

# Fusing threads in a changing world

SUSTAINABILITY REPORT  
**2023-2024**





# About TAL Apparel

TAL Apparel is the apparel manufacturing division of the TAL Group. We are dedicated to offering innovative products and services throughout various stages of the apparel supply chain.

Our core business is the manufacturing of garments across multiple product categories, including men's and women's shirts/blouses, knit polos, suits, jackets, pants and masks. We partner with some of the industry's leading fabric mills and trim suppliers to offer the highest quality material for our customers.

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

In 2025, we are shifting towards a new type of reporting by frequently publishing stories on our website and social media, along with producing this biennial report. In the future, we seek to shift towards fully online reporting to ensure our stakeholders are presented with timely and informative stories and information from our company.

For this report, what this means is that there will be links to online content rather than stories reproduced in both places.







As usual we welcome feedback on our sustainability report, as well as questions or concerns. Please feel free to contact us via email: [sustainability@talapparel.com](mailto:sustainability@talapparel.com).



We thank you for your continued support on our sustainability journey.

# Contents

---

	<b>Introduction</b>	<b>5</b>		<b>Social &amp; labour</b>	<b>31</b>		<b>Sustainable products</b>	<b>76</b>
	Message from the Vice Chair	6		Social sustainability management system	32		Circular economy	77
	Message from the CEO	8		Fostering a decent workplace	33		Sustainable materials	78
	Scope of this report	9		Health & Safety	41			
	Sustainability at a glance	11		External audits	44		<b>Sustainable supply chains</b>	<b>80</b>
				Higg FSLM	47		Higg FEM and FSLM adoption	81
				Subcontractor screening	49			
	<b>Company governance</b>	<b>14</b>		Community involvement	50		<b>Appendices</b>	<b>83</b>
	Management of impacts	15		Human capital management	53		GHG data appendix	84
	Internal audit	16		Functional skilled knowledge program	56		Sales data appendix	86
							GRI index	87
	<b>Business</b>	<b>18</b>		<b>Environment</b>	<b>58</b>		Workforce supplemental data	92
	Business outlook	19		Environmenal management system	59			
	Due diligence	24		Greenhouse gas management	60			
	Sustainability strategy	26		Water management	66			
	Industry collaboration	29		Wastewater management	68			
	Awards	30		Waste management	70			
				Chemical management	74			
				Higg FEM	75			



# Introduction



# Message from the Vice Chair



**Delman Lee**, Vice Chair

As I write this overview in June 2025, the title of this edition of our sustainability report – ‘Fusing threads in a changing world’ – has never felt more appropriate.

The past two years have reminded us how interconnected and complex our world is. From rising geopolitical tensions and shifting trade policies to regulatory changes and climate impacts, the external environment has remained uncertain and often unpredictable. Through it all, we have remained committed to weaving sustainability into our business.

This report outlines the progress we’ve made – and the areas where we continue to learn – on our sustainability journey. It tells the story of how, in a rapidly changing world, we are not only adapting but also leading with purpose. Our efforts continue under the themes of climate action, worker wellbeing and circularity. Across our operations, supply chains and products, and in partnership with customers, we have sought to reduce our environmental footprint, strengthen support for workers and build a more circular business model.

On climate action, we made significant progress. Our greenhouse gas (GHG) reduction targets were validated by the Science Based Targets initiative, and we have begun implementing emissions reduction projects across the

group. These include a rooftop solar system in Vietnam, a new biomass boiler, and improvements in energy efficiency. We are optimistic that we can meet our 2030 GHG reduction targets and that advances in technology and global climate action policy will support the global shift to a net-zero future.

We also advanced our work on water and wastewater management, upgrading our wastewater treatment plants to meet higher treatment standards and added water recycling capacity. These efforts helped us further reduce water intensity by 67% since 2011, with absolute water consumption down 80% since 2011. Waste management also saw improvement, though progress was uneven across regions due to local infrastructure constraints. We continue to refine our factory-level plans to improve waste diversion to reusing and recycling.

Worker wellbeing remains a core part of our work. We completed a worker wellbeing survey across our largest factories and used the insights to make targeted improvements, including reviewing our incentive scheme, providing financial literacy training, introducing new supervisor-worker management training and making enhancements to common areas such as canteens. We also formalised our partnership with the Issara Institute to support ethical recruitment of migrant workers in Thailand. We will continue to learn from our employees about their needs and areas where we can improve as a company. Ensuring our workers’ voices are heard and respected is essential to ensuring our sustainable growth.






## Message from the Vice Chair

We expanded our product and material sustainability efforts as well. In 2023, we completed our first fibre uptake report and submitted our results to the Textile Exchange Materials Benchmark survey. In 2024, our years-long project of bringing regenerative cotton direct from farmer to consumer came to fruition when we shipped our first RegenAgri-certified garments. These efforts also support our scope 3 climate goals and fulfil part of our circular economy roadmap.

In our supply chain, we engaged more of our fabric and trim suppliers in the Higg Index and continued our efforts to build traceability and transparency. At the same time, challenges such as fast fashion competition, shipping disruptions and fabric oversupply tested the resilience of our systems. We acknowledge these hurdles and continue working to improve speed, flexibility and coordination across our network.

Sustainability does not happen in isolation. We are grateful to our employees, partners and customers for continuing to walk this path with us. Progress in sustainability is never linear, but our direction is clear.



We are optimistic about the future, because we believe that by fusing our efforts, values and partnerships we can help shape a more resilient and responsible industry for generations to come. Thank you for your continued trust and support.





# Message from the CEO



Roger Lee, CEO

As we present this year's sustainability report, I want to reflect on an emerging trend in the apparel industry – one that warrants thoughtful consideration.

In an environment shaped by geopolitical uncertainty, shifting trade policies and mounting tariff pressures, many brands and retailers are being forced to make difficult trade-offs. In some instances, this has meant temporarily scaling back sustainability initiatives. While these decisions are understandable given the pressures of rising costs and volatile supply chains, we believe it is precisely during such times that a long-term perspective is most critical.

**Sustainability should not be viewed as an optional commitment, but as a strategic imperative that demands consistency, resilience and purpose – even amid adversity.**

At TAL, we have remained resolute in our commitment to sustainability – not because it is the easy path, but because it is the right one. Our ambitions around climate action, worker wellbeing and circularity are not guided by trends but grounded in principles. These commitments require ongoing investment, strong partnerships and a long-term mindset. Our approach embeds sustainability into how we innovate, how we manufacture and how we engage

with our partners – positioning it as a core driver of future relevance and competitiveness.

The world remains unpredictable. Trade policies shift, supply chain dynamics evolve and global tensions rise and fall. Yet we believe that in these very moments, true leadership is defined – not by retreating to what feels safe, but by holding firmly to values that endure. This is how we continue to earn the trust of our customers, uphold the strength of our operations and contribute meaningfully to the communities in which we operate. I want to thank our teams across TAL who continue to deliver on this vision despite the headwinds.

To our brand partners, we encourage you to remain focused on the long term. Sustainability, when approached with integrity and persistence, is not merely a cost – it is a powerful investment in resilience and shared success.

**Let us stay the course – together – not just in moments of stability, but especially in times of challenge.**





# Scope of this report

This sustainability report covers all manufacturing sites and offices under TAL Apparel. In addition, we cover all identified material topics for our business.

We follow the Global Reporting Initiative (GRI) Standards to identify the most significant material topics that affect our stakeholders regarding the economic, environmental and social impacts of our operations. Our goal is to present our sustainability performance in a way that is relevant and transparent to our stakeholders.

The five key stakeholders groups are:



Employees



Customers



Management



Supply chain partners



Community

To determine the topics to include in our report, we conducted a materiality assessment among the key stakeholders

through direct surveys and stakeholder meeting notes. In addition, we participate in apparel industry focused multistakeholder initiatives that help keep our company informed on salient sustainability issues. We cross reference the salient industry issues against stakeholder priorities and our company's context through a one-to-five scale based on three primary factors: likelihood, severity and responsibility for our economic, environmental and social consequences.

Based on our analysis, the top four topics that should take precedence within our company are social compliance, sustainable products, resource efficiency and climate change. This information further solidifies our commitment to addressing these areas and emphasising their importance.

In this report, you will find content covering all these material issues.

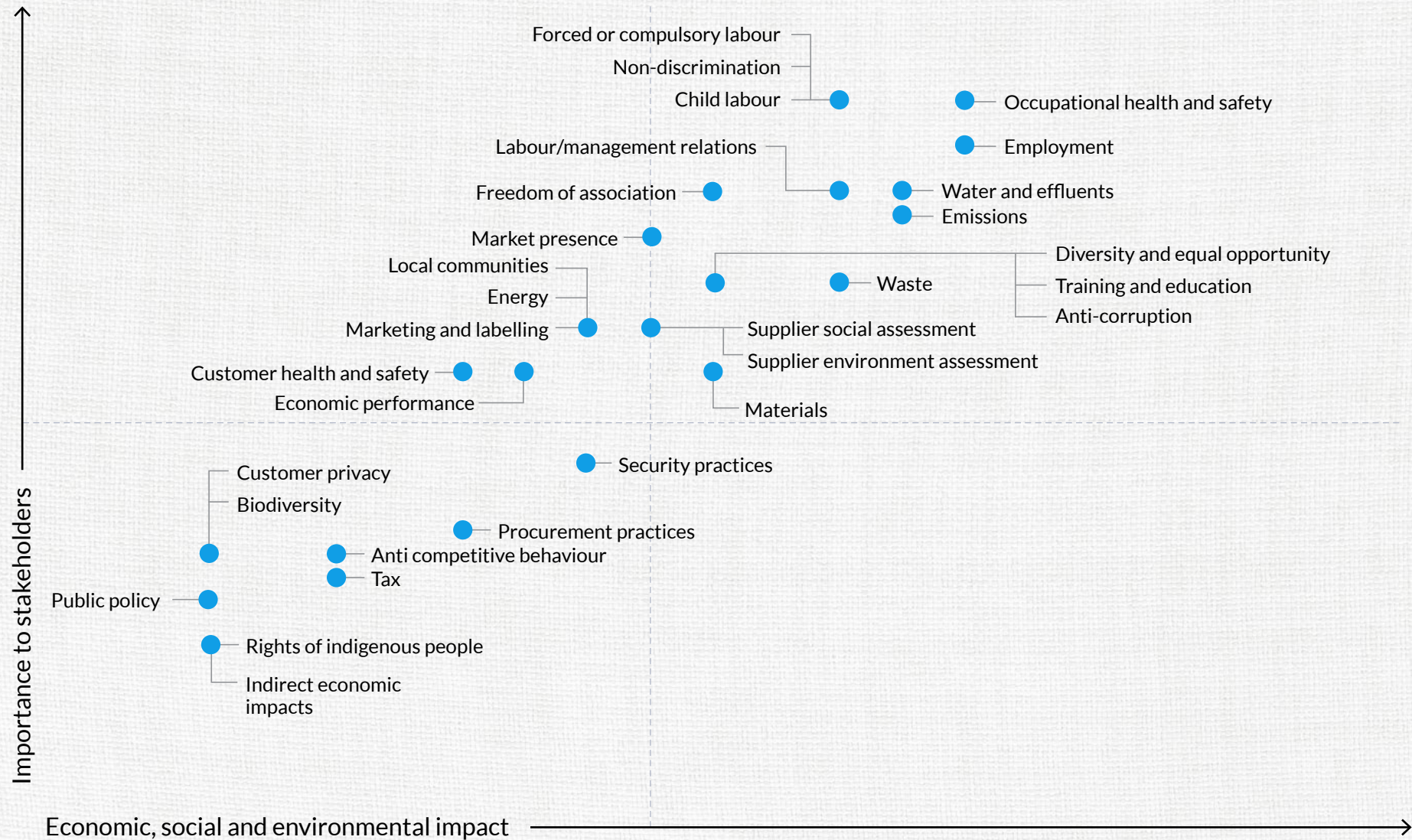
Our goal is to provide our stakeholders with insights on our achievements and our challenges, especially where we believe more collective action is needed to achieve our collective sustainability goals.





## Scope of this report

## MATERIALITY MATRIX



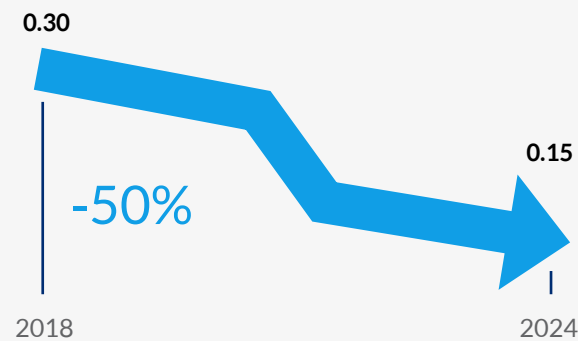




# Sustainability at a glance

## PEOPLE

### Lost time injury rate



### Talent management



**1,839** employees trained



**19,812** training hours



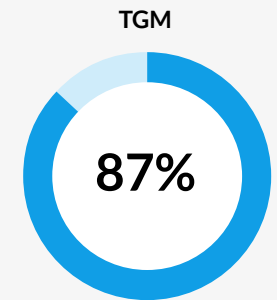
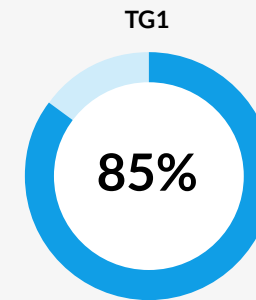
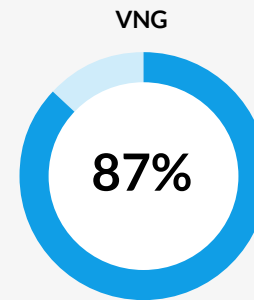
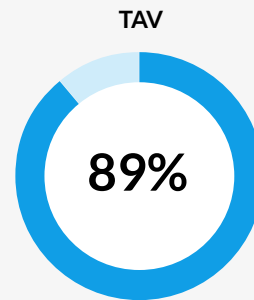
**77%** of employees would recommend TAL to their family and friends

### FSLM scores

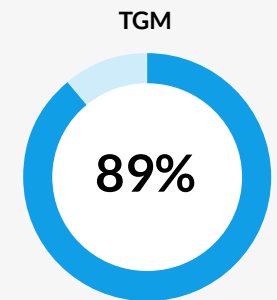
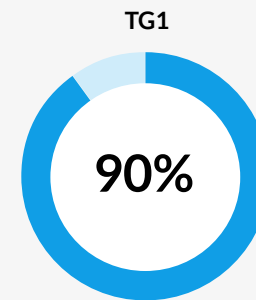
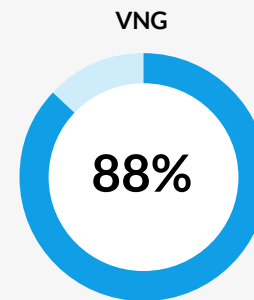
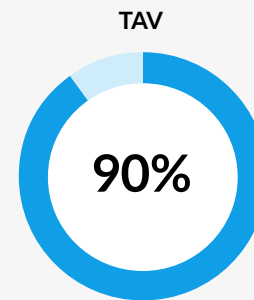


Total scores within top quartile of verified Higg Facility Social & Labour Module (Higg FSLM) scores

2023



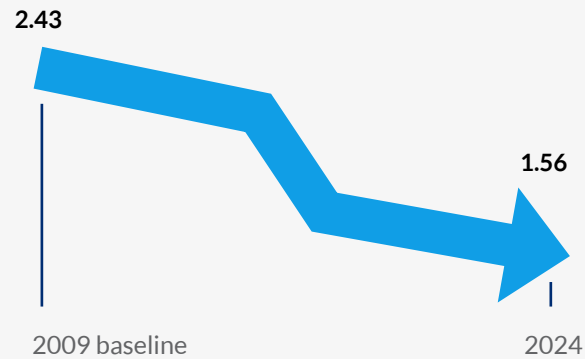
2024





## Sustainability at a glance

## PLANET

GHG intensity (kgCO<sub>2</sub>e/piece)

≈ **36%**  
from baseline

Cumulative GHG emissions saved is equivalent to the size of



**8**  
Central Parks in  
New York City

## GHG savings



In 2023–2024, we reduced the same amount of GHG emissions as the previous 11 years.

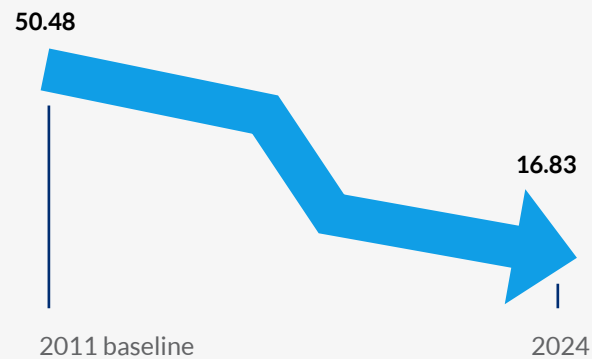


We saved  
**16,400** tonnes CO<sub>2</sub>e emissions




That's equivalent to the amount sequestered annually by around four Central Parks

## Water intensity (L/piece)



≈ **67%**  
From baseline

Cumulative water saved is equivalent to



**270**  
olympic-sized  
swimming pools

## Water recycling

TAL can recycle approximately



**28%**  
of total water use

across all factories, saving the equivalent of an olympic-sized swimming pool every week

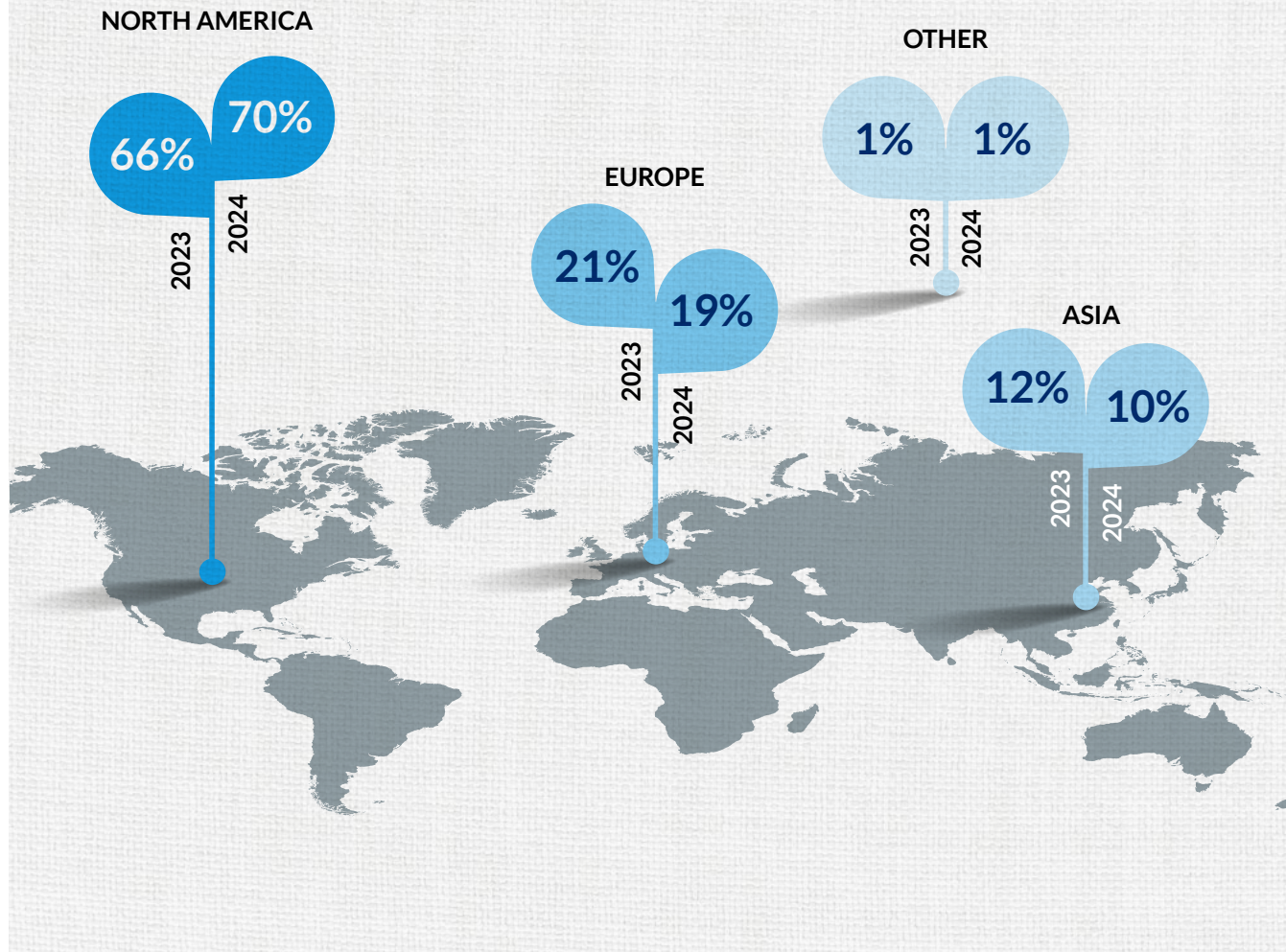




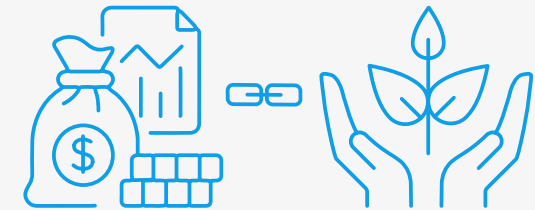
## Sustainability at a glance

## PROFIT

## Sales by continent



## Sustainability-linked loan



TAL signed a sustainability-linked loan in 2023. Upon reaching our GHG and water intensity targets, our company will benefit from interest rate discounts on some of our financial facilities with our bank.

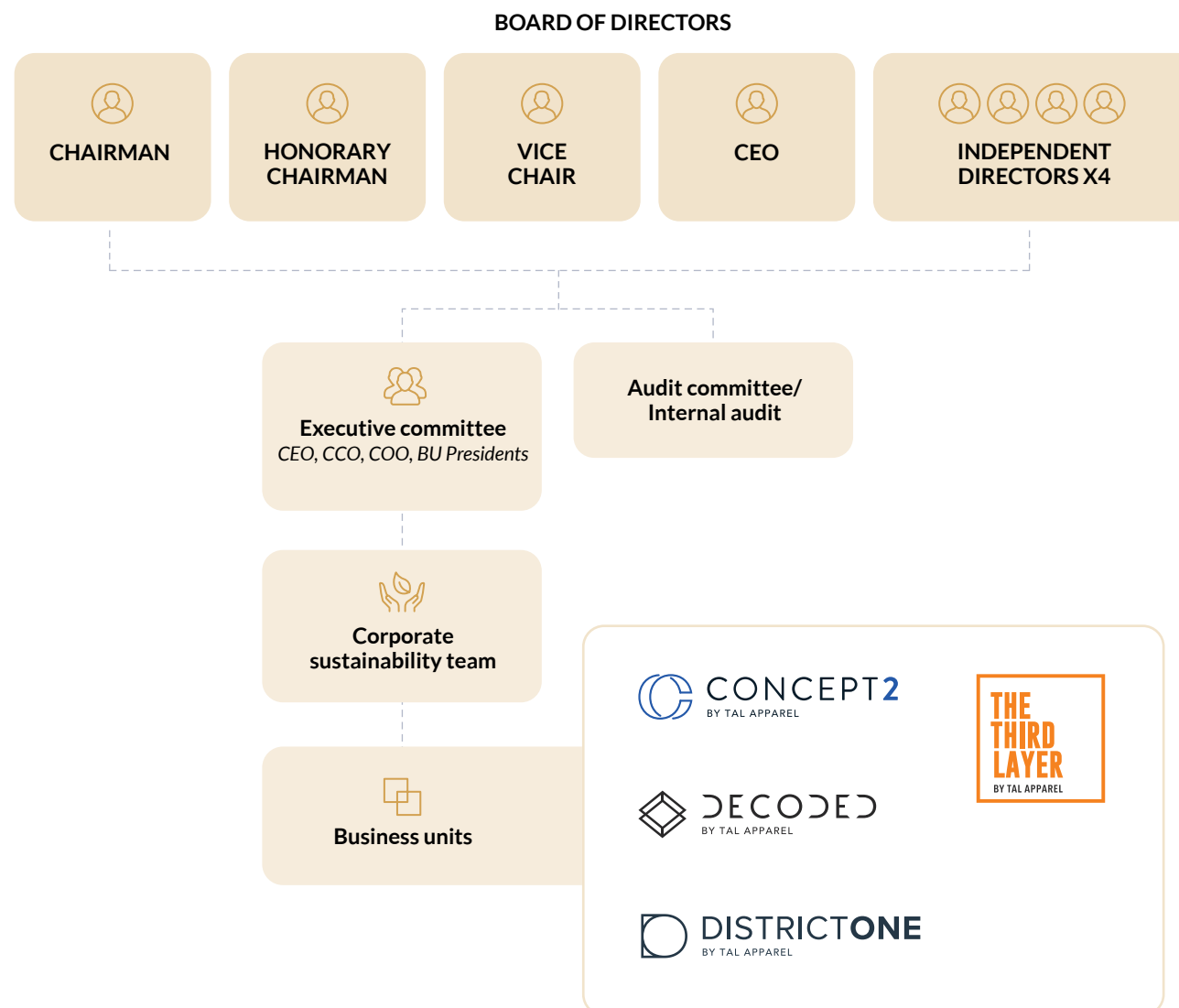




# Company governance



# Role of highest governing body in management of impacts



The board of directors is responsible for guiding the company's overall strategy, and the executive committee is responsible for developing and executing this strategy. This includes oversight of the company's sustainability strategy and effectively managing impacts for greenhouse gas emissions, water, waste, chemicals, materials, workforce and the supply chain.

