



Far East Garment Operations | Sustainability Report 2012

A Step Forward for a Sustainable Future



Contents







ABOUT TAL

- About this report page 03
- Message from the Chief Executive Officer page 04
- Message from the President and Chief Technology Officer page 05
- Highlights for 2011 and 2012 page 06
- Our Vision and Strategy page 07
- Sustainability for TAL page 08
- Stakeholders Engagement page 10



BUSINESS PERFORMANCE

- Business Performance page 12 
- Launch of New Innovations page 13 
- Challenges page 14 
- Business Recognitions page 16 



SOCIAL PERFORMANCE

- Our Approach towards Labor and Health & Safety Issues page 18 
- TAL's Self-monitoring Program page 19 
- Occupational Safety Performance page 20 
- Workers' Rights page 23 
- Working Hour Clocking Accuracy page 25 
- Thailand Flooding page 27 
- Contribution to Society page 28 
- People Management page 31 
- Industry Endorsement page 36 
- Social Recognitions page 37 



ENVIRONMENTAL PERFORMANCE

- Environmental Management System page 39 
- Energy and Climate Change page 41 
- Our Water Stewardship page 47 
- Our First LEED Gold Certified Factory page 56 
- Product Sustainability - Recycled Cotton page 59 
- Product Responsibility page 62 
- Industry Collaboration page 63 
- Environmental Recognitions page 65 



GRI 3.1 REPORTING

- GRI Index page 68

Key elements of Triple Bottom Line in this report



About TAL

“We focus to be a one-stop shop that provides high quality, innovative products backed by a superior supply chain service and a strong sense of sustainable consciousness.”



About this Report

This is TAL Group – Far East Garment Operations' second sustainability report and our aim is to provide an overview of our social, environmental and business performance for 2011 and 2012. Our commitment to transparency and self-accountability remains a core value to our business. Our intention is to communicate openly and clearly to our employees, customers, and shareholders on our sustainability initiatives and performance. We will continue to publish our sustainability report on a biennial basis.



This report follows our Sustainability Report 2010 and covers TAL Group's garment operations in the Far East, including operations in Hong Kong, China, Indonesia, Malaysia, Taiwan, Thailand and Vietnam.

The report applies the international sustainability reporting framework from the Global Reporting Initiative (GRI) G3.1 guidelines. We have provided the indicator data required by the GRI in a single section at the end of this report. The GRI Index and reported information can be found on pages 67 to 81. Where necessary, we have provided references to further information throughout the body of the report. Based on the experience from our first sustainability report, we started to keep track of the data earlier in order to report more core and additional indicators which allowed us to remain at Application Level B once again. We have presented cases which demonstrate how we are working towards sustainability and have separately compiled the data required by the GRI reporting standard. The cases are

selected according to the materiality to our stakeholders and to the Group. We hope our readers enjoy reading our progress update and achievements in both social and environmental areas. We place an emphasis on high-quality, accurate data in the collection process. The general approach to collecting data is to request data owners to confirm the accuracy of their data either through documentary evidence or past operational performance. Then, the Sustainability Department checks for any material errors and approves the data. We do recognize the need to continually improve on this process to ensure that our data collection and calculation process is always relevant and robust. A dedicated network of people from each operating location and many of the Group's supporting functions have contributed to this report. We thank them for their ongoing commitment and support.

We welcome your comments on this report and invite you to share them with us through email: sustainability@hk.talgroup.com



Message from the Chief Executive Officer

Welcome to TAL's second sustainability report. Sustainability in TAL covers three major aspects: Economic, Social and Environmental.

One reason why we devote a substantial effort into creating our bi-annual sustainability report is that one of our core values revolves around integrity and transparency. TAL operates as a multi-national, world-class organization where we believe it is imperative to be accountable not only to our financial shareholders but also to our employees, the physical environment where we conduct our operations and to our customers.

We have now been in business for over 65 years and our goal is to continue to be in business for at least another 65 years. We have a very hard working and dedicated workforce of over 25,000 employees and it is our responsibility to continue to provide our

employees with a stable career so they can have peace of mind and support their families. We can only achieve this goal if we continue to be financially sustainable, provide a good working relationship for employees and take care of the environment in which we live and operate.

We hope that by reading our report it will enable you to understand how seriously we treat sustainability, the challenges we face in the garment industry and the actions we take to operate a successful business.

Mr. Roger Lee





Message from the President and Chief Technology Officer

We have made tremendous gains in the past couple years and it is with pride that we announce that we have managed to beat our 3-Year target in two years and achieved a GHG intensity reduction of 16.44% by the end of 2011.

Environmental

We will forge ahead on our path of environmental sustainability and as part of our 2nd 3 Year Plan, we have firstly set a new GHG intensity reduction target of -21% compared to our 2009 baseline, and secondly, set a new water footprint intensity reduction target of -15% compared to our 2011 baseline, both of which we need to achieve by the end of 2014.

In terms of energy savings, we have made an intensive effort to ensure that we are maximizing efficiency and have launched many initiatives on that front in the past couple of years. In this report, we will be sharing the experiences that we have gained. Upon reflection of the outcome so far, we have succeeded in building a solid foundation in environmental sustainability. We are now moving into the next phase of maintaining what we have achieved and, at the same time, we seek cutting-edge innovations that will take us to the next level.

It has been well documented that water is a scarce resource of our planet despite its seeming abundance in developed countries. Although the cost of water does not reflect such scarcity, we are aiming for a three year reduction target. We have begun monitoring our water consumption levels and have embarked on water recycling and reclamation projects.

We never view our achievements lightly or underestimate the efforts involved to maintain them. Hence, it is essential for us to operate a robust management system which we continue to strengthen with the help of our Group Facilities Department.

Beyond 'our four walls', we continue to participate in the Sustainable Apparel Coalition (SAC) and have piloted the Higg Index amongst our factories, suppliers and customers. We firmly believe in the value of the collaborative effort of the SAC in establishing a unified approach to advancing environmental sustainability in the apparel industry.



Social

Our social programs continue to follow our two-pronged approach of self-ownership and audit sharing with brands and retailers.

For the past two years, our efforts were primarily focused on self-ownership and resolutely continuing to work on our Ethical Business Practices (EBP). We have started to implement self-audits in some of our factories which include the necessary preparation work such as documentation, education and training. It has been an immense and unwavering effort and, through many years of external auditing and compliance, the organization has developed persistent and long-running habits. In this report, we share some of the issues that have been uncovered from our self audits.

We intend to continue on this journey of self-ownership with confidence and resolve. The commendable results and improvements that we have gained so far could not have been possible without the dedication and hard work of our employees and the cooperation and collaboration of our customers. It is with heartfelt gratitude and appreciation that I reflect on these past two years of achievements and together as a team, I am confident that we will make further significant inroads in social and environmental sustainability.

Dr. Delman Lee



Highlights for 2011 and 2012



Environment

1. We met the Group target on GHG footprint intensity reduction which was **-16.44%** and **-14.25%** in 2011 and 2012 respectively from the baseline of 2009.
2. **A water footprint intensity reduction target** was incorporated into the Group's environmental target in early 2012.

Social

1. We created and reinforced a self-ownership mindset in the Group. Since 2011, a self assessment program called **'Social and Health & Safety Self Monitoring'** was implemented in parallel with the development of a management system. More than **6,600** hours of training were conducted by the end of 2012.
2. We formally participated in **two community projects in China** in 2012 which concerned educational support and a community center for migrant workers' children.

Business

1. The sales volume in China increased **five-fold** and more than **doubled** in the UK in 2012 compared to 2010.
2. Amongst the innovations we launched in 2011 and 2012, our customers were particularly interested in **InnoCool** and **InnoSmart** products.

Senior Leadership Transition

1. Former CEO, **Dr. Harry Lee**, becomes the Chairman of the Group in 2012 while **Mr Roger Lee** has taken up the CEO role. **Dr. Delman Lee** has been appointed as the Vice Chairman of the Group and continues his role as President and Chief Technology Officer.
2. **Two** Senior Vice Presidents (SVP) of Operations and **one** SVP for Sales & Marketing joined TAL in 2011 and 2012 to help facilitate the management succession plan.



Our Vision and Strategy

“TAL Apparel Limited will be the world-class apparel manufacturer of choice”

In 2012, we re-emphasized and clarified our vision and mission. Our strategy was updated and articulated in detail. As a result, we launched our second 3-year plan for 2012 to 2014.

Our Strategy

In 2012, TAL heralded an incredible 65 years in business and we recognized that the key to our success was continuous growth to ensure longevity. It is this critical element that drives TAL's latest strategy which consists of four areas of focus. Firstly, TAL differentiates itself by focusing on specific products and geographical regions such as the strengthening of our North American and China markets while venturing further into the South American and European markets. Secondly, we offer a total and comprehensive value proposition to customers at the right cost. Thirdly, by strengthening our people, we are able to produce the most competitive products in the marketplace and last but not least, we focus on continual growth to constantly remain steps ahead of our competitors.

The Second Three-year Plan

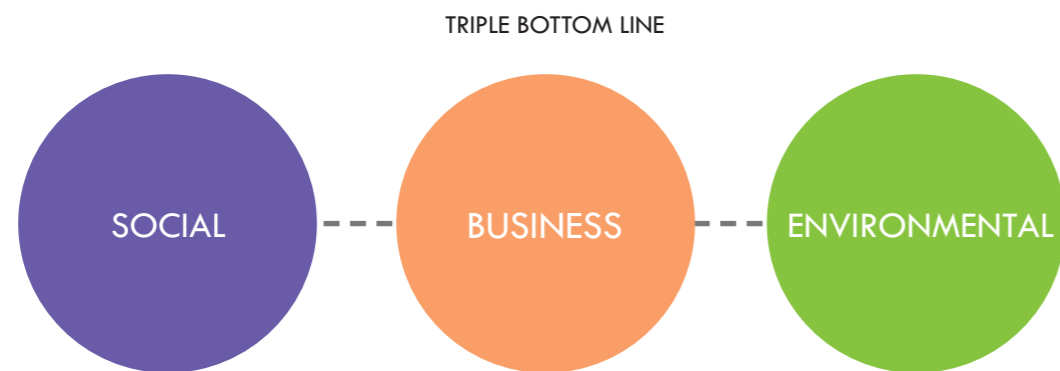
In 2012, we launched the second 3-year plan to align with our latest strategy during the third year of the first plan which was set in 2009. Profitability was introduced as one of the key value drivers. The new structure of three core and five strategic value drivers aims to support the creation of business units that operate 'like a business' with short term focus and long term success. The value driver structure enhances the interaction between our plants, Sales & Merchandising teams and corporate functions. A new set of targets was designed to be more achievable and measurable to guide business units to produce results. The achievement of each value driver is linked to an incentive plan to motivate our people to 'run their businesses' effectively.

8 VALUE DRIVES IN SECOND 3-YEAR PLAN



Sustainability for TAL

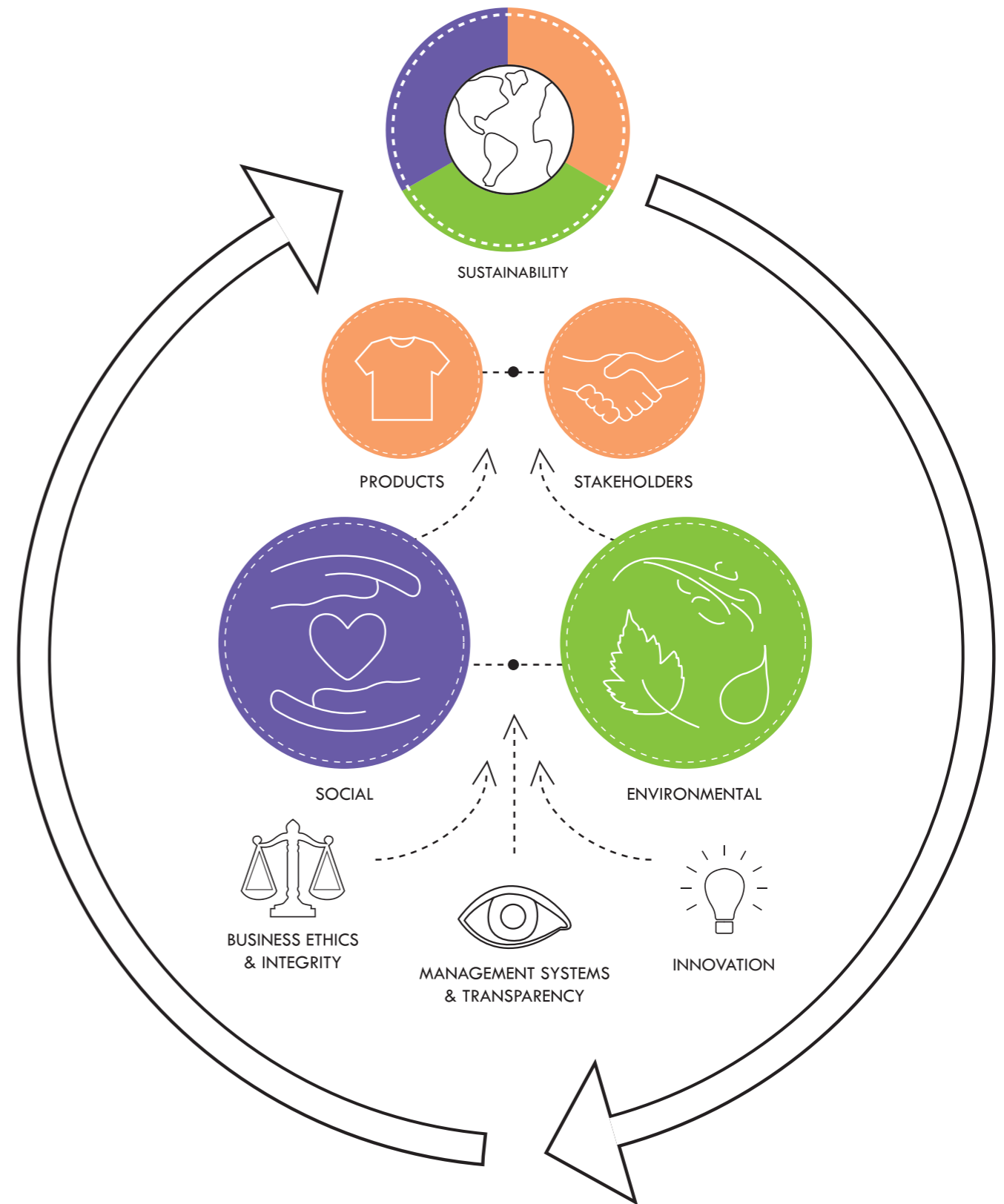
TAL embraces a triple bottom line framework in sustainability. It is a concept that explicitly acknowledges the important relationship between the company's business performance and its social and environmental elements. At TAL, we consider sustainability to be of utmost importance in our daily work and are committed to its continuous improvement. To do so, we constantly strive to minimize our impact on the environment and also, to make a positive impact on the people and communities in which we operate.



Sustainability Strategy

TAL considers sustainability as a matter of self ownership. We hold ourselves accountable for the social and environmental impacts of our operations. TAL Ethical Business Practices (EBP), a self-initiated code of conduct, is a guide to operating consistently across multiple facilities and countries. Social and environmental elements are the two core

focuses in our sustainability strategy. We are committed to the highest standards of ethical behavior and business integrity to meet economical, social and environmental responsibilities. With the establishment of effective management systems, a transparent mind-set and an innovative approach, we aim to maintain a positive sustainable impact on our products and stakeholders.



Sustainability Approach

With our sustainability strategy in place, we implement different initiatives according to our 4-pronged approach and, at the same time, address stakeholders' expectations.

- (1) **Identify and measure:** identify and measure the material topics that concern TAL or our stakeholders most
- (2) **Monitor and continuously improve:** monitor the performance or progress of the material topics and carry out continuous improvement projects
- (3) **Report and communicate:** create transparency of our sustainability efforts, both positive and negative, via regular reporting and communication with stakeholders , and
- (4) **Share and collaborate:** share industry practice and collaborate with stakeholders to drive better sustainability results



Major initiatives implemented by the Sustainability Department in 2011 and 2012 include:

INITIATIVES	MORE INFORMATION
Self monitoring: Enhanced management system Health and Safety Standard Operating Procedure Social Standard Operating Procedure Environmental: Wastewater Testing Guideline and Water Calculation Guideline and Reporting Procedure	Page 20, 48 and 53
Self monitoring: Established self assessment procedure Conducted generic self assessment training in all plants (over 90 people across the Group participated) Health & Safety and Social Audit team set up for all plants	Page 19
Execute continuous improvement programs for Working hours Foreign workers recruiting practices Grievance practices GHG footprint intensity reduction Water footprint intensity reduction	Page 23 - 26, 44 - 46, 49 - 52
Multi stakeholder initiatives Participated in Sustainable Apparel Coalition's adoption working group, social and labor group and joint pilot test for both social and environmental facility modules	Page 63
Continue the assessment on product sustainability Conducted research on recycled cotton	Page 59 - 61

Stakeholders Engagement

In 2011 and 2012, we continued to focus on engaging our four primary stakeholder groups: customers, employees, community and supply chain partners.



Customers

We strive to 'make clothes for customers that people like to own and wear' as stated in our Mission statement. In order to respond to the ever-changing expectations of customers, we listen to customers' concerns with sincerity and continuously work on improvement.

From the dialogue with our customers, we respond not only to product / service perspectives but also from a social and environmental aspect. In 2011 and 2012, we engaged actively with customers in sustainability specific projects.

Employees

At the heart of TAL is a core belief that our employees are a critical asset and an essential part of our success. We also believe our achievements as a sustainable organization depend on the commitment of

our employees. Following the first Employee Engagement Survey in 2008, a second and third survey was conducted in 2010 and 2012 respectively. Several areas were identified as needing improvement. See 'People Engagement' (Page 35) for more details.

Community

We genuinely care about the people and environment of the communities in which we operate. We interact with non-profit organizations or local governments in our role of good corporate citizen and on the sustainability challenges that we need to address. In 2011 and 2012, we initiated two community projects to help migrant workers' children in China. See 'Contribution to Society' (page 28) for details and other contributions to communities. We also responded to local governments' environmental targets by

contributing to emission and water consumption reduction. See 'Water Stewardship' (page 47) and 'Environmental Award' (page 66) for community related environmental initiatives.

Supply Chain Partners

Since establishment, TAL has sought to work closely with our supply chain partners in our manufacturing activities. TAL's sustainability commitment extends throughout our supply chain too. Other than our annual Fabric Suppliers Review with our top ten suppliers, in 2011 to 2012, we invited a few suppliers to join our Sustainability Apparel Coalition's sustainability index pilot test. The collaboration not only educated our suppliers on the future industry sustainability standards but also raised our understanding of our supply chain partners' sustainability capabilities. Please see 'Sustainability Apparel Coalition' (page 63) for details.

Business Performance

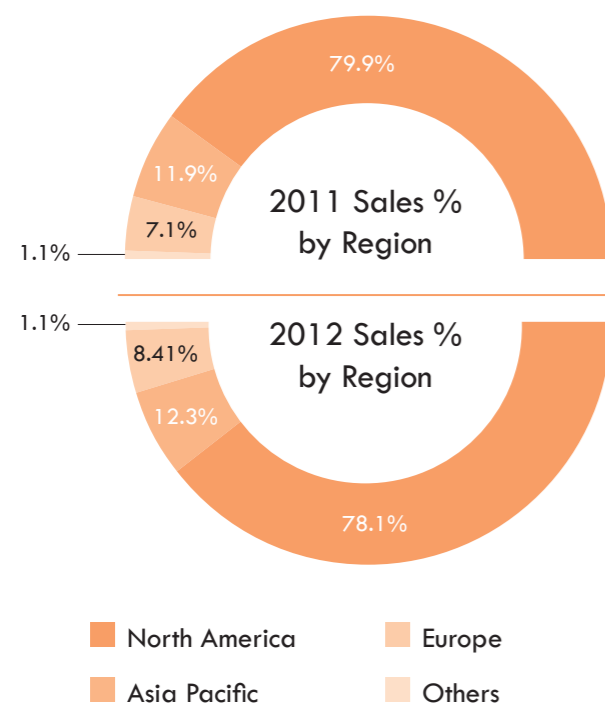
“We have now been in business for over 65 years and our goal is to continue to be in business for another 65 years.”



Business Performance

2011 and 2012 proved to be highly challenging economic years for TAL as a result of the global turmoil that impacted many key markets worldwide, including those in Asia. Nonetheless, we saw a modest increase in sales in the past two years. In terms of our operations, the Group has consolidated pants production from three factories to two factories in 2011 with the aim of reducing complexities and enhancing our productivity. Our Vietnam factory was expanded to produce knit products in 2012.

We devoted more resources to growing and expanding in the China and Europe markets in the past two years. We have a dedicated team to develop business in China. China's sales volume has increased five times and the UK has more than doubled its sales volume in 2012 compared to 2010. Our sales in Asia Pacific and Europe rose to almost 21% of our total sales in 2012.





Launch of New Innovations

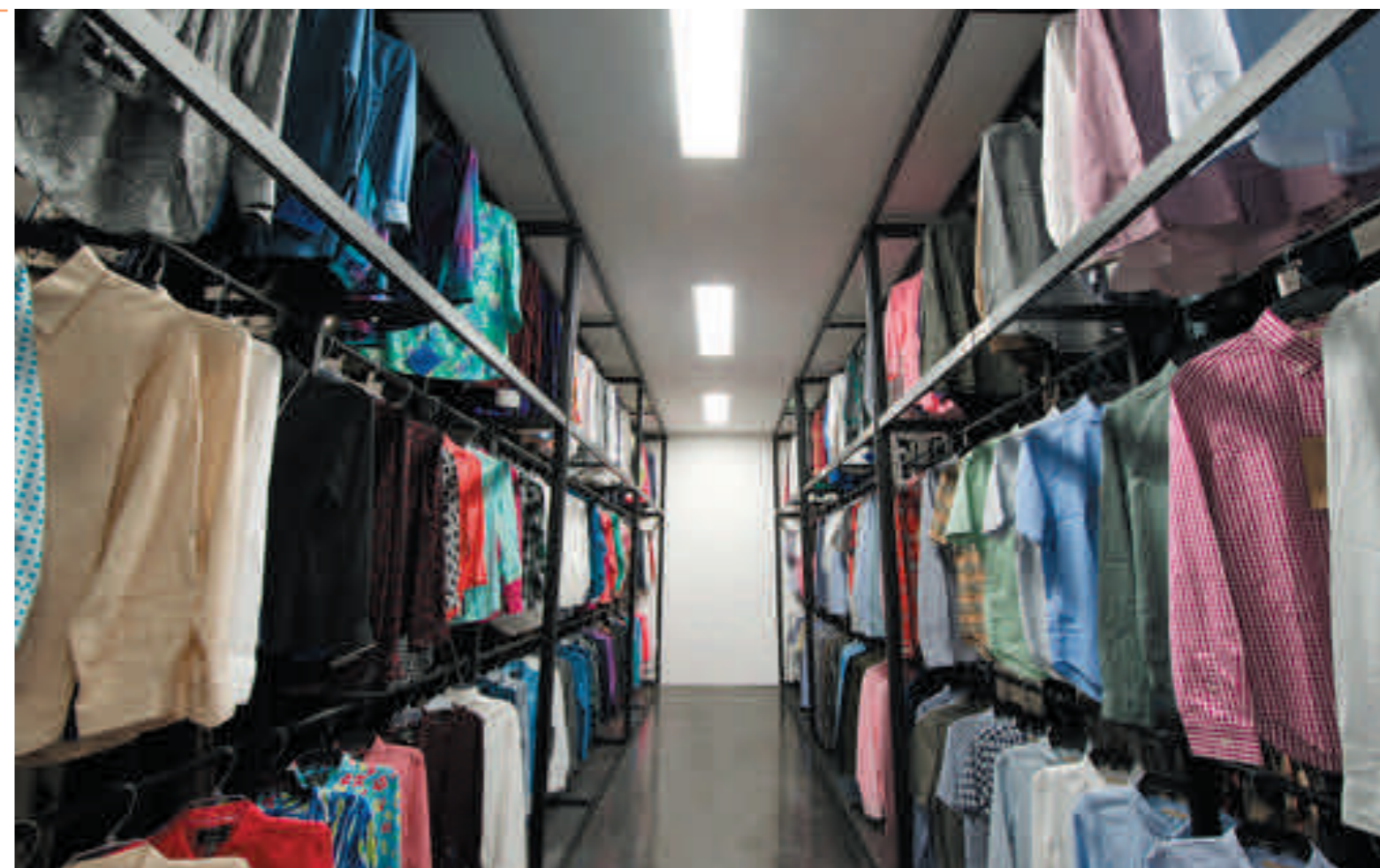
At TAL, we aim to provide unsurpassed value to our customers through continuous, cutting-edge innovations that have set us apart in the industry in Asia Pacific. Every year, we launch new products to fulfill the unmet needs of our consumers and customers. Amongst those launched in 2011 and 2012, there are two products that stand out and have sparked intense customer interest.



