



I APPAREL INTERNATIONAL GROUP

Sustainability Report 2023



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About the Report

This Sustainability Report is approved by the Board and prepared with reference to the following regulations, standards, and guidelines:

- The Global Reporting Initiative (GRI) Standards 2021 (Updated July 2021);
- The Sustainability Accounting Standards Board (SASB) for Apparel, Accessories & Footwear (Version 2023-06).

The Scope

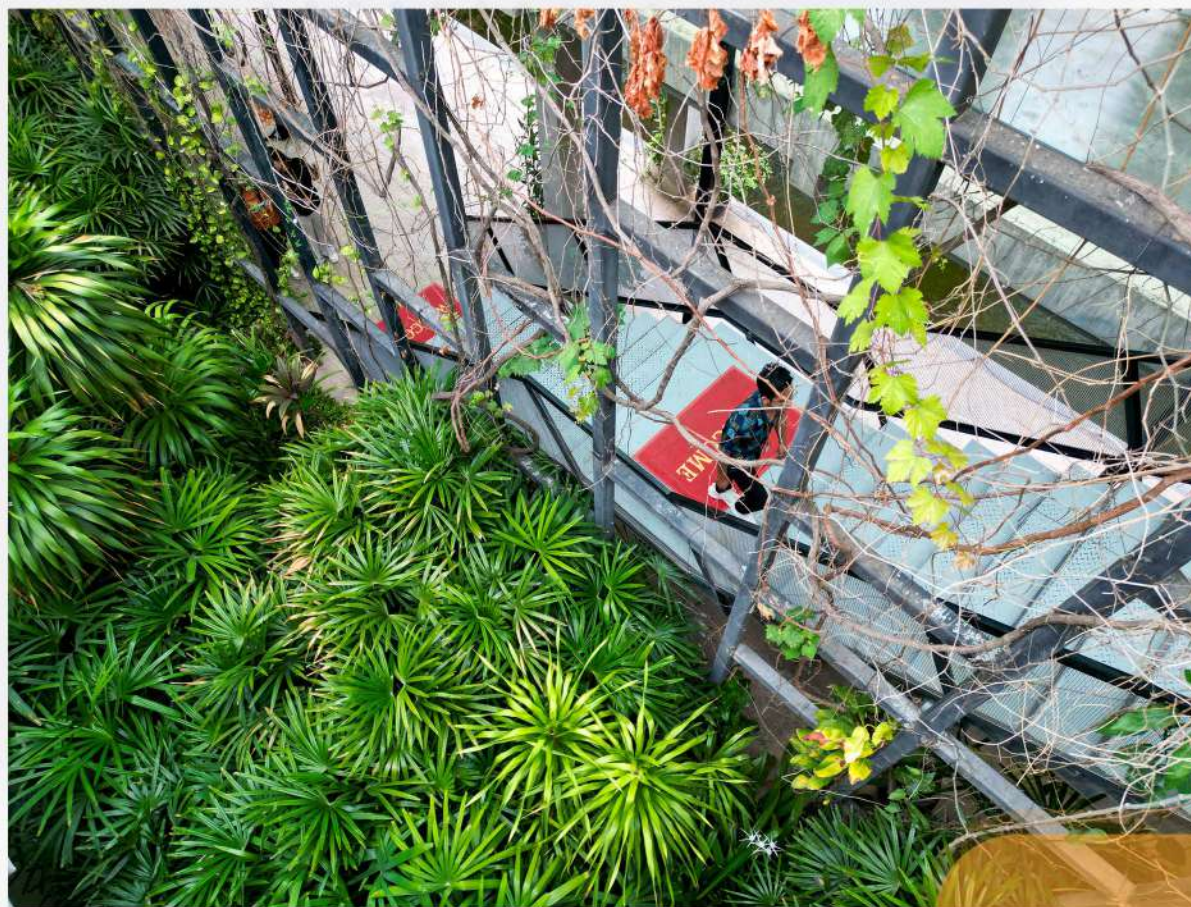
This report covers the Environmental, Social, and Governance (ESG) principles, initiatives, and performance of I Apparel International Group Pte Ltd's (IAIG) operations across our core business lines – I Apparel Limited, W Embellishment Limited, and IK Apparel Co. Limited. It contains information for the financial year 1 January 2023 to 31 December 2023, unless otherwise stated.

The report is to be read in conjunction with the Annual Report 2023 and other sustainability-related disclosures on our website.

Feedback

We welcome feedback on this report and any aspect of our sustainability performance.

Please address all feedback to our Corporate Communications Team at enquiry@iapparelintl.com.



CEO Message



Dear valued stakeholders,

I am delighted to introduce I Apparel International Group's very first Sustainability Report, a significant milestone in our journey towards a more sustainable and responsible future. This report embodies our commitment to transparency, accountability, and our role in fostering positive change within the fashion industry.

As a company deeply rooted in the world of fashion, we understand that our industry carries both immense creative potential and a profound responsibility to our planet and its people. Over the years, we have witnessed the growing global awareness of the environmental and social challenges posed by the fashion industry. This awareness has spurred us to take action and embrace sustainability as a core pillar of our operations.

Within the pages of this report, you will find a comprehensive account of our sustainability efforts, achievements, and ambitions. We have worked tirelessly to assess the environmental impact of our products and operations, reduce our carbon footprint, and champion fair labour practices throughout our supply chain. We believe that every garment we produce should reflect our commitment to ethical sourcing, responsible manufacturing, and innovative solutions.

Our sustainability journey is not without its challenges, but we view these challenges as opportunities for growth, innovation, and collaboration. We recognise that progress requires the collective efforts of our dedicated teams, our valued partners, and the support and engagement of our customers and stakeholders.

This report is more than just a document; it is a testament to our dedication to continuous improvement, our promise to be accountable for our actions, and our unwavering commitment to a sustainable future. As we share our progress and set new goals, we invite you to join us on this journey and hold us accountable for the positive impact we aim to create.

We thank you for your trust, support, and partnership as we embark on this exciting path towards a more sustainable and responsible future for I Apparel and the fashion industry as a whole.

A handwritten signature in black ink, reading "Albert Ang". The signature is stylized and fluid, with the first letters of the first and last names being prominent.

Albert Ang
Chief Executive Officer
I Apparel International Group

Sustainability Highlights



Achieved a remarkable
25% decrease
in Scope 1 greenhouse gas emissions compared to the 2018 baseline, aligning with our ambitious goal of carbon neutrality by 2050.



Successfully integrated **Solar Energy** Generating over **117,000 kWh** (approximately 3%) to power our entire portfolio, advancing our commitment to renewable energy solutions



Retrofitting initiatives, including the use of **Servo Motors & Induction Boilers**, reducing energy consumption and enhancing the sustainability of our facilities.



Circularity for waste reduction, positioning us to achieve a **30% Fabric Waste Recycling Rate** By 2025.



Implemented water conservation practices, amounting to a **40% Water Recovery from Induction Boilers** In the past year.



Introduced **EmpowerHer**, A gender equality empowerment training programme, advocating for **Women's Rights** and fostering a safe and inclusive workplace



Donated **USD 34,044 and volunteered 1,527 hours** to various societal programmes, emphasising our commitment to giving back to the community



Facilitated over **2,700 Training Hours**, empowering our employees with diverse skills and knowledge, ranging from quality assurance to computer literacy and energy efficiency



Conducted thorough risk assessments for **100% of tier 1 supplier facilities**, as well as facilities beyond tier 1, to ensure compliance with the labour code of conduct



Established a strong **Sustainability Governance** framework to guide our strategic initiatives and ensure responsible business practices



Achieved circular material sourcing, using over **2,400 Metric Tons of Sustainable Materials**, reducing environmental impact in our primary product manufacturing

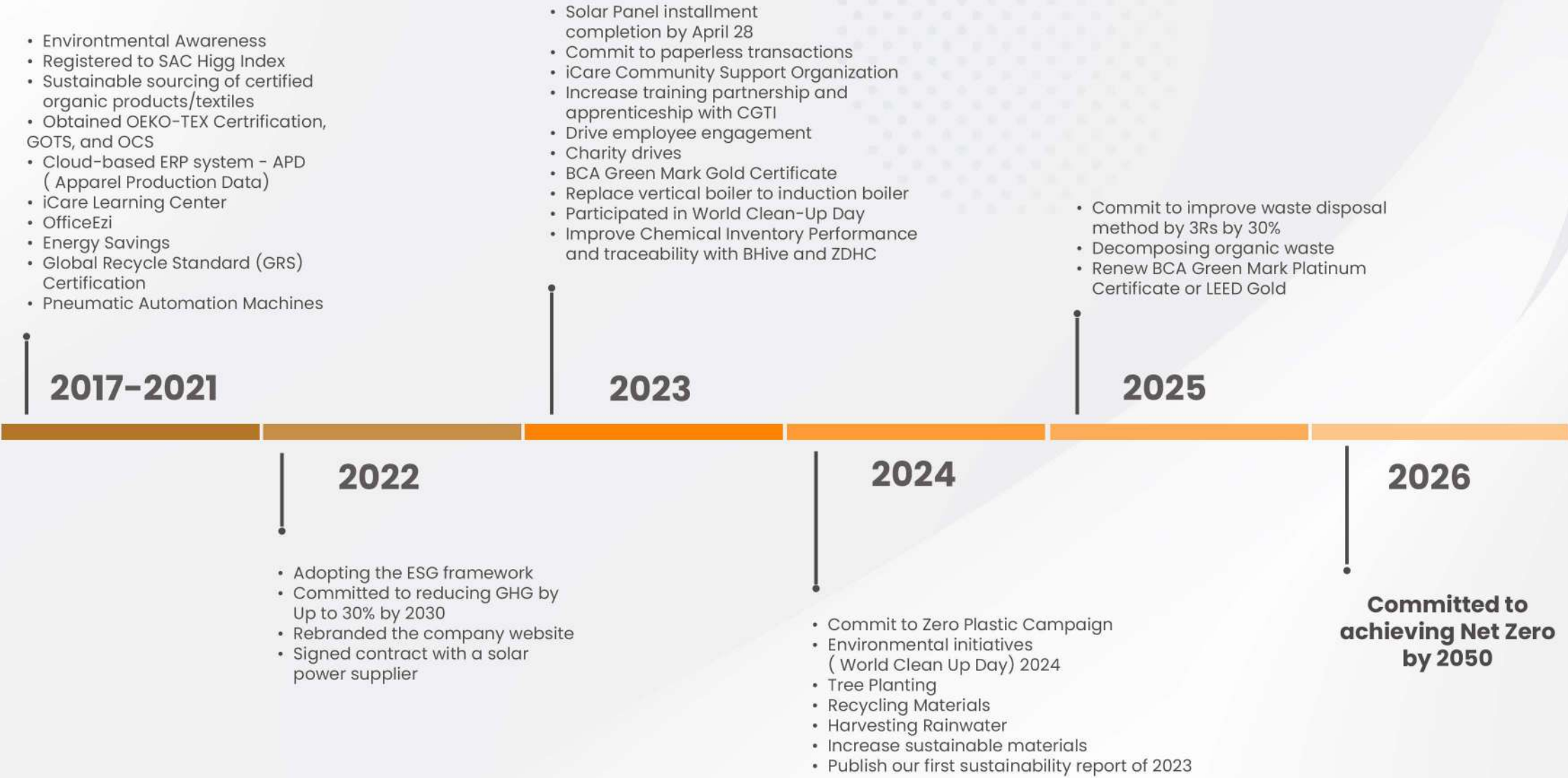


Introduced **Apparel EZI**, A comprehensive product management system, optimising end-to-end production supply chain processes and enhancing logistics efficiency

Approach

Our Sustainability Journey

Figure 1. IAIG’s Sustainability Journey



Our Guiding Principles in ESG

Figure 2. IAIG’s ESG Framework

Our Sustainability Strategy

At IAIG, sustainability is not just a buzzword; it is a deeply ingrained philosophy that guides our every decision and action.

We recognise that our industry, like many others, has an undeniable impact on our planet and its people. It is a responsibility we take seriously, and that is why we have made sustainability a core element of our business strategy.

