



POU CHEN  
CORPORATION



# 2023

SUSTAINABILITY REPORT







POU CHEN  
CORPORATION



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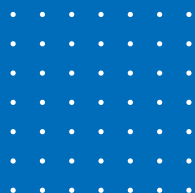
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#### Notice to readers:

For the convenience of readers, PCC 2023 sustainability report has been translated into English from the original Chinese version. If there is any conflict between English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language shall prevail.

# Message from the Chairman

Since its founding in 1969, Pou Chen has adhered to its core values of professionalism, dedication, innovation, and service. The Company is united in its efforts to proactively face and overcome any difficulty and challenge that comes its way in order to become a leader in global footwear services, and will continue to surpass itself and keep growing to achieve its long-term goal of sustainable development.

The Company continues to focus on its two main businesses, namely footwear manufacturing and retail of sporting goods, and has formulated an agile business strategy to strengthen the effectiveness of its business operations and continuously accumulate competitive advantages. With respect to its two main businesses, the Company has been pushing forward in the following work in an orderly manner:

## Footwear Manufacturing

- Emphasizing customer orientation and the development of value-added Services
- Establishing production bases around the world for flexible capacity allocation
- Steadily progressing toward smart manufacturing through the application of digital technologies
- Continuing to further a resilient supply chain in response to the trend of shorter supply chains

## Retail of sporting goods

- Reinventing physical stores to create a unique retail experience
- Strengthening digital operations to expand sales scale effectively
- Using data to drive decision-making and build capabilities for operational growth

As a socially and environmentally responsible corporate citizen, we are committed to developing a sustainable environment and fulfilling our social responsibilities. We have always upheld a balanced development of governance, society and environment, and we attach great importance to the rights and opinions of all stakeholders and to establishing positive interactions and active engagement channels with them. At the same time, we are committed to our corporate vision of providing solutions with the greatest value to benefit everyone's health and life through a comprehensive sustainability governance structure that combines correct and standardized actions. We have also formulated time-phased and continuous sustainability targets and implemented relevant actions:

## Sustainable Environment

To effectively manage environmental risks and maintain ecological balance, Pou Chen continues to refine its production processes and install various pollution prevention facilities to minimize its impact on the environment. At the same time, the Company actively participates in global carbon reduction efforts and green energy development. Taking 2019 as the base year, the Company aims to achieve zero growth in greenhouse gas emissions by 2025 through the promotion of low-carbon production, the expansion of green energy applications, and the implementation of energy-saving measures. The Company has also set a target of reducing greenhouse gas emissions by 46.2% by 2030 in comparison with 2019 levels. In 2022, the Company began to introduce the TCFD framework. This framework serves to demonstrate its commitment to sustainability, enhance the Company's reputation in the international market and among its brand customers, and ensure sustainable development in climate management.



## Occupational Health and Safety Management

Pou Chen has established and implemented a top-down safety culture and risk prevention management measures to ensure safe production at its plants. It is continuing to expand the coverage of occupational health and safety partnerships and risk assessments. It is also developing and optimizing existing occupational fire prevention technologies, health and safety infrastructure projects, risk maps, and behavioral safety observations. At the same time, it has initiated safety visits, advisory programs for select plants, and its ten safety principles to strengthen the independent management of its plants and cross-functional safety collaborations. It is also encouraging the participation of all employees in the discovery of hazards and improvement measures, thereby increasing safety awareness. Through early detection of risks in daily operations, unnecessary losses can be prevented and help Pou Chen reach its goal of enhancing overall safety performance.

## Compliance Management

Through routine plant walk-arounds and annual audits, we proactively identified deficiencies in daily plant operations, tracked and improved upon them, and reduced or eliminated the incidence of major accidents. so that all plants comply with the Group's Code of Conduct, local laws and regulations, brand customer standards, and international norms, with the ultimate goal being to strengthen brand customer relationships. We continue to follow the spirit and principles of international human rights conventions - such as the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights , and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work - and are committed to shaping an environment that protects human rights and safeguards the legitimate rights and interests of our employees, such as freedom of association and collective bargaining.

## Harmonious Workplace

Through training, interviews, grievance and inquiry channels, and the use of risk definition to highlight management opportunities, we are able to grasp the issues of concern to employees and strive to quickly respond to and implement risk prevention measures, establishing a positive and effective two-way communication mechanism. The Company continues to organize employee activities, participate in community service, and encourage employee participation to enhance internal cohesion and organizational identity, while maintaining good interactions with unions to promote mutual prosperity and good. The Company also conducts regular training sessions on gender equality, women's empowerment, and local laws and regulations. We are committed to creating a workplace environment that is diverse, equitable and inclusive and building a positive corporate culture.

The promotion of the aforementioned work relies on the leadership and supervision of the Company's governance team. The Company will continue to cultivate a culture of corporate governance and emphasize the cultivation of its talent pipeline. In response to the increasing complexity of the operating environment, the Company set up a Risk Management Advisory Committee composed of senior management in 2023 to improve the risk management mechanism and proactively incorporate the blueprint for sustainable development into its day-to-day decision-making and operational activities. By continuously strengthening our core strengths, resilience and management effectiveness, we have proactively secured the key elements of stable growth in operations, and we are committed to maximizing corporate value for all stakeholders.



Lu-Min Chan

Chairman of Pou Chen Corporation



# About the Sustainability Report

The 2023 Sustainability Report (hereinafter referred to as "the report") of Pou Chen Corporation (hereinafter referred to as "Pou Chen" or "the Company") is based on the principles of openness, transparency, and honesty. The GRI Universal Standards 2021, which were published by the Global Reporting Initiative (GRI) in 2021, served as the primary overall disclosure framework. We have also referred to the standards laid out by the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB) to conduct our report. Through this report, we aim to faithfully present Pou Chen's engagement with stakeholders and sustainability issues in order to implement the Company's sustainable development.

## Reporting Period, Boundary, and Scope

The information contained in the contents of this report covers the period from January 1, 2023, to December 31, 2023; part of the data that is disclosed in the report shows lists of figures from past years. There were no restated information items during the reporting period.

This report focuses on the footwear manufacturing business operated by Pou Chen and its subsidiaries, excluding the retail of sporting goods, real estate development, and hospitality businesses. The environmental and social sustainability indicators cover the performance of the footwear manufacturing business in 2023 unless specifically noted. The footwear manufacturing business mainly operates in Taiwan, Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh, and Myanmar. Human resources and financial information are consistent with the 2023 consolidated financial statements, with the scope covering Pou Chen and its subsidiaries.

Note: Please refer to the 2023 Environmental, Social and Governance Report of Pou Sheng International (Holdings) Limited, a subsidiary of Pou Chen, for more information on the retail of sporting goods business.

## Sustainability Report Management Procedures

The Department of Sustainable Development coordinates the compilation of this report. The preparation of the annual sustainability report begins in the fourth quarter of each year, including initiating working group meetings for communication, reviewing and discussing additions to the previous edition of the report, collecting and consolidating stakeholder concerns and annual performance, and identifying material topics to determine the focus of the report. Each department is responsible for providing data and writing the part of the report for which they are responsible, and the content of the report is reviewed by the head of the relevant department. Assurances are obtained from independent verification agencies. The complete version of the report is approved by the internal management review mechanism and submitted to the board of directors for approval, and then published on the Market Observation Post System of the Taiwan Stock Exchange and on our website.



## Report Data and Verification

The figures disclosed in the sustainability report are the results of statistics and analyses conducted by the Company's internal management system. The figures of the testing that were required by law have been measured or verified by an impartial organization and are presented in the usual numerical manner. The information contained herein consists of actual figures from the testing. The financial information was obtained from the consolidated financial statements audited by Deloitte & Touche.

This report was assured by SGS Taiwan Ltd., a third-party verification unit, to be a Type II High Level report under AA 1000AS v3 and to conform with the disclosure guidelines in the GRI Universal Standards 2021.

## Reporting Period

- ▶ Pou Chen issues a sustainability report for the previous year annually in accordance with the regulations of the competent authority.
- ▶ Publication date of the previous version: June 2023.
- ▶ Publication date of the current version: August 2024.

## Contact Information

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 Email: ir@pouchen.com  
 Website: www.pouchen.com



The sustainability report can be downloaded from the Market Observation Post System of the Taiwan Stock Exchange (<http://mops.twse.com.tw>) or the "Sustainability section" on the Company's website (<http://www.pouchen.com/>).



If you have any comments or suggestions regarding this report or sustainability issues connected to Pou Chen, we value your feedback and welcome it at any time.



# 2023 Highlights

Pou Chen uses its professionalism to respond to customers' needs with a dedicated attitude. We maintain a leading position with our technologies and innovative mindset, and by being fearless when faced with challenges. We enhance our competitiveness and fulfill our social responsibility, striving for a win-win scenario between economic development and caring for the environment and society, and continue to move towards sustainable development.

Pou Chen values every sustainable action we take. Our efforts and endeavors are in line with the 17 Sustainable Development Goals (SDGs) published by the United Nations. In 2023, Pou Chen continued to work on material issues and achieve key results in governance, society and the environment to fulfill our dedication to the UN SDGs.

## Environmental



Environmental Management



Climate Change



Water Security

73% of plants passed inspection

B- Management Level

B Management Level

Amount of Green Power Generated 5,036MWh	Green Power Certificate 163,934MWh	Green Power Purchase Agreement (PPA) 5,541MWh	Percentage of Green Power 21%	23% of plants passed inspection
Scope 1 4.48 萬 tCO <sub>2</sub> e	Scope 2* 45.72 萬 tCO <sub>2</sub> e	Scope 3 1.87 萬 tCO <sub>2</sub> e	Carbon Emissions Density 1.11~4.06 kgCO <sub>2</sub> e/pair	
Water Intake 13,675 million liters	Water Consumption 10,193 million liters	Water Consumption Density 55 liters/pair	Effluent Recovery Rate 41%	Testing compliance rate 100%
Waste 62,435 metric tons	Waste Density (Hazardous) 0.03 kg/pair	Waste Density (General) 0.32 kg/pair	53% from applications in plants	
Particulates 8,688 kg	SO <sub>2</sub> 2,993 kg	NO <sub>x</sub> 8,041 kg	VOC 57,082 kg	

\*Market based

# Social



**Employment Opportunities**



**Fair Labor Association**



**Occupational Accidents**

**26.9** 10k people

**Only** FLA-accredited footwear supplier globally

Case reduction of **45%**

<b>0</b> Child Labor	Fair Compensation Sample Survey Pass rate <b>100%</b>	Collective Bargaining Agreements <b>95.55%</b>	Respect for Different Beliefs Establishment of <b>111</b> religious facilities	VOE Case Clearance Rate ~ <b>100%</b>
Fatal Occupational Accidents Ratio <b>0%</b>	Disabling Frequency Rate (FR) <b>0.19</b>	Disabling Severity Rate (SR) <b>4</b>	<b>80%</b> of plants passed inspection	
Public Welfare Expenditure USD <b>10</b> 10k	Providing native seedlings in the Taichung area Cultivate <b>7,200</b> tree seedlings	Children's Education Accumulated <b>67,647</b> children	Compassionate Housing Accumulated <b>308</b> buildings	

# Governance



**Consolidated Revenue**



**Pairs of Shoes**



**FTSE4Good TIP Taiwan ESG Index**

NTD **246.6** billion

**218.3** million pairs

**FTSE4Good** constituent

Gross Profit Margin <b>24.8%</b>	Operating Profit Margin <b>4.1%</b>	Directly-operated stores <b>3,523</b> stores	Independent directors <b>33%</b>	Female directors <b>22%</b>
Suppliers' Undertaking of Ethics and Integrity <b>100%</b> signed		<b>No</b> significant violations		

# 2023 Awards



RoSPA Gold Award (YS, Mainland China)



Excellent Enterprise in Environmental Protection Certificate (Nikomas, Indonesia)



Healthy and Efficient Women Workers Campaign (RY, Indonesia)



Excellent Company in Occupational Health and Safety (Pou Chen Đồng Nai, Vietnam)



Organized the Ergonomic Hazard Prevention and Health Promotion Workshop (Changhua, Taiwan)



Green, Clean and Tidy Occupational Health and Safety Award (Pou Sung, Vietnam)







Outstanding Achievement in Labor Union Collaboration (Pou Chen Đồng Nai, Vietnam)



Guangdong Province Excellent Manufacturer in Labor-Management Communication and Negotiation (Pou Chen Dongguan, Mainland China)



Recognition of Enterprise Serving Workers Wholeheartedly (Pou Yuen Vietnam)

Region	Awarder	Honor or Award	Awardee
 Taiwan	Occupational Safety and Health Administration, Ministry of Labor	🏆 Helped to organize the 2023 Ergonomic Hazard Prevention and Health Promotion Workshop	Changhua Plant, Orisol, Yue Dean Technology
	Xiawu Village Committee	🏆 Tree planting and reforestation pioneer	YS2
	Yangxin County Special Education School	🏆 Care and aid for the disabled	YS2
	Yanquan Elementary School, Longgang Township	🏆 Donation toward education displays generosity of spirit	YS2
	Yichun Economic Development Zone	🏆 2022 Safe Production Target Management and Accountability Assessment Award	YC
 Mainland China	Royal Society for the Prevention of Accidents	🏆 RoSPA Gold Award	YS
	Huangjiang Township Committee of the Communist Youth League of Mainland China	🏆 Caring Enterprise	PAC
	Huangjiang Township Committee of the Communist Youth League of Mainland China	🏆 Outstanding Volunteer Service Team	PAC
	Leather Working Group	🏆 LWG Gold	PAC
	Guangdong Federation of Trade Unions	🏆 2023 Guangdong Province Excellent Manufacturer in Labor-Management Communication and Negotiation	Dongguan Pou Chen
	Jiangxi Federation of Trade Unions	🏆 A1 Worker Pioneer Award of Jiangxi Province	YYJ
	Environmental Agency of Serang Regency	🏆 Excellent Enterprise in Environmental Protection	Nikomas
 Indonesia	Governor of West Java	🏆 Healthy, Productive Women Workers Movement	RY
	People's Committee of Phước Thạnh Commune	🏆 Helped impoverished people in the commune to build houses	Pou Li
	People's Committee of Gò Dầu	🏆 Sponsor of social security fund	Pou Li
	People's Committee of Hiệp Thạnh Commune	🏆 Sponsored free clinics, medication and gifts for impoverished people in Hiệp Thạnh Commune	Pou Li
	People's Committee of Cẩm Giang Commune	🏆 Sponsored free clinics, medication and gifts for impoverished people in Cẩm Giang Commune	Pou Li
	People's Committee of Thạnh Đức Commune	🏆 Sponsored the construction of housing for impoverished residents of Thạnh Đức Commune, Dương Minh Châu District, Tây Ninh Province	Pou Hung
	Education Promotion Committee of Dương Minh Châu District	🏆 Sponsored Seeds of Hope Scholarships for impoverished students in the district	Pou Hung
	People's Committee of Yên Bình Commune	🏆 Sponsored gifts for impoverished families in the commune	Pou Hung
	Hồ Chí Minh Communist Youth Union of Dương Minh Châu District	🏆 Sponsored free clinics, medication and gifts for impoverished people in Phúc Ninh Commune	Pou Hung
	Department of Labour, Invalids and Social Affairs, Đồng Nai Province	🏆 2022 Excellent Enterprise in Occupational Health and Safety	Pou Chen Vietnam
 Vietnam	Đồng Nai Department of Natural Resources and Environment	🏆 Sponsor of Green Environment Week 2023	Pou Chen Vietnam
	Đồng Nai Department of Natural Resources and Environment	🏆 Sponsor of Green Environment Week 2023	Pou Sung
	Đồng Nai Provincial Confederation of Labor	🏆 2022 Green, Clean and Tidy Occupational Health and Safety Award	Pou Sung
	People's Committee of Đồng Nai Province	🏆 [Outstanding achievement in the Million Initiative - Overcoming Difficulties, Innovation, and Determination to Combat the Covid-19 Pandemic Program	Union of Pou Sung
	Leather Working Group	🏆 LWG Gold	PAV
	Đồng Nai Provincial Confederation of Labor	🏆 Outstanding Achievement in Labor Union Collaboration Award	VP
	Đồng Nai Provincial Police Department	🏆 Outstanding achievement in safe and orderly operations	VP
	People's Committee of Biên Hòa	🏆 Excellence in labor union and youth movement-related work	VP
	Ho Chi Minh City Federation of Labour	🏆 Recognition of Enterprise Serving Workers Wholeheartedly	Pou Yuen



### ❖ Sustainable Development Management Strategy

Pou Chen adheres to its core values of professionalism, dedication, innovation, and service, and strives to be the best manufacturer and retailer of sports and leisure products. We have held to our development strategy, which is centered on the industry value chain, focusing on the five competitive advantages of speed, flexibility, innovation, quality, and sustainability. We are committed to building a diversified platform with the highest global value through smart manufacturing and innovative services.

# SUSTAINABLE MANAGEMENT

1.1 About Pou Chen

1.2 Operational Performance

1.3 Sustainable Development Strategy

1.4 Sustainability Topics Management



# 1.1 About Pou Chen

Pou Chen Corporation (hereinafter referred to as "Pou Chen" or "the Company") was established in September 1969. As of the end of 2023, the Company has a paid-in capital of NTD 29.468 billion and a total of 268,690 employees. Our head office is located at No. 600, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung, 40764, Taiwan (R.O.C). The main operating locations for footwear production are in Taiwan, Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh, and Myanmar. The Company is listed on the Taiwan Stock Exchange with stock code 9904.

## Company Profile

Through its subsidiaries Yue Yuen Industrial (Holdings) Limited (hereinafter "Yue Yuen") and Pou Sheng International (Holdings) Limited (hereinafter "Pou Sheng"), Pou Chen lays its focus on two core businesses of "manufacturing of shoes" and "Retail of sporting goods".

## Manufacturing of Shoes

Currently, Pou Chen's manufacturing business is managed by its subsidiary, Yue Yuen, which serves as an original equipment manufacturer and original design manufacturer (OEM/ODM) of athletic shoes, outdoor shoes, casual shoes, and sports sandals for international brands such as Nike, adidas, Asics, New Balance, Salomon and Timberland. In 2023, we produced a total of 218.3 million pairs of shoes. Our main production sites are located in Mainland China, Vietnam, and Indonesia, accounting for 12%, 34%, and 49%, respectively, while other regions, including Cambodia, Bangladesh, and Myanmar, account for 5% of the total production.

Please refer to the Company's 2023 Annual Report, Yue Yuen's 2023 Annual Report, and Yue Yuen's 2023 Environmental, Social and Governance Report for an overview of operations in the footwear manufacturing business.

 Yue Yuen's website: [www.yueyuen.com](http://www.yueyuen.com).

## Retail of Sporting Goods

Currently, it is Yue Yuen's subsidiary Pou Sheng that is responsible for operations. Pou Sheng operates 3,523 directly-operated stores in the Greater China region, while continuously enhancing and improving its digital operations capabilities. Through flexible and diversified business models and channels, we sell and distribute footwear, apparel, and accessories from major sports and leisure brands, and provide a diverse consumer experience.

Please refer to our 2023 Annual Report, Pou Sheng's 2023 Annual Report, and Pou Sheng's 2023 Environmental, Social and Governance Report for details on the retail of sporting goods business model and ESG reporting.

 Pou Sheng's website: [www.pousheng.com](http://www.pousheng.com).

## External Organization Participation

Pou Chen is a member of Taiwan Footwear Manufacturers Association, Changhua County Industrial Association, Changhua Importers and Exporters Chamber of Commerce, Taiwan Rubber and Elastomer Industries Association, and Taiwan Plastics Industry Association. In 2011, we joined the Fair Labor Association (FLA) as a Participating Supplier, and we are committed to following the FLA Workplace Code of Conduct to create a fair and humane workplace environment. And the Company's subsidiary Yue Yuen joined the World Federation of the Sporting Goods Industry (WFSGI) as a manufacturer member in 2016.

# 1.2 Operational Performance

## Material Topic Management

### Significance to Pou Chen

Economic performance is vital to corporate development, and we at Pou Chen are committed to the continuous improvement of operational effectiveness, creating shared value for shareholders/investors and other stakeholders, and actively pursuing the long-term goal of sustainable management.

### Impact

#### 😊 Positive Impact (Actual)

Thanks to shareholders' equity and operational stability, customer satisfaction is further enhanced, employee benefits are increased, and community development is promoted, creating a positive cycle and mutual benefit for all stakeholders.

#### 😊 Positive Impact (Potential)

The stable operation of the Company can increase employee cohesion and reduce the risk of employees violating the law in pursuit of profits.

#### 😞 Negative Impact (Actual)

Impacts on shareholders' equity and operational stability may reduce willingness to invest, reduce employee benefits, and be detrimental to community development, which may lead to a negative cycle and create impacts on various stakeholders.

#### 😞 Negative Impact (Potential)

Increase in operational risks may affect employee rights and benefits, increase the risk of employees seeking profit through illegal means, and decrease sustained efforts invested in the environment and society.

### Policies and Commitments

Through the development of agile business strategies and the improvement of risk management mechanisms, Pou Chen will continue to accumulate competitive advantages and build operational resilience in order to provide high-quality products, innovative services, and comprehensive solutions to strengthen its long-term corporate value.

### Targets and Objectives

Focus on stable growth in our two core businesses of footwear manufacturing and retail of sporting goods business; seek quality operational growth.

### Actions Taken

#### ► Footwear manufacturing business:

- Emphasizing customer orientation and the development of value-added Services.
- Establishing production bases around the world for flexible capacity allocation.
- Steadily progressing toward smart manufacturing through the application of digital technologies.
- Continuing to further a resilient supply chain in response to the trend of shorter supply chains.

#### ► Retail of sporting goods business:

- Reinventing physical stores to create a unique retail experience.
- Strengthening digital operations to expand sales scale effectively.
- Using data to drive decision-making and build capabilities for operational growth.

Please refer to Pou Chen's 2023 Annual Report for details.

### Assessment Methods

- Internal mechanism: Each business unit and back-end office is responsible for the implementation. They are monitored and reviewed at various levels by internal audits, the Audit Committee, and the Board of Directors.
- External auditing: Pou Chen's 2023 consolidated financial statements were audited by Deloitte & Touche.

### Stakeholder Engagement

Channels include Pou Chen's website, Market Observation Post System, shareholders' meetings, investors' conferences, and spokesperson (ir@pouchen.com).

### Corresponding Sustainability Indicators

GRI 201

## 2023 Operational Performance

Pou Chen's consolidated revenue for the year 2023 was NTD 246.6 billion, a decrease of 7.8% compared to 2022. This decline was primarily due to weak global demand and inventory adjustments within the industry, which negatively impacted the performance of the footwear manufacturing business. This offset the recovery trend in the sales of the sporting goods retail business. The net profit attributable to the owners of the company after tax was NTD 10.6 billion, a decrease of 16.0% compared to 2022. Earnings per share was NTD 3.61, also a decrease of NTD 0.68 compared to 2022. For detailed operational performance, please refer to the Company's consolidated financial report for 2023.

### Consolidated Financial Statements for the Past Five Years

(Unit: NTD million, earnings per share in NTD)

Item \ Year	2019		2020		2021		2022		2023	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenue	313,157	100.0%	249,954	100.0%	239,884	100.0%	267,497	100.0%	246,634	100.0%
Operating Costs	233,642	74.6%	195,203	78.1%	181,661	75.7%	202,891	75.8%	185,523	75.2%
Gross Profit	79,515	25.4%	54,751	21.9%	58,223	24.3%	64,606	24.2%	61,111	24.8%
Operating Expenses	65,565	20.9%	56,862	22.7%	55,747	23.3%	54,010	20.2%	50,895	20.7%
Income (Loss) from Operations	13,950	4.5%	(2,111)	(0.8%)	2,476	1.0%	10,596	4.0%	10,216	4.1%
Income Before Income Tax	21,522	6.9%	5,961	2.4%	17,157	7.1%	21,432	8.0%	19,467	7.9%
Income Tax Expense	3,519	1.1%	2,042	0.8%	554	0.2%	4,542	1.7%	3,493	1.4%
Net Income for the Year	18,003	5.8%	3,919	1.6%	16,603	6.9%	16,890	6.3%	15,974	6.5%
Attributable to: Owners of the Company	11,829	3.8%	4,840	1.9%	14,439	6.0%	12,645	4.7%	10,624	4.3%
Earnings per Share	4.01		1.64		4.90		4.29		3.61	
Shareholder Dividends (NTD/share)	1.25		0.50		1.50		1.30		1.10	
Employee Benefit Expenses	77,783		67,387		63,198		70,822		65,315	

Note 1: Please refer to Pou Chen's consolidated financial statements for 2019-2023.

Note 2: Pou Chen's Board of Directors resolved on April 15, 2024, to distribute a cash dividend of NTD 1.10 per common share for 2023 earnings.

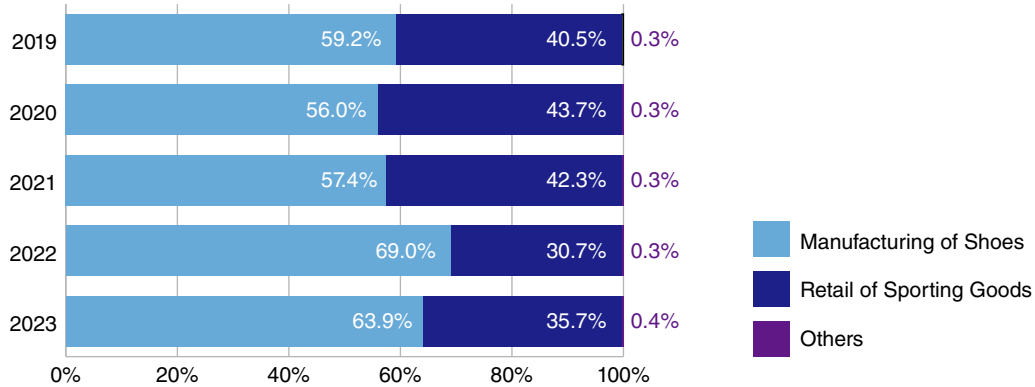
Note 3: Please refer to "7.2 Community Involvement" for the total amount of Pou Chen's investments in community involvement in 2023.

## Tax Policy

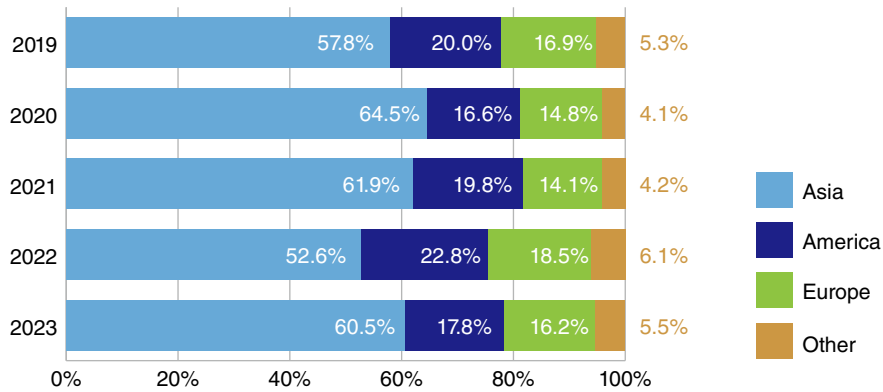
Pou Chen supports a sustainable tax policy and fulfills its social responsibility by upholding the following principles and commitments:

- Staying informed of international tax trends and developing tax strategies.
- Operating in compliance with local tax laws and regulations and complying with tax disclosure requirements.
- Setting profit allocation in line with the norm in accordance with transfer pricing standards.
- Analyzing the environment in which we operate and conducting regular tax risk assessments using management mechanisms.
- Disclosing tax information in publications such as financial reports and annual reports and striving for transparency of tax information.
- Maintaining good communication with tax authorities based on the principle of integrity.

### Revenue by Segment



### Revenue by Region



Note: The statistics are based on the consolidated operating revenues from sales across various regions.

### Government Subsidies/Incentives

(Unit: NTD million)

Region	Item	2023
Mainland China	Financial subsidy, investment subsidy, stable employment subsidy, other incentives, etc.	349.83 (USD 11.23 million)
Taiwan	Research and development subsidy, maternity check-up leave wage subsidy, etc.	15.50 (USD 0.50 million)

Note 1: The above exchange rate of US dollars to New Taiwan dollars was calculated at 31.155.

Note 2: Please refer to Pou Chen's 2023 Annual Report for the percentage of government agencies in the equity structure.

### Tax Information for The Past Five Years

(Unit: NTD million)

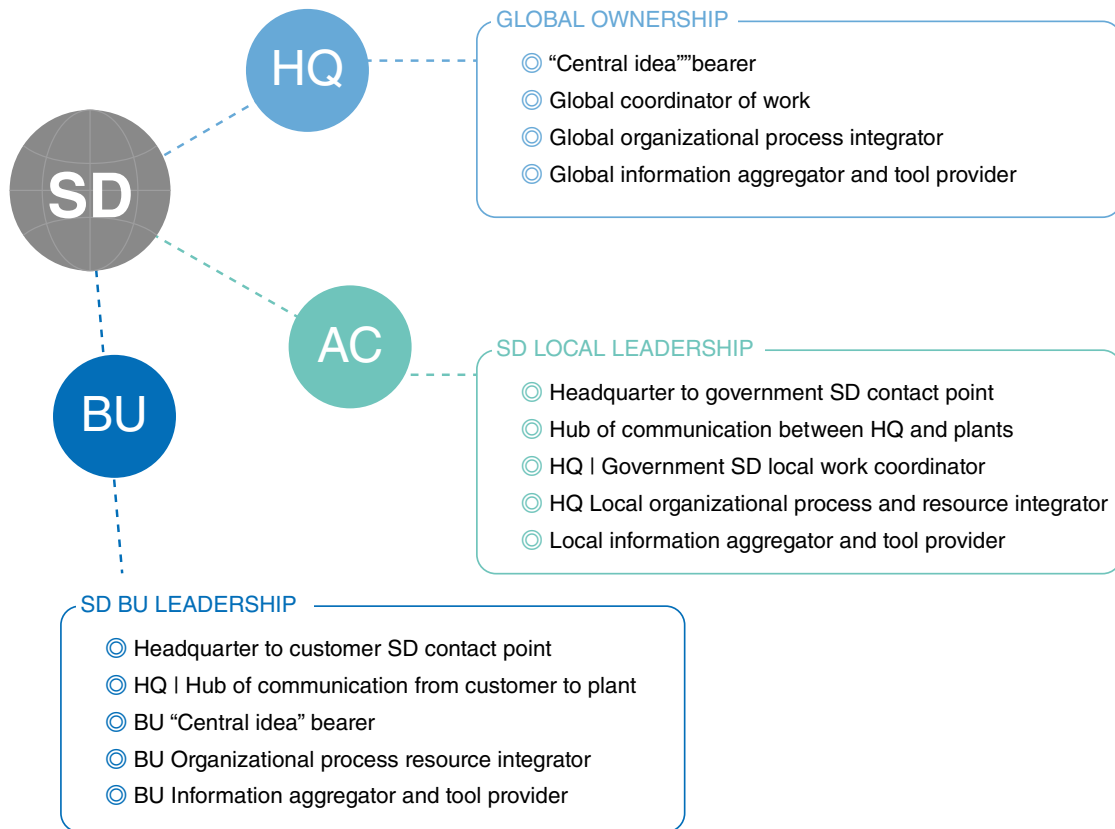
Item	2019	2020	2021	2022	2023
Income Before Income Tax	21,522	5,961	17,157	21,432	19,467
Income Tax Expense	3,519	2,042	554	4,542	3,493
Income Tax Rate (%)	16.4%	34.3%	3.2%	21.2%	17.9%
Income Tax Paid	3,336	1,828	3,710	2,405	4,083
Rate of Income Tax Paid (%)	15.5%	30.7%	21.6%	11.2%	21.0%

Note: Please refer to Pou Chen's consolidated financial statements for 2019-2023 for related information.

# 1.3 Sustainable Development Strategy

## Body Responsible for Execution of Sustainable Development

Pou Chen has set up a Sustainable Development Department, which is responsible for integrating and providing strategies to be implemented by our plants around the world to tackle sustainability issues as well as project management. This includes the requirements of our brand customers to follow their sustainable operation code of conduct, compliance with local laws and regulations, employee relationship management, and responding to audits and inspections of our plants by external NGOs.



Note: HQ (Headquarters) \ BU (Business Unit) \ AC (Administration Center) \ SD (Sustainable Development)

The Sustainable Development Department is appointed by the Board of Directors as the main convener of economic, environmental and social (human rights) impact management at Pou Chen, and is assisted by contact points assigned by senior executives of relevant departments to manage impacts. The senior management of the Sustainable Development Department regularly provides information on performance and recommendations, and reports on sustainable development planning, progress, and effectiveness at the management meeting every six months, reports on climate change / greenhouse gas management related issues quarterly, and at least once a year at the Board of Directors' meeting. In 2023, the Sustainable Development Department reported to the Board of Directors on six issues, namely the identification of material topics for the sustainability report (stakeholder communication), greenhouse gas management, climate change risk assessment, global human rights issues and trends, employee communication (labor union management), and the effectiveness of the implementation of sustainability projects. The Board of Directors reviewed the validity of the contents, proposed reviews when necessary, and urged the management team to make adjustments when needed.

## Sustainable Development Implementation Strategy

Since its establishment in 1969, Pou Chen has been undergoing a long process of development, from its initial establishment to its application for IPO and globalization, based on the core values embodied by its founder and Board of Directors. In terms of corporate governance, we have always been committed to safeguarding shareholders' rights and interests, continuously improving the structure and operation of the Board of Directors through means that include the establishment of independent directors, functional committees, the "Code of Corporate Governance Practices", the "Code of Conduct for Integrity Management", and the "Code of Conduct for Sustainable Development", and other governance mechanisms. We have gradually implemented our responsibilities to shareholders, society, and the environment, and laid a solid foundation for enhancing corporate value and strengthening our competitiveness.

In addition to continuing to strengthen existing corporate governance mechanisms, Pou Chen actively promotes and implements social responsibility, reduces the impact of production and operations on the environment, and strives to integrate sustainable development with operational strategies to continuously build up core strengths and competitive advantages. We also understand that we must work with all stakeholders, including governments, customers, upstream and downstream supply chains, communities, and employees to continue to move forward and achieve our goal of sustainable development.

Guided by the concept of sustainable management, Pou Chen will continue to focus on its core business operations, emphasize investment in and cultivation of human resources, enhance and innovate supply chain collaborations, and implement energy conservation, carbon reduction, environmental protection, social engagement, and philanthropy. While pursuing economic performance and growth, we will continue to pay attention to and improve the overall development of the environment and society in the regions where we operate, and move steadily towards the goal of sustainable development.



### Pou Chen Sustainable Development Policy



Pou Chen actively practices sustainable development while engaging in business operations in order to align itself with international trends in development. We also promote sustainable development as a competitive advantage by directly and indirectly improving the quality of life of employees, communities, and society through the promotion of issues related to corporate citizenship.



#### Implementing Corporate Governance

- Implement an Effective Corporate Governance System
- Strengthening the Board's Functions
- Promoting Sustainable Development Goals
- Respect for Stakeholders' Rights and Interests



#### Develop Sustainable Environment

- Comply with International Standards
- Establish an Environmental Management System
- Improve the Efficiency of Resource use
- Adapt to the Impact of Climate Change



#### Preserve Social Welfare

- Comply with International Labor/Human Rights Standards
- Providing a Safe and Healthy Workplace
- Develop Employees' Careers
- Diversified Communication Channels for Employees
- Drive Sustainable Development of Suppliers
- Promote Community Development



#### Enhance Information Disclosure

- Publish Sustainability Reports
- Public Access to Information
- Provide Timely and Accurate Information

Note: The Policy was publicly announced after being revised and approved by the Board of Directors on December 26, 2022.

# 1.4 Sustainability Topics Management


Pou Chen understands that communication with stakeholders is the key to the continuous improvement and long-term development of the Company. We have been collecting feedback and suggestions from stakeholders through multiple channels for a long time, analyzing them regularly, and incorporating them into our operational planning.

## 1.4.1 Stakeholder Communication

### Stakeholder Identification


In the past, Pou Chen referred to the five principles of the AA1000 Stakeholder Engagement Standard (AA1000 SES), namely (1) Dependency, (2) Responsibility, (3) Tension, (4) Influence, and (5) Diverse Perspectives, to compile annual interaction information from brand customers gathered by dedicated personnel in each department. Additionally, we also compiled records of consultations and interactions between each major footwear production base and employees as well as external groups in the year, and then identified stakeholder groups and issues of concern related to our footwear manufacturing business based on their frequency of interaction and significance to our operations, which did not change much over the years. This year, using the results of previous evaluations, the Sustainability Report Working Group members decided after discussing the matter in meetings to continue to use shareholders/investors, customers, competent authorities, employees/labor unions, suppliers, media, communities, and non-governmental organizations (NGOs) as the eight key stakeholder categories for Pou Chen.




### Stakeholder Concerns and Communication Guidelines




 <p><b>Shareholders/ Investors</b></p>	<p><b>Issues of concern:</b> Economic performance (stock price, revenue, profit), corporate governance, image in the market, material events</p>	
<p><b>Importance to Pou Chen</b> Shareholders/investors provide the capital needed for the company's long-term development, which is an important foundation for the company to move towards sustainable operation. The company will continue to be committed to the steady development of operations and create maximum returns for shareholders.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>• Published on the Market Observation Post System and the Company's website</li> <li>• Shareholders' meetings</li> <li>• Participation in investors' conferences</li> <li>• Respond through spokesperson</li> </ul> <p><b>Interactions in 2023</b></p> <ul style="list-style-type: none"> <li>• Shareholders' meeting: June 15, 2023</li> </ul>	<p><b>Communication Frequency</b></p> <ul style="list-style-type: none"> <li>• Irregularly</li> <li>• At least once a year</li> <li>• At least twice a year</li> <li>• Irregularly</li> </ul> <p>• Investors' conferences: 4 times</p>

## Stakeholder Dialogue

Pou Chen conducts meetings on both a regular and irregular basis to carry out quality and immediate communication through dedicated personnel on issues of concern to stakeholders. The methods of communication include, but are not limited to, questionnaires, e-mail, physical meetings, and telephone conferences. The opinions and suggestions of stakeholders are collected on a broad basis, and the feedback obtained is reported and discussed in internal meetings as an important reference for the Company's sustainable development strategy. In the administrative centers of Pou Chen's major operating bases, dedicated Sustainable Development Departments (SDs for short) are responsible for coordinating stakeholder communication and feedback on environmental, human rights, and community impact issues; individual inquiries from the public are reported in the annual sustainability report and not responded to separately. Pou Chen has set up a page dedicated to stakeholders on the Company's website and an email address (ir@pouchen.com) through which dedicated personnel refer issues of concern to the relevant authority for handling and responding according to the scope and nature of the issue. The correspondence received through the above-mentioned communication channels in 2023 included business collaboration proposals, shareholder/investor inquiries, media matters, and research and survey requests.

 <p><b>Customers</b></p>	<p><b>Issues of concern:</b> Product quality, information security management, management of prohibited substances, legal compliance, transparency and reliability of information disclosure, sustainability indicators</p>	
<p><b>Importance to Pou Chen</b> Customers are the main source of revenue for the company. We are committed to providing legal, sustainable, fast, flexible, and value-added manufacturing services to our brand customers. At the same time, we attach great importance to the protection of the trade secrets and privacy of our brand customers.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>• Sales visits/routine meetings</li> <li>• Irregular communication meetings</li> <li>• Audit feedback/self-management performance feedback</li> <li>• Email and phone contact</li> <li>• Sustainability report</li> </ul>	<p><b>Communication Frequency</b></p> <ul style="list-style-type: none"> <li>• Monthly</li> <li>• Irregularly</li> <li>• Monthly</li> <li>• Irregularly</li> <li>• Annually</li> </ul>
	<p><b>Interactions in 2023</b></p> <ul style="list-style-type: none"> <li>• Brand audits totaled 71 times</li> </ul>	

 <p><b>Government Authorities</b></p>	<p>Issues of concern: Corporate governance, legal compliance, major labor disputes</p>	
<p><b>Importance to Pou Chen</b> The Company complies with the policies and regulations set by the governmental authorities in the places where it operates, and upholds the concept of environmental friendliness to fulfill its responsibility in sustainable development.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>• Cooperation with authorities whenever they perform inspections to check compliance with safety regulations</li> <li>• Regularly submission of forms (monthly/quarterly) /documents</li> <li>• Sustainability report</li> <li>• Visits for consultation on motions</li> </ul>	<p><b>Communication Frequency</b></p> <ul style="list-style-type: none"> <li>• Irregularly</li> <li>• Monthly/quarterly</li> <li>• Annually</li> <li>• Irregularly</li> </ul>
	<p><b>Interactions in 2023</b> Taiwan</p> <ul style="list-style-type: none"> <li>• Regular inspections by external parties: 2 times.</li> <li>• Audits by competent authorities: 1 time.</li> </ul>	<p>Overseas</p> <ul style="list-style-type: none"> <li>• The frequency of interaction varies depending on the competent authority of each region.</li> </ul>
 <p><b>Employees/Labor Unions</b></p>	<p>Issues of concern: Job stability, remuneration and benefits, labor-management relations/labor rights/work hours management, workplace safety/validity of rules and regulations, channels for expressing opinions, performance evaluation and promotion system</p>	
<p><b>Importance to Pou Chen</b> Employees are important assets of the Company; they are also partners who grow alongside the Company. In addition to creating a working environment that gives peace of mind and protects employees'rights, Pou Chen also strives to build up talent capital through career development and education and training to enhance the Company's sustainable competitiveness.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>• Company intranet/email/employee suggestion box/questionnaires</li> <li>• Employee Welfare Committee/Occupational Health and Safety Committee/labor unions</li> <li>• Grievance Committee</li> <li>• Internal staff publication</li> <li>• Seminar for different levels of management</li> <li>• Consultation service for employees at overseas manufacturing plants</li> </ul>	<p><b>Communication Frequency</b></p> <ul style="list-style-type: none"> <li>• Irregularly</li> <li>• Monthly</li> <li>• Irregularly</li> <li>• Monthly/bi-monthly periodical</li> <li>• Monthly/quarterly</li> <li>• Daily</li> </ul>
	<p><b>Interactions in 2023</b></p> <ul style="list-style-type: none"> <li>• Monthly meetings held by the Occupational Health and Safety Committees of plants, and quarterly meetings held by the Occupational Health and Safety Committees of plants in the industrial parks at the production sites</li> <li>• Quarterly management-labor union meetings are held.</li> <li>• For employee feedback and communication, please refer to "5.Best Workplace".</li> </ul>	
 <p><b>Suppliers</b></p>	<p>Issues of concern: Management of prohibited substances, fair competition/quality and price/supply conditions, supplier selection and management (quality/sustainability requirements)</p>	
<p><b>Importance to Pou Chen</b> Suppliers are important partners that provide raw materials, equipment, and services for production. The Company considers integrity and compliance with the law as the cornerstone of mutual collaboration. All suppliers are required to comply with local laws and regulations as well as commitments made on contracts, and their compliance in terms of employees'human rights, health and safety, and environmental protection are among our primary considerations.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>• Procurement contracts/pledges</li> <li>• Business communication/email and phone contact</li> <li>• Supplier review system</li> <li>• Supplier meetings</li> </ul>	<p><b>Communication Frequency</b></p> <ul style="list-style-type: none"> <li>• Irregularly</li> <li>• Irregularly</li> <li>• Annually</li> <li>• Irregularly</li> </ul>
	<p><b>Interactions in 2023</b></p> <ul style="list-style-type: none"> <li>• Supplier evaluations conducted at least once a year</li> </ul>	<ul style="list-style-type: none"> <li>• Responses handled by the contact point responsible for daily business</li> </ul>

 <p><b>Media</b></p>	<p><b>Issues of concern:</b> Operational status, major labor disputes, newsworthy events</p>	
<p><b>Importance to Pou Chen</b> Media outlets provide diverse perspectives and opinions to improve the Company's sustainable management performance.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>• Press releases</li> <li>• Responding through spokesperson</li> <li>• Coordinating and arranging media outlets' requests for interviews and providing information</li> </ul>	<p><b>Communication Frequency</b></p> <ul style="list-style-type: none"> <li>• Regularly</li> <li>• Irregularly</li> <li>• Irregularly</li> </ul>
	<p><b>Interactions in 2023</b></p> <ul style="list-style-type: none"> <li>• Press releases on monthly revenue and quarterly operational results</li> <li>• Documents, phone calls, and emails explaining topics of concern</li> </ul>	
 <p><b>NGOs</b></p>	<p><b>Issues of concern:</b> Labor-management relations/labor rights, legal compliance, environmental issues, communication channels and mechanisms</p>	
<p><b>Importance to Pou Chen</b> NGOs monitor and help to improve the Company's ESG and sustainability performance</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>• FLA SCI field audits and online platforms</li> <li>• Projects involving collaboration with NGOs</li> <li>• Documents explaining topics of concern</li> <li>• Respond through spokesperson</li> <li>• Sustainability report</li> </ul>	<p><b>Communication Frequency</b></p> <ul style="list-style-type: none"> <li>• Annually</li> <li>• Irregularly</li> <li>• Irregularly</li> <li>• Irregularly</li> <li>• Annually</li> </ul>
	<p><b>Interactions in 2023</b></p> <ul style="list-style-type: none"> <li>• Information and updates on examination and remediation progress are obtained regularly from FLA Board of Directors every quarter.</li> </ul>	
 <p><b>Communities</b></p>	<p><b>Issues of concern:</b> Environmental issues/legal compliance, impact on traffic, employment opportunities, community social welfare and feedback</p>	
<p><b>Importance to Pou Chen</b> Communities are a stable source of support for the Company's operations and a source of employees. Our operations coexist with communities, and through the communities' expectations of our sustainable development, we assume responsibility for diversified social contributions.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>• Proactive visits</li> <li>• Setting up contact points for feedback from external agencies</li> <li>• Sponsorship for community activities/ community visits</li> <li>• Company website</li> </ul>	<p><b>Communication Frequency</b></p> <ul style="list-style-type: none"> <li>• Irregularly</li> <li>• Irregularly</li> <li>• Occasionally/quarterly</li> <li>• Irregularly</li> </ul>
	<p><b>Interactions in 2023</b></p> <ul style="list-style-type: none"> <li>• Community interactions were handled and responded to according to the needs of each case; please refer to descriptions in "07. Relations with Communities".</li> </ul>	



## 1.4.2 Identification of Material Topics

### Analysis Process for Material Topics

Pou Chen's footwear manufacturing business is a labor-intensive industry that is under the constant scrutiny from international labor rights groups and brand customers who consider human rights and occupational health and safety as important evaluation criteria for collaboration. Therefore, information we gather on the issues of concern for stakeholders is generally related to the requirements of the FLA Workplace Code of Conduct and the management standards emphasized upon by our brand customers.

Step		Content	
Step 1	Understanding the Organization's Developments in Sustainability	8 Categories of Stakeholders	Pou Chen continues the identification process by using previous evaluation results, examining the business activities and sustainability of its operations, identifying eight key stakeholder categories based on the AA1000 Stakeholder Engagement Standard.
		25 Sustainability Topics	Pou Chen reviewed international sustainability norms and standards (GRI guidelines, SASB, SDGs, TCFD), sustainability (investment) assessments (CDP, FTSE, MSCI), industry developments, and stakeholder communication processes, and the working group compiled and developed 25 sustainability issues for an issue impact assessment.
Step 2	Sustainability Topic Impact Assessment	267 Questionnaires - 119 internal employees - 148 external stakeholders	<p>Internal and external stakeholder questionnaires were administered to find out the level of concern that stakeholders have on the 25 sustainability issues.</p> <p>"Conduct analyses of the positive and negative, actual and potential impacts on economic, environmental, and social (including human rights) aspects across 25 sustainability issues. Evaluate the impacts according to the principles of double materiality."</p> <div style="text-align: center;"> <p>The diagram illustrates the concept of Double Materiality. It shows 'The Company' (represented by a building icon) and 'Economic/Environmental, /Social' (represented by trees and people icons) connected by a circular arrow labeled 'Double Materiality'. Below this, it states 'Financial Implications of Sustainability Issues for the company'.</p> </div>
Step 3	Assessing the Significance of Impact	17 Material sustainability topics	In reference to the evaluation of each department's daily operations and developing trends in sustainability issues, the working group identified 25 sustainability issues, as well as their actual or potential level of positive or negative impact on the economy, the environment, and society. The impacts were then considered in combination with the level of stakeholder concern to determine the issues' significance to Pou Chen, and 17 material sustainability issues were identified.
Step 4	Disclosure Report on Significant Sustainability Issues	10 Material topics for reporting	The 17 material sustainability issues correspond to a total of 60 GRI indicators (across 18 GRI topics). 10 material topics for reporting were identified in accordance with the 2021 version of the GRI guidelines, and communication and responses to stakeholders were provided through our annual sustainability report. As for the material topics, reports were made to the Board of Directors on a regular basis. The significance of each material topic to Pou Chen, as well as the policy commitments, impact, and specific goals and actions for each issue, are described in the corresponding sections.

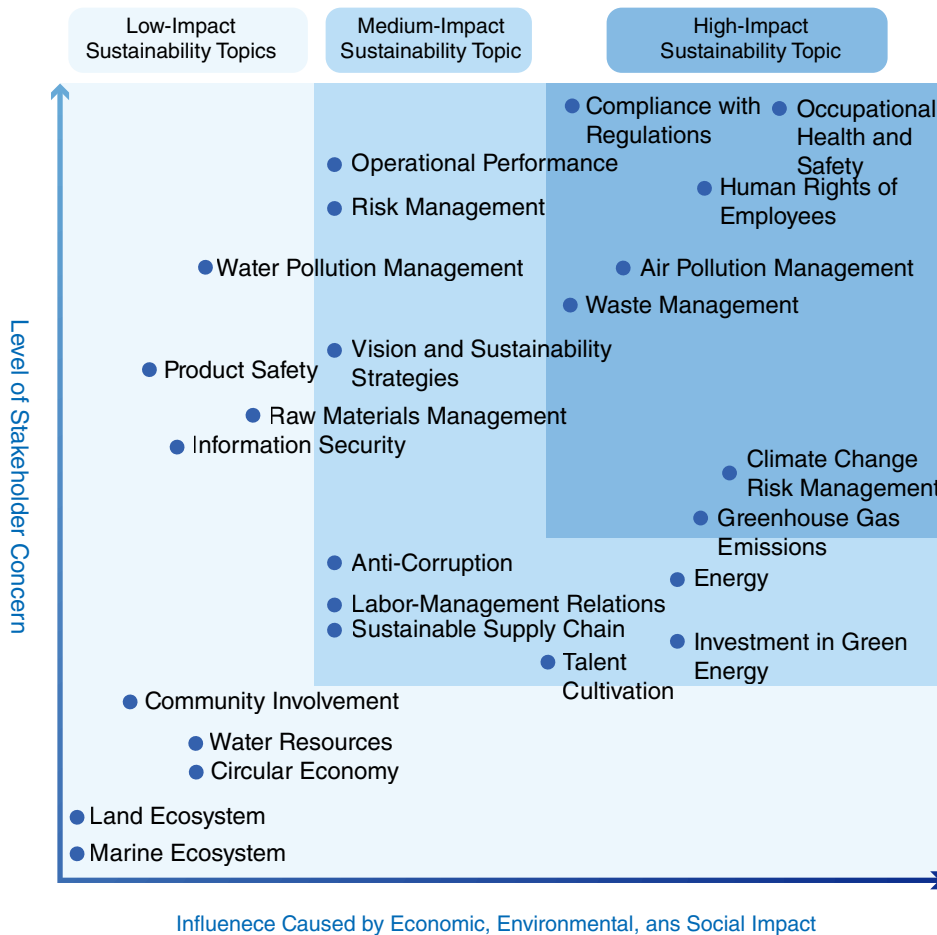
Note: The assessment process and results for 2022 can be referenced in the [2022 Sustainability Report](#).

Over the years, in line with international trends, stakeholders' concerns about footwear production have expanded from social issues to environmental issues. On the economic side, operational performance, decent management and corporate governance are the primary management issues; on the social side, the focus is on compliance in terms of human rights, labor-management relations, effective establishment of a grievance handling mechanism, and a working environment that ensures health and safety; on the environmental side, the focus is on regulatory compliance, pollutant emission treatment, effective use of energy resources, and climate change management. As for supply chain management, in addition to having to meet the customer's supply chain certification for qualified vendors, supplier management policies and practices are also an increasingly important issue.

Pou Chen analyzes issues of concern for stakeholders through a materiality analysis process, and ranks each issue according to its level of concern and its economic, environmental, and social impact to effectively respond to stakeholders' concerns. To ensure comprehensiveness and balance in collecting information for identifying significant topics in the sustainability report, and to assess the appropriateness and importance of reporting themes, an internal "Management Procedure for Identifying Material Topics in Sustainability Reporting" was developed for adherence in the fiscal year 2023. According to this procedure, a comprehensive identification is generally conducted every three years. However, each year during the commencement of report editing, based on the international landscape, market changes, and operational developments of that year, an evaluation is made to determine if a re-identification is necessary. In November 2023, the Sustainability Development Department began preparations for report editing, convening a working group to discuss whether any adjustments to significant issues were needed. It was decided in the meeting that the identification results from 2022 would continue to be applied for the fiscal year 2023.

## Materiality Analysis Matrix

Based on the evaluation results of "level of stakeholders' concern" and "influence caused by economic, environmental, and social impact", the working group drew 25 sustainable topics into a materiality analysis matrix, and divided them into High, medium and low impact blocks.



## List of Material Topics and Impact Boundaries

Based on the medium/high-impact sustainability issues with the most significant impacts, the working group has identified 10 material topics that are fully described in the report in terms of how they are managed and what our performance results are.










Material Topics	Impact Boundary					Corresponding GRI Standard
	Footwear Manufacturing	Retail of Sporting Goods	Suppliers	Customers	Communities	
Operational Performance	●	●		◎		GRI 201-1: Direct economic value generated and distributed
Decent Management	●	●	◎	◎		GRI 2-26: Mechanisms for seeking advice and raising concerns GRI 2-27: Compliance with laws and regulations GRI 205-1: Operations assessed for risks related to corruption
Climate Change Risk Response	●	●	◎	◎	◎	GRI 201-2: Financial implications and other risks and opportunities due to climate change GRI 305-1: Direct (Scope 1) GHG emissions GRI 305-2: Energy indirect (Scope 2) GHG emissions
Energy Management	●	●	◎	◎	◎	GRI 302-1: Energy consumption within the organization GRI 302-3: Energy intensity
Waste Management	●	●	◎			GRI 306-1: Waste generation and significant waste-related impacts GRI 306-2: Management of significant waste-related impacts GRI 306-3: Waste generated
Air Pollutant Management	●	●				GRI 305-7: Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
Supply Chain Management	●		◎	◎		GRI 308-1: New suppliers that were screened using environmental criteria GRI 308-2: Negative environmental impacts in the supply chain and actions taken
Human Resources and Talent	●	●	◎	◎		GRI 2-7: Employees GRI 2-8: Workers who are not employees GRI 2-19: Remuneration policies GRI 2-20: Process to determine remuneration GRI 2-21: Annual total compensation ratio GRI 201-3: Defined benefit plan obligations and other retirement plans GRI 202-1: Ratios of standard entry level wage by gender compared to local minimum wage GRI 202-2: Proportion of senior management hired from the local community
Human Rights Management	●	●	◎	◎		GRI 2-23: Policy commitments GRI 2-24: Embedding policy commitments GRI 2-25: Processes to remediate negative impacts GRI 2-27: Mechanisms for seeking advice and raising concerns GRI 2-30: Collective bargaining agreements GRI 402-1: Minimum notice periods regarding operational changes
Occupational Health and Safety Actions	●		◎			GRI 403-1: Occupational health and safety management system GRI 403-2: Hazard identification, risk assessment, and incident investigation GRI 403-3: Occupational health services GRI 403-4: Worker participation, consultation, and communication on occupational health and safety GRI 403-5: Worker training on occupational health and safety

Note:

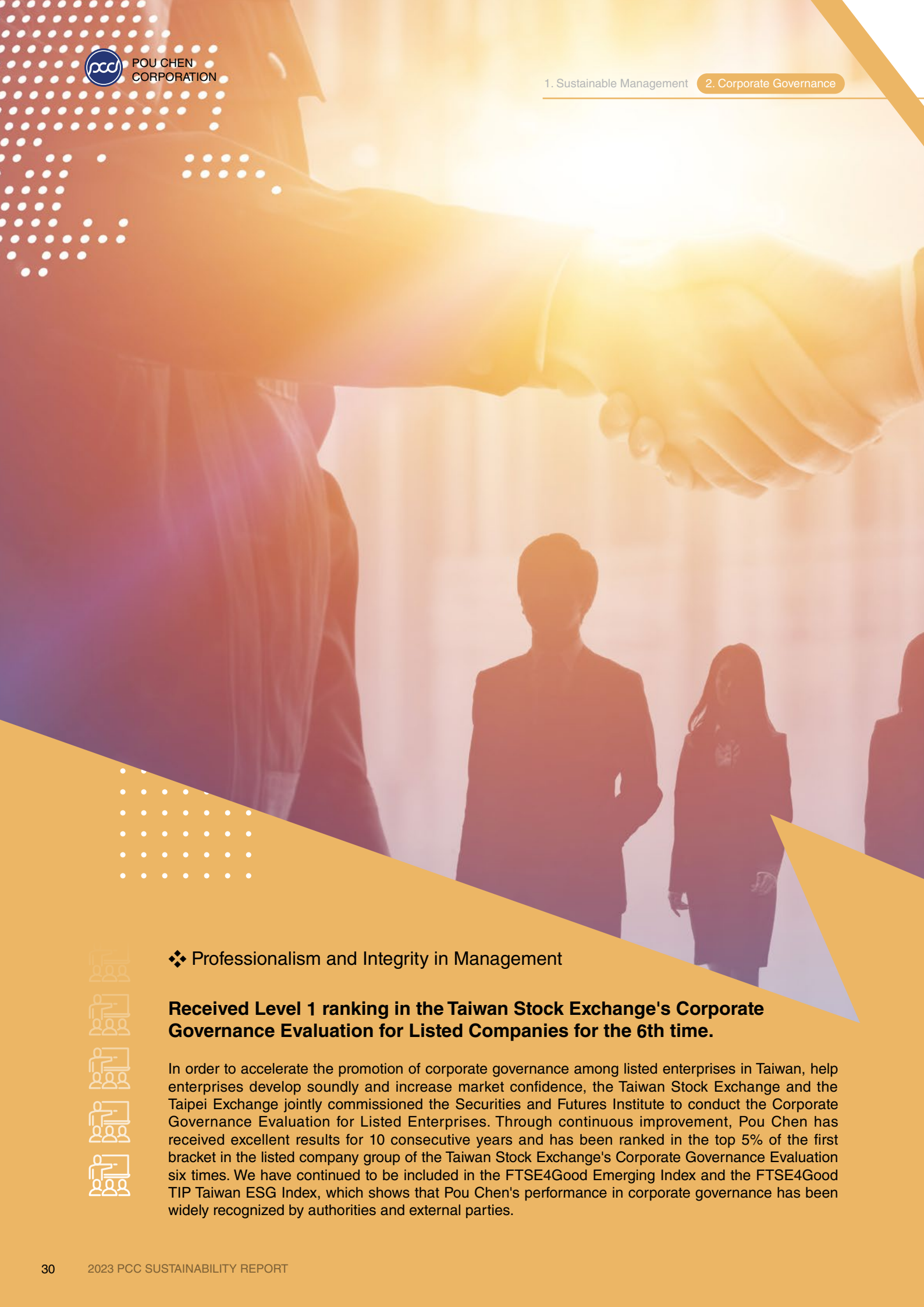
● : Indicates a direct impact; the footwear manufacturing business is disclosed in this report; for information on the disclosure of material topics of the retail of sporting goods business, please refer to the 2023 "Environmental, Social and Governance Report" of Pou Chen's subsidiary Pou Sheng International (Holdings) Limited.