With InnoSmart technology, TAL has produced knits that offer a 2-sided fabric function in which the inside of the garment is enhanced with a water absorbent property, while the outside resists water marks from appearing. This prevents body perspiration from showing on the outside of the garment. For InnoSmart Woven Pants, we combined the water absorbent and stain release technology to create garments that allow our customers to feel dry and comfortable all day long.



Through an exclusive collaboration with The Hong Kong Polytechnic University, TAL developed the InnoCool shirts and blouses. By special fabric engineering, TAL created a breathable, soft, and comfortable garment with excellent moisture absorption. The resulting product provides the ultimate cooling comfort in a natural cotton fabric without any chemical application.



Challenges



We faced several challenges in our business operations in 2011 and 2012, of which two were especially arduous and demanding, requiring our utmost tenacity and determination to resolve.

Cotton Price

Our primary raw material fabric price was directly impacted by the rise of global cotton prices which started in 2010 and reached a pinnacle in March 2011. The global cotton price trend also influenced our primary China based suppliers, the most preferred and nearest sourcing region to our operations which helps us save total lead time on transportation.

Compared to the price range prior to 2010, the peak cotton price escalated to about two to three times higher. Although the global cotton price decreased gradually after its peak in March 2011 and became stable after June 2012, the stockpiling program initiated by the China government resulted in a slow price decline for our strategic suppliers in China while the cotton price was kept higher than the global benchmark.

During the high cotton price period, we refrained from transferring the increased costs to our customers. Instead, we tried our utmost to manage through the difficulties that our Chinese suppliers faced in order to maintain top benefits for our customers. We kept monitoring the holistic cotton and fabric price trends and further developed our strategic partnerships with our suppliers to ensure ongoing fabric supply at a reasonable price, resulting in continued benefits to all parties in the supply chain.





Recruitment and Retention

Garment manufacturing is a labor intensive industry and employee recruitment and retention creates different challenges in various regions. In the past two years, the management of new-generation migrant workers in China spawned a host of considerable issues and dilemmas. Thailand also tested our human resource capabilities due to an increasing number of foreign workers employed in our Thailand factory as a result of an insufficiently skilled local workforce.

China

A substantial portion of our labor force in our two China factories were born in the 1990s and their values and expectations differ dramatically from workers that were born in the 1970s and 1980s. Those from the 1990s generation place more emphasis on work satisfaction derived from aspects such as recognition, career development, better wages, working conditions, work life balance and the opportunity to steer their life. This demographic group is not motivated purely by monetary incentives and therefore, cannot be enticed merely by financial rewards. For a company to attract, develop and retain this type of employee, it is vital to enhance

and constantly upgrade our hardware and software to meet these workers' expectations. In addition, we have changed our factory management style to provide more concern and care to the new generations' well-being and involved them more in factory management. We also provide more training related to personal and occupational development to impart a more holistic sense of progression and a better understanding of their overall importance in the larger company context. More leisure facilities such as internet cafés and television halls have been launched as well as employee recognition programs to foster a sense of accomplishment and pride amongst individuals and their colleagues and peers.

Apart from managing the different expectations of the work force, the high turnover rate prior to Chinese New Year (CNY) created a major predicament for our China factories' management. The shortage of skilled workers impacted our productivity plan in terms of on time delivery and quality. The loss of trained workers necessitated more resources and time allotted to training new hires. To reduce the impact of the labor shortage, especially before or after CNY in 2012, our China factories developed a series of incentives for retaining workers, including incentives for returning after CNY



such as free travel tickets for returning and special CNY bonuses to those who returned on specific dates. Following these new policies, the turnover rate in the month before CNY was greatly reduced by more than 10% compared to the year before.

Thailand

Garment manufacturing is one of the top five manufacturing industries facing a labor shortage in Thailand. Regardless of the difficulties, we made it a priority to hire locals due to our strong commitment to the communities in which we operate. However, the low birth rate and a more educated generation resulting from demographic and generational changes have posed challenges to recruiting sufficient local workers to fulfill the production plan in the garment industry.

Due to an economic environment in which worker demand surpassed worker supply, job-seeking individuals were more inclined

to choose jobs in industries that seemed to present less pressure and effort, despite the fact that we provide similar compensation packages to companies in other industries. In order to maintain a workforce that matches our growth trajectory and ensures smooth progress in the hiring and training of foreign workers, our Thailand factory started to employ Burmese workers from 2010. The employment ratio ranges from 4% to 6% of total workers from the outset. There was a small and gradual increase in percentage in 2011 and 2012, reaching 11% of total workers by the end of 2012.

The policy to hire foreign workers in Thailand is new and extra resources have been allocated to adequately train our Burmese workers. As a result of cultural discrepancies and different capabilities in Burmese workers, a different management approach has been applied to meet a production efficiency that fulfills the Group's standards. We also continue to search for a skilled Burmese trainer to develop more visual material to teach this workforce group. Despite the challenges, we appreciate their flexibility and acceptance of the changing roles on the production floor which helps our factory to balance different production needs.

Business Recognitions



We received recognition from customers commending us on our business performance and partnership. Below are the major awards:

<p>▶</p> <p>AWARD Gold Status for 2010 Contractor Compliance Shipment Performance (Presented in 2011)</p> <p>AWARDER Levi Strauss & Co – Dockers</p> <p>DETAILS Our shipment performance was recognized under the LS&CO vendor Compliance Program</p>		<p>▶</p> <p>AWARD Best Customer Service Award 2011</p> <p>AWARDER Brooks Brothers</p> <p>DETAILS Pen Apparel Sdn Bhd received a genuine appreciation for their flexibility and 'can-do' attitude.</p>	
	<p>◀</p> <p>AWARD Innovation Award 2011</p> <p>AWARDER Brooks Brothers.</p> <p>DETAILS TAL was recognized for offering a variety of high quality, innovative products and service.</p>		<p>◀</p> <p>AWARD 2012 Silver Supplier Award</p> <p>AWARDER PVH.</p> <p>DETAILS TAV Limited achieved a weighted average score between 85% and 89% among seven aspects of business and compliance requirements.</p>

Social Performance

“We intend to continue on this journey of self-ownership with confidence and resolve. The commendable results and improvements that we have gained so far could not have been possible without the dedication and hard work of our employees and the cooperation and collaboration of our customers.”





Our Approach towards Labor and Health and Safety Issues

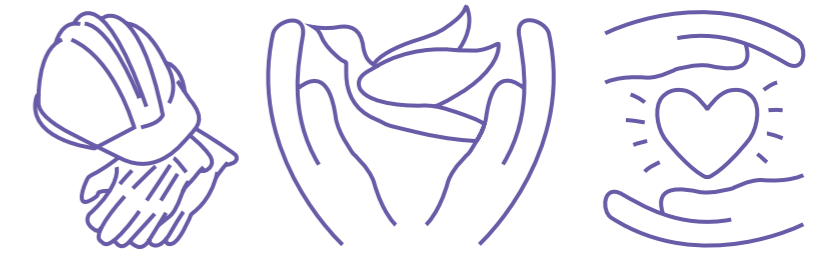
Based on health and safety (H&S) and other labor issues revealed in our last sustainability report, we needed to strengthen the Group's control and monitoring procedures to create a safer, better working environment for all employees. In 2011 and 2012, we took a step beyond compliance by implementing a self-monitoring program which positively reinforced health and safety issues in the minds of employees as well as some labour issues.

to enhance occupational health and safety awareness and working conditions across our Group. The aim is to help us change social and health and safety issues from a reactive effort to a more pro-active approach. Through a series of initiatives undertaken in the past two years, we anticipate a shift towards a sense of 'self-ownership' by employees on social and health and safety matters rather than the dutiful following of policies imposed by management. We realise that it takes time and consistent efforts to change the mindset of employees.

Apart from running the self-monitoring program, we also launched several initiatives

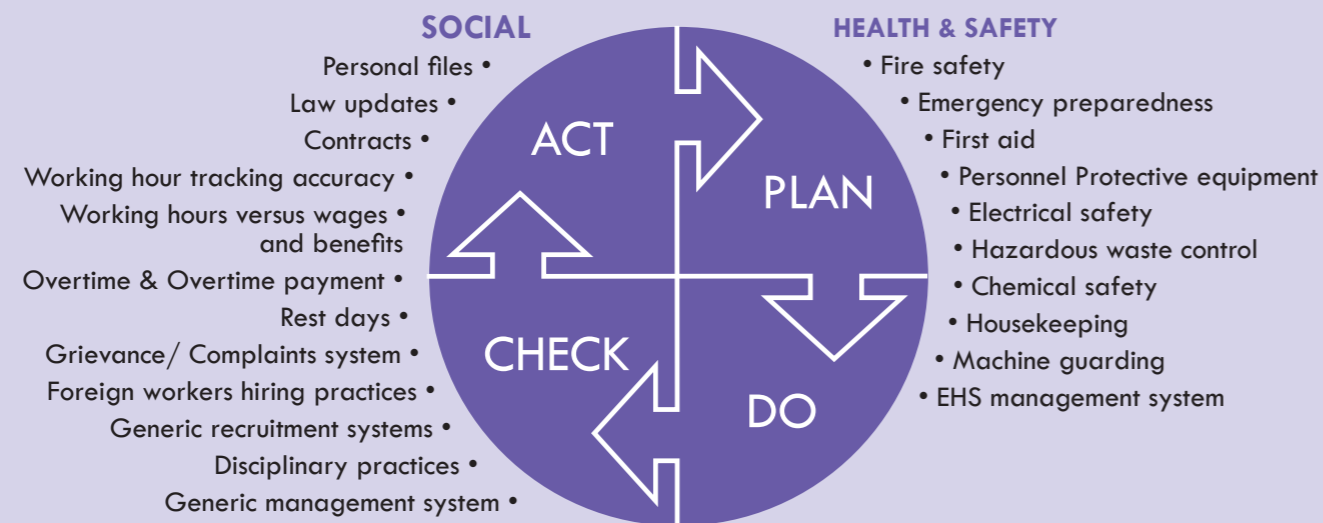


TAL's Self-Monitoring Program



In order to ensure that our sustainability goals are reached, we measure and identify our current social, health & safety and environmental performance, monitor it and then implement action plans for continuous improvement.

We believe that the Self-Monitoring Program is a more comprehensive approach to achieving our goals. Self-monitoring is not only a mindset but also a management system that follows a 'Plan-Do-Check-Act' strategy. Our purpose is to build a culture of responsibility to proactively understand our issues and develop appropriate, long term solutions to resolve them rather than simply reacting to feedback from customer audits. Individuals from various departments in each factory formed a team to build an organised and systematic approach to our internal compliance. The establishment of the internal system and team allows us to manage our own performance in specific areas (captured in the diagram) with a sustainable solution.



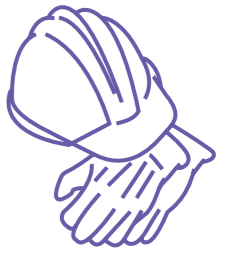
Areas Covered in Self-Monitoring Program

The program includes elements ranging from the documentation of standard operational procedure and running awareness training to conducting self audits across factories. All of our factories have become more committed sustainability drivers and have actively participated in a 'Social and Health & Safety Self Monitoring' training program in 2012. So far, the system focuses on social and health & safety issues. Under the self-monitoring program scope in 2012, a total of 72 hours of training courses were provided to 92 management staff and factory compliance team members from all of our factories. Thailand region was the first region to start the self auditing in July 2012. By the second half of 2012, 18 self audits had been conducted in which two were cross factory audits. In 2013, all of our factories will make monthly self-reports on their Health & Safety and labor matters. For countries such as Thailand, Malaysia and China, which have more than

one factory, cross factory audits will occur every three months.

We are continuing to provide additional training on specific aspects of the self monitoring programme in order to further strengthen it. As our self monitoring system becomes more thorough and embedded into our practices beyond our first and main objective of self improvement, we are also confident it will help us build transparency, trust and credibility with our customers. Audit fatigue is a common issue in our industry and our desire is to reassure our clients on our intentions to achieve consistent and steady outcomes in our social, health, safety and environmental performance. Through the establishment of a solid-self-monitoring system, we aim to convince them that we are focused and committed to constantly monitoring and improving ourselves.

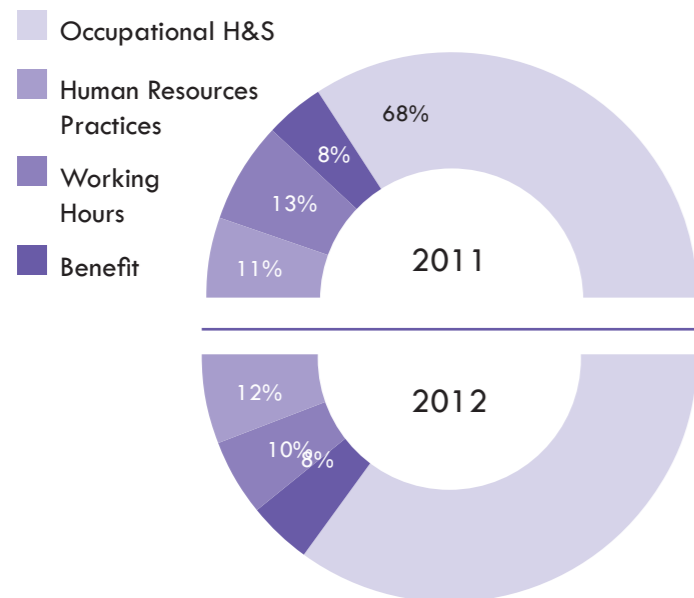
Occupational Safety Performance



External Audit Result

There were 45 and 57 customer audits conducted in 2011 and 2012 respectively. Compared to 2010, the percentage of audits without issues saw a small decrease of 20% (9 audits) and 16% (9 audits) in 2011 and 2012 respectively. The total issues found in the 2011 and 2012 external audits were 252 and 378 respectively.

We categorized the issues into four groups: occupational health and safety, human resources practice, working hours and benefits. In the two



years, the occupational health and safety issue was still the most frequently occurring aspect. Please see the pie chart for the distribution.

Internal Injury Record

In terms of the number of our internal recorded injuries, lost time injury (LTI) was 426 and 483 in 2011 and 2012 respectively, which was -18.55% and +13.38% compared to its previous year. It has been -18.55% and +13.38% compared to its previous year. Although we recorded a decrease in LTI compared to 2010, the lost time injury frequency (LTIF¹) was 9.15 and 10.32 in 2011 and 2012; while it was 10.5(1) in 2010.

As mentioned in the 2010 report, finger needle-pricking injury was frequent. It was 34.8% (182 cases reported) of the total number of injuries. To combat the relatively high rate of this type of injury, auxiliary equipment was installed on sewing machines and piloted in two factories. In 2012, it recorded an approximate 50% reduction in finger needle-pricking injuries at the two piloted factories.

Apart from the development and strengthening of our self-monitoring system to reduce injury rates, we also identified inconsistencies in the recording of the seriousness of injuries in different factories. Plans are in place to standardize records to better facilitate communications across the Group.

¹ Lost time injury frequency rate (base on one or more days lost) = number of LTI / number of work hours x 1,000,000

Forklift Driver Zero Accident Project

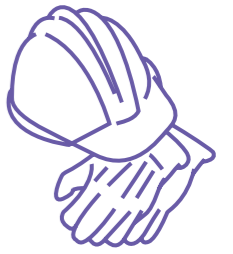
One of our factories in Thailand noticed an increase in forklift accident rates during 2009 and 2010. Although there were no human casualties, it indicated a high hazard that existed for employees in that area. As a result, the factory launched the 'Forklift Driver Zero Accident' program in 2011 with the goal of achieving a zero accident rate when driving forklifts.

Our analyses showed that the causes of the accidents were due to drivers' carelessness, lack of maintenance and initial checking, inefficient safety control systems and lack of basic troubleshooting knowledge. The main mandates of the Forklift Driver Zero Accident program are to raise forklift driver

awareness and provide comprehensive maintenance education.

After training the forklift drivers, we offered an incentive of 1,000 baht to those who did not have any accidents within three months in the first year of implementation. Each driver was expected to perform his own maintenance by using a simple checklist before driving. Every week, a warehouse supervisor and safety committee inspected the forklift driver's behavior using the checklist. As the drivers became accustomed to the routine and the checklist became habitual, safety levels gradually rose and eventually reached the goal of zero accidents, remaining there until 2012.





Instilling Health & Safety into Employees' Minds

In an ideal world, all factory employees would have a high regard for health and safety in their jobs and constantly ensure that this aspect of their work is never neglected. However, in the real world, employees may not always be conscientious about this matter and instilling the topic of health and safety into the mindset of employees can prove challenging. One of our factories in Thailand has been making considerable efforts on the health and safety front for the past two years and is now starting to harvest the fruits of their consistent efforts.

The endeavors began when management noticed employees would only comply with basic health and safety rules on the days we had a customer Social and Health & Safety compliance audit. During these times, they made a conscious effort to use both metal gloves at the bend knife station and cleared the areas near the fire extinguishers. However, the day after the audit, all our employees would revert to their usual neglectful habits. It was apparent that there was a disconnect in understanding the real purpose of health and safety and they felt that it was a tedious and troublesome matter benefitting only the company and not themselves.

In order to raise the Health & Safety awareness of our employees and change their mindset, we started educating them through the daily broadcast of safety information and songs, and more frequent safety training sessions. We also began to conduct regular internal audits in which a new production area was audited monthly. The results showed that our production people were not fully engaged in our new Health and Safety approach.

To combat the low level of engagement, we engaged audit teams of various departments that have been trained by the H&S officer to conduct weekly audits. The teams are separated into two groups for cross audit in which their areas of audit are



rotated monthly. More recently, we have also integrated H&S as full Key Performance Indicators (KPI) in our weekly KPI meeting and all the results are presented to the plant head on a weekly basis. In doing so, it has become clear to everyone that Health & Safety is under the direct plant head's attention and is an important topic that can no longer be ignored.

Starting at the end of 2012, we gave recognition to the area of the factory which had the highest accumulative improvement score from the internal audit. Our aim is to instill a mindset of continuous improvement in all employees. Starting in 2013, we awarded monthly winners and every quarter, we give out supermarket shopping coupons to employees who win in that area.



Employee Canteen Upgrade at China Factory

Through discussions between factory management and employees in one of our China factories, it was discovered that most of the workers chose to dine out of the factory due to their dissatisfaction with the factory's canteen service. We investigated more into the matter and found out that the majority of their concerns all revolved around health issues such as the inadequate cleanliness of dining utensils, poor sanitation of the dining and cooking areas, and food quality and nutrition. We also noticed that

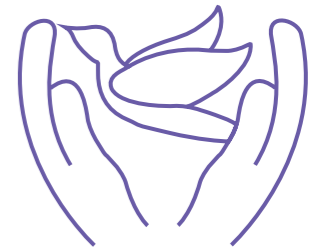
workers chose to have meals in the factory's canteen if they saw improvements. In 2011 and 2012, we kicked off a two year project to upgrade the 15-year-old canteen to meet employees' expectations. The project started with feedback collection from employees, management and canteen staff. The first year, we targeted physical upgrades that would significantly improve health and safety aspects such as the replacement of cooking hardware, installation of air conditioners for the dining room and canteen kitchen,

increase of headcount, appointment of a canteen manager and the establishment of a canteen committee. After witnessing the results from our first year's initiatives, we decided that the next step to provide better service was by outsourcing the canteen jobs.

The transformation was a challenge due to employee resistance stemming from high expectations for the supplier and conflicting food choices and costs between employees and suppliers. To bridge the different

interests, we involved employees in the process and a canteen committee comprised of various levels of employees from different departments was formed. A more positive mindset has resulted through the empowerment of employees and enabling them ownership in managing the canteen supplier. We are now seeing tangible improvements in equipment, infrastructure and the canteen management system through this project and although the project has completed, the system is self-sustaining.

Workers' Rights



TAL strictly endorses the protection of the rights of workers. Unfortunately, in 2012, there were two incidents identified through an internal monitoring process that exposed the unfair treatment of some workers. We assessed the issues in depth and shared in a report about how we addressed the cases and developed procedures to prevent future cases by strengthening our grievance system as well as better education to the management.

Perception and Grievance

In early 2012, our factory in Vietnam had learnt a valuable lesson in perception. It is realized that the regular course of inter-disciplinary action might not always be the suitable solution. We discovered a case of improper inter-disciplinary action stemming from a production line supervisor to her staff. The case appeared on the surface to be a simple and negligible incident, but from a human rights perspective, it could potentially be considered as abuse. The supervisor had warned her staff to cease chatter and focus on work by lightly tapping the back of her hand to the worker's head, not realizing the inappropriate nature of her action. This incident was a red flag for us to educate our employees more thoroughly on the complexities surrounding the various perceptions of abuse. We also took the opportunity to strengthen our grievance

policy, reminding everyone about the availability of a grievance channel.

Following the incident, training was conducted with various audiences to clarify the availability of grievance channels. Grievance procedure training was conducted in 76 training classes, covering 1,718 employees in five months from April to August 2012. It helped to disseminate information on the realm of issues that were covered by the grievance procedure, how it should be channeled in the company, and the person responsible for handling company grievances and also in the labor council.

The second type of training for the management team was about communication behavior. Four classes were given for 82 people from March to April in 2012. We

emphasized the importance of proper behavior and management conduct at work, raised awareness on inappropriate management behavior and flagged the potential for misinterpretation of actions and words. Throughout the training, we stressed the necessity for both parties to fully comprehend and be completely sensitive to what constitutes acceptable and unacceptable forms of conduct in a working environment.



Management Communication Training

Communication is an essential tool in factory management. However, in a high tension environment like a factory floor, the tone and manner of communication usually deteriorates into unfriendly, one-way commands. In Malaysia, one of our factories realized that most of their management team exhibited unpleasant attitudes when communicating with their workers, resulting in an atmosphere of disgruntlement and dismay amongst their workforce.

We experienced a scenario that bordered onto the employees' rights arena when foreign workers in Malaysia found that their requests for leave were perpetually rejected. Foreign workers usually wish to take their leave simultaneously on their own national celebration day which mostly did not coincide with Malaysia's national day. However, problems intensified when supervisors rejected the leave applications since it was a regular working day in Malaysia. Impacted by the pressures to

fulfill the production target output, most of our supervisors refused to approve foreign workers' applications for leave which, in turn, led to negative sentiments towards foreign workers. This is a problem which could potentially tread into the territory of employee rights violation if it continues to reoccur again and again.

The different perceptions of our workers and their supervisors ultimately created a divide between them and triggered unwanted harassment or discrimination. In October 2012, one of the production managers contacted our corporate Sustainability Department to explain this issue and requested support. The corporate Sustainability Department gathered all the on-the-ground data to prepare the training material and provided our supervisors and managers with training on communication and workers' rights the following month. Supervisors and managers were equipped with the knowledge of



assertive communication, the importance of getting employee buy-in, and the potential detrimental impact of their current unconstructive communication style. As participants divulged their genuine problems, the fervor and enthusiasm was clearly evident.

We believe this single session will not be enough to bring sustainable changes to the communication between our production

management and the workers. It can only be considered as a very small first step in lessening the gap and raising management's awareness to truly consider the workers' perspectives. The positive aspect was that the training was requested by the production team itself which showed significant interest but to gain long term communication results, additional sharing sessions and more specific action plans are necessary to track the communication improvements.



Working Hour Clocking Accuracy

Clocking accuracy is usually the catalyst for compensation related issues and these two concepts are interconnected. Accurate tracking of working hours is required to determine accurate working hour payment and it is a priority for a factory in order to ensure appropriate payment is fulfilled. Inaccurate clocking is, therefore, a serious issue that we cannot afford to ignore.

