TAL Apparel

Threading Resilience

SUSTAINABILITY REPORT 2021–2022

Welcome to TAL Apparel

This is TAL Apparel's seventh biennial sustainability report, covering 2021–2022. This report offers ongoing insight into our sustainability journey during this period and highlights our company's resilience through the COVID-19 pandemic. As always, this report embodies the core values of TAL Apparel, which prioritise honesty, integrity and a strong commitment to our stakeholders.

TAL Apparel is the apparel manufacturing division of the TAL Group. We are dedicated to offering innovative products and services throughout various stages of the apparel supply chain. Our core business is the manufacturing of garments across multiple product categories, including men's and women's shirts/blouses, knit polos, suits, jackets, pants and masks. We partner with some of the industry's leading fabric mills and trim suppliers to offer the highest quality material for our customers.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. As the most widely used framework for sustainability reporting, the GRI provides a recognisable and comparable guideline for reporting a company's economic, social and environmental impacts.

For any comments, questions or concerns, please feel free to contact us via email: **sustainability@talapparel.com.** We value your feedback and remain committed to our sustainability journey, striving for continuous improvement and positive impacts in the apparel industry.

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Management viewpoints

Message from the Vice Chair and CEO

Delman Lee, Vice Chair

Roger Lee, CEO

Operating in an uncertain business environment, such as the one created by the COVID-19 pandemic, poses significant challenges for the company. The disruption created by the pandemic and its aftermath on the supply chain was felt throughout 2021 and 2022.

The business experienced a heavy blow in 2020 with a significant drop in orders and the unfortunate necessity of shutting down operations in Malaysia, affecting over 5,000 people. Change started to come in 2021, as vaccinations began and the world slowly started to reopen. With retailers realising the need for new inventory, orders began to flow in by mid-May 2021.

This sudden surge in orders exposed a critical problem in the fashion supply chain. Like us, many businesses had significantly reduced their capacity during the pandemic. There was a lack of capacity in the entire supply chain. The situation was compounded by the ban of Chinese cotton in products imported into the US. All these factors led to a record high in the cost of raw material, manufacturing and transportation.

For the first time, customers waived late penalties due to uncertainties in the supply chain. We had to deal with overloading in factories due to high demand and additional lead time caused by port congestions.

In 2022, demand remained high, fuelled by the pent-up demand of consumers. The business felt a sense of normalcy with customers' forecasts becoming more stable (and customers starting to charge for late delivery!) An important question began to loom for 2023: whether the capacity built up in 2021 and 2022 would be needed in coming years.

Message from the Vice Chair and CEO

The company had to be agile and react quickly to changing demands and unpredictable operating environments in multiple countries. We worked closely with customers to understand their needs and be flexible in meeting those needs. We are grateful for how the team pulled through such a volatile period. The company has certainly become stronger and we have built resilience into the operations and supply chain.

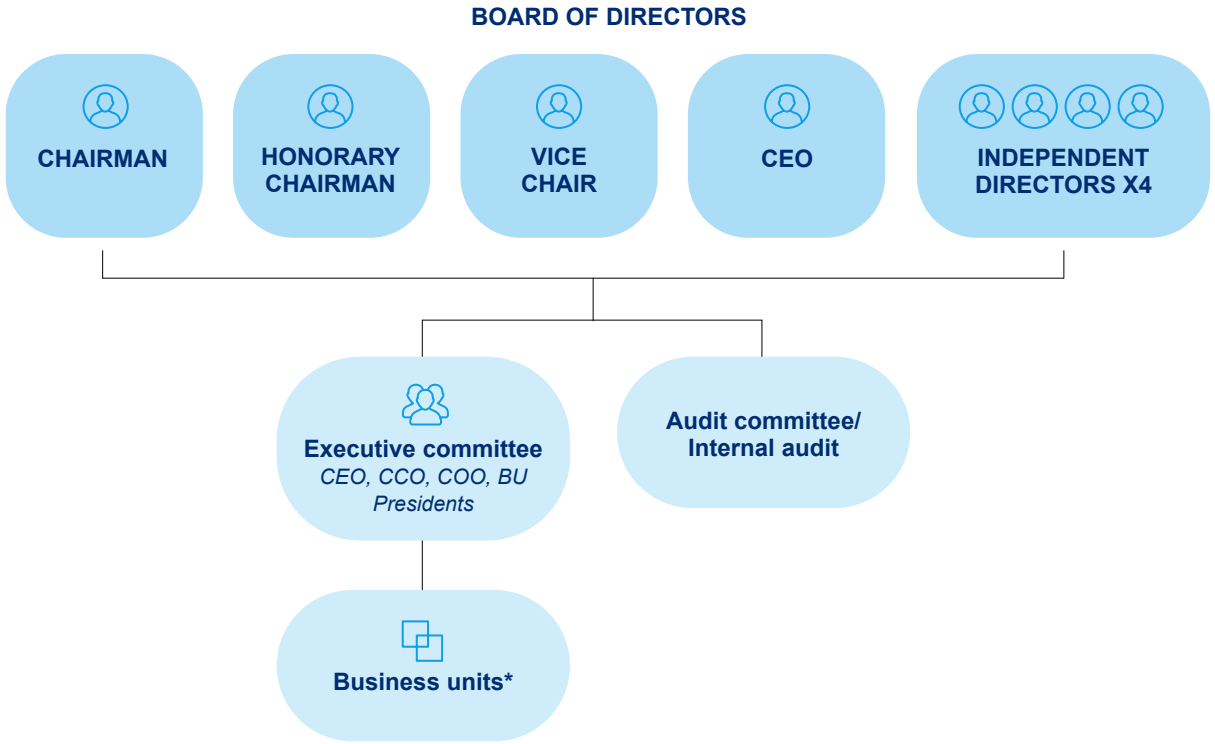
In the midst of a pandemic and trade tension between US and China, the company progressed steadfastly on our sustainability strategy. On the environmental front, combating climate change is our top priority. We became a signatory of the UNFCCC Fashion Industry Charter for Climate Action (FICCA) and have committed to reducing emissions under the Science Based Targets initiative (SBTi). The SBTi encourages organisations to set targets for 2030 as well as a long-term net zero ambition by 2050. We are very much on our way to tackle this ambition. We have mapped our footprint, including scope 3 emissions, and we have begun education and worked on how we may influence and steer our scope 3 emissions. The SBTi Net-Zero Standard sets an ambitious target, and no one has the full answer on how to get there. Nevertheless, we as a company are committed to work towards it, because the planet needs it.

On the social front, undoubtedly a lot of work and focus had been on health and safety during the pandemic. We have also embarked on the question of worker well-being, including living wage – trying to take the pulse and gain insights on improvement areas.

We continued to participate in several multi-stakeholder initiatives (for example, the Sustainable Apparel Coalition, FICCA, the Social & Labor Convergence Program and the Global Fashion Agenda). Collaboration and collective actions are crucial when it comes to systemic change in the fashion supply chain. Whether the issue is environmental or social, the root cause of the issue often goes beyond a single player in the supply chain. Only through dialogue and alignment with governments and partners in the industry can meaningful progress be made.

We are glad that our organisation is truly committed to leading change in how the industry sustainably clothes itself. Many recognise that it is not an easy task, that one may have to learn new skills, that it requires collaborations with partners... and a lot more! But we are all up for the challenge!

Corporate governance



DISTRICTONE BY TAL APPAREL

CONCEPT2 BY TAL APPAREL

THE THIRD LAYER BY TAL APPAREL

DECODED BY TAL APPAREL

THE ORIENT BY TAL APPAREL

*Business units include product innovation, sales, merchandising, marketing, supply chain management, finance, Information Technology, Human Capital Management, Sustainability, Business Strategy and apparel manufacturing.

About this report

Scope of this report

We strive to follow the GRI Standards to identify the most significant material topics that affect our stakeholders with regards to the economic, environmental and social impacts of our operations. Our goal is to present our sustainability performance in a manner that is both relevant and transparent to our stakeholders.

Our five key stakeholders groups are:

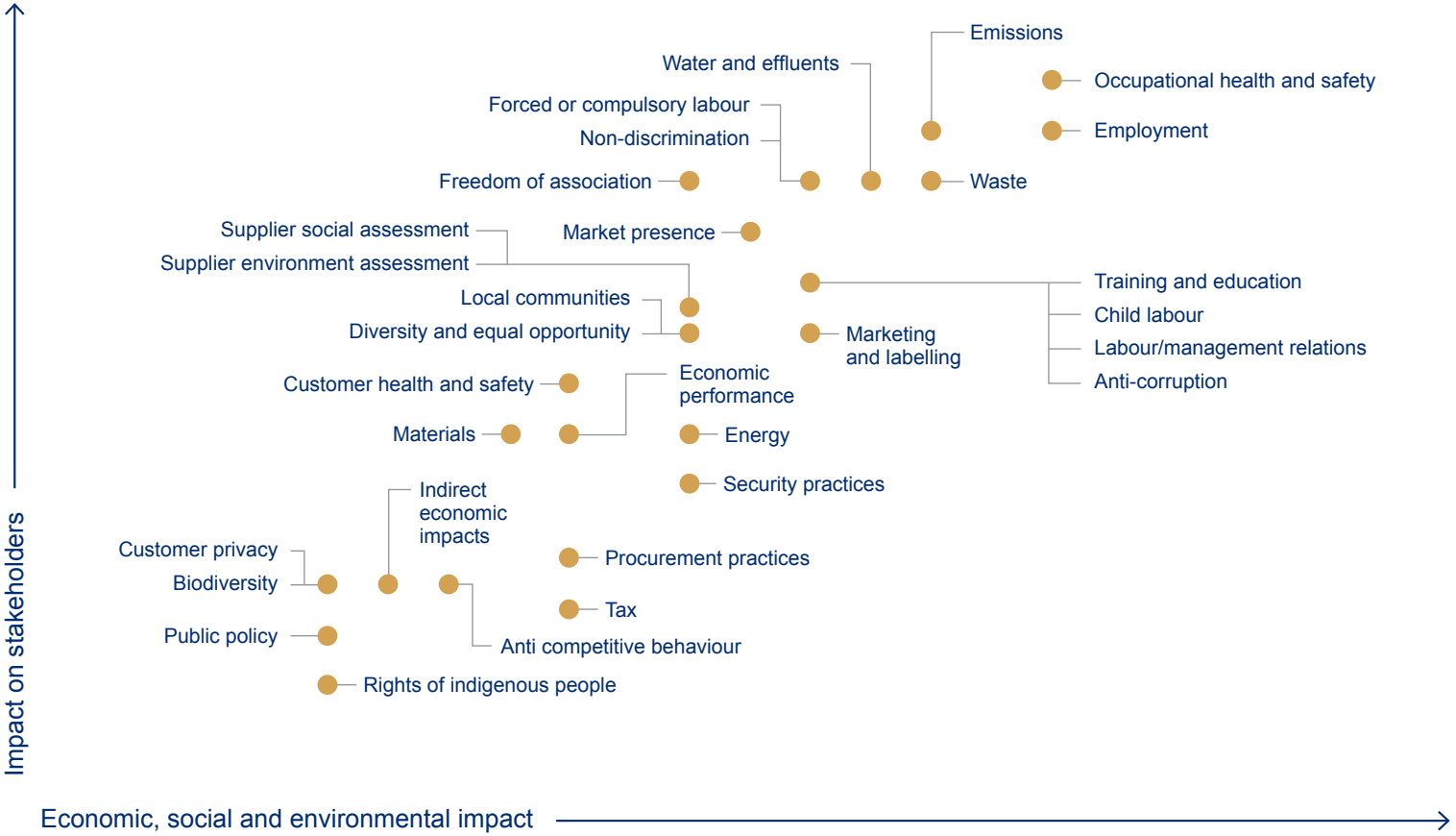
1. Employees
2. Customers
3. Management
4. Supply chain partners
5. Community

To determine the topics to include in our report, we conducted a materiality assessment among the key stakeholders through both direct surveys and indirect reports. In addition, we regularly participate in apparel industry focused multistakeholder initiatives that help keep our company informed on the salient sustainability issues. We cross-reference the salient industry issues against stakeholder priorities and our company's context and analyse the data using a one-to-five scale based on three primary factors: likelihood, severity and responsibility for our economic, environmental and social consequences.

Scope of this report

Based on our analysis, the top four topics that should take precedence within our company are social sustainability issues, sustainable products, resource efficiency and climate change.

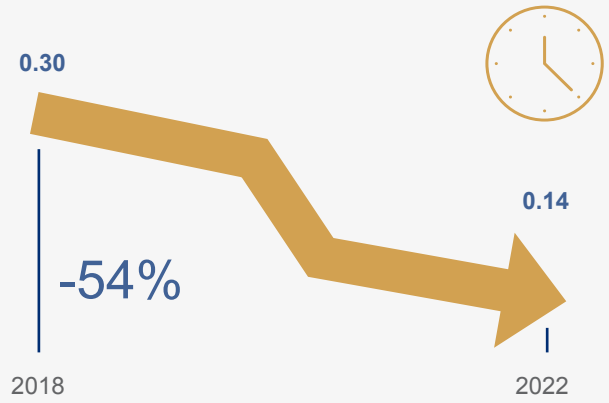
This information further solidifies our commitment to addressing these areas and emphasising their importance.



Sustainability at a glance

PEOPLE

Lost time injury rate

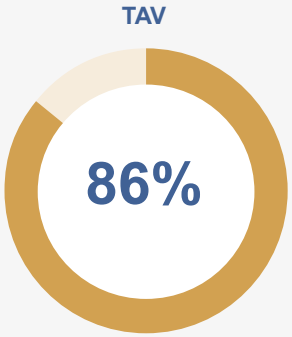


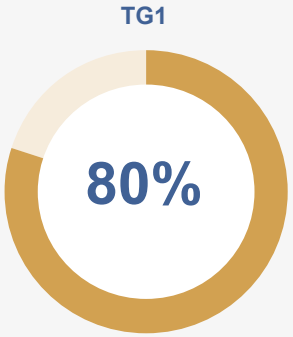
Talent development

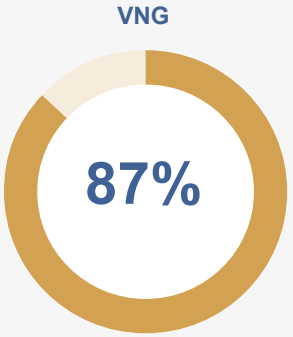
500+ employees

More than 500 employees were trained on managerial leadership competencies (MLCs) in 2022.

2022 FSLM scores



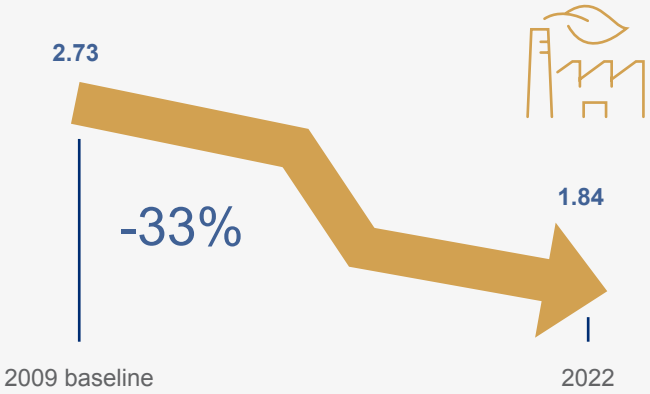




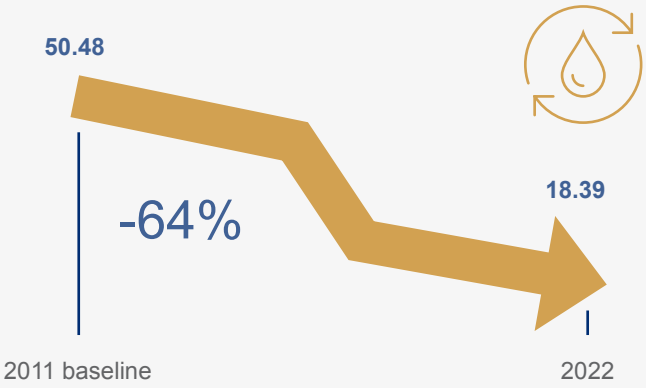
Sustainability at a glance

PLANET

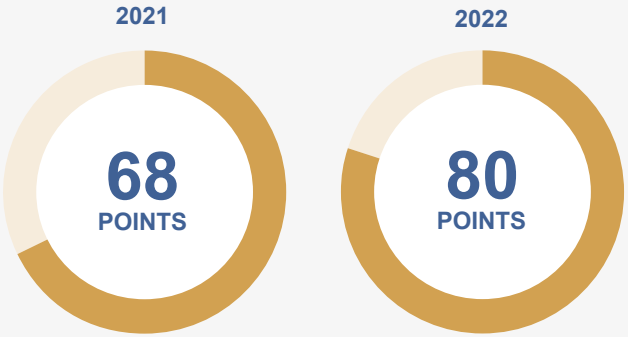
GHG intensity (kgCO²e/piece)



Water intensity (L/piece)