Guided by our ESG framework in Apparel and Accessories Manufacturing, our approach to sustainability is built on several key principles:



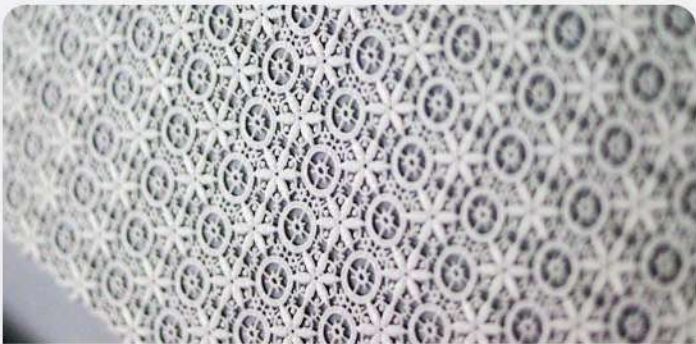
Climate and Environment

Reducing GHG emissions, water use, waste generation, and energy consumption, while incorporating renewables in energy and materials.



Partnership Engagement

Engaging customers by transparently sharing information related to our ESG efforts, offering clear product information, including our environmental and social attributes and certifications.



Transparency and Traceability

Communicating information about our supply chain, sourcing, material origin, and environmental and social impacts to our stakeholders, while ensuring product authenticity and traceability.



Social Impact and Human Rights

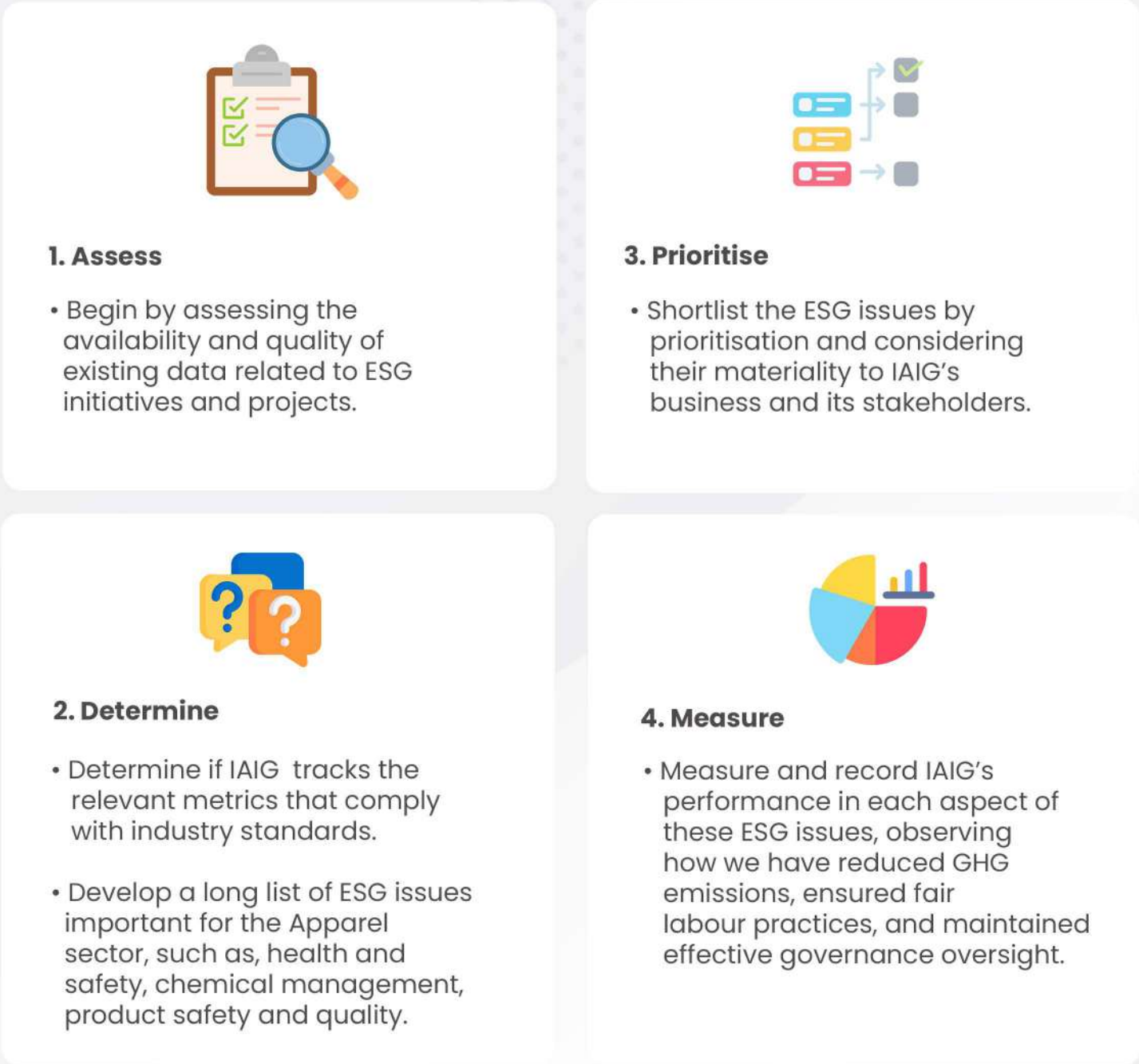
Upholding worker, supplier, and community rights and dignity, ensuring fair wages, safe working conditions, diversity and equal opportunities, gender equality, and social empowerment.

Material ESG Factor Assessment

In FY2023, IAIG conducted a material ESG factor assessment to ensure our sustainability efforts are focused on the most critical areas.

Our material ESG factor assessment comprises four distinct steps, as illustrated in Figure 3. These steps guide our strategic approach to identifying, prioritising, and addressing key ESG factors, ensuring our sustainability efforts are well-informed and effective.

Figure 3. Approach to Material ESG



With guidance from our sustainability consultants at BDO Management Consulting Services, we have identified nine (9) material ESG factors across the planet, people, and principles of governance pillars, as depicted in Figure 4.

Figure 4. IAIG’s Material ESG Factors (Planet)


ESG Pillar	Material Factors	Key ESG issues	Corresponding Reporting Standards
 Planet	Environmental Impact	<ul style="list-style-type: none">• Greenhouse Gas Emissions (GHG)• Energy Management	<ul style="list-style-type: none">• GRI 302 on Energy (2016)• GRI 305 on Emissions (2016)
	Chemical Management & Product Quality	<ul style="list-style-type: none">• Chemicals Management Processes• Product Testing and Verification	<ul style="list-style-type: none">• SASB Metrics CG-AA-250a. on Management of Chemicals in Products
	Waste Management	<ul style="list-style-type: none">• Waste Generation• Circularity Solutions• Sustainable Packaging	<ul style="list-style-type: none">• GRI 306 on Waste (2020)
	Water Stewardship	<ul style="list-style-type: none">• Water Management• Wastewater Treatment• Water Conservation	<ul style="list-style-type: none">• GRI 303 on Water and Effluents (2018)• SASB Metric CG-AA-430a. on Environmental Impacts in the Supply Chain

Figure 4. IAIG’s Material ESG Factors (People)

ESG Pillar	Material Factors	Key ESG issues	Corresponding Reporting Standards
 People	Occupational Health & Safety	<ul style="list-style-type: none">• OHS Management System• Hazard Identification, Assessment, and Investigation• Employee Health and Safety	<ul style="list-style-type: none">• SASB Metrics CG-AA-430b. on Labour Conditions in the Supply Chain• GRI 403 on Occupational Health and Safety (2018)
	Human Rights in the Supply Chain	<ul style="list-style-type: none">• Labour Laws• Labour Code of Conduct• Gender Equality• Giving Back to Society• Community Engagement	<ul style="list-style-type: none">• SASB Metric CG-AA-430b. on Labour Conditions in the Supply Chain• GRI 408 on Child Labour (2016)• GRI 409 on Forced or Compulsory Labour (2016)• GRI 413 on Local Communities (2016)
	Training & Development	<ul style="list-style-type: none">• Professional Growth• Team Building	<ul style="list-style-type: none">• GRI 404 on Training and Education (2016)

Figure 4. IAIG’s Material ESG Factors (Principles of Governance)

ESG Pillar	Material Factors	Key ESG issues	Corresponding Reporting Standards
 Principles of Governance	Ethical Business Conduct	<ul style="list-style-type: none">• Human Rights, Labour, and Environmental Adherence• Business Code of Conduct• Anti-Corruption	<ul style="list-style-type: none">• GRI 205 on Anti-corruption (2016)• GRI 308 on Supplier Environmental Assessment (2016)• GRI 414 on Supplier Social Assessment (2016)
	Responsible Sourcing & Procurement	<ul style="list-style-type: none">• Raw Materials Sourcing• Supplier Assessment and Traceability• Business Partnership Criteria	<ul style="list-style-type: none">• SASB Metrics CG-AA-440a.3 on Raw Material Sourcing• GRI 301 Materials (2016)

Principles of Governance

1) Sustainability Governance

Governance is the foundation of our sustainable business operations. At IAIG, we endeavour to uphold principles of good corporate governance with an emphasis on independence, transparency, and accountability. We strictly abide by all laws and regulations in our operations, and in accordance with those of the countries in which we operate.

Roles and Responsibilities

At IAIG, we firmly believe that sustainability is everyone's responsibility. It is a shared commitment that flows from the top down, involving each member of our organisation. Our sustainability governance structure reflects this approach, ensuring that sustainability is integrated into every facet of our operations.

Figure 5. IAIG's Sustainability Governance



Figure 6. Detailed ESG Roles and Responsibilities



2) Ethical Business Conduct

IAIG's commitment to ethical production is demonstrated through several key practices:

a) Human Rights, Labour, and Environmental Adherence

IAIG aligns its operations with the principles of human rights, labour standards, and environmental responsibility. We uphold the standards set forth by the International Labour Organisation (ILO) to promote decent work practices.

b) Business Code of Conduct

IAIG has established a comprehensive Business Code of Conduct that serves as a guiding framework for ethical behaviour within the organisation applying to all employees, suppliers, contractors, and partners.

It underscores IAIG's dedication to producing products in an ethical and responsible manner, ensuring that our operations respect human rights, labour standards, and environmental sustainability while upholding the highest ethical standards throughout our supply chain.

Our stringent policies reflect a zero-tolerance stance towards bribery, corruption, extortion, and embezzlement. We adamantly prohibit the unauthorised disclosure of information and are unwavering in our respect for Intellectual Property Rights.

Our commitment extends to the practice of fair business, advertising, and competition. We prioritise transparency, honesty, and integrity in every aspect of our operations. Additionally, we are dedicated to fostering an environment that safeguards the identity of our suppliers and employees, promoting a culture of protection against retaliation.

By upholding these principles, we aim to create a business ecosystem that not only complies with legal and regulatory frameworks but also sets a benchmark for ethical conduct in the industry which forms the foundation of our business practices and interactions.

If any of our subsidiary or affiliate entities deviate from the fundamental requirements, our CSR team will work with the concerned subsidiary or affiliate on implementing corrective measures and providing essential training to ensure complete adherence to the established standards.

c) Anti-Corruption

Our anti-corruption programme includes robust policies and procedures that guide our employees and stakeholders in recognising, preventing, and reporting any unethical or corrupt behaviour. We also actively engage with governmental bodies, regulatory agencies, and non-governmental organisations (NGOs) to stay updated on the latest anti-corruption laws and best practices. We are proud to have achieved and maintained full compliance with all relevant regulations.

In FY2023, all governance body members (100%) and employees (100%) in our regional offices located across Singapore, Cambodia, and Hong Kong have been well-informed and made aware of our anti-corruption policies and procedures.

While we currently engage with 538 associate factory subcontractors in Cambodia, our goal is to communicate IAIG’s anti-corruption measures and practices to them. However, we recognise that this process requires time to develop. Addressing this is an area we plan to focus on over time.

Employee Category	Stakeholders aware of of IAIG’s anti-corruption policies and procedures (FY2023)		
	Singapore (%)	Cambodia (%)	Hong Kong (%)
Governance body members	4 (100%)	37 (100%)	4 (100%)
CEO / COO	2 (100%)	2 (100%)	2 (100%)
EVP / VP	1 (100%)	1 (100%)	1 (100%)
Directors	1 (100%)	2 (100%)	--
Managers	1 (100%)	31 (100%)	4 (100%)
Supervisors	--	177 (100%)	--
Officers	--	82 (100%)	--
Clerk	--	105 (100%)	--
Production Staff & Workers	--	2,253 (100%)	--

Beyond policy awareness, we ensure that the IAIG leadership team and all employees participate in anti-corruption-related training programmes. FY2023 marks the first year of tracking these numbers, representing a starting point with ample room for improvement.