In 2011-12, we have encountered some serious accounting issues related to clocking accuracy in both of our China plants and the reason for these mishaps seem unrelated to a payment problem but, instead, to the way our factory's efficiency is calculated. There is a strong emphasis on efficient performance, which propels line managers and workers to take shortcuts in order to display more efficient results, but the initial root cause is definitely linked to management.

Management Commitment: The Starting Point of Any Real Change

In August 2012, an internal audit uncovered clocking inaccuracies in one of our plants in China, together with a clear lack of discipline of production management in overtime application. When interviewed, some workers mentioned that they were regularly asked by their line manager to clock out and return to work and some were clocking their punching cards on those workers' behalf and consequently, the factory had no means to guarantee accurate overtime payment.

The first action that was taken was to operate the clocking system 24 hours a day so that

employees were not limited to clocking in/out within a specific timeframe. The Human Capital Management department then reviewed the clocking hour policy, toughened the disciplinary actions linked to it and communicated the policy to all the employees, including the management team. Our workers received training and were instructed on how to properly clock in/out upon completion of their work. We also invited an external legal consultant to train the management team on working hour law requirements.

In December 2012, one of our colleagues left the factory on bad terms and sent letters to our clients in which she described various bad practices that she claimed she observed in the factory. Upon investigation, some of

the allegations she made have never been verified but some were valid: she drew attention to excessive overtime hours and corroborated the absence of discipline in overtime application, clocking inaccuracies and inaccurate overtime payment issues.

The first action we took after the internal investigation was to compensate all our staff and workers for the missed overtime premium payments. We intensified the number of internal daily audits to randomly check on various departments' clocking in/out practices and requested the management team to be an active part of the daily auditing efforts. We introduced additional disciplinary actions by cancelling the efficiency bonus for the modular group that displayed

poor working hour tracking practices and warning letters were distributed to the production management team. The self audit teams were granted the authority to stop production in the event of any findings and the facilities team was instructed to switch off the power, based on the official production schedule. The procedures for overtime work and compensation were reiterated and the internal audit teams were requested to report all findings to the Head of Sustainability for the TAL group and the regional Senior Vice President. The stricter overtime application and control system was applied to both staff and workers.

Later in 2013, the factory also installed an external hotline to try to measure the



improvement impacts and upgrade the internal grievance process.

To date, the improvements appear quite tangible. Through our internal audits, we still encounter some cases of inaccurate clocking but the numbers are contained and more importantly, the management team is very clear on the actions to take to address these issues and how to transparently escalate them. From this experience, we learned that management commitment is the most fundamental element for a reliable check and balance system and supporting functions, such as Human Capital Management, play a very important role within this system when provided with the right level of authority. Many errors identified were due to a lack of management control and unclear management direction, hence we tried to tackle these specific aspects.

Through both external and internal audits, we uncovered similar clocking accuracy issues in our other plant in China. We took comparable actions in order to address them but somehow we feel that we have not completely tackled the exact root cause yet. We need to further our efforts given the high turnover rate in China and the fact that part of the issue is linked to a mentality change. Changing the mindset of people requires a high level of consistency, discipline and tough decision-making. We still have room for additional improvement.



Thailand Flooding



When one of the worst floods in history struck Thailand in 2011, floodwaters inundated parts of the capital city of Bangkok, affecting approximately 2,900 TAL employees. Four factories in Thailand suffered different levels of impact with one of them, located at Omnoi City, SamuSakhon province, temporarily shut down for seven days. Although the floodwaters around the factory were about 500 meters away, factory management viewed employees' safety as the utmost priority and decided to temporarily close the factory. During the shutdown period, the area surrounding the factory was flooded with about one meter of water and could only be accessed by boat.

Relief to Our Employees and Their Family

Our TAL employees that were directly affected by the flood saw their homes damaged and personal belongings lost.

To help our colleagues through the disaster, the Executive Committee of the Group authorized an emergency payment of 2,000 Baht to affected colleagues, amounting to a total of USD 187,000 for buying essentials. Also, a Thai Flooding Donation Fund was later established to collect funds from colleagues and our customer (Brooks Brothers, Burberry, Chico's, Hugo Boss, L.L. Bean and Patagonia). For every dollar the Fund received, TAL matched the donation and raised a total of USD 241,000 to help 1,235 employees repair and rebuild their homes. The amount was allotted in payments of USD

185 and USD 555 and directly deposited to employees' accounts depending on the level of damage to each family's home.

Aside from emergency payments, the company rented dormitories, apartments and hotel rooms to temporarily house approximately 165 affected employees and their families.

Arrangements Following Factory Reopening

Employees were fully paid during the shutdown period and were given time off to rebuild their houses, even after the factory reopened. TAL rented ten extra wheel trucks to bring employees between homes and the factory and provided free lunch boxes to around 2,100 employees daily for 17 days.

During this time, the risk of disease transmission

was comparatively high for those who were exposed in the flooded areas. To help minimize the spread of illness and infections, we ensured that employees were constantly provided with ample anti-bacteria cleansers and anti-inflammatory cream.

Business Impact

Since the factory in Omnoi City had temporarily halted production for a week, a team helped to arrange transfer of the usual production orders to other sister factories and maintained constant communication with our customers to minimize the impact on order deliveries. Around 9,914 dozens of garments were transferred to other factories in the Group and around USD 31,000 of air freight cost was incurred. The total loss due to this natural disaster was around USD 435,000 to our company.



1. Floodwater reaches the front gate of our factory in Omnoi.
2. Each directly affected employee received an emergency payment of \$2,000 Baht.
3. With your great support, we have walked away from the floods! Thank you!

Contribution to Society



One of TAL's core values is 'Equitable commitment to employees, society and shareholders'. TAL has always been a strong advocate of contributing and giving back to the communities in which we operate and we demonstrate our commitment to society by participating in various community projects, providing financial contributions and engaging in industry collaborations.

"Migratory Bird" Project

Most of our workers in Dongguan province are migrant workers and in China, migrant workers' children are called 'Migratory Birds'. Once or twice a year the children travel from their hometown (usually in the north of China) to the province in which their parents work (in the south of China) for a family reunion. We discovered that there were families where the children stayed together with their parents in Dongguan province instead of their hometown to avoid the long-distance separation. However, the long work hours made it difficult for parents to look after their children once they arrived home from school. TAL decided to help alleviate the 'migratory bird' problem and launched a community project in March 2012 in Yan Tian village, where one of our China factories is located. We joined forces with a well-known, Hong Kong retired social worker, Mr. Tsui Cheung Ling, and donated RMB100,000 to establish a community



center for migrant workers' kids to serve as an after school gathering place. The first community center based on the same concept was first opened in 2006. TAL's center, which officially opened in March 2013, is one out of eight in total and is publicly open to the whole community.

Apart from financial support, our employees from the Facility Department helped to renovate the center prior to its opening. Besides

being a safe and welcoming gathering place, the community center provides tuition support and leisure activities such as music, dance, singing and painting classes to allow the children to grow and thrive in an educational and fun environment. The center is designed to support about fifty students per day who are guided by three social workers, with additional social workers arranged on a need basis.


Mr Tsui Cheung Ling (徐祥齡先生) has been involved in social work for 40 years. He has received many recognitions for his outstanding performance in social work service. This includes the Hong Kong Ten Outstanding Evergreen Volunteer Award (香港十大傑出長青義工獎) in 2005, the second Moral Model, Dongguan City (東莞市第二屆道德模範 - 助人為樂獎) in 2009, Top Ten Social Worker of the Year in China (中國社會工作年度十大人物) in 2009.



Opening ceremony of Migratory Bird Community Centre



Aixin Initiative

 The Foundation of Education Support (聯亞愛心基金) was established by the Fengguan Town government in 2012. The primary objective of the foundation is to provide financial assistance to families of migrant workers who have had difficulties in supporting their children's education. In September 2012, our China factory in Fengguan town started the Aixin ("Love" in Chinese Pinyin) Initiative to provide tuition support for needy migrant families. We donated to a stand-alone fund called Foundation of Education Support for this program which accepted public applications. TAL granted RMB1,000 each

to 100 non-Fengguan resident students from 16 private schools, some of whom were orphaned, handicapped or had a family member with a serious disease that needed long term medical treatment. The tuition support enabled these children to continue their education. Apart from financial support, our volunteer staff (mainly from the departments that take care of migrant workers) made visits to 20 of the homes to make certain that the tuition had gone to families which were truly in need of support. It is an honor that the foundation included our factory name. Find more details at <http://www.fenggang.gov.cn/aixin>

Firefighting Team in Malaysia

In 1987, the Federal Government of Malaysia launched Volunteer Firefighter (VFF), an initiative aimed to improve fire fighting and safety support in rural areas in the shortest reaction time. TAL assembled a volunteer firefighter team of 25 certified VFFs in Lebuh Bakau, Penang, Malaysia to provide support to an area of about 3 kilometers radius from our Penang factory as well as other district areas needing help from the Fire & Rescue Department of Malaysia (FRDM). The team is quick to respond regardless of whether the call is made during factory operating hours or off-work hours.











The VFFs receive regular fire fighting and fire prevention training from FRDM to ensure they are adequately skilled to react rapidly after an emergency call. The fire fighters are required to keep records in an activity log and submit a report to FRDM on a monthly basis. FRDM also conducts unannounced inspections in our Penang factory to make sure the equipment provided, such as fire engines, transfer pumps, fire safety jackets and other equipment are properly handled and maintained. In 2011 and 2012, the VFF team was called approximately 12 times to provide fire safety support to the community.

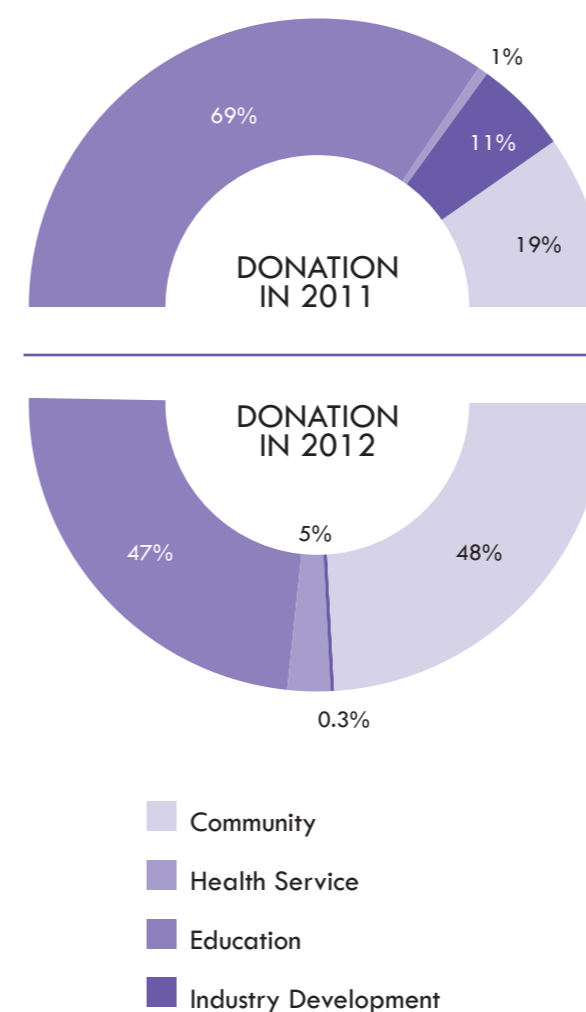




Other Community Contributions

Below is a selection of some of the non-financial community contributions in year 2011 and 2012.

FOCUS	CONTRIBUTOR (REGION)	COUNTRY	EXPLANATION
	China	China	Volunteer team visited childrens' autism centre to donate furniture.
	China	China	A Christmas fun fair was organized in a China factory for 300 students and family members of non-Dongguan workers.
	China	China	Volunteer team planted about 100 trees to support Tree Planting Festival (12 of March 2011)
	China	China	Fund raising campaign on Poverty Alleviation day in which funds were donated by employees to Dongguan Red Cross Security of China.
	Thailand	Thailand	Volunteer team visited a handicapped center in Kabinburi and donated 3 wheelchairs.
	Thailand	Thailand	Volunteer team helped with road repairs together with Thatum district officers and community members.
	Thailand	Thailand	Support was provided to renovate the library in Searm Panva School, Avuthava province, Thailand, which was damaged by the flood.
	Malaysia	Japan	Fund raising campaign for disaster relief after the Japan earthquake in 2011.
	China, Hong Kong, Indonesia, Malaysia, Vietnam	Thailand	Fund raising campaign for disaster relief after the Thailand flood in 2011.
	Malaysia	Malaysia	Employee volunteers arranged activities for a local orphanage and donated funds raised to the Ipoh orphanage and Church of Praise.



Financial Donation

TAL remains committed to supporting non-profit organizations, local authorities, schools and other industrial collaboration projects. Our financial contribution in various countries was more than USD 212,000 in 2011 and USD 314,000 in 2012.

In 2011, 69% of the donations supported education, another 19% was allocated to supporting community projects such as rebuilding after natural disasters. The remaining 20% was spent in industry development and health services to the community.

In 2012, 48% of donations were focused on community and 47% on education. The remaining 5% was spent on health services and industry development.

The Lees Charitable Foundation

The Foundation has donated more than USD 1.7 million in 2011 and USD 2.0 million in 2012. Apart from supporting education, which is a primary aim of the foundation, 25% of the total in 2011 was spent on supporting sustainable development.

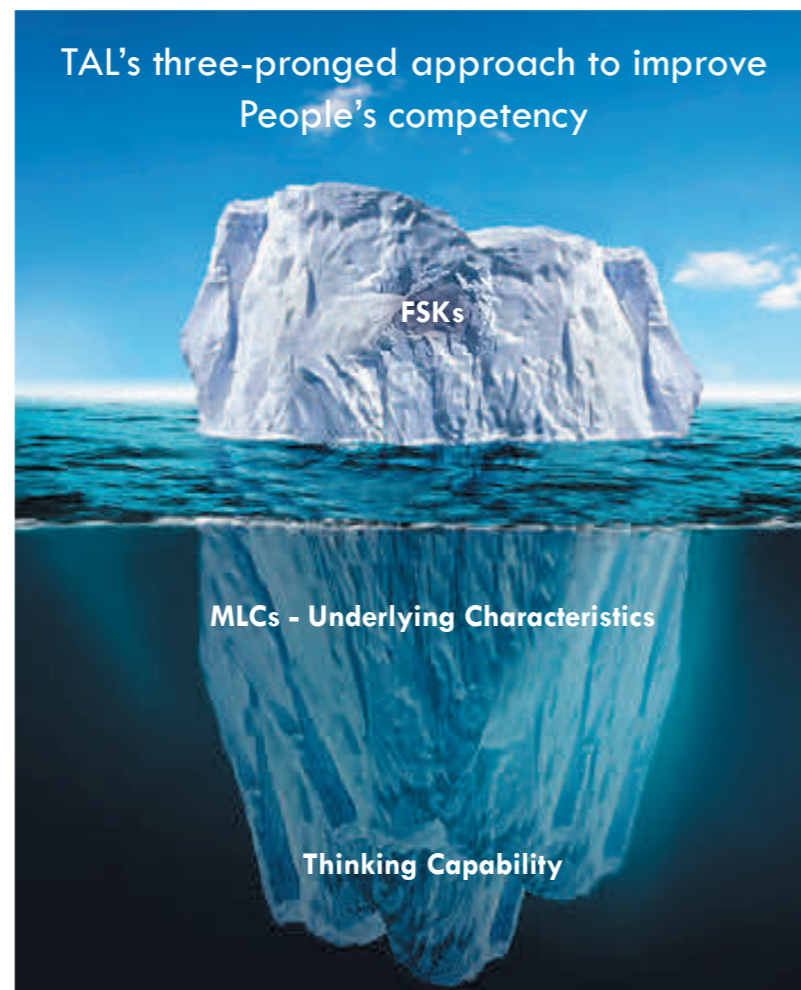
People Management



TAL is committed to creating an environment where our people can flourish and want to contribute their full potential. Our 'People' Value Driver and related Key Performance Indicators (% competent people; % engaged people) focus our Business Unit leaders on planning, measuring and monitoring our progress to create a climate of engagement for our people and for systematically assessing and helping them to grow. We also run development programs for our operators. Our employees are grouped based on their development and engagement needs – individual contributor (including our operators), professional/supervisory and managerial.

Competent People

Our concept of 'competent' is gauged in terms of the work to be accomplished. In 2009-2010, we updated our 'Role Profiles' for approximately 260 roles within the company to enable us to better communicate expectations to our employees and to assess the requirements needed to help them perform their roles effectively. We have defined three elements of 'fit' when helping our employees become 'competent' in their work: **Functional Skilled Knowledge, Managerial Leadership Competencies and Thinking Capability.**



Functional Skilled Knowledge

Functional Skilled Knowledge (FSK) is learned technical knowledge that is turned into skills that can be applied effectively, 'like second nature', to perform work well. It is hard for people to thrive and perform to their fullest potential if they are not equipped with the FSKs to carry out their tasks, and this, in turn, affects their confidence, commitment and engagement levels. In January 2011, we launched our FSK training initiative, focused primarily on our Plant individual contributors and professional/supervisory employees. We created a new department in our Human Capital Management function and invited the Center for Effective Performance (CEP) from Atlanta Georgia, USA to train our newly appointed Instructional Design Architects (IDA) on how to create effective FSK training programs. We learned to identify the FSKs needed to perform at a high level, to set clear FSK learning objectives and to develop 'lean' learning materials. We were also shown how to measure the impact of our FSK training in terms of learner satisfaction, demonstrable FSK mastery in the classroom and application on the job.

We also certified a group of 'Master Trainers' to equip our subject matter experts to become confident FSK trainers. In 2011, we developed and pilot tested our new FSK program for Garment Technicians and Mechanics in two Plants, which resulted in about 90 employees receiving an average of 180 hours of classroom and in-line training. In the process, we also equipped 35 of our subject matter experts as trainers and certified 31 IDAs and IDA managers with the FSKs to build on our training program for other core production functions. During 2012 - 2016, we will develop and implement ten core FSK training programs in the local language of each of our Plants, amounting to 7,800 training hours for our production employees.





Managerial Leadership Competencies

Competencies, defined as ‘the underlying behavioral characteristics that separate outstanding performers from average performers’, are critical as a second element of ‘fit’ for our employees to perform to their potential. Each of our nine Managerial Leadership Competencies (MLC) describe specific behaviors which will enhance their performance and contribute to both their own and the Company’s success.

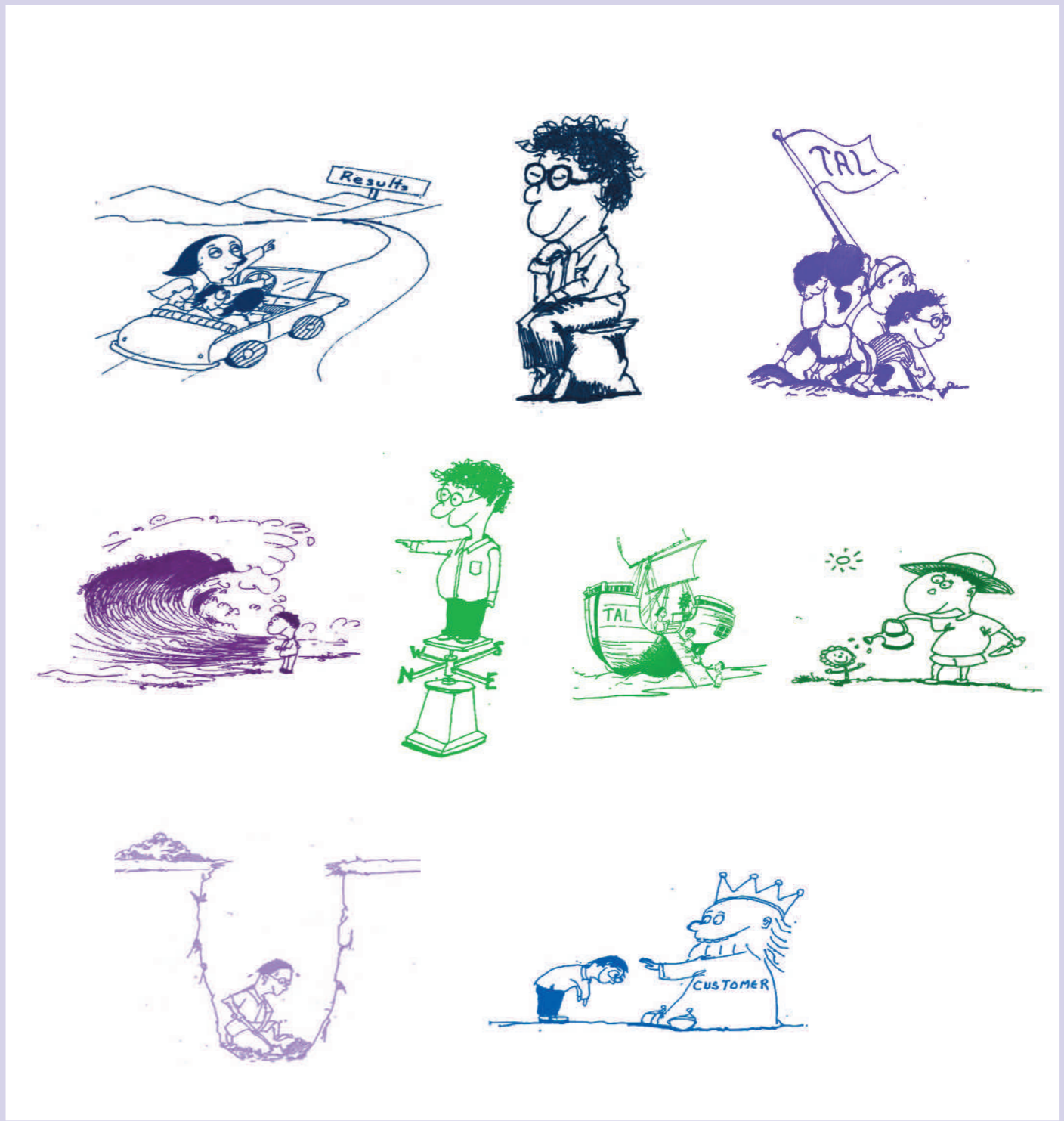
In 2011 and 2012, we invested in about 24 training hours per employee for our 1,300 professional/supervisory and managerial employees. One of the main challenges during the MLC roll-out phase was how to incorporate it into our daily work applications so that employees were aware of the behavior and its development. We also found that the contents of the MLCs are not easy to master. Employees would absorb different understandings about the behavior depending on their cultural and educational background, which might be further complicated by the translations. As such, we tried to address the challenges by training

the selected employees to become the in-house MLC subject-matter experts and trainers in their respective work units so that they could teach colleagues to actualize the MLCs in their daily work.

In 2013, this nine-day MLC train-the-trainer process will be extended into a MLC coaching and advocacy program that enables our MLC trainers to further support their colleagues and to continue to grow themselves as well. The intended outcome is to gain whole-hearted support for the MLCs initiative.

Starting from 2011, our MLC framework was also integrated into our Performance Management Process. The ratings given for work goals accomplishment and for demonstration of MLCs each account for 50% of our employees’ final performance appraisal score.

In 2012, managers were equipped with a ‘Starter Kit’ of tasks which will be expanded into learning modules to support the ongoing structured development of our employees’ MLCs.





Thinking Capability

Thinking capability is the third element of 'fit' that is fundamental to competency on the job. Thinking capability changes very slowly over time and is not really trainable. For this reason, TAL has incorporated the assessment of candidates' verbal, numeric and inductive

reasoning thinking capability into our recruitment and selection process. In combination with a candidate's education, experience, MLCs and FSKs, the match of thinking capability with the complexity of work to be done represents important elements in enabling our employees to become competent in their roles.

Learning and Development Center (LDC)

We offer soft skills training and personal development sessions for our professional/supervisory and managerial staff in the form of workshops. In 2011 and 2012, two topics were presented and 863 employees in manager, professional and supervisory categories received an average of 30 hours of training from the LDC.

PE Upgrade

A Production Executive (PE) is a leader of a production line and plays a key role in the production line performance by adhering to an in-house developed production system called TAL Production System (TPS). Launched

two years ago, the PE upgrade program is an opportunity to update the competencies and skills of new or existing front-line supervisory staff and helps the Group to implement TPS in our factories successfully.

