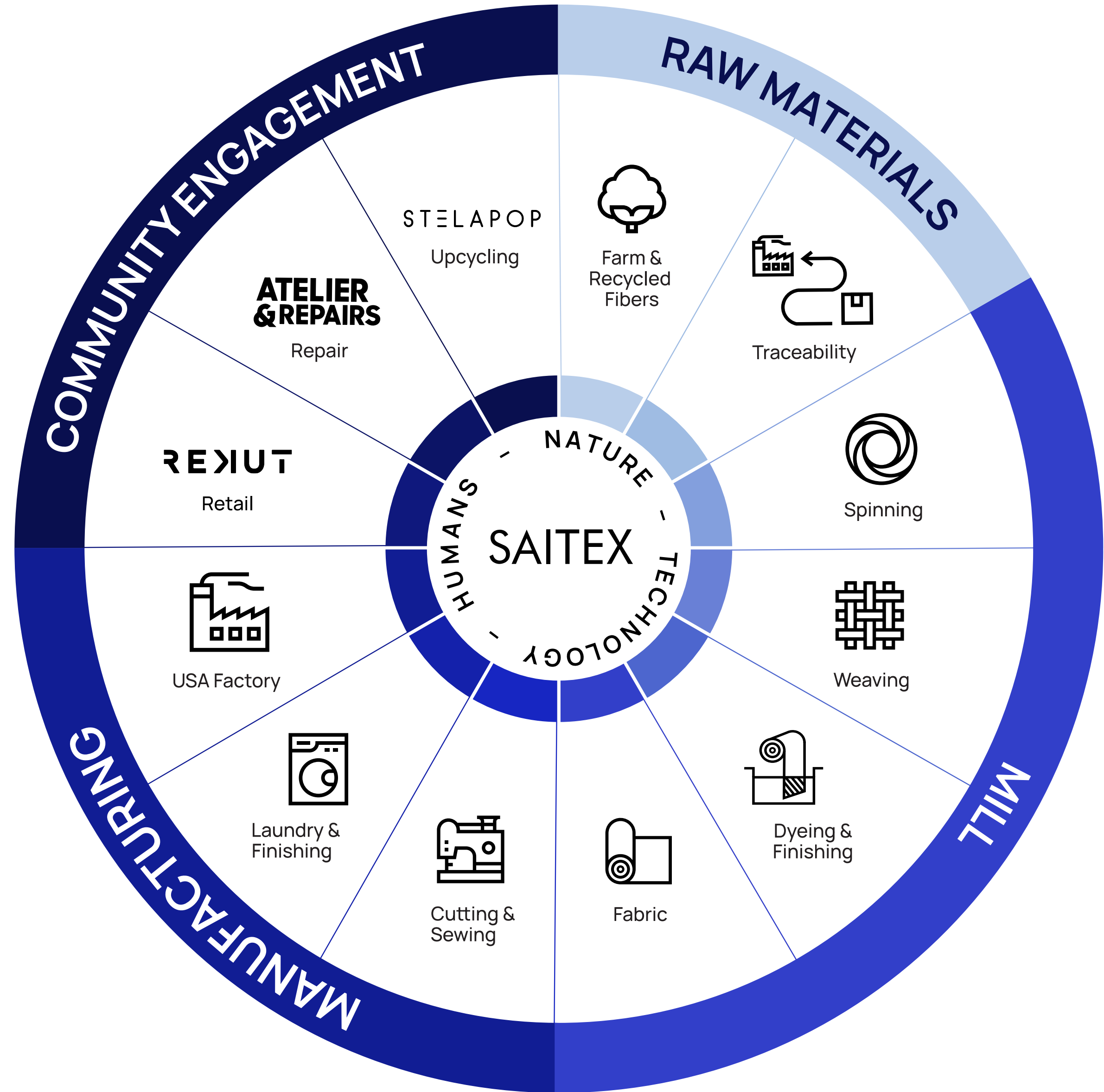


SAITEX



IMPACT REPORT 2023

2023 AT A GLANCE

Saitex is a circular manufacturing system powered by a harmonious relationship between **humans, nature, and technology.**

Since its inception in 2001, Saitex has been grounded in purpose and driven by a mission to improve social and environmental practices in the apparel manufacturing space. Over the years, the organization has organically evolved from an apparel manufacturer into an ecosystem which currently includes: **Saitex Apparel Manufacturing** in Vietnam (2006) & **USA** (2021), **Saitex Fabric Mill** with its own spinning in Vietnam (2022), **STELAPOP** upcycling (2019), **REKUT** (2019), and **Atelier & Repairs** (2021). All of these entities share the same vision and work jointly to redefine the way we make and [re]use denim.

