



SUSTAINABLE BUSINESS PRACTICES (SBP)

The TAL Apparel Sustainable Business Practices (SBP) is a policy by which we hold ourselves accountable as we look to continuously improve the way we do business and run our operations in a sustainable way. Our SBP policy is rooted in and supports our five core values:

1. honesty and integrity,
2. balance of people, planet and profit
3. passionate innovators,
4. fulfilling careers,
5. long-term partnership.

TAL Apparel recognises the importance of establishing defined SBP areas and standards to guide how we operate consistently across our multiple facilities and countries. Our SBP policy is informed by the International Labour Organization (ILO), the Fair Labour Association Workplace Code of Conduct, some of our customers' requirements, and other organisations with similar workplace standards. Our SBP policy and its SOP incorporate the Ten Principles of the UN Global Compact which uphold the basic responsibilities in human rights, labour, environment and anti-corruption.

The SBP implementation strategy rests on the following approach:

- 1) **Leadership:** TAL Apparel business leaders by means of their actions, attitude, behaviour and energy, provide a visible, pro-active and demonstrated commitment to ethics, social, health and safety and environmental topics to develop and sustain a culture where these topics are values that cannot be compromised.
- 2) **Management System:** TAL Apparel will rely on a management system framework composed of the policy, procedures and work instructions to allow our employees to fulfil all the sustainability related tasks, control our sustainability risks and continuously improve our sustainability performance.
- 3) **Resources:** TAL Apparel should ensure that all employees have the necessary skills and competencies to effectively complete their assigned sustainability tasks and responsibilities (Ethics, Social, Health & Safety, Environment and their related management systems).
- 4) **Employee Engagement and Involvement:** TAL Apparel promotes employee engagement through active involvement in all sustainability activities. Leadership should actively pursue and support the involvement and motivation of personnel in the development, execution and review of sustainability initiatives. Positive recognition programs will be deployed to promote positive sustainability performance and behaviour.



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TAL Apparel

Sustainable Business Practice Policy Statement

Commitment to Ethical, Social, Health and Safety and Environmental Responsibilities

TAL Apparel recognises that our activities have various direct and indirect impacts on our employees, society, environment and supply chain. We hold ourselves accountable for the ethical, social, health & safety and environmental impacts of our operations.

The TAL Apparel Sustainable Business Practice Policy commits to ensure that we:

- Strive to comply with all applicable laws, regulations,
- Behave ethically in any decision making and in any interaction with others,
- Identify and minimise any ethical, social, health & safety and environmental risk from our activities, products and services,
- Continuously improve our ethical, social, health and safety and environmental performance with an effective management system,
- Provide suitable training and support to our employees and advocate their involvement in sustainable development,
- Implement new and innovative practices and technologies providing balanced economical, social, health & safety and environmental benefits to the business,
- Share and collaborate with stakeholders to identify, manage, and minimise our ethical, social, health and safety and environmental negative impacts.

A handwritten signature in black ink, appearing to read "Delman Lee".

Dr. Delman Lee
Vice Chair
TAL Apparel Limited



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1. ETHICS

TAL Apparel is committed to the highest standards of ethical behaviours which are to meet the economical, social, health and safety and environmental responsibility, and foster the health and long-term development of the company. Standards are set for each of the following aspects.

1.1 Business Integrity

TAL Apparel should act in an honest, professional and ethical manner in all business interactions. All forms of bribes and improper advantages that may create a real or perceived conflict of interest should not be offered to or accepted from any business partner (customer or supplier).

1.2 Privacy and Intellectual Property

TAL Apparel should protect personal information and privacy of everyone they do business with, including suppliers, customers, consumers and employees. Intellectual property rights of TAL Apparel and others should be respected. Transfer of information, technology and know-how should be done in a manner that protects intellectual property rights.

1.3 Transparency

TAL Apparel should be transparent in its decisions and activities that impact the society and the environment. Clear, complete and accurate information should be readily available for effective assessment and, fair and reasonable disclosure to stakeholders.

1.4 Promoting Social, Health & Safety and Environmental Responsibility in the Value Chain

TAL Apparel should influence value chain partners to support the principles and practices of ethical, social, health and safety and environmental responsibility through purchasing decisions, exercising appropriate due diligence and raising awareness. This should include all contractors and visitors that enter TAL factories.

