SUSTAINABILITY REPORT 2024

Contents

About This Sustainability Report

This Sustainability Report 2024 (the "**Report**") was prepared in compliance with the Environmental, Social and Governance ("**ESG**") Reporting Code set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and has been prepared with reference to the Global Reporting Initiative ("**GRI**") Standards. Our climate-related disclosures align with the framework of the Task Force on Climate-related Financial Disclosures ("**TCFD**"). This marks the sixteenth sustainability report published by Crystal International Group Limited ("**Crystal**" or "**Crystal International**" or the "**Company**" or "**we**" or "**our**" or "**us**") (Stock code: 2232), covering our sustainability performance for the calendar year from 1 January to 31 December 2024.

During the reporting year, Crystal sustained our operational growth and business expansion. The reporting boundary of this Report encompasses all 22 operational facilities across five countries – Vietnam, China, Cambodia, Bangladesh, and Sri Lanka – unless otherwise specified. This Report highlights the positive strides towards our transition to a net-zero fashion future, addressing material sustainability topics and navigating broader challenges.

The report cover features three characters each advocating a sustainability topic, reflecting our commitment to regenerating nature, resourcing people, and revitalising community. This embodies the core of our sustainability ambition, Crystal Sustainability Vision 2030 ("**CSV2030**"), which is a comprehensive set of environmental and social indicators that underscores the growing importance of our sustainability focus. During the year, we embarked on this new journey, formulating strategies and action plans across all eight impact areas, with implementation details being developed for all operating facilities.

I would like to express my heartfelt appreciation for the unwavering support of our top management, whose confidence in our sustainability efforts continues to drive us forward. My sincere gratitude also extends to all our global factories and exceptional employees for their dedicated contributions, which have enabled us to achieve these significant milestones. The collaboration across all departments has not only strengthened our internal cohesion but has also bolstered the trust of our external stakeholders.

Looking ahead, we are determined to scale the realisation of our CSV2030 targets. We will accelerate our collaboration with all stakeholders to make continuous progress towards our vision in the years to come.

We welcome your valuable feedback on this Report regarding our sustainability performance, initiatives and policies. For any related enquiries, please contact us at sustainability@crystalgroup.com.

Catherine Chiu
Vice President
Corporate Quality and Sustainability
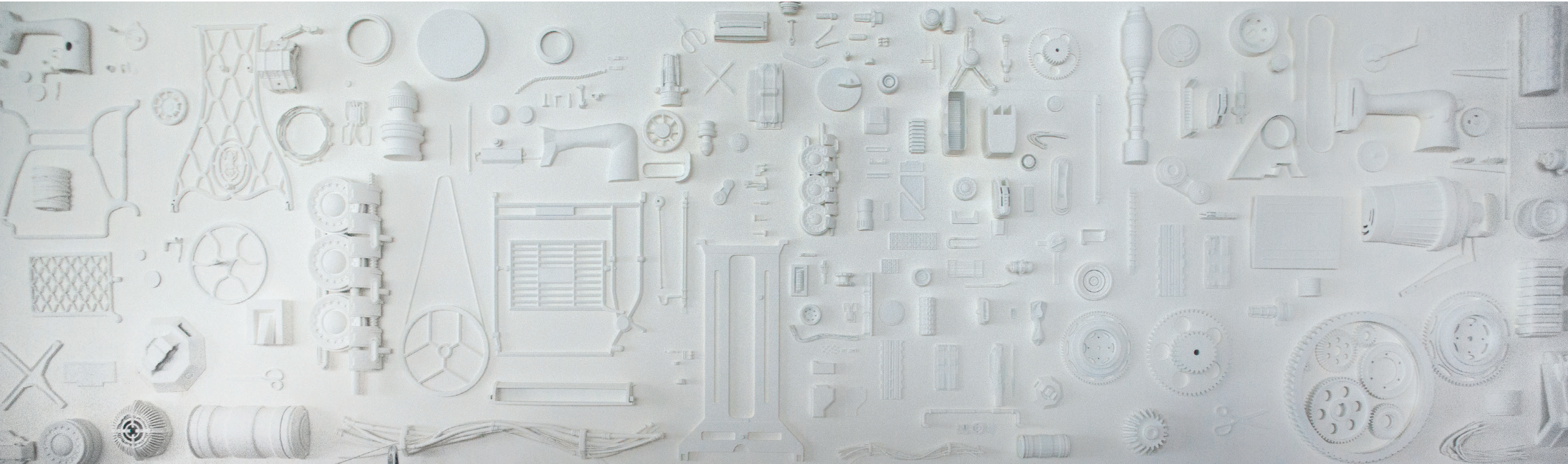
CEO Message

Looking back, 2024 was a time of gradual recovery. Amidst geopolitical and macroeconomic challenges, our business demonstrated greater operational resilience, achieving positive recovery and stable growth. Rooted in our purpose, sustainability remains an integral part of our strategic operations for almost two decades, enabling us to achieve business excellence. As our work continues, our long-term actions and steps aspire to drive meaningful change, making fashion sustainable for future generations and the planet.

During the year, we strategically made a decisive commitment to a course of action aimed at seizing market opportunities and maintaining competitiveness. Beyond achieving our business and operational targets, we proactively enhanced our operations to better respond to customer needs, drive efficiency and productivity, optimise capacity, and sustain business performance. I am grateful to our employees for embracing this mindset as a shared commitment to success, recognising the true value of their work and making meaningful contributions to both the Company and the world.

Gearing Up for Crystal Sustainability Vision 2030

Building on the significant achievements made since 2007, we formulated the Crystal Sustainability Vision 2030 ("**CSV2030**"), a key milestone of our sustainable development that guides our future ambitions. As our mid-term strategy, we are committed to addressing a broader scope of emerging ESG issues across eight impact areas that include both environmental and social aspects. During the reporting year, we embarked on the CSV2030 journey and are now taking full action to accelerate its implementation. To solicit support from internal and external stakeholders, we have been engaging them through a communication matrix across various channels. With our strong focus, all dedicated employees are diligently working towards realising our vision.

Leading with Net Zero 2050

Global climate threats such as extreme weather events continued to have a significant impact in 2024. For instance, the strongest typhoon in 30 years in the South China Sea brought severe destruction to our largest operating country, Vietnam. In view of the growing climate urgency, we have been relentlessly advancing our multi-pronged climate strategy and climate-related risk management under the Crystal Net Zero 2050 Vision. We have planned to adopt more than 200 short- and long-term energy efficiency measures identified from the net zero roadmap study, laying a robust foundation for an energy-efficient future. In terms of renewable energy, our solar installations have been expanded continually, raising our group-wide solar PV capacity to 20 MW – a five-fold growth since 2021. I am also heartened to see that our carbon intensity reduced by 6% compared with 2023. All these actions accentuate our environmental leadership and climate management in building net-zero resilience. We are well on our way to achieving this goal.

Powering Factory Governance

What stood out to us most in achieving success was our robust factory governance. During the year, we put unwavering focus on strengthening factory governance beyond mere compliance across different areas, including occupational health and safety, brand protection, business ethics, and anti-corruption. By building awareness, setting targets, conducting training, and monitoring progress, advancing factory governance enables an effective control mechanism that addresses critical gaps and establishes shared guidelines. I believe powering factory governance is indispensable to navigate the ever-changing business landscape successfully.

Embracing Future Challenges

While we are greatly encouraged to be on the CDP A List for two consecutive years, we remain modest about our remarkable achievements recognised by esteemed organisations. Moving beyond, we will intensify strategic actions to drive towards CSV2030. To maintain our competitive edge and meet the rising expectations from stakeholders, we will gear up internally and externally to prepare for emerging legislations in the EU, the United States, and the United Kingdom that will shape circular economy and due diligence requirements. In light of growing concerns about achieving net zero, we will strengthen climate-related risk management, building resilience to address vulnerabilities in our business. In addition to climate action, fostering a circular economy remains a crucial priority for us. To catalyse wider change, we will continue partnering with customers to innovate green and sustainable materials for circularity, which they prioritise at the top of their agenda.

The journey might be arduous. While challenging circumstances will only strengthen us, I am optimistic about collaborating with our staunch employees, like-minded value chain partners, devoted suppliers, and passionate stakeholders to achieve the shared vision. I would like to profoundly thank my global teams for their conscientious efforts and contributions over the past year. An agile, innovative workforce will drive our business success as we transition to a sustainable future. Our ability to thrive and our commitment to the right values will continue to weave Crystal's sustainability story for many more impactful years to come.

Andrew Lo
Chief Executive Officer

About Crystal International

As a global apparel manufacturer, Crystal International Group Limited has established itself as a sustainability pioneer. Founded in 1970 and headquartered in Hong Kong, the Company and its subsidiaries (collectively, the "**Group**") have a diverse product portfolio spanning six categories where the Group holds a leading position: Lifestyle wear, Sportswear and outdoor apparel, Denim, Intimate, Sweater, and Fabrics. The Group operates a multi-country manufacturing platform, with production facilities comprising garment factories and fabric mills spanning five countries: Vietnam, China, Cambodia, Bangladesh, and Sri Lanka.
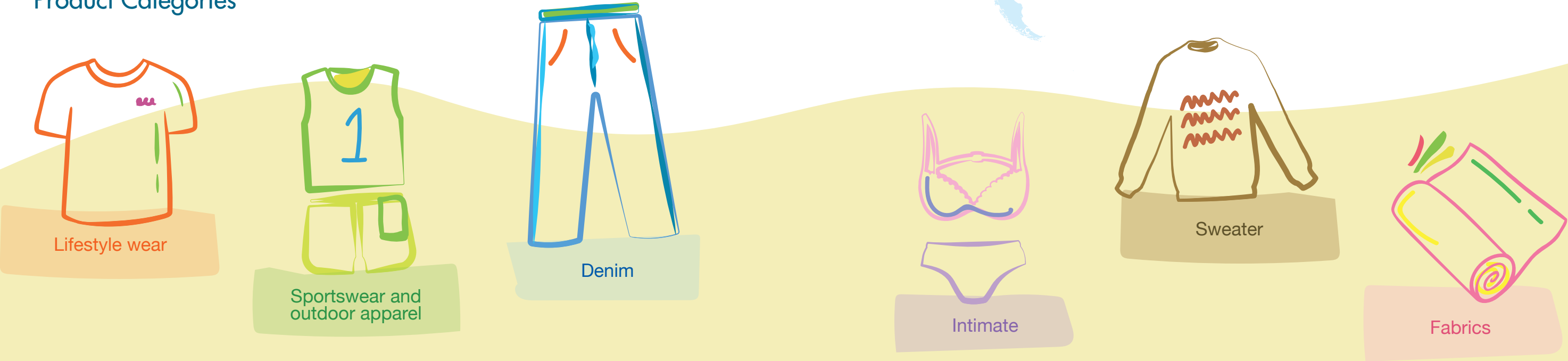
Mission

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

Corporate Values

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

Product Categories

Lifestyle wear

Sportswear and outdoor apparel

Denim

Intimate

Sweater

Fabrics

Geographical Markets and Multi-country Production Facilities

US
38.2%

Europe
19.4%

Asia
39.8%

Others
2.6%

Production Facilities:
Vietnam, China, Cambodia, Bangladesh, and Sri Lanka
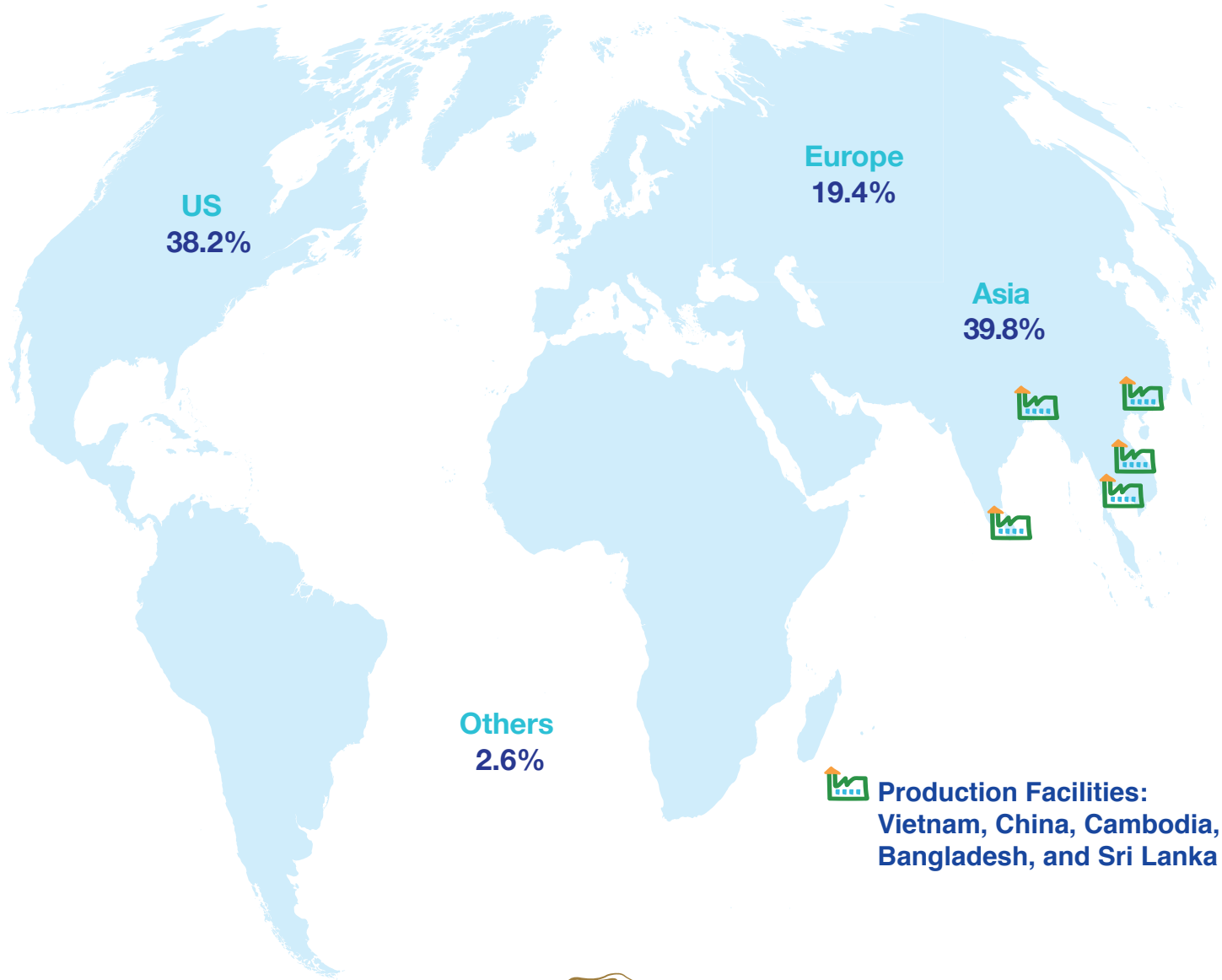
Corporate Governance

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

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

The composition of Crystal's Board is thoughtfully diversified, featuring a substantial number of female Board members as well as members with expertise in management of different industries, banking and finance, technology, and manufacturing. This diversity strategically reflects Crystal's commitment to staying at the forefront of manufacturing innovation and efficiency. Such a varied Board composition is instrumental in steering Crystal towards its vision of excellence in manufacturing capabilities.

Understanding the critical nature of board development, Crystal invests in the continuous development of our Board members. Seminars, forums and factory visits to our operational countries are organised, providing Board members with deeper insights into the Company's business environment, risk management and operations. These visits are more than informational excursions; they are integral to ensuring that Board members are well-informed and equipped to thoroughly understand the business landscape in which Crystal navigates.

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

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

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

- Audit Committee
- Corporate Development Committee
  (ceased on 1 January 2025)
- Nomination Committee
- Remuneration Committee
- People Committee
  (established on 1 January 2025)
- Sustainability Committee

The roles and responsibilities of each committee and details of our corporate governance framework are available in Crystal's Annual Report 2024.

The Board places significant emphasis on the oversight of the Group's risk management and internal control processes, delegating this responsibility to the Audit Committee. This ensures a focused approach to identifying and mitigating risks. The Audit Committee, supported by the Internal Audit Department, actively assesses the effectiveness of these processes, regularly monitors the status of risk mitigation, and provides updates to the Board.

Additionally, other board committees manage risks pertinent to their areas, ensuring alignment with the Group's overall strategy. To maintain high standards of corporate governance, the Board conducts regular evaluations of its performance, reinforcing its commitment to effective risk management and sustainable growth in a dynamic business environment.

Sustainability Governance

Our sustainability efforts are led holistically through an aligned overall framework. The Board provides a high level of sustainability governance, retaining overall responsibility for Crystal's sustainability strategic direction, policies, and annual reporting. The role of the Board involves steering and supervising sustainability strategies to ensure their effectiveness and relevance in response to emerging issues.

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

The sustainability performance and progress towards our targets are reported quarterly to the Executive Committee ("**Execo**") members and twice a year to the Sustainability Committee for review and evaluation.

ESG Risk Management

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

Authorised by the Board and led by an Executive Director, the Corporate Quality and Sustainability Department ("**CQS**") is delegated to develop sustainability strategies and policies, work with business units to embed sustainability into operations, implement relevant initiatives, assess the Group's sustainability performance, identify improvement areas, and lead sustainability reporting. The CQS and sustainability departments of our factories are responsible for executing projects, evaluating results, monitoring potential risks, and reporting on performance to senior management.

Please refer to the section "Stakeholder Engagement" for the process used to evaluate, prioritise and manage material sustainability-related issues.
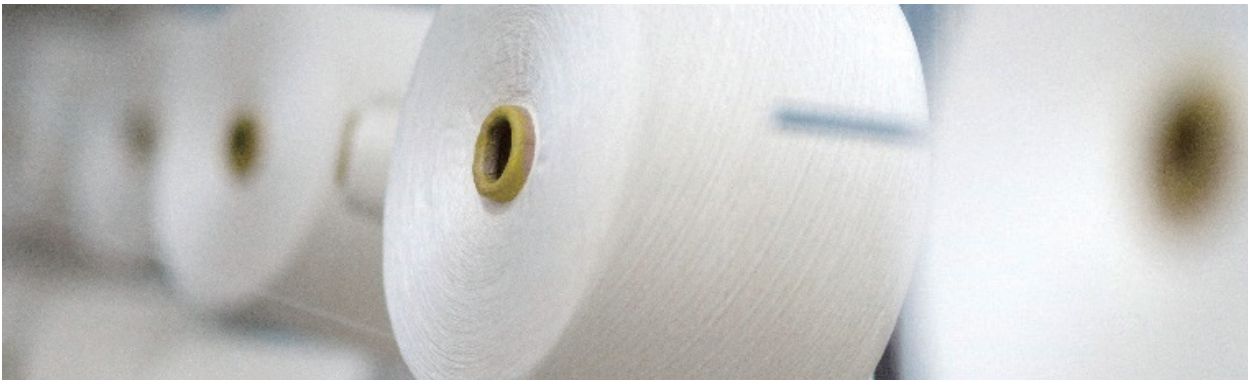
Our Sustainability Vision and Approach

Our Sustainability Framework

We established the Group-level sustainability framework in 2007, and sustainability has been deeply ingrained in our core operations since then. Serving as a guiding principle when formulating sustainability strategies, the five pillars of the framework and their highlighted initiatives are:

Environment

- Crystal Net Zero 2050 Vision
- UN Fashion Industry Charter for Climate Action ("**UNFICCA**")
- Decarbonisation strategy and roadmap
- Group-wide rooftop solar plan
- CDP disclosure and TCFD
- Global partnership for climate action and circularity
- Sustainable materials and product development
- Holistic water conservation
- Zero landfill vision

6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Innovation

- Automation for operational efficiency and effectiveness
- Process digitalisation
- FLAP and FLOCK smart manufacturing models
- Modernisation Centre to achieve manufacturing excellence and industry 4.0
- Smart warehouse
- System transformation and integration

8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Product Integrity

- Quality Policy and corporate guidelines
- Group-wide quality management system
- Digitalising quality assurance processes and Quality Online System
- Supply chain quality management
- Quality belief and culture promotion
- Brand protection guidelines and trainings

8 DECENT WORK AND ECONOMIC GROWTH
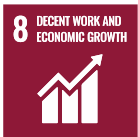
Employee Care

- People-oriented culture
- Gender equality engagement activities
- Talent development and capacity building
- CARE and P.A.C.E. for women empowerment
- RISE Respect programme pilot
- Promoting a health and safety culture
- Employee wellness programmes

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH

Community Engagement

- Creating shared value with local communities
- Employee volunteering to address social needs
- Advancing collaboration for healthy and sustainable communities
- Consistent support for community resilience
- Global tree planting

1 NO POVERTY | 3 GOOD HEALTH AND WELL-BEING

United Nations Global Compact

WE SUPPORT UN GLOBAL COMPACT

Since 2021, we have joined the United Nations Global Compact and continued to support its 10 universal principles covering human rights, labour, environment, and anti-corruption. By joining hands with more than 23,000 other participating companies and organisations worldwide, we remain committed to integrating these principles into our strategy, culture, and daily operations and to engaging with our industry peers through partnerships that drive progress towards shared goals.