In alignment with the board of directors, the executive committee delegates responsibility for developing and implementing the sustainability strategy to the corporate sustainability team.

The corporate sustainability team is responsible for implementing the sustainability strategy across the business units (BUs), assessing and reporting on performance, and preparing the company for emerging sustainability issues. The corporate sustainability team provides progress updates to the executive committee and to the Vice Chair of the board of directors on the company's material sustainability issues, which are covered in this report.

Each BU is also responsible for assessing and prioritising sustainability impacts according to the significance to their BU. And each factory is tasked with the project management of individual sustainability initiatives, data collection and monitoring their factory-level key performance indicators (KPIs).



# Internal audit

## PROCEDURES FOR ANTI-CORRUPTION

At TAL we take a strict zero-tolerance approach against fraud and corruption. Our employee code of conduct covers all employees, including executives and the board of directors. The code of conduct establishes the professional standards expected from the group in all business interactions. Employees must self-declare adherence to the code of conduct when they join the company and are expected to uphold its principles.

We have also established a multistep process for approving purchases and business engagements with external parties. Our internal audit team evaluates the effectiveness of controls to predict potential risks and determine whether any corruption-related issues are occurring. This involves focusing on both detective and corrective actions, along with preventive measures. Additionally, the internal audit team adopts a focused approach when auditing activities with concerns over corruption. For specific key processes and controls, an engagement plan is developed, followed by targeted testing of the selected areas. This testing may also include interviews and data analytics, where auditors ask focused questions to evaluate the effectiveness of anti-corruption initiatives.



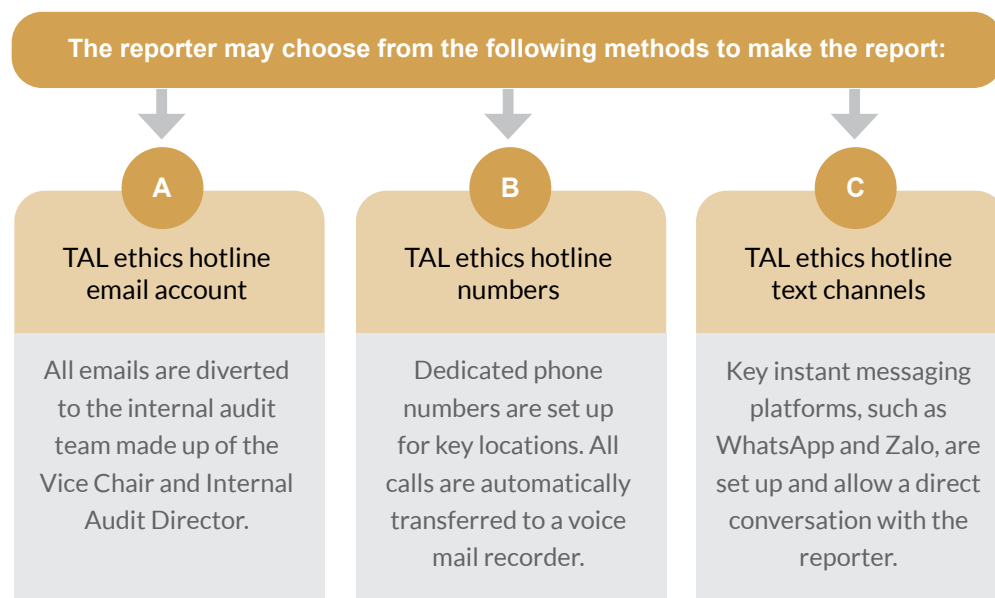
## Internal audit

### WHISTLEBLOWER PROCEDURES – ETHICS HOTLINE

Internally, TAL has also established measures to ensure employees have access to a grievance and remedy mechanism. At TAL we pride ourselves on having an open-door policy, in which employees can bring their grievances to the attention of management through:

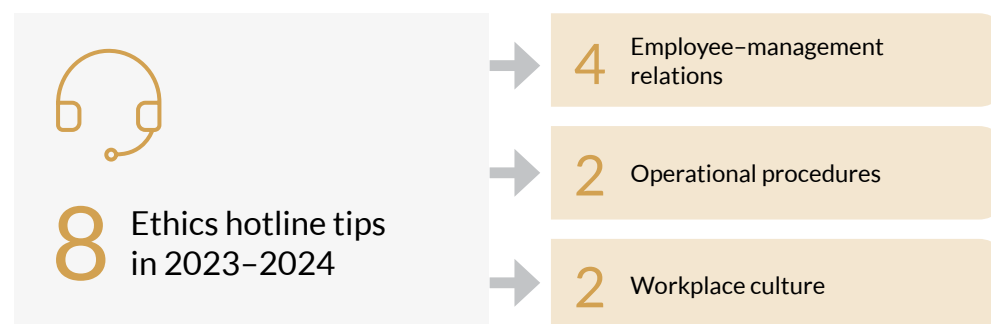
- sending an email to senior management, such as the CEO; or
- raising issues directly with their immediate supervisor, and where issues could not be resolved then they could be raised to the human capital management (HCM) team.

Since 2014, TAL has provided an ethics hotline across all TAL offices and factories, for cases where the employee is uncomfortable bringing the issue to the attention of management and would prefer anonymity. It is an anonymous channel for employees to report any issues or concerns about unethical and improper business practices.



Reports can be made anonymously or with name and contact information for follow-up.

Once the internal audit team receives a report, they will review the nature of the complaint to determine how to approach it. If the complaint is related to unethical conduct or violates normal business practices, the internal audit team will investigate to validate the facts provided. An objective team will perform a confidential review of the issue to determine the case's facts. If the facts support the allegation the employee may receive disciplinary action. The results of the complaints investigated by the internal audit team may be communicated to the whistleblower.



During 2023–2024, the ethics hotline received eight tips. Of the eight tips, four related to employee–management relations, two related to operational procedures and two related to workplace culture, behaviour and etiquette. Upon investigation by the internal audit team and review by the board of directors, none of the cases represented violations of our code of conduct. Appropriate actions were taken to address the issues raised, such as management intervention and discussion with the employees concerned.



# Business





# Business outlook

## TAL'S FASHION AND RETAIL BUSINESS TREND PERSPECTIVES

The fashion and retail sector has experienced significant transformations in recent years, influenced by various global events and evolving consumer preferences. Reflecting on 2023–2024, five key trends have emerged that will continue to influence business decisions in the forthcoming years.

The transition back to normalcy post-COVID-19 has led companies to implement 'back to office' policies, though typically for only a few days per week. Consumer demand has stabilised across various product categories, with an increased preference for elevated casual, comfortable yet stylish clothing. Fabric blends and stretch materials are becoming increasingly popular, and the distinction between sportswear and dress wear continues to diminish.

Supply chain challenges are expected to persist, with production shifting away from China due to additional tariffs. Shipping routes have been affected by geopolitical events resulting in increased lead times.

Ongoing geopolitical issues, including the Ukraine–Russia conflict and the Gaza–Israel crisis, continue to impact the fashion and retail sector. The contentious US–China trade relationship persists, and internal armed conflicts in Ethiopia have led to the suspension of the African Growth and Opportunity Act (AGOA) trade treaty. These developments have created an uncertain environment for businesses operating in these regions.

Consumer inflation rose sharply from late 2021 to early 2024, prompting the US Federal Reserve to increase interest rates multiple times to curb inflation. This added pressure on retailers has resulted in continued bankruptcies even after the COVID-19 period. Although inflation had

started to decline by late 2024, there are renewed concerns about inflationary trends due to new tariff plans.

Sustainability topics are becoming increasingly important. Due diligence and product regulations from the EU, as well as upcoming regulations in other markets, will shift sustainability from a voluntary activity to a regulatory requirement. 2024 marked one of the hottest years in Earth's history, with some experts suggesting that the 1.5 degrees Celsius threshold was breached. The pre-owned apparel market is expanding rapidly, driven by consumer demand for sustainability and affordability. Nearly 70% of Millennials in the UK shop second-hand, and two in five items in Gen Z's wardrobes are pre-owned. However, the economics of the second-hand market remain challenging. Additionally, labour and human rights concerns will prompt companies to engage more with their supply chain partners. For example, Bangladesh, now the top garment exporter to the US, has faced significant political and social turbulence related to minimum wages. Companies will face increased calls to ensure living wages are paid to workers in global supply chains.

These trends highlight the complex business environment taking shape in the coming years. As companies navigate these challenges, there is a growing emphasis on adopting sustainable practices to ensure long-term resilience and success.

## Business outlook

### CONCEPT2 OUTLOOK

Concept2 specialises in casual and lifestyle apparel, utilising eco-friendly materials and eliminating waste while meeting the growing demand for comfortable yet stylish clothing. Concept2 has made significant strides in sustainability through a variety of impactful initiatives in the last two years.

In September 2022, Concept2's main production factory, TAV Limited (TAV), achieved Fair Trade certification, demonstrating its commitment to ethical business practices. As part of its Fair Trade efforts, TAV organised a medical camp in August 2024, partnering with the Hospital of Post and Telecommunications in Hanoi. The camp offered enhanced medical screenings to 4,377 employees, including thyroid ultrasounds, chest X-rays and cancer screenings. Post-camp surveys showed a 98% employee satisfaction rate, highlighting the success of this initiative.



4,377

Enhanced medical screenings offered



98%

Post-camp employee satisfaction rate



TAV also advanced its environmental goals with the launch of a rooftop solar power project in April 2024, as part of the company's commitment to reduce its greenhouse gas emissions. The solar panels, covering 68% of the main building's roof, produced 1,273 MWh of energy between May and December 2024, meeting 18.3% of the factory's energy needs. The project is expected to provide 20% of the factory's total annual electricity consumption.



In December 2024, TAV commissioned a wastewater recycling project designed to treat and recycle 140 m<sup>3</sup> of wastewater per day. This project now fully supplies recycled water to the factory's wet processes, cooling towers and laboratories, resulting in a 28% reduction in city water consumption.





## Business outlook

### CONCEPT2 OUTLOOK (CONT.)

 2,400

T-shirts donated to raise funds

TAV also demonstrated its support for social causes through its partnership with the Blue Dragon Children's Foundation, a Hanoi-based NGO that supports children in crisis. In 2023 and 2024, TAV donated 2,400 T-shirts, which were sold to raise funds for the foundation's initiatives. This collaboration underscores TAV's ongoing commitment to both environmental sustainability and social responsibility.



### THE THIRD LAYER OUTLOOK

The recent slowdown in the upmarket fashion industry has posed challenges for The Third Layer, a premium outerwear and jackets manufacturer. With major customers reducing or postponing orders, our Thailand-based facility has been under considerable pressure to secure new orders to protect the jobs and income of our dedicated workforce. At the same time, our investments and focus on employee wellbeing have paid off as we're seeing some of the lowest attrition rates in recent history. This stability allows us to continually upskill our team and enhance overall efficiency.

Another key priority is responsible labour management, especially given ongoing conflicts in Myanmar. At Thai Garment Export Co. Ltd Factory 2 (TGM), we enforce rigorous protocols to ensure that all workers are employed through legitimate channels, mitigating exploitation risks and safeguarding human rights in our supply chain. To strengthen these efforts, we have entered into a strategic partnership with the Issara Institute, a leading nonprofit committed to combatting forced labour and promoting ethical recruitment. Through Issara's worker feedback platforms, we gain real-time insights into labour conditions

and are enabled to address emerging issues swiftly and share best practices with a broader industry network.

The political situation in Myanmar and the geopolitical tension between Myanmar and Thailand have created a volatile unstable employment environment. In response to the new taxation and conscription laws in Myanmar in 2024, it is expected that there will be more irregular migration. In such uncertain environment, there will be greater risks of exploitation.

Lastly, in response to rising consumer demand for ethically made products, we have increased our use of materials with sustainability attributes. We are also collaborating with key customers on traceability solutions, delivering greater transparency throughout our supply chain and reinforcing our dedication to quality, integrity and worker wellbeing.





## Business outlook

---

## SUPPLY CHAIN CHALLENGES AND OPPORTUNITIES

### Challenges

During 2023–2024, the apparel industry faced an overstock situation that dampened demand. Other challenges included lead times and costs due to geopolitical disruptions, labour issues and competition from fast fashion.



#### RED SEA CRISIS

Following the outbreak of the Israel– Hamas crisis in October 2023, the Iran-backed Houthis began targeting merchant vessels in the Red Sea. Consequently, shipping lines suspended operations in the region and rerouted around the Cape of Good Hope, leading to increased lead times and costs, further compounding the rising energy prices from the ongoing Russia–Ukraine war.



#### STRIKES AND LABOUR DISRUPTIONS

Throughout 2023, various labour disputes emerged across Europe, with notable strikes in France and Germany. In October 2024, a major strike involving over 47,000 port workers from the International Longshoremen's Association (ILA) halted operations at 36 ports in the US along the East Coast and Gulf Coast. Overall, businesses faced an extension on lead time from days to two weeks plus. In addition, worker unrest occurred in Bangladesh in 2024 as workers took to the streets demanding better wages, culminating in the resignation of the prime minister and a 9% wage increase for ready-made garment (RMG) workers, effective from January 2025.



#### RISE OF ONLINE FAST FASHION

Amid these challenges, online fast fashion retailers like Shein and Temu have disrupted the market by conditioning consumers to expect low prices and rapid delivery. This compels traditional brick-and-mortar retailers to reassess their supply chains – from sourcing strategies to inventory planning and logistics management – while ensuring sustainability to preserve brand equity.



#### TARIFFS AND REGULATORY ACTIONS

As we move into 2025, US tariffs and regulatory actions remain significant uncertainties that could impact the market. Efforts to combat forced labour intensified during 2023 and 2024, with an expanded Uyghur Forced Labor Prevention Act (UFLPA) Entity List now including 68 entities, alongside increased funding that the Department of Homeland Security (DHS) is deploying for enforcement initiatives. Retailers and manufacturers must closely monitor these developments and ensure their supply chains are positioned to manage risks with effective strategies and traceability.





## Business outlook › Supply chain challenges and opportunities

### Opportunities



#### DIVERSIFIED FOOTPRINT WITH MULTIPLE PRODUCT CAPABILITIES

As retailers assess their sourcing footprints, TAL stands out as a global apparel manufacturer with a diversified presence across Vietnam, Thailand and Ethiopia. These strategically located facilities allow us to balance cost efficiencies with trade benefits while offering a wide range of product capabilities. In 2024, we divested Textile Alliance Apparel (Dongguan) Ltd to better adapt to TAL's strategic direction and business development needs.



#### PROACTIVE MANAGEMENT ON LEAD-TIME AND COSTS

In response to ongoing challenges related to lead times, we take a collaborative approach with our suppliers and customers. We implement strategies like advancing production schedules, shortening lead times and utilising speed vessels, reserving air freight only for situations where it is necessary. This collaborative effort ensures we align business results with our sustainability goals.

Meanwhile, advancements in automation and artificial intelligence over the past two years present opportunities for integration within both our head office and manufacturing facilities. These technologies can enhance operational skills and efficiency while helping us maintain a favourable cost position.



#### INNOVATION IN MADE-TO-MEASURE

As a response to consumer expectations set by fast fashion, we continued to elevate our performance and offering of the made-to-measure business, with its customisation capability and delivery speed. More importantly, the availability of this business model allows us to help brands compete while creating minimal inventory waste, demonstrating how manufacturers and retailers can collaborate to shape a more sustainable demand.



#### COMMITMENT TO WORKER WELLNESS

Our dedication to good management and worker relationships provides a stability in operations for our customers amid labour disruptions seen elsewhere. In partnership with one of our customers, we conducted worker wellbeing surveys to understand our workers' perspectives. Management acts upon these insights to ensure our workers' voices are heard and respected.



# Due diligence

The world of sustainability is undergoing another period of change. Governments have awakened and are beginning to implement regulatory regimes. Nowhere is this more true than in the European Union.

With the passage of the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD) and the Ecodesign for Sustainable Product Regulation (ESPR) the future of sustainability will increasingly be regulated.

‘Due diligence’ will become a common term in the next few years to describe a company’s responsibility to manage its environmental and human rights impacts. Due to TAL’s established and progressive sustainability strategies, we will not have a big change in practice. Rather, what were once voluntary initiatives under the umbrella of sustainability will become increasingly regulated as ‘due diligence’. Companies will increasingly be obligated to ensure their operations and supply chains adhere to norms protecting the environment and human rights.

Due diligence is not new, as the term is widely used in the financial and legal industries as a process to identify hidden risks in business transactions. Due diligence as applied to sustainability refers to the process developed by the OECD in its *Due Diligence Guidance for Responsible Business Conduct*, launched in 2018.

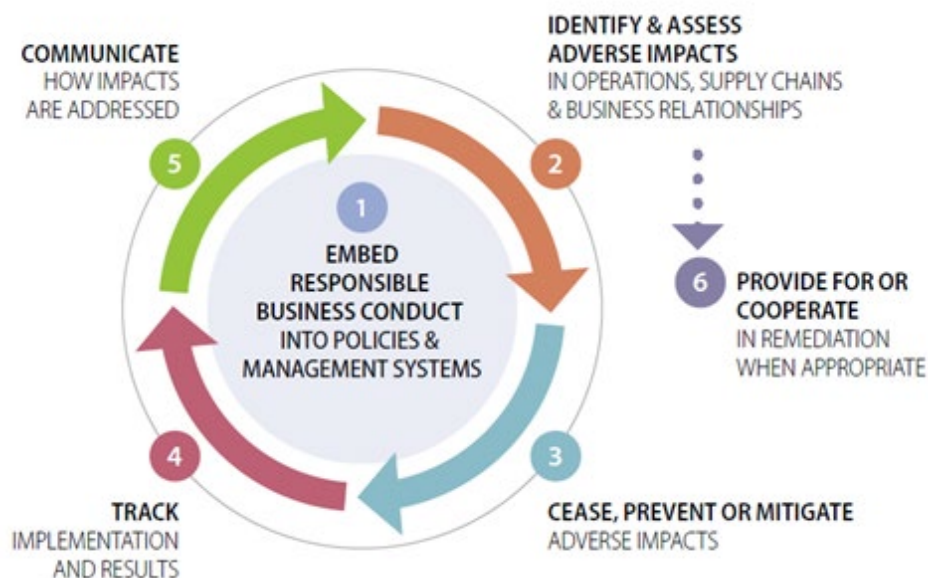
According to this guidance, due diligence is:

The process through which enterprises embed, identify, prevent, mitigate, monitor, communicate, and remediate potential and actual adverse impacts.



## Due diligence

### OECD Due Diligence Guidance process



As readers of our sustainability report would know, TAL has already implemented policies and management systems to embed, identify, prevent, mitigate, monitor, communicate, and remediate our potential and adverse sustainability impacts. For example, our Sustainability Business Practices (SBP) policy outlines our commitment to sustainability norms and good governance for our company. This policy instructs our company standard operating procedures (SOPs), covering environmental and social sustainability management. These SOPs are designed to prevent or reduce impacts over time. As you will read in our sustainability report, we set key performance indicators (KPIs) across these aspects to monitor progress and ensure effectiveness of our management systems. And the sustainability report is our method of communicating transparently about the achievements and challenges on our sustainability journey.

### Benchmarking against Due Diligence Framework

Due diligence aspect	TAL operations	TAL supply chain
<b>1 Embed policy</b>	Sustainable Business Practices policy	Sustainable Business Practice Policy for Suppliers (TAL Welcome Kit)
<b>2 Assess for risk</b>	Internal risk assessment procedures	Supplier onboarding screening
<b>3 Mitigate</b>	Company initiatives, SOPs, and KPIs	KPI assessments
<b>4 Monitor</b>	Higg Facility Environmental Module (Higg FEM) and Higg Facility Social & Labour Module (Higg FSLM)	
<b>5 Communicate</b>	TAL Sustainability Report	

The term 'due diligence' may increasingly be used to describe a company's efforts to identify, prevent, mitigate and remediate adverse impacts. For TAL, we will continue using the term sustainability to describe these efforts and innovate towards a more sustainable future. This is core to our business, no matter what term is used to describe it.

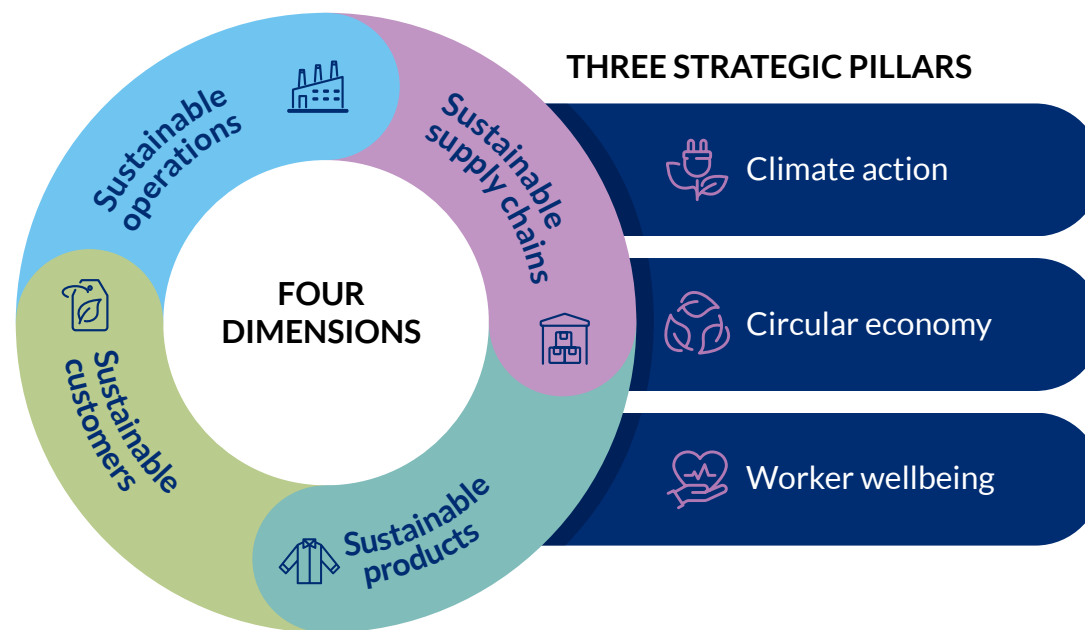


# Sustainability strategy

## SUSTAINABILITY STRATEGY FRAMEWORK

Our sustainability strategy continues to evolve along with the changes happening in the industry. It is no longer sufficient to focus only on our own operations. Increasingly companies must look beyond their own operations to understand the impacts within their value chains. This includes ensuring their business partners, from customers to suppliers, share the same sustainability values and are moving at similar speeds towards a more sustainable future.

At TAL, our sustainability strategy takes on four dimensions and three core themes.

