <li>• Training on master policies and business ethics</li> </ul>

## Global Partnerships on Sustainability

<p>Signatory</p> 	<p>Affiliate Partner</p> 
<p>Disclosing Company (Climate Change)</p> 	<p>Manufacturer Partner</p> 
<p>Member</p>  <p>(formerly Sustainable Apparel Coalition)</p>	<p>Member</p> 
<p>Silver Member</p> 	<p>Project Partner (Enabling Systemic Circularity in Fashion)</p> 
<p>Corporate Member</p> 	<p>Founding Member</p> 

# Preserving Our Planet

## Crystal Net Zero 2050

Climate change remains an increasingly pressing issue of our times and continues to be one of our key environmental foci.

In response to our commitment to reduce aggregate emissions by 35% by 2030 and achieve net zero emissions by 2050, we completed a consultancy study and rolled out our net zero roadmap comprising our strategies for energy efficiency, renewable energy, productivity enhancement and fuel switching. We regularly review the strategies and monitor their progress to ensure that we are setting the stage for a future with global warming of less than 1.5°C. To move ahead, we are preparing our target submission to the Science Based Targets initiative (“SBTi”) for validation in 2024.

## Net Zero Strategy

### Energy Efficiency

In the development of our roadmap, we have identified a series of energy efficiency measures for our factories, covering categories including production equipment, general utilities, lighting systems and air-conditioning. The potential for emissions reduction and return on investment were evaluated for prioritising implementation.

Our factories have integrated the identified measures into their decarbonisation plans. Our Corporate Quality and Sustainability Department (“CQS”) monitors our factories’ implementation progress and works closely with them to ensure successful delivery. Building on these planned measures, we will continue to stay abreast of the latest technological advancements and introduce viable new solutions into our operations.



Long-term energy efficiency measures such as installing variable speed drive (“VSD”) control for air compressors will be implemented.

## IMPLEMENTATION TIMELINE OF ENERGY EFFICIENCY MEASURES



### Energy Management and Control in Bangladesh

Our factories in Bangladesh implemented various initiatives to control energy usage and enhance energy efficiency in 2023. The installation of smart metering systems enabled more accurate identification of energy saving opportunities, as well as better monitoring of energy usage.

In addition, operational maintenance practices have been upgraded with energy efficient equipment, resulting in simultaneous improved productivity. The energy efficiency of auxiliary production equipment and facilities, such as air compressors and air pipes, were enhanced greatly by more consistent control and elimination of energy loss.



### Recovery of Dryer Condensate for Boiler Use

Our denim factory in Vietnam installed a condensate collection system on its dryers for indirect warming. The condensate is pumped under pressure from the collecting tank to the boiler for reuse. A smart tracking system enables real-time monitoring of steam leakages and abnormalities, saving energy and reducing water consumption significantly. The system is estimated to be able to reduce boiler fuel consumption by 10%.



### Renewable Energy

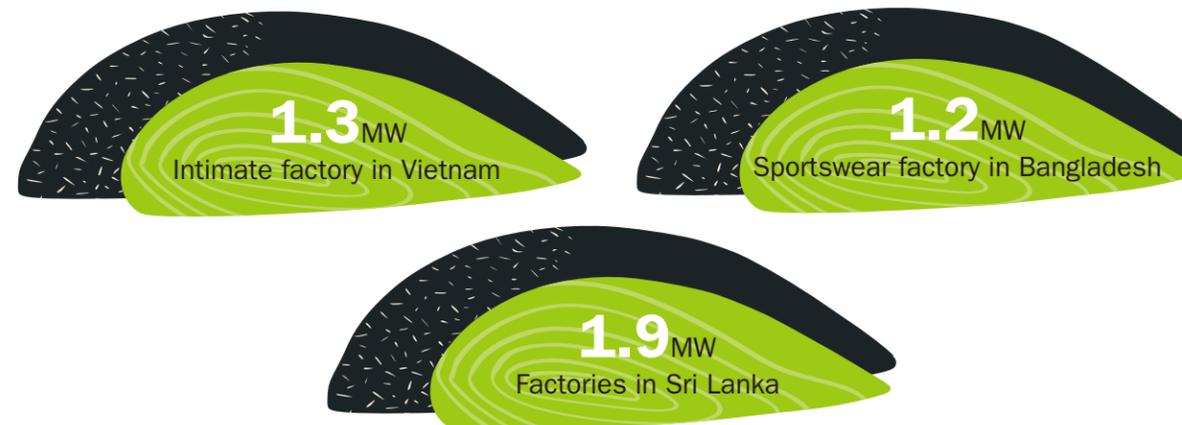
Since we began installing our first sizable solar photovoltaic (“PV”) panels in 2018, we have progressively scaled up our onsite renewable electricity supply by installing more rooftop solar PV.

Notably, our new and largest installation in Sri Lanka generates about 1.7 GWh of electricity every year, which is more than the facility’s electricity demand. The excessive electricity will be sold to the local power grids.

The new installations led our Group total capacity to reach 12 MW, which will be able to reduce at least 8,200 tCO<sub>2</sub>e a year, approximately 7% of our emissions from purchased electricity.



### NEW SOLAR INSTALLATIONS OF OUR FACTORIES



### Purchasing Green Electricity

Our renewable energy strategy goes beyond onsite solar projects. Our lifestyle wear factory in China spent extra on the pursuit of green electricity in 2023 by engaging with the local power company. Together with its onsite solar, the purchase of 2,400 MWh of green electricity accounted for 12% of its electricity consumption in 2023.

### Carbon Neutral Headquarters



Our headquarters’ diverse low-carbon elements and energy-saving practices in line with international standards paved the way to our third consecutive year of receiving the “carbon neutral” label from ClimatePartner since 2021. In 2023, we achieved carbon neutrality by supporting a molten salt solar thermal energy project in Morocco.



### ISO14064 Verified Carbon Inventory

Our established data management system is the backbone of our carbon management. Our Scope 1, 2 and 3 carbon inventory has been verified against the ISO14064-1:2018 standard, which signifies the credibility and robustness of our environmental and emissions data.



## Industry Collaborations

### UN Fashion Industry Charter for Climate Action

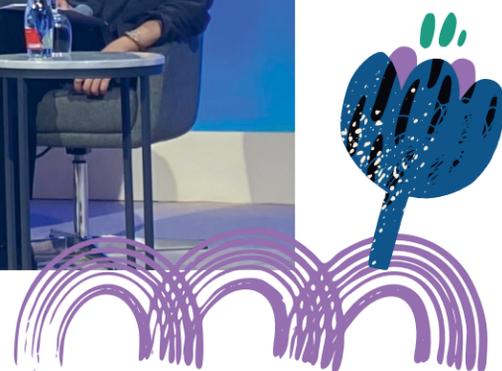
As a signatory of the Fashion Industry Charter for Climate Action (“**UNFICCA**”), we attended the annual meeting in February 2023 to share our thoughts from a manufacturer’s perspective with different stakeholders in the industry. It was also a chance to get to know our peers’ perspective on the collaboration and drive collective actions.



In addition, to support the Charter in studying industry peers’ climate actions to collectively drive net zero goals, we also prepared our first transition plan to the Charter.

### Insight Exchange at COP28

We were honoured to participate in a panel discussion at the COP28 UN Climate Change Conference’s “Runway to Net Zero in the Fashion Industry” event. We exchanged insights with our business partners on brand-manufacturer partnerships to drive industry decarbonisation. The panel fostered dialogue on the progress made in the fashion industry’s sustainability journey and identified opportunities for greater commitment and more collaboration.



## Participation in Industry Programmes

We have been actively supporting industry environmental programmes. In 2023, our lifestyle wear factory in Bangladesh was subject to an initial assessment by the Carbon Leadership Program (“**CLP**”) initiated by the Apparel Impact Institute (“**Aii**”), to enable decarbonisation opportunities.

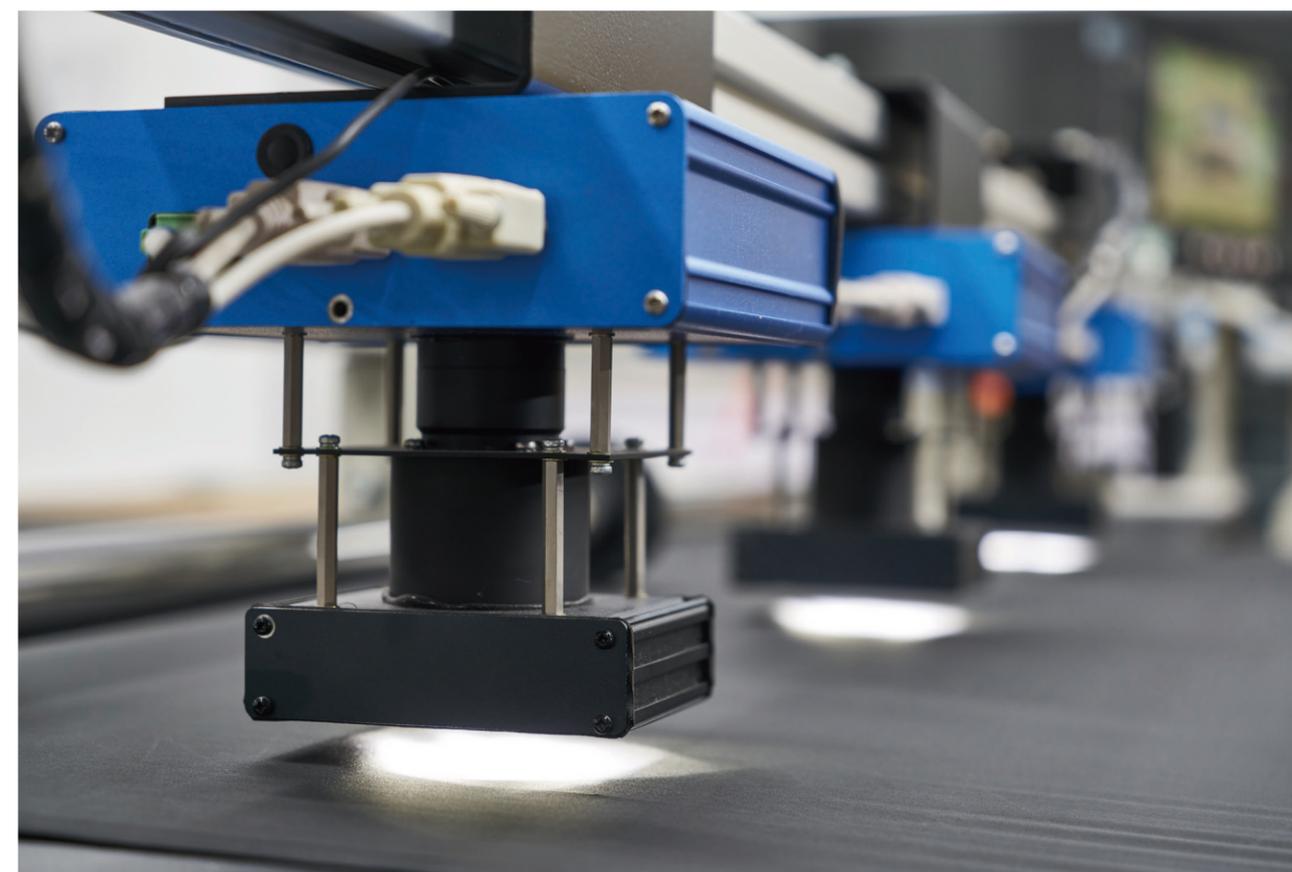


Our denim factories in Vietnam and Cambodia have also adhered to the International Finance Corporation (“**IFC**”)’s Partnership for Cleaner Textile (“**PaCT**”) programme. Onsite assessments were carried out for energy management, optimisation of processes and operations, water and wastewater management, and renewables adoption.



## Driving Performance Together with Supply Chain

Apart from our wholly-owned factories, we have invited suppliers from various regions, including Vietnam, China and Cambodia, to join industry programmes. Through these initiatives, involved suppliers have gained a comprehensive view of their energy and water usage patterns, establishing base years, targets and action plans. For instance, suppliers joining the CLP have identified actions to reduce carbon emissions by 7 to 34%.



## Task Force on Climate-related Financial Disclosures

Since 2021, we have reported our climate-related disclosure in accordance with the Task Force on Climate-related Financial Disclosures (“TCFD”). We have incorporated the risks identified in the preliminary climate-related risk analysis into our CSV2030 to reinforce our commitment to integrating climate considerations into our business and financial planning.