The Ten Principles of the United Nations Global Compact

Businesses should:

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

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

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

ANTI-CORRUPTION
10. Work against corruption in all its forms, including extortion and bribery.
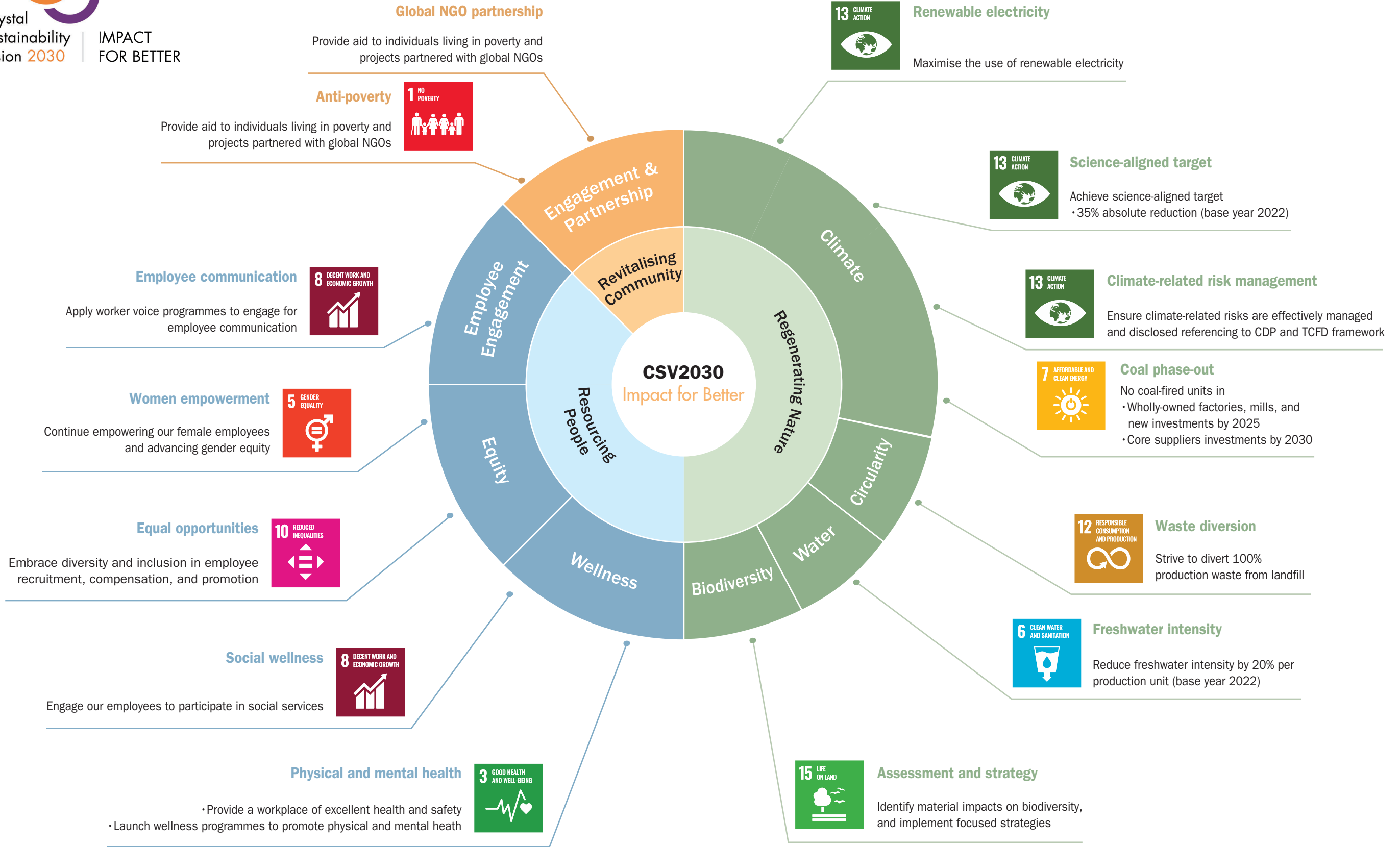
Crystal Sustainability Vision 2030 – Impact for Better

Following the launch of our Crystal Sustainability Vision 2030 ("**CSV2030**") in 2023, we are committed to crafting a blueprint to take sustainable fashion to new heights, building on 17 years of persistent efforts in sustainability. Aligned with the UN SDGs, CSV2030 consists of eight impact areas across environmental, people, and community dimensions, as well as relevant goals associated with each impact area, aiming to tackle wider sustainability challenges and pressing threats. "Impact for better" accentuates our ambition and driving force behind CSV2030. It also illustrates our aspiration to create a positive impact for our nature, people, and communities to weave a better future.

During the past year, we devised the action agenda of CSV2030. Moving forward, we and all our factories will develop and implement tailored actionable items in detail and monitor progress towards achieving this vision.

Poster was one of our communication collaterals to raise internal awareness and garner support for CSV2030.

Crystal Sustainability Vision 2030 | IMPACT FOR BETTER

Global NGO partnership
Provide aid to individuals living in poverty and projects partnered with global NGOs

Anti-poverty
1 NO POVERTY
Provide aid to individuals living in poverty and projects partnered with global NGOs

Employee communication
8 DECENT WORK AND ECONOMIC GROWTH
Apply worker voice programmes to engage for employee communication

Women empowerment
5 GENDER EQUALITY
Continue empowering our female employees and advancing gender equity

Equal opportunities
10 REDUCED INEQUALITIES
Embrace diversity and inclusion in employee recruitment, compensation, and promotion

Social wellness
8 DECENT WORK AND ECONOMIC GROWTH
Engage our employees to participate in social services

Physical and mental health
3 GOOD HEALTH AND WELL-BEING
· Provide a workplace of excellent health and safety
· Launch wellness programmes to promote physical and mental heath

Renewable electricity
13 CLIMATE ACTION
Maximise the use of renewable electricity

Science-aligned target
13 CLIMATE ACTION
Achieve science-aligned target
· 35% absolute reduction (base year 2022)

Climate-related risk management
13 CLIMATE ACTION
Ensure climate-related risks are effectively managed and disclosed referencing to CDP and TCFD framework

Coal phase-out
7 AFFORDABLE AND CLEAN ENERGY
No coal-fired units in
· Wholly-owned factories, mills, and new investments by 2025
· Core suppliers investments by 2030

Waste diversion
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Strive to divert 100% production waste from landfill

Freshwater intensity
6 CLEAN WATER AND SANITATION
Reduce freshwater intensity by 20% per production unit (base year 2022)

Assessment and strategy
15 LIFE ON LAND
Identify material impacts on biodiversity, and implement focused strategies

CSV2030 Impact for Better

Engagement & Partnership — Revitalising Community — Employee Engagement — Equity — Resourcing People — Wellness — Climate — Regenerating Nature — Circularity — Water — Biodiversity

Highlights in 2024

20MW
Group-wide solar PV

~US$500,000
contribution to communities

No coal-fired units in wholly-owned factories

New 2-million tree planting target by 2030

Employee wellness programmes in all operating countries

~70,300 women empowered since 2016

3 factories achieved zero operational waste to landfill

~8,200 volunteering hours benefiting **~40,000** individuals

Net zero target validated by SBTi

- Regenerating Nature
- Resourcing People
- Revitalising Community

Stakeholder Engagement

We are committed to fostering timely and meaningful communication with our stakeholders, aiming to address their concerns and build lasting trust. We identify relevant stakeholders affected by our decisions, activities, and outcomes, prioritising those with whom we frequently interact to gather feedback in alignment with the reporting principles of materiality and inclusiveness.

To maintain strong connections with our stakeholders, it is essential to leverage diverse communication channels and nurture robust relationships. We actively and openly engage with different stakeholder groups on a continuous basis, fostering transparent two-way communication to understand their expectations, interests, and needs. Our communication channels include:

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

Stakeholder Groups

- Customers
- Communities
- Suppliers
- Investors
- NGOs
- Employees
- Governments
- Shareholders
- Media
- Institutions

Follow Us on Social Media

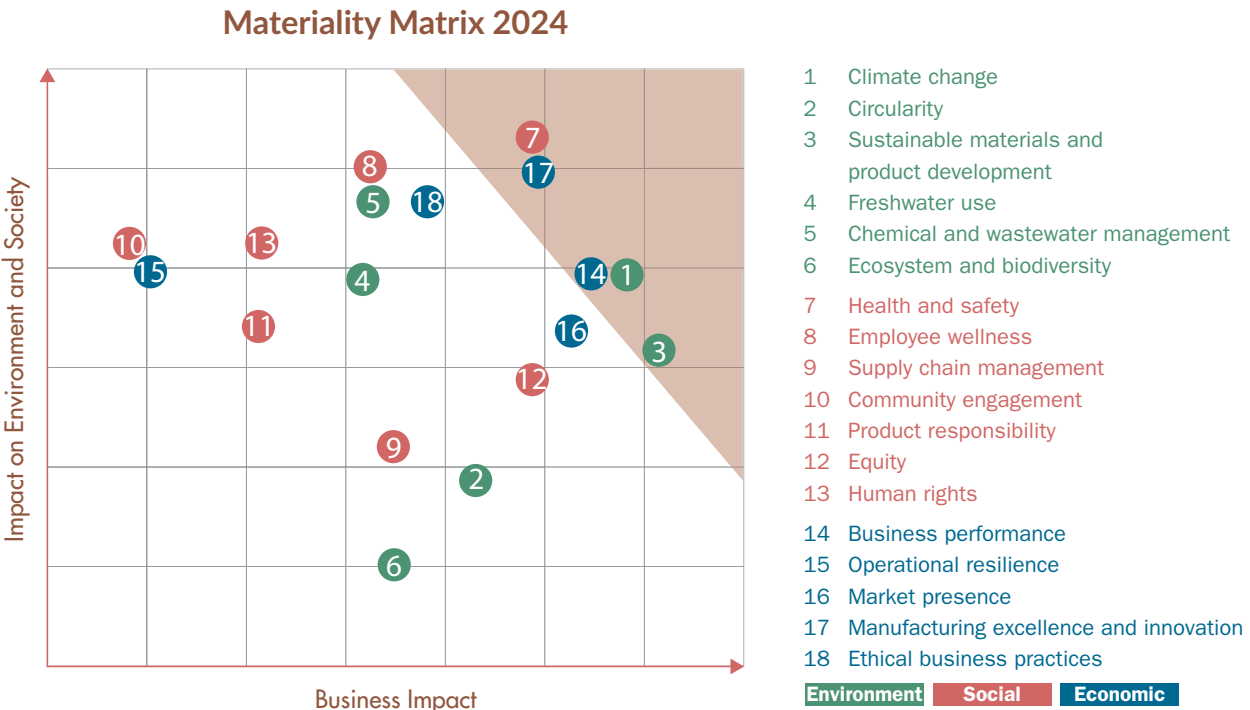**Facebook**   **Instagram**   **YouTube**   **LinkedIn**

Double Materiality Assessment

It is crucial to regularly engage with internal and external stakeholders in order to balance their significant viewpoints and identify issues related to the environment, society, and the economy that are relevant to us and our stakeholders.

This year, we revamped the materiality assessment to communicate more effectively and analysed how sustainability megatrends impact business operation. We began to adopt our first-ever double materiality approach, referencing the European Sustainability Reporting Standards ("**ESRS**") by the European Financial Reporting Advisory Group.

In the first year of adopting the double materiality approach, we assessed business sustainability from both the financial and impact perspectives. In addition to assessing material topics that reflect positive or negative impacts on the environment, society, or economy, we evaluated the impact of material topics on our business. This up-to-date assessment enables us to better review the integration of sustainability within our business, ensuring our sustainability strategy is purpose-aligned and adaptable in an ever-changing business landscape.

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

Materiality Matrix 2024

Impact on Environment and Society (y-axis)
Business Impact (x-axis)

1 Climate change
2 Circularity
3 Sustainable materials and product development
4 Freshwater use
5 Chemical and wastewater management
6 Ecosystem and biodiversity
7 Health and safety
8 Employee wellness
9 Supply chain management
10 Community engagement
11 Product responsibility
12 Equity
13 Human rights
14 Business performance
15 Operational resilience
16 Market presence
17 Manufacturing excellence and innovation
18 Ethical business practices

Environment   Social   Economic

Material Issues under Our Spotlight

The following topics were identified as material:

- Climate change
- Business performance
- Manufacturing excellence and innovation
- Health and safety
- Sustainable materials and product development

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

Key Initiatives for Addressing Stakeholder Concerns

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

Climate Change

- Net zero roadmap to 2050
- Interim 2030 target of reducing absolute carbon emissions by 35%
- Group-wide rooftop solar PV plan
- Transparency of climate action and emissions – CDP
- Climate-related risk management – TCFD
- Industry collaboration with customers, institutions, and NGOs
- Energy-efficient manufacturing process

Business Performance

- Increasing green energy and energy reduction capital investment in our five-year plan
- Setting key carbon-reduction initiatives in our balanced scorecard
- Enhancing factory productivity to drive down carbon emissions and costs
- Increasing investment in green energy and energy reduction initiatives
- Increasing research in energy-reduction initiatives

Manufacturing Excellence and Innovation

- System transformation and integration
- Digitalisation and automation
- Smart factory, smart warehouse, smart laundry
- Smart manufacturing models – FLAP and FLOCK
- Modernisation Centre
- Product and value-added process innovation
- Roadmap for artificial intelligence

Health and Safety

- Factory governance mechanism
  - Awareness and promotion
  - Operational control and tracking
- Social Compliance Policy
- Factory health and safety preventive mechanism
- ISO45001 Occupational Health and Safety Management System
- Life and Building Safety ("**LABS**") Initiative
- Programmes promoting physical and mental wellness

Sustainable Materials and Product Development

- Sustainable material certifications (e.g. GRS, OCS, BCI)
- Study of textile-to-textile recycling and material innovations
- Sustainable product design and development e.g. closed-loop denim
- Industry programmes and joint studies
- Local recycling hub pilot in Vietnam

Global Partnerships on Sustainability

Signatory

Fashion for Climate
Fashion Industry Charter for Climate Action

Disclosing Company (Climate Change)

CDP

Member

RACE TO ZERO

Member

Cascale

Member

CIRCULOSE®
SUPPLIER NETWORK

Project Partner (Enabling Systemic Circularity in Fashion)

FORUM FOR THE FUTURE

Participant

BetterWork

Silver Member

WWF Silver Member 純銀會員 2023/24 HONG KONG

Corporate Member

HKRITA
THE HONG KONG 香港紡織及成衣研發中心
RESEARCH INSTITUTE OF TEXTILES AND APPAREL

Founding Member

SFBC
Sustainable Fashion Business Consortium

Supporting "An Apparel Supplier's Guide 2.0" to Navigate Legislation

As we continue to pioneer in sustainability and join forces with the industry peers to drive systemic change, we also worked with them to prepare for regulatory risks. To ensure we stay well on track with upcoming regulations for the management of ESG topics and disclosures, we supported the development of the "An Apparel Supplier's Guide: Key Sustainability Legislations in the EU, US, and UK 2.0" led by Transformers Foundation, aiming to provide an overview of the most important sustainability-related legislative initiatives and their implications for suppliers in the apparel value chain.

As one of the eight apparel supplier partners, we provided insights and comments from the manufacturer's perspective. As the regulatory landscape continues to evolve, it is essential for suppliers to stay ahead of the curve.

2024 Edition

An Apparel Supplier's Guide

Key Sustainability Legislation in the EU, US, and UK

Global Circular Fashion Forum

Along with other industry players, we joined the Steering Committee of the Global Circular Fashion Forum ("**GCFF**") led by Global Fashion Agenda ("**GFA**") to bring about a fair, long-term and scalable transition to a circular fashion industry. We contributed to the Upstream Circularity Playbook and shared our closed-loop product development experience, for recycling post-industrial textile waste into new fabrics. The Playbook aims to inspire and motivate public and private sectors, to implement and encourage upstream circularity.

Upstream *Circularity* Playbook
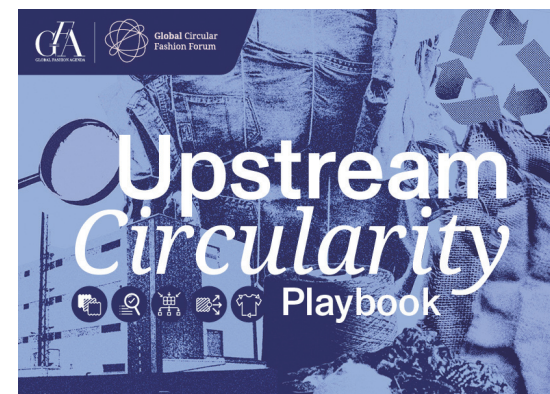
Recognition from Customers

35+ Years of Service,
by Gap Inc.

Partner Quality Management System ("**PQMS**") Award,
by Nike

Power of Partnerships Award,
by Levi Strauss & Co.

Supplier Recognition for Leadership in Sustainability 2024,
by Gap Inc.

Sustainability Award 2023,
by PUMA

Vendor of the Year and Best On-time Delivery Performance,
by Victoria's Secret & Co.

Regenerating Nature

Our Environmental Policy and Management System Guidelines

Overseen by our Sustainability Committee, our Corporate Environmental Policy sets out comprehensive principles on climate change mitigation, natural resources conservation, pollutant discharge management, circular economy creation, global greening, and employee awareness. The Policy lays the foundation for our factories to establish and implement an effective and robust environmental management system. Based on our Environmental Management System Guidelines, 10 of our factories were certified to international standards: the ISO14001 Environmental Management System, ISO50001 Energy Management System, and/or the WWF-HK's Low Carbon Manufacturing Programme ("**LCMP**").