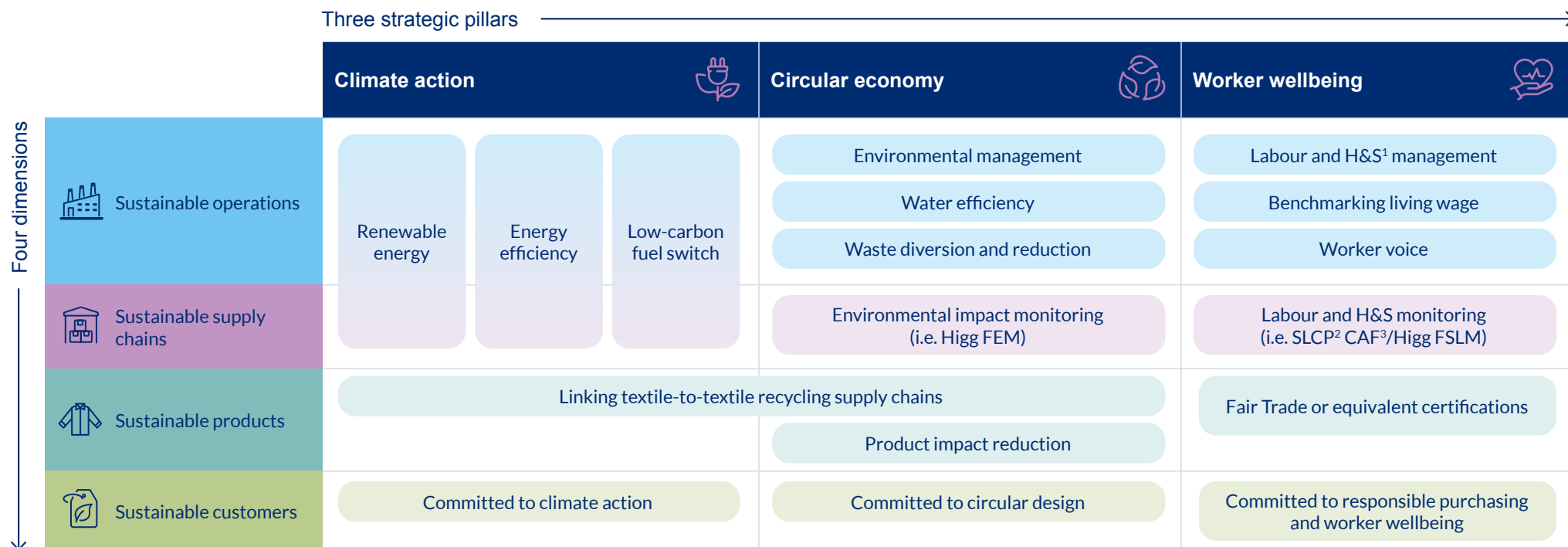






## Sustainability strategy framework › Sustainability strategy

## Sustainability matrix



Our updated sustainability strategy is purposefully broad and all-encompassing to ensure we are prepared for the future. Over the last year we have socialised this updated strategy with our leadership team and discussed the changing sustainability landscape that is more focused on product and supply chain impact. With our updated decentralised corporate structure (discussed in our [SR 2021–2022](#)), our business units (BUs) can drive sustainability initiatives that make the most sense for them and their customers.

Since 2014, the Higg Index continues to be a core feature of our sustainability strategy, highlighting the improvement opportunities in our operations, supply chains, and products and materials. We have added to this other industry benchmarks such as the

Textile Exchange Materials Benchmark survey, World Business Council for Sustainable Development Circular Transition Indicator (CTI) tool, internal worker wellbeing surveys and due diligence guidance from the OECD.

During the next five years, sustainability will become less of a voluntary activity and a phase of increasing regulatory requirements will begin. Increasingly, our customers will expect their manufacturing partners to take on additional responsibilities to meet due diligence requirements.

1. Health and safety (H&S) 2. Social & Labour Convergence Program (SLCP) 3. Converged Assessment Framework (CAF)

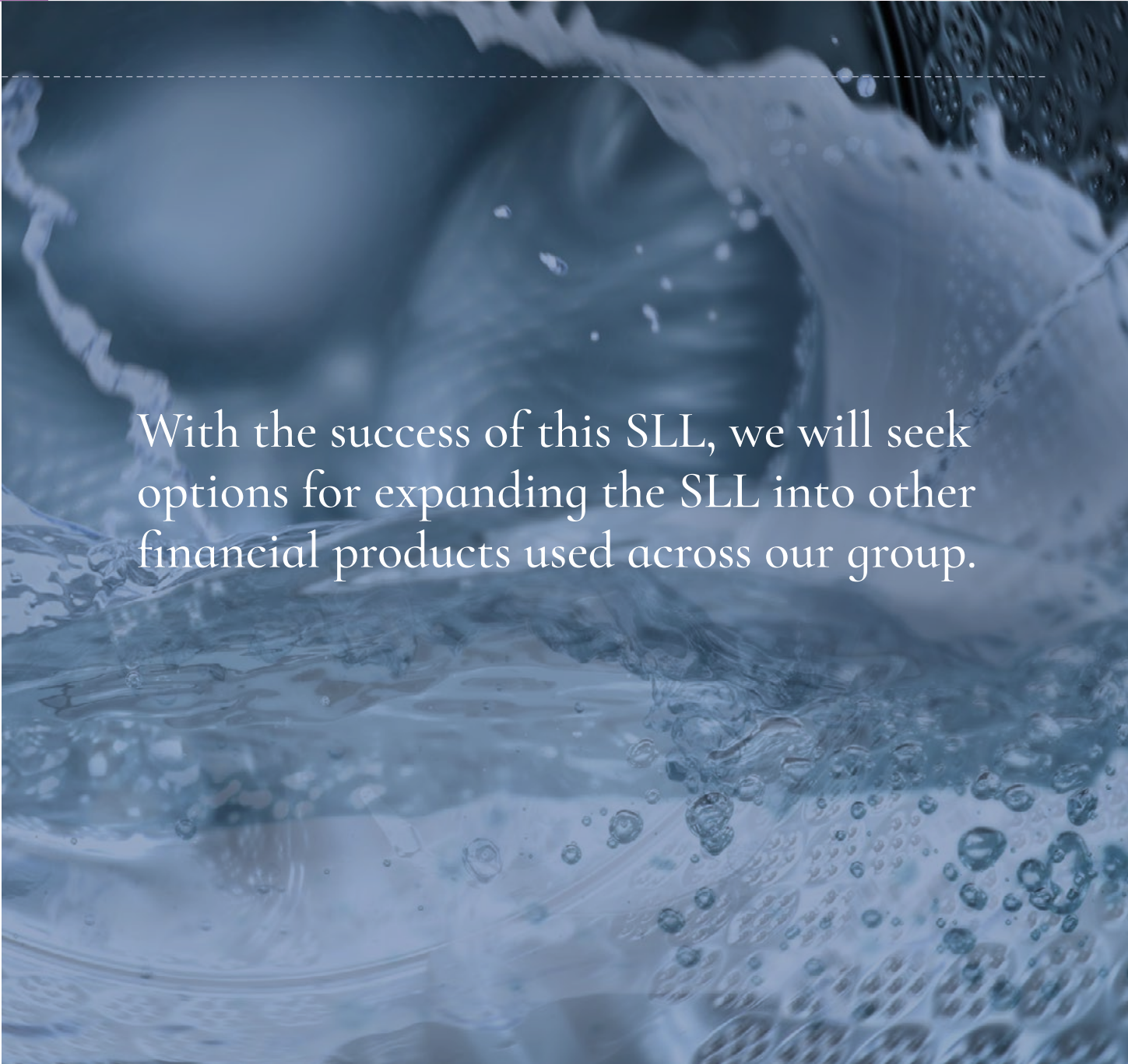


## Sustainability strategy framework

### SUSTAINABILITY-LINKED LOAN

The financial world is evolving to better address the needs of companies seeking to reduce their environmental and social impacts. Companies and banks are increasingly providing various products and services to incentivise the growth of sustainability projects, including green bonds, sustainability-linked loans (SLLs) and sustainability trade finance facilities.

In 2023, TAL signed its first SLL with our corporate banking partner in Hong Kong. The SLL is linked to TAL's greenhouse gas (GHG) and water intensity targets for 2023–2025. When TAL meets or exceeds our targets the SLL facility will kick in, offering better margins on some financial products we use with the bank. The SLL provides the company with additional incentives to meet our GHG and water targets over these years.



With the success of this SLL, we will seek options for expanding the SLL into other financial products used across our group.



# Industry collaboration

TAL is highly active in industry multi-stakeholder initiatives. We believe that if you want to go fast, go alone, if you want to go far, go together.

With this mindset, we believe that to truly achieve a sustainable future stakeholders must collaborate on the most pressing issues facing our industry. Our multi-stakeholder partnerships match our key strategic pillars of climate action, circular economy and worker wellbeing. Read more about our industry collaborations [here](#).



## Fashion Industry Charter for Climate Action

TAL is an active participant in the Fashion Industry Charter for Climate Action. A TAL representative is co-Chair of the Fashion Charter's steering committee and presented a keynote address at COP29 in Baku, Azerbaijan. Read more about the event [here](#).

## Cascale

TAL representatives are part of the Cascale Board of Directors and participate across three strategic councils, including the Higg Product Strategic Council, Public Affairs Strategic Council and Manufacturer Climate Action Program Strategic Council. TAL also participates in various feedback forums with Cascale members and staff to advise on specific member issues which may arise. In 2024, TAL achieved Strategic Level within Cascale's membership requirements. This highlights our commitment to catalysing collective action toward an equitable and restorative consumer goods industry by leveraging the Higg Index suite of tools, driving the adoption of sustainable practices, and embracing the vision and mission of Cascale.

## Textile Exchange

A TAL representative participates in the International Working Group for the new Material Matters Standard launched by the Textile Exchange. We also provide feedback on proposed draft standards and policies by the Textile Exchange and participate in the Materials Benchmark survey.

## Social & Labour Convergence Program (SLCP)

TAL representatives participate in the Policy Technical Advisory Committee (TAC) and the Converged Assessment Framework (CAF) TAC. Through these groups we help advise the SLCP on industry and policy advocacy positions and content to improve the CAF, which is the backbone of the Higg FSLM.

## Redress

TAL and Redress have partnered since 2014 to bridge the divide between young designers and sustainable manufacturing. As part of the Redress Design Award, every year we host the TAL Challenge at one of our factories. This challenge brings the Design Award finalist to our factory for an engaging challenge to upcycle fabric waste. Read more about the Redress partnership [here](#).

# Awards

## Cintas Supplier Sustainability Stewardship Award



TAL was awarded the 2024 Gold Level Cintas Supplier Sustainability Stewardship Award by our customer Cintas in recognition of our commitment to social and environmental practices. We are extremely proud of this award and being recognised by one of our key customers. This award is a testament to the dedication of TAL Apparel towards sustainability. We constantly strive to be a top supplier to all our customers and meet their ambitious sustainability expectations.

## Thailand Moral Award 2024



TAL Apparel's Thai Garment Export Co. Ltd Factory 1 (TG1) was recognised with the prestigious Thailand Moral Award 2024, presented by the Center for Morality Promotion in collaboration with the Ministry of Culture of Thailand. This accolade underscores our collective commitment to ethical business practices and sustainable operations that drive positive change in the community. We are proud to be recognised for our dedication to upholding the highest moral and ethical standards in the garment industry, setting a benchmark for excellence.





# Social & labour

# Social sustainability management system

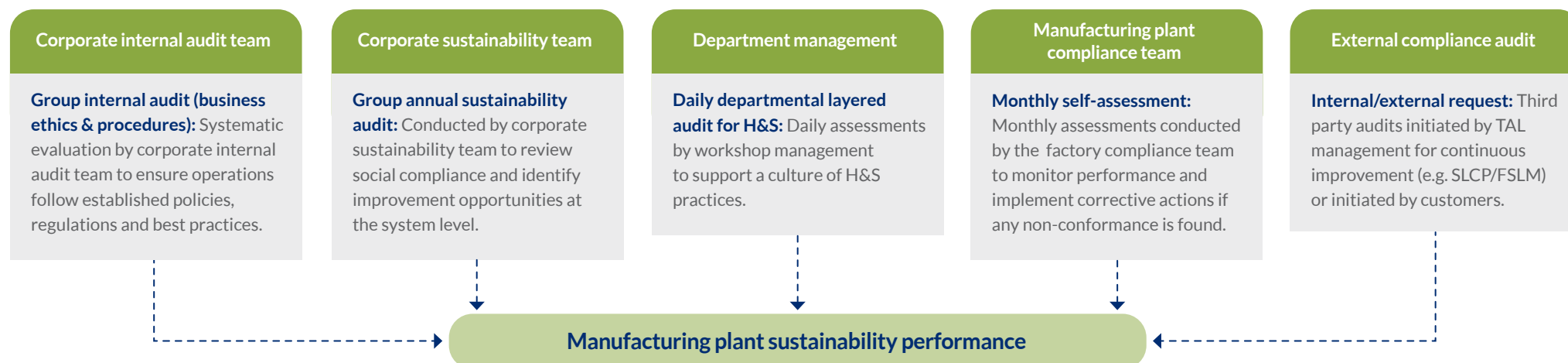
TAL articulates our commitment in sustainability through our Sustainable Business Practices (SBP) policy statement, which outlines our fundamental principle for ethical, social, health and safety (H&S), environment and management systems implemented at all levels of operations.

To effectively manage potential adverse impacts associated with our operations and products, potential impacts are identified by following the [OECD Due Diligence Guidance](#), which offers a framework and procedures for enterprises to assess, identify, prevent, mitigate, monitor and address these impacts. In response to the identified risks, TAL establishes key performance indicators (KPIs) and targets each year to ensure compliance with all applicable laws and regulations, and adherence to TAL core values. Our social KPIs focus on critical areas such as decent work, workplace H&S, audit outcomes, subcontractor screening and talent development, enabling us to foster a responsible and sustainable business environment.

Under the umbrella of the TAL sustainability management system, the TAL corporate sustainability team develops and implements standard operating procedures (SOPs) following international benchmarks and our own sustainability policy. TAL factory management implements these SOPs at all manufacturing plants within the group. Examples of procedural documents include working hours control, no forced labour, recruitment processes, prohibition of child labour, anti-harassment, non-discrimination, health and safety management, chemical management and environmental management. Sustainability performance is continually monitored through monthly KPI data review.

## Sustainability performance monitoring

In addition to the KPI data monitoring, sustainability performance is monitored by internal and external assessments, as shown below:





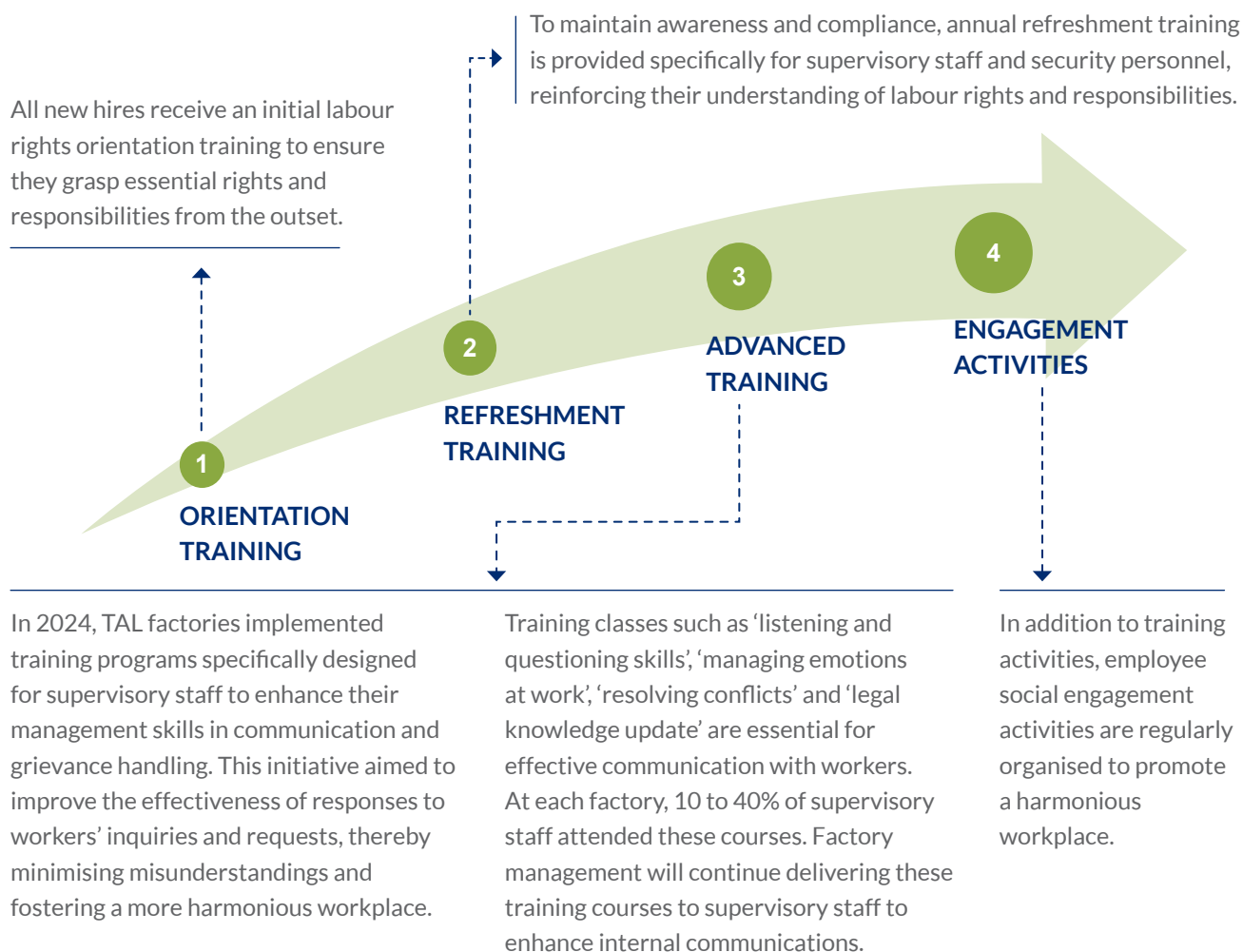
# Fostering a decent workplace

Through regular training, TAL ensures that all workers understand their labour and H&S rights. Rights at work encompass fair wages, safe working conditions, freedom from discrimination, access to benefits, and ensuring employees are treated with dignity, respect and equality in the workplace.

TAL actively trains workers on their fundamental rights and has established management systems to protect these rights. TAL engages with our workforce through training, worker voice programs, engagement activities and partnerships with local NGOs to ensure that workers' voices are heard and acknowledged.

## RIGHTS AT WORK

TAL is committed to fostering a thorough understanding of labour rights among its employees through a comprehensive training program.



Create and maintain a decent workplace

## EMPLOYEE ENGAGEMENT ACTIVITIES ON WORKER'S RIGHTS



### Working in prevention and response to sexual harassment in Ethiopia

With the support of civil society organisation Care Ethiopia, an awareness campaign was conducted at the Ethiopia plant in May 2024 to promote understanding of sexual harassment. The campaign focused on educating workers about the various forms of sexual harassment. Participants engaged in interactive workshops where they learned effective prevention strategies and appropriate responses to incidents of harassment.



### Social security knowledge training in Thailand

Thai Garment Export Co. Ltd Factory 2 (TGM) organised a comprehensive training session in May 2024 focused on social security knowledge to enhance staff understanding of their rights about social security benefits. This initiative aimed to empower employees by providing them with essential information about the various forms of social security available. During the training, employees had the opportunity to engage directly with experts, allowing them to ask questions and clarify any uncertainties regarding the reimbursement process and eligibility criteria.



Create and maintain a decent workplace

## WORKER VOICE

Worker voice is essential in the workplace as it empowers employees to express their opinions, concerns and ideas, fostering a culture of engagement and collaboration.



In TAL factories, workers can raise their voice through a variety of dedicated channels designed to ensure that employees feel heard and valued.

In addition, TAL has a grievance management system, allowing employees to voice concerns and grievances in a structured manner. This system ensures that all complaints are addressed promptly and fairly, fostering a culture of trust and accountability. Employees can raise their suggestions and feedback in person or anonymously through various channels including the TAL ethics hotline, suggestion boxes, the employee relationship team in the human capital management department, their direct supervisor or the worker union. In addition, employees can seek advice and support through a grievance hotline operated by two NGOs – Issara Institute and Inno Community Development Org.

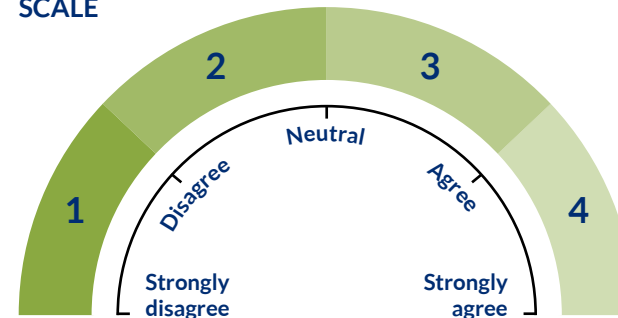
## Worker wellbeing survey

To gain deeper insights into employee sentiments, TAL conducted comprehensive worker wellbeing surveys in collaboration with one of our customers at our factory in Vietnam, TAV Limited (TAV), and our factories in Thailand, Thai Garment Export Co. Ltd Factory 1 (TG1) and TGM. Additionally, other TAL Group factories, including Vietnam Garments Manufacturing (VNG) and TAL Garments Manufacturing PLC (ETG) in Ethiopia, conducted our own worker wellbeing surveys. These surveys, completed at the end of 2023, were designed to assess workers' satisfaction levels and identify areas for improvement, from management policies to amenities in the workplace. The worker wellbeing surveys are expected to be conducted annually with technical support from our customer. The insights gained from these surveys are valuable, as they not only highlight workers' concerns, needs and wants but also enable TAL to identify opportunities to improve our workers' lives.

Worker wellbeing surveys employed a four-point scale to evaluate satisfaction across six key dimensions:

## Worker wellbeing survey (cont.)

### SCALE



### SIX KEY DIMENSIONS

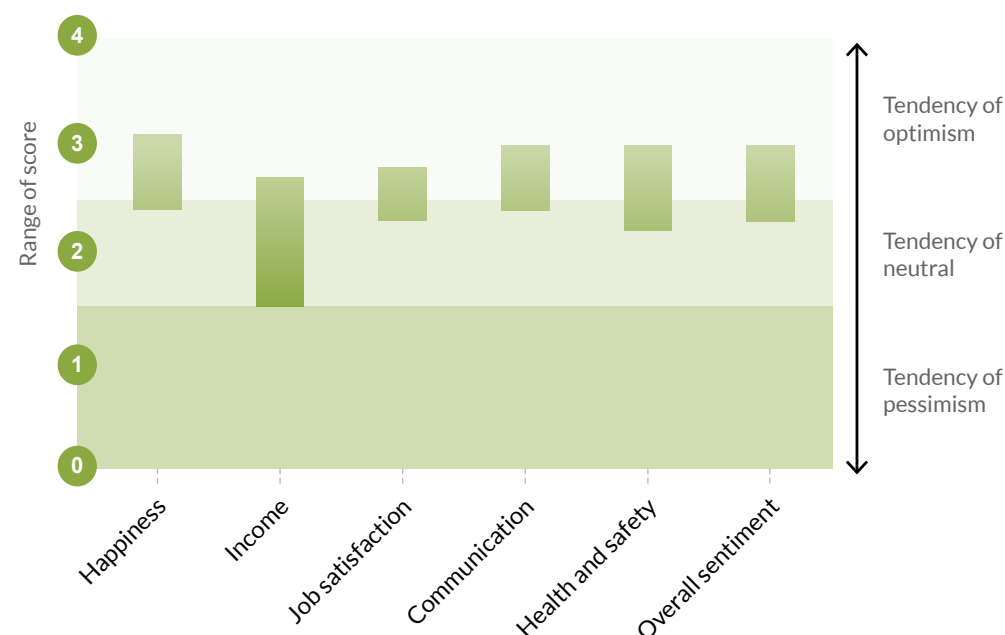
1. Happiness
2. Income
3. Job satisfaction
4. Communication
5. Health and safety
6. Overall sentiment

## Create and maintain a decent workplace › Worker voice

The results indicated a general trend of neutrality to optimism in most dimensions, except for the 'income' dimension, where ETG received a concerning score of just 1.5. This score reflected the management's observations regarding rising local inflation, as consumer prices rose by 49% between beginning of 2023 and end of 2024 according to data from the IMF. This prompted TAL to prioritise this issue. Following a review and consultations with the local industry park management office, adjustments to operator and staff basic wages were implemented in 2024. Operators saw their basic wages rise by 100% over two years, and staff received salary increases of 53.4% over two years.

Additionally, the survey results highlighted other areas for improvement, leading

### WORKER WELLBEING SURVEY RESULT OF ALL FACTORIES 2023-2024



to actionable initiatives such as financial knowledge sharing sessions facilitated by consultants, a review of our incentive scheme, enhancements to dining spaces and training to improve supervisory skills. These efforts aim to boost worker satisfaction and create a more supportive and engaging work environment, contributing to the wellbeing of employees across all factories.

In addition, because of the worker wellbeing survey, TAL initiated a review of wages across our factories to benchmark them against living wage indicators. We conducted cost-of-living surveys and researched local salary rates while actively participating in various living wage projects initiated by customers. This engagement helps the company understand fluctuations in local living costs, which informs reasonable and competitive wage adjustments to meet local living standards. TAL aims to ensure that employees receive sufficient income to support their families while maintaining business competitiveness.

TAL encourages employees to enhance their skills through skill development programs and incentive schemes. This fosters a win-win approach, allowing employees to improve their earning potential while contributing to the company's success. Additionally, TAL provides various allowances, including attendance, meal and transportation allowances, which help employees manage their living expenses and promote a culture of growth and development within the organisation.

