



Year 2022 Communication on Progress Report - Published on March 14, 2022

1. Background

Year 2022 marks the 5th 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 March 2021 to February 2022.

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 & control the implementation of internationally proclaimed human rights & the exclusion of abuses.

The main policies and procedures are:

- 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 & act.

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Year 2022 Communication on Progress Report - Published on March 14, 2022

- ASL Code of Conduct. ASL Code of Conduct states our position on international human rights and sustainability standards & principles. It comprises
 - o Forced Labor,
 - o Child Labor,
 - o Harassment and/or Abuse,
 - o Non-discrimination;
 - o Freedom of Association & Collective Bargaining;
 - o Wages & Benefits,
 - o Environment and
 - o Health & Safety.

- Supply Chain Management. ASL Code of Conduct is being implemented through ASL Factory Audit Program to qualify vendors that share our values. ASL Responsible Sourcing 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.
- Annual awareness training for all staffs started in June 2021 on a region-by-region basis through the ASL IT Platform - Learning Hub.
- On-line vendor partners engagement events being hosted on a quarterly basis since September 2021.

2.1.3. Outcomes

Our achievements as 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.
- 32 ASL core factories have displayed Code of Conduct posters on information

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Year 2022 Communication on Progress Report - Published on March 14, 2022

boards within their respective facilities.

- Factories are briefed on ASL Code of Conduct during opening meetings of ASL factory audits. 89 factories have been audited in Year 2021.
- Disability inclusion at the workplace - 3 of our core factories have hired a total of 22 disabled workers as packers and dormitory-cookhouse cleaners. Glad to note that momentum is seen to be in motion as more factories are starting to recognize their CSR role as the way of getting more and continual business from ASL.

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 & discrimination.

- ASL Code of Conduct.
- ASL Anti-Harassment and Anti-Discrimination Policy.
- Policies and Procedures on Human Resource (HR) Management.
- Policies & 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-

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Year 2022 Communication on Progress Report - Published on March 14, 2022

Management communication, Diversity & Inclusion and Health & Safety.

- Certification of factories on Responsible Sourcing standards via 3rd Party audit service providers – Intertek + SGS + UL + Elevate + QIMA + ectara.
- Participation in ILO Global Business and Disability Network. This Network aims to raise companies' awareness in and support for hiring people with disabilities.
- Annual awareness training for all staffs started in June 2021 on a region-by-region basis through the ASL IT Platform - Learning Hub
- On-line vendor partners engagement events being hosted on a quarterly basis since September 2021.

2.2.3. Outcomes

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

- ISO45001 certification has been successfully re-audited on an annual basis.
- The ASL Code of Conduct has been translated into 4 languages - English, Spanish, Traditional Chinese and Simplified Chinese.
- 32 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 the ASL IT Platform - Learning Hub
 - o All staffs were trained on the updated HR policies and procedures through trainings and meetings.
 - o All staffs were given general health and safety trainings.
- Factory Certification Status on Responsible Sourcing:
 - o 213 factories have been audited for SMETA 4-Pillar, WCA and TCCC.
- Disability inclusion at the workplace - the staff within the ASL HK Finance team that has hearing deficiency is enjoying and contributing to the team.
- Company-wide 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.

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Year 2022 Communication on Progress Report - Published on March 14, 2022

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.
- Company-wide Corporate Social Responsibility strategy that includes environmental and social sustainability activities.

2.3.2. Activities

- Certification of factories on ISO standards - ISO9001 + ISO14001 + ISO45001.
- Awareness training on Environmental management system.
- Initiation of Energy Optimization activities across the supply chain.
- Sustainability awareness training offered to all staffs.
- Monitoring energy consumption across worldwide offices.
- Monitoring waste management across worldwide offices.
- Monitoring carbon footprint of bulk shipments from China factories.
- Rolling out of sustainable product options - OEKO-TEX + GRS + OCS + FSC certified materials to all our Clients.
- Implemented Carbon Offsetting Program in November 2021.
- Voluntary off-setting of all Scope 1 and Scope 2 carbon emissions in Year 2021.
- Verification of ASL's carbon reduction targets by Science Based Targets Initiative (SBTi) in Year 2021.
- Voluntary signatory of Carbon Disclosure Protocol (CDP) and submission of Climate Change Questionnaire to CDP in August 2021.

2.3.3. Outcomes

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

- 28 factories have been certified for ISO9001 + ISO14001 + ISO45001.
- 21 factories have sent representatives to attend seminars on Environmental and Integrated management systems.
- 3 ASL core factories and 26 ASL offices have replaced over 3,072 light tubes with high efficiency fluorescent light tubes
- Installation of water curtains at 2 factories has resulted in better ventilation and a cooling operating environment benefiting 143 workers.

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Year 2022 Communication on Progress Report - Published on March 14, 2022

- 100% of ASL staffs have been internally trained on Sustainability.
- 100% of ASL offices have implemented the new Waste Sorting System (WSS).
- 100% of ASL offices have implemented the "Switch-It-Off" initiative.
- 100% of ASL offices are monitoring their energy & consumable consumption and waste generation.
- 100% of ASL offices have switched to recycled and recyclable papers.
- Transparent reporting of CO2e from ASL offices worldwide.
- Transparent reporting of CO2e from ASL shipments out of China.
- Obtained overall CDP Grade C in Year 2021 = ASL in the top 32% of companies assessed within its Activity Group.
- In Year 2021, SBTi verified and approved ASL Global's carbon reduction targets.
 - o This verification underscores ASL's CSR Strategy - One World commitment to becoming a net zero carbon business by Year 2025.
 - o SBTi approved ASL's targets as consistent with levels required to keep warming to 1.5°C = the most ambitious goal of the Paris Agreement.
- In Year 2021, ASL became a Carbon Neutral Business.
 - o In Year 2020, ASL's CRS team implemented a comprehensive auditory system which transparently tracks & reports its direct carbon emissions.
 - o In October 2021, ASL offset these carbon emissions - over 200 tons in total by supporting a blend of environmental and community projects fully accredited by Verified Carbon Standard (VCS) by VERRA.

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 and Anti-Corruption Policy.
- Business Cooperation Policy.

2.4.2. Activities

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

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Year 2022 Communication on Progress Report - Published on March 14, 2022

Section 2.4.1.

- To pilot Factory Integrity Acknowledgement Program in Q2 of Year 2022.

2.4.3. Outcomes

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

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