Average HIGG FEM scores

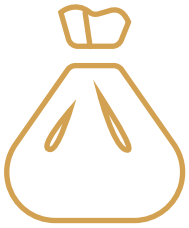


CDP score

	CDP score	CDP supplier engagement score
2020	C	B-
2021	B-	B
2022	B-	B-

Sustainability at a glance

PROFIT



Total garments sold

2021

29.9 million pieces of garment + 1.9 million masks & pieces of PPE

2022

38.1 million pieces of garment + 0.36 million masks & pieces of PPE

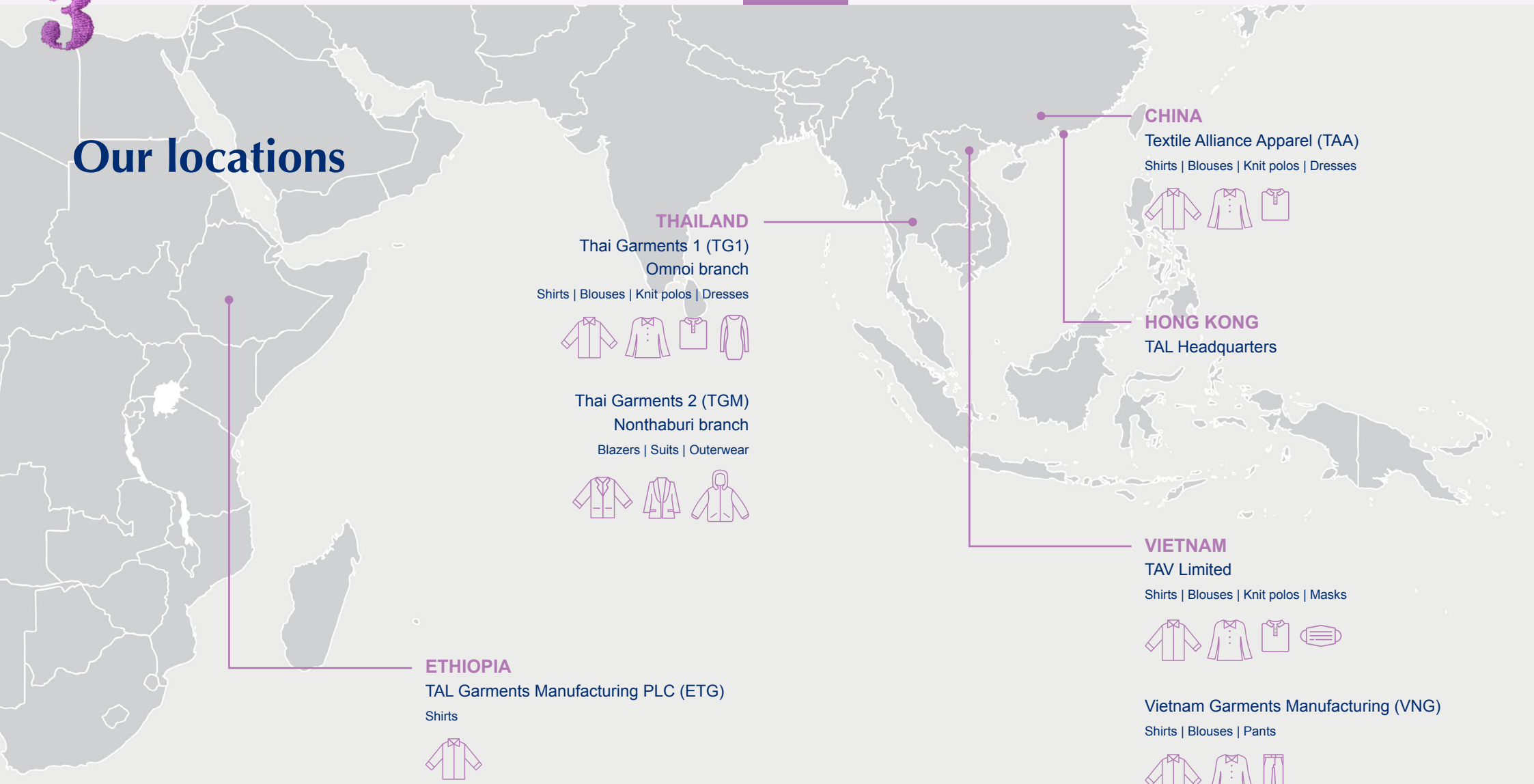
Sales by region

- 50.81% North America
- 31.51% Asia
- 16.76% Europe
- 0.92% other

- 69.62% North America
- 11.36% Asia
- 17.62% Europe
- 1.40% other

Business

Our locations



CHINA
Textile Alliance Apparel (TAA)
Shirts | Blouses | Knit polos | Dresses

HONG KONG
TAL Headquarters

THAILAND
Thai Garments 1 (TG1)
Omnoi branch
Shirts | Blouses | Knit polos | Dresses

Thai Garments 2 (TGM)
Nonthaburi branch
Blazers | Suits | Outerwear

VIETNAM
TAV Limited
Shirts | Blouses | Knit polos | Masks

Vietnam Garments Manufacturing (VNG)
Shirts | Blouses | Pants

ETHIOPIA
TAL Garments Manufacturing PLC (ETG)
Shirts

TAL's headquarters are in Hong Kong and we operate six factories in four countries. Each factory's capabilities are illustrated in the map above.

Business opportunities

OPTIMISED FOR FOCUS, AGILITY AND EFFICIENCY

In 2020, we launched a major strategic reorganisation that segments our company into five distinct business units (BUs).

Each unit focuses on specific product categories based on their respective expertise and resources, and all of them work in unison under the TAL umbrella organisation.

Following the reorganisation, the respective BUs now have the autonomy to customise their own best approach. This decentralised strategy fosters greater agility in the decision-making process and empowers the various divisions to make decisions in the best interests of our customers.

DISTRICTONE BY TAL APPAREL

THE THIRD LAYER BY TAL APPAREL

CONCEPT2 BY TAL APPAREL

THE ORIENT BY TAL APPAREL

DECODED BY TAL APPAREL

THE FUTURE IS IN GOOD HANDS

As a company, we are dedicated to growth and innovation, always striving to adapt to the ever-changing market landscape.

While our product offerings have always encompassed categories beyond what TAL is famous for, such as dress shirts, we are now able to invest dedicated resources to product categories such as knit and casual wear, outerwear and tailored clothing, to become more relevant and exponentially grow those segments.

Each of the BUs is led by a President with full profit and loss accountability and decision-making authority. This allows for a more efficient decision-making process and a customised approach to better serve our customers in each business unit. We also have a Chief Customer Officer role, to ensure consistency of our strong relationships and service to customers across BUs, and a Chief Operating Officer role, to ensure synergy across functions such as finance, human capital management, product engineering and automation, and to leverage TAL's scale and remain cost competitive.

We are confident that this reorganisation will unlock new opportunities and help TAL Apparel achieve the next level of success, alongside our valued customers.

For more details, please read Issue #30 of our TALusMore newsletter.

Business challenges

The apparel and retail industry faced one of its most volatile periods in 2021 and 2022.

The first half of 2021 continued to be very weak for apparel across the globe. Only golf, outdoor and home/leisure wear product categories did well as consumers adapted to working from home and only leaving the home for exercise. Golf was one of the few major sports that was still allowed and was broadcast worldwide.

However, demand came roaring back in the second half of 2021, driven by the success of vaccines developed against COVID-19 and quick deployment across the population in the US, UK and EU. Pandemic-related stimulus money paid by these governments also helped fuel consumer spending. In contrast, Asian countries suffered a double whammy – low vaccination rates due to slow acquisition and rollout of vaccines, and more contagious variants of COVID-19, such as Delta, resulted in stricter lockdowns across our operating countries. Our customers were faced with significant supply disruptions due to these two factors.

Besides the supply challenges, customers were also faced with significant cost inflation – freight costs, which at peak were eight to ten times pre-COVID-19 levels at US$25,000 for a 40ft container, and cotton/fabric costs, which increased to the highest levels in many years.

Another major challenge during this period was extended supply chain lead time, such as congestion in US ports and closures of ports in Asia due to COVID-19, which resulted in lead times being increased from an average of 45 days to anywhere between 90 and 120 days.

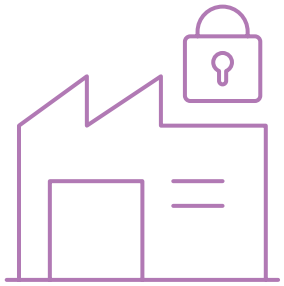
After a significant rollercoaster ride in 2021, 2022 saw a strong year for most customers and manufacturers alike. ‘Normalcy’ started to return worldwide, with most governments ending severe ‘social distancing’ restrictions. Demand continued to be strong as consumers spent their accumulated savings over the two years of lockdowns. Many workplaces started to implement ‘hybrid’ work systems, requiring employees to come to work at least two or three days per week, which helped pick up demand for smart business attire. Yet there has been a significant shift away from formal suits and ties to more ‘smart suit separates’ without ties.

The strong consumer demand started to taper in Q4 2022 while the shipping lead time also normalised to near pre-COVID-19 levels of 50 to 55 days. This resulted in an unplanned challenge of much higher inventory levels versus plans for most customers. With sharp increases in interest rates, many retailers faced a credit crunch to pay vendors on time.

The US–China trade relationship continued to worsen over the alleged serious human rights abuses against ethnic minorities like Uyghurs and Kazakhs in the Xinjiang region (XJ). The US enacted the Uyghur Forced Labour Prevention Act (UFLPA) on 23 December 2021, with a 21 June 2022 effective date that goods mined, produced or manufactured wholly or in part in Xinjiang or by an entity on the **UFLPA Entity List** are prohibited from entry into the US. The US Customs and Border Protection (CBP) was authorised to stop any shipments suspected of such import, resulting in many containers being stopped by CBP and only being released after a lengthy process to prove innocence. This triggered a significant need for ‘traceability of cotton’ in the supply chain, resulting in additional costs and a move away from sourcing in China (both garments and textiles).

Business challenges

COVID-19 IN THAILAND – FACTORY SHUTDOWNS AND MANAGEMENT



During the summer of 2021, our factories in Thailand experienced large outbreaks of COVID-19.

This led to us undertaking emergency response measures, including factory shutdowns and working with the national government on their 'Factory Sandbox Scheme'.[1] The purpose of the Factory Sandbox Scheme was to keep factories operating in critical export industries, for the economy. **Measures under this scheme included:**

- active testing of all factory workers once per week
- ensuring each factory has onsite or offsite isolation and quarantine facilities for infected people and close contacts of infected people
- support for on-site vaccination
- following 'bubble and seal' measures.

The bubble and seal measures divided employees into working groups (i.e. teams of employees needing to work together). Measures for this included staggered lunch breaks, staggered times for arriving at and leaving the factory, and controlled movement within groups in the factory.

Each factory implemented these measures successfully within the context of their operations, and were recognised by the government for their efforts. Following factory shutdowns there were still lagging cases of COVID-19, resulting in absenteeism, which limited the capacity of both factories throughout September 2021.

Thai Garment Export Co. Ltd Factory 2 (TGM)

The factory experienced a large COVID-19 outbreak in late June 2021. Due to the size of the outbreak, TGM in conjunction with government officials made the decision to close the factory for two weeks (from 1 to 13 July) to control the outbreak.

The factory worked to categorise the severity of cases. Severe cases were sent to hospital, and for less severe cases the factory procured isolation and quarantine facilities in local 'hospitels' (hotels supporting the isolation and quarantine of infected people).

Following its re-opening, the factory continued to follow the Factory Sandbox Scheme through weekly testing of all employees, regular temperature checking throughout the day, training of COVID-19 preventive measures and following the bubble and seal measure.

Thai Garment Export Co. Ltd Factory 1 (TG1)

TG1 also experienced a large outbreak of COVID-19 in late June 2021. Over 50% of employees were tested and found COVID-19 positive, and the government ordered the factory to shut down for two weeks (from 7 to 20 July).

Although TGM was able to obtain external hospitels for isolating less severe cases, the availability of hospitels were limited in Samut Sakhon province, where TG1 is located. As a solution, TG1 quickly worked with the local Public Health Department to set-up the factory's dormitory for quarantine and isolation of positive cases. The meals and all necessary things for living during quarantine were supplied free of charge. In addition, the factory implemented a process of daily checks of temperature, oxygen levels and symptoms, which were sent to doctor for monitoring. Close contacts who could quarantine at home were allowed to do so. The number of employees who were cared for at the dormitory was a little over 800 employees during 2021.

Business challenges

COVID-19 IN THAILAND – FACTORY SHUTDOWNS AND MANAGEMENT

1 Both TG1 and TGM were recognised by the government for COVID-19 prevention efforts and participating in the government's Factory Sandbox Scheme

2 COVID-19 awareness training and health monitoring

Business challenges

COVID-19 PANDEMIC – OVERCOMING THE UNCERTAINTY AND CHALLENGES

Amid the COVID-19 outbreak, TAV Limited (TAV) worked on plans to manage the challenges and minimise the impact of the pandemic, and to ensure the safety and wellbeing of employees.

Early in 2020, when the COVID-19 virus spread globally, the world was facing uncertainty on how to protect people and reduce the spread of the virus.

Pandemic preparation guidelines

TAV worked with TAL HQ to set up pandemic prevention guidelines, **which included the following measures:**

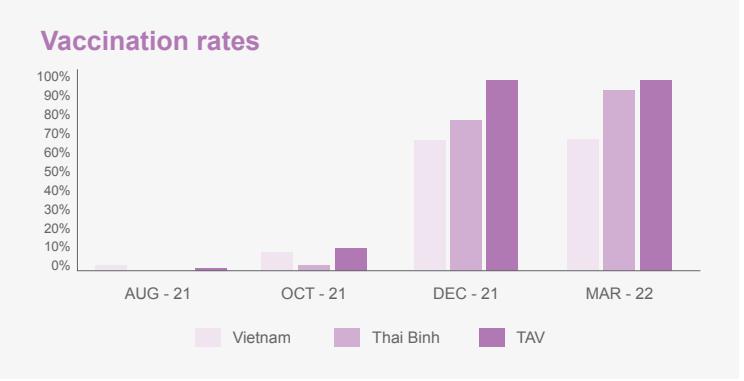
- A five-level code system was implemented that provided guidelines to the factory emergency teams on how to respond and manage the different situations relating to potential COVID-19 outbreaks within the factory.
- A travel and quarantine policy was put in place that helped reduce employee risk of exposure from outside sources.
- Face-to-face meetings were recommended to be conducted online or employees were to work from home where appropriate.
- Employee temperatures were checked daily.
- Employees were provided with masks, soap, gloves and hand sanitiser.
- The cleaning procedures in the factory were enhanced with special cleans using disinfectant on weekends and at the end of shifts.

In November 2021, as cases in our region increased notably, TAV deployed additional actions to reduce contact among groups of employees. The number of lunch periods was increased to reduce the number of people in the canteen at any one time. Meals were provided in lunch boxes to avoid queuing, and partitions were placed between seats. Visitors to the site were restricted and any essential visitors were required to provide health declarations and undergo testing before visits. This was to avoid additional risks of passing infections to our employees.

Taking care of employees during outbreak situations

During 2021, TAV began utilising rapid antigen tests (RATs). Each week, 20% of employees were tested for monitoring purposes and to be able to react quickly in the case of any outbreak.

In August 2021, vaccines began to arrive in Vietnam. The HR team worked with the local government and medical centres to prioritise vaccinations for TAV employees, as TAV is a major employer in the region. For the convenience of our employees, we worked with the local medical centre to administer the vaccines on-site. By December 2021, 95% of our employees had received two vaccinations.



Business challenges

COVID-19 PANDEMIC – OVERCOMING THE UNCERTAINTY AND CHALLENGES

During our testing checks in November 2021, the first cases were found in TAV.

Local authorities made the decision to isolate our employees on-site and for them to remain within the factory premises until tested. TAV arranged the RATs on-site for all employees. After the screening the first 2700 employees were allowed to return home. The local authorities requested that the remaining 3100 employees should remain on-site through the night for testing and verification by the local authorities. This was unexpected and caused concern among the employees as they were worried for themselves and their families.

Our emergency team collaborated with line managers to provide support for all the employees on-site, **which included the following measures:**

- Frequent status updates and providing information to all employees helped to calm the situation.
- Personal items were provided, such as toiletry items and phone chargers to help employees maintain contact with their families.
- Our HR teams arranged food boxes including a variety of food and fruit.
- Emergency teams were set up to collect clothes, special food and medicine from families and deliver them to the employees on-site.
- Ambulances were arranged to care for and transport employees who felt unwell to the local hospital.
- Transport, food and herbal packages were provided to 350 employees who needed to quarantine in local government centres.
- An advice hotline was made available so that any employee could call a doctor for immediate advice on their health care.
- Employee relations staff and nurses maintained regular contact with the COVID-19 affected employees, to follow up their health status and to arrange support when needed.

Return to work

Some employees needed to have home quarantine for seven to fourteen days or more until they tested negative to RATs or PCR tests. TAV undertook various actions to help employees to be able to return to work as soon as they felt well enough.

For safety, and to ensure employees also felt safe, we:

- issued regular updates about the factory status
- implemented multi-plan actions to clean the factory and reduce COVID-19 risk, such as spray cleaning, workspace cleaning and segregating the work locations to smaller isolating areas
- prepared masks, face shields, hand sanitiser, cleaning alcohol and COVID-19 tests three times per week, for the first month after employees resumed.

Monetary support

To minimise the financial impact on employees, the HR team ensured they were fully paid as per legal requirements during their first fourteen days of work interruptions. In addition, the HR team worked with the government to top-up an additional supportive allowance, equal to half of the employee's monthly pay. Furthermore, the HR team successfully worked with the labour union to contribute further financial support for the employees impacted.

Business challenges

COVID-19 PANDEMIC – OVERCOMING THE UNCERTAINTY AND CHALLENGES

1 Daily temperature checks

2 Health screening

3 Partition installed in the canteen

Business challenges

GOVERNMENT RECOGNITION TO VIETNAM GARMENTS MANUFACTURING (VNG)

Throughout the COVID-19 pandemic, VNG worked closely with the local government both inside and outside the factory.

Achievements included:

- being a leading example in compliance with laws and regulations as a good practice company
- proactively proposing measures to remove difficulties
- providing support to all employees living inside and outside the province
- fully supporting the province's anti-COVID-19 program
- sponsoring and supporting government activities.

Due to VNG's efforts and dedication to preventing and containing COVID-19, **VNG was recognised and rewarded by the Vinh Phuc government with the following certificates:**

1. Certificate of Merit from the director of the Vinh Phuc provincial police for the company with excellent achievements in building and maintaining the model of 'safety and orderly Ba Thien industrial park II' (No.159/QD-KT dated 20 Dec 2018).
2. Certificate of Merit from the Chairman of the Vinh Phuc Provincial People's Committee for the company with outstanding achievements in the prevention and control of COVID-19 in 2020 (No. 512/QD-UBND dated 12 Mar 2020).
3. Certificate of Merit from the Chairman of the Vinh Phuc Provincial People's Committee for the company with outstanding achievements in the prevention and control of COVID-19 in 2021 (No.2399/QD-CT dated 30 Aug 2021).
4. Certificate of Merit from the Chairman of the Provincial People's Committee for the company with excellent achievements in communication and disclosure of law to employees during the period 2017–2021 (No.3448/QD-CT dated 17 Dec 2021).

VNG is one of the two foreign enterprises to be rewarded.

5. Commendation for Ban Nguyen Thi, VNG HCM Director: Certificate of Merit from the director of the Vinh Phuc provincial police for individuals with outstanding achievements in the movement of people to protect national security (No.30/QD-KT dated 17 Dec 2021).
6. Commendation for Ban Nguyen Thi, VNG HCM Director: Certificate of Merit from the director of the Vinh Phuc provincial police for individuals with outstanding achievements in three years of promoting the movement of people to protect the country and building a model of '4 safety' in state agencies, enterprises, hospitals and schools for safety and security in the new situation (period 2019–2022) (No.1761/QD-KT dated 14 Jul 2022).

Ban Nguyen Thi is the only one from enterprises to be rewarded.

Product innovation

ENRO REUSABLE FACEMASKS

240,000

packs of masks shipped

In the peak month of September 2021, we shipped out over 240,000 packs of masks, addressing the burning needs of our customers.

~200 million

disposable masks saved from landfill

Based on the encouraging sales results in 2021 and 2022, we estimated that Enro has helped to save around 200 million disposable masks from landfill.

From mask shortage to mask patent

Necessity is a very good driver for inventions. When the pandemic caused a severe mask shortage in early 2020, our in-house experts quickly developed a reusable mask to protect our 26,000 employees across the group.

Our B2C version, Enro Tech mask, was then launched in November 2020. Even after 100 cycles of machine wash and tumble dry, its filtration performance (PFE @0.1 micron, VFE and BFE) still stands above 98%. Such breakthrough has been rewarded with a patent from the US and EU patent offices in April 2022.