HUMANS

As a human-centric enterprise we believe that business should be a force for good. The foundation of the enterprise is built on the concepts of **respect, protection, empowerment, and collaboration**. Respect on all levels is crucial to all our relationships. We focus on providing equal work opportunities and celebrating diversity & inclusion. It is our responsibility to protect our associates by assuring fair labor practices and by maintaining a healthy & safe working environment. We value the importance of personal development. Therefore, to empower and to enhance the lives of our associates, we continuously provide training and invest in community well-being. In order to further our efforts, we focus on nurturing internal and external collaboration.

Highlights:

As a society, it is our responsibility to support members from marginalized backgrounds and cultivate a sense of belonging both within and outside the workplace. We are proud that most of our REKUT team in 2023 has been integrated into general garment production instead of working solely on special brand collaboration projects. These team members are as important in terms for their skill and efficiency as our regular operators.

DID YOU KNOW?

That

98%

of our REKUT team members are now integrated directly into main sewing production line.

2%

are indirectly involved, meaning they do not work directly on the sewing line.

NATURE

Inspired by nature and regenerative by design, Saitex' ultimate goal is to create a positive impact. To achieve this, we concentrate on **responsible raw material sourcing, water & soil stewardship, clean air & renewable energy**. Building products of the future requires clean inputs. This is why we take outmost care when choosing our ingredients such as fibers, chemistry, trims and packaging, as well as how we design our processes. To make this a reality, we work with a trusted network of partners and are continuously engaging with certifying bodies such as **bluesign®**, **GOTS**, **GRS**, **regenagri®**, **OEKO-TEX®**, **C2CPII** and others. Soil and water are bases for all life on earth and this is why we design our operations with respect for these precious resources. Examples of the same can be found in our chemistry choices, facilities designed with an intent for no freshwater input, laundry with closed loop water systems, and regenerative farming. We continuously lobby and invest in renewable energy, planting trees because clean air just like the clean water and soil is essential. Our long-standing systems thinking approach, which encompasses mindful material choices, holistic design in construction of our operations, ongoing environmental and social innovation, collectively converge to serve the transformation to the circular economy.

Highlights:

Saitex Apparel Manufacturing has been producing fully certified **Cradle to Cradle** denim products at Gold level, in tops and bottoms categories since 2019, starting with **G-Star RAW**. During 2023, we expanded to include more Cradle to Cradle Certified® Gold products for G-Star RAW and have also introduced new items for **Polo Ralph Lauren**.

DID YOU KNOW?

That

25%

of all fabrics produced in the Saitex Fabric Mill in 2023 are primed for Cradle to Cradle Certified® denim products at Gold level.

TECHNOLOGY

Cutting edge innovation and state of the art machinery, merged with human creativity serve as backbone for our operations. These include **Industry 4,0 - smart factory, (Speed to Market) STM, transparency & traceability**. Our smart factory is powered by applied artificial intelligence, machine learning, deep learning, big data, IOT, RFID, robots, and robotic process automation. In order to serve our customers better, we focus on cloud & edge computing, CAD, and computer vision. Transparency and traceability are intel behind sustainability and circularity. Without them, it is impossible to provide solutions for future optimization and to be held accountable. This is why Saitex has evolved into vertically integrated eco-system. Measurement is pivotal for identifying areas of improvement. Saitex has been actively engaged in conducting Life Cycle Assessments (LCAs) in collaboration with **Ecochain** since 2019 to comprehensively map-out its operations which has enabled us to gain a valuable insight and make data-based decisions in order to drive further improvements.

Highlights:

Considering indigo is key ingredient in designing and making denim garments , all indigo pre-reduction at Saitex Fabric Mill is hydrosulphite-free, done on-site through electrolysis in a fully automated process using the **Smart-Indigo™** system by Sedo. The only by-product of this process is oxygen. This technology reduces CO2 emissions by 90%, saves 70% energy, and 30% water. It poses no health risks, no fire hazards, and leaves no harmful residues on denim fabrics. The computerized system ensures a direct feed into the dye bath, maintaining high color consistency. To date, there are only 17 Smart-Indigo™ machines running worldwide. Saitex was the first and thus far remains the only mill in Vietnam to be equipped with this technology.

DID YOU KNOW?

That

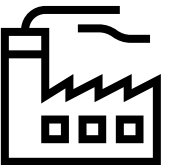
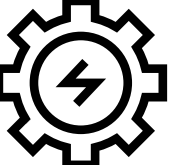
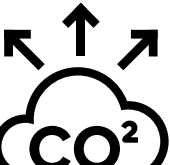
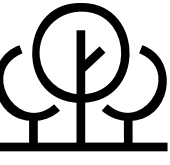
100%

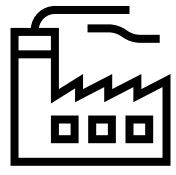
of indigo garment dyeing at Saitex apparel manufacturing is done with pre-reduced indigo from the Smart-Indigo™ machine?

