POU CHEN
CORPORATION

2024

SUSTAINABILITY REPORT

POU CHEN
CORPORATION

CONTENTS

Notice to readers:
For the convenience of readers, PCC 2024 sustainability report has been translated into English from the original Chinese version. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version 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 manufacturing of shoes and retail of sporting goods and wholesale, 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:

Manufacturing of Shoes Business

Improving the management of production capacity and promoting diversified production bases

Providing comprehensive solutions through innovative manufacturing technology

Moving towards smart manufacturing through digital technology

Actively strengthening supply flexibility in response to the ongoing trend of supply chain shortening

Retail of sporting goods and wholesale business

Reorganizing physical stores based on precisely-identified market requirements

Effective sales scaling with digitalized operations

Improving sales efficiency and strengthening operational growth capabilities

As a responsible corporate citizen, the Company is committed to upholding its corporate governance, promoting environmental sustainability, fulfilling social responsibilities, and respecting the rights and interests of stakeholders, including shareholders/investors, customers, employees, suppliers, and communities, while pursuing business performance. The Company has actively implemented the following actions:

Environmental Sustainability

To effectively manage environmental risks and maintain ecological balance, the Company has continued to optimize the production process and introduced pollution prevention and control facilities as ways to reduce the impact on the environment. At the same time, we actively participate in carbon reduction and green energy development initiatives worldwide. Designating 2019 as the base year, we have adopted low-carbon production practices, expanded the use of green energy, and implemented energy-saving measures, with a target of achieving zero carbon emission growth by 2025. Furthermore, the Company has set a target to reduce GHG emissions by 46.2% by 2030 as compared with 2019. This target has been affirmed by the World Resources Institute (WRI) as aligned with the Science-Based Target initiative (SBTi). These efforts not only demonstrate the Company's commitment to addressing sustainability issues, but also enhance its reputation within the international community and among customers, as well as ensuring that energy consumption is in line with long-term environmental goals.

Harmonious working environment

The Company identifies potential human rights and employee relations risks through interviews and grievance mechanisms, and endeavors to respond in a timely manner. Moreover, the Company has established effective two-way communication and problem-solving mechanisms, such as employee seminars, employee harmony and disciplinary committees, and employee relations communication platforms, etc., to better understand employee concerns, identify management opportunities, and effectively prevent labor-management disputes. In 2025, the Company will continue to organize employee engagement activities and community service events, and will encourage employee participation in order to foster stronger cohesion and strengthen alignment with the Company's core values. The Company will also maintain close interactions with unions as well as promote collective growth and development, thereby creating a positive and friendly workplace environment.

Occupational Safety and Health Management

The Company has established and implemented a top-down safety culture and risk prevention practices to ensure continuous safe operations across all manufacturing facilities. In 2025, the Company will continue to strengthen occupational hazard and fire prevention technologies, root cause analysis and improvement of accidents, basic infrastructure, risk mapping, and behavioral safety observations. A safety-first culture will be further embedded across all facilities through safety visits between factories, key factory coaching programs, and the implementation of ten core safety principles. In addition, the Company will strengthen factory self-management based on occupational safety and health assessment results, and enhance employees' safety awareness and implementation capabilities through the occupational safety and health companionship system and cross-departmental collaborations. These efforts will help identify potential risks at an early stage, enabling more effective risk control and continuous improvement in overall safety performance.

Compliance Management

The Company identifies operational deficiencies through routine inspection mechanisms coupled with annual audits. In-depth investigations are conducted on any issues identified in daily operations, with follow-up tracking to ensure timely and effective improvements. These efforts aim to reduce or eliminate the likelihood of major incidents and ensure that all factory operations comply with the Group's code of conduct, local laws and regulations, customers' standards, and international regulations, so as to achieve the ultimate goal of deepening relationships with customers. In 2025, the Company will continue to uphold the spirit and principles of the UN's "Universal Declaration of Human Rights" and "Guiding Principles on Business and Human Rights," as well as the ILO's "Declaration on Fundamental Principles and Rights at Work" among other international human rights conventions, in an effort to create a workplace environment where human rights are protected, and where employees' legal rights to freedom of assembly and collective bargaining are fully respected.

The Company will continue to uphold the highest standards of corporate governance, prioritize talent development and organizational efficiency, and create an environment for digital innovation. Furthermore, the Company has established a Risk Management Steering Committee and a Sustainable Development Steering Committee, both composed of high-level managers, in order to continuously improve the Company's risk management mechanisms and gradually implement sustainable development strategies. These measures will help the Company strengthen key competitive advantages as well as create mutual value and sustainable returns for all stakeholders.

Chairman of Pou Chen Corporation

Pan-Tsu Wu

About the Sustainability Report

The 2024 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, 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) in preparing this 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 this report covers the period from January 1, 2024, to December 31, 2024. Some of the data disclosed in the report presents figures from previous years in a comparative format. There were no restated information items during the reporting period.

This report focuses on the manufacturing of shoes business operated by Pou Chen and its subsidiaries, excluding the retail of sporting goods and wholesale business, real estate development, and hospitality businesses. The environmental and social sustainability indicators cover the performance of the manufacturing of shoes business in 2024 unless specifically noted. The manufacturing of shoes business mainly operates in Taiwan, Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh, and Myanmar. Human resources and financial information are consistent with the 2024 consolidated financial statements, with the reporting scope covering Pou Chen and its subsidiaries.

Note: Please refer to the 2024 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 and wholesale 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 its annual sustainability report in accordance with the regulations of the competent authority.

- ▶ Publication date of the previous version: August 2024.
- ▶ Publication date of the current version: Augest 2025.

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.

2024 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 2024, 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

6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 11 SUSTAINABLE CITIES AND COMMUNITIES

ISO 14001 Environmental Management	CDP Climate Change	CDP Water Security
74% of plants passed inspection	B Management Level	B- Management Level

Amount of Green Power Generated 7,618 MWh	Green Power Certificate 247,610 MWh	Percentage of Green Power 27%	ISO 50001 26% of plants passed inspection
CO_2 Scope 1 7.10 10k tCO_2e	CO_2 Scope 2* 48.34 10k tCO_2e	CO_2 Scope 3 6.01 10k tCO_2e	Carbon Emissions Density 2.55~4.03 $kgCO_2e$/pair

Water Intake 8,267 million liters	Water Consumption 5,132 million liters	Water Consumption Density 22.8 liters/pair	Effluent Recovery Rate 53.6%	ZDHC Testing compliance rate 100%

Waste 84,852 metric tons	Waste Density (Hazardous) 0.03 kg/pair	Waste Density (General) 0.35 kg/pair	Process Waste Reuse Rate 36.2 %

Particulates 6,639 kg	SO_2 6,473 kg	NO_x 20,001 kg	VOCs 61,800 kg	Higg Index 55% from applications in plants

* Market Based

Social

Employment Opportunities

28.9 10k people

Fair Labor Association

Only FLA-accredited footwear supplier globally

Occupational Accidents

Case reduction of 40%

No Child Labor 0 Cases	Fair Compensation Sample Survey Pass rate 100%	Collective Bargaining Agreements 93.3%	Respect for Different Beliefs Establishment of 111 religious facilities	VOE Case Clearance Rate 100%

Fatal Occupational Accidents Ratio 0%	Disabling Frequency Rate (FR) 0.10	Disabling Severity Rate (SR) 3	ISO 45001 81% of plants passed inspection
Public Welfare Expenditure USD 13 10k	Completed Seedling Potting 57 species, total of 10,748 pots	Children's Education Accumulated 17,165 children	Compassionate Housing Accumulated 318 buildings

Governance

Consolidated Revenue

NTD 2,638 billion

Pairs of Shoes

255.3 million pairs

FTSE4Good TIP Taiwan ESG Index

FTSE4Good constituent

Gross Profit Margin 24.7%	Operating Profit Margin 6.1%	Directly-operated stores 3,448 stores	Independent directors 33%	Female directors 22%

Suppliers' Undertaking of Ethics and Integrity 100% signed	No significant violations

2024 Awards

Recognition by Government Entities

Binh Tan People's Committee

(2008-2023) Actively contributing to the establishment and development of trade unions
(Pou Yuen, Vietnam)

Binh Tan Labor Federation

Actively Contributing Enterprise of the "Accompanying Enterprises" Program
(Pou Yuen, Vietnam)

Dong Nai Province People's Committee

Outstanding Labor Health and Safety Work
(Pou Chen, Vietnam)

The Ministry of Health of Indonesia

Outstanding Award in Women's Hygiene and Health
(PCIa, Indonesia)

Serang Environmental Protection Bureau

Outstanding Award in Climate Change Practice Competition
(Nikomas, Indonesia)

The Ministry of Environment and Forestry of Indonesia

National Environmental Protection Blue Medal Award
(GSI-1, Indonesia)

Anfu County Federation of Trade Unions

First Prize in the Group Work Safety Knowledge Competition
(YYJ, Mainland China)

Shanggao County Fire Safety Committee

Third Prize in the Group Firefighting Skills Practical Competition
(YS, Mainland China)

Recognition by Customers

New Balance
2024 Contribution Award
(Pou Hung, Vietnam)

adidas
Social Responsibility & ESH Excellence Award
(Dong Guan Pou Chen, Mainland China)

adidas
EKPI The Best Environmental Innovation Award
(YYJ, Mainland China)

Recognition by Third Parties

SGS
ESG Awards
(Pou Chen, Taiwan)

The Royal Society for the Prevention of Accidents RoSPA Gold Award
(A total of 4 factories in Mainland China,
Vietnam and Indonesia)

CommonWealth Magazine
Climate Risk Management Outstanding Companies – Aligned with the 1.5˚C Target
(Pou Chen, Taiwan)


Analysing Dashboard
Lorem ipsum dolor sit amet, consectetuer adipiscing elit, sed diam nonummy nibh euismod tincidunt ut laoreet dolore magna aliquam erat volutpat.
RESULT
$2,688K
100%
40%
20%
20%
20%
JUN
SUN MON TUE WED THU FRI SAT
2025
Income
expenses
Jan Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec
120,000
80,000
40,000
20,000
1,000
50%

1 Sustainable Management

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.

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 2024, the Company has a paid-in capital of NTD 29.468 billion and a total of 289,352 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 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 and wholesale".

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, and Salomon. In 2024, we produced a total of 255.3 million pairs of shoes. Our main production sites are located in Mainland China, Indonesia, and Vietnam, accounting for 11%, 54%, and 31%, respectively, while other regions, including Cambodia, Bangladesh, and Myanmar, account for 4% of the total production.

Please refer to the Company's 2024 Annual Report, Yue Yuen's 2024 Annual Report, and Yue Yuen's 2024 Environmental, Social and Governance Report for an overview of operations in the manufacturing of shoes business.

Yue Yuen's website: www.yueyuen.com.