During the year, all of our factories operated in line with the principles laid out in the Corporate Environmental Policy and complied with all related legal requirements. At the Group level, the Corporate Quality and Sustainability Department ("**CQS**") oversees various types of environmental performance, including carbon emissions, water consumption, waste management, material consumption, and compliance status with legal and customer requirements.

The environmental performance of all Crystal factories is reported to the Sustainability Committee twice a year and to senior management on a quarterly basis. The following sections show how we address potential environmental impacts.
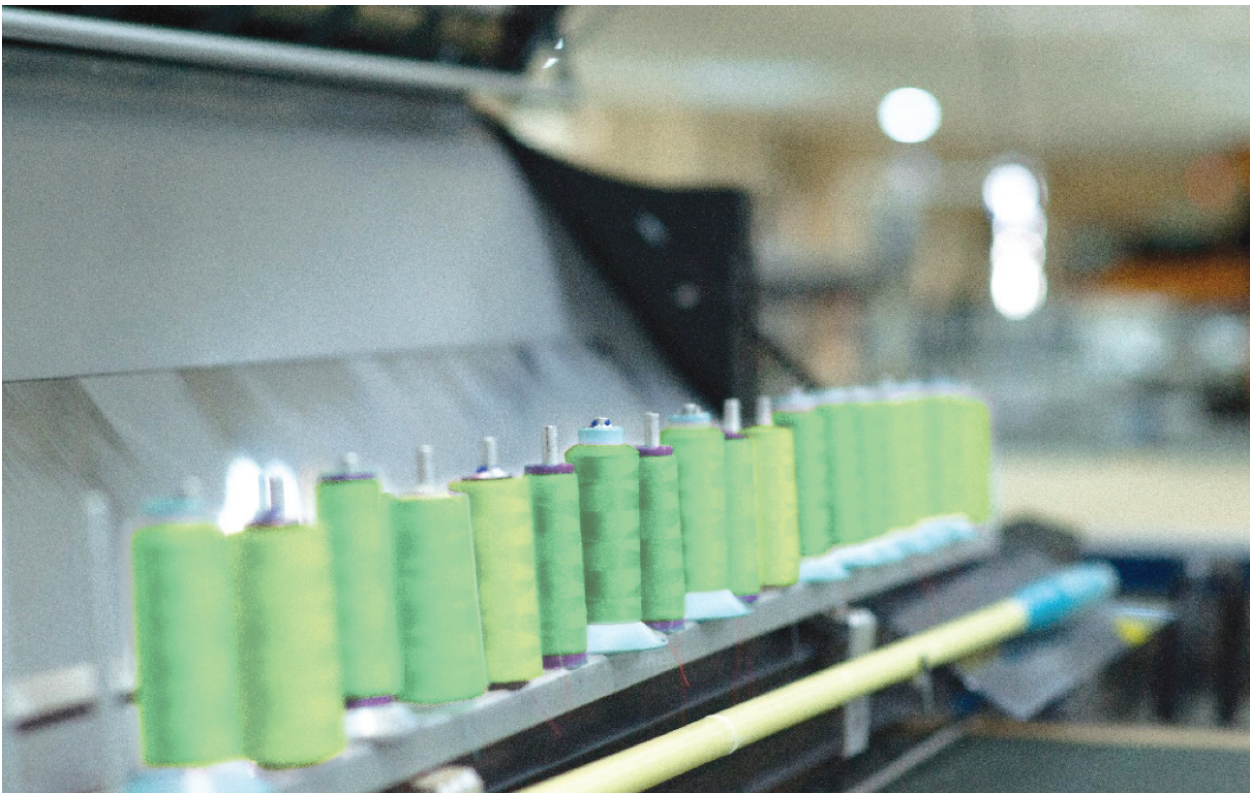
Crystal Net Zero 2050

Since 2022, our Group has committed to achieving net zero emissions by 2050, along with a science-aligned mid-term target of reducing absolute carbon emissions by 35% by 2030. We have been persistently working towards these goals, which encompass the operations of all our garment factories and fabric mills.

Science-based Net Zero Target

Our 2050 net zero target was validated by the Science Based Targets initiative ("**SBTi**"), affirming our steadfast commitment to this long-term climate goal.

Building on our Group's 2050 net zero vision and 2030 mid-term target, we established SBTi-validated long-term targets to reduce absolute Scope 1, 2, and 3 greenhouse gas ("**GHG**") emissions by 90% by 2050, based on a 2022 baseline. The Scope 3 emissions include the categories of purchased goods and services, upstream transportation and distribution, and end-of-life treatment of sold products.

Customised Targets for Factories

In line with the Group's decarbonisation targets, and considering each factory's carbon reduction potential, production processes, energy mix characteristics, and local policies, we have set individual carbon intensity targets for our garment factories for 2025. These clear targets not only enhance each factory's accountability for its carbon reduction progress but also secure the implementation of tailored action plans to improve energy and operational efficiency.

SCIENCE BASED TARGETS

Net Zero Strategy

We developed a net zero roadmap three years ago and began implementing the carbon reduction strategies outlined in the roadmap. Over the past few years, we have made encouraging progress.

Energy Efficiency

All factories have planned approximately 200 energy efficiency measures to be implemented by 2028, categorised into short-, medium-, and long-term based on their payback periods.

Factories are implementing their action plans according to a defined schedule. Currently, out of the approximately 200 planned measures, 120 have been completed, resulting in an annual carbon reduction of over 32,000 tonnes.

These measures comprehensively cover factory energy use, including:

- Production equipment efficiency
- Operation of associated facilities and utilities, e.g., chillers, air compressors
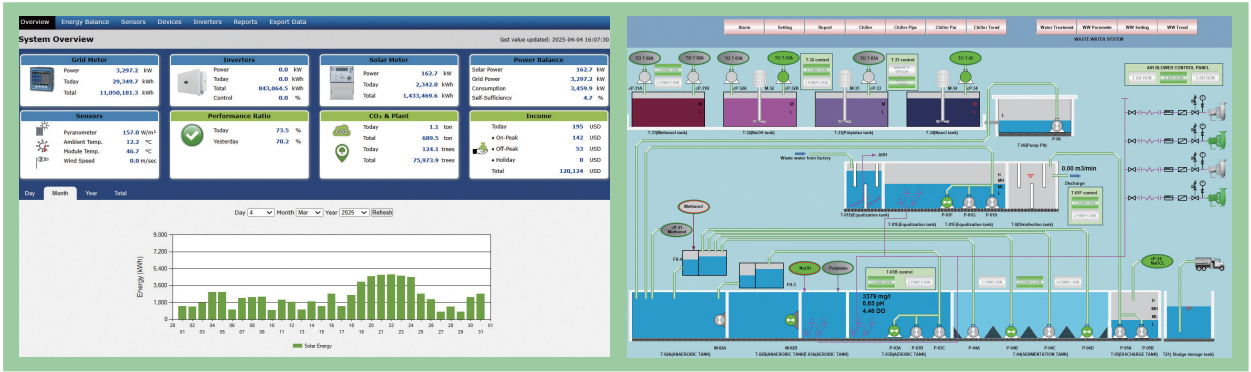- Waste heat recovery
- Energy monitoring

The carbon intensity per standard allowed hours ("**SAH**") of our garment factories decreased from 1.77 tCO$_2$e in 2023 to 1.55 tCO$_2$e in 2024, reflecting progress in productivity enhancement and energy efficiency strategies.

Building Management System

Our intimate factory in Vietnam installed its first advanced building management system ("**BMS**"), along with 59 smart meters. The BMS provides 24/7 monitoring at three levels: building level (e.g., transformers), workshop level (including offices and canteens), and key equipment level.

This system not only offers real-time analysis of major energy-consuming units, but also records patterns, assists in energy use analysis, and remotely controls operational parameters and power allocation based on load to optimise energy efficiency and reduce maintenance costs. In addition, the BMS monitors and controls the wastewater treatment plant, minimising chemical usage through precise control of the treatment process.

Boiler Flue Gas Heat Recovery

Our fabric mill in Vietnam installed an economiser to fully recover the waste heat from boiler flue gas, which can reach temperatures of up to 200°C, before it is released into the atmosphere. The recovered waste heat is used to preheat the water and air entering the boiler, saving over 10% of fuel usage.

Innovative Electricity-free Cooling

In addition to factory energy efficiency and solar photovoltaic ("**PV**"), we actively explore the application of new energy-saving and carbon reduction technologies to maximise the reduction potential of our operations. Our lifestyle wear factory in China applied i2Cool Limited's electricity-free cooling technology, iPaint, to over 7,000m^2 of rooftop area on two buildings.

The iPaint application exhibited over 95% solar reflectivity and mid-infrared emissivity, providing dual benefits. Firstly, iPaint reduces heat absorption and promotes heat dissipation, which is expected to lower indoor temperatures beneath the roof by around 4–5°C, saving approximately 200,000 kWh of electricity per year for cooling. Secondly, it is expected to increase solar power generation by around 8%.

Extended Drying Hanger System

The newly extended drying hanger system at our denim factory in Cambodia, with a total length of 1,720 metres, enhanced the capacity of the pre-drying process, reducing the dryer's operation time by 20 minutes on average. This system, which is the longest drying hanger track among our denim factories, saved around 22% of steam and 3% of electricity consumption, resulting in an annual reduction of around 350 tonnes of carbon emissions.
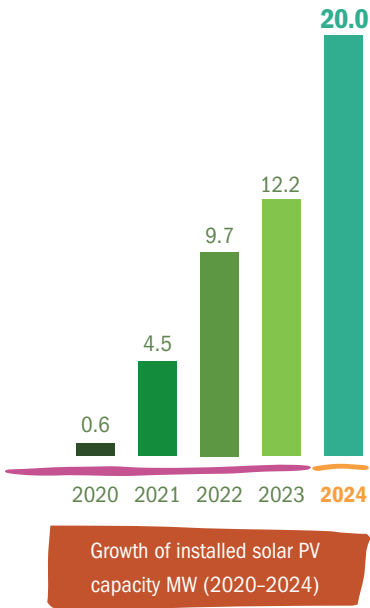
Renewable Energy

Group-wide Solar PV

Since the optimisation and finalisation of our rooftop solar PV plan last year, our global factories have been progressively increasing PV installations according to the plan. From 2020 to the present, our rooftop solar PV capacity has surged from 0.6 MW to 20 MW, and will continue to grow in the coming years.

The existing rooftop PV systems at our factories produce approximately 13,300 MWh of renewable electricity annually, equivalent to 4.6% of carbon emissions in 2024.

Green Electricity Purchasing

Procuring traceable and certified green electricity from the market is a feasible way for factories to reduce carbon emissions while also supporting the development of regional renewable energy markets, such as solar power and wind farms.

Our lifestyle wear factory in China procured 2,500 MWh of green electricity in 2024. Including the factory's rooftop PV, the proportion of renewable electricity used by the factory reached approximately 24% in 2024.

20.0

12.2

9.7

4.5

0.6

2020 2021 2022 2023 **2024**

Growth of installed solar PV capacity MW (2020–2024)

8 MW solar PV new installations in China and Sri Lanka in 2024

Climate Recognition and Certifications

Two-time CDP A List	ISO14064-verified Carbon Inventory
As a disclosing company in the CDP Climate Change questionnaire, we have been on the A List (leadership) for two consecutive years. The recognition showcased our commitment to environmental transparency, decarbonisation efforts, and climate risk management.	Our Group's carbon emissions inventory has been verified in accordance with ISO14064-1 for the third consecutive year. The verification scope includes Scope 1 and 2, and major Scope 3 categories, such as Category 1: "Purchased Goods and Services", which accounts for over 90% of our Scope 3 emissions. Reliable and credible emissions data formed a solid foundation for our carbon management and for measuring our decarbonisation progress.
Climate Change Leadership Award by CDP China	HERA 2024 Carbon Neutral Award – Grand Award

Certified Factories' Net Zero Champions

To effectively oversee on-site carbon reduction measures and promote low-carbon practices among factory employees, all our factories have designated Net Zero Champions. We arranged for these champions to take an online certified course, "Net Zero for Professionals," offered by the Energy Institute, a renowned chartered professional body.

The 20-hour intensive training enhanced the capabilities of our Net Zero Champions in net zero science and policy, developing a net zero strategy and targets, communicating net zero to stakeholders, and delivering net zero within factories.

Task Force on Climate-related Financial Disclosures

Since 2021, we have reported our climate-related disclosure in accordance with TCFD. We have incorporated the risks identified in the preliminary climate-related risk analysis into our CSV2030 strategy to reinforce our commitment to integrating climate considerations into our business and financial planning.

TCFD TASK FORCE ON CLIMATE–RELATED FINANCIAL DISCLOSURES

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

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

Key Climate-related Risks and Our Key Responses

Type	Climate-related Risks	Potential Financial Impact on Crystal	Key Responses by Crystal
Physical Risks			
	Acute		
	Extreme weather events (e.g. typhoons and floods)	• Damage to property and assets • Supply chain and logistics disruption	• Crystal Sustainability Vision 2030 ("**CSV2030**") • Supply Chain Management Procedures • Multi-country of origin • Mangrove planting for storm surge protection
	Chronic		
	Frequent and intense extreme heat	• Higher energy costs and heat-related subsidies • Reduced worker productivity	• Net Zero Roadmap • CSV2030 • Factory decarbonisation plans • iPaint electricity-free cooling technology pilot
	Rising sea levels	• Damage to property and assets • Procurement and logistics disruption	• Incorporating risk considerations into infrastructure planning • Supply Chain Management Procedures
	Increased salinity in freshwater	• Procurement and logistics disruption • Freshwater availability and cost	• Recycled water for production use • Smart laundry: water efficient and waterless processes e.g. laser, ozone • Sustainable products to reduce lifecycle water consumption • Certified sustainable materials, e.g. BCI, GOTS, GRS, OCS, RCS, OEKO-TEX • Water risk assessment for new facilities
	Persistent and severe drought	• Materials and freshwater availability and cost	

Type	Climate-related Risks	Potential Financial Impact on Crystal	Key Responses by Crystal
Transition Risks			
	Policy and Legal		
	Heightened policies and regulations	• Compliance costs • Operational disruption	• Regular policy and regulation review • Net zero target and strategies towards low carbon transformation
	Technology		
	Low-carbon technologies	• Increased capital expenditure	• Regular market updates and pilot new technologies • Sustained commitment to low-carbon manufacturing • Net Zero Roadmap • Factory decarbonisation plans
	Market		
	Supply chain and logistics disruption	• Availability and cost of materials • Compensation costs for logistics delay	• Vertical integration • Sustainable product development: e.g. closed-loop denim • Collaboration with NGOs and institutions for future textile circularity • Localised supply chain • Study on textile-to-textile and local recycling
	Offsite renewable energy instruments	• Energy attribute certificate ("**EAC**") and carbon offset costs	• Regular monitoring the market price of EACs • Pilot of green electricity • Exploration of power purchase agreement e.g. Direct Power Purchase Agreement ("**DPPA**") in Vietnam • Group solar plan maximisation
	Industry transition	• Investment in low-emissions production • Shift to on-demand production	• Global partnership with customers and institutions • Industry 4.0 and manufacturing excellence • Smart factories and smart warehouses
	Reputation		
	Increased customer awareness	Reduced orders due to • Failing to meet customer requirements • Inadequate sustainability transparency	• Sustainable manufacturing e.g. smart and energy efficient washing • Collaboration with customers on sustainability initiatives • Stakeholder engagement and double materiality assessment for market trend • Group sustainability reporting – transparency for ESG ratings • Transparent climate-related disclosures – CDP and TCFD
	Rising investor concerns and stringent ESG rating	• Capital availability	

Industry Programmes

UN Fashion Industry Charter for Climate Action

We have been a signatory of the Fashion Industry Charter for Climate Action for nearly five years. Through participating in the Charter's initiatives, we collaborated with approximately 70 other signatories, including brands and suppliers, to collectively drive carbon reduction actions and industry progress.

We attended the Charter's annual meeting in Bonn, Germany in September to discuss future strategies and opportunities for addressing action areas that build on the Charter's focus and unique position.

Decarbonisation Programmes in Cambodia

Our sportswear factory in Cambodia, recommended by a customer, participated in the International Finance Corporation's ("**IFC**") Cambodia Decarbonization Project ("**CaDP**") and the German Agency for International Cooperation's ("**GIZ**") Project Development Programme ("**PDP**").

The CaDP project, lasting about 12 months, involved data collection, analysis, and in-depth Resource Efficiency Assessments, resulting in 15 preliminary recommendations related to energy and water. The factory is currently reviewing these recommendations and will discuss feasibility and details with the IFC team to develop a detailed report.

The PDP enhanced our factory's planning capabilities for solar PV and improved our understanding of the evolving solar policies and regulations in Cambodia.

Carbon Leadership Programme

Our sportswear factory in Bangladesh also participated in the Apparel Impact Institute's ("**Aii**") Carbon Tech Assessment programme as part of its Carbon Leadership Program ("**CLP**"). Through assessment and benchmarking, the factory gained a deeper understanding of its carbon performance, scalable measures, and reduction potential.

Crystal Climate Charity Foundation

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

Installing Solar Streetlights in Cambodia and Vietnam

In 2024, our collaborative efforts led to the installation of 436 solar streetlights near our factories in Cambodia and Vietnam, lighting up 13.08 kilometres of roadway, enhancing local safety, and promoting sustainable energy. We also placed solar lights at key community centres, which serves as practical improvements and educational tools for sustainable living. Following this success, we planned to install solar streetlights in Bangladesh and China, as well as continuing our efforts in Vietnam and Cambodia in 2025. All 596 solar streetlights installed to date contributed to an annual carbon reduction of approximately 71.4 tonnes.
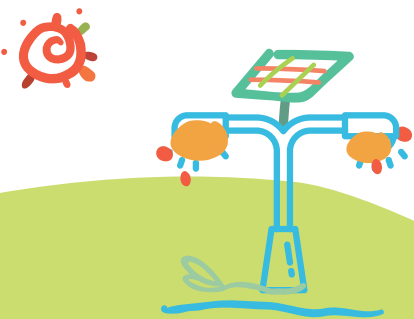
Climate Education for Kindergarteners through Performing Arts

The Climate Foundation and Crystal sponsored the "Crystal Net Zero 2050" Kindergarten Tour Performance, titled "Carbon Reduction Alliance Saves Our Earth", in partnership with the Hong Kong Repertory Theatre. The objective was to educate kindergarten children about energy-saving living, climate change, and the importance of carbon reduction through an engaging and interactive educational drama. The tour ran from May 2024 to July 2024, reaching 20 kindergartens in Hong Kong and engaging over 1,500 kindergarten teachers and students.

Photo courtesy of Hong Kong Repertory Theatre

Sponsoring Mil Mill's New Textile Recycling System

The Climate Foundation sponsored the acquisition of a Hollander Beater for Mil Mill, a pulp mill promoting recycling in Hong Kong. This new machine, with a processing capacity of 500 kg per hour, will significantly enhance Mil Mill's ability to recycle textile waste and reduce landfill pressure. The sponsorship not only supported the recycling of approximately 1,650 tonnes of textile waste annually, but also promoted environmental education. The initiative included educational visits to Mil Mill's education centre where the public learns about textile recycling and climate change.