Note:

On the following pages you will find a more detailed impact overview for 2023 Saitex Apparel Manufacturing and Saitex Fabric Mill facilities in

SAITEX APPAREL MANUFACTURING

	SAITEX APPAREL MANUFACTURING STRATEGIC TOPICS	2022	2023	CURRENT STATE OF AFFAIRS	WHAT CAN WE DO BETTER	WHERE DO WE WANT TO GO
	ELECTRICITY CONSUMPTION	3,051 KWh/garment	4,307 KWh/garment	<p>These numbers are average calculations per garment, including electricity used for both garment production and general facility operations. Although, we kept the electric usage same as in 2022, due to volatile economic state we experienced 29% decrease in production units in 2023, resulting in 41% increase in electricity consumption per garment. This counter-intuitive situation occurred due to several factors such as a minimum of energy needed to maintain the factory compressor, cooling, waste water treatment and other ancillary systems.</p> <p>In a nutshell impact per piece when the production is low is higher because equipment that is not running at optimal capacity may experience different wear and tear patterns, potentially leading to less efficient operation.</p>	<p>In the light of production unit decrease, we have discovered some air compressor leaks which caused even higher electricity usage. We carefully monitored the issue, made necessary repairs and adjustments in order to improve for 2024. Additionally, solar meter on Saitex apparel 2 facility was malfunctioning, therefore exact solar energy retrieved was unknown. This will be fixed with new solar roof implementation.</p>	<p>After 3 years of lobbying for update on regional policy regarding transition to renewable energy, good news is that in Q3-2023 we received an approval from the government to commence our solar roof project. In August 2023 we signed a contract with APBH for solar installation. In November 2023 all documents have been finalized with solar panel supplier who in December informed us that before any installation can start the roof needs to be reinforced.</p> <p>We started roof reinforcement for Saitex 2 (Cutting & Sewing facility) in June 2024. We expected to spend 2 months for reinforcement and 1 month for panel installation. This is not an easy task as we have to adjust our production schedules for the roof work to be done. Upon finishing Saitex 2, our plan is to do the same for rest of the facilities: 4 (Laundry/Wet Processing), 5 (Laundry/ Dry Processing), and 6 (Warehouse/Finishing & Packing).</p> <p>In meantime, we are awaiting further license from authorities for rooftop reinforcement work on balance of facilities. Currently, we are running on 55% renewable energy mix from the national grid, where 29% is hydro-power based. Our aim is to be running fully on renewable energy by 2027.</p>
	CO2 TOTAL EMISSIONS	2,39 kg CO2-e/ garment 1,75 kg CO2-e/ garment	5,56 kg CO2-e/ garment 2,04 kg CO2-e/ garment	<p>Total number of emissions include all Saitex apparel facilities taking into account: emissions from electricity, gas and petrol use.</p> <p>Hand in hand with increased electricity consumption, we also experienced 133% increase in CO2 emission per garment before offsets. However, after offsets CO2 emission amounts went from 1,8 to 2,0kg/ CO2-e /garment amounting to 17% increase.</p>	<p>Our industrial processes were optimized for 2022 throughput levels. Deviating from these levels had lead to inefficiencies and higher emissions as the processes may not be able to adjust perfectly to lower production levels.</p> <p>We are looking into how to mitigate this for the future from both technical efficiency and from order mapping point of view. We also understand that most of our impact comes from the electricity, this is why we are working simultaneously on both - solar roof projects and renewable energy purchases from the governmental grid.</p>	<p>Our primary goal is quick adoption of solar roof projects, while consistently enhancing our facility setups and optimizing processes to combat CO2 emissions.</p> <p>Within mid September 2024, we aim to reduce our emissions by 14% through 1st phase of solar roof installations on Saitex 2 facility. By improving ourselves, we aim help our partners improve their scope 3 emissions as this is where the biggest impacts are.</p>
	CO2 EMISSION OFFSETS	10%	33%	<p>We have successfully reduced our total CO2 emissions by 46%. This is mainly due to reduced production units in combination with increasing our CO2 emission offsets by 23%, through a combination of contributions from the Gaia tree project (43%) and the purchase of carbon credits (3%) for Cradle to Cradle product certifications.</p>	<p>As much as we have hoped that solar roof project would have been moving faster in 2023, we also see now that this is not the case.</p> <p>For us, it is important to address CO2 emission via projects that we have a direct access to. This is why in 2020, we have started our 5-year partnership with Gaia Nature Conservation which was established in 2016 by the Vietnam Union of Sciences and Technologies Associations. Although, we have already finalized payments for this project, we are working on further investments in order to plant more trees than initially planned.</p>	<p>Total Saitex tree planting project investment equals to \$185 000 where 136 180 trees will be planted by 2026, covering 75 hectares in regions of Mangrove and Xuan Lien forests. This will generate in total 6279t CO2 offset. The tree planting initiatives are in support of natural conservation, biodiversity, forestation, environmental protection and climate change mitigation.</p> <p>Through our continued commitment of planting more trees in combination with solar roof project implementations, our aim is to become carbon positive, instead of merely carbon neutral.</p>



SAITEX
APPAREL
MANUFACTURING
STRATEGIC
TOPICS

2022

2023

CURRENT STATE OF AFFAIRS

WHAT CAN WE DO BETTER

WHERE DO WE WANT TO GO



STEAM

5,372
kg/garment

9,570
kg/garment

At Saitex, steam is used for various operations, primary in wet & dry garment processing. To create steam, we use biomass to warm the water. The steam used for garment drying processes is fully recovered as warm water which is then used for further processing where normally new steam would be needed.