Retail of Sporting Goods and Wholesale

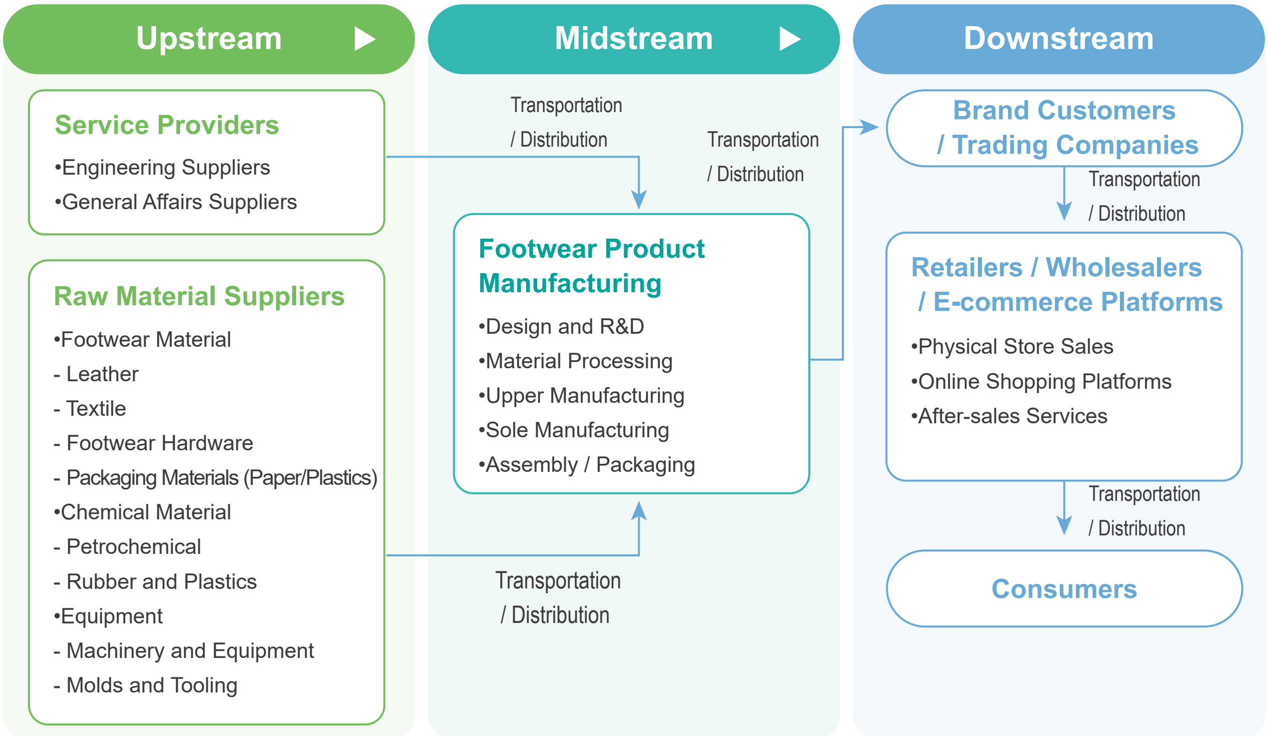
Currently, it is Yue Yuen's subsidiary Pou Sheng that is responsible for operations. As of the end of 2024, Pou Sheng managed 3,448 directly-operated stores in the Greater China region, while continuously enhancing and improving its digital operations capabilities. Through flexible and diversified business 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 2024 Annual Report, Pou Sheng's 2024 Annual Report, and Pou Sheng's 2024 Environmental, Social and Governance Report for details on the retail of sporting goods and wholesale business model and ESG reporting.

Pou Sheng's website: www.pousheng.com

Footwear Industry Value Chain

The footwear industry value chain encompasses raw material procurement, footwear product manufacturing, transportation and distribution, as well as sales and services. Raw material suppliers provide materials such as leather and rubber, while designers and R&D teams develop shoe designs and functionalities. The manufacturing process, including processing and molding, is carried out by factories. Finished products are then distributed to global markets through logistics channels and sold by brand companies, retail outlets, and e-commerce platforms, which also offer repair, recycling, and customer service. Pou Chen Corporation is a specialized footwear manufacturer and has established long-term and strong partnerships with downstream brand customers.



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.

In 2024, Pou Chen joined the Asia Clean Energy Coalition (ACEC) as a member. ACEC is dedicated to bringing together leading global renewable energy buyers, project developers, and financial institutions to support policymakers, utilities, and energy regulators across the Asia-Pacific region in innovating and advancing cost-effective renewable energy technologies, playing an influential role in the energy transition. One of ACEC's key focuses in 2024 is promoting Vietnam's Direct Power Purchase Agreement (DPPA), working to improve the policy framework and accelerate its implementation. By participating in ACEC's activities, we have the opportunity to share our experiences, enhance our influence on government energy policy, and support global renewable energy procurement strategies, contributing to the achievement of our corporate sustainability goals.

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)
Promoting shareholder interests and operational stability fosters a positive cycle that enhances customer satisfaction, increases employee benefits, and drives community development—ultimately creating shared value for all stakeholders.

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.

Positive Impact (Potential)
A stable corporate operation strengthens employee cohesion and sense of belonging, while also reducing legal risks that may arise from excessive pursuit of profits.

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

By formulating precise and agile business strategies, strengthening risk management mechanisms, and continuously building competitive advantages and operational resilience, we are committed to delivering high-quality products, innovative services, and comprehensive solutions—thereby enhancing the Company's long-term value.

Targets and Objectives

Focus on stable growth in our two core businesses: manufacturing of shoes, and retail of sporting goods and wholesale, with an emphasis on quality operational growth.

Actions Taken

▶ Manufacturing of shoes business:

- Improving the management of production capacity and promoting diversified production bases
- Providing comprehensive solutions through innovative manufacturing technology
- Moving towards smart manufacturing through digital technology
- Actively strengthening supply flexibility in response to the ongoing trend of supply chain shortening

▶ Retail of sporting goods and wholesale business:

- Reorganizing physical stores based on precisely-identified market requirements
- Effective sales scaling with digitalized operations
- Improving sales efficiency and strengthening operational growth capabilities

Please refer to Pou Chen's 2024 Annual Report for more information.

Assessment Methods

- Internal mechanism: Each business unit and back-end office is responsible for implementation, with oversight and periodic reviews conducted at multiple levels by internal audit teams, the Audit Committee, and the Board of Directors.
- External auditing: Pou Chen's 2024 consolidated financial statements were audited and attested 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

2024 Operational Performance

In fiscal year 2024, Pou Chen's consolidated operating revenue reached NTD263.8 billion, representing a 7.0% increase compared to 2023. This growth was primarily driven by strong demand in the manufacturing of shoes business, which effectively offset the relatively weaker sales in the retail of sporting goods and wholesale business. The resulting scale economies contributed to steady operational efficiency gains. In addition, the continued implementation of stringent cost control measures significantly boosted core business profitability. Together with contributions from non-operating income, net income attributable to owners of the Company rose to NTD16.0 billion, marking a 50.9% increase from 2023. Earnings per share (EPS) reached NTD5.44, up NTD1.83 year over year. For detailed operational performance, please refer to the Company's 2024 consolidated financial statements.

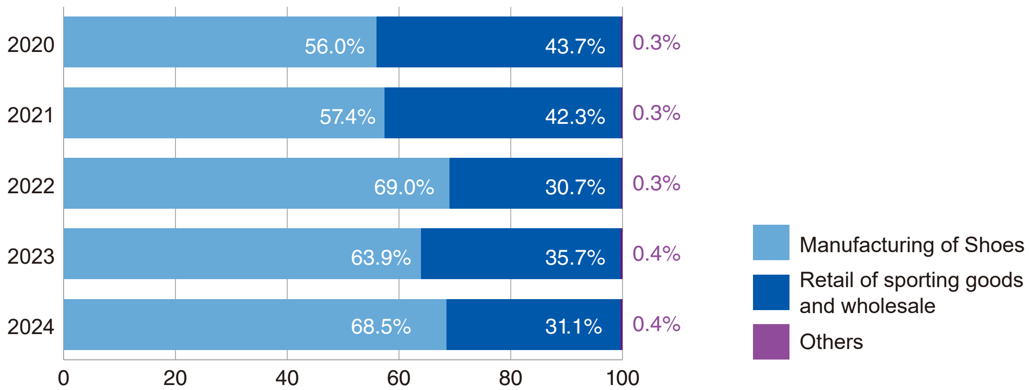
Consolidated Financial Statements for the Past Five Years

(Unit: NTD Million, earnings per share NTD)

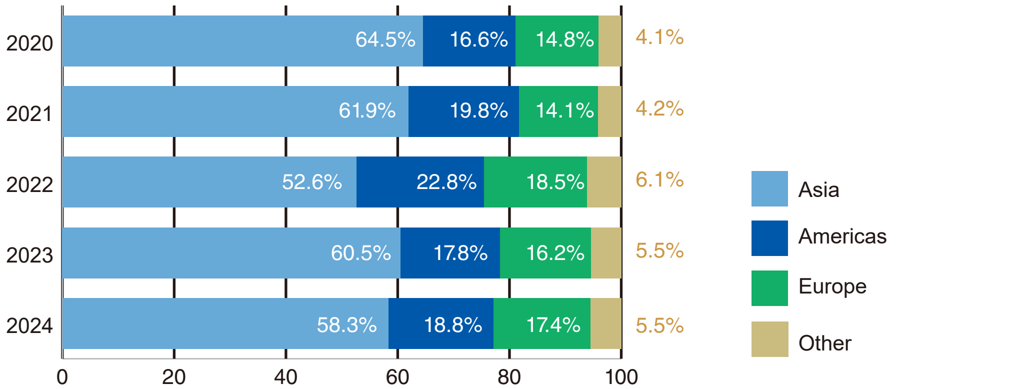
Year / Item	2020		2021		2022		2023		2024	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenue	249,954	100.0%	239,884	100.0%	267,497	100.0%	246,634	100.0%	263,818	100.0%
Operating Costs	195,203	78.1%	181,661	75.7%	202,891	75.8%	185,523	75.2%	198,643	75.3%
Gross Profit	54,751	21.9%	58,223	24.3%	64,606	24.2%	61,111	24.8%	65,175	24.7%
Operating Expenses	56,862	22.7%	55.747	23.3%	54,010	20.2%	50,895	20.7%	49,221	18.6%
Income (Loss) from Operations	(2,111)	(0.8%)	2,476	1.0%	10,596	4.0%	10,216	4.1%	15,954	6.1%
Income Before Income Tax	5,961	2.4%	17,157	7.1%	21,432	8.0%	19,467	7.9%	29,726	11.3%
Income Tax Expense	2,042	0.8%	554	0.2%	4,542	1.7%	3,493	1.4%	6,290	2.4%
Net Income for the Year	3,919	1.6%	16,603	6.9%	16,890	6.3%	15,974	6.5%	23,436	8.9%
Attributable to: Owners of the Company	4,840	1.9%	14,439	6.0%	12,645	4.7%	10,624	4.3%	16,036	6.1%
Earnings per Share	1.64		4.90		4.29		3.61		5.44	
Shareholder Dividends (NTD/share)	0.50		1.50		1.30		1.10		1.70	
Employee Benefit Expenses	67,387		63,198		70,822		65,315		68,497	

Note 1: Please refer to Pou Chen's consolidated financial statements for 2020-2024.
Note 2: Pou Chen's Board of Directors resolved on April 17, 2025, to distribute a cash dividend of NTD 1.70 per common share for 2024 earning
Note 3: Please refer to "7.2 Community Involvement" for the total amount of Pou Chen's investments in community involvement in 2024.
Note 4: Employee benefit expenses include directors' remuneration, transportation allowances, and training expenses.

Revenue Ratio by Segment



Revenue Ratio by Sales Region



Note: The statistics are compiled based on consolidated operating revenue categorized by sales location.

