Cerie (Cambodia) Garment Co., Ltd

Greenhouse Gas Management Policy

Introduction

1.

Reduction of Greenhouse Gas (GHG) emission continues to be a focal topic among countries and enterprises. The indisputable threat of global warming to the well-being of humanity is spurring international discussions. Cerie (Cambodia) Garment Co., Ltd. (thereafter Cerie Cambodia) recognizes the importance of taking action to address the dire needs of reducing GHG emissions and other pollutants generated through its activities and have set out such emissions' reduction targets to play a part in being responsible citizens of the world.

This document sets out Cerie Cambodia's Greenhouse Gas Management Policy (thereafter GHGM policy) on all activities of the company and is reviewed annually. The Managing Director of Cerie Cambodia's parent company, Cerie International Limited (thereafter CIL) is in full support of CIL's sustainability efforts. Our corporate's vision is to be Asia's leading intimate apparel and active wear manufacturer, driven by design and innovation whilst thinking ahead for a sustainable future. Our sustainable actions are led by the CIL Sustainability Committee and backed by senior management's commitment. Cerie Cambodia is dedicated to complying with the relevant environmental protection laws and regulations established by the local Ministry of Environment, including but not restricted to:

- Law on Environmental Protection & natural Resources Management (1996)
- Sub-Decree No. 113 on the Management of Garbage and Solid Waste of Downtowns (2015)
- Sub-Decree No. 36 on Solid Waste Management (1999)
- Sub-Decree No. 27 on the Control of Water Pollution (1999)
- Sub-Decree No. 42 on The Control of Air Pollution & Noise Disturbance (2000)
- Sub-Decree No. 72 on Environmental Impact Assessment Process (1999)
- Sub-Decree No. 168 on the Management of Plastic Bags (2017)

2. Continuous improvement

The Cerie Cambodia facility was designed and built in 2015 with the goal of reducing our operation's environmental impact. With the foundation of an environmentally friendly infrastructure, we have managed to maintain a low carbon footprint level in our operations. Despite so, we strive to continuously improve and reduce GHG emissions associated with all our business activities. We are dedicated to reduce GHG emissions generated from factory and dormitory operations as well as logistics and transportation. We are also committed to be stringent on CO2 emissions due to energy consumption from our activities. In addition, we are extending our reach to customers and ultimately end-consumers by promoting eco-friendly products and packaging solutions. Although the improvement goals and GHG emissions reduction targets set are modest, we are committed to introduce retrofitting or new technologies where necessary to the facility and innovate our processes in the long run to achieve continual improvements in our operations and progressive reductions of GHG emissions. It is also in our plans to explore opportunities to use renewable energy or alternative fuel in the near future.

3. GHGM Policy Goals

The goals of the policy are:

1. To enhance awareness of the need for energy conservation;

2. To comply with relevant energy legislation, standards, regulations and code of practices, and obtain energy efficiency recognition;

3. To attain energy efficiency and reduce carbon emission through proper maintenance as well as monitoring of the factory operations and practices.

4. To make energy efficiency an essential consideration in related procurements; and

5. To achieve quantifiable management goals to help drive overall performance.

4. Greenhouse Gas Emission Reduction Targets

Cerie Cambodia is using 2020 as the baseline year and have set the following targets to be achieved by 2025.

Project Year	Total Emissions (tCO2e)	Working day (Day)	Daily Carbon Emissions (tCO2e/Day)	Reduction % based on 2020
2020				N/A
2021				1%
2022				2%
2023				3%
2024				4%
2025				5%

As Cerie Cambodia was purpose built with sustainability in mind and have been including energy-saving practices in its operation, a realistic goal of 1% reduction in tCO2e year on year starting from 2021 is forecasted to be achievable. We recognize that the attainability of such target is subject to production capacity fulfillment and number of working days per year. Nevertheless, the Sustainability Committee and related senior management will strive to monitor, keep record, and implement regular maintenance on areas stated in the next section, in order to achieve the emission reduction target.

5. Implementation

5.1 Conserving Electricity

Cerie Cambodia pursues greater energy saving by making investments with longer payback periods. We conserve electricity through efficient HVAC, lighting, and high electric consumption appliance control.

a) HVAC system

Cerie Cambodia uses Water curtain cooling system instead of traditional AC to lower indoor temperature. In addition, closed-cell structural insulated material is installed on the roof to reduce indoor temperature. There are dedicated personnel to check and ensure the HVAC system is well maintained and running efficiently. Water curtains, AC and fans are to be switched off when the respective space is not in use. Office and dormitory temperature are to be controlled at 26 °C and production floor temperature not higher than 32 °C. When purchasing new or renewing our AC, we will opt for those using refrigerants with no Ozone depletion potential (ODP) and low Global warming potential (GWP).

b) Lighting control

Polycarbonate skylight panels are installed on the roof to allow penetration of natural light. Such structure leads to a reduction in the use of artificial light. A lighting inventory list is in place to offer a clear overview on the various light sources within Cerie Cambodia. We adopt LED lighting where possible to save energy whilst solar powered lamp posts are used in the factory's exterior pathways. We will replace high KW lighting with lower KW options when the former is no longer required in our operations. Movable lights are to be used in large areas where only a couple of staff are working. Individual light switches and light sensors are installed where necessary. All switches are clearly labeled to ensure clear instructions on lighting operation are given to our local staff. In addition, dedicated personnel are assigned to ensure that lighting and electrical equipment are switched off or removed whenever found not required for our activities.