Recognising the evolving climate and market environment, we have integrated the identified risks under the Group’s key risk management system, and conducted regular reviews of our risk management approach to ensure necessary actions and controls are in place. Going forward, we are planning climate scenario analysis to devise a more strategic and resilient business plan for a range of plausible future situations, which would also enable us to fulfil the emerging climate-related reporting requirements.

The identified risks and their associated potential impacts on our operations are summarised together with our key responses in the following table. This framework will also serve as the foundation of our planned scenario analysis, characterised by probability and materiality.

### Key Climate-related Risks and Our Key Responses

Type	Climate-related Risk	Potential Financial Impact on Crystal	Key Responses by Crystal
Physical Risks	<b>Acute</b>		
	Extreme weather events (e.g. typhoons and floods)	<ul style="list-style-type: none"> <li>Damage to property and assets</li> <li>Supply chain and logistics disruption</li> </ul>	<ul style="list-style-type: none"> <li>Crystal Sustainability Vision 2030 (“CSV2030”)</li> <li>Supply Chain Management Procedure</li> <li>Multi-country selection of countries of origin</li> <li>Mangrove planting for storm surge protection in Bangladesh</li> </ul>
	<b>Chronic</b>		
	Frequent and intense extreme heat	<ul style="list-style-type: none"> <li>Higher energy costs and heat-related subsidies</li> <li>Reduced productivity</li> </ul>	<ul style="list-style-type: none"> <li>Net zero roadmap</li> <li>CSV2030</li> <li>Factory decarbonisation plans</li> </ul>
	Rising sea levels	<ul style="list-style-type: none"> <li>Damage to property and assets</li> <li>Procurement and logistics disruption</li> </ul>	<ul style="list-style-type: none"> <li>Incorporating risk considerations into infrastructure planning</li> <li>Supply Chain Management Procedures</li> </ul>
	Increased salinity in freshwater	<ul style="list-style-type: none"> <li>Procurement and logistic disruption</li> <li>Freshwater availability and cost</li> </ul>	<ul style="list-style-type: none"> <li>Recycled water for production use</li> <li>Smart laundry and water efficient processes</li> <li>Technologies to reduce/replace washing processes, e.g. laser, ozone</li> </ul>
Persistent and severe drought	<ul style="list-style-type: none"> <li>Materials and freshwater availability and cost</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable products to reduce lifecycle water consumption</li> <li>Certified sustainable materials, e.g. BCI, GOTS, GRS, OCS, RCS, OEKO-TEX, REPREVE</li> </ul>	

Type	Climate-related Risk	Potential Financial Impact on Crystal	Key Responses by Crystal
Transition Risks	<b>Policy and Legal</b>		
	Heightened policies and regulations	<ul style="list-style-type: none"> <li>Compliance costs</li> <li>Operational disruption</li> </ul>	<ul style="list-style-type: none"> <li>Regular policy and regulation reviews</li> <li>Net zero target and strategies towards low carbon transformation</li> </ul>
	<b>Technology</b>		
	Low-carbon technologies	<ul style="list-style-type: none"> <li>Increased capital expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Regular market and technology updates</li> <li>Sustained commitment to low-carbon manufacturing</li> <li>Net zero roadmap</li> <li>Factory decarbonisation plans</li> </ul>
	<b>Market</b>		
	Supply chain and logistics disruption	<ul style="list-style-type: none"> <li>Availability and cost of materials</li> <li>Compensation costs for logistics delay</li> </ul>	<ul style="list-style-type: none"> <li>Textile circularity advocacy e.g. CIRCULOSE Supplier Network</li> <li>Sustainable product development e.g. closed-loop denim</li> <li>Collaboration with NGOs and institutions for recycled products</li> <li>Localised supply chain</li> </ul>
	Voluntary carbon pricing mechanisms	<ul style="list-style-type: none"> <li>Carbon pricing and carbon offset costs</li> </ul>	<ul style="list-style-type: none"> <li>Joined UNFICCA to engage industry initiatives</li> <li>Offsite renewable energy e.g. green electricity purchasing</li> </ul>
	Industry transition	<ul style="list-style-type: none"> <li>Investment in low-emissions production</li> <li>Shift to on-demand production</li> </ul>	<ul style="list-style-type: none"> <li>Global partnership with customers and institutions</li> <li>Industry 4.0 and manufacturing excellence</li> <li>Smart factories and smart warehouses</li> </ul>
	<b>Reputation</b>		
	Increased customer awareness	<ul style="list-style-type: none"> <li>Reduced orders due to failing to meet customer requirements</li> <li>Inadequate sustainability transparency</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable manufacturing e.g. smart and energy efficient washing</li> <li>Collaboration with customers on sustainability initiatives</li> <li>Stakeholder engagement and materiality assessment for market trend</li> </ul>
Rising investor concerns and stringent ESG rating	<ul style="list-style-type: none"> <li>Capital availability</li> </ul>	<ul style="list-style-type: none"> <li>Group sustainability reporting – transparency for ESG ratings</li> <li>Climate-related disclosures – CDP and TCFD</li> </ul>	

## Crystal Climate Charity Foundation

The Crystal Climate Charity Foundation (“the Foundation”), a Hong Kong charitable trust established in 2022 by our Chairman, Mr Kenneth Lo, is dedicated to advancing climate change education and alleviating poverty caused by environmental changes. Working closely with Crystal Group, the Foundation has spearheaded impactful sustainability and educational initiatives in affected regions, including Bangladesh, Cambodia, China, Sri Lanka and Vietnam.



### Solar Lighting Projects in Cambodia and Vietnam

In 2023, our collaborative efforts led to the installation of 268 solar streetlights near our factories in Cambodia and Vietnam, lighting up 6.7 kilometres of roadway, enhancing local safety, and promoting sustainable energy. We also placed solar lights at key community centres, doubling as practical improvements and educational tools for sustainable living. Building on this success, we aim to install an additional 366 solar streetlights in 2024.



### Solar Installation at a China Secondary School

A key achievement is the completion of a rooftop solar photovoltaic (“PV”) project at Law Ting Pong Secondary School in Foshan City, advocated and supported by the Foundation, Crystal Group staff, and local authorities. Around US\$70,000 was invested in installing solar panels over a 700 square metre area in August 2023. These will generate an estimated 3.8 MWh of electricity over 25 years and reduce carbon emissions by 3,800 tonnes. This pilot project not only provides clean energy but also educates the community on the value of renewable energy investments.



### Sponsorship of Redress Design Award 2023

Crystal Group and the Foundation also actively promote sustainable practices in the fashion industry, which are pivotal in reducing the impact of climate change. As a climate education partner, the Foundation sponsored the “Redress Design Award 2023”, organised by Redress, an environmental NGO. This competition educated emerging designers from over 40 countries on sustainable design, waste reduction, and the principles of circular fashion, underlining a global commitment to environmentally friendly fashion. Concurrently, we are also advancing a climate education programme in Hong Kong, reinforcing our commitment to fostering environmental awareness and action.



## Our Environmental Policy and Management System Guidelines

Overseen by our Sustainability Committee, 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, ten of our factories were certified to international environmental standards: the ISO14001 Environmental Management System, ISO50001 Energy Management System and/or the WWF-HK’s Low Carbon Manufacturing Programme (“LCMP”).

During the year, all of 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 on a quarterly basis. The following sections show how we address potential environmental impacts.



## Water Conservation

Every drop counts. Although we do not have issues in sourcing sufficient quantity and quality of water for business operations, our garment factories and fabric mills are taking a holistic approach to conserve precious freshwater resources.

### WWF Water Risk Filter

None of our factories were in regions with the highest risk of water depletion, as indicated in the WWF Water Risk Filter. Considering the importance of water conservation and protecting water resources, our factories responsibly obtain freshwater from locally available sources in line with regulations and permits concerning freshwater withdrawal in certain regions.



### Expanding Use of Recycled Water

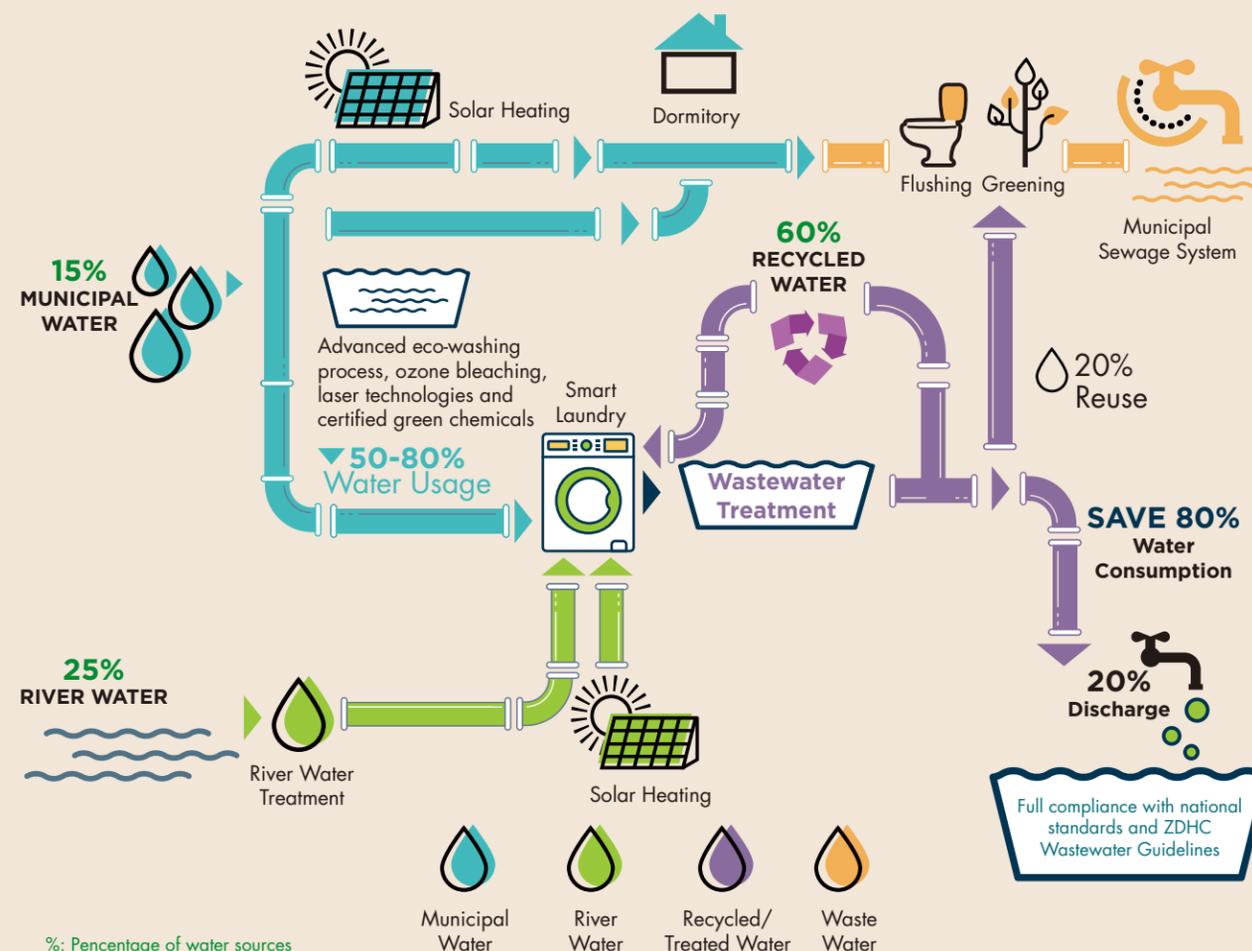
Over 40% of the water used in production at our garment factories was recycled water. We are keenly planning to gradually increase the use of recycled water across all operations.

Our denim factory in Cambodia expanded its wastewater treatment plant in late 2022, which significantly improved its water resource and wastewater management. With the operations in full swing in 2023, about 60% of treated water could be recycled in the factory, and the freshwater intensity per piece of product washed was reduced by about 30%.

In addition to our denim factories, our lifestyle wear factory in Vietnam has also expanded the utilisation of treated wastewater for non-production purposes. This includes watering, flushing, cleaning, and the spraying of boiler and drying machine dust filters. Currently, 34% of the factory's non-production water is from recycled water.