## Board of Directors' Oversight Mechanism

The Board of Directors serves as the highest decision-making body for the Company's governance. Communication with relevant stakeholders, identification of significant issues, and approval of contents in the sustainability report are conducted annually by senior executives from the Sustainable Development Department, who report to the Board of Directors. The Board of Directors reviews progress and future plans and ensures that they are in line with the management's policies and strategies and that the target values are reasonable. When necessary, they also review the situation and urge the management team to make adjustments.

Corresponding GRI Standard	Corresponding SDG	Corresponding Section
GRI 201-4: Financial assistance received from government		01.Sustainable Management 07. Relations with Communities
GRI 205-2: Communication and training about anti-corruption policies and procedures GRI 205-3: Confirmed incidents of corruption and actions taken		02.Corporate Governance
GRI 305-3: Other indirect (Scope 3) GHG emissions GRI 305-4: GHG emissions intensity GRI 305-5: Reduction of GHG emissions		03.Sustainable Environment
GRI 302-4: Reduction of energy consumption		
GRI 306-4: Waste diverted from disposal GRI 306-5: Waste directed to disposal		04.Responsible Production
GRI 414-1: New suppliers that were screened using social criteria GRI 414-2: Negative social impacts in the supply chain and actions taken		
GRI 401-1: New employee hires and employee turnover GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees GRI 401-3: Parental leave GRI 404-1: Average hours of training per year per employee GRI 404-2: Programs for upgrading employee skills and transition assistance programs GRI 404-3: Percentage of employees receiving regular performance and career development reviews GRI 405-2: Ratio of basic salary and remuneration of women to men		05.Best Workplace
GRI 406-1: Incidents of discrimination and corrective actions taken GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk GRI 408-1: Operations and suppliers at significant risk for incidents of child labor GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor		06.Safety Culture
GRI 403-6: Promotion of worker health GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships GRI 403-8: Workers covered by an occupational health and safety management system GRI 403-9: Work-related injuries GRI 403-10: Work-related ill health		

© : Indicates an indirect impact; however, it is not included in this report since information is not easily accessible.



### ❖ Professionalism and Integrity in Management

#### **Received Level 1 ranking in the Taiwan Stock Exchange's Corporate Governance Evaluation for Listed Companies for the 6th time.**

In order to accelerate the promotion of corporate governance among listed enterprises in Taiwan, help enterprises develop soundly and increase market confidence, the Taiwan Stock Exchange and the Taipei Exchange jointly commissioned the Securities and Futures Institute to conduct the Corporate Governance Evaluation for Listed Enterprises. Through continuous improvement, Pou Chen has received excellent results for 10 consecutive years and has been ranked in the top 5% of the first bracket in the listed company group of the Taiwan Stock Exchange's Corporate Governance Evaluation six times. We have continued to be included in the FTSE4Good Emerging Index and the FTSE4Good TIP Taiwan ESG Index, which shows that Pou Chen's performance in corporate governance has been widely recognized by authorities and external parties.

CHAPTER 2

# Corporate Governance

2.1 Key Actions

2.2 Operation of the Board of Directors

2.3 Decent Management


2.4 Operational Risk Identification and Response




# 2.1 Key Actions

Pou Chen continues to strengthen its corporate governance, including amending its Articles of Association to stipulate that the nomination system is to be employed for the election of all directors to provide shareholders with sufficient information so they can exercise their rights, and to continuously enhance the disclosure of information related to corporate governance and sustainable development on the Company's website. The following are key corporate governance actions we have undertaken in recent years:


Adopted a nomination system for the election of all directors to provide shareholders with sufficient information to facilitate the exercise of their rights.




All members of the Remuneration Committee are independent directors to enhance the committee's independence.




Added the English version of our Annual Reports and information about our shareholders' meetings to meet the demand for English information from overseas institutions, ensuring that all shareholders are treated equally.




"Evaluation of the Board of Directors," conducting annual evaluations through individual directors' self-evaluations either self-evaluations or evaluations by others for the board as a whole. Internal evaluations of board and functional committee performance shall be performed. Additionally, at least once every three years, an external professional independent organization or team of external expert scholars shall conduct an evaluation. Through regular assessments and recommendations, governance effectiveness is aimed to be enhanced.




Elected three independent directors and established the Audit Committee to strengthen the structure of the Board of Directors to allow it to perform effectively.




Set up a specific dividend policy to enhance information transparency.




Assigned a dedicated corporate governance officer to be responsible for providing directors with accurate, effective and timely information to assist the directors in executing their functions and engaging in supervision.




Prepared sustainability reports and obtained third-party assurances to integrate sustainable development into the core of our businesses.



Established a Nomination Committee to improve the mechanism for the selection of directors (including independent directors) and to include a diverse and professional set of board members.



Purchased liability insurance for all directors to enable them to focus on performing their functions and creating maximum benefits for shareholders.



## 2.2 Operation of the Board of Directors

### Responsibilities of the Board of Directors

Pou Chen's Board of Directors is the highest governance body and the center of major operational decisions. Its main responsibilities include establishing independent directors, functional committees, and internal auditing mechanisms; monitoring the Company's compliance with regulations and operational transparency; holding regular management meetings to find out the operational risks and challenges faced by the Company; confirming operational strategies and policies; evaluating the performance of the management team; and appointing and dismissing officers. We conduct performance evaluations of the Board of Directors and functional committees at least once a year to improve the operations of the Board of Directors' governance system.

### Organization of the Board of Directors

In accordance with Pou Chen's operations, operating form, and development needs, the composition of Pou Chen's Board of Directors is designed to be diverse in ways that include but are not limited to gender, age, and educational background. In June 2022, Pou Chen re-elected its 24th Board of Directors, which has nine directors (including three independent directors), for a three-year term. Two of the board members are female; two directors are aged 30-49 and seven are aged 50 or older; Mr. Chan, Lu-Min is the Chairman of the board. The professional backgrounds of the directors cover industry, finance and accounting, technology, management, and law, and they have the necessary professional knowledge, skills and qualities to perform their duties. Their experience in their respective industries and professional abilities are diversified and complementary.

For more details on the Board of Directors' members and their professional qualifications as well as the composition and operations of the functional committees, please refer to the Company's 2023 Annual Report.

### Election of Directors

Pou Chen has established the "Rules for Election of Directors." The election of directors is based on the nomination of candidates in accordance with Article 192-1 of the Company Act. A nomination committee is set up to nominate candidates for the company's board of directors, aiming to build a diverse and professional board. Shareholders holding 1% or more of the total issued shares of the Company may propose candidates for election to enable shareholders to participate in the nomination process of director candidates.

### Mechanism to Avoid Conflicts of Interest

Pou Chen has established the "Rules and Procedures of Board of Directors Meeting" that contains a recusal clause for directors. It requires directors to recuse themselves from discussions and votes on motions listed by the Board of Directors when there is a conflict of interest, and to refrain from exercising their voting rights on behalf of other directors. In addition, Pou Chen has elected three independent directors. The Board of Directors will take full account of the views of the independent directors when discussing any resolutions in order to effectively protect the interests of the Company. The operation of the Board of Directors for the year 2023 is in following with the procedures for recusal.



### Organizational Chart



### Board of Directors' ESG Continuing Education Plan

From time to time, Pou Chen arranges continuing education courses on operational, environmental, and social issues for directors and independent directors, depending on their professional background and availability. In 2023, the Board of Directors focused on sustainability issues, with a total of 68 hours of training accumulated for members of the board in 2023 and 36 of those hours spent on sustainability courses.

### Board of Directors' Performance Evaluation

Pou Chen has established the "Evaluation of the Board of Directors". The internal board performance evaluations will be carried out by individual directors' self-evaluations and the board as a whole's self-evaluations or evaluations by others. Evaluations will be conducted by an external, independent professional organization or a team of external experts and scholars at least once every three years. The results of the board performance evaluation are reported to the Nomination Committee and the Board of Directors before the end of the first quarter of the following year.

Pou Chen's 24th Board of Directors conducted an internal board performance evaluation and commissioned an external independent organization to conduct a board performance evaluation in the fourth quarter of 2023. The result of the evaluations were submitted to the Nomination Committee and the Board of Directors on December 21, 2023. These evaluations were used as a reference for the remuneration and nomination of individual directors for reappointment.

The Board of Directors' performance evaluation covers the regular supervision of the Company's implementation of sustainability measures (in environmental, social, and governance aspects), including the formulation and review of sustainability policies, strategies, and objectives. The results of the evaluation can be found on Pou Chen's website: <https://www.pouchen.com/download/corp-governance/2023%20Board%20Performance%20Evaluation-CH.pdf>



# 2.3 Decent Management



## Material Topic Management

### Significance to Pou Chen

Establishing a corporate culture of integrity and sound development for Pou Chen and maintaining a sound business model.

### Impact

-  **Positive Impact (Actual)**  
Implementation of regulatory compliance and maintenance of normal operations.
-  **Positive Impact (Potential)**  
Responding to and building capabilities for new regulations help to enhance competitiveness.

-  **Negative Impact (Actual)**  
Violation of regulatory requirements will result in fines and intangible damage to company image and reputation.
-  **Negative Impact (Potential)**  
Inability to adapt to new regulatory changes will result in development disruption or interruptions to operations.

### Policies and Commitments

- To establish a corporate culture of integrity management and a good business operation model, we have stipulated regulations to implement Article 8 of the Company's Code of Ethical Conduct and Article 23 of the Company's Ethical Corporate Management Best Practice Principles.
- Strengthen the promotion of the Company's philosophy of integrity management, and implement it in daily operation.
- Comply with the laws and regulations of the countries and regions in which the Company operates, with compliance of applicable laws and regulations as the minimum standard.



Code of Ethical Conduct



Ethical Corporate Management Best Practice Principles

### Targets and Objectives

- Reinforce the concepts and understanding of integrity management among employees and suppliers, require them to sign relevant documents and commit to comply with the same, and maintain a signing rate of more than 90%.
- Continuously promote within the Company integrity management as well as other legal matters, maintain a training completion rate of 80% or above, and formulate internal policies in compliance with laws and regulations in order to create a corporate culture of compliance with laws and regulations and integrity management.
- Enforce compliance with laws and regulations, with no major violations of economic, environmental and social laws and regulations each year.
- We will continue to assess the risk of corruption at our main operating locations, and to remain corruption-free every year.

### Actions Taken

- We have enacted the Corporate Governance Best Practice Principles, Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Procedures for Reporting illegal, unethical and dishonest, and various management practices for implementation.
- We have set up an internal and external website to provide a contact point for communication and reporting channel for the stakeholders of each unit. If any case of corruption is discovered, we will take necessary punitive or legal actions depending on the severity and the specific circumstances of the case.
- Employees are required to follow work rules and sign the "Employee Ethics Pledge" and the "Non-Disclosure Undertakings."
- Major suppliers are required to follow the Company's principles on honest transactions, and sign the Company's "Undertaking of Ethics and Integrity" or to provide documents such as their own honest transaction statements or systems.
- We have established an Integrity Management Promotion Team responsible for driving integrity management policies and prevention programs, which; reports to the Board of Directors at least once a year.
- In accordance with departmental duties, we regularly track and inventory new information on amendments to relevant laws and regulations, as well as compliance issues. We also organize education and training courses and promotions for relevant personnel as where necessary.

### Assessment Methods

- The effectiveness of actions is assessed through Board of Directors' meeting, semi-annual operations and management review meetings, and the internal audit system.
- If any case of corruption is discovered, we will take necessary punitive or legal actions to protect our rights and interests depending on the severity and the specific circumstances of the case.

### Stakeholder Engagement

We engage with our stakeholders through internal and external grievance and reporting channels.

### Corresponding Sustainability Indicators

GRI 205  
SDG 16

## Integrity Management and Anti-Corruption

The Board of Directors and officers of the Company have established an internal control system, in addition, through continuous and effective management processes, management effectiveness and efficiency including profit, performance and warranty on asset security are ensured, and the reports meet the goals of reliability, promptness, transparency and compliance to relevant principles and laws and regulations.

The Company has established the "Corporate Governance Best Practice Principles", Code of Ethical Conduct, "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Procedures for Reporting illegal, unethical and dishonest" for employees to comply with and has made them available on the Company's internal and external websites to provide stakeholders with a communication and reporting channel as well as procedures for dealing with cases.

 Link to the Company's website: <https://www.pouchen.com/index.php/tw/corporate-governance/internal-policies>

As part of the Company's ethics, integrity, and anti-corruption initiatives, we require our employees to follow our work rules and sign the Employee Ethics Pledge and Non-Disclosure Undertakings; major suppliers are required to follow the Company's honest transaction system, including signing the Company's Undertakings of Ethics and Integrity or providing the Company with documents such as declarations of commitment to honest transactions or proof of an honest transaction system in place. In addition, in order to implement Article 8 of the Company's "Code of Ethical Conduct" and Article 23 of the Ethical Corporate Management Best Practice Principles, the Company encourages the reporting of any illegal or unethical conduct or violations of the Code of Ethical Conduct or the Code of Conduct for Integrity Management. We have also strengthened internal and external reporting channels, reporting procedures, whistleblower protection, and a recusal system for reporting and investigation in order to enact better monitoring and management mechanisms. If we discover any case of corruption, we will take necessary legal action depending on the seriousness of the case and the specific circumstances to protect the rights and interests of the Company.

In accordance with the above policy, we assessed the risk of corruption-related incidents at our operational sites (including Taiwan, Mainland China, Vietnam, Indonesia, Cambodia, Myanmar, and Bangladesh) in 2023 by the extent of the impact of corruption and the circumstances under which corruption is likely to occur, with a coverage rate of 100%. We used financial, goodwill, operational constraints imposed by law enforcement agencies, customer or business partner satisfaction, and operational capabilities to measure the extent of the impact of corruption. We then used the effectiveness of internal control systems, the ratio of unconventional transactions and complex business processes, the number of transactions, the dependence on external partners, the variability in business operations, and the frequency of occurrence in the past to determine the circumstance under which corruption is likely to occur. After a comprehensive assessment of corruption risks, no significant corruption risks were identified. We also conduct annual ethics and anti-corruption investigations of employees and suppliers at the aforementioned operating locations. In 2023, our investigation showed that no cases of ethics violations or corruption occurred.

We have also established an Integrity Management Promotion Team, which is responsible for the promotion of integrity management policies and preventive programs, communicating the philosophy of integrity management to all members of the Board of Directors at least once a year, and reporting on the status of the year's integrity management promotion. In 2023, the Integrity Management Promotion Team did the following:

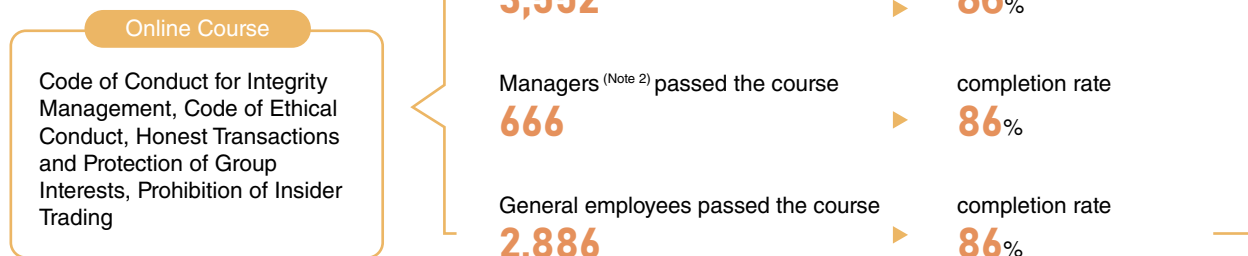
- ① Continued to promote the signing of the "Employee Ethics Pledge" and the "Non-Disclosure Undertakings" among employees at the level of manager and above.
- ② Continued to promote of integrity management.

Our Legal Department also conducted education and training on ethical behavior as well as an online course on honest transactions and protecting the interests of the Group for the Group's employees and new recruits with the aim of further promoting our integrity management philosophy and standards.



## 2023 Decent Management Promotion and Education and Training

### Group Personnel Training (Note 1)



### Group Personnel Training (Note 3)



Note 1: In 2022, the content of the training materials was updated. This figure includes statistics from the online training course for all Taiwanese indirect labor in 2022, as well as, the supplementary training for those who did not complete training in the previous year and new employees in 2023. For 2024 we plan to develop promotional materials and course schedules in various languages for different overseas regions based on personnel allocation.

Note 2: Managers refer to the employees at the level of manager and above.

Note 3: Due to the update of the training materials in 2023, the training for personnel was restructured. This data reflects the courses completed as of December 2023, with the participants being Taiwanese personnel and foreign executives. In 2024, all Taiwanese personnel will be required to complete the courses, and there will be plans to extend the training to overseas local employees.

## Anti-Corruption Promotion and Training

We disclose our policy on integrity management on our internal website, annual report, public website, and other publications so that our personnel, suppliers, customers, and other business-related organizations and personnel can clearly understand our philosophy and standards when it comes to integrity management.

To implement awareness and compliance by the Company's governance units on the regulations prohibiting insider trading, we conducted insider trading prevention training for all directors in January, April, July, and October 2023, and we made supplements to Article 10 of the "Corporate Governance Best Practice Principles", which have been implemented since 2022: The Company's stock trading control measures for insiders from the date they are informed of the Company's financial reports or related results include, but are not limited to, insiders not being allowed to trade the Company's shares during a period of 30 days prior to the announcement of the annual financial reports and 15 days prior to the announcement of quarterly financial reports. To further strengthen the compliance of key units (including but not limited to finance and accounting, supply chain, legal, customs, internal audit, and strategic investment) with the prohibition on insider trading, the Company assigned Taiwanese managers or those ranking above and department heads of the relevant departments to participate in training in 2023, numbering a total of 166 participants. Both online and in-person advanced education and training sessions on insider trading were organized, and all participants were asked to sign a Undertaking for Prohibition of Insider Trading and Confidentiality.

In the course of engaging in business practices, the Company's personnel shall explain to business partners the Company's policy of integrity management and related regulations and shall expressly refuse to offer, promise, request, or accept, directly or indirectly, any improper advantage in any form or name to any individual, including kickbacks, commissions, hospitality, facilitation fees, and other matters of value, as well as the offer or receipt of wrongful benefits through other means; the signing of an Undertaking of Ethics and Integrity is also required. Our suppliers are generally referred to as our business partners (including material suppliers; non-material suppliers such as general service, equipment, engineering, and computer vendors; associates; and customs and logistics service providers).

### ● Signing Data for the Undertaking of Ethics and Integrity

Category	Number of available vendors <sup>(Note 1)</sup>	Number of vendors who signed <sup>(Note 2)</sup>	Percentage of vendors who signed
All	11,190	11,190	100%
Taiwan	2,978	2,978	100%
Mainland China	2,740	2,740	100%
Indonesia	1,183	1,183	100%
Vietnam	3,184	3,184	100%
Other	1,105	1,105	100%

Note 1: Number of available suppliers: The number of suppliers whose supplier Master Data Application (MDA) had not been frozen and who were verified in the current year (2023).

Note 2: Number of vendors who signed includes those who signed and special cases exempted from signing.

## Implementation of Compliance with Regulations and Intellectual Property Protection

As a responsible company, compliance with local regulations is a basic management priority. Every year, the administrative centers of the Company's major operating regions have the dedicated personnel from legal and business departments jointly review the newly promulgated regulations and matters regarding their compliance, and they hold meetings to educate and promote as necessary to urge each management unit to implement compliance with regulations. There were no cases of fines (NTD 1,000,000 or more) or administrative penalties issued to the Company due to material violations in social or economic scopes in 2023 <sup>(Note 1)</sup>.

Note 1: Significant fines related to the Company's operations are disclosed in accordance with Item 3, Subparagraph 26, Paragraph 1 of Article 4 of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, which stipulates those fines are disclosed when the amount for a single event is more than NTD 1,000,000.

For violations with fines less than NTD 1,000,000, there were two cases with a total fine of approximately NTD 690,000 in 2023, which are described below.

Region	Type of Violation	Violation	Fine	Enacted Changes	Preventive Measures
Taiwan	Gender equality in Employment	The regulatory authority has determined that a certain supervisor in our Company received reports from an employees about workplace sexual harassment during the period from 2016 to 2017. However, this supervisor did not report this to the Company, resulting in the Company's failure to take immediate and effective corrective and remedial measures. Therefore, it has been concluded that our Company violated Article 13, Paragraph 2 of the Gender Equality in Employment Act.	NTD 300,000	<ol style="list-style-type: none"> <li>1. Training on sexual harassment and gender equality for management</li> <li>2. Arranging for education and training for all staff (friendly workplace)</li> <li>3. Planning gender equality courses</li> <li>4. Planning education and training for supervisors</li> <li>5. The policies on gender equality in employment are targeted to be amended in 2024</li> </ol>	Raise awareness of gender equality/sexual harassment prevention and control among all employees through courses and enhance the proper handling procedures for supervisors upon receiving reports from subordinates.
Vietnam	Environmental protection	Overdue environmental license	VND 310 million (around NTD 390,000)	<ol style="list-style-type: none"> <li>1. Adding a license management mechanism</li> <li>2. Strengthening communication and collaboration</li> <li>3. Establishing a mechanism for regular tracking and reporting as well as early warning</li> </ol>	Strengthening the supervision of compliance and risk auditing for each plant

In addition, in order to implement Article 14 of the Company's "Ethical Corporate Management Best Practice Principles" and Article 12 of the "Procedures for Ethical Management and Guidelines for Conduct" regarding the compliance and management of intellectual property rights, the Company has formulated the Intellectual Property Management Program. This program serves to establish a comprehensive patent, trademark and trade secret system, strengthen the allocation of the Company's efforts in patents and trademarks and related capabilities, protect trade secrets, and keep confidential information secure, all of which are objectives of the management program. The program also sets out the Company's intellectual property management policies and objectives, delegation of authority and responsibility, and document and process management, etc., to manage the Company's intellectual property and to respect the intellectual property of others. The Company's legal department reports to the Board of Directors on the status and results of each year's intellectual property implementation. The Company also publishes the contents of its Intellectual Property Management Program, as well as the status and results of its implementation, on the Company's internal and external websites.

 Link to the Company's website: <https://www.pouchen.com/index.php/tw/corporate-governance/practice>

## Consultation, Grievance, and Reporting Principles and Channels

If an employee is unable to determine whether a business activity is in violation of the Company's integrity management policy or has concerns about its implementation, they may consult with their immediate supervisor or seek assistance from the Company's management, supervisors of internal audits, or relevant departments. In order to respond to the opinions and complaints of employees and stakeholders, the Company has established the following five internal channels for filing complaints and reports. In the event that any of our employees is found to be in violation of the law or to have committed dishonest and corrupt acts, anyone is able to provide relevant information through any of the following channels. If we discover any case of corruption, we will take necessary legal action depending on the seriousness of the case and the specific circumstances to protect the rights and interests of the Company. Additionally, for any reports received through the internal and external whistleblowing channels of the Company, we commit to protecting the safety of the whistleblowers. We also require the personnel handling these reports to strictly maintain the confidentiality of the whistleblower's identity and the content of the report. If the whistleblower is an employee of the Company, we further commit that they will not face any improper treatment or retaliation as a result of their report.

- The immediate supervisor of the employee's unit
- The Human Resources Department of each plant
- The grievance mailbox of each plant managed directly by the Human Resources Department
- Head quarters e-mail: [HQ@pouchen.com](mailto:HQ@pouchen.com)
- The Company's website: <https://website.pouchen.com/integrityadmin/index.php/zh/>

Stakeholders can also make inquiries and reports through the "Stakeholders" section on the Company's website. We will have dedicated personnel handle and refer the issue to the relevant authority for handling and responding according to the scope and nature of the issue.

# 2.4 Operational Risk Identification and Response

## Risk Management Strategy

As the scale of Pou Chen's operations grows across the globe, we are focusing on the management of corporate risks in order to respond to impacts and challenges that arise from changes in the global economy to ensure the Company's sustainable development by conducting risk assessments of economic, environmental, and social issues. From the units that manage daily operations to the management of each function, to identify key risks that may affect the Company's operation and come up with risk response plans so as to reduce the possible risk of interruptions to operations. The results of risk management activities are summarized at the end of each year and used as the basis for the following year's strategy management, performance measurement, and audit plan.

## Risk Management Operations

In 2015, the Company formulated risk-related management measures; in 2023, the Board of Directors further adopted the Risk Management Policies and Procedures to improve upon and clarify the structure and responsibilities of the risk management organization, risk management procedures, and matters pertaining to risk reporting and disclosure. In addition, the Company pays close attention to the development of the risk management mechanisms of Taiwanese and overseas enterprises at all times. Their development serves as the basis for the review and improvement of the risk management mechanism of the Company. In addition, we will continue to improve the effectiveness of our corporate governance to reasonably ensure the achievement of our strategic goals.



## Structure and Duties of the Risk Management Organization:



### Duties of the Board of Directors:

The Company's highest supervisory body for risk management, whose goals are to comply with laws and regulations, and to promote and implement the Company's overall risk management, must clearly understand the risks facing the Company's operations, ensure the effectiveness of the risk management mechanism, and assume the ultimate responsibility for risk management.



### Duties of the Audit Committee:

To independently and professionally supervise the effective implementation of the Company's internal controls, compliance with corporate laws and regulations, and the management and control of the Company's existing or potential risks; to make recommendations for improvement when necessary; and to report to the Board of Directors at least once a year.



### Duties of the Risk Management Advisory Committee:

The committee is composed of the top executives of each functional organization and has an executive secretary. It is responsible for establishing and continuously improving the Company's risk management mechanism and risk management framework, proposing risk management planning, executing and supervising risk management affairs, and reporting to the Audit Committee and the Board of Directors at least once a year.



### Duties of the Risk Management Working Team:

In accordance with the approved risk management mechanism and framework, the Risk Management Working Group is responsible for identifying, analyzing, evaluating and responding to the risks of their unit. They are also responsible for managing and controlling the risks in daily management, establishing relevant crisis management mechanisms when necessary; and reporting to the Risk Management Advisory Committee on a regular basis to ensure the effective implementation of the risk management and related control procedures of their unit.

## Risk Management Process

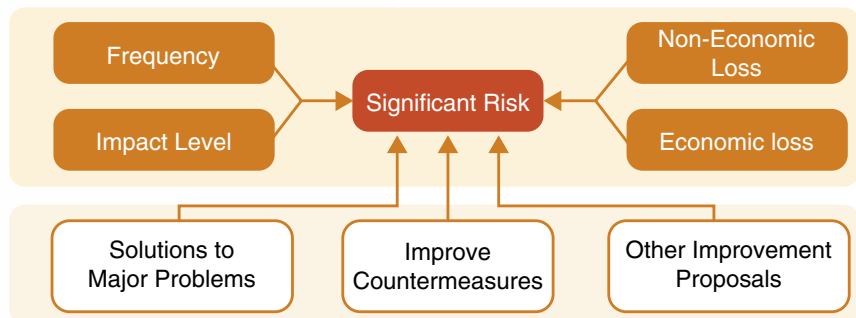


### Risk Identification

Based on the development goals of the Company, important business activities and operational processes, and major risks and key issues that have occurred in previous years, senior executives identify the risk items and scope that may critically influence corporate operations



### Risk Assessment



### Risk Management and Operation Monitoring

The effectiveness and efficiency of our operations (including profitability, performance, and asset protection), the reliability, timeliness, and transparency of reports, and the compliance with relevant laws and regulations are utilized by each functional unit of the Company to identify key risks through a risk matrix; a comprehensive cross-unit assessment is then conducted to assess the risks that have a significant impact on the organization and a probability of causing loss. These risks are analyzed and risk response plans are proposed to ensure that operational risks can be identified and managed, so as to prevent potential losses, increase shareholders' equity, and optimize the allocation of corporate resources within the tolerable risk range.

Risk Identification and Control Measures for 2023

Economy

Change of corporate image

- Adhere to the core values of professionalism, dedication, innovation, and service, proactively face and overcome difficulties and challenges to become a group that is a leader in global footwear services, and strengthen corporate governance to achieve the long-term goal of sustainable development.
- Continuously enhance information transparency and strengthen interactions and communication with stakeholders.

Ethics, Integrity, and Anti-Corruption

- Integrate integrity and ethics into the Company's management strategy and establish internal rules and regulations such as the Code of Corporate Governance Practices, Code of Conduct for Integrity Management, Operating Procedures and Conduct Guidelines for Integrity Management, Code of Ethical Conduct, and Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct to ensure there are anti-corruption measures under the Company's integrity management.
- Make plans for the internal organization, structure, and responsibilities, and establish a mechanism for mutual supervision and checks and balances for business activities with higher risk of dishonest behavior within the scope of our businesses.
- Implement anti-corruption policies, reporting policies, and Code of Conduct for Integrity Management, along with related measures such as grievance and whistle-blowing principles and channels. Complement these efforts with widespread education and training, as well as a system of rewards and penalties.

Operational Risks

- Utilize the advantages of each our production sites to enhance the flexibility and diversity of our manufacturing capabilities.
- Provide value-added services to deepen our partnerships with brand customers.
- Enhance digital operational capabilities and promote the integration of online and offline resources.
- Continuously invest in automation, innovative technologies, and process refinement to strengthen R&D capabilities and improve production efficiency.
- Establish multi-channel communication methods, care for and resolve employee issues, strengthen employee identification with our organization, and comply with local regulations to protect employees' rights and create a friendly workplace environment.

Financial Risks

- Monitor what is happening around the world as well as changes in financial markets and general economic indicators, assess and respond to interest rate and currency hedging measures in a timely and appropriate manner.

Information Risks

- Establish a sound information management system and multiple controls, ensure information security, and strengthen proactiveness in protection and warning capabilities.
- Continuously monitor, conduct social engineering exercises, and enhance the quality of user information security.
- Establish a database backup mechanism and perform disaster recovery drills from time to time.

Legal Risks

- Continuously review and consolidate the latest changes in laws and regulations, amend internal rules and regulations in a timely manner, and organize education and training to enforce compliance with laws and regulations.
- Assist in providing legal consultation and contract reviews to reduce business disputes and protect the Company's rights and interests.

Environment

Climate Change Risks

- Pay attention to international developments in climate change risk management, evaluate impacts and risks while referring to the Task Force on Climate-related Financial Disclosures (TCFD) risk assessment model, and formulate relevant preventive and contingency measures.
- Promote low-carbon and high-efficiency energy equipment and actively expand green energy applications in accordance with local governments' energy use policies and the voluntary emission reduction pledge of the Science-Based Targets initiative (SBTi).
- Promote energy consumption and carbon emission monitoring and statistical analysis, and continue to implement energy-saving and carbon-reduction action plans.

Changes in Environmental Laws and Regulations

- Comply with local environmental laws and regulations at operational sites, regularly review compliance with environmental assessment documents, and track improvement plans.
- Actively invest in monitoring and pollution prevention and control facilities and strengthen the compliance management of pollutant emissions.
- Continuously improve the environmental health and safety indicators data management system and abnormal event notification system to effectively monitor daily operations for risk events.





## Society

### Infectious Disease Control Risks

- Set clear guidelines for pandemic prevention in accordance with local regulations and various pandemic prevention measures, update them whenever there are changes, assess risks, and formulate corresponding logistical support plans.
- Continuously refine command systems, internal management, and external communication standard operating procedures to swiftly respond to emergencies and reduce operational impacts.

### Fire Safety Management

- Continuously implement fire prevention measures and practices, and enact strict control of fire sources.
- Strengthen employees' awareness of fire prevention, disaster prevention training, and independent safety inspections.

### Health and Safety Risks

- Establish an Occupational Health and Safety Committee to regularly review, coordinate and make recommendations on safety/health/environmental protection/energy/sustainability issues.
- Promote a workplace safety culture and provide continuous occupational health and safety education and training to employees.
- Strengthen protective measures and operational controls against hazards and risks to ensure workplace safety and production order.

### Human Resources Risk Management

- Comply with local labor laws and regulations in our operating locations, continuously optimize recruitment channels and processes, align salary levels with the market standard, and strengthen employee care measures.
- Improve the succession mechanism of senior talent and implement a job deputy system to ensure smooth transitions.
- Develop physical and online education and training to cultivate professionalism and communication skills between managers and employees.

### Product Quality Management

- Strictly follow international standards and our brand customers' Manufacturing Restricted Substance List (MRSL) for the use of raw materials at every step of production from product development to manufacturing.
- Promote policies and measures related to product quality.
- Implement protections against broken needles and metal detection measures during the production process to prevent consumers from being harmed when using our products.

### Product Safety Management

- Establish product safety management measures and strengthen education and training, including development and design management, material management, production safety management, plant safety management, information system safety management, transportation safety management, trade secrets safety management, intellectual property protection, and crisis management.
- Strive to achieve the sustainable operation goals of zero leakage, zero workplace accidents, and zero loss. Our Development Center and overseas plants continuously conduct production safety audits to proactively and effectively identify and solve issues.

## Internal Audits

The Company's internal audit is an independent unit of the Board of Directors and is responsible for assisting the Board of Directors and the managers on a regular basis in evaluating the effectiveness of the design and implementation of the Company's internal control system and providing management with an understanding of existing or potential risk issues as well as suggestions for improvement in order to reasonably ensure the achievement of the three objectives of the internal control system.

Based on the results of the 2023 risk assessment, an annual audit plan is prepared with a total of 40 audit items, including items that must be audited on a monthly, quarterly, and annual basis and other important operational matters, both of which are regulated by the standards and regulations of the internal control system that the Company has published. Once the audit plan is approved by the Board of Directors, it is implemented. The items to be audited are completed on a monthly basis in accordance with the audit plan schedule and a report is delivered to each independent director for review by the end of the following month. The implementation of the audit plan is reported to the Board of Directors, and if there is any matter of significance, it must be reported to the independent directors immediately. In 2023, we have reviewed and verified the results of the self-assessment procedures and audit, which is a part of each unit's internal control system, and found no significant irregularities.



### ❖ Preventing Environmental Risks and Optimizing the Use of Energy Resources

As infectious diseases spread around the world and global warming continues to worsen, ESG is becoming a guideline for corporate sustainability in the face of rapid environmental changes. Pou Chen is actively considering how to incorporate sustainability thinking into its operational strategies and production processes, taking into account profit growth, employee care, and the sustainable development of society and the environment, in order to create a long-term competitive advantage for the Company and establish a foundation for sustainable development.

CHAPTER 3

# Sustainable Environment

3.1 Climate Change Risk Response

3.2 Energy Management

3.3 Water Resources Management

3.4 Waste Management

3.5 Air Pollutant Management



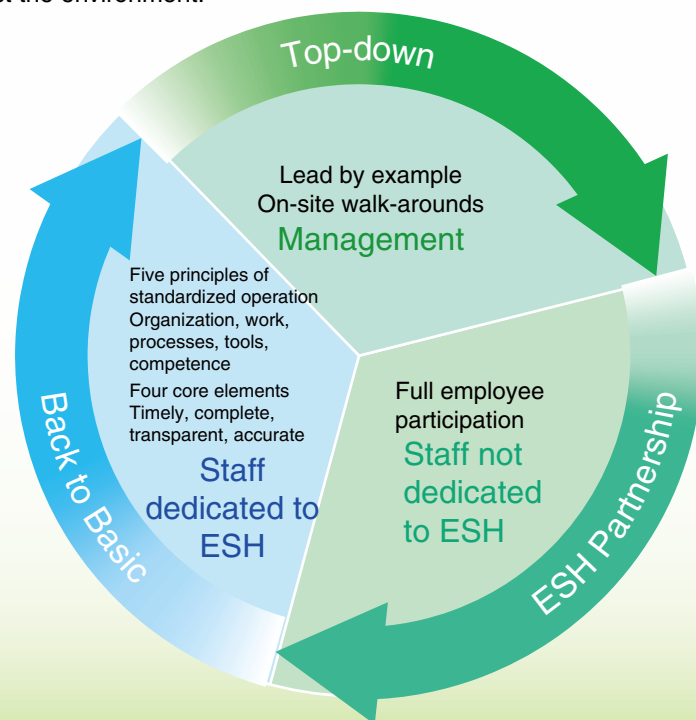
In the face of the growing trend of environmental sustainability, Pou Chen is actively working towards the vision of zero waste, low carbon emission, and environmental friendliness. In response to the risks of global warming and the international carbon reduction goals and challenges related to lowering greenhouse emissions greenhouse gas emissions, Pou Chen is continuously working towards its vision of net-zero emissions by working with customers and suppliers to enhance green innovation and expand the use of green energy through the procurement of renewable energy.

We have established our internal environmental management system in accordance with the ISO 14001 environmental management system and internal management regulations. In response to the gradual increase in environmental protection requirements in regions where Pou Chen's production sites are located, the basic management goal is to meet the requirements of local environmental regulations and to continuously optimize and improve processing technologies and performance of environmental management measures, while the medium and long-term management goals are to work towards low-carbon production and zero waste.

The percentage of footwear production sites that have been certified by the ISO 14001:2015 management system in 2023 is 73%; the percentage of plants using the Higg Facility Environmental Module (FEM) for environmental assessment is 53%.

Based on the identification process of material topics, we have identified highly impactful sustainability issues related to the environment, including regulatory compliance, air pollution, waste management, climate change risk management, and greenhouse gas emissions. Since 2022, the Company has been actively promoting a three-in-one environmental management program that includes infrastructure projects, ESH partners, and a top-down system, and encouraging all employees to join in on uncovering environmental issues and coming up with alleviation measures. Through comprehensive management, we aim to be legally compliant, ensure the effectiveness of pollution prevention at our plants, and raise awareness of pollution prevention among all employees.

We have established a strong environmental, safety, and health (ESH) self-management system to ensure that our operations comply with laws and regulations and that employee protection and environmental safety is maximized. We have dedicated ESH staff at each plant to carry out infrastructure projects, follow the five standardization principles and the four core elements, conduct regular environmental protection inspections at our plants, and report and address deficiencies in a timely manner. At the same time, the Company emphasizes the importance of management through the ESH partnership system, and encourages employees to participate in environmental protection measures. The management attaches great importance to ESH work, and the top executives personally conduct on-site walk-arounds to motivate employees to achieve excellence in ESH work. The management understands the importance of environmental management, invests resources in a targeted manner, and adjusts ESH management priorities in a timely manner through on-site feedback in order to improve the overall effectiveness of the work done to protect the environment.




# 3.1 Climate Change Risk Response


## Material Topic Management


### Significance to Pou Chen


In response to Climate Action, part of the United Nations' Sustainable Development Goals (SDGs), Pou Chen has taken proactive measures to ensure a sustainable production model to address the operational risks and impacts of climate change. In addition to continuing to pay attention to international trends as well as policy and regulatory requirements in relation to climate change, we will continue to implement various energy-saving and carbon-reduction measures, improve the energy efficiency of equipment at our plants, and reduce greenhouse gas emissions caused by energy consumption in phases in order to mitigate climate change risks.

### Impact

 **Positive Impact (Actual)**  
Mitigate climate change and reduce the impact of climate-related disasters.

 **Negative Impact (Actual)**  
Climate change impacts operations: Shutdowns due to floods and snow, high temperature subsidies and regulations, insurance costs, resilience against natural disasters.

 **Positive Impact (Potential)**  
Respond to the UN's SDGs and the global trend of net-zero emissions.

 **Negative Impact (Potential)**  
Tightening of global climate regulations affects operations and profitability.

### Policies and Commitments

PCG Adaptation Strategy to Climate Change



### Targets and Objectives

- Achieve zero growth in carbon emissions by 2025 through expanding green energy use and improving energy efficiency.
- Pou Chen is committed to reducing absolute greenhouse gas emissions in Scope 1 and Scope 2 by 2030 in accordance with the science-based targets (SBT), aiming for a 46.2% reduction with 2019 as the base year.

### Actions Taken

- Implemented climate risk management in accordance with the TCFD framework.
- Expanded the use of green energy: Solar power/green power procurement/green energy certification/establishing renewable energy facilities.
- Improved energy efficiency: Procured equipment to save energy at the source and replaced equipment with low energy efficiency early on.
- Used an online energy monitoring and control system and gradually established an energy control mechanism.

### Assessment Methods

- Meetings are held regularly to report to the highest level of governance, review the achievement rate of targets, and adjust implementation measures.

### Stakeholder Engagement

Communication and interactions are conducted regularly or irregularly according to the stakeholder engagement mechanism and information is disclosed in sustainability reports, on relevant platforms or on our website.

### Corresponding Sustainability Indicators

TCFD  
GRI 305  
SDG 13

Note: Pou Chen's 2023 climate-related information is available on pages 59-62 of the 2023 Annual Report under the "Climate-Related Information" section.

### 3.1.1 Climate Change Risks and Opportunities (TCFD)

In order to reduce the impact of our operations on climate change, Pou Chen has disclosed information on climate change and the risks and opportunities it brings and developed adaptation and mitigation strategies through our Sustainable Development Department by using the four core elements of TCFD:

Framework

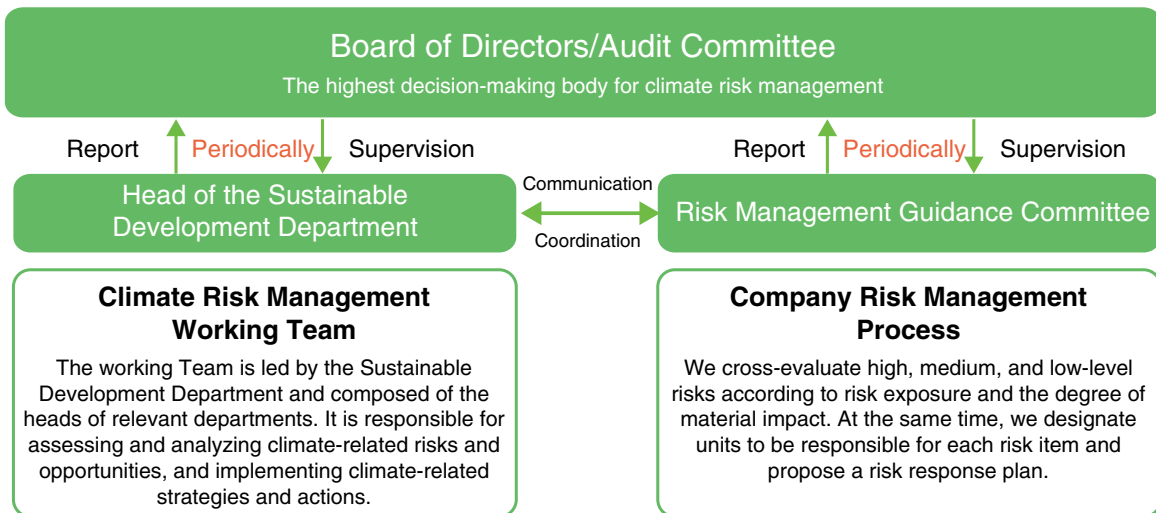
## Governance



Management Strategies and Practices

#### Governance Structure

- The Board of Directors (Audit Committee) is the highest decision-making body for risk management. Pou Chen has a Sustainable Development Department to coordinate issues related to climate change, and dedicated personnel report directly to the Board of Directors on issues related to climate change and greenhouse gases on a quarterly basis.
- For issues regarding climate change, the Sustainable Development Department has a Climate Risk Management Working Team that is responsible for coordinating climate risk assessments and responses.



- In 2021, the Board of Directors formulated the 「PCG Adaptation Strategy to Climate Change」 to provide guidance on energy-related strategies for climate change management and enhancing resilience to climate change.
- In 2023, the Sustainable Development Department made four reports to the Board of Directors on climate change issues (including greenhouse gas management). Discussion topics included: Identification of climate change risks and opportunities, progress of inventories and verifications conducted by Pou Chen and its subsidiaries (establishment of an inventory team, training of inventory capabilities, disclosure of greenhouse gas emissions, gradual expansion of the proportion of third-party verification, and establishment of targets for greenhouse gas reductions), as well as expanding the use of green energy at major production bases around the world (including strategies such as installing solar energy equipment on rooftops, participating in local green power trading markets, and purchasing nationally-certified renewable energy certificates), TCFD disclosures, and the results of climate risk scenario analyses. The Board of Directors reviews the progress of the current year's implementation and future plans for consistency with management policies and strategic directions, as well as the reasonableness of target value settings; proposes reviews when necessary; and urges the implementation of adjustments when needed.

#### Management Mechanisms

- Performance indicators include work related to climate change (energy saving and carbon reduction, ventilation and cooling, and disaster prevention), linking the climate actions of operational employees to their performance evaluation. The implementation progress and improvement measures are regularly tracked and reviewed and included as a point of consideration when evaluating employees for bonuses and promotion opportunities.

Framework

## Strategy



Management Strategies and Practices

### Climate Risks and Opportunities

- We referred to various climate scenarios and conducted cross-departmental discussions on identifying climate related risks and opportunities. Each unit utilized their professional experience to identify, evaluate, and rank climate risks and opportunities in terms of time interval, likelihood of occurrence, and degree of impact. The potential operational and financial impacts on the Company were evaluated.
- The internal definition of "time of impact" is as follows: Within 3 years is defined as short-term, 3-5 years is medium-term, and over 5 years is long-term. Eight climate risks and eight opportunities were identified in accordance with TCFD guidelines.

### Potential Financial Impacts

- We qualitatively assess the potential financial impact of risks and opportunities and continuously invest in equipment modification, risk prevention and remediation, and renewable energy.

Framework

## Risk Management



Management Strategies and Practices

### Assessment and Management Process

- Every three years, we conduct risk factor identification to evaluate impacts on operations and the likelihood of them occurring in order to identify material risks and opportunities and develop mitigation or adaptation strategies. (Continuation of the assessment results from 2022 into 2023.)

### Risk System Integration

- Climate risk issues are incorporated into the overall risk management process in accordance with Pou Chen's [Risk Management Policy and Procedures](#). The relevant measures were approved by the Board of Directors in December 2023, and climate change was immediately included as one of the other emerging risks to be analyzed and identified.
- In 2023, 34 key risks in economic, social and environmental aspects were identified by the executives at the Group's headquarters and in each functional unit of each business division in accordance with the Company's operational objectives and development strategies, and climate change risk was included as one of the key risks in the environmental aspect. For details, please refer to the Corporate Governance page of the [Company's official website](#).

Framework

## Targets and Objectives



Management Strategies and Practices

### Emissions Disclosure

- According to ISO 14064:2018 standards, conduct an inventory annually to disclose greenhouse gas emissions in the sustainability report. In accordance with Financial Supervisory Commission regulations, aim to complete third-party verification for the consolidated entities by 2027, and for the parent company's individual entity by 2024

### Setting Indicators and Objectives

- For our footwear manufacturing business, we set a target of 46.2% reduction in Scope 1 and Scope 2 GHG emissions by 2030 compared to 2019.
- We continuously evaluate and set other climate management indicators.

## Climate Change Risks and Opportunities Identification Process and Results

We asked the relevant units of the Company to examine the impact of climate risks and opportunities according to the TCFD framework. The evaluation was conducted by the risk management unit, the spokesperson's office (universal contact point for external parties), the regional administration center (government contact point), representatives from the business department (customer contact point), the supply chain management unit, and the Sustainable Development Department of the headquarters. The identification process and results are described below.

### ● Identification of Climate Risks and Opportunities

We collect background information on climate risk issues, mainly from the news, internet, and events that occurred with companies, and consider the transformation risks (including regulations, markets, technologies, and goodwill) and physical risks (including immediate and long-term risks). The results of the risk identification are as follows:

Risk Type	Risk Source and Description		Risk Factor
Transformation risk	Current regulations	<ul style="list-style-type: none"> <li>Taiwan Financial Supervisory Commission's Sustainable Development Roadmap for publicly listed and over-the-counter (OTC) companies</li> <li>Vietnam's Ministry of Environment and Resources' GHG management regulations</li> </ul>	Enhanced carbon disclosure requirements
	Market	<ul style="list-style-type: none"> <li>Requirement for products to meet low-carbon standards (carbon footprint, low-carbon shoes)</li> </ul>	Requirements and regulations for existing products and services
	Current regulations/markets	<ul style="list-style-type: none"> <li>Mainland China's double control policy on energy consumption requires factories to stop production to reduce carbon emissions</li> <li>Customer audits set carbon emission, energy consumption, and green energy targets, which directly affects order allocation</li> </ul>	Impact on production
	Emerging regulations	<ul style="list-style-type: none"> <li>The carbon market in Europe and the US is relatively mature, so some European and US companies have started to adopt carbon pricing mechanisms. In Mainland China, more industries will be included in the carbon market under the "30 60 target".</li> </ul>	Carbon pricing mechanism
	Technology	<ul style="list-style-type: none"> <li>Low-carbon materials or technologies are at an early stage of development, and it will take a long time and be difficult to completely replace existing products.</li> </ul>	Alternative low-carbon products and services
	Technology	<ul style="list-style-type: none"> <li>We have a prudent attitude toward investment in new technologies, so it is less likely to occur</li> </ul>	Investments in new technologies fail
	Market	<ul style="list-style-type: none"> <li>Demand from stakeholders, investment in energy efficiency, and links to customer audits.</li> </ul>	Low-carbon production
	Market	<ul style="list-style-type: none"> <li>Customers ask to set green energy targets</li> <li>The cost of using renewable energy is gradually decreasing, which can reduce carbon and take the pressure off of the global energy crisis. Governments are motivated to drive relevant regulations, but it is uncertain whether the use of 100% renewable energy will be mandatory.</li> <li>RTS (Rooftop Solar) buildings are too old</li> </ul>	Mandatory use of renewable energy
	Goodwill	<ul style="list-style-type: none"> <li>End consumers are gradually switching to low-carbon habits and prefer low-carbon products</li> </ul>	Changing consumer preferences
	Goodwill	<ul style="list-style-type: none"> <li>Our carbon reduction progress is not on target or does not perform well in comparison with others in the same industry; carbon emission disclosures do not meet government, investor, and ESG rating requirements</li> </ul>	Impact on company image
Physical risks	Immediacy	<ul style="list-style-type: none"> <li>The risk is already present</li> </ul>	Increased severity and frequency of extreme weather events (typhoons, rainstorms, etc.)
	Immediacy	<ul style="list-style-type: none"> <li>The risk is already present, and in Pou Chen's case, the risk depends on the plant's distance from mountains and forests</li> </ul>	Increased likelihood and severity of wildfires
	Long-term	<ul style="list-style-type: none"> <li>The risk is already present</li> <li>High temperature subsidies for employees' workplaces (regulations in Mainland China and Vietnam)</li> </ul>	Increase in average temperature
	Long-term	<ul style="list-style-type: none"> <li>The risk is already present, and in Pou Chen's case, the risk depends on the plant's distance from the seaside</li> </ul>	Rise in sea level

The identified risk factors are used to identify corresponding opportunities:

Opportunity Factors		Corresponding Risk Factors
Resource efficiency	• Adoption of more efficient modes of transportation	Extreme weather events
	• Automated process development	Low-carbon production, extreme weather events
	• Establishment of a circular economy in the footwear industry	Low-carbon production
	• Switch to more efficient buildings	Low-carbon production
	• Improved water usage efficiency	Extreme weather events
Energy sources	• Improved energy efficiency	Low-carbon production, impact on production
	• Introduction of new technologies	Increase in average temperature
	• Participation in the carbon trading market	Enhanced carbon disclosure requirements, carbon pricing mechanism
Products and services	• Development of renewable energy/participation in the renewable energy trading market	Mandatory use of renewable energy, low-carbon production
Market	• Changing consumer preferences	Requirements and regulations for existing products and services
	• Entering new markets	Alternative low-carbon products and services
	• Making the most of public sector incentives	Enhanced carbon disclosure requirements

### ● Assessment of Impact on Pou Chen

Based on the climate risks and opportunities that have been collected, representatives from each department and external experts conducted one session of education and training and had a discussion on climate-related financial disclosure. Questionnaires were distributed and internal meetings were held to assess the impact of each risk/opportunity on Pou Chen. Aspects to be assessed include:

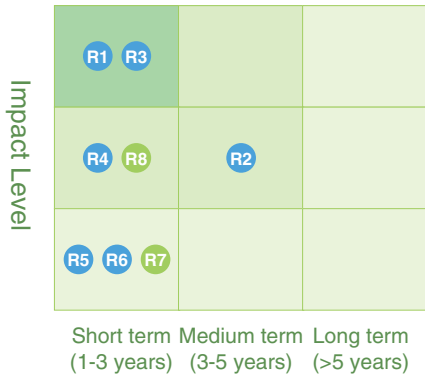
Impact Assessment	Content
Period of potential impact of the risk/opportunity factors	Short-term: within 1-3 years; medium-term: within 3-5 years; long-term: over 5 years
Likelihood of occurrence	The likelihood of occurrence of the risk/opportunity factor is evaluated on a scale of 1-5 (5 for the most likely, 1 for the least likely)
Impact	Assessment of the potential impact of this risk/opportunity based on the experience of team members
Potential financial impact	Assessment of the most likely financial impact of this risk if it were to occur
Assessment of the level of impact	The level of impact of the risk is assessed on a scale of 1 to 5 (5 for the biggest impact and 1 for the smallest impact)

Assessment viewpoints: (1) Cross-departmental discussion; (2) operational impact assessment; (3) external experts' viewpoints

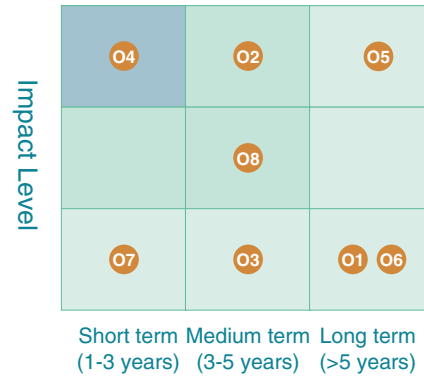
### Materiality Analysis of Risks and Opportunities

The team discussed and rated the risks for their likelihood of occurrence and assessed their degree of impact, and then ranked the risk and opportunity factors by the materiality of the level of impact. A total of six transformation risks, two physical risks, and eight opportunity issues were compiled:

► Climate Risk Matrix



► Climate Opportunity Matrix



Transformation risk

- R1 Enhanced carbon disclosure requirements
- R2 Carbon pricing mechanism
- R3 Mandatory use of renewable energy
- R4 Low-carbon production
- R5 Impact on production
- R6 Impact on company image

Physical risks

- R7 Extreme weather events
- R8 Increase in average temperature

Derivative Opportunities



- O1 Participation in the carbon trading market
- O2 Automated process development
- O3 Improved water usage efficiency
- O4 Participation in renewable energy markets
- O5 Establishment of a circular economy in the footwear industry
- O6 Adoption of more efficient modes of transportation
- O7 Improved energy efficiency
- O8 Introduction of new technologies

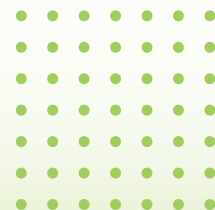
Note 1: Impact score = Likelihood of occurrence (1-5 points) x impact level assessment (1-5 points)  
 Note 2: >20 is classified as a high-impact factor, 16-20 is classified as medium-impact factor, and 11-15 is classified as low-impact factor. Factors with scores lower than 10 are not included in subsequent management for the time being.  
 Note 3: The internal definition categorizes impacts occurring within 3 years as short-term, between 3 to 5 years as medium-term, and over 5 years as long-term.