Water Conservation

WWF Water Risk Filter

None of our factories are located in regions with the highest risk of water depletion, as indicated by the WWF Water Risk Filter. When planning to establish new factories, we also assess the relevant risks in the area, including water depletion, flooding, and drought.
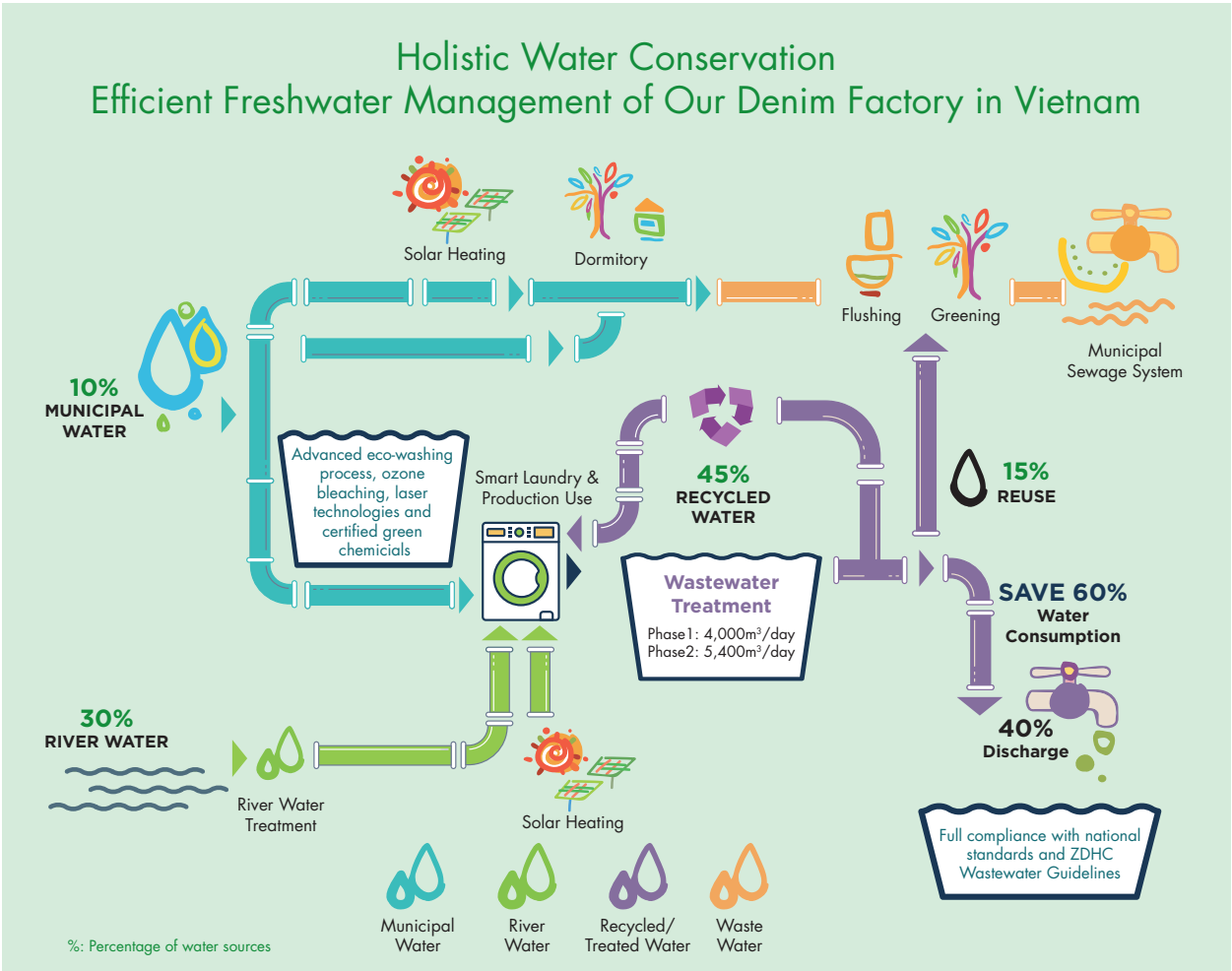
Our factories obtained freshwater from locally available sources in line with regulations and permits concerning freshwater withdrawal.

Expanding Wastewater Treatment

As our production scale gradually increases, our denim factory in Vietnam has expanded its existing wastewater treatment plant by adding a new treatment unit.

The new unit has a maximum treatment capacity of 5,400 m^3 per day and is equipped with comprehensive physical and biochemical treatment processes. Currently, the factory is using up to 60% recycled water in its production processes.

Water recycling rate 60%

Holistic Water Conservation
Efficient Freshwater Management of Our Denim Factory in Vietnam

Solar Heating · Dormitory · Flushing · Greening · Municipal Sewage System

10% MUNICIPAL WATER

Advanced eco-washing process, ozone bleaching, laser technologies and certified green chemicials

Smart Laundry & Production Use

45% RECYCLED WATER

15% REUSE

Wastewater Treatment
Phase1: 4,000m³/day
Phase2: 5,400m³/day

SAVE 60% Water Consumption

30% RIVER WATER

River Water Treatment

Solar Heating

40% Discharge

Full compliance with national standards and ZDHC Wastewater Guidelines

Municipal Water · River Water · Recycled/Treated Water · Waste Water

%: Percentage of water sources

Patented Waterless Enzyme Washing

Our denim factory in China began exploring waterless enzyme washing in 2022 to achieve water conservation and enhance process efficiency. After years of collaborative development and optimisation with chemical suppliers, we successfully developed a waterless enzyme specifically suitable for our denim washing processes, which has been granted a national patent.

Compared to the EnzStone washing process, this new method reduces production time by half per denim product and offers multi-faceted environmental benefits:

·   Minimising freshwater use
·   Reducing carbon emissions with steam-free nature
·   No pumice stone waste
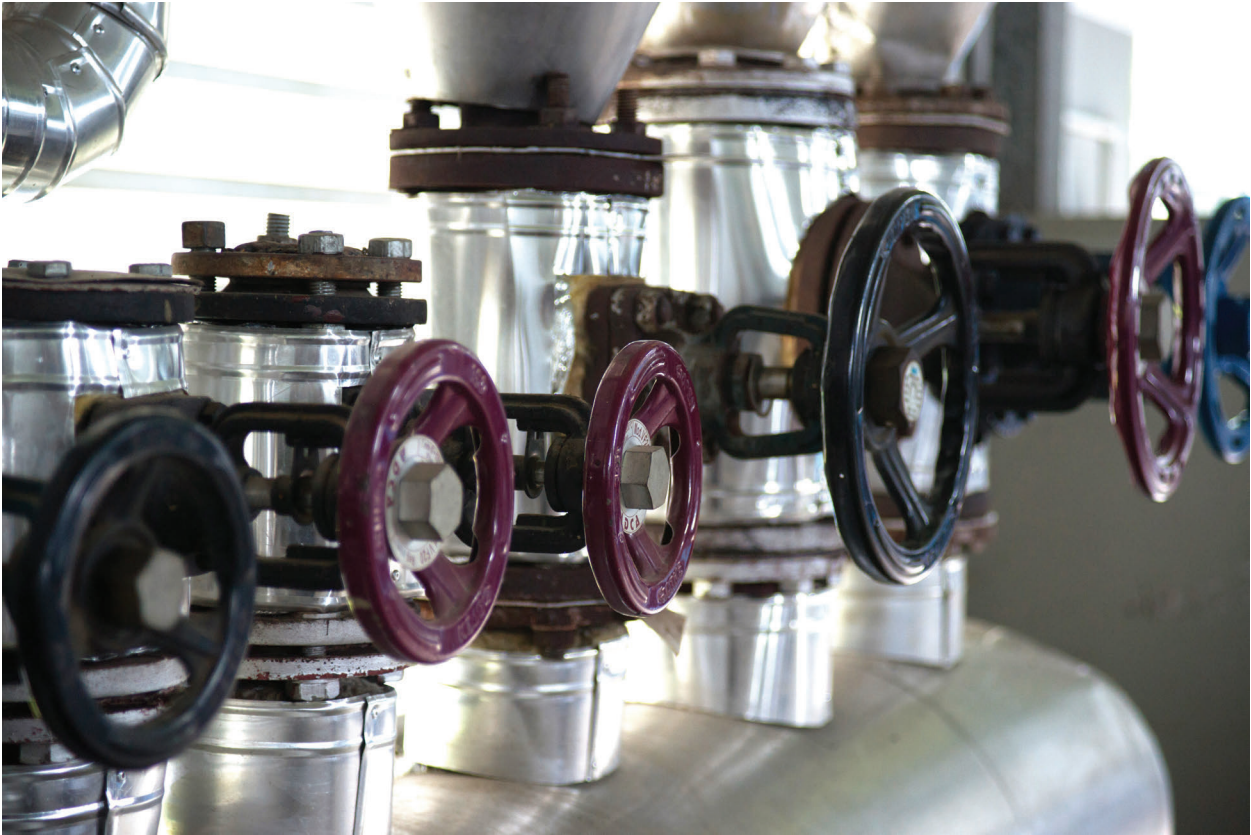·   Reducing wastewater generation and treatment load

Air Emissions Control

All of our factories regularly monitor and test air emissions sources, including boilers and generators, according to the local legal requirements. In 2024, all of our factories fully complied with the relevant legal standards.

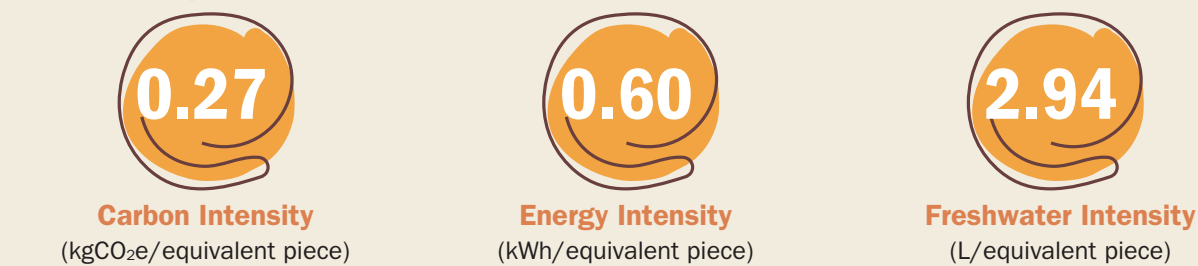### Switching to Cleaner Fuels

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

Our major emission sources are boilers, generators, kitchen facilities, printing facilities, vehicles, and forklifts. In 2024, our factories emitted about 356.1 tonnes of nitrogen oxide ("**NOx**"), 8.3 tonnes of sulphur dioxide ("**SO$_2$**"), and 36.0 tonnes of particulate matter ("**PM**").

Carbon, Energy, and Water Data 2024

Product Footprints

0.27
Carbon Intensity
(kgCO$_2$e/equivalent piece)

0.60
Energy Intensity
(kWh/equivalent piece)

2.94
Freshwater Intensity
(L/equivalent piece)

Notes:
- The carbon intensity is calculated by dividing the total GHG emissions by total equivalent pieces of garments.
- The scope of product footprint calculation only includes our garment factories.

Greenhouse Gas Emissions

49,824
20.8%
Scope 1
(tCO$_2$e)

128,571
53.7%
Scope 2
(tCO$_2$e)

61,114
25.5%
Biogenic emissions
(tCO$_2$)
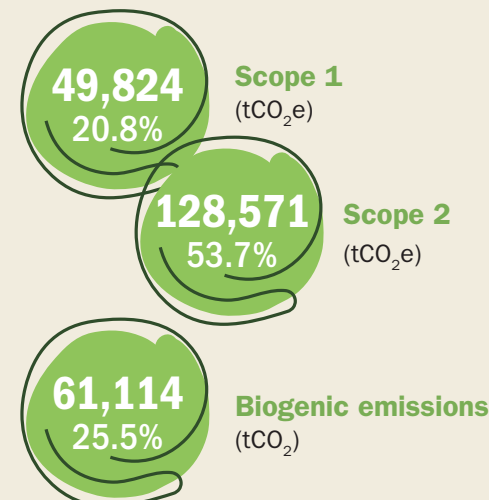
Notes:
- Scope 1 emissions include direct emissions from fuel combustion of stationary sources (e.g. boilers, generators, kitchens), motor vehicles, wastewater treatment facilities, and septic tanks.
- Scope 2 emissions include indirect emissions from purchased energy.
- GHG emissions are accounted for and reported with reference to the GHG Protocol Corporate Accounting and Reporting Standard issued by the World Resources Institute and the World Business Council for Sustainable Development, and other relevant guidelines where applicable. The GHG emission factors from the Institute for Global Environmental Strategies and the International Energy Agency were applied.

Energy Consumption

731,938
36.0%
Purchased energy (GJ)

664,305
32.7%
Renewable energy (GJ)

635,271
31.3%
Direct energy (GJ)
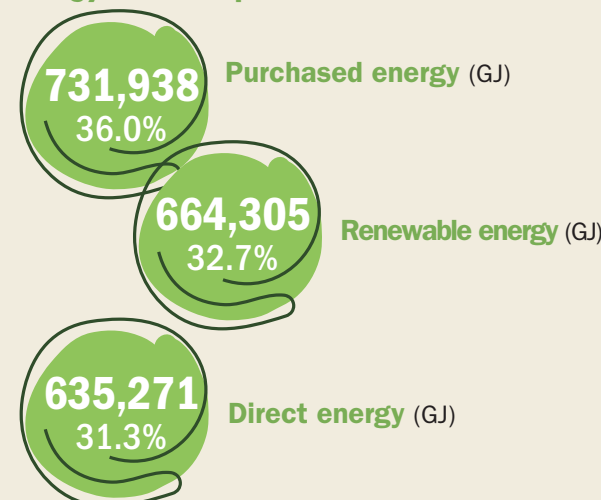
Notes:
- Purchased energy includes grid electricity and steam.
- Direct energy includes the combustion of fossil fuels and non-renewable alternative fuels.
- Renewable energy includes biogenic fuel combustion, onsite solar power facilities, and purchased green electricity.
- Based on our factory records such as fuel purchases, electricity bills, and energy meters, the energy consumption was calculated using the conversion factors published by the UK Government's Department for Business, Energy & Industrial Strategy, and the Department for Environment, Food & Rural Affairs.

Water Consumption for Production Use

4,767,786
75.2%
Freshwater (m^3)

1,568,364
24.8%
Recycled water (m^3)
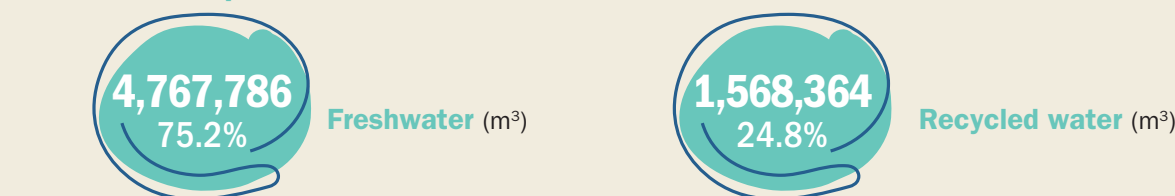
Notes:
- Municipal water, river water, and groundwater accounted for 24%, 30%, and 46% of the total quantity of freshwater consumed, respectively.
- Water was consumed in full compliance with water quality or quantity permits and standards.

Waste Management

Corporate Waste Management Guidelines

Our Corporate Waste Management Guidelines provide a framework for our factories to establish waste management systems that implement source reduction, efficient use of materials, waste classification, handling, monitoring, and reporting. In 2024, all factories complied with relevant local laws and regulations.
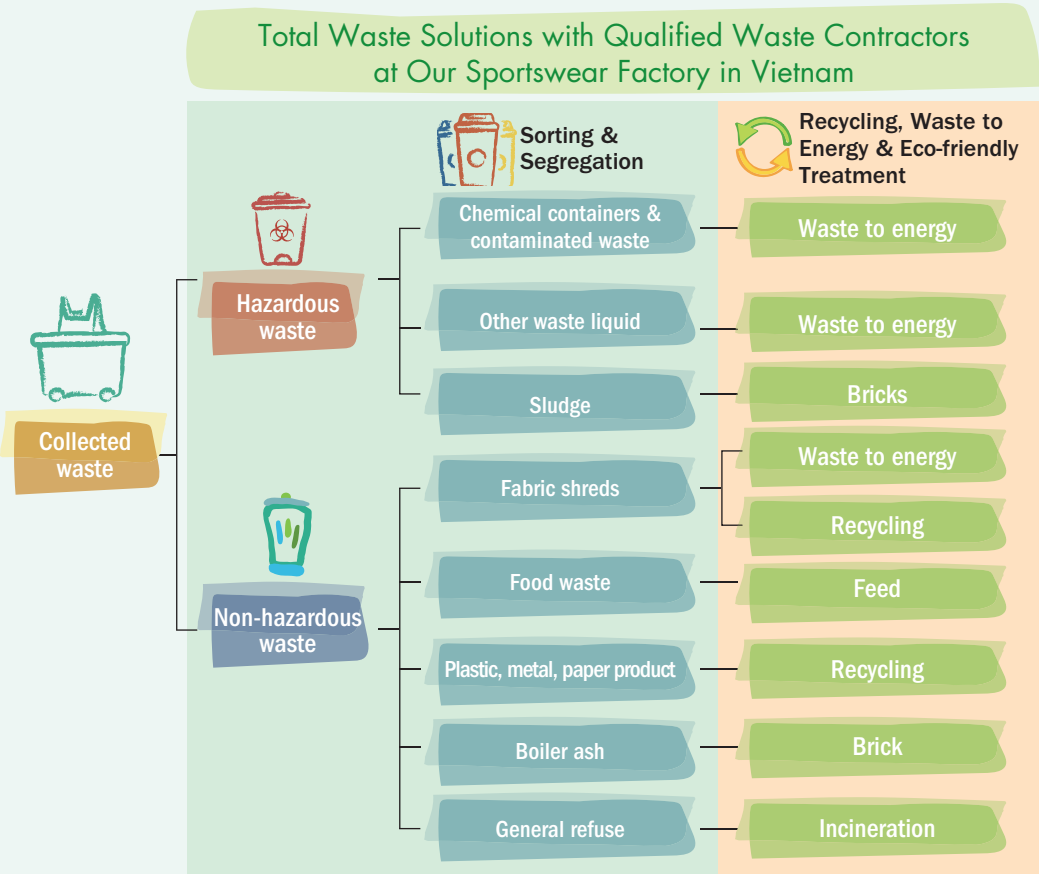
3 Factories Achieved Zero Production Waste to Landfill

As part of our vision for 2030 – zero production waste to landfill – we have revamped our Corporate Waste Management Guidelines to enhance factory waste management in the following four areas:
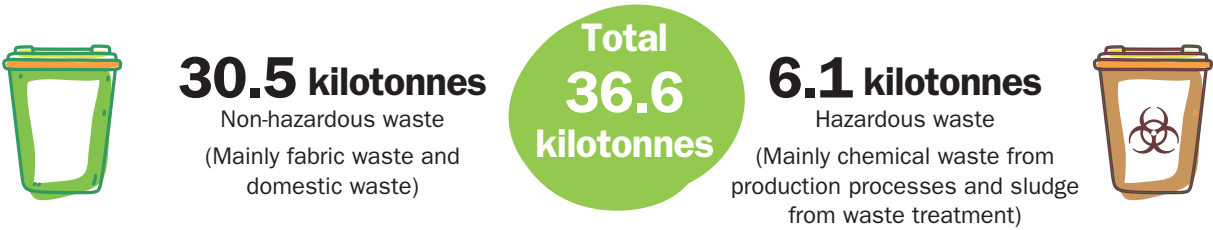
- Governance
- Operations – onsite and waste contractor sourcing
- Monitoring and reporting
- Awareness and promotion

We strictly implement the waste management hierarchy, including source classification and collaboration with qualified waste contractors and recyclers, to realise the dual economic and environmental value of waste.