Wirecutter of *The New York Times* has wear-trialled and lab-tested major brands of cloth masks in the market. Enro is the top performer with 'the best balance of fit, comfort, filtration and breathability'. Apart from *The New York Times*, Enro has also gained extensive media coverage – including *USA Today, Good Housekeeping, Yahoo News*, the *New York Post, MarketWatch, Gear Patrol, Wired, Hollywood Insider, Refinery29, Healthline, BuzzFeed, HuffPost, PureWow, E! News* and more – resulting in overwhelming response from the market.

Continuous Development

Our development efforts have never stopped. We always challenge ourselves with 'What's next'.

While Enro Tech is good for everyday use and mild exercising, we believed that vigorous sports would need something sturdier. After 3,600 hours of research and development plus 300 prototypes, Enro Curv was launched on 15 November 2021. Enro Curv is designed with active lifestyles in mind. The built-in featherlight frame not only comfortably fits the mask on each user's face, it also upholds its shape, offering maximum breathability to users during intensive activities. Very quickly, Curv has become the go-to mask for many sports enthusiasts. What's more, its 3D structure is also make-up safe!

Product innovation

ENRO REUSABLE FACEMASKS

Here is just some of the positive feedback we received from our users:

‘Curv is an excellent update to an already outstanding product. The embedded casing structure truly does keep the fabric further from the face without becoming too heavy or causing irritation to the surrounding skin (my major complaint with separate silicone cages), as it is within the fabric.’

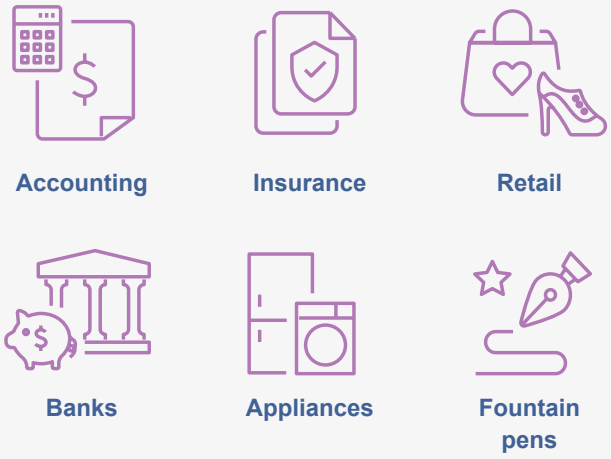
‘The Curv style gives my mouth room when I talk, and even yawning does not displace the mask.’

‘Our kids say it’s much easier to breathe and (Curv) fits their face better. It can be pretty hot during the hot summer but they can wear it comfortably throughout the day.’

From product reviews on Enro’s website, Enro has got an overall rating of **4.5 out of 5 stars** from over 6,000 reviews.

Enro for corporates

In addition to the B2C segment, we have also supplied to a broad spectrum of corporate clients including two of the ‘Big Four’ accounting firms, insurance corporations in Asia and Canada, two flagship retail chains of a global apparel group covering nine countries/regions, a prominent banking group in HK for their offices and branches in HK, mainland China and London, one of the largest Japanese electrical appliance brands and a 100-year iconic fountain pen company, among others.



Content claim certifications

TAL'S SUSTAINABLE FIBRE GUIDELINES AND CONTENT CLAIM CERTIFICATION JOURNEY

In 2019, a couple of customers began asking for content claim certifications.

This request was excellent timing for TAL because the company was embarking on our new purpose and strategy 'to lead change in how the world sustainably clothes itself'. During this time, TAL was developing our own sustainable fibre material guidelines and assessing which certifications were needed to meet future customer needs.

To support the development of TAL's sustainable fibre guidelines, we became members of the Textile Exchange (TE) in 2019. Becoming a member of TE provided TAL with deeper insight to TE's Preferred Fibre Material Matrix (PFMM). We used the PFMM and the Higg Materials Sustainability Index (Higg MSI) to develop internal guidelines and preferences for sustainable fibre materials that are core to TAL's product categories. In general, our internal guidance aligns with TE's PFMM, which makes sense from a business perspective to ensure our 'go-after' fibres and certifications align with our customers' needs.

We then assessed what content claim certifications were needed to ensure that future product development with these fibres would be eligible for certified content claims. **We decided on the four key certifications for our common fibre types, which are:**

- Global Organic Textile Standard (GOTS)
- Organic Content Standard (OCS)
- Global Recycled Standard (GRS)
- Recycled Claim Standard (RCS).

In 2019, we began with certifying three factories – TAV Limited (TAV), Thai Garment Export Co. Ltd Factory 1 (TG1) and Thai Garment Export Co. Ltd Factory 2 (TGM) – to the GOTS and OCS. In 2020, our certificates lapsed due the inability to get auditors to our factories in Vietnam. This led to us cancelling our certifications for TAV. In 2022, as COVID-19 restrictions were lifted, we got back on track with certifying our factories. In 2022, we achieved all four key certifications across our Thailand and Vietnam factories (TAV, VNG, TG1 and TGM).

However, our sense of accomplishment turned to disappointment as some customers who we believed were eager for these certificates did not have a strategy to purchase sustainable fibres for their products. In effect, the certifications were not used to the extent we believed they would be.

In addition, stricter auditing requirements due to cases of fraud in the organic cotton supply chain has led to auditors questioning why our company seeks these certifications if there is not customer demand. Hence, going forward we will rationalise our content claim certifications across our factories and products to focus on matching our certifications to customer requests for specific products.

Social & labour

Social & Labour Management System

The plan-do-check-act (PDCA) management system methodology guides the implementation of our social & labour standard operating procedures (SOPs) in the factories.

The standard was trained to all our employees through train-the-trainer method and the implementation was assessed regularly every month on one specific topic through self-monitoring (**see page 21 of our SR 2017–2018**) and external audits. Corrective actions and improvements are continuously taken to close the cycle of P-D-C-A and bring a higher standard of social & labour implementation (**see page 21 of our SR 2016–2017**).

Social SOP updates

In 2022, we reviewed all social & labour SOPs aligning with the update on the Sustainable Business Practices policy. There have been several major updates such as adoption of the Employer Pays Principle, the working hours standard and due diligence to prevent modern slavery in the employment of foreign migrant workers. The updated SOPs will be communicated through training throughout 2023 and 2024.

Grievance updates

The grievance channel is one of the most important aspects of a social management system. It enables workers to provide feedback to the company, without fear of repercussion, on any issue in which they are aggrieved. In TAL's factories, the internal grievance channels are categorised based on how they are managed. There are channels that are managed by internal factory management and there are channels that managed by the TAL internal audit corporate team. In March 2021, the TAL hotline (corporate grievance channel) was upgraded by providing two more options: toll free numbers and a text channel through social media (WhatsApp, WeChat and Zalo). The upgrade enabled workers to send their grievance issues to the internal audit team at no cost and anonymously.

Sustainable Business Practices training

In 2020, after operating for ten years under the Ethical Business Practice policy, TAL updated its group wide sustainability policy. The new policy is called Sustainable Business Practices (SBP) and is updated to reflect the current breadth of sustainability topics, while renewing our commitment to sustainability. The updated policy includes a specific section on health and safety, more stringent standards for working hours and commitment to the 'Employer Pays Principle' for migrant worker recruitment fees. The updated SBP was trained to all employees in TAL factories between 2021 and 2022.

With social distancing practices in place to prevent the spread of COVID-19, traditional face-to-face training became more challenging. Factories were faced with delays due to COVID-19 spreading and even factory shutdowns. Factories found alternative ways to train employees, including using an internal SBP training website with videos and using the factory speaker system to play audio training of the SBP. In addition, to test understanding of the key messages a fun quiz was given to employees.

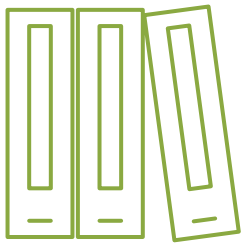
Audits and subcontractor screening

SOCIAL AUDITS

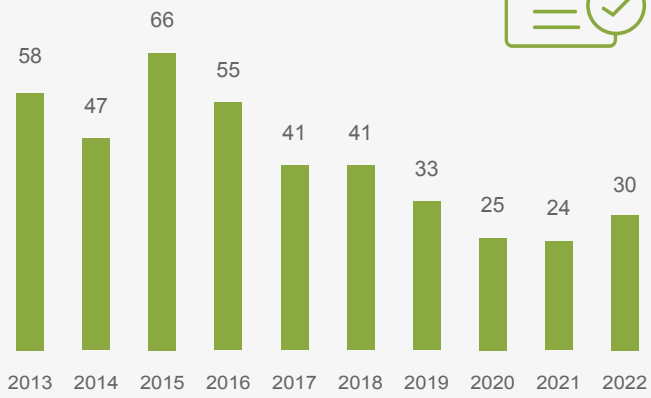
Audits are an important part of the management plan-do-check-act process. Audits form the 'check' part of the process.

At TAL, there are three different audits that our factories undergo. First, the factories conduct their own internal audits; second, the corporate sustainability team conducts a second-party audit of each factory; and third are the external audits either from our customers or industry standards for certification.

TAL saw a decrease in audits when there were COVID-19-related travel restrictions, but as countries eased these travel restrictions external audits began rising. While some of our customers are accepting industry standard audit reports, such as the Social & Labor Convergence Program (SLCP), WRAP and SA8000, many customers continue to require TAL to audit against their preferred industry standard or require an audit visit by the customer's compliance team. Despite the industry's efforts towards creating equivalency and converged audit standards, there is likely to be an increase in audits in the future as the industry grapples with due diligence legislation being introduced in Europe and the USA.



External audits for 2013–2022



Average external audits per year 2021–2022

China	Thailand	Vietnam	Ethiopia
4	23	23	4

Audits and subcontractor screening

SOCIAL AUDITS

Working hours and subcontractor issues[2] were the most common findings identified from all the audits in 2021 and 2022 for social & labour topics. In health and safety, the most frequent issues found were emergency preparedness and employee health checks.

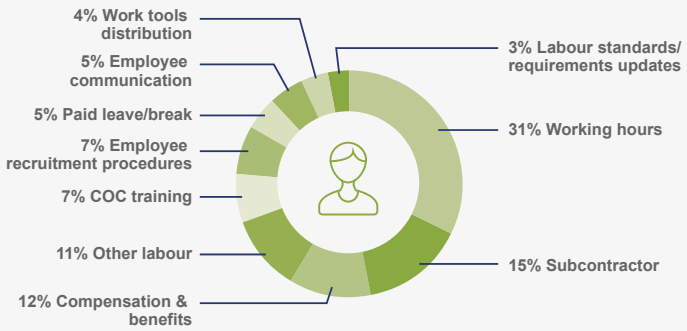
Labour audit findings related to subcontractors refer to companies TAL's factories hire for security, housekeeping, and canteen operations. Subcontractors found to have bad practices during an audit were issued letters describing the bad practice found, and the remediation steps needed. The factory compliance teams would also host training for subcontractor management. In some cases, if issues were still found on subsequent audits the factory would terminate the contract and find a new subcontractor.

The issues regarding health and safety were created due to COVID-19 physical distancing procedures. Factories suspended some emergency preparedness training, such as fire drills, to avoid gathering of large number of employees. In addition, health checks were suspended because local medical facilities were dealing with COVID-19 cases.

Working hours were most impacted during 2021 and early 2022. The factories were handling increasingly higher order volumes while still managing the COVID-19 related quarantine, physical distancing and, if necessary, factory shutdown. A combination of these factors impacted the working hours across our factories, resulting in higher-than-normal overtime working hours to meet order demands and on-time shipment requirements. To better handle the fluctuations in worker availability, purchase orders and factory shutdowns, the factories and TAL management agreed to relax the four-month rolling average 60 hours per week working hour policy through the end of 2022. Each factory would propose a revised rolling average window while keeping the average of 60 hours per week. The executive committee would review each factory's proposal along with the sustainability team for approval.

All factories continued to follow TAL's working hour SOPs by projecting working hours for each month, escalating projected violations and revising the production schedule to meet the set policy. This practice continued to ensure that, on balance, working hours for our production line workers were kept within industry standards.

Labour audit findings



Health and safety audit findings

Audits and subcontractor screening

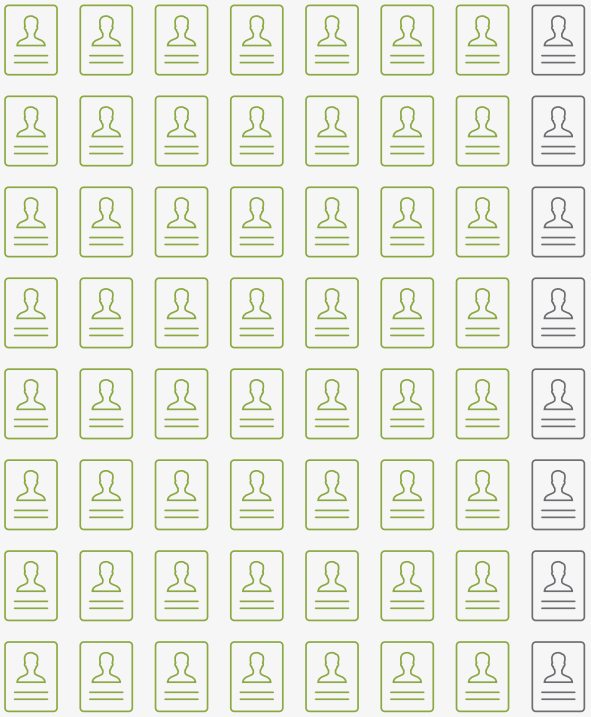
SUBCONTRACTOR SCREENING

TAL conducts audits for all subcontractors against social, health and safety and environmental standards.

Those who cannot meet basic standards will not be able to work with TAL factories. For the subcontractor screening procedures please **see page 37 in our SR 2015–2016**.

TAL screened sixty-five subcontractors between 2021 and 2022. Of these sixty-five, there were nine subcontractors with major findings that were not approved to become active subcontractors. The other fifty-six subcontractors audited had no major findings either by the TAL internal compliance team or an external third party.

Subcontractor sceening



56 subcontractors approved

9 subcontractors rejected

FSLM update and verified scores

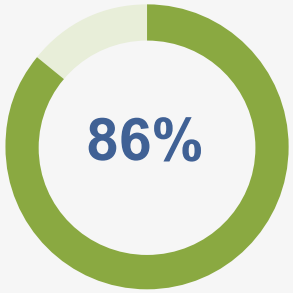
As a proud member of the Sustainable Apparel Coalition (SAC) and one of the founding members of the Social & Labor Convergence Program (SLCP), we are pleased to announce our Higg Facility Social & Labor Module (Higg FSLM) scores using the SLCP's Converged Assessment Framework (CAF).

The SLCP is a multi-stakeholder initiative that has developed and implemented CAF to reduce audit fatigue and provide high quality, credible and actionable social and labour data. By eliminating duplicative social audits, SLCP helps users free-up resources currently spent on auditing, so that they can be reinvested in improving working conditions. For more information, visit **slconvergence.org**. Higg is one of the accredited hosts for CAF data and offers scoring and benchmarking through the Higg FSLM.

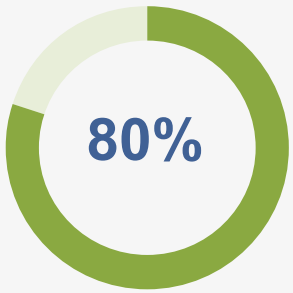
Each of TAL's six factories completed the FSLM/CAF self-assessment. In 2022, three factories completed verification. Throughout 2023, all factories in Thailand and Vietnam will undergo FSLM verification. Our factory in Ethiopia is unable to conduct verification because verification is currently unavailable there. For the three factories that completed verification in 2022, the breakdown of their verified Higg FSLM scores from CAF v1.4 is below.

We encourage all our customers to adopt the SLCP CAF as the social performance assessment tool. By choosing this tool, our factories can set clear objectives to improve their social performance and spend more time implementing procedures and actions to meet these objectives.

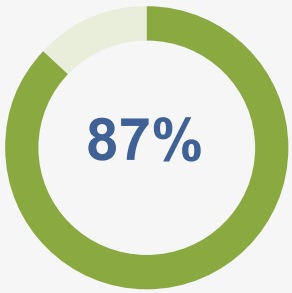
TAV Limited



Thai Garment Export Co. Ltd Factory 1



Vietnam Garments Manufacturing Ltd



You can also view our **full public announcement of our FSLM scores here.**

FSLM update and verified scores

You can also view our **full public announcement of our FSLM scores here.**

TAV Limited

86%

Step 1	Step 2	Step 3
		
96%	88%	59%

Recruitment and hiring	99%
Working hours	95%
Wages and benefits	91%
Termination	84%
Worker treatment	100%
Worker involvement	99%
Health and safety	95%
Management systems	78%

Thai Garment Export Co. Ltd Factory 1

80%

Step 1	Step 2	Step 3
		
99%	82%	36%

Recruitment and hiring	100%
Working hours	98%
Wages and benefits	97%
Termination	100%
Worker treatment	100%
Worker involvement	98%
Health and safety	94%
Management systems	64%

Vietnam Garments Manufacturing Ltd

87%

Step 1	Step 2	Step 3
		
98%	91%	55%

Recruitment and hiring	96%
Working hours	93%
Wages and benefits	98%
Termination	100%
Worker treatment	100%
Worker involvement	99%
Health and safety	93%
Management systems	85%

Foreign migrant workers – Thailand

In **SR 2019–2020**, we talked about our updated foreign migrant worker policy and our efforts in Malaysia and Thailand to reimburse recruitment fees and other illicit fees paid by our foreign migrant workers (FMWs).

In 2021 and 2022, we continued to work with Issara, a local NGO supporting FMWs in Thailand. Many FMWs lost their jobs during COVID-19 and were stranded in Thailand and unable to return home. In 2021 and 2022, our Thailand factories recruited from this pool of workers rather than hiring from abroad. To better understand these workers' situation, we partnered with Issara to conduct due diligence interviews with each new batch of FMW hires. Our factories wanted to understand their previous employment history, how they came to Thailand and whether they paid illicit fees to agents or other third parties, and ensure their official documents, such as visas and passports, were up to date. Issara reports the findings from these interviews back to our Thailand factories for further follow-up and support for these workers.

Talent development and management

DECENTRALISATION OF THE ORGANISATION

The optimisation of organisational structure for focus, agility and speed has been a cornerstone of business growth in the last two years. This has had a positive talent impact.

The structural change has played a big part in recent business growth. The decentralisation of decision making and empowerment of the second line of the senior leadership team (SLT) has led to faster decision making and higher levels of accountability and has created extra capacity for the leadership team to focus on growth opportunities.

The new structure has also led to the creation of new roles and changes in job requirements. This has enabled progression, realignment and a healthy mix of internal and external talent.

This change has created a clear line of sight regarding career progression, with opportunities to specialise with vertical growth and avenues to broaden one capability with horizontal movements.

Clear business objectives and focus within each business unit have created a higher degree of belonging. People are clear about their job expectations and understand how their job makes an impact, and they feel that they are recognised for their effort due to close alignment between pay and performance.