## HOLISTIC WATER CONSERVATION EFFICIENT FRESHWATER MANAGEMENT OF OUR DENIM FACTORY IN CHINA



### Enzyme Washing of Denim Products

Our denim division keeps up with the pace in technological advancement, in which washing technologies are always the focus point. In 2023, we launched a transition from conventional stone washing to enzyme washing partially in three denim factories, in which one of the procedures could be waterless, saving 10 to 20% of water throughout the production process. Furthermore, replacing stone washing also reduced wastewater treatment loading due to a smaller amount of sludge generated. We look forward to scaling this technology up for greater environmental benefits.

## Air Emissions Control

All of our factories regularly monitor and test air emissions sources, including boilers and generators, according to the local legal requirements. In 2023, all of our factories fully complied with the relevant legal standards.

## Switching to Cleaner Fuels

We have promoted the adoption of cleaner fuels for combustion equipment, which is associated with a wide range of control measures for flue gas treatment and indoor air quality improvement. Our factories in China have been using natural gas boiler fuel. In 2023, the lifestyle wear factory in China began to purchase direct steam supply to replace onsite steam generation by boiler to further minimise the impacts to the environment. All of these initiatives have served the purpose of achieving better air quality in local communities.

Our major emissions sources are boilers, generators, kitchen facilities, printing facilities, vehicles and forklifts. In 2023, our factories emitted about 316.3 tonnes of nitrogen oxide (“NOx”), 7.9 tonnes of sulphur dioxide (“SO<sub>2</sub>”) and 70 tonnes of particulate matter (“PM”).

### Adopting Electric Vehicles

Our lifestyle wear factory in China welcomed the first two members of its expanding electric vehicle (“EV”) fleet – a seven-seat passenger van and a 19-seat minibus for employee commuting. Without tailpipe emissions, the EVs replaced traditional vehicles and reduced mobile source air pollutants, helping to improve roadside air quality. The factory plans to phase out fossil fuel cars and is installing charging facilities to provide convenience to EV users.



## Carbon, Energy and Water Data 2023

### Product Footprints



**Carbon intensity**  
(kgCO<sub>2</sub>e/equivalent piece)



**Energy intensity**  
(kWh/equivalent piece)

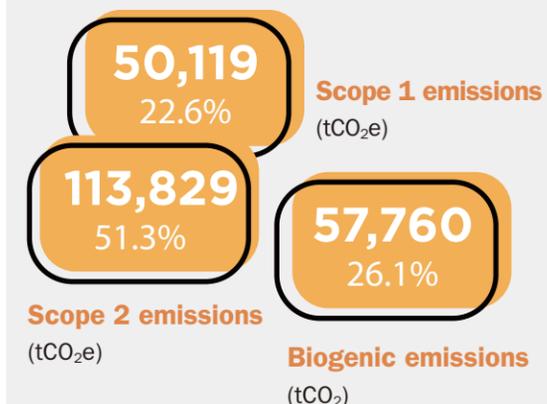


**Freshwater intensity**  
(L/equivalent piece)

**Notes:**

- Carbon intensities are calculated by dividing the total greenhouse gas (“GHG”) emissions of Scope 1, Scope 2 and biogenic carbon dioxide by total equivalent pieces of garments.
- The scope of product footprint calculation only includes our garment factories.

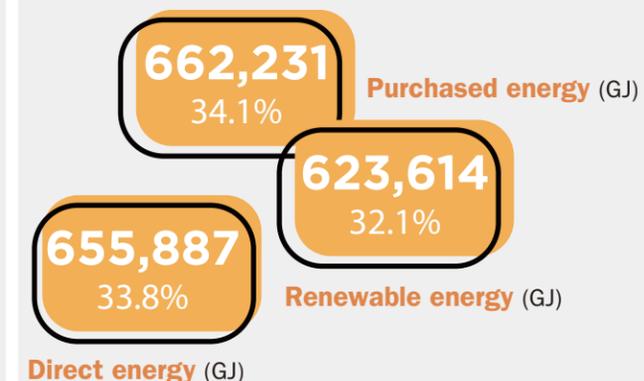
### Greenhouse Gas Emissions



**Notes:**

- 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, plus septic tanks.
- 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, and other relevant guidelines where applicable. The GHG emissions factors from the Institute for Global Environmental Strategies and the International Energy Agency were applied.

### Energy Consumption



**Notes:**

- Purchased energy includes grid electricity and steam.
- Direct energy includes the combustion of fossil fuels and non-renewable alternative fuels.
- Renewable energy includes biogenic fuel combustion, onsite solar power facilities and the purchased green electricity.
- 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 UK Government’s Department for Business, Energy & Industrial Strategy and Department for Environment, Food & Rural Affairs.

### Water Consumption for Production Use



**Freshwater** (m<sup>3</sup>)



**Recycled water** (m<sup>3</sup>)

**Notes:**

- Municipal water, river water and ground water accounted for 25%, 31% and 44% of the total quantity of freshwater consumed, respectively.
- Water was consumed in full compliance with water quality or quantity permits and standards.

## Waste Management

All of our garment factories and fabric mills follow the waste management hierarchy and guiding principle in their operations to minimise waste generation. Our ambition is to achieve 100% production waste diversion from landfill as outlined in CSV2030.

### Corporate Waste Management Guidelines

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

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

### Group-wide Waste Analysis

In 2023, we studied waste management capacity across the Group with a view to supporting the CSV2030 zero landfill of production waste goal. We examined the generation, handling and disposal of hazardous and non-hazardous waste in every factory. After rounds of surveys at different levels, we came up with a more comprehensive waste profile of the whole group and identified opportunities for enhancing factories' waste treatment and disposal practices from different countries.

We are integrating the study findings into our Group Waste Management System. To move towards a circular model and support our 2030 zero landfill of production waste vision, the refined corporate waste management is not only financially and environmentally rewarding, but also brings other intangible advantages, such as building culture, fostering employee awareness, and facilitating engagement with customers and suppliers.



## Waste Data 2023



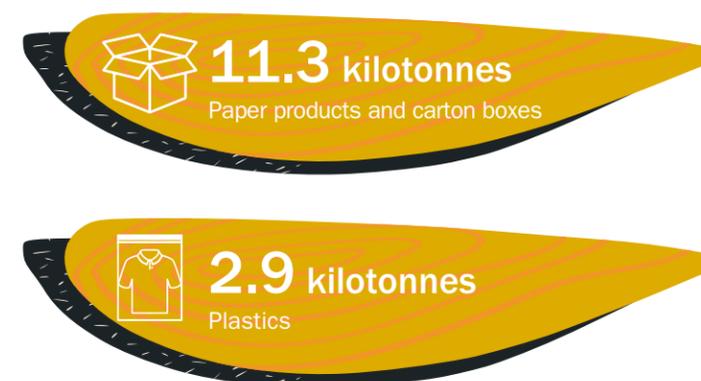
### Waste Recycling and Energy Recovery



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 factories and then collected by or delivered to various recyclers.

## Packaging Materials 2023

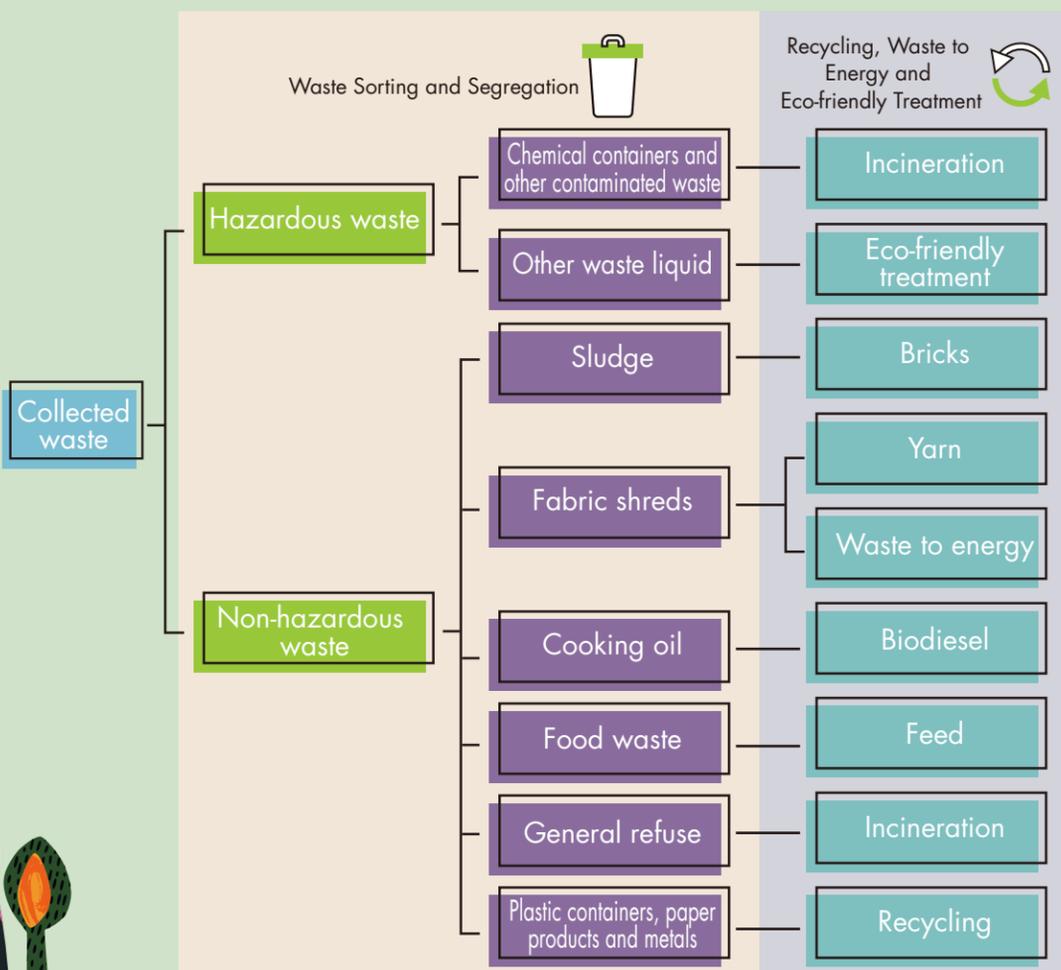


### Zero Landfill of Operational Waste

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 is either utilised in heat generation or recycled. Meanwhile, our sportswear factory in Vietnam actively engages with different waste contractors for better waste treatment solutions, while it can still meet the evolving regulations. In 2023, these two factories diverted more than 3,500 tonnes of waste from landfill.

We continued to drive the landfill diversion initiative by improving in-house waste sorting practices, engaging with contractors with higher capacity and collaborating with different stakeholders. By the end of 2023, the combined waste-to-energy and recycling rate were at almost 70%. We will stay the course and demonstrate a good circularity model within the industry.



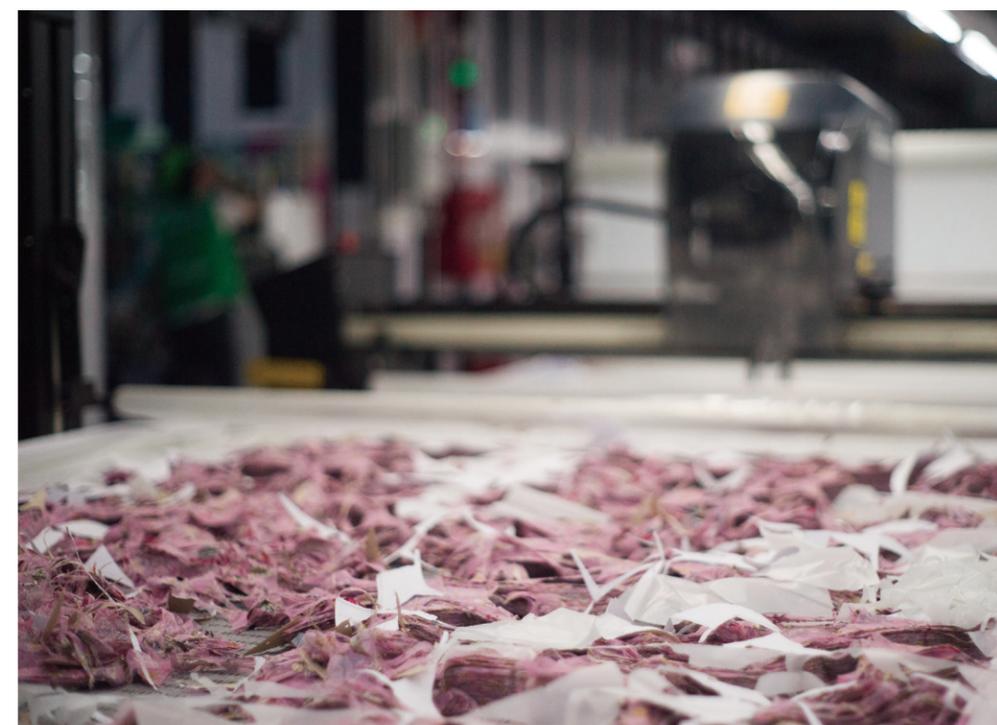
### Enhancing Local Fabric Waste Recycling

Our denim factory in Vietnam undertook a significant shift in 2023 by switching to a qualified waste contractor with recycling capacity. This has diverted approximately 1,500 tonnes of fabric waste annually from incineration to recycling and repurposing.