The upgrade program consists of three modules which cover shop floor management skills, soft skills such as leadership and personal effectiveness, and an understanding of core FSKs. PE trainees not only receive classroom training, they practice the aspects of what has been learnt in shop floor assignments and timely feedback is provided by the coach. PE trainees graduate from this in-house certified system by passing the written exam and independently demonstrating line management skills as per the group standard. Forty-nine employees from five factories attended and completed the program in 2011 and 2012.





Advanced Analytical Method Training

Our sewers comprise the largest workforce in the TAL Group and we provide our sewers with continuous training to equip them with the best technical skills and highest efficiency. TAL's Advanced Analytical Method Training (AAMT) department ensures sewers have the proper technical skills prior to starting their role. Apart from training new sewers, AAMT also plays a role in developing existing sewers' multi-skills and improving their sewing efficiency.

We have developed an analytical approach to sewing skills training called Method Best Practice (MBP) in which historic efficiency data and quality records are analyzed to identify the ideal sewer's motions. The MBP is videotaped and used as training material to illustrate the steps for replication that allow a new sewer's efficiency to improve gradually based on achievable targets. Depending on factory targets, AAMT trainers usually coach a group of four to seven new sewers closely during the training period to provide them with immediate feedback on quality and efficiency.

The new sewers would then complete the training after fulfilling or exceeding the Group's target efficiency and quality standards, usually within an average of 21 to 26 days. For enhancing existing sewers' competence in multi-skills and efficiency, the Group provided an average of 13.5 hours for more than eight thousands sewers in 2011 and 2012.

Staff Opportunity for Worker

The AAMT department in one of our China plants has developed a 12-hour training program for workers who are keen to enhance their skills. It consists of a series of training sessions ranging from the knowledge of garment sewing data and motion study to teaching skills that prepared the candidate to assume a staff position upon graduation. All training was provided by internal trainers and conducted after work to avoid any interruption to workers' daily tasks. Since the 2011 program launch, 36 workers have graduated from the program with half of them promoted to a staff position.



People Engagement

From 2010 to 2011, we conducted our second Employee Engagement Survey across all of our operational units. In comparison with the results in 2009, TAL's overall engagement level increased by 7%. Five out of seven countries in our Group (including Hong Kong, Thailand, China, Malaysia, and Indonesia) showed an increase in engagement levels whereas Vietnam experienced a decrease.

For the improvement areas identified from the survey, we embarked on several initiatives throughout the Group. For example, based on the updated Role Profiles for our 260 individual roles, we updated our job evaluations to enable us to better compare our salary structures to market salary data in each of our countries. Adjustments were made in the salary structure for each country in 2012, and a process was put in place to continue with a full salary and benefits review in 2013. As well, the Company's compensation philosophy is being reviewed with the intention of ensuring that we are seen by our employees as remaining equitable in terms of our employees' perceptions on salary.

However, we admit that we did not address all the areas in the past two years yet and there is room for improvement in developing and mobilizing an engaged team for the Group.

We fully realize that our employees are one of our most important assets and are aware that their professional development and well-being are critical elements to our company's continued success.

In addition to the Group level initiatives, some of our factories run individual engagement programs in the plants. One of the factories in China undertook significant efforts in raising engagement levels by implementing more than 30 initiatives in 2011 and 2012.

The survey showed that the following areas need improvement:

PAY - employees' perceptions of the appropriateness of their pay, relative to their actual performance and contributions

RECOGNITION - employees' perceptions of the favorable acknowledgement that they receive from others for their work contributions and accomplishments

CAREER OPPORTUNITIES - employees' perceptions of training, advancement and development within an organization that leads to increased advancement or progress



Industry Endorsement



DongGuan City Association of Enterprise with foreign investment

GAFTI

Hong Kong Government - Textiles Advisory Board

Hong Kong Management Association

Hong Kong Productivity Council

Textile Council of Hong Kong

Hong Kong Trade Development Council - Garment
Advisory Committee

Vocational Training Council (VTC) Textile Clothing
Training Board

Sustainable Apparel Coalition

Sustainable Fashion Business Consortium

TAL also participates
in industry projects
and associations and
obtains memberships
from various
organizations

Malaysian Textile Manufacturers Association

Thai Garment Manufacturer Association

Thai Garment Manufacturer Council

Thai Gold Card Importer & Exporter Association

The Thai National Shippers' Council

The Chinese Manufacturers' Association of Hong
Kong

The Hong Kong General Chamber of Commerce

The Federation of Hong Kong Industries

The Federation of Hong Kong Garment Manufacturers

Social Recognitions



We are proud to share some highlights of external recognition for our social contributions to the various communities in which we work and operate.



Our Vietnam factory is one of the nine organizations in Thai Binh being recognized for our contribution to social and economic growth in that region in 2012. We were awarded a 'Great Achievement in Business Operation' certificate.



Opened in 2012, the Middlesex University's Grove Centre for creative courses named one of their facilities, 'TAL Fashion Studio', to recognize the TAL Group's continuous support to the university and to advances in the fashion industry.

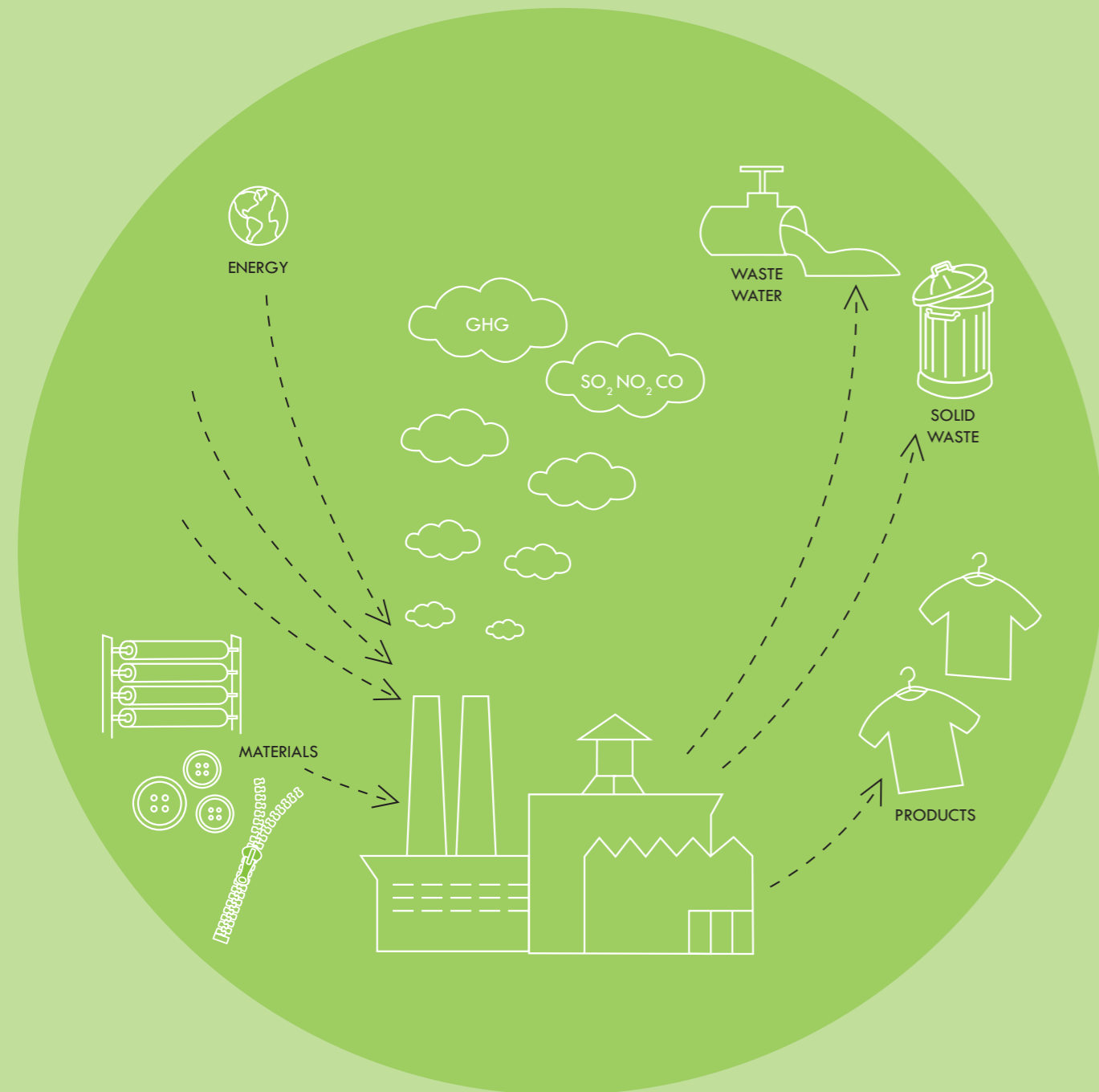


China's Fenggang Town government presented us with a plaque in 2012 to recognize our contributions and support of education.

Environmental Performance

“We will forge ahead on our path of environmental sustainability and as part of our 2nd 3 Year Plan, we have firstly set a new GHG intensity reduction target of -21% compared to our 2009 baseline, and secondly, set a new water footprint intensity reduction target of -15% compared to our 2011 baseline, both of which we need to achieve by the end of 2014.”

Environmental Management System (EMS)



The Environmental Management System identifies and manages environmental risks in our business, helping us to find opportunities to reduce potential negative impacts and improve our performance in sustainability.

In 2010, TAL implemented the Environmental Management System (EMS), a systematic approach to incorporate environmental considerations into our management decision-making process and business operations. EMS implementation is conducted by the corporate Sustainability Department which has adopted the management principle of 'Plan-Do-Check-Act'.

We identify the environmental impacts from our factories and offices including energy use, water use, chemical use, raw material use, air emissions, wastewater generation and waste generation.

Quantification of impacts is useful for establishing our baseline and seeking opportunities in improvement.

The target for environmental improvement is outlined in the three-year sustainability plan.

Based on the implementation of actions, we also perform regular monitoring and progress reviews to evaluate the effectiveness of the actions taken.

This is an important step in the EMS as it can further ensure progress towards our reduction target. Also, through the review, we can share the efforts across the Group to maintain our interest and enthusiasm for continual improvement.

In order to drive for improvement, it is essential for different functional units across the Group to develop, implement and maintain action plans to reduce our impacts.



	Energy and Climate Change <ul style="list-style-type: none"> • Energy consumption ✓ • Greenhouse gases (GHG) emissions ✓
	Water Stewardship <ul style="list-style-type: none"> • Water consumption and recycling ✓ • Wastewater discharge quantity and quality ✓
	Air Emissions <ul style="list-style-type: none"> • Quality control ✓ • Quantity control (implement in 2013) ✓
	Solid and Hazardous Waste¹ <ul style="list-style-type: none"> • Disposal volume ✓ • Disposal SOP ✓
	Chemicals <ul style="list-style-type: none"> • Chemical use and disposal ✓
	Supply Chain <ul style="list-style-type: none"> • Industry collaboration ✓ • Sustainable sourcing and purchasing ✓ • Sustainable products ✓

¹Some of our factories have developed their own solid and hazardous wastes management.

 Developed
  Under development

Our progress in EMS implementation

We believe that the implementation of EMS across the entire Group needs to be progressively conducted. We have prioritized our efforts on specific environmental issues, such as energy use, water use, generated greenhouse gases (GHG), wastewater discharge and air emissions, which were identified to generate higher levels of impact from our business operations. At the moment, we have developed customized calculation tools, guidelines and reporting procedures for high priority environmental issues and implemented them across the Group. Continuous review and revision is needed for enhancing and perfecting our EMS, while, at the same time, we gain experiences to develop and address other environmental issues in order to make our EMS more comprehensive.

Two of our factories in China have achieved international standards on the Environmental Management System, ISO 14001 Certification, since 2008. Through an annual audit to maintain our compliance to the international standard, we review our performance and identify the strengths and weaker areas where we need to place more focus for continual improvement.



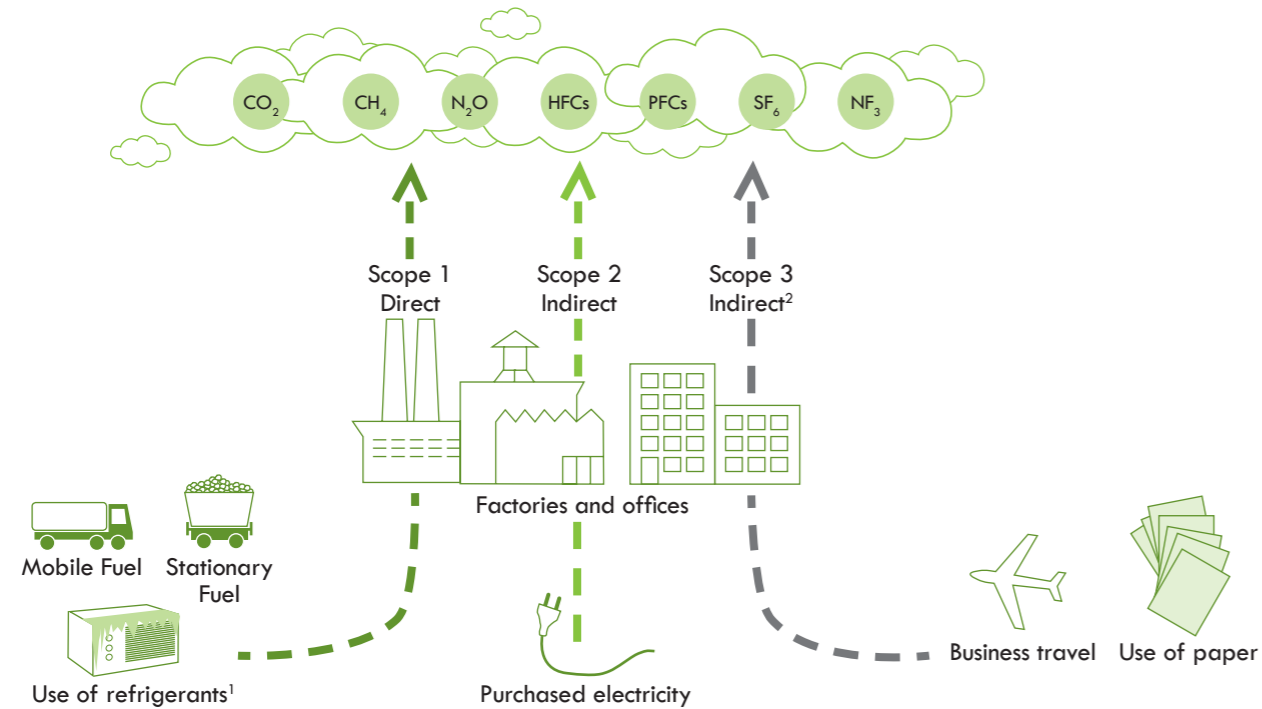


Energy and Climate Change

Climate change is an unequivocal reality that has serious implications for people globally. The communities in which we operate our business are not exceptions. The devastating floods in our Thailand plants heightened our awareness on the necessity to help alleviate this global challenge.

Overview of Our GHG Footprint

We have followed The Greenhouse Gas Protocol¹ for quantifying and reporting on the GHG footprint in TAL Group. Within our four walls, we classify the direct and indirect GHG emissions which are controlled within our operations. The GHG emissions can be categorized into three scopes as shown in the diagram below:



¹ GHG emission from the use of air-conditioning refrigerants is counted as fugitive emission. The data collection for this emission has been conducted since 2011. The accounting of fugitive emission was not included in the total GHG emissions from TAL Group, but it can be considered as a reference for future improvement.

² Scope 3 Indirect GHG emissions from the offices are accounted.

¹ The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard by WBCSD and WRI.



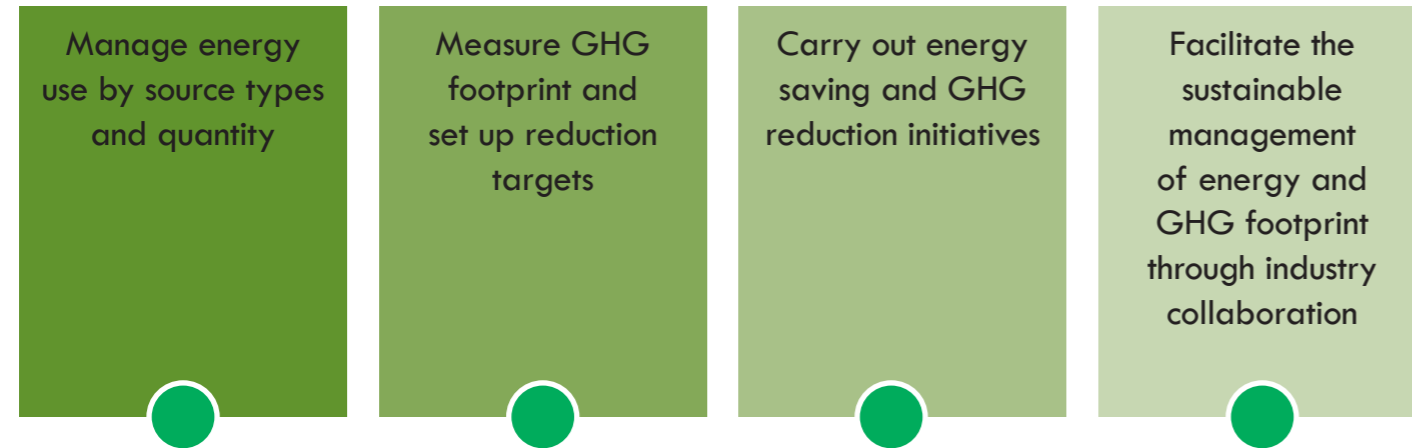
Generators in our plants.



Management Approaches

Climate change has been scientifically proven to be related to human activities that generate tremendous amounts of greenhouse gases (GHG) which, in turn, lead to global warming.

We need to play our part in addressing this global challenge. We manage our energy use and GHG footprint with the following approaches.



In progress

Since 2009, we had established our first reduction target, to reduce 15% of GHG footprint intensity by the end of 2012, denoting the launch year as baseline. In 2011, since we found that the reduction performance had exceeded our expectations, we therefore, proposed a more challenging second reduction target:

“Reduce TAL’s GHG footprint intensity by 21% by the end of 2014 compared to the 2009 baseline.”

GHG Footprint in the Group

We count our GHG emissions from activities categorized into three scopes. The GHG emissions eventually are quantified in a common unit, CO₂ equivalent.

Electricity consumption is always our major source of GHG emissions, amounting to approximately 70% of the total emissions. This is a significant opportunity to reduce GHG emissions by enhancing the efficiency of our electricity use.

We also pay particular attention to choosing more eco-friendly fuels which release less air pollutants and carbon dioxide during combustion. We have gradually replaced conventional fossil fuel, such as heavy oil and diesel oil, with natural gas for the combustion in stationary machines.

In order to demonstrate and promote renewable energy in TAL Group, we incorporated solar heaters in our green factory in Vietnam¹. The possibility of renewable energy use in the factories is also an area for further investigation in order to replace the use of fossil fuels and achieve further GHG emission reduction.

¹ Detailed information can be found on page 56. A significant stride in Sustainable Development: Our First LEED Gold Certified Factory.





Below is the total inventory of the actual consumption contributing to GHG emissions from 2009-2012.

SCOPE CATEGORY	INVENTORY OF ACTUAL CONSUMPTION	2009	2010	2011	2012	UNIT
SCOPE 1 DIRECT EMISSIONS	Stationary fuel					
	Diesel Oil	1,297,765	1,932,878	1,540,013	470,021	Litres
	LPG	344,482	354,888	261,767	223,288	Kg
	Natural Gas	-	-	1,119,843	2,676,439	Cubic metre
	Heavy Fuel Oil	6,938,212	6,916,291	4,672,924	3,190,361	Litres
	Light Fuel Oil	1,992,730	2,085,340	1,847,700	1,815,220	Litres
	Mobile fuel					
	Compressed Natural Gas	45,532	49,514	46,011	50,325	Kg
	Diesel Oil	49,380	78,591	70,584	34,157	Litres
	Unleaded Petrol	145,730	166,817	1605,505	166,656	Litres
SCOPE 2 INDIRECT EMISSIONS	Purchased electricity	92,978	102,271	87,495	88,908	MWh
SCOPE 3 INDIRECT EMISSIONS	Business travel					
	Domestic flight	133,936	100,934	102,446	122,007	Km
	Short-haul flight	2,674,572	2,429,045	3,284,332	3,503,943	Km
	Long-haul flight	1,904,256	2,110,694	2,368,955	2,406,787	Km
	Paper	1,497	1,996	1,497	1,746	Kg



GHG Intensity Performance

GHG intensity (kgCO₂e per garment piece) is our indicator for evaluating our GHG footprint and reduction performance across the Group. In 2011, we achieved a 16.44% decrease in GHG intensity compared to our 2009 baseline. It was an encouraging result which helped us to exceed the first reduction target set in 2009. The second reduction target was therefore proposed in order to motivate the entire group for continual improvement.

In 2012, we reduced the GHG intensity from 2.73 to 2.34 kgCO₂e per garment piece, contributing to a 14.25% decrease compared to our 2009 baseline. TAL Group has pledged to make a 21% reduction in GHG intensity by 2014, according to the second three-year plan. The reduction performance in 2012 was still on target; however, we can foresee challenges ahead for further reduction when all our facilities and hardware are optimized to a certain level. A slight increase in intensity between 2011 and 2012 reflects the fact that we must pay more attention, not only to hardware enhancement, but also to innovation on increasing efficiency of energy use.

GHG Intensity from 2009-2012
(kgCO₂e per garment piece)



¹ Source from Tufts University: 25 year old forest takes up 9,826 lbs of CO₂ per acre, per year.



Energy Saving and GHG Reduction Initiatives

Improvement on our HVAC system¹

Our HVAC system has been improved to be more energy efficient. The improvement was done by installing new chillers with higher energy efficiency and also installing a variable frequency drive. Beyond the enhancement of the hardware system, good control and maintenance of these facilities are also important to help save electricity. For example, the temperature of chilled water can be adjusted to optimal level to avoid being unnecessarily low.

Heat Recovery from Air Compressor

In our China plants, residual heat generated from an air compressor can be eventually collected to preheat water for production and dormitory use through a heat exchanger. Waste heat recovery can utilize wasted heat and maximize the use of energy. It also improves the working condition of the air compressor due to the reduced usage of the internal cooling fan, meaning less energy is required to operate it.

Switch to Using Cleaner Fuel

Starting from 2011, our China plants have switched to using natural gas from heavy

oil and diesel oil in boilers. Natural fuel is a cleaner fuel which can be combusted at a higher efficiency. The combustion process also generates much less GHG and air pollutants such as sulfur dioxide (SO₂) when compared to the combustion of oil fuel.

Apart from the boiler, we also utilize natural gas for the dipping oven and the cooking stove to further reduce GHG emissions from fuel combustion in different facilities.

A Good Practice in House-keeping

Energy conservation does not always need to be a high cost endeavour. There are many

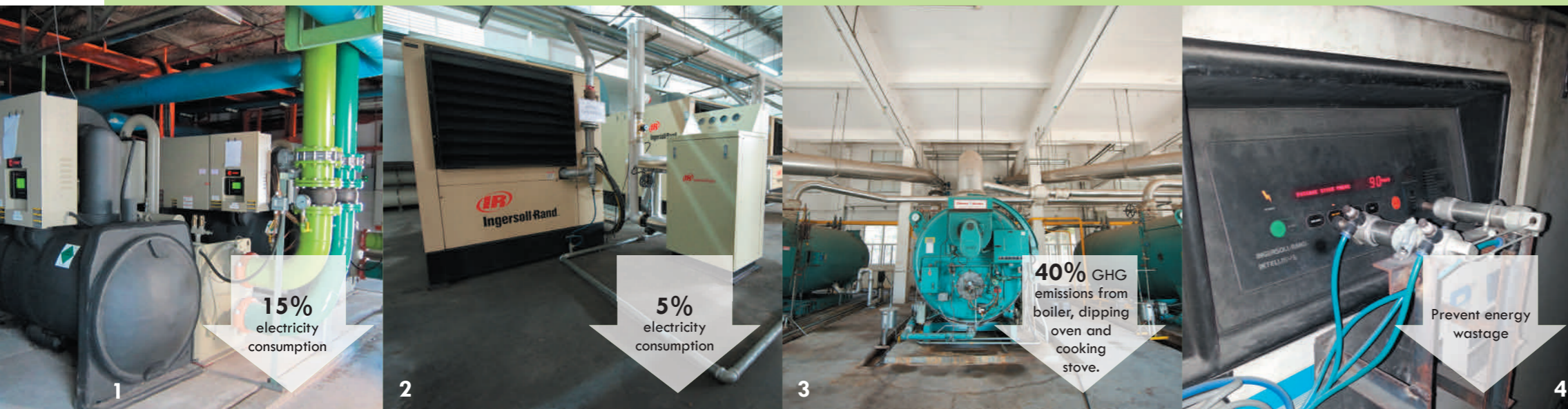
activities that incur minimal or non-existent costs and can make a difference. For example, we make an effort to reduce the operation hours of our machines in order to save energy without affecting our production. Tailor-made timers and pneumatic cylinder systems have been programmed to automatically shut down the machines.