## Climate Risk Scenario Analysis

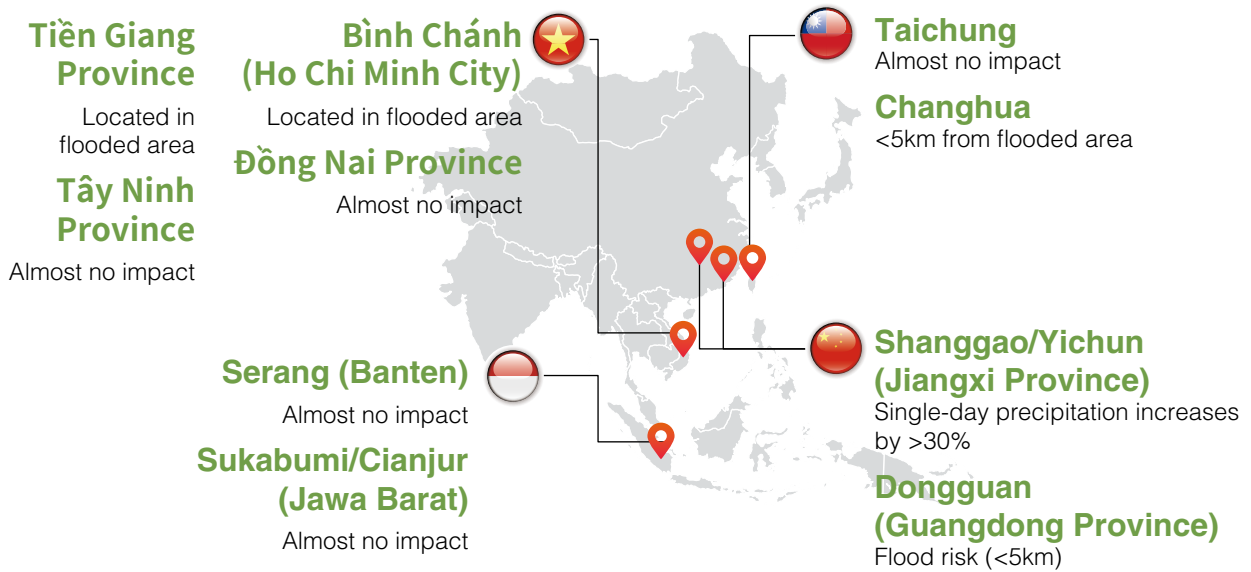
When evaluating impacts, the impact of different factors in different regions and climate scenarios should be taken into consideration and used with climate assessment tools in the evaluation. The Company is committed to advocating sustainability, an international trend, and meeting the expectations of brand customers by setting a scientific reduction base target under the SBT1.5°C scenario. However, due to the limited amount of consistent climate information that is currently available for each production site, the Company first conducted an analysis and evaluation for the SSP1-2.6 (2°C ) and the SSP5-8.5 (4.4°C ) scenarios for this year. We will continue to strengthen each production base's ability to deal with climate risk and facilitate climate risk scenario analyses. The results of the analyses will form the basis of strategic planning for internal risk and opportunity identification, assessment, and management.

The contents of this year's assessment are summarized in the table below:

<b>Scope of Assessment</b>	Major production bases: Taiwan, Mainland China (Jiangxi/Guangdong), Indonesia (Banten/Jawa Barat), Vietnam (Ho Chi Minh City/Đông Nai/Tiền Giang/Tây Ninh)			
<b>Climate Scenario</b>	SSP1-2.6	Low emissions scenario	Temperature rise <2°C	Slow progress in global attempts to achieve sustainability goals
	SSP5-8.5	Extremely high emissions scenario	Temperature rise <4.4°C	An emissions scenario with little or no climate policy and a high dependence on fossil fuels
<b>Time of Impact</b>	Middle of the century (2050)			
	End of the century (2100)			
<b>Risks Assessed</b>	Sea level rise and flood risk		Average temperature change forecast Single-day high temperatures change forecast Single-day precipitation change forecast	
<b>Application Tools</b>	COMPARISON: LONG-TERM SEA LEVEL OUTCOMES (Climate Central, Inc) 		World Bank World Bank Group Climate Change Knowledge Portal 	

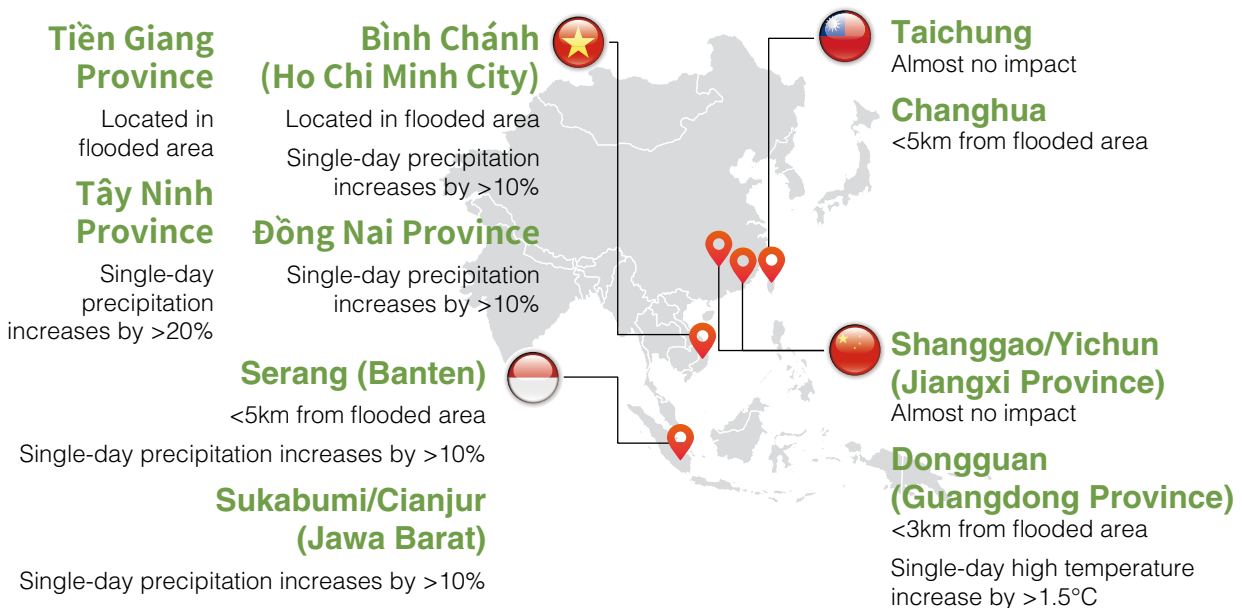


► Physical risks that major production bases may face in the middle of the century (2050) under the SSP1-2.6 scenario:



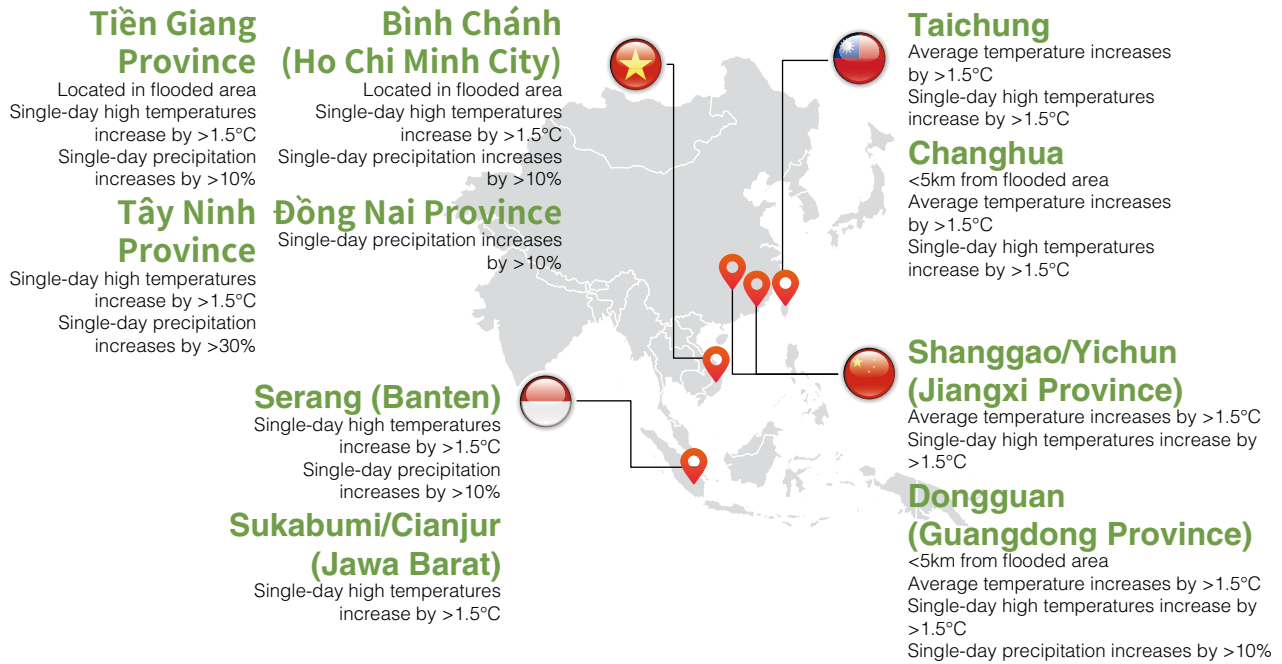
Potential financial impact: Interruption to production site operations

► Physical risks that major production bases may face at the end of the century (2100) under the SSP1-2.6 scenario:



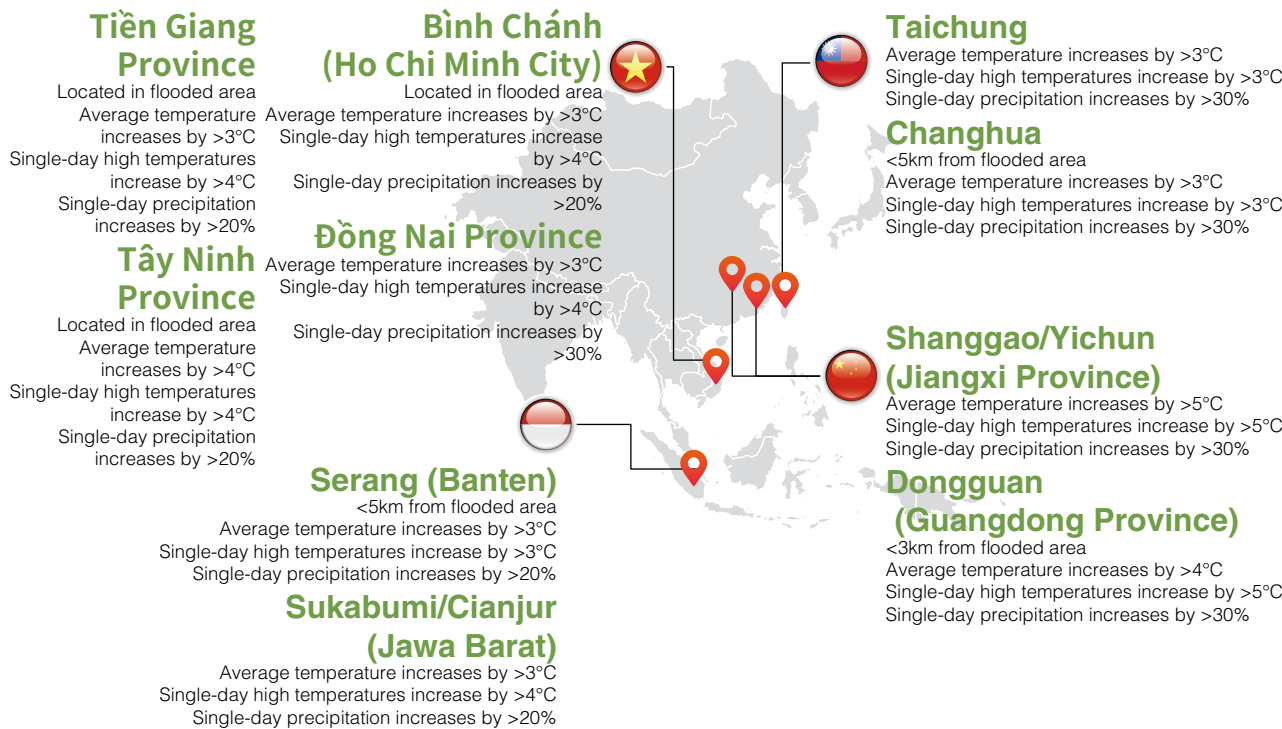
Potential financial impact: Interruption to production site operations, increase in capital expenditure due to improving the working environment for employees.

► Physical risks that major production bases may face in the middle of the century (2050) under the SSP5-8.5 scenario:



Potential financial impact: Interruption to production site operations, increase in capital expenditure due to improving the working environment for employees.

► Physical risks that major production bases may face at the end of the century (2100) under the SSP5-8.5 scenario:



Potential financial impact: Interruption to production site operations, increase in capital expenditure due to improving the working environment for employees.

## ● Formulation of Response Strategies and Management Objectives

Based on the identified material climate risks, the cost of risk prevention was qualitatively evaluated, and a response strategy that suited Pou Chen was formulated. The strategies were formulated to improve response capabilities, optimize management systems, and enhance hardware and equipment. See the descriptions in the following table:

### Climate Change Risks/Opportunities and Response Strategies

	Climate Risk	Time of Impact	Potential Financial Impact	Cost of Financial Impact (TWD)
Transformation risk	Enhanced carbon disclosure requirements (R1)	Short-term	<ul style="list-style-type: none"> <li>Increased inventory capability building and third-party verification costs</li> </ul>	<ul style="list-style-type: none"> <li>Subsequent verification costs &gt;NTD 7 million/year</li> <li>Estimated cost of carbon inventory system construction &gt;NTD 8.5 million</li> </ul>
	Carbon pricing mechanism (R2)	Medium-term	<ul style="list-style-type: none"> <li>International carbon tax/carbon fee mechanisms affect operations and limit capacity deployment, impacting operating revenue</li> </ul>	Under assessment
	Mandatory use of renewable energy (R3)	Short-term	<ul style="list-style-type: none"> <li>Increased capital expenditure for establishment of renewable energy facilities, purchase of green power PPA, and renewable energy certificates</li> </ul>	<ul style="list-style-type: none"> <li>In 2023, Pou Chen invested NTD 24 million in renewable energy purchases, which is projected to increase annually in the future.</li> </ul>
	Low-carbon production (R4)	Short-term	<ul style="list-style-type: none"> <li>Increased capital expenditure</li> <li>Production and equipment upgrades</li> <li>Invest in low-carbon energy</li> <li>Carbon reduction through waste</li> </ul>	<ul style="list-style-type: none"> <li>In 2023, about NTD 1.64 billion were invested in the procurement and replacement of energy-saving equipment.</li> </ul>
	Impact on production (R5)	Short-term	<ul style="list-style-type: none"> <li>Electricity restriction policy</li> <li>Carbon emission control policy</li> <li>Customer assessment impacts orders</li> </ul>	Under assessment
	Impact on company image (R6)	Short-term	<ul style="list-style-type: none"> <li>ESG assessment</li> <li>Investors' willingness to invest (stock price)</li> <li>Impact on source of capital and revenue</li> </ul>	Under assessment
Physical risks	Extreme weather events (R7)	Short-term	<ul style="list-style-type: none"> <li>Interruption to production site operations</li> <li>Transportation disruptions</li> <li>Water shortages due to drought</li> <li>Increased capital expenditure and decreased revenue</li> </ul>	Under assessment
	Increase in average temperature (R8)	Short-term	<ul style="list-style-type: none"> <li>Increase in capital expenditure due to improving the working environment for employees</li> <li>Increase in electricity costs and carbon emissions</li> </ul>	<ul style="list-style-type: none"> <li>In 2023, about NTD 4.7 million were invested in the procurement and replacement of ventilation equipment.</li> </ul>

Note 1: For time of impact, three years or less is considered short-term, three to five years is considered medium-term, and five years or more is considered long-term.

Note 2: Starting from 2023, the financial impact of risks is assessed for the scope of footwear plants.

Note 3: Our response strategy is adjusted on a rolling basis in accordance with the results of the annual scenario analysis.

	Climate Opportunity	Time of Impact	Potential Financial Impact	Pou Chen's Response Strategy
	<ul style="list-style-type: none"> <li>Participation in the carbon trading market (O1)</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>Increased adaptability for changes in regulations and maintenance of smooth operations.</li> </ul>	<ul style="list-style-type: none"> <li>Establish an inventory team and train its inventory capabilities</li> <li>Establish a systematic data collection system</li> <li>Increase the percentage of the scope to be verified by a third party annually</li> </ul>
		Long-term	<ul style="list-style-type: none"> <li>Obtain carbon credits for emission offset and create carbon credit revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Plan for the establishment of a product carbon footprint inventory</li> <li>Plan for an internal carbon pricing mechanism</li> </ul>
	<ul style="list-style-type: none"> <li>Participation in renewable energy markets (O4)</li> </ul>	Short-term	<ul style="list-style-type: none"> <li>Purchase renewable energy early to obtain a stable renewable energy source and maintain smooth operations</li> </ul>	<ul style="list-style-type: none"> <li>Build solar power panels on rooftops depending on production site conditions</li> <li>Participate in the green power trading market in the region</li> <li>Purchase nationally and internationally-certified renewable energy certificates</li> </ul>
	<ul style="list-style-type: none"> <li>Improved energy efficiency (O7)</li> </ul>	Short-term	<ul style="list-style-type: none"> <li>Save on energy costs</li> </ul>	<ul style="list-style-type: none"> <li>Increased renewable energy use</li> <li>Use of low-carbon and high-efficiency energy</li> <li>Improve energy efficiency of equipment</li> <li>Control leakages</li> <li>Promote energy monitoring and management systems</li> <li>Effective use of resources and increased opportunities for reuse of waste</li> </ul>
	<ul style="list-style-type: none"> <li>Participation in renewable energy markets (O4)</li> </ul>	Short-term	<ul style="list-style-type: none"> <li>Stabilize energy supply,</li> </ul>	
	<ul style="list-style-type: none"> <li>automated process development (O2)</li> </ul>	Medium-term	<ul style="list-style-type: none"> <li>Smooth establishment of automated production lines, enhanced competitiveness</li> </ul>	
	<ul style="list-style-type: none"> <li>Establish a circular economy model for the footwear industry (O5)</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>Enhance resource utilization,</li> </ul>	
	<ul style="list-style-type: none"> <li>Improved energy efficiency (O7)</li> </ul>	Short-term	<ul style="list-style-type: none"> <li>Reduced operating costs</li> </ul>	
	-	-	-	
	<ul style="list-style-type: none"> <li>Adoption of more efficient modes of transportation (O6)</li> </ul>	Long-term	<ul style="list-style-type: none"> <li>Strengthen climate resilience to reduce losses and chances of disruption during operations</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen extreme weather response measures at production sites: Prioritize the heavy precipitation risk in Tây Ninh and Đồng Nai (Vietnam) as well as Mainland China.</li> <li>Install emergency power generators</li> <li>Keep an eye on climate risk warning information: Priority will be given to the flooding risk in Guangdong, Mainland China and Ho Chi Minh City/Tiền Giang in Vietnam (Note 3) to formulate response measures early.</li> <li>Strengthen water treatment and water recycling measures</li> </ul>
	<ul style="list-style-type: none"> <li>Automated process development (O2)</li> </ul>	Medium-term		
	<ul style="list-style-type: none"> <li>Improved water usage efficiency (O3)</li> </ul>	Medium-term		
	<ul style="list-style-type: none"> <li>Introduction of new technologies (O8)</li> </ul>	Medium-term	<ul style="list-style-type: none"> <li>Save on energy costs</li> </ul>	<ul style="list-style-type: none"> <li>Optimize plant ventilation design: Attention required for plants in Mainland China, Indonesia, and Vietnam.</li> <li>Design new plants using information on the climate</li> </ul>

Pou Chen is currently only setting quantitative medium and long-term emissions management objectives for the reduction of greenhouse gases. In the future, it is estimated that indicators that are more representative and more significant to management will be formulated according to the results of this year's climate risk assessment. The indicators from each aspect of management are as follows:

Management Aspect	Implementation Status	Management Indicators/Assessment Status	Corresponding Section
Greenhouse gas management	Quantitative Indicators	For our footwear manufacturing business, we set a target of 46.2% reduction in Scope 1 and Scope 2 GHG emissions in 2030 compared to 2019. We will evaluate and set yearly targets in the future.	3.1.2 Greenhouse Gas Management
Energy Management	Quantitative Indicators	Target for overall air pressure system leakage rate: Reduced to less than 13% Management targets concerning the constructing of green energy facilities and product energy intensity will be further evaluated.	3.2 Energy Management
Water Resources Management	Qualitative Indicators	The medium and long-term plan aims to gradually improve the reuse rate of water resources in the plants.	3.3 Water Resources Management
Waste Reduction	Qualitative Indicators	Promote reuse of waste and increase the reuse rate of waste.	3.4 Waste Management
Supply Chain Carbon Reduction	No indicators	We have begun to help supply chain manufacturers build capabilities for conducting carbon inventories and provided guidance on carbon reduction plans.	4.2 Supply Chain Management
Climate Adaptation	No indicators	Possible areas for future evaluation: Climate-related disaster response capability and zero production interruption.	-

### 3.1.2 Greenhouse Gas Management

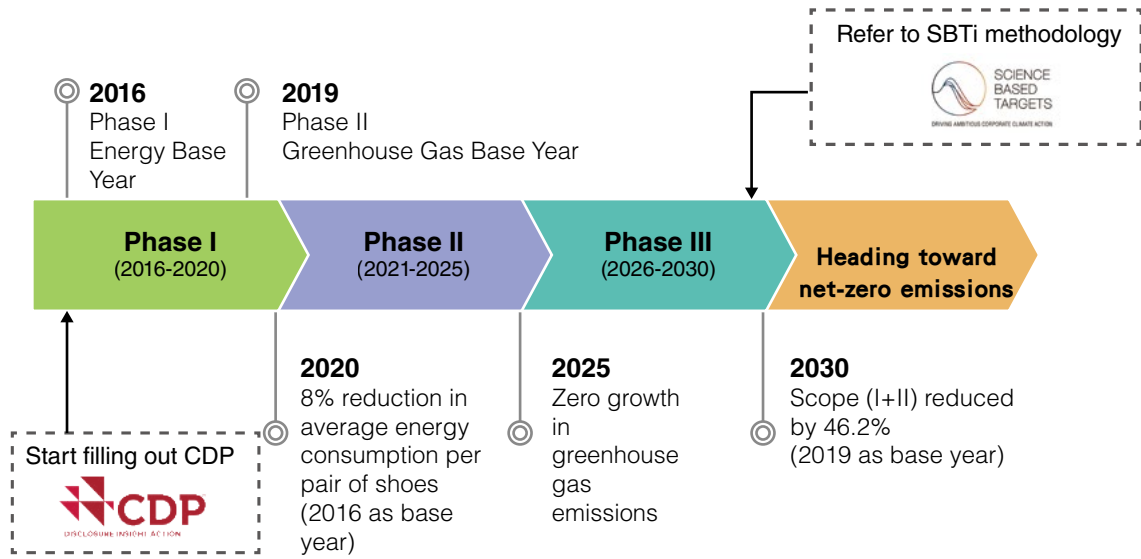
As global warming and climate change intensify, the international community actively advocates for climate change risk adaptation actions, and net-zero by 2050 has become a global goal. The road to net-zero emissions is not an easy one, but Pou Chen continues to push toward sustainable green manufacturing and sustainable green supply chains in phases. We use low-carbon manufacturing technologies, improved energy efficiency, and reduced greenhouse gas emissions as important steps toward sustainable development and reaching net-zero.

### Greenhouse Gas and Energy Management Tasks and Targets in Phases

Pou Chen's footwear manufacturing sites span seven countries in Asia. Until 2016, improving energy efficiency and enhancing energy conservation were key management tools. We have set 2016 as our energy base year and made a first-phase energy goal of an 8% reduction in energy consumption per pair by 2020. We also filled out the CDP carbon questionnaire for the first time in 2016, the first company in Taiwan's footwear industry to do so. Our 2023 CDP questionnaire was given a B- (Management level - active management).

In response to the increased focus on sustainable development and environmental protection worldwide, our goal has shifted from energy saving to carbon reduction. After integrating customer requirements and international trends, a five-year goal of zero carbon emission growth by 2025 was set in 2020 after internal discussions with the support of the management. In 2021, at the request of brand customers, Pou Chen set phased reduction targets in accordance with the Science-Based Targets initiative (SBTi) 1.5°C scenario. Pou Chen is committed to reducing absolute greenhouse gas emissions in Scope 1 and Scope 2 in footwear manufacturing by 46.2% by 2030, with 2019 as the base year. The target Pou Chen set has been confirmed by World Resources Institute (WRI) and conforms to the SBTi target setting methodology.

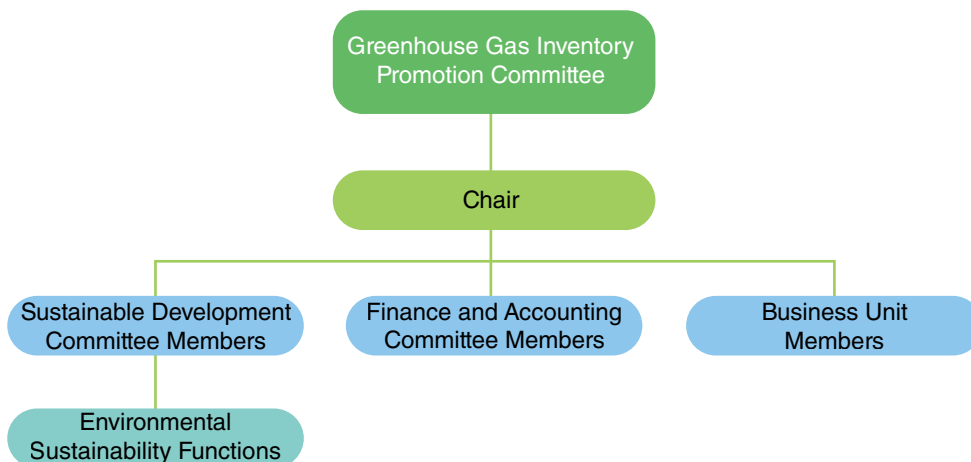
In addition, Pou Chen has made net-zero emissions its long-term vision and has introduced international standards, such as ISO 50001 Energy Management and ISO 14064 Greenhouse Gas Verification, to improve performance in product and energy management. The company also requires its suppliers, joint ventures, and other business partners to emphasize environmental impact management in the process of production, manufacturing, transportation, and services, so that everyone in the industry supply chain can work together to comply with local regulations and meet the greenhouse gas management goals of various national governments.



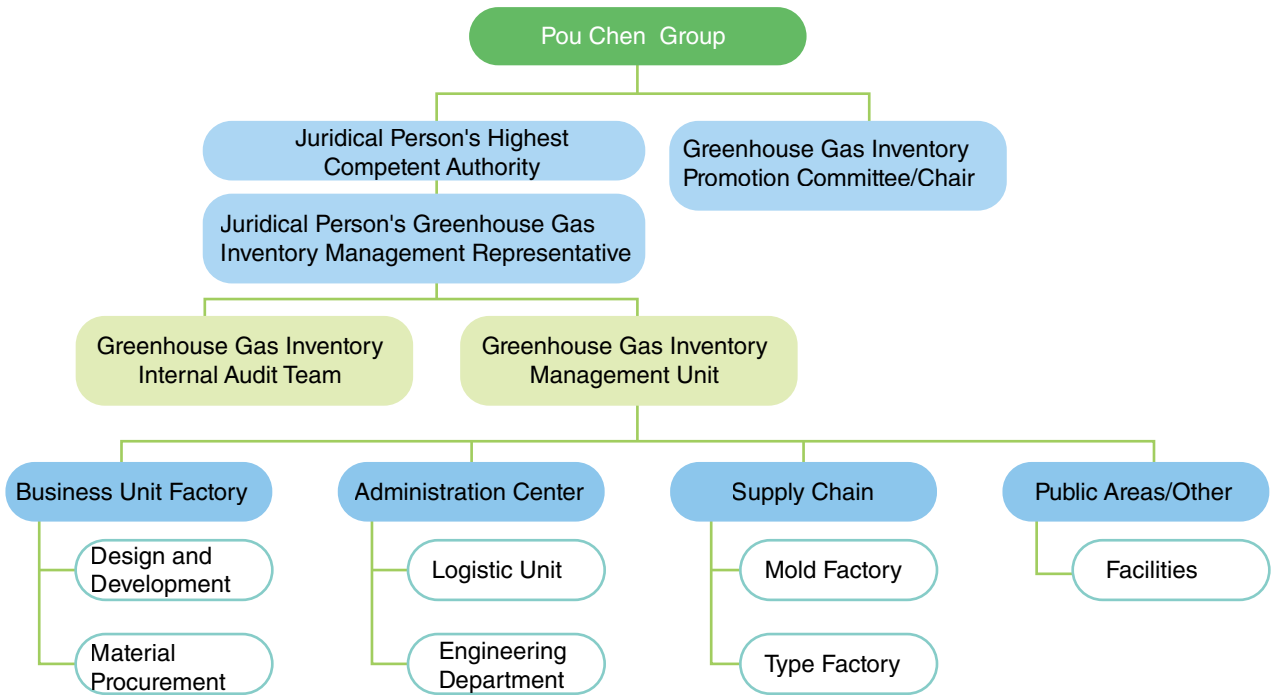
## GHG Emissions Management Status in 2023

Pou Chen has been conducting its own GHG inventory in accordance with ISO 14064-1:2006 since 2016, and introduced the ISO 14064-1:2018 standard for GHG inventory in 2022. We appointed SGS Taiwan to conduct third-party verification. In 2022, the Pou Chen Group Greenhouse Gas Inventory Promotion Committee was established to implement an international, group-wide greenhouse gas inventory using the Greenhouse Gas Inventory Framework and to carry out third-party verification for a total of four legal entities, including the Company and its subsidiaries in Vietnam. In 2022, ISO 14064 certified emissions accounted for 20.26% of footwear manufacturing factory's emissions. In 2023, the Company itself continued the certification process. In the future, greenhouse gas inventory will be promoted in each region that Pou Chen operates in. The goal is to have the entirety of Pou Chen's footwear manufacturing business certified by 2026. In 2023, in line with the Financial Supervisory Commission's Sustainable Development Roadmap, Pou Chen continued its ISO14064 certification process. Currently, we are focused on strengthening our inventory and verification, actively promoting energy conservation, and expanding the use of green energy, and have not yet set an annual carbon reduction target.

### Greenhouse Gas Inventory Promotion Committee



### Greenhouse Gas Inventory Framework



## Greenhouse Gas Emissions and Carbon Emission Intensity per Pair

### Greenhouse Gas Inventory

In 2023, following the previous year's practice, we continued to implement the ISO 14064-1:2018 standard for conducting greenhouse gas inventories. Greenhouse gas emissions in Category 1 (direct greenhouse gas emissions [Scope 1]) and Category 2 (indirect greenhouse gas emissions from input energy [Scope 2]) totaled 630,200 metric tons of carbon dioxide equivalent.

The carbon emissions from Category 1 amounted to 44,800 metric tons of carbon dioxide equivalent, accounting for 7.11%, and those from Category 2 amounted to 585,400 metric tons of carbon dioxide equivalent, accounting for 92.89%. Over 80% of the greenhouse gas emissions generated by shoe manufacturing come from electricity usage. Therefore, reducing the greenhouse gas emissions from energy use is the main goal of the company's carbon reduction efforts. This is achieved by simultaneously expanding green energy and improving energy efficiency.

### Pou Chen's Direct and Indirect Greenhouse Gas Emissions from 2019 to 2023 – Location Based

Location-Based <sup>(Note 1)</sup> (Unit: Ten thousand metric tons of CO <sub>2</sub> e)		2019 <sup>(Note 2)</sup>	2020	2021	2022	2023
Category 1 (Scope 1)	Direct greenhouse gas emissions	2.59	1.77	1.36	4.89	4.48
Category 2 (Scope 2)	Indirect greenhouse gas emissions from input energy	54.87	52.53	42.94	67.16	58.54
<b>Total Carbon Emissions</b>	<b>Category 1 + Category 2</b>	<b>57.46</b>	<b>54.3</b>	<b>44.3</b>	<b>72.05</b>	<b>63.02</b>
Greenhouse gas emissions from biomass fuels	Purchased steam and self-operated boilers	12.35	7.71	6.29	6.40	5.65

### ● Pou Chen's Direct and Indirect Greenhouse Gas Emissions from 2019 to 2023 – Market Based

Market-Based <sup>(Note 3)</sup> (Unit: Ten thousand metric tons of CO <sub>2</sub> e)		2019 <sup>(Note 2)</sup>	2020	2021	2022	2023
Category 1 (Scope 1)	Direct greenhouse gas emissions	2.59	1.77	1.36	4.89	4.48
Category 2 (Scope 2)	Indirect greenhouse gas emissions from input energy	54.87	52.53	41.09	58.73	45.72
Total Carbon Emissions		57.46	54.3	42.45	63.62	50.20
Greenhouse gas emissions from biomass fuels	Purchased steam and self-operated boilers	12.35	7.71	6.29	6.40	5.65

Note 1: For the greenhouse gas inventory principles and coefficients from 2019 to 2022, please refer to the 2022 Sustainability Report. For the 2023 greenhouse gas inventory principles, please refer to Appendix C: GHG Inventory Principle 2023.

Note 2: In following with the SBTi methodology, 2019 is set as the base year for carbon reduction.

Note 3: Location-Based carbon emissions = carbon emissions from electricity consumption ; Market-Based carbon emissions = carbon emissions from electricity consumption - renewable energy certificate (REC) carbon emissions - PPA carbon emissions

Note 4: Pou Chen Corporation (Parent Company) had Scope 1 emissions of 718.54 metric tons of CO<sub>2</sub>e in 2022, with an intensity of 0.077 tCO<sub>2</sub>e per million NTD, and Scope 2 emissions of 8,651.19 metric tons of CO<sub>2</sub>e, with an intensity of 0.925 tCO<sub>2</sub>e per million NTD. In 2023, Scope 1 emissions were 554.63 metric tons of CO<sub>2</sub>e, with an intensity of 0.067 tCO<sub>2</sub>e per million NTD, and Scope 2 emissions were 7,957.82 metric tons of CO<sub>2</sub>e, with an intensity of 0.966 tCO<sub>2</sub>e per million NTD. Over the past two years, the parent company's data has been verified by SGS Taiwan, following ISO14064-1 standards, and has received a reasonable assurance certificate.

### ● Pou Chen's 2023 Direct and Indirect Greenhouse Gas Emissions by Region

Location Based (Unit: Ten thousand metric tons of CO <sub>2</sub> e)		Taiwan	Northeast Asia	Southeast Asia
Total Carbon Emissions	Category 1: Direct greenhouse gas emissions + Category 2: Indirect greenhouse gas emissions from input energy	0.85	7.65	54.52

### Other indirect (Scope 3) emissions

Pou Chen established the Identification of Significant Indirect Greenhouse Gas Emissions Procedure in accordance with the relevant provisions of ISO 14064-1:2018 and with reference to the contents of ISO 14064-1:2018's Appendix H (Process Guidelines for Identification of Significant Indirect Greenhouse Gas Emissions). After being scored using four factors, namely expected users, emission share, impact level, and data quality, the evaluation showed that there were two items in the Company's significant indirect greenhouse gas emissions (with a score higher than 1.4), which were "indirect greenhouse gas emissions caused by transportation (business travel - air travel) " and "indirect greenhouse gas emissions caused by transportation (downstream transportation of products) ". The relevant categories of emissions in 2023 are calculated as follows:

### ● Pou Chen's Significant Indirect Greenhouse Gas Emissions in 2023

Greenhouse Gas Emissions (tCO <sub>2</sub> e)	Other Indirect (Scope 3)	
	Category 3: Business travel - air travel	Category 3: Downstream transportation of products
2023	1,543.80	17,141.84

Pou Chen belongs to the footwear manufacturing industry. According to the definition in the SBTi's Value Change in the Value Chain: Best Practices in Scope 3 Greenhouse Gas Management, "purchased goods and services" and "downstream transportation and distribution" are the main sources of indirect greenhouse gas emissions in this industry (see the figure below). It is estimated that the emissions from "purchased goods and services" alone account for more than 40% of total emissions.

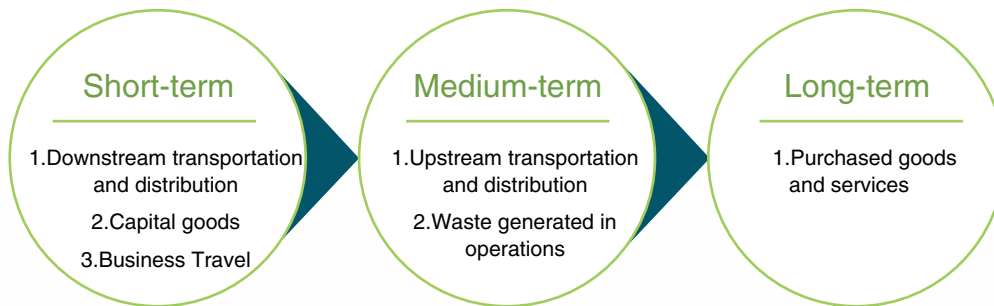
### Value Change in the Value Chain: Best Practices in Scope 3 Greenhouse Gas Management - Share of Scope 3 Emissions by Industry



Note: SBTi, Value Change in the Value Chain: BEST PRACTICES IN SCOPE 3 GREEN HOUSE GAS MANAGEMENT, 2018

In response to the international commitments to sustainability and reaching net zero and in order to jointly reduce greenhouse gas emissions along the value chain, Pou Chen will gradually expand its Scope 3 inventory and set reduction targets on an item-by-item basis in the future. In addition to the downstream transportation of finished products and business travel by air, which were already inventoried, Pou Chen will expand the scope of the inventory to include upstream transportation and distribution, waste generated from processes, and indirect emissions from raw materials.

### Pou Chen's Roadmap for Expanding Scope 3 Inventory



### Average Carbon Emissions Intensity per Pair

Due to differences in shoe production types, production processes, and regional electricity carbon emission factors, the carbon emission intensity for the main production and operation bases in Mainland China, Vietnam, and Indonesia in 2023 ranged from 1.11 to 4.06 kg CO<sub>2</sub> per pair.

Note: The carbon emissions intensity calculation included Category 1 and Category 2 GHG emissions, but did not include other indirect GHG emissions. Excluding the power generation of Zhongshan Power Plant in mainland China, as no shoe production is conducted at this plant.

## 2023 Greenhouse Gas Reduction Measures

In 2023, we continued to promote energy management and expand the use of green energy. Energy management actions were implemented mainly in three aspects, source equipment procurement management, leakage management for air compressing systems, and promotion of energy-saving projects, with cumulative energy savings of 5,805.43 MWh and a reduction in greenhouse gas emissions of 4,152.24 tCO<sub>2</sub>e in 2023.

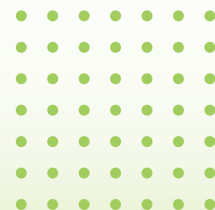
We continue to expand our renewable energy infrastructure and purchase green electricity. In addition to our Mainland China facilities, in 2023, we also installed rooftop solar in Indonesia. We are continuing to purchase renewable energy certificates (RECs) in Mainland China, Vietnam, and Indonesia. In 2023, our Mainland China facilities also made their first green electricity purchase. As of 2023, rooftop solar systems (RTS) have been completed in 4 facilities, with a total solar energy consumption of 5,035.98 MWh, resulting in a reduction of 3,119.90 metric tons of CO<sub>2</sub>e equivalent in greenhouse gas emissions. Purchases of RECs in Mainland China, Indonesia, and Vietnam amounted to 163,934 MWh, offsetting 123,654.18 metric tons of CO<sub>2</sub>e emissions. Direct purchases of green electricity totaled 5,541.34 MWh, offsetting 3,638.03 metric tons of CO<sub>2</sub>e emissions.

### ● Pou Chen's 2023 Green Energy Offset of Greenhouse Gas Emissions

Expanding Usage of Green Energy										
Type of Green Energy	Solar Energy Consumption						Water Energy Consumption		Geothermal Energy Consumption	
	RTS		REC		PPA		REC		REC	
Unit	MWh	t CO <sub>2</sub> e	MWh	t CO <sub>2</sub> e	MWh	t CO <sub>2</sub> e	MWh	t CO <sub>2</sub> e	MWh	t CO <sub>2</sub> e
Mainland China	3,551.64	2,025.50	-	-	5,541.34	3,638.03	5,397	3,077.91	-	-
Indonesia	289.59	231.67	-	-	-	-	9,783	6,936.80	79,900	63,920
Vietnam	1,194.75	862.73	50,000	36,105	-	-	18,854	13,614.47	-	-
<b>Total</b>	<b>5,035.98</b>	<b>3,119.90</b>	<b>50,000</b>	<b>36,105</b>	<b>5,541.34</b>	<b>3,638.03</b>	<b>34,034</b>	<b>23,629.18</b>	<b>79,900</b>	<b>63,920</b>

Note 1: For the 2023 greenhouse gas inventory principles, please refer to Appendix C: GHG Inventory Principle 2023.

Note 2: Consumption of electricity/purchase (electricity) is measured in MWh, offsetting greenhouse gas emissions in units of tCO<sub>2</sub>e.




# 3.2 Energy Management


## Material Topic Management


### Significance to Pou Chen


In the past, energy management was driven by the desire to save costs. As the global climate changes, drastic weather has impacted business operations across the globe in the form of floods, snowstorms, high temperature subsidies for workers, insurance costs, and natural disaster resilience. Countries around the world are also making changes to their regulations concerning climate and taxation, so that net-zero emissions is becoming a global trend, making enterprises engage in energy, industrial, and social transformations.

### Impact

 **Positive Impact (Actual)**  
Better energy management and reduced waste of energy.

 **Negative Impact (Actual)**  
Failure to comply with energy control laws and regulations, impact on electricity use, and increased investment costs for energy-saving equipment.

 **Positive Impact (Potential)**  
Enhancing the affordability of regional energy sources, reducing environmental pollution, and promoting economic development.

 **Negative Impact (Potential)**  
Excessive waste affects the resource utilization for future generations.

### Policies and Commitments

PCG Adaptation Strategy to Climate Change



### Targets and Objectives

- Improving energy efficiency: Energy management measures/equipment efficiency improvement
- Energy reduction and efficiency improvement
- Continuous expansion of green energy facilities
- Promotion of low-carbon manufacturing technologies
- The overall air compressor leakage rate target for the shoe factory in 2023: Reduce to below 13%.

### Actions Taken

- Expanded the use of green energy: Solar power/green power procurement/renewable energy certificates (RECs) /usage of renewable energy.
- Improved energy efficiency: Procured equipment to save energy at the source and replaced equipment with low energy efficiency early on. Online energy monitoring system, establishing an energy management and control mechanism.
- Promote energy conservation projects: Led by headquarters, business units, or factories to drive thematic energy-saving projects.
- Established the energy-saving smart KM platform, shared energy-saving and carbon-reducing technologies, and established an energy-saving culture within the organization.

### Assessment Methods

- The implementation and progress of short, medium, and long-term energy saving and carbon reduction targets is regularly reviewed through the SBTi and ISO 14064-1 standards.
- The status of green energy infrastructure projects is assessed on a regular basis.
- Air compressor leakage rate is routinely measured on a regular basis.
- Meetings are held regularly to report to the highest level of governance, review the achievement rate of targets, and adjust implementation measures.

### Stakeholder Engagement

Communication and interactions are conducted regularly or irregularly according to the stakeholder engagement mechanism, and information is disclosed in sustainability reports, on relevant platforms or on our website.

### Corresponding Sustainability Indicators

GRI 302  
SDG 1/12/13

## Energy Use and Energy Intensity

The types of energy consumed in the footwear manufacturing business included electricity, petrochemical fuels (heavy oil/diesel/gasoline/other oils, natural gas/liquefied petroleum gas), and biomass fuels. The use of biofuels involves the fuel for steam thermal energy supplied by external vendors. The total energy consumption of Pou Chen in 2023 was 3,379.13 TJ, of which the energy consumption ratio of electricity was 87.32%.

### Electricity Energy Use Statistics

Electricity	Electricity Quantity			Electricity Energy Expression			
	Utility Power	Solar Energy Consumption (RTS)	Power Purchase Agreement (PPA)	Utility Power	Solar Energy Consumption (RTS)	Power Purchase Agreement (PPA)	
Description	Utility Power	Renewable Energy	Renewable Energy	Utility Power	Renewable Energy	Renewable Energy	
Unit	MWh	MWh	MWh	TJ	TJ	TJ	
Year	2023	819,515.68	5,035.98	5,541.34	2,950.79	18.13	19.95
	2022	880,664.01	2,440.96	0.0	3,170.96	8.79	0.0
	2021	791,553.86	1,222.76	0.0	2,850.11	4.40	0.0
	2020	1,093,374.53	0.0	0.0	3,936.86	0.0	0.0
	2019	1,042,801.20	0.0	0.0	3,754.76	0.0	0.0

About Units: ● MWH: Megawatt per Hour ● TJ: Tera Joule

### Fuel Energy Use Statistics

Fuel Energy	Fuel Quantity / Fuel Energy Expression									
	Fossil Fuel						Biomass Fuel			
	Heavy Oil/Diesel/Petroleum/Other Oil			Natural Gas/LPG			Rice Husk/Palm			
Description	Non-Renewable			Non-Renewable			Renewable			
Unit	KL	TJ	MWh	10KM <sup>3</sup>	TJ	MWh	10K Tons	TJ	MWh	
Year	2023	3,542.52	121.61	33,781.35	35.30	12.66	3,518.05	1.72	255.98	71,104.56
	2022	4,014.60	146.52	40,700	32.69	12.26	3,405.56	2.54	383.08	106,411.11
	2021	2,351.24	80.28	22,300	3.27	12.35	3,430.56	4.09	616.61	171,280.56
	2020	4,199.60	143.06	39,738.89	0.01	2.00	555.56	5.06	762.42	211,783.33
	2019	6,118.85	210.32	58,422.22	180.20	62.30	17,305.56	7.08	1,066.95	296,375.00

About Units: ● KL: Kiloliter ● TJ: Tera Joule

### Energy Consumption Intensity

Year	Energy Consumption Intensity (MJ/pair)	Descriptions
2023	6.53~22.66	As the plants in Mainland China, Indonesia, and Vietnam are the important manufacturing bases of the Company, the Average Energy Consumption per Pair of Shoes adopts only the projections in our three main production bases in Mainland China, Indonesia, and Vietnam.
2022	11.55~18.69	
2021	10.26~16.90	
2020	10.27~22.6	
2019	8.32~14.53	

About Units: ● MJ: Mega Joule ● Pair: Per Pair of Shoes

Note: Energy Consumption Intensity is obtained by region and presented by scope of Energy Consumption Intensity.

## Sustainable Energy Management: Energy Conservation Projects and Initiatives

2023	Mid-term	Long-term
<ul style="list-style-type: none"> <li>Annual energy saving equipment procurement at source/ replacement of low energy efficiency equipment: purchase new energy saving equipment to replace old models, cumulative energy saving benefits reached 5,953,658.11 MJ (1,653.79 M Wh).</li> <li>Promote air compressor routine leakage measurement projects: In 2023, the leakage rate of the Group's overall air compressor system reduced to less than 11%. The energy saving efficiency is 3,567,551.04 MJ ( 990.99 MWh).</li> <li>Energy saving project: implemented 56 energy-saving projects in 2023, with energy-saving benefit of 11,378,342.81 MJ (3,160.65 MWh).</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of green energy construction: solar power/green electricity procurement/REC/Use of renewable energy.</li> <li>Energy digitization: Energy monitoring/water and sewage monitoring/ air pollution monitoring/ temperature disk data systems.</li> </ul>	<ul style="list-style-type: none"> <li>Sharing of energy saving and carbon reduction technologies on energy-saving intelligent KM platform.</li> <li>Establish energy conservation organization culture: communication and learning within the Group and model factory optimization.</li> </ul>

## Expanding the use of Green Energy – Solar Energy Construction and Purchase of Green Energy / REC

The company actively enhances the use of green energy in our factories, aiming for sustainable energy transition. Since 2021, solar power system installations have been initiated in Mainland China and Vietnam, expanding to Indonesia in 2023. Currently, the accumulated solar installation capacity reaches 6.83MW, with a total annual consumption of 5,035.98 MWh in 2023, and ongoing evaluation for further installations. Factories in production bases such as Mainland China, Vietnam, and Indonesia adopt the purchase of Renewable Energy Certificates (REC), with a total purchase of 163,934 MWh in 2023. The group also actively participates in green energy procurement programs in Vietnam and Mainland China. In 2023, the company completed its first green energy procurement in Mainland China, with an accumulated procurement consumption of 5,541.34 MWh. The overall proportion of green energy in our company has increased to 21%.

### Green Energy Consumption in 2023

Expanding Usage of Green Energy					
Green energy type	Solar Energy Consumption			Water Energy Consumption	Geothermal Energy Consumption
	RTS	REC	PPA	REC	REC
Region/Unit	MWh	MWh	MWh	MWh	MWh
Mainland China	3,551.64	-	5,541.34	5,397	-
Indonesia	289.59	-	-	9,783	79,900
Vietnam	1,194.75	50,000	-	18,854	-
Total	5,035.98	50,000	5,541.34	34,034	79,900

### ● Pou Chen Green Energy Percentage

Green Energy		RTS	REC	Direct purchase of green energy (PPA)	Green Energy percentage
Source		MWh	MWh	MWh	%
Unit	2023	5,035.98	163,934	5,541.34	21.02
	2022	2,440.96	110,075	--	12.74
	2021	1,222.76	45,996	--	5.96

Note: Green energy percentage = (RTS + REC+PPA) / (RTS + PPA+Utility Power electricity)

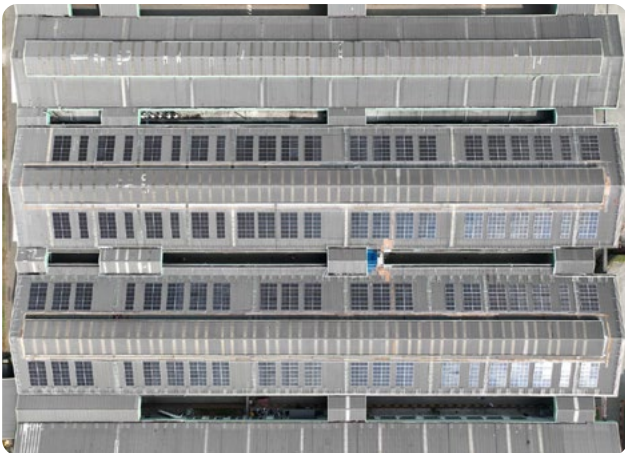
### ● Roof Solar Panels at Manufacturing Sites in Mainland China, Vietnam, and Indonesia.



▲ Mainland China (YS)



▲ Vietnam (Yuede)



▲ Indonesia (Nikomas)

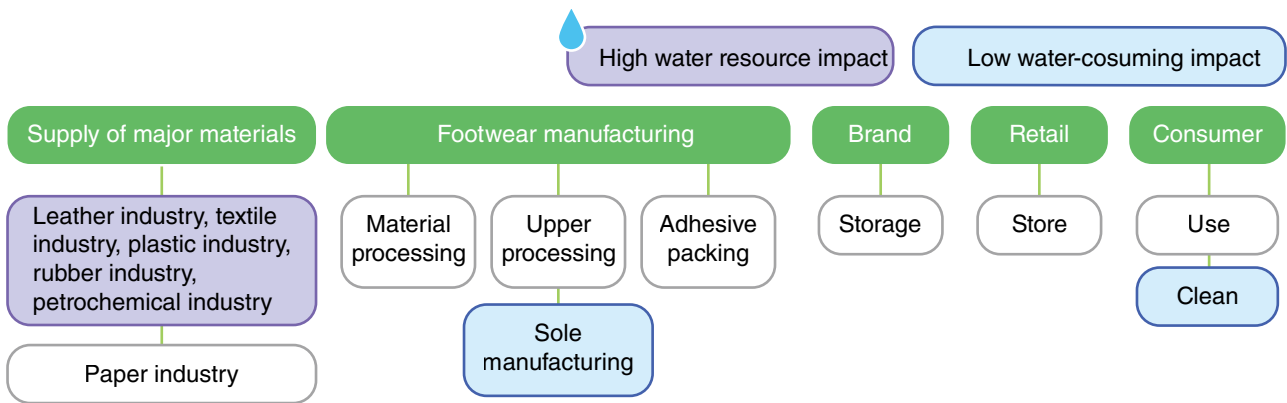


▲ Mainland China (Dongguan Pou Chen)

# 3.3 Water Resources Management

In the footwear value chain, the fabric material dyeing and finishing processes for upper materials have significant water resource impacts due to their high water consumption and pollution characteristics. In contrast, the footwear manufacturing process itself is relatively low in water consumption. The majority of water usage in the factory is for the daily needs of employees, with a small portion required for the out-sole manufacturing process. In response to stakeholders' concerns about the safety and hygiene of drinking water for employees and international attention on water resources, the Company follows its corporate social responsibility policy on water resource management, complies with international laws and regulations, and enhances the efficiency of energy resource utilization. In addition to providing safe water that meets legal water quality standards and discharging water that complies with local regulations, the Company has also formulated management measures and made zero-discharge its wastewater (sewage) management goal. We are working hard toward reusing water resources within plants to avoid excessive depletion of natural water resources.

## Water Resource Impact of Footwear Manufacturing Value Chain



### Continuous promotions in 2023

### Management performance

#### Clean discharge

- Effective treatment with sewage plant treatment facilities.
- Water quality monitoring and daily inspection of environmental risks.

- Both the discharge and the effluent met the control standard
- The results of ZDHC test were in line with the emission limits..

#### Decrement discharge

- Evaluation of reclaimed water reuse project.

Ongoing

#### Recycling

- Reuse project for both the discharge and the effluent.

Continuous evaluation and reuse promotion.

Note: Zero Discharge of Hazardous Chemicals ("ZDHC") is an organization which promotes zero discharge of hazardous chemicals in the textile, leather, shoe-making and other industries.

### Water Resources Risks Assessment

Risks Type	Assessment Factors	Potential Risks/Opportunities	Countermeasures
Policy and Legal	Regulatory Standards	<ul style="list-style-type: none"> <li>Stricter wastewater quality/amount discharge regulatory standards</li> <li>Imposing water consumption fees, sewage fees or environmental protection taxes.</li> <li>Raise in requirement ratio of effluent recycle and reuse.</li> <li>Limit to the amount of water discharge permitted.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the treatment efficiency of water treatment plants, and plan to add advanced treatment technology units as necessary to improve water treatment capacity and reduce pollutant emissions.</li> <li>Actively assess the goal process for water reuse and improve the reuse rate of water resources.</li> </ul>
Technology/ Market	Customer Requirements	<ul style="list-style-type: none"> <li>Investment in new technologies for water treatment.</li> <li>Customers require the Company to provide green products with low water pollution (including materials under low water pollution processes).</li> </ul>	<ul style="list-style-type: none"> <li>Continue to collect and evaluate new water treatment technology solutions and their applicability.</li> <li>Cooperate actively with manufacturers that have passed customer standard verification in line with customer needs.</li> </ul>
Reputation	Major Event Announcement	<ul style="list-style-type: none"> <li>The discharged water quality is not compliant.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the daily self-monitoring mechanism, detect the risk of exceeding the standard at any time and immediately respond to improvement.</li> </ul>
Acute Risks	The frequency of disasters under drastic climate change. Financial damage and recovery	<ul style="list-style-type: none"> <li>The intensity and frequency of disasters in special climates (typhoons, heavy rains, blizzards, floods, etc.) have increased, causing employees to be unable to go to work, damage to plants and facilities, energy resources, and material supply interruptions.</li> <li>The water withdrawal is affected by the deterioration of environmental conditions, which leads to variations in water quality and increases in water resources treatment costs.</li> </ul>	<ul style="list-style-type: none"> <li>Establish an abnormal event notification and response mechanism, including a response mechanism to abnormal events caused by climate risks.</li> <li>Incorporate climate risk into the consideration of the site selection assessment and installation design of the new plant.</li> <li>Strengthen the treatment efficiency of water treatment plants, and plan to add advanced treatment technology units when necessary to improve water quality treatment capacity.</li> </ul>
Chronic Risks	Water Risk Filter (WWF) Water Risk Assessment	Flooding risk and drought risk may cause damage to plant facilities, water supply shortage and poor water quality risks.	Continued focus on international water resources risks and regional early warning information for management decisions.

Based on the index data under the Global Water Risk Filter of the World Wide Fund for Nature (WWF), the water risk level of the country where Pou Chen's overseas production base is located is assessed, and all overseas footwear plants at present in all areas of the Company with limited risk of water stress are identified.

Based on the Risk Maps of Disaster under Climate Change from the National Science & Technology Center for Disaster Reduction, our plant in Changhua, Taiwan has been graded level 2 in the future flooding risk of. However, the drought risk of public water will gradually increase to a medium-to-high risk level. Based on our identification of material topics, water resource issues are currently considered low-impact sustainability concerns compared to other risks. Therefore, we are currently focusing on monitoring international climate change trends and regulatory requirements to address these issues.

### Water Resource Risk Level in Countries Where Pou Chen's Overseas Production Bases Are Located

Water Indicator (Water Risk Filter, WRF)	Risk Level					
	Mainland China	Indonesia	Vietnam	Bangladesh	Myanmar	Cambodia
Basin Physical Risk	2.82	2.05	2.8	2.99	2.32	2.53
Water Scarcity	2.6	1.57	2.23	2.41	2.04	2.32
Flooding	2.86	2.54	4	4.65	3.22	3.73
Water Quality	3.53	No data	2.65	3.73	2.19	1.4
Eco system Services Status	2.69	1.87	3.23	1.72	2.17	2.91

Note: Description of WRF Risk Level: 1.0-1.8: No risk or very limited risk. >1.8-2.6: Limited risk (low risk). >2.6-3.4: Moderate Risk (medium risk). >3.4-4.2: High risk. >4.2-5.0: Very high risk.