Government Subsidies/Incentives

(Unit: NTD million)

Region	Item	2024
Taiwan	R&D subsidies, paternity leave/prenatal check-up leave salary subsidies	26.06 (USD 0.80 million)
Mainland China	Financial subsidy, investment subsidy, stable employment subsidy, other incentives, etc.	364.83 (USD 11.13 million)
United States	Government subsidies	0.77 (USD 0.02 million)

Note 1: The above exchange rate of US dollars to New Taiwan dollars was calculated at 32.112
Note 2: For the proportion of government agencies in the shareholding structure, please refer to the Market Observation Post System (MOPS).

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.
- Make effective use of tax incentives available in the locations of operation.
- 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.

Tax Information for The Past Five Years

(Unit: NTD million)

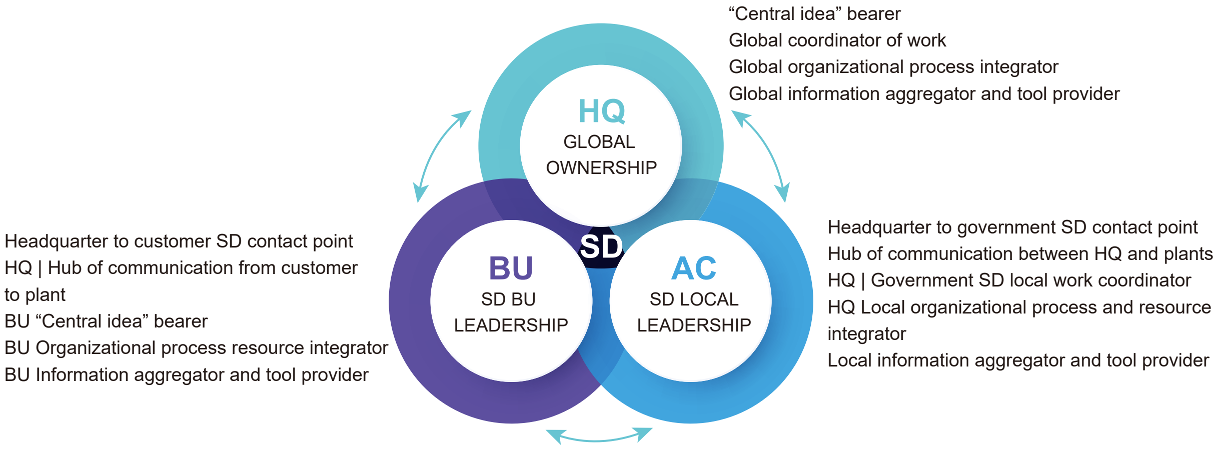
Item / Year	2020	2021	2022	2023	2024
Income Before Income Tax	5,961	17,157	21,432	19,467	29,726
Income Tax Expense	2,042	554	4,542	3,493	6,290
Income Tax Rate (%)	34.3%	3.2%	21.2%	17.9%	21.2%
Income Tax Paid	1,828	3,710	2,405	4,083	6,021
Rate of Income Tax Paid (%)	30.7%	21.6%	11.2%	21.0%	20.3%

Note: Please refer to Pou Chen's consolidated financial statements for 2020-2024 for related information.

1.3 Sustainable Development Strategy

Dedicated Unit for the Implementation of Sustainable Development

Pou Chen has established a Sustainability Development Department dedicated to formulating execution strategies and managing projects that address the challenges faced by factories in sustainable production. Its key responsibilities include responding to requirements for sustainable business conduct, ensuring compliance with local regulatory authorities, managing employee relations, and addressing audits and reviews conducted by external NGOs on the Company's factories. This structure ensures the comprehensive implementation and advancement of the Company's sustainability goals.



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

The Sustainability Development Department, appointed by the Board of Directors, serves as the primary coordinating unit for Pou Chen Corporation in managing economic, environmental, and social (including human rights) impacts. Senior executives from relevant departments assign designated representatives to assist in implementing impact management initiatives. The senior management of the Sustainability Development Department regularly provides updates on execution performance and strategic recommendations. The department reports biannually at management meetings on the planning, progress, and outcomes of sustainability initiatives. It also reports quarterly to the Board of Directors on climate change and greenhouse gas (GHG) management matters, and at least once a year on the overall implementation results and future plans of sustainability efforts. In addition, the department engages in communication on material events of stakeholder concern to ensure transparent and proactive response.

In 2024, the Board of Directors oversaw the progress of sustainability initiatives and engaged in communication regarding significant events.

Category	Item	Topic	Content	
Sustainability Projects	1	Taiwan FSC Sustainability Roadmap	• Progress of greenhouse gas inventory for Pou Chen Corporation and its consolidated subsidiaries.	
	2	2023 Sustainability Report	• Compliance with reporting regulations and standards • Confirmation of material topics in the report	• Review of key report content and editorial focus
	3	Sustainability Project Outcomes	• Results of brand audits and evaluations • Performance on environmental and social indicators	• External awards and recognitions
Significant Events	1	Climate Risk Assessment	• Climate risks, opportunities, and response strategies	• Planning for Scope 3 emissions inventory
	2	Global Trends and External Engagement	• Human Rights Due Diligence (HRDD)	
		Employee Engagement and Union Relations	• Status of collective bargaining agreement signings	• Union exchanges and discussion topics across regions

In accordance with the Company's sustainability governance framework, the Board of Directors actively participates in the oversight and decision-making of major sustainability issues. The Board also supervises the Sustainability Development Department in maintaining ongoing communication with Pou Chen's eight key stakeholder groups through various channels to collect and understand material concerns. After careful assessment, relevant issues are incorporated into the Board's reporting agenda.

In 2024, the Sustainability Development Department regularly reported to the Board on six key sustainability topics (as outlined in the previous table), presenting updates on project execution, stakeholder engagement outcomes, materiality analysis results, and corresponding management strategies. The Board reviewed the reports in detail, thoroughly discussing the risks and opportunities associated with each topic, and provided specific resolutions or recommendations for adjustments. These served to guide the management team in revising action plans to ensure alignment between the Company's sustainability strategy and overall business objectives.

All reported matters and corresponding response plans for the year 2024 received the full support and approval of the Board. This process demonstrates the Board's strong commitment to sustainability governance and its role in reinforcing the Company's performance in environmental, social, and governance (ESG) aspects, while ensuring the execution of sustainability strategies remains closely aligned with corporate goals.

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 manufacturing of shoes 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 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 2024 included business collaboration proposals, shareholder/investor inquiries, media matters, and research and survey requests.

Stakeholder Concerns and Communication Guidelines

Shareholders/Investors

Issues of concern:
Economic performance (stock price, revenue, profit), corporate governance, image in the market, material events

Importance to Pou Chen
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.

Communication Channels and Methods	Communication Frequency
• Published on the Market Observation Post System and the Company's website	• Irregularly
• Shareholders' meetings	• At least once a year
• Participation in investors' conferences	• At least 4 times a year
• Respond through spokesperson	• Irregularly

Interactions in 2024
- Shareholders' meeting: May 31, 2024
- Investors' conferences: 4 times

Customers

Issues of concern:
Product quality, information security management, management of prohibited substances, legal compliance, transparency and reliability of information disclosure, sustainability indicators

Importance to Pou Chen
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.

Communication Channels and Methods	Communication Frequency
• Business visits/routine meetings	• Monthly
• Irregular communication meetings	• Irregularly
• Audit feedback/self-management performance feedback	• Monthly
• Email and phone contact	• Irregularly
• Sustainability report	• Annually

Interactions in 2024
- Brand audits totaled 77 times

Government Authorities

Issues of concern:
Corporate governance, legal compliance, major labor disputes

Importance to Pou Chen
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.

Communication Channels and Methods	Communication Frequency
• Cooperation with authorities whenever they perform inspections to check compliance with safety regulations	• Irregularly
• Regularly submission of forms (monthly/quarterly)/documents	• Monthly/quarterly
• Sustainability report	• Annually
• Visits for consultation on motions	• Irregularly

Interactions in 2024

Taiwan
- Regular inspections by external parties: 6 times.
- Audits by competent authorities: 10 time.

Overseas
- The frequency of interaction varies depending on the competent authority of each region.

Employees/Labor Unions

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

Importance to Pou Chen
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.

Communication Channels and Methods	Communication Frequency
• Company intranet/email/employee suggestion box/questionnaires	• Irregularly
• Employee Welfare Committee/Occupational Health and Safety Committee/labor unions	• Monthly
• Grievance Committee	• Irregularly
• Internal staff publication	• Monthly/bi-monthly periodical
• Seminar for different levels of management	• Monthly/quarterly
• Consultation service for employees at overseas manufacturing plants	• Daily

Interactions in 2024
- 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
- Quarterly management-labor union meetings are held.
- For employee feedback and communication, please refer to "5.Best Workplace".

Suppliers

Issues of concern:
Management of prohibited substances, fair competition/quality and price/supply conditions, supplier selection and management (quality/sustainability requirements)

Importance to Pou Chen
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.

Communication Channels and Methods	Communication Frequency
• Procurement contracts/pledges	• Irregularly
• Business communication/email and phone contact	• Irregularly
• Supplier review system	• Annually
• Supplier meetings	• Irregularly

Interactions in 2024
- Supplier evaluations conducted at least once a year
- Responses handled by the contact point responsible for daily business

Media

Issues of concern:
Operational status, major labor disputes, newsworthy events

Importance to Pou Chen
Media provide diverse perspectives and opinions to improve the Company's sustainable management performance.

Communication Channels and Methods	Communication Frequency
• Press releases	• Regularly
• Responding through spokesperson	• Irregularly
• Coordinating and arranging media's requests for interviews and providing information	• Irregularly

Interactions in 2024
- Press releases on monthly revenue and quarterly operational results
- Documents, phone calls, and emails explaining topics of concern

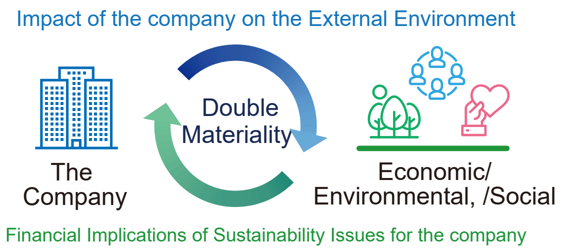
NGO	Issues of concern: Labor-management relations/labor rights, legal compliance, environmental issues, communication channels and mechanisms	
Importance to Pou Chen NGOs monitor and help to improve the Company's ESG and sustainability performance	Communication Channels and Methods • FLA SCI field audits and online platforms • Projects involving collaboration with NGOs • Documents explaining topics of concern • Respond through spokesperson • Sustainability report	Communication Frequency • Annually • Irregularly • Irregularly • Irregularly • Annually
	Interactions in 2024 • Information and updates on examination and remediation progress are obtained regularly from FLA Board of Directors every quarter.	

Communities	Issues of concern: Environmental issues/legal compliance, impact on traffic, employment opportunities, community social welfare and feedback	
Importance to Pou Chen 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.	Communication Channels and Methods • Proactive visits • Setting up contact points for feedback from external agencies • Sponsorship for community activities/ community visits • Company website	Communication Frequency • Irregularly • Irregularly • Occasionally/quarterly • Irregularly
	Interactions in 2024 • Community interactions were handled and responded to according to the needs of each case; please refer to descriptions in "07. Relations with Communities".	

1.4.2 Identification of Material Topics

Analysis Process for Material Topics

Pou Chen's manufacturing of shoes 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	Internal and external stakeholder questionnaires were administered to find out the level of concern that stakeholders have on the 25 sustainability issues. "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." 
Step 3	Assessing the Significance of Impact	16 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 16 material sustainability issues were identified.
Step 4	Disclosure Report on Significant Sustainability Issues	10 Material topics for reporting	The 16 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.