Employee Category	Anti-corruption training completion rate (FY2023)		
	Singapore (%)	Cambodia (%)	Hong Kong (%)
Governance body members	4 (100%)	37 (100%)	4 (100%)
CEO / COO	2 (100%)	2 (100%)	2 (100%)
EVP / VP	1 (100%)	1 (100%)	1 (100%)
Directors	1 (100%)	2 (100%)	--
Managers	--	31 (100%)	--
Supervisors	--	177 (100%)	--
Officers	--	82 (100%)	--
Clerk	--	105 (100%)	--
Production Staff & Workers	--	2,253 (100%)	--

Feedback and Grievance Mechanism

In cases of suspected corruption, our employees can access Office EZI, an anonymous grievance and feedback portal allowing them to report any suspicious activity without fear of reprisals. This communication channel proves useful in addressing such sensitive issues promptly.

Notably, in FY2023, IAIG encountered zero (0) incidents of corruption involving employees or business partners.

3) Responsible Sourcing & Sustainable Procurement

The fashion industry heavily relies on various raw materials like cotton, leather, wool, rubber, and precious minerals and metals, as inputs for finished products. However, the sustainability challenges linked to climate change, land use, resource scarcity, and conflicts in regions along the industry’s supply chain pose significant hurdles in sourcing these materials reliably.

Nevertheless, increased scrutiny by stakeholders and consumers, along with more stringent regulations, has allowed us to collaborate with suppliers in reducing their environmental footprint.

a) Raw Materials Sourcing

Acknowledging that our purchasing practices might inadvertently contribute to non-compliance, IAIG conducted extensive research and assessments to understand the standards in purchasing practices, assessed the alignment of our current practices with these standards, and strategized on improving our purchasing practices and data tracking.

In our evaluations, we considered environmental and social factors, identified associated business risks and opportunities, and devised management strategies to address these factors.



Figure 7. Key raw materials procured by IAIG for producing finished goods

LEGENDS:

Environmental consideration

Social consideration

Priority Raw Material \ ESG Assessments	Land Use Practices	Climate Change	Soil Degradation	Water Pollution	Supplier Environmental Regulation	Material Sourcing	Labour Practices & Human Rights	Discussion of Business Risks & Opportunities to IAIG
Organic Cotton	✓							<ul style="list-style-type: none">• Regulatory compliance• Traceability of raw materials• Price volatility of raw materials• Shift in customer preference• Reputational risk
BCI Cotton	✓					✓	✓	
Recycled Cotton	✓							
Cotton	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none">• Access to & availability of raw materials• Regulatory compliance• Shift in customer preference
Polyester	✓	✓	✓	✓	✓	✓	✓	

b) Our Sourcing Strategy

Understanding the profound social and environmental impact of our acquired products and materials, we uphold stringent criteria and ethical standards for our suppliers.



As members of the Better Cotton Initiative (BCI), we prioritise sourcing fabrics from suppliers committed to sustainable cotton production. Our partnerships thrive with suppliers actively dedicated to waste reduction, resource conservation, and sustainable manufacturing practices.

Figure 8. Information Bulletin about Organic Cotton



Our strategies include:



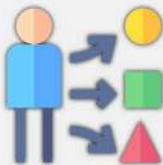
• Heightening supply chain monitoring;



• Enhancing supplier screening;



• Improving traceability of raw materials;



• Identifying substitutable or alternative raw materials less impacted by environmental and social factors.

We have 4,248.88 metric tonnes of input materials used to manufacture IAIG’s primary products and obtained 309.35 metric tonnes (7.28%) from recycled materials

Priority Raw Material	Amount Purchased (metric tons)	Amount certified, by standard	
		Certifications / Standard and Associated Discussion	Amount Certified
Organic Cotton	505.57	GOTS / OCS	505.57
BCI Cotton	1,622.47	BCI	1,622.47
Recycled Fabric	309.35	GRS / Repreve (Recycled Bottle)	309.35
Cotton	742.21	--	--
Polyester	875.86	--	--
Other Fabric¹	193.42	--	--

Total weight of materials used to produce and package IAIG’s products		
Reporting Category	Material Type	Total Weight (in metric tons)
Non-renewable Materials²	505.57	505.57
	1,622.47	1,622.47
	309.35	309.35
Renewable Materials³	742.21	--
	875.86	--

c) Supplier Assessment and Traceability

Ensuring traceability throughout our supply chain is crucial for upholding human rights and ensuring decent working conditions, particularly in garment production. While we currently have visibility over our Tier 1 supplier facilities, our conventional material sourcing methods, primarily through fabric markets, present its own challenges in advancing traceability efforts beyond this level.

In 2017, we initiated a strategic sourcing function to strengthen our garment production operations. This approach enables us to take greater control over our materials supply chain, consolidating raw materials for enhanced traceability. While we have made strides towards our 100% traceability goal by 2024, our revamped sourcing models sets a strong base for further improvement, and we remain optimistic about our advancements in the coming years.

Tier 1 supplier facilities are our subcontractors which possess Higg Index programme. Supplier facilities beyond Tier 1 are required to possess Higg Index with BHive4/Bve3 and Zero Discharge of Hazardous Chemicals (ZDHC) for wastewater discharge, mostly nominated by our customers.



Supplier
to Zero

By ZDHC

Supplier Facilities that have completed the Environmental Data Assessment	Percentage (%)
Tier 1 supplier facilities	100%
Supplier facilities beyond Tier 1	100%

Suppliers Screened for Environmental and Social Criteria	Percentage (%)
New suppliers that were screened using environmental criteria	100%
Social Criteria Assessment	
New suppliers that were screened using social criteria	100%

Inventory Type: Usage

Factory Name:
W Embellishment Ltd

Report Date:
13-11-2023 10:11 (UTC) Coordinated Universal Time

ZDHC AID:
A990TZ50

Name:
In Huet

Email Address:
hr_compliance@wvel-em.com

Street Address:
National Road 3, Km 27, Western Anlung Romest Village, Anlung Romest Commune, Kandal Steung District, Kandal Province, Kingdom of Cambodia. -- Cambodia

Performance InCheck Report - October 2023

Introduction

The ZDHC Performance InCheck report is a universally accepted chemical inventory overview for input chemical management. It is an easy to read report of chemical inventory providing a numerical overview of individual products certified against the different versions and levels of the ZDHC MRSL (current or previous) during a period of time.

The Performance InCheck report presents a summary of the products utilized within Supplier's facility, along with the conformity of chemical products to the Chemicals to Zero Levels and the ZDHC MRSL Conformance Levels specified in the relevant ZDHC programs.

Chemicals to Zero Conformance

65
Uploaded
Products

20

20

45

10

0

Evaluation	Chemicals to Zero
Foundational Level	20 products (31%)
Progressive Level	0 products (0.0%)
Expired	0 products (0%)
Not Published in ZDHC Gateway	38 products (58.3%)
Conformant	43 products (66.2%)
Not Evaluated	22 products (33.8%)
All Products	65 products (100%)

Find more information about [Chemicals to Zero](#) here.

Report: CWNMHO2H-11132023

20

W Embellishment Limited joined BHive, the chemical management inventory platform, to monitor and track the chemical performance with accurate data entry and the reliability of the traceability to meet customer requirements. It helps to track and improve performance and automatically scan for compliance check that includes ZDHC, Manufacturing Restricted Substances List (MRSL), Global Organic Textile Standard (GOTS), OEKO-TEX.

d) Business Partnership Criteria

At IAIG, we believe that forging relationships with carefully selected partners offer mutual benefits by mitigating potential risks such as terrorism, theft, robbery, embezzlement, and other incidents and ensuring the efficient supply and manufacturing of our products. Our approach to partner selection is guided by IAIG's Business Code of Conduct and Business Partner Criteria, ensuring that we prioritise partners who share our commitment to security and social compliance.

We are committed to delivering high-quality products to our customers, emphasising both quantity and timely delivery with utmost care and loyalty. To achieve this objective, we continuously evaluate and enhance our business relationships, exclusively engaging with partners, suppliers, and contractors who align with our rigorous standards.

In the selection of our business partners, we prioritise those whose commitment to security and social compliance aligns closely with our established policies to ensure that their services and materials meet the highest standards of quality and ethical practices.

¹ Other Fabric consists of PIMA cotton, Rayon, Modal cotton, Viscose and Nylon.

² Non-renewable materials refer to resources that do not renew in short periods.

³ Renewable materials refer to materials that are derived from plentiful resources that are quickly replenished by ecological cycles or agricultural processes, so that the services provided by these, and other linked resources are not endangered and remain available for the next generation.

⁴ BHive and Bve3 offer similar platforms for smart chemical management especially for brand, retailer, textile manufacturer or chemical suppliers.

e) Business Partnership Criteria

Our approach to selecting and sustaining business partnerships is rooted in a commitment to conducting independent pre-engagement and follow-up assessments. Consequently, any prospective business entity seeking to collaborate with us is required to facilitate our evaluation of their security and CSR performance at their operational base.

To uphold transparency and ensure meticulous selection procedures, we have established and implemented the following frameworks:

- Social Compliance Policies
- Security Policies
- Apparel Code of Conduct
- Social Compliance Assessment Form
- Supply Chain Security Assessment Form

These comprehensive tools and policies serve as the foundation for our evaluation process, enabling us to assess potential partners against standardised criteria related to social compliance, security, and adherence to our Code of Conduct.

Figure 9. IAIG's five-step partner selection process



Details of IAIG’s five-step partner selection process

ENABLEMENT	ENGAGEMENT
Assessor	<p>IAIG will conduct CSR and security inspections at all stages of our business partnerships. By choosing to be or becoming our business partner, they must grant us authorisation to access their facilities, as well as the facilities of their suppliers and subcontractors, as deemed necessary for these inspections.</p> <p>In cases where third-party entities are enlisted to perform audits or evaluations, the selection of the third party can be made independently by us. Alternatively, we may request our business partner to choose any independent third-party recognised by IAIG.</p>
Pre-Business Assessment	<p>Prior to entering any business engagement, our CSR and/or Security personnel will conduct an inspection of the partner’s premises, evaluating both CSR and security performance. This assessment encompasses a review of policies related to Customs–Trade Partnership Against Terrorism (C–TPAT), and we will complement this with an on-site visit to ensure alignment with our standards.</p> <p>We ensure that our business partner(s) refrain from involvement in activities related to money laundering, terrorism, and human trafficking. Additionally, we monitor their financial stability. Our scrutiny extends to a thorough examination of documents and an assessment of the condition and legality of machines, vehicles, and other items and facilities used by the partner in conducting business transactions with IAIG.</p> <p>Should our assessment identify areas for improvement, we provide verbal advice or suggestions to the partner. A comprehensive report detailing our findings and recommendations will be compiled.</p>
Follow Up Assessment	<p>To ensure comprehensive adherence to CSR and security requirements, we reserve the right to conduct random and unannounced inspections of both products and the supply chain. Additionally, we may request evidence of production and other relevant documentation if necessary.</p>
Results	<p>The assessment outcome will determine the course of action for prospective partners. A score below 80%, categorised as ‘High Risk’, may result in the termination of the agreement. Scores falling within 70% to 90%, denoted as ‘Medium Risk’, require partners to address and improve identified issues for the agreement to proceed. Scores exceeding 90%, categorised as ‘Low Risk’, indicate a favourable assessment, and the agreement will move forward.</p> <p>Partners categorised as ‘Medium Risk’ or ‘Low Risk’ will receive additional training to enhance their security measures.</p>
Agreement	<p>Orders can only be placed with partners who have successfully completed the assessment. Before initiating the production process, these partners must provide us with additional annexes, including personnel files for drivers, truck trackers, escorts, and individuals responsible for transporting goods to and from IAIG.</p>

f) Feedback and Control

The Compliance team is responsible for reviewing the performance of the Policies and Procedures for Selecting a Business Partner, ensuring its alignment with legal and buyer’s requirements, and encouraging improvements based on findings from various sources. Internally, the company addresses issues identified by the Compliance Team through remedial actions. A general review is conducted annually.