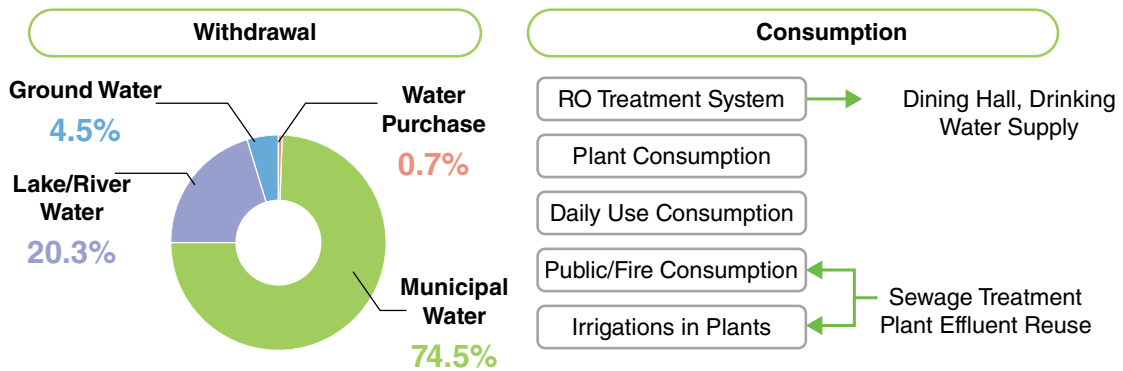
Region	Taiwan			
	Xitun District, Taichung City		Fuxing Township, Changhua	
Risks	Base-Period Risks (1979~2003)	Future Risks (2075~2099)	Base-Period Risks (1979~2003)	Future Risks (2075~2099)
Flooding Risk	Level 5	Level 2	Level 4	Level 2
Drought Risk	Level 2	Level 4	Level 5	Level 5

Source: Risk Maps of Disaster under Climate Change from the Taiwan National Science & Technology Center for Disaster Reduction

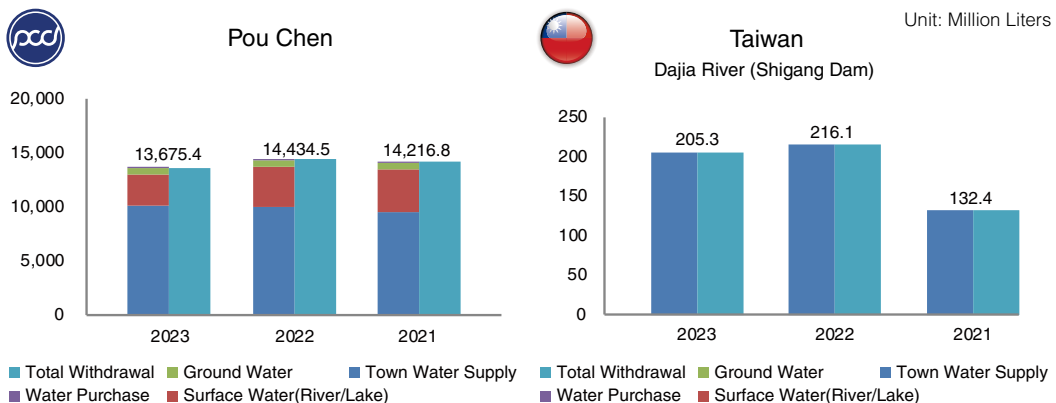
## Water Resource Information

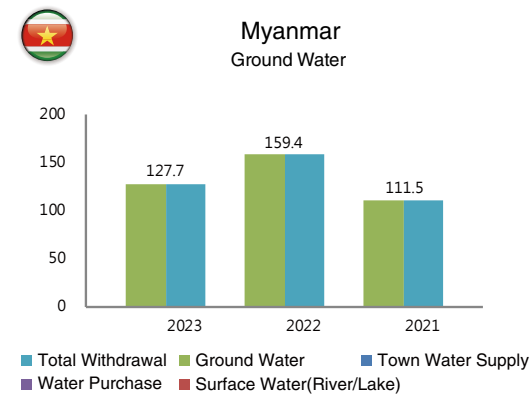
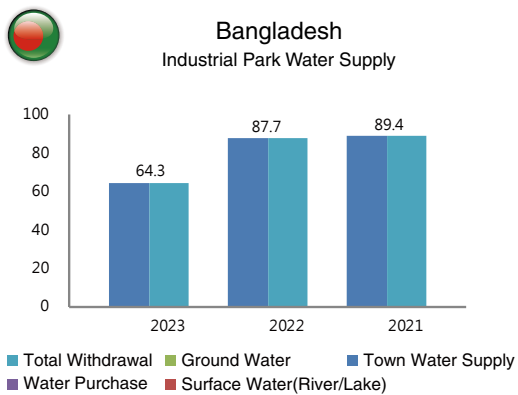
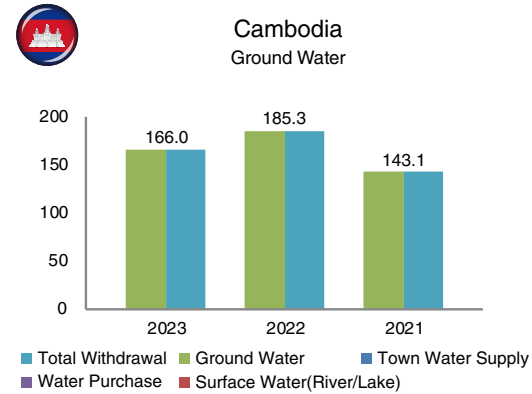
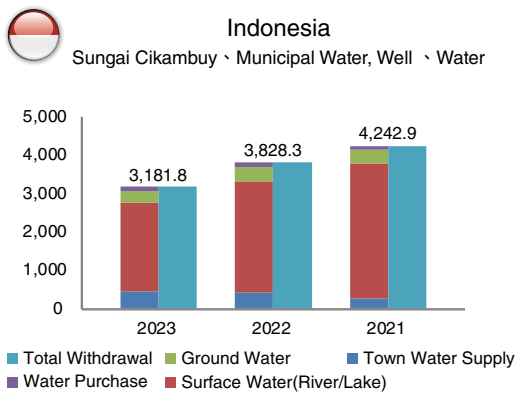
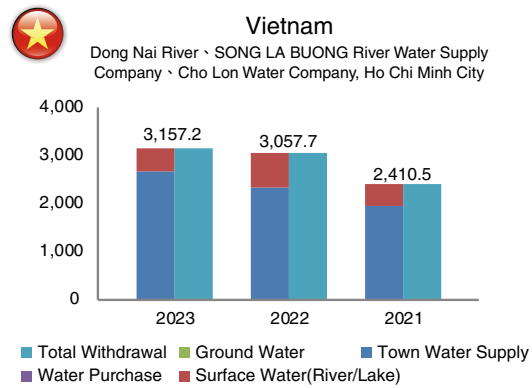
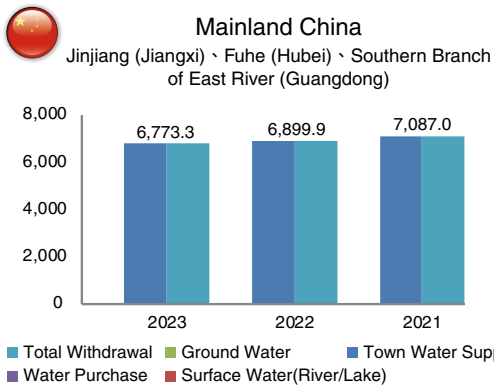
The source of water supply for our main footwear production bases is from local municipal water supply, surface water, ground water; most of it comes from local municipal water supply, and the plant area is equipped with water purification treatment facilities and reverse osmosis (RO) water purification system equipment as needed. The total water consumption of the footwear production bases in 2023 was 13,675.4 million liters, whose water supply and withdrawal were in line with the local government’s permission and had no significant impact on the water source. At the plants in Cambodia whose water supply is mainly from ground water, manmade lakes are built concurrently in the park and, under permission of local environmental evaluation, the discharged water treated via compliant process will influx into the ground water source through natural infiltration so as to reduce the impacts and influences by the withdrawal of ground water source.

For the management of the safe use of water resources, the laboratories of the district administrative centers conduct monthly self-sampling and testing of water quality, and announce the results of water quality testing to all plants, and at the same time regularly send out water quality inspections to the local competent authorities in accordance with law to ensure all kinds of water supplies in the plants comply with local water quality requirements and standards



### 2021~2023 Withdrawal By Footwear Production Bases





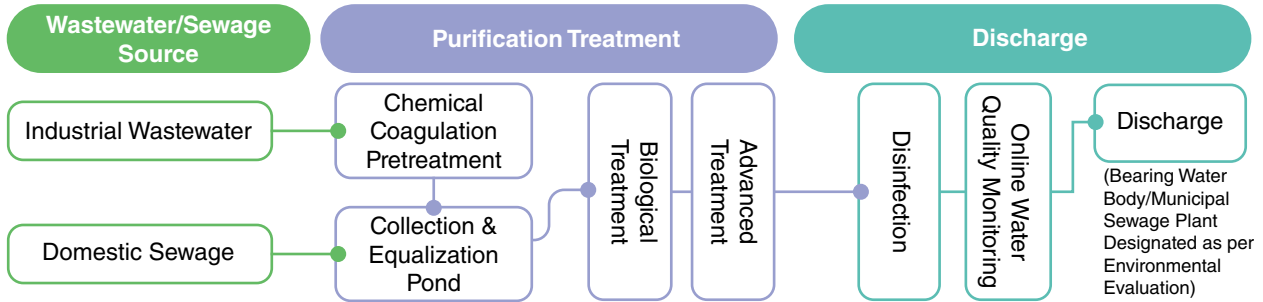
Note: The amount of directly collected and stored rainwater is zero. The amount of draft and use of wastewater from other organizations, including chilled water, is zero.

## Wastewater Discharge Management

The Company formulates "Wastewater Pollution Prevention and Control Management Measures" with legality and compliance as first priority, followed by recycling and reuse, and ultimately the management toward the goal of zero discharge. Following the Group's vision and goal of environmental sustainability and zero waste, phasal management tasks plans are set to strengthen the water resource usage check management and data digitization management. In compliance management, with benchmark of ZDHC discharge limit value meeting local discharge regulations and brand requirements, chances of in-plant reuses of reclaimed water are heightened to meet the requirement of reduced emission, while the mid-to-long-term management goal focuses on the application of treated effluent to potential water source in plant and the strive for the vision and goal of zero emission.

## Wastewater & Sewage Purification and Treatment

In a footwear plant, most sewage is derived from employees' domestic water use, and a trivial portion of such is the industrial wastewater produced from the cleaning, printing and spray works required in the sole manufacturing. Industrial wastewater with high pollutant concentration is treated with chemical coagulation pre-treatment equipment at each plant before merging with large-scale sewage treatment plant for secondary biodegradation and advanced purification treatment.

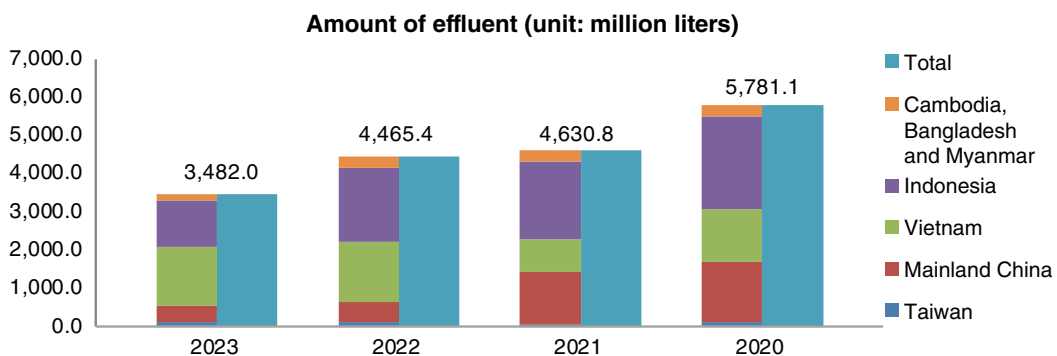


Large sewage treatment plants are furnished dedicated water quality laboratories for water quality testing and monitoring. Meanwhile, inspection agencies approved by the local competent authority are entrusted to conduct sampling and testing of effluent according to law prior to standard-compliant discharge at legal outlets. The discharged water in the independent plant is discharged to the bearing water body specified in the environmental assessment document of the local competent authority in accordance with applicable regulations; plants located in the local development industrial park discharge the effluents into the municipal sewage treatment plant or industrial zone sewage treatment plant following regulations instead of direct discharge to adjacent waters. Some plants are furnished with detention ponds, which accommodate effluents treated by wastewater treatment plants, which serve as the water supply source for the subsequent reuse of water resources in the plant as well as a landmark for employees to relax at after work.

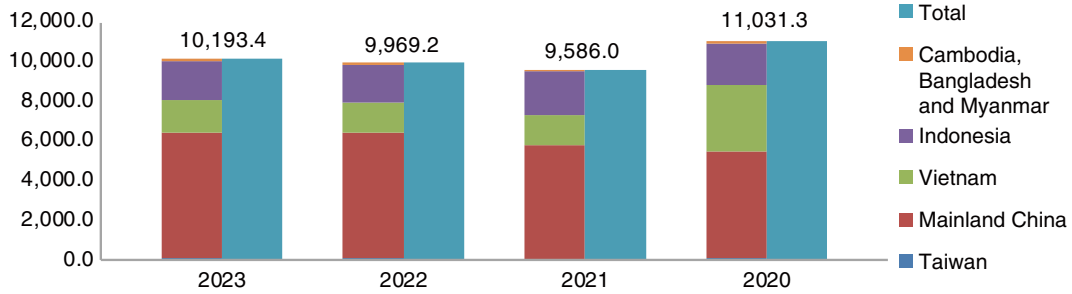
Area	Detection and reporting frequency according to the permit	Discharged water Quality Standard Attainment Rate	Discharged water Quality ZDHC Standard Attainment Rate
Taiwan	2 times / year	100%	No Excessive Substances
Mainland China	2 times / year	100% (Online Monitoring)	No Excessive Substances
Vietnam	4 times / year	100% (Online Monitoring)	No Excessive Substances
Indonesia	4 times / year	100% (Online Monitoring)	No Excessive Substances

Note : Standards for quality of discharged water quality are subject to those as announced by appropriate competent authorities. For ZDHC, please refer to : <https://www.roadmaptozero.com/output?locale=en>

## Amount of Effluent and Water Consumption



### Water consumption (unit: million liters)



Note: The total water consumption is calculated based on the process wastewater + domestic sewage in factory areas.  
 Water consumption = water intake - amount of effluent

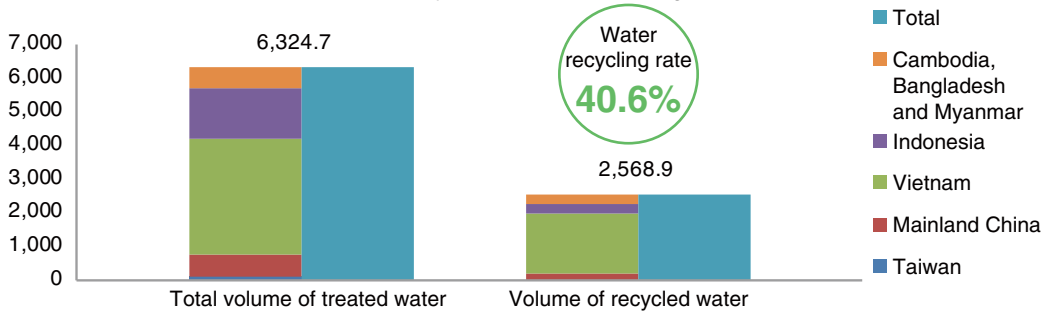
## Water Intensity

Pou Chen's major footwear production bases are primarily located in Mainland China, Vietnam, and Indonesia, accounting for over 90% of the total production. Therefore, the water intensity for footwear is estimated based on the data from these regions. The water intensity in 2023 is approximately 55 liters per pair, calculated according to the total water consumption.

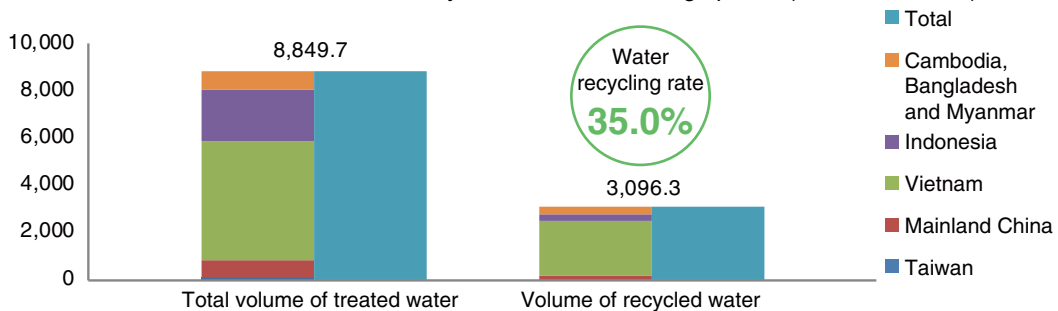
## Recycle of The Treated Water

Pou Chen has effectively increased the amount of sewage collected and treated in factory areas through leak inspection of factory pipelines to reduce the risk of leakage and pollution, and has sought to reuse treated water in factory areas in compliance with the requirements of local laws and regulations to enhance the use of water resources. Restricted by the regulations on the use of recycled water in various places, currently, the treated water can only be reused for watering green plants, flushing toilets and fire drills, etc. in factory areas. Some factories are also equipped with detention ponds to receive the processed water from sewage treatment for other needs within the factories. The water recycling rate of footwear factories under the Company has reached 40.6% (Water recycling rate (%) = volume of recycled water/total volume of treated water).

2023 Volume of treated water and recycled water from sewage plants (unit: million liters)



2022 Volume of treated water and recycled water from sewage plants (unit: million liters)



# 3.4 Waste Management

## Material Topic Management

### Significance to Pou Chen

Waste produced by production processes is classified as hazardous waste and general waste. If hazardous waste is not handled in compliance with regulations, it will have an impact on the surrounding environment. The storage and disposal of waste is a legal requirement from local authorities, and the sorting, storage, removal, and disposal of the waste must be carried out in accordance with local regulations and supervised by the relevant authorities of the local government to ensure legal compliance

### Impact

#### Positive Impact (Actual)

Reduce the impact of pollution on the environment and ensure the health and safety of employees and

#### Positive Impact (Potential)

Increase the affordability of regional pollution treatment to promote environmental protection.

#### Negative Impact (Actual)

Manufacturers do not handle the waste properly and pollute the environment.

#### Negative Impact (Potential)

Risks of violating environmental laws and regulations, affecting operations and company image.

### Policies and Commitments

- Comply with and conform to regulations and other requirements on environmental protection as well as health and safety; establish and implement standard operating procedures based on such regulations and requirements.
- Establish mechanisms for waste management and transportation as well as waste reduction and reuse in accordance with local regulations to reduce the environmental impact of waste.

### Targets and Objectives

- Have a government-approved company carry out the removal and treatment of waste in accordance with local laws and regulations to reduce the impact of industrial activities on employees and residents around the plant and to reduce the impact of waste on the environment.
- Between 2019 and 2022, we conducted extensive field surveys and statistics on the types of waste generated in order to obtain comprehensive information on waste generation. During this period, we strived to consolidate the waste types and to calculate the statistics to ensure we had a detailed understanding of which types of waste were generated from processes. In addition to analyzing internal data, we have also been actively seeking external technologies for testing as well as exploring and evaluating various waste reuse technologies with the aim of finding the most effective solutions. Our goal is to better manage and upgrade waste treatment technologies to promote environmental protection and resource utilization.
- In 2023, our implementation efforts focused on the testing and introduction of external technologies to further enhance the recycling rate of waste generated from processes. This included identifying and adopting new technologies to efficiently handle various types of waste and turn them into valuable resources. The introduction of new external technologies is complemented by collaborations with technology providers, research institutes and government agencies to ensure that the best practices and solutions were adopted.

### Actions Taken

- Planned and established baseline data and reporting mechanisms for waste and communicated with the reporting parties on how to fill in the reporting system and set up baseline data through orientation sessions, so as to confirm the reporting parties' knowledge of the reporting form.
- Through the waste baseline information and reporting mechanism, the content of the reports is verified through a monthly review mechanism. Meanwhile, in order to enhance the recycling rate of waste, the composition and treatment method of waste in each district were verified through the data in the reports, and recycling technologies were tested according to the characteristics of the waste in each district. Once the tests have been completed and technologies were confirmed to be effective, their use was expanded to areas where they were required so that waste treatment methods can shift toward the recycling of resources.
- Through annual audits, we verify the legality of waste treatment providers to ensure their regulatory compliance.

### Assessment Methods

- Monthly waste declaration and review, and environmental regulations compliance and risk verification.
- Completing the collection and verification of waste-related data in the plants.
- Evaluate the digital management mechanism and process.
- Semi-annual review and report meetings on company operations and management.
- Quarterly Environmental Protection, Energy and Health and Safety Committee meetings.

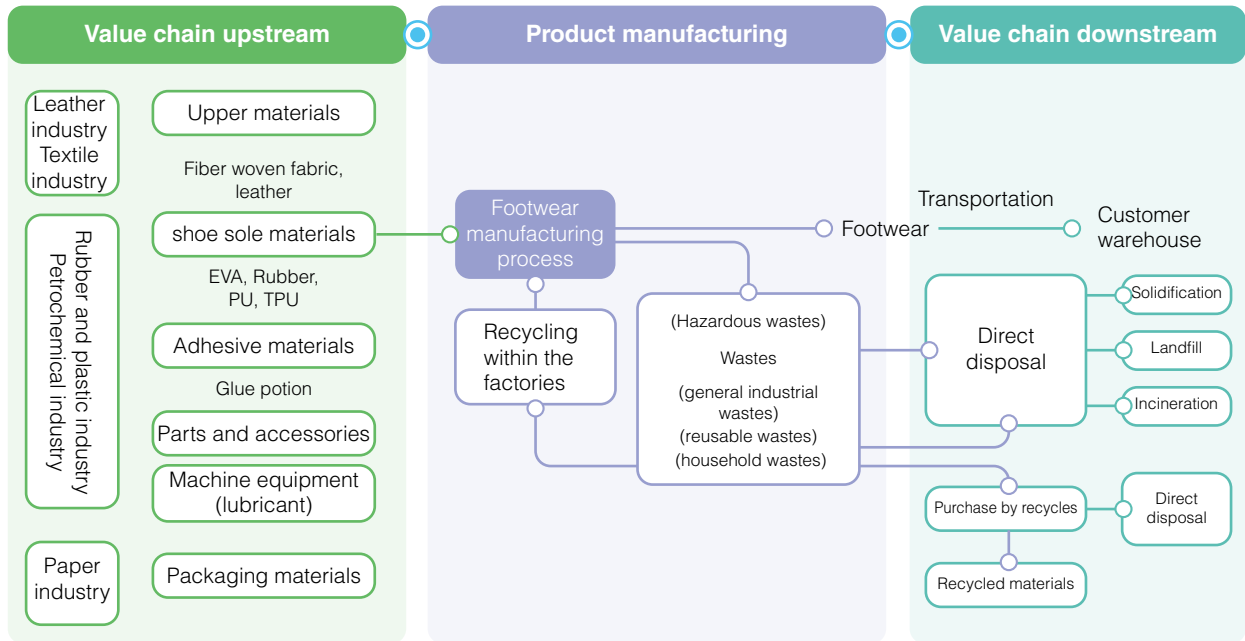
### Stakeholder Engagement

Communication and interactions are conducted regularly or irregularly according to the stakeholder engagement mechanism and information is disclosed in sustainability reports, on relevant platforms or on our website.

### Corresponding Sustainability Indicators

GRI 306  
SDG 12

### Waste Flow in the Footwear Manufacturing Value Chain

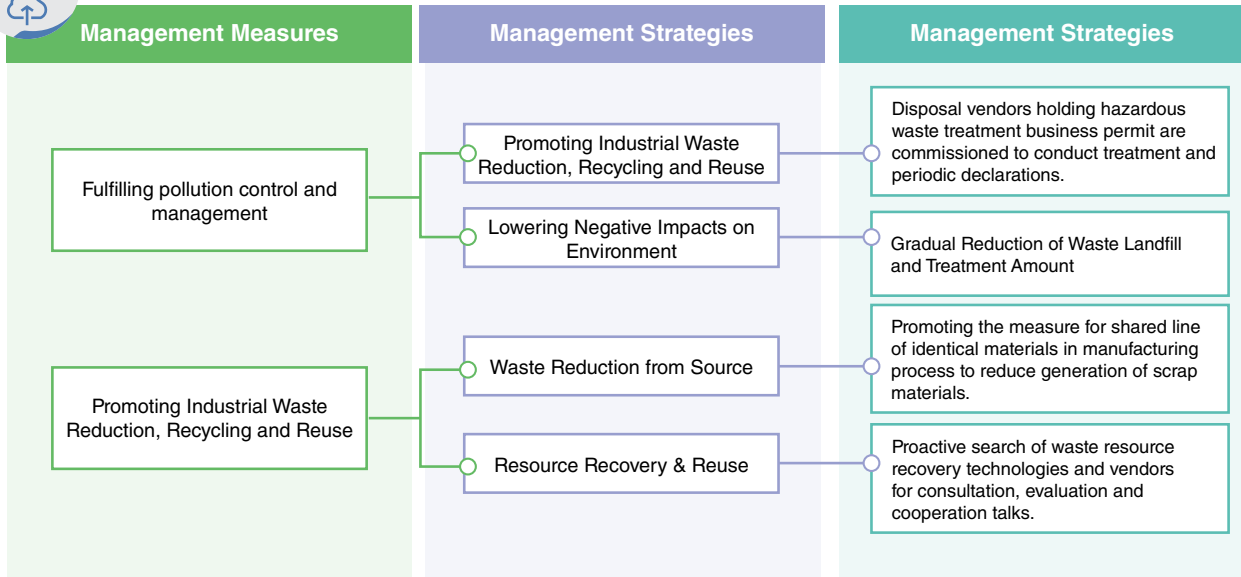


The composition of industrial waste in the footwear industry is relatively complex. The Company's waste management objectives are focused on legal transportation and treatment as well as reducing the negative environmental impact, while the long-term management direction leans toward waste reduction at the source and the recycling of resources. All waste in the plants is handled by government-certified companies in accordance with local laws and regulations. Waste that can be recycled and reused is sorted and collected according to the categories set by our brand customers.

To ensure that waste is properly handled by disposal vendors, the Company collaborates with the local administrative center to regularly oversee the waste cleaning and disposal process. By recording information related to the commissioned waste collection and transportation, we confirm that the waste is effectively cleared and processed.

At the same time, the Company is actively exploring ways to reuse waste produced by shoe plants. Currently, the Company is collaborating with See Green Industrial Co., Ltd. to jointly apply for the qualification for case-by-case reuse, and after many technical verifications and plant visits by experts and scholars, the Company obtained the qualification for case-by-case reuse of waste shoe materials issued by the Ministry of Economic Affairs in January 2024, which is also the first time that the qualification for case-by-case reuse of waste shoe materials was issued in Taiwan. Other reuse technologies are still being researched and tested.

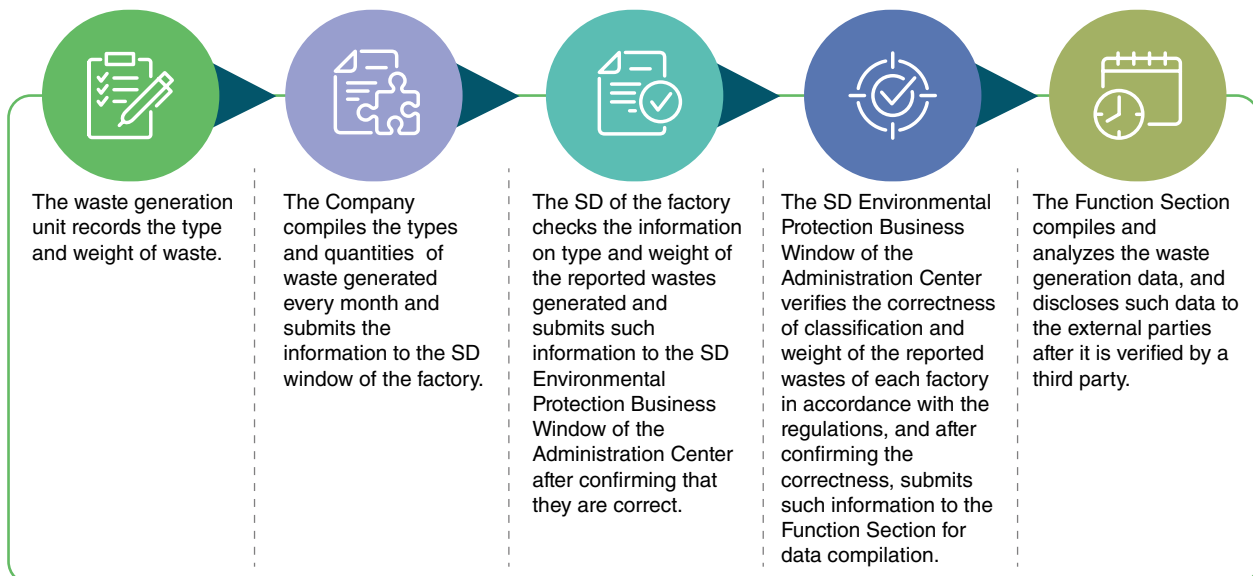
0 Zero Waste



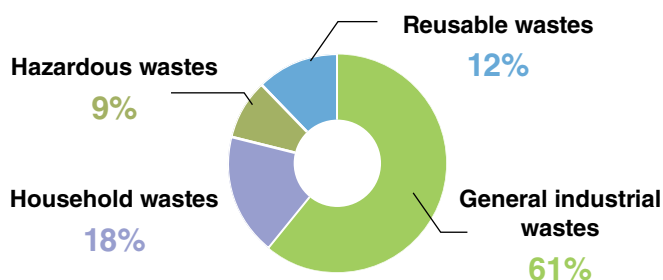
## Waste Classification and Treatment

Wastes in the factories are mainly classified into hazardous (toxic, inflammable, corrosive, etc.) and non-hazardous wastes, and non-hazardous wastes can be further divided into three types of wastes, namely general industrial wastes, reusable wastes and household wastes. The disposal methods of wastes can be divided into landfill, incineration, incineration-thermal energy recovery, recycle, solidification and chemical treatment. The Recycle Materiel Control Center is established within the factory area, where uniform collection, classification, measurement and reporting is performed. A local qualified disposal service provider is engaged for general industrial wastes disposal. As for the hazardous industrial wastes, the Group follows local laws and regulations of the operation to identify, classify and store such wastes in a dedicated hazardous waste storage area, and appoint dedicated staff to manage. Local recycling companies that have hazardous industrial waste disposal operation licenses are engaged to handle subsequent delivery and processing. However, there is no cross-border transportation or entrusted treatment.

The total volumes of wastes handled by Pou Chen in 2023 were 62,435.3 metric tons, with 5,347.0 metric tons of hazardous wastes and 57,088.3 metric tons of non-hazardous wastes. 100% of wastes generated were disposed of in accordance with the local government's regulations on wastes, and assigned to local compliant service providers with periodic confirmation of handling process to ensure that the wastes were properly handled.



### ● Proportion of Waste Categories in Production Regions (%)



#### Annual test projects (ongoing)

##### Clean emission

- Categorization collection and statistical analysis.

##### Emission reduction

- Increase in the usage ratio of recycled EVA waste as an alternative to raw materials in footwear factories to reduce the amount of EVA waste produced.

##### Recycling

- Recycling experimentation with manufacturers to convert wastes into fuel rods, soundproof mats, carpets, plastic mats, etc.

### ● Weight of Waste Categories in Production Regions

Unit: Tons

Region	Year	Hazardous Waste	General Waste			Total
			General industrial Waste	Reusable waste	Household waste	
Taiwan	2023	25.6	74.8	52.3	95.4	248.1
	2022	21.3	157.0	35.3	117.6	331.3
	2021	22.1	105.4	35.4	174.9	337.8
	2020	26.9	177.9	54.3	201.2	460.3
Mainland China	2023	839.6	3,657.4	1,183.7	279.1	5,959.8
	2022	641.3	3,714.9	2,208.1	950.1	7,514.4
	2021	872.0	3,221.3	1,673.7	1,614.1	7,381.1
	2020	793.9	5,872.6	1,178.9	4,632.5	12,477.9

Region	Year	Hazardous Waste	General Waste			Total
			General industrial Waste	Reusable waste	Household waste	
Vietnam	2023	1,178.7	15,588.7	3,067.5	5,266.3	25,101.3
	2022	3,174.1	19,869.0	6,651.0	6,425.5	36,119.5
	2021	2,466.9	16,362.2	4,532.1	3,562.2	26,923.4
	2020	3,435.8	22,540.6	27,771.8	4,670.2	58,418.4
Indonesia	2023	2,070.4	17,208.4	3,099.7	5,433.5	27,812.0
	2022	2,238.9	21,661.2	2,086.0	6,883.5	32,869.6
	2021	2,023.9	15,115.7	2,696.4	6,795.9	26,631.9
	2020	1,753.8	13,072.7	635.5	6,081.2	21,543.2
Cambodia	2023	45.6	380.9	162.2	350.1	938.8
	2022	48.3	381.6	225.9	250.1	905.9
	2021	37.8	466.8	111.8	185.8	802.2
	2020	19.4	-	-	140.0	159.4
Bangladesh	2023	32.3	426.8	3.2	29.1	491.2
	2022	19.7	307.4	333.6	69.4	730.1
	2021	18.7	319.6	379.1	666.0	1,383.3
	2020	32.8	193.8	153.3	11.2	391.1
Myanmar	2023	1,154.8	490.9	108.0	130.2	1,884.0
	2022	98.5	489.7	-	322.1	910.3
	2021	122.8	187.0	-	667.7	977.5
	2020	154.2	241.8	-	643.4	1,039.4
Total	2023	5,347.0	37,828.0	7,676.6	11,583.7	62,435.3
	2022	6,242.2	48,302.3	9,818.3	15,018.2	79,381.0
	2021	5,564.2	35,778.0	9,428.5	13,666.6	64,437.2
	2020	6,216.8	42,099.4	29,793.8	16,379.7	94,489.7

\* The amount of employee household waste in Mainland China is estimated by multiplying the number of employees by 0.25 kg per employee.

\* The waste statistics are all based on off-site processing data.

### ● Weight of Waste by Treatment Method in Production Regions

Unit: Tons

Type	Region	Year	Landfill	Incineration	Incineration-Thermal Energy Recovery	Reuse	Solidification	chemical treatment	Total	
Hazardous Waste	Taiwan	2023	-	25.5	0.2	-	-		25.6	
		2022	-	21.3	-	-	-		21.3	
		2021	-	22.1		-	-		22.1	
		2020	-	26.9	-	-	-		26.9	
	Mainland China	2023				818.0	21.6			839.6
		2022	-	-	628.4	12.9	-			641.3
		2021	-	817.6	0.1	54.3	-			872.0
		2020	234.5	449.4	-	110.0	-			793.9
	Vietnam	2023	5.6	576.0	452.4	144.6				1,178.7
		2022	0.4	409.3	2,516.6	247.8	-			3,174.1
		2021	4.9	1,905.3	286.6	270.1	-			2,466.9
		2020	3.2	2,427.7	356.1	646.2	2.5			3,435.8
	Indonesia	2023	703.6	1.1	890.6	475.1	-			2,070.4
		2022	1,143.1	-	766.0	329.8	-			2,238.9
		2021	967.9	-	787.7	268.2	-			2,023.8
		2020	833.8	-	620.8	299.1	-			1,753.8
	Cambodia	2023	33.2		12.4					45.6
		2022	-	-	-	48.3	-			48.3
		2021	-	-	-	37.8	-			37.8
		2020	-	-	-	19.4	-			19.4
Bangladesh	2023				32.2				32.3	
	2022	1.3	3.8	-	14.6	-			19.7	
	2021	7.7	-	-	11.0	-			18.7	
	2020	17.7	-	-	15.1	-			32.8	

Type	Region	Year	Landfill	Incineration	Incineration- Thermal Energy Recovery	Reuse	Solidification	chemical treatment	Total	
Hazardous Waste	Myanmar	2023	35.0			10.8		1,109.0	1,154.8	
		2022	98.5	-	-	-	-		98.5	
		2021	122.8	-	-	-	-		122.8	
		2020	154.2	-	-	-	-		154.2	
General Waste	Taiwan	2023		39.8	130.5	52.3			222.5	
		2022	-	17.1	247.1	45.8	-		310.0	
		2021	-	270.5		45.2	-		315.7	
		2020	-	379.1	-	54.3	-		433.5	
	Mainland China	2023				3,239.4	1,880.8			5,120.2
		2022	-	-		4,507.7	2,365.4	-		6,873.0
		2021	68.7	2,418.7	2,362.8	1,659.0	-		6,509.2	
		2020	160.4	6,657.3	3,058.8	1,807.4	-		11,684.0	
	Vietnam	2023	3,393.0	4,123.0	8,256.7	8,149.9				23,922.6
		2022	2,215.6	2,872.7	18,123.5	9,733.7	-			32,945.4
		2021	1,635.0	12,651.1	4,315.3	5,855.1	-			24,456.5
		2020	3,246.9	14,209.3	5,553.7	30,361.8	1,611.1			54,982.6
	Indonesia	2023	4,750.1			12,533.0	8,458.5			25,741.6
		2022	4,228.0	-		14,228.4	12,174.3	-		30,630.7
		2021	5,096.0	-		12,071.6	7,440.6	-		24,608.2
		2020	3,896.7	207.4		8,659.7	7,025.7	-		19,789.5

Type	Region	Year	Landfill	Incineration	Incineration-Thermal Energy Recovery	Reuse	Solidification	chemical treatment	Total
General Waste	Cambodia	2023	585.9			307.2			893.2
		2022	631.6	-	-	225.9	-		857.5
		2021	652.5	-	-	111.9	-		764.4
		2020	140.0	-	-	-	-		140.0
	Cambodia	2023	45.8	162.3		251.0			459.0
		2022	20.4	402.6	-	287.5	-		710.4
		2021	1,062.6	-	-	302.0	-		1,364.6
		2020	178.8	-	-	179.4	-		358.2
	Myanmar	2023	299.8			321.3	108.0		729.1
		2022	322.1	-		489.7	-	-	811.8
		2021	854.7	-	-	-	-		854.7
		2020	885.2	-	-	-	-		885.2
Total	2023	9,852.0	4,927.5	26,654.5	19,892.2		1,109.0	62,435.3	
	2022	8,661.0	3,726.7	41,507.3	25,486.0	-		79,381.0	
	2021	10,472.8	18,085.3	19,824.0	16,055.3	-		64,437.4	
	2020	9,751.3	24,357.1	18,249.1	40,518.6	1,613.6		94,489.7	

Note : Waste treatment has been handled by Landfill, Incineration, Incineration-Thermal Energy Recovery, and Reuse pursuant to regulations without on-site storage or composting.

## Waste Intensity

The major footwear production bases of Pou Chen are mainly in Mainland China, Vietnam and Indonesia, accounting for more than 90% in total. Therefore, the waste intensity of footwear is estimated based on that of Mainland China, Vietnam and Indonesia. The hazardous waste intensity is approximately 0.03kg/pair, which is estimated according to total hazardous wastes; general waste intensity is 0.32 kg/pair (Waste statistics are calculated based on all the waste produced in the factories, including general industrial wastes, reusable wastes and household wastes.)





# 3.5 Air Pollutant Management



## Material Topic Management

### Significance to Pou Chen

Air pollutants include volatile organic compounds (VOCs), sulfur oxides, nitrogen oxides, and particulate pollutants from flue gas of biomass boilers. The flue gas from boilers is emitted through ducts and regularly inspected. Both meet the emission standards. VOCs are treated by pollution prevention facilities in accordance with national environmental regulations and are discharged directly after meeting local emission standards.

### Impact

-  **Positive Impact (Actual)**  
Reduce the impact of pollution on the environment and ensure the health and safety of employees and communities.
-  **Positive Impact (Potential)**  
Improve air quality and reduce the occurrence of acid rain.

-  **Negative Impact (Actual)**  
Production sites do not properly handle air pollutants and pollute the environment.
-  **Negative Impact (Potential)**  
Risks of violating environmental laws and regulations, affecting operations and company image.

### Policies and Commitments

- Air Pollution Prevention and Control Management Regulations
- Prioritize compliance with local emission standards and reduce the impact of industrial activities on employees and residents living near the plants.
- Comply with and conform to regulations and other requirements on environmental protection as well as health and safety; establish and implement standard operating procedures based on such regulations and requirements.
- Establish prevention and control equipment and conduct air pollutant emissions testing in accordance with local regulations to ensure that we comply with the emissions standards of local regulations.

### Targets and Objectives

- Establish prevention and control equipment and conduct air pollutant emissions testing in accordance with local regulations to ensure that we comply with the emissions standards of local regulations and reduce the impact of air pollutants emissions on the environment.
- Set up a source card-controlled mechanism for prevention equipment to ensure the processing efficiency of the equipment installed, conduct an inventory of equipment types and operating parameters, and optimize the operation of the equipment installed to ensure processing efficiency.

### Actions Taken

- Equipment design review and control mechanism, regional environmental risk checking mechanism.
- In 2023, 20 pieces of additional pollution prevention equipment were installed, including dust treatment systems, activated carbon adsorption and other air pollution prevention equipment to ensure compliance with local regulations.
- Assessed the demand for the installation of pollution prevention equipment for high-risk events in accordance with the environmental risk check mechanism of the plants; carried out improvement works in advance to ensure that the processing technology, quantity, and efficiency of the air pollution prevention equipment installed at the plants meet the requirements of local regulations.

### Assessment Methods

- Monthly environmental compliance risk verification and improvement rate: 100% annual implementation rate of internal environmental risk assessment in 2023. A total of 328 air pollution management risk events were reported; the improvement completion rate was 95%, and the remaining improvements are in the process of being completed and obtaining approval, and they are being continuously tracked and managed.
- Semi-annual review and report meetings on company operations and management, along with quarterly Environmental Protection, Energy, and Health and Safety Committee meetings.

### Stakeholder Engagement

Communication and interactions are conducted regularly or irregularly according to the stakeholder engagement mechanism, and information is disclosed in sustainability reports, on relevant platforms or on our website.

### Corresponding Sustainability Indicators

GRI 305  
SDG 12

Air pollutants from footwear include VOCs (Volatile organic compounds), sulfur oxides, nitrogen oxides and particulate pollutants from fuel boiler gas. With respect to the prevention and management of air pollution, the Company has formulated the "Guidelines on Air Pollution Control Management". The first guiding principle is to keep the emission in line with the local emission standards. The Company has strengthened its daily environmental management efforts in terms of management, carried out complex pollution prevention and control projects and conducted air pollution emission tests in accordance with the requirements of local competent authorities to ensure compliance with the emission standards stipulated by local laws and regulations.

Since the fuel boilers at overseas production bases have gradually been outsourced, the control of VOCs generated from the manufacturing process has also gradually changed from fugitive emissions to pipeline collection and treatment. For the management of VOCs emissions, the Group has complied with the environmental assessment requirements stipulated by the competent authorities in every production base and has set up necessary and effective collection and treatment facilities. For the production bases in Mainland China, in addition to establishing facilities for comprehensive treatment and purification, the Group has gradually installed online monitoring facilities to tighten its management on air pollutant emission, so as to assume the corporate responsibility of improving air quality in the local areas.

### ● Air Pollutant Emission From Footwear Manufacturing Bases Through Collection and Treatment Pipes

Region	Year	Particulate (Kg/year)	SO <sub>2</sub> (Kg/year)	NO <sub>x</sub> (Kg/year)	VOC (kg/year)
Mainland China	2023	6,095	5.9	2.4	5,940.4
	2022	4,266.3	49.5	891.4	5,428.5
	2021	6,097.8	35.3	5,668.2	3,377.0
Indonesia	2023	732.3	1408.5	4241.3	-
	2022	1,808.6	6,919.1	26,775.6	-
	2021	340.2	119.7	5,604.7	-
Vietnam	2023	1860.9	1559.4	3788.5	-
	2022	5,973.7	1,618.8	7,149.9	-
	2021	4,708.7	1,131.7	9,816.2	-
Taiwan	2023	-	19.7	8.7	51,141.4
	2022	-	23.6	10.9	55,780.7
	2021	-	18.6	1.9	50,544.2
Total	2023	8,688.2	2,993.4	8,040.9	57,081.8
	2022	12,048.6	8,611.0	34,827.8	61,209.2
	2021	11,146.7	1,305.3	21,091.0	53,285.7

Note: Calculation of air pollution emissions: For Mainland China and Taiwan, data from government-reported air pollution fees are used for statistics; for Indonesia, estimates are based on biannual boiler emission inspection reports; for Vietnam, statistics are based on boiler online monitoring data.



### ❖ Bearing Responsibility for Sustainable Procurement and Products

Stakeholders are increasingly concerned about whether companies take into account the management of social and environmental issues in their procurement and manufacturing process, so as to reduce cost, prevent damages to reputation and mitigate the risk of supply interruptions. Pou Chen incorporates the ESG performance of suppliers into the selection and management process, and creates a sustainable and resilient supply chain by establishing a responsible and transparent supply chain management framework. In addition, we follow the chemical management systems of brand customers to ensure safe use of products.

CHAPTER 4

# Responsible Production

4.1 Procurement of Raw Materials

4.2 Supply Chain Management

4.3 Products and Services



# 4.1 Procurement of Raw Materials

## Selection of Raw Materials

The selection of raw materials is an important factor in the manufacture of quality products. Pou Chen provides product manufacturing services for international quality brands and attaches importance to any customer requirements for product quality. From product development and design to manufacturing, raw materials are selected in strict compliance with the specifications of relevant international products and brand customer material, the standard requirements of the MRSL and the ZDHC, and at the same time, the Group actively adopts materials that conform to the requirements of brand customers for environmentally sustainable materials. For the procurement management of raw materials, the Group not only requires material suppliers to sign commitment documents for zero use of prohibited and restricted substances and provide relevant material inspection reports, but also conducts sample tests on specific materials to ensure that the quality meets the requirements.

## Create A Restricted Substances List (RSL)

Various chemicals, including but not limited to melt glue, leather treatment agents, accelerators and activators, are used in the process of leather, cloth and sole treatment, sewing and gluing for all kinds of shoes. In order to prevent the negative impact of chemicals on human health and the natural environment, Pou Chen follows the RSL provided by various international brands, the RSL announced by the "Apparel and Footwear International RSL Management (AFIRM) Group" and the MRSL (Manufacturing Restricted Substances List) published by the ZDHC (Zero Discharge of Hazardous Chemicals) Alliance, to control the restricted substances in the raw materials purchased according to the limit of such regulations, and regularly update the restricted substances lists for companies on an annual basis according to the regulations of brands.

The procurement department of Pou Chen strictly requires all raw material suppliers, in cooperation with designated laboratories, to provide samples of all raw materials for testing in accordance with the test standards. Only qualified raw materials with test reports would be purchased, and all test reports are valid for one year. Suppliers are required to regularly provide samples for testing to ensure that the test results meet the standards.

ZDHC-MRSL
AFIRM




Brand RSL








## Management Labeling and Storage of Chemicals

Attaching great importance to the safety of people and environmental protection, Pou Chen has formulated the "Chemical Management Operation Guidelines" as the basis for chemical processing and storage to reduce the risks of harm caused by chemicals. All suppliers of the chemicals we purchased shall provide Material Safety Data Sheet (SDS) which contains the information of each chemical.

In order to manage all chemicals in a unified manner, in a unified manner, a daily inspection of chemical compartment equipment is carried out by factory personnel, and a regularly updated inventory list is prepared in each factory of Pou Chen, which records the name, composition, capacity, supplier name, storage location, production/storage date, shelf life and other information of the chemical. The chemicals are stored in designated warehouses that are dry, ventilated, and free from direct sunlight, and are strictly controlled by dedicated staff. Hazard labels are posted on all chemical containers with Chinese / local language, and SDS are posted in a conspicuous place within one meter of the storage location of chemicals in the warehouses.



▲ Clearly marked on the outside of the container



▲ Post warning signs outside the warehouse



▲ Container Material Compatibility Comparison Table/GHG Labeling

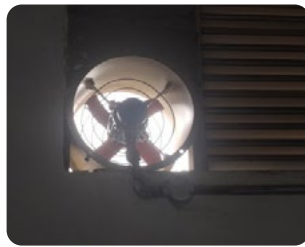


▲ SDS

All chemicals are used in accordance with the principle of "first in, first out" to ensure that they are used up before expired or gone bad. The designated warehouses where chemicals stored are equipped with fire extinguishers, exhaust fans, lightning protection devices, eye washers and leakage prevention devices.



▲ Explosion-proof lights/ explosion-proof lines



▲ Ventilation device



▲ Eyewash Station

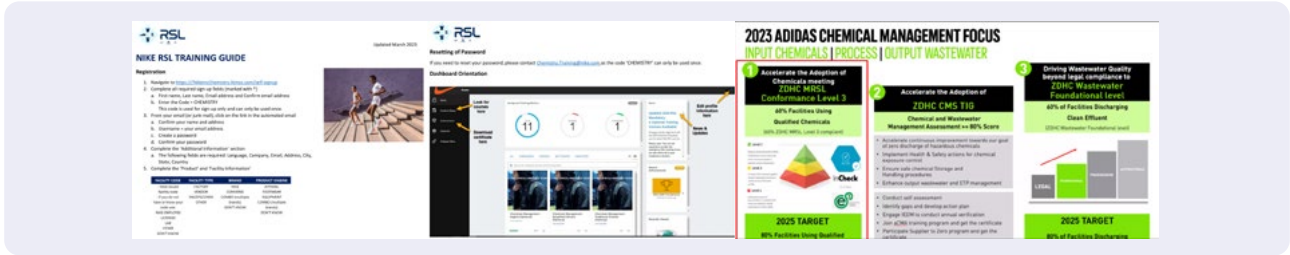


▲ Emergency Exit

## Staff Education and Training

Regular education and trainings are necessary for ensuring the safety of chemical users and employees who may be exposed to hazardous chemical in their workplaces. Pou Chen conducts chemical leakage drills on a semi-annual basis and holds chemical education and training courses as well as leakage disaster prevention drills on an annual basis, to improve employees' basic knowledge of chemicals and emergency response capabilities. We help employees learn more about emergency response measures to reduce the probability of disasters that may be caused by hazardous chemicals. In addition to its internal education and training, Yue Yuen also provides online training courses of its brand customers for on-site staff to learn the latest RSL list policy and practice, chemical/sample testing methods, review process, chemical management and other information. Furthermore, Pou Chen also conducts chemical leakage drills on a regular basis, for which it assigns responsibilities within the disaster relief system and develops the response process according to the proposed drillplan.

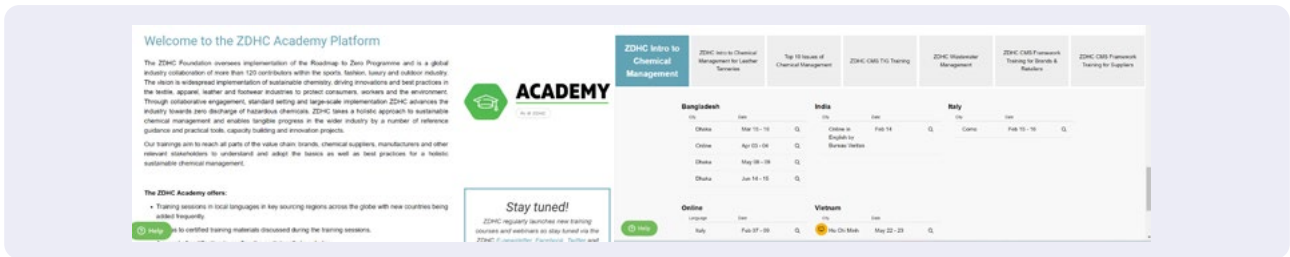
### Brand Education and Training Materials



### AFIRM Chemical Toolkit



### ZDHC Online Training Platform



## Procurement of Raw Materials for Footwear Manufacturing

The raw materials for the footwear manufacturing industry are generally categorized into upper materials and sole materials. The upper materials consist of knitted fabrics (woven fabrics/non-woven fabrics), chemical raw materials, natural leather, synthetic leather and related accessories. Sole materials (chemicals) primarily include rubber, EVA resin (ethylene/vinyl acetate copolymer), and TPU resin (polyurethane). All materials must conform to the standards set by brand customers, such as passing tests conducted by third-party physical property testing agencies and shall not appear on the MRSL. In recent years, the Company has been actively working with its partners to explore the application of various environmentally friendly materials in footwear.

In 2023, the Company purchased approximately 1,601 (10k tons) of raw materials for footwear manufacturing, of which 1,345 (10k tons) were non-renewable materials and approximately 256 (10k tons) were renewable materials.

Note: Pou Chen started process improvement and system integration from 2019, and the weight information of purchased materials was disclosed in stages depending on the degree of integration.

The weight of each preferred raw material is presented based on the purchase amount as follows:

Preferred raw material	Raw materials	
	Weight (tons)	Weight (10k tons)
1	Textile and velvet	57.57
2	Injection Materials	16.84
3	Genuine leather	153.73

Note: Strategic suppliers of Genuine leather are 100% certified by the Leather Working Group (LWG) and the purchase weight is approximately 96.39 (10k tons).

# 4.2 Supply Chain Management

## Material Topic Management

### Significance to Pou Chen

The purpose is to provide customers with quick-response services, continuously improve manufacturing processes, enhance capacity of flexible production and build a material supply system that responds quickly and keeps up with the market.

### Impact

- 😊 **Positive Impact (Actual)**  
Cost, Revenue, Operational Risk, Commercial Competitiveness.
- 😊 **Positive Impact (Potential)**  
The stability and speed of material supply, while improving the sustainable management of the company's overall supply chain.

- 😞 **Negative Impact (Actual)**  
Suppliers do not meet company or regulatory requirements, resulting in unstable supply of raw materials.
- 😞 **Negative Impact (Potential)**  
The supply chain indirectly damages the company's image.

### Policies and Commitments

#### Supplier Management Policy



- Improving supplier management
- Supply chain management

#### Supplier – Friendly Workplace Guideline



- Strengthening the management mechanism for procurement
- Innovative, research and development

### Targets and Objectives

- Strengthening supply chain management/improving manufacturing process/innovative design, to serve manufacturing/customers in the most innovative way.
- 2023 Targets:
- Improving supplier management: (1) rapid response in the supply chain (L4L/SLT/strategic outsourcing); (2) supplier evaluation to retain qualified suppliers and weed out disqualified ones; (3) procurement trend analysis and response.
  - Strengthening the management mechanism for procurement: (1) optimizing the procurement process; (2) improving system management efficiency; (3) refining project contracting.

### Actions Taken

- Adhere to the procurement principle of "develop locally and source nearby", and actively cooperate with local suppliers.
- Evaluate suppliers' performance regularly and implement hierarchical management.
- Organize supplier product exhibition to promote innovation technology and communications on product information between the industry and suppliers.
- Launch SAP ERP system.
- Continue to implement supplier contract signing to ensure the rights of both parties and legal compliance of cooperation.
- Evaluate the overall performance of suppliers according to quantitative indicators such as quality and sustainable development, and hold discussion for improvement plan to intensify the management.
- Through the supplier product exhibition, the Group's R&D staff and suppliers can face to face discuss and share information of innovative materials, automatic production equipment information and environmental protection and energy conservation issues.
- Strengthen the supply chain system of the Group; improve the supplier management mechanism; enhance the procurement contracting process.

### Assessment Methods

- Report at regular meetings, review the target achievement rate, and continue to promote material procurement management and supplier management according to the established goals.

### Stakeholder Engagement

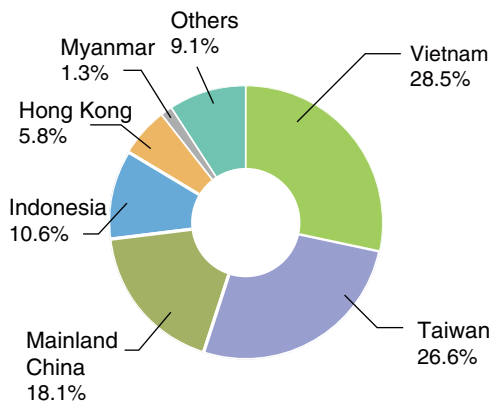
Business communication/e-mail and telephone contact, regular assessment and review meetings for suppliers.

### Corresponding Sustainability Indicators

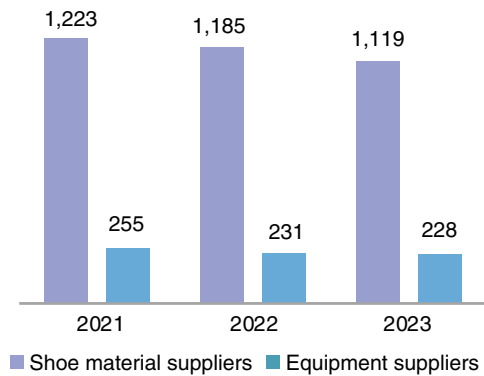
GRI 308/GRI 414      SASB  
SDG 12                      CG-AA-430a/430b/440a/000.A

Adhering to the Company's long-standing business philosophy, we understand that mutual growth with suppliers is the key factor in the implementation of sustainable supply chain management. In recent years, through integration of resources and cooperation in know-how and technology, the Company connects the upper, middle and lower streams of the footwear manufacturing industry to continuously establish a complete supply chain system of the Company. By focusing on local and flexible supply, we expect to shorten our delivery time and respond quickly to the market demand, thereby enhancing brand reputation and customer satisfaction. On the other hand, we also work together with our brand customers and partners on the issues of application of innovative materials and environmental sustainability.

### ● Distribution of Supplier Registration Regions



### ● Number of Suppliers which Maintained Trading with the group for 3 Consecutive Years

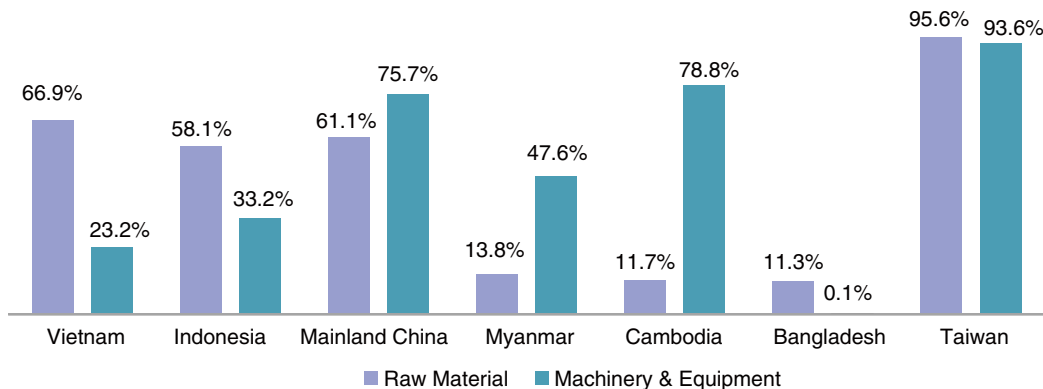


The main suppliers (Tier 1) of the Company comprise of: material suppliers, shoe equipment suppliers, engineering contractors and service contractors. In 2023, there were no significant changes in the location of our suppliers of materials/shoe equipment, supply chain structure and supplier relationships as compared to the previous year, while service contractors were subject to necessary adjustments or changes depending on their contract terms.