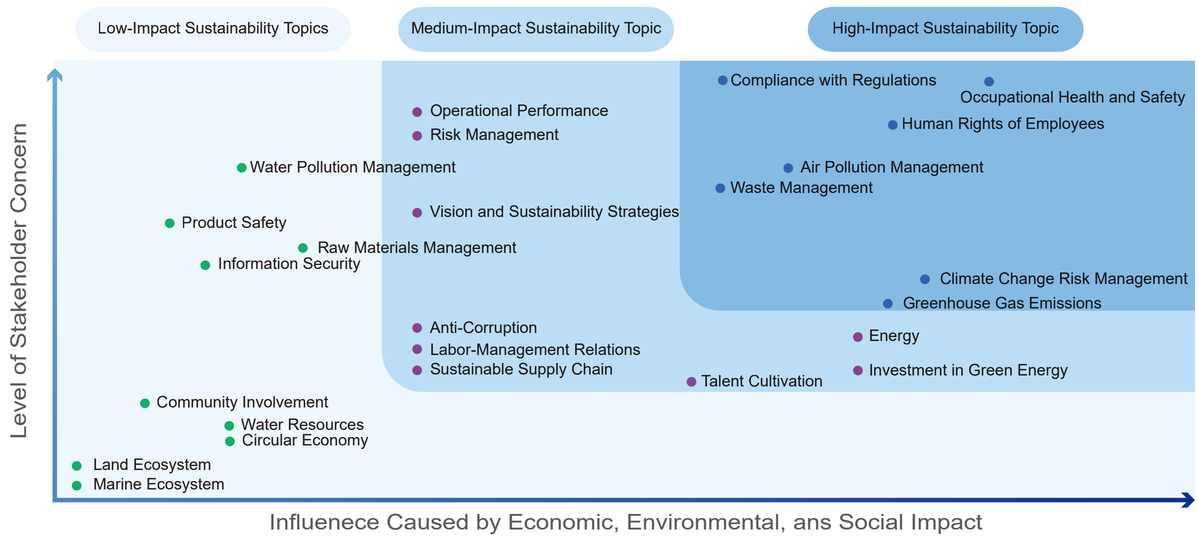
Note: The assessment process and results from 2022 can be referenced in the 2022 Sustainability Report.

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 December 2024, the Sustainability Development Department initiated the preparatory work for editing the sustainability report by convening a working group to review and discuss whether any adjustments to material topics were necessary. The meeting concluded that the materiality assessment results from 2022 would continue to be applied for the 2024 reporting year. In accordance with internal management procedures, the materiality reassessment process will be reinitiated in 2025, and the updated results will be submitted to the Board of Directors for approval.

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

The working group identified 10 material topics based on sustainability issues with the most significant medium to high impact:

Medium/High Impact Sustainability Topic	Material Topic
Operational Performance	Operational Performance
Compliance with Regulations, Anti-Corruption	Decent Management
Climate Change Risk Management, Greenhouse Gas Emissions	Climate Change Risk Response
Energy, Investment in Green Energy	Energy Management
Waste Management	Waste Management
Air Pollution Management	Air Pollutant Management
Sustainable Supply Chain	Supply Chain Management
Labor-Management Relations, Talent Cultivation	Human Resources and Talent
Human Rights of Employees	Human Rights Management
Occupational Health and Safety	Occupational Health and Safety Actions

Note: Topics such as Risk Management and Vision and Sustainability Strategies are currently not included as material topics.

The corresponding material topics are fully disclosed in the report, including their management approaches and performance outcomes.

Note:

● : Indicates a direct impact; the manufacturing of shoes business is disclosed in this report; for information on the disclosure of material topics of the retail of sporting goods and wholesale business, please refer to the 2024 "Environmental, Social and Governance Report" of Pou Chen's subsidiary Pou Sheng International (Holdings) Limited.

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

Material Topics	Impact Boundary					Corresponding GRI Standard
	Manufacturing of shoes	Retail of Sporting Goods and Wholesale	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 2-26: 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 GRI 403-6: Promotion of worker health

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	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	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 corru	5 GENDER EQUALITY; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	02.Corporate Governance
GRI 305-3: Other indirect (Scope 3) GHG emissions GRI 305-4: GHG emissions intensity GRI 305-5: Confirmed incidents of corruption and actions taken	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	03.Sustainable Environment
GRI 302-4: Reduction of energy consumption	7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	
GRI 306-4: Waste diverted from disposal GRI 306-5: Waste directed to disposal	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	
	3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND 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	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	04. Responsible Production
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	3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH	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	5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH	
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	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	06. Safety Culture

2 Corporate Governance

Professionalism and Integrity in Management

Recognized in the top tier of the Taiwan Stock Exchange's Corporate Government Evaluation for listed companies 6 times

In order to accelerate the promotion of corporate governance among listed companies in Taiwan, foster sound business development, 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 companies. Through continuous improvement, Pou Chen has achieved excellent results for 11 consecutive years and has been ranked in the top 5% of the first tier 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.

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.
- 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.
- 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.
- Prepared sustainability reports and obtained third-party assurances to integrate sustainable development into the core of our businesses.
- All members of the Remuneration Committee are independent directors to enhance the committee's independence.
- Purchased liability insurance for all directors to enable them to focus on performing their functions and creating maximum benefits for shareholders.
- "Evaluation of the Board of Directors," conducting annual evaluations through individual directors' 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.
- 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.
- 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.

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

The composition of Pou Chen's Board of Directors is guided by a diversity policy tailored to the Company's operations, business model, and development needs, encompassing but not limited to gender, age, and educational background. The Board comprises nine members, including three independent directors. Among the members of the 24th Board of Directors, two are female; two directors are aged between 30 and 49, while seven are aged 50 and above. Mr. Lu-Ming Chan serves as the Chairman of the Board. The directors possess a broad range of professional backgrounds, including industry, finance and accounting, technology, management, and law. They collectively demonstrate the professional knowledge, skills, and qualities required for their duties. The diverse and complementary industry experience and expertise of the Board members enhance the overall governance capacity of the Board.

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 2024 Annual Report.

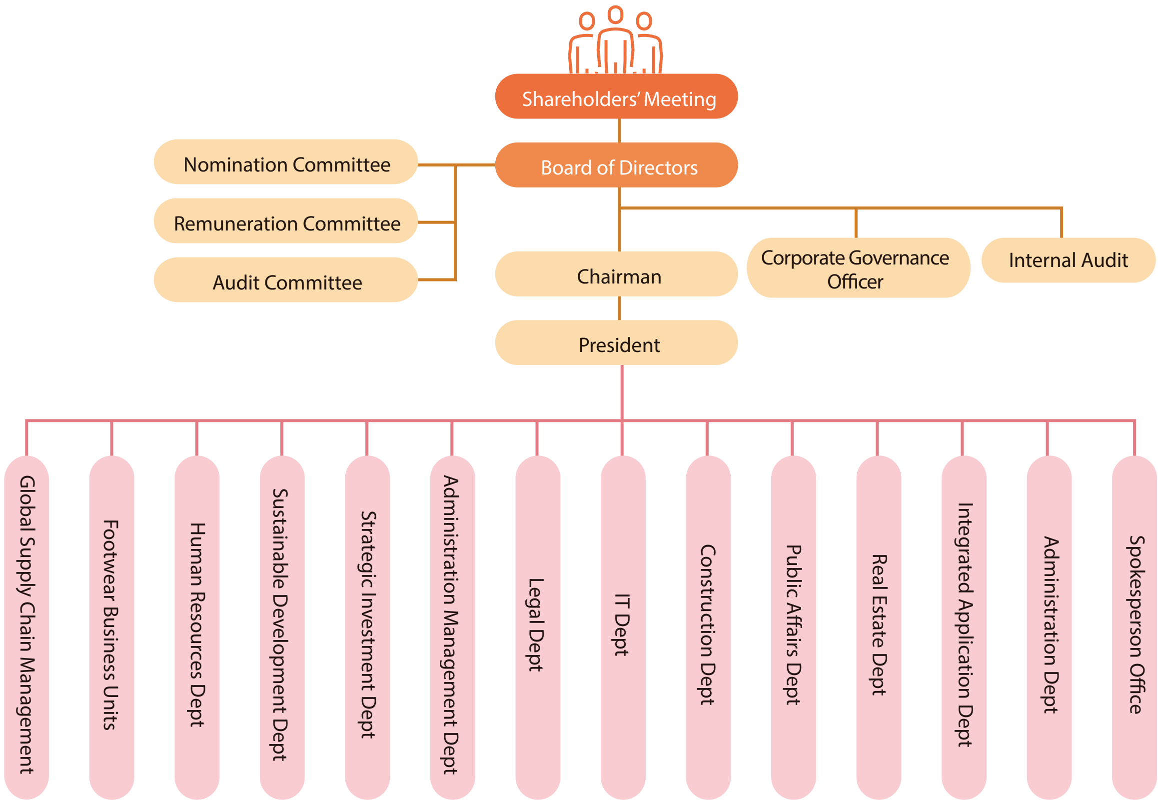
Election of Directors

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 enabling 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," which 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 2024 is in accordance 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 2024, the Board of Directors focused on sustainability issues, with a total of 68 hours of training accumulated for members of the board in 2024 and 30 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-evaluation 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 Corporation's 24th Board of Directors conducted its internal board performance evaluation in the fourth quarter of 2024. The results were reported to the Nomination Committee and the Board of Directors on March 12, 2025, and will serve as a reference for determining individual directors' remuneration and nomination 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 assessment results can be found in the Company's 2024 Annual Report.

2.3 Decent Management

Material Topic Management

Significance to Pou Chen

To establish a corporate culture of integrity and sound development for Pou Chen and to maintain 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 helps to enhance competitiveness.

Negative Impact (Actual)
Violation of regulatory requirements may result in fines and intangible damage to the Company's image and reputation.

Negative Impact (Potential)
Inability to adapt to new regulatory changes may 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, the Code of Ethical Conduct, the Ethical Corporate Management Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, the Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct, 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 "Undertaking of Ethics and Intergrity" and the "Non Disclosure Undertakings"
- Major suppliers are required to follow the Company's clean transaction system and sign the Company's Undertaking of Ethics and Intergrity or to provide documents such as their own honest transaction statements or systems.
- An Integrity Management Promotion Team has been established, chaired by the Chairman of the Board, who also serves as the General Manager of the General Administration Department. The task force is responsible for promoting ethical management policies and preventive measures, and reports to the Board of Directors at least once a year.
- In accordance with departmental duties, we regularly collect, monitor, and assess updates to laws and regulations applicable to all operating sites—including those in Taiwan, Mainland China, Vietnam, Indonesia, Cambodia, Myanmar, and Bangladesh.We also organize education, training, and awareness programs for relevant personnel as necessary.
- Internal auditors require all operational sites (including those in Taiwan, Mainland China, Vietnam, Indonesia, Cambodia, Myanmar, and Bangladesh) to conduct annual self-assessments of their internal control systems. These assessments cover ethics, integrity, anti-corruption, and anti-bribery practices. Special audits are conducted for areas with higher risks of unethical behavior to ensure effective implementation of our policies.
- The Company's consolidated financial report auditors identify and assess risks annually and design appropriate responses to prevent significant misstatements due to fraud or error, which may involve collusion, falsification, deliberate omissions, misrepresentations, or override of internal controls.