Constant monitoring is important in the factory to identify problems and to correct them immediately. We have established patrol teams to identify energy wasting areas in the factory. The team also helps to instill energy saving habits amongst our people. Incorporating these good practices into our daily operations definitely helps to reduce energy wastage.

Low Carbon Practice in our Corporate Office

Although the energy consumption in our office in Hong Kong is comparatively low compared to our factories, we are still able to make efforts in order to save energy.

By switching to a more energy efficient type of chiller, combined with our energy saving practices, our office building has reduced 50% of its electricity consumption and was awarded the Highest Percentage Saver (Property Management) in the 2012 Power Smart Contest organized by Friends of the Earth (HK).



1. Chiller in HVAC system
2. Air compressor

3. Boiler that uses cleaner fuel
4. Pneumatic cylinder system to shut down the machines

¹ Heating, ventilation, and air conditioning system.



Cessation of Water Curtains on Production Floor

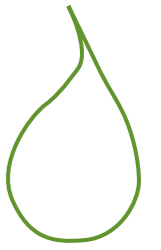
We had been using water curtains in our Thailand factories. Fresh external air was cooled down after passing through the water curtains before reaching the air handling unit (AHU). It helps to reduce the energy load in the HVAC system and to maintain an optimal temperature on the production floor. However, in 2012, it was discontinued due to a problem of high humidity on the production floor.

It was discovered that air passing through the water curtains would bring a high degree of moisture along with it. Therefore, the relative humidity on the production floor had increased from 70% to 80% RH and created unfavorable indoor working conditions. High indoor humidity and water circulating within the water curtain also posed potential health risks which occurred when humans inadvertently inhaled bacteria that festered in the water. Furthermore, the original aim of saving energy in the HVAC system was not achieved due to an unsuitable design which led to high moisture formation that impacted the efficiency of the chilled water system.

Despite our decision to withdraw the water curtain from the production floor, we believe it is a system that can have potential benefits when applied under suitable conditions. For example, we built a water curtain in our wet process area which cools down fresh external air which is subsequently blown directly into the room. It also continuously draws out air through the exhaust fan to maintain optimal humidity levels in the room. The system helps to bring cooling comfort to the operators inside the room.



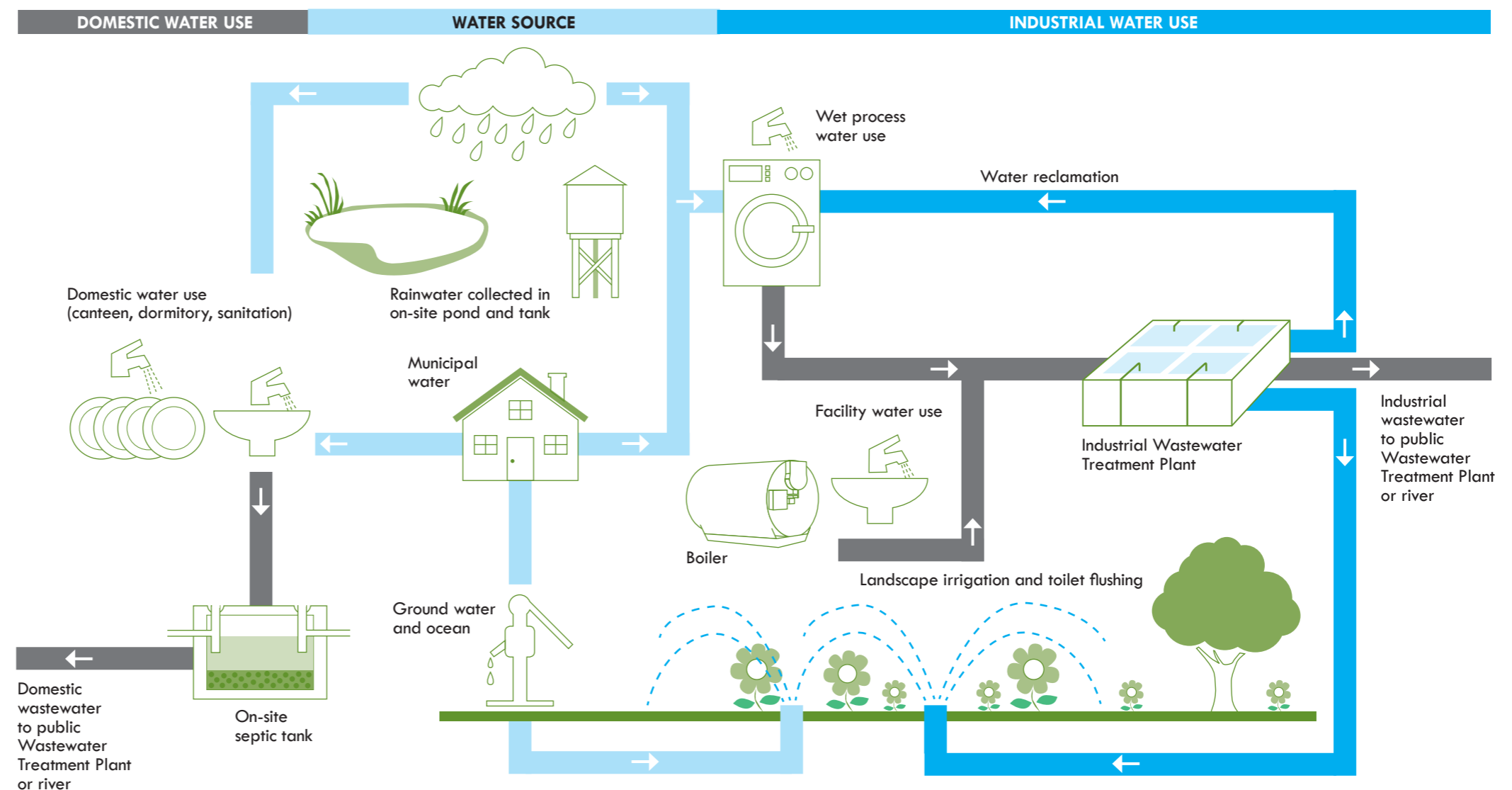
Our Water Stewardship

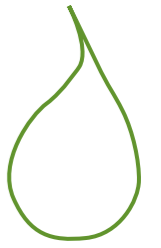


Every individual on the planet is considered as steward of natural resources. It is critical that we do not take our natural resources for granted but instead, utilize them in a responsible and sustainable manner to support our business.

Overview of Our Water Footprint

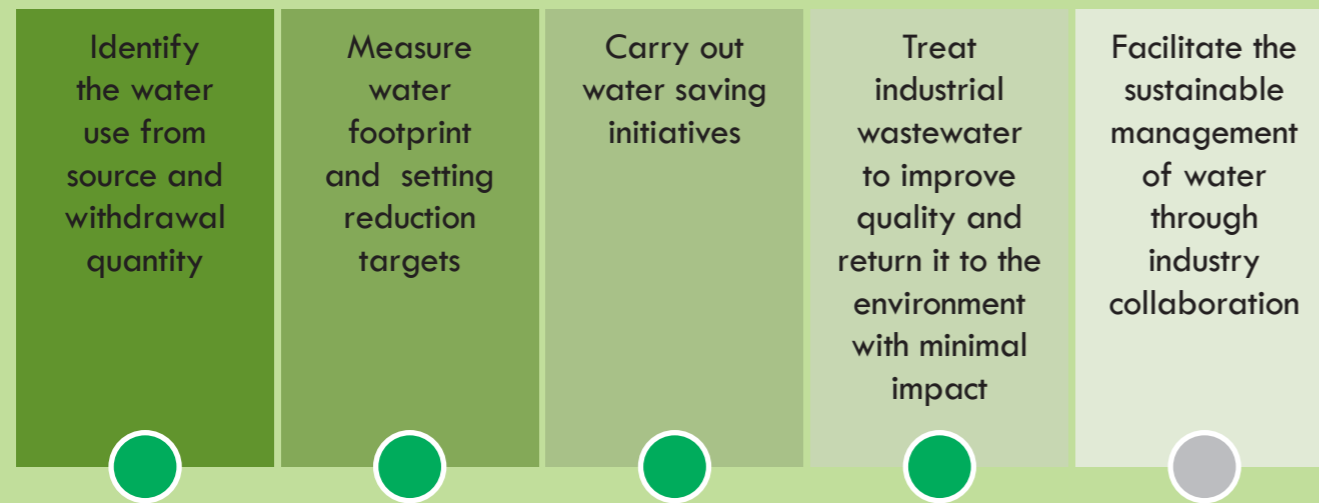
Within our business, we are quantifying and reporting on water withdrawal, water recycling/reuse and industrial wastewater discharge.





Management Approaches

From a business standpoint, poor management and over-exploitation of water can ultimately create unaffordable and disruptive risks to our operations. Prevention of crises needs to take precedence over reactive endeavors. At TAL, we take pre-emptive measures in our water stewardship through the following approaches.



In progress On plan

We have raised consciousness towards energy use and GHG emission. We are also sensitive to water use in the Group. We understand that clean water sources are becoming increasingly scarce. And it is predictable that the supply of water will be ever more erratic while the cost of water will also increase in the future. In order to maintain environmental responsibility and economical sustainability in our garment business, we are committed to saving water.

In 2011, together with the second three-year plan on GHG emission reduction, we had established our three-year plan on water reduction and set the following target:

“Reduce TAL’s water footprint intensity by 15% by the end of 2014 compared to the 2011 baseline.”

Water Use in the Group

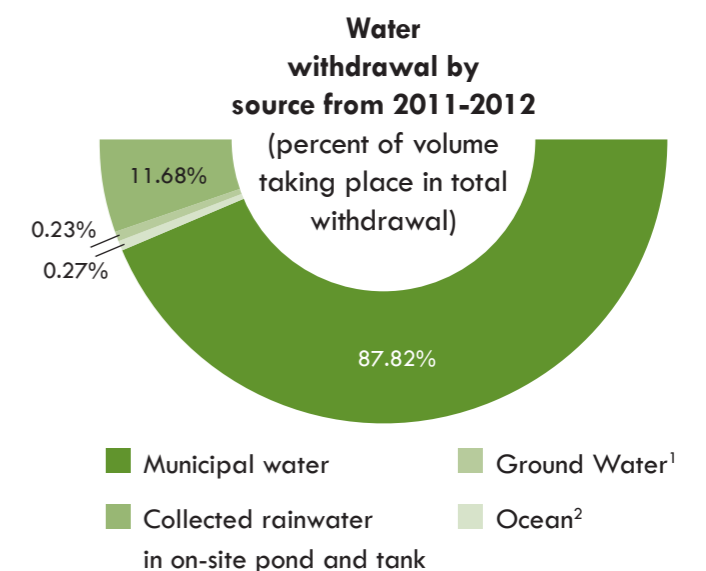
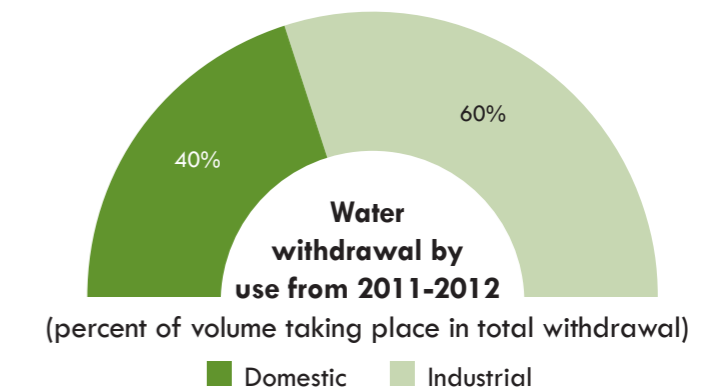
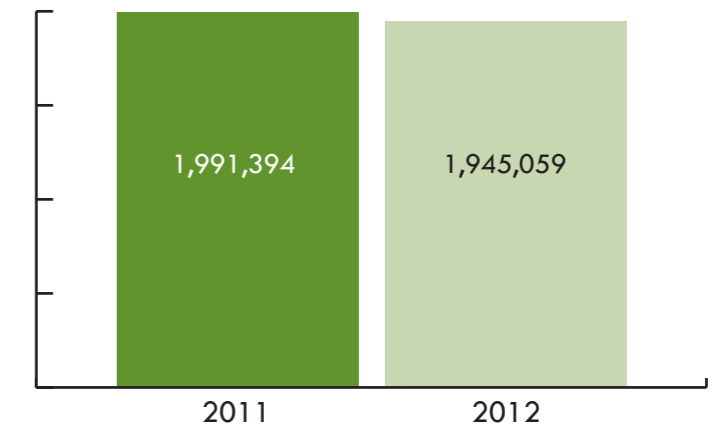
Water is an essential element for our garment production and we are responsible in using our water resources efficiently. We have begun capturing our water use across the Group including all factories and offices since 2011 and monitoring water use for production from all manufacturing processes, facility operations and domestic use in dormitories. The percentage of water withdrawal in industrial and domestic use was relatively consistent in both accounting years.

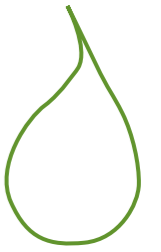
Municipal freshwater is the main water source for our garment production in most of the factories while collected rainwater from an on-site pond is provided as the main water source in one Thailand factory. Beginning from 2012, we have been harvesting rainwater for landscape irrigation and flushing purposes in our Vietnam factory, contributing to 9% of total water withdrawal during the year. It is a worthwhile initiative to prevent rainwater from turning into wastage and utilizing water resources more efficiently.

¹Estimation of volume by pumping system has been done for tracking ground water withdrawal. Meters will be installed for capturing the actual withdrawal.

²Estimation of volume has been completed for tracking oceanic water withdrawal, using the Hong Kong Government’s reference of 110 Liter used in flushing per headcount per day.

Total water withdrawal from 2011-2012
(Cubic meters, m³)

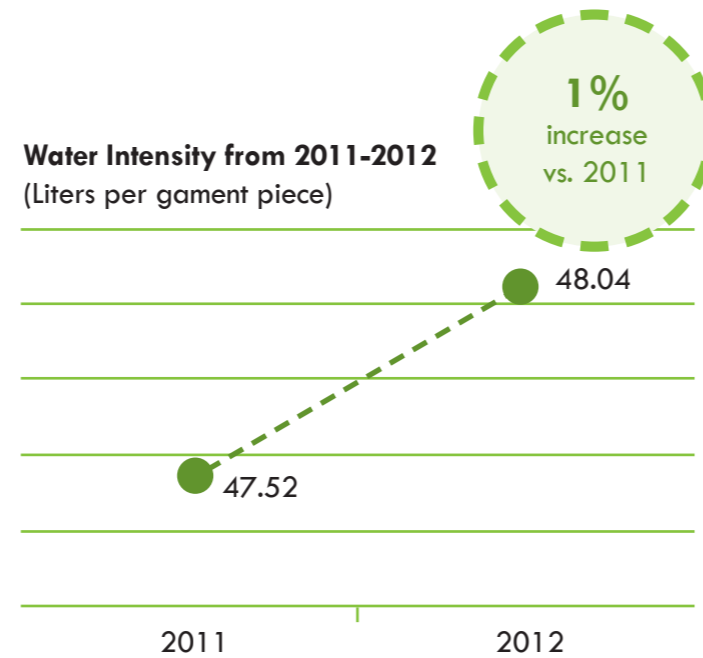




Water Intensity Performance

Water intensity (Liters per garment piece) is our indicator for evaluating our water use efficiency and reduction performance across the Group. In 2012, a total of 1,945 million liters of water was used, which is equivalent to 48.04 liters per garment piece, leading to a 1% increase since our 2011 baseline. TAL Group has pledged to reduce 15% in water intensity by 2014 according to the three-year plan. In order to keep us on track to meet this goal, more water saving efforts are necessary in the near future.

Water Intensity from 2011-2012
(Liters per garment piece)

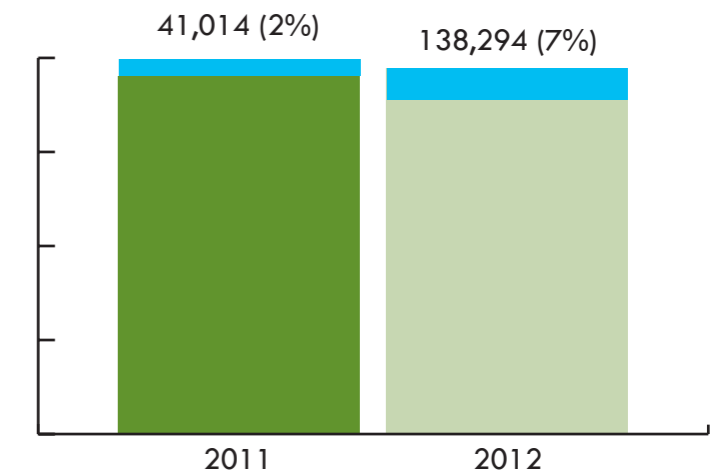


Water Recycled and Reused

In our China factories, they recycle and reuse a portion of treated water from the Wastewater Treatment Plant for landscape irrigation and flushing in toilets. 25% of total water withdrawal has been recycled and reused in one of our China factories during 2012.

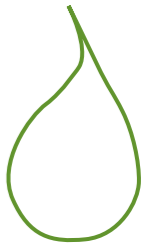
¹Since 2011, meters have been installed in plants for measuring the quantity of recycled water. More meters will be installed in order to obtain a complete and comprehensive record.

Water recycled and reused 2011-2012¹
(Cubic meters, percent of recycled and reused volume vs total withdrawal)



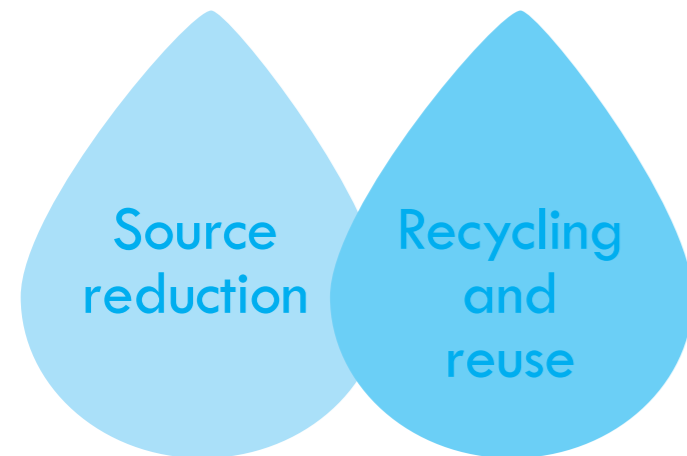
Recycling system for landscape irrigation and toilet flushing.





Water Saving Initiatives

Although the water reduction performance for the first year did not achieve our target, we utilized the time to gain a deeper understanding of our water use by different production processes and began to implement some large-scale water saving projects in factories in China and Malaysia. We are aware that the progress, starting from implementation to reaching our reduction goals, is not on a short-term basis and time is needed until we can evaluate the effectiveness of the projects. We will be able to know the results of the water intensity reduction in 2013. Nevertheless, we are making significant strides in water saving through two main approaches:



Source Reduction

i. Cascade Use in Wet Process

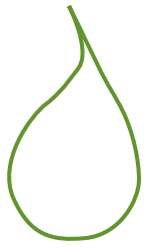
Since 2011, our Group's wet process team has initiated the cascade use in the wet process which refers to a strategy for optimizing the quality of water required. To reduce the amount of freshwater drawn at the source level, we use water that is still of good quality at different steps in the wet process.

During 2011 to 2012, we have begun to implement the project in four factories in China and Malaysia through reconstructing the piping system and installing new water tanks. Repeated testing is carried out in order to adjust the cascade use system and the chemical recipe may also be modified accordingly. In the coming years, we aim to implement this system in all factories with the wet process and aim to have over 95% of shirt and 30% of pants batches under cascade use.

Although it is uncommon in the garment industry to apply the cascade use in the wet process, we took the first step to investigate this possibility with our own design and planning. While implementing the project in one factory in Malaysia, we encountered many difficulties. Through the mistakes we encountered, we gained valuable insights which prompted us to determine areas for improvement and avoid repeating the same mistakes again in the future.



Water tank for collecting cascade use water.



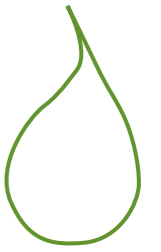
ii. Recipe Enhancement in the Wet Process

Our corporate R&D department places a priority on recipe enhancement since it is effective mean to save natural resources at source level. Their focus is not only on chemical use, but water reduction also plays a significant part in their approach to improvement through extensive research and innovation. A recipe enhancement project on shirt products was implemented in 2012 and achieved 49% water savings, contributing approximately 72,448 m³ in water reduction.

iii. Saving Water by Our Attitude and Behavior

When we communicate about water saving, we are aware that it must stem from the behavioral change of our people. Hence, it is critical to raise their awareness through conscious efforts that water can be conserved and not wasted. In some plants without wet process, the main water consumption occurs in domestic areas, including canteen and hostel. The recycling project of industrial water may not be applicable in those plants. Water saving requires effective overall monitoring combined with behavioral change towards water utilization from our people. We have lots of room for improvement in this area and we are aware that we need to do more.





Recycling and Reuse

Upon the completion of the water reclamation project in two factories in China, the industrial water derived from the wet process will be recycled for use in the wet process again after treatment in the Wastewater Treatment Plant.

The project helps our China factories comply with the local legal requirements in response to the Retention Plan (原地保留計劃) initiated by the government, Environmental Protection of Dongguan. The percentage targeted for industrial water recycling has been set in our two factories in Qingxi Town and Fenggang Town as 50% and 65% respectively.

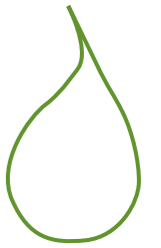
Launched in 2011, the project has been run by our group wet process and facilities team. A total of USD 1.3 million has been invested in this project. Through comprehensive preparation work and a restructuring of the water system, the project has been under the government's approval application since late 2012.

Better utilization of natural resources is fundamental to achieving environmental sustainability. We aim to reduce freshwater withdrawal by recycling water back into the manufacturing process. At the same time, operating costs and dependence on freshwater supply will also be lessened in the long term. The project in China paves the way for us to evaluate effectiveness and gain experience before implementing it in the rest of our factories. Beyond compliance with the legal requirements, we also aim to increase the recycling rate.



Ionic exchange system is implemented for the water reclamation





Industrial Wastewater Discharge Control

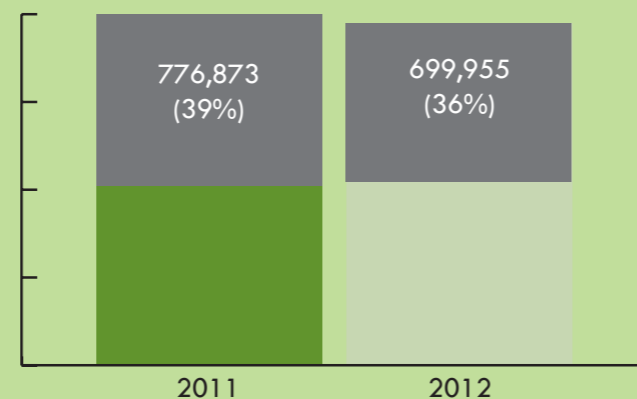
We aim to utilize our water resources responsibly not only by increasing water use efficiency, but in conjunction with preventing factory wastewater from entering the shared waterway directly without appropriate treatment, causing irreversible water pollution. We have an in-house Wastewater Treatment Plant to treat the industrial waste that is generated from the garment wet process. We use physical and biological methods for removing the contaminants. The processes involved are screening, equalization, anaerobic, aerobic, clarifying, bio-carbon adsorption and desludging. Each of the treatment units is under closed-monitoring to ensure the treated wastewater is returned to the environment with minimal impact.