TAL welcomes and appreciates our customers' continued involvement in living wage studies, data verification and analytics to develop objective benchmarks. This collaborative effort is crucial for ensuring fair compensation and fostering a sustainable work environment for all employees.





Create and maintain a decent workplace

## SUPPORT FOR MIGRANT WORKERS

Our Thailand factories have partnered with a local NGO, the Issara Institute, to support migrant workers and our migrant worker recruitment efforts.

In 2024 we formalised our relationship by becoming a strategic partner with Issara – an independent NGO tackling issues of human trafficking and forced labour. As a strategic partner we can participate in discussions and the sharing of labour practices among a network of like-minded companies. Our relationship with Issara covers ethical migrant worker recruitment, worker's voice and training on management best practices. This program allows TAL to engage more deeply with other organisations that share similar interests in promoting ethical labour practices.

In addition, Issara is supporting our Thailand factories to implement a worker's voice program and introduced its grievance hotline at TAL's Thailand factories. Issara is also supporting TAL to recruit migrant workers through their Golden Dreams app. This app helps workers outside of Thailand connect directly with our Thailand factories and with our recruiters.

This collaboration is crucial given the recent uncertainties and challenges due to changing regulations for overseas workers from Myanmar. To reinforce our commitment to worker care and industrial best practices, TAL plans to continue partnering with the Issara Institute.



### Labour right practices and experience sharing

TGM hosted a group of 20 representatives on a study tour organised by our strategic partner Issara Institute and the Japan Platform for Migrant Workers Towards Responsible and Inclusive Society (JP-MIRAI). This delegation of Japanese stakeholders observed how TGM operations implement innovative solutions to capture an authentic worker voice to advance ethical business conduct and responsible supply chain management.



Create and maintain a decent workplace

## TAL COMMUNITY

TAL recognises that the wellbeing and engagement of our employees are vital to fostering a positive and productive work environment.

Beyond prioritising high-quality products and production efficiency, the company actively promotes various events and activities designed to strengthen the bonds among employees and create a sense of community within the TAL family.

In 2023–2024, TAL organised over 170 activities across offices and factories, ranging from team-building exercises to wellness workshops. These activities not only encourage employees to forge friendships but also allow them to explore and develop personal interests and talents, enriching their overall experience at work.

TAL emphasises messages of appreciation for employees' contributions, highlighting their importance to the organisation's success. Additionally, we are committed to caring for our employees and their families, promoting equity and encouraging healthy lifestyles. Social contributions are also a focus, with initiatives that give back to the community and foster a sense of purpose among employees. By creating a supportive environment that values personal and professional growth, we not only enhance employee satisfaction but also cultivate a dedicated workforce ready to contribute to our ongoing success.

ACTIVITY TYPE	EXAMPLE OF TAL ACTIVITIES 2023–2024
Family care	'Excellent Student' celebration
	Workers home visit
	Giving study lamps for employee relatives program
	Baby care knowledge workshops
	Family Fun Day
Women's Day	Tug of war competition on Vietnam Women's Day
	Happy Women's Day – 'When the man cooks' competition
	Women's Day celebration, games and prize draws
Friends help friends	Money donations activity to support employee families
Employee appreciation	Birthday game booth and gift presentations
	Recognition of business unit of the year
	Recognition of the dedication and contributions of employees
	Shopping Day – employee appreciation festival
	Dinner with workers
	'Brave employee of the year' award

ACTIVITY TYPE	EXAMPLE OF TAL ACTIVITIES 2023–2024
Healthy life	Medical Camp
	Influenza vaccinations
	'Move for good' program
H&S awareness	Environmental, Health & Safety (EHS) game – 'Who is a millionaire?'
	Safety Day events
	Sexual harassment awareness program
	'Build a healthy and happy family' talk show
	Sharp tools awareness exhibition campaign
	First aid training
Sport events	Fire safety training
	Football competitions
	Volleyball competitions
	Sport festival for employees
	Lake Hawassa Half Marathon
	Trade union sport events for employees
	Bowling night
	Hike on Lamma Island



## Create and maintain a decent workplace › TAL community



### TAV Shopping Day

An employee appreciation festival was organised at a local shopping mall, inviting TAV employees and their families to enjoy a day filled with fun and festivities. Each employee received a shopping voucher, with funding from the Patagonia Fair Trade Program. In addition to the shopping activities, a range of family-friendly events and activities were offered throughout the day. This initiative not only celebrated the hard work and dedication of the employees but also provided an opportunity for them to relax and enjoy quality time with their loved ones.



### Excellent Student celebration

The event took place at the White Palace Hotel, honouring 200 families of TAV workers whose children have achieved the title of 'Excellent Student' at the district level or higher. The students received a special gift recognising their achievement. The event aims to encourage a culture of learning and highlighting the importance of education.



### Happy Women's Day

A festive gathering was held at VNG, bringing together all employees for a celebratory party in which a unique cooking competition was organised for male employees, encouraging them to take part in household responsibilities and support their female counterparts. This friendly competition aimed to motivate men to engage in domestic tasks, fostering a spirit of collaboration and shared responsibility at home.

## Create and maintain a decent workplace › TAL community



### Family Fun Day

TAL's headquarters in Hong Kong hosted a Family Fun Day to foster a sense of community and belonging among our employees. The event gave our valued staff members an opportunity to introduce their families to their work environment and enjoy a day of interactive fun and learning with other families. We believe that strong family connections lead to happier and healthier lives.



### Knowledge-sharing with pregnant mothers

The Thailand factories organised a knowledge-sharing event for pregnant employees. Healthcare professionals provided information on nutrient-rich foods for new mothers and their babies, as well as guidance on caring for newborns. This initiative aimed to educate pregnant employees about the importance of nutrition for their own health and that of their children.



### Marathon run

Our Ethiopia factory formed a team to participate in the 2024 Lake Hawassa Marathon, an event organised by The Great Ethiopian Run in collaboration with the Hawassa Town Municipality. By taking part, the team experienced the Ethiopia's running culture and supported the city's celebrated sporting event.





## Health & Safety

A safe workplace is a basic right for all workers. TAL corporate and factory teams collaborate to foster a culture that prioritises health and safety within our communities. We have implemented a comprehensive H&S management and monitoring system across our facilities to minimise the risk of accidents and find the root causes when incidents occur.

The TAL corporate sustainability team in collaboration with each factory's Environmental, Health & Safety (EHS) team monitor adherence to our company's H&S SOPs and progress against our H&S KPIs. We believe H&S is everyone's responsibility. Daily tasks and monitoring are delegated across the factory to line management and supervisors to ensure safe working conditions and practices are upheld.

To cultivate a strong safety mindset, our factories organise annual H&S engagement activities to reinforce our commitment to a health and safety culture. In 2023–2024, we successfully organised over 30 H&S activities across our group offices and factories, demonstrating our dedication to maintaining a safe and healthy work environment for all employees.



**30+** H&S activities across our group offices and factories

## Safe workplaces

### HEALTH AND SAFETY ENGAGEMENT ACTIVITIES



#### Safety culture enforcement

To foster a culture of safety and compliance, supervisors play a crucial role in implementation and oversight. During safety culture initiatives, supervisors conduct safety talks with employees and perform daily layered safety audits to reinforce existing safety measures such as proper equipment operation, use of personal protective equipment (PPE) and ensuring that there are no obstructions in evacuation routes, for example. Any violation will be addressed immediately to ensure a safe working environment.



#### Safety Day

TG1 and TGM organised a work Safety Day event aimed at promoting safety awareness and practices among employees, with the ultimate goal of establishing a robust culture of safety in the workplace. This initiative featured a variety of engaging activities designed to educate and inform employees about critical safety precautions, such as interactive games that helped participants familiarise themselves with emergency responses, electrical safety, and important safety symbols and their meanings. Safety Day is an effective way to enforce employees' safety awareness.



#### Medical Camp

In collaboration with a local hospital, TAV organised free health check-ups for employees. A team of qualified doctors and nurses visited our factories equipped with essential medical tools and equipment. They set up health stations where employees could receive comprehensive body checks and personalised consultations.

Medical professionals took the time to discuss individual health concerns, provide guidance on maintaining a healthy lifestyle and answer any questions employees had about their health.



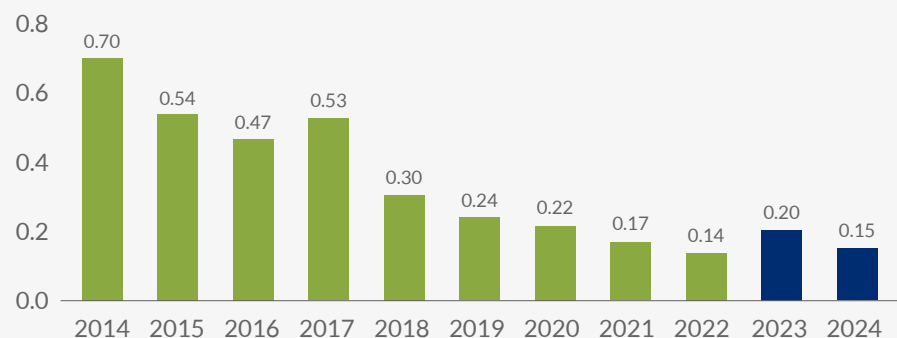
## Safe workplaces

### INJURY RATE MONITORING

In 2023, the lost time injury (LTI) rate increased, prompting TAL to recognise the urgent need to reinforce safety awareness among employees. In response, our factories started a series of activities to enhance the overall safety culture within the workplace. First, EHS teams conducted monthly workshop safety self-assessments. Second, EHS teams provided workshop safety trainings to operators and instructed supervisors to closely watch workers' safety practices during daily layered safety audits. Third, EHS teams partnered with mechanic teams to conduct machine safety checks as part of their routine maintenance checks, ensuring that machine safety devices were functioning properly. Fourth, in response to audit findings related to the removal of needle guards by operators, our factories installed new fixed needle guards on sewing machines. Operators cannot remove these new guards, significantly reducing the risk of needle puncture injuries.

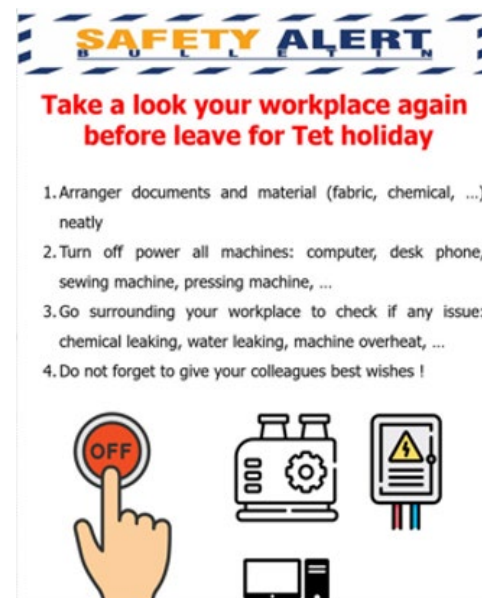
As a result of these actions, the LTI rate in 2024 showed significant improvement compared to 2023. Nevertheless, we recognise that we must continue to reinforce our safety practices, especially during periods of new worker recruitment and workforce expansion, to prevent any rebound in injury rate. By instilling a lasting culture of safety, TAL aims to ensure a secure and productive environment for all employees.

#### LTI rate



### HEALTH AND SAFETY KNOWLEDGE SHARING AND AWARENESS

TAL factories enhance H&S awareness by developing and publishing Safety Alert Bulletins. This initiative aims to share valuable internal or external case studies and knowledge across all functions and employees, fostering a culture of safety throughout the workplace. In 2023–2024, our EHS teams generated 40 Safety Alert Bulletins, addressing a wide range of H&S topics. These included daily life safety practices, disease prevention, electric safety, heating device safety, machine operation, manual work precautions, building works and overall safety awareness promotion. Our EHS teams share these bulletins among all factories within TAL Group, ensuring that safety practices and information are widely distributed.



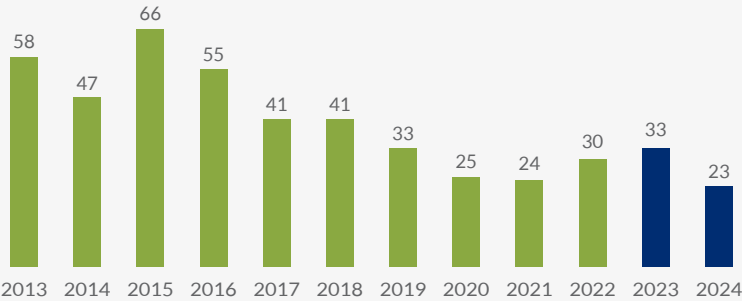


# External audits

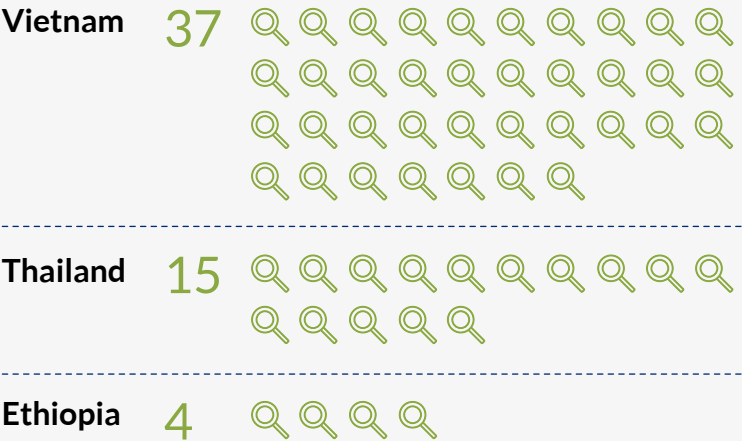
Industry standard social compliance audits and customer audits are part of our social sustainability management system. These audits provide helpful, objective viewpoints on our social sustainability management practices.

As outlined in the diagram included here, the number of audits requested by customers for our factories in 2023 was in keeping with previous years. However, in 2024, we noticed a growing trend among our customers towards accepting verification reports conducted under the Social & Labour Convergence Program (SLCP). We are extremely happy to see the increased adoption of the SLCP, as it streamlines the due diligence review processes for both brands and manufacturers through the sharing of verified data from a single audit. This frees up resources for initiating projects beyond compliance and for continuous improvement. Furthermore, the establishment of a unique and verified mutual recognition database for social and labour data can provide the industry with a comprehensive overview, enabling stakeholders to gain valuable benchmark data that informs decision-making and enhances overall operational efficiency.

No. of external social audits requested from 2013–2024



External social audits 2023–2024





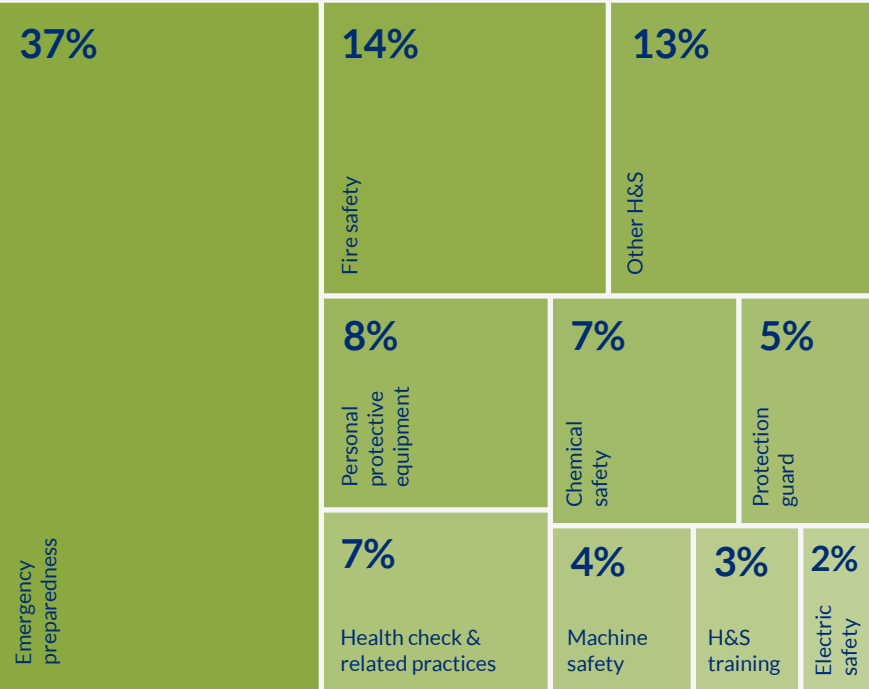


External social compliance audit

AUDIT FINDINGS IN 2023–2024

We analyse common H&S audit findings from both external and internal audits to identify areas for improvement. The chart included here outlines H&S audit findings from external audits conducted between 2023 and 2024. The most prevalent issues fall under the categories of emergency preparedness and fire safety. Key findings include the obstruction of evacuation routes, malfunctioning exit lights, inadequate first aid facilities and the accessibility of individual fire extinguishers.

2023–2024 health and safety audit findings



Factories have identified three primary root causes for these health and safety audit findings:

Improper tool and product placement

Workshop operators frequently prioritise personal convenience over workshop layout, leading to the placement of tools and semi-finished products in ways that obstruct emergency evacuation routes and fire extinguishers. To address this, we provide ongoing training and safety engagement activities to cultivate and maintain a robust safety culture among all employees.

Equipment malfunction or breakdown

Equipment failures can occur without prior notice or reporting, such as malfunctioning exit lights. Each factory has established building facility teams and Environmental, Health & Safety (EHS) teams composed of engineers responsible for inspecting, repairing and maintaining all on-site equipment. Unfortunately, equipment malfunctions may go unnoticed until scheduled inspections are conducted. To mitigate this, we conduct monthly self-assessments, ensuring that any issues identified by self-assessment or external auditors are addressed immediately.

Regulatory interpretation challenges

All factory buildings undergo periodic inspections in accordance with local regulations mandated by government authorities. However, external social compliance auditors may have additional requests or differing interpretations of these regulations. In such cases, the factory EHS team views auditors’ feedback as opportunities for improvement, helping to mitigate potential risks.



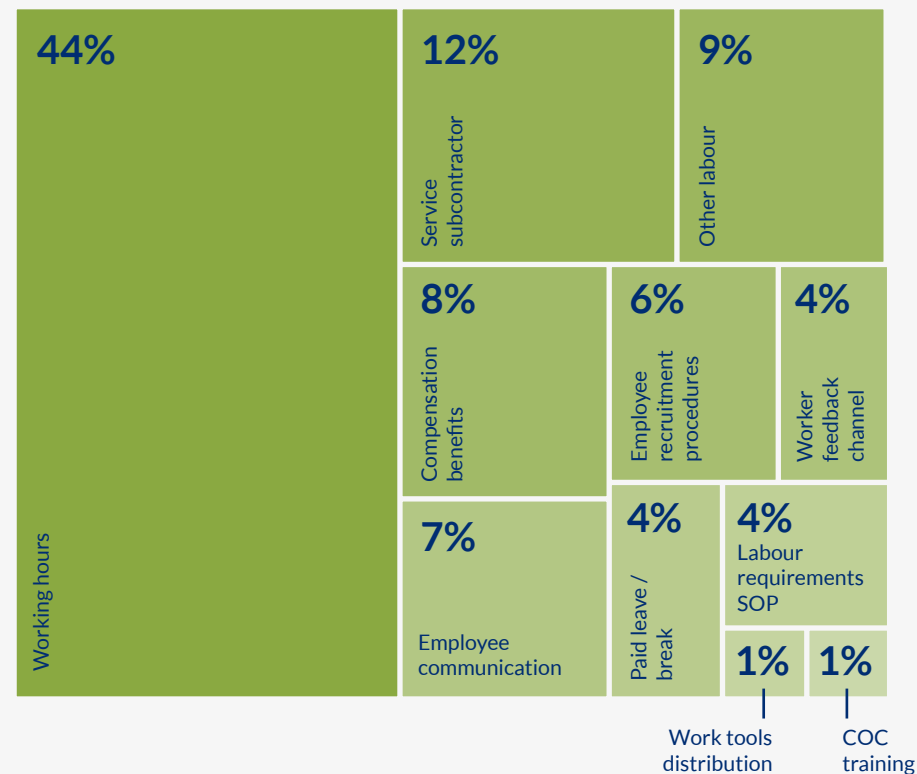
## External social compliance audit › Audit findings in 2023–2024

The results of external social compliance audits conducted in 2023 and 2024 highlight the challenges with managing working hours in a competitive industry and subcontractor engagement.

TAL policy requires all factories to strive to keep weekly hours below sixty per week, including overtime, for all workers. During exceptional circumstances, such as seasonality, tight shipment deadlines, quality issues or late delivery of fabric, we manage working hours through our 'exceptional working hour policy' which keeps working hours to sixty hours per week on a four-month rolling average basis, up to eleven hours per day, sixty-six hours per week and with a minimum of one day off per week. For example, during seasonal high order volumes or unforeseen variation in order forecast, some production lines may work over sixty hours but not surpassing sixty-six hours as per our policy requirements. This policy is to ensure a healthy and productive work environment even during exceptional business conditions. The monitoring of total working hours is conducted through an IT system that accurately tracks employees' clock-in and clock-out times. Our target is to strive for less than sixty hours per week, including overtime, and minimise the frequency of exceeding sixty hours by closely monitoring order volumes and liaising with our customers to find opportunities to balance orders across the weeks.

The audit findings concerning service subcontractors are about the labour practices of service providers such as security, catering and cleaning services at factories. Since the enhancement of training and internal audits, as well as replacement where necessary, the number of audit findings related to service subcontractors has significantly decreased in 2024.

### 2023–2024 labour audit findings





# Higg FSLM

In 2023 and 2024, TAL continuously supported the Social Labor Convergence Program (SLCP) and Cascalé by adopting Converged Assessment Framework (CAF) through the Higg Facility Social & Labour Module (Higg FSLM) to conduct self-assessment and external verification. All TAL factories were Higg FSLM/CAF verified by accredited third party audit companies, except the manufacturing plant located in Ethiopia as there is no SLCP accredited verifying body there at the moment. Higg FSLM/CAF verified total scores, step scores, and section scores are shown on the next two pages. Step scores highlight achievements in implementing best practices, and section scores highlight overall achievement within a section.