Furthermore, our denim division continues its efforts to strengthen collaborations with local suppliers and recyclers to construct a robust local recycling hub and enhance regional capacity.

### Fostering Circular Collaboration

As we progress towards closed-loop fashion, we are eager to explore collaboration with various industry peers, including customers, upstream suppliers, recyclers, and technology companies. For instance, we have joined the CIRCULOSE® Supplier Network of Renewcell, a Swedish textile recycling company.



### Partnership with Forum for the Future

Forum for the Future, an international charity, launched a new collaboration – Enabling Systemic Circularity in Fashion – with the objective of investigating the conditions enabling innovations to achieve circularity. Crystal was invited to this collaboration and to provide our opinions to the development of this project from a manufacturer’s perspective. It is also a platform to exchange ideas in boosting circular economy with peers. The project is planned to be completed in 2024.



### Certifications in Sustainable Materials

We remain committed to the development of a supply chain for sustainable materials. More than 90% of our factories have received sustainable material certifications such as the Global Recycled Standard (“GRS”) and Organic Content Standard (“OCS”).

In our diverse range of product categories produced, we have showcased extensive application of sustainable materials. In 2023, for instance, 40% of our sportswear fabrics incorporated recycled polyester, while over 90% of our denim clothing was BCI certified. Additionally, at our fabric mill in Vietnam, around 80% of the raw materials used were recycled polyester, with approximately half of them carrying GRS certification.



### 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.



- |  |   |   |
|--|---|---|
| <p><b>Input</b></p> <ul style="list-style-type: none"> <li>• Group Manufacturing Restricted Substance List (“MRSL”)</li> <li>• Green chemical procurement and screening</li> </ul> | <p><b>Process</b></p> <ul style="list-style-type: none"> <li>• Chemical management system</li> <li>• Assessment and training</li> </ul> | <p><b>Output</b></p> <ul style="list-style-type: none"> <li>• Regular testing according to Zero Discharge of Hazardous Chemicals (“ZDHC”) Wastewater Guidelines and legal requirements</li> </ul> |
|--|---|---|

### Transition to ZDHC Wastewater Guidelines v2.1

All of our factories have fully transitioned to and adopted the ZDHC Wastewater Guidelines v2.1 in the 2023 wastewater testing cycle.



All of our factories regularly monitored and tested wastewater and complied with local legal standards and requirements in 2023. Our operations treated 6.2 million m<sup>3</sup> of wastewater during the year.

### Green Chemistry

More than half of our factories have adopted online chemical management tools, such as CleanChain, BVE3 and BHive. These online tools allow us to manage our chemical inventory more systematically and to track the conformance level against the ZDHC MRSL via the ZDHC InCheck Report.



Our factories have progressively expanded the use of green chemicals and have assisted chemical suppliers for a smooth transition to adopt ZDHC MRSL v3.1. More than 60% of the chemicals used in our factories conform to ZDHC MRSL Level 1 or above.

**90%** of the chemicals used in our lifestyle wear factories in China and Bangladesh conforms to ZDHC MRSL Level 3.

### ZDHC Supplier to Zero

Our lifestyle wear factories in Vietnam and China have joined the ZDHC Supplier to Zero programme and maintained the Foundational Level in 2023. The programme aims to improve sustainable chemical management by referencing the ZDHC Chemical Management System, which allows users to identify areas of improvement and reduce potential risks.



### Support for HKRITA's Wastewater Treatment Research

In addition to continuously improving the wastewater management of our factories, we also support the development of treatment technologies for the industry. The Hong Kong Research Institute of Textiles and Apparel ("HKRITA")'s "Removal of Indigo Blue Color in Denim Plant Wastewater by Macroalgae" research project was reaching its final stage in 2023. As one of the supporting organisations, we provided our wastewater samples for performance testing and comprehending the feasibility.

To carry forward the encouraging outcomes with HKRITA, we have agreed to support another research project, "Dye Removal from Denim Textile Wastewater by a Combinative Adsorption and Regeneration System".



### Higg Index

All of 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 of our factories have met the foundation target since 2020, and our average score reached new heights in 2023, with an average verified FEM score of 84.1, well above the industry median of 53.8. Five of our factories achieved outstanding performance, with verified Higg FEM scores exceeding 90.



### Gearing up for FEM 4.0

In 2023, we actively engaged in the development work of the new FEM version, Higg FEM 4.0, by joining various Task Teams within Cascale. FEM 4.0 will bring the environmental assessment widely used in the industry to a higher standard.

As FEM 4.0 was launched in late 2023 for full implementation in the upcoming year, we have adequately prepared our factories for the new challenge. Our factory teams and suppliers have participated in the pilot assessment. We also invited Cascale to arrange an exclusive training for our factories, which helped us to discover the new requirements and learn about the expectations. Internally, we have also developed a set of new toolkits for our factories to cope with the new and updated questions in FEM 4.0.

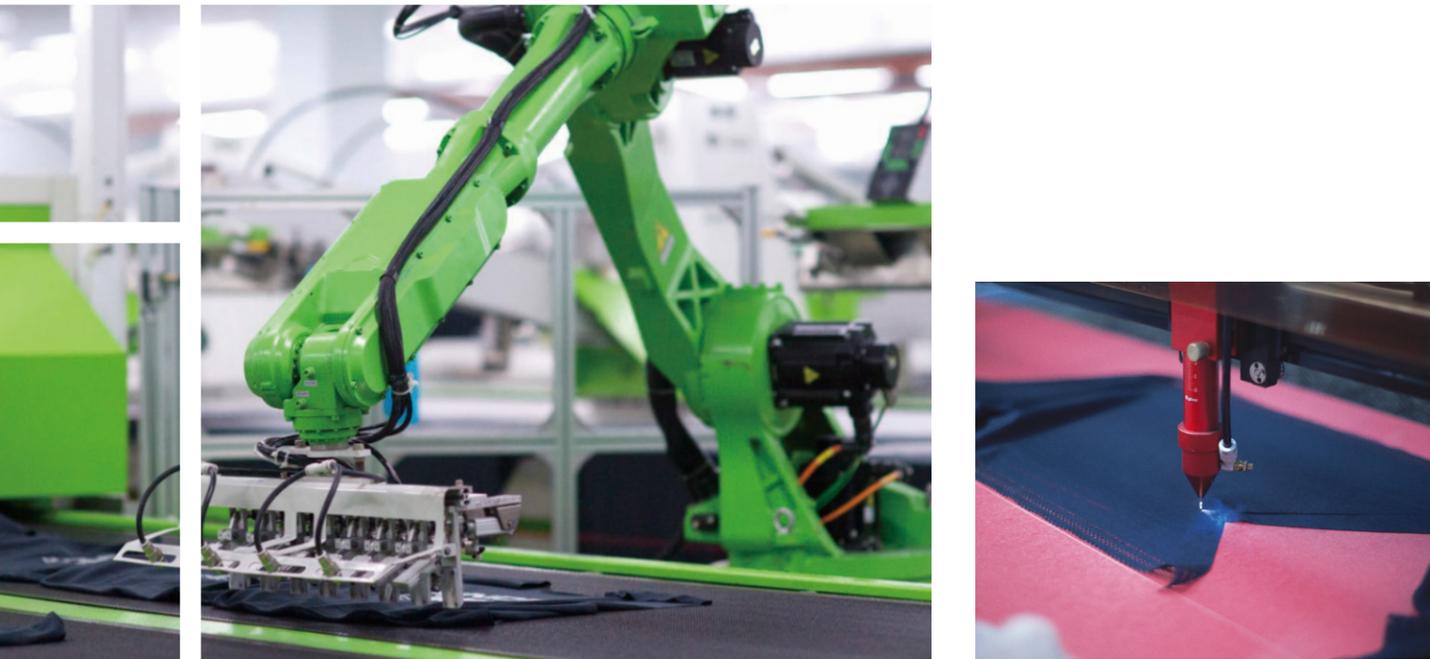
# Driving Innovative Manufacturing

We strengthen our efforts relentlessly in streamlining operations through process digitalisation and automation, holding the belief that our pursuit of manufacturing excellence empowers us to increase efficiency and productivity and meet evolving customer expectations, while enhancing environmental, health and safety performance. This eventually gives us a winning edge to stay ahead of the fierce industry competition, which will ensure that the Company continues to succeed and thrive.

## Building Smart Factories

Our vision of transforming our facilities into smart factories began in 2018, with the ideation of digital manufacturing that is centred around a computer system and integrated with advanced technologies including robotics, as well as interconnected machinery and production management systems.

To model a smart factory out of preliminary ideas, we started with an incubator in our lifestyle wear factory in China where extensive development took place before our successful pilots in the cutting workshop and value-added process workshop in 2021 and 2022 respectively.

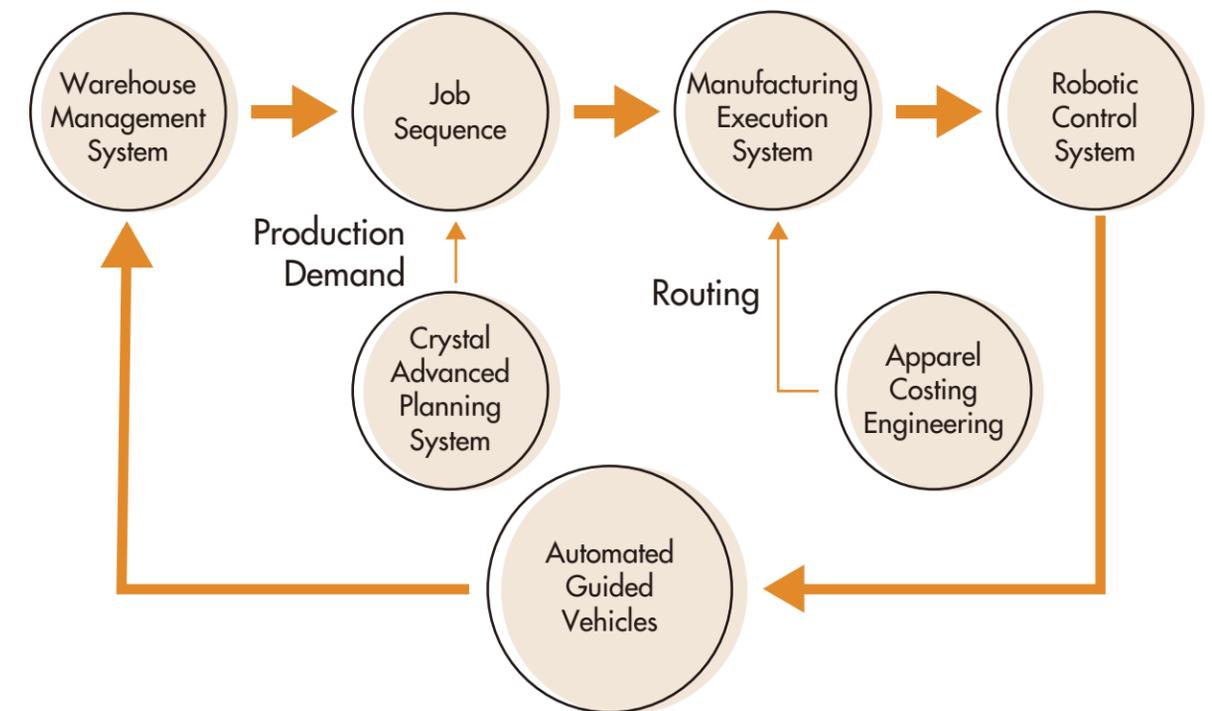


## Smart Manufacturing Model

Since 2023, we have been setting the ground for digitalising our end-to-end manufacturing process. We determined our production logic models (named FLAP<sup>1</sup> for garment factories and FLOCK for textile mills) during the year, following a holistic review and re-engineering of our manufacturing process that will change the way we work dramatically.