## Local Purchase

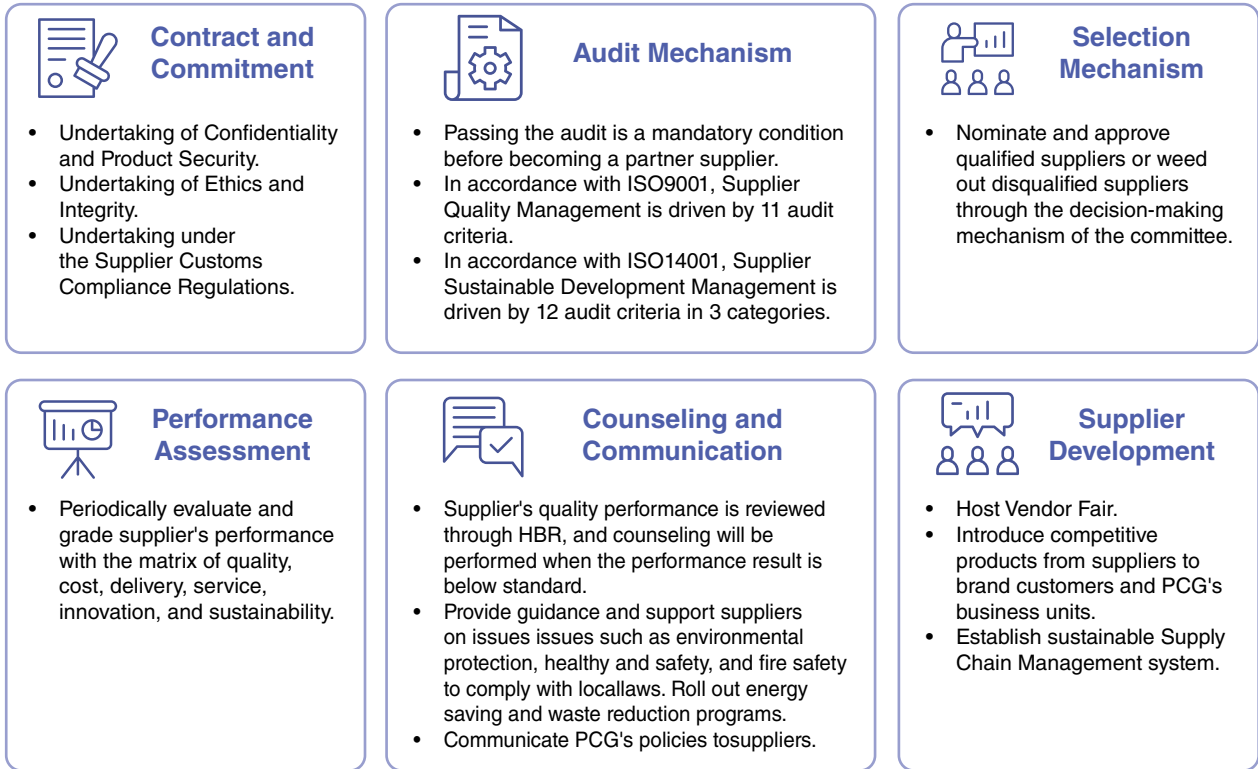
To conform with the brand strategy and quickly respond to market demand, the Company adheres to the procurement principle of "develop locally and source nearby" and actively cooperates with local suppliers to reduce supply risks, operating costs and carbon emissions caused by long-distance transportation.

The Company's footwear production bases include Mainland China, Vietnam, Indonesia, Cambodia, Myanmar and Bangladesh. Among them, the first four bases accounted for 95.6% of the purchase amount of materials and equipment, making them important production bases.

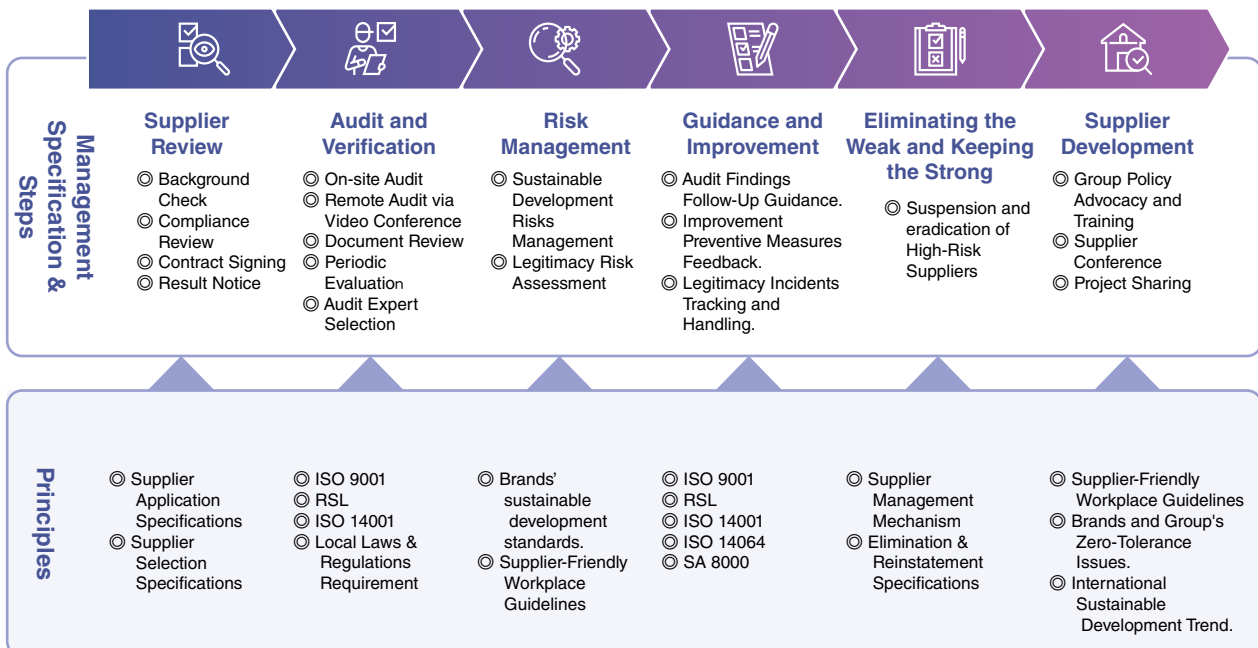


## Supplier Management Policy and Measures

Pou Chen regards integrity and compliance as the cornerstone of cooperation with its suppliers. All suppliers must abide by local laws and contract commitments, as well as taking labor rights, health and safety, and environmental compliance as one of primary considerations. Through the supplier audit and selection mechanism, partner suppliers are selected and the overall performance will be evaluated, counseled, and tracked regularly to boost the supply chain efficiency. Excellent partners and competitive products will be promoted in the business platform, creating eternal business opportunities mutually benefitting.



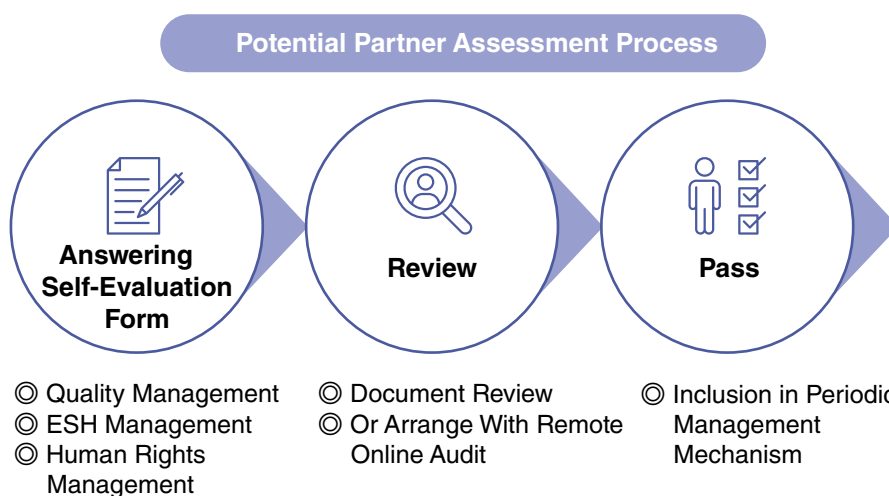
## Suppliers Management System and Structure



## Supplier Review

We actively implement supply chain management conducts by setting up designated units and personnel for performing internal and external training to obtain professional qualifications in various fields, such as ISO9001, RSL, ISO14001, ISO 14064, ISO45001, SA8000 and other auditor qualifications, and implement risk assessments and audit verifications on quality, environmental safety and human rights for suppliers to verify their compliance and develop long-term and effective partnerships.

Except as specified by customers or specific material suppliers, we adopts ISO 9001:2015 quality standards and ISO14001:2015 environmental standards as well as human rights standards of the Group's Supplier-Friendly Workplace Guidelines, and adopts local environmental protection and labor rights regulations and other preventive measures as management indicators in the screening of new suppliers, and the proportion of new suppliers screened according to the above criteria is 100%.



ESH & Human Rights Management			
Category	Reviewed	Passed	Did not passd
Raw Materials	19	18	1
Construction and Subcontractors	52	34	18

Note: Management and oversight of the supply chain beyond Tier 1 cannot be quantified or controlled due to the footwear OEM industry's nature.

At the aspect of quality management, we use the survey to understand the business status, quality management system, supply capacity, service and delivery capacity, etc., of the suppliers. In order to effectively manage suppliers and ensure that the quality of purchased items can meet requirements of the Company and brands, suppliers under audit are required to respond to the defects and their improvement measures according to the PDCA (Plan, Do, Check, Act) principle, so as to strengthen the quality management of suppliers, reduce the cost of quality failures of suppliers, and ensure that the quality control of incoming materials of each factory meets the requirements of the brand standard. In addition, suppliers are required to 100% comply with the RSL (Restricted Substances List) standards of each partner brand.

For environmental safety, health and human rights management, raw materials and machinery and equipment suppliers are first under document review of environmental impact assessments, pollution discharge permit and pollution prevention measures in terms of normal operation, as well as labor contract, compliance of wages , working hours with legal requirements, the risk of forced labor, existence of grievance management mechanism and other human rights items. Followed with assessments on the operation site concerning existence of risks with respect to safety and health, environmental protection and fire safety. Suppliers specialized in project contracting shall be under review of their business license, environmental safety and health related qualifications and personnel certificates, occupational safety and health & environmental protection management plans concerning their legal compliance.

## Supplier Management and Counseling Mechanism

In addition to preceding the selection criteria for new suppliers, we also align with the specifications of brand customers. For existing suppliers, particularly those with significant strategic partnerships and high transaction volumes, we identify key strategic suppliers for management disclosure as Tier 1 suppliers. We use a combination of periodic written evaluations, annual reviews, guidance through conducted remote via video conference and on-site unnotified or notified assessments. The review method covers written confirmation of statutory documents, policy documents, execution records, with on-site visits, dorm examination, CCTV inspection, management communicate and extract square root the number of employees according to the size of the supplier and perform group or individual interviews in non-production areas, so as to comprehensively understand the current situation of all aspects of the supplier and carry out communication and counseling on non-conforming matters.

In addition, in order to encourage excellent suppliers in promoting the circular economy, we concurrently collect and recognizes suppliers for highlight projects including but not limited to green design, green manufacturing, green procurement, green marketing, green products, and green recycling.

Although there is no way to intervene in the supply chain mechanism managed by brand customers, we continue to invest in the Tier 1 supplier legality risk identification and counseling project under the jurisdiction of Pou Chen. We require all Tier 1 suppliers to obtain environmental protection related permits and establish a regular inspection mechanism in accordance with the law. A total of 32.7% of the suppliers have manufacturing processes that can cause sewage pollution, and 100% of them have obtained statutory permits and installed effective sewage treatment facilities, with regular inspection reports show no abnormalities. In combination with regular written assessment mechanism, we have been proactively searching for cases in which suppliers have been penalized by local authorities for environmental, safety and health or labor-related issues and filing them since 2019. The material risk of supplier management evaluation is defined as the compliance of local regulations and environmental protection permits. In 2023, a total of 391 suppliers were enquired and 20 of which were identified as having been penalized for non-compliance within the past year, and we proactively tracked and followed up on noncompliance cases. No supplier with material risks was found in 2023.

In addition to implementing supplier management in accordance with the regular supplier management and counseling mechanism, we also encourage suppliers to move closer to the international trend of sustainable development, introduce and obtain external certification, and attach importance to the issue of employee freedom of association. A total of 26.4% of the Tier 1 suppliers are being assessed for the Higg Facility Environmental Module (Higg FEM) or have obtained certification. We also included the freedom of association of suppliers' employees as an issue of concern, with a total of 23.2% of suppliers participated in the negotiations of collective labor agreements, benefiting 92.7% of their employees.

### Periodic Management and Counseling Mechanism Standards for Suppliers

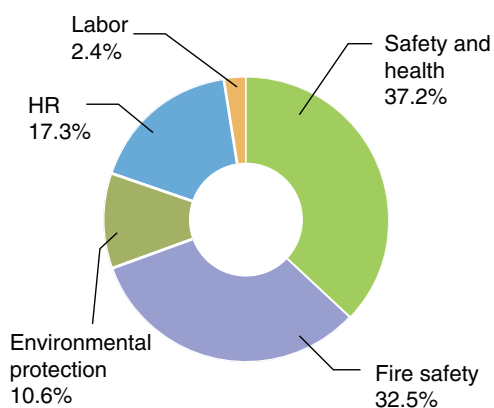
Quality Management	ESH Management	Human Rights Management
<ol style="list-style-type: none"> <li>1. IQC Inspection and Supplier Management.</li> <li>2. Manufacturing Process Control.</li> <li>3. Quality System.</li> <li>4. Finished Goods and Shipment Inspection.</li> <li>5. Laboratory Management.</li> <li>6. Non-conforming product Control.</li> <li>7. Education and Training.</li> <li>8. Storage and Delivery.</li> <li>9. Customer Service.</li> <li>10. Documents and Records Control.</li> <li>11. Environment and Labeling.</li> </ol>	<p><b>Environmental Management</b></p> <ol style="list-style-type: none"> <li>1. Environmental Protection Management System.</li> <li>2. Fixed Pollution Source Operation Permission.</li> <li>3. Water Pollution Prevention Control and Compliance Management</li> <li>4. Hazardous Waste Treatment.</li> </ol> <p><b>Fire Safety</b></p> <ol style="list-style-type: none"> <li>5. Fire Safety Acceptance.</li> <li>6. Fire Equipment Repair.</li> <li>7. Fire Equipment Check.</li> <li>8. Fire and Evacuation Drill.</li> </ol> <p><b>Safety &amp; Health</b></p> <ol style="list-style-type: none"> <li>9. Occupational Safety and Health Management System.</li> <li>10. Operating Environment Monitoring.</li> <li>11. Safety and Health, First Aid Staff, High-risk Special Equipment Operators.</li> <li>12. High-risk Special Equipment Management.</li> </ol>	<p><b>Compliance Practice</b></p> <ol style="list-style-type: none"> <li>1. Recruitment and Employment.</li> <li>2. Hours of Work.</li> <li>3. Compensation &amp; Benefits.</li> <li>4. Grievance Mechanism.</li> <li>5. Forced Labor.</li> <li>6. Nondiscrimination .</li> </ol> <p><b>Management Attitude</b></p> <ol style="list-style-type: none"> <li>7. Freedom of Association.</li> <li>8. Non-Forced Labor.</li> <li>9. Employees with Special Protection Needs.</li> <li>10. Migrant Workers Management.</li> </ol> <p><b>Other Support</b></p> <ol style="list-style-type: none"> <li>11. Dormitory Examination.</li> <li>12. Employee Interview.</li> </ol>

The selection of suppliers to be evaluated is based on the Company's procurement strategy, together with the purchasing management office or the customer's concern to propose the list of suppliers to be implemented for the current year. As suppliers vary in size, management capability and level of cooperation, we will help suppliers who fail to meet our sustainability management standards to improve. If the suppliers fail to improve within the deadline, the percentage of procurement will be reduced accordingly to establish a quality supply chain management system. In 2023, there were no suppliers whose percentages of procurement were reduced due to failure in improving their standards.

The common major deficiencies of the suppliers with potential risks include safety and health, such as malfunctioning or removal of safety protection devices of mechanical equipment; environmental protection, such as irregularities in the temporary storage management of hazardous wastes; fire safety, such as blocked fire exits or clear zones; HR management, such as working hours exceeding local statutory standards; and labor related issues, such as failure to establish a complete complaint system. We will assign designated personnel to assist and coach the suppliers to improve and summarize excellent implementation projects as an improvement model. The 2023 sustainability audit results and proportion of deficiencies are summarized in the chart below. During the year, no cases of child labor, discrimination, forced labor or prohibition of employees' freedom of association were found among the first-tier suppliers assessed.

2023 Supplier Sustainable Development Audit Results		
Assessment Type	Number of Vendors Audited	Improvement Rate
Periodic Document Assessment	391 Suppliers	94.9%
Annual Review & Counseling	38 Suppliers	98.4%
On-Site Audits with Un-notified	2 Suppliers	100%
On-Site Audits	77 Suppliers	74.7%

● **Proportion of Deficiencies Found in the 2023 Supplier Sustainability Audit**



**Suppliers Development**

We consider our suppliers as our partners and value the interaction and communication with them. We assist and provide counseling to the suppliers in strengthening product qualities and sustainable development management, so as to improve the suppliers' competitiveness and increase the value of the overall supply chain.

In the area of sustainable development management, we have proposed different levels of projects based on partnerships with suppliers. In addition to holding supplier meetings with brand customers, training and promotions of compliance standards as well as promotions of supplier friendly workplace guidelines and invitations to sign commitments, we also introduced carbon management counseling projects to expand suppliers in line with international sustainable trends. Besides, for key suppliers with close partnerships, we have introduced projects such as occupational risk reduction and establishment of a complaint mechanism.

**Establishment of Supplier Friendly Workplace Guidelines and Supplier Compliance Conference**

To gradually enhance the sustainable management of our partner suppliers, the Pou Chen's supplier friendly workplace guidelines were developed in 2020 with reference to the FLA, international standards and specification of brand customers, including but not limited to areas such as forced labor, child labor, discrimination, remuneration

and benefits, working hours, freedom of association and collective bargaining, disciplinary action, recruitment and employment. In 2021, the guidelines were published on the Company's website in Traditional Chinese, Simplified Chinese, English, Vietnamese and Indonesian. The guidelines were promoted to suppliers, who were required to follow the guidelines and commit to respecting relevant labor standards and eliminating human trafficking, so to protect and promote the basic rights of suppliers' employees at work, and to spread the guidelines to their suppliers at the same time. During the year of 2023, we have continued to promote to first-tier suppliers and invite suppliers to commit to abide by Pou Chen's supplier friendly workplace guidelines, and 89.5% of first-tier suppliers have signed confirmation letters.

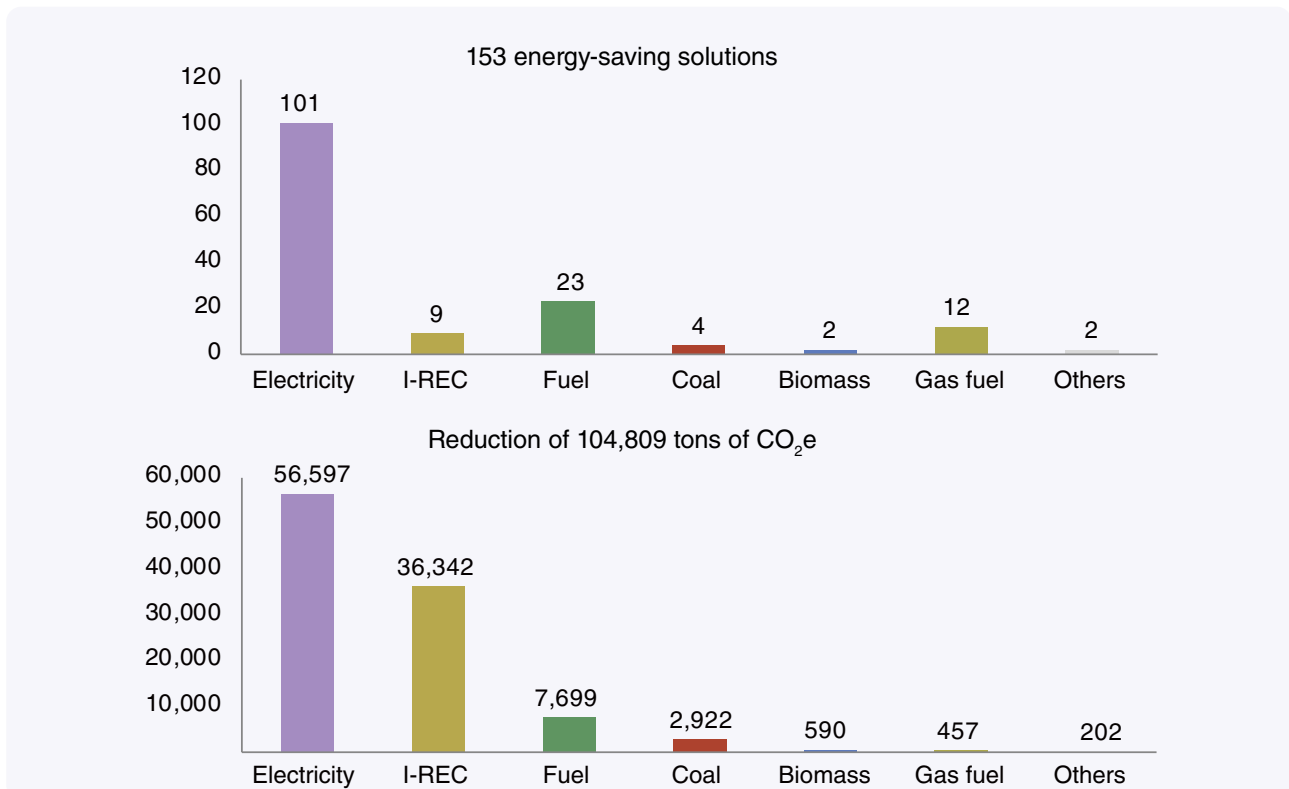
Download Link of Pou Chen Group "Supplier-Friendly Workplace Guidelines": [https://www.pouchen.com/download/corp-governance/11.%20Supplier%20Friendly%20Workplace%20Guidelines\\_EN.pdf](https://www.pouchen.com/download/corp-governance/11.%20Supplier%20Friendly%20Workplace%20Guidelines_EN.pdf)

In the area of improvement of suppliers' sustainable development capabilities, in conjunction with the influence of brand customers, suppliers were gathered together to promote compliance standards. One session was attended by 30 suppliers.

## Carbon Management among Suppliers

In view of the global climate change issue, Pou Chen launched an initiative in 2023 to educate suppliers on addressing climate change. Recognizing that carbon emission management mechanisms have become a critical management issue for countries and industries worldwide, the initiative aims to enhance autonomous management and assist industrial supply chains in fulfilling corporate social responsibility and carbon rights management operations through transparent disclosure of carbon management information. This effort supports customer low-carbon visions, strengthens supplier knowledge in carbon management, and facilitated 197 cooperating supplier factories in completing the 2022 organizational greenhouse gas emissions inventory. Among them, 75 suppliers implemented emission reduction measures, resulting in a reduction of 104,809 (tCO<sub>2</sub>e) in GHG emissions in 2023, with a total of 153 cases. The improvements primarily involved six categories: solar panels, green energy certificates, energy-saving lamps, time controllers, high-efficiency equipment, and the purchase of electric vehicles.

The greenhouse gas reduction achievements of suppliers in 2023 are as follows :



## Occupational Risk Reduction

Since 2020, leveraging the extensive experience and expertise of Pou Chen team, we have been continuously assisting key suppliers in implementing high-risk machine protection projects focused on intrinsic machine safety. This initiative targets common occupational hazards such as cutting, grinding, clamping, and rolling. To date, we have announced the standards for safety protection devices for 29 categories of high-risk machines across the first to eighth batches. We have also guided 28 suppliers in conducting audits and implementing necessary improvements to existing equipment. Additionally, we require all new equipment purchases to include these safety protection devices as part of the acceptance criteria.

In addition, 8 key suppliers were given counseling on the actual causes of occupational hazards. The supplier's sustainability project personnel assisted in the analysis of occupational hazards, investigation of the actual causes. During the year of 2023, there were a total of 8 cases of occupational injuries, and 100% of the cases were tracked and improved.

2023 年 FR=0.74 ; SR=32 ; FSI=0.15

Causes of occupational hazards	Case numbers
Pinch injury or getting caught by machinery	3
Cutting/clipping/puncturing/abrasion caused by machinery and the workplace	1
Slips and trips in the workplace	3
Struck by falling objects	1

## Expansion of Grievance Mechanism

In addition to publicizing the contact channels that various stakeholders can directly contact the Company with on our official website, we have been introducing an advanced grievance mechanism development project since 2019. In 2023, we provided aid to eight key suppliers in areas that include the capacity building of existing case handling personnel, diversified grievance channels, grievance handling processes, and non-retaliation policies. We also created independent and online grievance and inquiry channels to facilitate faster communication with suppliers. To deepen our connection with suppliers and confirm the implementation of the grievance mechanism, we have held exchange meetings twice a month since 2023 to regularly monitor, track and calibrate the practices and timeliness with which suppliers handled grievances, with a total of 23 meetings held in a year. Together with the existing grievance mechanism, we received a total of 131 cases of grievances/complaints/suggestions/inquiries/expressions of gratitude/compliance deficiencies from the employees of our suppliers in 2023. These cases covered issues such as meals, living environment, health consultation, improvement of working environments, shuttle buses, and whether the Company's system was compliant with laws and regulations. All of the cases have been handled and closed. The more representative of the cases are as follows:

June 2023	Content of Grievance or Inquiry	Recommendation or Counseling	Outcome
	An executive of a supplier reported that an employee's poor attitude made the executive feel threatened. An employee was dissatisfied with the amount of the bonus he received for the month, but did not communicate with his immediate supervisor; instead, he went directly to the unit supervisor and made threats.	The case was investigated to confirm the situation described by the supervisor, the bonus payment system, the appropriateness of the supervisor's usual attitude and management, and the employee's behavior on the day in question. If harassment or a tendency to harass is proven, corrective measures must be put in place.	The supplier investigated the matter and set up an internal mediation committee to punish the employee with a poor attitude in accordance with plant regulations. The supplier also promoted multiple channels for communication (grievance) as well as the importance of having a friendly workplace.
November 2023	Content of Grievance or Inquiry	Recommendation or Counseling	Outcome
	Employees of a supplier reported that the noise level in area A16 of the plant was too high, and they hoped for the noise level to be decreased or for in-kind subsidies.	Since in-kind subsidies are a compensation mechanism that fails to improve the working environment, improving the working environment should be the top priority in consideration of employees' health.	We moved the noisy high-frequency work area to another location and discussed with employees whether to use another type of earplugs with upgraded functions. Employee approval was obtained and the case was closed.

## 4.3 Products and Services

### Customer Services

Pou Chen has established long-term partnership with many well-known international brands and is an irreplaceable business partner for the sustainable operation of brand customers. By continuously strengthening the research and development of key technologies for green footwear manufacturing and modular production as well as adjusting production models focusing on different requirements in order to devote to providing a rapid, flexible and valuable manufacturing service to brand customers. In the meantime, under the consumer trend in pursuit of the green, environmentally friendly, sustainable and low-carbon products, the Company actively formulates its carbon-reduced production strategy and incorporates its customer environmental protection and sustainability goals, striding into the expedition of sustainable management with its overall value planning and powerful execution.

We value customers' commercial confidentiality protection by establishing independent development centers exclusive for individual customers as well as a strict distinction of production sites and segregated operation specification by different customers to highly guarantee brand customers' privacy and commercial confidentiality, rendering a close cooperation with brand customers from product development to product manufacturing cycle. There were no complaint cases concerning violation of customer privacy in 2023.

### Product Quality and Safety Management

The Company provides premium product manufacturing services for internationally renowned brands. All footwear products on the production lines during the development stage, including material selection, process execution, use of adhesives and packaging materials, must pass the hazard assessment on health and safety and Manufacturing Restricted Substances List (MRSL) under development center of the brand customer before officially putting into the production line for scheduling manufacturing.

All materials put into production process must pass the strict examination standards for product characteristics and chemical properties upon storing in order to prevent materials with conditions from being misused in the production of finished footwear; through the overall control in standardized production process, footwear products manufactured and shipped are ensured to be 100% compliant with environmental friendliness and human health principles to guarantee that the products can be worn by consumers safe and regulations-compliant without causing hazard or impacts while being disposed at the end of product lifecycle.

All finished footwear must be inspected by dedicated personnel or scanned by metal detection equipment before packaging to confirm that no residual metal or sharp object remain in footwear products. All qualified finished footwear are loaded under the supervision of specially trained employees and surveillance of CCTV, and seals are used to record shipments to prevent dangerous articles from being placed during transportation.

Responding to the requirements of brand safety policy and business secret management, in addition to strictly distinguishing and controlling the production sites for various brand customers, the Company has also promulgated and implemented strict standards for product safety management guidelines and process management, strengthened the behavior awareness of all personnel through periodic employee trainings on trade secrets, product safety, information safety or non-compete clauses, etc., annually. Meanwhile, to prevent the leakage of digital data, CCTV is set up in each development center and production plant, each entrance and confidential operation room, and strict control of conducts such as use of recording devices (including camera phones) is initiated, and periodic plant production safety audits are initiated to ensure that the risk of information security management in the plants can be minimized.

The cooperated suppliers must sign an NDA or confidentiality clause and the annexed product safety commitment letter with the entity to which the development center belongs, and strictly abide by the confidentiality provisions and the provisions of the commitment letter, the development center's provisions on product and information

security and legal requirements. The development center conducts education training to supplier personnel on issues such as product safety, business secret protection, and information security, and has the rights to perform audits of suppliers from time to time, the results of which may serve as one of the bases for internal evaluation of suppliers in the development center.

Products manufactured and supplied by the Company are not directly contacted by consumers; therefore the Company did not implement the mechanism of product scrapping or packaging materials recycling. However, the Company and brand customers maintain close business cooperation relations. In addition to product quality standards meeting the high standards customers, the Company, according to customer needs and exporting country specifications, provides reasonable packaging and detailed product information labels, such as product size, materials, ingredients, instructions for use, etc. Consumers can not only understand related product information and services through brand customers, but also know the manufacturing plant from the plant code on product label, and then contact the manufacturing plant for consultation of product related issues.

In 2023, the Company's footwear products caused no fine or violations due to violation against product standards, nor received grievances and fines resulting from safety and health hazards to consumers.

## Product Labeling and Service Information

Labeling Items	Label Information
Source of product component/content or service provider	Product components are provided by suppliers that meet Customer product requirements and standards, and facts will not be labeled on products otherwise.
Product Contents	Label of main materials used.
Product or Service Use Safety	Label of use instructions.
Subsequent disposition of the product and its impact to environment/society	OEM products of the Company are not sold directly to consumers, and no product scrapping impact assessment or subsequent disposition measures for products is taken.





### ❖ Encourage Employees to Invest and Strengthen Labor Relations



Upholding the idea of "Focus on People, for the People", Pou Chen believes that employees are important assets, and has planned a holistic approach of recruitment, employment, training and retention of employees. Various team events were organized to build the employees' sense of belonging, as well as to increase the employees' understanding of the Company and recognition of the Company's core values of "Professionalism, Dedication, Innovation and Service". To attract talents, we actively develop diversified recruitment channels and provide competitive compensation and benefits, comprehensive training system and streamlined promotion channels with aim to improve the employees' professionalism and enthusiasm at work. We also introduce the performance management system to motivate the employees to engage in continuous development, help the employees in career planning, and achieve succession of talents. Efforts are committed to providing the best workplace with respect for human rights, healthy and safe work environment to achieve the Company's objective of sustainable operation.

The proportion of factories at footwear production bases certified under the Social and Labor Convergence Program (SLCP) is 30% in 2023.



CHAPTER 5

# Best Workplace

5.1 Manpower and Talent

5.2 Human Rights Management




# 5.1 Manpower and Talent


## Material Topic Management


### Significance to Pou Chen


Creating a good mutual trust and smooth communication between the employer and employees, and maintaining a good labor and employment relationship as well as competitive benefits system not only have significant positive effect on factories' smooth production operating, but also improve the recognition and sense of belonging of employees and local communities to the Company. Nurturing the Company's key talents and building the succession team are the foundation of the Company's sustainable development, even the advantage of its competitiveness. We set up a dedicated comprehensive training process and provide systematic and essential education and training to improve the employees' knowledge and skills and create operational efficiency and value.

### Impact

 **Positive Impact (Actual)**  
Improve business competitiveness, talent quality and employee functions.

 **Positive Impact (Potential)**  
Perfect labor and employment management can help enterprises recruit outstanding talents and create employment opportunities.

 **Negative Impact (Actual)**  
It affects manpower recruitment and staff retention, which in turn affects operation and production; talents and technical expertise need to be upgraded.

 **Negative Impact (Potential)**  
Damage to the company's image.

### Policies and Commitments

- Design remuneration systems compatible to the local markets with reference to the local government decree, the salary levels in the industry as well as market conditions in production and operation bases, so as to encourage local overseas employees to work long-term and grow together with the Company.
- Through a systematic, diversified and comprehensive talent development mechanism and professional training, we aim to broaden our talents' international perspectives, deepen their professional knowledge, instill corporate culture and create competitive advantages, in order to lay a foundation for the Company's sustainable development.
- Key technical data integration and management "Knowledge Management (KM) Platform".
- Enhance talent strength, promote the key positions' nurturance and succession/reduce talent and technical faults/establish a talent self-sufficiency mechanism/make explicit and implicit knowledge written/develop internal lecturers.

### Targets and Objectives

- Review the remuneration policies regularly to make sure our salary standards are competitive, and are linked to performance management for reward differentiation to facilitate the recruitment and retention of talents, with the principle of compliance with the local government decree of its global operating bases.
- Carry out the "Training for High Potential Talents" middle-senior management to strengthen the talent pool of the Company, explore key potential talents, improve their risk management and decision-making ability and strengthen the leadership of middle-senior talents, and prepare a sustainable and long-term talent training plan.
- Analyze the structural faults of the Group's key technical talents for continued nurture to the Group's key technical talents, and it is expected to narrow the fault range with controllable risks the next 5 years.
- Cooperate with the Group's digitization promotion, purchase external digital resources and simultaneously establish in an internal knowledge inheritance system, to immediately and appropriately transmate and share material issues related to operation or employee care through internal experts.

### Actions Taken

- Follow the long-term regular practices, no specific actions in project management are implemented.
- Regularly review the personnel recruitment and turnover status, salary structure and implementation status of performance appraisal system, adjust salary and bonus based on the performance of the Company and employees.
- Continuous personnel recruitment, turnover rate analysis and salary structure review to ensure adequate supply of talents required by the each operation unit.
- High potential talents training (including leadership echelon management ability training and senior factory management personnel training).
- Set up technical classes for footwear manufacturing.
- Utilize digital resources to promote internal knowledge sharing, such as P-Talks and digital archives. Additionally, actively cultivate digital talents with future potential.

### Assessment Methods

- Understand the reason for resignation according to the analysis of turnover rate, and discuss the countermeasures with business units so as to improve and follow up such issue.
- Match performance management and reward system and results with an aim to review and adjust regularly.
- High-Potential Course Evaluation Methods: Pre-/post-course feedback, collective/individual presentations of learning outcomes, participant interviews, and supervisor investigations on post-training learning transfer and application.
- After the shoe-making technology application specialized course, assessments are conducted to confirm the effectiveness of knowledge acquisition. Additionally, on-site inspections are performed to verify the practical integration of training and usage, ensuring continuous improvement and follow-up.
- The group's goal in promoting digital learning is "Anytime, Anywhere, Anyone." By popularizing digital learning resources, we aim to increase training opportunities. The establishment of a learning culture is achieved through the improvement in digital resource click rates, participation rates in digital courses, and pass rates.

### Stakeholder Engagement

Provide a variety of channels, including but not limited to telephones hotlines, social media, suggestion boxes, employee forums, internal referrals, direct communication and interviews, for internal and external person to raise problems and complaints.

### Corresponding Sustainability Indicators

GRI 201/202/401/402/ 404/ 405/ 406/  
SDG 3/5/8

## 5.1.1 Bringing Together Diverse Talent

The Company focuses on the two main businesses of footwear manufacturing and retail of sports goods; in terms of footwear manufacturing business, we continuously excel in production technology and R&D capacity, continuously optimizing production effectiveness, in addition, we keep close connections with international brands to provide the most premium products and holistic services. As for retail of sports goods business, under the provision of high-quality customer services, product portfolio, marketing and promotion activities, the brand image in the channel name of YYSports is set. We anticipate creating the group's maximal value with footwear manufacturing and retail of sports goods businesses through specialization and reinforced core competencies.

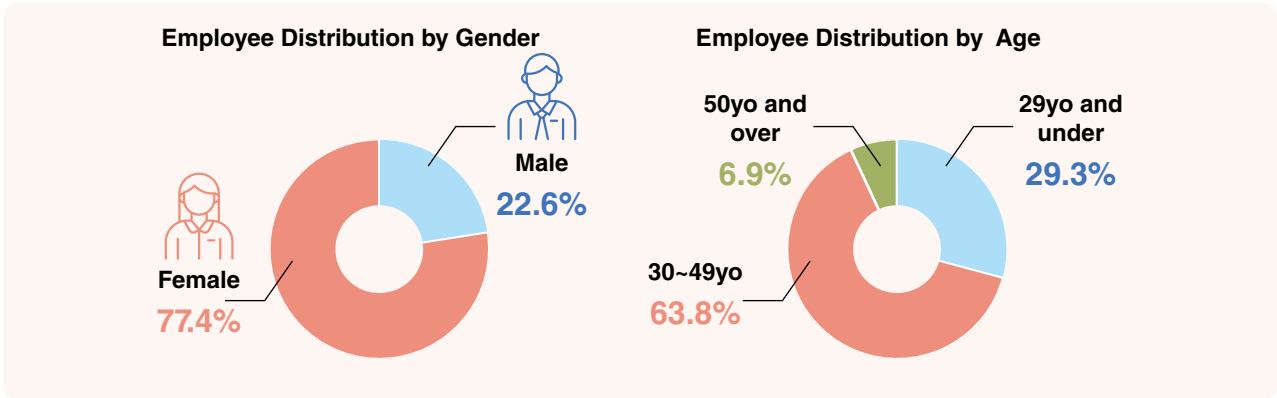
Pou Chen has its global business operation locations in Taiwan, Mainland China, Vietnam, Indonesia, Bangladesh, Cambodia, Myanmar, etc. The main footwear manufacturing bases are in Vietnam, Indonesia and Mainland China. Talent analysis is conducted every year for global employees according to age, gender and region.

As of December 31, 2023, the total number of official employees is 268,690 people, with 1.40% in Taiwan, 17.41% in Mainland China, 35.35% in Vietnam, 41.30% in Indonesia, 2.14% in Cambodia, 1.17% in Bangladesh, 1.21% in Myanmar, and 0.02% in other regions. All of them are full-time employees. There are no part-time or unlimited hours of guaranteed employees. In Taiwan, there are 29 temporary employees, consisting of 10 males and 19 females. The rest are all permanent employees, and there are currently no dispatch workers.

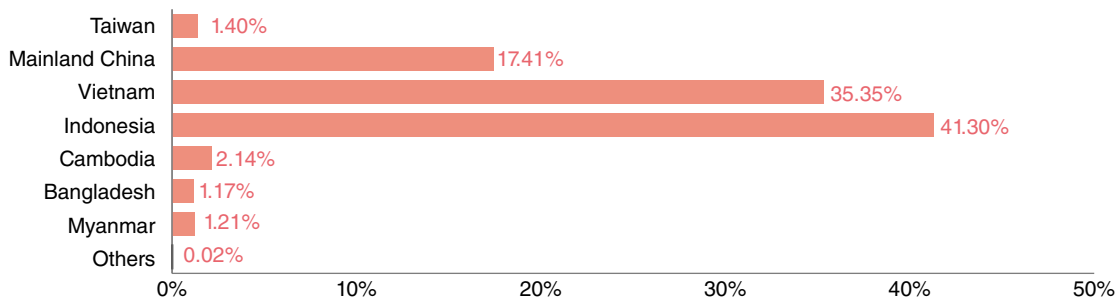
The most common types of non-employee workers in Pou Chen include non-period engineering contract contractors, such as equipment replacement, maintenance or rectification projects, and some regular contract contracts such as security, cleaning, etc., which have not yet targeted workers who are not employees count the number of workers.

The Company sincerely welcomes talents from all industry to join our team to accumulate professional experiences. The process in talent recruitment strictly abides by local laws and upholds the principle of openness and transparency with an aim to bring in new talents from different industries and select appropriate personnel to stimulate innovative ideas.

Pou Chen has long upheld the talent acquisition philosophy of "talent acquisition is borderless" by fusion of diverse cultures, showcasing of transparency and equality in promotion channels without difference by gender or nationality; the gender of employees, male to female, is approx. 22.6%:77.4%. In main business locations, the rate of local employees (with nationality of location) taking senior management roles is 42%, with female accounting for 58.3% of the management, for localization and diversity of human resources capital.



Employee Distribution by Location

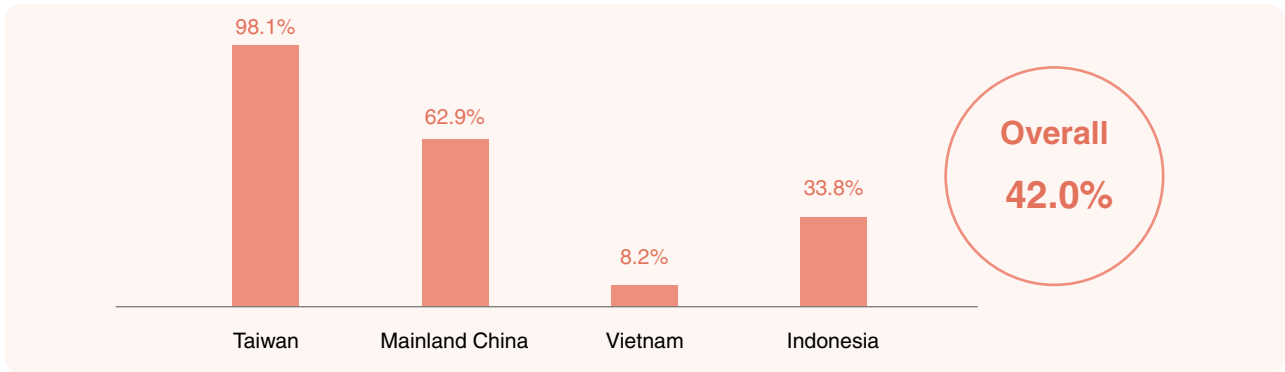


### Discovering Able People and Offering Suitable Posts, Right Person in the Right Place

The Company actively invites talent, recruiting different nationalities, genders, ages, and religions in a fair and equitable manner. In addition to recruitment via job banks, professional training institutions, community websites, group visits and business consultancies, the Company also promote internal employee referrals. With the purpose of conveying "finding the best partner", we encourage employees to join in the activity of finding good talents, and attract outstanding talents in various fields through multiple channels. The Company also participates in annual campus recruitment activities. Through campus expositions, info-meetings, enterprise internships, management trainee programs and more, students are allowed to channel with the industry more quickly.

In addition, the Company also continues to maintain the recruitment on community platform by posting latest vacancies and professional footwear manufacturing training and irregularly organizes activities to enhance and interact with external job applicants. Also, through sharing the basic footwear manufacturing process on the platform, the Company hopes to, in the era of rapid information exchange, attract more talents interested in the footwear manufacturing industry to join us.

Percentage of Local Nationality Residents in Senior Management (Unit: %)

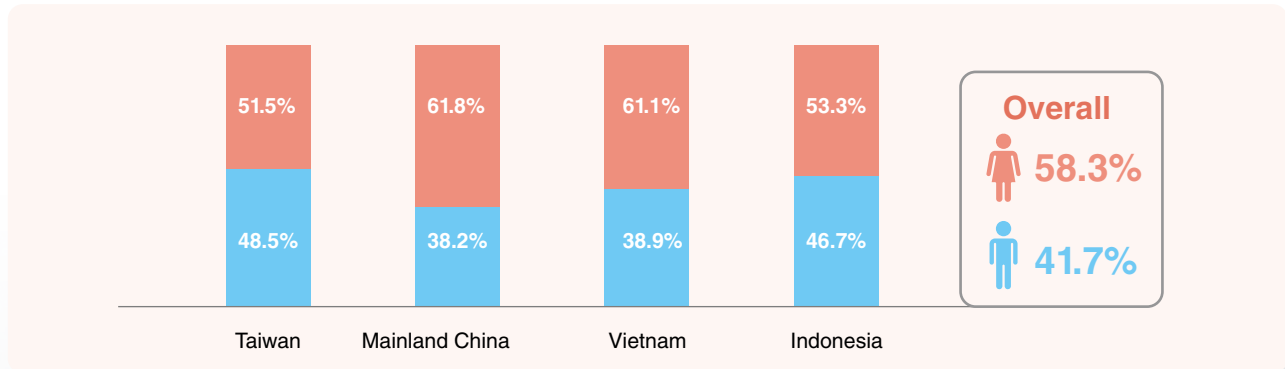


Definition of Senior Management: refers to staff serving as manager or roles of higher hierarchy in Vietnam and Indonesia, or deputy director or roles of higher hierarchy in Taiwan and Mainland China.

Overall Percentage: refers to overall proportion at main production bases in Taiwan, Mainland China, Vietnam, Indonesia, etc.

Percentage of local nationality residents in senior management: local nationality residents in Senior Management / local Senior Management.

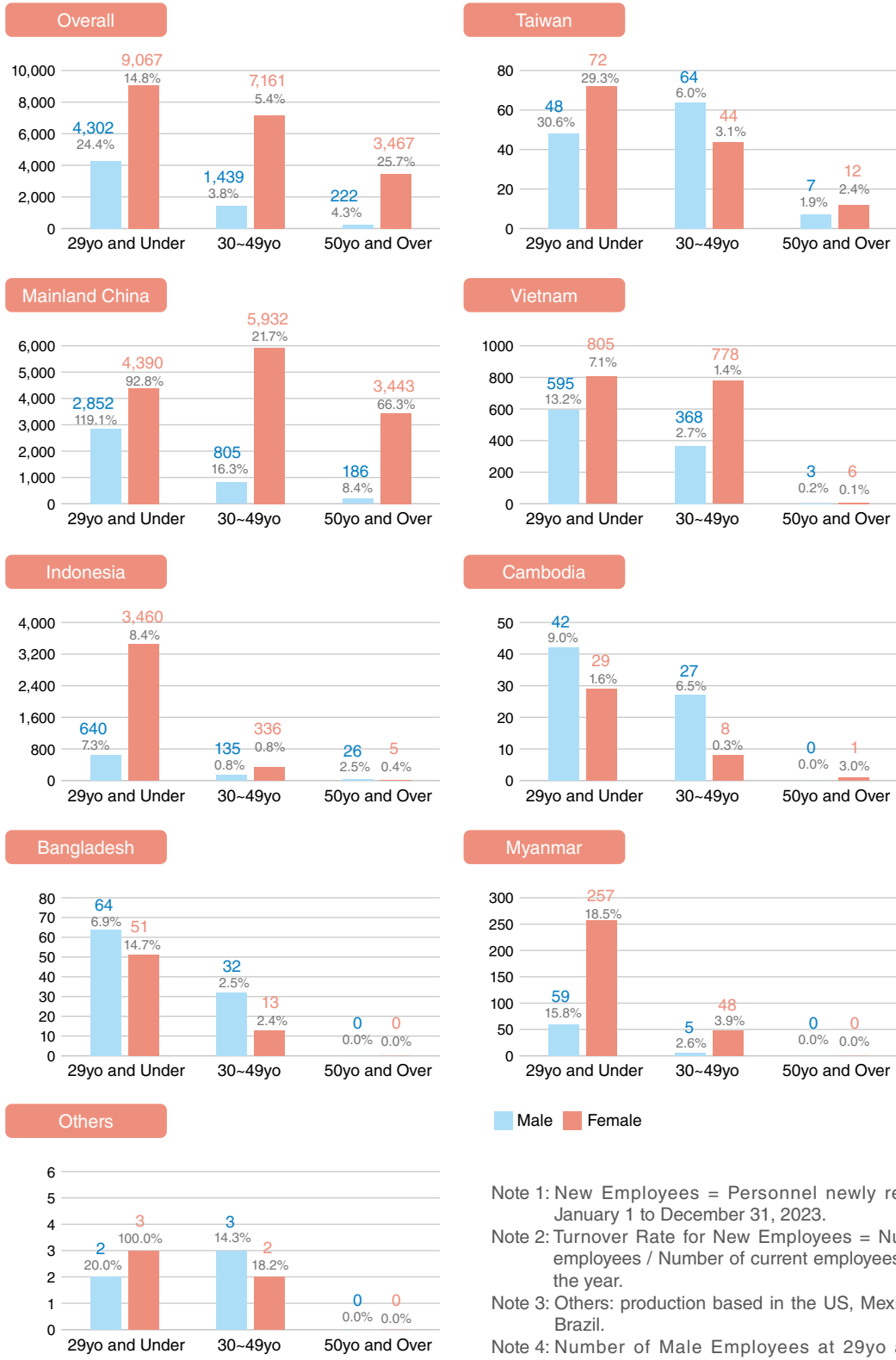
Gender Ratio in Management (Unit: %)



Definition of Management: Staff serving as Section leaders or roles of higher hierarchy.

The number of overall new employees in 2023 is 25,658 in total, and the new joiner rate is 9.55%. The number of leavers is 68,870, and turnover rate is 20.7%. Detailed informations are as follows.

Proportion of New Employees to Overall Employees, by Gender and Age



Note 1: New Employees = Personnel newly recruited from January 1 to December 31, 2023.  
 Note 2: Turnover Rate for New Employees = Number of new employees / Number of current employees at the end of the year.  
 Note 3: Others: production based in the US, Mexico, Israel and Brazil.  
 Note 4: Number of Male Employees at 29yo and under in service at the end of the year in Mainland China is 2,395. Therefore, the New employment rate is higher.

### Proportion of Resigned Employees to All Employees, by Gender and Age



Note 1: Turnover Rate = Number of Employees Resigned / Total Number of Retained employees at the End of the Year.  
 Note 2: Others: production based in the US, Mexico, Israel and Brazil.  
 Note 3: Number of Male Employees at 29yo and under in service at the end of the year in Mainland China is 2,395; Number of Female Employees at 29yo and under in service at the end of the year in Mainland China is 4,732, which is lower than the number of those who left their jobs, resulting in a higher turnover rate.

The number of employees in 2023 decreased by 45,662 compared with that of 2022. This is a significant change because variables have appeared in brand-name customers' production orders. Global inflation and tightening consumption in Europe and the U.S have led to unabated pressure on brand customers for having too much inventory. This has indirectly prompted some of our overseas production bases to make staffing adjustments. In view of the uncertainties in the short-term operating environment and consideration for the Company's overall business development, we will continue to adopt the strategy of diversified allocation and flexible production scheduling in order to stabilize and balance the overall capacity utilization rate; the hiring of local employees will be handled in accordance with the relevant laws and regulations of local governments. The Company maintains confidence in the long-term development of its footwear manufacturing business and will continue to expand and diversify its production capacity allocation, while actively promoting smart manufacturing and digital transformation to enhance manufacturing efficiency and production flexibility, in order to support the sustainable growth of its footwear manufacturing business.

## 5.1.2 Employee Care and Attention





Pou Chen provides full-time employees with a complete welfare system; including insurance plans, maternity care and retirement protection. In addition to the basic rights stipulated by laws and regulations, it also provides rich and diverse employee benefits. And develop different benefits or activities in response to the cultural habits of each region, and strive to improve employee well-being and create the best workplace environment.

Pou Chen provides employees with insurance plans tailored to local conditions in accordance with the laws and regulations of each location. In Taiwan, we provide labor insurance and national health insurance; in mainland China, we provide pension, unemployment, work injury, maternity and medical insurance; in Vietnam, we provide social insurance, unemployment, accident and medical insurance; death, retirement, industrial accident and medical insurance; in Cambodia/Bangladesh/Myanmar, we provide industrial injury insurance or medical insurance. Through the insurance plan, the life of employees can be protected and the medical burden of employees can be reduced.

### Diversified Welfares

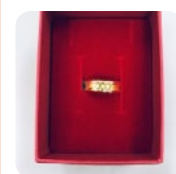
Pou Chen values the physical and mental health and welfare of employees, with diversified and flexible benefit measures provided based on circumstances in each region to protect the life quality of employees and to facilitate a work-life balance.

#### ● Taiwan Regions

 <p><b>Health Care</b></p> <ul style="list-style-type: none"> <li>☉ Employee Health Checkup</li> <li>☉ Health Checkup Allowance for Mid-High Level Supervisors</li> <li>☉ Health Facilitation Lectures &amp; Events</li> </ul>	 <p><b>Comprehensive Facilities</b></p> <ul style="list-style-type: none"> <li>☉ Cozy Dining Environment</li> <li>☉ Shuttle Bus for Commutation</li> <li>☉ Furnishing of Breastfeeding Rooms</li> </ul>	 <p><b>Life &amp; Entertainment</b></p> <ul style="list-style-type: none"> <li>☉ Club Activities</li> <li>☉ Offers from Special Contract Stores</li> <li>☉ Held Diverse Events</li> </ul>
 <p><b>Festival Benefits</b></p> <ul style="list-style-type: none"> <li>☉ Birthday Bonus</li> <li>☉ Bonus (gift vouchers) for Three Major Chinese Holidays</li> <li>☉ Wedding Bonus</li> <li>☉ Childbirth Bonus</li> </ul>	 <p><b>Family Care</b></p> <ul style="list-style-type: none"> <li>☉ Major Emergency Allowance</li> <li>☉ Funeral Allowance</li> <li>☉ Hospitalization Condolences</li> </ul>	

Pou Chen Affiliated Companies Joint Labor Welfare Committee plans various welfare and events. In 2023, more than NTD 24.92 million has been spent on benefits and allowances.

Items	Number of Employees Benefitted	Amount of Allowance (NTD)	NOTE
Travel Grant	4,619	11,499,500	Note 1: Employees with 15+ year service at the Company will be conferred a trophy and golden coin weighing 3 Qian upon retirement application as a consolation.
Wedding/Funeral/Birth/Hospitalization Allowance	528	858,600	
Birthday Bonus/Voucher	4,542	4,519,500	
Dragon Boat Festival Bonus	4,558	2,276,000	Note 2: Employees with 15+ years of service at the Company and welfare fee withheld will be rewarded one golden ring weighing 1 Qian
Mid-Autumn Festival Bonus	4,435	2,214,500	
Emergency Allowance	4	160,000	
Retirement Consolation Money (Note 1)	113	2,583,420	
Senior Employee Rewards (Note 2)	106	810,400	



### ● Main Overseas Regions

Taiwanese managerial roles serving in overseas area are all granted with the welfare items equivalent to their counterparts in Taiwanese region including health caring, life & entertainment, festival benefits, family care and more; actual welfare system may differ for employees at various plants by local regulations and operations environment:

- Various Sports/Exercise Facilities: Basketball courts, football (soccer) pitches, gyms, tennis courts and employee recreation centers.
- Employee libraries are available for reading and borrowing of books and magazines free of charge.
- Kindergartens are available at main plants.
- On-site clinics provide appropriate medical services.



▲ Indonesia - Homecoming Vehicles



▲ Mainland China - Dinner with Model Workers



▲ Cambodia - Employee Birthday Party



▲ Vietnam - Soccer Match

## Diverse and Enriched Club Activities

### Overseas Regions

To balance work with life and recreation, the Company constantly hosts after-work clubs (e.g. basketball club) and various activities in cooperation with labor unions, with combination to cultural festivals in each location. The activities include yoga courses, Xmas event, Employee Olympics, etc. The lives of employees after work are therefore enriched.

The internal employee activities include cultural integration of cultural festival events fusing different cultures, sports and fun games strengthening interactions and conglomerations; in addition, local officials and labor unions are also invited to internal activities. In 2023, a total of 377 internal employee activities participated by a total of 234,984 participants were held.



▲ Vietnam - Cooking Competition



▲ Mainland China - Basketball Competition



▲ Indonesia - Football Competition





▲ Vietnam - Volleyball Competition


### Taiwan

Adhering to the spirit of service and innovation in the company's core values, the activities focus more actively and strategically on sports vitality, joy in life, and health preservation, and encourage employees and family members to participate together. In 2023, a total of 51 events held were participated by an accumulated number of employees and their families at 24,057 people. The total contributions to events were more than NTD 17.91 million ° .