1.5 Community Involvement and Development

TAL Apparel should support and work together with local organizations and charities with the aim of improving the community and the local environment.



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2. SOCIAL

TAL Apparel is committed to respecting the rights of its employees and treating them fairly, respecting their freedom, safety and human dignity. Standards are set for each of the following social aspects.

2.1 Prohibition of Child Labour

TAL Apparel should only employ people who meet the applicable minimum legal age requirement of the country of operations or who are at least 15 years of age – whichever is greater.

2.2 Prohibition of Forced Labour

TAL Apparel should not employ, in any form, involuntary labour of any kind, including but not limited to prison labour, debt-bondage labour or forced labour.

2.3 Non – Discrimination

TAL Apparel should employ people on the basis of their ability to do the job and not on the basis of any personal characteristics or beliefs.

2.4 Anti – Harassment and Abuse

TAL Apparel should treat all employees with respect and dignity and prevent any form of harassment or abuse in the workplace.

2.5. Resolving Grievance

TAL Apparel should establish a mechanism for employees to openly communicate and share grievance and seek redress.

2.6 Freedom of Association and Collective Bargaining

TAL Apparel should ensure employees can join any association(s) of their choosing and should not interfere with employees who wish to lawfully and peacefully associate, organise or bargain collectively.

2.7 Working Hours

TAL Apparel should strive for 60 hours per week. Due to business nature and exceptional operational circumstances, we may carry out operations in ways that limit working hours to 60 hours per week on a four-month rolling average basis, eleven hours per day, sixty-six hours per week, one rest day per week and overtime work is voluntary; which ensures a healthy and productive work environment.

2.8 Wages and Benefits

TAL Apparel should provide employees with competitive wages and benefits in accordance with all applicable laws.

2.9 Foreign Migrant Workers Fair Recruitment

TAL Apparel should practice Fair Recruitment including Employer Pays Principle to recruit foreign migrant workers.



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3. HEALTH & SAFETY

TAL Apparel is committed to providing a safe and healthy workplace and eliminate any conditions or hazards that could result in personal injury or ill health. TAL Apparel believes that committed leadership provides the cornerstone for health and safety excellence within our workplaces, supported by an effectively implemented Health and Safety Management System.

3.1 Health and Safety Management Manual

TAL Apparel articulates its commitment to health and safety through its Sustainable Business Practices Policy and puts this commitment into practice through the effective implementation of the Health and Safety management manual. The TAL Apparel Health and Safety Management Manual comprises of seventeen key elements.

***Note:** For a comprehensive outline of the TAL Apparel Health and Safety Management Manual and the seventeen elements refer to the following controlled document: TAL-SUS-H&S-SOP-001*

3.2 Hazard & Risk Assessment and Prevention & Control

TAL Apparel ensures that hazards to people and equipment are identified, risks assessed, and the appropriate control measures implemented in accordance with the risk management hierarchy of control.

3.3 Incident/Injury Reporting and Investigation

TAL Apparel maintains an incident management system to respond and thoroughly investigate all incidents so that root cause can be determined, and preventative actions implemented. An incident includes all minor and serious injuries, damage to plant and equipment and near misses to people and plant.

3.4 Process and Equipment Integrity

TAL Apparel should have a system to ensure that the design, installation, commissioning and decommissioning, modification and maintenance of plant, equipment and associated work procedures are carried out in compliance with the relevant health and safety legislation and standards.

3.5 Hazardous Material Management

TAL Apparel should ensure that the purchasing, transport, storage, handling, use and disposal of hazardous materials must be carried out in a safe manner and actions taken to minimize the exposure of TAL personnel and visitors.

3.6 Health and Hygiene

TAL Apparel should ensure effective occupational health, hygiene, and workplace practices should be provided to all personnel and that the general health improvement of employees is promoted and encouraged. All health and hygiene hazards must be assessed, documented in the risk register and eliminated or controlled.

3.7 Site Emergency Plan

TAL Apparel should ensure that emergency response and contingency plans are prepared to address any potential emergency situation. Each factory should establish and maintain procedures and regularly test these plans.



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4. ENVIRONMENT

TAL Apparel takes responsibility for the environmental impacts caused by our production process and activities. In addition to complying with laws and regulations, TAL Apparel is committed to improving operations and supporting a culture of continuous improvement in order to minimise any impact to the environment and to human health. Standards are set for each of the following environmental aspects.