The change journey has not been without its share of challenges. It did lead to some misalignment between individual aspirations and the business direction. This provided an opportunity to make talent upgrades and hire for new and relevant skillsets from the market.

This has been an ongoing exercise with more to come. For instance, there is a need to create a robust succession management process for all levels of the organisation.

The decentralisation of the organisation has opened up new opportunities for employees and will empower them for own their own career decisions.

‘To lead change in how the world sustainably clothes itself.’

Talent development and management

MANAGERIAL LEADERSHIP COMPETENCIES

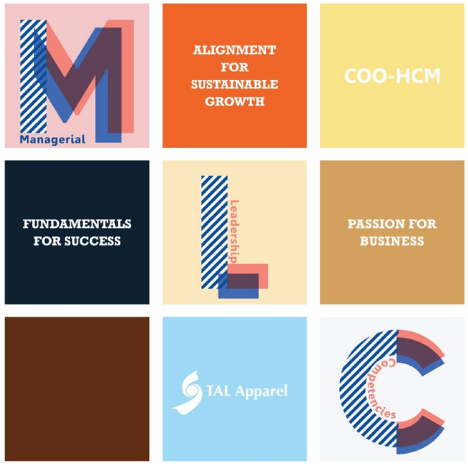
500+
employees trained on MLCs in 2022

Participant comments included:

> **'This is really helpful for our career development.'**

> **'It explains why these are important for our performance review and goal settings.'**

The revitalisation of managerial leadership competencies (MLCs) has been the unifying cultural thread across business units.



Based on the work of Dr David C. McClelland, MLCs are focused on the traits, self-concepts and motives that help to differentiate TAL as a partner and manufacture of choice.

The focus of MLCs has always been to create a high performance and sustainable organisation driven by same set of underlying behaviours.

There are three fundamental underlying characteristics: 'passion for business', 'alignment for sustainable growth' and 'fundamentals for success', each characterised by three MLCs each.

The MLCs are well defined across the company, and their importance is clarified along with the associated positive and negative behavioural indicators.

The MLCs have been part of the TAL journey and are integral to the performance management process.

With the decentralisation of the organisation and each business unit given the autonomy to function and structure in accordance to their customer segment, there was a need to revitalise the training and socialisation related to MLCs.

The process included:

1. selection and training of internal trainers on each site
2. refresher MLC training for all the employees with the organisation
3. combined MLC orientation for all senior hires twice a year
4. continuous emphasis on the importance of MLCs through internal campaigns.

The program has achieved its objective of:

- getting participants' commitment for consistent and uniform implementation of MLCs
- creating a buy-in to integrating MLCs into human capital management (HCM) programs like succession planning, recruitment and career development.

Community involvement and activities

ETG USAID WORKERS WELLNESS ALLIANCE PROJECT

The United States Agency for International Development's (USAID) Worker Wellness Alliance (WWA) project started operating at Hawassa Industrial Park (HIP) in collaboration with Plan International in September 2019 with the aim of presenting an agile and measurable platform for worker, community, government and private-sector engagement.

The project coordinators supported the factory by providing accurate and reliable information to operators recruited from outside Hawassa city. The operators were given a handbook containing information such as a list of brokers for house rent, police station and clinic addresses and information about the marketplace, among other relevant details of the city. In addition, operators were provided with health and hygiene training, and how to report gender-based violence.

A certificate of recognition was given to TAL Garments Manufacturing PLC (ETG) for effective utilisation of this project and ensuring its newly hired operators were introduced to the project and benefit from it. The project is still functional at HIP and ETG will continue to send its new operators to receive the service provided. The project is an advantage to our company in reducing turnover during the probation period.

For more information, visit: planusa.org/projects/ethiopia-worker-wellness-alliance

AWARD FOR ETG – CREATING A CONDUCIVE WORK ENVIRONMENT FOR EMPLOYEES

In 2022, TAL Garments Manufacturing (ETG) was awarded a certificate by the Ministry of Trade and Industry for creating a conducive work environment for earning a living.

The Ministry of Trade and Industry conducts an assessment every year at Hawassa Industrial Park (HIP) and other industries outside of the park, searching for companies that have demonstrated performance in creating better work environments, especially for women. The ministry compared companies to each other by the facilities they provide to their employees.

ETG was selected from other HIP companies for better leadership, knowledge transfer to local staff and growth opportunities for the local team, providing sanitary pads for all female employees every month, providing a stipend to support medical cover for pregnancy follow-up and delivery, giving breaks for pregnant employees and providing additional meals for them, and providing transportation and meals for employees and medical and life insurance to all operators and staff.

The award is given every year and another assessment was made by the Ministry of Trade and Industry in 2022 for the 2023 award.

Community involvement and activities

2021 ETG INTERNATIONAL WOMEN'S DAY CELEBRATION

International Women's Day is an annual observance that falls on 8 March. The day is marked by activities around the world to celebrate womanhood.

Since most of the employees at TAL Garments Manufacturing PLC (ETG) are female, the management used the day as a platform to talk about career development at ETG and personal development. During the lunch hour, management offered various activities to increase awareness about career development pathways. Female employees who were recruited as operators but have reached supervisory level gave testimonies of their life and work experience and how they reach the level they are at now. This encourages operators to have vision in their life and work for it.

Women's Day is planned to be celebrated every year with successful women from different sectors sharing their experience and motivating our employees.

1 **Women selected to represent ETG during the women's day events at Hawassa Industrial Park**

2 **Women leaders at ETG addressing employees during lunch**

3 **Ceremonial bread, cake and coffee offered during women's day celebration**

Community involvement and activities

HELMETS FOR KIDS

Helmets for Kids (HFK) is an ongoing annual program conducted by Vietnam Garments Manufacturing (VNG). It was launched in 2018 in coordination with AIP Foundation and in collaboration with leaders of the Binh Xuyen District, Vinh Phuc Department of Education and Training, Bin Xuyen District Police and the VNG management team.

As well as the helmets themselves, HFK offers practical and meaningful activities through which safety awareness is taught to children. They are helped to get into the habit of wearing helmets when encountering traffic, thereby reducing the risk of traffic accidents and consequences for children – the future of the country.

Between 2018 and 2021, AIP Foundation took on the lead coordinating role for HFK activities. After three years of learning from the AIP Foundation, in 2022 VNG shifted to managing the coordination and organisation of HFK events on their own.

At an HFK day, activities include fun games to raise awareness about road safety. With these activities we hope the students will be messengers of road safety and the importance of wearing helmets for their family and communities.

Photos from the Helmet for Kids events in 2021 and 2022 at primary schools

1,712
helmets

A total of 1,712 helmets have been provided to students of four primary schools in Binh Xuyen District since 2018.

Community involvement and activities

VNG HOUSEHOLD WASTE BATTERY COLLECTION PROGRAM

According to the Natural Resources and Environment Department of Vietnam, there are approximately 5,400 tonnes of general waste discarded every day, of which more than 100 tonnes are toxic waste from old batteries and other electronic goods.

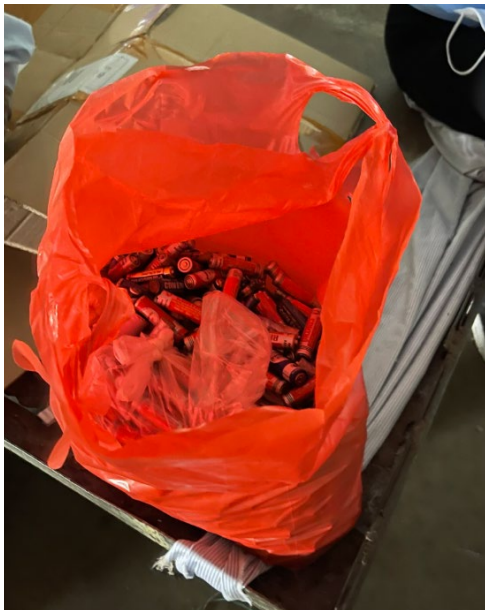
A lack of awareness has been the main reason people do not understand the environmental hazards resulting from irresponsible disposal of household batteries. Adding to the challenge, only a few local organisations offer waste battery collection stations. For an individual to properly dispose of a battery, it takes time, effort and fuel to travel to a battery collection site. As a result, people may not make the time and effort to properly dispose of their household batteries.

According to a survey of employees in the company, 90% of employees just disposed of waste batteries at home along with other household waste. In 2021, the Vietnam Garments Manufacturing (VNG) team decided to offer a convenient way for employees to properly dispose of their household batteries by setting up nine battery collection stations around the factory. This way employees can drop off their batteries at work for proper disposal. This is a convenient situation because VNG already partners with authorised hazardous waste disposal companies.

In 2022, the VNG team wanted to expand the reach of the battery collection program to the broader local community. Because the factory already had relationships with local schools through the Helmets for Kids program, they decided that placing battery collection bins at local schools was a good method to collect used household batteries from the community and ensure they were properly disposed of.

VNG launched the program at Huong Son Primary School in 2022, with plans to expand the network in 2023. Every month VNG collects the batteries from the collection bins and brings them to VNG for collection by an authorised waste disposal company for proper treatment and disposal.

Kicking off VNG's Household Waste Battery Collection Program at Huong Son Primary School



Collected waste batteries for disposal through authorised hazardous waste disposal company

TAV Fair Trade USA certification

Fair Trade USA is a global movement made up of a diverse network of producers, companies, consumers, advocates and organisations putting people and the planet first.

The Fair Trade Certified™ seal on a product signifies that it was made according to rigorous fair-trade standards that promote sustainable livelihoods, safe working conditions, protection of the environment and transparent supply chains.

Nominated by Patagonia, TAV Limited (TAV) joined the Fair Trade USA program in 2021 and passed the certification audit in June 2022. The key benefits of the program for the factory include improved management and worker dialogue, improved management systems and a premium that goes directly to the workers.

The premium is administered by a democratically elected workers' committee, trained in representing the voice and needs of the workers. This committee, with input from all workers, decides when and how the premium funds will be distributed. Projects to be funded will be voted on and funds distributed accordingly to fund needed projects within the workers' communities.

The Fair Trade Certified™ brand is now available on Patagonia's products from TAV.

FairTrade certified garments from TAV

Health & safety

Pandemic management: COVID-19

In our previous sustainability report we wrote about TAL's pandemic response plan and its implementation during the COVID-19 pandemic (**see pages 36–38 of our SR 2019–2020**).

You can read more about the impact to our factories and how TAL worked alongside local governments to bring the spread of the virus under control within our factory **in this report's business update section** about COVID-19 in Thailand and Vietnam.

TAL's factories continued to implement pandemic measures through 2021 and most of 2022. Only when countries began easing their COVID-19 restrictions did TAL slowly begin removing our COVID-19 protocols.

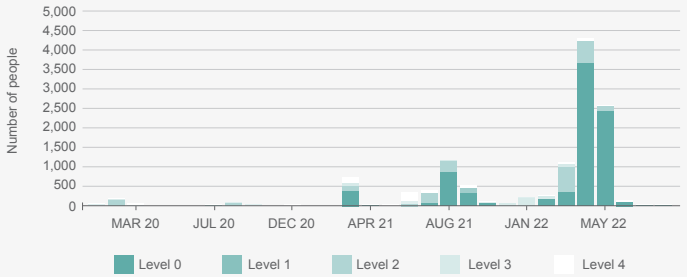
Since the start of the outbreak TAL kept detailed records of those infected with COVID-19 in the company. During 2020, TAL did not experience large outbreaks at its factories. However, as the more infectious variants such as Beta, Delta and Omicron spread around the world, TAL began facing increasingly larger outbreaks that were difficult to contain. In some cases, the government ordered factory closures.

Company-wide vaccination drive

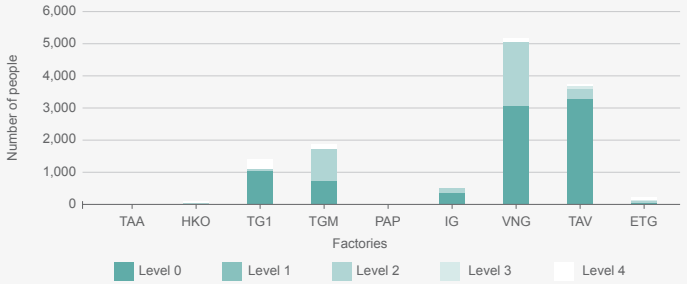
TAL made it a priority to ensure all factory employees began receiving COVID-19 vaccines as soon as they were available in their market. By June 2022, most of our factories had achieved above 90% vaccination rate for the second dose and above 70% vaccination rate for the third dose.

The outlier in the vaccination drive is Ethiopia, which had slow vaccine deployment.

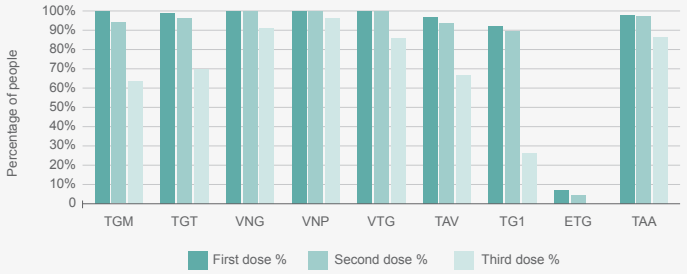
COVID-19 case tracking



COVID-19 cases: breakdown by location



Vaccination rate



Health and Safety Management System

Our last two sustainability reports covered the implementation of our Health and Safety Management System from its inception through phased roll-out ending in 2019/2020.

Our Health and Safety Management System covers seventeen management system standards and twenty-seven specific health and safety (H&S) topics relevant to TAL's factories.

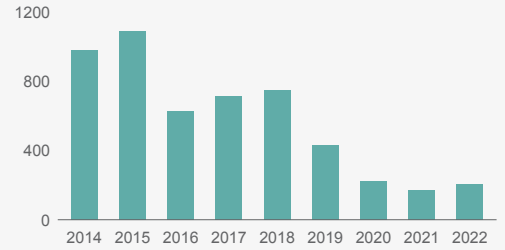
Between 2020 and mid-2022, the factories were largely on pandemic alert, working to quickly contain any outbreaks of COVID-19 when positive cases were found. This consumed substantial resources for the H&S and factory administrative teams. COVID-19-related travel restrictions prevented the corporate team and external auditors from visiting the factories, observing practices and providing onsite training and advice.

There was a small uptick in the number of work injuries in 2021 and 2022 compared to 2020. In addition, we noticed that the frequency of injuries per 100 full time equivalent (FTE) workers[3] flattened during these last two years. Furthermore, as third party and customer audits began to increase in late 2022, it was noted that findings on these external party audits were not found on internal self-assessments. Moreover, the number of non-COVID-19-related illnesses ticked up in 2022, likely due to loosening of COVID-19 prevention procedures.[4]

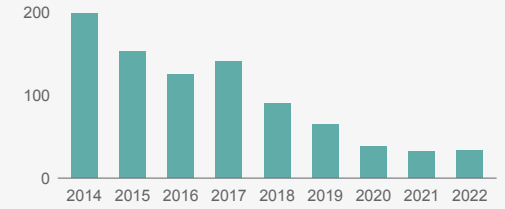
While the overall trend looks to be headed in a good direction compared to previous years, the data from the last two years presents us with a cautionary flag that cannot be ignored.

We recognise a need to reinvigorate our H&S management programs after these COVID-19 disrupted years to ensure the health and safety of our employees are prioritised.

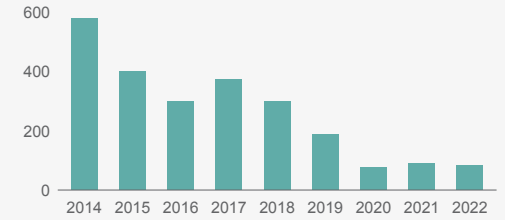
Lost work days



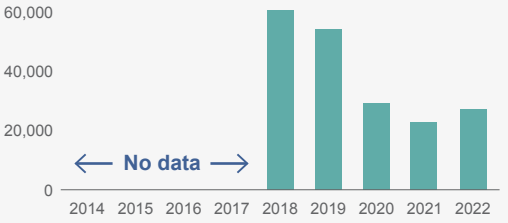
Number of lost time injuries



Number of work injuries



Number of reported illnesses (excluding COVID-19)



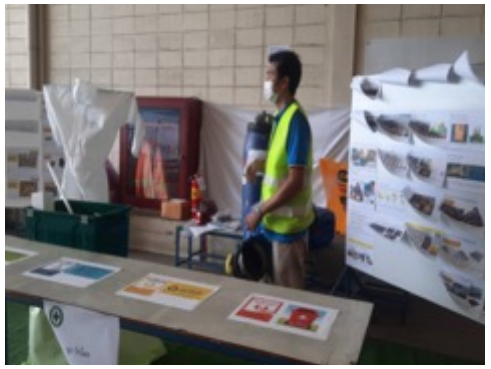
Health and safety initiatives

FACTORY HEALTH INITIATIVES

Throughout 2021 and 2022 our factories carried out various initiatives to raise awareness about H&S around the factory and at home.

TAV Limited (TAV) and Thai Garment Export Co. Ltd Factory 1 (TG1) created H&S awareness days with fun activities, quizzes and prizes. TAV's focus was on the importance of health checks, while TG1's focus was on proper use of personal protective equipment and proper waste disposal.

Our factories also provide training on specific topics. Our factory in China held a confined spaces training to ensure employees whose job requires they conduct maintenance activities in tight spots are properly trained to prevent mishaps.



Pictures from TG1 H&S awareness day

Pictures from TAV H&S awareness day

Confined spaces training

Health and safety initiatives

FACTORY HEALTH INITIATIVES

TG1 DJ Safety

'DJ Safety' was one of the initiatives started by TG1's safety committee to help create more interest in safety within the factory. In 2021, every other week the DJ Safety show went live across the factory, focusing on one topic each month. The topics for the show were about common health hazards found in different departments in the factory. For example, one month the show would focus on common safety incidents in sewing, such as needle punctures, and another month would focus on presentation and remembering to turn off irons and safely store them.

While obviously dealing with a serious topic, it was important the show was lively and light-hearted enough to make people laugh and want to listen, but with a key message on safety that was memorable to the employees. The safety committee received positive feedback on this initiative and the idea of creating a DJ show for other sustainability topics is being considered.

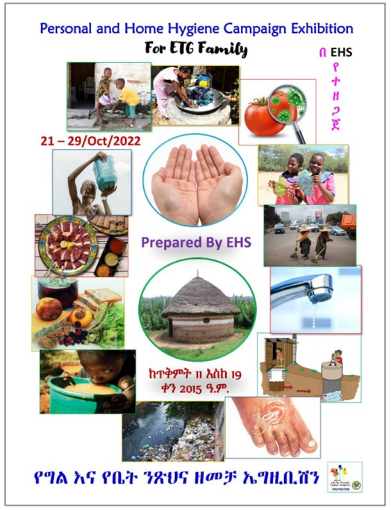
DJ Safety

ETG personal and home hygiene campaign

TAL Garments Manufacturing's (ETG) personal and home hygiene campaign was conducted from 21 to 29 October, 2022. The H&S team, together with facility nurses, oversaw the campaign and used fifteen minutes every morning before work started to educate a few groups, until all employees had received the lesson during the week.