Figure 10. Team Responsible for Selection of Business Partners



Each business engagement, including partnerships with subcontractors and service providers, must undergo evaluation and approval by the responsible team as outlined above.

- 1) In the event of plans to subcontract any products or processes, the respective managers and the Compliance team will work together to verify the CSR and/or security approval status of the subcontractors.
- 2) Prior to dispatching the products to any subcontractors, the managers involved must obtain approval from the General Manager.
- 3) Unauthorised subcontracting of products is strictly prohibited. Any individual found in breach of these policies and procedures will face immediate termination from employment.

Apparel EZI

We have developed our proprietary system known as Apparel EZI, Product Management System (PMS), which spans the entire production supply chain.

From sourcing top-quality materials to streamlining logistics management, this system optimises efficiency and enhances our ability to deliver high-quality products to our customers.

Apparel EZI enables us to:



- Manage the entire production process from order entry, material requirement planning, production scheduling, work-in-progress tracking, and quality control, to shipment preparation;
- Monitor the real-time status of each order, process, and operation through production status reports;
- Integrate with other systems and technologies, QR code and barcode scanners, to automate data collection;
- Enhance the efficiency, accuracy, and quality of the production process by reducing human errors, wastage, and rework.

Planet

1) Environmental Impact

As a fashion company, our operations have the potential to exert a substantial ecological footprint. Recognising this, we are deeply committed to minimising our environmental footprint from sourcing sustainable materials to reducing energy consumption, optimising production processes, and managing waste responsibly.

a) Our Carbon Neutral 2050 Goal

A global consensus has emerged for achieving net zero carbon emissions by 2050, and IAIG aligns itself with the efforts of governments worldwide, including Cambodia. Beyond planning medium- and long-term carbon reduction strategies, we have also incorporated various environmental policy initiatives. In 2017, we established Our Carbon Neutral 2050 initiative, marking our commitment to this cause.

Our plan to curtail carbon emissions centres on addressing climate change throughout our operational framework and supply chain. This strategy takes into careful consideration the emissions linked to the sourcing of raw materials, the manufacturing processes involved in creating our products, as well as the emissions related to inbound and outbound logistics, including returns.



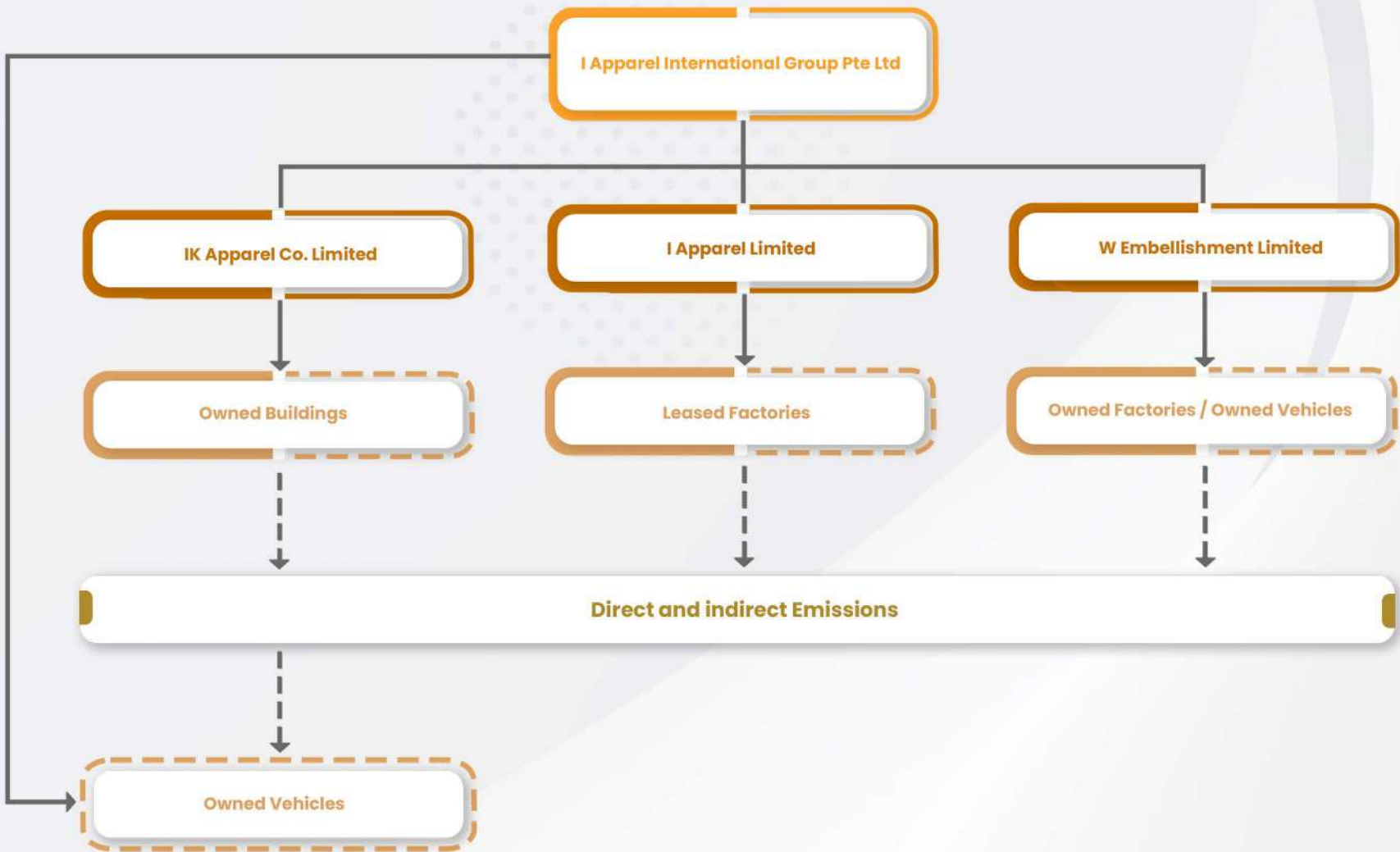
b) Greenhouse Gas (GHG) Emissions

Since 2018, we have diligently monitored and assessed our greenhouse gas (GHG) emissions across Scope 1 and Scope 2, adopting the operational control methodology.

Our carbon accounting for FY2023 adheres to the Greenhouse Gas Protocol Accounting and Reporting Standards (GHG Protocol) and other globally recognised tools⁵ for emissions reporting, covering the following areas:

As compared to the 2018 baseline, Scope 1 signified a 25% decrease. This reduction was achieved through restructuring the production process, replacing, and upgrading machinery,

Figure 11. IAIG’s Organisational Boundaries



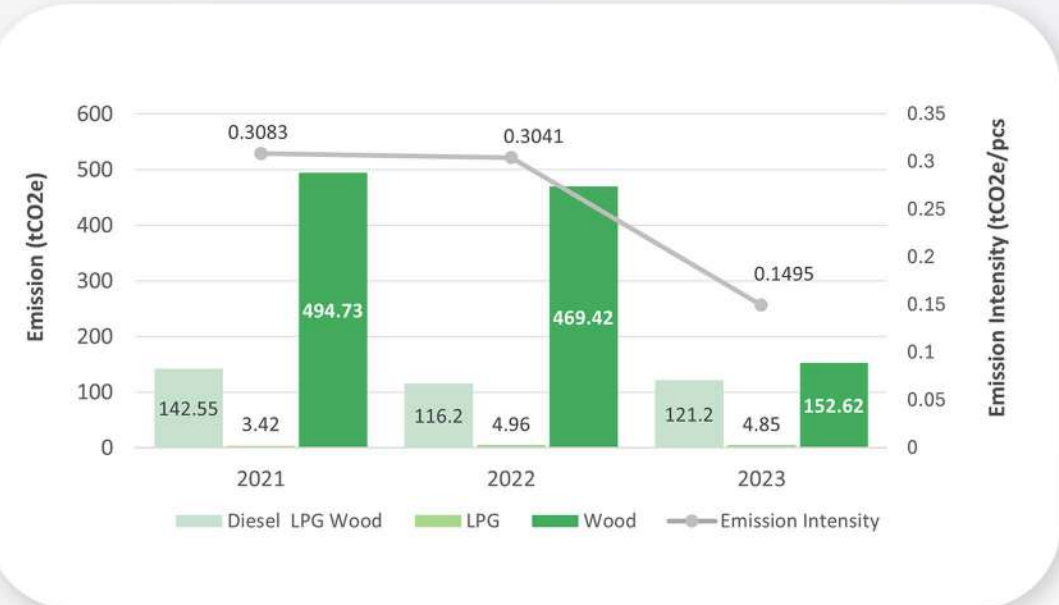
⁵ DEFRA standards, IPCC, IGES (Grid Emissions Factor in Cambodia), and RESET Carbon launching a more digitised ERP system, initiating a fresh approach to reporting, and enhancing the data gathering and management systems.

While our production volumes have remained relatively stable over the past three (3) years, holding at around 20 million production pieces per annum, our focus has shifted to extensive electrification, restructuring, and retrofitting initiatives. Over time, we envisage scaling these endeavours with the integration of technology and digitised systems, progressively increasing the use of cleaner energy in our production processes.

During the initial years of implementing these changes, we anticipated a marginal uptick in our Scope 2 emissions. As such, there was a 12% increase in Scope 2 compared to the 2018 baseline.

We have selected production volume as the organisation- specific metric (the denominator) for calculating our emission intensity. As at FY2023, our production volume was 18,634,656 pieces. In line with our commitment to sustainability and the reduction of greenhouse gas emissions, we have assessed our Scope 2 emissions using both location-based and market-based approaches.

Figure 12. Scope 1 Emissions (tCO₂e)

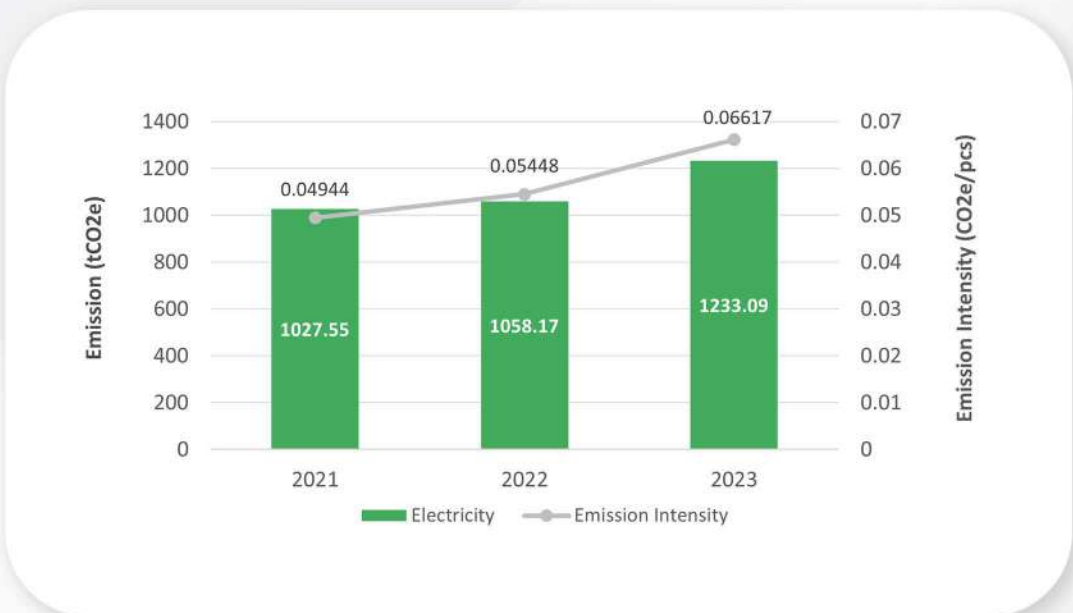


Notably, a key factor influencing these calculations is the successful integration of solar energy into our operations, contributing a total of 117,047.02 kWh (approx. 3% energy generation) to our energy portfolio.