Although, our production has decreased by 29%, we had a 78% increase per garment on steam consumption. As it was the case for electricity, same is the case for the steam-an operational amount of steam is needed, even when the production output is low.

In addition to operational steam requirements, we have also discovered that more steam has been used in our ETP as Reverse Osmosis system was not working properly. Even though a new installation took place in 2022, we discovered that was not running efficiently because too much water was going to evaporators instead of recycling. Since Q2 2023, the same has been fixed.

Besides maintaining a healthy ETP and optimal facility use, we are also working on garment developments that can be washed in a single step in order to reduce the need for steam because recapturing can only be done from drying and not the wet processing.

In the longer run, we would like to adjust washing machines to indirect heating systems in order to enable higher percentage of steam recycling. These machine modifications require significant investments which will be prioritized after the solar installa-



GAS

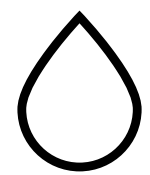
0,0166
kg/garment

0,0243
kg/garment

LPG (liquid petroleum gas) at Saitex is used for 3D Processing and curing. Although, production has decreased by 29%, gas consumption increased 46% per garment on an average because of the coating and 3d fashion trends.

Currently, in our operations we are using one gas powered oven which we are looking to replace with better technology. We are also advising designers on the current impacts of the 3d processing and curing in general.

In addition to oven replacement, once the solar roof project is implemented, this operation can also be powered by solar energy.



WATER
CONSUMPTION

0,0567
m3/garment

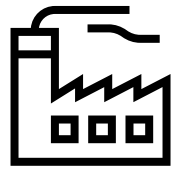
0,0480
m3/garment

These numbers reflect overall water consumption which includes garment production, employee water use and farming.

Our water consumption has decrease by 15% optimization of our processes. In 2023 Q2, we optimized the RO filter system to increase the recycled wastewater consumption for the laundry facility. Based on this our performance improved despite the factory running on less than its optimal capacity.

Although we have made improvements when it comes to our production machinery and processing, we also believe, we could improve further by providing more education to our employees regarding water stewardship. In 2022 we started trainings for old and new employees two times per year regarding water efficiency for all Saitex facilities.

We are continuously measuring our water footprint and innovating in order to conserve and reuse water.



SAITEX
APPAREL
MANUFACTURING
STRATEGIC
TOPICS

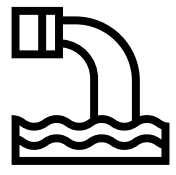
2022

2023

CURRENT STATE OF AFFAIRS

WHAT CAN WE DO BETTER

WHERE DO WE WANT TO GO



WASTEWATER
DISCHARGE

0,0454
m3/garment

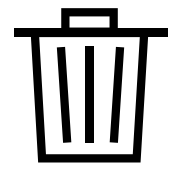
0,0369
m3/garment

These numbers reflect overall water discharge which includes garment production, employee water use and farming.

We managed to reduce wastewater discharge by 18% via additional renovation on our wastewater treatment plant which helped increase the recycled wastewater reuse for laundry facility.

We need to be more vigilant when new installations are taking place because improper set ups of some filters have caused us set backs. After making the necessary adjustments, we are seeing better results already. However, we are continuously monitoring the impacts and we expect to improve even further.

Since 2019, our wet and dry garment finishing has been bluesign® certified, a world's first. Additionally, since 2016 Saitex laundry, being the most water intensive unit, has been set up as closed loop water facility where 98% water gets recycled and re-used and 2% naturally evaporates. We are continuously measuring our water footprint and innovating in terms of both: processes and chemistry in order to conserve and reuse water.



WASTE

0,50
kg/garment

0,89
kg/garment

The data reflect all waste generated on the apparel manufacturing premises, including production, farm, and office facilities.

Although overall garment production has decreased, we saw a 78% increase in waste per garment in 2023. This was mainly due to the reinstatement of pumice stone use required to meet the super worn-out fashion trends.

In 2022, we switched to new enzymes and stone wash replacements to further alleviate the sludge burden. However, certain aesthetics required us to revert to using pumice. While we are optimizing our processes and formulations to achieve specific looks, we are also educating design teams on the impact their choices have on waste generation.

As in previous years, the primary source of waste was sludge. In 2023, we scaled our sludge repurposing operations through new local partnerships where we managed to recycle 45% of it. The recycled sludge was used to create bricks for garden walkways and concrete blocks for retaining walls.