FLAP and FLOCK sketch out the blueprint for our ambition to build smart factories, in which materials pass through the manufacturing process with the use of robotic arms, automated storage and retrieval systems (“AS/RS”), automated and rail guided vehicles (“AGV”, “RGV”), and a multitude of automated production machines. This automatic material flow will be autonomously controlled and driven by an integrated computer system consisting of a warehouse management system, auto planning system, manufacturing execution system and robotic control system.

### AUTONOMOUS AND SCALABLE SOLUTION FOR ENTIRE MANUFACTURING PROCESS



We have been piloting FLAP and FLOCK in our lifestyle wear factory in China and our textile mill in Vietnam. Results of the digitalisation journey so far have proven to be rewarding. We have reduced reliance on skilled labour and manual work, minimised human error, and increased efficiency with enhanced information transparency. The factory in China also conducted capacity building initiatives for related overseas colleagues in preparation for this massive transformation project.

<sup>1</sup> FLAP stands for Finishing Centre, Logistic Centre, Assembly Centre and Parts Manufacturing Centre, while FLOCK stands for Finishing Centre, Logistic Centre, Colouration Centre and Knitting Centre. FLAP and FLOCK refer to our production logic model for garment factories and textile mills respectively, in which materials are moved between four manufacturing centres autonomously along the production process.



### Modernisation Centre – Innovation Hub of Automated Machine Development and Manufacturing

Our knits division inaugurated the Modernisation Centre in our Vietnam lifestyle wear factory. This is tasked with expediting our factories' transition to automated solutions and machine manufacturing in the region. The aim is to reduce reliance on skilled labour, maintain consistent product quality, enhance production efficiency and thus keep our business competitiveness.

The Centre consists of two main areas – the smartLAB in which all machine development takes place, such as designing, assembling, internally modifying or custom-making automated machines in partnership with onsite suppliers. Another section is where work aids for sewing such as folders and templates are produced.

Looking ahead, the team is planning to expand the Centre to allow for developments to be piloted in a production environment that will be equipped with the latest technologies, with a view to expediting the scaling up in our global factories.



**15%**  
less time required to make  
a basic t-shirt since 2020

#### T-SHIRT AUTOMATION



## Innovations for Material Traceability

Since 2022, we have supported our customers' traceability programmes. As the tier 1 supplier of our brand customers, we are responsible for providing upstream material information including production records and shipping documents, contributing to a fully traceable value chain from raw material to customer.

Our traceability efforts to date include:

- Auditing vertical suppliers on a monthly basis, to raise their awareness of proper documentation and supply chain diligence
- Monitoring for updates in legislation, as well as sanctioned and sensitive entities
- Keeping abreast of customers' increasing requirements and providing feedback on enhancing their traceability programmes



## Verifying Fibre Origin by DNA Testing

During the reporting period, our denim division worked with product testing company Oritain to verify the claimed origin of our own-sourced fabrics by applying forensic and data science – testing and matching the DNA of the fibres in the fabric with the unique origin fingerprint in the database. This helps to ensure that we procure from trustable sources, reduces our risk of unethical practices and protects our reputation. We will continue exploring other innovative technologies with a view to driving greater material traceability.



## Blockchain-enabled Platforms for Traceability

We also continued cooperating with customers on both fibre-forward and product-backward tracing, which use blockchain traceability platforms such as TextileGenesis and TrusTrace to track transactions of sustainable fibres through secure digital mapping of materials.



# Product Responsibility

## Quality Assurance Process

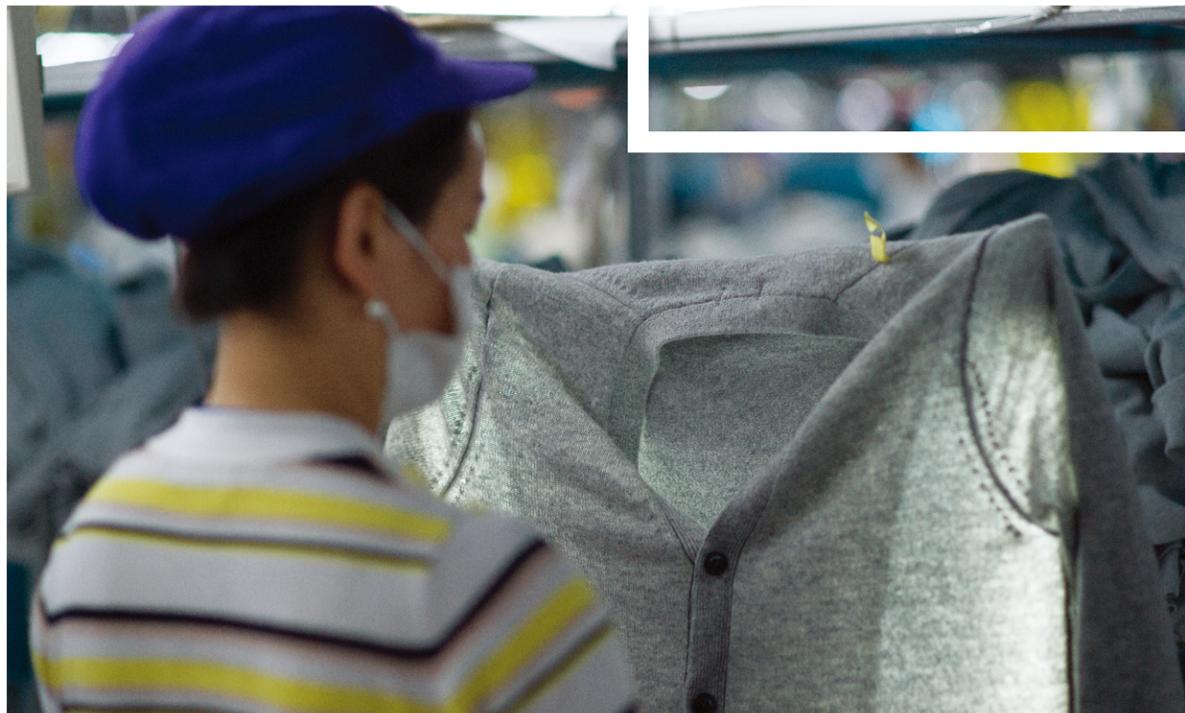
In accordance with our corporate mission and our value of “Live Quality”, our Quality Policy contributes to sustainable and profitable growth by guiding the delivery of products and services that satisfy customers. We demonstrate this commitment by having built a quality management system based on legal 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 operational activities, through which our employees aim to deliver the right goods and services to our customers at the right time and at the right cost.

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

Our own quality management system is consistent with the requirements of international standards applying the concept of PDCA – Plan, Do, Check, Act, focusing on prevention rather than detection or correction. This enables us to implement a comprehensive approach to drive process effectiveness and continuous improvement, and to allow a more systematic methodology to manage and deliver quality products.

Our denim factory in Vietnam became our twelfth factory that is certified with ISO9001 Quality Management System. We are working to extend this globally recognised standard certification to more Group operations to ensure that effective processes and trained staff are put in place to deliver satisfactory products and services to each customer.



### Quality Cost

While ensuring that our products meet quality standards, controlling quality cost is equally important in remaining competitive. We are heartened to see that the Group’s quality cost fell by 9% year-on-year, which is the rewarding result of several key initiatives:

- Strategic product planning to increase productivity
- Process re-engineering to reduce common defects
- Development of multi-skilled quality assurance personnel to optimise manpower
- Efficiency improvement due to process streamlining, digitalisation and automation
- Raising awareness through quality culture promotion



### Digitalised Quality Management

We continued digitalising quality assurance to reap the benefits of accurate and real-time data analytics, as our Vietnam knits factory fully adopted the Quality Online System. The System captures and manages inspection data generated from checking points along the production process, allowing for instant visualisation of and response to the quality situation of our materials and semi-finished and finished products.

## Our Quality Performance

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

#### Customer Final Inspection Pass Rate (“CFIR”)

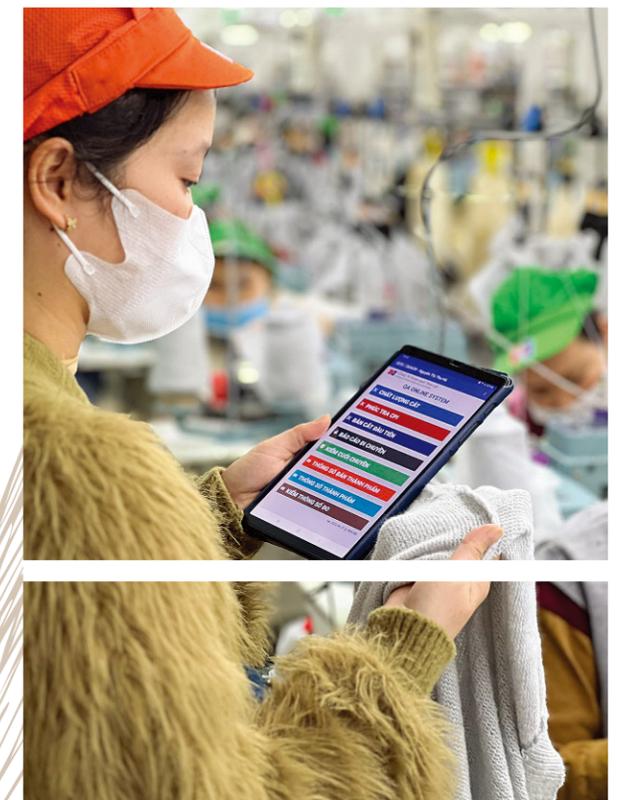
Group target:  $\geq 99.5\%$   
2023 result: **99.9%**

#### Observed Quality Level (“OQL”)

Group target:  $\leq 2.5\%$   
2023 result: **0.92%**

#### Quality Claim

Group target:  $\leq 0.1\%$  to sales turnover  
2023 result: **0.078%**



### Accredited to Self-assess Quality Management System

The knits division was accredited by a sportswear customer to conduct regular quality management system assessments, empowering us to give quality approval for our factories that make products for the brand, and replacing the customer's or third-party assessments. During the year, three Crystal factories self-approved their Quality Management Systems under this partnership.

Our dedication to quality was recognised by another customer as our lifestyle wear factory in China received the Uniqlo Quality Supplier Award for the third consecutive year.

## Product Safety

Our Product Safety Guidelines state our customer, legal and safety requirements. The Guidelines include preventive measures applicable starting from product development and applying throughout the production processes, to ensure that our products are physically and chemically safe.

In addition, we review the Corporate Product Restricted Substances List (“RSL”) annually and update it where appropriate, to ensure that our supply chain partners use safe chemicals during manufacturing processes and that only these safe chemicals are present in the final products. In 2023, 380 million pieces of products were shipped, with no product being recalled due to safety or health reasons.

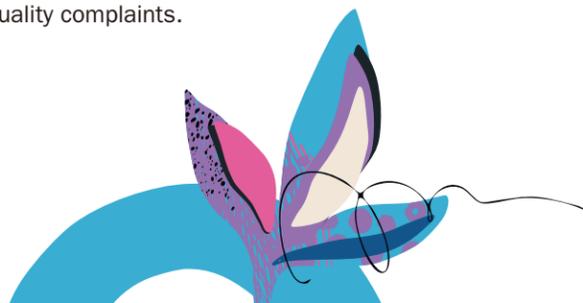
## Handling Product Complaints

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, breach 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. The line management has to review and validate the complaint with related factory and sales teams investigating the case, identifying the root cause of the problem and taking appropriate corrective action. The Corporate Quality and Sustainability Department (“CQS”) works with factory teams to monitor the correction. The designated department, e.g. sales or factory quality assurance team, 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 2023, there were no valid product quality complaints.



### Walk in Consumers' Shoes

In addition to close communication with brand customers, understanding consumer perspectives is also beneficial for us. The “We're Consumers” programme provided this opportunity for our Vietnam and China knits teams when they left behind their roles as producers, headed out of factories and visited one of our sportswear customers' retail stores like general consumers. Through inspecting and trying on in-store products, as well as interacting with store staff and shoppers, our colleagues had a more genuine experience and objective view of the apparel they made, which is essential to our continuous quality and competitiveness enhancement.