Figure 14. Solar Panel Installation on IAIG’s Premises



Figure 13. Scope 2 Emissions (tCO₂e)





Scope 1 ⁶ : Direct emissions from owned/controlled operations	Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling	
	Location-based	Market-based
278.67 tCO ₂ e	1,233.09 tCO ₂ e	1,193.78 tCO ₂ e

Initially, our goal was to attain a 10% reduction in our greenhouse gas (GHG) emissions by 2025, a target successfully met in FY2022. However, in FY2023, due to an increase in the number of machines powered by electricity, we were unable to achieve the same level of reduction. Despite the results, we are actively assessing our strategies to address these challenges and remain committed to renewed efforts in the coming years.

⁶ Scope 1 emissions in our assessment includes emissions directly generated through the use of diesel, LPG (liquified petroleum gas), and wood.

c) Energy Management

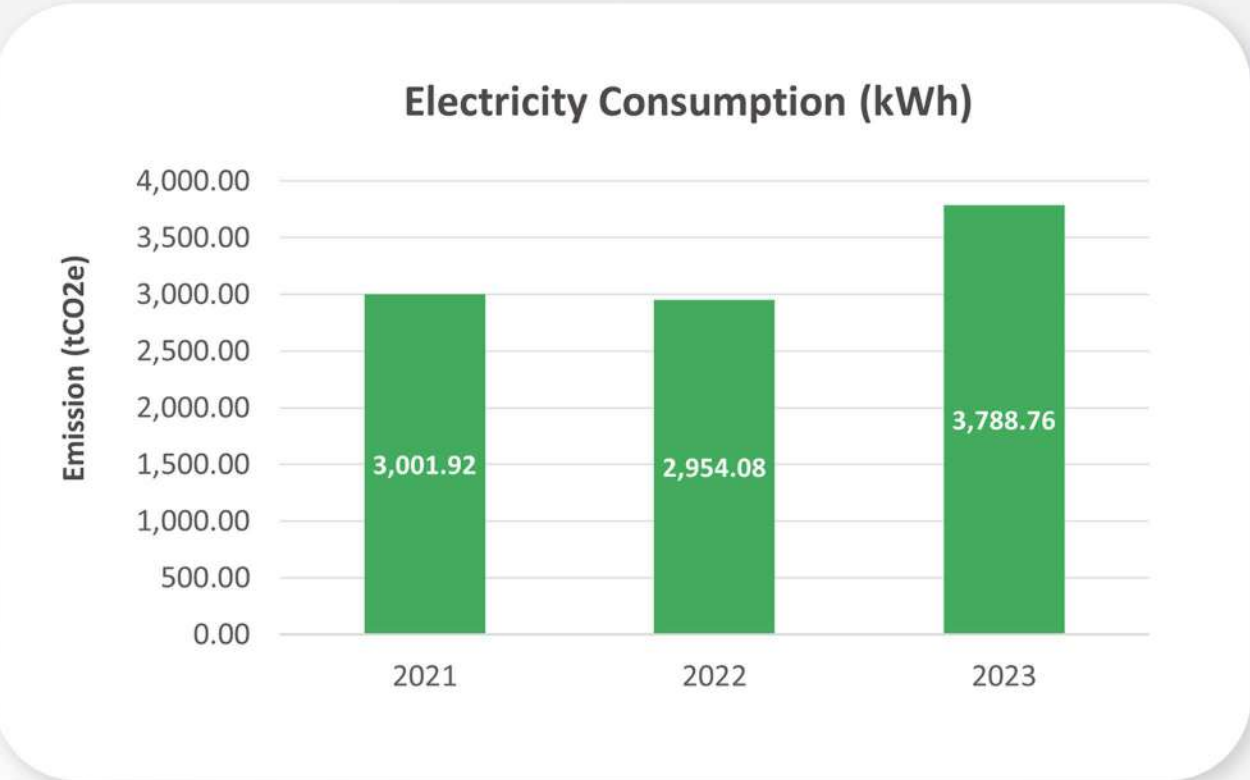


117,047 kWh
Energy consumption within IAIG
Cambodia Energy Mix



3,722.764 kWh
Electricity consumption
Solar

Figure 15. Energy Consumption within the Organisation from FY2021 – FY2023



Besides using solar energy to power a significant portion of our operations, we have undertaken several additional initiatives, such as transitioning from fluorescent to LED lights, resulting in a 40% reduction in energy consumption. Additionally, we have set all air-conditioners to operate within the temperature range of 23 to 25 degrees Celsius.

Since 2022, we have also replaced traditional clutch motors with servo motors for our sewing machines, leading to an impressive 80% reduction in energy consumption.

⁷ According to the official document released by Electricity Authority of Cambodia, the energy mix in 2023 consisted of 51.60% renewable energy and 48.40% non-renewable energy.

Figure 16. Servo Motors



A prime example of our dedication to surpass previous achievements is evident in our in-house innovation and engineering team’s work. With their expertise, we were able to modify our machinery to incorporate cutting-edge technologies.

Figure 17. Induction Boiler



By replacing conventional wood boilers with induction boilers, the resulting advantages include increased energy efficiency, a more environmentally friendly operation, and improved humidity control stability. Consequently, these specific modifications contributed to lower carbon footprint, higher cost savings, and elevated the quality of our products.

2) Chemical Management and Product Quality

We take pride in our adeptness and adaptability in fabric development, assisting our customers in navigating evolving industry trends. However, recognising the negative reputation fast fashion has garnered due to its environmental impact and ethical concerns, we prioritise the quality and longevity of our products.

Our focus remains on sourcing, developing, and producing fabrics, accessories, and materials that align with our customers' preferences while maintaining optimal budgets.

a) Chemicals Management Processes

Upholding our specialisation in sustainable fabric production — embracing organic cotton, recycled, and degradable materials — demands a commitment to eliminating hazardous chemicals from our operations and products. Consequently, we have implemented collective measures ensuring IAIG consistently complies with restricted substances regulations.



Further, we are aware of the necessity for rigorous conformity, safety checks, and procedural oversight throughout manufacturing, particularly for items catering to babies, toddlers, and children. Emphasising meticulous attention to areas like metal contamination, choking hazards, drawstring exposure, flame-resistant (FR) flammability tests, and snug-fit measurements, our products are crafted not only for comfort and aesthetics but also for protection.



In our collaboration with chemical suppliers, we mandate specific documentation — such as Material Safety Data Sheet (MSDS) or Safety Data Sheet (SDS), MRSL Compliance certificates, Certificate of Analysis, and chemical certificates from accredited third-party assurance — to ensure their adherence to Restricted Substances List (RSL) compliance standards.

Internally, IAIG implements stringent procedures like Chemical Management and Chemical Purchasing, along with regular training to ensure product compliance with restricted substances regulations.

Figure 19. In-house Laboratory Testing



b) Product Verification and Testing

Our suppliers are mandated to provide chemical test reports (OEKO Passport Testing Certificate), OEKO-TEX STANDARD 1008, and garment testing for samples. They also undergo rigorous testing by third-party labs for chemical and heavy metal content, supplemented by in-house tests for colour fastness.

Our verification and testing processes at IAIG are comprehensive:

- Testing is conducted on sample products for each finished style on a random basis.
- We have an in-house laboratory for our own testing procedures.
- Third-party involvement is sought when necessary for comprehensive testing.
- An SOP is established for verifying compliance with restricted substances regulations as part of our material selection and approval process.
- Suppliers are required to acknowledge and sign IAIG's RSL Letter of Acknowledgement.

c) Product Quality Management

Within our ESG framework, we utilise our Product Quality and Integrity Management System (PQIMS) to assess the quality of our products in real-time. Integrated data from quality checkpoints across production sections enables us to take immediate action to halt the production of any defective products.

Our dedicated Product Quality Inspection (PQI) team conducts thorough assessment and certification of the entire production process, starting from material import to final product export, ensuring compliance with the client's quality standards.

d) Our Membership and Certifications

In October 2023, IK Apparel was awarded the Corporate Social Responsibility (CSR) certificate on environmental and social excellence categories presented by Eurocham Cambodia and the Textile, Apparel, Footwear and Travel Goods Association in Cambodia. We were proud to receive the award because it represents the quality of services provided to our workers and our implementation of sustainable technologies within our factories.

Figure 20. Awards & Accolades



Figure 21. IAIG receiving the CSR certificate on environmental and social excellence



⁸ OEKO-TEX Standard 100 is a globally standardised, independent testing and certification system for textile raw materials, intermediate & end products of all processing stages and accessory materials used.

These certifications underscore our commitment to sustainable quality, safety, and labour conditions while delivering top-notch products and services:



Life Cycle Assessment (LCA)



GLOBAL
SECURITY
VERIFICATION

Global Security
Verification (GSV)



SUPPLIER
QUALIFICATION
PROGRAM

Supplier Qualification
Programme (SQP)



Supplier Compliance
Audit Network (SCAN)



OEKO-Tex



Higg Index – Sustainable
Apparel Coalition (SAC)



Worldwide Responsible
Accredited Production (WRAP)



Better Cotton Initiatives (BCI)



Employment Related
Services Association

Employment Related
Services Association (ERSA)



Supplier Ethical Data
Exchange (SEDEX)

3) Waste Management

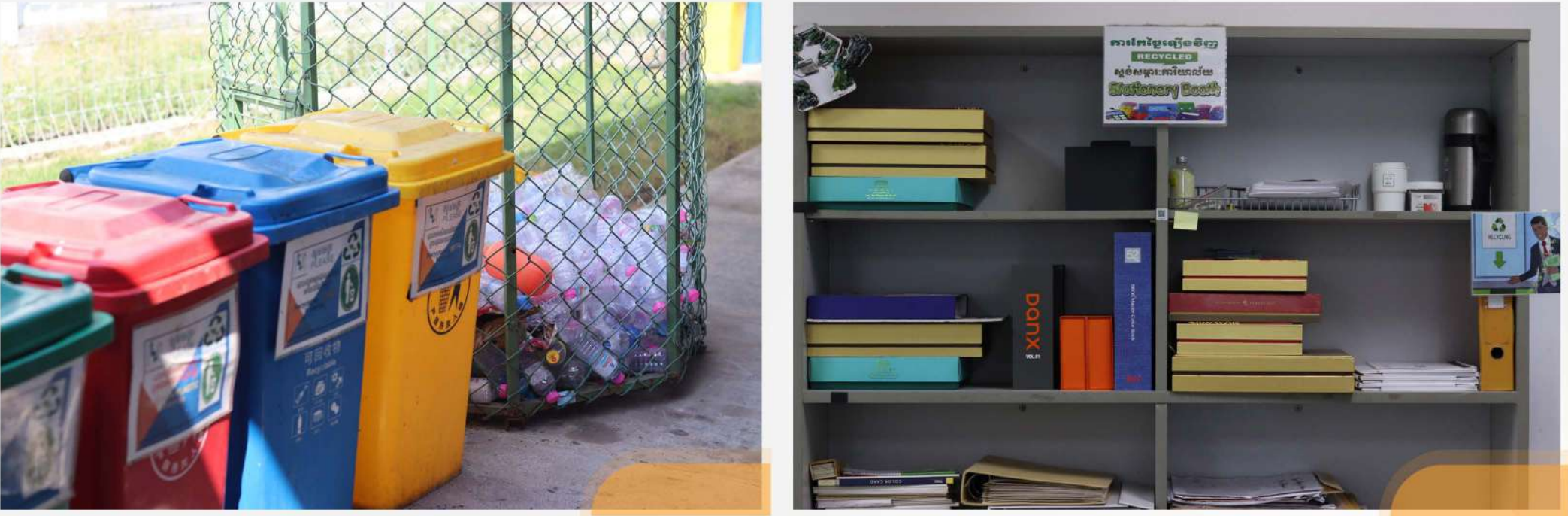
There is a need to shift towards a more circular economy, where waste is reduced, reused, and recycled. Increasing recycling rates and reducing landfill waste can have significant economic benefits and help create a more sustainable future.

The bulk of the Group's waste comprises items such as cardboard boxes, polybags, fabric, and other general waste. Notably, sludge from the Effluent Treatment Plants (ETP) water treatment at the printing facility represents a major potentially hazardous waste stream.

a) Waste Generation

Internally, we record waste-related data by segregating hazardous and non-hazardous waste types. Each department managing significant waste maintains its internal records, under administrative control, which are then centralised at HQ for comprehensive data management.

Figure 22. Waste Generation



This streamlines waste management processes with our waste collectors and suppliers while encouraging employees to adhere to the waste hierarchy – prioritising reuse, recycling, and other recovery methods conscientiously.