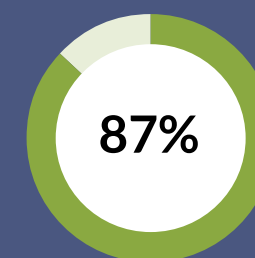
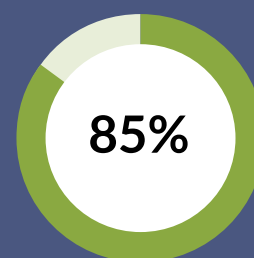
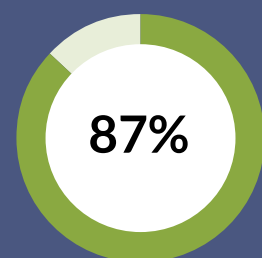
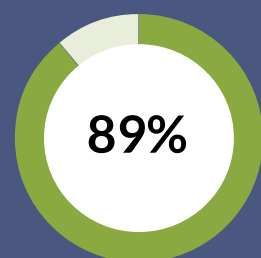
## TAV Limited

## Vietnam Garments Manufacturing Ltd (VNG)

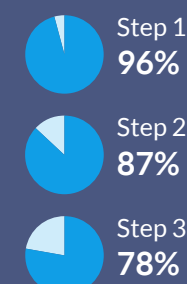
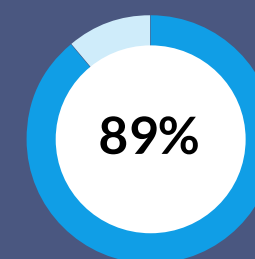
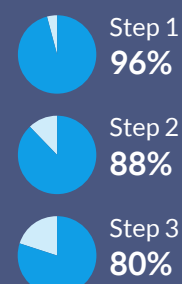
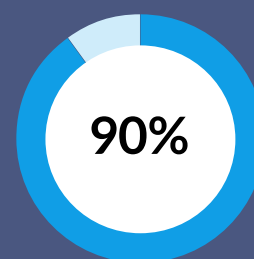
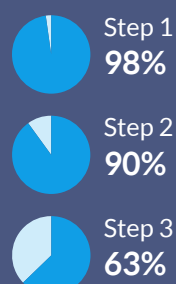
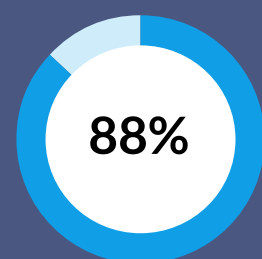
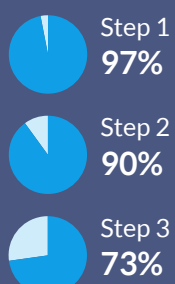
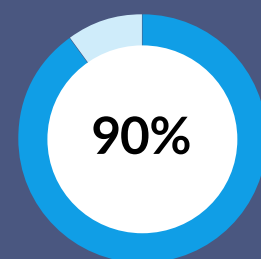
## Thai Garment Export Co. Ltd Factory 1 (TG1)

## Thai Garment Export Co. Ltd Factory 2 (TGM)

### 2023

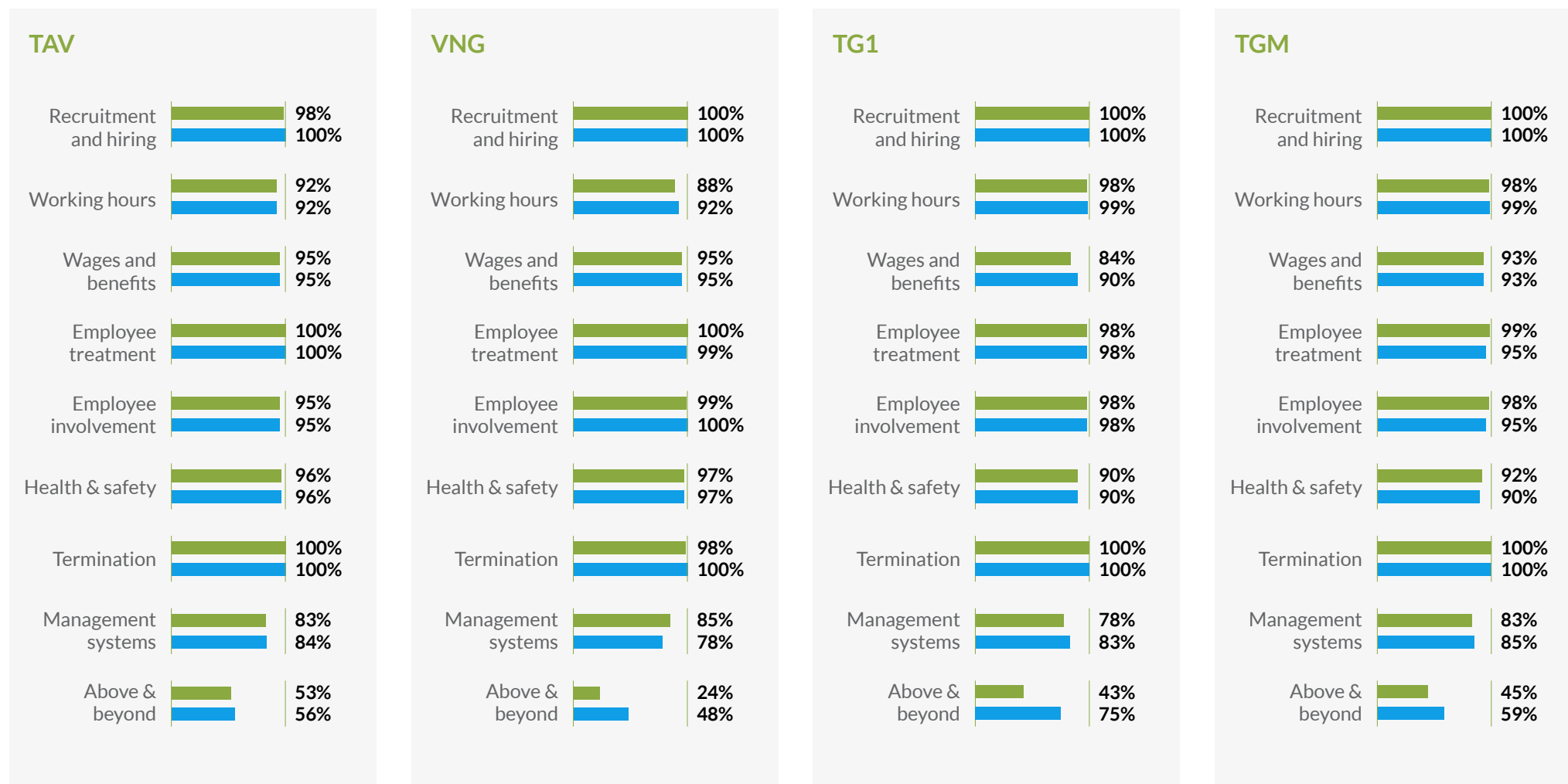


### 2024





## FSLM update and verified scores



■ 2023

■ 2024

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



## Subcontractor screening

As part of TAL's social sustainability management system, social compliance evaluation was conducted for a total of 36 production subcontractors in 2023 and 2024 to assess their performance.

### Subcontractor screening results



This evaluation resulted in the rejection of 14 subcontractors, primarily due to significant findings that were reported but for which there was no active response or corrective action taken. This group of rejected subcontractors included both current and newly engaged partners, highlighting the necessity for an annual evaluation process. Such evaluations are essential not only for maintaining standards but also for fostering ongoing engagement with subcontractors, ensuring they continuously monitor their own performance and remain accountable for their social responsibilities.

In response to these findings, TAL will take proactive steps to enhance support for its partner subcontractors. The development of an internal online training platform is underway, it aims to deliver essential knowledge of the code of conduct to subcontractor staff. To avoid unnecessary repeated audits, TAL recognises the audit results of well-established international standards such as SLCP, Worldwide Responsible Accredited Production (WRAP), Sedex Members Ethical Trade Audit (SMETA) and Business Social Compliance Initiative (BSCI), or audits against our internal audit tool.

# Community involvement

## WE SUPPORT CHILD CARE ACTIVITIES

According to the statistical data released by the International Labour Organization (ILO) and the United Nations Children's Fund (UNICEF), an estimated 160 million children worldwide were engaged in child labour in the year 2020.

This alarming figure tells us that we must continue our effort to prevent children from working instead of accessing proper education. As a responsible manufacturer, TAL Apparel has implemented a strict No Child Labour policy and we support initiatives supporting childcare and children's education.



### Marathon walk for children

In 2023 and 2024, TAV partnered with the Blue Dragon Children's Foundation. Blue Dragon is a charitable non-governmental organisation based in Vietnam. Its mission is to aid children and young people escaping from crisis situations like sex trafficking, forced labour and slavery, and provide shelter, education and (if old enough) employment opportunities.

The Blue Dragon Marathon Walk is an annual event that aims to raise awareness for children caught in crisis situations. It serves as a platform to generate funds

for executing projects started by the foundation. TAV supported Blue Dragon's marathon event in Hanoi by designing, manufacturing and donating lightweight sweat-absorbent functional T-shirts for event participants. A dedicated team was formed to oversee this special project – which involved various tasks such as sourcing suitable fabric, ensuring precise measurements for a perfect fit and collaborating with a printing house – creating a sense of unity among the participants. TAV's participation in this event gave an opportunity for colleagues to actively contribute their skills and expertise to the betterment of society.



## Community involvement › We support childcare activities



### Joint initiative to support vulnerable children

In April 2023, VNG participated in a meaningful event organised by the Dien Bien Provincial Police to support vulnerable families in the Tua Chua area of Vietnam. Tua Chua is a remote and impoverished district characterised by its challenging terrain, primarily consisting of high mountains and steep slopes in Dien Bien Province. One particular challenge is exacerbated by climate change. The dry season is lasting longer these days, about eight months each year, which leads to a scarcity of fresh water in the high mountains. Schools there struggle to maintain water supplies for their students and require assistance to build water tanks. We joined the visit to the area and supported the local children by donating 30 million VND to Trung Thu Kindergarten and providing 1,000 shirts to the Education Department of Tua Chua District.



### Essentials for mountain kids

The TGM team partnered with its factory labour union to donate essential items to children of underprivileged families living in high mountain areas. These essentials were made through collective efforts of both company donations and employee contributions. Over the past 13 years, we have consistently maintained this ongoing partnership with our labour union to help kids in need.

## Community involvement

### WE CARE ABOUT OUR SOCIETY

TAL Apparel policies emphasise supporting and working together with local organisations and charities with the aim of improving the communities and local environments that we operate in.

We believe that meaningful partnerships with local organisations and charities can lead to impactful initiatives that address social and environmental issues.



#### Blood Donation Day

Every year, the TAL factories in Thailand (both TGM and TG1) organise a Blood Donation Day in collaboration with the Thai Red Cross. In this initiative, the Red Cross comes to the factory and sets up mobile donation facilities right at the factory premises, creating a convenient and accessible environment for employees. This initiative aims to raise awareness about the importance of blood donation within the community and encourages employees to participate.



#### Community visit

Partnering with the charity organisation Christian Action, a TAL Hong Kong volunteer team had the opportunity to visit families residing in tin sheet houses. During the visit, the team distributed hearty bags filled with essential items. This experience offered our volunteers a deeper understanding of the challenges faces by those families.



#### Donations to support homes

TGM organised an initiative in which employees came together to collect daily necessities and donated them to local foster homes supporting vulnerable communities. The collected items were donated to two organisations: the Fueng-Fah Home for Persons with Disabilities Protection and Development, and the Pak Kret Home for Boys. Both homes play a vital role in providing care and support to children and individuals in need.





# Human capital management

## TALENT DEVELOPMENT – MANAGERIAL LEADERSHIP

At TAL Apparel, talent management and development are central to building a future-ready workforce. Through a deliberate focus on identifying, nurturing and retaining high-potential individuals, we cultivate leaders capable of driving long-term success.

Our managerial leadership competencies (MLCs) form the foundation of this strategy, equipping employees with the skills and behaviours necessary to excel in their roles and advance along clear career pathways.

In 2023–2024, we delivered 19,812 training hours to 1,839 employees, supported by initiatives such as the TALent Space portal and MLC socialisation programs. These efforts reflect our comprehensive approach to talent development, which combines structured training with targeted leadership and professional growth opportunities to meet both individual and organisational goals.

### Training impact at a glance (2023–2024)



1,839

employees trained



19,812

training hours



14

new programs





## Human capital management update › Talent development – managerial leadership

### Learning curriculum for 2023–2024

Our learning curriculum for 2023–2024 was designed to enhance both personal and professional capabilities, ensuring employees are equipped to succeed in their roles and progress within the organisation.



Programs focused on developing essential skills, including:

- empathetic questioning and listening
- first impressions and business etiquette
- prioritisation and time management
- habits for effective managers and personal effectiveness
- decision making under uncertainty
- problem-solving tools
- resolving conflicts for positive results
- managing emotions at work.



To complement these, leadership-focused programs were introduced to build capabilities that align with our talent management goals, such as:

- leadership that gets results
- getting ready to lead
- building trust and engagement
- communication strategies
- mastering the art of mentoring.

These initiatives reflect our integrated approach to talent management and training, combining skill-building with leadership development to create a future-ready workforce. By fostering continuous learning, we empower our employees to thrive and contribute to TAL's sustainable growth and long-term success.

#### Participant comments included:

‘It was a wonderful managerial leadership learning course. It makes participants more confident in sharing their thoughts and ideas, improves team building and enhances leadership skills – especially in “walking the talk”. Overall, TAL is moving towards becoming a world-class apparel manufacturer – the winning team and the World’s Best Shirt Maker.’

‘The games conducted were close to reality, challenging participants to react to real workplace challenges. The sharing sessions afterward were insightful and helped connect the lessons to real work scenarios.’



## Human capital management update

### LOOKING AHEAD

#### Shaping future leaders

Building on the foundation of our MLCs and robust training programs, TAL Apparel's talent management strategy focuses on creating a sustainable pipeline of leaders equipped to navigate future challenges and opportunities. In 2024, we enhanced our approach to leadership and talent development by focusing on four key pillars:



#### PERFORMANCE MANAGEMENT

Strengthening alignment between individual, team and organisational goals by embedding critical MLC behaviours into performance evaluations and fostering accountability for outcomes.



#### TALENT ASSESSMENT

Implementing advanced frameworks, including the 9-Box Grid and Readiness Grid, to identify high-performing and high-potential employees, ensuring readiness for future leadership roles.



#### TALENT REVIEW

Calibrating talent across business units (BUs) to establish a transparent and robust leadership pipeline through executive committee people reviews and BU-specific succession planning.



#### CAREER PLANNING AND DEVELOPMENT

Empowering employees to set and achieve career goals through structured planning, progress reviews and tailored development discussions, fostering growth and long-term retention.

#### Building on 2024 milestones

In 2024, TAL achieved significant milestones that laid the foundation for future growth and success:



#### TALENT ASSESSMENT FRAMEWORK

We successfully launched a structured framework to identify high performers and high potentials, achieving a 95% completion rate. This initiative ensured we are prepared to meet future talent demands.



#### COMPREHENSIVE TALENT REVIEWS

We conducted detailed talent reviews and executive committee offsite sessions to calibrate talent across BUs and functions. These reviews played a pivotal role in aligning the right people with the right roles, ensuring readiness to drive our company forward.

#### Future-focused strategy for 2025 and beyond

Building on these achievements, TAL is taking steps to strengthen leadership and talent development efforts, such as:

- expanding talent calibration processes to refine leadership pipelines and prepare successors for critical roles
- enhancing tools and frameworks to measure leadership effectiveness and support targeted employee development
- scaling career development initiatives to align with evolving business goals, enabling employees to thrive in their roles and achieve long-term growth.

These forward-looking strategies reflect TAL's commitment to creating a future-ready workforce capable of navigating challenges and sustaining growth in a competitive global landscape.



# Functional skilled knowledge program

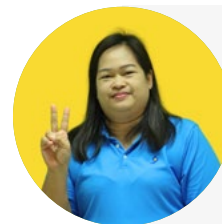
## SUSTAINABILITY IN TRAINING: BUILDING A BETTER FUTURE

In the rapidly evolving garment manufacturing industry, we face constant pressure to adapt, innovate and maintain a sustainable approach to our operations.

TAL's functional skilled knowledge (FSK) training program helps ensure the sustainability of our workforce talent. The FSK program helps our employees develop new skills, creates career progression pathways and retains talent within our company.

Now entering its 15th year, the FSK program is a cornerstone of our company and demonstrates our commitment to developing internal talent rather than relying on external hiring. You can read more about the beginning and previous success of the FSK program in our [SR 2017-2018](#) and [SR 2019-2020](#).

In the last two years, the FSK program has led to the career advancement of 38 operators, with their promotion to staff positions. Additionally, nine staff were promoted to supervisor positions. Three of the employees who advanced over the years from operator to supervisor roles through the FSK program are Ms Patcharee Promthan, Ms Thipsuwan Bantthatchan and Ms Orasa Poolsawat.



### MS PATCHAREE PROMTHAN

Patcharee joined us in 2010 as a Task Force Operator. Through her dedication and participation in the FSK training programs, she progressed to an Acting Advanced Analytical Method Training (AAMT) role, and was eventually promoted to AAMT G.3 in 2022.



### MS THIPSUWAN BANTHATCHAN

Thipsuwan started her journey in 2009 as a Cutting Worker. Thanks to her skill development and graduation from FSK training, she was promoted to Cutting Team Leader G.3 in 2023.



### MS ORASA POOLSAWAT

Orasa has been with us since 2004, starting as a Cutting Worker. With her hard work and technical training, she achieved her promotion to Cutting Technician G.3 in 2024.



## Functional skilled knowledge plan update › Sustainability in training: building a better future

### FSK accreditation program

In 2023, the FSK management team recognised a challenge in the FSK program. The team noticed a gap in the reported rating of some FSK graduates and their exhibited skills. Upon research the team noticed there were challenges with skill retention, leading to skill decay over time. Some causes noted by the research include insufficient past training or learned skills not being consistently used day-to-day.

To help counteract this problem, the team developed an FSK accreditation program. This program accredits local instructors in the factory to help assess learned skills more regularly and provide more frequent training. The aim of the program is to have regular assessment of all FSK graduates to ensure skill retention over time. By the end of 2024, 57 instructors were accredited.

Looking ahead, the FSK management will implement their Design, Train and Evaluate framework:

### TRAINING FRAMEWORK



#### DESIGN

##### Sufficiency in FSK resource

Ensure factory FSK teams are properly resourced, including Instructional Designers (IDs) and FSK Coordinators.

**Purpose:** Identify training needs, create and update FSK content and materials, and oversee implementation.



#### TRAIN

##### New staff onboarding

Rapidly equip new employees with knowledge and skills they need at work.

**Approach:** Utilise mentoring, tutoring, simulations and role-playing to integrate them into policies, procedures and organisational culture.



#### EVALUATE

##### FSK accreditation replication

Broaden the FSK accreditation program to include more roles while continuing to completely certify graduated participants in Garment Technician (GT), AAMT and Mechanic roles.



57

instructors  
accredited to assess  
FSK graduates





# Environment



# Environmental management system

Throughout 2023–2024, our environmental management system (EMS) continued to be strengthened.


During 2023 the updated version of the Higg Facility Environmental Module (Higg FEM), 4.0, was released. This updated version moved the industry benchmark for best practices in environmental management to new heights.

With this update, TAL reviewed its EMS standard operating procedures (SOPs) against the new standards set by the Higg FEM. We found there was a need to strengthen our SOPs for air emissions and wastewater. The new Higg FEM required companies to calculate the quantity of air emissions from onsite sources. While we regularly test our air emissions to ensure compliance with local requirements, estimating the quantity of air pollutants emitted is new to us and we needed to update our procedures to meet the Higg FEM requirements.

In addition, our wastewater SOP needed an update to formally document how we manage emergency procedures with external wastewater treatment plants (WWTP). External WWTPs are WWTPs

owned by the industrial parks where our factories are located. At our TAV Limited (TAV) and Vietnam Garments Manufacturing (VNG) plants, after onsite treatment, our wastewater is sent to the industrial park's WWTP for further treatment ([see p60 of SR 2021–2022](#) for a breakdown of direct vs indirect discharge). For example, we needed to document procedures if our WWTP experiences a technical failure and we need to discharge untreated wastewater to them, or if the external WWTP experiences issues and needs us to stop sending them wastewater. These additional emergency procedures help us prepare for unlikely, but serious, emergencies.

Besides updates to our EMS SOPs, we spent 2023 developing a comprehensive three-year Higg FEM action plan to support our factories in meeting the higher benchmarks. This includes enhanced training programs and additional guidance on implementing our SOPs to meet Higg FEM criteria.



Going forward, we seek to further clarify and adapt our EMS to fit contextual needs for each factory.





# Greenhouse gas management

Climate action remains one of TAL's strategic pillars, and 2023–2024 were big years for TAL in this area.

We made considerable progress against our greenhouse gas (GHG) reduction roadmap and **announced** that the Science Based Targets initiative (SBTi) validated our science. While we made a net-zero commitment for 2050, we are laser-focused on meeting our 2030 targets. In addition, we continue to respond to the CDP climate questionnaire. In 2023, TAL scored a B–, while in 2024 we scored a B. As part of our commitment to the Fashion Industry Charter for Climate Action, we'll continue to disclose our climate action initiatives through the CDP for transparency and benchmarking.

## SCOPE 1 AND 2

For our own operations, covering our scope 1 and 2 GHG emissions, our climate action plans rest upon three broad sets of actions: energy efficiency, switching to low-carbon fuels and renewable energy. We must achieve a 50.4% reduction below our 2018 base year by 2030. In 2018, our company emitted 55,496 tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>eq) GHG emissions. ([See appendix](#) for statement on our adjusted base year emissions due to our divestment from TAA, our factory in China.)

To achieve our target, we must reduce our annual emissions to 27,526 tCO<sub>2</sub>eq by 2030. However, a business-as-usual scenario would mean our GHG emissions would increase to approximately 84,626 tCO<sub>2</sub>eq. This means our actions need to achieve a 67% reduction.

Some of the actions we are putting in motion include:

Rooftop solar:

8% ✓



Natural gas:

2% ✓



Switching coal to biomass:

24% ✓



Energy efficiency:

8% ✓



This only gives us a 42% reduction. To close the gap the company is reviewing the following options:

Switching a diesel boiler to biomass:

2% ✓



Virtual power purchase agreement contract for Vietnam factories:

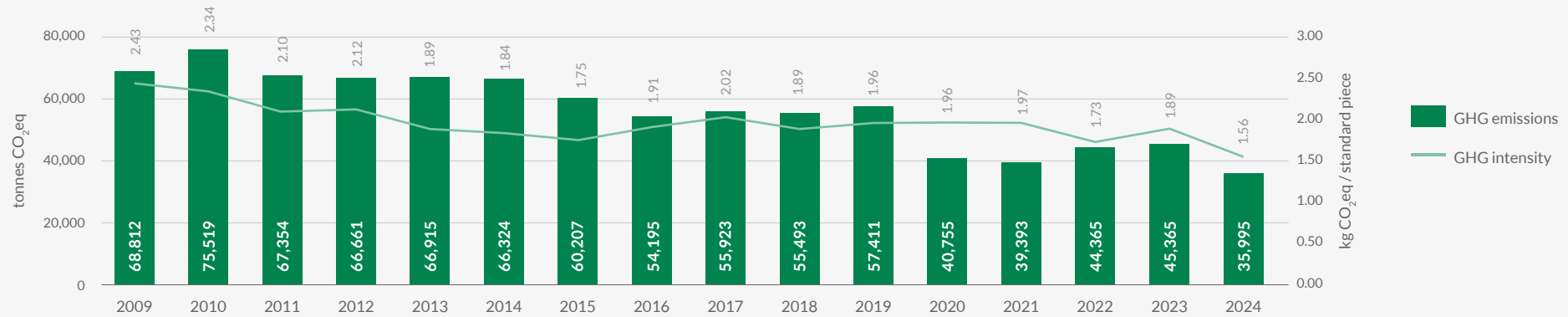
20% ✓



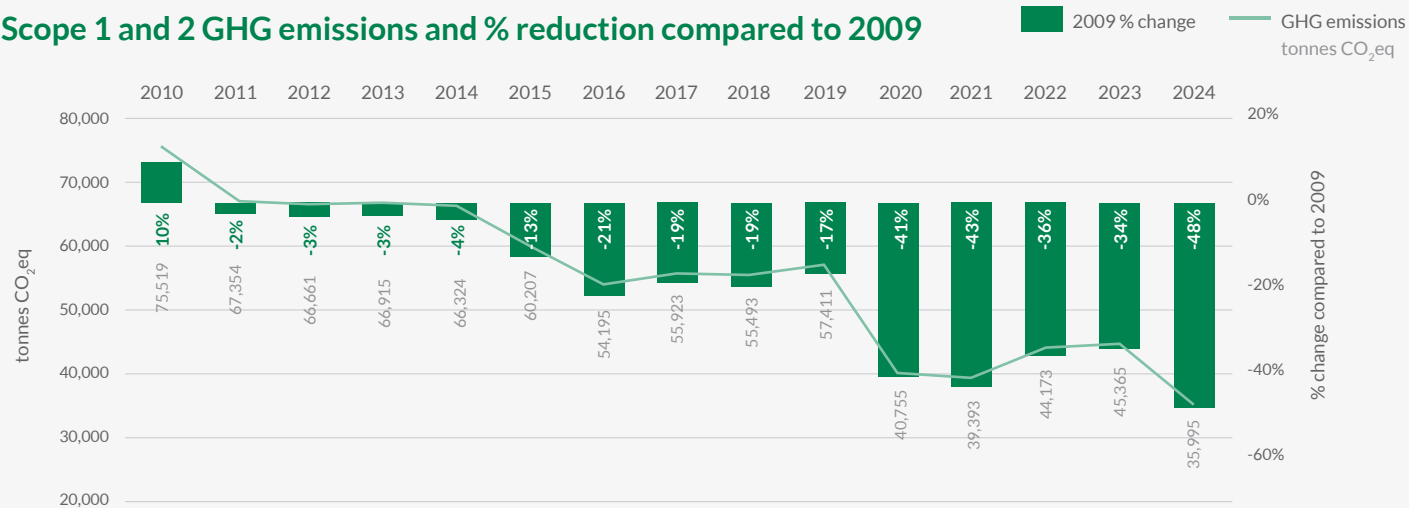
We are also reviewing the feasibility of electrifying thermal energy needs. However, the exact emissions savings will be determined by the specific process substituted, the efficiency gained and the source of electricity.