### Diverse and Enriched Club Activities in Taiwan in 2023

Theme	Activity Items	Events Held	No. of Attendees	Expense
 Sports & Vigor	Club Activities Clubs, union cup bowling, and invitational competitions within and outside the club provide employees with a variety of sports activities to increase mutual communication channels.	13	380	502,907
	Health exercise circle Online Runs, e Classroom	4	8,402	4,556,955

Theme	Activity Items	Events Held	No. of Attendees	Expense	
 Joy in Life	Ecology Jaunts	Firefly ecology, mountain hiking	4	2,065	2,260,595
	Pou Chen Cinema	Movie appreciation	3	1,676	858,265
	Lohas road running	Cherish resources, reduce waste, take practical actions, and care for the earth.	1	1,240	1,466,694
	Family day	Pou Chen Family Day: Sustainable Happiness, Walking Together	1	7,321	7,066,372
	Pou Chen Cycling Tour	Houfeng Bikeway & Dongfeng Bicycle Green Corridor	1	769	790,740

Theme	Activity Items	Events Held	No. of Attendees	Expense	
 Health & Regimen	Health Facilitation	Regular lectures on physical and mental health and TCM health clinics, meanwhile emphasizing the concept of "prevention over cure" and physical and mental balance of employees.	17	1,696	346,520
	Public welfare visually impaired massage	Supporting disadvantaged groups with actions can also provide employees with relief from stress and fatigue after work.	7	508	61,585



▲ Sports & Vigor- Health exercise circle - walking



▲ Joy in Life- Pou Chen Family day



▲ Health & Regimen- Blood donation campaign

## Parental Leave

The Company protects employment rights of our employees after parental leave without pay. Take Taiwan as an example, female employee of the Company is entitled to maternity leave and pregnancy checkup leave pursuant to applicable laws and regulations; meanwhile, male employees are entitled to pregnancy checkup accompaniment and paternity leave. When an employee encounters a need for childcare, he or she can apply for parental leave without pay, followed by reinstatement or extension of such leave according to the circumstances when the period expires in order to tend after needs by individual and family care.

In our Taiwan area in 2023, a total of 71 employees applied for parental leave without pay; most applicants are females, which total of 61 applications received. In 2023, for rate of reinstatement upon expiration of parental leave without pay, 100% of the male employees applied for reinstatement, and 98% of the female employee applied for reinstatement, showing that most employees still return to the workplace as their main career plan after the end of the parental leave. In addition, in the other major business locations of the Company in 2023, 13,167 female employees applied for maternity leave, and a total of 10,427 people returned to work, with a return rate of 79%. Meanwhile, a total of 11,726 female employees have been in service for a year and more after reinstatement, with a retention rate of 94%.

### Number of Employees Applying for Reinstatement upon Expiration of Parental Leave without pay in Taiwan in 2023

Items	Male	Female	Total
Number of applicants qualified for parental leave without pay	203	228	431
Number of expected Reinstatement Applications Upon Expiration of Parental Leave without pay (I)	5	51	56
Number of People Applying for Parental Leave without pay in the Current Year (A)	10	61	71
Number of Employees Applying for Reinstatement from Parental Leave without pay in the Current Year (B)	5	50	55
Rate of Reinstatement from Parental Leave without pay in the Current Year (C=B/I)	100%	98%	98%
Number of Applications for Reinstatement Upon Expiration of Parental Leave without pay in the Previous Year (D)	12	53	65
Number of Employees Remained in Service 12 Months after Application for Reinstatement from Parental Leave without pay in the Previous Year (E)	8	48	56
Rate of Retention after Parental Leave without pay in the Previous Year (F=E/D)	67%	91%	86%

- Statistics of employees applying for reinstatement upon expiration of Unpaid Parental Leave and earlier reinstatement are counted as 2023 stats.
- Rate of Reinstatement from Parental Leave without pay in the Current Year (C) = Number of Employees Applying for Reinstatement from Parental Leave without pay in the Current Year (B) / Number of expected Reinstatement Applications Upon Expiration of Parental Leave without pay (I).
- Rate of Retention after Parental Leave without pay in the Previous Year (F) = Number of Employees Remained in Service 12 Months after Application for Reinstatement from Parental Leave without pay in the Previous Year (E) / Number of Applications for Reinstatement Upon Expiration of Parental Leave without pay in the Previous Year (D)
- Data source: Data statistics based on samples of the Group's employees who are working as of December 31, 2023, and who have children under the age of three.

## Employee Retirement Plan

Pension plan with adequate withdrawal helps attracting talents and maintaining stability of employee teams, furthermore effecting as support to long-term finance and strategy planning of employers.

The Company allocates pension in accordance with relevant laws, and the retirement system is handled following the regulations in the locations which various business locations are established around the world, and provides and pays pension to each employee in order to guarantee the quality of life to employees in retirement. Take Taiwan HQ as instance, a total of 65 employees filed their retirement in 2023, with the total amount of pension under old pension system at NTD 130 million allocated; an NTD 120 million is allocated under the new pension system to ensure the carefree retirement of employees.

### Pou Chen Retirement System

Region	Taiwan		Mainland China	Vietnam	Indonesia		Bangladesh	Cambodia	
	Old Pension Scheme	New Pension Scheme	Endowment Insurance Under Social Insuranc	Pension Under Social Insurance	Senior Citizen Insurance	Retirement Insurance	Retirement System	Retirement System Under Social Insurance	
Proportion Withheld	Employer	1.27%	6.0%	13.0%~19.0%	17.5%	3.7%	2.0%	Fully Borne	2.0%
	Employee	No need for personal withdrawal	Vary by Individual 0.0%~6.0%	8.0%	8.0%	2.0%	1.0%	No need for personal withdrawal	2.0%

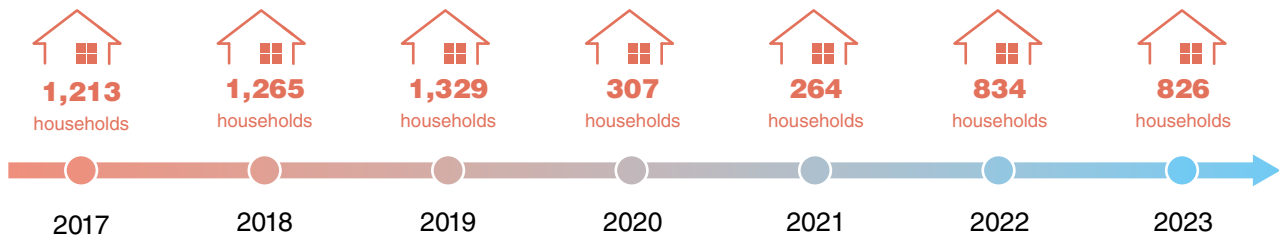
Note: The above information includes stats from each main production bases (Retirement system is yet to be stipulated in Myanmar).

## Employee Care

Since 1999, Pou Chen has initiated a humane management in the footwear manufacturing industry – employee counseling and guidance system. "Life Counseling Room" are found in the plants. With professional psychological counseling expertise and system as foundation, professional counseling and guidance personnel with counseling skills are trained. Since employee communication meetings are held, counseling service, communication, and handling of grievance issues on life and work are provided, the Company can effectively relieve their stress and solve their problems physically and mentally. Doing so not only gains the employees' trust significantly, but also enhances the productivity and stability as they work in the plants. The plants can also perform adjustments and improve operations environment and management conducts by referring to employee grievance and suggestions. A win-win situation can be expected.

Pou Chen attaches great importance to the practice of sustainable service and conducts family visits from the perspective of all-around care. Through the home visit activity, the Company gets closer to the local employees and communities. The employee's direct supervisor and the plant management have the opportunity to show their care through closer interaction with the employees and their families, to understand the local culture and living environment, and to provide certain assistance based on actual needs.

Employee home visit has been our long-running project. We understand the needs of employee families and the communities they live in and establish a great interaction with their families through active employee family visits. Moreover, Pou Chen introduces voluntary clinics or healthcare advocacy for medicine and health, house building and renovation, scholarship programs and various community-friendly initiatives with an expectation to bring overall life quality facilitation and sustainable development to the communities. In 2023, we visited the families of 826 employees, which included excellent employees, impoverished employees, pregnant employees, injured employees, etc., with the total home visit footprints reaching 6,696 hours.



▲ Mainland China - Employee Home Visit



▲ Indonesia - Employee Home Visit



▲ Vietnam - Employee Home Visit



▲ Myanmar - Employee Home Visit

## 5.1.3 Talent Development and Training

### Remuneration System with Competitiveness and Equality

The Company regards employees as the largest asset. To attract, incent, and keep excellent talents, the Company provides attractive and competitive compensation packages, and treats all employees equally without bias by gender, race, religion, political slant, sexual orientation, marital status and unequal treatment with respect to salary. For salary classification, we uphold the principle of equal pay for equal work without regards of gender, setting compensation standards based on employee education background, position and professional and technical ability, moreover, employee 's working attitude, professional ability, and overall performance are the basis for rewarding talents. The Company also periodically reviews its compensation policies to ensure that the compensation level has a competitive advantage and performs management to bridge differences in rewards and compensations in order to facilitate recruitment and retention of excellent talents.

As a multinational enterprise, the Company's overseas locations will also design salary systems meeting domestic needs according to local government regulations, industry standards, and human market conditions to incent overseas employees, reaching higher employment seniority, allowing them grow together with the Company. In addition to the performance bonus paid monthly based on work performance, a certain amount of surplus will be set aside as the year-end bonus according to the full-year profit status of the Company and disbursed allocated to the employees as a reward to employees contribution and an incentive to drive their enthusiasm at work, allowing employees to share with the Company the business outcome.

#### Ratio of Standard Salary for Grassroots Employees Compared to Local Minimum Wage in Important Operation Locations

1.2x

Vietnam

1.0x

Taiwan, Mainland China, Indonesia, Cambodia, Bangladesh, Myanmar

#### Information of Number of Non-Managerial Employees and Average and Median of Their Salary

Year	2022	2023	Change Rate (%)
Number of full-time employees serving as non-supervisor roles	3,076	2,968	-4%
Average salary for full-time employee serving as non-supervisor roles (NTD)	899,000	877,000	-2%
Salary median for full-time employee serving as non-supervisor roles (NTD)	659,000	679,000	3%

Note: The information presented above is limited to Pou Chen Corporation and excludes all subsidiaries.

#### Ratio of Basic Wage Plus Compensation for Female Compared to Male

Region	Type	Overall average annual remuneration ratio of female employees to male employees
Taiwan	Direct Staff	-
	Supervisor and Lower Hierarchy	0.88 : 1
	Manager	0.95 : 1
	Senior Manager and Higher Hierarchy	0.82 : 1
Mainland China	Direct Staff	0.73 : 1
	Supervisor and Lower Hierarchy	0.80 : 1
	Manager	0.94 : 1
	Senior Manager and Higher Hierarchy	-

Note: The wage statistics in this table are for regular employees in Taiwan, Mainland China, Indonesia and Vietnam who have been employed for at least one year (inclusive) as of December 31, 2023.

Region	Type	Overall average annual remuneration ratio of female employees to male employees
Vietnam	Direct Staff	1.09 : 1
	Supervisor and Lower Hierarchy	1.00 : 1
	Manager	0.99 : 1
	Senior Manager and Higher Hierarchy	-
Indonesia	Direct Staff	1.06 : 1
	Supervisor and Lower Hierarchy	0.97 : 1
	Manager	0.89 : 1
	Senior Manager and Higher Hierarchy	-

## Talent Development Performance Management

The Company implements a performance management system to achieve operational goals and improve employees' work capabilities. The targets cover employees in major business locations such as Taiwan, Mainland China Hong Kong, Macau, Vietnam, Indonesia, Myanmar, Cambodia, etc., regardless of gender or age. In performance assessment, all employees who have worked for three months and more will be included in such assessment. For grassroots employees, this assessment mainly serves as assistance to improve their daily work performance. For middle-level and above, through the organization and personal goal setting and implementation, performance assessments are held biannually in the middle and end of the year. Through formal performance interviews, supervisors and employees may understand the organization's goals and personal development expectations, so that the work direction of the organization and the individual is clearer and more connected.

Performance management courses for supervisors are conducted to improve the effectiveness of performance interviews between supervisors and subordinates. Furthermore, the courses are combined with internal lecturer training, which supervisors are part of the internal lecturer team to convey and share performance management related knowledge and practical experience. Several experiential learning activities are embedded in the course, allowing supervisors to obtain knowledge and insights through observation, analysis and mutual sharing of experiences.

The main goal of the implementation of performance management is to measure our employees' achievement of overall goals and functional performance. The final results are used as one of the references for employee promotion, bonuses, training, and personal development programs. Through a comprehensive performance management system, we have shaped a performance-oriented corporate culture. We motivate our employees' performance and functional performance to cultivate and develop their personal capabilities. For employees who have the need to change jobs or develop their careers, we also provide internal job matching and performance consultation to help employees transition by promoting continued employability and career planning.

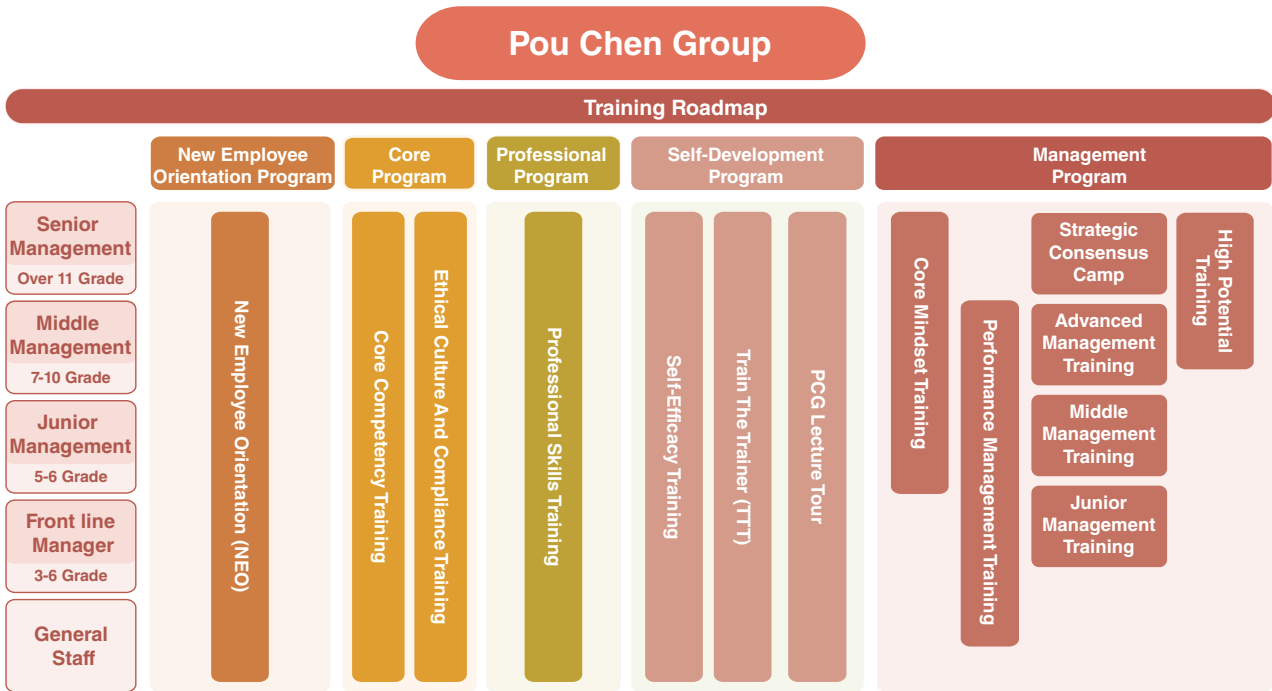
## Complete Employee Training Mechanism

### Policy and Commitment

Talent is the cornerstone of the enterprise's everlasting foundation. Pou Chen is the best strategic partner of the world-renowned sporting goods brand, anticipating itself to become the first choice of talents, actively incubating core talents of the enterprise. Through systematic, diverse and complete talent incubation mechanism, talents are broadened in their international vision and deepened in professional skills, planted with culture connotation of the enterprise, and bred with competitive advantage, laying the foundation for the Company's Sustainable Development.

- Combining the mission, vision, management strategy and goals of the Company, and developing talent strategy to actively cultivate talents of leadership roles and talents with professionalism, and furthermore facilitating the Company's talent readiness.
- Deeply cultivating the Company's talent database, identifying key talents through systematic and professional methods, moreover, planning complete talent development plan and training blueprint on bases of organization and personal development needs.
- Reinforcing enterprise vision, shaping culture and values, and creating the enterprise's irreplaceable soft power.
- Ongoing innovation and introduction of new technology, concepts or tools for facilitating personal growth and organization learning as well as helping the Company and individuals to achieve their goals.
- Valuing Employees' self-development, providing diverse learning channels, encouraging self-paced learning, triggering employees' potential, and realizing personal achievements.

## Pou Chen Group Training System Blueprint



## Employee Training Development Planning

The purpose of training development is attained through systematic structure and methods. With nonstop facilitation of talent quality and working skills, we aim to trigger the employees' enthusiasm at work and willingness to embrace challenges, furthermore creating greater enterprise values to achieve operation goals and to depict the future development.

To achieve the strategy and goals of the Company, besides consideration to management vision and goals, the training development planning shall simultaneously evaluate employee performance and gaps of competencies, cooperate with the Company's training system, establish employee training structure, plan on New employee orientation program, core program, management program, professional program, self-development program, etc.. Moreover, through offline or digital learning, we provide employees an all-over cultivation, allowing employees of the Company to continuously facilitate professional and management skills, meanwhile finding their own stage and becoming the long-term and stable partner of the Company by joint growth. In order to keep improving, TTQS talent development quality management system has been introduced into education and training. In the spirit of ISO, self-assessment of training results through international standards, and formal application for evaluation by the Ministry of Labor, was affirmed by the silver medal of the enterprise organization edition.

## Training System Programs

The Company's annual talent development training planning combines the missions, vision, and management strategy and goals of the Company, collects and understands development points and training requirements of each business division, continuously innovating and introducing new technology, concepts and tools, facilitating personal growth and organization learning, providing diverse learning channels, encouraging self-paced learning, simultaneously, we take considerations on employee's personal development plan, competency training system for each hierarchy and relevant laws and regulations to stipulate "Regulations Governing Employee Training Management" as basis of our operations.

To deepen the facilitation on working skills for employees at each position and to fulfill the vision of lifelong learning, the Company plans various series of training program for different stages according to the Company's core values

and each system competencies for employee. From an employee's reporting to expected retirement, the Company provides ongoing training for skills required by the employee in performing their tasks with an objective to reinforce the employee's capabilities for continued employment. Through arrangements of employee training courses, we expect to reach a consensus among employees internally, making employees recognize the organization value and furthermore contribute their parts in achieving the best business performance.

● **New Employee Orientation Program:** The Company organizes new employees' induction training courses to enhance employees' recognition of the group.

● **Core Program:** The Company develops a series of core program training based on The Company's core functions to establish a common language of the group, such as the Accountability course, so that employees have a willingness to take responsibility and a responsible attitude.

● **Management Program:** Based on the management functions required by all levels of managers, the corresponding learning and development projects are planned to strengthen the knowledge and skills of the group's supervisors, role positioning and necessary capabilities for managerial roles.

● **Professional Program:** Various learning and development projects such as R&D, quality control, engineering, manufacturing, business, procurement, supplier management, staff functions, etc., are planned to strengthen the professional and technical capabilities of employees.

● **Self-Development Program:** To encourage the diversified development of employees, the Company has established a series of soft power courses to increase the added value of learning to employees in addition to work. In addition to language training, internal lecturer training is also planned to motivate employees. Energy and potential expand the meaning of learning and inheritance.



▲ Management Program Leadership ladder management skills training



▲ Management Program AIM Program



▲ Management Program ART Program



▲ Management Program Junior Management Training



▲ Management Program TTUP- Local Management Training



▲ Self-Development Program Language Training (Vietnamese/ Indonesian)



▲ Core Program Accountability



▲ Professional Program Shoe-making Technology Program



▲ Management Program Strategy Consensus Camp

## Education and Training: Removing Limitations Set by Time, Space and the Number of Participants, and Making Learning Available far and Wide.

### Digital Learning: Special Digital Classes for Intermediate and Advanced Learners

In response to the digital transformation and the impact of the pandemic, the landscape of workplace learning has changed dramatically. Distance learning has become a new norm, enabling more and more people to develop new skills through online learning. To keep up with this trend, the Company has been moving toward digital learning, paying special attention to the needs of managers in management and leadership skills, and actively introducing high-quality digital courses to provide managers with a wealth of digital learning resources.

The digital courses cover topics such as problem analysis and resolution, planning and organization, and coordination, integration, and execution. Each course is designed with the concept of micro-learning and is complemented by rich visual effects, ensuring a perfect blend of knowledge, instructors, and presentation methods.

Through digital courses, managers are no longer restricted by time, space or the number of participants, and are able to apply what they have learned on the spot, thus facilitating their professional growth. By the end of 2023, some 4,230 managers had benefited from these digital learning resources, which not only widely conveyed the Company's management functions, but also built up the management awareness and leadership skills of mid-level managers, laying a cornerstone for the consolidation of an internal learning culture. This active promotion not only helps to improve the overall management standard of the Company, but also demonstrates our commitment to the professional development of our employees.

### Digital Competence Development Training Program (ART Program)

In addition to the above mentioned intermediate and advanced digital courses, the Company has also repeatedly disclosed the Group's digital progress and explored the topic of digital transformation in the Group's senior executives' consensus camps, in the hope of spreading the idea of digital transformation at the Group level and gradually influencing the entire organization.

In response to the Group's digitalization strategy, we are accelerating the digitalization capabilities of our talents, and accumulating progress in our phased digitalization. In 2023, the Company launched its first Digital Competence Development Training Program in the hope of identifying seed candidates for each organization's digitalization through a selection mechanism, and strengthening their digital mindset and digital project development capabilities by using structured training.

The course is planned around five main axes: digital culture and mindset, digital strategy and execution, digital capability, digital manufacturing, and technology and tools. Internal consultants, external partners, and experts in various fields are invited to serve as lecturers to share and pass on their experience, establish a shared language, and promote cross-team collaboration. After the training, business divisions were organized to carry out digital tasks and discuss their status in the execution of tasks through sharing sessions. This was done in the hope of furthering the Group's digital transformation and promoting digitization through a two-pronged approach of courses and real-life practice.

## Continuously Cultivating High-potential Talents as the Cornerstone of the Organization's Longevity

### Management Capabilities Training Program for the Management Talent Pipeline (P Program)

The P Program has been in operation for many years, and for Pou Chen, it is an important program for cultivating high-level executive talents and facilitating the strategic distribution of the Group. We expect the trainees to continue the spirit of Pou Chen, which is not only manifested in the three aspects of leadership, decision-making and talent cultivation, but also in the continuous enhancement of our business horizons and expansion of the management mindset, especially since one faces more multidimensional, more complicated and more uncertain management scenarios the higher one's position is.

To accompany and assist our partners in overcoming challenges, P Program's courses continue to be refined and

optimized. For example, the critical thinking and business problem solving course has students challenge and solve unfamiliar problems; we have also enhanced the trust-building course and the coaching course so that we can achieve our goals together through good communication, as well as making up for deficiencies in customer handling through the courses.

The Company is a global enterprise with locations in different countries. We expect outstanding talents to follow the development of the Group and go where their tasks take them and gain experiences instead remaining in a fixed spot. Therefore, cross-cultural management is also a skill that Pou Chen leaders should possess; they should be able to quickly integrate into local cultures and customs, and bring their own professionalism and enthusiasm when engaging in the tasks assigned by their organization.

Despite the ever-changing environment, the Group's thinking on talent cultivation remains unchanged. We will continue to be people-oriented.

### **Advanced Industrial Management Talent Cultivation Program (AIM Program)**

The Company has plants in six countries, which include Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh and Myanmar. The profitability of each plant is the result of the tremendous contribution of dedicated employees and plant managers who play their roles in the implementation of effective policies and strategies. It is the mission of the plant managers to produce high-quality products, obtain continuous customer satisfaction and orders, and create higher revenues for the Company.

The Company also recognizes the importance of cultivating plant management talents and passing on the experience of predecessors. Therefore, in 2021, we began to promote the Advanced Industrial Management Talent Cultivation Program. The composition of the trainees also reflected Pou Chen's global presence and diversified employee population. This allows the Company to make good use of its core strengths and competitive advantages to continuously strengthen its operational effectiveness and profitability. We remain committed to realizing quality, steady, and long-term growth.

The training covers a wide range of internal and external management issues that senior plant managers need to face, such as allowing participants to understand how effective analysis of the international political and economic situation can facilitate preparedness and prevention for the management of plants in various countries; furthermore, trainees can think from the perspective of the brand customers about how plants should effectively negotiate with customers, or even work to become the customer's favorite, and be able to continue to supply orders to create a stable production capacity and profitability, creating a win-win opportunity.

In 2023, we continued to optimize our training by adding a new post-training task, which was making plant Improvement proposals, in the hope that trainees can organize what they have learned and apply it to their daily work. The course was planned to have trainees utilize the three-month post-training period to develop their proposals from the theme to the actual implementation and production as well as producing actual benefits through monthly one-on-one consultation meetings with the instructors, and to have them publish the proposals at the end of the three-month period. This process allows trainees to draw on a variety of insights and knowledge, which helps to broaden their horizons and add to their experience, so that they can truly learn, apply, and achieve.

The lecturers hired for this program are all the best in their field of plant management within Pou Chen, and they are all veterans with a lot of practical experience in plant management. Through the teaching and guidance of their predecessors, the senior plant management talents can be prepared to accept the challenges of plant management at any time.

## **Becoming More Local to Ensure that there is no Gap Between the Management and Technical Talents due to Regionalization**

### **Total Talent Upgrading Program (TTUP) - Local Management Training**

In the face of fierce competition in today's footwear industry and the challenge of globalization gradually shifting to regionalization, we have been promoting the Total Talent Upgrading Program (TTUP), which provides more diversified learning opportunities and development pipelines, in order to ensure that the Company's niche is more solid and to maintain our leading position in the industry. Therefore, as long as our employees have the willingness to learn and demonstrate outstanding performance, they will have the opportunity to embark on a broader career path at a higher level.

The local management training covers a wide range of basic capabilities required of managers, including but not

limited to basic managerial practices, team building, subordinate cultivation and work guidance. It is hoped that through these solid foundation courses, local potential managers and local reserve talents will have a certain degree of managerial competence, and can be used as a reserve talent for future overseas managerial positions.

As of the end of 2023, 238 local employees have completed the local foundation class (L1) and 25 local employees have completed the intermediate class (L2) designed by our headquarters. In addition, to expand the resources for talent training, we have also organized themed training courses for the foundation class (L1) to nurture internal seed instructors, and 116 employees have completed the training and obtained the certificate. It is hoped that in the future, we can continue to expand on the courses through the local seed instructors, thereby continuously increasing the capacity of the local management talent pool.

### **Rooted in technology: Specialized Classes to Cultivate Talents to Ensure Continuation of Technological Know-how**

In order to root our technology in the local market, integrate our plants into the local culture and localize our management, the Company has trained our overseas managers in the concept of business management and strengthened their technical expertise to win the trust of our customers. The local managers are focused on production technologies; we cultivate their knowledge of on-site production quality as well as the ability to control production capacity and efficiency in order to satisfy the requirements of customer orders.

Professional training on footwear manufacturing techniques includes plant management and the principles and practices of paper pattern making. Local and overseas managers are nominated by the plants to participate in the training courses, and through the lectures given by senior executives, the experience of veteran shoe plant employees is shared with local and overseas managers so that the experience is not lost, and that the managers can minimize errors in judgment through the experience of their predecessors in order to avoid wasting manpower and material resources.

In 2023, a total of 7 classes finished their training; 2 classes with a total of 85 trainees learned the basics of plant affairs, 2 classes with a total of 71 trainees learned advanced plant affairs, 2 classes with a total of 73 trainees learned the principles of paper pattern making in English, and 1 class with a total of 30 trainees learned about practices concerning paper pattern making. A total of 259 overseas and local managers were trained in 2023.

### **Implementation of the Group's Education and Training**

In 2023, Pou Chen invested approximately 3,451,643.71 training hours for education and training, with a total of 1,762,794 participated in these trainings, and average training hours of approximately 12.8 hours per employee<sup>Note 1</sup>. In addition, a new online training system was introduced in 2017, so that employees can make full use of their time to learn on the online platform without being restricted by country, environment and time, and can achieve the all-around sharing of the Group's learning resources.

We will continue to optimize this platform in the future, developing more digital courses and online platform tools to provide employees with better learning resources.

#### **● Average Training Hours of Employees by Gender in 2023 (Unit: Hours)** <sup>Note 2</sup>

Employee	Male	Female
	13.9	12.5

#### **● Average Training Hours of Employees by Category in 2023 (Unit: Hours)** <sup>Note 2</sup>

Supervisor and Lower Hierarchy	Manager	Senior Manager and Higher Hierarchy
12.8	15.5	15.0

Note 1: Average training hours of employees = Total training hours/Total number of employees in the current year.

Note 2: Average training hours of the team = Total training hours of employees of the team/Total number of employees of the team in the current year.


# 5.2 Human Rights Management


## Material Topic Management


### Significance to Pou Chen


Human resource capital is the basis of a company's operation. We create a friendly workplace, ensure the human rights of workers, and establish a comprehensive system to protect the rights and interests of employees.

### Impact

 **Positive Impact (Actual)**  
Human resource capital is the basis of a company's operation. We create a friendly workplace, ensure the human rights of workers, and establish a comprehensive system to protect the rights and interests of employees.

 **Negative Impact (Actual)**  
Human rights management directly affects employees' rights and interests as well as their retention, which in turn affects operation and production.

 **Positive Impact (Potential)**  
Enhancing the company's image has positive effects on recruiting employees within the community.

 **Negative Impact (Potential)**  
Failure to adequately protect the rights of employees and suppliers' employees.

### Policies and Commitments

We adhere to Pou Chen Group's Code of Conduct, conduct internal human rights management, and take actions that are consistent with the FLA Workplace Code of Conduct to treat all employees with dignity and ensure their rights and interests.



### Targets and Objectives

- Reduce operational risks, minimize possible hazards at work, and ensure the rights of workers to maintain a good communication channel between labor and management that is based on mutual trust and to create a win-win partnership between labor and management.
- We comply with the regulations of the regions where each production site is located, the Group's Code of Conduct, and international human rights standards. We implement legal compliance in our daily operations, as well as align ourselves with international trends through external third-party inspections/certifications.
- 2023 Objectives
  - » Participation in and completion of workplace-friendliness programs: 100%
  - » Cases of harassment and discrimination: 0
  - » Responsible Recruitment: No Compliance Violations

### Actions Taken

- Conducted annual compliance KPI assessments-social responsibility assessments for all wholly-owned footwear plants under Pou Chen Group's management, and completed social responsibility audits in 2023 as scheduled, with a 100% assessment rate
- Promoted infrastructure projects; reviewed and found out the daily compliance status of plants through daily risk monitoring. The project has been launched at all wholly-owned footwear plants in 2023, accounting for 100%.

### Assessment Methods

- Internal: According to the internal PCG Compliance KPI assessment, our wholly-owned footwear plants and suppliers are subject to annual internal audits and graded according to their compliance performance, which allows us to effectively review and manage overall compliance. (Note: The definition of a wholly-owned subsidiary is a company in which this corporation holds 100% of the shares directly or indirectly.)
- External: Through regular or occasional audits by customers and third-party entities, we continuously make improvements and follow-up on the progress.

### Stakeholder Engagement

Telephone hotline, social media or mobile apps, SMS, suggestion box, e-mail, employee seminars, manager meetings, labor-management meetings, internal and external referrals, direct communication/interviews, employee consultation office/counselor's office.

### Corresponding Sustainability Indicators

GRI 407/408/409  
SDG 5/8/10

## 5.2.1 Pou Chen Human Rights Management

To achieve sustainable corporate development, Pou Chen has always complied with the laws and regulations of the countries in which it operates in a rigorous, open and transparent manner and in case of discrepancies or conflicts between different standards, the higher standard will be followed. The Group also makes reference to the codes of conduct set by large NGOs and many brand-name customers as the core standards for all employees to perform their work. Through internal and external audits, potential problems are identified and used to continuously improve the working environment and control risks, and to further a harmonious labor-management relationship and create a happy enterprise.

Code of Conduct	Human Rights Management Measures
<ul style="list-style-type: none"> <li>① Employment Relationship</li> <li>② Nondiscrimination</li> <li>③ Harassment or Abuse</li> <li>④ Forced Labor</li> <li>⑤ Child Labor</li> <li>⑥ Freedom of Association and Collective Bargaining</li> <li>⑦ Health, Safety and Environment</li> <li>⑧ Hours of Work</li> <li>⑨ Compensation</li> <li>⑩ Community Outreach and Partnership</li> </ul>	<p>Human rights issues and management measures applicable to all employees:</p> <ul style="list-style-type: none"> <li>① Responsible recruitment</li> <li>② Fair Compensation</li> <li>③ Prohibition of child labor</li> <li>④ No forced and compulsory labor</li> <li>⑤ Minimum notice period for major operations</li> <li>⑥ Freedom of association</li> <li>⑦ Collective bargaining</li> <li>⑧ Voice of employees</li> <li>⑨ Staff grievance mechanism</li> <li>⑩ Diversity and inclusiveness</li> </ul>

## Human Rights Training

Pou Chen is committed to cultivating a friendly and harmonious workplace atmosphere, hoping to create a warm workplace where employees can help one another and interact with warmth, respect, and care. The Company has stipulated unified regulations and standards so that all employees, no matter where they are in the Group, can have shared values and behavioral standards to abide by. In 2019, Pou Chen established a friendly workplace course, which focused on showing respect in workplace interactions, transmission of messages, behavioral boundaries, and other related concepts to facilitate respect and friendliness in the workplace. In 2023, the framework for the friendly workplace course was replanned, and new teaching materials were designed to emphasize the consistency of internal and external standards, including local laws and regulations (in the countries where the production bases are located) and standards of international organizations; the regulations pertaining to unlawful infringement of employee rights in the workplace were emphasized to raise employee awareness. Starting with Taiwanese and foreign managers, some 1,604 participants passed the online training program as of December 2023, with a completion rate of 82%. The training program continued until March 2024, and the completion rate is expected to be 100%. In addition, in 2023, the Group held a comprehensive briefing for senior executives on the importance of understanding gender equality and the prevention of sexual harassment.

In addition to the Group's friendly workplace training, Pou Chen and its regional plants have different human rights training and promotion methods. Through daily assemblies, lunch break broadcasts, occasional on-site training, distribution of small cards, putting up posters and other methods, employees at all levels are made to understand relevant concepts and to work together to establish a friendly and harmonious workplace atmosphere, ensuring respectful interactions among employees.

### ● Friendly Workplace Program

It mainly consists of :

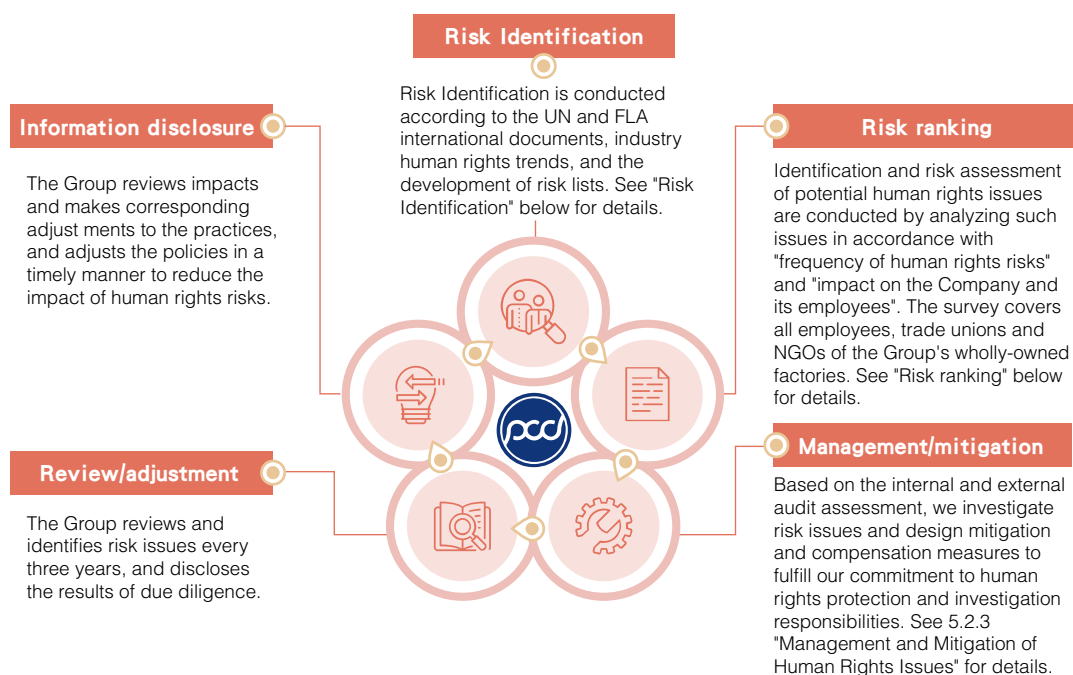
- The Group's regulations (including Group Code of Conduct)
- The Group's Discipline/Engagement Committee Measures
- Management Measures of Complaints and Punishments for Prevention and Treatment of Sexual Assault and Sexual Harassment
- National sexual harassment and abuse laws
- Practical cases sharing
- The Group's channels of grievance and consultation
- Management Measures for Complaints of the Group's Employees
- The internal communication flow chart for general appeal cases
- Workplace emotional control help

## 5.2.2 Human Rights Due Diligence

### Purpose of promotion

In order to implement the human rights policy and ensure its effectiveness, we have initiated human rights due diligence since 2022 to gain an in-depth understanding of employees' awareness of our human rights policy. The Group is committed to creating a supportive, friendly and healthy work environment.

#### ● Human Rights Due Diligence Process



### Risk Identification

The Group commits to abiding by international human rights standards, such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the United Nations Convention on the Elimination of All Forms of Discrimination against the United Nations Convention on the Rights of the Child, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the FLA Code of Conduct and Standards of Compliance for the Workplace, establishing a list of potential human rights issues based on the human rights concerns of relevant stakeholders, and conducting human rights due diligence accordingly.

Human Rights Issue	Areas of Focus
Responsible recruitment	Employers shall adopt and adhere to rules and conditions of employment that respect their employees and provide basic rights protection for their employees under national and international labor and social security laws and regulations.
Anti-discrimination Respect for religion diversity	No employee shall be subject to any discrimination in employment, including employment, wages, benefits, promotion, discipline, termination or retirement, etc., on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social status or minority status.
Harassment or Abuse	Each employee shall be treated with respect. No employee shall be subject to physical, sexual, psychological or verbal harassment or abuse.

Human Rights Issue	Areas of Focus
Forced Labor	Any form of forced labor and human trafficking, including the use of prison labor, indentured labor, bonded labor, or involuntary labor through any penalty, is prohibited. Restrictions on freedom of movement or withholding of personal documents are prohibited in the workplace or through employment agencies, and employees are required and ensured to understand their terms and rights in recruitment and employment. We must sign employment contracts in the employee's native language and ensure that agencies do not use forced labor and do not charge employees recruitment fees.
Prohibition of Child Labor	It is prohibited to employ individuals under the age of 15 or below the mandatory school-leaving age as required by the laws of the respective region, or according to higher standards set by other stakeholders.
Freedom of Association and Collective Bargaining	Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.
Occupational Health and Safety	Employers shall provide a safe and healthy workplace setting to prevent accidents and injury jeopardizing health when employees engage in work-related tasks or the operation of the employers' facilities. Employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.
Reasonable Work Hours	Employers shall not require employees to work more than normal working hours and overtime hours required by the laws of the country where the factory is located.
Fair Compensation	Each employee has the right to be paid for any normal work week that meets his/her basic needs and generates some discretionary income.
Privacy/Personal Data Protection	Employers are responsible for protecting the privacy of their employees and preventing the leakage of their personal information.

Explanation of issues of concern to stakeholders in 2023:

The Company received a complaint of sexual harassment from an external party on June 12. On June 13, the Company set up the Sexual Harassment and Assault Grievance Handling Committee in accordance with the law and the Company's Regulations for Handling Complaints and Disciplinary Measures on Sexual Harassment and Assault, and an investigation team was formed to conduct the investigation and handle the case. The Company insists on maintaining confidentiality, objectivity, impartiality and fairness in the investigation and handling of the case, fully respecting the independent investigative power of the Committee and handling the case impartially in accordance with the Committee's deliberations. On July 7, the summary of the investigation report and the grievance reply form were sent to the Labor Affairs Bureau, the complainant, and the complaine. On July 10, the complainant and the complaine confirmed that they had received the documents by mail, and on July 11, the date of re-complaint was calculated and set as July 30. A written re-complaint had not been received up to August 2, and no reply was received from the complainant, who was informed by message, and therefore, the case was closed as the procedural timeline had expired and the case was assessed by the Committee as not substantiated.

Immediately after the incident, the Company organized a meeting to promote the prevention and control of sexual harassment, and began updating the Company's friendly workplace training materials and planning in July, with the first phase of training to be conducted in October. After the incident, the Company received a deliberation report and a document of administrative action from the Gender Equality Committee of Taichung City Government. The reason for the disciplinary action was that the complainant's supervisor had made a complaint about the incident with his/her supervisor at that time many years ago, but that supervisor did not take any further action at the time and did not inform the Company of the incident, thus failing to take corrective and remedial measures that were immediate and effective. The Company has conducted promotions and training for employees and supervisors, emphasizing that if they are informed of cases of sexual harassment or workplace harassment by other employees, they should immediately refer the matter to employee relations personnel and avoid making personal subjective judgments.

## Risk Ranking

In 2022, the Company initiated a questionnaire on human rights risks, covering all employees of the Group's wholly-owned factories, labor unions and NGO. 122 valid questionnaires were returned, and the Company has analyzed such questionnaires according to the "frequency of human rights risks" and the "impacts on the Company and employees" to establish a human rights risk matrix.

### Definition of "Frequency of Occurrence"

1. **Very low:** Generally does not occur.
2. **Low:** Rarely occurs (more than once per year).
3. **Moderate:** Occurs in certain cases (more than once per half year)
4. **High:** Occurs more often (more than once per quarter)

### Definition of "Severity"

1. **Very slight:** Little impact on physical and mental health and safety of employees
2. **Slight:** Minor impact on physical and mental health and safety of employees; Minor injury or illness (no loss of working hours)
3. **Moderate:** Moderate impact on physical and mental health and safety of employees; Injuries requiring rehabilitation (loss of working hours)
4. **Severe:** Serious impact on physical and mental health and safety of employees; Resulting in physical and mental disabilities
5. **Very Severe:** Significant impact on physical and mental health and safety of employees: Resulting in death

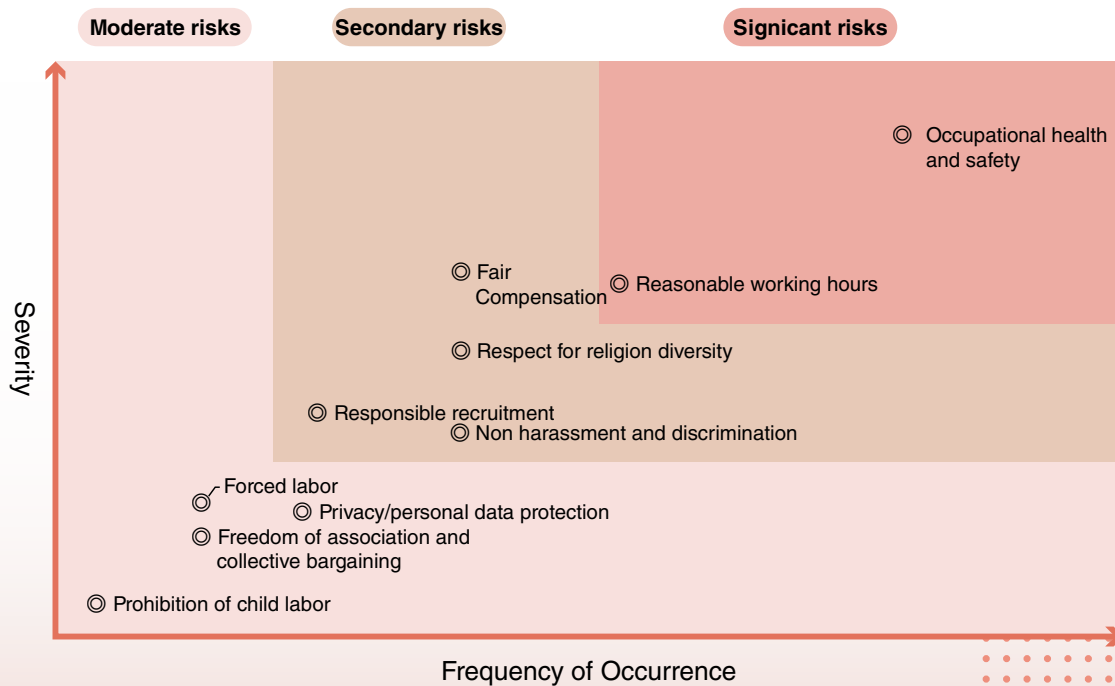
The frequency of occurrence and severity of human rights risk issues in the questionnaire are scored and counted, and are discussed internally by the human rights management unit of the Sustainable Development Department. Significant, secondary and moderate risks are determined according to the following rules :

**Significant risks :** Frequency of Occurrence Score > 2.2 ; Severity Score > 2.2 ◦

**Secondary risks :** 2.2> Frequency of Occurrence Score > 1.7 ; 2.2> Severity Score > 1.7 ◦

**Moderate risks :** Frequency of Occurrence Score <1.7 ; Severity Score <1.7 ◦

### Human Rights Risks Matrix Diagram



## 5.2.3 Management and Mitigation of Human Rights Issues

### FLA Engagement and Certification

**The significance of becoming a member of the international human rights organization FLA and claiming the FLA accreditation has shown Pou Chen's dedication in cohering to United Nations Sustainable Development Goals (SDGs).**

Goal 8 of the Sustainable Development Goals (SDGs) indicates that an organization should "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all". Pou Chen strongly believes that each and every labor has the right to work in a safe and equal environment. Through participation in Fair Labor Association (FLA) and cooperation with the FLA SCI examination, independent assessments to our global operations locations are made to maintain compliance standards in human rights and labors.

In 2011, Pou Chen joined Fair Labor Association (FLA). As an FLA member, we commit to the compliance with "FLA Workplace Code of Conducts" and "Principles of Fair Labor & Responsible Production" and its corresponding KPI and principles. Meanwhile, through annual SCI audit and on-site observation at production sites and visits to the Pou Chen Headquarters, the FLA Board of Directors unanimously agreed that Pou Chen meets the FLA accreditation qualifications, hence making Pou Chen the only footwear manufacturer claiming the FLA accreditation.

《FLA PRINCIPLES OF FAIR LABOR & RESPONSIBLE PRODUCTION》 We commit and voluntarily abide by the FLA Workplace Code of Conduct and Principles of Fair Labor & Responsible Production	
Top Management Commitment and Workplace Standards)	Commitment to accountability and transparency through established workplace standards.
Responsible Production Practices	Commitment to align sales, planning and production practices with workplace standards.
Responsibility and Head Office Training	Commitment to identify and train specific staff responsible for implementing workplace standards, responsible production practices, and provide training to all head office staff.
Production Staff Training	Commitment to train all the management and employees at owned facilities on workplace standards and track effectiveness of training.
Monitoring	Commitment to conduct workplace standards compliance monitoring.
Functioning Grievance Mechanisms	Commitment to provide workers access to functioning grievance mechanisms, which include multiple reporting channels of which at least one is confidential.
Collection and Management of Compliance Information	Commitment to collect, manage, and analyze workplace standards compliance information.
Timely and Preventative Remediation	Commitment to remediate in a timely and preventative manner.
Consultation with Civil Society	Commitment to identify, research, and engage with relevant labor non-governmental organizations, trade unions, and other civil society institutions.
Verification Requirements	Commitment to meet FLA verification and program requirements.

## Audit by FLA for a Consecutive 13 Years, and Open Reports on Passed Evaluations Have Been Issued.

Pou Chen keeps strengthening the transparency on the production and manufacturing conditions, and has actively received annual evaluations on Sustainable Compliance Initiatives (SCI) and has been assessed compliance status to selected factories by Fair Labor Association (FLA) since 2011. Each year, Pou Chen, based on suggestions in the said report, performs improvement and periodic feedback with action plans, meanwhile systematically and periodically receives Human Rights Review and evaluation/monitoring by NGO.

The scope of evaluation by FLA SCI covers our main production and operations locations globally, and all the Labor Condition Passed Examination reports are available at FLA's official website

<https://live-flarebuild.pantheonsite.io/member/pou-chen-group/>

Production Base	Indonesia	Mainland China	Vietnam	Cambodia	Bangladesh	Myanmar	Taiwan HQ
Audit Date	2011/12/20-22 2021/9/27-29	2012/11/5-9 2013/8/27-30 2014/11/2-7 2020/9/9-10	2015/10/12-16 2017/9/26-29 2022/8/22-24 2023/9/20-22	2019/9/5-6	2016/11/1-3	2018/9/5-7	2018

Note: 2017 Vietnam VP Plant Recheck report is logged on the FLA internal member website.

In September 2023, FLA commissioned a third-party auditor to conduct a three-day compliance assessment at the Company's BOPW plant in Ho Chi Minh City, Vietnam, which is under the management of Pou Yuen Vietnam Company, a subsidiary of the Company. Through documentation audits, on-site observations, and interviews with employees and management, FLA provided recommendations for plant-end legal compliance findings and regularly tracked the progress of improvements to be made. Through the discovery of deficiencies, a plant-wide inventory was conducted to correct and improve measures, and to actively implement the improvement of labor conditions and the working environment continuously.

Pou Chen set up a plant in Ho Chi Minh City, Vietnam in 2012, creating about 40,000 jobs. For two consecutive years, FLA selected Vietnam to conduct third-party audits. Through on-site inspections of production plant compliance, no major or emergency deficiencies requiring a reply to FLA within 24 hours were found. Also, it listed two of the Company's best practices, namely 1) providing a 50% night shift subsidy, which was higher than the 30% stipulated by law, and 2) providing two additional days of leave to managers, which was better than the legal requirement.

## Pou Chen Internal Evaluation Mechanism: SD-KPI

Since 2012, Pou Chen has established an internal evaluation mechanism, the content of which can be divided into Social Responsibility Evaluation ("ERC") and Environment, Safety and Health ("ESH"). The scope of the evaluation covers its production operating bases in Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh and Myanmar, and annual compliance assessments are conducted on the production units of the Company's wholly-owned footwear factories. The assessment criteria include the implementation status of human rights, environment and safety management. Factories will then be classified in a hierarchical manner based on their compliance performance, so that the overall compliance status can be actively and effectively reviewed and managed.



**Pou Chen Internal Evaluation Mechanism (SD-KPI)**

**ERC**



Social Responsibility Evaluation  
(Human rights risks management)

- No harassment and discrimination
- Forced labor
- Recruitment and appointment
- Education and training
- Working hours management, salaries and benefits
- Employee development and promotion
- Termination/release of contract
- Rewards, penalties and workplace conduct
- Grievance mechanism
- Slacking and strike
- Internal communication (employee involvement/social feedback)
- Protection for special employees
- Freedom of association and collective bargaining

**ESH**



Environment, Safety and Health

- Safety and health
- Fire safety
- Environmental management
- Energy management

For human and labor rights management, the Social Responsibility Evaluation SD-KPI inspection of the Group's wholly-owned factories has been completed on schedule in 2023. We are in accordance with the Pou Chen Code of Conduct, the FLA The Workplace Code of Conduct and the "Principles of Fair Labor and Responsible Production" and other relevant provisions are evaluated for labor rights and human rights protection measures, including: no harassment and discrimination, forced labor, recruitment and appointment, education and training, salaries and benefits, working hours management, employee development and promotion, termination/release of contract, foreign employee management, outsourcing management, rewards, penalties and workplace conduct, grievance mechanism, freedom of association and collective bargaining, protection for special employees, slacking and strike, and internal communication (employee involvement/social feedback), etc. The evaluation method includes detailed review of relevant documents and records, random inspection of the plant monitor (CCTV) screens and employee interviews to achieve an objective, fair and comprehensive review.

**Cases of Alleviation of Risks Related to Human Rights Issues in 2023 are as Follows:**

**Working hour management**

**Finding**

After checking plant management documents, it was found that a Vietnamese plant had arranged a short break from 10:45 to 10:50 (lunch break from 11:00 to 12:00). Considering that the short break was close to the lunch break, there was a risk that the short break might not be implemented.

**Corrective Action Plan, CAP**

1. After the audit, the plant has updated the short break time, and has publicized the adjusted time.
2. Afterwards, on-site inspections were conducted at the plant to verify that employees were able to take a short break according to the updated schedule.

2023.9.18

**Grievance mechanism**

**Finding**

On an on-site walk-around, it was revealed that in one Vietnamese plant, the grievance management regulations stated that an email grievance channel was available, but the posters promoting grievance channels on-site did not include the email grievance channel.

**Corrective Action Plan, CAP**

1. After the audit, the plant immediately updated the document posted on the bulletin boards on-site to promote grievance and inquiry channels.
2. In addition to the document, the plant conducted a comprehensive inspection of all areas of the plant, replaced the posters, and briefed all the employees. In the future, the plant will strengthen its self-inspection procedures, and regularly review internal operating procedure documents and the plant's promotional materials.

2023.10.16

### Internal standardization

#### Finding

Employee interviews were conducted and in one plant in Indonesia, more than 50% of the employees interviewed had not yet understood the Company's core values and code of conduct.

#### Corrective Action Plan, CAP

1. The plant produced posters and posted them in various locations in each building (posters were posted in conspicuous places, such as bulletin boards, near checkpoints, or where they can be easily seen on the production line).
2. After the posters were put up, the plant conducted education and training for all personnel once more to explain the Company's core values/codes of conduct.

2023.10.11

### Outsourcing management

#### Finding

After reviewing the contract of outsourced workers, it was discovered that there was a plant in Mainland China where the information on the labor contract of the outsourced security personnel was not properly filled out. Additionally, there were errors in the payment date and payment method.

#### Corrective Action Plan, CAP

1. After the audit, the plant re-examined and corrected the labor contract to ensure that all the information was correct.
2. The plant also provided education and training to the personnel responsible for contacting outsourcing contractors to ensure that they understood and were familiar with the rules of contract writing, so as to avoid the recurrence of similar incidents.

2023.10.19

In 2023, we continued to improve the Group's standards of labor rights and human rights in our factories. At present, all the factories have implemented policies to protect child labor, underage workers and female employees, and there were no cases of forced labor or human trafficking. Meanwhile, factories actively provided relevant trainings to advocate no harassment, no discrimination, prohibition of forced labor and freedom of association and relevant training. The Group utilizes the internal platform (MAP) to track the improvements of issues identified during the audits. Through root cause analysis, improvement plans and discussion with factories, immediate rectification and reviews are carried out. All 196 findings from the previous year (i.e. 2022) have been followed up and concluded in 2023.

Going forward, Pou Chen will continue to dedicate in implementing relevant regulations and spirits of the international standards advocated by the International Labour Organization ("ILO") and the FLA, providing a friendly working environment and a better relationship between employers and employees.

Note : MAP, Master Action Plan

## Management Practices on Human Rights Issues

Pou Chen complies with local laws and regulations, stipulates "Pou Chen Group Code of Conducts" on basis of Universal Declaration of Human Rights and FLA Principles of Fair Labor & Responsible Production, and add relevant articles (e.g. no employment of child labors, non- harassment/discrimination/no forced labor, freedom of association, health and safety, rules for salary/working hours, special workers' protection, etc.) to our work rules to devote our part in fulfillment and implementation in principle of impartiality and human rights policies.

### Responsible Recruitment

We uphold the principle of equality in opportunity, values contribution and development by diverse talents, provide job seekers and employees an equal chance of employment and employment condition without difference due to gender, race, religion, age, disability, sexual orientation, nationality, political perspective, social status or minor ethics, and relevant management principles are also embodied at the aspects including employment, wages, welfare, promotion, discipline, discharge or retirement. Diverse channels are adopted in the personnel recruitment of our plants, and are validated in the interview to ensure the job seekers of their willingness in the applications and integrity of provided documents as well as their age in compliance with local regulations. Applicants meeting all criteria are entitled to the employment. Every employee is required to, upon employment, sign an employment contract which explicitly defines the rights, responsibilities and obligations by the employer and employee, and has the right to terminate the employment with the plant. Setting forth, change, dismissal and termination of relevant labor contracts all strictly follow relevant laws and policies.

Meanwhile, to cohere with the spirits of human rights as advocated by international organization and meet the purpose of effectively ending unfree labor, the Company completed the signing of "Responsible Recruitment" jointly promulgated by Fair Labor Association (FLA) and American Apparel & Footwear Association in November 2019, with everyday promotion and advocacy including :

- ① Employees shall not be required to pay for agency fees.
- ② Employees may keep their own travel documents and identifications and have the liberty of mobility.
- ③ Employees are informed of basic employment conditions before they depart from home for work.

Based on the above-mentioned principles, the Company fulfills the responsible employment in its daily operations, along with the references to the NGO/stakeholder suggestions: "in events that an enterprise works with agencies or recruitment units, there may be higher tendency of forced labor or involvement in the human trafficking." Hence, the Company has drafted its Responsible Recruitment Commitment for signings by its cooperated agencies or recruitment units to effectively avoid the risks of forced labor and human trafficking. In 2023, as per examination on internal labor dispatch circumstances of the Company, plants at various business locations of the Company have made direct employments without the recruitment or signing of labor contracts involved by labor agency companies; where there are related involvements, the involved entity will be required to sign such Responsible Recruitment Agreement, verified of its legality and compliance through annual internal verification mechanism.

### Fair Compensation

Global Living Wage Coalition (GLWC) Definition and Standards for Living Wage/Fair Compensation: The remuneration received for a standard workweek by a worker in a particular place should be sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.

As a responsible participating supplier of the Fair Labor Association (FLA), we refer to the FLA code of conduct and GLWC's definition of fair compensation, and follow the FLA fair compensation research method in the Group's research on its compensation policies. Pou Chen is committed to our ongoing commitment to developing fair compensation to support the lives of our employees and their families.

In addition to the audit mechanism for checking the working hours and salary compliance status of production plants, Pou Chen also uses the FLA compensation data collection tool and online platform of Fair Compensation Dashboard to actively check the salary structure of the Group's plants. In 2023, 36% of the Group's footwear production plants\* were under sampling, including plants in Vietnam, Indonesia and Cambodia. It has been found that 100% of the sampled plants have met the local basic salary and fair salary standards.