Waste Composition	Hazardous	Non-Hazardous
	Metric tonnes (MT)	
Amount of Waste Generated	593.26	64.51
Amount diverted from disposal for reuse (offsite)	590.01	11.75
Amount directed to landfill	1.30	27.87

b) Circularity Solutions

In 2023, our waste reduction efforts extended beyond fulfilment centres to all our operations, focusing on circularity measures to curtail substantial waste generation upstream and downstream. Our strategies involve:

- Employing Lectra's⁹ advanced patternmaking software to minimize fabric cut pieces and eliminate material waste.
- Precisely procuring materials to minimise leftovers
- Sourcing sustainable materials such as organic, recycled, biodegradable, and eco-certified products.
- Establishing procurement policies favouring suppliers with robust waste prevention and management criteria as per buyer requirements.

Figure 23. Circular Solution -Lectra



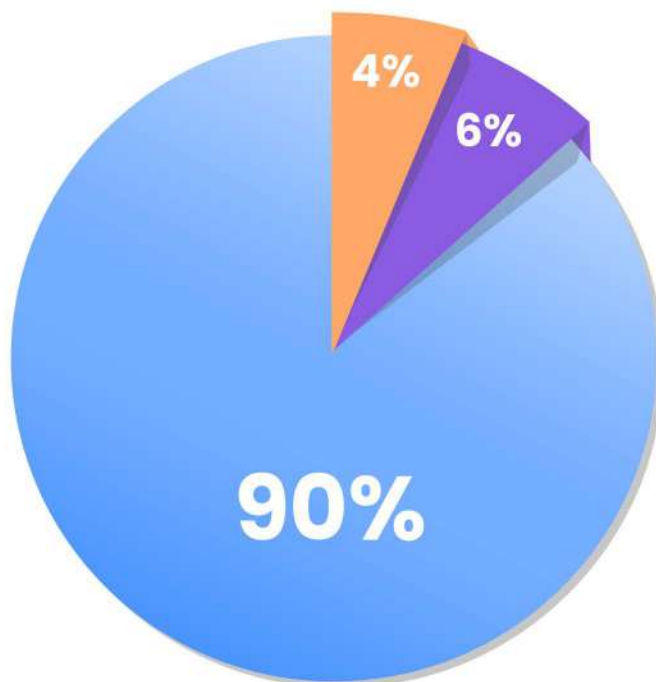
⁹ Lectra specialises in CAD software and CAM cutting-room systems for industries using soft material such as leather and textiles.

In FY2023, through these concerted efforts, we are steadily advancing towards our waste reduction target, aiming to achieve a 30% fabric waste recycling rate by 2025.

Figure 24. Breakdown of Waste Composition

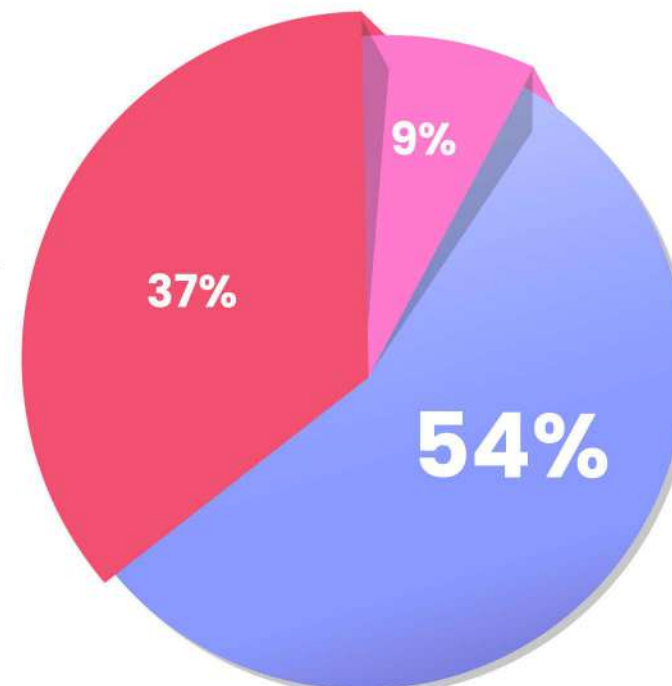
Non-Hazardous Solid Waste

LEGENDS:



Hazardous Solid Waste

LEGENDS:



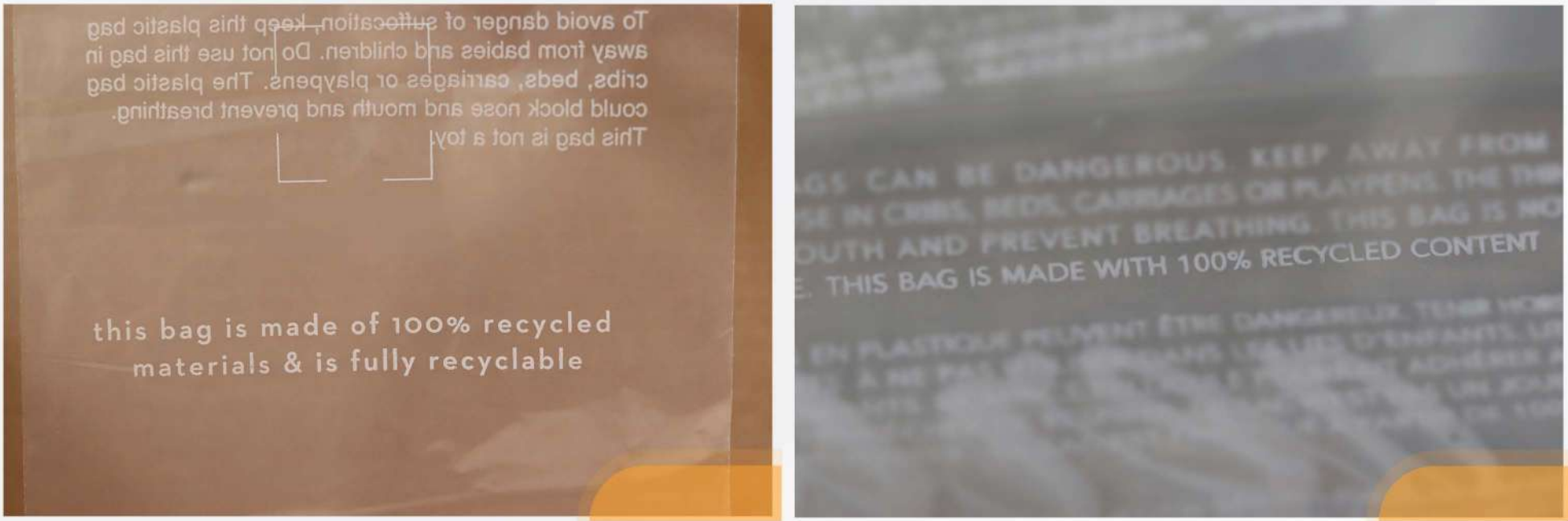
c) Sustainable Packaging

In our line of work, packaging plays a vital role in safeguarding, transporting, and showcasing various products. It serves not only as a shield during shipping but also as a branding tool, shaping a positive customer experience. Yet, excessive packaging contributes significantly to the volume of manageable waste, potentially ending up in landfills. Without proper management, projections suggest that by 2050, the weight of plastic in the ocean could surpass that of fish.

Addressing this concern, the European Union’s Packaging and Packaging Waste Directive mandates action among its member states to curtail packaging waste and elevate the recycling and recovery of packaging materials. Although the US has no all-encompassing federal legislation regulating sustainable packaging, the federal government has exercised its authority to regulate food, drug, and cosmetic packaging to reduce the use and disposal of certain packaging materials and mandate minimum recycling requirements. Currently, there is no regulations posed on the apparel industry concerning sustainable packaging. Even so, proactively embracing sustainable packaging practices would not only position us as industry leaders but also align with our commitment to environmental responsibility.

As a fashion manufacturer serving predominantly US and European customers, we recognise the urgency of this issue and are dedicated to enhancing the sustainability of our packaging. Our goal is to minimise packaging materials whenever feasible and transition to more eco-friendly alternatives where elimination is not possible.

Figure 25. Sustainable Packaging



HearthBake Cafe



The café uses **eco-friendly packaging materials**, reducing non-biodegradable waste and carbon footprint



Donates a portion of its earnings to IAIG's **social foundation**



Promotes **environmental & social consciousness** among employees and customers

Figure 26. Sustainable Packaging used at Hearthbake

Hearthbake has long been a favoured destination for IAIG employees, whether for celebrating special occasions or unwinding after work. Beyond its food and cozy ambiance, Hearthbake reflects IAIG's commitment to environmental stewardship and social responsibility.

The café uses eco-friendly packaging like paper cups, straws, bags, and jute string handles instead of plastic or styrofoam, significantly reducing non-biodegradable waste and carbon emissions.

Hearthbake also pledges a portion of its profits to iCare Community Support Organisation (iCCS), IAIG's social foundation, furthering social awareness among employees and customers, embedding sustainability into their lifestyle and corporate culture.



4) Water Stewardship

Recognising the fashion industry's responsibility to curtail water usage and conserve finite resources, IAIG actively engages in responsible water management practices.

Figure 27. Reverse Osmosis (RO) drinking water



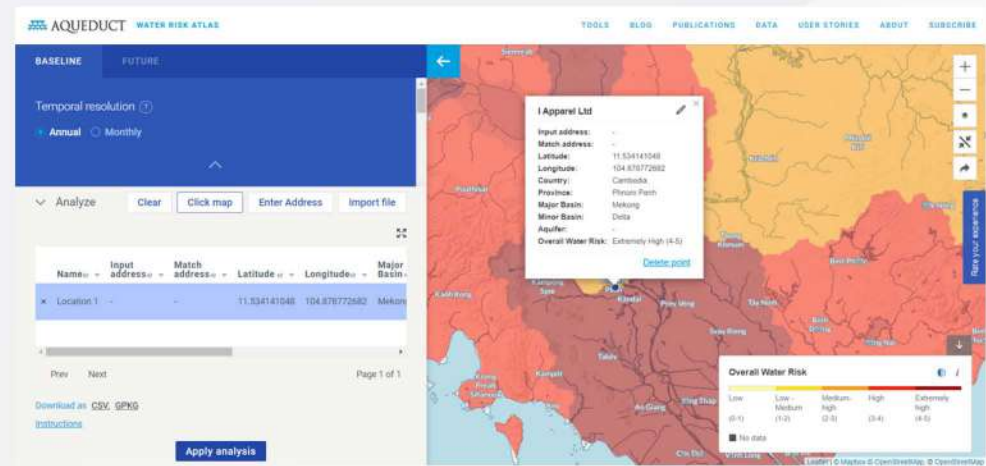
a) Water Management

Water is procured from the surface within our industrial park for the following uses:

- At IK Apparel and Headquarters, water serves for domestic use and the provision of Reverse Osmosis (RO) drinking water. After usage, wastewater is directed into septic tanks, eventually returning to the industrial park's water treatment tank for processing.
- Meanwhile, W Embellishment utilises water for domestic needs and post-production activities, such as cleaning printing stencil frames. The wastewater from this process undergoes primary treatment in the facility's ETP before being redirected to the industrial park's water treatment tank, where it's recycled to support plant watering initiatives.

Regular self-assessments and verifications using the Higg Index platform and taking references from World Resources Institute (WRI) Aqueduct tool enable us to evaluate water risks across different countries and regions. Stakeholders and buyers have easy access to our Higg Index for viewing assessments.

Figure 28. WRI Water Aqueduct Tool



As of 2023, we have not experienced any water stress. Nevertheless, all our facilities have developed contingency plans for water and wastewater systems, integrated into our Emergency Preparedness and Response Procedure. These plans outline various aspects, impacts, risk factors, and emergency contacts.

Figure 29. Wastewater Treatment Facilities



b) Wastewater Treatment

Wastewater requiring treatment undergoes processes such as screening, settling, and clarification for primary treatment, followed by biological decomposition in aerobic and/or anaerobic biological treatment for secondary treatment.

For priority substances of concern in discharged wastewater, we have established discharge limits¹⁰ to manage environmental impact. Thus far, we have maintained compliance with these limits, with no incidents of non-compliance.