Data from the medical centre was analysed for common ailments that affect employee health and productivity. Based on the findings, the team was able to understand that most of the illnesses are associated with hygiene. So the team prepared content with a unique exhibition approach that helped employees learn how to protect themselves from illnesses that can be caused because of poor personal and surrounding hygiene.

Employees reported that they have gained lots of knowledge from the campaign. Based on its success, ETG's health and safety team will prepare campaigns based on a needs assessment of medical records with different content twice per year.



ETG personal and home hygiene campaign poster

Environment

Environmental Management System

In **SR 2019–2020**, we talked about our plans to update and improve our Environmental Management System (EMS) based on the recommendations from our bluesign® audit. The recommendations highlighted two things that needed to improve. First, the EMS was composed of individual standard operating procedures (SOPs) managing specific environmental aspects and impacts, including their own governance structure. Second, the implementation of the EMS should be managed by the factory teams rather than by the corporate sustainability team.

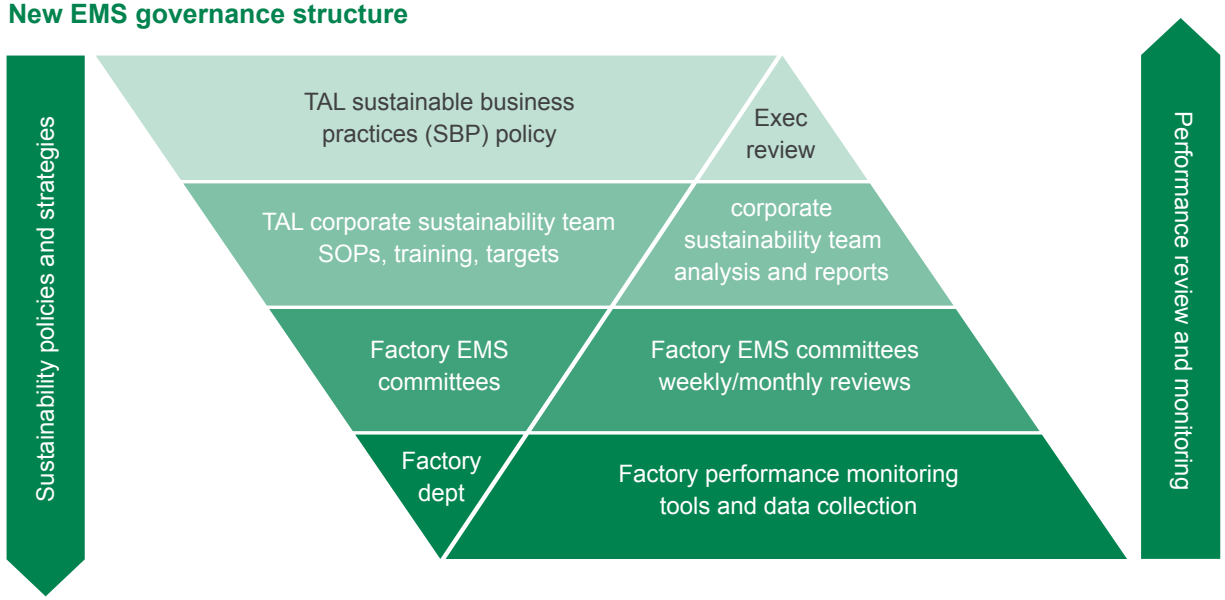
To address these two issues, we created a holistic EMS framework across TAL by linking together all environmental management under a multi-level governance framework.

The new governance framework allows for both local, site level governance and group level oversight. The corporate team would be responsible for setting a common standard across our factories, and the local management teams would be responsible for implementation of the EMS to meet corporate standards. Local teams would also add local requirements to the EMS to ensure each factory is not missing important impacts that need to be managed.

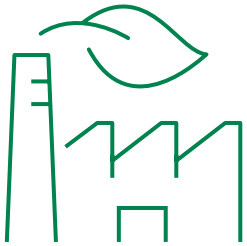
In 2021, the focus was on fine-tuning the updated EMS documents and conducting high-level introductory training on the changes from the old EMS to the new EMS structure. In 2022, the factories set about creating their new EMS committees and reviewing the corporate standard SOPs, adapting them to their fit their factories needs and culture of working.

Throughout 2023 and 2024 the focus will be on ensuring effective implementation of the EMS at each factory through additional training on focused topics, ensuring effective communication and internal review.

New EMS governance structure



Greenhouse gas management



Climate change continues to be one of our driving sustainability pillars. This is because it symbolises the broader sustainability challenges our world faces.

We must meet the needs of the present while not compromising the ability of future generations to meet their own needs. Climate change poses an existential threat for society to meet this sustainability goal.

For TAL, we continue to partner with the Fashion Industry Charter for Climate Action (FICCA) and the Sustainable Apparel Coalition (SAC), among others, as part of an industry call to collective action. **We reported in SR 2019–2020** on our greenhouse gas (GHG) emissions reduction trajectory and the reduction savings gap that we face after implementing our available GHG reduction actions. This gap has not closed in the past two years. Closing this gap will require collective efforts to improve government policy and financial models.

Even though this gap hasn't closed, TAL has made progress on our GHG reduction action plan, helping to reduce our intensity and flatten our emissions curve as the business continues to grow after the COVID-19 slump. In Thailand, we converted our steam boilers from heavy fuel oil to natural gas. While natural gas is still a fossil fuel, it is a cleaner and more efficient burning fossil fuel, which reduces our GHG emissions and reduces our contribution to local air pollution. We also continue to invest in energy efficiency across our factories. **Some examples of projects we implemented are:**

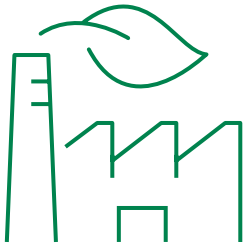
- optimising air compressor settings
- optimising chiller (central air conditioning) settings
- upgrading older equipment with newer, more energy efficient models
- upgrading insulation material on boiler and steam pipes
- modifying air intake points to allow cool outside air to substitute for chiller.

In 2022, we committed to setting a science-based target through the Science Based Targets initiative (SBTi). See **page 52** for more details.

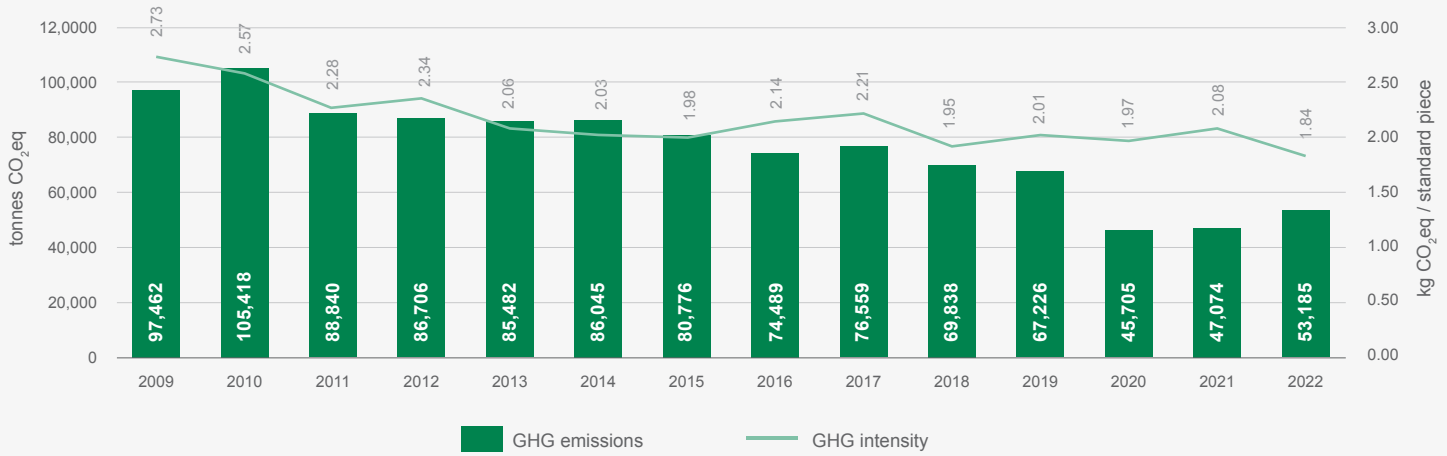
As part of this commitment, we spent a year further refining our GHG reduction roadmap and building the internal buy-in necessary to execute the roadmap. As we are in the process of having our target reviewed for approval by the SBTi, we will not share the details of our roadmap in this report or our future proposed targets. Once our target is approved by the SBTi, we will announce it on social media and our website, along with a roadmap for how we expect to achieve our 2030 target.

Greenhouse gas management

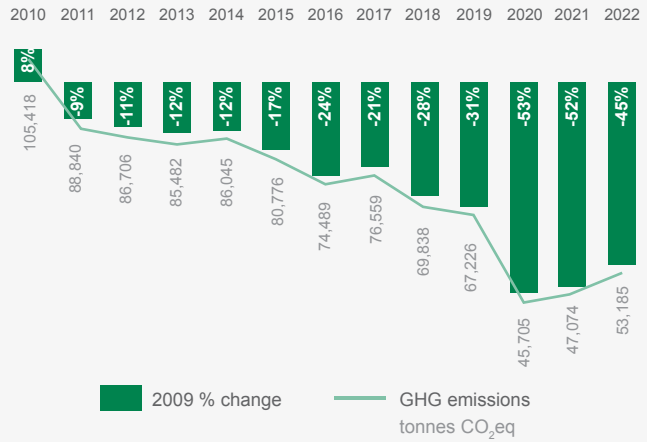
The charts representing our scope 1 and scope 2 GHG emissions use the corrected GHG emissions since 2009 and the new GHG emission factors since 2018 (**see appendix** for more details on our GHG reporting corrections).



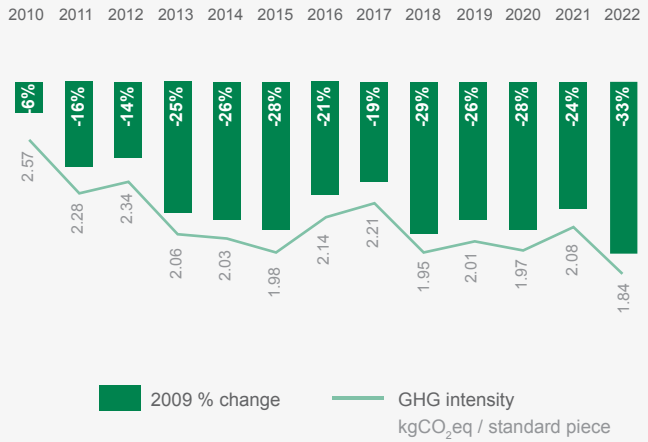
GHG emissions and intensity



GHG emissions and % reduction compared to 2009

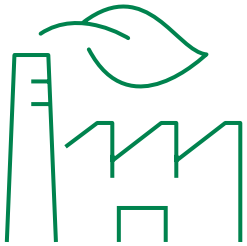


GHG intensity and % reduction compared to 2009



Greenhouse gas management

Incorporating scope 3 emissions tracking, setting targets and developing action plans is a challenging but important task.



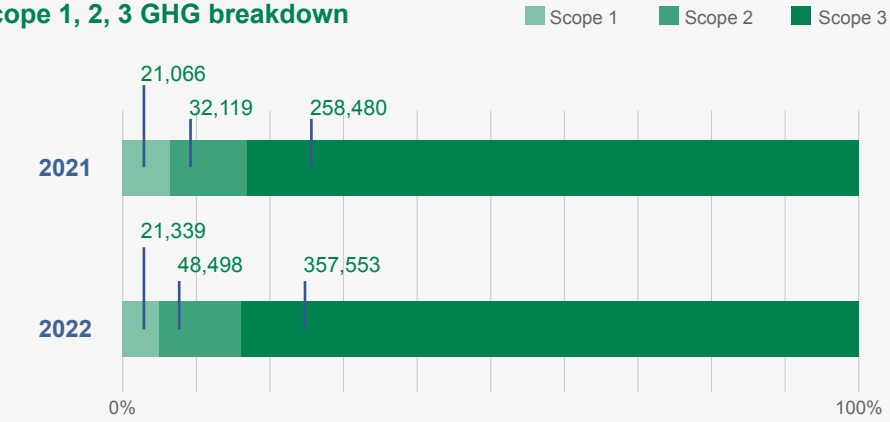
Looking across scope 1, 2 and 3 GHG emissions, scope 3 accounts for the largest share of our company's GHG emissions. The major share of scope 3 GHG emissions fall within category 1, called 'purchased goods and services'.

Category 1 emissions represent 82% of TAL's total scope 3 GHG emissions, and fabric purchases alone account for 76%.

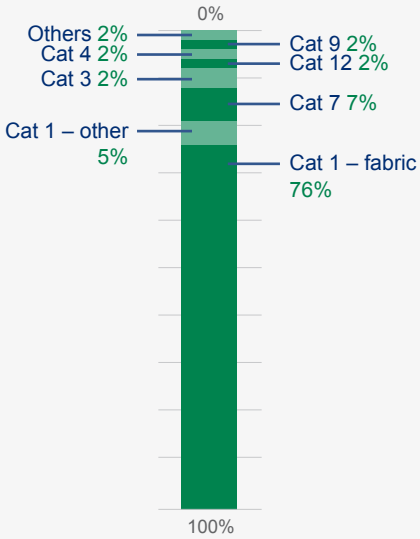
What this means for TAL is that we must work together with our supply chain partners to reduce GHG emissions from our upstream supply chain, especially the tier 2 – dyeing/ weaving/knitting supply chain.

In addition, we must continue to work with and influence our customers to adopt more sustainable materials. Adopting more preferred materials has benefits beyond direct GHG emission reductions, also bringing more ecological balance to how our fibres are sourced. The products TAL makes rely heavily on cotton, so supporting organic and regenerative agriculture is important not only to reduce our GHG emissions but also potentially brings more balance to cotton agricultural practices. Furthermore, recycling and building recycled fibres into our products ensures carbon is conserved through circular economy practices.

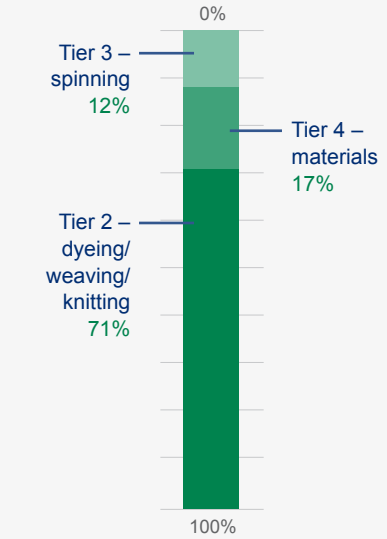
Scope 1, 2, 3 GHG breakdown



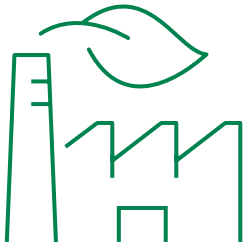
Scope 3 emissions breakdown by category



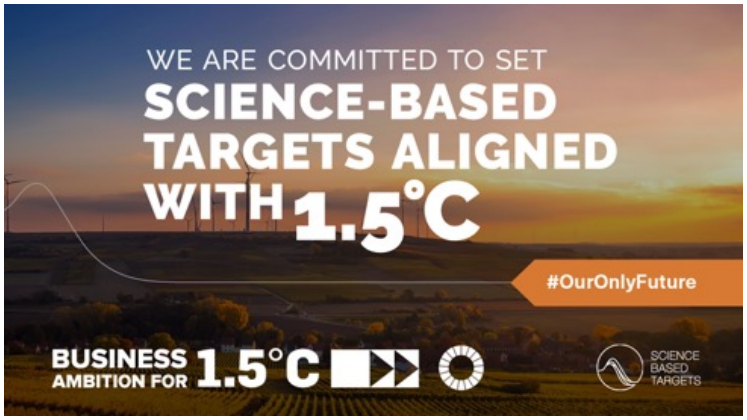
Breakdown of GHG emissions by supply chain tier



Greenhouse gas management



SBTI COMMITMENT



The latest climate change science described by the United Nations (UN) is 'code red for humanity'. Our shared global target is to limit warming to 1.5°C. To achieve this, our global economy must halve GHG emissions by 2030 and reach net-zero by 2050. We all must do our part and support each other to achieve this ambitious goal.

Setting a science-based target is the next phase in our GHG journey. As readers of TAL's sustainability reports will know, we have measured our GHG footprint since 2009 and worked to reduce our GHG emissions. In 2019, TAL became a committed signatory to the UN's Fashion Industry Charter for Climate Action. Now TAL is also committing to set near- and long-term company-wide GHG emission reductions in line with the Science Based Targets initiative (SBTi) Net-Zero Standard. The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science.

We will submit our target for review in 2023. Stay tuned for updates once TAL's science-based target is confirmed and approved.

TAL HKO ROOFTOP SOLAR SYSTEM

While we are upholding sustainability as one of our core values, we are happy to announce that our first solar PV system has been installed on the rooftop of the TAL HKO headquarters.

A total of 19 pieces of 360W mono flexible type PV panels were installed by connecting to different inverters which are used for energy production. They are expected to generate 6,327 kilowatt-hours (kWh) of renewable energy per year, which is equivalent to powering a home for more than 5,000 hours.[5] By taking this initial small step, we are preparing for additional bigger steps towards reducing our GHG emissions across our group to meet our science-based target commitment.

Water management

Fresh water scarcity, both physical and quality, continues to be a risk for apparel companies. Demand for limited fresh water resources continues to rise.

Climate change will exacerbate this risk by changing the frequency of droughts and floods and affecting general weather patterns. Human caused land use change also alters the transpiration of water from plants to the atmosphere. Our customers are increasingly concerned about water risk as well and are focusing on this topic as part of their environmental due diligence.

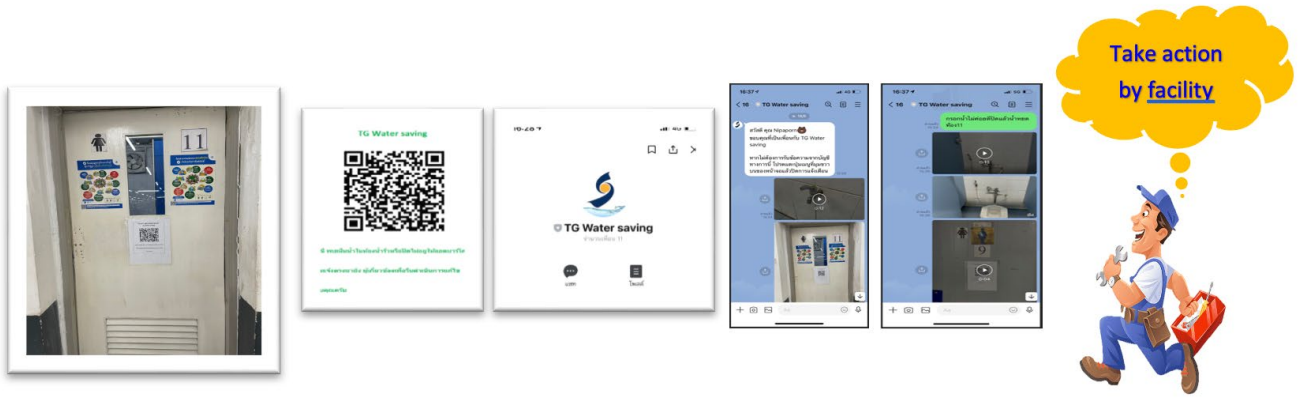
We recognise these risks as risks to our business. Much like other global sustainability challenges some management of the risk is within our control, but much is not.

