



Year 2019 Communication on Progress Report

1. Background

May 15, 2019 marks the 2nd year of ASL's association with the United Nations Global Compact (UNGC).

ASL pledges to continually upgrade workplace standards in the areas of

- Human Rights
- Labor
- Environment,
- Anti-Corruption.

ASL re-confirms his support for the UNGC and its 10 guiding principles.

2. Progress Reporting

This Communication on Progress (COP) reporting period is from June 2018 to May 2019.

This report details the systems and activities at ASL that

- support the 10 guiding principles and
- outline the outcome of each of them.

2.1. Human Rights

Principle 1 - Business should support and respect the protection of internationally proclaimed human rights.

Principle 2 - Make sure that they are not complicit in human rights abuse.

2.1.1. System

We have internal organizational policies and procedures that guide and control the implementation of internationally proclaimed human rights and the exclusion of abuses. The main policies and procedures are:

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- **ASL Core Values** - Integrity, Quality, Respectful, Teamwork, Entrepreneurial and Innovation. These form the foundation of our business and define the manner ASL employees should think and act.
- **ASL Code of Conduct.** ASL Code of Conduct states our position on international human rights and sustainability standards & principles. It comprises
 - Forced Labor,
 - Child Labor,
 - Harassment and/or Abuse,
 - Non-discrimination;
 - Freedom of Association & Collective Bargaining;
 - Wages & Benefits,
 - Environment and
 - Health & Safety.
- **Supply Chain Management.** ASL Code of Conduct is being implemented through ASL Factory Audit Program to qualify vendors (i.e. suppliers and/or factories) that share our values. ASL Procurement Policy defines the importance to operate the business in full compliance with required legal, environmental, societal & ethical standards.

2.1.2. Activities

- Training on ASL Code of Conduct for all staffs as part of ASL Staff On-Boarding Program.
- Dissemination of ASL Code of Conduct posters through information boards within our offices and facilities.
- Inclusion of ASL Code of Conduct in ASL Factory Audit Program.
- Participation in ILO Global Business and Disability Network. This Network aims to raise companies' awareness in and support for hiring people with disabilities.

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2.1.3. Outcomes

Our achievements are a result of our focused activities are:

- The ASL Code of Conduct has been translated into 4 languages - English, Spanish, Traditional Chinese and Simplified Chinese.
- 22 ASL core factories have displayed Code of Conduct posters on information boards within their respective facilities.
- Factories are briefed on ASL Code of Conduct during opening meetings of ASL factory audits.
 - 104 factories have been audited in Year 2018.
- Disability inclusion in the workplace - 3 of our core factories have hired a total of 6 disabled workers as packers at Final Packing stations.
 - Gradual progress is being made as factories are still coming to terms with their CSR role even though the push back is not as evident as compared to Year 2016 due to ASL's drive and investment in this area year-on-year.

2.2. Labor

Principle 3 - Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4 - The elimination of all forms of forced labor and compulsory labor.

Principle 5 - The effective abolition of child labor.

Principle 6 - The elimination of discrimination in respect of employment and occupation.

2.2.1. System

We have internal organizational policies and procedures that define day-to-day operational standards in relation to the right of collective bargaining, elimination of forced labor & compulsory labor, child labor and discrimination.

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- ASL Code of Conduct.
- Policies and Procedures on Human Resource (HR) Management.
- Policies and Procedures on Environment and Health & Safety (EHS) Management.

2.2.2. Activities

- Training on ASL Code of Conduct for all staffs.
- Dissemination of ASL Code of Conduct posters through information boards within our offices and facilities.
- Revision and communication of HR and EHS policies & procedures that incorporate up-to-date local regulations and operating standards.
- Implementation of HR and EHS policies & procedures - on Worker-Management communication, Diversity & Inclusion and Health & Safety.
- Certification of factories on Responsible Sourcing standards via 3rd Party audit service providers.
- Participation in ILO Global Business and Disability Network. This Network aims to raise companies' awareness in and support for hiring people with disabilities.

2.2.3. Outcomes

Our achievements obtained as a result of our focused activities are:

- The ASL Code of Conduct has been translated to 4 languages - English, Spanish, Traditional Chinese and Simplified Chinese.
- 22 ASL core factories have displayed CoC posters on information boards within their respective facilities.
- HR and EHS policies & procedures were updated and made accessible to all staffs through SharePoint.
- All staffs were trained on the updated HR policies and procedures through trainings and meetings.
- All staffs were given general health and safety trainings.
- Factory Certification Status on Responsible Sourcing:
 - 19 factories have been certified for ISO9001 and ISO14001.
 - 48 factories have been audited for SMETA 4-Pillar.
- Disability inclusion in the workplace - a staff with hearing deficiency has

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- settled in and performing within the ASL HK Finance team.
- Staff events organized - Employees Birthday Party and International Women's Day.

2.3. Environment

Principle 7 - Business should support a precautionary approach to environmental challenges.

Principle 8 - Undertake initiatives to promote greater environmental responsibility.

Principle 9 - Encourage the development and diffusion of environmentally friendly technologies.

2.3.1. System

ASL's guiding principles and measures are stated in the following policies:

- Policies and procedures on Environmental Management that are generated in accordance with ISO14001 guidelines.

2.3.2. Activities

- Certification of factories on ISO standards - ISO9001 and ISO14001.
- Awareness training on Environmental management system.
- Initiation of Energy Optimization activities across the supply chain.

2.3.3. Outcomes

Our achievements obtained as a result of our focused activities are:

- 19 factories have been certified for ISO9001 and ISO14001.
- 34 factories have sent representatives to attend seminars on Environmental and Integrated management systems.
- 7 ASL core factories and 11 ASL offices have replaced over 2,231 light tubes with high efficiency fluorescent light tubes
- Installation of water curtains at 1 factory has resulted in better ventilation and a cooling operating environment benefiting 56 workers.

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2.4. Anti-Corruption

Principle 10 - Business should work against corruption in all its forms - including extortion and bribery.

2.4.1. System

Policies related to anti-corruption and anti-bribery are:

- ASL Code of Conduct.
- ASL Anti-Bribery Policy.
- ASL Anti-Corruption Policy.
- Business Cooperation Policy.

2.4.2. Activities

- Trainings on ASL's anti-corruption and anti-bribery policies as stated in Section 2.4.1.

2.4.3. Outcomes

- 104 factories' representatives have been briefed on ASL Ethical Standard per ASL Factory Audit Program.

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