## Product Recall Procedure

A product recall is defined as a request to return, exchange or replace a product by a customer when the product is found to have defects that may hinder performance, harm consumers 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 issues and work out a solution together. The solution may include but not be limited to case investigation and root cause analysis, replenishment of the products, and improvement actions, whichever are 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 biannually. In 2023, 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 and copyrights. We have implemented control measures including patent and trademark registration, as well as regular monitoring of IP registration. We promote awareness among employees of our responsibility to make IP an integral part of our daily operations.

By implementing the control measures, physical and information technology security management is adopted to protect IP rights and company equity. Our Execo is also informed of the status of IP registration monitoring and any infringement cases on a regular basis, 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

## Supply Chain Management Strategy

As a global manufacturer and multi-product expert in the apparel industry, it is essential for us to choose the right suppliers involved in production operations. We continue to cooperate with business partners, either in long-term or short-term business relationships, to enhance worker engagement, environmental protection and product compliance for customers.

We are committed to driving responsible operating practices across all of our owned factories and supply chain. Hence, our approach to supply chain management takes into consideration the performance of the supply chain with regard to quality, environmental and social sustainability. At Crystal, we have identified our key priorities for supplier selection and retention as follows:

- Cost
- Business continuity
- Quick response and flexibility
- Business ethics
- Compliance with local laws and regulations
- Delivery
- Customer base
- Quality performance
- CSR and environmental performance
- Other prescribed standards concerning product, service, quality and safety

In 2023, we sourced fabric and trims for our production from 21 major suppliers. Each major supplier contributed at least 1% of our total material purchased amount. Based on the locations of their headquarters, 100% of our suppliers are based in the Asia-Pacific region.

## 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 forming 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 reached agreements 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 amicable cooperative relations with our suppliers and discuss new development directions with them based on our customers' requirements, as well as 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 2023, we implemented these practices for all of the aforementioned 21 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 or the minimum requirements stated in the Supply Chain Management Procedure, or any incident that could impede workers' human rights or 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 monitoring
- Information from stakeholders
- NGO platforms, e.g. the environmental supervision records of the Institute of Public and Environmental Affairs (“IPE”)
- Onsite visits
- Questionnaires
- Suppliers' self-assessments 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 may 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:



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

## IPE Environmental Supervision for Suppliers

The IPE based in China is one of the key platforms for us to monitor the environmental compliance and performance of suppliers. By evaluating the disclosed information on the platform, we are able to identify environmental incidents in the supply chain in China. In case of violations, we are able to follow up with the concerned supplier immediately. In 2023, no environmental violations were reported.

# Pioneering Social Sustainability

People are invariably the foundational element in our sustainability endeavours. At Crystal, we respect human rights, protect the legitimate rights and interests of employees, focus on creating a healthy and safe working environment, grow together with our people, and create shared value with community activities.



## Our Code of Conduct and Social Compliance Policy

With reference to local regulations, as well as industry and international standards, our Master Policies on Human Resources, Code of Conduct and Social Compliance Policy stipulate the requirements and approaches covering the following social compliance aspects. All employees can access the policies in their local language via the Company intranet.

- Responsible recruitment to prevent child labour, forced labour and discrimination
- Friendly work environment without harassment and abuse
- Equal opportunity and fair compensation
- Decent working hours and rest times
- Freedom of association and collective bargaining
- Safe workplace
- People-oriented culture
- Women empowerment
- Benefits and welfare

All of our factories conduct regular assessments to ensure compliance with the requirements. Assessments are duly updated in line with the latest legal, customer and industry requirements.



## Labour Standard

We maintain a strict zero-tolerance policy on child labour and forced labour.

We follow the International Labour Organization (“ILO”) conventions to establish and implement our child labour and forced labour procedures.

Verifying candidates’ ages is a mandatory process before official recruitment. Human resource staff use their professional training to check various types of age documents to guarantee there are no loopholes. If any cases of child labour are identified, we will take immediate action including the following:

- Stop working immediately
- Provide sufficient payment according to local legal requirements
- Provide a free health check-up and medical treatment before sending back if necessary
- Send the child to the guardian or place of residence
- Conduct root cause investigation
- Take effective measures to avoid recurrence

We prohibit any form of forced labour, such as bonded labour, indentured labour, prison labour or slave labour. To ensure no withholding or illegal deduction, the employees’ wages are paid directly by bank transfer to their bank accounts.

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 have established a comprehensive grievance mechanism to encourage employees to report any suspected cases of human rights violation, such as child or forced labour. Factory management and/or the CQS will conduct an investigation if a suspected case is found. Where related risks or violations are identified, we are committed to remedying affected parties and to ending or minimising the risks or violations.

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

With all-round controls in place, we do not have any operations that are considered to possess significant risks for incidents of child or forced labour. In 2023, no child labour or forced labour cases were identified in our factories and supply chain.



### Social & Labor Convergence Program

As a manufacturer signatory of the Social & Labor Convergence Program (“**SLCP**”), we have adopted the Converged Assessment Framework (“**CAF**”) Data Collection Tool to 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. The adoption of industry assessment not only can reduce the number of repetitive social audits, but also redeploy resources to improve working conditions and enhance transparency in the supply chain.

In 2023, around 74% of Crystal factories adopted SLCP, in which all our factories in China completed SLCP assessment and verification through FSLM, covering at least Step 1 (Essentials) and Step 2 (Management Systems).



#### Better Work High Performance Factory

Our sweater, intimate and lifestyle wear factories in Vietnam were recognised as Better Work High Performance Factories 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



#### Labour Practice Training by Better Work

Our sportswear factory in Vietnam nominated a trade union representative and an industrial relations officer to participate in a training course on effective grievance mechanisms and labour dispute settlement, which was conducted by Better Work in collaboration with a customer.



#### Visit by Swiss National Council

A group of 15 delegates, led by the President of the National Council and the Federal Assembly of Switzerland, visited our Vietnam lifestyle wear factory, one of our Better Work High Performance Factories, which has been recognised for green initiatives and good labour practices by Better Work Viet Nam.

Since participating in Better Work in 2014, the factory has improved on various corporate social responsibility issues such as gender equality, putting in place gender-sensitive policies and training to raise workers' awareness of workplace sexual harassment prevention.

Mr. Martin Candinas, President of the National Council and the Federal Assembly of Switzerland, spoke during the visit.



### Safeguarding Employees' Health and Safety

Employees' health and safety are of paramount importance to us. Referencing internationally recognised standards and in compliance with relevant laws and regulations, our Social Compliance Policy and Corporate Social Compliance Manual have provided all of our factories with provisions and guidance on setting up an occupational health and safety (“**OHS**”) management systems.

The health and safety committees of our factories are mainly responsible for overseeing 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



**ISO45001 Certified Factories**

Our two China knits factories achieved ISO45001 Occupational Health and Safety Management System standard certification in 2023, making a total of seven across the Group.



**Rate of Fatalities and Work Injuries**

Injury cases are defined as cases that have been reported to local governments with medical and insurance claims, and that resulted in at least four lost days each. In 2023, 0.01% of total working person-days across the Group’s operations were lost as leave taken by employees owing to work injuries. There were a total of 105 work injury cases, accounting for 1,807 lost workdays.

In 2023, we recorded no work-related fatalities, which refers to deaths arising from exposure to hazards at work or commuting incidents where transportation is provided by the Company.

Year	2023	2022	2021
Number of work-related fatalities	0	1	0
Rate of work-related fatalities	0.0%	0.01%	0.0%

**Structural, Fire and Electrical Safety**

We pay special attention to the safety of our manufacturing facilities, which is reflected in building structure safety, as well as electrical and fire safety. As of the end of 2023, four of our garment factories in Vietnam have obtained the graduation certification from the Life And Building Safety (“LABS”) Initiative, a widely recognised industry worker safety programme from the Sustainable Trade Initiative. This signifies our dedication to stringent safety standards going beyond legal requirements.



**Employee Wellness**

**Physical**

Promoting a culture of sports activity contributes to the physical wellness of employees, which is vital to our continued business success. Across our operations, we have set up sports centres or sports grounds on premises, where our factories regularly organise sports and wellness programmes to help employees stay healthy, such as gym and yoga sessions, Zumba dancing classes, and Running Days.

**Mental**

With regard to mental wellness, not only do we support employees in coping with the normal stresses of life, we also instil positive emotions into the workplace so that they feel comfortable working for the Company and connected with the team. We believe this can be achieved by creating a family-like environment that promotes our corporate value of “Respect for People”, which extends to the culture of every community we call home.





Valuing Local Cultures

Vietnam



The management of our knits factory followed local customs and visited the neighbouring temple during a Buddhist festival, where they enjoyed a vegetarian meal after making a wish for peace, luck and prosperity for the locals. The team also planted eight trees at the temple, donated by the factory per the distance covered by our employees in a race programme. Villagers were grateful and eager to see the shimmering yellow flowers when the trees blossom in due course.

On another occasion, colleagues joined the community's annual Communal House Festival, which symbolises the vitality and solidarity of the village. Warmly cheered by local residents, our talented band's performance proved to be very popular.

Bangladesh



The winter Pitha Festival in Bangladesh originated from the jubilation for a bumper harvest as well. On this day, colleagues in our knits factories showcased more than 30 varieties of homemade pitha – traditional rice cakes – before savouring the rural delicacy in an environment completed with famous Bangla songs.



Cambodia



Our denim division management enjoyed folk games with employees during the Khmer New Year celebration in Cambodia, which is home to a variety of traditional games.



China



During Mid-Autumn Festival, when Chinese people traditionally gather to celebrate a good harvest, volunteers from our knits and denim teams did not forget the elderly living in old folks' homes. Each team visited elderly centres nearby, bringing along gifts and the quintessential mooncakes to celebrate the moment for reunion.

Staying Active on Crystal International Sports Day

Our lifestyle wear factory in China organised the Crystal International Sports Day, where employees took part in different games including basketball, football, tug of war and badminton. As many as 240 employees from Vietnam, China and Bangladesh came together at the factory for a day of competitive sports, greatly encouraged by the cheerleaders' high-spirited chants, band dances, and stunts.



A Gift from Fairtrade

Near the year-end holiday season, each of about 4,300 workers in our denim factory in Vietnam brought home a rice cooker. This was funded by the Fairtrade Premium, which a brand customer paid to our workers for Fairtrade certified products made, with an aim to improve their quality of life. In 2021, the factory obtained the Fairtrade certification after passing a compliance audit against the organisation's labour, worker health and safety, and environmental standards.



Close to 900 workers in a subcontractor factory of our denim division in Vietnam also benefitted from Fairtrade Premium that brought them home appliances and gifts for kids.



## 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 have established Master Policies on Human Resources that cover 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 64,614 employees at the end of 2023, of which 30.5% were male and 69.5% were female.

**Notes:**

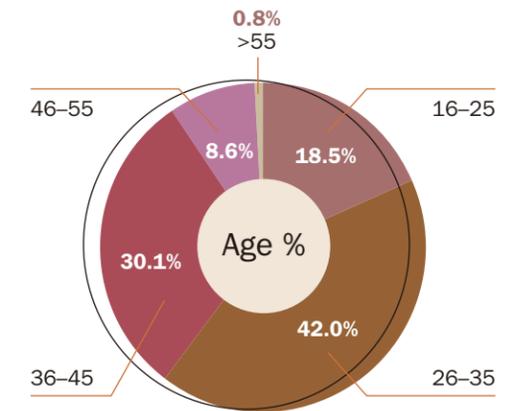
- The workforce figures include all garment and textile manufacturing facilities across five operating countries, our headquarters and offices in Asia.
- Our workforce comprises full-time employees, except for four part-time staff.



### By Region and Gender

Country	%	Male	Female
Vietnam	49.2%	27.8%	72.2%
China	17.5%	35.4%	64.6%
Cambodia	12.8%	21.8%	78.2%
Bangladesh	12.8%	44.0%	56.0%
Sri Lanka	7.0%	26.5%	73.5%
Hong Kong and other offices in Asia	0.7%	46.4%	53.6%
<b>Total</b>	<b>100%</b>	<b>30.5%</b>	<b>69.5%</b>

### By Age Group



## Monthly Average Employee Turnover Rate

Our monthly average employee turnover rate (voluntary) was 2.1%, where voluntary turnover refers to employees that resign of their own accord and excludes dismissal and retirement. This rate is obtained from dividing the number of employees who willingly left employment in 2023 by the number of total employees at the end of the year then further dividing by 12 months.