Reducing our fresh water intensity and demand across our factories is something we take pride in managing.

The years 2021 and 2022 were productive years in TAL's water management. During these two years we brought focus to reducing our domestic water intensity by setting sub-KPIs for domestic water use. In addition, we rolled out our new EcoWash process across our factories, utilising our unique performance finishing process. **See page 55 for more details**.

Our focus on domestic water use also brought dividends. Our factories implemented wide ranging activities from concrete projects to broader awareness raising. For example, in our Vietnam factories we applied a method to collect condensate water from our chillers' air handling units (AHUs) and pipe this to our water storage tanks for use in our toilets and chillers. This reduces our water demand by 13,916 cubic metres per year across both factories.

Our factories in Thailand (which are over 50 years old!) ran diagnostic tests across their main water piping to identify leaks and replace piping where they were found. In addition, they rolled out a water awareness campaign across the toilet facilities and canteens to request all employees to report broken or leaking faucets. This led to quicker action by our facility teams to fix leaks.



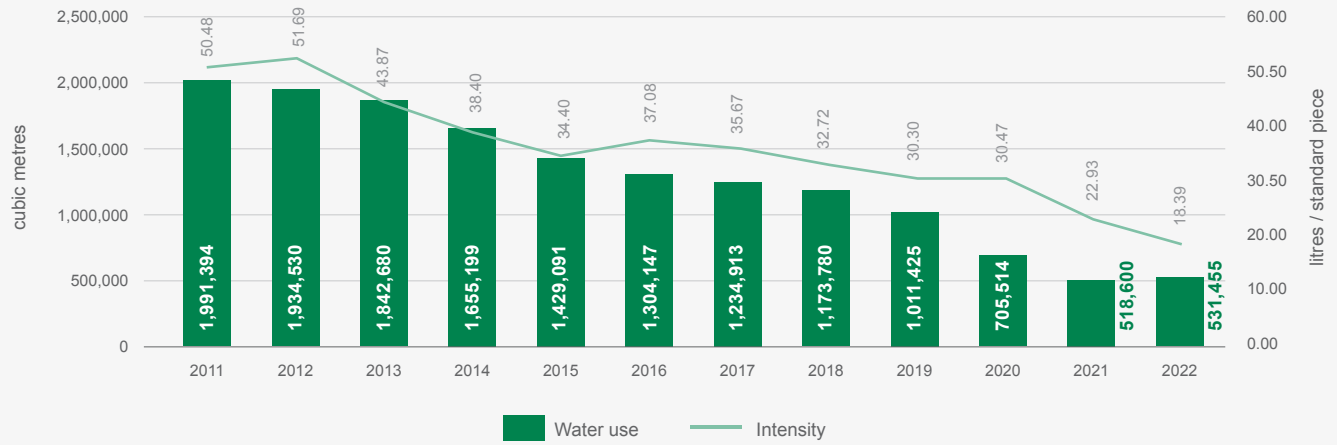
Water management

Our 2022 intensity target was 20.48 litres per standard piece, and we exceeded this target by achieving 18.39 litres per standard piece. This is an intensity reduction of 64% compared to our 2011 base year.

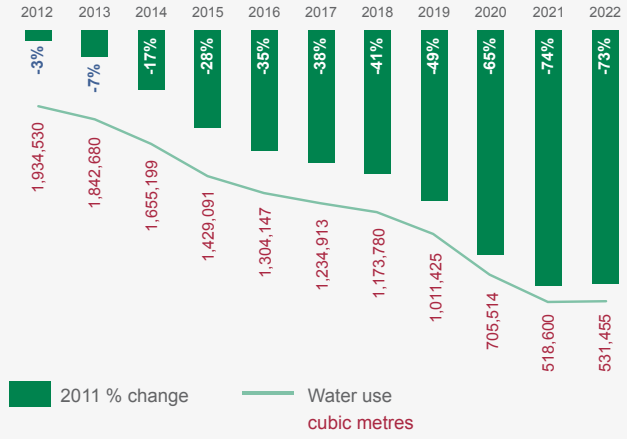
2022 marked the end of our three-year target setting. Our next set of targets covers 2023 to 2025.

Our target is to further reduce our water intensity to 14.06 litres per standard piece.

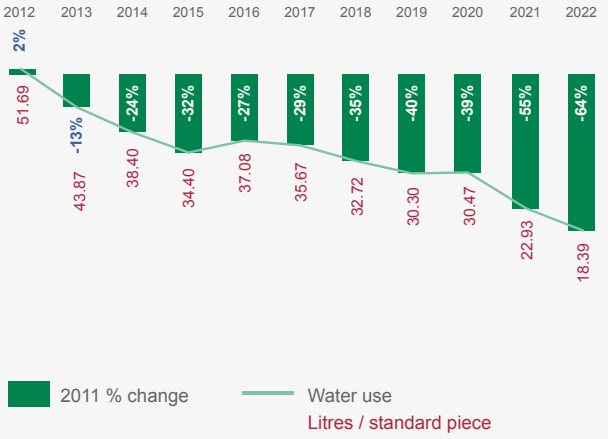
Water use and intensity



Water use and % reduction compared to 2011



Water intensity and % reduction compared to 2011

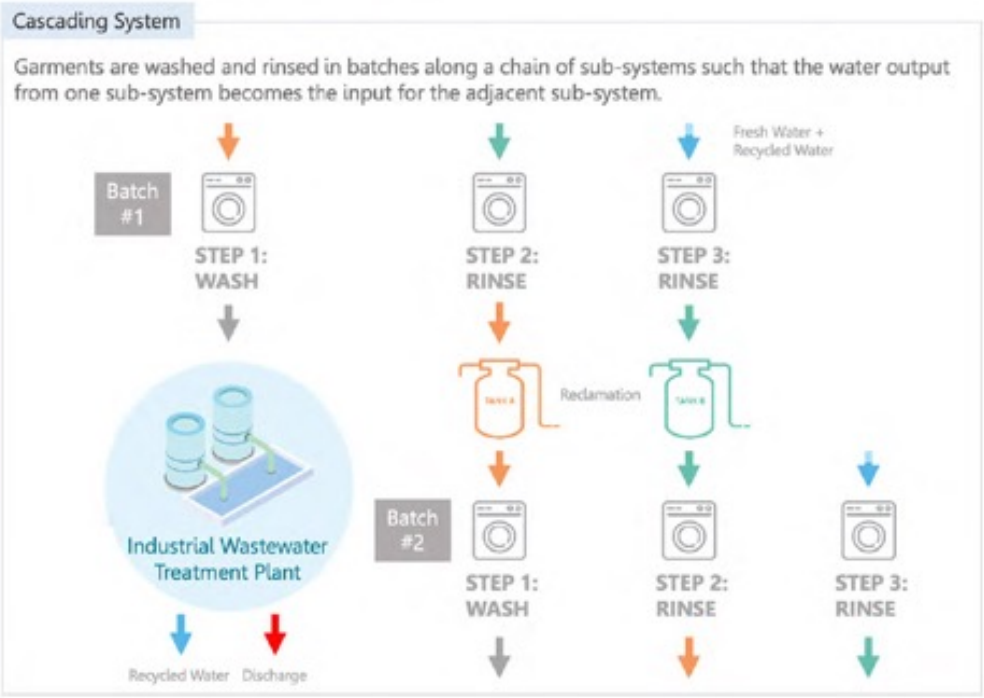


Water management

ECOWASH

Over the last five years, we ran a series of experiments with the objective of reducing water demand in our wet process.

After achieving success in our experimental design, we began rolling out pilot tests in 2020, which we mentioned in our last report. In 2021 and 2022, we began the full-scale implementation of our new method. This new method has two implementation parts. The first is a reduction in the liquid-to-garment ratio used to fix chemicals to the garment. The second is a redesign of the processing steps to allow for a water cascade approach whereby we reuse water for different steps of the process before discharging to our wastewater treatment plant. As such, we managed to achieve a significant reduction in water usage from 11 litres per piece down to 2 litres per piece, an 80% reduction!



Sustainability benefits

42% recycled water

85% less water use

60% less energy use

66% reduction in washing steps

What TAL has done

Used cascading system

Met bluesign® criteria

Waste management

Most waste types across TAL's factories are from non-hazardous waste sources.

TAL's waste management across our factories is governed by our waste management SOPs, including both hazardous and non-hazardous waste.

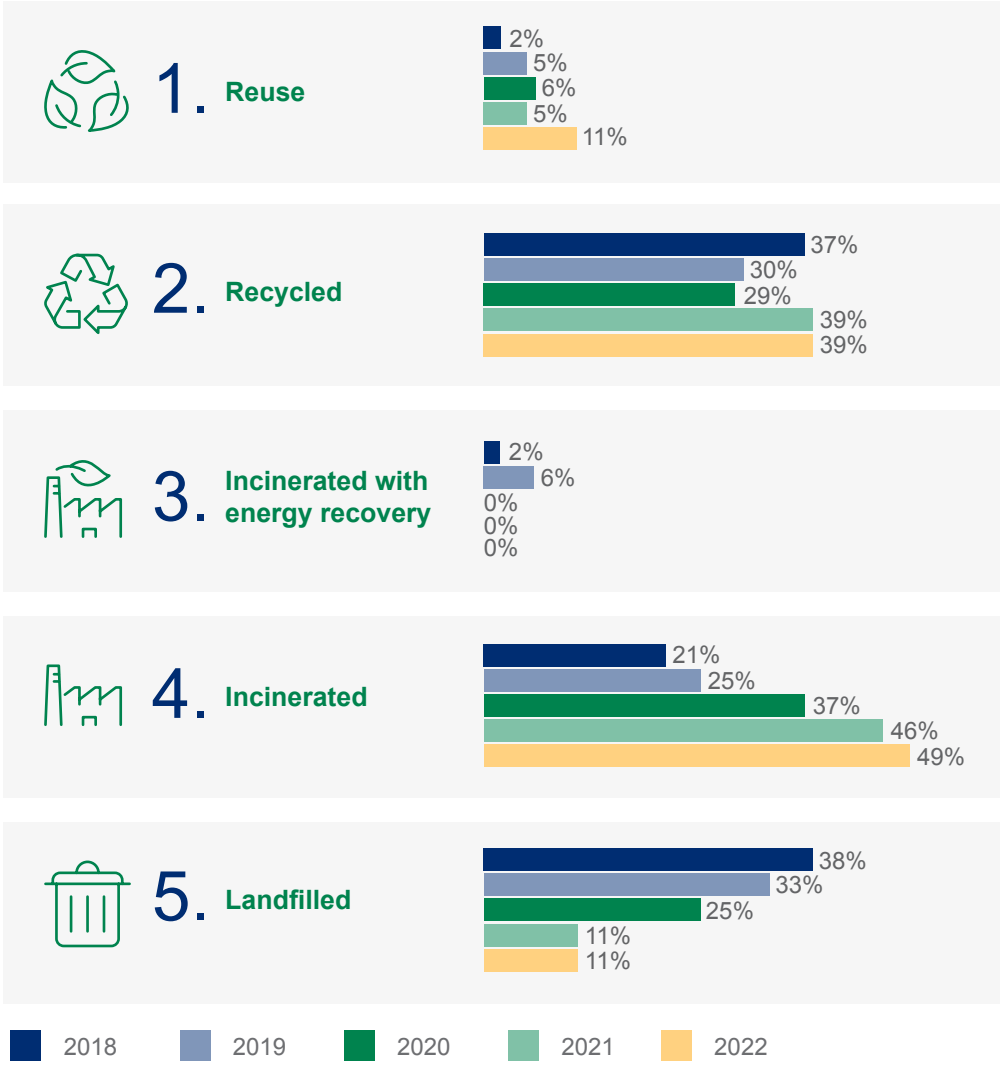
Over the last two years our newest factory in Ethiopia has diligently begun applying our waste management principles as part of their comprehensive rollout of the Environmental Management System. The waste SOPs outline the procedures to properly collect, separate, store and dispose of waste.
All TAL's waste is properly disposed of according to the legal requirements of each country. This is verified through our Higg FEM verifications.

Waste category breakdown

- 15% Hazardous waste
- 85% Non-hazardous waste

We continue to strive for zero waste to landfill and incineration, though challenges remain.

Breakdown of waste disposal methods



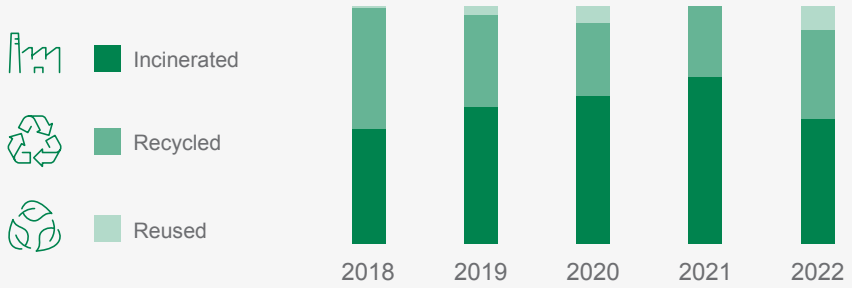
Waste management

FABRIC SCRAP RECYCLING

In **SR 2019–2020** we highlighted the challenge of reduced demand for recycled fibres as COVID-19 locked down economies around the world in 2020. This challenge continued i nto 2021.

This led to factories making the hard decision to send some fabric scraps for incineration to clear the warehouse.

Breakdown of fabric scrap disposal methods



At our outwear factory in Thailand, the challenge of finding recyclers continued into 2022. Not wanting to dispose of the fabric scraps to landfill, the factory accumulated and stored its fabric scraps for most of the year. As of the end of 2022, this situation was still not resolved. Currently, the factory is considering a waste to fuel option.

While we have made some small improvements to our fabric scrap recycling, we recognise we can do more. We continue to work to find the right recycling partners and external organisations to find solutions for fabric scraps in all our locations.

In addition, we continue to work internally on converting some of our fabric scraps into useable fibres for use in garments made by TAL. We introduced this concept in **SR 2016–2017**, and we call this product Innogreen. As the concept of the circular economy and stakeholder demands for apparel brands to reduce their waste grows, we believe Innogreen will help position TAL as a quality partner for brands seeking circular solutions.

Chemical management

bluesign® COLLABORATION

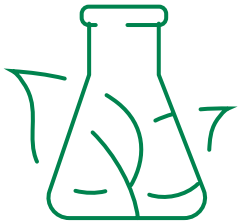
TAL Apparel was certified as a bluesign® system partner in May 2020, as outlined in **SR 2019–2020**.

In June 2022, the bluesign® audit team conducted a comprehensive review of our progress against previously identified improvement opportunities. Part of the bluesign® system is a clear demonstration of continuous improvement. This comprehensive review was conducted at our factories in Thailand and Vietnam. We are pleased to report that bluesign® extended our system partnership based on this review and identified additional opportunities for improvement over the next three years. These opportunities include:

- continuing implementing of our updated Environmental Management System
- creating a systematic list of safe work instructions
- finishing the upgrades to our wastewater treatment plants in Thailand and Vietnam.

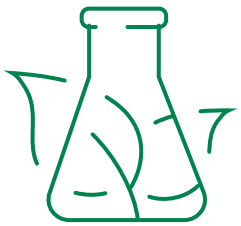
In addition, with the support of the bluesign® team, we continue to identify appropriate substitutes for the remaining chemicals that do not meet the highest level of bluesign® standards, without affecting the desired performance. With the support of bluesign®, TAL added our list of bluesign® approved chemicals from blueFinder® to the ZDHC Chemical Gateway and, in 2022, started to generate InCheck reports for disclosing our chemical conformity level against the ZDHC Manufacturing Restricted Substances List (MRSL) on the public platform.

As mentioned in our previous report, achieving the status of bluesign® system partner is only the first step in our bluesign® system journey. Our goal is to deliver to our customers a product made from bluesign® approved inputs. To achieve this, we partnered with an important woven fabric supplier to become a bluesign® system partner and worked with a knit fabric supplier to develop bluesign® approved fabrics in Vietnam.



Chemical management

OTHER INITIATIVES



ZDHC Supplier to Zero program

In 2021, TAL adopted this program and successfully implemented it in factories (excluding our factories in China and Ethiopia). Factories achieved Progressive level and received certificates from Zero Discharge of Hazardous Chemicals (ZDHC) in 2022. Through the implementation, it allows us to re-examine our Chemical Management System for continuous improvement.

Phasing out PFAS

Per- and polyfluoroalkyl substances (PFAS) are commonly used in many consumer products due to their ability to repel water, dirt and grease. However, they are also known as 'forever chemicals' because they do not degrade in the natural environment, and therefore even the smallest amounts that end up in nature can accumulate, posing a major environmental and health risk. Even before the announcement of regulations of PFAS in the United States and European Union, we were already testing alternatives to substitute these chemicals. In 2022, we completed our testing and announced – both internally and to our customers – our change to using safer alternatives.

Targets and performance

All factories have implemented TAL's Chemical Management System (CMS). However, due to COVID-19, which restricted travel, we were not able to complete the implementation of KPIs and targets. This is planned for 2023–2024.

	WHAT WE DID IN 2021–2022	WHAT WE WILL DO IN 2023–2024
Written SOPs	Fully implemented	Annual review and update
SOP implementation	Fully implemented	Annual review and update
KPIs developed to follow up performance	Implementation was stopped due to COVID-19 and resumed in late 2022	Full implementation continues
Targets released to challenge performance	Not started	Targets will be released

Wastewater management

WASTEWATER TREATMENT PLANTS AND STANDARDS

Each of TAL's factories with a wet process has a wastewater treatment plant (WWTP).

TAL is committed to meeting local wastewater regulations and strives to meet the ambitious industry standards such as ZDHC and bluesign®.

OEKO-TEX® Sustainable Textile & Leather Production (STeP) and bluesign® are two factory certification schemes. Only those factories participating in those certifications undergo screening for the respective wastewater standard. ZDHC is applicable to any factory interested in participating. TAA did not elect to participate in ZDHC due to business reasons. While TAA does not report against other industrial standards, the factory does report against local wastewater standards for its district.