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

Integrity Management, Anti-Corruption, and Anti-Bribery

The Company's managers have established an internal control system, which is regularly reviewed and revised, with approval from the Board of Directors. Through an ongoing and effective management process, the system ensures operational effectiveness and efficiency—including profitability, performance, and asset protection—while supporting the reliability, timeliness, transparency, and compliance of reporting with relevant regulations and legal requirements. This provides reasonable assurance for the achievement of these objectives.

To implement ethical business practices and strengthen anti-corruption and anti-bribery governance, the Company has established and strictly enforces several policies, including the "Corporate Governance Best Practice Principles"," Code of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and the "Guidelines for Conduct, "Procedures for Handling Reports of Illegal, Unethical or Dishonest Conduct", and various management practices for implementation". These policies aim to establish a robust corporate governance framework and foster a sustainable business environment.

The Company regularly analyzes business activities within its operational scope that carry a higher risk of unethical conduct and strengthens corresponding preventive measures, including operating procedures, codes of conduct, and training programs. These measures cover, at a minimum, the following behaviors:

- Bribery and acceptance of bribes;
- Providing illegal political contributions;
- Improper charitable donations or sponsorships;
- Offering or accepting inappropriate gifts, hospitality, or other improper benefits;
- Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights;
- Engaging in unfair competition;
- Causing direct or indirect harm to the rights, health, or safety of consumers or other stakeholders during the research and development, procurement, manufacturing, provision, or sale of products and services.

These policies have been publicly disclosed on our internal and external websites. In addition, we provide stakeholder communication channels, whistleblowing mechanisms, and case handling procedures to ensure that all employees and stakeholders clearly understand and strictly comply with these standards.

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

To strengthen the management of ethical business practices, we have established an Integrity Management Promotion Team under the Board of Directors. This Promotion Team is responsible for formulating and overseeing the implementation of policies related to ethical conduct, anti-corruption, and anti-bribery. It reports to the Board at least once annually. The specific actions taken by the Integrity Management Promotion Team in 2024 are as follows:

① Continued implementation of the "Undertakings of Ethics and Intergrity" and " Non-Disclosure Undertakings": These agreements cover all Taiwanese employees of the Company and its subsidiaries, all non-Taiwanese managerial-level personnel, and all office staff and store managers and above at Pou Sheng International (Holdings) Limited, a subsidiary of the Company. The completion rate reached 100%.

② Ongoing promotion of ethical business conduct: In 2024, a total of 4,250 participants took part in integrity awareness activities, amounting to approximately 1,800 hours of training.

As part of its concrete actions to uphold ethical conduct and prevent corruption and bribery, we require all employees to comply with the Code of Conduct and sign the "Undertakings of Ethics and Intergrity" and "Non-Disclosure Undertakings." In addition to internal self-discipline, the Company places strong emphasis on clean transactions and confidentiality in its dealings with suppliers and considers corruption-related risks among suppliers as a major concern.

To ensure that supplier transactions meet high ethical standards, our Global Supply Chain Management Headquarters mandates that all business partners sign the "Undertakings of Ethics and Integrity," the "Undertakings of Confidentiality and Product Security," and the "Undertakings under the Supplier Customs Compliance Regulations." These measures are aimed at reducing the risk of bribery, kickbacks, or other improper conduct during transactions, thereby ensuring fairness and transparency in business dealings. Suppliers who have signed these documents are given priority in procurement decisions, and we have established a supplier evaluation system that is reviewed on a regular basis.

Furthermore, in line with Article 8 of the Company's "Code of Ethical Conduct" and Article 23 of the "Ethical Corporate Management Best Practice Principles," we actively encourages the reporting of any illegal acts or violations of ethical or integrity standards. To this end, it has established an independent, secure, and confidential whistleblowing channel that allows for both anonymous and identified reporting. Clear procedures are in place to safeguard the legal rights of whistleblowers and relevant parties, protecting them from unfair treatment or retaliation.

Should any act of corruption be discovered, we will take appropriate legal action based on the severity and circumstances of the case to protect the interests of the Company.

Our internal audit personnel operate as an independent unit under the Board of Directors. They are responsible for assessing the Board's and senior management's commitment to integrity and ethical values—such as conflict of interest avoidance and prohibition of insider trading. Each year, the internal audit team requires all operational sites—including those in Taiwan, Mainland China, Vietnam, Indonesia, Cambodia, Myanmar, and Bangladesh—to conduct self-assessments of their internal control systems. These assessments cover areas such as ethical conduct, anti-corruption, and anti-bribery, and evaluate the design and effectiveness of internal policies and procedures, the frequency and coverage of ethics and integrity training programs, and the performance evaluation and disciplinary mechanisms. The coverage rate of these assessments has reached 100%.

In addition, the audit function includes routine audits, investigations of complaints, consultations, or whistleblower reports, and special audits targeting areas with higher risks of unethical behavior. According to the overall assessments and audit results in 2024, no incidents of ethical misconduct or corruption were identified.

Training for Decent Ethical Corporate Management

Item	Course Format	Content	Number of Participants
Group Personnel Training (Note 1)	Online Course	Ethical Management Best Practice Principles,Code of Ethical Conduct,Honest Transactions and Protection of Group Interests, Prohibition of Insider Trading	Employees passed the course in Taiwan: 3,434 the total completion rate: 99.7%
			Managers (Note 2) passed the course: 678；completion rate: 99.6% General employees passed the course: 2,756；completion rate: 99.8%
Group Personnel Training (Note3)	Online Course	Friendly Workplace, Group Code of Conduct and Core Values	Employees passed the course in Taiwan : 3,676
Group Onboarding Training(Note 4)	Online Course	Friendly Workplace, Group Code of Conduct and Core Values	Taiwanese New Employees : 158

Note 1: Organized by the Legal Department, with training materials updated in 2022. The data reflects onboarding training conducted for all Taiwanese employees in 2022, followed by make-up sessions for those who had not completed training and onboarding sessions for new employees in 2023 and 2024. In 2024, a total of 416 individuals successfully completed the training.
Note 2: Managerial positions are defined as employees at the manager level and above.
Note 3: Organized by the Sustainability Development Department. In 2024, a total of 26 training sessions were conducted, with 3,676 participants completing the program (including Taiwanese employees and overseas managerial staff).
Note 4: Organized by the Sustainability Development Department. In 2024, a total of 34 training sessions were conducted, with 158 Taiwanese new employees completing the program.

2025 Plan for Ethical Corporate Management Training (Note 1)

Planned Schedule	Training Format	Course Content	Target Audience
2025 H1	Online / In-person	Ethical Corporate Management Best Practice Principles,Code of Ethical Conduct,Honest Transactions and Protection of Group Interests, Outsourcing Compliance Requirements, Prohibition of Insider Trading, Confidentiality Obligations	All Taiwanese employees, and mid- to senior-level management in Mainland China (Note 2)
2025 H2	Online / In-person		Mid- to senior-level management in Vietnam, Indonesia, Cambodia, Bangladesh, Myanmar, and India (Note 2)

Note 1: In light of the Company's strong emphasis on integrity management and the high level of attention from senior leadership, the 2025 training plan continues to ensure full coverage for all Taiwan-based employees. Additionally, annual training is scheduled for mid- to senior-level management in overseas regions. All participants are required to sign the "POU CHEN GROUP Integrity,Ethics and Compliance Commitment," and must pass a post-training test with a perfect score of 100 to be considered as having completed the training.
Note 2: Mid- to senior-level management refers to personnel at grade G7 (Assistant Manager level) and above, including both local and overseas staff

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.

We have also established the "Procedures for Handling Material Inside Information," which explicitly stipulates that directors, managers, and employees are prohibited from disclosing any material inside information they are aware of to others. They are also prohibited from inquiring about or collecting unpublished material inside information from individuals who have access to such information if it is unrelated to their job duties. Moreover, individuals who become aware of non-public material inside information outside the scope of their work responsibilities are likewise forbidden from disclosing it to others.

For directors and managers, we distribute regulatory insider trading prevention materials—either in document form or via email—within two months of their appointment and at least once annually. Employees receive online training courses on ethical business conduct, including explanations of major insider trading cases, the definition of insider trading, and the associated legal responsibilities and penalties.

To strengthen awareness and compliance with insider trading regulations, the Corporate Governance unit conducted quarterly training sessions in January, April, July, and October 2024 for all board members and other insiders. In addition, starting from 2022, Article 10 of the "Corporate Governance Best Practice Principles" was introduced and implemented. It mandates internal trading restrictions for insiders upon becoming aware of the Company's financial results, including (but not limited to) prohibiting any insider from trading the Company's stock during the 30 days prior to the annual financial report announcement and 15 days prior to quarterly financial announcements (i.e., blackout periods).

To further strengthen awareness of insider trading compliance among key departments—including, but not limited to, Finance, Supply Chain Management, Legal, Trade & Logistics, Internal Audit, and Strategic Investment—the Company organized advanced training sessions on insider trading prevention in 2024. A total of 65 participants, comprising Taiwanese employees at the manager level and above, as well as department-assigned supervisors, attended these online and in-person sessions. All participants were required to sign the 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 from 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 (Note 1)	Number of venders who signed (Note 2)	Percentage of vendors who signed
All	12,277	12,277	100%
Taiwan	3,122	3,122	100%
Mainland China	3,056	3,056	100%
Indonesia	1,334	1,334	100%
Vietnam	3,489	3,489	100%
Other	1,276	1,276	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 (2024).
Note 2:Number of vendors who signed includes those who signed and special cases exempted from signing.

Enforcement 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 2024 [Note 1].

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.

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 eight 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 employing unit
- The Human Resources Department or Sustainable Development Department staff responsible for employee relations at each facility
- Factory-level grievance mailboxes or hotlines, directly managed by the Human Resources (Personnel) or Sustainable Development Department
- Written reports: Documents can be mailed or delivered to the Company's General Administration Department
- Headquarters email: HQ@pouchen.com
- Employee grievance email: care4u@pouchen.com
- Employee grievance hotline: 04-24615678 #7230
- 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.