Quantity Control

We have permits for industrial wastewater discharge in all our factories with the wet process. Wastewater discharge quantity is monitored by installing flow meters at the discharge points in some factories. We aim to reduce discharge quantity by reusing and recycling water, hence, minimizing any possible impact on the environment by wastewater discharge.

Wastewater discharge quantity from 2011-2012
(Cubic meters, percent of discharged volume vs total withdrawal)



Quality Control

We have an obligation to control our wastewater discharge quality by complying with local government standards. Throughout 2011 to 2012, all factories complied with the local regulations, however, due to the water

reclamation project in the China factories, the remodeling of the Wastewater Treatment Plant had caused the COD level in wastewater to fluctuate dramatically. These were exceptional cases which we reported to the local government to inform them of the cause. By the end of 2012, the COD level had already dissipated to the locally accepted levels.

Beyond the local government standards, we developed our own wastewater quality standards for internal control across all our factories in the Group. In order to see continual improvement, we decided to set relatively stricter standards than most of the government standards. It is a challenging task for us to monitor our wastewater quality within our standards; however, we are able to maintain most of the parameters, except the COD level which has become our focus. For the plants in Malaysia, we found that the COD level has been exceeding our own standards due to inconsistent loading in the Wastewater Treatment Plant. It created difficulties for the treatment operator to apply optimum operational control. We intend to rectify this situation by reducing the treatment loading, thereby increasing the treatment efficiency of the Wastewater Treatment Plant.

	Testing parameters	TAL Group's standard
Traditional Parameters	pH (pH units)	6.0-9.0
	Temperature (°C)	≤37°C
	Colour	≤20 mg/l
	Suspended solids	≤30 mg/l
	BOD	≤20 mg/l
	COD	≤100 mg/l
	Oil & Grease	≤5mg/l





Zero Discharge of Hazardous Chemicals (ZDHC)

In 2011, a group of major apparel and footwear brands and retailers committed to the goal of Zero Discharge of Hazardous Chemicals¹ for all of its products, across all pathways of release in their supply chains by 2020.

9 (RSL)+2 (non-RSL) priority of chemicals to be eliminated under ZDHC² :

- Phthalates
- Brominated and Chlorinated flame retardants
- Azo dyes
- Organotin Compounds
- Chlorobenzenes
- Chlorinated Solvents
- Chlorophenols
- Short-Chained Chlorinated Paraffins (SCCPs)
- Heavy Metals (cadmium, lead, mercury, chromium (VI))
- Alkylphenol Ethoxylates (APEOs)
- Perfluorinated Chemicals (PFCs) e.g. PFOS, PFOA

¹ Hazardous chemicals are those that show intrinsically hazardous properties (persistent, bio-accumulative and toxic (PBT); very persistent and very bio-accumulative (vPvB); carcinogenic, mutagenic and toxic for reproduction (CMR); endocrine disruptors (ED); or equivalent concern), not just those that have been regulated or restricted in other regions.

² According to “Joint Roadmap: Toward Zero Discharge of Hazardous Chemicals” draft version on November, 2011.



ZDHC brings heightened awareness to the public about the transparency and traceability of hazardous chemicals used and released in water throughout the supply chain. Being part of the supply chain, we are responsible for chemical use in our products and prevent any industrial discharge of hazardous chemicals into our shared waterways. Different approaches are adopted in responding to ZDHC.

Approach 1: Chemicals Tracing and Elimination

We have strict chemical controls on RSL and have completely eliminated the use of APEOs and PFOS in the finishing process. Our international chemical suppliers have been progressively diminishing the use of these chemicals for several years.

In 2011, we checked all ingredient labels on the chemicals' containers for any APEOs and PFCs. One local washing detergent in Thailand was found to contain APEOs, and although the quantity used was minimal, we ensured that it was immediately banned from use. As a preventive measure, all locally-sourced

chemicals such as detergents and softeners in plants need to be reported to the corporate R&D Department and obtain approval before application.

Until now, PFCs remain widely used as a Water-Oil-Repellent (WOR) in the textile industry because no alternative matching the current performance level is available yet. Trace amounts of PFOA can result in the use of PFCs. In our case, these trace amounts of PFOA are detected down to ppb level in our wastewater effluent.

Approach 2: Industrial Wastewater Monitoring

Effective from the beginning of 2013, APEOs, PFOA and PFOS will also be added to TAL's standards as new parameters in wastewater quality monitoring. All plants must comply with new TAL standards and report to the Corporate Sustainability Department and Facilities Department.

Approach 3: Collaboration with Our Business Partners

We promote collaboration and provide the necessary support to our business partners to increase transparency and traceability in chemicals use along the manufacturing process.

Our R&D team is also in tune with the market to keep abreast of the latest changes and encourage our chemical-formulated product suppliers to use a PFC-free substitute.

Our next step: Changing C8 to C6 Chemistry

Our R&D team places great importance on recipe enhancement and is focused on replacing C8 fluorinated water repellent

chemistry with short-chain fluorochemical water repellents (e.g. C6) which do not break down to form PFOA. Starting in 2013, TAL will shift from C8 to C6 chemistry in the finishing process and completely eliminate C8 chemistry by the end of the year. We constantly seek to make our products more environmentally responsible while enhancing safety, quality and performance at the same time.





A Significant Stride in Sustainable Development: Our First LEED Gold Certified Factory



In today's fierce and competitive market, accelerated development is critical and essential for businesses to remain at the top of their industry. Throughout our company's development, economic prosperity was not our only concern. We have always made it a priority to treat environmental and social sustainability as an indispensable factor in the growth of TAL.



The renovation and expansion of our factory in Vietnam has been a significant part of our development plan. In 2010, we decided to seize the chance to create our first green building among our factories in keeping with the increased proportion of green buildings worldwide. In addition, the incorporation of a green building into our business provides an ideal opportunity for us to learn and

demonstrate our commitment towards sustainable development.

Obtaining the Gold Certification

Leadership in Energy and Environmental Design (LEED) is an international suite of rating

systems for the design, construction, operation, and maintenance of green buildings. In order to meet LEED criteria on this renovation and expansion project, we worked with a LEED Accredited Professional and his team who assisted on the entire process of developing the green design and implementing measures. We took about two years time to complete this project which amounted to USD 1 million for the total investment.

The LEED certification process was completed in June 2012. The factory obtained the LEED Gold award certified by the United States Green Building Council (USGBC). We attained 73 points while the required limit for achieving the LEED Gold certification is 60 to 79 points. This score and achievement makes our factory the highest rated garment manufacturer in Vietnam at the time of certification.

LEED Facts

for New Construction (v2009)

Certification awarded Jun 2012

Gold	73
Sustainable sites	24/26
Water efficiency	10/10
Energy & atmosphere	14/35
Material & resources	8/14
Indoor environmental quality	9/15
Innovation	4/6
Regional priority credits	4/4



Green Achievements in the Factory

Water Efficiency

Water used for producing one piece of garment was reduced by 25% through the installation of water saving fixtures such as water saving taps and toilet flushing equipment.

Since a wet process finishing will be newly introduced in the plant in 2013, we foresee that the water consumption for our garment production will increase. Therefore, we will combat this change by recycling wastewater from the wet process finishing after treatment in the Wastewater Treatment Plant. We also implemented fixtures like rain harvesting tanks of 700m³ capacity to collect rain water which is then used for toilet flushing as well as for irrigation.



Energy and Atmosphere

Energy consumption for producing one piece of garment was reduced by 11% with the installation of energy efficient equipment, for example, LED lighting, task lighting and HVAC system.

A total of 192 Solar heaters are installed for converting renewable solar energy into heat energy to pre-heat fresh air supply in ovens. They can provide 10% of the energy consumption in one oven.



Material and Resources

We installed roofing with a high Solar Reflectance Index (SRI>78). Insulation material in the roofing can also prevent additional heat from entering the building. It helps to save energy by reducing the use of the cooling function of air conditioners.

We also used building operation materials with high recycled content such as steel, aluminum and glass.



Indoor Environmental Quality

We used low VOC paint and sealant for the building interior and exterior. Indoor air quality (IAQ) was improved to meet ASHRAE 62.1-2007 standards in order to avoid the problem of indoor air quality within the building.

An additional carbon dioxide monitoring system can help in gauging the indoor air climate to ensure a comfortable working environment.

Sustainable Practices

We improved the operation of the waste disposal centre. A storage and collection program was also implemented to enhance our solid waste management.



1. Collection tank after rain harvesting
2. Water tank for dormitory use
3. Production floor using efficient lighting system
4. Solar heaters help to convert solar radiation to thermal heat

5. Roofing with high reflectance materials
6. Waste disposal centre
7. Carbon dioxide sensor
8. Landscape in the factory



Enhanced Commissioning

We initiated an enhanced commissioning task eight months after the fundamental commissioning. It consisted of a detailed review of the implementation of improvements proposed at the commissioning stage. It also provided recommendations to sustain the energy and water systems at the highest possible levels. The overall result was considerable; however, continual enhancement is required in the HVAC, electricity, lighting and compressed air system categories.

Benefits to our Triple-Bottom Line

Our goal is to create an environmentally responsible, profitable and healthy working place. Through implementing green design and measures in our factory, we achieved both energy and water reduction. We not only saved natural resources which supported environmental protection; operating costs were reduced which has definite benefits for our business in the long-term. The green factory also provides our people a safe and comfortable environment to work.



Weakness Identification

This project was a new and challenging task which offered us a platform of learning and inspiration. During the preparation works, we had to identify the problem areas in our operations, production and facility infrastructure. One of the weaknesses was

our facility maintenance in the factory. It was not systematic and comprehensive enough, and hence, it affected our production efficiency. Through this project, we were able to understand our factory better. It helps us to generate ideas for enhancement including the inclusion of the latest technologies and implementation of best operating practices.

Evaluation of Preparation Works

Not all aspects of the project went smoothly. Our market strategy was changed during the construction period and we added a new product type. The change directly impacted the energy consumption in our operations. The infrastructure design was therefore amended to cope with this change. In the future, all aspects need to be considered in the planning stages.

Inspirations from LEED Guidance

The LEED certification has been providing us with valuable guidance on implementing sustainable efforts in buildings. It has inspired us to establish our own standards, such as water fixture standards, which may eventually be applied to other factories across the Group. Since LEED is not garment industry specific, we also made careful assessments to determine the most beneficial elements of LEED that would be applicable in a garment manufacturing plant.

Product Sustainability

Recycled Cotton



To address the issue of product sustainability, we have been developing a new garment product that uses remnants from our cutting process.



The conventional product life cycle of a garment is linear. It starts with cotton growing, spinning and weaving the fabric. Then it proceeds to the cutting and construction of the garment. It ends with consumer use and finally, garment disposal by the consumer. There are many efforts to turn this linear product life cycle into a circular one.

A circular product life cycle closes the loop by recycling and 'up-cycling' waste where possible. As a consequence, we have a life cycle which lessens the impact on the environment.

At the brand level, there are efforts such as the 'Common Threads' program of Patagonia

which encourages consumers to recycle their polyester-based garments. As a cut-and-sew garment manufacturer, we also have a role to play in the process. During the manufacturing of garments in our factories, we noticed that cotton remnants remained on the floor after the cutting process and were eventually discarded.

In order to avoid unnecessary wastage generated from our factories, we started the 'Close the Loop' initiative to recycle remnants and produce new garments from them.

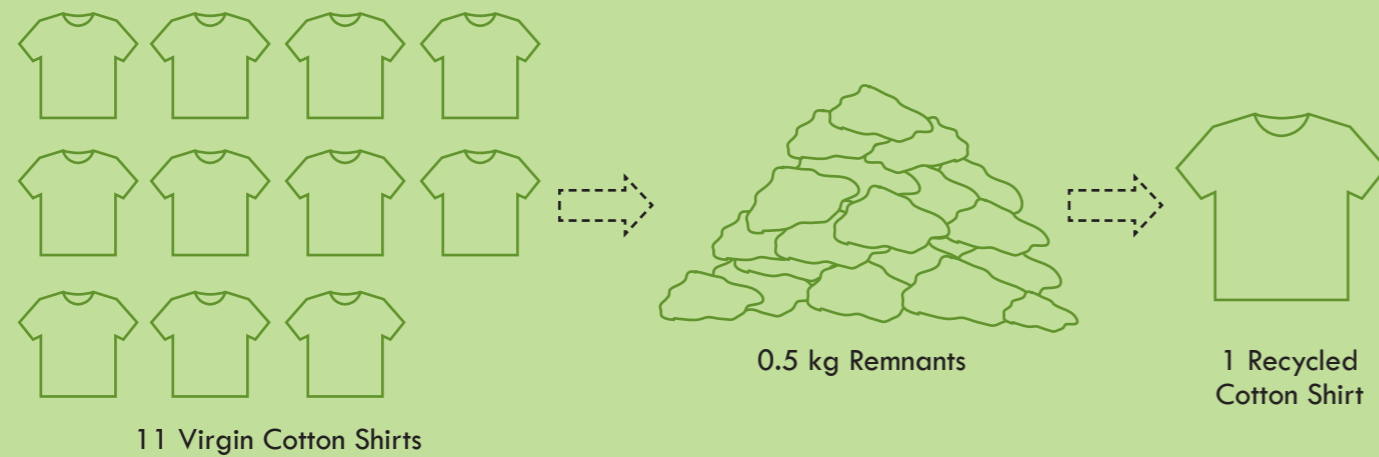


Since 2011, we have been collecting 100% cotton remnants, categorizing the content by color and sending the material to our remnant recycler. Apart from processes like unraveling and fiber mixing to generate new fibers, the remnant recycler handles the spinning process and delivers the yarn to the fabric mill for fabric production.

We collected around 90 tonnes of remnants from our factories in China and Malaysia during 2011 to 2012 for the development of

this project. Repeated testing and trials have been conducted to further enhance fabric quality and improve working procedures such as the logistical arrangement of remnants.

Through the development of recycled cotton in our products, we are enabling more choices for eco-conscious brands, retailers and end-consumers. We are currently working with a couple of brands to bring this product to market.



Approximately 0.5 kg of cotton remnants are left on the production floor after making 11 pieces of virgin cotton shirts. These remnants are sufficient to be recycled into one 100% recycled cotton shirt. However, the productivity of remnants is subject to change, depending on the type of recycled product.



We collect remnants from the production floor and categorize remnants by colour. A baler machine is used to press remnants into a regular shape to facilitate transportation.



Quality of Recycled Cotton Product






Typically, a recycled yarn has a lower strength than a virgin cotton yarn because the unraveling process of fiber shortens the fiber length. Even though the recycling process results in a weaker yarn, the recycled yarn is adequate for making products such as non-dress shirts, which require less length and strength in fiber quality.

The colour of recycled fabric is another technical issue. The recycled fabric has a natural 'washed-out' color appearance. The colour of recycled fabric really depends on the original color of the remnants since no dye is used during the process in order to maintain environmental friendliness.

Environmental Impact

A preliminary study¹ was conducted to evaluate the reduction in environmental impact resulting from recycled cotton. In the circular product life cycle, we utilize remnants to prevent them from becoming waste. Additionally, the use of virgin cotton can also be reduced.

The preliminary study did not include the evaluation of environmental impact reduction from yarn and fabric processing after cotton production. Energy and chemical use varied according to the finishing and dyeing requirements of the fabric produced. On the other hand, the environmental impact resulting from the cotton recycling process is also an uncertainty. A complete 'cradle-to-grave' Life Cycle Analysis for conventional cotton shirts and recycled cotton shirts is needed to reflect the actual difference in environmental impact.

Location	Environmental Impact Reduction ¹		
TAL Factory 	↓ Remnant waste generation		90 tonnes
Cotton production ² 	↓ Water use		460,000 m ³
	i. irrigation		530 m ³
	ii. Dilution water for fertilizer leached		
	↓ Land use		140 acres
	↓ Fertilizer use		14,000 kg
	↓ Fertilizer leached into water bodies		860 kg

1. The evaluation is done by assuming all remnants we collected during 2011-2012 were recycled to make 100% recycled cotton shirts. It is estimated that 200,000 shirts can be produced, hence saving 54 tonnes of virgin cotton.

2. Cotton production includes cotton growth, cultivation and ginning. Energy use and GHG emission in cotton production is not taken into account in evaluating the environmental impact reduction. Some research suggested that more CO₂e is sequestered in the fiber and soil than CO₂e emitted into the atmosphere during the cotton production process.

¹Source for the preliminary study:

i. The water footprint for cotton consumption. UNESCO-IHE (Institute for water education), 2005 <http://www.waterfootprint.org>

ii. Natural Resources Defense Council, 2012 <http://www.nrdc.org>

iii. Life Cycle Inventory for Cotton, Cotton Incorporated, 2009 <http://cottontoday.cottoninc.com>



Product Responsibility

As a responsible garment producer, we provide customers with safe products. We are also committed to reducing any potential impact from our production towards the environment.

Chemical Savings Projects

In 2012, our R&D team launched an initiative, Chemical Savings Projects, to conserve chemicals at source level through two methods:

1) Chemical substitution

Substituting a chemical with a reduced dosage of another type of chemical. It is critical to balance different criteria when choosing an appropriate substitute.

2) Process improvement

Applying new technology and processes without altering chemicals in the recipe.

All the projects are based on extensive research, repeated experimentation and testing in order to optimize the performance of our products. Once we are satisfied with the results, the technique is applied to our customers' products.

By the end of 2012, the total amount of chemicals saved from the implementation of projects was 422,906 kg, amounting to an average of 11.6 g of chemicals saved per piece. Chemical savings efficiency reached an average of 13%. The types of chemicals saved include additive, softener and fluorocarbon.

Formaldehyde Levels Control

Textile resins are used primarily to suppress wrinkling and shrinkage on various textile products. These resins contain trace amounts of formaldehyde. Formaldehyde in textile products has been linked to health concerns and may trigger dermal irritation for those who have sensitive skin. To regulate product safety in textiles, some countries have laws or regulations that limit formaldehyde levels. The most stringent limit is 75 ppm¹ for textiles with direct skin contact.

Our R&D team has been developing the use of new resins to minimize formaldehyde content while maintaining optimal performance in our products. In addition to product enhancement, TAL has implemented a 'Formaldehyde Control Mechanism' for all wrinkle free products since early 2008. After the garments are produced, a Japanese Industrial Standard (JIS) Formaldehyde Test is performed on a sample in each batch before the final packing. TAL has applied its own limit of 35ppm, which is stricter than the industrial limit. If any batches present an excessive concentration, we will repeat

¹According to AAFA RSL release 11 (Oct, 2012), Japan has a stringent limit for textiles with direct skin contact to adults and children greater than 3 years old.



the softening process and rewash it until the formaldehyde level is reduced to our limit.

We also enlist an external party to conduct regular chemical inspections on our products. This involves the testing of a pre-selected variety of bulk products on restricted chemicals such as azo dyes, PFCs, pesticides, formaldehyde, APEOs, and phthalates. All tested products have met industrial standards and our internal standards.



TAL is particularly attentive towards the chemicals that we use since many of our products have direct skin contact. Our mandate is to avoid using chemicals that are potentially harmful to people and the environment. For chemicals used in the finishing process, we comply with the latest industry standard including AAFA RSL release 11 (Oct, 2012) and REACH. We also work closely with formulated-chemical suppliers to ensure our compliance in chemical use.



OEKO-TEX® Standard 100 Certification

We obtained OEKO-TEX® Standard 100 certification on garments to meet our customers' requirement. This is an independent testing and certification system for textile products from all stages of production along the textile value chain. The certification, therefore, guarantees that the tested products are safe to wear and free from harmful chemicals.

Industry Collaboration



Improvement in sustainability requires alignment and collaboration beyond one's own organization. In addition to working on sustainable practices 'within our own four walls', TAL has participated and engaged partners in the industry to drive towards a shared vision of sustainability.



SAC's vision is to 'produce no unnecessary environmental harm and have a positive impact on the people and communities in the apparel and footwear industry' which complements the sustainability goals of TAL.

Sustainable Apparel Coalition

In March 2011, TAL joined the Sustainable Apparel Coalition (SAC) as a founding member. As an industry-wide group of over 100 leading apparel and footwear brands, retailers, suppliers, non-profits and NGOs, the SAC is working at addressing our industry's environmental and social impacts. It develops a common approach for measuring and evaluating sustainability performance. Through our collaboration with SAC, TAL is committed to collecting supply chain information and sharing best practices that may be helpful for improving sustainability in our industry.

The first initiative led by the Coalition is a self-assessment scoring tool called the Higg Index. The Higg Index v1.0, formally launched in July 2012, is designed to evaluate the impact of an apparel product towards the environment according to different stages in the product life cycle. The evaluation is based on the product itself, the brand that sells the product and the manufacturers that produce it. TAL has piloted the Higg Index since September 2011 and engaged four fabric mills and five brands

with six products. Through the pilot test, we developed our capability in understanding the Higg Index in order to apply it throughout our plants. We are committed to adopting the Higg Index across our group with internal adoption schedules established in 2013. The adoption process includes training sessions and annual self-assessments using the tool for continuous evaluation on improvement.

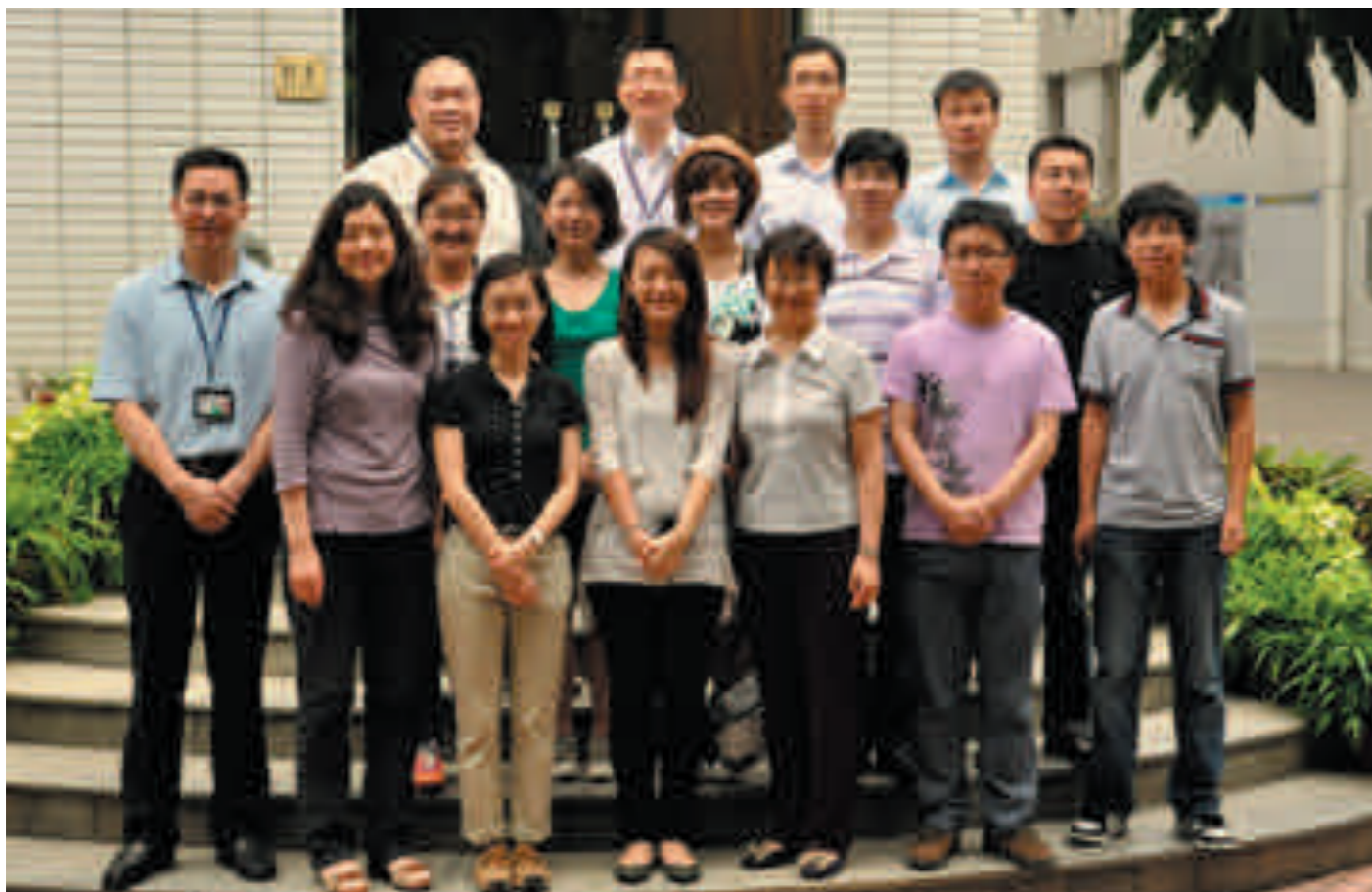
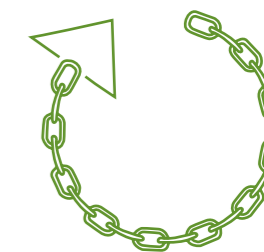
In addition to the internal adoption in our plants, we are also working with the SAC to further develop and enhance the Higg Index. We actively participated in the design and pilot testing of the social and labor module of Higg Index 2.0, launched in 2013. We understand that the Higg Index is a starting point of engagement, education and collaboration among different stakeholders in the industry. We look forward to seeing a successful outcome with a widely acknowledged standard for the assessment of product sustainability.