Table 1: Overview of type of WWTP

FACTORY	TYPE OF DISCHARGE[6]	WATER RECYCLING
TG1	Direct discharge (with own WWTP)	Industrial water recycling
TAA	Indirect discharge (with own WWTP)	Industrial water recycling
TAV	Indirect discharge (with own WWTP)	
VNG	Indirect discharge (with own WWTP)	Domestic water recycling

Table 2: Overview of wastewater standards used by each factory

FACTORY	bluesign® STANDARD	ZDHC GATEWAY	OEKO-TEX® STeP
TG1	Y	Y	n/a
TAA	n/a	N	n/a
TAV	Y	Y	Y
VNG	Y	Y	n/a

Wastewater management

ZDHC WASTEWATER RESULTS

Our 2022 ZDHC wastewater results are outlined in Table 3. We didn't include 2021 because we were unable to complete both required tests at all factories in 2021. This is because the COVID-19 situation at the time impacted our ability to carry out the sampling with a third party lab.

Based on previous tests, we knew TG1 would fail the conventional parameters for ZDHC. This is because the WWTP treats both domestic and industrial wastewater. Meeting the ZDHC standard required an upgrade to the WWTP, which we describe in more detail on **page 62**.

VNG failed the 'total nitrogen' because of lab analysis error, after which we conducted a second sample and passed. For BOD, the plant has taken the corrective action to optimise the retention time for better biological degradation to take place.

VNG's MRSL detection for PAH was an interesting case which confounded the factory for a couple of months. Through a root cause analysis we could not find the source of the PAH (naphthalene, aka mothballs). This is not a substance used in our chemicals, and neither was it used in dyes used by our fabric suppliers. It was only when one of the team members responsible for identifying the MRSL failure was using the bathroom that we finally realised the root cause. Our cleaners had begun to use mothballs in the men's urinals without realising the consequences. After all, the cleaners were only trying to reduce odour in the bathroom. Once the factory found the root cause we removed the mothballs from the urinals and retested for this MRSL after a couple of weeks, at which point there was no detection of this MRSL substance.

Table 3: 2022 ZDHC wastewater test results

PLANT	PARAMETERS	DISCHARGE WASTEWATER	
		1H 2022	2H 2022
TG1	Conventional parameters	Failed total nitrogen & coliform	Failed total nitrogen & coliform
	Anions	Pass	Pass
	Metals	Pass	Pass
	MRSL	Not detected	Not detected
TAV	Conventional parameters	WWTP underwent upgrading	Pass
	Anions	WWTP underwent upgrading	Pass
	Metals	WWTP underwent upgrading	Pass
	MRSL	WWTP underwent upgrading	Not detected
VNG	Conventional parameters	Failed total nitrogen & BOD	Pass
	Anions	Pass	Pass
	Metals	Pass	Pass
	MRSL	Pass	Detected PAH (naphthalene)

Wastewater management

WWTP UPGRADES

TAV's new WWTP

Even though our industry and our business were impacted by COVID-19, TAL continued with our plans to upgrade our WWTPs in Vietnam and Thailand. Total investment for these two plants was over US$4 million.

TAV Limited (TAV) new WWTP

TAV's new WWTP raises the wastewater treatment efficiency to the next level and ensures the stringent indirect discharge limit of our industrial park contract, ZDHC wastewater guideline limits and bluesign® wastewater limits are satisfied. Compared with the old system, the upgraded treatment system comes with the capability to remove an additional 50% of organic matters (chemical oxygen demand COD), an additional 50% of total phosphorus and an additional 66% of total nitrogen in the raw wastewater.

With the same footprint as the previous facility, the new WWTP provides vital capacity to treat 200 m3/day of industrial wastewater and 240 m3/day of domestic wastewater.

The upgrading project commenced in November 2021 and was completed in August 2022. The project involved demolition of the old WWTP structure, pilling, reinforcement placement, formwork, concrete casting, finishing, treatment equipment installation and system commissioning.

The wastewater treatment plant gained recognition by the local environment authorities as one of the advanced treatment systems in Thai Binh Province.

TG1 WWTP upgrade

The WWTP at TG1 is being upgraded to fulfil commitments and targets for bluesign® and ZDHC wastewater guidelines. These standards have stringent limits for direct discharge facilities like TG1.

The new WWTP can process a total of 260 m3/day from both domestic and industrial wastewater streams.

The project consists of renovating the existing structure and building new treatment sections. The existing structure of the WWTP is being renovated to be equipped with the sequential batch treatment reactor and the anoxic-aeration-anoxic-aeration process.

The new section of the WWTP accommodates new treatment systems such as chemical precipitation, advance oxidation process, UV-disinfection and sludge dewatering.

The project started with civil and structural work in March 2022.

TAL's CDP scores

As a signatory to the Fashion Industry Charter for Climate Action, we are asked to annually complete the CDP Climate Change questionnaire.

This questionnaire is a comprehensive assessment of a company's climate change governance procedures, risk management, GHG management and accounting practices, achievements made and supplier engagement.

Much like we use the Higg FEM to benchmark ourselves against best industry practices, we use the CDP questionnaire to benchmark ourselves against best practices in GHG management across the globe. Below are our CDP scores as compared with average scores in our industry segment, Asia-based companies and globally.

CDP scores

	TAL's score	Textile and fabric goods	Asia	Global
2020	C	D	D	C
2021	B-	C	B-	B-
2022	B-	B	C	C

CDP supplier engagement scores

	TAL's score	Textile and fabric goods	Asia	Global
2020	B-	B-	B-	C
2021	B	B-	B-	B-
2022	B-	C	C	C

Higg FEM verification

TAL Apparel is a proud member of the Sustainable Apparel Coalition, a nonprofit coalition of consumer industry stakeholders from across the value chain coming together to align on sustainability performance tools and objectives.

Average score across TAL's factories

2021

2022

View the full scorecards and reports for each factory for 2021.

View the full scorecards and reports for each factory for 2022.

The SAC and its members developed the Higg Index, a suite of tools to measure the sustainability performance of brands, manufacturers, and the products they make.

Since 2013 TAL Apparel has used the Higg Facility Environment Module (FEM) to measure and benchmark our environmental sustainability performance across our factories against industry best practices, enhance our environmental management tools and procedures. The Higg FEM assesses factory performance across seven impact categories from management practices, setting targets, and measuring achievements. You can learn more about the Higg FEM here: **Higg Facility Tools | Sustainable Apparel Coalition**.

Each year our factories assess themselves against the Higg Facility Environment Module (FEM). In 2020, we set ourselves a target of achieving an average score of 80 across our factories by end of 2022. We completed verification of our 2021 Higg performance across all six factories. Out of 100 points, our factories achieved an average of 68.

In 2022, we developed a clear plan to further improve and reach our 2022 target. We focused on improving procedures for non-hazardous waste separation and recycling, calculating our fugitive air emissions, and engaging with our local community on environmental sustainability. We also continued to fully implement our environmental management procedures at our newest factory in Ethiopia to help them achieve intermediate and advanced levels in the Higg Index.

All six of our factories completed their 2022 Higg FEM. We are pleased to announce TAL achieved its 2022 target of scoring an average of 80 out of 100 points across our factories.

The upcoming years will see an update to the Higg Index FEM from 3.0 to 4.0. The updated version of the Higg FEM will push the industry to new sustainability best practices. While we expect our score to drop as we update our practices and performance to meet even higher standards, our long-term goal by the end of 2025 is to reach an average of 80 of 100 points across our factories. This is only an estimate for now because the updated scoring for Higg 4.0 is not yet finalised.

Higg FEM verification

Average score across TAL's factories

2021

2022

2021 Higg performance across TAL factories

2022 Higg performance across TAL factories

INSEAD TAL Award

In 2021, TAL Apparel won the Large Corporate category for the INSEAD 'Business as a Force for Good' Award (FFG Award) from the INSEAD Hong Kong Alumni Association.

The INSEAD Hong Kong Alumni Association is comprised of over 800 high-earning and influential professionals who do business globally and regularly gather for networking events. This award recognises HK companies and individuals who have had a positive impact or inspired society.

The judging panel said, 'All judges are very impressed that while TAL continues to innovate and run a successful business, the culture of doing good is very much ingrained in the corporate culture across all levels. This is highly aligned with INSEAD's intention to recognise companies that can demonstrate excelling at both running good businesses while doing good is possible.'

More information about the award can be found here: FFG Award | INSEAD Alumni Association Hong Kong.

Industry Collaboration

Sustainable Apparel Coalition

TAL continues its support of the Sustainable Apparel Coalition (SAC). The SAC and its member organisations are the creators of the Higg Index suite of tools.

Sustainable Apparel Coalition

In addition, the SAC has built alliances throughout the industry to encourage further transformation towards a more sustainable future. In 2021 and 2022, Delman Lee continued in his role on the SAC Board of Directors and in 2022 was elected as Chair.

Throughout 2021 and 2022, TAL's sustainability team participated in many of SAC's strategic councils and member expert teams (METs). These include:

- **Brand and Retail Module (BRM) strategic council** – advised on the revision of the next version of the BRM.
- **Transparency MET** – brainstormed potential pathways for Higg Index score disclosure.
- **Higg FEM 4.0 MET** – advised on the overall framework for Higg 4.0 and advised on content for energy/GHG, waste and wastewater sections for the next version of the FEM.
- **Higg FSLM scoring MET** – advised on the scoring methodology for the FSLM.

We continue to believe that multi-stakeholder collaboration is foundational to making systemic change in our industry. The SAC, with its equal partnership principle, is an important organisation in facilitating this change.

Redress partnerships

REDRESS – EDUCATING AT THE DESIGN STAGE TO ACCELERATE THE TRANSITION TOWARDS CIRCULAR FASHION

Redress Founder Dr Christina Dean said:

> **'Our collaboration with TAL significantly magnifies our ability to achieve our mission. In TAL, we have a partner who understands the importance of educating designers today, knowing that this education is really for the industry's long haul transformation. TAL's long-term view on transforming the fashion industry means that we're together focusing on todays' emerging fashion designers, who will be tomorrow's C-suite stars and industry workforce.'**

Redress is a Hong Kong-headquartered and Asia-focused environmental NGO with a mission to accelerate the change to a circular fashion industry by educating and empowering designers and consumers.

As a small NGO, we have big dreams and a big mission, and TAL has played a key part in realising these.

In 2020/2021, for the sixth consecutive year of successful collaboration, Redress worked closely with TAL to organise and activate circular fashion education for emerging fashion designers around the world through the Redress Design Award, the world's largest sustainable fashion design competition.

Together with TAL, and with our lead sponsorship from CreateHK of the HKSAR, we brought circular design techniques and insight to fashion designers and students from Hong Kong to Honduras and Singapore to San Paulo. Building on our shared goals of bringing digital design techniques to the next generation, we co-organised exciting digital design challenges to shift the industry towards best practices in digital design, supported by Browzwear.

Our long-term collaboration with TAL enables us to nurture this unique pipeline of designers, who are the future of the fashion industry. Redress has an impressive and growing track record of educating and empowering fashion designers globally, counting over 150 fashion institutions as supporting partners, through whom we are able to reach thousands of emerging fashion designers.

Reading, research, theory and techniques can only take designers so far. It's also real-life industry experience that is much needed, particularly for the next wave of designers, many of whom have never set foot in a factory before. To remedy this, TAL again opened their factory doors and gave access to leading experts, including CEO Roger Lee who continued to provide his time to small group open access discussions, giving generously from company resources to provide real-life design and production scenarios for designers.

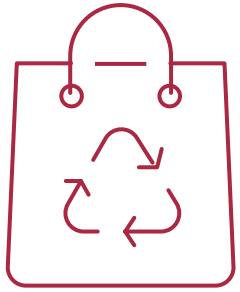
> **We look forward to continuing our work with TAL to transform fashion design from the drawing board up.**

Since launch, the Redress Design Award:

- has received **3,765 applications** from **81 countries**
- is now partnering with **180 universities**
- has organised **260 education activities** with more than **23,000 participants** (lectures, academies, panel discussions, workshops and educator sessions)
- has introduced the online Pathway Course to **2,700 users**
- has encouraged **90,000+ visits** to the free online Redress Academy resource
- now has **270 alumni** in **46 countries**.

For more information, visit: **redress.com.hk** and **redressdesignaward.com**

Fashion Industry Charter for Climate Action



TAL's engagement with the Fashion Industry Charter for Climate Action (FICCA) grew over the previous two years.

Matthew Guenther, our Environmental Sustainability Director, was elected co-Chair of the Low Carbon Manufacturing Working Group and this also placed him on FICCA's Steering Committee.

FICCA has brought a much-needed focus on climate change within the fashion industry. In 2021, FICCA launched a new signatory commitment that pushes its signatories to set science-based targets through the Science Based Targets initiative (SBTi) or commit to a 50% reduction in GHG emissions 2030. While this is the headline commitment, the charter includes nine sub-commitments, including coal phase-out, supply chain engagement and incentive mechanisms and sourcing priority materials.

Some of the work that TAL contributed to includes:

- climate action training for the fashion industry via an online course[7]
- launching the Rapid Action Speaker series, which highlights available decarbonisation solutions and the organisations providing them
- bringing together brands and manufacturers in a Collective Action Workshop, which helped to identify why collective action is hard to accomplish and define what collective action could look like.

Fashion Charter group photo from annual signatory meeting in Bonn, Germany – photo credit UN Climate Change

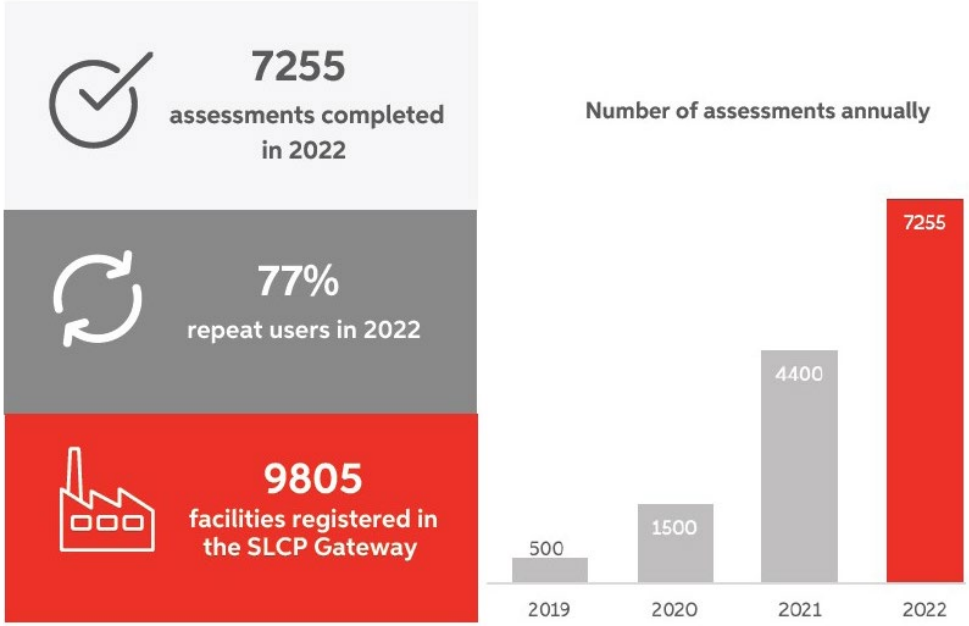
Social & Labor Convergence Program

TAL continued to contribute to the Social & Labor Convergence Program's (SLCP) workstreams by participating in the Technical Advisory Committee (TAC) on the Converged Assessment Framework (CAF)[8] and the Worker Engagement Technology (WE Tech) working group.

In the CAF TAC, CAF v1.5 was reviewed and launched at the end of 2022.

The work in the TAC focused on developing methods for adding virtual verification procedures to accompany on-site verification. The idea being that on-site verification time can be shortened by reviewing some aspects virtually prior to the on-site visit.

The SLCP piloted their Worker Engagement Technology (WE Tech) in late 2021 to early 2022. The goal was to introduce technology that would engage workers to help management gain a deeper understand of facility working conditions and issues. The pilot included testing of WE Tech for its ease of use, accessibility, cost, and how it supports virtual verification. Additionally, the pilot supported the understanding of the effectiveness of the survey questions, the benefits to management and the verification process. The SLCP has now rolled out WE Tech for facilities to use in addition to their CAF assessment. TAL continues to support the roll-out as part of our participation in the CAF TAC.



Social & Labor Convergence Program Impact Report 2022

Global Fashion Agenda

TAL is a proud to be an associate partner of the Global Fashion Agenda (GFA).

Engagement at the highest level within the fashion industry and beyond is critical to unlocking the intractable challenges and bringing forth creative and systemic solutions.

Our company is an active participant at GFA's Global Fashion Summit (GFS) events. At the GFS Singapore edition, Roger Lee, our CEO, participated in a discussion with Gunjan Soni, CEO of ZALORA Group, titled 'From where we stand'.

During the conversation Mr Lee advocated for new regulations to level the playing field and warned brands and manufacturers:

> **'If you do not set your platform today – on how you source, on how you work, on how you look at the product – it will be too late.'[9]**

TAL's CEO Roger Lee speaking at GFS Singapore Edition 2022

Appendices

GHG data appendix

To ensure accurate GHG emission reporting to the SBTi, we double checked our GHG accounting against the GHG Protocol Corporate Standard. TAL meets the standard in terms of relevance, completeness, accuracy, transparency and consistency.

The improvements identified during the review were about communication of our GHG emissions to align with the standard's criteria and guidance. This includes further breakdown of our emissions into scopes 1 and 2 and providing a location breakdown. In addition, this will be the first year TAL will report on our scope 3 GHG emissions. We provide this additional appendix to supplement our GHG management article.

Additional corrections regarding our previous years' GHG reporting are also provided. Our GHG emission totals starting from 2009 were not communicated correctly. This is because between 2009 and 2021 we included limited scope 3 GHG emissions within our total GHG emissions report. Our fault is that we need to report scope 1, 2 and 3 separately, and we will do this going forward. To ensure accurate reporting we are providing table 1 on this page, correcting our 2009–2020 GHG emissions totals to only include scope 1 and 2 emissions.

Furthermore, it was also recommended for TAL to update its GHG emission factors (EFs). We were using outdated EFs for fuel and electricity. Our rational for not previously updating the EFs was because we wanted to ensure any reported GHG reductions were due to our own efforts and not a data adjustment. However, guidance by the standard suggests that companies should have procedures in place to update EFs over time. The update to the EFs triggered a recalculation of our 2018 base year emissions because the difference is greater than 5%. See Table 2 (on the next page) which highlights the difference in total GHG emissions between 2018 and 2022.