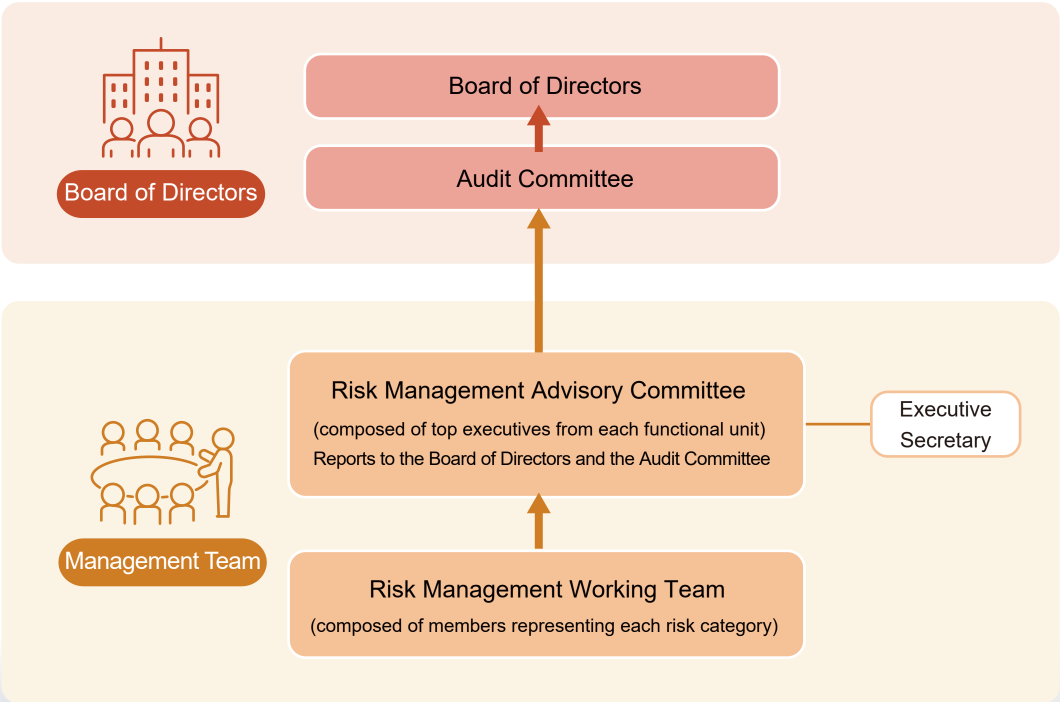
2.4 Operational Risk Identification and Response

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, key risks that may affect the Company's operation are identified and develop with risk response plans so as to reduce the to reduce the risk of operational interruptions. The results of risk management activities are summarized at the end of each year and used as the basis for the following year's strategic planning, 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. Furthermore,, we will continue to improve the effectiveness of our corporate governance to help ensure 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 from 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 Team is responsible for identifying, analyzing, evaluating and responding to the risks of their unit. They are also responsible for operation 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 within their unit.

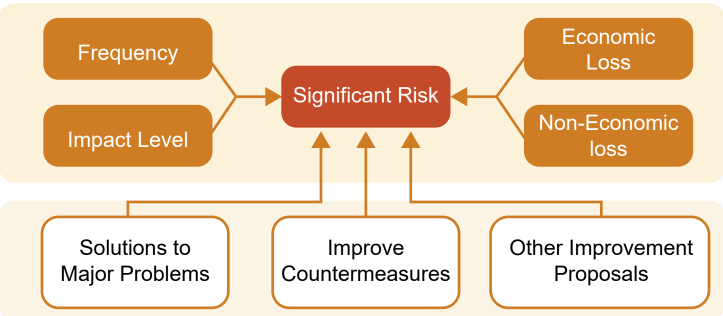
Risk Management Process

Risk Identification

Based on the development goals of the Company, important business activities and operational processes, and major risks and key issues from in previous years, senior executives identify the risk items and scope that may significantly 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 used by each functional unit of the Company to identify key risks through a risk matrix; a comprehensive cross-unit assessment is then conducted to evaluate risks that may have a significant impact on the organization and a high probability of causing loss. These risks are analyzed and risk response plans are proposed to ensure that operational risks can be identified and managed, helping to prevent potential losses, increase shareholders' equity, and optimize the allocation of corporate resources within an acceptable risk range.

Risk Identification and Control Measures for 2024

Risk Identification	Risk Management Measures
Change of corporate image	• Adhere to the core values of professionalism, dedication, innovation, and service, proactively face and overcome difficulties and challenges to become is a leader in global footwear services, and strengthen corporate governance to achieve the long-term goal of sustainable development. • Continuously enhance transparency and strengthen interaction 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 "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethical Conduct", and the" Guidelines for Conduct, Procedures for Reporting Illegal, Unethical and Dishonest" 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.
Changing Competitive Landscape / Localized Supply Chain Risks	• Leverage the production advantages of each region to enhance manufacturing flexibility and diversification. • Strive for lean operational cost management. • Optimize the cost-effectiveness of backend value support. • Guide suppliers to expand their multinational presence by establishing production facilities near the Company's manufacturing sites, thereby increasing the local sourcing ratio.
Financial Risks	• Monitor global developments, 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. • Maintain flexible financial operations to ensure stable, long-term funding. • Allocate capital based on high-liquidity principles, diversify funding sources, and mitigate systemic risks in financial markets.
Information Risks	• Establish a Group Business Continuity Plan to ensure uninterrupted operation of critical business functions. • Implement a high-security Information Security Management System (ISMS), aligned with the cybersecurity management guidelines for listed companies and compliant with the ISO 27001 international standard for information security.
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.

Risk Identification	Risk Management Measures
Climate Change Risks	• Monitor international trends in climate risk management. Currently adopting the TCFD (Task Force on Climate-related Financial Disclosures) risk assessment framework to evaluate impacts and risks, and to develop corresponding prevention and response measures. In alignment with future Financial Supervisory Commission (FSC) requirements, IFRS S2 Climate-related Disclosures will be gradually implemented. • Enhance identification and scenario analysis of climate risks based on the geographic locations of production facilities. • Strengthen compliance with carbon disclosure regulations, including staff training, verification efforts, and the development of information systems. • Expand the use of renewable energy, improve energy efficiency, and reduce greenhouse gas emissions. • Enhance measures at production sites to cope with extreme weather events. • Optimize ventilation system designs for factories and incorporate climate considerations in the planning of new plants. • Improve disclosure of the financial impacts of climate-related risks.
Sustainability Disclosure	• Establish sustainability-related reports in compliance with regulatory requirements. • Develop a roadmap for the implementation of IFRS Sustainability Disclosure Standards. • Strengthen cross-departmental collaboration to respond to IFRS and subsequent disclosure regulations, and to establish structured reporting workflows and governance models.
Health and Safety Risk	• In addition to complying with local occupational health and safety regulations and client requirements at operational sites, the Company has established a series of management guidelines based on international occupational health and safety standards and the Fair Labor Association's (FLA) Workplace Code of Conduct. • Promote a corporate safety culture by integrating infrastructure, ESH (Environment, Safety, Health) partnerships, and top-down systems in a unified approach. • Implement safety management policies for restricted ESH-related equipment. • Provide training programs for occupational health and safety personnel.
Organizational Strength and Resilience	• Enhance information transparency and sharing through the establishment of an effective information management platform and regular communication meetings. • Proactively gather employee feedback through regular internal surveys. • Strengthen operational foundations and improve adaptability and responsiveness through process optimization, resource integration, risk management, and flexible deployment.
Product Quality Management	• From product prototyping to mass production, strictly comply with international standards and brand customer MRSLs (Manufacturing Restricted Substances Lists) for raw material usage. • Fully implement quality-related policies and initiatives. • Apply needle detection and metal detection measures during production to prevent consumer injuries and ensure product safety.
Innovation and Technology Risk	• Automation: Gradually establish automation and smart manufacturing systems across the Company. • Digitalization: Support intelligent analytics and build data-driven decision-making mechanisms to enhance operational efficiency.

3
Sustainable Environment

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.

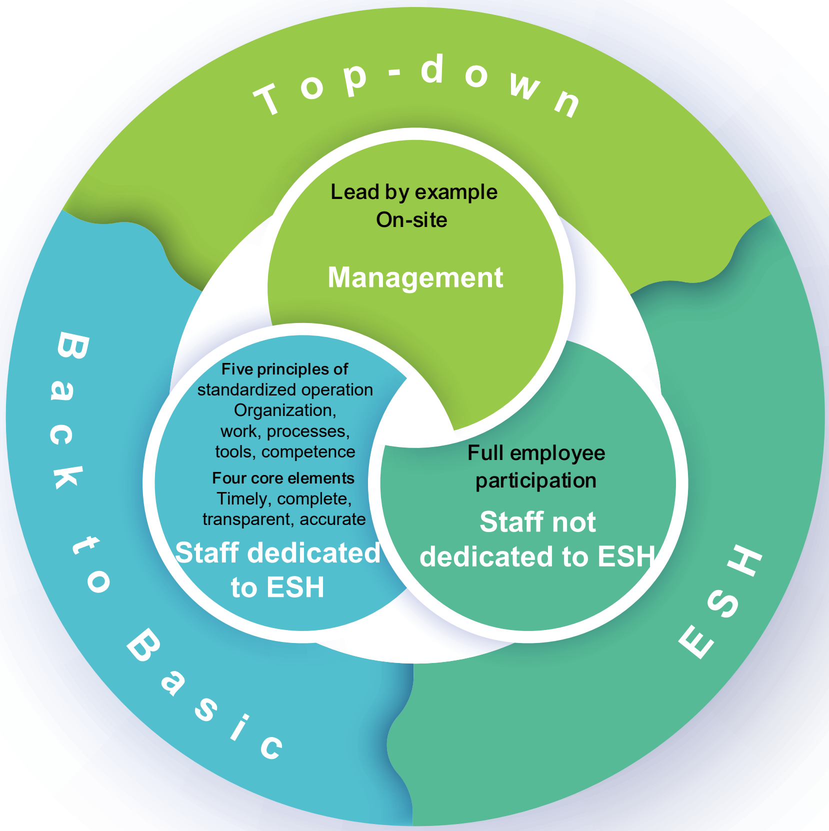
In the face of the growing trend of environmental sustainability, Pou Chen is actively working towards the vision of zero waste, low carbon emissions, and environmental friendliness. In response to the risks of global warming and the international carbon reduction goals and challenges related to lowering greenhouse gas emissions, Pou Chen is continuously working towards its vision of net-zero emissions by collaborating 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 certified by the ISO 14001:2015 management system in 2024 is 74%; the percentage of plants using the Higg Facility Environmental Module (FEM) for environmental assessment is 55%.

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 that 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.

Positive Impact (Potential)
Align with the UN's SDGs and the global trend towards net-zero emissions.

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

Negative Impact (Potential)
Tightening of global climate regulations may affect 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 line 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 as needed 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

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 designated responsible officers report directly to the Board of Directors on matters concerning climate change and greenhouse gas emissions 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.

Board of Directors/Audit Committee
The highest decision-making body for climate risk management

Report | Periodically | Supervision

Communication

Report | Periodically | Supervision

Head of the Sustainable Development Department

Coordination

Risk Management Advisory Committee

Climate Risk Management Working Team

The working team is led by the Sustainable Development Department and composed of the heads of relevant departments. It is responsible for assessing and analyzing climate-related risks and opportunities, and implementing climate-related strategies and actions.

Company Risk Management Process

We cross-evaluate high, medium, and low-level risks according to risk exposure and the degree of material impact. At the same time, we designate units to be responsible for each risk item and propose a risk response plan.

- 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 2024, the Sustainability Department reported to the Board of Directors four times on climate change issues (including greenhouse gas management). The topics discussed included climate-related risks and opportunities, the progress of GHG inventory and verification for the Company and its subsidiaries (such as capacity building for inventory, disclosure of GHG emissions, and planning for Scope 3 inventory), as well as strategies to expand the use of renewable energy across major global manufacturing sites (e.g., installing rooftop solar systems, participating in local green electricity markets, and purchasing government-certified renewable energy certificates). The reports also covered TCFD disclosures and the results of climate risk scenario analysis. The Board reviewed the implementation progress and assessed whether the current plans, management approaches, and strategic directions were aligned and whether targets were reasonably set. When necessary, the Board proposed improvements and urged adjustments in execution.
- Currently, the Company's Board of Directors incorporates climate-related issues into its review of corporate strategies, major action plans, risk management policies, annual budgets, capital expenditures, and acquisitions/ divestments to a limited extent. A full integration has yet to be achieved. However, the Company fully recognizes the significant impact of climate change on long-term business resilience and risk control. In response to global trends and market expectations, the Company will actively implement the IFRS S1 (General Sustainability-related Disclosures) and IFRS S2 (Climate-related Disclosures) standards starting in 2025, in accordance with the Financial Supervisory Commission's regulations, to enhance transparency and decision-making quality. Meanwhile, the Company has established a "Sustainability Development Steering Committee" to coordinate sustainability strategies, monitor climate risks, and guide capital allocation. The committee is composed of the highest-ranking executives from key business and functional units. Moving forward, we will strengthen internal training and data analytics, regularly review and adjust related policies, and ensure the Company remains resilient and adaptive amid climate challenges and market shifts—while continuously fulfilling its social responsibilities and advancing green transformation and sustainable development.