**Pou Chen**  
Fair Compensation  
Commitment



**FLA**  
Fair Compensation  
Project





Note: "Footwear production plants" as referred to herein are based on the number of plants included in the list of FLA member lists.

## **Prohibition on Child Labor**

As per "Pou Chen Group Code of Conducts" and International Labour Organization (ILO) Convention No. 138 and compliance with government laws and regulations, it is prohibited to employ employees under the age of 15 or the expected age for completion of compulsory education in the region, whichever is stricter shall prevail. Involved young workers (juvenile workers) must be registered and approved according to regulations (depending on the requirements of laws and regulations), and relevant protection policies shall be formulated to ensure that their working hours and positions comply with laws and regulations.

Pou Chen requires job applicants to provide valid identification documents upon interview as a proof of their actual age. Once a misemployment of child labor is found, the Company will immediately suspend the work of the child labor, and the child will be escorted back to its original residence to his/her parents or guardian for custody, with all the transportation, meal and accommodation expenses necessary covered by the Company and the wages for the labor's actual work will be paid. In 2023, no employment of child labor was reported in our business locations, as examined in per internal compliance mechanism.

## **No Occurrence of Forced and Compulsory Labor Events**

Pou Chen does not employ labors under un-free imprisonment or binding of illegal agreements, including labor in prisons, contractor labor, bonded labor or un-free labor in other forms, and may not hire labors involved in any form of human trafficking, no matter the labors are obtained through force, scam or threat or involuntary labor or slavery in any form. All workers are working voluntarily, and employees own the rights to work overtime or resign freely under reasonable notices. Meanwhile, the Company does not require the employees to pay for any recruitment cost, ensure the liberty of mobility of employees by allowing the employees to hold their own identification card or immigration identifications, and furnishes contract in the mother tongue of employee in writing for signing to properly inform the employees of their basic employment conditions. Through daily management, the Company ensures all works are done by employees voluntarily, and the employees have the right to take overtime and resign freely. In 2023, there were no occurrences of forced and compulsory labor events, as per check via internal compliance mechanism.

Pou Chen complies with relevant laws and regulations at locations of the plants, regulations of the Company and brand agreement roles by paying the employees the compensation in correct amount on schedule, with salary slips written in local languages to allow understanding of complete information with respect to salary content as well as all legal deductions. Should overtime need to be arranged due to the needs of work, consent by the employee shall be granted, and overtime and overtime pay all meet the requirements of domestic laws and regulations. The Company also respects the rest time of the employees by granting days off following domestic laws and regulations, and Human Resources computer attendance records system is built to effectively manage employees' working hours and day offs, protecting the balance between body and mind for employees. During working hours, except for the specific areas under access control, employees may move freely within the plant.

## **Minimum Notice Periods Regarding Material Operational Changes**

Pou Chen is committed to fostering harmonious labor relations and ensures that the minimum notice period for significant business changes is handled in accordance with domestic labor laws and regulations.

For operating and production bases having signed a collective bargaining agreement, the agreement refers to the collective bargaining agreement entered into between employee unions at respective regions and the Company under the approval of the component authorities at those regions, which clearly states the relevant working conditions, rights and interests or the shortest notice of major operational changes. The signed group agreement documents shall be submitted to the local competent authority for recordation. Operating and production bases that have not signed a collective bargaining agreement or that are not specifically stated in the group agreement will comply with the local labor laws and regulations to regulate the minimum period for major operational changes.



### Freedom of Association

Pou Chen upholds the respect to employees' rights to associate and perform collective negotiation freely., As stated in the "Pou Chen Code of Conducts", Pou Chen recognizes legal labor unions autonomously founded by employees, supports employee's liberal organization of labor union, respects its rights to negotiate with management and actively communicate and interact with labor union

Employee labor unions which employees may join in voluntarily are available at our plants in Taiwan, Mainland China, Indonesia, Vietnam, and Cambodia, coordinating communications on relevant labor issues between employees and the Company including reviewing labor rights stated in the employee handbook, stipulating relevant labor standards, attending labor negotiation or events on delegation and other relevant affairs. Under requirements of local regulations and liberal election by employees, Worker Participation delegation was established in Bangladesh and Myanmar plants; the Worker Coordination Committee (WCC) was founded at plants in Myanmar, and the Worker Participation Committee (WPC) was also founded at the plants in Bangladesh.

### Collective Bargaining Agreement Covering Nearly 230K Employees Worldwide

Under the consensus between the employer and the employee, labor unions in each region may sign the Collective Bargaining Agreements (CBA) documents with branches of the Company in each region, jointly handling relevant employee care and service events with the Company, increasing the communications and the sense of recognition between the Company and employees. Signing of Collective Bargaining Agreements was made under agreement by the employer and employees at our plants in Mainland China, Indonesia, and Vietnam, and number of employees protected by Collective Bargaining Agreements is 229,361 in total, accounting for 95.55% of the workers in footwear manufacturing business.

Pursuant to Pou Chen's internal regulations, the plant and the labor union shall at least convene one communication meeting for management and labor union every quarter; where the agenda involves employee welfare and rights, the plant shall actively conduct a meeting for discussion with the labor union to reach a consensus with and an approval by the labor union.

### ● Rate (Average) and Number of Employees Protected by Collective Bargaining Agreements in Main Production Sites

Locations	Vietnam	Indonesia	Mainland China
Number of People Protected by Collective Bargaining Agreements (Unit: People)	94,973	110,959	23,429
Percentage of People entitled to Collective Bargaining Agreements protection (%)	100% (Note 1)	100% (Note 1)	94.87% (Note 2)

Note 1: Collective Bargaining Agreements documents signed in Vietnam and Indonesia contain rights and obligations scope covering all employees and employer of the plants affiliated with the title of juristic persons.

Note 2: In Mainland China, only employees working in relevant "footwear manufacturing" unit join in labor union; percentage in Mainland China is based on number of employees protected by Collective Bargaining Agreements/all employees.

Note 3: The relevant authorities in the Taiwan region are currently evaluating the situation with the union and have not yet signed an agreement.

Note 4: Collective Bargaining Agreements are yet to be agreed and stipulated between labors and employers in Cambodia, Bangladesh and Myanmar.

## Voice of Employees (VOE)

### Employee Care Measures "Listen": Smooth Employee Communications Channel — Face to Face Conversation/ Grievance & Communications Mechanism

We encourage management to converse with employees. In addition to collecting the voices of the employees through various ways, different grievance channels are simultaneously followed in response to different habits in different regions to build a systematic recording model and analyze consultation issues by employees from each department; meanwhile, through internal and external employee relations events held annually, conglomeration within and sense of recognition toward organization are gradually enhanced, and harmony between employer and employees is attained.

With original goal of increasing communication opportunities between management and employees, since the 1990s, Pou Chen gradually provided various communication channels, including phone/hotline, social media or mobile APP, text message (SMS), suggestion box, E-Mail, Management and Worker Conversation Meetings/Heart-to-heart Communications Meetings, internal and external referral, direct communications/interview, Consultation Room/Life Counseling Rooms.

Pou Chen started its employee forum since 2012, and has incorporated such event as a required scope of execution under the internal compliance management of the Company. Employee forums are held monthly, with participants selected randomly or through voluntary registration, ensuring that all employees have the opportunity to communicate with management and raise work-related issues and suggestions. In 2023, a total of 500 employee forums were held throughout the year, with 18,185 participants attending the meetings.

In communication meetings held at each plant, employees can freely express their opinions and propose suggestions. Facilities supervisors are required attendees as they are more than roles expressing gratitude to the employees for their hard work and conveying the Company's important matters. Besides the meaning of making examples to the in-plant managerial roles on the meaning of valuing employees' voices, listening and prompt handling of issues by facilities supervisors bridges the trust between the management and employees while shortening the distance of communications.

### ● Voice of Employees (VOE)

Source of Cases	Subtotal
Labor Union	32
Discovery in Self-Inspections at Plants	29
Internal Referral	46
Text Message (SMS)	25
External Referral (Branded Customers, Government, Third-Party Referral)	7
Direct Communications/Interview	149
Social Media or Mobile APP	1,683
Management and Worker Conversation Meetings / Heart to Heart Communication Meetings / Management Communication Meetings	1,928
Suggestion Box	94
E-Mail	30
Phone/Hotline	218
Consultation Room/Life Counseling Room	176
<b>Total</b>	<b>4,417</b>

In 2023, the Employee Relationship Management System ("ERMS") recorded a total of 4,417 cases of complaint and consultation, 91.1% of closed cases were closed within 10 working days, of which 99.3% of the cases were concluded within 2 months. As of January 24, 2024, there are 13 cases that have not yet been concluded, most of which occurred in December and still need time for investigation and processing. Employees in different districts primarily focus on issues related to internal work communication, living environment facilities, and food.



▲ Vietnam – Union Communication and Exchange Meeting



▲ Cambodia - Employee Forum

## Employee Grievance Cases Handling Mechanism

According to Regulations governing Grievance and Consultation Management of Pou Chen, grievance handling progress shall be reported to complainant and relevant reporting unit when proper, and the maximum period shall not exceed 10 working days. Cases concerning sexual harassment, verbal harassment, abuse and other sensitive issues may be deferred based on handling status but shall in principle be handled within 2 months.

Meanwhile, due to the characteristics of global operations of Pou Chen, it is more difficult to understand and communicate under different cultural circumstances. In order to maintain fair and equitable principles in the handling of events at each of the Group's operating bases, the internal document "Discipline/Engagement Committee Regulations" was officially adopted in 2017. In 2018, disciplinary and engagement committee mechanisms were initiated at each business location on a regular and ad-hoc basis, depending on the case status.

In events which controversial case is received, a discipline/engagement meeting must be convened according to the status of such case, and an investigation team and convening committee members must be appointed for the case. Members shall not simultaneously take roles in both groups unless necessary. In 2019, another amendment to the Engagement Committee Management Regulations was made. With specific reinforcement in cultural perspectives and at the aspect of sustainable operations for group localization, the Regulations suggests that the local employees serve as chairman, and, through meetings convened monthly, besides the agenda of assessing controversial events, handling status and mechanism for internal grievance case can be reviewed to handle grievance issues under a more equal and impartial manner. Meanwhile, Pou Chen abides by the anti-retaliation principle that any unit or individual shall not for any reason perform any conduct of retaliation on the grievance. Should there be such circumstances; a filing of such grievance can be made via various grievance channels.

## Handling of Material Cases with Respects to Management Attitude and Workplace Misconduct

A total of 4,417 grievance and consultation cases were logged on to the Company's Employee Relations Management System (ERMS) in 2023, of which a total of 50 cases concerning Material Cases with Respects to Management Attitude and Workplace Misconduct were reported, including 19 cases involving the verbal and conduct caused by agitated emotions in the production by supervisors and 31 cases involving conflicts between employees, all closed after proper handling. Another 6 cases involved the sexual harassment, and adequate adjustments and disciplinary dispositions were made after investigations, followed by continued care for victims.

Compared with 2022, the number of major management attitude and workplace misconduct cases in 2023 increased by 35.1%. After checking with the internal compliance mechanism, there was no retaliation in any complaint case in 2023.

For major management attitudes and misconduct cases in the workplace, in addition to perfect handling of complaints, the factory must formulate improvement plans, including training violators training plans, publicizing anti-harassment and abuse-friendly workplaces, and strengthening foreign officials' understanding of local culture, etc. . The plan needs to be signed and confirmed by the production supervisor and the general factory supervisor to declare the determination to improve. In addition, the factory, the local administrative center, and even the headquarters regularly return to the parties to assist the victims in a more comfortable working environment and psychological counseling, and care for and assist the violators in their working conditions, so that both parties can continue to work with peace of mind.

## Message Exchange Platform

Owing to the prevalence and convenience of social and electronic information, Pou Chen also sets up information exchange platforms at respective production and operations base providing domestic events updates and information exchange, allowing employees to receive the Company's latest news, upcoming employee events, cultural information and life knowledge, and other news promptly.

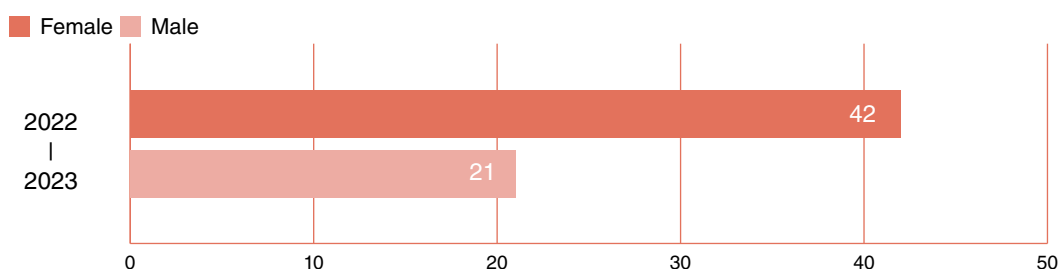


## Diversity and Inclusiveness

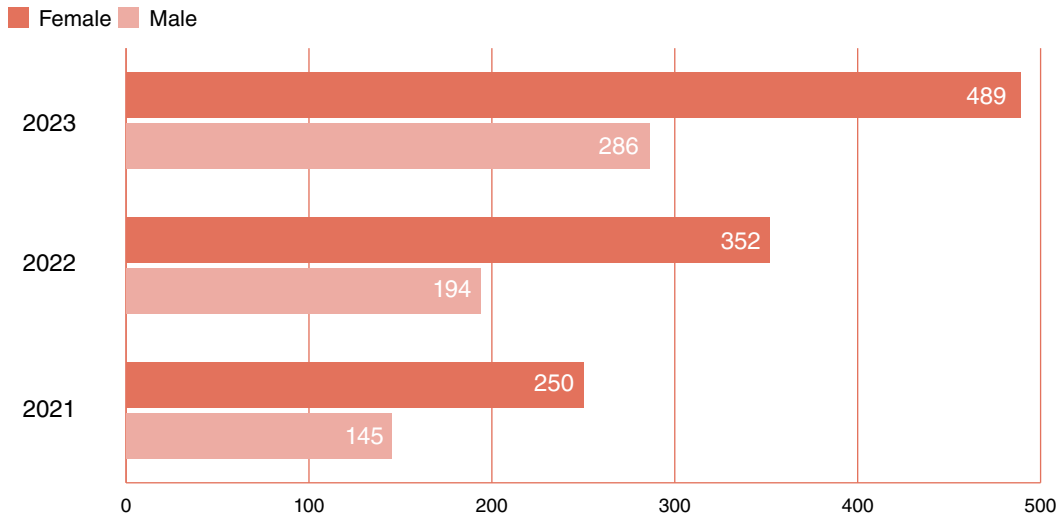
### ● Woman Empowerment

According to social expectations and international trends, the Group is committed to creating an equal and inclusive workplace. In recent years, the Group continues to strengthen the influence of women in leadership, decision-making, talent cultivation and management vision. The proportion of female colleagues serving as project lecturers and management positions is increasing. In the future, the Group will continue to develop more assistance programs and digital competency training to help female employees to enhance their professional capabilities and develop their leadership skills, so as to achieve substantive equality.

### ● Transforming the Attitude of Entry Level Management – Interactive Management Workshop Seed Lecturer Training (Unit: People)

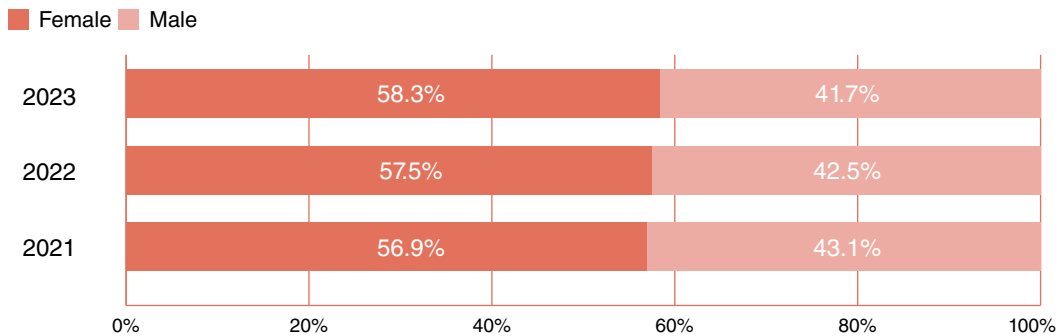


Local Talent Development – Legal Compliance and Code of Conduct Training (Unit: People)



Note: The data represents the cumulative number of people (unit: persons).

Gender Ratio of Footwear Factory Management in the Last Three Years (Unit:%)



Talents without Borders

Pou Chen has long upheld the employment philosophy of "talents without borders", as integrated multiple cultures, with transparent and fair promotion channels, and no discrimination based on gender or nationality. Global operating sites of Pou Chen are located in Taiwan, Mainland China, Vietnam, Indonesia, Cambodia, Bangladesh and Myanmar etc., and the footwear production bases are mainly located in Vietnam, Indonesia and Mainland China, and talent analyses are conducted according to age, gender and region, etc. (Please refer to [Chapter 5.1.1](#) for details)

Respects to Diverse Beliefs and Cultures

There are tens of thousands of religions and beliefs around the world purifying people's mind with the recognition of belief, providing spiritual support and consolation, and regulating the morality and orders of their believers. Pou Chen supports and protects the employees' liberty in religions and beliefs by flexible adjustments to its management system and by supporting employees to follow their religious rituals at worktime. Take Myanmar plants as example, in response to the large demographics of Buddhists among its employees, large Buddha sculptures are set in the plants providing employees a spiritual dependence through beliefs.

Meanwhile, at plants in Indonesia and Bangladesh, about more than 90.0% of the employees are Muslims. According to the Islam classics "Quran", Muslims must perform 5 prayers toward the direction pointing to city of Mecca in Saudi Arabia as an act of not forgetting about Allah every day. We respect the employees' religious beliefs by setting up several prayer rooms aka masjid in plants for employees to use freely. Independent compact prayer rooms are also set in the working space for the convenience of employees. As of 2023, a total of 111 religious constructions and facilities have been on the Group premises.

Ramadan in Islam requires Muslims to not eat or drink from dawn to dusk throughout the period. The Company cares for physical conditions of its employee. In events of physical discomfort of an employee, ambulances are standing by at the plants for sending to hospitals, and a regular service of health center is available for employees to receive timely care. Eid al-Fitr each year does not only mark the end of Ramadan, but also an equivalent to New Year for Indonesian employees. On this day, Muslims show their celebration by putting on festive costumes. Following the completion of morning prayers, they will have breakfast; listen to the chanting of Quran at the mosque and take collective prayer toward Mecca as a gratitude to Allah (the Lord) for making their beliefs stronger. Also, they restore the connections with friends and families.

Pou Chen hosts Eid Mubarak feast events at Indonesia and Bangladesh plants; meanwhile, at the plant in Indonesia, an Eid Mubarak feast inviting residents of the community and others will be taken place at the local orphanage. Moreover, free homecoming buses and flexible working hours are arranged for employees to have their luggage packed and return home early to celebrate the Indonesian New Year.



▲ Mainland China - Goddess Festival Activities



▲ Mainland China - Goddess Festival Activities



▲ Myanmar – Ka Htain Festival



▲ Myanmar – Ka Htain Festival



▲ Vietnam - Mid-Autumn Festival Activities



▲ Indonesia- Eid al-Adha Event

## ● Gender Friendliness

### Equal Pay

The Company recognises its employees as the Company's greatest assets. In order to attract, motivate and retain talents, the Company offers attractive and competitive remuneration packages, and upholds the principle of equal pay for the same position regardless of gender, race, religion, political affiliation, sexual orientation or marital status of the employees. (Please refer to [Chapter 5.1.3](#) for details)

### Elimination of Discrimination

In order to eliminate discrimination, in addition to the principle of non-discrimination in the Code of Conduct, the Company also provides a comprehensive and transparent channel and process for the grievance and consultation, and an internal document, "Discipline/Engagement Committee Measures" was duly passed in 2017. With emphasis on the cultural perspectives of local employees and the perspective of the Company's local sustainable operation, local employees were appointed as chairman of the committee. Meetings are conducted on a monthly basis, to discuss and decide on the complaint cases as well as to review the handling status of internal complaint cases, with an aim of settling complaints in a fair and impartial manner. Meanwhile, the Group adheres to the anti-retaliation principle. Any acts of retaliation by any departments or individuals for whatever reason will not be tolerated, and can be reflected and reported through various channels. No cases of discrimination occurred in 2023.

## Good Maternity Arrangement and Benefits

Raising healthy children not only benefits the family, but also contributes to the Group's sustainable operation and the country's social progress and development. In order to create a friendly workplace environment, the Group is committed to implementing breastfeeding-related measures and setting up a good breastfeeding room to provide a private and safe space for female employees, so as to meet the needs of employees in taking care of their children in a more comprehensive and considerate manner.



▲ Breastfeeding room in Vietnam



▲ Breastfeeding Room in Indonesia

According to the laws and regulations of each country and the brand's expectations, the Group transfers pregnant workers who are engaged in heavy workload to lighter work positions, and will allow them to take six months of maternity leave in Mainland China and one hour less per day in Vietnam and Indonesia with full pay. Pregnant women in the factories are entitled to benefits that are better than those required by law, such as early meals, maternity meals, and separate restrooms. In accordance with the schedule of each factory, a variety of nutritional supplements, such as milk and bread, are offered regularly each month to provide pregnant women with complete nutrition and vitality. In order to avoid crowded commuting to and from work, the Indonesia factory provides a special card access for pregnant women to go to and from work to protect their safety.

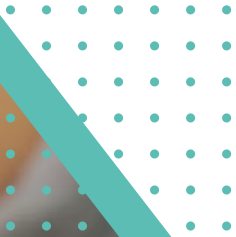


### ❖ Furthering a Strong Safety Culture

In addition to complying with the local safety/health regulations and customer requirements of the operating base, Pou Chen also complies with the international occupational safety and health management system standards and the workplaces advocated by the Fair Labor Association.

CHAPTER 6

# Safety Culture



6.1 Occupational Safety and Health Management

6.2 Occupational Safety and Health Actions





# 6. Safety Culture



## Material Topic Management

### Significance to Pou Chen

To provide a safe and healthy workplace setting to prevent accidents and injuries which cause bodily harm when employees engage in work-related tasks or the operation with employer's equipments.

### Impact

-  **Positive Impact ( Actual )**  
Establish a friendly working environment, protect employees' physical and mental health, and increase employees' sense of security
-  **Positive Impact ( Potential )**  
Reduce potential dangerous incidents and unite the centripetal force of employees.

-  **Negative Impact ( Actual )**  
Occupational safety and health risks affect the health, attendance and quality of life of employees, and indirectly affect the personnel scheduling of the production line.
-  **Negative Impact ( Potential )**  
It affects the long-term health and quality of life of employees.

### Policies and Commitments

- The occupational safety and health management policy is "to provide a safe and healthy workplace setting to prevent accidents and injuries which cause bodily harm when employees engage in work-related tasks or the operation of the employer's facilities" based on the "Code of Conduct".
- The commitment of providing a safe and healthy working environment to the employees, with the establishment of organizations, horizontal cross-division cooperation and top-down execution.

### Targets and Objectives

- Gradually establish a standardized management system, including the formation of organizations, promoting horizontal cross-division cooperation, and top-down execution. In the event that an employee suffers a major illness, the medical rescue mechanism and emergency rescue measures within the factory will be activated to handle the situation.
- Based on legal requirements, the Company continues to operate with pandemic prevention guidelines as the management policy to reduce the impact of the pandemic on operations.
- 2023 management objective: Reduce occupational injuries by 20%; achieve zero fatalities.

### Actions Taken

- Promotion of Corporate Safety Culture: gradually promotes the three-in-one chain of fundamental development, ESH partners and a top-down system.
- Promotion of ESH Restricted Equipment and Safety Management.
- Training for Professional Safety and Health Management Personnel.

### Assessment Methods

Through the implementation of SD common alignment system, ESH partner system and occupational risk map, the results verify their implementation, gradually building a complete safety culture in the Company.

### Stakeholder Engagement

The ESH committee keeps monitoring and follows up on related topics on a monthly basis.

### Corresponding Sustainability Indicators

GRI 403  
SDG 3/8/12

## 6.1 Occupational Safety and Health Management

The main concern and policy of occupational safety and health is to reduce the occurrence of occupational hazards and diseases among employees, and to maintain a good and safe working environment together with employees. With respect to occupational safety and health management, in addition to compliance with the corresponding local laws and regulations in countries such as Taiwan, Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh and Myanmar where the Company's factories are located and customers' requirements, we have also followed international standards of the occupational safety and health management system (ISO 45001 Occupational Health and Safety Management System), and the FLA Workplace Standards initiated by the FLA, and established a series of management directives for all departments to follow, so as to prevent hazards through systematic and effective management.

In 2023, our footwear manufacturing plants implemented the ISO 45001 occupational health and safety management system, and the proportion of plants that passed the external verification reached 80% of the total number of plants, while the number of employees that worked at the plants that passed the verification totaling 160,851, accounting for approximately 73% of the total employees in the wholly-owned shoe factory. Some plants have not obtained the certification for the time being due to having lower risks and lack of customer requirements. The above figures do not include the number of workers who are not employees, as the risk of workers who are not employees is relatively low and there are no requirements from local governments to compile statistics, so we focused on employee management first. However, we will collect relevant data this year and disclose it in next year's report. The occupational health and safety management system covers all of the Company's operating sites, including full-time employees in the offices, workers at footwear production plants, and workers who are not employees such as outsourced workers, contractors and suppliers required for the maintenance of production plants. Some 294 staff members dedicated to occupational health and safety management and 4,902 ESH staff members, totaling 5,196 people, are committed to the management, supervision and maintenance of the Company's day-to-day operations. Employees of the Company refer to full-time employees, while workers who are not employees refer to contractors, dispatched workers, security and cleaning personnel, etc.

The footwear manufacturing factories at the Company's operating sites follow customers' requirements and occupational safety and health management system, and establish hazard identification and risk assessment control procedures to effectively identify workplace hazards (including related workplace risks such as hazard, abnormal workload and maternity health issue imposed on the identified) and reduce the occurrence of employee health hazards and accidents. According to the local laws and regulations, the Company determines the risk level of high-risk hazards from the hazards identified in the factory, and the risks raised by employees through complaint channels or proposed improvement plans, and draws up relevant risk control plans for unacceptable risk issues, and takes them as the axis of the Company's occupational safety and health implementation project, such as machinery safety, fire control, and environmental protection and energy saving policies. The occupational safety and health issues raised by employees through various complaint channels (internal and external referrals, SMS, employee seminars/communication meetings, suggestion boxes, email, telephones/hotlines, etc.) and proposed improvement plans will be recorded and tracked, and the Factory ESH Committee will conduct monthly improvement tracking. The Company adheres to the anti-retaliation principle to protect the rights of the complainants. When employees take the initiative to respond or find doubts about workplace safety, they can take immediate withdrawal.

For the management of occupational disasters, the management procedures of occupational hazard investigation are standardized according to the existing regulations of the Company's "Abnormal Incident Management Regulations" and systematically managed with the "Abnormal Incident Management System" to ensure that incident reporting, tracking and confirmation are put into effect. By systematically analyzing the data, we evaluate the risk matrix of the production-related machines in each location, list the types of machines with higher risk of disasters in the factory production, and carry out safety control at the source of procurement and the rectification project of the machines hosted in the factory to create a safe environment where employees can be assured of production. In June 2020, we initiated the "Accident Investigation and Handling Mechanism" to formulate an investigation and handling system for moderate and serious occupational accidents in the Company. Through instant discussion meetings between the incident unit, the administration center, the business department and the safety and health management personnel of the head office, we will consolidate the accident investigation and reporting mechanism, identify the incident causes, and clarify the segregation of powers and responsibilities between the incident units and the relevant units to enable them to perform their respective duties. The information of the instant discussion meetings will be transmitted to the safety and health management personnel of each operating site through the internal SD PUBLIC mailbox and ESH Committee. Assistance is provided by safety and health management personnel from various regions to confirm the effect and level of rectifications and to push forward the hardware improvement and software management measures in accordance with the hazard index analysis of respective regions, of which the implementation progress and the effectiveness of improvement are subsequently followed up by the Factory ESH Committee monthly and the Administration Center and Headquarter ESH Committee quarterly.

● **Statistics for the Cases of the Accident Investigation and Handling Mechanism in 2023:**

Region	People	Cases of Accident Investigation		
		Occupational Injuries	Fire Accident	Total
Mainland China	23,432	2 Moderate	0	2
Indonesia	80,551	7 Moderate	1 Slight 7 Moderate	15
Vietnam	99,219	5 Moderate 1 Severe	6 Slight 6 Moderate	18
Cambodia	6,699	0	0	0
Bangladesh	3,211	0	1 Moderate	1
Myanmar	3,829	0	0	0
Taiwan	3,326	0	0	0
<b>Total</b>	<b>220,267</b>	<b>15</b>	<b>21</b>	<b>36</b>

Note: 1. Definition of occupational accident levels:

Slight: Causing ≥ 1 person to be injured and temporarily incapacitated because of work or to return home to recuperate for 1 day or more after medical treatment.

Moderate: Causing ≥ 1 person to be injured and temporarily incapacitated because of work, and to require medical treatment by an external medical institution and hospitalization for 1 day or more.

Severe: Causing ≥ 1 person to die, suffer permanent total incapacitation, permanent partial incapacitation (amputation of limbs), or become comatose.

2. Definition of fire levels:

Slight: Smoke only.

Moderate: Smoldering or open fire, property damage (direct & indirect) <USD 25,000.

Severe: Smoldering or open fire, property damage (direct & indirect) ≥ USD 25,000.

3. Accident investigation meeting is held: For moderate occupational accidents or above and for slight fires or above.

4. The source of the personnel statistics is the "Abnormal Incident Management System", and the scope of the statistics includes employees of the company's wholly-owned shoe factories.

● **Due to the Aforementioned Measures, the Number of Occupational Accidents has Gradually Reduced at the Company in the Past Three Years.**

	2021	2022	2023
Number of Occupational Accidents	195	156	86
Days Lost due to Disabling Injury	9,394	6,673	2,065
Total Number of Employees	255,979	252,903	220,267
Total Working Hours	479,837,266	557,345,815	460,677,249
Major types of occupational accidents	Pinching or entanglement by machinery	Pinching or entanglement by machinery	Cutting/slicing/piercing/abrasion on machinery and equipment and in the working environment
Disabling Frequency Rate (FR)	0.41	0.28	0.19
Disabling Severity Rate (SR)	19	11	4
Number of severe occupational accidents	2	6	1
Rate of severe occupational accidents	0.00078%	0.00237%	0.00045%
Number of fatalities	1	0	0
Fatality Rate of Employees	0.00039%	0	0

Note:

1. The total number of working hours is calculated based on the number of employees per month provided by plants.

2. Disabling injuries are occupational accidents that result in one or more lost work days.

3. Workers who are not employees are not listed for the time being because their risk is low and not a priority in the Company's management. However, we will start collecting relevant data from 2024 and provide the results of workers who are not employees' occupational accidents next year' report.

## 6.2 Occupational Safety and Health Actions

### ESH Self-management

#### Promotion of Corporate Safety Culture -Safety Three-in-one (Back to Basic, ESH Partnership and Top-Down)

The Company regards employees as our most valuable asset. The Company controls and manages safety risks, provides employees with a safe and friendly workplace environment that is physically and mentally sounds. It carries out the safety culture activities from 2022, through the gradual promotion of the three-in-one chain of back to basic, ESH partnership and top-down , encouraging all employees to participate in the identificaion and improvement of hazards, enhancing the safety awareness of all employees in identifying hazards and developing proactive safety habits.

- 1. Back to Basic:** In terms of the ESH self-management system, our factories have established a dedicated ESH unit and personnel (or ESH person) to implement ESH management on a day-to-day basis by adopting the five principles of standardized operation, i.e., standardization of organization, standardization of work, standardization of process, standardization of tools, standardization of competence. By regularly inspecting the implementation of fire prevention and safety and health protection in the production plant, and immediately informing the authorized personnel for the relevant violations for timely processing, the ESH specialists of each business unit and the ESH units of each regional administration center inspect the implementation of the issues required by customers or local regulations and the Company's internal management rules through projects. The headquarters also arranges annual project audits as needed from time to time, and systematically tracks deficiencies in order to effectively implement relevant improvement measures to continuously improve various safety and health management issues.
- 2. ESH Partnership:** In addition to staff members dedicated to ESH at the plants and the general works system, ESH partners follow the five elements of selection methods, job responsibilities, capability building, problem solving, and incentives to select ESH partners in the production line, to build basic ESH capabilities, to carry out incentives and simple daily/specific ESH inspections, and to go deep into the operation site in order to cultivate on-site partners and enhance safety awareness, increase the disclosure of potential risks, and reduce the chance of accidents. In 2020, the ESH partner system was implemented in Indonesia. In 2021, the system was expanded to the rest of the world, and the number of ESH partners increased from 1% to 2% in 2023. They strengthen the correct attitudes to have about safety and the right concepts to have about hazards in all employees, and they serve as a starting point to encourage employees around them to uncover unsafe conditions in the production environment, and to actively bring up the issue without worrying about being penalized by the managers on-site, which protects the safety of other employees and is the right thing to do. Establishing safety concepts can strengthen employees' awareness of the safety of their own work environment, allow them to identify safety issues in a timely manner, and enable them to protect themselves. Even if they leave unsafe environments, they would not be penalized by the Company; they can resolve safety hazards in a timely manner, create safe environments, and establish safety awareness.
- 3. Top-Down:** It also demonstrates senior management's attention and commitment to ESH work, showing their concerns for the health of their employees and making employees feel more secure. In 2021, the superior supervisor conducted inspection, and the deficiencies discovered can be more effectively improved. Through one-to-many safety promotion and accident reminders, the Company can reduce the occurrence of the same accidents. We have been effectively utilizing the purpose of upward and downward actions, diversifying the safety management in the workshop, and gradually constructing our safety culture by investing resources in both hardware and software at the same time.

## 2023 Continuous Management Measures in Taiwan and Overseas

**1. Training of Health and Safety Management Personnel:** In addition to assigning full-time health and safety management personnel in accordance with local laws and regulations, the Company's plants also provide education and training to workers who are not employees before they enter the plants by way of notifying them of hazards. Education and training are also provided to non-employees before they enter the plant through hazard notifications. Each plant has also formulated a pre-job training system for the production using high-risk machines, requiring operators and maintenance personnel to receive training in the form of designated teaching materials. As of 2023, a total of 23 high-risk machines have been included in the designated machine types for training, and a total of 84,607 high-risk machine operators/maintenance workers have received training and passed the tests, with the completion rate of the training for designated personnel reaching 100%. Since 2023, a series of online courses (Safety Culture e-School) has been offered to 1,133 people in 23 sessions, allowing employees to continue their learning.

### Internal Training Subjects and Necessary Training Subjects:

Subjects	Necessary training subjects
New personnel	General safety and health knowledge (including common hazards, introduction and use of personal protective equipment, prevention of occupational hazards and occupational diseases, fire safety and emergency response and other safety and health knowledge).
In-service personnel	General knowledge of chemical use, use of personal protective equipment, description of mechanical equipment hazards, emergency response drills for hazardous situations, fire rescue drills and exercises and first aid training.
Special worker	Legal special equipment/machinery operation, chemical use and exposure hazards, production environment physical hazards and prevention and personal protective equipment types and use.
Safety and health related business personnel	High-risk machine types and hazard prevention, chemical hazard prevention, physical hazard prevention, high-risk operation types and hazard prevention and human engineering hazard prevention.

**2. ESH Restricted Equipment and Safety Management:** According to the results of the Company's hazard identification and risk assessment, the hazards caused by machinery and equipment are the primary risk to the Company. Therefore, machinery safety management is the primary objective of the Company's risk management, and the source management of key machinery and equipment procurement and acceptance mechanism management are increased year by year according to the risk classification of machinery and equipment every year to improve the safety of existing machines. Since 2020, the key task of occupational safety and health has been to strengthen "machine safety" and "management measures". In the area of "machine safety", the first batch of newly purchased machinery and equipment source and acceptance control was implemented by the Company in 2015. In 2021, the eighth batch of controlled equipment included 3 types of machinery and a total of 42 types of controlled machinery and equipment (including shoe-making and chemical equipment: cutting machine, thermal media oil machine, shaping/bottom/hot press machine, kneader/intensive mixer, oil press machine) were accumulated from 2015 to 2023. In terms of the improvement of existing machines, the Company had pushed forward the rectification of existing machinery and equipment in 2018, which lasted until 2023, and 20 types of existing equipment safety improvements had been completed, and the improvement had been remarkable. The number of work-related injuries caused by machinery and equipment in 2023 has been decreased by 51%, as compared to that in 2022. In the area of "management measures", we will promote a raining and certification system for machine and equipment operators and maintenance personnel, launch safety and health inspections by on-site supervisors, and implement a campaign to accumulate disaster-free days. In 2021, we promoted ESH partners and top-down projects around the world to gradually build our corporate safety culture by investing resources in both hardware and software.

**3. Auditing Management Mechanism:** The Company's internal health and safety audits are conducted annual through compliance KPI audits. These audits include health and safety, fire safety, environmental protection management, energy management, and human rights risk management. Relevant activities and documents are audited, and the plants targeted for auditing include the company's wholly-owned shoe factories that are already in production. Both full-time employees and workers who are not employees are included in the scope of these audits, with a total of 160,852 people at the plants being audited, accounting for approximately 73.03% of the employees of the company's wholly-owned shoe factories.

The results of the audit will be used to prepare early response measures and set up overall actions based on the risk items of each region. For example, the 2018 SD-KPI assessment results showed that occupational health and safety concerns focused on the daily maintenance and operation of equipment. Therefore, in the 2019 plan related to health and safety, a safety labeling and operation certification system for high-risk machines was formulated, demonstrating our attention to safety issues concerning machines from both the hardware and software aspects. In addition, it was found through the evaluation mechanism that plants

have gradually become familiar with the daily execution of ESH affairs, and have started to carry out the ESH internal training mechanism since 2014. In 2018, a grading system was conducted for the plants' ESH personnel, and based on the results of the grading, the plants began to implement a training diversion mechanism for beginner and advanced ESH professional courses in 2019. In 2020, focus was placed on the practical applications of risk identification at the workplace for ESH personnel, with the expectation of continuously improving the internal implementation of daily ESH affairs and management. In 2021, ESH training was suspended due to the impact of the COVID-19 pandemic, thus we turned our focus to ESH personnel infrastructure, ESH partners on-site, and joint walk-arounds conducted by ESH personnel to examine risks. Through the production of risk maps of each plant area, managers examined the top high-risk areas, track improvement measures, and independently implemented environmental safety and hygiene measures within the plants. In 2022, due to the pandemic, the audits were handed over to the regional administrative centers. In 2023, the Company began to promote the occupational health and safety risk assessment, conducted a risk assessment based on the number of incidents in the plants and the number of self-evaluation of risks, and focused on helping the plants with high risks draw up plans and make improvements.

## Worker Engagement

Each of the factories and administrative centers of the Company has set up an "Environmental Energy and Safety and Health Committee" (the "ESH Committee") and holds regular meetings to review relevant management issues related to safety and health in a fixed organizational structure. By formulating various safety and health management regulations, to enable each unit to implement ESH business smoothly and to continuously improve performance, we review ESH related management matters regularly, set up a safety and health management performance system to track management performance, and establish an abnormal incident management system to help focus on the prevention mechanism of major occupational safety risks with data analysis.

According to the Administrative Measures for the Environmental, Energy and Safety and Health Committee of the Company, the committee shall comprise of at least seven members, of which include the chairman, a director general, a director and at least four committee members. The chairman shall be the highest supervisor of each unit or an agent appointed by the highest supervisor. As a permanent position, it shall not be replaced without special reasons. The director general shall be the head of SD and the director shall be the person in charge of ESH or, if there is no ESH staffing, the person who performs the relevant ESH duties shall serve as the director. Both the director general and the director are permanent and shall not be replaced without special reasons.

The factory ESH Committee members are appointed or selected from executives and staff of various units. In the event of a member resigning or being transferred, a replacement must be appointed within one month. Committee members represent their respective units and collect feedback from relevant contractors to participate in committee operations. They participate in discussions as appropriate and provide improvement suggestions on ESH-related issues. Apart from management and designated focal points, the committee consists of representatives who are frontline workers. In overseas factory ESH committees, current onsite employees constitute the majority, emphasizing employee involvement and the representativeness of the ESH committee. Management uses the ESH committee to continuously monitor and track relevant issues.

## ESH Committee

The ESH Committee of each of the factories meets monthly and the ESH Committee of each of administrative centers meets quarterly (January, April, July, October), and a temporarily meeting will be held when necessary. The following 12 topics will be discussed at the ESH Committee meeting. If there is any issue that requires consensus of the members, it will be resolved by voting at the meeting, considering the opinion of each member representing the unit. The participation of ESH Committee members, the 12 topics discussed at the meeting, the implementation of the meeting, the sign-in sheet and the provision of minutes of the completed sign-in sheet are all included in the evaluation of the annual audit management mechanism. All units shall implement the resolutions of the ESH committee meeting, and SD-ESH at all levels shall be responsible for supervision.

### Topics at ESH Committee meeting

1. Government decree, customer requirements, additions/amendments to company specification.
2. ESH inspection/risk inventory/audit results (including project inspection, on-site supervisor safety inspection, ESH-MPA assessment, external audits, etc.).
3. ESH education and training plan and execution status.
4. Preventive measures for electrical, equipment and chemical hazards.
5. Results of the work environment and pollution emission testing and countermeasures.
6. Health management and promotion matters.
7. Contractor safety and health issues.
8. Environmental and energy issues.
9. ESH incident review.
10. ESH improvement proposals/grievances/disputes/conflicts.
11. ESH project plan.
12. Other ESH related matters.

## Occupational Health Service and Promotion

The Company is committed to promoting a healthy life to employees and helping employees to change their living habits to achieve an ideal state of health. In addition to regular employee health checkups and hierarchical management in accordance with laws and regulations, it also provides general health checkups to employees in Mainland China that is better than the laws and regulations. Although there are no relevant laws and regulations in Myanmar, the Group still provides special health checkups for special workers. In case of abnormal medical examination results, we will arrange other irrelevant jobs that may not cause abnormalities through the production and personnel operation mechanism, and enable him continuously to serve the Company, so that employees' work rights and interests will not be compromised due to abnormal medical examination results. Furthermore, we will conduct a re-examination to confirm whether occupational diseases are caused by work-related factors in accordance with the legal regulations and take appropriate cares of the employee's health while serving our Company. The information of employee health examination is kept confidential and is not readily available to anyone other than the employee himself, the SD unit and the human resources unit. In addition to health checkups, the Company also organizes annual health promotion activities, and actively addresses workplace-related health risks through various stress-relieving methods such as drawing, essay writing, seminars, massage, muscle-building and fat-loss classes, and medical consultation, as well as organizing annual sports events for employees such as soccer games, road races, tug-of-war competitions, etc. to strengthen employees' workplace health.

The company regularly urges contractors such as catering services and security companies to legally appoint contract nurses to manage their employees' health checks, track and improve health anomalies, and implement related health promotion activities.

### ● Analysis of Health Checkups for Employees in Various Regions of the Company in 2023

Region	General Health Checkup	Special Hazardous Operations Health Checkup	Total
Taiwan	1,038	138	1,176
Mainland China <sup>note 1</sup>	3,632	8,443	12,075
Indonesia	44,127	37,404	81,531
Vietnam <sup>note 2</sup>	93,650	74,947	168,597
Cambodia <sup>note 3</sup>	630	899	1,529
Bangladesh <sup>note 3</sup>	0	644	644
Myanmar <sup>note 3</sup>	0	203	203
Total	143,077	122,678	265,755

Note 1: General health checkup in Mainland China: The Company's welfare available for supervisors. Health checkup for special hazardous operations in Mainland China: According to laws and regulations, such checkup shall cover new, current and resigned employees.

Note 2: Vietnamese regulations have stipulated that health checkup shall be performed to employees once every 6 months.

Note 3: Cambodia、Bangladesh and Myanmar Government does not have laws and regulations related to employee health checkup.

To strengthen the health management of our employees, the Company has set up medical facilities in each of our overseas operating bases to service our employees. In addition to the stationing of a professional medical team, it also has basic medical facilities and equipment to provide timely and light treatment of injuries and professional medical consultation to keep our employees healthy. The "Health eGO" service platform has been set up on the Company's internal website, covering information on health promotion activities, health education information sharing (self-care, special health education, workplace maternal health, etc.), medical office service and doctor's on-site service information, employee health Q&A, etc. The content covers a wide range of topics aiming at all-round employee health care.

Health promotion lectures, activities and special class information held in Taiwan in 2023 have been simultaneously announced on the "Healthy e-Go" service platform. Employees can sign up to participate by themselves, and link to the questionnaire to provide real-time feedback on employee satisfaction to ensure the quality and effectiveness of the activities.



Health Promotion Activities Held in Taiwan in 2023

Region	Type	Theme	Number of participants	Average satisfaction level	
Taiwan	Legal compliance	First responders education and training (refresher course)	77	-	
	Social welfare	Blood drive	170	-	
	Maintenance of a healthy figure	Weight loss camp	145	98%	
	Safe workplace	CPR+AED education and training	672	100%	
	In-person seminars		Build your muscles at home	44	98%
			Secret to the best diet for losing weight	51	98%
			Helping the body to lose weight and the mind to be relieved of stress; focus on eating and lose weight happily	50	99%
			Quench the body's thirst, prevent heat injury, and hydrate in a healthy way	95	-
			Fascial relaxation for a solution to pain and soreness	195	-
			Invisible landmines in the workplace, introduction to and prevention of unlawful infringement of rights in the workplace	109	-
	Cancer screening	Screening for four types of cancer	211	98%	
	Social welfare	Massages from visually-impaired massage therapists	508	99%	
	Online seminars		Understanding sarcopenia	205	90%
			Keeping your knees swinging: Mobility health care	154	92%
Total				98%	



## Safety and Health Indicators

The Company has established the "Abnormal Incident Management System" for internal information occupational hazard management, and the domestic and international tracking of safety and health management performance indicators, including the number of occupational injuries, total days lost, Disabling Frequency Rate (FR) and Disabling Severity Rate (SR) and so on. According to the 2023 statistics for occupational hazards management, the total number of occupational injuries was 86, total days lost due to work-related injury were 2,065 calculated based on the days lost due to disabling injury (excluding traffic accidents).

Compared with the performance in 2022, the number of occupational accident deaths of the company this year is 0, and the death rate (Note 1) is 0%. There were 1 serious occupational accidents (1 amputation occupational accidents), the serious occupational injury rate (Note 2) was 1.16%, and the serious occupational accident cases (Note 3) decreased by 83.33%. Recordable occupational injuries above mild accounted for a total of 0.039% of the workforce, and the total number of occupational accident cases has decreased by 44.87%, Corresponding to the company's 2023 goal: achieving a 20% decrease in the number of occupational accidents and reaching the target of zero fatal occupational accidents. However, regarding the severe occupational accidents that occurred this year, the analysis of the occupational accident discussion meeting shows that the main type of disaster is that the victims are pinched by machines and equipment. The real cause of severe occupational accidents is to isolate and protect the source of danger of machines and equipment and to strengthen employees. Use machine safety awareness training, and use the ESH committee to publicize at each factory to avoid the recurrence of unfortunate incidents, and will continue to strive to create a safe and hygienic workplace.

With a further view to the statistics, excluding deaths due to occupational hazards, there is a significant downward trend from the overall and regional FR and SR. This is mainly attributable to the "ESH Restricted Equipment and Safety Management" measure implemented by the Company, which can be reflected from the number of occupational injuries caused by machinery and equipment being decreased by 51% as compared with 2022. Thus, the number of occupational injuries caused by machinery and equipment are still the primary target of the Company's continuous improvement. In order to reduce the risk of the reoccurrence of occupational accidents, The Company will continue to strengthen its investigation and analysis of the cause of occupational accidents, improving from the root causes, driving the machine safety management and implementing day-to-day safety and health management based on the Company's policies. After the cause of the accident is confirmed, the accident unit should propose improvement measures to prevent recurrence. Improvement measures should give priority to engineering improvement, supplemented by strengthening administrative management and training.

Note 1: Death rate = number of deaths/total number of occupational accidents.

Note 2: Serious occupational injury ratio = Serious occupational accidents/total number of occupational accidents.

Note 3: Serious occupational accident: death, permanent total disability or permanent partial disability.

### Statistics of Safety & Health Indexes for Footwear Manufacturing Business Plants in 2023 :

Items	Number of Employment Injury Cases			Employment Injury Rate		Proportion to Days Lost (%)		FR			SR		
	Total	Male	Female	Male	Female	Male	Female	Total	Male	Female	Total	Male	Female
Overall	86	41	45	0.40	0.13	42.42%	57.58%	0.19	0.40	0.13	4	8	3
Mainland China	5	1	4	0.10	0.09	15.19%	84.81%	0.09	0.10	0.09	5	4	5
Indonesia	18	9	9	0.23	0.08	45.64%	54.36%	0.11	0.23	0.08	1	2	1
Vietnam	55	27	28	0.66	0.16	48.22%	51.78%	0.25	0.66	0.16	6	16	4
Cambodia	0	0	0	0.00	0.00	n/a	n/a	0.00	0.00	0.00	0	0	0
Bangladesh	1	1	0	0.24	0.00	100.00%	0.00%	0.17	0.24	0.00	1	1	0
Myanmar	4	0	4	0.00	0.66	0.00%	100.00%	0.57	0.00	0.66	14	0	17
Taiwan	3	3	0	1.22	0.00	100.00%	0.00%	0.51	1.22	0.00	8	21	0

Note 1: This occupational accidents statistics is sourced from the Company's internal digitized "Incidents Management System" counting occupational accidents causing at least 1 day lost, and the total working hours experienced is based on the total days of attendance of each unit added with the number of working hours multiplied by number of people present.

Note 2: As information of total working hours for contractors and dispatched labor cannot be obtained, occupational accidents indexes and data in this report

does not include data of non-employees (contractors, dispatched personnel, security guards and janitors).

Note 3: Employment Injury Rate (Male) = Number of Disabling Injuries (Male) / Total of Working Hours Experienced (Male) \* 1,000,000.

Employment Injury Rate (Female) = Number of Disabling Injuries (Female) / Total of Working Hours Experienced (Female) \* 1,000,000.

Note 4: Disabling Frequency Rate (FR) = Number of Disabling Injuries \* 1,000,000 / Total of Working Hours Experienced.

Disabling Frequency Rate (Male) = Number of Disabling Injuries (male) \* 1,000,000 / Total of Working Hours Experienced (Male).

Disabling Frequency Rate (Female) = Number of Disabling Injuries (Female) \* 1,000,000 / Total of Working Hours Experienced (Female).

Note 5: Disabling Severity Rate (SR) = Total Number of Working Days Lost \* 1,000,000 / Total of Working Hours Experienced.

Disabling Severity Rate (Male) = Total Number of Working Days Lost (Male) \* 1,000,000 / Total of Working Hours Experienced (Male).

Disabling Severity Rate (Female) = Total Number of Working Days Lost (Female) \* 1,000,000 / Total of Working Hours Experienced (Female).

Note 6: Total of Working Hours Experienced = 460,677,249 Hours.

## Occupational Disease Risk Prevention

For the occupational disease risk prevention and management, the Company adopts the principle of prior management of high-risk job positions. The assessment of high-risk positions is carried out in two aspects, including the identification of relevant high-risk job types and positions defined by the national laws and regulations in the area where the factory is located, and the hazard assessment with the exposure factors (both physical and chemical) of the operation process, so as to identify the high-risk working groups that need special attention, such as high-noise operation area – roughing area, organic solvent operation area – screen printing area, etc.

As for internal management, the first priority is pre-employment hazard factor training, workplace environmental management, and employee occupational health checkups. In order to provide employees with a safe, hygienic and healthy working environment, the Company conducts regular environmental monitoring of the workplace in accordance with local laws and regulations, including chemical exposure, hearing, lighting, etc. The Company carries out engineering improvements in areas with abnormal measurement results and provides appropriate personal protective equipment. At the same time, an annual plan is prepared every year for internal measurement, and internal measurement training courses are provided to strengthen the professional ability of inspector, enhancing the prevention management performance of early detection of abnormal areas and carrying out reasonable improvement.

According to the internal management and control mechanism, the Company had no deaths due to occupational disease in 2023, and there were eight cases of occupational disease in Vietnam related to occupational hearing loss. The Company has conducted job transfers in accordance with local laws and regulations, and continues to track and interview the related employees from time to time to show its concern for their adaptation situation after job transfers. For employees in the same job positions, the Company will continue to provide personal protective equipment and training, and adopt the concept of area-based prevention and control to limit the areas of high noise exposure.

On the other hand, the Company also arranges knowledge promotion of the prevention for occupational hazards in high-risk positions to reinforce employees' understanding of preventive management measures, such as the use of personal protective equipment. The Company also sets up medical units or collaborates with local hospitals in major production areas to hold regular health seminar or promote general health knowledge.

Occupational disease prevention adheres to the principle of preemptive prevention and continuous care, and gradually implements the tracking mechanism. The Company will arrange occupational health checks and other measures for high-risk workers. If abnormal health check results are found, the Company will arrange follow-up medical examinations and keep track of the case in accordance with the management procedure. The performance of relevant medical examinations and the results of follow-up medical examinations for those with abnormal health check results will be tracked every month, so that abnormal cases can be detected early and appropriate assistance can be given. If the results of the follow-up medical examinations are still abnormal and involve employees in occupational disease identification, those employees will first be transferred to positions without any risk exposure, and the final confirmation of the position will be made after the occupational disease identification result is available. The application process for the relevant occupational disease identification is compliant with the law, and if employees themselves apply for identification to their local government agencies, necessary employment information of employee will also be provided in accordance with local laws and regulations. According to the control methods of occupational diseases in various regions, the filing and closing of cases are tracked, and the tracking of job transfer is implemented, and the inspection of the operating environment and the provision of personal protective equipment for high occupational risk positions are carried out.

## Withdrawal of Pandemic Prevention Measures

Since 2023, the Company has been promoting the relaxation of various anti-pandemic measures with the goal of coexisting with the pandemic. On May 5, 2023, the WHO also announced that COVID-19 was no longer a "public health emergency of international concern". The Company assessed that due to the pandemic steadily slowing down, pandemic prevention measures being regularized in countries around the world, employees receiving three vaccine shots being over 85% Group-wide and more, the Company's various pandemic prevention measures could be replaced by the government's regulations, and that the previous tighter pandemic prevention measures could be retired on June 1, 2023, marking a return to normal life.

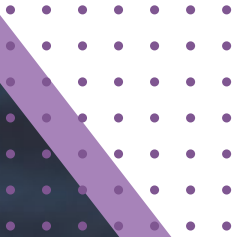


### ❖ Mutual Prosperity and Social Well-being

We care about the sustainability of the earth's environment, nurtures native tree seedlings, and maintains natural ecological diversity. Adhering to the service spirit of diversity and inclusion, we continue to focus on three main axes: education, healthcare and local relations, and actively promote community participation activities in key development areas.

CHAPTER 7

# Relations with Communities



7.1 Pou Chen's Efforts in Forest Restoration and Sustainability

7.2 Community Involvement



# 7.1 Pou Chen's Efforts in Forest Restoration and Sustainability

## We are Committed to Conserving Biodiversity, Implementing Forest Conservation, and "Making Peace" with Nature

In 2022, the 15th UN Biodiversity Conference (COP 15) concluded with the announcement of a new global agreement, the Kunming-Montreal Global Biodiversity Framework, which commits to protect 30% of the Earth's surface area and restore at least 30% of degraded terrestrial, inland water, and coastal and marine ecosystems by 2030, reinforcing the commitments of the Glasgow Leaders' Declaration on Forest and Land Use made at the 26th UN Climate Change Conference of the Parties (COP26).

In the face of the challenges posed by climate change, it has become international consensus that forest conservation, biodiversity restoration, and carbon reduction are of equal importance. Thus, the Dadu Mountain Natural Forest Restoration and Tree-Planting Project that Pou Chen Group launched with the Dadu Mountain Forest Restoration Center in 2019 is of great significance.

## We adopted the Dadu Mountain Forest Restoration Center, and Participated in the Restoration of Native Tree Species in the Area

In order to restore the natural forest of Dadu Mountain, Pou Chen and the Taiwan Reforestation Association began by applying to the Taichung City Government to adopt the Lingdong Nursery in Nantun District, Taichung City, in early October 2019. In February 2020, Pou Chen established its presence at Lingdong Nursery, and in the same year, the Taichung City Government set up the Dadu Mountain Forest Restoration Center. Pou Chen and the Taiwan Reforestation Association joined the Dadu Mountain Natural Forest Restoration and Tree-Planting Project, pledging that the restoration center would have greater ability to carry out the critical work of nurturing the seedlings after planting them, so that the original look and the biodiversity of the forest can be restored. When the seedlings grow into big trees, natural forces (such as birds, animals, wind) will send their seeds to other slopes, where they will sprout and create the next generation of wild seedlings. Through natural forces, it is hoped that in 20 years, the forest on Dadu Mountain will be restored to the way it was.