## Greenhouse gas management › Scope 1 and 2

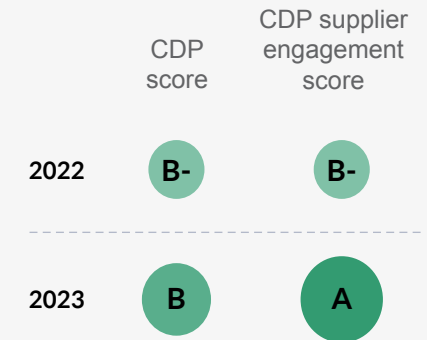
### Scope 1 and 2 GHG emissions and intensity



### Scope 1 and 2 GHG emissions and % reduction compared to 2009



### CDP score



## Greenhouse gas management

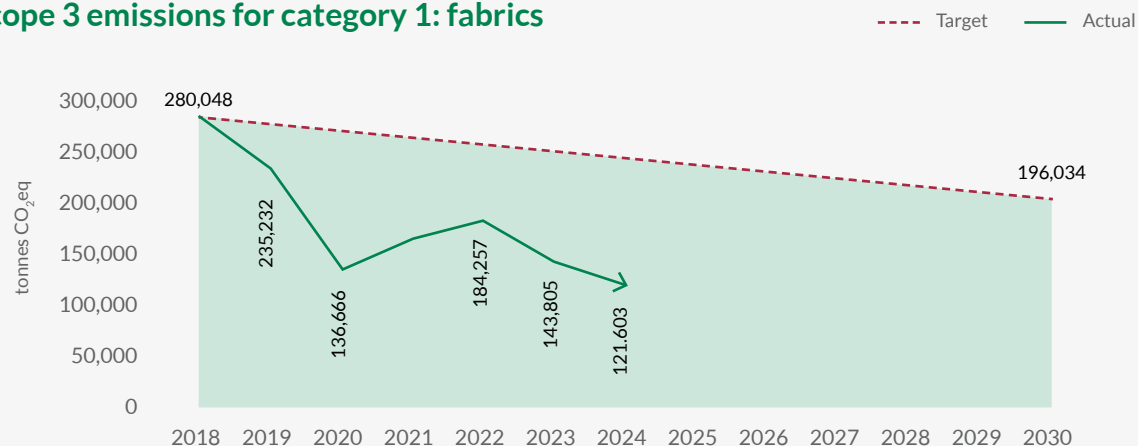
### SCOPE 3

TAL's scope 3 target is to reduce emissions by 30% from a 2018 base year by 2030. Broadly, our actions focus on switching to sustainable material (i.e. organic, regenerative and recycled fibres), and partnering with our top suppliers on their own GHG emission reduction plans and actions, including energy efficiency, switching to low-carbon fuels and renewable energy.

During the last two years, we established our baseline for sustainable material and are developing key performance indicators (KPIs) to monitor progress. You can read more about our sustainable materials in the section on [sustainable products](#).

We also began engaging one of our top suppliers on their GHG reduction action plans and have received positive feedback from them. We are seeking to partner with our customers and other industry peers to engage high GHG emitters to encourage robust decarbonisation plans and actions.

#### Scope 3 emissions for category 1: fabrics



After a rebound of emissions following COVID-19, we see a fall in emissions in 2023 and 2024 from our category 1 emissions from fabric purchases.

There are a few reasons that explain this:

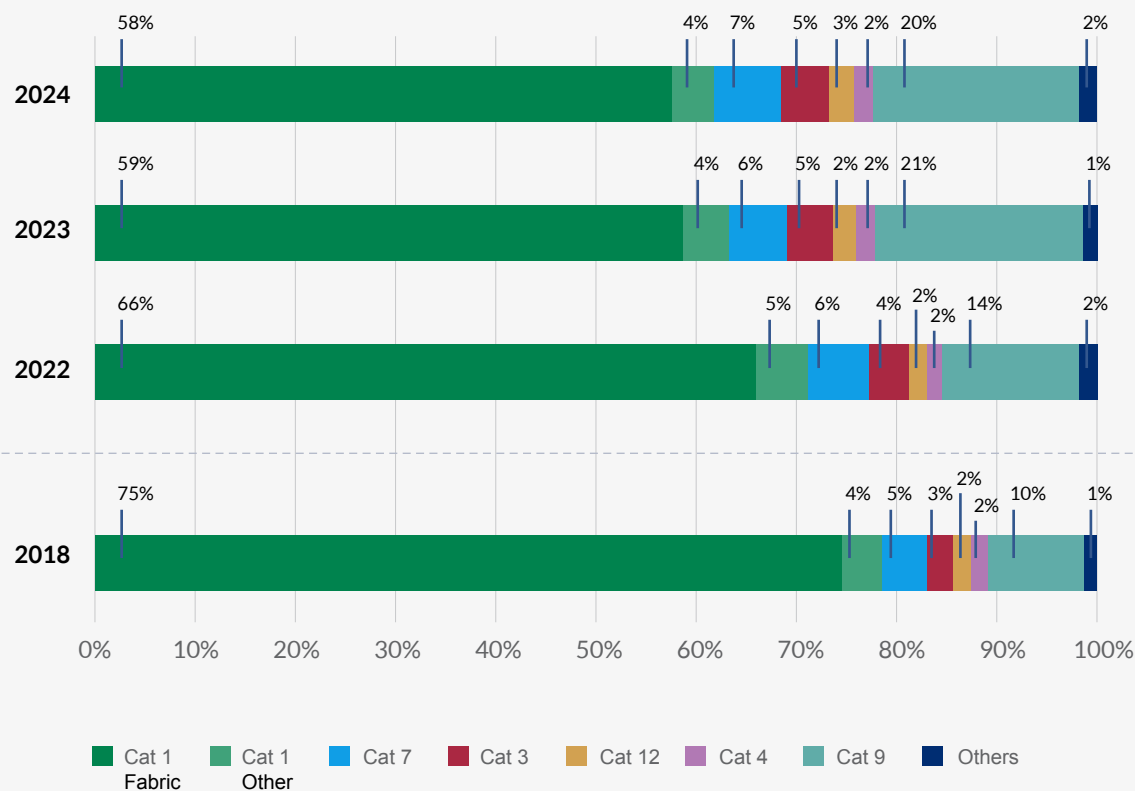
- 1 We are purchasing less fabric (14% less fabric in 2024 compared to 2022).
- 2 We are collecting more primary data from our suppliers and relying less on secondary data (21% increase in Higg FEM primary data).
- 3 There is a relative shift from woven products to knits (18% increase in knitted fabrics within product mix – knitting is less energy intensive).

The largest contribution to our dip in GHG emissions from fabric is due to greater primary data from our suppliers. The average GHG intensity of our Higg FEM data is 50% less than the average of the secondary data. By increasing our primary data collection we are capturing the good practices and energy efficiencies already made by our suppliers. This bodes well for us as we continue to invest in converting our fibre material towards more sustainable options, as well as working with our suppliers on their GHG emission reductions.





## Greenhouse gas management › Scope 3

Scope 3 emissions breakdown by category<sup>4</sup>

One area of concern is the increase in GHG emissions from category 9, downstream transportation. Our percentage of shipments sent by air freight has grown from 13% in 2018, to a high point of 26% in 2023, and remained relatively high at 23% in 2024. For every plus or minus 1% change in shipments sent by air freight, our category 9 emissions rise or fall by approximately 2,500 tonnes CO<sub>2</sub>eq. This is more than our total GHG emissions from shipments by sea in any given year. While category 9 is not currently within scope of our 2030 target, we must understand the cause of increased air shipments and develop a long-term plan to mitigate them in order to achieve our 2050 net-zero target.

4. See appendix for full category descriptions

## Greenhouse gas management

### ROOFTOP SOLAR AT TAL FACTORIES

In September 2023, TAV signed a power purchase agreement to install a 1.9 MW rooftop solar photovoltaic (PV) system.

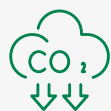
Construction began in November 2023, and the rooftop solar PV system was commissioned on 26 April 2024. The PV system is expected to produce approximately 2,016 MWh annually of clean energy and save TAV and TAL approximately 1,200 tCO<sub>2</sub>eq per year.

Also in September 2023, VNG signed a rooftop solar power purchase agreement. Unfortunately, the project construction was delayed due to lack of clarity on the government's policy for rooftop solar for self-consumption and how it applies to factories in industrial parks that operate private electricity grids. Vietnam's government recently issued new policy circulars to clarify its position on the use of rooftop solar for self-consumption and, as of December 2024, the permitting process for the construction of the PV system began.

In Thailand, we are actively engaging with rooftop solar developers for rooftop solar PV power purchase agreements. We will conclude these negotiations in 2025 and aim to have rooftop solar installed at our factories there by early 2026.



**2,016**  
MWh of clean  
energy per year



**1,200**  
tCO<sub>2</sub>eq saved per  
year



## Greenhouse gas management

### SWITCHING COAL TO BIOMASS AT VNG

In August 2024, VNG commissioned a new biomass boiler to replace the coal-fired boiler. This new biomass boiler is 7% more efficient than the previous coal boiler and is also 33% larger with a capacity of 4 Giga-calorie/hour.

Biomass may be considered a controversial choice to some, considering that CO<sub>2</sub> is still being emitted. We believe that in some contexts sustainable biomass will be a key transition fuel for thermal heat needs before electrification and cleaner alternatives like green hydrogen become the norm. To ensure that we made the most sustainable choice we selected the use of only agricultural waste as our biomass feedstock. Currently we are using rice husk, and our operations contractor has a source of cashew nut shells as a backup.

We consider rice husk to be a carbon neutral source, because the carbon emitted when burning rice husk as biofuel is the same carbon that was absorbed by the rice plant during its growth. This creates a closed-loop carbon cycle where the energy source returns the carbon to the atmosphere that it previously extracted. This will save our company approximately 14,000 tCO<sub>2</sub>eq, or almost 25% of our company's total GHG emissions.



# 14,000

tCO<sub>2</sub>eq saved per year

# = 25%

of total GHG emissions

### ENERGY EFFICIENCY AT OUR FACTORIES

Energy efficiency is another key pillar of our GHG reduction roadmap. Energy efficiency lowers our energy demand.

Improving energy efficiency means we spend less on energy and reduces the amount of energy we need to convert to renewable energy.

Some of the measures we implemented in 2023 and 2024 include:



Upgrading our air compressor and air dryer units to newer models



Upgrading air handling units (AHUs)



Upgrading existing LEDs to newer more efficient models



Improving insulation across our chillers and boilers



Optimising processes in our wet process



Optimising management procedures to reduce energy wastage



In total, we calculate that we saved over 1,200 tCO<sub>2</sub>eq across our factories between 2023 and 2024.





## Water management

Water continues to be a material topic for our company. Customers are increasingly asking about our water management practices and seeking water use reductions.

Over the last two years, TAL has developed a four-point action plan to further reduce our freshwater demand and lower our intensity. The water management strategy outlines a comprehensive approach to improving efficiency and resource use. It includes:

1

Achieving annual domestic water improvements of 2%–5% through to 2025 by investing in water-saving plumbing fixture



2

Installing and upgrading recycling systems for all factories with wet processes



3

Installing rainwater harvesting systems (where not yet installed)



4

Converting cooling tower water sources to non-potable water through to 2025



Between 2023 and 2024, the key projects implemented by our facility teams were:



### WATER RECYCLING

- **TAV:** capacity of 140m<sup>3</sup>/day for wet processes
- **VNG:** capacity of 150m<sup>3</sup>/day for wet processes
- **TG1:** capacity of 120m<sup>3</sup>/day for wet processes and cooling towers.

With this increased water recycling capacity, TAL can recycle approximately 28% of total water use across all factories.



### NON-POTABLE WATER USE

- AHU condensate reclamation at VNG, with a capacity of 10 m<sup>3</sup>/day, serving the cooling tower.

## Water management

Through these projects, TAL achieved a significant reduction in our water intensity and total water demand. These projects will continue to reap benefits into 2025 and beyond.

Our factories continue to focus on efforts to improve water efficiency and reduce demand. The facility teams are in the process of reviewing rainwater harvesting designs and further rolling out AHU condensate recovery at our factories in Thailand.

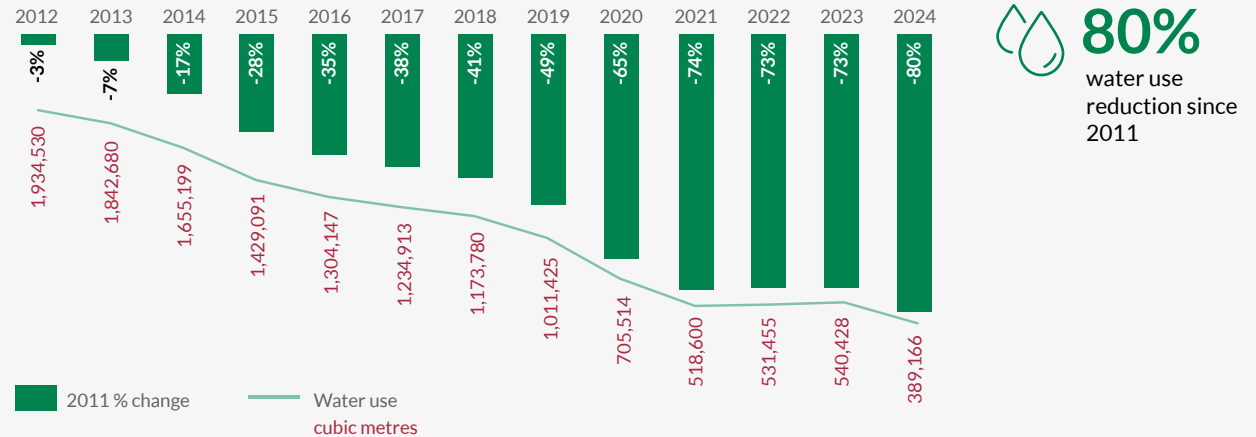
To further strengthen employees' awareness of responsible water management, the group's facility team led company-wide training covering:

- global water challenges, TAL's water sources and responsible water use
- wastewater sources and treatment processes
- TAL's wastewater and water management strategies.

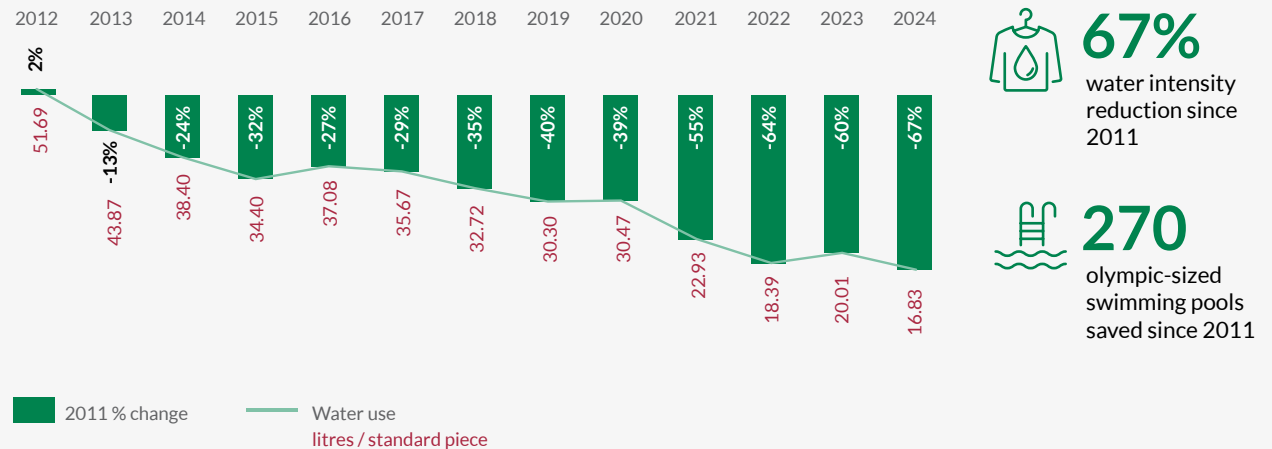
Over 30 people from our managerial levels were trained across our corporate offices and factories. This training material is set to be further used in our factories as part of factory-wide awareness campaigns.

Through to the end of 2024, TAL has reduced its annual water usage by 80% since 2011 and reduced our intensity by 67% since that time.

### Water use – % reduction compared to 2011



### Water intensity – % reduction compared to 2011





## Wastewater management

TAL continues to invest in wastewater management improvements.

In 2023, the facility team developed a three-point wastewater management action plan to meet bluesign® and Zero Discharge of Hazardous Chemicals (ZDHC) standards, including enhanced monitoring for ZDHC Manufacturing Restricted Substances List (MRSL) compliance, to upgrade wastewater treatment plants (WWTPs) to become zero liquid discharge, and to improve treatment efficiency.

In our [SR 2021–2022](#) we talked about upgrades to TAV's WWTP. In 2023, we completed the upgrade of Thai Garment Export Co. Ltd Factory 1 (TG1)'s WWTP, which now has a capacity to treat 280 cubic metres of wastewater per day. The new WWTP has separate treatment systems for industrial and domestic wastewater treatment of 80 m³/day and 200 m³/day respectively.

### Other key features of the new WWTP include:

A

Enhanced software to monitor performance and auto-adjust operations



B

A primary biological treatment system supplemented by a chemical treatment



C

A UV disinfection system



D

A sludge de-watering system







## Wastewater management

Our 2022 report outlined the type of discharge (direct or indirect) and what standards each factory reports against. We also began reporting our ZDHC wastewater test results. Below is the updated table for 2023 and 2024.

### Wastewater test results 2023–2024

PLANT	PARAMETERS	DISCHARGE WASTEWATER			
		1H 2023	2H 2023	1H 2024	2H 2024
TG1	Conventional parameters	Failed coliform	Pass	Pass	Pass
	Anions	Pass	Pass	Pass	Pass
	Metals	Pass	Pass	Pass	Pass
	MRSL	Pass	Pass	Failed PFOS and related substances, PFOA	Failed toluene
TAV	Conventional parameters	Pass	Pass	Pass	Pass
	Anions	Pass	Pass	Pass	Pass
	Metals	Pass	Pass	Pass	Pass
	MRSL	Pass	Pass	Pass	Pass
VNG	Conventional parameters	Pass	Pass	Pass	Pass
	Anions	Pass	Pass	Pass	Pass
	Metals	Pass	Pass	Pass	Pass
	MRSL	Pass	Pass	Pass	Pass

As you can see from the table our TG1 factory had one conventional parameter failure in 2023 and two MRSL failures during 2024.

Like 2022, TG1 failed the coliform parameter in the first half-year ZDHC test report. We expected this and this is one of the reasons the factory underwent upgrades to its WWTP to ensure we can meet this conventional parameter.

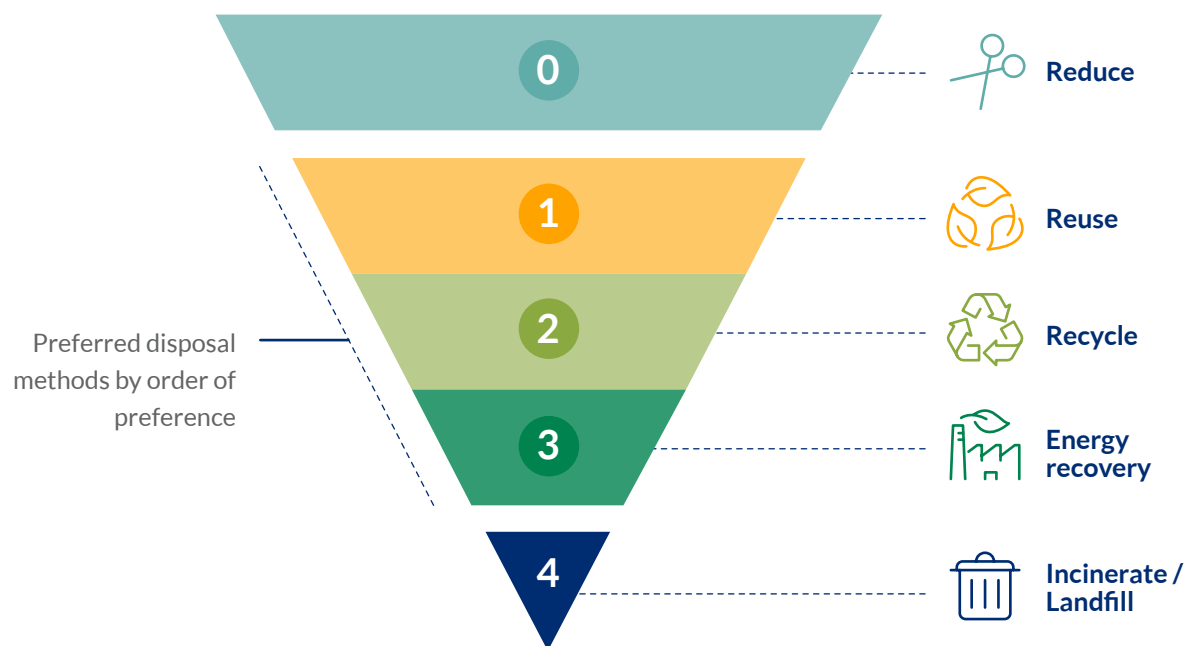
The MRSL failures during 2024 at TG1 caught us by surprise as these were not conventional sources. The first half-year testing detected perfluorooctane sulfonate (PFOS). Upon root cause analysis this was linked to a leaking hydraulic pump on the door of a washing machine. The oil from the pump leaked into the wastewater drain beneath the machine. The factory replaced the seal on the hydraulic arm and upon subsequent testing the PFOS was no longer detected. During the second half-year testing, TG1 had an MRSL failure for toluene. Upon root cause analysis, the team found the factory's washing team was using a paint spray that contained toluene during maintenance of the machine. The factory has properly disposed of the paint sprays since finding this and provided additional training to the factory team, as well as implementing additional measures to ensure all chemical purchases are screened against our MRSL list.



## Waste management

In 2023, TAL rolled out our new waste diversion targets across our factories. Our goal is to divert at least 90% of waste from incinerators and landfills across all waste categories by 2030. To achieve this, our factories follow the waste disposal hierarchy.

### Waste disposal hierarchy



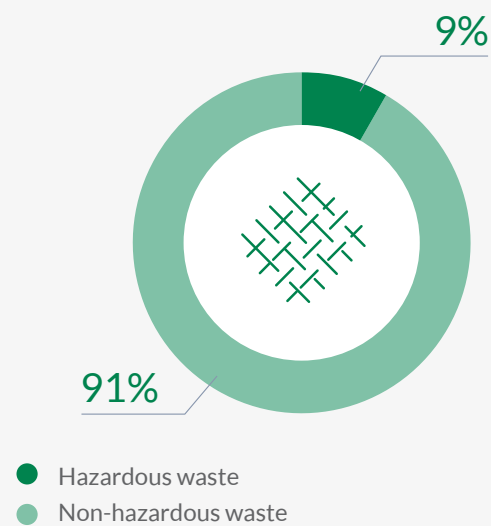
## Waste management

### WASTE DISPOSAL

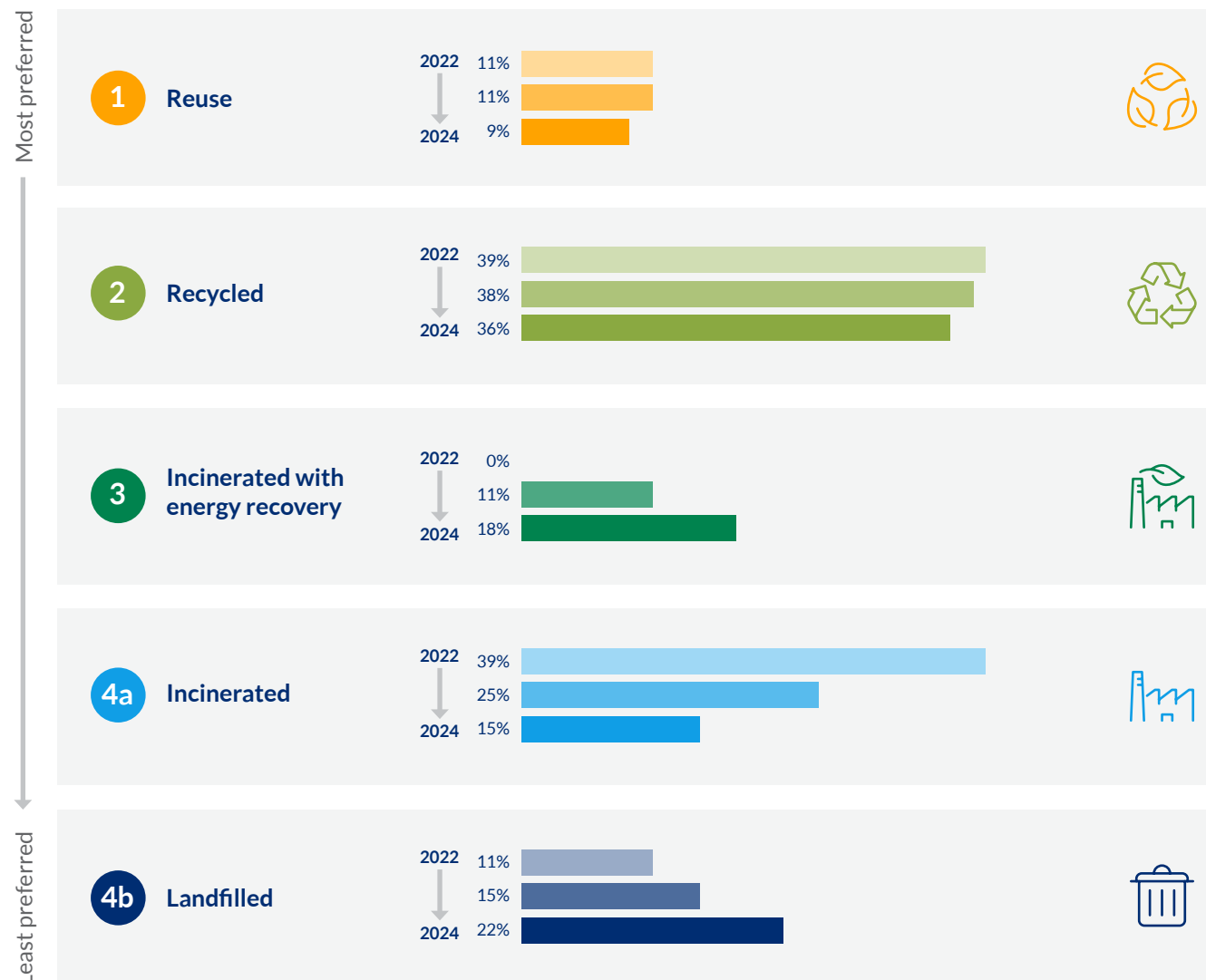
Since the context for waste disposal infrastructure varies by country and even regionally within countries, we set individual targets for each factory using 2022 as their base year.