Regarding textile waste, we continued working closely with our sister company, STELAPOP, to transform textile waste into wood replacements. In addition to creating more interior objects, panels and furniture, in 2023 STELAPOP also launched a line of garment trims.

Our goal is to eradicate waste through initial waste minimization and by repurposing any generated by-product. We actively seek partners to help amplify and commercialize our repurposing initiatives for a greater positive impact. If you are interested in learning more about how you can collaborate with STELAPOP, do let us know.



SAITEX FARM

3500 kg

1300 kg

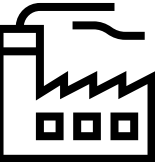
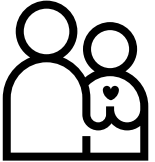


Saitex farming is regenerative in nature, it is done on premis through green house, open air, and hydroponic farming methods.

Goal is to produce organic fruits, vegetables and herbs to provide healthy food for workers. On average 50% of food is donated to Saitex workers and 50% is sold on the local market.

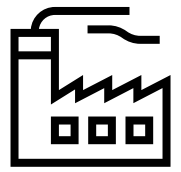
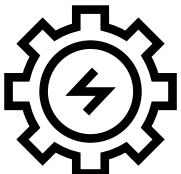
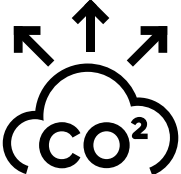
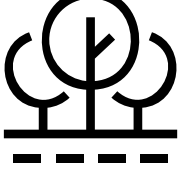
Unfortunately, due to the reorganization of the farming team, our harvest experienced a significant 63% drop. Instead of selling food to local markets, in 2023, all harvests have been donated to Saitex employees. Since September 2023, our farming team has stabilized, and we expect to reach a similar harvest as in 2022 next year.

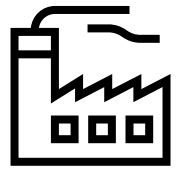
Human health and well being are very important to us, this is why Saitex is committed to creating as many green areas as possible within all our facilities. For instance, the mill premises include Saitex farm projects where 40% of the space is dedicated solely to green area. Currently, 300 baby plants across the fabric mill have been planted. Similarly, at STELAPOP's small facility, 13% of land is dedicated to green space with 180 trees.

Saitex agronomists are continuously testing and innovating to naturally enhance soil health. Our objective is to gradually adopt Zero-Budget Farming, utilizing homemade pesticides made from chili, garlic, and rice alcohol, as well as liquid manure derived from compost to nourish our open-air plants.

	SAITEX APPAREL MANUFACTURING STRATEGIC TOPICS	2022	2023	CURRENT STATE OF AFFAIRS	WHAT CAN WE DO BETTER	WHERE DO WE WANT TO GO
	ALTRUISM	8587 persons	8282 persons	<p>As we know, water is a precious resource. In addition to taking progressive approach in our production regarding water conservation and clean water stewardship, we also take on an active approach in creating social value around this subject that goes beyond our facilities. In 2023, we became a first sponsor of clean water project Anh Chj Em (Brothers & Sisters) which includes providing clean water to five communities and schools in Tra Bong district. This initiative complements our numerous ongoing projects such as 4Ps, launched in 2005, to support orphanages in four regions of Vietnam (Thien Binh, Thi Nghe, Binh Hung, and Be Tho); REKUT which has been providing equal work opportunities for people with disabilities since 2019; and Every Drop counts distributing daily meals, medicine, and essentials to various people in need since 2019.</p>	<p>To continue extending our support to more people, we are actively exploring ways to increase our contribution budgets. Furthermore, we recognize the need to address similar issues within the United States.</p>	<p>As a society, we have a collective duty to support members from marginalized backgrounds within our workplace and beyond. While we are committed to continue our support on existing projects, we also would like to do more.</p> <p>Given the growing homelessness crisis in Los Angeles, where Saitex manufacturing is also based, we are proactively working on solutions to help address this pressing issue.</p>
	VISITS & AUDITS	49	79	<p>In 2022, we received 49 third-party visits, 17 being audits for social and environmental certification purposes and the rest brand visits.</p> <p>In 2023, we saw a significant increase, receiving 79 visits in total, including 19 audits for certification purposes. This averaged approximately 1.5 visits per week. The increase was not due to onboarding new customers, but rather more frequent visits from existing customers and additional audits.</p>	<p>As a Fair-Trade facility committed to paying living wages, workers' well-being is central to Saitex's global operations. Despite our efforts to safeguard environmental and social peace, issues can arise. On April 11, from 6 am to 12:30 pm, our laundry facility experienced an employee-led disruption. Out of 2,800 workers, 300 protested against Vietnam Decree 145/2020/ND-CP and Labor Code 45/2019/QH14/Article 129, which penalized wages for higher mistake rates. The incident was resolved within 7 hours, and after discussions with the trade union, wages were not penalized. Saitex's CSR department reported the case to Better Work to improve procedures. This led to various employee training sessions on regulations, updates to local laws, rights, grievance procedures, and communication. To further advance the communication, existing Emergency Contact Channel was enhanced with the introduction of GOPY Ecosystem app for digital worker and community engagement.</p>	<p>Implemented in July 2023, the GOPY app has significantly improved communication and expedited issue resolution between Saitex and its employees. The app also serves as a platform for employees to participate in online courses, access information directly, and provide suggestions. For example, employees suggested receiving their 13th-month salary before the Lunar New Year holidays, a change that was implemented accordingly. Overall, the app has fostered positive interactions and communication with our employees, a momentum which we will continue to nurture. Saitex is dedicated to continuous innovation and process improvement, prioritizing social and environmental aspects while leveraging technology. We highly value our customer visits, audits, and improved employee interconnectedness because together they help us foster stronger relationships and advance our overall performance. Additionally, we are continuously investing into tools and partnerships that can help us reduce audit fatigue.</p>
	LIFE CYCLE ASSESSMENTS	ongoing		<p>Our garment facility has been working extensively on LCA studies in collaboration with Ecochain since 2019 in order to measure and improve our operations.</p> <p>In 2022, we started to implement the LCA studies into our fabric mill as well. Both are continuously ongoing.</p>	<p>Given the unique nature of our processes and operations, existing life cycle assessment (LCA) databases may not fully meet our requirements. Therefore, we are actively collecting data to create a tailored comprehensive database and methodologies.</p> <p>We have underestimated how much missing and outdated-information is out there, especially when it comes to fibers, as well as how much time it takes to generate up to date data. We are carefully monitoring the Textile Exchange developments in this area for material implementation part. While entire process is very time-consuming and meticulous, we are determined to continue with our efforts because we can only improve if we can correctly measure.</p>	<p>The majority of our cotton is regenerative, although comprehensive geographically specific LCA data is lacking due to the complex, multi-year nature of regenerative farming. We are collaborating with farming communities, regenagri®, and stakeholders like the Regenerative Agriculture Outcome Framework to establish accurate regenerative cotton data. We are also exploring partnerships to harmonize data on energy, water, and greenhouse gas emissions, aiming for a comprehensive impact overview of our fabrics and products. Our goal is to share this data with stakeholders to foster transparency and informed decision-making. With select brands, during 2023, we have been working on digital product passports. Did you know that for all garments made at Saitex, it is possible to have digital product passport upon request. For future we aim to expand further in this area.</p>