4.1 Sustainable Resource Use

TAL Apparel should optimise the resource use in production processes through the adoption of sustainable practices and continuous improvement in environmental performance. Such resources could refer – but are not limited – to energy, water, air, chemicals and raw materials that can be reduced or eliminated.

4.2 Climate Change and Energy

TAL Apparel should identify energy use by source types, measure greenhouse gas (GHG) footprint and have improvement plans to mitigate climate change impacts and achieve net-zero by 2050. It should be achieved by, but not limited to, implementing energy optimisation measures, replacing conventional fossil fuel with low- or zero-carbon fuels, and adopting 100% renewable electricity.

4.3 Water Use

TAL Apparel should identify water use from source, measure withdrawal quantity and water footprint, and set reduction targets. It should be achieved by, but not limited to, source reduction, water recycling and reuse in the industrial process and domestic use.

4.4 Industrial and Domestic Wastewater

TAL Apparel should manage and control the discharge water quality and measure the discharge volume of both industrial process and domestic use.

4.5 Air Emissions

TAL Apparel should manage and control air pollutants generated from industrial process, in order to minimise the contamination of air and safeguard public health.

4.6 Solid and Hazardous Waste

TAL Apparel should manage and control solid and hazardous waste generated from industrial process and domestic use. The waste management hierarchy to follow should be: avoidance, source reduction, reuse, recycling, treatment or disposal.

4.7 Chemicals

TAL Apparel should comply with applicable laws and regulations and internationally recognised standards regarding restriction of hazardous chemical substances and should strive to eliminate/substitute them. The safest and lowest environmental impact system should be developed for storage, handling, transport, usage and product safety, treatment and disposal of any hazardous chemical substance.

4.8 Pollution Prevention

TAL Apparel should implement prevention measures to avoid any environmental pollution due to natural and human activities from our manufacturing operations. TAL Apparel should implement an emergency response plan in case any pollution occurs to control, stop and minimise any environmental harm.



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5. MANAGEMENT SYSTEM

TAL Apparel ensures that the TAL Apparel SBP policy and standards are understood and implemented at all levels by establishing an effective management system. The system is developed in compliance with all applicable laws, regulations and the adherence to the TAL Core Values. SBP Policy, SBP Standard Operating Procedures (SOPs) and SBP Work Instructions are set to facilitate continuous improvement.

The management system contains the following elements:

5.1 Policy, Principles and Objectives:

Fundamental rules and desired outcomes in specific ethical, social, health and safety and environmental areas, based on the commitment to continuous improvement.

5.2 Scope and Definition:

Definition of the business structure, operations, activities, parties and components covered by the SBP policies, standards and SOPs.

5.3 Management Accountability and Responsibility

Clear definition of roles, accountabilities and authority associated with the implementation and maintenance of the SBP policies, standards and SOPs.

5.4 Compliance

A process to ensure compliance with the SBP policies, standards and SOPs and a periodical review to ensure the SBP are in compliance with the most updated applicable laws, regulations and other requirements.

5.5 Procedures for Continuous Improvement

- *Risk Assessment:* A process to identify the ethical, social, health and safety and environmental risks and opportunities associated with our operations and establish our priorities.
- *Improvement Targets:* Documented targets and implementation plans to improve our ethical, social, health and safety and environmental performance.
- *Implementation and Monitoring:* Periodic assessment of the key performance indicators of our operations and progress in achieving the targets.
- *Audit, Non-conformity, Corrective Action Plan:* Regular internal and/or external evaluation to identify non-conformities and a process for timely and sustainable corrective actions.
- *Documents Control:* Creation of a system to manage all the system documents and their flow. This control includes the management of the files maintenance, distribution and revision procedures.
- *Communication and Training:* A process for communicating clear information about our SBP policies, practices, expectations and performance to our employees and other stakeholders and providing training to relevant parties for complying to the policies and achieving improvement targets.

5.6 Maintenance and Feedback Mechanism:

Mechanism to periodically review the adequacy and effectiveness of the SBP policies, standards, SOPs and Work Instructions. The maintenance and feedback mechanism include processes to assess the employees' understanding of the TAL Apparel SBP and obtain feedback on practices and conditions covered by the guidelines under the spirit of continuous improvement.