Currently, three of our factories have achieved zero production waste to landfill, serving as exemplary models for gradual expansion to other Crystal factories.

Total Waste Solutions with Qualified Waste Contractors at Our Sportswear Factory in Vietnam

Collected waste

Sorting & Segregation

Recycling, Waste to Energy & Eco-friendly Treatment

Hazardous waste
- Chemical containers & contaminated waste → Waste to energy
- Other waste liquid → Waste to energy
- Sludge → Bricks

Non-hazardous waste
- Fabric shreds → Waste to energy / Recycling
- Food waste → Feed
- Plastic, metal, paper product → Recycling
- Boiler ash → Brick
- General refuse → Incineration

Waste Data 2024

30.5 kilotonnes
Non-hazardous waste
(Mainly fabric waste and domestic waste)

Total 36.6 kilotonnes

6.1 kilotonnes
Hazardous waste
(Mainly chemical waste from production processes and sludge from waste treatment)

Waste Recycling and Energy Recovery

19.3 kilotonnes
Waste recycled

7.6 kilotonnes
Waste recovered to energy

Notes:
- The disposal of hazardous waste was handled by licensed contractors.
- Recyclable waste is sorted in factories and then collected by or delivered to various recyclers.
- Apart from recycling and energy recovery, other non-hazardous waste was taken to local landfills and/or incineration facilities.

Packaging Materials 2024

13.3 kilotonnes
Paper products and carton boxes

3.9 kilotonnes
Plastics

All-round Reduction for Production Waste

Replacing Adhesive Paper with Recycled Plastic Film

The printing process previously had to use glue adhesive paper on printing pallets, which was non-recyclable and needed replacement every two weeks due to damage.

Our lifestyle wear factory in Vietnam replaced glue adhesive paper with recycled PET materials, which can be used for 12 months without replacement, significantly reducing annual waste from 2.9 tonnes to 0.14 tonnes. This improvement also reduced electricity used for preheating and chemicals used for cleaning.

The adhesive paper lasted
2 weeks

The recycled plastic lasts
12 months
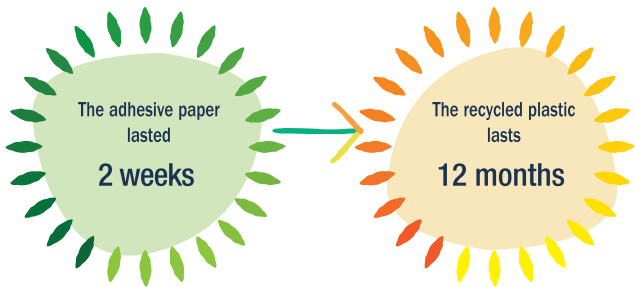
Expanding Wastewater Sludge Compression

Our denim factory in Vietnam connected new sewage pipes to direct more sludge to the factory's sludge pressing machines. Through squeezing out wastewater concentrate from the sludge, this initiative reduced an additional 2.5 tonnes of hazardous waste annually and lowered related disposal costs.

Industry Waste Programmes

GIZ "Waste No More"

Our intimate and sportswear factories in Vietnam were nominated by customers to join GIZ's "Waste No More" programme. The programme provided online training, "Ask-to-expert" sessions, and peer workgroups to help participating factories better understand Vietnam's waste management laws and regulations, data collection and reporting, and action plan development to divert waste to preferred disposal methods.

"Enabling Systemic Circularity in Fashion" by Forum for the Future

Envisioning a circular fashion industry, recognising the current situation, future hurdles, and methods to tackle them, were precisely why we participated in this study project with 12 leading brands, retailers, and manufacturers.

After a year of constructive discussions, the report "Reconfiguring Value Chains: Enabling Systemic Circularity in Fashion" was released, which dived into the barriers holding back innovation and proposed systemic solutions. The report also highlighted some non-technical innovations to unlock circularity, including the Cross-Functional Regulation Alliance and the Circular Fashion Hub.

NEW REPORT

FORUM FOR THE FUTURE

Reconfiguring Value Chains

ENABLING SYSTEMIC CIRCULARITY IN FASHION

Sustainable Materials

Over 90% of our factories have received sustainable material certifications such as the Global Recycled Standard ("**GRS**") and Organic Content Standard ("**OCS**"), offering an extensive array of recognised sustainable options tailored for different customers.

In our diverse range of product categories, we have showcased extensive application of sustainable materials. In 2024, for instance, 40% of our sportswear fabrics incorporated recycled polyester, while around 85% of our denim clothing was BCI cotton. Additionally, at our fabric mill in Vietnam, around 55% of the raw materials were certified with GRS or Recycled Claim Standard ("**RCS**") certification.

Local Recycling Hub in Vietnam

Connecting recyclers and upstream suppliers, we have established a local-to-local network considering Scope 3 emissions and logistics costs for joint recycling efforts. Our denim factory in Vietnam partnered with local upstream suppliers, serving as the vertical spinning and denim fabric mill with a recycling facility in this closed-loop and cotton waste recycling partnership.

The sorted cut waste was mechanically recycled to cotton fibre, which was then spun into recycled yarn and woven into recycled fabric. Our denim factory purchased these GRS- or RCS-certified recycled fabrics back for production, thereby closing the loop.

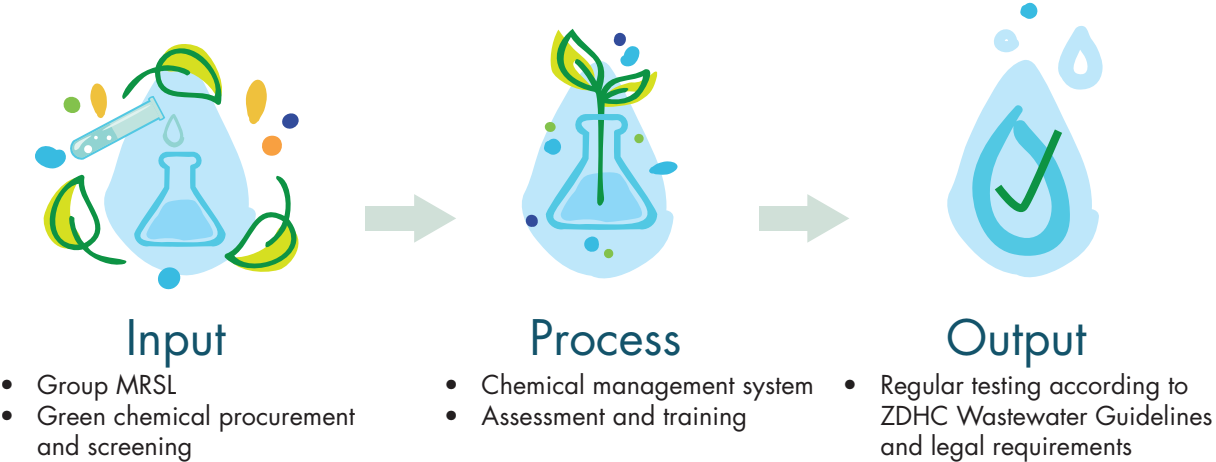## Chemical and Wastewater Management

Green Chemistry

Controlling inputs and procuring green chemicals is a crucial step in eliminating hazardous chemicals. We use online chemical inventory management ("**CIM**") tools and the Zero Discharge of Hazardous Chemicals ("**ZDHC**") Incheck Report to monitor, track, and report the conformance status of production chemicals, such as those used in washing and printing, against the ZDHC Manufacturing Restricted Substance List ("**MRSL**").

80% of chemicals conformed to the highest level 3 of the ZDHC MRSL.
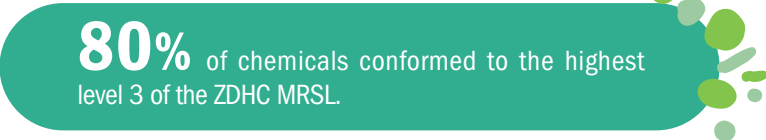
Corporate Chemical Management Guidelines

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

### Crystal's Corporate Chemical Management Guidelines

Input
- Group MRSL
- Green chemical procurement and screening

Process
- Chemical management system
- Assessment and training

Output
- Regular testing according to ZDHC Wastewater Guidelines and legal requirements

ZDHC Wastewater Guidelines

Our factories conducted biannual tests in accordance with the industry standard, ZDHC Wastewater Guidelines.

The ZDHC Wastewater Guidelines, launched in September 2024, outline requirements for testing treated wastewater parameters, sludge leachate, and declaring sludge disposal pathways. We thoroughly studied the new requirements and prepared to transition to the new version in 2025.

In 2024, all of our factories regularly monitored and tested wastewater, and complied with relevant local legal standards and requirements. Our operations treated 6.9 million m³ of wastewater.
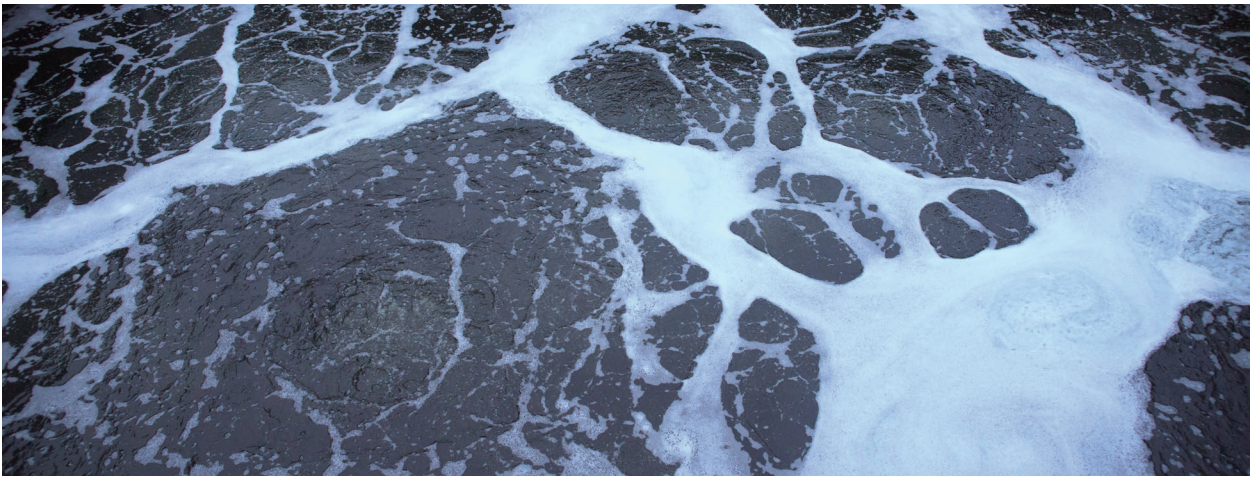
Higg Index

Full Adoption of FEM 4.0

All of our factories transitioned to the latest version of the industry environmental performance assessment tool, Facility Environmental Modules ("**FEM**") 4.0, during the 2024 cycle. To support factories in answering new and updated questions in FEM 4.0, we released a corporate toolkit that includes specific guidance and documentation samples tailored to Crystal's circumstances.

Despite the increased complexity and comprehensiveness of the FEM 4.0 question set, our factories achieved an average industry-leading score of 78.3, surpassing the industry median of 46.2.

Supplier Performance Tracking and Training

In addition to our own factories, we also used the Higg FEM to understand and track our suppliers' environmental performance, thereby identifying environmental risks in the supply chain and assisting in the calculation of Scope 3 emissions. In the last cycle, a total of 50 upstream suppliers shared their completed FEM with us.

Furthermore, to build supplier capacity and enhance resilience, our denim division's sustainability department visited six suppliers in Vietnam in June. The visit aimed to better prepare them for FEM 4.0, provided training and facilitated exchange on various sustainability topics, such as chemical safety, waste management, fire safety, and decarbonisation.

Driving Innovative Manufacturing

We continuously streamline operations through process digitalisation and automation. Our pursuit of manufacturing excellence enables us to enhance efficiency and productivity, go beyond the evolving needs of customers, and improve environmental, health and safety performance. This approach gives us a winning edge, ensuring our continued success amidst fierce industry competition.

Smart Factories to Craft the Future

Our vision of transforming our facilities into smart factories began in 2018, with the ideation of digital manufacturing that is centred around a computer system and integrated with advanced technologies including robotics, as well as interconnected machinery and production management systems.
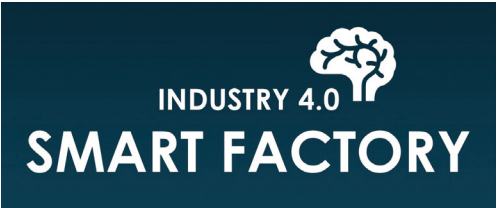
Following successful pilots in selected workshops, our knits division determined our production logic models (named FLAP[1] for garment factories and FLOCK for fabric mills) in 2023. FLAP and FLOCK sketched out our blueprint to build smart factories, in which materials pass through the manufacturing process with the use of robotic arms, automated and rail-guided vehicles ("**AGV**", "**RGV**"), and a multitude of automated production machines. This automatic material flow is autonomously controlled by an integrated computer system consisting of several software applications.

Replicating the Successful FLAP Model

The pilot of FLAP continued to progress in our lifestyle wear factory in China where the system setup in the Assembly Centre and Finishing Centre was completed, realising the automated process from sewing, finishing, to needle detection. The Logistics Centre, which will house the automated cutting workshop and centralised warehouse for materials and finished goods, began construction in late 2024.

While revamping their own operations, the factory team also directed efforts towards the smart transition in their sister factories abroad. Colleagues from sister factories gathered in China to participate in months-long, in-depth training sessions. These sessions equipped them with the knowledge and experience needed to implement FLAP at their local factories upon their return.

During the reporting period, centralisation of cutting processes in the Logistics Centres of lifestyle wear factories in Vietnam and Bangladesh commenced. This will be followed by other sportswear and intimate factories in these countries in 2025.

[1] FLAP stands for Finishing Centre, Logistics Centre, Assembly Centre, and Parts Manufacturing Centre, while FLOCK stands for Finishing Centre, Logistics Centre, Colouration Centre, and Knitting Centre. FLAP and FLOCK refer to our production logic models for garment factories and fabric mills respectively, in which materials are moved autonomously along the production process.
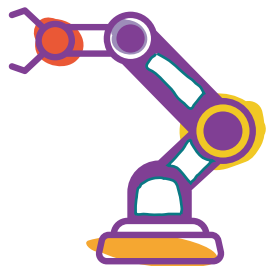
Massive Reconfiguration for FLOCK

Our fabric mill in Vietnam was undergoing an extensive re-layout to set the ground for the FLOCK manufacturing model. By the end of 2024, the mill saw its capacity increased year-on-year, attributing this improvement to the process flow-optimising reconfiguration project that involves substantial constructions, renovations, relocations, and setups of new automated systems. AGVs were first adopted at its dyeing plant, which will be extended to the finishing processes in 2025. Additionally, the mill is expecting the completion of its first automated storage and retrieval system ("**AS/RS**") in the greige warehouse.

## Transforming Productivity with Automation and Analytics

Also in Vietnam, the Modernisation Centre of the knits division's Research and Development Department ("**RDD**") studied every operation and process for automation opportunities relentlessly. Tasked with expediting our factories' transition to automated solutions and machine manufacturing, the Centre has deployed over 300 automated machines and robots in our knits factories in Vietnam, Cambodia, and Bangladesh since 2023.

Apart from automation by self-developing, co-developing, or investing in machines, the RDD captured machinery data and collaborated with other factory functions to monitor overall equipment effectiveness ("**OEE**"). This initiative identified potential idle time reduction opportunities for maximising productivity.

34% time saved to make a basic T-shirt since 2020
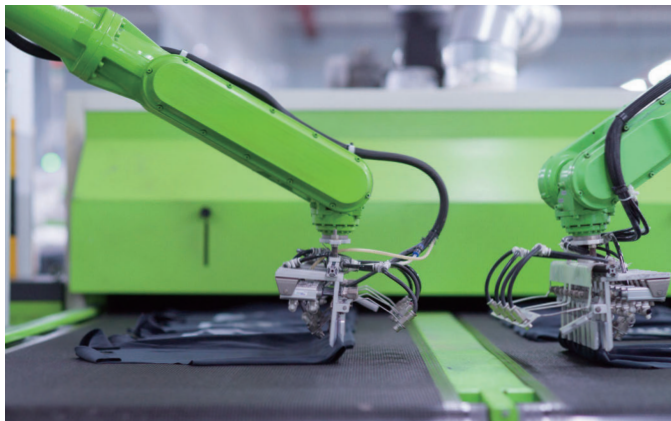
Digital Product Creation

In response to the rapidly growing demand for 3D virtual sampling services in the industry, our Vietnam denim factory's Digital Product Creation ("**DPC**") Centre expanded its capacity to digitally co-create products with brand customers.
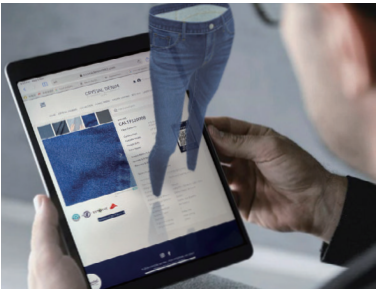
Since the inception of the DPC team in Vietnam in 2022, the deployment of 3D fashion design software, fabric material digitalisation solutions, and the self-developed digital denim library has enabled the team to provide customers with well-rounded 3D virtual sampling services including new fit preview, design/finishing prototyping, line review, grading, and even visual merchandising support.

With advantages such as instant and realistic visualisation, not only did 3D virtual sampling significantly shorten the sample development time per style from days to just hours, it also contributed to a more environmental-friendly pre-production process by reducing the need for physical samples. The number of physical samples shipped by our denim division to key customers in 2024 decreased by more than 50% compared to 2018.

Denim Division's Full DPC Service

3D BASIC BLOCK → NEW FIT 3D PREVIEW → 3D DESIGN/FINISHING PROTO → 3D LINE REVIEW → 3D GRADING → 3D VM SUPPORT

Supporting Open Lab

We have been a strategic partner of Open Lab, a collaboration programme between The Hong Kong Research Institute of Textiles and Apparel ("**HKRITA**") and H&M Foundation. Open Lab is a physical space and digital platform for industry partners to undertake research, scale solutions, and share knowledge. Through the partnership, we are committed to contributing our expertise and participating in the development of innovative solutions that will propel our industry towards a planet positive future.