SAITEX FABRIC MILL

	SAITEX FABRIC MILL STRATEGIC TOPICS	2022	2023	CURRENT STATE OF AFFAIRS	WHAT CAN WE DO BETTER	WHERE DO WE WANT TO GO
	ELECTRICITY	6,729 KWh/meter	4,772 KWh/meter	<p>These numbers reflect average calculations per meter of fabric including electricity used for fabric production (including spinning) and general facility operations.</p> <p>Although, our production more than doubled in 2023 compared to 2022, we have experienced a 29% decrease in electricity consumption.</p>	<p>Despite reduced electricity usage, our electricity consumption remains suboptimal because the mill isn't running at full capacity. This is due to the basic requirements of maintaining a minimum cooling and humidity control in the spinning and weaving facilities.</p> <p>Through fabric innovation and our vertical setup, we are working towards filling the mill capacity. Our focus is to strengthen the current customer portfolios and onboard new ones.</p>	<p>Our goal is to fill our capacity in order to run optimally. Currently, the mill runs on 70% renewable energy, with 34% from our full solar roof installation and the remainder from the grid's renewable energy mix, including 29% from hydropower.</p> <p>Since we have reached the maximum licensed solar capacity on our roofs, we are exploring collaboration with external partners to further increase our renewable energy inputs.</p>
	CO2 TOTAL EMISSIONS	5,63 kg CO2 eq/m	4,04 kg CO2 eq/m	<p>Total number of emissions include all Saitex Fabric Mill facilities, taking into account: emissions from electricity, steam and gas use.</p> <p>Hand in hand with decrease in electricity consumption, we experienced a 28% decrease in total CO2 emissions.</p>	<p>Our CO2 impact per meter has a further potential to decrease once we reach our optimal capacity.</p> <p>Parallely, we are also looking at solutions to reduce steam and gas usage.</p>	<p>By focusing on filling our mill and spinning capacities, we are looking to on one hand optimize our emissions and on the other hand further invest in technologies that will help us improve our impact.</p>
	CO2 EMISSION OFFSETS	18%	29%	<p>Carbon offset is calculated based on total CO2 reduction divided by total CO2 emissions from all energy sources.</p> <p>Our carbon emissions offsets have increased by 11% because our solar roofs were operational for only 4 months during 2022 compared to 12 months in 2023.</p>	<p>By optimizing our mill capacity, we will be able to make further improvements.</p>	<p>Our focus is to continuously measure our operations and innovate to conserve electricity and to reduce our emissions.</p>



SAITEX
FABRIC
MILL
STRATEGIC
TOPICS

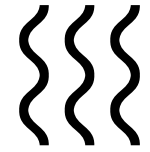
2022

2023

CURRENT STATE OF AFFAIRS

WHAT CAN WE DO BETTER

WHERE DO WE WANT TO GO



STEAM

9,4127
kg/meter

9,5133
kg/meter

At the mill steam is used in various operations, primarily in dyeing and washing. Steam is coming from industrial park boiler which was solely built to serve the Saitex Fabric Mill. Here, 40% of the steam is generated by burning sludge from wastewater treatment.