Sustainable Fashion Business Consortium

TAL is a founding member of SFBC, a group of Hong Kong based companies in the textile and apparel sector, which is committed to promoting and increasing the use of sustainable practices across the fashion supply chain.

We engage in projects and activities organized by SFBC and drive the Hong Kong industry forward in sustainability.



Technical Visit in Our Factory

In January 2011, TAL collaborated with the Hong Kong Institution of Engineers (HKIE) Environmental Division, to organize a technical visit for its members. The technical visit aimed to demonstrate the efforts by our plants toward environmental sustainability and low carbon manufacturing. It was a valuable experience that provided a platform for facilitating the exchange of information with a valuable stakeholder.



Joint Research in China

In 2011, TAL participated in a joint research project on “carbon/water footprint research and demonstration” supported by The Ministry of Science and Technology. The goal was to assess the carbon/water footprint of the Chinese textile industry and develop a third-party identity that evaluates specifications for textiles.

We cooperated with research teams to survey the process and product chain and also provided authentic data. At the same time, we gained information related to energy conservation and cleaner production.

Environmental Recognitions



TAL has been keen on prioritizing environmental sustainability and through our conscientious endeavors and constant initiatives, we strive for continuous improvement. As a reflection of our efforts, TAL has been the honored recipient of a number of environmental awards that recognize our leadership role to become greener and more eco-conscious.

We decided to focus our green efforts on our production plants since they have a greater impact on the utilization of natural resources and the surrounding environment. The response has been highly positive and the plants have been driving their own initiatives and enthusiastically developing possibilities in contributing to green efforts. The following are some key achievements of our plants:



Hong Kong-Guangdong Cleaner Production Partner - Manufacturing

AWARDER:

Environmental Protection Department of Hong Kong; The Economic and Information Commission of Guangdong Province

AWARDEE:

Pacific Apparel (Dongguan) Limited
Textile Alliance Apparel (Dongguan) Limited

This program helped us to recognize more internal energy-saving potential and prompted us to implement green efforts more effectively. We also identified our weaknesses in our data and information systems which need to be strengthened in the future. We will continue to devote more resources to energy conservation and cost reduction, while taking on more challenging environmental goals.



Low Carbon Manufacturing Program – Gold Label

AWARDER:

World Wild Fund for Nature – Hong Kong

AWARDEE:

Pacific Apparel (Dongguan) Limited

The strong management commitment provided the confidence and support to carry out GHG management policy and best practice, energy efficient technologies on the production floor, which enabled us to lay the foundation to achieve the Low Carbon Manufacturing Program Gold Label.



LEED® for New Construction – GOLD Certification

AWARDER:

U.S. Green Building Council (USGBC)

AWARDEE:

TAV Limited

Our Vietnam manufacturing plant is our first factory among the Group to become LEED Gold certified by USGBC. Upon completion of the renovation and expansion of the factory, LEED provided us a framework for identifying and implementing practical and measurable green building design, construction, operations and maintenance solutions. The achievement of the LEED Gold certification reflects our commitment towards protecting the environment and also sustainable development.



More environmental recognitions:

 <p>香港綠色企業大獎 2011 Hong Kong Green Awards</p>	<p>◀</p> <p>AWARD: Green Management Award (Corporation) – Bronze</p> <p>AWARDER: Hong Kong Green Council</p> <p>AWARDEE: Pacific Apparel (Dongguan) Limited</p> <p>Textile Alliance Apparel (Dongguan) Limited</p>	 <p>2010/11 green medal 恒生珠三角環保大獎 Hang Seng PRD Environmental Awards</p>	<p>◀</p> <p>AWARD: Hang Seng PRD Environmental Awards – Green Medal</p> <p>AWARDER: Federation of Hong Kong Industries and Hang Seng Bank</p> <p>AWARDEE: Pacific Apparel (Dongguan) Limited</p> <p>Textile Alliance Apparel (Dongguan) Limited</p>
<p style="text-align: center;">AWARD: Sustainability All-Stars Award</p> <p style="text-align: center;">AWARDER: Apparel Magazine’s fourth annual Sustainability All stars program</p> <p style="text-align: center;">AWARDEE: TAL Group</p>			
 <p>聯豐制衣(東莞)有限公司 碳足迹和水足迹评价 示范企业 國家標準化委員會行業標準部(製鞋品類技術委員會)頒發 二〇一二年三月</p>	<p>◀</p> <p>AWARD: Demonstration enterprise of carbon footprint and water footprint</p> <p>AWARDER: Ministry of Science and Technology of People’s Republic of China</p> <p>AWARDEE: Pacific Apparel (Dongguan) Limited</p> <p>Textile Alliance Apparel (Dongguan) Limited</p>	<p>▶</p> <p>AWARD: Hong Kong Awards for Environmental Excellence – Merit Certification of Manufacturing</p> <p>AWARDER: Hong Kong Awards for Environmental Excellence (HKAEE)</p> <p>AWARDEE 2011: Pacific Apparel (Dongguan) Limited</p> <p>AWARDEE 2012: Pacific Apparel (Dongguan) Limited</p> <p>Textile Alliance Apparel (Dongguan) Limited</p>	 <p>優異獎 Merit 2012 Hong Kong Awards for Environmental Excellence 香港環保卓越計劃 Manufacturing 製造業</p>

GRI 3.1 Reporting



“We started to keep track of data earlier in order to report more core and additional indicators according to GRI 3.1 guidelines.”

Global Reporting Initiative Index

● Reported ○ Not Covered NA Not Applicable

Standard Disclosures Part 1: Profile

1. STRATEGY AND ANALYSIS

1.1 Statement from the most senior decision-maker of the organization ●

See page 4 – Message from the Chief Executive officer
See page 5 – Message from the President and Chief Technology Officer

1.2 Description of key impacts, risks and opportunities ●

See page 4 – Message from the Chief Executive officer
See page 5 – Message from the President and Chief Technology Officer
See page 6 – Highlights for 2011 and 2012
See page 11 – Business Performance

2. ORGANIZATIONAL PROFILE

2.1 Name of the organization ●

See page 3 – About this Report. TAL Group – Far East Garment Operations

2.2 Primary brands, products and/or services ●

See TAL website at www.talgroup.com

2.3 Operational structure of the organization ●

A privately-held business with operations in Hong Kong, China, Indonesia, Malaysia, Taiwan, Thailand and Vietnam.

Country/Region	Operational Units
Hong Kong	TAL Apparel Limited (Headquarter) Cheong Shun Garments Company Limited (OPA ¹ operation only)
China	Textile Alliance Apparel (Dongguan) Limited Pacific Apparel (Dongguan) Limited
Indonesia	PT Katexindo Citramandiri
Malaysia	Pen Apparel Sdn Bhd Penang Textile Sdn Bhd Imperial Garments Sdn Bhd
Taiwan	Di An Trading Co., Ltd
Thailand	Thai Garment Export Company Limited (3 facilities) Mandarin Clothing Company Limited
Vietnam	TAV Limited

¹ Outward Processing Arrangement

2.4 Location of organization's headquarters ●

Hong Kong

2.5 Countries of operation ●

See 2.3

2.6 Nature of ownership and legal form ●

See 2.3

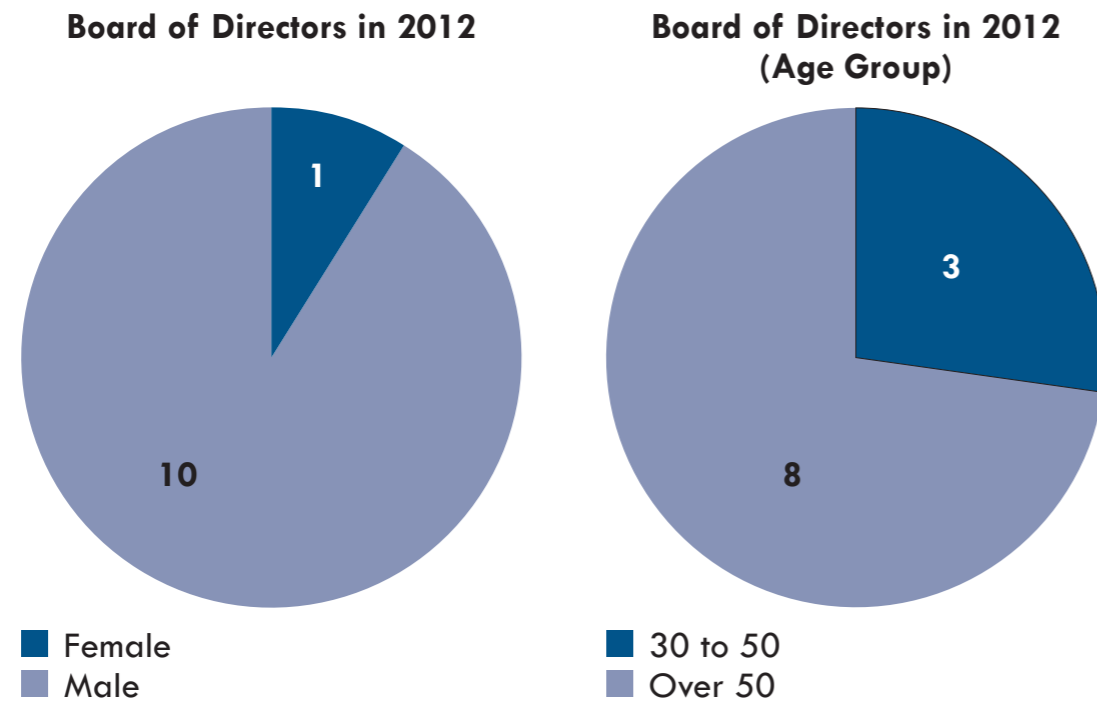
2.7	Markets served	●
	TAL served apparel brands and retailers in around 30 countries in year 2011 and 2012, 80% of which originates from the U.S. market and the remaining 20% from Europe and Asia Pacific.	
2.8	Scale of the organization	●
	TAL Group employs a workforce of over 22,000 people with an annual production capacity of over 56 million pieces of apparel.	
2.9	Significant changes during the reporting period	●
	See page 12 – Business Performance for the operation changes for pants and knit products. See page 6 – Highlights for 2011 and 2012. Senior Leadership Transition.	
2.10	Awards received in the reporting period	●
	See page 16 – Business Recognitions See page 37 – Social Recognitions See page 66 – Environmental Recognitions	
3.	REPORT PARAMETERS	
3.1	Reporting period	●
	See page 3 – About this Report. 2011 and 2012	
3.2	Date of most recent previous report	●
	See page 3 – About this Report. Sustainability Report 2010 was published in November 2011	
3.3	Reporting cycle	●
	See page 3 – About this Report. Biennial	
3.4	Contact point for questions regarding the report or its contents	●
	See page 3 – About this Report. sustainability@hk.talgroup.com	
3.5	Process for defining report content	●
	See page 3 – About this Report. See page 10 – Stakeholders Engagement	
3.6	Boundary of the report	●
	Same as 2.3	
3.7	Specific limitations on the scope or boundary of the report	●
	See page 3 – About this Report.	

3.9	Data measurement techniques and the basis of calculations	●
	The business data is from the sales department. The social data is from formal statistics on customer audit results, health and safety and human resources records. See page 41 – ‘Energy and Climate Change’ for the methodology used in energy and GHG emission data calculation See page 47 - ‘Our Water Stewardship’ for the methodology used in water footprint calculation	
3.10	Explanation of re-statement	●
	The operational scope of TAL Group – Far East Garment Operations has been re-defined to become more comprehensive in energy and GHG emission data calculation. The 2009 baseline of TAL Group’s GHG intensity was revised to 2.73 kgCO ₂ e/garment piece (Valid from Sept, 2012). The percentage of change in 2010 against baseline was updated from -5.3% (reported in the 2010 TAL Sustainability Report) to -5.9%.	
3.11	Significant changes from previous reporting periods	●
	See page 6 – Highlights for 2011 and 2012: Senior Leadership Transition	
3.12	Table of Standard Disclosures in the report	●
	See page 68 – GRI Index	
3.13	External assurance	●
	Self-declared	

4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT

4.1 Governance structure of the organization ●

The Board of Directors is comprised of 11 board members, three of which are non-executive members. Executive directors of the Board are responsible for different areas of business including sales and marketing, operations, sustainability and human capital management.



4.2 Indicate whether the Chair of the highest governance body is also an executive officer ●

The Chairman of the Board is Dr. Harry Lee who oversees the direction of the company; CEO is Mr. Roger Lee who oversees the execution of the business in alignment with the direction and interests of the Board.

4.3 The number and gender of members of the highest governance body that are independent and / or non-executive members ●

See 4.1

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body ●

See page 10 – Stakeholder Engagement

4.5 Link between compensation and the organization's performance ●

The compensation of our senior management team is comprised of two components: a base salary and a performance-based incentive which is linked to the performance of the company.

4.6 Avoidance of conflicts of interest ●

All Directors are required to disclose their interest in other companies or organizations to the Board, as a director or otherwise, and such declarations are updated annually.

4.7 The highest governance body's selection process ●

The members of the Board of Directors are selected based on their expertise in the field and their ability to bring an objective and external perspective.

4.8 Mission statement, core values, codes of conduct and principles ●

See page 7 – Understanding Our Vision and Strategy
See page 8 – Sustainability for TAL

4.9 Management of economic, environmental, and social performances ●

The Head of Sustainability reports directly to the President & Chief Technology Officer (a member of the Board) would ensure TAL's sustainability commitments are upheld by making sure that sustainability management systems are in place. The respective heads of business units report quarterly to the Executive Committee on operational performance for economic, social and environmental dimensions.

4.10 Processes for evaluating the highest governance body's own performance ●

The highest governance body's own performance is reviewed against annual goals / set objectives.

4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization ●

The Board holds a quarterly Executive Committee Meeting in which they make decisions on critical management matters including precautionary policies for suspected risks that may be harmful to the company, environment and public.

4.12 Externally developed economic, environmental and social charters, principles, or other initiatives subscribed or endorsed ●

See page 36 – Industry Endorsement
See page 63 – Industry Collaboration

4.13 Memberships in associations ●

See page 36 – Industry Endorsement

4.14 List of stakeholder groups engaged ●

See page 10 – Stakeholders Engagement

● Reported ○ Not Covered NA Not Applicable

4.15	Basis for identification and selection of stakeholders	●
	See page 10 – Stakeholders Engagement	
4.16	Approaches to stakeholder engagement	●
	See page 10 – Stakeholders Engagement	
4.17	Key stakeholder topics and concerns	●
	See page 10 – Stakeholders Engagement	

Standard disclosures part 2: Disclosures on Management Approach

DMA EC	Disclosure on Management Approach - Economic	●
	See page 4 – Message from the Chief Executive Officer See page 11 – Business Performance	
DMA EN	Disclosure on Management Approach - Environmental	●
	See page 5 – Message from the President and Chief Technology Officer See page 41 – Energy and Climate Change See page 47 – Our Water Stewardship	
DMA LA	Disclosure on Management Approach – Labor Practices and Decent Work	●
	See page 5 – Message from the President and Chief Technology Officer See page 18 – Our Approach towards Labor to Health & Safety Issues	
DMA HR	Disclosure on Management Approach – Human Rights	●
	See page 23 – Workers’ Rights	
DMA SO	Disclosure on Management Approach - Society	●
	See page 28 – Contribution to Society	
DMA PR	Disclosure on Management Approach – Product Responsibility	●
	See page 62 – Product Responsibility	

Standard disclosures part 3: Performance Indicators

ECONOMIC

ECONOMIC PERFORMANCE		
EC1	Direct economic value generated and distributed	○
EC2	Financial implications, risks and opportunities due to climate change	○
EC3	Defined benefit plan	●
	TAL provides a retirement plan according to country specific requirements in Thailand, Malaysia, Hong Kong, China, Vietnam, Indonesia and Taiwan.	
EC4	Significant financial assistance received from government	●
	The Group has not received significant assistance from governments for both 2011 and 2012.	

MARKET PRESENCE

EC5	Standard entry level wage / local minimum wage	●
	By the end of the reporting year, there is no local minimum wage requirement in Malaysia. For the rest of the region where we operate factories and offices, 29% of our employees are paid with local minimum wage in the basic salary and 71% are paid above minimum wage. Within the employees paid with local minimum wage in the basic salary, over 80% are piece rate workers. They have the chance to earn more than the basic salary if they are able to achieve a certain level of efficiency.	
EC6	Policy, practices and proportion of spending on locally-based suppliers	●
	To save transportation lead time, most of the packing material is sourced from local suppliers (same country). To ensure that the quality of fabric and sub-material (on product) fulfill the wash process requirement, we have developed strategic partners worldwide. Some of them are in the same country of our factories.	
EC7	Procedures for local hiring and proportion of senior management hired from the local community	●
	Seventy-seven percent of the executives on the senior management team are hired from the local community or promoted from within the company. Grade 13 or above is considered as senior management.	

INDIRECT ECONOMIC IMPACTS

- EC8** **Development and impact of infrastructure investments and services** ●
See page 28 – Contribution to Society
- EC9** **Understanding and describing significant indirect economic impacts** ●
See page 14 – Business performance, Challenges

ENVIRONMENT

MATERIAL

- EN1** **Material used by weight or volume** ●
Below are the figures of our consumption on semi-manufactured materials that are present in a final product and also the materials for packaging purposes.

	2011 (in millions)	2012 (in millions)	Unit
Fabric	73.92	62.69	Yard
Interlining	9.36	9.88	Yard
Zipper	9.38	9.70	Piece
Button	3.64	3.30	Gross
Label	180.10	185.83	Piece
Poly-bag	47.18	48.19	Piece
Packing tissue paper	83.87	64.98	Piece

- EN2** **Percentage of materials used that are recycled input materials** ○

ENERGY

- EN3** **Direct energy consumption by primary energy source** ●
See page 41 – Energy and Climate Change
- EN4** **Indirect energy consumption by primary source** ●
See page 41 – Energy and Climate Change
- EN5** **Energy saved due to conservation and efficiency improvements** ●
See page 41 – Energy and Climate Change

- EN6** **Initiatives to provide energy-efficient or renewable energy-based products and services** ●
See page 41 – Energy and Climate Change
See page 56 – Our First LEED Gold Certified Factory
- EN7** **Initiatives to reduce indirect energy consumption and reductions achieved** ●
See page 41 – Energy and Climate Change

WATER

- EN8** **Total water withdrawal by source** ●
See page 47 – Our Water Stewardship
- EN9** **Water sources significantly affected by withdrawal of water** ○
- EN10** **Percentage and total volume of water recycled and reused** ●
See page 47 – Our Water Stewardship

BIODIVERSITY

- EN11** **Land in biodiversity rich areas** ○
- EN12** **Impacts on biodiversity rich areas** ○
- EN13** **Habitats protected or restored** ●
We engaged in a factory expansion in Vietnam only during the reporting year. From the expansion, the new construction was certified with LEED Gold, in which the score obtained for sustainable sites in a feasibility study was 24 out of 26. The site development of TAV allows us to conserve existing natural areas and restore damaged areas to provide habitat and promote biodiversity, enabling 130,000 sf. of protected open area within our site.
See page 56 – Our First LEED Gold Certified Factory
- EN14** **Managing impacts on biodiversity** ○
- EN15** **IUCN Red List and national conservation list species affected** ○

EMISSIONS, EFFLUENTS AND WASTE		
EN16	Total direct and indirect greenhouse gas emissions by weight See page 41 – Energy and Climate Change	●
EN17	Other relevant indirect greenhouse gas emissions by weight See page 41 – Energy and Climate Change	●
EN18	Initiatives to reduce greenhouse gas emissions and reduction achieved See page 41 – Energy and Climate Change	●
EN19	Emissions of ozone-depleting substances by weight	○
EN20	NO, SO, and other significant air emissions by type and weight All air emissions in quality level from our factories are regulated under national/ regional regulation. During 2011-2012, there was no non-compliance case reported from our factories. We will begin calculating and recording the quantity levels of weight of pollutants emitted.	●
EN21	Total water discharge by quality and destination See page 47 – Our Water Stewardship	●
EN22	Total weight of waste by type and disposal method	○
EN23	Total number and volume of significant spills No significant chemical spills occurred in factories including storage and usage during the reporting period.	●
EN24	Weight of hazardous waste and percentage of transported waste shipped internationally We are in the process of developing a standardized management system of solid and hazardous wastes for the factories in the Group. In general, we have partnered with third parties which are licensed by the local government for the transport and treatment of hazardous waste generated from our operation site. In cases where hazardous waste is transported out of our factories, we need to declare the type and weight of the hazardous waste to the local government. The treatment method includes utilization, recycling and safety storage.	●
EN25	Water bodies affected by water discharge and runoff	○

PRODUCTS AND SERVICES		
EN26	Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation See page 41 – Energy and Climate Change See page 47 – Our Water Stewardship See page 59 – Recycled Cotton See page 62 – Products Responsibility	●
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	○

COMPLIANCE		
EN28	Fines and sanctions for non-compliance with environmental laws and regulations No non-compliance issues related to environmental laws and regulations causing fines nor sanctions have been reported by our factories during 2011-2012	●

TRANSPORT		
EN29	Environmental impacts from transporting products, materials, workforce	○

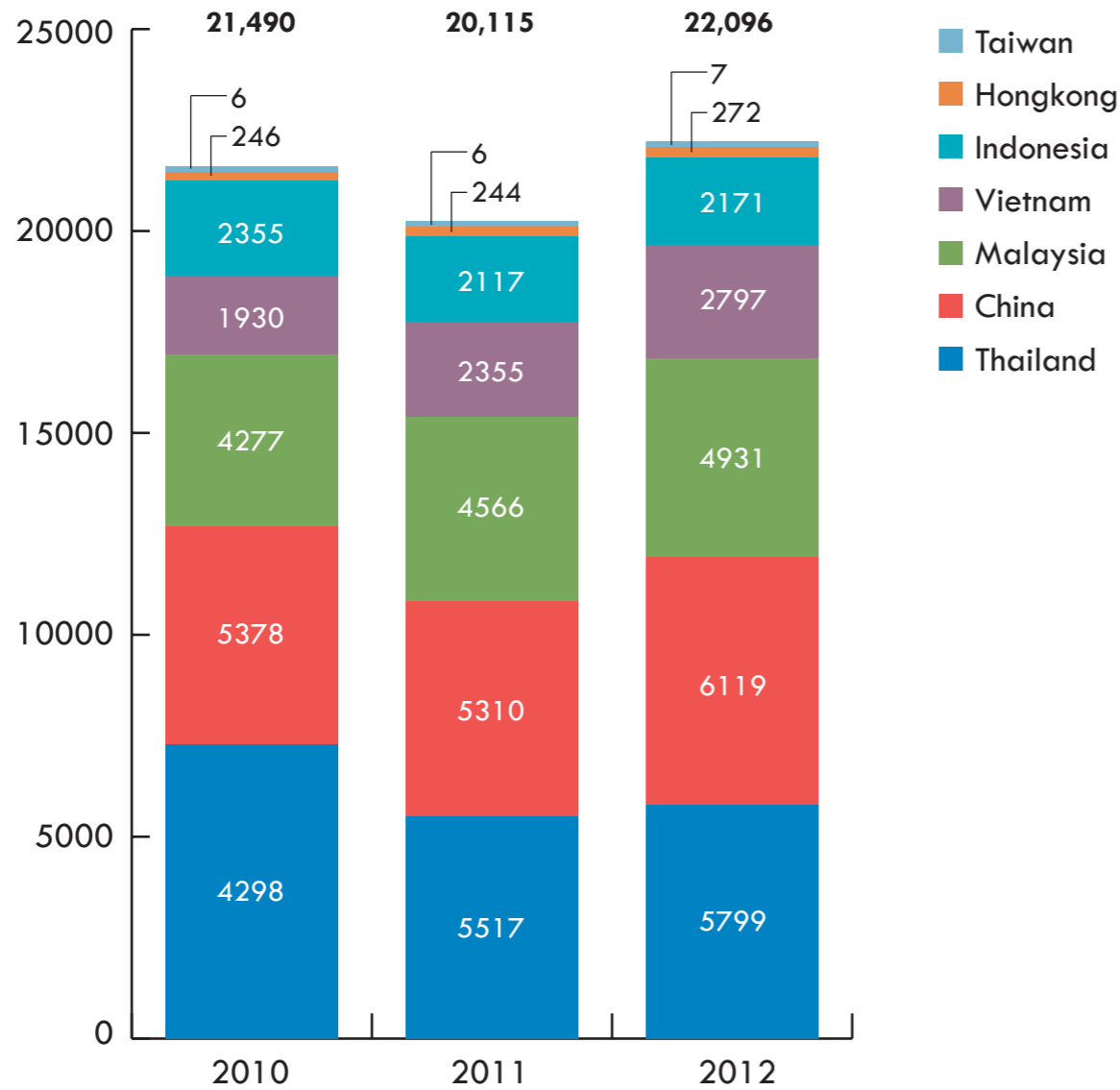
OVERALL		
EN30	Total environmental protection expenditures and investments by type A couple of our environmental protection projects have been reported with expenditures and investments. See page 56 – Our First LEED Gold Certified Factory See page 52 – Our Water Stewardship, Recycling and Reuse	●