Following our waste management SOPs our factories validate the disposal methods for each waste stream generated by the factory and picked up by our licensed waste contractors.

#### Waste category breakdown



#### Breakdown of waste disposal methods





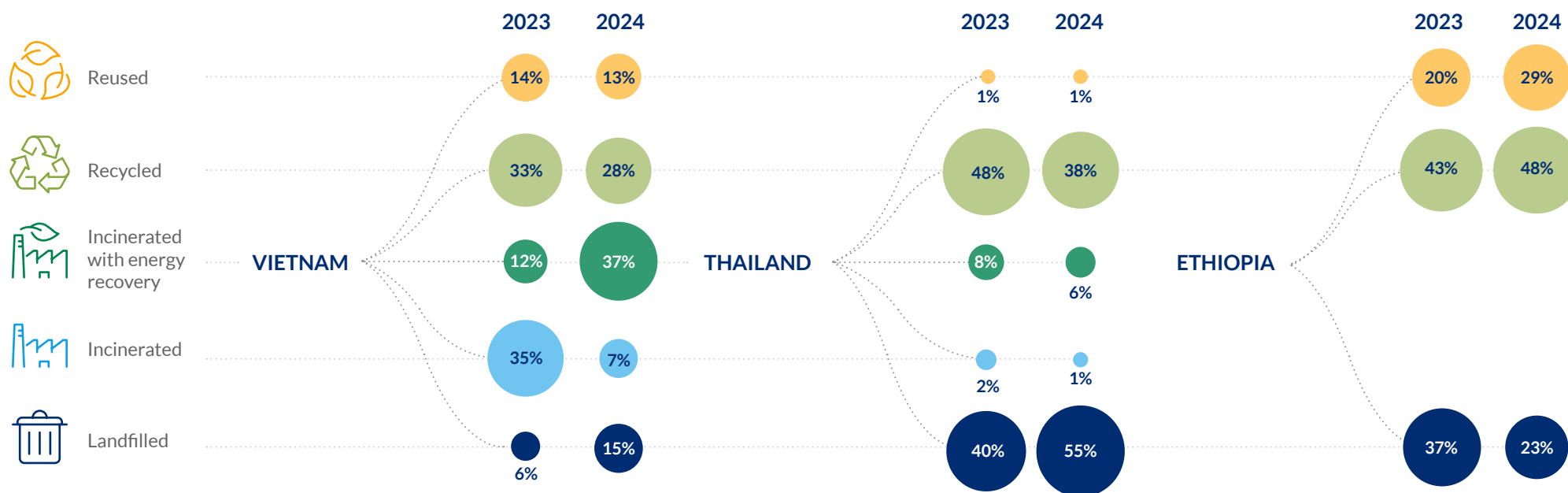


## Waste management › Waste disposal

## TAL waste handling method by factory

The two Vietnam factories have had the most success in achieving their waste diversion rates. However, this is due to the accessibility of waste-to-energy, or energy recovery disposal methods, in Vietnam. While energy recovery is considered a preferred waste disposal method, it is our least preferred method, and we are conscious to not use this method as a substitute for reuse or recycling options. Hence, our factories will always consider and try to find reuse or recycling options for any given waste stream before opting for energy recovery.

In the Thailand factories, achieving their waste diversion rate continues to be a challenge. Local waste regulations that dictate which contractors are eligible for certain waste categories are one challenge. Another is the general lack of recycling infrastructure in the country for all waste categories. The uptick in TAL's overall percentage of waste sent to landfill was due to a substantial increase in the amount of domestic waste produced by factory employees in Thailand. This category includes discarded food waste and packaging from items purchased during lunch breaks and brought back to the factory to consume and dispose of.





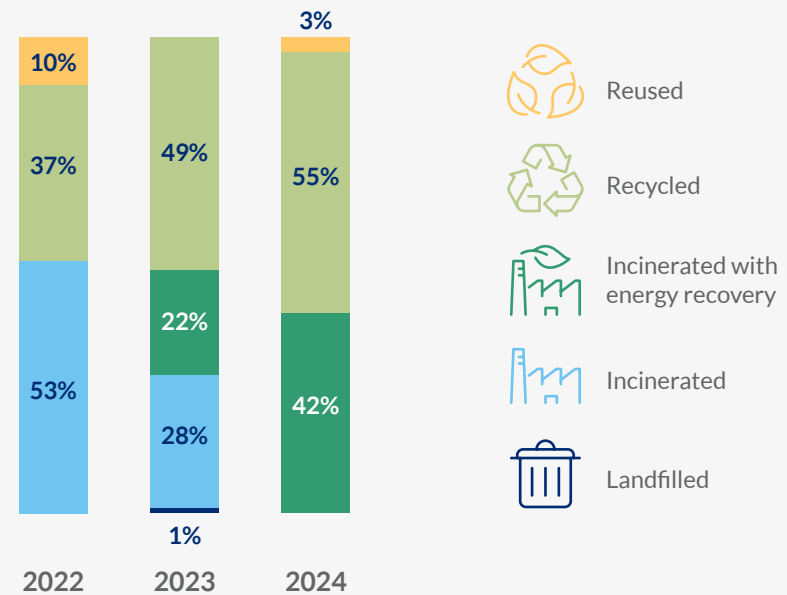
## Waste management

## FABRIC SCRAP RECYCLING

As mentioned in our previous report, the recycling of fabric scraps from our cutting room floors is not consistent.

Over the last two years, two of our recyclers have gone out of business due to a lack of demand in the industry for textile-to-textile recycled fibres. This is a technical challenge as the quality of mechanically recycled fibres is lower and fails to meet quality standards. Hence, many yarn spinners are wary of accepting textile waste for recycling due to limited market demand.

## Fabric scrap recycling methods





## Chemical management

Following the successful rollout of our updated chemical management SOPs in 2021–2022, TAL adopted the ZDHC InCheck and the ZDHC Supplier to Zero platform to measure our continuous improvement.

Our chemical management SOPs are aligned with these two programs as well as the bluesign® system standard. ZDHC InCheck, which measures how much of our chemical inventory conforms to the ZDHC Manufacturing Restricted Substances List (MRSL), and Supplier to Zero provide frequent reviews of our chemical management progress, while the bluesign® system standard provides us with additional recognition that our chemical management meets the highest of industry standards.

bluesign® conducts a comprehensive onsite audit of our factories once every three years. Our next bluesign® audit will occur in 2025. In early 2023, we closed out all outstanding corrective action plans (CAPs) from our 2022 audit and focused our efforts on increasing the number of bluesign®APPROVED chemicals in use. This is an important KPI, which we must demonstrate improvement against for our next audit.

All our factories achieved Level 2 in the Supplier to Zero program. In 2025–2026, we are investigating our pathway towards Level 3. The ZDHC InCheck MRSL conformity (see below table) also helps demonstrate commitment to clean and safe chemicals. However, it does not tell the whole story because we do not list all our proprietary chemical formulas on the ZDHC Gateway, even though they conform to ZDHC's MRSL. The ZDHC Gateway is a public forum that allows any company to know the chemicals we use, as well as formulas and suppliers. Our readers can find all our chemicals on the bluesign®FINDER and can be assured these are assessed and pass bluesign's stringent bluesign® system substance list. As of writing this report, bluesign® and ZDHC are deepening their collaboration to allow bluesign® approved chemicals to be found on ZDHC Gateway. This is a positive step demonstrating trust and equivalency of standards across different certifications.

ZDHC % CONFORMITY	2023			2024		
	TG1	TAV	VNG	TG1	TAV	VNG
Target at end of year	50%			75%		
Year end result	47.62%	50%	61.76%	76.19%	80%	77.50%





## Higg FEM

TAL continues to use the Higg FEM as a key resource and assessment tool to benchmark and improve our environmental sustainability practices.

This tool forms a key resource for improving our EMS. The year 2023 saw the launch of Higg FEM 4.0. This latest version of the Higg FEM raised the benchmark for environmental sustainability.

TAL responded by reviewing the updated questions across all categories and developing a comprehensive action plan. With the Higg FEM 4.0's expanded question set and higher benchmark, we expect the industry's average scores to drop, including our own. To ensure that we can continue to meet ambitious standards, we developed a comprehensive three-year action plan to ensure our factories implement improved practices to meet Higg FEM 4.0's higher standards.

As a Cascale member manufacturer, we participated in Member Expert Teams (METs) across multiple Higg FEM sections, including energy, water, waste and wastewater. These METs were tasked with developing the updated content of the Higg FEM 4.0. We also participated in

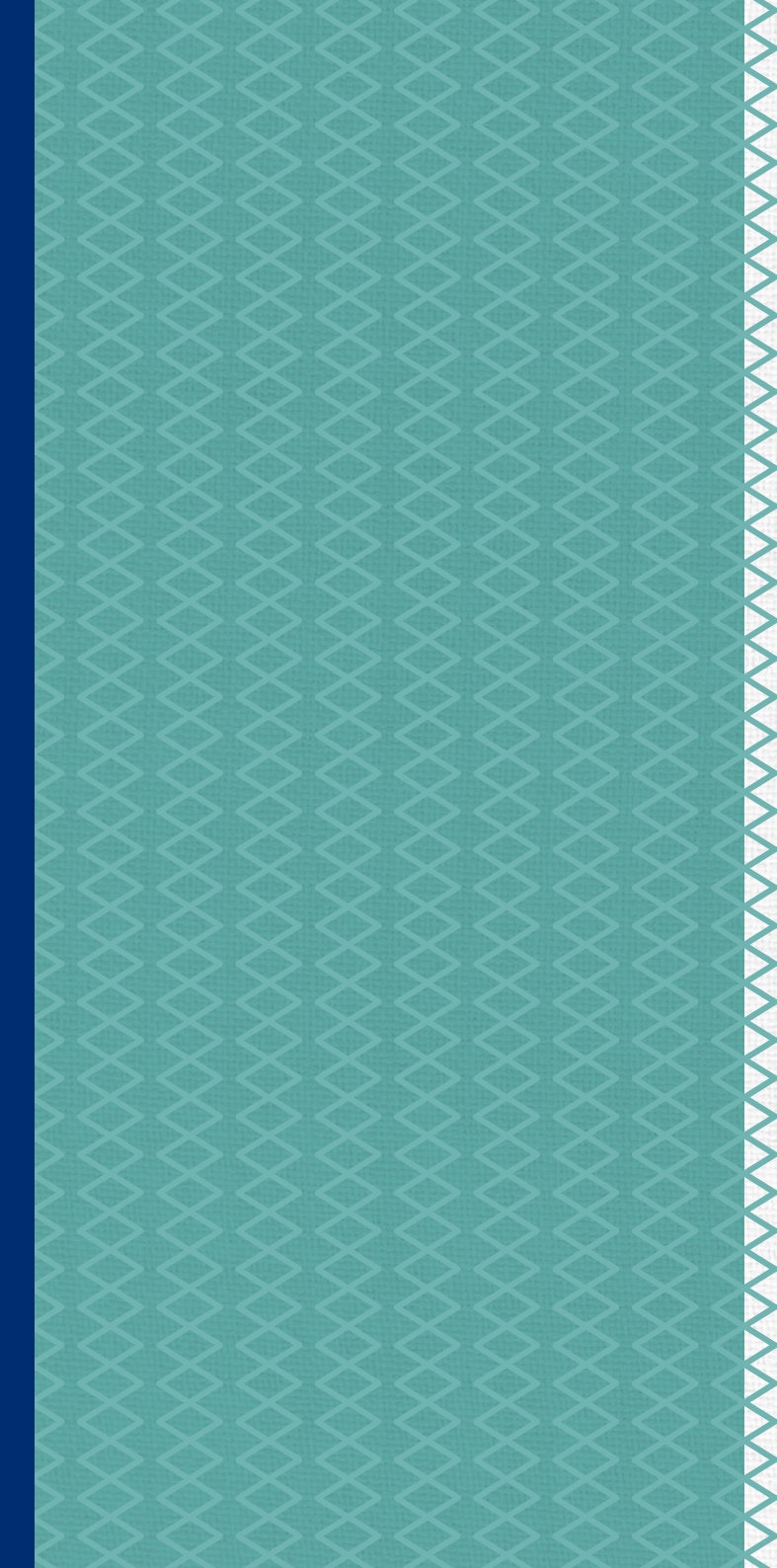
the earlier Higg FEM 4.0 framing sessions that laid the overarching ambition for this latest version. Higg FEM is tailored as a continuous improvement tool to raise manufacturing best practices. As a manufacturer, we believe it is important to participate in these METs and strategic advisory roles to provide the manufacturer perspective on these topics and align as an industry on the pathway towards a more sustainable future.

Due to the additional questions and higher benchmark, Cascale decided to not conduct full verifications for Higg FEM modules for 2023 and 2024 data. The estimated time required for verification of the latest Higg FEM version, and the availability of verifiers made such a task unattainable for the industry. This means that for now, per the Cascale Higg FEM communication guidelines, we are not permitted to disclose our Higg FEM scores.

As mentioned, we put together a comprehensive action plan to attain a high score in this latest version. Our targets for an average score across our factories for Higg FEM for the years 2023, 2024 and 2025 are 65, 75 and 80. We believe these scores will continue to help place TAL among the top scoring manufacturers in the Higg FEM universe.





A decorative vertical band on the left side of the page, featuring a repeating geometric pattern of interlocking diamonds in a teal color.

# Sustainable products





## Circular economy

It is widely agreed that the textile industry should transition from the ‘take-make-waste’ linear business model to a circular business model, or circular economy.

A circular economy is the ‘holy grail’ of sustainability, with a goal to reduce environmental impacts and better align our economic activities with earth’s ecosystems.

Creating a circular economy is one of the pillars of our sustainability strategy. A circular economy is guided by circular design principles that desire to:

- eliminate waste and pollution
- circulate products and materials
- regenerate nature.

This guides our work in making more sustainable products. Yet, our journey in understanding the circular economy began with a question. How does TAL, a cut-trim-make (CMT) manufacturer, fit within the architecture of a circular economy, and what part can we play to advance the industry’s ambitions? Out of this was born our Dream Circular Roadmap. This roadmap helped us see the circular economy system from the perspective of TAL Apparel and provided us with a set of eight actions we can take to establish our role in the circular economy. For example, the outcome from this roadmap has led to our direct-to-grower approach for regenerative cotton,

improved performance for our InnoGreen process and the commencement of projects to standardise and improve our data systems.

InnoGreen is a breakthrough innovation of TAL – a method of proactively revaluing and repurposing fabric waste. Read more [here](#).

The Dream Circular Roadmap also informed us that there is a need to benchmark our progress against circular economy indicators at the corporate and product level. In 2024, we began working with the World Business Council for Sustainable Development (WBCSD) Circular Transitions Tool (CTI). Using the CTI, we established benchmarks to measure progress against circular inflows and outflows.

For circular inflows, TAL has already established our Sustainable Fibre Framework. Yet, we lacked a guiding framework for sustainable products that measure sustainable attributes beyond just inputs. In 2025, we will begin testing our framework and setting a baseline to measure progress towards making products with more circular design attributes.





# Sustainable materials

## SUSTAINABLE FIBRE FRAMEWORK

Since we last reported about our sustainable material use, TAL has been busy updating our approach towards sustainable materials and products.

In 2020, TAL set up our Sustainable Fibre Framework to provide long-term guidance on the benchmarks for sourcing sustainable fibre materials. The Sustainable Fibre Framework references both the **Preferred Fibre & Materials Matrix** from Textile Exchange and the Higg Materials Sustainability Index (Higg MSI).

Our framework focuses on the commercially available sustainable fibres in the marketplace, while leaving room for innovative fibres which we are keen to explore. We use the framework to show the environmental benefits and potential sourcing risks we should prevent or mitigate.

## Two years at a glance



Fibre consumption in 2023



2023 10,162,839 kg

2024 9,656,938 kg



Sustainable fibre uptake



2023 1,325,251 kg (13%)

2024 1,395,644 kg (14.5%)



#1 sustainable fibre

2023 Organic cotton

2024 Organic cotton



Highest sustainable fibre uptake

2023 Concept2

2024 Concept2 (volume)  
The Third Layer (proportion)

This framework is our company's perspective on the sustainability of different fibre materials available in the market.



Sustainable products



As the adage goes, you cannot manage what you do not measure. In addition to developing this framework, we have also standardised data input for our fabric, including things like fibre names and GSM (grams per square metre) units, in our fabric library. Standardising these data points helps us run reports to calculate our uptake of sustainable fibres. In 2023, we completed our first full sustainable fibre uptake report. 2023 will serve as the base year for TAL to measure our company’s progress towards increasing sustainable fibres in our products.

In addition, this insight helps us benchmark our customers’ sustainable fibre goals against the progress at TAL. This insight helps our merchandising teams further drive the uptake of sustainable fibres with our customers through finding solutions for product lines that may lack or could increase their sustainable fibres.

Externally, we submitted our Materials Benchmark survey to Textile Exchange for the first time in 2023. The survey provides a common assessment to benchmark a company’s fibre material strategy and uptake progress. Going forward, 2023 will serve as our baseline year to measure progress. While we cannot divulge the score, the results provided us with insight into how we can improve our management practices and impact measurements.

5. Better Cotton Initiative (BCI)

Top 5 fibre uptake

	2023	2024
1	Conventional cotton	Conventional cotton
2	Polyester	Polyester
3	Organic cotton 	Organic cotton 
4	Polyamide	Recycled polyester 
5	BCI <sup>5</sup> cotton 	Polyamide

Top 5 sustainable fibre uptake

	2023	2024
1	Organic cotton	Organic cotton
2	BCI <sup>5</sup> cotton	Recycled polyester
3	Recycled polyester	Linen
4	Linen	BCI <sup>5</sup> cotton
5	Recycled polyamide	Recycled polyamide

SUSTAINABLE FIBRE SOURCING AND TRACEABILITY

During 2023 and 2024, we made progress establishing closer relationships with cotton farmers through a direct-to-grower approach. This approach focused on sourcing high-quality regenerative cotton like Good Earth Cotton® (GEC) and Regenerative Pima cotton that sequesters more carbon than it emits. Regenerative cotton will help TAL achieve its scope 3 GHG emission target, as well as support more sustainable farming efforts. See our [TALusMore newsletter](#) for more details.

In 2024, our company achieved certification to the RegenAgri standard, allowing us to make claims on our products for RegenAgri certified cotton. In October 2024, TAL’s first RegenAgri-certified garment rolled off the production line. You can read more about that achievement [here](#).





# Sustainable supply chains





## Sustainable supply chains

Sustainability cannot happen alone. TAL cannot be a sustainable company if our suppliers do not have sustainable practices and if our customers do not value sustainability. In other words, we need to shift entire value chains towards more sustainable practices.

Our supply chain is an important part of the puzzle to reduce our scope 3 greenhouse gas (GHG) emissions, as well as reducing our overall product footprint. In addition, even though TAL is not directly under due diligence regulations, our customers are, and we can support them by monitoring our own supply chains for environmental and human rights risks.

Recognising the importance of our suppliers towards our own sustainability goals, we integrated our Sustainable Business Practices policy into our Welcome Kit for our suppliers in 2014. Over the years, this Welcome Kit evolved to include additional requirements for our suppliers including chemical management requirements, conflict mineral requirements and requirements to complete the Higg Facility Environmental Module (Higg FEM) and Higg Facility Social & Labour Module (Higg FSLM). In 2023, we included requirements on traceability of cotton fibres. The TAL Welcome Kit helps acts as our policy document for governance of our supply chains and helps meet the first step of due diligence to embed policy in our business conduct.

## Sustainable supply chains

### HIGG FEM AND FSLM ADOPTION

Our use of the Higg FEM and FSLM helps us fulfil steps two to four of the due diligence process: identify, monitor and track progress on environmental and human rights risk. We have set a goal that all suppliers conducting over \$1 million in business with TAL should complete and verify the Higg FEM and FSLM. This covers over 75% of our business spend and the most important suppliers to TAL.

The 2023 cohort of suppliers meeting the \$1 million spend threshold in 2023 included 27 fabric suppliers and 13 trim suppliers. In 2023, we achieved 12 of 27 fabric suppliers verifying the Higg FEM, and 7 of 13 trim suppliers verifying the Higg FEM. Of those that verified the Higg FEM, this represented approximately 48% of our business spend on fabric and trims. Regarding FSLM, we had 10 of 27 fabric suppliers verifying the Higg FSLM for 2023 and 8 of 13 trim suppliers verifying the Higg FSLM. Of those that verified the Higg FSLM, this represented approximately 46% of business spend on fabric and trims.

In 2024, the cohort of suppliers meeting the \$1 million spend threshold was 34 fabric and 12 trim suppliers. As of writing this report, 12 of 34 fabric suppliers have

started or completed the Higg FEM, and 7 of 12 trim suppliers have started or completed the Higg FEM. In addition, 8 of 34 fabric suppliers have started or completed the Higg FSLM, and 6 of 12 trim suppliers have started or completed the Higg FSLM.

Part of our challenge to achieve 100% of our targeted suppliers completing the Higg FEM and FSLM is that about 50% of these suppliers are nominated by our customers. This means the business relationship is between our customers and the fabric and trim suppliers, and not between TAL and these suppliers. All suppliers that TAL has a direct business relationship with completed the Higg FEM and FSLM.

Not only does the Higg FEM and FSLM data help us manage our due diligence risks, but it also provides insights into how we can mitigate environmental and human rights impacts such as GHG emissions and water use, wastewater pollution, health and safety management systems, and labour issues.