Although production more than doubled we only see 1% increase in steam usage from 2022 to 2023. This is because in 2022 mill was mainly running samples, which required more frequent stopping and cleaning of the machines. In 2023 this was stabilized with start of the production runs.

Just like for the other impact areas, with more optimal production runs, we can improve our steam consumption.

In order to make further improvements we are investigating steam recovery systems and solar tubes to heat up the water for dyeing and washing.

Machine modifications require significant investments which will be budgeted once the mills is running more efficiently in terms of orders.

Furthermore, we will continue to research technologies in order to improve in this area.



GAS

2,5472
kg/meter

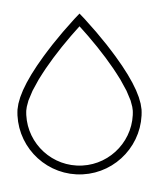
2,0167
kg/meter

Gas at Saitex Fabric Mill is only used for singeing and heat-setting (Stenter machine) operations.

In 2023, we saw a 21% decrease in gas consumption because in 2022, we were predominantly running samples, requiring more trial and error.

Currently, the singeing & heat-setting processes cannot be replaced with electricity, as a gas fire is necessary to maintain high quality and consistency.

We will regularly research and monitor in order to optimize and innovate all our operations, including our singeing process.



WATER
CONSUMPTION

0,0656
m3/meter

0,0231
m3/meter

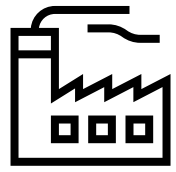
These numbers reflect overall water consumption for the entire mill production, employee water use, and farming.

Our water consumption has decreased by 65% as we moved from sampling runs in 2022 to more stable production orders in 2023.

We are aware that we can further improve our water consumption by optimizing our order capacities.

From the beginning, Saitex Fabric Mill was designed to operate with minimal fresh water inputs, which is very rare. However, the same has not yet been implemented because we first needed to fill the mill capacity in order to allocate proper budgets.

Budgets have been assigned to transform the system over the next two years. This means we will be installing a closed-loop wastewater treatment and recycling system, where minimal use of fresh water will be allocated for industrial processes. 100% of fresh water will only be allocated for drinking and farming activities.



SAITEX
FABRIC
MILL
STRATEGIC
TOPICS

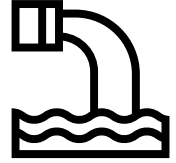
2022

2023

CURRENT STATE OF AFFAIRS

WHAT CAN WE DO BETTER

WHERE DO WE WANT TO GO



WASTEWATER
DISCHARGE

0,0591
m3/meter

0,0207
m3/meter

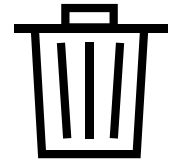
These numbers reflect overall water discharge, including fabric production, employee water use, and farming.

In line with our water consumption reduction, our wastewater discharge has also decreased by 65%. At the mill, our wastewater is tested twice a year according to ZDHC standards and contains no hazardous chemicals.

100% of the waste water is currently treated in cooperation with the industrial park. We are working on enhancing the system with advanced treatment technologies and real-time monitoring.

We diligently measure our water footprint and innovate in both processes and chemistry to conserve and reuse water.

Our ultimate goal is to achieve a closed-loop recycling system with minimal fresh water inputs by Q3 2025.



WASTE

3,46
kg/meter

3,64
kg/meter

The data reflect all waste generated on the mill premises, including production, farm, and office facilities.

Our production output increased by 238% from 2022 to 2023, and with it, we experienced an overall 220% increase in waste.

90% of our waste is recycled, 7% is incinerated, and 3% is sent for safe landfilling. Recycled waste is processed in collaboration with partners who use fabric waste to make carpets and fiber & yarn waste to create new open-end yarns.

We are exploring ways to recycle more waste internally and optimize processes such as packaging. Additionally, we are working on providing regular training programs for employees to raise awareness about waste reduction at every stage of the production.

Goal is to eradicate waste through initial minimization and by repurposing any generated by-products. We plan to invest in internal recycling in order to reduce the cotton waste from spinning by up to 5%. Additionally, we are looking to partner locally in order to bring back the fibers into our own production.

All in all, we are actively seeking internal solutions as well as external partners to help amplify and commercialize our repurposing initiatives.



SAITEX FARM

0 kg

0 kg

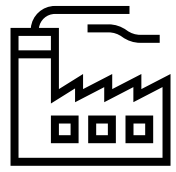
Saitex farming is regenerative in nature, it is done on premise through open air farming.