### By Gender

**2.2%** Male

**2.0%** Female

### By Region

Vietnam	2.2%
China	1.5%
Cambodia	0.9%
Bangladesh	2.1%
Sri Lanka	3.5%
Hong Kong and other offices in Asia	1.0%

### By Age Group

16-25	3.1%
26-35	2.1%
36-45	1.4%
46-55	1.0%
>55	0.8%

## Talent Grooming

Our Master Policy on Human Resources 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 2023, a total of 6,765,472 hours of training were provided, including:

- 5,819,585 hours of customer requirement training
- 945,887 hours of programmed training

Each of our active and resigned employees received an average of 73.3 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	72%	15.5
Male	71%	11.4
Total	72%	14.2

### Programmed Training Breakdown by Job Level

Grade	Percentage Trained	Average Training Hours
Executive	88%	12.2
Manager	93%	19.6
Officer	70%	12.2
General Staff	63%	8.4
Worker	73%	14.9
Total	72%	14.2

## Learning and Development

Recognising the strategic importance of leadership and talent development, we continued to invest resources to help our team grow and strengthen our talent pipeline. We plan and carry out a group-wide training programme covering all our employees at different levels to facilitate their personal and career growth. This includes the following initiatives:

- Production training for workers
- Supervisory skills training for supervisors and line leaders
- Development programme for officer-grade staff
- Managerial learning and development curriculum
- Harvard ManageMentor leadership development programme for executives

### Shared Services Centre for Learning and Development

Our executive team has endorsed the investment of resources in establishing regional Shared Services Centres (“SSCs”) in China, Bangladesh, Vietnam and Cambodia. Each regional SSC is headed by seasoned training professional. They collaborate closely with the Centre of Excellence at headquarters to launch manager and talent development programmes. This local-for-local approach will ensure excellent execution of learning and development initiatives in all factories. In 2023, a total of 45 management trainings have been conducted by SSCs. A total of 645 managers attended training as identified in the learning and development curriculum.



SSC Bangladesh

### Setting Employees Up for Success

With the introduction of a revamped performance management process for managers and executives in 2023, a series of online and face-to-face trainings has been organised. Overall, 95% of managers have completed the required performance management training. These trainings are designed to equip our managers and people leaders with the competency to best leverage this new tool to cultivate employees, teams and business successes year after year.



### Building Influential Executives

With the goal of enhancing the strategic leadership of our executives, our corporate learning and development (“L&D”) team continued our partnership with Ivey Business School to run the well-received “Knits Executive Development Workshop” in 2023. This was designed to develop a strategic and curious mindset with agile leadership to enable successful execution of strategy and changes in Crystal. Our executives were engaged in active discussions of real business cases to examine applications that are relevant to Crystal.



### Homegrown Competent Officers

Once the foundation for manager development had been created, the corporate L&D team spearheaded the design of an officer training curriculum to systematically groom these young talents.



Pilot classes were conducted in our factories in Vietnam to gain stakeholder feedback. These are valuable comments for the corporate L&D team to finalise the curriculum design in 2024.

### Breaking the Language Barrier



We celebrate our diversity which offers our employees the opportunity to inspire one another. Our operations encourage language learning to overcome communication barriers and drive personal advancement.

In May 2023, the Language Club of our lifestyle wear factory in China rolled out new English learning content on its WeChat official account. In addition to the “Idiom and Vocab of the Week”, it features an audiobook of our Chairman’s memoir “For the Greater Good”, allowing employees to listen to the Group’s founding history and management philosophy while practising English.

In Vietnam, our sportswear factory not only launched an English learning programme for its local staff, but also a Vietnamese learning programme for foreign employees to facilitate exchange. Our expatriates were keen to work extra hard to master the language.



### Weekend Getaway for Team Building

Our sweater core team in Vietnam injected some fun into its team building experience. The team – consisting of 10 dedicated members representing various departments – went on an overnight team-building retreat at a resort along the picturesque Do Son Beach in Northern Vietnam. Away from the factory’s hustle and bustle, the team partook in a range of programmes from game challenges and outdoor activities, to morning runs and heartfelt conversations.

The sportswear team in Cambodia also left their workplace for team-building activities at world cultural wonder Angkor Wat in Siem Reap just days before the start of 2023. We believe that lasting bonds were created between members of the teams, which enabled better teamwork and working practices for driving organisational success.



### Nurturing Future Leaders

To ensure that our future succession pipeline fits our future organisation design, which is part of the Company’s strategic priorities, we have incorporated three critical success factors into all Group talent programmes:

- Top management buy-in
- Comprehensive and well-aligned talent management mechanism
- Return on investment

### Factory Talent Development Programme – 2.5 years (Mid-Career Talents)

The objective of this programme is to develop factory Assistant General Managers (“AGMs”) internally for new expansion and succession.

Participants from four key factory functions, namely Production, Industrial Engineering, Quality Assurance, and Production Planning and Control, were provided with future functional skills training, soft skills training, complex projects and mentorship for intensive development as future AGMs.

### Talent Programme – Multi-Functions – 2.5 years (Mid-Career Talents)

This programme is to develop our internal functional executives for factory functions other than those mentioned, for new expansion and succession. It covers Sales and Merchandising, Quality and Sustainability, Finance, Human Resources, and Logistics. We adopted the same talent management mechanism mentioned above to ensure the same quality of deliverables and a variety of future career paths as future executives.

### Crystal Associate Programme – 2.5 years (Early Young Talent)

In view of changes to the business model as well as the market environment, the Group Talent Development Team took the lead in revamping the programme framework across all countries with the key business heads in 2023. With the emphasis on customer relationship management and automation, the performance of our associates in the internal panel review as well as comments from the customers were very encouraging.



### Awards for Best Talent Management and Transformation Pioneer

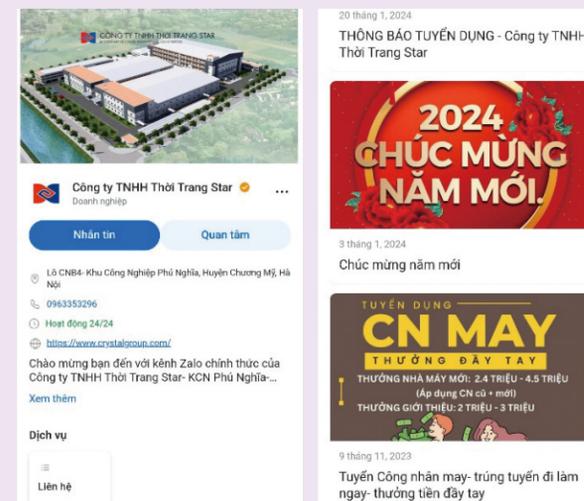
We continuously pursue excellence to set a high market benchmark in talent management. It is our honour to attain the Best Talent Management – Gold Award and Transformation Pioneer Award from SHL, a global leader in talent innovation with 40 years of talent expertise. These accolades affirm our talent management vision and mechanism are effective and forward-looking.



### 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.

### Exploring New Communication Channels



This year we grew our social media presence on several platforms, with the Group launching an official Instagram account and our Vietnam sportswear factory opening a Zalo company page. Venturing onto Zalo – the most popular social networking and messaging app in Vietnam – ensures information is effectively delivered to our local employees, who are able to get in touch with the factory team via the mobile software.

Our lifestyle wear factory, sportswear factory and intimate factory in Vietnam started up internal e-newsletters. Sharing items such as latest factory happenings, recruitment information, soft skill knowledge, book recommendations, health tips, and sustainability updates, the newsletters help to keep our workforce engaged by offering at-a-glance workplace and personal content. At the Group level, we continued issuing Crystal Net Zero 2050 e-newsletter to bring the related updates, progress and achievements to our employees, who are an invaluable part of our climate journey.



## Gender Equality, Maternity and Parenting Support

During the year, our efforts to improve gender equality, and maternity and parenting support continued. We are committed to building a workplace culture of equal opportunity, equal respect and good work-life balance.

As the status of women is poised to improve in many of our operating countries, we have taken steps to improve gender equality by empowering our female employees and supporting their wellness. Many operations in Vietnam, China, Bangladesh and Cambodia carried out female health programmes, from gynaecological and obstetrics examinations and reproductive health consultation to awareness sessions on menstrual hygiene, cervical cancer and breastfeeding, as well as an annual “Caring for Expecting Moms” campaign.

Two of our Bangladesh knits factories ran a three-step campaign to promote eliminating violence against women. The campaign included a lunchtime video screening to generate awareness, which was followed by educating employees about gender equality through a quiz competition, and putting up attention-grabbing posters, banners and placards around the factories to foster a respectful workplace culture.



### Accelerating Women Leadership

A female employee from our Vietnam lifestyle wear factory attended the training course “Women in Manufacturing Leadership Accelerator”, ran by a sports brand customer in collaboration with the International Finance Corporation (“IFC”). The course aimed to empower women with knowledge of gender equality and enhance their management and administrative skills. Upon completing the course, our participating colleague shared her learning with fellow peers, further spreading the benefits of increased work efficiency and stronger leadership abilities.



## Creating Shared Value with Communities

Our business relies on the resources and infrastructure provided by the communities in which we operate. In turn, we aspire to become an integral part of these communities, so that they benefit from having us there. We are dedicated to delivering a positive and sustainable impact that helps support our communities to 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, the environment, health and medical care, and community resilience. Each operation devises a local action plan to channel its efforts strategically to suit precise community needs.

### Identifying Community Engagement Activities

Given the distinct challenges of different communities, we 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.

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 where 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 one-off investments that address specific or urgent societal needs.

In 2023, our contribution to communities amounted to over US\$580,000 and around 6,500 person-hours via community activities, health and medical care, education and environmental stewardship.

### Supporting Schools in Need

Many of our factories have given back to society by supporting education. Among them, our intimate factory in Vietnam made in-kind donations amounting to US\$12,000 to several boarding schools in the mountainous areas in the northern part of the country, which received a total of 500 sets of double beds including blankets, pillows and mattresses. This made winter warmer for students who studied away from home and parents.

The factory also donated backpacks, towels, table lamps and helmets to a primary and a secondary school situated in an impoverished community of Son La Province, benefitting over 500 underprivileged students.



## Engaging Communities on Environmental Sustainability

### Earth Hour

Since 2011, we have supported WWF's Earth Hour for 13 consecutive years. In addition to switching off unnecessary lights in our factories to promote energy conservation, Group operations rode the momentum of this large collective movement to advocate environmental protection in the community on a wider scale, from gifting households LED light bulbs in Bangladesh and calling for public support through social media in Cambodia, to organising roadside clean-ups and green runs in Vietnam to raise fund for community environmental actions.



### Bringing Safe Water to Communities

Our sportswear factory in Cambodia donated a water purification system to a primary school in Siem Reap. With a capacity of 6,000 litres per day, the system is able to provide pure drinking water for almost 300 students, teaching staff and nearby residents. This reduces their household expenses and facilitates hygiene, while contributing to better health due to disease prevention.

### Move for the Planet with adidas



Our lifestyle wear factory in China echoed the call from adidas and mobilised its employees to "move for the planet". For every 10 minutes of designated sports activity logged in early June, adidas pledged to donate US\$1.10 or up to US\$1.65m to Common Goal to support projects around the globe centred on:

- Education on environmental sustainability and sports
- Sustainable management processes with the goal to reduce or end the use of plastic
- Turning recycled materials into sports infrastructure

We are proud to have contributed to over 173 million active minutes tracked worldwide.

## 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)
- Whistleblowing

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 a zero-tolerance approach towards corruption and fraud and 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 or contractual advantage.

During the reporting period, there were no legal cases regarding corrupt practices brought against the Company or our employees.

We have 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 whistleblower will be victimised or disadvantaged for making a complaint.

## Anti-corruption Training

Training in anti-corruption principles has been provided to employees to raise awareness. All current personnel at manager level and above must complete anti-corruption training every two years. In 2023, all of our directors and managers across all countries we operate in completed refresher training on anti-corruption, which translates to approximately 1,041 hours of related training.