Within facilities¹¹ handling industrial wastewater, we perform tests adhering to established water quality benchmarks such as the GOTS and the GRS programmes. Additionally, we report in accordance with the ZDHC Programme Wastewater Guidelines and utilise the Higg Index for comprehensive assessment and reporting.

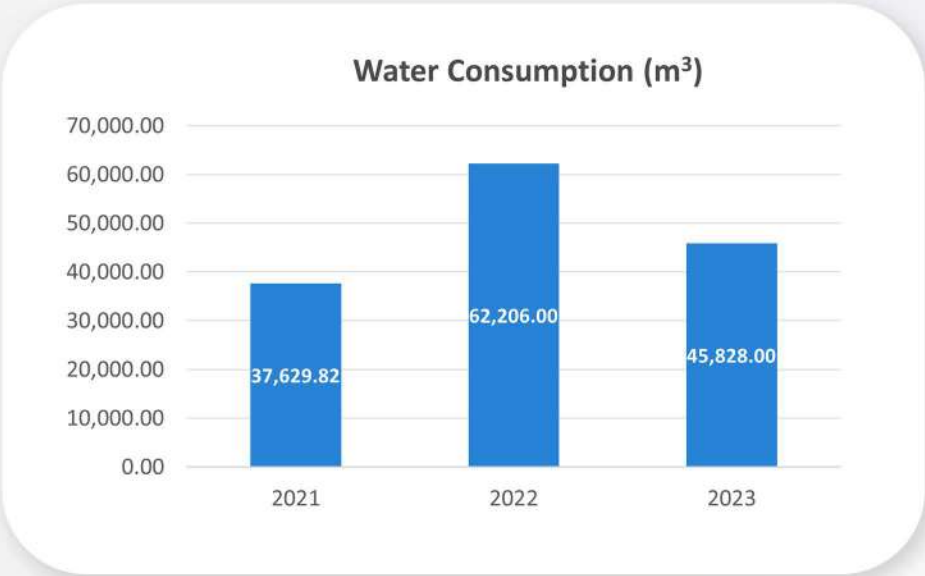
All our suppliers adhere to local laws and regulations mandated by the Ministry of Environment, alongside meeting the requirements stipulated by buyers. These obligations are explicitly outlined in our agreement contracts with supplier facilities, inclusive of contingency plans. Every quarter, we submit facility testing reports to the Ministry of Environment as part of our regulatory compliance measures.

-
- ¹⁰
- pH Value 5-9
 - Total Suspended Solid (TSS) <50-200mg/L
 - Biochemical Oxygen Demand (BOD)₅ <30-200mg/L
 - Chemical Oxygen Demand (COD) Cr <60-300mg/L
 - Oil & Grease <5-30mg/L
 - Ammonia (NH₃-as N) <7-30mg/L

¹¹ Mainly attributed to the processes involved in cleaning, printing, and screen-printing activities.



Figure 30. Water Consumption



Water Management [Disclosure GRI 303-3, 303-4, 303-5]	Amount in m³
Total surface water withdrawn	45,828 m³
Third-party water discharge	20,050 m³
Total water consumption	25,778 m³

c) Water Conservation

Besides our overarching strategy for responsible water management, we prioritise employee education within our day-to-day operations.

For instance, across our factories and offices, we implement water conservation practices. This includes initiatives like replacing high-low faucets with flow restrictors and introducing new induction steam boilers, resulting in a 40% increase in water reusability. Our vigilant monitoring of water consumption has led to a commendable 9.57% reduction over the past three years.

Looking ahead, IAIG is committed to reduce water consumption by 10% by 2025 against 2018 baseline year. We are working to harvest rainwater in IK Apparel which we foresee will reduce our water usage and work towards our goal. These goals align with public sector initiatives, such as the water-related targets outlined in the UN Sustainable Development Goals, specifically Goal 6, as well as targets established by national and local governmental bodies.

PEOPLE

1) Occupational Health & Safety

Occupational health and safety (OHS) management is a paramount concern at IAIG. The well-being of our employees is our top priority, and we are committed to continuously invest in training programmes to ensure that our workforce is well-prepared to mitigate risks and respond effectively to potential hazards.

a) OHS Management System

The CSR Department plays a pivotal role in ensuring IAIG's compliance with all relevant laws and regulations pertaining to labour conditions, environmental standards, health, and safety across the entire supply chain. An integral part of our commitment involves conducting annual internal risk assessments.

Within each respective factory, the EHSC is responsible for vigilant monitoring of their respective areas, promptly identifying and addressing any potential risks. Regular meetings are conducted every three (3) months to collaboratively discuss enhancements and preventive measures to maintain a safe and compliant working environment.

We have implemented a comprehensive OHS management system, adhering to essential requirements outlined in Labour Law, which aligns with our customers' Code of Conduct, and specific OHS guidelines. It involves the active participation of our EHSC, which plays a crucial role in overseeing the implementation of these protocols. The standards we strictly adhere to include:

- Cambodia Labour Law – 1997
- ILO Guide to the Cambodian Labour Law for the Garment industry – 2020
- IAIG's Business Code of Conduct
- Buyers' Code of Conduct and OHS Guidelines
- Cambodia Law on Environmental Protection and Natural Resource Management – 1996
- Paris Agreement 2015



To ensure a comprehensive approach to employee health and well-being, we conduct periodic training sessions covering various Environmental, Health, and Safety, and OHS topics and modules to enhance awareness and knowledge. Additionally, OHS Committee meetings are convened every three (3) months, serving as a forum to discuss ongoing safety measures and address any emerging concerns.

Figure 31. Employees attending training on Health and Safety



In the event of an incident or accident, the Human Resources (HR) department collaborates with the CSR team to conduct thorough investigations. Furthermore, an incentive system is in place for the department heads who comply with IAIG's compliance standards. The CSR team conducts regular assessments on each department to gauge adherence to safety protocols.

b) Hazard Identification, Assessment, and Investigation

We have established robust processes to identify work-related hazards and the subsequent assessment of associated risks. Within this framework, we assigned specific roles and responsibilities to dedicated individuals and ensured that they possess the requisite competence to identify, eliminate, and minimise hazards and their potential risks.

Collaboratively, CSR and EHSC conduct thorough risk assessments across various departments. These assessments meticulously outline potential risks while also proposing preventive measures, such as SOPs and the utilisation of safety guards and Personal Protective Equipment (PPE). The EHSC consistently undertakes periodic assessments through regular meetings, promptly escalating any identified violations to the management for swift resolution. Additionally, an annual risk assessment, overseen by CSR department, is conducted, with findings and recommendations promptly reported to the management.

In FY2023, we recorded a total of six (6) work-related injuries¹², primarily attributed to incidents involving limb injuries, such as finger injuries stemming from embroidery activities and machine operation. To minimise work-related hazards in the future, we conduct investigation and risk assessment to ensure hierarchy of controls are in place and in practice.

Workers covered by an OHS management system	FY2023		
	Number	Percentage (%)	
Employees	2,657	83%	
Workers who are not employees but whose work is controlled by IAIG ¹³	538	17%	
Recordable Work-related injuries	FY2023		
	Number	Hours worked	Rate
For all employees	6	6,336,600	0.19 ¹⁴



¹² We experienced zero (0) fatalities and high-consequence work-related injuries in FY2023.
¹³ We refer to ‘workers who are not employees’ as subcontractors.
¹⁴ Rate of recordable work-related injuries: (Number of recordable work-related injuries/ Number of hours worked) x 200,000

c) Employee Health and Safety

New hires will undergo comprehensive induction training on their first day on various aspects, including rules and regulations encompassing Health and Safety protocols, use of PPE and machinery safety guidelines, and emergency preparedness. Regular refresher courses will be conducted periodically for all employees to ensure that they stay updated and well-versed in relevant knowledge and skills.

Figure 32. Employees learning the use of emergency equipment



The principle of "Safety First" is ingrained in our operational ethos, empowering employees with the right to cease their tasks if they perceive any danger or potential injury. In such instances, employees are encouraged to promptly communicate with their superiors to report any hazards within their workstations. They also have the option to notify a designated EHSC member within their respective department for immediate attention.

Our premises host a fully equipped clinic, providing free access to a range of medical services, ensuring the well-being and health of our employees.

In FY2023, we recorded a total of six (6) work-related injuries¹⁵, primarily attributed to incidents involving limb injuries, such as finger injuries stemming from embroidery activities and machine operation. To minimise work-related hazards in the future, we conduct investigation and risk assessment to ensure hierarchy of controls are in place and in practice.

iCare Health Hub



¹⁵ We experienced zero (0) fatalities and high-consequence work-related injuries in FY2023.



In December 2022, we opened the iCare Health Hub. Through strategic partnerships with selected NGOs and Government Organisations (GOs), we conduct extensive health screening and awareness training sessions. These initiatives cover a wide range of topics, including reproductive health, STD/HIV/AIDs awareness, and health and nutrition education.

Recently, we have added voluntary health screening for cervical cancer, specifically targeting women aged between 25 and 49 years old.

Beyond diagnosis, the iCare Health Hub also features an inpatient unit to cater for emergency healthcare needs around the clock, seven days a week.

2) Human Rights in the Supply Chain

We are committed to prioritising the principles of freedom and autonomy, eradicating child and forced labour from our supply chains. We firmly believe that every child deserves a childhood free from exploitation, and no one should be subjected to forced labour. To uphold these principles, we conduct regular audit and monitoring of our suppliers, enforcing our business code of conduct that clearly articulates our ethical values and expectations for all suppliers.



a) Labour Laws

We are committed to prioritising the principles of freedom and autonomy, eradicating child and forced labour from our supply chains. We firmly believe that every child deserves a childhood free from exploitation, and no one should be subjected to forced labour. To uphold these principles, we conduct regular audit and monitoring of our suppliers, enforcing our business code of conduct that clearly articulates our ethical values and expectations for all suppliers.

Our commitment extends to compliance with the laws of the countries in which we operate, ensuring that our workforce consists exclusively of individuals who meet the minimum age requirement of eighteen (18) years old. Firmly opposed to any form of involuntary or forced labour, including prison labour, indentured labour, bonded labour, or similar practices, we uphold a work environment where overtime hours are voluntary and not coerced.

Our recruitment process is thorough, with candidates required to submit relevant documents to validate their eligibility in accordance with the minimum legal age requirement. The HR Department meticulously oversees the authentication and accuracy of these documents and shall reserve the right to reject candidates if found invalid or fabricated documents.

If, at any juncture during the period of employment, an individual is identified as a minor, IAIG helps to furnish appropriate financial and other forms of support to facilitate the minor's access to education and enable them to stay enrolled in school until they are no longer of minor age. If a young worker is identified, IAIG will supply a management tracking tool to supervise them, ensuring that their assigned tasks pose low risks and that their schedules are accommodating, allowing them to concurrently pursue their educational commitments.

b) Labour Code of Conduct

A thorough risk assessment process for potential business partners is exercised prior to entering any engagements. This assessment is aimed at identifying and evaluating any potential issues or non-conformities related to labour conditions, ethics, and other relevant aspects. If issues are identified, the business partner is expected to promptly address and rectify them. Additionally, we adopt a stringent approach to subcontractor engagement, refraining from collaborating with any subcontractors demonstrating a high risk of non-compliance with labour conditions.

Percentage of suppliers subject to labour code of conduct audit	Percentage (%)
Tier 1 supplier facilities ¹⁶	100%
Supplier facilities beyond Tier 1 ¹⁷	100%

Our suppliers undergo comprehensive audits conducted by third-party auditors to ensure adherence to the labour code of conduct. These audits are performed annually in accordance with the specific requirements of our customers. Each customer provides a set of guidelines or terms of engagement that outline their company's code of conduct, aligning with our Business Code of Conduct, local laws, and ILO labour guidelines. The CSR team takes charge of conducting an annual assessment and identifying any violations or potential risks. If potential risk is identified, immediate escalation to the management team ensures prompt rectification or remediation.

¹⁶ IAIG defines Tier 1 supplier facilities as suppliers that transact directly with the entity, such as finished goods manufacturers (e.g., cut and sew facilities).

¹⁷ IAIG defines Supplier facilities beyond Tier 1 as key suppliers to the entity's Tier 1 suppliers and can include manufacturers, processing plants, and providers of raw materials extraction (e.g., mills, dye houses and washing facilities, sundry manufacturers, tanneries, embroiderers, screen printers, farms, and/or slaughterhouses).