### Suppliers conducting over \$1m in business with TAL

#### 2023



27

Fabric suppliers

12 FEM verified

10 FSLM verified



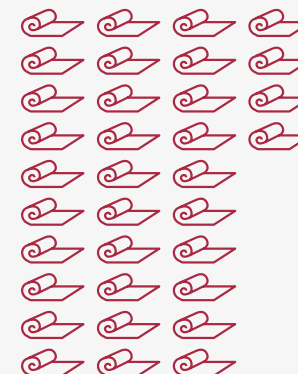
13

Trim suppliers

7 FEM verified

8 FSLM verified

#### 2024



34

Fabric suppliers

12 FEM verified

8 FSLM verified



12

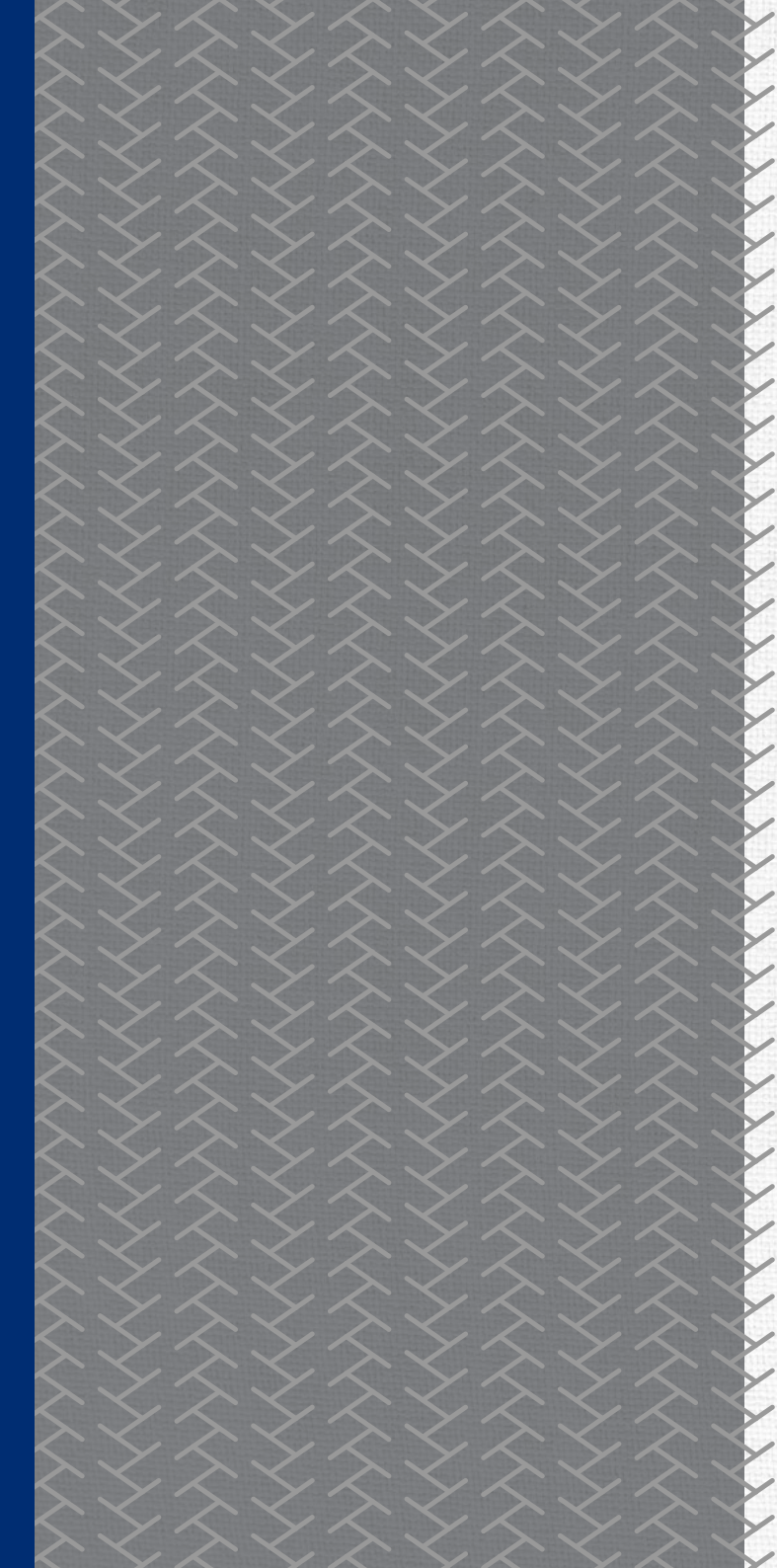
Trim suppliers

7 FEM verified

6 FSLM verified

Using the Higg FEM and FSLM as our guiding tools we can open conversations with suppliers on their impacts and work together to make improvements.





# Appendices





# GHG data appendix

As of January 1, 2024, TAL Apparel divested from its factory in China, Textile Alliance Apparel (TAA). Per the greenhouse gas (GHG) accounting rules for GHG Protocol Corporate Standard, we are required to remove TAA's GHG emissions from our GHG reports and recalculate our emissions for our reported years without TAA's emissions. This includes re-calculating our approved science-based target from our 2018 base year without TAA's emissions.

**TABLE 1: CORRECTIONS TO PREVIOUSLY REPORTED GHG EMISSION TOTALS**

Year	Previous report total	CORRECTED GHG EMISSIONS		
		Total	Scope 1	Scope 2
2009	97,462	68,812	23,168	45,644
2010	105,418	75,519	24,785	50,734
2011	88,840	67,354	21,319	46,036
2012	86,706	66,661	18,611	48,050
2013	85,482	66,915	17,638	49,277
2014	86,045	66,324	14,747	51,577
2015	80,776	60,207	12,336	47,871
2016	74,489	54,195	12,411	41,784
2017	76,559	55,923	15,248	40,675
2018	69,838	55,493	18,906	36,587
2019	67,226	57,411	19,466	37,945
2020	45,705	40,755	15,510	25,244
2021	47,074	39,393	17,464	21,929
2022	53,185	44,173	19,497	24,675

## SCOPE 1 AND 2 GHG EMISSIONS

**TABLE 2: SCOPE 1 AND 2 GHG EMISSIONS BY COUNTRY SINCE 2018**

		ETHIOPIA	HONG KONG	MALAYSIA	THAILAND	VIETNAM	GRAND TOTAL
2018	Scope 1	–	–	7,058	5,318	6,530	18,905
	Scope 2	–	353	16,230	8,328	11,677	36,588
	<b>Total</b>	<b>–</b>	<b>353</b>	<b>23,287</b>	<b>13,646</b>	<b>18,207</b>	<b>55,493</b>
2019	Scope 1	58	–	5,852	4,729	8,827	19,466
	Scope 2	1	306	15,159	7,299	15,181	37,945
	<b>Total</b>	<b>58</b>	<b>306</b>	<b>21,011</b>	<b>12,028</b>	<b>24,008</b>	<b>57,411</b>
2020	Scope 1	43	–	2,248	3,947	9,271	15,510
	Scope 2	0	255	5,637	6,118	13,234	25,244
	<b>Total</b>	<b>44</b>	<b>255</b>	<b>7,885</b>	<b>10,065</b>	<b>22,505</b>	<b>40,755</b>
2021	Scope 1	39	–	–	4,249	13,176	17,464
	Scope 2	0	238	–	6,080	15,611	21,929
	<b>Total</b>	<b>40</b>	<b>238</b>	<b>CLOSED</b>	<b>10,329</b>	<b>28,787</b>	<b>39,393</b>
2022	Scope 1	32	–	–	3,345	16,121	19,497
	Scope 2	0	247	–	7,167	17,261	24,675
	<b>Total</b>	<b>32</b>	<b>247</b>	<b>–</b>	<b>10,512</b>	<b>33,382</b>	<b>44,173</b>
2023	Scope 1	33.47	–	–	3,322	15,166	18,521
	Scope 2	0.38	158	–	7,426	19,260	24,808
	<b>Total</b>	<b>34</b>	<b>158</b>	<b>CLOSED</b>	<b>10,748</b>	<b>34,426</b>	<b>45,365</b>
2024	Scope 1	34	–	–	3,387	8,263	11,684
	Scope 2	0.41	249	–	7,679	16,381	24,309
	Biomass <sup>6</sup>	–	–	–	–	3,288	3,288
	<b>Total</b>	<b>34</b>	<b>249</b>	<b>CLOSED</b>	<b>11,066</b>	<b>24,644</b>	<b>35,993</b>

6. Biomass is not counted as part of total GHG emissions as the use of sustainable biomass is considered carbon neutral. However, per the GHG Protocol guidelines we report the emissions associated with burning biomass for energy.



## GHG data appendix

## SCOPE 3 GHG EMISSIONS

We are re-reporting our full breakdown of scope 3 GHG emissions for 2018 and 2022, as well as our 2023 and 2024 data. We found an error in our calculation for category 9 data that impacted our total emissions by over 5%. In addition, we updated our methodology for calculating category 1 fabric emissions from secondary sources using more specific process data and recalculated our 2018 and 2022 emissions with this updated methodology.

TABLE 3: SCOPE 3 GHG EMISSIONS

Category	Sub-category	2018	2022	2023	2024
Cat 1 Purchased goods and services	Fabric	284,048	184,257	143,805	121,603
	Trims	9,438	10,541	10,556	8,651
	Other	5,377	3,711	266	226
Cat 2 Capital goods		2,738	4,001	2,111	2,413
Cat 3 Fuel- and energy-related activities (not included in scope 1 or 2)		10,046	11,193	11,259	9,973
Cat 4 Upstream transportation		6,276	4,438	4,614	3,942
Cat 5 Waste generation		411	347	378	390
Cat 6 Business travel		1,315	542	1,117	1,052
Cat 7 Employee commuting		16,961	16,871	14,272	14,358
Cat 8 Upstream leased assets					
Cat 9 Downstream transportation and distribution		36,152	38,016	50,628	43,166
Cat 10 Processing of sold products					
Cat 11 Use of sold products					
Cat 12 End-of-life treatment of sold products		6,814	5,132	5,706	5,354
Cat 13 Downstream leased assets					
Cat 14 Franchises					
Cat 15 Investments					
<b>Total</b>		<b>376,566</b>	<b>279,399</b>	<b>244,722</b>	<b>211,128</b>



# Sales data appendix

## Total sales

2023



32.7 million

pieces of garment

+



1 million

masks

2024



28.6 million

pieces of garment

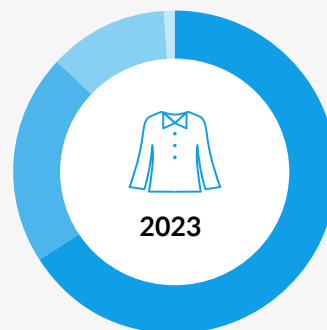
+



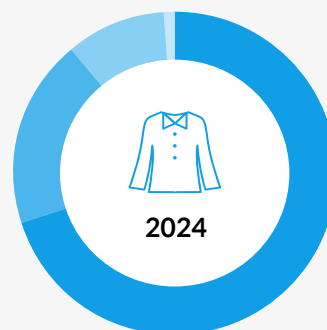
4,200

masks

## Sales by continent



● 66% North America ● 12% Asia  
● 21% Europe ● 1% other



● 70% North America ● 10% Asia  
● 19% Europe ● 1% other





# GRI index

## Statement of use

TAL Apparel Limited has reported in accordance with the GRI Standards for the period 1 January 2023 - 31 December 2024.

## GRI 1 used

GRI 1: Foundation 2021

## Applicable GRI Sector Standard(s)

N/A

GRI STANDARD		GRI DISCLOSURE CONTENT	PAGE NUMBER(S), URLS OR COMMENT
GENERAL DISCLOSURES			
GRI 2: General disclosures 2021	2-1	Organisational details	About TAL Apparel, <a href="#">p. 3</a> .
	2-2	Entities included in the organisation's sustainability reporting	All locations referenced <a href="#">on our website</a> are included in this report.
	2-3	Reporting period, frequency and contact point	Reporting period <a href="#">p. 2</a> and <a href="#">p. 87</a> . Frequency and contact point <a href="#">p. 3</a> .
	2-4	Restatements of information	GHG Data Appendix, <a href="#">p. 84</a> – Restatement of GHG emissions since 2009 due to divestment from Textile Alliance Apparel (TAA).
	2-5	External assurance	None.
	2-6	Activities, value chain and other business relationships	About TAL Apparel, <a href="#">p. 3</a> .
	2-7	Employees	Appendix on workforce disclosure, <a href="#">p. 92–93</a> .
	2-8	Workers who are not employees	N/A – We do not have such workers.
	2-9	Governance structure and composition	Corporate governance, <a href="#">p. 15</a> .
	2-10	Nomination and selection of the highest governance body	N/A – We are a privately held company.
	2-11	Chair of the highest governance body	N/A – We are a privately held company.
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate governance, <a href="#">p. 15</a> .
	2-13	Delegation of responsibility for managing impacts	Corporate governance, <a href="#">p. 15</a> .
	2-14	Role of the highest governance body in sustainability reporting	Corporate governance, <a href="#">p. 15</a> .
	2-15	Conflicts of interest	N/A – We are a privately held company.
	2-16	Communication of critical concerns	Internal Audit, <a href="#">p. 16–17</a> .
	2-17	Collective knowledge of the highest governance body	Corporate governance, <a href="#">p. 15</a> .
	2-18	Evaluation of the performance of the highest governance body	N/A – We are a privately held company.
	2-19	Remuneration policies	N/A – We are a privately held company.
	2-20	Process to determine remuneration	N/A – We are a privately held company.
	2-21	Annual total compensation ratio	N/A – We are a privately held company.
	2-22	Statement on sustainable development strategy	Message from the Vice Chair, <a href="#">p. 6–7</a> , Message from CEO, <a href="#">p. 8</a> .



## GRI Index

GRI STANDARD		GRI DISCLOSURE CONTENT	PAGE NUMBER(S), URLS OR COMMENT
GRI 2: General disclosures 2021 (cont.)	2-23	Policy commitments	See our online <a href="#">Sustainable Business Practices</a> policy document.
	2-24	Embedding policy commitments	TAL's sustainability reports ever since it's first one outline the ongoing process of embedding our policy commitments throughout our organisation. See <a href="#">our website</a> for our evolving practices.
	2-25	Processes to remediate negative impacts	Internal Audit, <a href="#">p. 16–17</a> .
	2-26	Mechanisms for seeking advice and raising concerns	Internal Audit, <a href="#">p. 16–17</a> .
	2-27	Compliance with laws and regulations	No incidents on non-compliance.
	2-28	Membership associations	Industry collaboration, <a href="#">p. 29</a> .
	2-29	Approach to stakeholder engagement	Scope of this report, <a href="#">p. 9–10</a> .
	2-30	Collective bargaining agreements	95% of TAL's factory production workforce are covered by CBA. Our Ethiopia factory is under discussion with the union. TAL allows its workers to join unions and collectively bargain.
MATERIAL TOPICS			
GRI 3	3-1	Process to determine material topics	Scope of this report, <a href="#">p. 9–10</a> .
	3-2	List of material topics	GRI index, <a href="#">p. 88–91</a> .
Economic performance			
GRI 3	3-3	Management of material topics	Business outlook, <a href="#">p. 19–23</a> .
GRI 201	201-2	Financial implications and other risks and opportunities due to climate change	Disclosure of climate risk impacts are done through our CDP report. See section C2 of our <a href="#">public CDP reports</a> .
Market presence			
GRI 3	3-3	Management of material topics	Social and labour, <a href="#">p. 32</a> .
GRI 202	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	We are preparing to disclose this information in our next report.
	202-2	Proportion of senior management hired from the local community policies and procedures	We are preparing to disclose this information in our next report.
Anti-corruption			
GRI 3	3-3	Management of material topics	Anti-corruption is in our <a href="#">Sustainable Business Practices</a> policy and it is communicated to all employees at TAL Apparel and to our suppliers and subcontractors through the Welcome Kit.



## GRI Index

GRI STANDARD		GRI DISCLOSURE CONTENT	PAGE NUMBER(S), URLS OR COMMENT
GRI 205	205-1	Operations assessed for risks related to corruption	Internal Audit, <a href="#">p. 16–17</a> .
	205-2	Communication and training about anti-corruption policies and procedures	Internal Audit, <a href="#">p. 16–17</a> .
	205-3	Confirmed incidents of corruption and actions taken	Internal Audit, <a href="#">p. 16–17</a> .
Materials			
GRI 3	3-3	Management of material topics	Sustainable products, <a href="#">p. 77–79</a> .
GRI 301	301-1	Materials used by weight or volume	Sustainable products, <a href="#">p. 78</a> .
	301-2	Recycled input materials used	Sustainable products, <a href="#">p. 78</a> .
Water and effluents			
GRI 3	3-3	Management of material topics	Water management, <a href="#">p. 66</a> , and Wastewater management, <a href="#">p. 68</a> .
GRI 303	303-1	Interactions with water as a shared resource	Water management, <a href="#">p. 66</a> , and Wastewater management, <a href="#">p. 68</a> .
	303-2	Management of water discharge-related impacts	Wastewater management, <a href="#">p. 68–69</a> .
	303-3	Water withdrawal	Water management, <a href="#">p. 66–67</a> .
	303-4	Water discharge	Wastewater management, <a href="#">p. 68–69</a> .
Emissions			
GRI 3	3-3	Management of material topics	GHG management, <a href="#">p. 60–65</a> .
GRI 305	305-1	Direct (Scope 1) GHG emissions	GHG data appendix, <a href="#">p. 84</a> .
	305-2	Energy indirect (Scope 2) GHG emissions	GHG data appendix, <a href="#">p. 84</a> .
	305-3	Other indirect (Scope 3) GHG emissions	GHG data appendix, <a href="#">p. 85</a> .
	305-4	GHG emissions intensity	GHG management, <a href="#">p. 61</a> .
	305-5	Reduction of GHG emissions	GHG management, <a href="#">p. 60–65</a> .
Waste			
GRI 3	3-3	Management of material topics	Waste management, <a href="#">p. 70–73</a> .
GRI 306	306-1	Waste generation and significant waste-related impacts	Waste management, <a href="#">p. 71</a> .
	306-2	Management of significant waste-related impacts	Waste management, <a href="#">p. 72</a> .





## GRI Index

GRI STANDARD		GRI DISCLOSURE CONTENT	PAGE NUMBER(S), URLS OR COMMENT
GRI 306 (cont.)	306-3	Waste generated	Waste management, <a href="#">p. 71</a> .
	306-4	Waste diverted from disposal	Waste management, <a href="#">p. 72</a> .
	306-5	Waste directed to disposal	Waste management, <a href="#">p. 72</a> .
Supplier environmental assessment			
GRI 3	3-3	Management of material topics	Sustainable supply chains, <a href="#">p. 81–82</a> .
GRI 308	308-1	New suppliers that were screened using environmental criteria	Sustainable supply chains, <a href="#">p. 81–82</a> .
	308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable supply chains, <a href="#">p. 81–82</a> .
Employment			
GRI 3	3-3	Management of material topics	Social sustainability management system, <a href="#">p. 32</a> .
GRI 401	401-1	New employee hires and employee turnover	Workforce supplemental data, <a href="#">p. 92–93</a> .
Labour/management relations			
GRI 3	3-3	Management of material topics	Social sustainability management system, <a href="#">p. 32</a> .
GRI 402	402-1	Minimum notice periods regarding operational changes	All employee contracts detail the notice period and severance terms.
Occupational health and safety			
GRI 3	3-3	Management of material topics	Social sustainability management system, <a href="#">p. 32</a> .
GRI 403	403-1	Occupational health and safety management system	Health & Safety, <a href="#">p. 41–43</a> .
	403-2	Hazard identification, risk assessment and incident investigation	Social sustainability management system, <a href="#">p. 32</a> .
	403-3	Occupational health services	Health & Safety, <a href="#">p. 41–43</a> .
	403-4	Worker participation, consultation, and communication on occupational health and safety	Health & Safety, <a href="#">p. 41–43</a> .
	403-5	Worker training on occupational health and safety	Health & Safety, <a href="#">p. 41–43</a> .
	403-6	Promotion of worker health	TAL community, <a href="#">p. 38</a> .
	403-8	Workers covered by an occupational health and safety management system	All workers across our operations are covered under TAL's H&S management system.
	403-9	Work-related injuries	Injury rate monitoring, <a href="#">p. 43</a> .
	403-10	Work-related ill health	Injury rate monitoring, <a href="#">p. 43</a> .



## GRI Index

GRI STANDARD		GRI DISCLOSURE CONTENT	PAGE NUMBER(S), URLS OR COMMENT
Training and education			
GRI 3	3-3	Management of material topics	Human capital management, <a href="#">p. 53</a> .
GRI 404	404-1	Average hours of training per year per employee	Human capital management, <a href="#">p. 53</a> .
	404-2	Programs for upgrading employee skills and transition assistance programs	Human capital management, <a href="#">p. 55–57</a> .
	404-3	Percentage of employees receiving regular performance and career development reviews	Human capital management, <a href="#">p. 55</a> .
Non-discrimination			
GRI 3	3-3	Management of material topics	Non-discrimination is monitored as part of Social labour management system and is monitored as part of the self-monitoring program, and we regularly receive external audits covering these topics. See Social sustainability management system, <a href="#">p. 32–36</a> .
GRI 406	406-1	Incidents of discrimination and corrective actions taken	External audit findings, <a href="#">p. 45–46</a> .
Freedom of association and collective bargaining			
GRI 3	3-3	Management of material topics	Freedom of association and collective bargaining is monitored as part of social labour management system and is monitored as part of the self-monitoring program, and we regularly receive external audits covering these topics. See Social sustainability management system, <a href="#">p. 32–36</a> .
GRI 407	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	External audit findings, <a href="#">p. 45–46</a> .
Child labour			
GRI 3	3-3	Management of material topics	Child labour is monitored as part of Social labour management system and is monitored as part of the self-monitoring program, and we regularly receive external audits covering these topics. See Social sustainability management system, <a href="#">p. 32–36</a> .
GRI 408	408-1	Operations and suppliers at significant risk for incidents of child labour	External audit findings, <a href="#">p. 45–46</a> .
Forced or compulsory labour			
GRI 3	3-3	Management of material topics	Forced labour is monitored as part of Social labour management system and is monitored as part of the self-monitoring program, and we regularly receive external audits covering these topics. See Social sustainability management system, <a href="#">p. 32–36</a> .
GRI 409	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	External audit findings, <a href="#">p. 45–46</a> .
Supplier social assessment			
GRI 3	3-3	Management of material topics	Sustainable supply chains, <a href="#">p. 81–82</a> .
GRI 414	414-1	New suppliers that were screened using social criteria	Sustainable supply chains, <a href="#">p. 81–82</a> .
	414-2	Negative social impacts in the supply chain and actions taken	Sustainable supply chains, <a href="#">p. 81–82</a> .



# Workforce supplemental data

## TOTAL NUMBER OF EMPLOYEES

31 DEC 2023	31 DEC 2024
15,497	15,394

## EMPLOYEES BY FACTORY OR OFFICE

	2023	2024
<b>Hong Kong</b>		
TAL Headquarters	223	232
<b>Thailand</b>		
Thai Garment Export Factory 1 (TG1)	2210	2364
Thai Garment Export Factory 2 (TGM)	2376	2080

	2023	2024
<b>Vietnam</b>		
TAV Limited	4553	5145
Vietnam Garments Manufacturing (VNG)	4580	4152
Vietnam Tailored Garments	802	666
<b>Ethiopia</b>		
TAL Garments Manufacturing PLC (ETG)	753	755

## EMPLOYEES BY REGION

		2023		2024
Thailand	4586	30%	4444	29%
Vietnam	9935	64%	9963	65%
Ethiopia	753	5%	755	5%
Hong Kong	223	1%	232	2%

## EMPLOYEES BY CONTRACT AND GENDER

	2023	2024	2023	2024
	Male		Female	
Permanent	4596	4549	10880	10821
Fixed term	7	7	14	17
Total by gender	4603	4556	10894	10838
	30%	30%	70%	70%

## EMPLOYEES BY CATEGORY AND NATIONALITY

	2023	2024	2023	2024
	Local		Foreign	
Managerial	358	373	81	83
	82%	82%	18%	18%
Non-managerial	3339	3402	22	20
	99%	99%	1%	1%
Operators	9842	9643	1855	1873
	84%	84%	16%	16%
Total by nationality	13539	13418	1958	1976
	87%	87%	13%	13%





## Workforce supplemental data

## EMPLOYEES BY CATEGORY AND AGE GROUP

	2023	2024	2023	2024	2023	2024
	under 30		30-50		over 50	
Managerial	8	9	354	358	77	89
	2%	2%	81%	79%	18%	20%
Non-managerial	1040	1102	2180	2157	141	163
	31%	32%	65%	63%	4%	5%
Operators	4996	4905	6360	6243	341	368
	43%	43%	54%	54%	3%	3%
Total by category	6044	6016	8894	8758	559	620
	39%	39%	57%	57%	4%	4%

## NEW HIRES &amp; TURNOVER BY AGE GROUP

	2023	2024	2023	2024	2023	2024
	under 30		30-50		over 50	
New hires	2770	2747	1500	1509	28	30
	3.8%	3.8%	1.4%	1.4%	0.4%	0.4%
Turnover	3468	2680	2318	1618	125	91
	4.8%	3.7%	2.2%	1.5%	1.9%	1.2%

## NEW HIRES &amp; TURNOVER BY REGION

	2023		2024		2023		2024	
	New hires				Turnover			
Thailand	865	1.6%	688	1.3%	796	1.4%	830	1.6%
Vietnam	2685	2.3%	2860	2.4%	4248	3.6%	2777	2.3%
Ethiopia	169	1.9%	203	2.2%	217	2.4%	201	2.2%
Hong Kong	54	2.0%	46	1.7%	48	1.8%	37	1.3%

## EMPLOYEES BY CATEGORY AND GENDER

	2023	2024	2023	2024
	Female		Male	
Managerial	261	272	178	184
	59%	60%	41%	40%
Non-managerial	2314	2362	1047	1060
	69%	69%	31%	31%
Operators	8319	8211	3378	3305
	71%	71%	29%	29%
Total by gender	10894	10845	4603	4549
	70%	70%	30%	30%

## NEW HIRES &amp; TURNOVER BY GENDER

	2023	2024	2023	2024
	Female		Male	
New hires	2379	2531	1919	1755
	1.8%	1.9%	3.5%	3.2%
Turnover	3389	2587	2522	1802
	2.6%	2.0%	4.6%	3.3%



5/F, TAL Building  
49 Austin Road, Kowloon  
Hong Kong