c) Production Machines

Our production staff consolidate orders on production planning to ensure the use of machinery demanding high electricity consumption are optimized and not left idle. To ensure our production machines are operating efficiently, dedicated personnel are assigned to regularly check and maintain all machines. Servo motors are adopted to ensure machines run at optimal speed and in energy saving mode. Our staff are educated to switch off all machinery when not in use. Electricity usage of production machines are reviewed monthly by our admin team. In addition, busway electrical system is applied to sewing lines to enable flexibility in rewiring, effectively reducing wiring waste and provides production team ease in rewiring machines for optimal electricity usage.

d) Air Compressor

We will continue to invest in using new screw cap type compressors to replace old piston type compressors. We maintain regular practices such as air compressor leakage check and pipes repair by assigned personnel to ensure such form of energy is optimized in our operations. In the event of compressed air leakage, a corrective action plan will be put into record and action. Assigned personnel also monitors the compressor on and off time to reduce unnecessary running time.

5.2 Diesel

a) There are two generators operating on diesel installed as an emergency source of electricity when electricity supply from the grid is cut off. Two authorized operators are appointed to monitor and run the generators, conduct routine maintenance, and track monthly diesel usage to ensure usage levels are meeting standard operational amount.

b) Diesel is used as a source of energy for all company cars. A logbook system is in place for booking and consolidating transportation. The aim is to maximize the usage per ride, hence reducing diesel consumed per individual's journey.

c) We have opted to use electrically powered forklifts instead of diesel-powered ones for environmental reasons. There are 2 forklifts in Cerie Cambodia and are operated according to 5.1(C).

5.3 LPG

LPG is used in Cerie Cambodia's Dormitory kitchen stoves. To ensure GHG emission from

this source is reduced, there is assigned personnel to check and keep maintenance regularly

to ensure the LPG stoves are operating efficiently. All gas devices are checked daily to

prevent gas leakage. LPG usage is tracked to ensure usage levels are meeting standard

operational amount.

5.4 Water and effluents

We treasure water resources and have continued to make efforts to reduce our water consumption in both industrial and domestic aspect. Below are our actions towards water conservation:

a) We install water meters to measure our water consumption. This allows us to monitor and analyze water usage monthly and take corrective actions in the event of an alarming increase in water consumption.
b) Part of Cerie Cambodia's domestic water needs are fulfilled by the rainwater collection system. Rainwater collected is for toilet flushing and firefighting.
c) We will continue to implement push-water taps when older taps need to be renewed. This will efficiency reduce domestic water wastage as taps are automatically off when not in use.

5.5 Waste management

Our waste classification management system is in place to control segregation and discharge of wastes.

a) All hazardous wastes generated by our operations are securely collected by designated personnel from Admin Department, stored separately in the waste house, and picked up once a month by licensed third-party for proper disposal.
b) Non-hazardous wastes are segregated into recyclable wastes and general wastes. Recycling bins are set up at 5 locations across factory premises to collect and further segregate recyclable wastes into plastic bottles, paper and aluminum cans. Designated personnel from Admin Department is in charge of collection and consolidation of recyclable wastes from these bins, office and production floor. The consolidated recyclable wastes are picked up licensed third-party twice a month for recycling treatments.
c) Designated bins are placed around factory premises for general waste collection. There are a total of 20 cleaners, of which 5 are in charge of consolidating all general wastes in the factory to the waste house twice a day. Licensed third-party is arranged by the Admin Department for waste collection once a day.

5.6 Sustainable procurement

We are committed to support procurement practices that encourage sustainability by expanding our supplier base of sustainable vendors. We also procure natural and synthetic fabrics from organic and recycled sources respectively, both in compliance with the Organic Content Standard (OCS) and Recycled Content Standard (RCS). Verified by third-party agencies, a transparent system is in place to ensure traceable sourcing and use of eco-friendly fabrics throughout the production process.

Although the choice of material is heavily controlled by CIL's customers, we aim to increase the recycled material procurement portion to 30% of our total material procured in 2021, by offering our customers a wider selection of recycled material at a reasonable price and MOQ.

6. Communication

Cerie Cambodia aims to fully implement the GHGM policy and the related supporting procedures by offering relevant training to our workers and employees. We hope by being open and transparent about our targets and procedures, our employees will have a good understanding of our GHGM policy and will be motivated to comply. The policy will be displayed in Cerie Cambodia in the form of signs/posters. In addition, Cerie Cambodia employees can access the GHGM policy and monthly emission reports via Cerie International Limited's intranet.

7. Reporting and Maintenance record

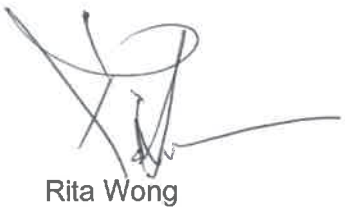
Designated personnel have been assigned to record the monthly consumption of each GHG emission source mentioned in point 5). Maintenance of E&M is sustained by the Maintenance Team, who is also responsible for the upkeep of the maintenance record. The recorded figures and incidents will be consolidated by the Admin Department and reported to the Sustainability Committee and Board of Management at Top Management Meeting monthly.

8. Conclusion

The GHGM policy is in place to provide clear guidance to our employees in acting on GMG emissions reduction. The Sustainability Committee reserves the rights to amend or revise this policy when deemed necessary.

Cerie Cambodia is committed to fulfill its social responsibilities and satisfy the environmental demands of its clients and the government.

Approved by:



Rita Wong
Managing Director
11 May, 2021