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.(The 2024 assessment continues to follow the results from 2022. In 2025, a new evaluation of climate-related risks and opportunities will be conducted in accordance with the IFRS S2 standards.)

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.
  https://www.pouchen.com/download/corp-governance/19.%20Risk%20Management%20Policy%20and%20Procedure%202023.12.21.pdf
- In 2024, the heads of functional units at both the Company Headquarters and Business Units jointly identified key risks from economic, social, and environmental perspectives, in alignment with the Company's operational goals and development strategy. Climate change risk was identified as one of the key risks under the environmental dimension. For more details, please refer to the Corporate Governance section on the Company's official website.
  https://www.pouchen.com/index.php/tw/corporate-governance/practice

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, we 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 manufacturing of shoes 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 reputation) 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 risks	Current regulations	• Taiwan Financial Supervisory Commission's Sustainable Development Roadmap for publicly listed and over-the-counter (OTC) companies, Blueprint for Promoting Taiwan's Alignment with IFRS Sustainability Disclosure Standards. • Vietnam's Ministry of Environment and Resources' GHG management regulations	Enhanced carbon disclosure requirements
	Market	• Requirement for products to meet low-carbon standards (carbon footprint, low-carbon shoes)	Requirements and regulations for existing products and services
	Current regulations/ markets	• Mainland China's double control policy on energy consumption requires factories to stop production to reduce carbon emissions • Customer audits set carbon emission, energy consumption, and green energy targets, which directly affects order allocation	Impact on production
	Emerging regulations	• 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".	Carbon pricing mechanism
	Technology	• 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.	Alternative low-carbon products and services
	Technology	• We have a prudent attitude toward investment in new technologies, so it is less likely to occur	Investments in new technologies fail
	Market	• Demand from stakeholders, investment in energy efficiency, and links to customer audits.	Low-carbon production
	Market	• Customers ask to set green energy targets • 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. • RTS(Rooftop Solar) buildings are too old	Mandatory use of renewable energy
	Reputation	• End consumers are gradually switching to low-carbon habits and prefer low-carbon products	Changing consumer preferences
	Reputation	• 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	Impact on company image
Physical risks	Immediacy	• The risk is already present	Increased severity and frequency of extreme weather events (typhoons, rainstorms, etc.)
	Immediacy	• The risk is already present, and in Pou Chen's case, the risk depends on the plant's distance from mountains and forests	Increased likelihood and severity of wildfires
	Long-term	• The risk is already present • High temperature subsidies for employees' workplaces (regulations in Mainland China and Vietnam)	Increase in average temperature
	Long-term	• The risk is already present, and in Pou Chen's case, the risk depends on the plant's distance from the seaside	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
	• Development of renewable energy/participation in the renewable energy trading market	Mandatory use of renewable energy, low-carbon production
Products and services	• Changing consumer preferences	Requirements and regulations for existing products and services
Market	• 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

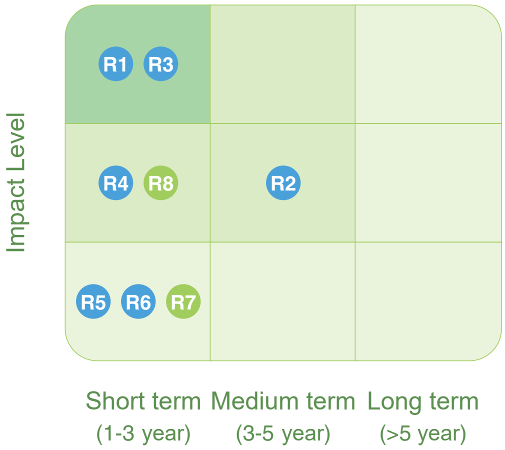
Based on the climate risks and opportunities that have been collected, representatives from each department and external experts conducted one session of education and training and had a discussion on climate-related financial disclosure. Questionnaires were distributed and internal meetings were held 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	

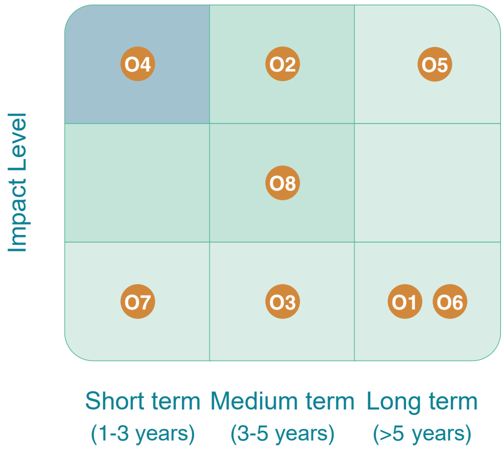
Materiality Analysis of Risks and Opportunities

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:

Transformation risk



Derivative Opportunities



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.
Note3: 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.

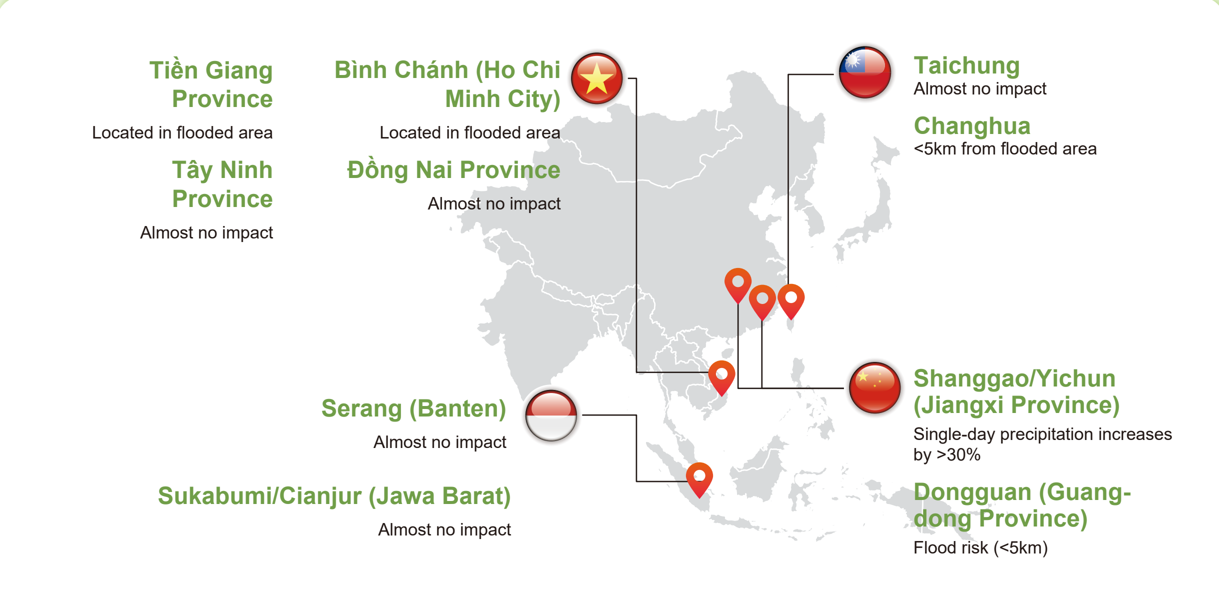
Climate Risk Scenario Analysis

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 science-based reduction target under the SBT1.5℃ scenario. However, due to the limited amount of consistent climate information that is currently available for each production site, the Company followed the 2023 evaluation results for the SSP1-2.6 (2℃) and the SSP5-8.5 (4.4℃) 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:

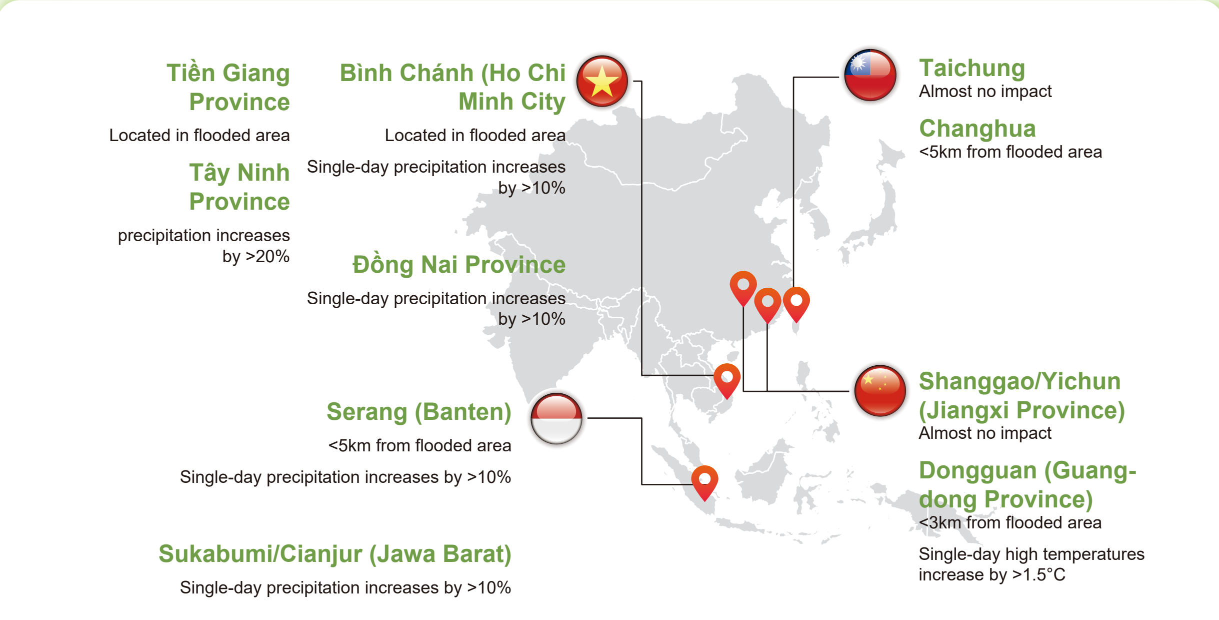
Scope of Assessment	Major production bases: Taiwan, Mainland China (Jiangxi/Guangdong), Indonesia (Banten/Jawa Barat), Vietnam (Ho Chi Minh City/Đồng Nai/Tiền Giang/Tây Ninh)			
Climate Scenario	SSP1-2.6	Low emissions scenario	Temperature rise <2℃	Slow progress in global attempts to achieve sustainability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