開研 OPEN LAB

π 創新科技署 Innovation and Technology Commission

Vietnam Denim Factory's Smart Manufacturing Journey

Our denim factory in Vietnam is currently undergoing a significant transition to smart manufacturing. The blueprint of this transformation consists of four main components:

- Smart Warehouse Management System
- Smart AGV System
- Smart Cutting System
- Smart Production Lines
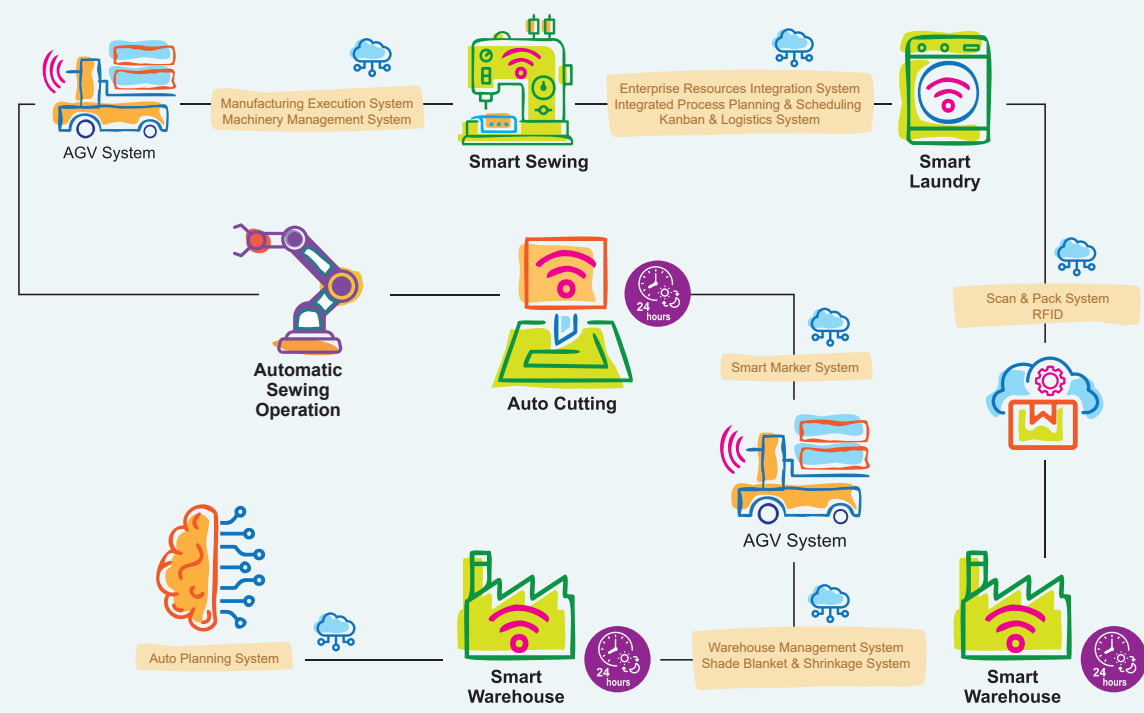
Smart Transformation Progress and Future Focus

Following another year of endeavour in 2024, the system setup in the cutting workshop and smart warehouse was nearing completion. RFID technology was also utilised to identify and track the movement of semi-finished and finished products along the production process. This advancement not only streamlined inventory management and reduced the risk of loss or misplacement, but also enhanced quality control by identifying issues swiftly. As a result, close to 50% of the transformation plan has been completed by the end of the reporting period.

Looking ahead to 2025, the factory will continue the transition, which is targeted for completion by mid-2026. Key focuses for the coming year include establishing a smart goods-to-person warehouse for accessories and extending the smart AGV system to cover inter-workshop transportation, in addition to its current intra-workshop applications.

Bracing for Capacity Doubling

Smart manufacturing is also integral to the factory's strategy for preparing for increased capacity, which is aimed at nearly doubling by 2029 compared to 2023. The denim team will continue to explore the application of artificial intelligence in the production processes, ensuring that we remain at the forefront of innovation in the industry.

Product Responsibility

Quality Assurance Process

In accordance with our corporate mission and our value of "Live Quality", our Quality Policy contributes to sustainable and profitable growth by guiding the delivery of products and services that delight customers. We demonstrate this commitment by building quality management system based on legal compliance, customer requirements, universally acknowledged best practices, and requirements related to product labelling, safety, and environmental considerations.

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

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

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

Our lifestyle wear factory in Bangladesh and denim factory in Cambodia received ISO9001 Quality Management System certification this year, bringing our total to 12 certified factories. We are working to extend this globally recognised standard certification to more Group operations.

Digitalised Quality Management

We continued to digitalise the quality assurance process to further enhance efficiency and product quality, leveraging real-time data analytics for informed decision-making. Various initiatives were distinctly implemented at our factories in different countries. For example:

- Quality online system – in the cutting section, all data is uploaded to the central data system for real-time monitoring of cutting accuracy

- Digital traffic light system – provides automated visual management and identifies the real-time quality status on the shop floor

- Machine vision inspection – utilises AI to analyse printing effects and detect defects

- Automated garment pattern projection – aids measurement control and reduces manual operations in ironing
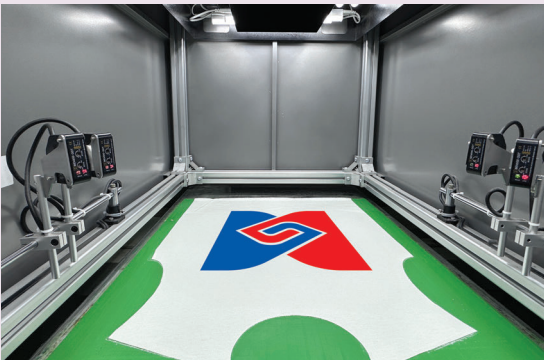
Promoting "Right First Time" Culture

In line with one of our corporate values, "Live Quality", we continued to promote a quality culture and emphasised the importance of a "Right First Time" mindset throughout the Group. This was implemented from top management down to workers via:

- Launching a new quality culture video and posters to strengthen our quality belief

- Providing mandatory e-training for all management and staff

- Conducting worker training on balancing "Right First Time" and productivity

- Hosting quality workshops for executives to support their demonstration of quality leadership, enhancing everyone's quality ownership mindset across all divisions

We firmly believe that raising awareness of "Right First Time" does not only increase customer confidence but also boosts company revenue, efficiency, and reduce waste.

Our Quality Performance

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

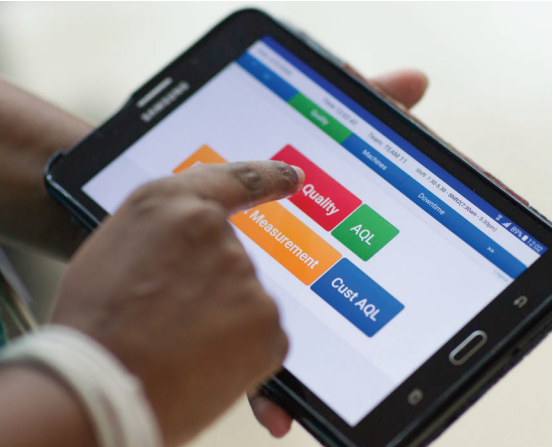**Customer Final Inspection Pass Rate ("CFIR")**
Group target: ≥ 99.5%
2024 result: **99.9%**

Observed Quality Level ("OQL")
Group target: ≤ 2.5%
2024 result: **0.9%**

Quality Claim
Group target: ≤ 0.1% to sales turnover
2024 result: **0.09%**

Product Safety

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

In addition, we review the Corporate Product Restricted Substances List ("**RSL**") annually and update it where appropriate, to ensure that our supply chain partners use safe chemicals during manufacturing processes and that only these safe chemicals are present in the final products.

In 2024, 441 million pieces of products were shipped, with no product being recalled due to safety or health reasons.

Handling Product Complaints

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

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

Once a complaint is received, the recipient and the related parties handle the complaint according to Crystal's complaint handling procedure. The line management reviews and validates the complaint as the related factory and sales teams investigate the case, identify the root cause of the problem, and take appropriate corrective actions. While the CQS works with factory teams to monitor the correction, a designated department, e.g. sales or the factory quality assurance team, is responsible for reverting and communicating with the customer within a specified timeframe, until the case is closed and the customer is satisfied.

The CQS logs all valid complaints and reports them to the Execo twice a year as part of the key risk management process. In 2024, there was one valid product quality complaint.

Product Recall Procedure

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

In the case of a product recall from any customer, our sales team negotiates with the customer to resolve the product recall issues and work out solutions together. The solutions may include but not be limited to case investigation and root cause analysis, replenishment of the products, and improvement actions, whichever are applicable.

Whenever needed, the CQS provides support by liaising and following up with the related parties throughout the case. The CQS reports the number of recall cases to management at least biannually. In 2024, there were no product recall cases.

Intellectual Property Rights

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

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

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

Advancing Brand Protection via Factory Governance Initiative

Steered by the CEO, the Corporate Factory Governance Committee initiated a series of actions to enhance the protection of our customers' brand equity. These included refining the Group's Brand Protection Guidelines, setting up factory brand protection committees, and strengthening relevant training and audits.

Supply Chain Management

Supply Chain Management Strategy

Supply chain management plays a significant role in our company's sustainability strategy. Sustainable and ethical practices across our supply chain are essential to achieving our long-term goals. We are committed to reducing the environmental impact of our operations by prioritising energy efficiency, sustainable sourcing, and waste reduction, while ensuring fair labour practices and ethical standards throughout our supplier network.

Through collaboration with suppliers, implementation of robust monitoring systems, and transparent reporting, we aim to build a resilient and responsible supply chain that aligns with our commitments.

At Crystal, the top priorities for supplier selection and retention are identified as follows:

- Cost
- Quality performance
- Delivery
- Social and environmental performance

In 2024, we sourced fabric and trims for our production from 18 major suppliers. Each major supplier contributed at least 1% of our total material purchased amount. Based on the locations of their headquarters, 100% of our suppliers were based in the Asia-Pacific region.

Material Traceability

We believe in the vital role we play in facilitating our customers' traceability programmes, which are essential for enhancing the authenticity, sustainability, and transparency of our products. As a tier one supplier, we act as a crucial intermediary who fosters communication and collaboration between our brand customers and upstream suppliers, contributing to a fully traceable value chain from raw materials to customers. Overseen by a dedicated corporate department, our traceability efforts to date include:

Maintaining material origins records	Auditing suppliers	Monitoring regulatory and market updates	Communications with stakeholders

Exploration and Pilot of Solutions

Blockchain Platforms and Tracer Technologies

We continued partnerships with customers to pilot both fibre-forward and garment-backward traceability programmes that leveraged varied solutions including blockchain platforms, tracer technologies, or DNA testing. While multiple trials were conducted to identify improvement opportunities, our colleagues also offered feedback with an aim to streamline operations.

DNA Testing

To verify the claimed origin of fabrics from customer-nominated and our own-sourced suppliers, we worked with product testing company Oritain, which tests and matches the DNA of the fibres in the fabric with the unique origin fingerprint in the database. This helped to ensure we procure from trustable sources, reduced our risk of unethical practices, and protected our reputation. We will continue assessing and deploying other viable advanced technologies.

Proactive Stakeholder Communications

We constantly consult solution providers to learn about the latest traceability technologies and tools, in addition to monitoring customer requirements and related legislations in our markets and operating countries. These updates were communicated to suppliers during training sessions and audits, and were distributed internally to relevant colleagues, including the sales and merchandising teams. This exchange helped position us and our value chain favourably to prepare for the rapidly evolving traceability initiatives.

ERP for Traceability

Our fabric mill in Vietnam implemented an Enterprise Resource Planning ("**ERP**") system – SAP S/4HANA for fashion and vertical business in 2024, enabling more efficient management of our material records, such as purchasing records and shipment documents, thus facilitating implementation of traceability programmes.

Corporate Supply Chain Management Procedure

To create a resilient, sustainable, and competitive supply chain that supports the company's long-term success, our Corporate Supply Chain Management Procedure outlines standardised processes and practices that all line companies and factories should follow to manage the supply chain efficiently and in compliance.

A dedicated department within each line company is tasked with implementing the procedure, including monitoring the social and environmental performance of our directly-sourced suppliers.

Governing Policies and Requirements for Suppliers

Suppliers are approved only if they meet the Group's minimum requirements, which include:

- Prohibition of child labour
- Prohibition of forced labour
- Adherence to local minimum wage standards
- Compliance with local environmental regulations

The Group has established agreements with key suppliers, committing to promoting sustainable practices across our supply chain. All suppliers are required to comply with local legal requirements, the corporate Supply Chain Management Procedure, and the following policies:

- Code of Conduct
- Social Compliance Policy
- Environmental Policy
- Anti-Corruption Policy
- Restricted Substances List ("**RSL**")
- Quality Policy
- Brand Protection Policy
- Customer-specific requirements

We continued to monitor and encourage our suppliers' performance in quality, social, and environmental compliance to ensure the sustainability and effectiveness of our supply chain. By fostering collaborative relationships with suppliers, we discussed new development directions aligned with customer expectations, market trends, and industry advancements.

To support and drive supplier performance, we conducted regular training, capacity-building initiatives, inspections, and risk assessments through virtual meetings or onsite visits. These efforts ensured that all requirements are properly implemented and upheld.

In 2024, we implemented these practices for all the aforementioned 18 major suppliers.

Managing Environmental and Social Risks along Supply Chain

We define environmental and social risks in our supply chain as any practices that breach local legal requirements, our Code of Conduct, internal policies, or the minimum standards outlined in the Supply Chain Management Procedure. This also includes incidents that may compromise workers' human rights, health and safety, or lead to labour issues. To proactively identify and mitigate significant environmental and social risks, we regularly conduct risk monitoring and evaluation through the following methods:

- Media monitoring
- Stakeholder feedback
- NGO platforms, e.g. the environmental supervision records of the Institute of Public and Environmental Affairs ("**IPE**")
- Onsite visits
- Questionnaires
- Suppliers' self-assessments or third-party audit reports

We have established a robust system to identify, report, investigate, and address potential risks within our supply chain. Environmental and social performance, along with associated risks, are reported to management, and relevant stakeholders are promptly informed, particularly in cases of leading indicators such as work stoppages, injuries, or fatalities that could impact customer relationships or result in financial or reputational damage. The CQS and sustainability teams at our factories maintain regular communication with designated suppliers to drive continuous improvement and provide necessary support until risks are effectively resolved.

We employ a "Key Risk Management" mechanism to address potential risks within the supply chain. Risks are categorised and colour-coded based on their severity and are reported to the Execo twice annually. In cases where a supplier fails to comply with the Crystal Code of Conduct, our policies, or minimum requirements – or demonstrates insufficient progress within an agreed timeframe – we may terminate the business relationship to uphold our standards and commitments.

Green Supply Chain

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

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

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

IPE Environmental Supervision for Suppliers

Based in China, the IPE is one of the key platforms for us to monitor the environmental compliance and performance of suppliers. By evaluating the disclosed information on the platform, we are able to identify environmental incidents in the supply chain in China. In the event of violations, we follow up with the concerned supplier immediately. In 2024, no environmental violations were reported.

Engagement with Subcontractors

Leveraging our robust and comprehensive environmental data management, we shared our expertise and encourage suppliers to develop their own environmental databases. This enhanced their performance monitoring and tracking capabilities, enabling them to meet the diverse data platforms required by different customers, such as comMIT, cr360, and Enablon.

Resourcing People

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

Our Code of Conduct and Social Compliance Policy

We are committed to upholding the highest standards of social responsibility across our operations. Our Code of Conduct and Social Compliance Policy serve as the foundation for ensuring fair labour practices, protecting human rights, and fostering a safe and inclusive workplace. These policies align with international standards, and reflect our dedication to sustainability and ethical business practices.

Our Master Policies, Code of Conduct, and Social Compliance Policy outline the requirements and approaches for addressing key social compliance aspects. These policies are accessible to all employees in their local languages through the company intranet, ensuring transparency and accessibility across every level. The policies cover the following critical areas:

- Responsible recruitment to prevent child labour, forced labour, and discrimination[2]
- A friendly work environment free from harassment and abuse
- Equal opportunity and fair compensation
- Decent working hours and rest times
- Freedom of association and collective bargaining
- A safe and secure workplace
- A people-oriented culture
- Women empowerment
- Benefits and welfare

Adhering to these standards, all of our factories conducted regular assessments that are updated in alignment with the latest legal, customer, and industry requirements. These assessments helped us maintain compliance and continuously improved our social responsibility practices.

[2]   Including but not limited to discrimination based on ethnic origin, political opinion, sexual orientation, age, religion, gender, nationality, race, marital status, physical abilities, and other social identities.

Labour Standard

We uphold a strict zero-tolerance policy towards child labour and forced labour in all aspects of our operations. Our practices align with the conventions of the International Labour Organization ("**ILO**"), which guide the establishment and implementation of our procedures to prevent and effectively address these issues.

With our comprehensive controls and proactive measures, none of our operations were deemed to pose significant risks regarding incidents of child or forced labour. In 2024, no instances of child labour or forced labour were identified in our factories or supply chain.

Preventing Child Labour

To ensure compliance, verifying the age of candidates is a mandatory step in our recruitment process. Our human resources team, equipped with professional training, meticulously checks various forms of age documentation to eliminate any potential loopholes. In the event that a case of child labour is identified, we take immediate corrective actions, including:

- Halting work for the individual immediately
- Providing full payment in accordance with local legal requirements
- Offering a free health check-up and medical treatment, if necessary, before ensuring their safe return
- Returning the child to their guardian or place of residence
- Conducting a root cause investigation to understand how the incident occurred
- Implementing effective measures to prevent recurrence

Eliminating Forced Labour

We prohibit all forms of forced labour, including bonded labour, indentured labour, prison labour, and slave labour. To ensure transparency and fairness, employee wages were paid directly via bank transfer to their personal accounts, with no illegal deductions or withholdings.

Risk Assessments and Grievance Mechanisms

The CQS and factory sustainability teams are responsible for conducting regular risk assessments to identify potential risks of child and forced labour. All of our factories maintain a comprehensive grievance mechanism to encourage employees to report any suspected human rights violations, such as child or forced labour. The reported cases are thoroughly investigated by factory management and/or escalated to the CQS as needed. Where risks or violations are identified, we prioritise remediating affected parties and implementing corrective actions to eliminate or mitigate risks.

Supply Chain Compliance

The same stringent standards apply to our supply chain. We have clearly communicated our zero-tolerance policy on child labour and forced labour to all suppliers, ensuring they adhere to these principles.

Social & Labor Convergence Program

As a signatory manufacturer of the Social & Labor Convergence Program ("**SLCP**"), we adopted the Converged Assessment Framework ("**CAF**") Data Collection Tool to streamline social compliance assessments. Through this initiative, we shared our SLCP verification reports via accredited hosts – the Higg Facility Social and Labor Module ("**FSLM**"), replacing redundant customer and third-party audits.

This industry-aligned approach not only reduces the burden of repetitive social audits but also allows us to redirect resources towards improving working conditions and enhancing supply chain transparency.

Better Work High Performance Factory

All five of our garment factories in Vietnam were designated as Better Work High Performance Factories for consistently demonstrating:

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

Safeguarding Employees' Health and Safety

Employee health and safety are of our paramount importance. Referencing internationally recognised standards and in compliance with relevant laws and regulations, our Social Compliance Policy and Corporate Social Compliance Manual provide all of our factories with provisions and guidance on setting up an occupational health and safety ("**OHS**") management system.