We have categorised identified non-conformities into three levels: minor, major, and critical. It is noteworthy that a significant portion of the identified non-conformances fell under the minor category, indicating issues that can be addressed and rectified relatively easily.

Percentage of suppliers' priority non-conformance rate	Percentage (%)
Priority non-conformances	0
Total number of facilities audited	13
Rate	0%

c) Gender Equality

EmpowerHER: Advocating Women’s Rights

We uphold gender equality in our workplace, ensuring that female employees receive fair treatment across various aspects of employment. It encompasses the assurance of equal wages, inclusive benefits, impartial evaluation of their work quality, and an equal opportunity to vie for all positions open to male counterparts, adhering to the laws and regulations of the country.

Figure 33. Gender Equality Empowerment Training



Furthermore, we emphasise that pregnancy tests will not serve as a condition for employment, underlining our dedication to non-discriminatory hiring practices. In the interest of our employees' well-being, pregnant female employees will not be subjected to workplace hazards that could jeopardise their safety or compromise their reproductive health.

Recognising the significance of maternity leave, we guarantee that female employees opting for such leave will not face dismissal, threats of dismissal, loss of seniority, or deductions in wages. Moreover, we affirm their right to return to work at the same rate and with the same benefits, fostering an environment that supports work-life balance and women's rights in the professional realm.

d) Giving Back to Society

We value the diversity of beliefs within our team, embracing the importance of mutual understanding and respect. In FY2023, I Apparel donated a total of USD 34,044 to support the reconstruction of the San Tai Zi temple that had deteriorated over time due to its age. In addition to financial contribution, our employees volunteered 1,527 hours to participate in the hands-on work of restoring the temple.

Figure 34. Temple Reconstruction at Takmao City



Mask Donation

Our commitment to our vision of a healthy and thriving community moves us to act fast in the event of a global pandemic.

In 2023, over 300,000 iCare masks were distributed to our employees, their families, and various Cambodian Government Organizations (GOs).



e) Community Engagement

iCare aims to play a vital role in shaping the future of our young children by advocating the right to education. We champion this by providing financial support to our chosen beneficiaries' construction of school facilities such as classrooms, school canteen, and library.

We envision a world without hunger, and our food drives are one of the ways we advocate this vision. Through food drives, we support the nourishment of our community and especially its children.

iCare Charities



iCare Charities is dedicated to fostering positive change by directing our support towards NGOs in need, with a particular focus on aiding orphanages in securing essential school supplies. Furthermore, our commitment extends to environmental initiatives, where we act as catalysts for the environmental endeavours of NGOs and GOs.

We facilitate financial contributions through collaborative donation drives involving our employees. In these efforts, iCCS enhances the impact of the contributions by matching them. Additionally, we prioritise the well-being of our employees by extending financial assistance during critical situations, such as bereavement and medical emergencies within their immediate families. The iCare Community Support Organization spearheads fundraising drives for these purposes and supplements the contributions from our employees to maximise assistance.

A safe home is a non-negotiable need for every child. iCare's charity drives support the funding for the construction of orphanage facilities and donation of food items for the children living there.

3) Training and development

Employees attending training are expected to acquire the knowledge, skills, and awareness outlined in the training objectives and goals. The technical and new skills acquired during these sessions are subsequently applied or practiced in their respective roles or new positions, especially in the case of promotions.

Our employees are given a wide range of training topics to choose from – quality assurance, computer literacy, energy efficiency, and pattern maker – are some examples. Our factories have set a completion target of 60% for the year 2023.

a) Professional Growth

IAIG aims for a 100% completion rate for the following examples of trainings:

- Technical, including calibration training for specific skill sets when required
- Women’s rights for all female employees
- IT Cyber Security for selected personnels
- Buyer code of conduct refresher for all employees
- GOTS/OCS/GRS SOP awareness for new onboarding employees
- Fire drill/fighting for all employees
- Chemical refreshers for all employees handling chemicals

For a breakdown of our employees’ training hours, please refer to table 47.

Total Training Hours by Gender



MALE
888 hours
33%



FEMALE
1,817 hours
67%



Figure 35. Literacy Class



Figure 36. Management



Figure 37. Training Council

| Apprenticeship Programme

Recognising the importance of building a sustainable talent pipeline, we introduced this programme to nurture and develop a diverse pool of talent.

In FY2023, through our apprenticeship programme, we successfully onboarded eleven (11) enthusiastic trainees across three (3) different positions in IAIG. These positions encompass Industrial Engineer, Business Development (Merchandiser), and 3D Designer.

Figure 38. IAIG's Apprenticeship Programme



Employee's Training Hours	No. of Hours	Percentage (%)
By Gender		
Male	888	33%
Female	1,817	67%
Total Training hours	2,705	100%
Training hours per Male	1.07	
Training hours per Female	1.00	
By Employee Category		
Directors	40	1%
EVP	30	1%
Managers	203	8%
Supervisors	461	17%
Officers	148	6%
Clerk	436	16%
Production staff & workers	1387	51%
Total Training hours	2,705	100%
Training hours per Director	20.00	
Training hours per EVP	10.00	
Training hours per Managers	5.63	
Training hours per Supervisors	2.60	
Training hours per Officers	1.79	
Training hours per Clerk	4.15	
Training hours per Production staff & workers	0.62	

Performance Appraisal	No. of Hours	Percentage (%)
By Gender		
Male	888	33%
Female	1,817	67%
Total	2,705	100%
By Employee Category		
Directors	2	0%
EVP	3	0%
Managers	36	1%
Supervisors	177	7%
Officers	83	3%
Clerk	105	4%
Production Staff & workers	2,249	85%
Total	2,657	100%

iCare Learning Center



We offer free literacy classes like Computer and Mathematics which are supported by some GOs and NGOs including UNESCO, Sipar, and Ministry of Education. The iCare library organises book fairs to encourage our people to borrow, learn and expand their knowledge.

b) Team Building

Beyond compliance, our employees’ personal growth and connections are equally as important as their professional expertise. Throughout the year, we make it a point to commemorate various occasions, from celebrating birthdays to hosting team building activities.

Given the diverse backgrounds and regional origins of our team members, many of whom are away from families for extended periods, we understand the significance of building strong bonds among colleagues.

We believe that a happy and close-knit team positively influences work productivity. Absence from family for 365 days a year can sometimes impact emotional well-being, making it essential for us to create an inclusive and supportive work environment.

Figure 39. Birthday Celebration & Cooking



Figure 40. World Clean Up Day



Figure 41. Company Retreat



Appendix

GRI Content Index

Discolosure no.	Discolosure Topic	Disclosure Location	Page Reference
GRI 2: General Disclosures 2021			
2-1	Organisational details	About the Report	Page 3
2-2	Entities included in the organisation’s sustainability reporting	About the Report	Page 3
2-3	Reporting period, frequency and contact point	About the Report	Page 3
2-7	Employees	Employee Health and Safety; Professional Growth	Page 44-59
2-8	Workers who are not employees	Employee Health and Safety	Page 47
2-9	Governance structure and composition	Sustainability Governance	Page 12
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance	Page 13
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance	Page 13
2-16	Communication of critical concerns	Sustainability Governance	Page 13
2-22	Statement on sustainable development strategy	Our Sustainability Strategy	Page 7
2-23	Policy commitments	Ethical Business Conduct; OHS Management System; Labour laws	Page 14-44; and page 50
2-24	Embedding policy commitments	Ethical Business Conduct; OHS Management System; Labour laws	Page 14-44; & 50
2-26	Mechanisms for seeking advice and raising concerns	Feedback and Grievance Mechanism	Page 16
2-27	Compliance with laws and regulations	Ethical Business Conduct	Page 14
2-28	Membership associations	Our Membership and Certifications	Page 34-35
2-29	Approach to stakeholder engagement	Our Guiding Principles in ESG; Community Engagement	Page 8; 54

Discolosure no.	Discolosure Topic	Disclosure Location	Page Reference
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Material ESG Factors Assessment	Page 8
3-2	List of material topics	Material ESG Factors Assessment	Page 8
GRI 205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption	Page 15
205-3	Governance structure and composition	Feedback and Grievance Mechanism	Page 16
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	Raw Materials Sourcing Strategy	Page 17
301-2	Recycled input materials used	Raw Materials Sourcing Strategy	Page 17
301-3	Reclaimed products and their packaging materials	Supplier Assessment and Traceability	Page 20
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Energy Management	Page 30
302-2	Reduction of energy consumption	Energy Management	Page 30-31
GRI 303: Water and Effluents 2018			
303-2	Management of water discharge-related impacts	Wastewater Treatment	Page 41 -42
303-3	Water withdrawal	Water Management	Page 42-43
303-4	Water consumption	Water Conservation	Page 43

Discolosure no.	Discolosure Topic	Disclosure Location	Page Reference
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	GHG Emissions	Page 27
305-2	Energy indirect (Scope 2) GHG emissions	GHG Emissions	Page 28
305-4	GHG emissions intensity	GHG Emissions	Page 28
305-5	Reduction of GHG emissions	GHG Emissions	Page 28-29
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Waste Generation	Page 36-37
306-2	Management of significant waste-related impacts	Waste Generation	Page 36-39
306-3	Waste generated	Waste Generation	Page 36-39
306-4	Waste diverted from disposal	Waste Generation	Page 36-39
306-5	Waste directed to disposal	Waste Generation	Page 36-39
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	OHS Management System	Page 44
403-2	Hazard identification, risk assessment, and incident investigation	Hazard Identification, Risk Assessment, and Incident Investigation	Page 46
403-3	Worker participation, consultation, and communication on occupational health and safety	Employee Health and Safety	Page 47
403-4	Worker training on occupational health and safety	OHS Management System	Page 44-47
403-5	Promotion of worker health	Hazard Identification, Risk Assessment, and Incident Investigation	Page 46

Discolosure no.	Discolosure Topic	Disclosure Location	Page Reference
GRI 403: Occupational Health and Safety 2018			
403-6	Promotion of worker health	Employee Health and Safety	Page 47
403-8	Workers covered by an occupational health and safety management system	Hazard Identification, Risk Assessment, and Incident Investigation	Page 46
403-9	Work-related injuries	Hazard Identification, Risk Assessment, and Incident Investigation	Page 46
GRI 404: Training and Education 2016			
404-1	Waste generation and significant waste-related impacts	Professional Growth	Page 55
404-2 s	Programmes for upgrading employee skills and transition assistance programme	Professional Growth	Page 56
404-3	Percentage of employees receiving regular performance and career development reviews	Professional Growth	Page 57
GRI 408: Child Labour 2016			
408-1	Operations and suppliers at significant risk for incidents of child labour	Labour Code of Conduct	Page 50
GRI 409: Forced or Compulsory Labour 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Labour Code of Conduct	Page 50

Apparel, Accessories & Footwear (CG-AA)

Topic	Accounting Metric	Category	Unit of Measure	Code	Disclosure Location
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	Discussion and Analysis	n/a	CG-AA-250a.1	Chemicals Management Processes; Product Verification and Testing; Product Quality Management, Page 31 - 36
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	n/a	CG-AA-250a.2	Chemicals Management Processes; Product Verification and Testing; Product Quality Management, Page 30- 36
Environmental Impacts in the Supply	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	Quantitative	Percentage (%)	CG-AA-430a.1	Wastewater Treatment, Page 42
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	Percentage (%)	CG-AA-430a.2	Wastewater Treatment, Page 42
Labour Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	Percentage (%)	CG-AA-430b.1	Labour Code of Conduct, Page 50-51
	Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	Quantitative	Rate	CG-AA-430b.2	Labour Code of Conduct, Page 50-51
	Description of the greatest (1) labour and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	n/a	CG-AA-430b.3	Labour Code of Conduct, Page 50-51

Apparel, Accessories & Footwear (CG-AA)

Topic	Accounting Metric	Category	Unit of Measure	Code	Disclosure Location
Raw Materials Sourcing	(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	Discussion and Analysis	n/a	CG-AA-440a.3	Raw Materials Sourcing, Page 17
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	Quantitative	Metric tons (t)	CG-AA-440a.4	Raw Materials Sourcing, Page 17