LABOUR PRACTICES AND DECENT WORK

EMPLOYMENT

LA1 Total workforce at the end of the reporting period (2012)

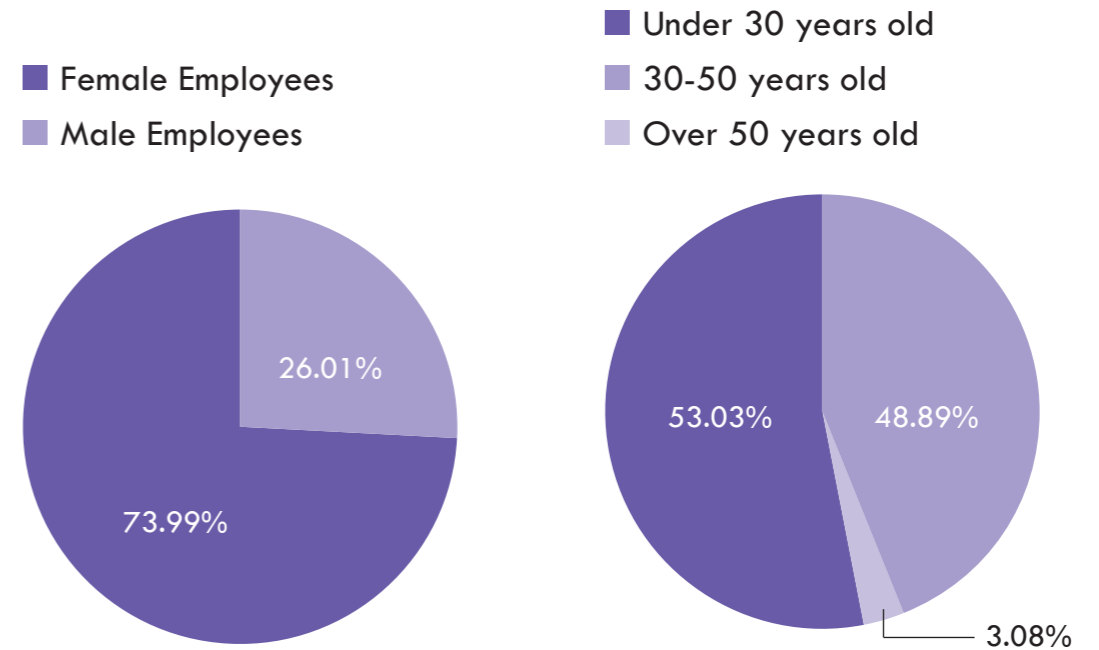
Total workforce in the Group broken down by region:



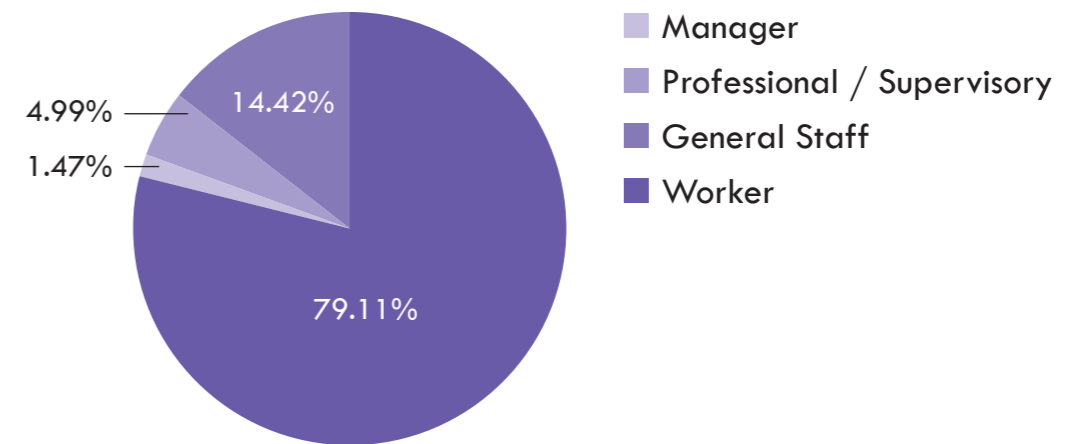
Compared to 2010, the workforce in Thailand decreased by 24% in 2011 due to the consolidation of pants production to two other factories in the Group. While in 2012, there was 15% and 19% increase of workforce in China and Vietnam respectively, mainly due to an expansion of the factories.

Types of contract and full-time or part-time employment: 99% of our employees are employed on a permanent contract and almost 100% are employed full-time.

Total workforce in the Group broken down by gender and age group:



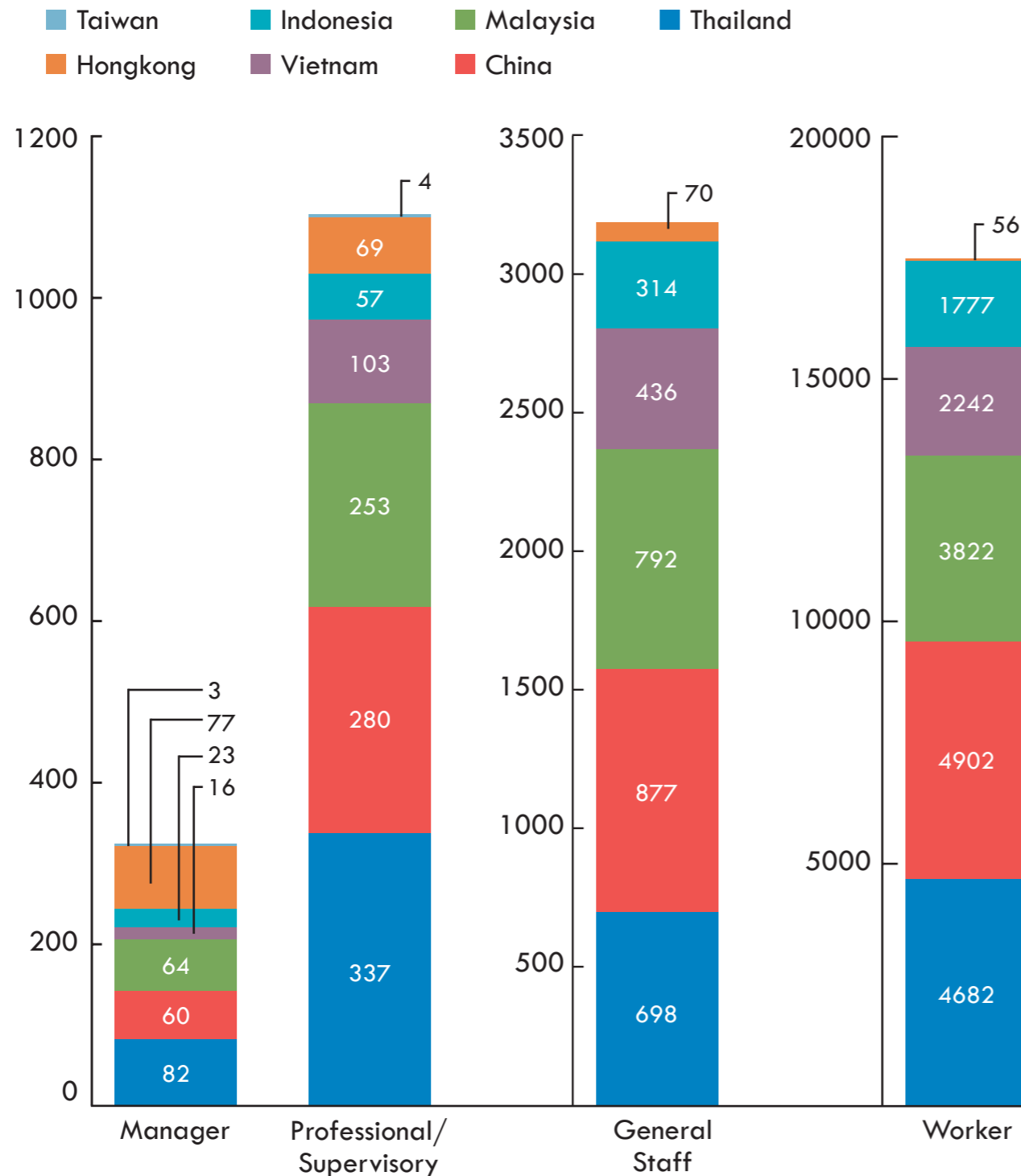
Total workforce in the Group broken down by employment category:



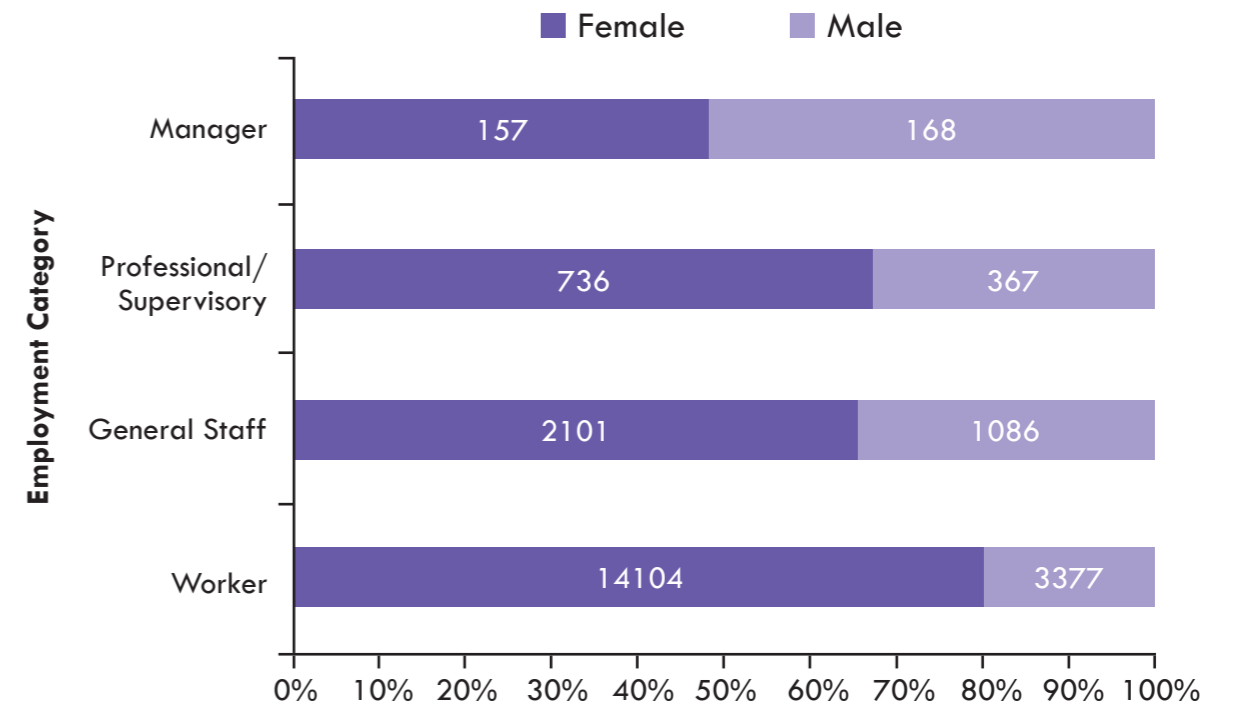
● Reported ○ Not Covered NA Not Applicable

Employment category broken down by region:

In our 2010 sustainability report, TAL categorized employees into three areas of job nature and career development, including manager, professional/supervisory and individual contributor. In order to disclose information in further detail, we have divided the individual contributor category into general staff and workers.



Employment category broken down by gender:



LA2

New employee and employee turnover

New hire employee rate¹:

Region and Group	2011	2012
Taiwan	0%	2.38%
Hong Kong	1.57%	2.21%
Vietnam	6.75%	5.99%
Indonesia	-- ²	2.44%
Malaysia	2.68%	2.95%
China	11.21%	8.09%
Thailand	2.39%	3.06%
TAL Group	5.03%	4.73%

Remark: 1. New hire employee rate = (Number of new employees joining the organization for the first time divided by total employee numbers at the end of year) x 100%

2. Incomprehensive data collection which we need to improve for the future. Indonesia region was excluded in the calculation of the Group.

● Reported ○ Not Covered NA Not Applicable

Employee turnover rate¹:

Region and Group	2011	2012
Taiwan	0%	1.19%
Hong Kong	1.64%	1.35%
Vietnam	4.94%	3.78%
Indonesia	-- ²	2.23%
Malaysia	2.16%	2.34%
China	10.15%	6.10%
Thailand	5.08%	2.66%
TAL Group	5.90%	3.72%

Remark: 1. Employee turnover rate = (Number of employees leaving the organization voluntarily or due to dismissal, retirement, or death in service divided by total employee numbers at the end of year) x 100%

2. Incomprehensive data collection which we need to improve for the future. Indonesia region was excluded in calculation of the Group

China region underwent a retention programme to reduce the turnover rate during 2011 to 2012.

See page 14 - Business Performance, Challenges

LA3 **Benefits for full-time employees that are not provided to temporary or part-time employee** NA

Nearly 100% of our employees are employed full time.

LA15 **Retention rate after parental leave** ●

Retention rate of employees who took parental leave and returned to work for at least twelve months:

Region and Group	2011	2012
Taiwan	- ¹	- ¹
Hong Kong	100%	100%
Vietnam	93.13%	84.96%
Indonesia	81.08%	89.43%
Malaysia	86.21%	92.86%
China	72.22%	59.62%
Thailand	54.71%	79.57%
TAL Group	74.79%	82.52%

Remark: 1. No employee has taken parental leave during the reporting period.

LABOUR / MANAGEMENT RELATIONS

LA4 **Percentage of employees covered by collective bargaining agreements** ●

Percentage of employees covered by collective bargaining agreements:

Region and Group	2011	2012
Taiwan	- ¹	- ¹
Hong Kong	- ¹	- ¹
Vietnam	100%	100%
Indonesia	100%	100%
Malaysia	71.38%	67.15%
China	- ¹	- ¹
Thailand	99.93%	99.98%
TAL Group	65.84%	63.71%

Remark: 1. Not applicable in these regions.

LA5 **Minimum notice period(s) regarding operational changes** ●

No minimum notice period mentioned in the collective bargaining agreement.

The general practice in factories is a minimum of four weeks notice provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them.

OCCUPATIONAL HEALTH AND SAFETY

LA6 **Percentage of total workforce represented in formal health and safety committees** ●

We have formal joint management-worker health and safety committees which help to monitor and advise occupational health and safety programs in Thailand, Malaysia, Vietnam and Indonesia region. The percentage of the total workforce represented in formal joint management-worker health and safety committees is less than 25%¹.

Remark: 1. Percentage category indicated by GRI 3.1 guideline.

LA7 Rates of injury, occupational diseases, lost days, and absenteeism, total number of work-related fatalities

During the reporting period, no occupational disease or fatality cases had been reported. In our Group, a total of 426 and 483 cases of injury, including first-aid and non first-aid level, had been reported during 2011 and 2012 respectively.

Rate of injury¹ including first-aid and non first-aid level:

Region and Group	2011	2012
Taiwan	0	0
Hong Kong	0.67	0
Vietnam	2.23	2.47
Indonesia	2.29	1.67
Malaysia	1.93	1.41
China	1.60	1.70
Thailand	1.69	2.87
TAL Group	1.83	2.06

Remark: 1. The frequency of injuries relative to the total time worked by the total workforce in the reporting period. (According to GRI v3.1, calculation of IR=total # of injuries/total hours worked x 200,000)

Rate of lost hours¹ based on scheduled work day due to injury including first-aid and non first-aid level:

Region and Group	2011	2012
Taiwan	0	0
Hong Kong	0	0
Vietnam	7.96	3.39
Indonesia	_ ²	_ ²
Malaysia	33.29	51.01
China	60.43	114.34
Thailand	40.10	17.73
TAL Group	39.55	49.88

Remark: 1. The total lost hours to the total number of hours scheduled to be worked by the workforce in the reporting period. (According to GRI v3.1, calculation of LHR=total # of lost days/total hours worked x 200,000)

2. Incomprehensive data collection which we need to improve for the future. Indonesia region was excluded in calculation of the Group.

For more information about occupational health and safety, see page 20 – Occupational Safety Performance

LA8 Education, training, counseling, prevention, and risk-control programs for serious diseases

Our factory in Thailand has been working in cooperation with the local hospital to provide maternity training to our pregnant employees once a year. The training helps to educate them on how to take care of themselves during their pregnancy to prevent accidents which may endanger the baby and mother. The training also introduced some daily exercises for pregnant women.



Our pregnant employees are taught exercises that benefit their health.

Since many workers in the factories are women, we pay particular attention to their health and disease prevention. Our factory in Thailand has launched initiatives to provide free-of-charge cervical and breast check-ups for our women employees to prevent and detect early cervical and breast cancer. We believe that providing regular body check-ups for our employees is important in protecting them and their families.



Our women employees prepare for cervical and breast check-ups conducted by medical professionals.

In September 2012, our factory in Indonesia invited a trainer from their medical clinic partner to provide an AIDS/HIV training program to the employees in the health and safety committee. The training program included an informative presentation, booths for counseling and leaflet distribution. It helped to educate and raise awareness in our workforce about this serious disease. After their training, employees could share the knowledge they learned with their families and communities to be aware of their health and safety in terms of HIV prevention and risk control.



Our employees listening to the presentation about AIDS.

LA9 Health and safety topics covered in formal agreements with trade unions ○

TRAINING AND EDUCATION

LA10 Average hours of training per year per employee ●

See page 31 – People Management

LA11 Career and skill development programs ●

See page 31 – People Management

LA12 Percentage of employees receiving regular performance reviews ●

All managerial and professional/supervisory employees have received performance appraisals. Performance reviews are held twice a year.

DIVERSITY AND EQUAL OPPORTUNITY

LA13 Workforce diversity ●

In Thailand, we have employed foreign workers from Myanmar and since it is not a large number, they are grouped as a minority in our workforce diversity.

Percentage of minority group in Thailand:

	2011	2012
Burmese	5.51%	11.62%

In Malaysia, we have employed foreign workers from a diverse group of nationalities and they contributed to over 60% of the workforce in the reporting period.

Percentage of minority group in Malaysia:

	2011	2012
Burmese	26.89%	27.11%
Vietnamese	23.22%	22.08%
Bangladeshi	1.73%	1.42%
Indonesian	6.81%	5.29%
Cambodian	2.98%	3.69%
Nepalese	0.50%	4.77%
Filipino	1.51%	1.34%
Pakistani	0.35%	0.35%

● Reported ○ Not Covered NA Not Applicable

EQUAL REMUNERATION FOR WOMEN AND MEN

LA14 **Ratio of basic salary and remuneration of women to men** ●
 No difference in terms of basic salary and remuneration for both women and men in every employee category but they are determined by personal performance and experience.

HUMAN RIGHTS

INVESTMENT AND PROCUREMENT PRACTICES

HR1 **Investment agreements with human rights considerations** ○
HR2 **Suppliers, contractors, and other business partners screening on human rights** ○
HR3 **Training hours and employees training on human rights aspects** ●
 See page 24 - Workers' Rights, Management Communication Training

NON-DISCRIMINATION

HR4 **Training hours and employees training on human rights aspects** ●
 See page 24 - Workers' Rights, Management Communication Training

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR5 **Identified risk to freedom of association and collective bargaining and actions taken to support the rights** ●
 No case of identified risk reported during the reporting period.

CHILD LABOUR

HR6 **Identified risk for incidents of child labor and measures taken** ●
 No case of identified risk reported during the reporting period. All factories and offices have standard policy and procedure in employee recruitment to ensure no child labor. According to policy, we employ persons who are above 18 years old.

FORCED AND COMPULSORY LABOUR

HR7 **Identified risk for incidents of forced or compulsory labour and measures taken** ●
 See page 24 - Workers' Rights, Management Communication Training

SECURITY PRACTICES

HR8 **Percentage of security personnel trained on human rights** ○

INDIGENOUS RIGHTS

HR9 **Total number of incidents of violations involving rights of indigenous people and actions taken** ○

ASSESSMENT

HR10 **Percentage and total number of operations that have been subject to human rights reviews and / or impact assessments** ○

REMEDATION

HR11 **Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms** ●
 See page 23 – Workers' Rights, Perception and Grievance

SOCIETY

INVESTMENT AND PROCUREMENT PRACTICES

SO1 **Implemented local community engagement, impact assessments, and development programs** ●
 See page 28 & 29 – Aixin Initiative and “Migratory Bird” Project
SO9 **Negative impacts on local communities** ○
SO10 **Prevention and mitigation measures implemented with negative impacts on local communities** ○

CORRUPTION

SO2	Percentage and total number of business units analysed for risks related to corruption	○
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	●
A clause pertaining to anti-corruption is stated in the Code of Conduct statement of our employee handbook in Hong Kong, China, Malaysia, Thailand and Vietnam. Upon joining, all staff in Malaysia, China and Vietnam are given the Code of Conduct statement or handbook to read and understand.		
SO4	Actions taken in response to incidents of corruption	●
No related case reported during the reporting period.		

PUBLIC POLICY

SO5	Public policy positions and participation in public policy development and lobbying	○
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	○

ANTI-COMPETITIVE BEHAVIOUR

SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and outcomes	●
No related case reported during the reporting period.		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	●
No related non-compliance case reported during the reporting period.		

PRODUCT RESPONSIBILITY PERFORMANCE

CUSTOMER HEALTH AND SAFETY

PR1	Products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	○
PR2	Non-compliance with regulations and voluntary codes on health and safety impacts of products and services	●
No related non-compliance case reported during the reporting period. Further information on page 62 – Product Responsibility.		

PRODUCT AND SERVICE INFORMATION AND LABELING

PR3	Product and service information required	○
PR4	Non-compliance with regulations and voluntary codes on product and service information and labeling	●
No related non-compliance case reported during the reporting period.		
PR5	Customer satisfaction	○

MARKETING COMMUNICATIONS

PR6	Programs for adherence to laws, standards, and voluntary codes on marketing communications, including advertising, promotion and sponsorship	NA
Not applicable in our business as we do not necessarily need marketing for garment products but we provide manufacturing services to our customers. Also, we rarely focus on marketing communications through advertising, promotion and sponsorship but we maintain long lasting partnerships with customers and receive accreditation from them.		
PR7	Non-compliance with regulations and voluntary codes on marketing communications, including advertising, promotion and sponsorship	●
No related non-compliance case reported during the reporting period.		

● Reported ○ Not Covered NA Not Applicable

CUSTOMER PRIVACY

PR8 **Complaints on breaches of privacy and loss of customer data** ●
No related non-compliance case reported during the reporting period.

COMPLIANCE

PR9 **Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services** ●
No related non-compliance case reported during the reporting period.



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