We are committed to providing a safe and healthy work environment through the implementation of robust policies, advanced safety systems, and continuous improvement initiatives. Our occupational health and safety management system ensures compliance with local regulations and international standards, while our Health and Safety Committees actively identify risks, conduct regular inspections, and promote a culture of safety across all operations. By equipping our workforce with the necessary tools, training, and resources, we aim to prevent accidents, enhance wellness, and foster a workplace where every employee feels protected and valued. These efforts underscore our dedication to operational excellence and our broader commitment to sustainability and social responsibility.

Rate of Fatalities and Work Injuries

Injury cases are defined as cases that have been reported to local governments with medical and insurance claims, and that resulted in at least four lost days each. In 2024, 0.01% of total working person-days across the Group's operations were lost as leave taken by employees owing to work injuries. There were a total of 146 work injury cases, accounting for 2,555 lost workdays.

Work-related fatality refers to deaths arising from exposure to hazards at work or commuting incidents where transportation is provided by the Company. During the reporting year, one work-related fatality was recorded.

Year	2024	2023	2022
Number of work-related fatalities	1	0	1
Rate of work-related fatalities	0.001%	0.0%	0.001%

Structural, Fire and Electrical Safety

The Life and Building Safety ("**LABS**") is an industry-wide initiative that focuses on identifying and mitigating risks related to fire, electrical, and structural safety to ensure safer working environments for employees. By adopting LABS, we do not only protect our workers but also enhance operational efficiency, stakeholder trust, and overall sustainability.

Six of our factories in Vietnam and Cambodia where the initiative is applicable actively participated in LABS and five of them obtained the graduation certification.

Factory Governance on Fire, Electrical and Chemical Safety

Enhancing fire, electrical and chemical safety was one of the key tasks of the Factory Governance initiative spearheaded by the CEO. In addition to establishing regular meetings to review and monitor pertinent factory issues, the Corporate Construction and Facilities Department ("**CFD**") conducted fire and electrical inspections, while the CQS performed safety inspections for chemical handling and storage at all our factories during the year.

Gender Equality, Maternity and Parenting Support

Our efforts to enhance gender equality, along with maternity and parenting support, were ongoing. We remain committed to fostering a workplace culture that promotes equal opportunity, mutual respect, and a healthy work-life balance.

As the status of women is set to improve in many of our operating countries, our facilities took proactive steps to advance gender equality. We offered programmes ranging from cervical cancer screenings and contraception consultations to awareness sessions on menopause and campaigns against violence towards women. These initiatives empower our female employees and support their overall wellness.

Accelerating Women Empowerment and Leadership

Being the first among the Group, our intimate factory in Vietnam partnered with a customer to launch Reimagining Industry to Support Equality ("**RISE**") Respect programme, a collaborative initiative with the goal of preventing gender-based violence and harassment and advancing women empowerment in global supply chains. A total of 190 change makers were empowered in the first batch of the programme.

In recognition of the factory's positive effort towards advancing gender equality in the workplace and community, the factory's General Manager was crowned the national winner of UN Women 2024 Asia-Pacific Women Empowerment Principles ("**WEPs**") Award – Leadership Commitment.

Crystal's sportswear factory in Cambodia also launched its first-ever Gap Inc.'s P.A.C.E. women empowerment programme through training sessions related to personal health, financial literacy, communication, and leadership skills, unleashing their professional and personal growth.

To empower female production managers, our lifestyle wear factory in China and sportswear factory in Vietnam partnered with a sports brand to provide effective communications and management training, aiming to polish their supervision and leadership skills.

Enhancing Maternity and Parenting Support

We care about the health and wellness of pregnant employees, and strive to ensure a comfortable workplace for them. In addition to offering flexible work arrangements such as early leave to pregnant workers, our sportswear factory in Cambodia organised the "Pregnancy Care Day" event, when factory management distributed gifts to the pregnant participants and invited a doctor to provide professional medical advice on different aspects, including nutrition and health checks.

Replicating the success of the annual "Caring for Expecting Moms" campaign long hosted by our lifestyle wear factory in China, the campaign was expanded to our intimate factory supporting more mothers-to-be workers in preparation for their labour and delivery. The campaign involved hosting fun quizzes to enhance pre-motherhood knowledge, introducing the company's pregnancy-specific benefits, arranging seminars conducted by maternity health professionals, and preparing photo-shooting sessions.

To support our underprivileged working parents in raising their children, our intimate factory in Vietnam collaborated with a trade union to present scholarships to 87 children of their workers. The scholarships recognised the young students' outstanding academic performance and motivated them to pursue excellence in their studies.

Employee Wellness

Physical

The physical wellness of employees is crucial to our ongoing business success. To foster a culture of athletic activity, we have established sports centres or sports grounds on premises across our operations, providing convenient access to recreational options. Furthermore, we regularly organise wellness programmes such as health assessments to help employees identify health issues early and facilitate timely treatment.

Mental

Ensuring our employees' mental wellness is equally important in strengthening our sustainability goals. We support our workforce in coping with the normal stresses of life while striving to ensure that every member feels a sense of belonging and connection with the team.

Encouraging Sport Participation

The Crystal Vietnam Games made a long-awaited comeback this year after its first occurrence in 2022, bringing together close to 800 employees from our knits factories in Vietnam who competed in several events over a few days, namely football, volleyball, table tennis, badminton, athletics, and dance sport. Our global colleagues enjoyed closely following the updates about the Games shared on social media, eager to see which factory team performed the best and won the most medals.

Promoting Stress Management

While at our knits factory in China, more than 50 colleagues underwent an emotional and stress management training conducted by the HR team to practise mindfulness and learn about anxiety relief.

Getting Rid of Blurry Vision

At our denim factory in Vietnam, all of its 4,000 workers had their vision screened free of charge by optometrists under the VisionSpring's Clear Vision Workplace ("**CVW**") programme. Nearly 1,000 workers – who were diagnosed with refractive errors – received no-cost, quality eyeglasses that freed them from the blurry vision they had long endured. As it was their first pair of eyeglasses for many of them, they were also guided to select a suitable spectacle frame and counselled to learn about the proper use and care within the factory setting. Through the CVW programme, workers improved their quality of life and increased their income-earning potential due to enhanced productivity.

Addressing Prevalent Illnesses of the Communities

Our factories organised initiatives to combat prevalent illnesses in the communities in which they operate. In collaboration with the local health authority and a hospital, about 450 employees of our intimate factory in China were screened for nasal cancer – common among Cantonese people due to certain dietary habits.

In Bangladesh where hepatitis is a significant public health concern, our fabric mill and knits factory observed the World Hepatitis Day to raise awareness about prevention and treatment options.

Talent Acquisition

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

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

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

Workforce Breakdown

Crystal had a total of 75,277 employees at the end of 2024, of which 32.2% were male and 67.8% were female.

Notes:
· The workforce figures include all garment and textile manufacturing facilities across five operating countries, our headquarters and offices in Asia.
· Our workforce comprises full-time employees, with the exception of four part-time staff.

By Region and Gender

Country	%	Male	Female
Vietnam	54.3%	32.4%	67.6%
China	16.1%	33.9%	66.1%
Cambodia	11.9%	20.9%	79.1%
Bangladesh	11.3%	43.1%	56.9%
Sri Lanka	5.9%	27.8%	72.2%
Hong Kong and other offices in Asia	0.5%	40.5%	59.5%
Total	100%	32.2%	67.8%

By Age Group

Age %

- >55 0.8%
- 46–55 8.4%
- 16–25 20.3%
- 36–45 30.0%
- 26–35 40.5%
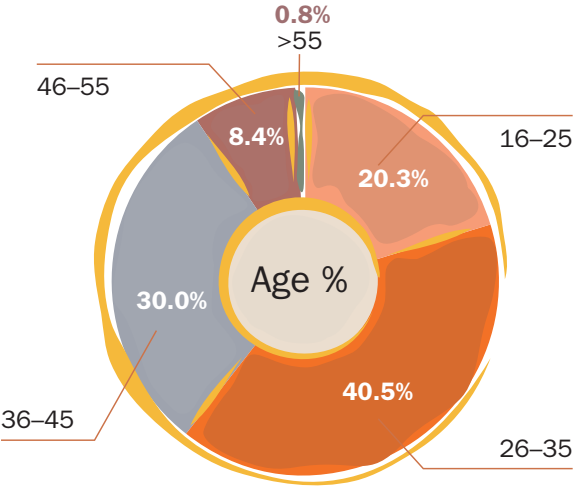
Monthly Average Employee Turnover Rate

Our monthly average employee turnover rate (voluntary) was 2.4%, where voluntary turnover refers to employees that resign of their own accord excluding dismissal and retirement. This rate is obtained by dividing the number of employees who willingly left employment in 2024 by the total number of employees at the end of the year, then further dividing by 12 months.

By Gender

2.7% Male

2.2% Female

By Region

Vietnam	2.6%
China	1.8%
Cambodia	0.8%
Bangladesh	1.9%
Sri Lanka	4.4%
Hong Kong and other offices in Asia	1.1%

By Age Group

16–25	3.6%
26–35	2.3%
36–45	1.7%
46–55	1.3%
>55	1.1%

Talent Grooming

Our Master Policies on Human Resources provides clear guidelines to support employee development and build a culture of continuous professional development. Through training, education, and development activities, we strive to develop a skills base and intellectual capital in the Group to ensure qualified personnel for our present and future needs.

Training Data

In 2024, a total of 9,762,371 hours of training were provided, including:

- 7,765,187 hours of customer requirement training
- 1,997,184 hours of programmed training

Each of our active and resigned employees received an average of 87 hours of training.

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

Programmed training includes structured and classroom training activities in management and leadership skills, technical skills, communication skills, female empowerment, talent development, and compliance.

The percentage of employees who received programmed training by gender and job level is tabulated below. However, the breakdown information does not reflect customer requirement training due to the unavailability of the relevant data.

Programmed Training Breakdown by Gender

Gender	Percentage Trained	Average Training Hours
Female	77%	15.2
Male	83%	22.6
Total	79%	17.8

Programmed Training Breakdown by Job Level

Grade	Percentage Trained	Average Training Hours
Executive	95%	15.2
Manager	95%	18.5
Officer	88%	8.0
General Staff	79%	6.0
Worker	78%	19.6
Total	79%	17.8

Learning and Development

Recognising the strategic importance of leadership and talent development, we continued to invest resources to help our team grow and strengthen our talent pipeline. Our group-wide training programme covered all our employees at different levels for their personal and career growth.

Targets	Examples of training programme
Workers	• Production training • Financial literacy • Language classes • Labour practices
Supervisors and line leaders	• Supervisory skills
Officer-grade staff	• Standard officer training curriculum
Managerial-grade staff	• Factory Talent Development Programme • Crystal Manager Training Curriculum

Structuring Learning and Development Mechanism

Our three Shared Service Centres ("**SSC**") serving our operations in China, Bangladesh, Vietnam, and Cambodia conducted a total of 54 management training workshops for 757 participants as identified in the Crystal Manager Training Curriculum.

For Crystal officers, a standard training curriculum was endorsed by the top management for rollout in 2025, with a blended-learning and local-for-local training approach. To prepare for the implementation, a team of master trainers completed the first train-the-trainer workshop. Each SSC will further recruit and develop the second-tier trainers locally.

Nurturing Future Leaders

Our learning and development vision centred on fostering internal talent for future executive succession. Our Group Talent Development Team continued the strategic execution of:

- **Mid-term Succession:** Talent Programmes for all key factory functions, sales, and supporting functions
- **Long-term Succession:** Crystal Associate Programme for early-career talents in the market, integrating project exposure to provide practical experience alongside interactive learning

1,172 learning hours for talent programmes

2,096 learning hours for Crystal Associate Programme

Cultivating Cohesion Through Team Building

Group operations held team building for different purposes such as fostering effective workplace communication, inspiring collaboration, and cultivating creativity.

Just days before the National Day in Singapore, our local colleagues celebrated team diversity and the country's rich heritage through a day of immersive excursions to the cultural museums. After completing collaborative missions, the day was filled with learning, laughter, and meaningful connections as the team embraced the vibrant tapestry of cultures within our community.

Employee Communication

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

Worker Voice Programmes

Many of our factories in Vietnam, China, and Cambodia adopt self-developed mobile phone apps or collaborate with customers to launch various worker voice programmes. Our worker voice programmes underscore our commitment to fostering an inclusive, equitable, and collaborative workplace by empowering employees to share feedback, ideas, and concerns openly. Through structured channels such as regular pulse surveys and anonymous grievances, we ensure diverse perspectives inform decision-making at all levels.

These programmes not only strengthen trust and accountability but also drive continuous improvement in workplace policies, safety standards, and professional development opportunities. By actively listening and responding to employees, we cultivate a culture of respect for people, aligning with our corporate values and employee engagement practices. The programmes reflect our belief that a thriving workforce is integral to achieving long-term business success and societal impact.

Anti-corruption

To promote good business ethics and integrity across the Group, the Board oversees a series of master policies, including the following, which have been established and are available on the corporate intranet for all staff with computer access:

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

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

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

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

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

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

Anti-corruption and Code of Conduct Training

All of our executives and managers across the countries where we operate completed the annual mandated anti-corruption and code of conduct training, which translates to approximately 971 hours of training on related principles, including conflict of interest, anti-bribery, anti-money laundering, and whistle-blowing.

Strengthening Business Ethics and Whistle-blowing

Under the CEO-led Factory Governance initiative, all 1,200+ executives and managers within the Group participated in engagement sessions aimed at reinforcing awareness of business ethics and whistle-blowing.

Revitalising Community

Creating Shared Value with Communities

Our business depends on the resources and infrastructure provided by the communities in which we operate. In return, we strive to become an integral part of these communities and make a positive and sustainable impact, ensuring they benefit from our presence and thrive together.

Through regular communication with community members, local authorities, NGOs, and charity organisations, we identify key focus areas for our community programmes. These areas include community activities, education, the environment, health and medical care, and community resilience. Each operation devises a local action plan to strategically align its efforts with the specific needs of the community.

Identifying Community Engagement Activities

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

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

In 2024, our contribution to communities totalled approximately US$500,000 and 8,200 person-hours, dedicated to supporting community activities, health and medical care, education, and environmental stewardship, benefiting around 40,000 individuals.

Diverse Engagement with Communities

Building Community Resilience

Super typhoon Yagi devastated northern Vietnam in early September, causing significant destruction to homes and livelihoods. In response, our knits factories prioritised the rebuilding of their workers' homes. Close to 80 eligible beneficiaries received financial assistance totalling around US$80,000, demonstrating our commitment to fostering social recovery as individuals and communities work to regain normalcy and stability.

Education to Nurture Communities

We gave back to society by supporting education in different academic institutions. In Vietnam, we signed a strategic cooperation agreement with the School of Materials Science and Engineering, Hanoi University of Science and Technology to develop young talents, through offering scholarships and sponsoring 26 sewing machines. Our intimate factory in Vietnam also provided scholarships totalling about US$8,000 to students at 17 high schools and vocational colleges.

Alongside our efforts to assist tertiary students, our denim factory in Cambodia donated in-kind contributions such as water tanks, classroom furniture, and stationery to a primary school in Kandal Province, benefitting more than 500 students and teachers.

Bringing Clean Water for Better Health

The Group and our denim division supported American Eagle Outfitters Inc.'s Water Project by financial donation as the second largest donor worldwide. The donation went to bringing reliable and safe drinkable water to those in need across sub-Saharan Africa, enabling the local community to access clean water and better hygiene.

Perseving Community Nature

Since 2011, we have supported WWF's Earth Hour for 14 consecutive years. In addition to switching off unnecessary lights to promote energy conservation, our factories advocated environmental protection in the community on a wider scale, from gifting households LED light bulbs and outreaching young students about nature conservation and gifting them saplings in Bangladesh, to organising roadside clean-ups and cycling activities in Vietnam to raise funds for community environmental actions.

Our intimate factory in Sri Lanka installed an ocean strainer in a local canal, which is connected to the Negombo Lagoon and eventually the Indian Ocean. The ocean strainer aims to trap waste in one of the most sensitive ecosystems and prevent plastic and debris from reaching the lagoon, reducing ocean pollution and protecting marine life. It successfully intercepted 130 kg of mixed ocean waste in seven weeks.

Awards and Recognition

9	23	16	7	18
ESG Reporting and Sustainability	Employee Care	Business	Community Service	Environment

Highlighted Awards and Recognition

ESG Reporting and Sustainability

Group

- Carbon Neutral Award – Grand Award, by Hong Kong ESG Reporting Awards 2024

- Commendation for the Best ESG Report – Mid-cap, by Hong Kong ESG Reporting Awards 2024

- Commendation for the Excellence in Environmental Positive Impact, by Hong Kong ESG Reporting Awards 2024

- Commendation for the Excellence in Social Positive Impact, by Hong Kong ESG Reporting Awards 2024

- EY Sustainability Excellence Awards 2024 – Outstanding Company, by Ernst & Young

- TVB ESG Awards 2024 – Outstanding ESG Award and Best in ESG Practices, by Television Broadcasts Limited

- Hong Kong Sustainability Award 2024 – Certificate of Excellence (Large Organization Category) and Excellence in Social Sustainability Initiative, by the Hong Kong Management Association

- 2024 International ARC Awards: Bronze Winner – Cover Photo/Design: ESG – Environmental, Social & Governance Report: Other Countries, by MerComm Inc.

Business

Intimate factory in Vietnam

- National Quality Award 2022 – Gold Prize, by the Ministry of Science and Technology in Vietnam

Community Service

Lifestyle wear factory in Vietnam

- 2024 Corporate Social Responsibility Recognition Award, by the American Chamber of Commerce in Hanoi

Employee Care

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

- Best Companies to Work for in Asia 2024, by HR Asia

Intimate factory in Vietnam

- 2024 Asia-Pacific Women Empowerment Principles ("WEPs") Awards – Leadership Commitment, by UN Women

Environment

Group

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

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

Lifestyle wear factory in China

- BOCHK Corporate Environmental Leadership Awards 2023: 10 Years+ EcoPioneer and EcoChallenger, by the Federation of Hong Kong Industries

Lifestyle wear factory and sportswear factory in Vietnam

- Top 100 Sustainable and Green Enterprise 2024, Green and Eco-Friendly Products 2024 by Vietnam Environmental Industry Association

International Organization for Standardization ("ISO") Certification

1. ISO9001 Quality Management System
   12 factories in Vietnam, China, Cambodia, and Bangladesh

2. ISO14001 Environmental Management System
   8 factories in Vietnam and China

3. ISO45001 Occupational Health and Safety Management System
   5 factories in Vietnam and China

Glossary

Apparel Impact Institute ("**Aii**")	The Aii is a nonprofit collective founded in 2017 by NGO and industry leaders. The organisation identifies, funds, and scales proven quality solutions to accelerate positive impact in the apparel and footwear industry.
Better Cotton Initiative ("**BCI**")	The BCI is a global, not-for-profit organisation and the largest cotton sustainability programme in the world, which aims to transform cotton production worldwide by developing Better Cotton as a sustainable mainstream commodity.
Better Work	Crystal International is participating in the Better Work programme (http://www.betterwork.org). Better Work is a partnership between the International Labour Organization ("**ILO**") and the International Finance Corporation ("**IFC**"). It brings together governments, employers' and workers' organisations, global brands, factory owners and workers to improve compliance with labour standards and promote competitiveness in global supply chains. The programme combines independent assessments with advisory and capacity building activities to support practical improvements in working conditions in supplier factories through workplace cooperation. See Better Work's website for a list of currently registered factories in country programmes.
Biogenic emissions	Biogenic emissions are carbon dioxide emissions from the combustion or biodegradation of biomass.
CDP	Formerly the Carbon Disclosure Project, CDP is a global non-profit organisation that runs the world's foremost environmental disclosure platform. It is one of the most recognised environmental reporting platforms, with a comprehensive dataset on corporate and city action, acknowledged by states and regions, cities, investors, and companies.
Converged Assessment Framework ("**CAF**")	The CAF is a tool to measure working conditions in facilities developed by Social & Labor Convergence Program ("**SLCP**") signatories. It consists of a data collection tool, verification methodology, and guidance documents.
Crystal Advocates Respect and Engagement ("**CARE**")	CARE is an employee well-being programme self-initiated by Crystal. It contains five levels to help employees build on their skills, promote a good work-life balance, strengthen their self-respect, enhance their sense of belonging and help them attain self-actualisation.
Customer final inspection pass rate ("**CFIR**")	The CFIR is a measure of factory quality performance derived from analysing the first-time pass rate of a customer's first-time final inspection.
Direct Power Purchase Agreement ("**DPPA**")	DPPA in Vietnam is a mechanism that allows renewable energy generation companies to sell electricity directly to large power consumers, bypassing the traditional state-owned utility, Vietnam Electricity ("**EVN**").
Earth Hour	Earth Hour is a worldwide environmental movement organised by the World Wide Fund for Nature. The event is held annually to encourage individuals, communities, businesses, and governments to turn off non-essential lights for one hour on a designated date.
Equivalent piece	Equivalent piece is a common unit to express our garments, produced and washed, by normalising the carbon emissions or water consumption respectively of our different product types.
Facility Environmental Module ("**FEM**")	The Higg FEM is one of the facility tools of the Higg Index that standardises how facilities measure and evaluate their environmental performance.
Facility Social & Labor Module ("**FSLM**")	The Higg FSLM is part of the Higg Index. It measures the social impact of manufacturing across areas such as wages, working hours, health and safety, and employee treatment.