Table 1: Corrections to previously reported GHG emission totals

		CORRECTED GHG EMISSIONS OLD EFs[10]		
Year	Previous report total	Total	Scope 1	Scope 2
2009	98,370	**97,462**	32,698	64,764
2010	106,307	**105,418**	34,669	70,749
2011	89,655	**88,840**	28,603	60,237
2012	88,092	**86,706**	23,324	63,382
2013	86,440	**85,482**	20,653	64,829
2014	87,449	**86,045**	17,623	68,422
2015	82,084	**80,776**	15,348	65,428
2016	75,350	**74,489**	15,242	59,247
2017	76,682	**76,559**	18,139	58,420
2018	77,997	**77,975**	20,680	57,295
2019	71,366	**71,330**	20,464	50,866
2020	48,331	**48,506**	16,098	32,408

SCOPE 1 AND 2 GHG EMISSIONS

Table 2: Comparison between old EFs and new EFs starting in 2018

	GHG EMISSION OLD EFs			GHG EMISSIONS NEW EFs[11]		
Year	Total	Scope 1	Scope 2	Total	Scope 1	Scope 2
2018	**77,975**	20,680	57,295	**69,838**	21,339	48,498
2019	**71,330**	20,464	50,866	**67,226**	21,400	45,827
2020	**48,506**	16,098	32,408	**45,705**	16,639	29,066
2021	**50,046**	18,506	31,540	**47,074**	18,778	28,296
2022	**57,050**	21,078	35,973	**53,185**	21,066	32,119

Table 3: Breakdown of scope 1 and 2 GHG emissions by country

		CHINA	ETHIOPIA	HONG KONG	MALAYSIA	THAILAND	VIETNAM	GRAND TOTAL
2018	Scope 1	2,895	–	–	6,597	5,318	6,530	**21,339**
	Scope 2	11,793	–	471	16,230	8,328	11,677	**48,498**
	Total	**14,688**	**–**	**471**	**22,826**	**13,646**	**18,207**	**69,838**
2019	Scope 1	1,934	58	–	5,852	4,729	8,827	**21,400**
	Scope 2	7,694	1	494	15,159	7,299	15,181	**45,827**
	Total	**9,628**	**58**	**494**	**21,011**	**12,028**	**24,008**	**67,226**
2020	Scope 1	1,128	43	–	2,249	3,947	9,271	**16,639**
	Scope 2	3,885	0	320	5,637	6,055	13,169	**29,066**
	Total	**5,013**	**44**	**320**	**7,886**	**10,002**	**22,440**	**45,705**
2021	Scope 1	1,315	39	–	–	4,249	13,175	**18,778**
	Scope 2	4,537	0	298	–	6,092	17,369	**28,296**
	Total	**5,852**	**40**	**298**	**–**	**10,341**	**30,544**	**47,074**
2022	Scope 1	1,570	32	–	–	3,345	16,120	**21,066**
	Scope 2	5,353	0	309	–	7,252	19,204	**32,119**
	Total	**6,923**	**32**	**309**	**–**	**10,596**	**35,325**	**53,185**

SCOPE 3 GHG EMISSIONS

We are only reporting our base year and our most recent year scope 3 GHG emissions for reference. Rows in grey are considered not relevant for TAL because we either do not have such business, or our influence and visibility is considered beyond our value chain.

Table 4: Scope 3 GHG emissions

		2018		2022	
Category	**Sub-category**	**Non-FLAG emission (tCO_2e)**	**FLAG emission (tCO_2e)**	**Non-FLAG emission (tCO_2e)**	**FLAG emission (tCO_2e)**
Cat 1 Purchased goods and services	Fabric	261,648	30,272.52	176,022	42,486.32
	Trims	7,198	2,240.53	8,241	2,300.42
	Other purchased goods	5,377		3,711	
Cat 2 Capital goods		2,738		4,001	
Cat 3 Fuel- and energy-related activities (not included in Scope 1 or 2)		10,046		11,193	
Cat 4 Upstream transportation		6,267		4,438	
Cat 5 Waste generation		411		347	
Cat 6 Business travel		1,410		542	
Cat 7 Employee commuting		16,961		16,871	
Cat 8 Upstream leased assets					
Cat 9 Downstream transportation and distribution		6,267		4,438	
Cat 10 Processing of sold products					
Cat 11 Use of sold products					
Cat 12 End-of-life treatment of sold products		6,814		5,132	
Cat 13 Downstream leased assets					
Cat 14 Franchises					
Cat 15 Investments					
Total			**357,648**		**279,723**

GRI index

Statement of use	TAL Apparel Limited has reported in accordance with the GRI Standards for the period 1 January 2021–31 December 2022.	**GRI 1 used**	GRI 1: Foundation 2021	**Applicable GRI Sector Standard(s)**	N/A

GRI STANDARD		GRI DISCLOSURE CONTENT	PAGE NUMBER(S), URLS OR COMMENT
GENERAL DISCLOSURES			
GRI 2: General disclosures 2021	2-1	Organisational details	Welcome to TAL Apparel, **p. 2**.
	2-2	Entities included in the organisation's sustainability reporting	Our locations, **p. 13**.
	2-3	Reporting period, frequency and contact point	Welcome to TAL Apparel, **p. 2**.
	2-4	Restatements of information	GHG Data Appendix, **p. 74** – Restatement of GHG emissions since 2009 and updated emission factors since 2018.
	2-5	External assurance	None.
	2-6	Activities, value chain and other business relationships	Welcome to TAL Apparel, **p. 2**.
	2-7	Employees	Appendix on Workforce disclosure, **p. 82**.
	2-8	Workers who are not employees	N/A – We do not have such workers.
	2-9	Governance structure and composition	Corporate governance, **p. 7**.
	2-10	Nomination and selection of the highest governance body	N/A – We are a privately held company.
	2-11	Chair of the highest governance body	N/A – We are a privately held company.
	2-12	Role of the highest governance body in overseeing the management of impacts	See section C1.2a of our **public CDP reports.**
	2-13	Delegation of responsibility for managing impacts	See Environmental management, **p. 48**, and section C1.2a of our **public CDP reports.**
	2-14	Role of the highest governance body in sustainability reporting	The Vice Chair on the Board of Directors oversees the sustainablity report writing and engages with the executive committee on drafting sections of the report.
	2-15	Conflicts of interest	N/A – We are a privately held company.
	2-16	Communication of critical concerns	See description of grievance mechanism in our **SR 2017–2018, p. 22**, and **SR 2019–2020, p. 23**.
	2-17	Collective knowledge of the highest governance body	When the Board of Directors meet to review progress on the company's strategy, time is taken to also educate Board Members on sustainability topics to ensure collective understanding of the topic and its relevance to the sustainability strategy.

GRI STANDARD		GRI DISCLOSURE CONTENT	PAGE NUMBER(S), URLS OR COMMENT
GRI 2: General disclosures 2021 (cont.)	2-18	Evaluation of the performance of the highest governance body	N/A – We are a privately held company.
	2-19	Remuneration policies	N/A – We are a privately held company.
	2-20	Process to determine remuneration	N/A – We are a privately held company.
	2-21	Annual total compensation ratio	N/A – We are a privately held company.
	2-22	Statement on sustainable development strategy	Message from the Vice Chair and CEO, **p. 5**.
	2-23	Policy commitments	See our online **Sustainable Business Practices** policy document.
	2-24	Embedding policy commitments	Each of our sustainability reports outlines the ongoing process of embedding our policy commitments throughout our organisation. See **our website** for our evolving practices.
	2-25	Processes to remediate negative impacts	See our **SR 2019–2020, p. 23**. We did not report on requirement 2-25e. In the next report, we will provide more details on the effectiveness of our grievance mechanisms.
	2-26	Mechanisms for seeking advice and raising concerns	See description of grievance mechanism in **SR 2017–2018, p. 22**, and **SR 2019–2020, p. 23**.
	2-27	Compliance with laws and regulations	No incidents on non-compliance.
	2-28	Membership associations	Industry collaboration, **p. 68**.
	2-29	Approach to stakeholder engagement	Scope of this report, **p. 9**.
	2-30	Collective bargaining agreements	TAL Apparel covers 100% of all employees in the collective bargaining agreement.

GRI STANDARD		GRI DISCLOSURE CONTENT	PAGE NUMBER(S), URLS OR COMMENT
MATERIAL TOPICS			
GRI 3	3-1	Process to determine material topics	Scope of this report, **p. 9**.
	3-2	List of material topics	GRI index, **p. 77**.
Economic performance			
GRI 3	3-3	Management of material topics	Disclosure of climate risk impacts are done through our CDP report. See section C2 of our **public CDP reports.**
GRI 201	201-2	Financial implications and other risks and opportunities due to climate change	Disclosure of climate risk impacts are done through our CDP report. See section C2 of our **public CDP reports.**
Anti-corruption			
GRI 3	3-3	Management of material topics	Anti-corruption is in our **Sustainable Business Practices** policy and it is communicated to all employees at TAL Apparel and to our suppliers and subcontractors through the Welcome Kit.
GRI 205	205-1	Operations assessed for risks related to corruption	All operations are assessed by internal audit on a quarterly basis. Details provided in **SR 2017–2018** and **SR 2019–2020**.
	205-2	Communication and training about anti-corruption policies and procedures	All employees are trained during onboarding of TAL's values and introduced to our internal grievance mechanism to report suspected wrongdoing. Details provided in **SR 2017–2018** and **SR 2019–2020**.
	205-3	Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption during reporting period.
Water and effluents			
GRI 3	3-3	Management of material topics	Water management, **p. 53**, and Wastewater management, **p. 60**.
GRI 303	303-1	Interactions with water as a shared resource	Water management, **p. 53**, and Wastewater management, **p. 60**.
	303-2	Management of water discharge-related impacts	Wastewater management, **p. 60**.
	303-3	Water withdrawal	Water management, **p. 54**.
	303-4	Water discharge	Wastewater management, **p. 60**.
Emissions			
GRI 3	3-3	Management of material topics	GHG management, **p. 49**.
GRI 305	305-1	Direct (Scope 1) GHG emissions	GHG management, **p. 51**. and GHG data appendix, **p. 74**.
	305-2	Energy indirect (Scope 2) GHG emissions	GHG management, **p. 51**. and GHG data appendix, **p. 75**.
	305-3	Other indirect (Scope 3) GHG emissions	GHG management, **p. 51**. and GHG data appendix, **p. 76**.
	305-4	GHG emissions intensity	GHG management, **p. 50**.
	305-5	Reduction of GHG emissions	GHG management, **p. 51**.

GRI STANDARD		GRI DISCLOSURE CONTENT	PAGE NUMBER(S), URLS OR COMMENT
Waste			
GRI 3	3-3	Management of material topics	Waste management, **p. 56**.
GRI 306	306-1	Waste generation and significant waste-related impacts	Waste management, **p. 57**.
	306-2	Management of significant waste-related impacts	Waste management, **p. 57**.
	306-3	Waste generated	Waste management, **p. 56**.
	306-4	Waste diverted from disposal	Waste management, **p. 56**.
	306-5	Waste directed to disposal	Waste management, **p. 56**.
Employment			
GRI 3	3-3	Management of material topics	Social & Labour Management System, **p. 28**.
GRI 401	401-1	New employee hires and employee turnover	Supplemental data, **p. 82**.
Labour/management relations			
GRI 3	3-3	Management of material topics	Foreign migrant workers – Thailand, **p. 34**, and **SR 2019–2020, p. 18**.
Occupational health and safety			
GRI 3	3-3	Management of material topics	Health and Safety Management System, **p. 44**, and **SR 2019–2020, p. 39**.
GRI 403	403-1	Occupational health and safety management system	Overview can be found in **SR 2019–2020, p. 39**.
	403-2	Hazard identification, risk assessment and incident investigation	Part of our Health and Safety Management System. See overview from **SR 2019–2020, p. 39**.
	403-3	Occupational health services	Health and safety initiatives, **p. 45**.
	403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety initiatives, **p. 45**.
	403-5	Worker training on occupational health and safety	Health and safety initiatives, **p. 45**.
	403-6	Promotion of worker health	Health and safety initiatives, **p. 45**.
	403-8	Workers covered by an occupational health and safety management system	All workers across our operations are covered under our Health and Safety Management System.
	403-7	Work-related injuries	Health and Safety Management System, **p. 44**.
	403-10	Work-related ill health	Health and Safety Management System, **p. 44**.

GRI STANDARD		GRI DISCLOSURE CONTENT	PAGE NUMBER(S), URLS OR COMMENT
Training and education			
GRI 3	3-3	Management of material topics	Talent development and management, **p. 35**.
GRI 402	402-2	Programs for upgrading employee skills and transition assistance programs	Talent development and management, **p. 36**, and see **SR 2019–2020, p. 30**. for more details of our functional skilled knowledge (FSK) program.
Non-discrimination			
GRI 3	3-3	Management of material topics	Non-discrimination is regulated as part of our Social & Labour Management System and is monitored as part of the self-monitoring program. For an overview of our management process, see **SR 2017–2018, p. 21**, and for subcontractors see **SR 2015–2016, p. 37**.
GRI 406	406-1	Incidents of discrimination and corrective actions taken	Audits and subcontractor screening, **p. 30**. – No confirmed incidents of discrimination found from internal or external audits.
Freedom of association and collective bargaining			
GRI 3	3-3	Management of material topics	Freedom of association is regulated as part of our Social & Labour Management System and is monitored as part of the self-monitoring program. For an overview of our management process, see **SR 2017–2018, p. 21**, and for subcontractors see **SR 2015–2016, p. 37**.
GRI 407	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Audits and subcontractor screening, **p. 30**. – No incidents found where freedom of association was called into question from internal or external audits.
Child labour			
GRI 3	3-3	Management of material topics	Child labour is regulated as part of our Social & Labour Management System and is monitored as part of the self-monitoring program. For an overview of our management process, see **SR 2017–2018, p. 21**, and for subcontractors see **SR 2015–2016, p. 37**.
GRI 408	408-1	Operations and suppliers at significant risk for incidents of child labour	Audits and subcontractor screening, **p. 30**. – No child labour or identified risk of child labour at any location.
Forced or compulsory labour			
GRI 3	3-3	Management of material topics	Forced labour is regulated as part of our Social & Labour Management System and is monitored as part of the self-monitoring program. For an overview of our management process, see **SR 2017–2018, p. 21**, and for subcontractors see **SR 2015–2016, p. 37**.
GRI 409	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Audits and subcontractor screening, **p. 30**. – No forced labour or identified risk of forced labour at any location.

Workforce supplemental data

TOTAL NUMBER OF EMPLOYEES

31 DEC 2019	31 DEC 2022
16,734	18,212

EMPLOYEES BY FACTORY OR OFFICE

	2021	2022
Hong Kong		
TAL Headquarters	207	217
Thailand		
Thai Garments 1 (TG1)	1874	2220
Thai Garments 2 (TGM)	1618	1979
China		
Textile Alliance Apparel (TAA)	1314	1420

	2021	2022
Vietnam		
TAV Limited	5507	6000
Vietnam Garments Manufacturing (VNG)	5308	5575
Ethiopia		
TAL Garments Manufacturing PLC (ETG)	906	801

EMPLOYEES BY REGION

	2021		2022	
China	1314	8%	1420	8%
Thailand	3492	21%	4199	23%
Vietnam	10815	65%	11575	64%
Ethiopia	906	5%	801	4%
Hong Kong	207	1%	217	1%

EMPLOYEES BY CONTRACT AND GENDER

	2021	2022	2021	2022
	Male		**Female**	
Permanent	5408	4343	9126	10123
Fixed term	724	1387	1476	2359
Total by gender	6132	5730	10602	12482
	37%	31%	63%	69%

EMPLOYEES BY CATEGORY AND NATIONALITY

	2021	2022	2021	2022
	Local		**Foreign**	
Managerial	385	394	69	64
	85%	86%	15%	14%
Non managerial	3482	3868	38	19
	99%	100%	1%	0%
Operators	11464	12107	1296	1760
	90%	87%	10%	13%
Total by nationality	15331	16369	1403	1843
	92%	90%	8%	10%

EMPLOYEES BY CATEGORY AND AGE GROUP

	2021	2022	2021	2022	2021	2022
	under 30		30–50		over 50	
Managerial	13	15	379	373	62	70
	3%	3%	83%	81%	14%	15%
Non managerial	1074	1321	2319	2411	127	155
	31%	34%	66%	62%	4%	4%
Operators	5687	6806	6788	6793	285	268
	45%	49%	53%	40%	2%	2%
Total by category	6774	8142	9486	9577	474	493
	40%	45%	57%	53%	3%	3%

EMPLOYEES BY CATEGORY AND GENDER

	2021	2022	2021	2022
	Female		Male	
Managerial	264	265	190	193
	58%	58%	42%	42%
Non managerial	2397	2651	1123	1236
	68%	68%	32%	32%
Operators	7938	9567	4822	4300
	62%	69%	38%	31%
Total by gender	10599	12483	6135	5729
	63%	69%	37%	31%

NEW HIRES & TURNOVER BY AGE GROUP

	2021	2022	2021	2022	2021	2022
	under 30		30–50		over 50	
New hires	5379	6050	2446	2696	42	46
	6.6%	6.2%	2.1%	2.3%	0.7%	0.8%
Turnover	3174	5247	2210	2970	63	59
	3.9%	5.4%	1.9%	2.6%	1.1%	1.0%

NEW HIRES & TURNOVER BY GENDER

	2021	2022	2021	2022
	Female		Male	
New hires	4190	4943	3677	3849
	3.3%	3.3%	5.0%	5.6%
Turnover	3291	4635	2156	3641
	2.6%	3.1%	2.9%	5.3%

NEW HIRES & TURNOVER BY REGION

	2021		2022		2021		2022	
	New hires				Turnover			
China	972	6.2%	1400	8.2%	762	4.8%	1284	7.5%
Thailand	906	2.2%	1700	3.4%	1038	2.5%	1030	2.0%
Vietnam	5857	4.5%	5577	4.0%	3541	2.7%	5866	4.2%
Ethiopia	48	0.4%	28	0.3%	23	0.2%	30	0.3%
Hong Kong	84	3.4%	87	3.3%	83	3.3%	66	2.5%

Endnotes

1. 'Thai Government Launches "Factory Sandbox" Scheme to Protect 3 Million Jobs', *National News Bureau of Thailand*, 20 August 2021 (**thainews.prd.go.th/en/news/detail/TCATG210820110903235**).
2. When discussing audit findings, 'subcontractors' refers to those companies TAL factories hire for security, housekeeping and canteen. This is different from production related subcontractors that TAL monitors and audits, which are discussed in the next section.
3. This is a standard incident frequency measure provided by OSHA to compare injury frequency across factories and industries. It is based on the number of hours that 100 employees working 40 hours per week, 50 weeks per year would work, and provides the standard base for calculating incidence rate for an entire year.
4. In this report, COVID-19 and other illnesses are reported separately. In future reports, COVID-19 will be counted among the reported illnesses data collected by our factories.
5. **freeingenergy.com/what-is-a-kilowatt-hour**.
6. Direct discharge – treated water is discharged back into water canal. Indirect discharge – treated water is sent to another water treatment plant before being discharged to a waterway.
7. **atingi.org.**
8. CAF is the foundation of the Higg FSLM. The only difference is that the Higg FSLM overlays a scoring methodology.
9. **linkedin.com/posts/globalfashionagenda_globalfashionagenda-globalfashionsummit-alliancesforanewera-activity-6995343155797618688-slfJ.**
10. GHG emissions old EFs means GHG emissions total using an older set of emission factors.
11. GHG emissions new EFs means GHG emissions total using recent set of emission factors beginning in the year 2018.

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