# Awards and Recognition



## Highlighted Awards and Recognition ESG Reporting and Sustainability

**Group**

- Hong Kong Sustainability Award 2023 – Distinction Award (Large Organization Category), from the Hong Kong Management Association
- Excellence in Social Positive Impact – Grand Award, from Hong Kong ESG Reporting Awards 2023
- Commendation for the Best ESG Report – Mid-cap, from Hong Kong ESG Reporting Awards 2023
- Commendation for Excellence in Environmental Positive Impact, from Hong Kong ESG Reporting Awards 2023
- Commendation for Carbon Neutral Award, from Hong Kong ESG Reporting Awards 2023
- 2023 Best Annual Reports Awards – Certificate of Excellence in Environmental, Social and Governance Reporting, from the Hong Kong Management Association

**Intimate factory in Vietnam**

- Top 100 Sustainable Enterprises in Vietnam in 2023, from the Vietnam Chamber of Commerce and Industry

## Community Service

**Lifestyle wear factory in Vietnam**

- 2023 Corporate Social Responsibility Recognition Award, from the American Chamber of Commerce in Hanoi

## Employee Care

**Crystal headquarters, factories in China and Vietnam, Singapore office**

- Best Companies to Work for in Asia 2023, from HR Asia

**Singapore office**

- Diversity, Equity & Inclusion Awards 2023, from HR Asia

## Business

**Lifestyle wear factory and sportswear factory in Vietnam**

- Prestigious Export Enterprise 2022, from the Ministry of Industry and Trade in Vietnam

## Environment

**Crystal headquarters**

- Carbon Neutral Label, from ClimatePartner
- Green Office and Eco-Healthy Workplace Awards Labelling Scheme, from the World Green Organisation
- Hong Kong Green Organisation, Wastewi\$e Certificate and Energywi\$e Certificate, from the Environmental Campaign Committee

Lifestyle wear factory in China

- BOCHK Corporate Environmental Leadership Awards 2022: 5 Years+ EcoPioneer and EcoChallenger



Sweater factory in China

- BOCHK Corporate Environmental Leadership Awards 2022: 5 Years+ EcoPioneer and EcoPartner



Intimate factory in Bangladesh

- Low Carbon Manufacturing Programme (“LCMP”) Gold Label, from WWF-HK



Intimate factory in Vietnam

- Second prize – Energy Efficiency Award in Industry-Construction 2023 from 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



1. ISO9001 Quality Management System  
12 factories in China, Vietnam, Bangladesh and Sri Lanka
2. ISO14001 Environmental Management System  
8 factories in China and Vietnam
3. ISO45001 Occupational Health and Safety Management System  
7 factories in China and Vietnam

Glossary

Apparel Impact Institute (“Aii”)	The Aii is a nonprofit collective founded in 2017 by NGO and industry leaders. The organisation identifies, funds, and scales proven quality solutions to accelerate positive impact in the apparel and footwear industry.
Better Cotton Initiative (“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 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.
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.
Common Goal	Common Goal is a charitable project created by streetfootballworld and Spanish footballer Juan Mata with the aim of using the immense power of football to generate social change and improve people’s lives.
Converged Assessment Framework (“CAF”)	The CAF is a tool to measure working conditions in facilities developed by Social & Labor Convergence Program (“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 a 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.
Equivalent piece	Equivalent piece is a common unit to express our garments, produced and washed, by normalising the carbon emissions or water consumption respectively of our different product types.
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.
Fairtrade	Fairtrade is a global sustainability label and organisation that is co-owned by more than two million farmers and workers. Its movement changes the way trade works through better prices, decent working conditions and a fairer deal for farmers and workers in developing countries.
Global Organic Textile Standard (“GOTS”)	The GOTS was developed by leading standard setters to define worldwide 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 Recycled 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”)	GHGs are the gaseous constituents that absorb and hold heat in the atmosphere, that occur either naturally or due to human activities.
Harvard ManageMentor	Harvard ManageMentor is a digital learning experience that leverages on-demand, world-class content to develop leaders at all levels.
Higg Index	The Higg Index is a suite of tools developed by Cascale (formerly 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 to help 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 that analyses 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, as well as intermediate and end products at all stages of production. Its aim is to ensure that 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 the 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. It 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”)	The RSL is a list of chemical substances restricted or banned from use in finished products.

Science Based Targets initiative (“SBTi”)	The SBTi is a collaboration between CDP, the United Nations Global Compact (“UNGC”), World Resources Institute (“WRI”) and the World Wide Fund for Nature (“WWF”). The initiative defines and promotes best practices in emissions reductions and offers technical assistance to companies aiming to set science-based targets (“SBTs”).
Scope 3 emissions	Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain. Scope 3 emissions include all sources not within an organisation’s Scope 1 and 2 boundary.
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.
Smart metering system	A smart metering system is an electronic system that is capable of measuring electricity fed into the grid and consumed from the grid. The system can be employed to monitor, control and optimise the performance of energy consuming equipment, instigating energy and carbon reductions.
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 the 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.
United Nations Global Compact (“UNGC”)	The UNGC is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.
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.
WWF Water Risk Filter	The WWF Water Risk Filter is an online tool developed by the WWF and German finance institution DEG, which helps companies and financial institutions to explore, assess, value and respond to water risks.
ZDHC InCheck	The ZDHC InCheck was developed by the ZDHC Foundation to enable suppliers to check their chemical inventory against the ZDHC MRSL Accepted Certification for better chemical management.
ZDHC Supplier to Zero	The ZDHC Supplier to Zero Programme is part of the ZDHC Leaders to Zero Programmes which intend to streamline the industry’s sustainable chemistry implementation efforts by converging individual approaches that are causing supply chain confusion and duplicative efforts along the value chain.
Zero Discharge of Hazardous Chemicals (“ZDHC”)	The 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 and GRI Content Index

## ESG Reporting Guide Index

ESG Reporting Guide	Description	Section or feedback
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
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 2023
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 2023
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 – Crystal Sustainability Vision 2030 – Impact for Better 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
<b>Aspect A2: Use of Resources</b>		
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 2023
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 2023
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better 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.	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Preserving Our Planet – Water Conservation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Preserving Our Planet – Waste Management
<b>Aspect A3: The Environment and Natural Resources</b>		
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 – Crystal Sustainability Vision 2030 – Impact for Better Stakeholder Engagement – Materiality Assessment; Key Initiatives to Address Stakeholder Concerns Preserving Our Planet

ESG Reporting Guide	Description	Section or feedback
<b>Aspect A4: Climate Change</b>		
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 – Crystal Sustainability Vision 2030 – Impact for Better Stakeholder Engagement – Materiality Assessment; Key Initiatives to Address Stakeholder Concerns Preserving Our Planet – Crystal Net Zero 2050

## B. Social

### 1. Employment and Labour Practices

<b>Aspect B1: Employment</b>		
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 Employee's 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 Employee's Health and Safety
KPI B2.2	Lost days due to work injury.	Pioneering Social Sustainability – Safeguarding Employee's Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Pioneering Social Sustainability – Safeguarding Employee's Health and Safety; Employee Wellness

### Aspect B3: Development and Training

General disclosure		Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Product Responsibility – Quality Assurance Process Pioneering Social Sustainability – Talent Grooming 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
<b>2. Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
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
<b>Aspect B6: Product Responsibility</b>		
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 Process; 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.
<b>Aspect B7: Anti-corruption</b>		
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
<b>3. Community</b>		
<b>Aspect B8: Community Investment</b>		
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 – Crystal Sustainability Vision 2030 – Impact for Better 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 1 January to 31 December 2023 with reference to the GRI Standards. GRI 1: Foundation 2021 has been used when compiling this report.

Topic or GRI standard	Disclosure	Section or feedback	
<b>GRI 2: General Disclosures 2021</b>			
The organisation and its reporting practices	2–1 Organisational details	About This Sustainability Report “Corporate Information” section of our Annual Report 2023 About Crystal International – Multi-country Network of Production Facilities 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.	
	2–6 Activities, value chain and other business relationships	About This Sustainability Report About Crystal International Supply Chain Management “Management Discussion and Analysis” section of our Annual Report 2023 There were no significant changes in our sector, the structure of our supply chain, our suppliers’ locations, or our relationships with suppliers, including selection and termination.	
Activities and workers	2–7 Employees	Pioneering Social Sustainability – Talent Acquisition	
	2–9 Governance structure and composition	About Crystal International – Corporate Governance; Sustainability Governance “Corporate Governance Report” section of our Annual Report 2023 “Corporate Governance Report” section of our Annual Report 2023 “Corporate Governance Report” section of our Annual Report 2023	
		2–10 Nomination and selection of the highest governance body	About Crystal International – Sustainability Governance
		2–11 Chair of the highest governance body	Stakeholder Engagement – Materiality Assessment
Governance	2–12 Role of the highest governance body in overseeing the management of impacts	About Crystal International – Sustainability Governance	
	2–13 Delegation of responsibility for managing impacts	Stakeholder Engagement – Materiality Assessment	
	2–14 Role of the highest governance body in sustainability reporting	About Crystal International – Sustainability Governance	

Topic or GRI standard	Disclosure	Section or feedback	
	2-15 Conflicts of interest	“Report of the Directors” and “Notes to the Consolidated Financial Statements” section of our Annual Report 2023 Pioneering Social Sustainability – Anti-corruption	
	2-16 Communication of critical concerns	“Corporate Governance Report” section of our Annual Report 2023	
	2-17 Collective knowledge of the highest governance body	“Directors and Senior Management” and “Corporate Governance Report” section of our Annual Report 2023	
	2-18 Evaluation of the performance of the highest governance body	“Corporate Governance Report” section of our Annual Report 2023	
	2-20 Process to determine remuneration	“Corporate Governance Report” section of our Annual Report 2023	
	2-21 Annual total compensation ratio	“Corporate Governance Report” section of our Annual Report 2023	
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 Process Supply Chain Management – Governing Policies and Requirements to Suppliers Pioneering Social Sustainability – Our Code of Conduct and Social Compliance Policy; Safeguarding Employee’s Health and Safety; Talent Acquisition; Talent Grooming; Anti-corruption	
	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 Process Supply Chain Management – Governing Policies and Requirements to Suppliers Pioneering Social Sustainability – Our Code of Conduct and Social Compliance Policy; Safeguarding Employee’s Health and Safety; Talent Acquisition; Talent Grooming; Anti-corruption	
	2-25 Processes to remediate negative impacts	Pioneering Social Sustainability – Our Code of Conduct and Social Compliance Policy; Anti-corruption	
	2-26 Mechanisms for seeking advice and raising concerns	Pioneering Social Sustainability – Our Code of Conduct and Social Compliance Policy; 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	Shareholder Engagement

Topic or GRI standard	Disclosure	Section or feedback
<b>GRI 3: Material Topics 2021</b>		
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; Crystal Sustainability Vision 2030 – Impact for Better Stakeholder Engagement – Key Initiatives for Addressing Stakeholder Concerns Preserving Our Planet Driving Innovative Manufacturing Pioneering Social Sustainability
<b>Topic-specific Disclosure</b>		
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 2023
	302-3 Energy intensity	Preserving Our Planet – Carbon, Energy and Water Data 2023
	302-4 Reduction of energy consumption	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Preserving Our Planet – Crystal Net Zero 2050; Carbon, Energy and Water Data 2023
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Preserving Our Planet – Crystal Net Zero 2050; Water Conservation; Carbon, Energy and Water Data 2023; Chemical and Wastewater Management
	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 2023
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Preserving Our Planet – Carbon, Energy and Water Data 2023
	305-2 Energy indirect (Scope 2) GHG emissions	Preserving Our Planet – Carbon, Energy and Water Data 2023
	305-4 GHG emissions intensity	Preserving Our Planet – Carbon, Energy and Water Data 2023
	305-5 Reduction of GHG emissions	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Preserving Our Planet – Crystal Net Zero 2050; Carbon, Energy and Water Data 2023
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Preserving Our Planet – Air Emissions Control

Topic or GRI standard	Disclosure	Section or feedback
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
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pioneering Social Sustainability – Safeguarding Employee’s Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Pioneering Social Sustainability – Safeguarding Employee’s Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Pioneering Social Sustainability – Safeguarding Employee’s Health and Safety
	403-5 Worker training on occupational health and safety	Pioneering Social Sustainability – Safeguarding Employee’s Health and Safety
	403-6 Promotion of worker health	Pioneering Social Sustainability – Employee Wellness; 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 Employee’s Health and Safety Product Responsibility – Product 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 – Crystal Sustainability Vision 2030 – Impact for Better Preserving Our Planet – Higg Index Product Responsibility – Quality Assurance Process Pioneering Social Sustainability – Our Code of Conduct and Social Compliance Policy; Talent Grooming

Topic or GRI standard	Disclosure	Section or feedback
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our Sustainability vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Pioneering Social Sustainability – Talent Acquisition “Directors and Senior Management” section of our Annual Report 2023
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