Global Organic Textile Standard ("**GOTS**")	The GOTS was developed by leading standard setters to define worldwide recognised requirements for organic textiles. From the harvesting of raw materials to environmentally and socially responsible manufacturing and labelling, textiles certified to GOTS provide credible assurance to consumers.
Global Recycled Standard ("**GRS**")	The GRS is an international, voluntary, full product standard that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices, and chemical restrictions.
Greenhouse gas ("**GHG**")	GHGs are the gaseous constituents that absorb and hold heat in the atmosphere, that occur either naturally or due to human activities.
Higg Index	The Higg Index is a suite of tools developed by Cascale (formerly Sustainable Apparel Coalition) that enables brands, retailers and facilities to measure and score the sustainability performance of a company or product.
Industry 4.0	Industry 4.0 is a form of digital transformation characterised by automation and data exchange in manufacturing technologies. It includes cyber-physical systems, the Internet of things and cloud computing.
Institute of Public and Environmental Affairs ("**IPE**")	The IPE is a non-profit environmental research organisation registered and based in Beijing, China, offering a pollution database to monitor corporate environmental performance.
Low Carbon Manufacturing Programme ("**LCMP**")	LCMP, hosted by WWF-Hong Kong, provides manufacturers with a carbon accounting and labelling system to help measure their effectiveness in carbon reduction and equip them with best practices.
Manufacturing Restricted Substance List ("**MRSL**")	MRSL is a list of chemical substances that are subject to a usage ban or restrictions in manufacturing processes.
Observed quality level ("**OQL**")	OQL is a measure of factory quality performance that analyses the defect rate of the customer's first-time final inspection.
OEKO-TEX STANDARD 100	The STANDARD 100 by OEKO-TEX is a globally uniform testing and certification system for textile raw materials, as well as intermediate and end products at all stages of production. Its aim is to ensure that products are free of harmful substances.
Organic Content Standard ("**OCS**")	The OCS is an international, voluntary standard that sets requirements for third-party certification of certified organic input and chain of custody.
Overall Equipment Effectiveness ("**OEE**")	OEE is a key performance indicator used in manufacturing settings to assess the efficiency and effectiveness of production equipment. It measures how well a manufacturing operation is performing relative to its maximum potential.
Personal Advancement & Career Enhancement ("**P.A.C.E.**")	Initiated by Gap Inc., P.A.C.E. is an innovative factory-based programme that aims to positively impact female garment workers. The programme provides foundational skills and support that help them advance in the workplace and in their personal lives, through life skills education and technical training.
Recycled Claim Standard ("**RCS**")	RCS is an international, voluntary standard that sets requirements for third-party certification of recycled input and chain of custody.
Restricted Substance List ("**RSL**")	The RSL is a list of chemical substances restricted or banned from use in finished products.
Reimagining Industry to Support Equality ("**RISE**")	RISE is a collaborative initiative aimed at advancing gender equality in global garment, footwear, and home textiles supply chains. It focuses on empowering women workers, integrating gender equality into business practices, and driving systemic change through innovative solutions and policy influence.
Science Based Targets initiative ("**SBTi**")	The SBTi is a collaboration between CDP, the United Nations Global Compact ("**UNGC**"), World Resources Institute ("**WRI**") and the World Wide Fund for Nature ("**WWF**"). The initiative defines and promotes best practices in emissions reductions and offers technical assistance to companies aiming to set science-based targets ("**SBT**").
Scope 3 emissions	Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain. Scope 3 emissions include all sources not within an organisation's Scope 1 and 2 boundary.
Smart factory and smart warehouse	In a smart factory, physical production processes and operations are combined with digital technology, smart computing and big data to create a more opportunistic system. This represents a leap forward from traditional automation to a fully connected and flexible system. A smart warehouse provides efficient accessibility, timely delivery, and optimised order picking and storage through automation and a real-time management system, preventing human error while increasing safety and security in the workplace.
Social & Labor Convergence Program ("**SLCP**")	The SLCP is a non-profit multi-stakeholder initiative that aims to eliminate audit fatigue in global supply chains. The tools and system for generating high-quality comparable data on working conditions can increase transparency in the supply chain.
Task Force on Climate-related Financial Disclosures ("**TCFD**")	The TCFD was created in 2015 by the Financial Stability Board to develop consistent, climate-related financial risk disclosures for use by companies, banks and investors in providing information to stakeholders.
United Nations Global Compact ("**UNGC**")	The UNGC is a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals.
UN Fashion Industry Charter for Climate Action ("**UNFICCA**")	The UNFICCA is an industry-wide initiative, driven by the United Nations, to collectively address the climate impact of the fashion sector across its value chain.
United Nations Sustainable Development Goals ("**UN SDGs**")	The UN SDGs are a collection of 17 global goals set by the United Nations General Assembly in 2015 for the year 2030. These goals provide a blueprint to achieve a more sustainable future and address global sustainability challenges.
WWF Water Risk Filter	The WWF Water Risk Filter is an online tool developed by the WWF and German finance institution DEG, which helps companies and financial institutions to explore, assess, value and respond to water risks.
ZDHC InCheck	The ZDHC InCheck was developed by the ZDHC Foundation to enable suppliers to check their chemical inventory against the ZDHC Manufacturing Restricted Substance List ("**MRSL**") Accepted Certification for better chemical management.
Zero Discharge of Hazardous Chemicals ("**ZDHC**")	The ZDHC was formulated by a group of apparel and footwear brands and retailers working together to lead the industry towards zero discharge of hazardous chemicals.

ESG Reporting Code Index and GRI Content Index

ESG Reporting Code Index

ESG Reporting Code	Description	Section or feedback
A. Environmental		
Aspect A1: Emissions		
General disclosure		Regenerating Nature
KPI A1.1	The types of emissions and respective emissions data.	Regenerating Nature – Crystal Net Zero 2050; Air Emissions Control; Carbon, Energy and Water Data 2024
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Regenerating Nature – Carbon, Energy and Water Data 2024
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Regenerating Nature – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Regenerating Nature – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Regenerating Nature – Crystal Net Zero 2050; Air Emissions Control; Waste Management; Chemical and Wastewater Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Regenerating Nature – Waste Management
Aspect A2: Use of Resources		
General disclosure		Regenerating Nature
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Regenerating Nature – Carbon, Energy and Water Data 2024
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Regenerating Nature – Carbon, Energy and Water Data 2024
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Regenerating Nature – Crystal Net Zero 2050
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Regenerating Nature – Water Conservation
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Regenerating Nature – Waste Management
Aspect A3: The Environment and Natural Resources		
General disclosure		Regenerating Nature
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Stakeholder Engagement – Double Materiality Assessment; Key Initiatives for Addressing Stakeholder Concerns Regenerating Nature

ESG Reporting Code	Description	Section or feedback
Aspect A4: Climate Change		
General disclosure		Regenerating Nature
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Stakeholder Engagement – Double Materiality Assessment; Key Initiatives for Addressing Stakeholder Concerns Regenerating Nature – Crystal Net Zero 2050
B. Social		
1. Employment and Labour Practices		
Aspect B1: Employment		
General disclosure		Resourcing People – Our Code of Conduct and Social Compliance Policy; Talent Acquisition
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Resourcing People – Talent Acquisition
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Resourcing People – Talent – Talent Acquisition
Aspect B2: Health and Safety		
General disclosure		Resourcing People – Safeguarding Employees' Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Resourcing People – Safeguarding Employees' Health and Safety
KPI B2.2	Lost days due to work injury.	Resourcing People – Safeguarding Employees' Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Resourcing People – Safeguarding Employees' Health and Safety
Aspect B3: Development and Training		
General disclosure		Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Regenerating Nature – Crystal Net zero 2050 Product Responsibility – Quality Assurance Process Resourcing People – Talent Grooming
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Resourcing People – Talent Grooming
KPI B3.2	The average training hours completed per employee by gender and employee category.	Resourcing People – Talent Grooming
Aspect B4: Labour Standards		
General disclosure		Resourcing People – Our Code of Conduct and Social Compliance Policy
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Resourcing People – Our Code of Conduct and Social Compliance Policy
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Resourcing People – Our Code of Conduct and Social Compliance Policy

ESG Reporting Code	Description	Section or feedback

2. Operating Practices

Aspect B5: Supply Chain Management

General disclosure		Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management – Supply Chain Management Strategy
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Corporate Supply Chain Management Procedure; Governing Policies and Requirements for Suppliers
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management – Managing Environmental and Social Risks along Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Green Supply Chain Regenerating Nature – Higg Index

Aspect B6: Product Responsibility

General disclosure		Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Product Safety
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Handling Product Complaints
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance Process; Product Recall Procedure
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Our core garment and textile manufacturing business does not involve ownership of consumer privacy in the context of networked data nor globalised corporate activities that might lead to risks of personal data leakage and misuse or unauthorised access.

Aspect B7: Anti-corruption

General disclosure		Resourcing People – Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Resourcing People – Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Resourcing People – Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Resourcing People – Anti-corruption

3. Community

Aspect B8: Community Investment

General disclosure		Revitalising Community – Creating Shared Value with Communities
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Revitalising Community – Creating Shared Value with Communities
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better Revitalising Community – Creating Shared Value with Communities

GRI Content Index

Crystal International Group Limited has reported the information cited in this GRI content index for the period 1 January to 31 December 2024 with reference to the GRI Standards. GRI 1: Foundation 2021 has been used when compiling this report.

Topic or GRI standard	Disclosure	Section or feedback
GRI 2: General Disclosures 2021		
The organisation and its reporting practices	2-1 Organisational details	About This Sustainability Report
		"Corporate Information" section of our Annual Report 2024
		About Crystal International – Geographical Markets and Multi-country Production Facilities
		Crystal International Group Limited is listed on Hong Kong Main Board of The Stock Exchange of Hong Kong.
	2-3 Reporting period, frequency and contact point	About This Sustainability Report
		This report is published annually.
	2-4 Restatements of information	There is no revision of the information provided in the previous report.
	2-5 External assurance	This report is not externally assured at present.
Activities and workers	2-6 Activities, value chain and other business relationships	About This Sustainability Report
		About Crystal International
		Supply Chain Management
		"Management Discussion and Analysis" section of our Annual Report 2024
		There were no significant changes in our sector, the structure of our supply chain, our suppliers' locations, or our relationships with suppliers, including selection and termination.
	2-7 Employees	Resourcing People – Talent Acquisition
Governance	2-9 Governance structure and composition	About Crystal International – Corporate Governance; Sustainability Governance
		"Corporate Governance Report" section of our Annual Report 2024
	2-10 Nomination and selection of the highest governance body	"Corporate Governance Report" section of our Annual Report 2024
	2-11 Chair of the highest governance body	"Corporate Governance Report" section of our Annual Report 2024
	2-12 Role of the highest governance body in overseeing the management of impacts	About Crystal International – Sustainability Governance Stakeholder Engagement – Double Materiality Assessment
	2-13 Delegation of responsibility for managing impacts	About Crystal International – Sustainability Governance
	2-14 Role of the highest governance body in sustainability reporting	About Crystal International – Sustainability Governance Stakeholder Engagement – Double Materiality Assessment
	2-15 Conflicts of interest	"Report of the Directors" and "Notes to the Consolidated Financial Statements" section of our Annual Report 2024 Resourcing People – Anti-corruption
	2-16 Communication of critical concerns	"Corporate Governance Report" section of our Annual Report 2024
	2-17 Collective knowledge of the highest governance body	"Directors and Senior Management" and "Corporate Governance Report" section of our Annual Report 2024
	2-18 Evaluation of the performance of the highest governance body	"Corporate Governance Report" section of our Annual Report 2024
	2-20 Process to determine remuneration	"Corporate Governance Report" section of our Annual Report 2024
	2-21 Annual total compensation ratio	"Corporate Governance Report" section of our Annual Report 2024

Topic or GRI standard	Disclosure	Section or feedback
Strategy, polices and practices	2-22 Statement on sustainable development strategy	CEO Message
	2-23 Policy commitments	About Crystal International – Corporate Governance; Sustainability Governance
		Our Sustainability Vision and Approach – United Nations Global Compact
		Regenerating Nature – Our Environmental Policy and Management System Guidelines
		Product Responsibility – Quality Assurance Process
		Supply Chain Management – Governing Policies and Requirements for Suppliers
		Resourcing People – Our Code of Conduct and Social Compliance Policy; Safeguarding Employees' Health and Safety; Talent Acquisition; Talent Grooming; Anti-corruption
	2-24 Embedding policy commitments	About Crystal International – Corporate Governance; Sustainability Governance
		Regenerating Nature – Our Environmental Policy and Management System Guidelines
		Product Responsibility – Quality Assurance Process
		Supply Chain Management – Governing Policies and Requirements for Suppliers
		Resourcing People – Our Code of Conduct and Social Compliance Policy; Safeguarding Employees' Health and Safety; Talent Acquisition; Talent Grooming; Anti-corruption
	2-25 Processes to remediate negative impacts	Resourcing People – Our Code of Conduct and Social Compliance Policy; Anti-corruption
	2-26 Mechanisms for seeking advice and raising concerns	Resourcing People – Our Code of Conduct and Social Compliance Policy; Anti-corruption
	2-27 Compliance with laws and regulations	There were no significant fines or non-monetary sanctions for non-compliance with laws and/or regulations within the reporting period.
	2-28 Membership associations	Stakeholder Engagement – Global Partnerships on Sustainability
Stakeholder engagement	2-29 Approach to stakeholder engagement	Stakeholder Engagement

GRI 3: Material Topics 2021

Topic or GRI standard	Disclosure	Section or feedback
Disclosures on material topics	3-1 Process to determine material topics	Stakeholder Engagement – Double Materiality Assessment
	3-2 List of material topics	Stakeholder Engagement – Double Materiality Assessment
	3-3 Management of material topics	Our Sustainability Vision and Approach – Our Sustainability Framework; Crystal Sustainability Vision 2030 – Impact for Better
		Stakeholder Engagement – Key Initiatives for Addressing Stakeholder Concerns
		Regenerating Nature
		Driving Innovative Manufacturing
		Resourcing People

Topic–specific Disclosure

Topic or GRI standard	Disclosure	Section or feedback
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Resourcing People – Anti-corruption
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Regenerating Nature – Carbon, Energy and Water Data 2024
	302-3 Energy intensity	Regenerating Nature – Carbon, Energy and Water Data 2024
	302-4 Reduction of energy consumption	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better
		Regenerating Nature – Crystal Net Zero 2050; Carbon, Energy and Water Data 2024

Topic or GRI standard	Disclosure	Section or feedback
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better
		Regenerating Nature – Crystal Net Zero 2050; Water Conservation; Carbon, Energy and Water Data 2024; Chemical and Wastewater Management
	303-2 Management of water discharge-related impacts	Regenerating Nature – Chemical and Wastewater Management
	303-5 Water consumption	Regenerating Nature – Carbon, Energy and Water Data 2024
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Regenerating Nature – Carbon, Energy and Water Data 2024
	305-2 Energy indirect (Scope 2) GHG emissions	Regenerating Nature – Carbon, Energy and Water Data 2024
	305-4 GHG emissions intensity	Regenerating Nature – Carbon, Energy and Water Data 2024
	305-5 Reduction of GHG emissions	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better
		Regenerating Nature – Crystal Net Zero 2050; Carbon, Energy and Water Data 2024
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Regenerating Nature – Air Emissions Control
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	Regenerating Nature – Waste Management
	306-3 Waste generated	Regenerating Nature – Waste Management
	306-4 Waste diverted from disposal	Regenerating Nature – Waste Management
	306-5 Waste directed to disposal	Regenerating Nature – Waste Management
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Supply Chain Management – Governing Policies and Requirements for Suppliers; Green Supply Chain
	308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Management – Governing Policies and Requirements for Suppliers; Managing Environmental and Social Risks along Supply Chain
		Regenerating Nature – Higg Index
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Resourcing People – Talent Acquisition
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Resourcing People – Safeguarding Employees' Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Resourcing People – Safeguarding Employees' Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Resourcing People – Safeguarding Employees' Health and Safety
	403-5 Worker training on occupational health and safety	Resourcing People – Safeguarding Employees' Health and Safety
	403-6 Promotion of worker health	Resourcing People – Employee Wellness; Gender Equality, Maternity and Parenting Support
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Resourcing People – Safeguarding Employees' Health and Safety
		Product Responsibility – Product Safety
	403-9 Work-related injuries	Resourcing People – Safeguarding Employees' Health and Safety

Topic or GRI standard	Disclosure	Section or feedback
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Resourcing People – Talent Grooming
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better
		Regenerating Nature – Higg Index
		Product Responsibility – Quality Assurance Process
		Resourcing People – Our Code of Conduct and Social Compliance Policy; Talent Grooming
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our Sustainability Vision and Approach – Crystal Sustainability Vision 2030 – Impact for Better
		Resourcing People – Talent Acquisition
		"Directors and Senior Management" section of our Annual Report 2024
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Resourcing People – Our Code of Conduct and Social Compliance Policy
		Supply Chain Management – Governing Policies and Requirements for Suppliers
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Resourcing People – Our Code of Conduct and Social Compliance Policy
		Supply Chain Management – Governing Policies and Requirements for Suppliers
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supply Chain Management – Governing Policies and Requirements for Suppliers
	414-2 Negative social impacts in the supply chain and actions taken	Supply Chain Management – Governing Policies and Requirements to Suppliers; Managing Environmental and Social Risks along Supply Chain
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Responsibility – Product Safety; Handling Product Complaints

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