At the mill 40% of the space is dedicated solely to green area. Currently, 300 baby tree plants across the fabric mill have been planted which will bare fruits in the future.

Currently, the majority of the green areas are used to farm vegetables, fruits, grains, and herbs. In 2023, there was only a small initial harvest, but this is set to change in the future.

Saitex agronomists are continuously testing and innovating to naturally enhance soil health. Our objective is to gradually adopt Zero-Budget Farming, utilizing homemade pesticides made from chili, garlic, and rice alcohol, as well as liquid manure derived from compost to nourish our open-air plants.

Overall goal is to produce organic fruits, vegetables and herbs in order to provide healthy food for workers and for our charity projects.



SAITEX
FABRIC
MILL
STRATEGIC
TOPICS

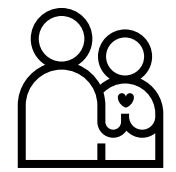
2022

2023

CURRENT STATE OF AFFAIRS

WHAT CAN WE DO BETTER

WHERE DO WE WANT TO GO



ALTRUISM

8587
persons

8282
persons

As we know, water is a precious resource. In addition to taking progressive approach in our production regarding water conservation and clean water stewardship, we also take on an active approach in creating social value around this subject that goes beyond our facilities. In 2023, we became a first sponsor of clean water project **Anh Chi Em** (Brothers & Sisters) which includes providing clean water to five communities and schools in Tra Bong district. This initiative complements our numerous ongoing projects such as 4Ps, launched in 2005, to support orphanages in four regions of Vietnam (Thien Binh, Thi Nghe, Binh Hung, and Be Tho); REKUT which has been providing equal work opportunities for people with disabilities since 2019; and Every Drop counts distributing daily meals, medicine, and essentials to various people in need since 2019.

To continue extending our support to more people, we are actively exploring ways to increase our contribution budgets.

As a society, we have a collective duty to support members from marginalized backgrounds within our workplace and beyond. While we are committed to continue our support on existing projects, we also would like to do more.



VISITS & AUDITS

0

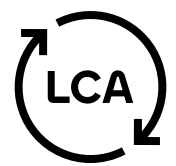
72

During 2022, we did not receive any visits because of the pandemic and the mill just being set up,

In 2023, we received a total of 72 third-party visits, including 5 audits for social and environmental certification purposes and 67 potential customer visits, averaging 1.3 visits per week.

In 2022, we had 15 customers and in 2023 this number doubled. Through onboarding of more customer, we are looking to deepen our collaborations and with it our social and environmental efforts.

In addition to being a ZDHC-approved mill and already having fabrics primed for Cradle to Cradle Gold level products, Saitex Mill is also B-Corp certified. Furthermore, we are working on establishing a bluesign® partnership and bluesign® product certification.



LIFE CYCLE
ASSESSMENTS

94
fabrics

316
fabrics

Following the example of Saitex's apparel manufacturing facility, which began extensive LCA studies in 2019 to measure and improve operations, the mill has implemented its own LCA studies for each article since its inception. Mill's LCA's focus on both: spinning and fabric production.

Base on its LCA ground work, Saitex Fabric Mill was the first to introduce fabric facts label, similar to nutritional labels, listing fiber and chemical components, as well as the social and environmental impacts for each fabric made. These efforts are ongoing and continuously evolving.

Given the uniqueness of our tech and processes, existing LCA databases do not fully meet our needs. We are actively collecting data to build a tailored database and methodologies in order to fully understand our impacts. We underestimated the gaps and outdated information, particularly regarding fibers, as well as the time required to generate updated data.

The majority of our cotton is regenerative; however, comprehensive, geographically specific LCA data is lacking due to the complex, multi-year nature of regenerative farming. We are collaborating with farming communities, regenagri®, and stakeholders like the Regenerative Agriculture Outcome Framework to establish accurate regenerative cotton data. Additionally, we are closely monitoring Textile Exchange developments for other material data implementations.

Furthermore, we are continuously exploring partnerships to harmonize data on energy, water, and greenhouse gas emissions, in order to provide a comprehensive impact overviews for our fabrics and products.

Despite the LCA process being meticulous and time-consuming, we remain committed, as accurate measurement is key to improvement. Our goal is to share this data with stakeholders to advance transparency and informed decision-making.

In 2023, we have been working on digital product passports with select brands. Did you know that for all fabrics and garments made at Saitex, a digital product passport is available upon request? We plan to expand further in this area in the future.

THANK YOU

A.P.C.



BANANA REPUBLIC

BARKERS'



Calvin Klein



COUNTRY ROAD

DOUBLE RL

ELK

EVERLANE

EXPRESS



J.CREW

Madewell

MARA HOFFMAN

OUTERKNOWN



SLVRLAKE

SPOKE

STUDIO.R330

TOMMY HILFIGER

ZARA

3x1
N.Y.C.



SAITEX