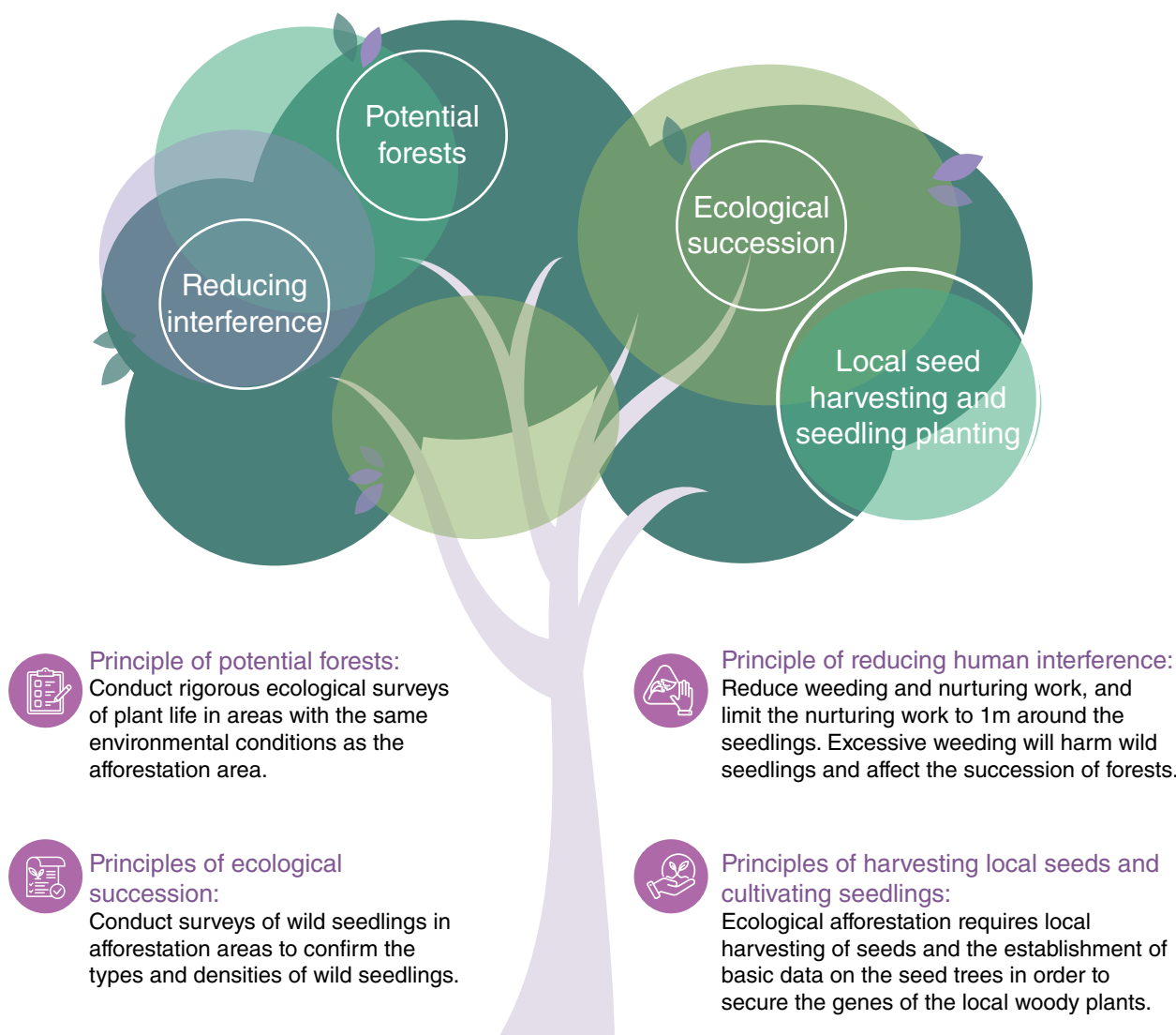


## Restoration of a Century-old Forest Starts from Seeds

**Restoring a natural forest is not about planting more trees, but planting the right trees.**

Unlike trees of economic value, natural forests have the functions of ecological conservation, soil and water retention, and water conservation. However, the restoration of natural forests doesn't mean that one can simply plant trees indiscriminately. After evaluating the climate, geology, topography, and plantation composition of Dadu Mountain and studying its history, the team of experts at the restoration center selected the appropriate species to be planted; the seeds are cultivated into seedlings, and employees from Pou Chen Group then work together to maintain and help plant the seedlings every year in order to restore the ecology

### Important principles for natural forests (restoration of native plant life)



## Pou Chen's Solid, step-by-step Actions and Expectations






In May 2019, Pou Chen Group and the Taiwan Reforestation Association started their first collaboration. For more than four years, Pou Chen Group has not only assisted in the completion of the Taichung Metropolitan Park's highlight project, but also in the construction of the park's Taiwanese Lily Garden and Dadu Mountain Native Rose Trellis, as well as the construction and maintenance of several restoration areas.

The cultivation program has also been affected by extreme climate, as a massive drought occurred in early 2021 in western Taiwan, resulting in the death of many seedlings in the restoration area. In 2022, the Pou Chen team helped to put water-absorbing cotton rope along with the seedlings in water storage bottles to replenish the seedlings with water through capillary action, successfully nurturing 81% of the seedlings.

In 2022, Pou Chen remained steadfast in its protection of trees and held 12 events throughout the year, mobilizing more than 1,600 employees to participate in the Dadu Mountain Natural Forest Restoration Campaign and the Taichung Central Park-Forest Life Tree Planting Campaign, planting more than 197 seedlings of 40 species native to Dadu Mountain and nurturing 1,920 seedlings.

In 2023, we organized more than 20 activities and mobilized 1,640 participants. The year's work focused on three main aspects: restoration of forest biodiversity, restoration of forests infected with *Pyrrhoderma noxium*, and providing native seedlings in Taichung. We have planted and maintained more than 1,400 native seedlings in Taichung Metropolitan Park, and cultivated 7,200 seedlings at the Dadu Mountain Forest Rehabilitation Center, which was adopted by Pou Chen Group, to provide native seedlings for reforestation efforts in Taichung.

Pou Chen has adopted the Dadu Mountain Forest Restoration Center together with the Taiwan Reforestation Association, and it is our hope that the children of Taichung City will get to enjoy an ecologically rich forest and cleaner air. We hope to use our influence to call on more people, private organizations, and enterprises to join in the effort to restore natural forests, to learn about the ecology of Dadu Mountain, to understand the importance of tree planting, and to give everyone the opportunity to plant the tree of hope that connects themselves to the land.

<p>We sent an application to the Taichung City Government to adopt the Lingdong Nursery in Nantun District, Taichung City, and together we joined the Dadu Mountain Natural Forest Restoration and Tree-Planting Project.</p> <p>Taiwanese lilies were planted in the lawn area of the Moon Viewing Corridor, giving visitors a feast of Taiwanese lilies on Dadu Mountain.</p>	<p>We planted roses that are native to Dadu Mountain and fertilized the flowerbeds in the hopes of creating a spectacular tunnel of roses.</p>	<p>We also assisted in the establishment of Qingshui District's protection forest restoration area, the planting of trees in Taichung Metropolitan Park, the cultivation of seedlings in restoration areas, and the weeding and ground cover for 11 restoration areas.</p>	<p>We completed the greening of the green spaces around the fifth detention basin in Taichung Central Park, assisted in the cultivation of seedlings in the restoration areas of Taichung Metropolitan Park, and completed the weeding and ground cover for 12 restoration areas.</p>	<p>Completed the planting and nurturing of seedlings in Taichung Metropolitan Park, and conducted seedling cultivation and nursery maintenance at the Dadu Mountain Forest Rehabilitation Center.</p>
 <p>2019</p>	 <p>2020</p>	 <p>2021</p>	 <p>2022</p>	 <p>2023</p>
<p>Dadu Mountain Highlight Projects</p>	<p>Dadu Mountain Natural Forest Restoration Campaign</p>	<p>Forest Life Tree Planting Campaign</p>	<p>Forest Life Tree Planting Campaign</p>	<p>Restoration of biodiversity</p>
<p>Planted 1,000 Taiwanese lilies</p>	<p>Planted more than 1,000 native roses</p>	<p>Cultivated 1,443 seedlings of plants native to Dadu Mountain</p>	<p>Cultivated 1,920 seedlings of plants native to Dadu Mountain</p>	<p>Cultivate 7,200 seedlings for use in the Taichung area."</p>



# 7.2 Community Involvement

## Collaborating with Local Governments and NGOs to Promote Community Participation

Pou Chen has been established for over 50 years, each of the production base has been actively communicating with local governments and organizations in order to localize and sustain the operation of the factories, and each factory has been organizing various external activities. Following the expansion of overseas operation and production bases, the Company is dedicated to meeting the demands of local living environmental conditions and the needs of the communities, actively devoting the Company's resources to community-friendly activities, thus enhancing local communities living standard and strengthening the relationship of interdependence and co-prosperity between the Company and the communities.

Since 2016, Pou Chen has had an in-depth understanding and participation in the activities of the Civil Society Organization ("CSO") of various factories, which are in line with the vision of the Company's core value of service for respect, care and creation of a harmonious enterprise, formulating the Company aspect and principle of participation in the community, with an expectation of achieving sustainable development and promotion of the co-operation with CSO.

In order to demonstrate the spirit of service as a core corporate value and to actively give back to employees, in addition to internal employee activities, the Company continues to participate in external community activities focusing on education, healthcare and local relations. Adhering to a diverse and inclusive service spirit, the Company has different key development goals in different regions. In 2023, Pou Chen invested a total of approximately NTD 3,133,356 (approximately USD 100,000) in community activities.

The data of community participation activities in 2023 were as follows: 1,548 participants in a total of 13 overseas education activities, 622 participants in a total of 6 healthcare activities, 759 participants in a total of 28 local relations activities.

### ● Pou Chen Principle for Events in Joint with Civil Society Organizations (CSO)

Compliance Management	Actively liaise with local civic groups advocating labor and environmental regulations to understand the requirements of local labor and environmental regulations and the direction of government policies, so as timely adopt responsive measures to reduce the risk and impact on the Company.
Healthcare	Footwear manufacturing is a labor-intensive industry. Most of the Company's overseas production bases are located in developing or low-developing countries, where medical resources are relatively scarce. Epidemics such as typhoid and dengue fever have a great impact on employees' health. It is necessary to actively promote the knowledge of environmental hygiene and disease prevention to employees. At the same time, majority of the employees employed by the Group are female, so it is particularly important to nurture employees with the correct concepts of reproductive health and fertility planning. Each unit should cooperate with local civic organizations engaged in relevant health education to obtain information for employees in order to promote the health of employees.
Education	Due to the nature of this industry, the economic development of the countries where the overseas production bases are located is relatively underdeveloped, where people there are in a relatively vulnerable condition, and education is less common. Factories of the Company have been deeply involved in local communities for a long time, and they shall cooperate with local CSOs to provide various scholarships to encourage local disadvantaged groups to attend schools, and train talents to lay the foundation for future talent cultivation.
Local Relations	As each production base employs a large number of local employees, in order to understand local customs and culture and integrate into the local society. It is necessary to actively engage in dialogue with local community, understand the needs of local communities, assist local community construction, and care for residents so as to maintain a harmonious relationship with local communities for coexistence and mutual prosperity.

In 2013, the Company started preschools in plants at Dong Nai and Binh Chanh respectively. By 2023, a total of 2,442 children have benefited. Among them, the Farming Kindergarten located in Bien Hoa City, Dong Nai Province features the green architecture combining natural landscapes with environmental protection and energy conservation, which not only demonstrates the corporate value of our sustainable development, but also allows employees' children to learn and grow in the preschools under a joyful mood.



▲ Vietnam – "Seeds of Hope Scholarship" Award Ceremony



▲ Mainland China – Community Donation Event



▲ Indonesia – Local Road Maintenance Project



▲ Indonesia – Iftar with Orphans



▲ Mainland China – Visiting Elderly People Living Alone

## Provide Quality Education

Pou Chen responds to SDGs Goal 4 of the United Nations by providing inclusive and equitable quality education to allow community school children in key business locations to be entitled to learning opportunities.

Since 2012, Pou Chen has offered employees' children and the "Seeds of Hope Scholarship" program in Vietnam to support schooling for children. As of 2023, a total of USD 779,000 has been contributed, benefiting a total of 39,005 children.

Since 2016, Pou Chen has promoted the "Scholarship for Children of Employees" scheme, and as of 2023, there were a total of 28,642 students who benefited from the Group's contribution of USD 307,000.

At its Taiwan operations headquarters, Pou Chen Corporation collaborates with the "Yu Yuan Education Foundation" to actively engage in parent-child education. In 2023, we organized 12 parent-child interactive educational activities, including a national calligraphy competition for elementary and middle school students, a national children's recorder ensemble competition, a national children's writing competition, the Taiwan Youth Soccer Friendly Match, the Dadushan Parent-Child Forest Ecology Education Program, a series of reading and writing classroom lectures, writing workshops, the One-on-One "Pou Chen Xiushui Academy" remote reading companion project, and the Seed Bookstore initiative. These activities enable children to grow happily with their parents' companionship.



▲ Vietnam – Award Scholarship to Children of Employees



## Ensuring Healthy Lives, and Promoting the Well-Being for People at all Ages

Pou Chen responds to SDGs Goal 3 of the United Nations, providing healthy lives for community employees and facilitating the well-being of people of all ages in the communities at its important business locations.

In view of the relatively poor medical resources in some areas, the Company cooperates with professional medical groups to provide voluntary clinic services in remote villages as well as health education and advocacy from time to time to disseminate health knowledge. Meanwhile, to be closely linked to local communities, Pou Chen conducts concrete actions by donating resources and visits to underprivileged families. In 2023, a total of 6 medical and health-related events participated by a total of 622 participants (including employees, external volunteers and residents) were held.

### Furnishing International-Standard Medical Rooms

Since 2017, Pou Chen has launched the "Enterprise x Medicine Collaboration" project in its Vietnamese plant, setting up a medical room meeting the international standards of Marie Stopes International to provide high-quality and essential maternity health and family planning services and education and publicity activities with a view to improving female employees of the awareness of reproductive health also helping female employees to save time and cost of clinic visits out of plants.

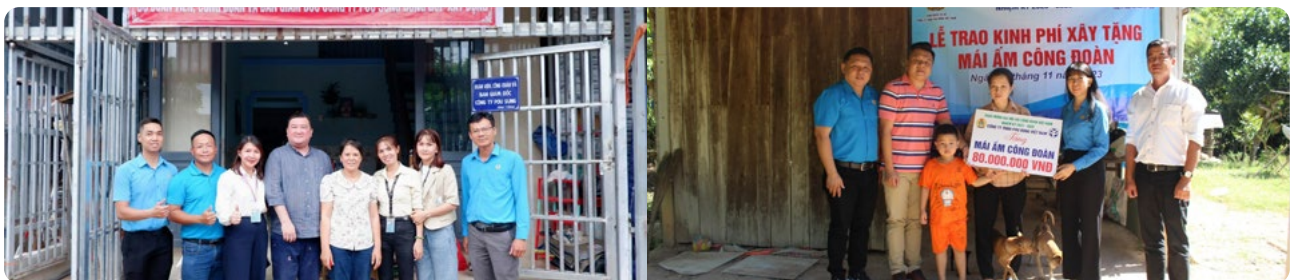


▲ Indonesia – Blood Donation

## Eliminating Poverty of Vulnerable Groups

Pou Chen responds to SDGs Goal 1 of the United Nations by striving to eliminate the poverty of local community residents, especially the right to equal access to economic resources by the poor and vulnerable groups, in communities at important business locations. Pou Chen built the resilience of poor and vulnerable groups and reduces their exposure to extreme weather events and other economic, social and environmental shocks and disasters as well as the resulting influences.

In Vietnam plants, Pou Chen listened to the voices of employees by expanding the implementation of the "Employee Home Visit Activity" project, of which urgent assistance from employees' families has been received. Since 2009, Pou Chen has officially launched the "Love House Construction" plan in Vietnam. By 2023, a total of USD 574,000 has been contributed, and 308 houses have been constructed and repaired.



▲ Vietnam-Friendship House Building and Donation

## ● Ongoing Constructions and Development to Local Communities at Domestic and Overseas Business Locations since 1988

### Taiwan

#### 1999

Prefabs in Nantou after 921 Earthquake (329 prefabs).

#### 2001~2008

Restoration of grade-one historic monument Lukang Longshan Temple. Repair of Tataka Path Entrance.

#### 2013~

Periodically holding Group Consensus Camp Events – Employees are invited to attend Community Charitable Service Actions. Engaged in "Bagua Mountain Butterflies Education Advocacy and Conservation" event.

#### 2014~

Engaged in contribution to "Taiwan Youth Soccer Joint Contribution" event for realizing the soccer dream of children in distant areas.

#### 2015

Engaged in the cross-national charitable event "STEP30 Save Lives with Old Shoes – Winter Donation Drive in Central Taiwan, Pou Chen Partners Spreading Love to Africa", events for guarding farmlands and showing gratitude to farmers, and events for supporting second specialty of children in distant areas.

#### 2016~2017

Closer and Cleaner Homeland, Joy of Mountain Cleaning, assisted in restoring the damaged ecology, Maria Social Welfare Foundation – Love Companionship Event for the Physically and Mentally Challenged Individuals.

#### 2018

Engaged in "One Aid for One Nation" international medical aid, actively promoting parent-child education events.

#### 2019~

Participated in the "Dadu Mountain Natural Forest Restoration and Tree-Planting Project."

### Mainland China

#### 1999~

Built Medical Center for Employee. Made donations to Dongguan Gaobu Hospital. Started Adult High Schools Education Academy for Employees. Starting Preschools in plants. Visiting and making contributions to domestic Nursery Homes/Childcare Center.

#### 2010~2019

Left-Behind Children Care Program (Summer Camp / Winter Camp for Employees' Children).

### Indonesia

#### 1988~

Started Adult High Schools Education Academy for Employees. Visits and contributions to orphanages. Community Voluntary Medical Consultation. Eid al-Adha Donation.

#### 2016~

Schoolkids Scholarship and Grant Plan



### Vietnam

#### 1988~

Voluntary Clinic in Communities

#### 2009~

Love House Donation

#### 2012~

Pou Chen Vietnam "Seeds of Hope Scholarship and Grant

#### 2013

Built the green architecture Farming Preschool.

#### 2017~2020


"Enterprise x Medicine Collaboration" Project

#### 2018

International Medicine Plan Participation

# Appendixes

## A.SGS Assurance Statement



### ASSURANCE STATEMENT

**SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE POU CHEN CORPORATION'S SUSTAINABILITY REPORT FOR 2023**

**NATURE AND SCOPE OF THE ASSURANCE**

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by POU CHEN CORPORATION. (hereinafter referred to as PCC) to conduct an independent assurance of the Sustainability Report for 2023. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 2 high level to assess whether the text and data in accompanying tables contained in the report and complies with the GRI Standards, AA1000 Accountability Principles (2018) and sustainability accounting standards (SASB) during on-site assurance 2024/02/20~2024/03/07 in PCC headquarter. The boundary of this report includes PCC Taiwan and oversea operational and production or service sites' specific performance data included the sampled text, and data in accompanying tables, contained in the report presented. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

**INTENDED USERS OF THIS ASSURANCE STATEMENT**

This Assurance Statement is provided with the intention of informing all PCC's Stakeholders.

**RESPONSIBILITIES**

The information in the PCC's Sustainability Report of 2023 and its presentation are the responsibility of the directors or governing body and management of PCC. SGS has not been involved in the preparation of any of the material included in the Sustainability Report.

Our responsibility is to express an opinion on the report content within the scope of assurance with the intention to inform all PCC's stakeholders.

**ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE**

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2: General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3: 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B	AA1000AS v3 Type 2 High Level (AA1000AP Evaluation plus evaluation of Specified Performance Information)

TWLPP5008 Issue 2404

**SCOPE OF ASSURANCE AND REPORTING CRITERIA**

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Standards (in Accordance with)
2	AA1000 Accountability Principles (2018)
3	SASB (APPAREL, ACCESSORIES & FOOTWEAR)

- The evaluation includes AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018).
- The evaluation of the reliability and quality of specified sustainability performance information in PCC's Sustainability Report is limited to determined material topics or those clearly marked in the report as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement at a high level of scrutiny for PCC and moderate level of scrutiny for its subsidiaries.
- The evaluation of the report against the requirements of GRI Standards, includes GRI 1, GRI 2, GRI 3, 200, 300 and 400 series claimed in the GRI content index as material and is conducted in accordance with the standards.
- The evaluation of the report against the SASB Disclosures and Metrics included in the APPAREL, ACCESSORIES & FOOTWEAR Sustainability Accounting Standard (VERSION 2023-12) and conducted alongside an evaluation of accuracy assurance at high level of scrutiny.

**ASSURANCE METHODOLOGY**

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability Development Department members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

**LIMITATIONS AND MITIGATION**

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing and assurance, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from PCC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

TWLFPS008 Issue 2404

**ASSURANCE/VERIFICATION OPINION**

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

**AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

**Inclusivity**

PCC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, PCC may collect more responses from diversified stakeholders to integrate their engagement results into governance, strategy, and relevant decision-making processes across the full organisation.

**Materiality**

PCC has established a robust, systematic and ongoing materiality determination process under the governance of senior management, including key cross-functional involvement. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

**Responsiveness**

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. For future reporting, PCC may enhance disclosure of the organisation's timely and relevant responses to material sustainability topics and their related impacts, including corrective action plans.

**Impact**

PCC has demonstrated a process on identifying impacts that fairly encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Impacts related to material topics were in place at target setting with qualitative and quantitative measurements and evaluation, leading to more effective decision-making and results-based management. It is recommended to evaluate the establishment of a functional committee to enhance robust processes for understanding, measuring, evaluating, and managing the organization's impacts across the entire organization.

**GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

The report, PCC's Sustainability Report of 2023, is adequately in accordance with the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the guidance defined in GRI 3: Material Topic 2021, and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. PCC has established a committee for risk management comprised of governance units and cross-functional executives, demonstrating PCC's determined commitment to advancing sustainable governance. For future reporting, it is encouraged to enhance the remuneration policies for members of the highest governance body and senior executives related to their objectives and performance with the management of the organization's impacts on the economy, environment, and people. Additionally, it is recommended to enhance the disclosure of GRI 2-21 for better alignment with GRI requirements.

TWLPP5008 Issue 2404

**SASB CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

PCC has referenced with SASB's Standard, APPAREL, ACCESSORIES & FOOTWEAR, VERSION 2023-12 to disclose information of material topics that are vital for enterprise value creation. The reporting boundaries of the disclosed information correspond to the PCC's Sustainability Report of 2023. PCC used SASB accounting and activity metrics to assess and manage the topic-related risks and opportunities, where relevant quantitative information was assessed for its accuracy and completeness to support the comparability of the data reported. Process to identify, assess, and manage topic-related risks and opportunities were integrated into PCC's overall management process. To further enhance continuous improvement, it is suggested that PCC consider developing systematic methods for collecting and analyzing its extensive internal data to strengthen its comprehensive sustainability management.

Signed:  
For and on behalf of SGS Taiwan Ltd.



Stephen Pao  
Business Assurance Director  
Taipei, Taiwan  
12 May, 2024  
[www.sgs.com](http://www.sgs.com)



**AA1000**  
Licensed Report  
000-8/V3-SSLEX

# B. TCFD Performance Assessment Statement



**TCFD Performance Assessment Statement**

The process and procedures of

**POU CHEN CORPORATION**

No.2, Fugong Rd., Fuxing Township, Changhua County 506, Taiwan

have been assessed from 01 April 2024 to 09 April 2024 and demonstrated the implementation status against the

**Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (29 June 2017)**

The organization has incorporated climate-related governance organization. The actual and potential impacts of climate-related risks and opportunities has been considered and identified over the relevant short-, medium-, and long-term time horizons. The resilience of the organization's strategy were taking into consideration with different climate-related scenarios including RCP2.6 and RCP6.5 scenarios. The methodology of organization's climate-related risk management process has been adequately implement as well as integrated into organization's overall risk management. The scope1 and scope 2 greenhouses gas (GHG) emissions inventory of partial plants has been conducted and verified annually, the metrics and targets has yet to be used by the organization to manage climate-related risks and opportunities and performance against targets.


For the following activities

Governance, Strategy, Risk Management, Metrics and Targets

And cover the following operational locations:  
Headquarter and footwear manufacturing plants

PCC meets SGS TCFD performance assessment at Disclosure Level

Authorised by



**Stephen Pao**  
 Business Assurance Director  
 Issue Date: 12 May 2024  
 Valid Date: 11 May 2025

SGS Taiwan Ltd.  
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 New Taipei City 24803, Taiwan  
 t (02) 22993279 f (02)22999453 www.sgs.com





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**Disclaimer**  
 The findings recorded herein demonstrated a level of performance against the Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (29 June 2017) and are only valid at the time of the intervention and only as stated above. This document is not intended to be used for certification purposes or regulatory or contractual use and does not relieve the Client from compliance with any bylaws, federal, national or regional acts and regulations issued pursuant to TCFD. SGS Services are governed by and subject to the General Conditions of Customised Audit Services.



**NATURE AND SCOPE OF THE ASSESSMENT**

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by POU CHEN CORPORATION (hereinafter referred to as PCC) to conduct an independent performance assessment of the Task Force on Climate-related Financial Disclosures, (hereinafter referred to as TCFD).

The information in the PCC's TCFD disclosure framework and its presentation are the responsibility of the management of PCC. SGS has not been involved in the preparation of any of the material included in PCC's TCFD disclosure framework.

Our responsibility is to express an opinion on the report content within the scope of performance assessment with the intention to inform all PCC's stakeholders.

The SGS protocols are based upon the Fundamental Principles for Effective Disclosure contained within the TCFD and SGS Management System Manual and Global System procedures.

The performance assessment comprised a combination of pre-assessment research, interviews with relevant employees, superintendents, Sustainability Development Department members and the senior management in PCC's Headquarter; documentation and record review and validation with external bodies and/or stakeholders where relevant.

**SCOPE OF PERFORMANCE ASSESSMENT AND DISCLOSURE CRITERIA**

The scope of the performance assessment included evaluation of quality, reliability of TCFD disclosure and performance information and evaluation of adherence to the four core elements as well as seven principles for effective disclosures for the information to be disclosed.

**PERFORMANCE ASSESSMENT METHODOLOGY**

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, documentation and record review, and validation with external bodies and/or stakeholders where relevant.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from PCC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assessment team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, SRA, EMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the TCFD performance assessment service provisions.

**ASSESSMENT OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information demonstrated by PCC within the TCFD performance assessment evaluation is reasonable, reliable and provides a sufficient and balanced representation of PCC climate related risks and opportunities management activities and meets SGS TCFD performance assessment at Disclosure Level.

**Disclaimer**  
 The findings recorded herein demonstrated a level of performance against the Final Report, Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (29 June 2017) and are only valid at the time of the intervention and only as stated above. This document is not intended to be used for certification purposes or regulatory or contractual use and does not relieve the Client from compliance with any bylaws, federal, national or regional acts and regulations issued pursuant to TCFD. SGS Services are governed by and subject to the General Conditions of Customised Audit Services.

# C. GHG Inventory Principle 2023

Inventory Principles	<ul style="list-style-type: none"> <li>• Scope 1 and 2: Data was collected based on the operation control method in accordance with ISO 14064-1 : 2018 Guidelines for the Quantification and Reporting of Greenhouse Gas Emissions and Removals at the Organizational Level.</li> <li>• Scope 3: Please refer to greenhouse gas protocols, calculation guides, and supporting documents.</li> </ul>
Scope of Inventory	Footwear production areas: Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh, and Myanmar.
Greenhouse Gases	Carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF <sub>6</sub> ), and nitrogen trifluoride (NF <sub>3</sub> ).
Inventory Items	<p>Scope 1 (Category 1: Direct greenhouse gas emissions): Total direct greenhouse gas emissions.</p> <p>(1) Greenhouse gas categories do not include hydrofluorocarbons that have already been included in the Montreal Protocol specifications, e.g. R-22.</p> <p>(2) Refrigerant R-600a is excluded from the inventory because IPCC has yet to announce its corresponding GWP value.</p> <p>(3) Biomass fuel CO<sub>2</sub> is calculated separately and not included in total emissions (purchased steam and self-operated boiler biomass fuel); only CH<sub>4</sub> and N<sub>2</sub>O are calculated.</p> <p>(4) Calculation method for boiler emissions:</p> <p>(4-1) Purchased steam: Using the amount of purchased steam (produced by the biomass fuel boiler) and the pressure at which the boiler produces steam, which is 10.0 kgf/cm<sup>3</sup>, and assuming that the boiler efficiency is at 85.0% and the calorific value of the solid biomass fuel used is 3,600.0 kcal/kg, the ratio of steam and biomass fuel used is 0.2173 after conducting calculations based on thermodynamics. When the fuel used is natural gas (produced by natural gas boiler), and assuming that the calorific value of natural gas is 8000 kcal/M<sup>3</sup> and that boiler efficiency is at 85%, consumption/steam (natural gas to steam ratio) = 0.0978.</p> <p>(4-2) Purchased steam: Yusheng and Yuxiang Mainland China uses purchased steam (produced by biomass boilers); assuming that the boiler steam pressure is at 10 kgf/cm<sup>3</sup>, and steam supplier ENN Group provided the natural gas, a Synergy Energy Co., Ltd. boiler can produce about one ton of saturated steam for every 85 cubic meters of natural gas. Consumption/steam (natural gas to steam ratio) = 0.085 Measured low level calorific value of natural gas in 2023 (volumetric heat capacity, low level) is 8,172 kcal/M<sup>3</sup> Emission factor = IPCC default emissions factor × fuel calorific value × carbon oxidation rate The IPCC Greenhouse Gas Emission Factor Management Table (Version 6.0.4 released in June 2019) was adopted.</p> <p>(4-3) Purchased steam: Amount of steam purchased by Pou Hung Vietnam (produced by wood from the biomass fuel boiler); amount of fuel provided by the supplier simultaneously. The gross calorific value (GCV) of biomass fuel measured in 2021 was 3,025 kcal/kg; when converted to net calorific value: 3,025 × 0.95 = 2,873 kcal/kg. Emission factor = IPCC default emissions factor × fuel calorific value × carbon oxidation rate The IPCC Greenhouse Gas Emission Factor Management Table (Version 6.0.4 released in June 2019) was adopted.</p> <p>(4-4) Purchased steam: Amount of steam purchased by Pou Yuen Vietnam and PAV (produced by rice husks from the biomass fuel boiler); amount of fuel provided by the supplier simultaneously. The gross calorific value (GCV) of the biomass fuel measured in 2023 was 3,350 kcal/kg; when converted to net calorific value: 3,350 × 0.95 = 3,182.5 kcal/kg. Emission factor = IPCC default emissions factor × fuel calorific value × carbon oxidation rate The IPCC Greenhouse Gas Emission Factor Management Table (Version 6.0.4 released in June 2019) was adopted.</p> <p>(4-5) Company-owned boiler: Pou Fung Vietnam uses wood pellets, a solid biomass material, as fuel. The gross calorific value (GCV) of the biomass fuel measured in 2023 was 4,520 kcal/kg; when converted to net calorific value: 4,520 × 0.95 = 4,294 kcal/kg. Emission factor = IPCC default emissions factor × fuel calorific value × carbon oxidation rate The IPCC Greenhouse Gas Emission Factor Management Table (Version 6.0.4 released in June 2019) was adopted.</p> <p>(4-6) Company-owned boiler: PGI Indonesia uses palm kernel shells, a solid biomass material, as fuel. The gross calorific value (GCV) of the biomass fuel measured in 2023 was 4,582 kcal/kg; when converted to net calorific value: 4,582 × 0.95 = 4,352.9 kcal/kg. Emission factor = IPCC default emissions factor × fuel calorific value × carbon oxidation rate The IPCC Greenhouse Gas Emission Factor Management Table (Version 6.0.4 released in June 2019) was adopted.</p>

Inventory Items	<p>(5) Septic tank emission sources are calculated by extrapolating the amount of methane emitted during employees' working hours.</p> <p>(6) Of refrigerants or other hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulfur hexafluoride (SF6), only a small amount of SF6 is used in high-voltage power distribution equipment as an insulation filler gas. According to the supplier's information, the daily leakage rate is very low, so SF6 emissions due to leakage from the equipment are only included in the calculation when the equipment is filled (purchased volume). When it is not filled, emissions are considered zero.</p> <p>Scope 2 (Category 2: Indirect greenhouse gas emissions from input energy): Total greenhouse gas emissions from indirect input energy.</p> <p>Scope 3 (Category 3: Indirect greenhouse gas emissions from transportation (downstream transportation of products)): Total greenhouse gas emissions from downstream transportation of shoes and goods produced by Pou Chen Group were calculated using the distance-based method.</p> <p>Scope 3 (Category 3: Indirect greenhouse gas emissions from transportation (business trip by air)): Total greenhouse gas emissions from business trips by air were calculated using the distance-based method.</p>										
Calculation Basis	<p>The calculation of greenhouse gas emissions for Scopes 1 and 2 is mainly based on the emission factor method, the calculation methods of which are as follows:</p> <p>Activity data × emission factor × global warming potential (GWP) = CO<sub>2</sub>e in tons/year.</p> <p>(1) Septic tank emissions do not have an emission factor, nor are there any factors from local research and development, thus the quantity was converted from the typical values of sewage water quality and quantity while citing factors with similar backgrounds from international sources.</p> <p>(1-1) CH<sub>4</sub> emission factor = BOD emission factor × average sewage concentration × hourly wastewater volume per person (liter/hour) × septic tank treatment efficiency</p> <p>(1-2) CH<sub>4</sub> emission factor = 0.6 tons of CH<sub>4</sub>/ton - BOD × 200 mg/L × 15.625 (liters/hour) × 0.85 = 0.0000015938 tons/person hour</p> <p>(2) Acetylene CO<sub>2</sub> emission factor uses mass balance: CH<sub>2</sub>CH<sub>2</sub> + 2.5O<sub>2</sub> → 2CO<sub>2</sub> + H<sub>2</sub>O                  Each burning 1moleC<sub>2</sub>H<sub>2</sub> (molecular mass 26) produces 2moleCO<sub>2</sub> (molecular mass 44).                  CO<sub>2</sub> emission factor = 44 × 2/26 = 3.385 tons/ton</p> <p>(3) CO<sub>2</sub> emission factor of covered electrodes uses mass balance C+O<sub>2</sub>→CO<sub>2</sub>                  Each burning 1moleC (molecular mass 12) produces 1moleCO<sub>2</sub> (molecular mass 44) mole ratio: 1:1,                  CO<sub>2</sub> emission factor of burning welding rod = 44/12 = 3.6 tons/ton</p> <p>The calculation of purchased electricity for Scope 2 is divided into:</p> <p>(1) Location-based carbon emissions, which are calculated based on the emission factors of the average energy production of the geographic area; these factors may be regional or national level factors. Location-based carbon emissions = carbon emissions from electricity consumption</p> <p>(2) Market-based carbon emissions are based on contractual purchases of electricity or bundling of electricity with contractual instruments, and are calculated according to the greenhouse gas emissions in the contract. Market baseline carbon emissions = carbon emissions from electricity consumption - renewable energy certificate (REC) carbon emissions - PPA electricity purchased</p> <p>(3) The PPA carbon reduction efficiency factor (CREF) is designed and calculated in accordance with the environmental regulations of Mainland China. This is done by using the baseline emission factor of the regional power grid in Mainland China due to the marginal impact (BM) of the Clean Development Mechanism (CDM) project or the national greenhouse gas voluntary emission reduction projects on the operational margins (OM) of the in-service generation units of the host power grids. It also consider the construction of new installations in the future.</p> <p>Scope 3: Total greenhouse gas emissions from downstream transportation of shoes and goods produced by Pou Chen Group were calculated using the distance-based method:</p> <p>(1) Total greenhouse gas emissions from downstream transportation of the Group's finished footwear cargoes = Gross weight of cargoes (metric tons) × distance of cargoes transported (km) × emission factor for the type of transportation vehicle used (kgCO<sub>2</sub>e/tonne-km).</p> <p>(2) The total greenhouse gas emissions from business travel by air attributed to the Group's headquarters were calculated using the distance-based method:</p> <p>(2-1) Total greenhouse gas emissions from business travel by air (tonCO<sub>2</sub>e) = flight distance (passenger-km) × flight emission factor (kgCO<sub>2</sub>e/passenger-km).</p> <p>(2-2) The flight distance of each international city is calculated using ICAO's Carbon Emissions Calculator, and the total greenhouse gas emissions of the main trip by air (tonCO<sub>2</sub>e) = distance traveled (passenger-km) × flight emission factor (kgCO<sub>2</sub>e/passenger-km).</p> <p>(2-3) The flight distance for each international city is based on the distance of each city calculated by ICAO's Carbon Emissions Calculator: <a href="https://www.icao.int/environmental-protection/Carbonoffset/Pages/default.aspx">https://www.icao.int/environmental-protection/Carbonoffset/Pages/default.aspx</a></p>										
Activity Data	Data directly measured or corroborated.										
Emission Factor	<p>1.The Global Warming Potential (GWP) up to 2021 was based on the ICPP Fourth Assessment Report 2006. The Global Warming Potential in 2022 was based on the IPCC Sixth Assessment Report 2021.</p> <table border="1" data-bbox="295 1724 1396 1926"> <thead> <tr> <th>Greenhouse Gases</th> <th>GWP</th> <th>Source of Figures</th> </tr> </thead> <tbody> <tr> <td>CO<sub>2</sub></td> <td>1</td> <td rowspan="3">IPCC Sixth Assessment Report (2021).</td> </tr> <tr> <td>CH<sub>4</sub></td> <td>27.9</td> </tr> <tr> <td>N<sub>2</sub>O</td> <td>273</td> </tr> </tbody> </table>	Greenhouse Gases	GWP	Source of Figures	CO <sub>2</sub>	1	IPCC Sixth Assessment Report (2021).	CH <sub>4</sub>	27.9	N <sub>2</sub> O	273
Greenhouse Gases	GWP	Source of Figures									
CO <sub>2</sub>	1	IPCC Sixth Assessment Report (2021).									
CH <sub>4</sub>	27.9										
N <sub>2</sub> O	273										

- The factors of different emission sources are based on the emission factors announced by IPCC in 2006, and the emission factors of different fuels were calculated according to the calorific value of different fuels. The various emission sources were then calculated according to the calculation method of the "Greenhouse Gas Inventory Tool (Version 4.1)" of the Industrial Development Administration of the Ministry of Economic Affairs.
- The latest emission factor for electricity is based on the latest information provided by each country. If there is no announcement for a particular country, the latest emission factor for each country is based on the latest information provided by the International Energy Agency (IEA).

	Country/Region	Emission Factor (kgCO <sub>2</sub> e/kWh)	Unit	Year	Source of Data
Emission Factor	Taiwan	0.495	kgCO <sub>2</sub> e/kWh	2023	Energy Administration, Ministry of Economic Affairs
	Mainland China	0.5703	t CO <sub>2</sub> /MWh	2023	Ministry of Ecology and Environment of People's Republic of Mainland China
	Vietnam	0.7221	t CO <sub>2</sub> /MWh	2021	Department of Climate Change, Vietnam
	Indonesia	0.8	t CO <sub>2</sub> /MWh	2019	Directorate General of Electricity, Ministry of Energy and Mineral Resources, Indonesia
	Cambodia	0.3973	t CO <sub>2</sub> /MWh	2023	IEA Emission Factors-2023 editions
	Bangladesh	0.5794	t CO <sub>2</sub> /MWh	2023	IEA Emission Factors-2023 editions
	Myanmar	0.4423	t CO <sub>2</sub> /MWh	2023	IEA Emission Factors-2023 editions
	Hong Kong	0.55	kgCO <sub>2</sub> e/kWh	2022	Central Hong Kong (Kowloon and the New Territories, including Lantau Island and various outlying islands)
	Macau	0.82	kgCO <sub>2</sub> e/kWh	2022	Companhia de Electricidade de Macau S.A.

## D. ISO System Third Party Certification

### ISO14001 : 2015 (22 Factories)

Mainland China Operation Factory (6 Factories)			
YS 2023.06.15~2026.06.11 Verifier : CQC	SYI 2023.12.24~2026.12.23 Verifier : CQC	YYJ 2023.05.23~2024.06.01 Verifier : TUV	
aDC 2023.05.23~2024.06.01 Verifier : TUV	YYA 2023.05.23~2024.06.01 Verifier : TUV	S8 2023.08.10~2026.08.09 Verifier : TUV	
Vietnam Operation Factory (11 Factories)			
A201 2021.05.14~2024.05.13 Verifier : BV	A Plant 2023.09.11~2026.09.10 Verifier : BV	B0PW (6080) 2022.07.19~2025.07.18 Verifier : TUV	PYV 2022.08.05~2025.08.04 Verifier : TUV
CS2 2022.08.04~2025.08.03 Verifier : BV	EVA 2022.08.04~2025.08.03 Verifier : BV	PHV 2021.06.04~2024.06.03 Verifier : BV	B0P8 2023.08.31~2026.08.30 Verifier : BV
B0GJ 2022.02.24~2025.02.23 Verifier : BV	PSV 2022.08.05~2025.08.04 Verifier : TUV	YUEDE 2021.07.14~2024.07.13 Verifier : BV	
Indonesia Operation Factory (4 Factories)		Myanmar Operation Factory (1 Factory)	
PGD 2021.12.06~2024.07.01 Verifier : TUV	PGS 2021.12.06~2024.07.01 Verifier : TUV	PMA 2022.08.20~2025.08.19 Verifier : TUV	
IY 2021.09.10~2024.08.24 Verifier : TUV Nord	PC1a 2021.7.02~2024.07.01 Verifier : TUV	-	

## ISO 45001 : 2018 (24 Factories)

Mainland China Operation Factory (6 Factories)			
YS 2023.06.15~2026.06.11 Verifier : CQC	SYI 2023.12.22~2026.12.21 Verifier : CQC	YYJ 2023.05.23~2024.06.01 Verifier : TUV	
aDC 2023.05.23~2024.06.01 Verifier : TUV	YYA 2023.05.23~2024.06.01 Verifier : TUV	S8 2023.08.10~2026.08.09 Verifier : TUV	
Vietnam Operation Factory (13 Factories)			
A201 2021.06.11~2024.06.10 Verifier : BV	A Plant 2023.09.11~2024.09.10 Verifier : BV	B0PW (6080) 2022.07.19~2025.07.18 Verifier : TUV	PYV 2022.08.05~2025.08.04 Verifier : TUV
CS2 廠 2022.08.04~2025.08.03 Verifier : BV	EVA 2022.08.04~2025.08.03 Verifier : BV	寶宏 (PHV) 2021.06.29~2024.06.28 Verifier : BV	
B0P8 2023.08.31~2026.08.30 Verifier : BV	VP 2023.8.30~2026.12.11 Verifier : BV	VY 2023.02.08~2026.02.07 Verifier : BV	
B0GJ 2022.03.09~2025.03.08 Verifier : BV	PSV 2022.08.05~2025.08.04 Verifier : TUV	YUEDE 2021.07.06~2024.07.05 Verifier : BV	
Indonesia Operation Factory (4 Factories)		Myanmar Operation Factory (1 Factory)	
PGD 2021.12.06 ~ 2024.07.01 Verifier : TUV	PGS 2021.12.06 ~ 2024.07.01 Verifier : TUV	PMA 2022.08.20~2025.08.19 Verifier : TUV	
IY 2021.09.10~ 2024.08.24 Verifier : TUV Nord	PCla 2021.7.02~2024.07.01 Verifier : TUV	-	

## ISO 50001 : 2018 (7 Factories)

Vietnam Operation Factory (2 Factories)	Indonesia Operation Factory (4 Factories)		Myanmar Operation Factory (1 Factory)
PYV 2022.01.05~2024.10.24 Verifier : BSI	PGD 2021.10.06 ~ 2024.10.05 Verifier : TUV	PGS 2021.10.06 ~ 2024.10.05 Verifier : TUV	PMA 2022.08.26~2025.08.25 Verifier : TUV
PSV 2022.01.05~2024.10.24 Verifier : BSI	IY 2023.09.25~ 2026.08.06 Verifier : TUV Nord	PCla 2023.09.05~2026.08.06 Verifier : TUV Nord	-

# E. Employee Diversity Indicators and Training Data

## Employee Diversity Indicators - Number by Gender & Age / Total Number of Employees in the Region

Gender and age ratio of employees by region				
Area	Gender	29yo and under	30-49yo	50yo and over
Overall	Male	17,646	37,849	5,105
	Female	61,156	133,467	13,467
Taiwan	Male	157	1,069	364
	Female	246	1,434	493
Mainland China	Male	2,395	4,929	2,219
	Female	4,732	27,313	5,192
Vietnam	Male	4,494	13,799	1,427
	Female	11,416	57,357	6,493
Indonesia	Male	8,822	16,140	1,039
	Female	41,231	42,545	1,192
Cambodia	Male	465	418	9
	Female	1,793	3,019	33
Bangladesh	Male	929	1,283	21
	Female	347	545	11
Myanmar	Male	374	190	10
	Female	1,388	1,243	46
Others	Male	10	21	16
	Female	3	11	7

## Total number of hours of training for Pou Chen's employees in 2023 by gender, employee rank, and significant locations of operation

Area	Rank	Gender	Number of participants	Total training hours
Overall	Section Chief level and under	Female	1,370,337	2,563,546.49
		Male	343,820	802,570.98
	Manager level	Female	25,268	46,693.00
		Male	21,439	34,604.45
	Director level and over	Female	766	1,195.01
		Male	1,164	3,033.77
Taiwan	Section Chief level and under	Female	14,422	31,482.90
		Male	7,796	17,912.10
	Manager level	Female	5,794	9,745.94
		Male	6,189	10,951.41
	Director level and over	Female	226	577.97
		Male	497	1,571.77

Area	Rank	Gender	Number of participants	Total training hours
Mainland China	Section Chief level and under	Female	218,964	226,075.40
		Male	94,209	158,630.61
	Manager level	Female	7,949	7,245.07
		Male	7,447	8,059.34
	Director level and over	Female	445	438.75
		Male	512	925.42
Vietnam	Section Chief level and under	Female	648,316	1,817,410.08
		Male	143,840	518,397.74
	Manager level	Female	8,092	23,896.50
		Male	4,904	10,427.95
	Director level and over	Female	37	95.07
		Male	72	186.75
Indonesia	Section Chief level and under	Female	472,665	469,378.27
		Male	84,576	93,451.00
	Manager level	Female	3,199	5,523.02
		Male	2,338	4,399.15
	Director level and over	Female	47	67.63
		Male	64	277.88
Cambodia	Section Chief level and under	Female	2,271	2,249.18
		Male	538	469.10
	Manager level	Female	67	70.46
		Male	171	247.58
	Director level and over	Female	0	0.00
		Male	7	26.59
Bangladesh	Section Chief level and under	Female	3,915	4,094.05
		Male	9,585	9,606.38
	Manager level	Female	59	96.22
		Male	174	252.25
	Director level and over	Female	11	15.59
		Male	0	0.00
Myanmar	Section Chief level and under	Female	9,656	12,727.05
		Male	3,195	4,058.24
	Manager level	Female	42	34.73
		Male	127	173.02
	Director level and over	Female	0	0.00
		Male	6	20.16
Others	Section Chief level and under	Female	128	129.56
		Male	81	45.82
	Manager level	Female	66	81.06
		Male	89	93.75
	Director level and over	Female	0	0.00
		Male	6	25.20

# F. GRI Standards (2021) Index Table

Statement of use	Pou Chen has reported the information cited in this GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard (s)	Nil

GRI Standard	Disclosure	Chapter (s)	Page number (s)	Omission
<b>GRI 2 General Disclosures</b>				
<b>The organization and its reporting practices</b>				
2-1	Organizational details	1.1 About Pou Chen	P. 16	
2-2	Entities included in the organization's sustainability reporting	About the Sustainability Report 1.1 About Pou Chen	P. 8 P. 16	
2-3	Reporting period, frequency and contact point	About the Sustainability Report	P. 9	
2-4	Restatements of information	About the Sustainability Report	P. 8	
2-5	External assurance	About the Sustainability Report Appendix A SGS Assurance Statement	P. 8 P. 162	
<b>Activities &amp; Workers</b>				
2-6	Activities, value chain and other business relationships	1.1 About Pou Chen 4.2 Supply Chain Management	P. 16 P. 91	
2-7	Employees	5.1 Manpower and Talent Appendix E Employee Diversity Indicators and Training Data	P. 103 P. 172	
2-8	Workers who are not employees	5.1 Manpower and Talent	P. 103	The information of Workers who are not employees is unavailable. An investigation will be initiated in the next reporting cycle.
<b>Governance</b>				
2-9	Governance structure and composition	2.2 Operation of the Board of Directors	P. 33	
2-10	Nomination and selection of the highest governance body	2.2 Operation of the Board of Directors	P. 33	
2-11	Chair of the highest governance body	2.2 Operation of the Board of Directors	P. 33	
2-12	Role of the highest governance body in overseeing the management of impacts	1.4 Sustainability Topics Management 2.4 Operational Risk Identification and Response	P. 29 P. 40	
2-13	Delegation of responsibility for managing impacts	1.4 Sustainability Topics Management 2.4 Operational Risk Identification and Response	P. 29 P. 40	
2-14	Role of the highest governance body in sustainability reporting	1.3 Sustainable Development Strategy	P. 20	
2-15	Conflicts of interest	2.2 Operation of the Board of Directors	P. 33	
2-16	Communication of critical concerns	1.3 Sustainable Development Strategy	P. 20	
2-17	Collective knowledge of the highest governance body	2.2 Operation of the Board of Directors	P. 34	
2-18	Evaluation of the performance of the highest governance body	2.2 Operation of the Board of Directors	P. 34	

GRI Standard	Disclosure	Chapter (s)	Page number (s)	Omission
2-19	Remuneration policies	5.1 Manpower and Talent	-	Please refer to the 2023 Annual Report for details
2-20	Process to determine remuneration	5.1 Manpower and Talent	-	
2-21	Annual total compensation ratio	5.1 Manpower and Talent	-	
<b>Strategy, policies and practice</b>				
2-22	Statement on sustainable development strategy	1.3 Sustainable Development Strategy	P. 21	
2-23	Policy commitments	5.2 Human Rights Management	P. 121	
2-24	Embedding policy commitments	5.2 Human Rights Management	P. 121	
2-25	Processes to remediate negative impacts	5.2 Human Rights Management	P. 126	
2-26	Mechanisms for seeking advice and raising concerns	2.3 Decent Management	P. 39	
		5.2 Human Rights Management	P. 133	
2-27	Compliance with laws and regulations	2.3 Decent Management	P. 38	
2-28	Membership associations	1.1 About Pou Chen	P. 16	
<b>Stakeholder engagement</b>				
2-29	Approach to stakeholder engagement	1.4 Sustainability Topics Management	P. 22	
2-30	Collective bargaining agreements	5.2 Human Rights Management	P. 132	
<b>GRI 3</b>				
3-1	Process to determine material topics	1.4 Sustainability Topics Management	P. 26	
3-2	List of material topics	1.4 Sustainability Topics Management	P. 28	
3-3	Management of material topics	1.2 Operational Performance	P. 17	
		2.3 Decent Management	P. 35	
		3.1 Climate Change Risk Response	P. 47	
		3.2 Energy Management	P. 64	
		3.4 Waste Management	P. 74	
		3.5 Air Pollutant Management	P. 82	
		4.2 Supply Chain Management	P. 90	
		5.1 Manpower and Talent	P. 102	
		5.2 Human Rights Management	P. 121	
		6. Safety Culture	P. 142	
<b>Material Topics</b>				
<b>Operational Performance</b>				
3-3 Management of material topics			P. 17	
GRI 201 2016	201-1	Direct economic value generated and distributed	1.2 Operational Performance	P. 18
	201-4	Financial assistance received from government		P. 19

GRI Standard	Disclosure	Chapter (s)	Page number (s)	Omission
<b>Ethical Management</b>				
3-3 Management of material topics			P. 35	
GRI 205 2016	205-1	Operations assessed for risks related to corruption	P. 36	
	205-2	Communication and training about anti-corruption policies and procedures	P. 37	
	205-3	Confirmed incidents of corruption and actions taken	P. 36	
<b>Climate Change Risk Response</b>				
3-3 Management of material topics			P. 47	
GRI 201 2016	201-2	Financial implications and other risks and opportunities due to climate change	P. 56	
GRI 305 2016	305-1	Direct (Scope 1) GHG emissions	P. 60	
	305-2	Energy indirect (Scope 2) GHG emissions	P. 60	
	305-3	Other indirect (Scope 3) GHG emissions	P. 61	
	305-4	GHG emissions intensity	P. 62	
	305-5	Reduction of GHG emissions	P. 63	
<b>Energy Management</b>				
3-3 Management of material topics			P. 64	
GRI 302 2016	302-1	Energy consumption within the organization	P. 65	
	302-3	Energy intensity	P. 66	
	302-4	Reduction of energy consumption	P. 66	
<b>Waste Management</b>				
3-3 Management of material topics			P. 74	
GRI 306 2020	306-1	Waste generation and significant waste-related impacts	P. 75	
	306-2	Management of significant waste-related impacts	P. 75	
	306-3	Waste generated	P. 76	
	306-4	Waste diverted from disposal	P. 76	
	306-5	Waste directed to disposal	P. 76	
<b>Management on Air Pollutant Emission</b>				
3-3 Management of material topics			P. 82	
GRI 305 2016	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P. 83	

GRI Standard	Disclosure	Chapter (s)	Page number (s)	Omission
<b>Supply Chain Management</b>				
3-3 Management of material topics			P. 90	
GRI 308 2016	308-1	New suppliers that were screened using environmental criteria	P. 93	
	308-2	Negative environmental impacts in the supply chain and actions taken	P. 94	
4.2 Supply Chain Management				
GRI 414 2016	414-1	New suppliers that were screened using social criteria	P. 93	
	414-2	Negative social impacts in the supply chain and actions taken	P. 94	
<b>Manpower and Talent</b>				
3-3 Management of material topics			P. 102	
GRI 201 2016	201-3	Defined benefit plan obligations and other retirement plans	P. 112	
GRI 202 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P. 114	
	202-2	Proportion of senior management hired from the local community	P. 105	
GRI 401 2016	401-1	New employee hires and employee turnover	P. 106	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P. 108	
	401-3	Parental leave	P. 111	
5.1 Manpower and Talent				
GRI 404 2016	404-1	Average hours of training per year per employee	P. 120	
	404-2	Programs for upgrading employee skills and transition assistance programs	P. 116	
	404-3	Percentage of employees receiving regular performance and career development reviews	P. 115	
GRI 405 2016	405-2	Ratio of basic salary and remuneration of women to men	P. 114	
<b>Human Rights Management</b>				
3-3 Management of material topics			P. 121	
GRI 402 2016	402-1	Minimum notice periods regarding operational changes	P. 131	
GRI 406 2016	406-1	Incidents of discrimination and corrective actions taken	P. 134	
GRI 407 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P. 132	
		Operations and suppliers at significant risk for incidents of child labor	P. 131	
GRI 408 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	P. 131	
GRI 409 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P. 131	
5.2 Human Rights Management				

GRI Standard	Disclosure	Chapter (s)	Page number (s)	Omission
<b>Occupational Safety and Health Practices</b>				
	3-3 Management of material topics		P. 142	
GRI 403 2018	403-1	Occupational health and safety management system	P. 143	
	403-2	Hazard identification, risk assessment, and incident investigation	P. 144	
	403-3	Occupational health services	P. 148	
	403-4	Worker participation, consultation, and communication on occupational health and safety	P. 147	
	403-5	Worker training on occupational health and safety	P. 146	
	403-6	Promotion of worker health	P. 148	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 143	
	403-8	Workers covered by an occupational health and safety management system	P. 143	
	403-9	Work-related injuries	P. 144	
	403-10	Work-related ill health	P. 151	
<b>General Topics</b>				
GRI 405 2016	405-1	Diversity of governance bodies and employees	2.2 Operation of the Board of Directors 5.1 Manpower and Talent	P. 33 P. 103
GRI 303 2018	303-1	Interactions with water as a shared resource	3.3 Water Resources Management	P. 68
	303-2	Management of water discharge-related impacts		P. 68
	303-3	Water withdrawal		P. 70
	303-4	Water discharge		P. 72
	303-5	Water consumption		P. 73
GRI 204 2016	204-1	Proportion of spending on local suppliers	4.2 Supply Chain Management	P. 91
GRI 301 2016	301-1	Materials used by weight or volume	4.1 Procurement of Raw Materials	P. 89
GRI 416 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.3 Products and Services	P. 98
GRI 417 2016	417-1	Requirements for product and service information and labeling	4.3 Products and Services	P. 99
	417-2	Incidents of non-compliance concerning product and service information and labeling	4.3 Products and Services	P. 99
GRI 418 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3 Products and Services	P. 98
GRI 413 2016	413-1	Operations with local community engagement, impact assessments, and development programs	7.2 Community Involvement	P. 157

# G. SASB Index Table

## SASB Index : Apparel, Accessories & Footwear

TOPIC	CODE	ACCOUNTING METRIC	CATEGORY	Chapter (s)	Page number (s)
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Discussion and Analysis	4.1 Procurement of Raw Materials	P. 86
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	4.1 Procurement of Raw Materials	P. 86
Raw Materials Sourcing	CG-AA-440a.3	Description of environmental and social risks associated with sourcing priority raw materials	Discussion and Analysis	4.1 Procurement of Raw Materials	P. 89
	CG-AA-440a.4	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	Quantitative	4.1 Procurement of Raw Materials	P. 89
-	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	4.1 Procurement of Raw Materials	P. 91
Environmental Impacts in the Supply Chain	CG-AA-430a.1	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	4.2 Supply Chain Management	P. 94
	CG-AA-430a.2	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	4.2 Supply Chain Management	P. 94
Labor Conditions in the Supply Chain	CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	4.2 Supply Chain Management	P. 95
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	4.2 Supply Chain Management	P. 95
	CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	4.2 Supply Chain Management	P. 95

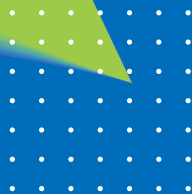
# H. TCFD Disclosure Index Table

Framework	Recommended Disclosures	Chapter (s)	Page number (s)
Governance	1. Describe the board's oversight of climate-related risks and opportunities. 2. Describe management's role in assessing and managing climate-related risks and opportunities.	3.1 Climate Change Risk Response	P. 48
Strategy	1. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. 2. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. 3. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	3.1 Climate Change Risk Response	P. 52
Risk Management	1. Describe the organization's processes for identifying and assessing climate-related risks. 2. Describe the organization's processes for managing climate-related risks. 3. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	3.1 Climate Change Risk Response	P. 50
Metrics and Targets	1. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. 2. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. 3. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	3.1 Climate Change Risk Response	P. 58 P. 60



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