Tiền Giang Province

Located in flooded area

Single-day high temperatures increase by >1.5°C

Single-day precipitation increases by >10%

Tây Ninh Province

Single-day high temperatures increase by >1.5°C

Single-day precipitation increases by >30%

Bình Chánh (Ho Chi Minh City

Located in flooded area

Single-day high temperatures increase by >1.5°C

Single-day precipitation increases by >10%

Đồng Nai Province

Single-day precipitation increases by >10%

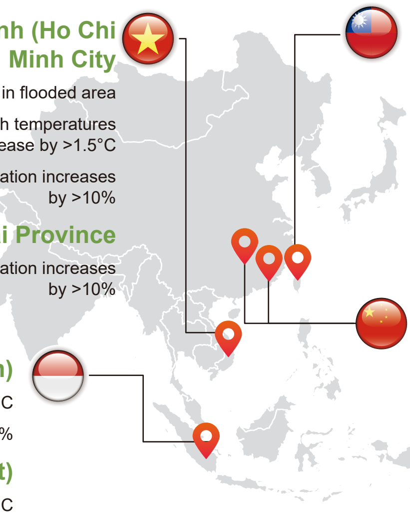
Serang (Banten)

Single-day high temperatures increase by >1.5°C

Single-day precipitation increases by >10%

Sukabumi/Cianjur (Jawa Barat)

Single-day high temperatures increase by >1.5°C



Taichung

Average temperature increases by >1.5°C

Single-day high temperatures increase by >1.5°C

Changhua

<5km from flooded area

Average temperature increases by >1.5°C

Single-day high temperatures increase by >1.5°C

Shanggao/Yichun (Jiangxi Province)

Average temperature increases by >1.5°C

Single-day high temperatures increase by >1.5°C

Dongguan(Guangdong Province)

Average temperature increases by >1.5°C

Single-day high temperatures increase by >1.5°C

Single-day precipitation increases by >10%

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:

Tiền Giang Province

Located in flooded area

Average temperature increases by >3°C

Single-day high temperatures increase by >4°C

Single-day precipitation increases by >20%

Tây Ninh Province

Located in flooded area

Average temperature increases by >4°C

Single-day high temperatures increase by >4°C

Single-day precipitation increases by >20%

Bình Chánh (Ho Chi Minh City

Located in flooded area

Average temperature increases by >3°C

Single-day high temperatures increase by >4°C

Single-day precipitation increases by >20%

Đồng Nai Province

Average temperature increases by >3°C

Single-day high temperatures increase by >4°C

Single-day precipitation increases by >30%

Serang (Banten)

<5km from flooded area

Average temperature increases by >3°C

Single-day high temperatures increase by >3°C

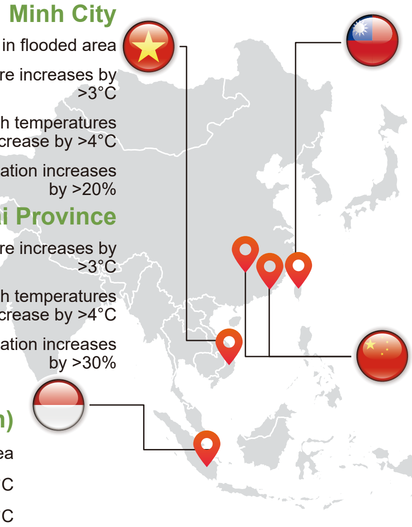
Single-day precipitation increases by >20%

Sukabumi/Cianjur (Jawa Barat)

Average temperature increases by >3°C

Single-day high temperatures increase by >4°C

Single-day precipitation increases by >20%



Taichung

Average temperature increases by >3°C

Single-day high temperatures increase by >3°C

Single-day precipitation increases by >30%

Changhua

Average temperature increases by >3°C

Single-day high temperatures increase by >3°C

Single-day precipitation increases by >30%

Shanggao/Yichun (Jiangxi Province)

Average temperature increases by >5°C

Single-day high temperatures increase by >5°C

Single-day precipitation increases by >30%

Dongguan (Guangdong Province)

<3km from flooded area

Average temperature increases by >4°C

Single-day high temperatures increase by >5°C

Single-day precipitation increases by >30%

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)	Affected Regions
Transformation risk	Enhanced carbon disclosure requirements (R1)	Short-term	• Increased inventory capability building and third-party verification costs	• Subsequent verification costs >NTD 7 million/year • Estimated cost of carbon inventory system construction >NTD 8.5 million	Taiwan, Vietnam
Transformation risk	Carbon pricing mechanism (R2)	Medium-term	• International carbon tax/carbon fee mechanisms affect operations and limit capacity deployment, impacting operating revenue	• Under assessment	Headquarters
Transformation risk	Mandatory use of renewable energy (R3)	Short-term	• Increased capital expenditure for establishment of renewable energy facilities, purchase of green power PPA, and renewable energy certificates	• In 2024, Pou Chen invested NTD 38 million in renewable energy purchases, which is projected to increase annually in the future.	All production sites
Transformation risk	Low-carbon production (R4)	Short-term	• Increased capital expenditure • Production and equipment upgrades • Invest in low-carbon energy • Carbon reduction through waste	• In 2024, about NTD 0.69 billion were invested in the procurement and replacement of energy-saving equipment.	All production sites
Transformation risk	impact on production (R5)	Short-term	• Electricity restriction policy • Carbon emission control policy • Customer assessment impacts orders	• Under assessment	All production sites
Transformation risk	Impact on company image (R6)	Short-term	• ESG assessment • Investors' willingness to invest (stock price) • Impact on source of capital and revenue	• Under assessment	Headquarters
Physical risks	Extreme weather events (R7)	Short-term	• Interruption to production site operations • Transportation disruptions • Water shortages due to drought • Increased capital expenditure and decreased revenue	• Under assessment	Mainland China, Vietnam
Physical risks	Increase in average temperature (R8)	Short-term	• Increase in capital expenditure due to improving the working environment for employees • Increase in electricity costs and carbon emissions	• In 2024, about NTD 2.4 million were invested in the procurement and replacement of ventilation equipment.	All production sites

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
• Participation in the carbon trading market (O1)	Long-term	• Increased adaptability for changes in regulations and maintenance of smooth operations.	• Establish an inventory team and train its inventory capabilities • Establish a systematic data collection system • Increase the percentage of the scope to be verified by a third party annually
	Long-term	• Obtain carbon allowances for emission compliance and create carbon allowance revenue.	• Plan for the establishment of a product carbon footprint inventory • Plan for an internal carbon pricing mechanism
• Participation in renewable energy markets (O4)	Short-term	• Purchase renewable energy early to obtain a stable renewable energy source and maintain smooth operations	• Build solar power panels on rooftops depending on production site conditions • Participate in the green power trading market in the region • Purchase nationally and internationally-certified renewable energy certificates
• Improved energy efficiency (O7)	Short-term	• Save on energy costs	• Increased renewable energy use • Use of low-carbon and high-efficiency energy • Improve energy efficiency of equipment • Control leakages • Promote energy monitoring and management systems • Effective use of resources and increased opportunities for reuse of waste
• Participation in renewable energy markets (O4)	Short-term	• Stabilize energy supply,	
• Automated process development (O2)	Medium-term	• Smooth establishment of automated production lines, enhanced competitiveness	
• Establish a circular economy model for the footwear industry (O5)	Long-term	• Enhance resource utilization,	
• Improved energy efficiency (O7)	Short-term	• Reduced operating costs	
-	-	-	• Establishment of ESG task force • Improve ESG disclosures through external questionnaires, sustainability reports, and other platforms.
• Adoption of more efficient modes of transportation (O6)	Long-term	• Strengthen climate resilience to reduce losses and chances of disruption during operations	• 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. • Install emergency power generators • 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. • Strengthen water treatment and water recycling measures
• Automated process development (O2)	Medium-term		
• Improved water usage efficiency (O3)	Medium-term		
• Introduction of new technologies (O8)	Medium-term	• Save on energy costs	• Optimize plant ventilation design: Attention required for plants in Mainland China, Indonesia, and Vietnam. • Design new plants using information on the climate

The relevant climate-related issues and their impacts on the Company's business, strategy, and financial planning are summarized in the table below:

Impact Area	Climate Risks	Business, Strategy, and Financial Planning
Products & Services	Low-carbon production, production impact	• Business & Operational Planning: Increase investments in energy efficiency and renewable energy across all production sites by promoting energy-saving projects, procuring energy-efficient equipment, and expanding renewable energy use to reduce emissions, stabilize energy use, and promote sustainability and corporate social responsibility. • Financial Planning: Increased operating costs and capital expenditures, with an impact on existing asset allocations.
		• Business & Operational Planning: Increase development costs for reuse technologies at all production sites; focus on improving waste reutilization rates to achieve both resource efficiency and environmental protection goals. • Financial Planning: Long-term reduction in operating costs, with an impact on existing asset allocations.
Supply Chain / Value Chain	Extreme weather events	• Business & Operational Planning: Strengthen local sourcing strategies at all production sites to mitigate supply chain disruptions and ensure business continuity. • Financial Planning: Increased operating costs.
Adaptation & Mitigation Activities	Rising average temperature	• Business & Operational Planning: Improve ventilation systems at all production facilities by adding or optimizing ventilation equipment to maintain a stable working environment. • Financial Planning: Increased operating costs and capital expenditures, with an impact on existing asset allocations.
Business Operations	Strengthened carbon disclosure requirements, carbon pricing mechanisms	• Business & Operational Planning: In addition to complying with disclosure regulations, conduct carbon footprint inventories at selected factories in Vietnam and Indonesia in response to client strategies, ensuring transparency and alignment with market trends to enhance competitiveness and win more orders. • Financial Planning: Increased operating costs, but with potential for increased revenue.
	Mandatory use of renewable energy	• Business & Operational Planning: Increase green energy investments to meet customer demands, strengthen client relationships, improve evaluation scores, and drive order growth and revenue increases. • Financial Planning: Increased operating costs and capital expenditures, but with potential for increased revenue.
	Reputational impact	Business & Operational Planning: • The Company's Public Affairs Department and Sustainable Development Department serve as the primary contact points to strengthen communication with stakeholders and enhance external recognition and trust. Establish cross-departmental communication mechanisms to respond promptly to public opinion and advance CSR and sustainability initiatives. • Financial Planning: Potential to increase capital.

Pou Chen is currently only setting quantitative emissions management objectives for the reduction of greenhouse gases. In the future, it is expected that indicators that are more representative and more significant to management will be formulated based on 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	• Set absolute reduction targets for Scope 1 and Scope 2 greenhouse gas emissions, using 2019 as the base year. • For the footwear business operations, establish a mid-term target to achieve zero growth in Scope 1 and Scope 2 greenhouse gas emissions by 2025 compared to 2019 levels. • For the footwear business operations, establish a long-term target to reduce Scope 1 and Scope 2 greenhouse gas emissions by 46.2% by 2030 compared to 2019 levels. • Annual phased targets will be reassessed and established.	3.1.2 Greenhouse Gas Management
Energy Management	Quantitative Indicators	• Management targets concerning the construction of green energy facilities and product energy intensity will be further evaluated.	3.2 Energy Management
Water Resources Management	Qualitative Indicators	• The mid-to-long-term plan aims to gradually increase the reuse rate of water resources within the factory.	3.3 Water Resources Management
Waste Reduction	Qualitative Indicators	• Promote waste reuse to increase the waste reutilization rate. • Set a short-term target to improve the reutilization rate of direct process waste by 3% in 2024, using 2023 as the baseline year. • Direct process waste includes nine categories: waste EVA, waste TPU, waste rubber, waste foam, scrap materials, waste paper, waste shoes, waste uppers, and industrial 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.	-

Note: Climate-related indicators are included in the key performance indicators (KPIs) for senior management. For details, please refer to section "5.1.3 Talent Development and Training" – Remuneration Policy and Decision-making Process for Senior Management.

3.1.2 Greenhouse Gas Management

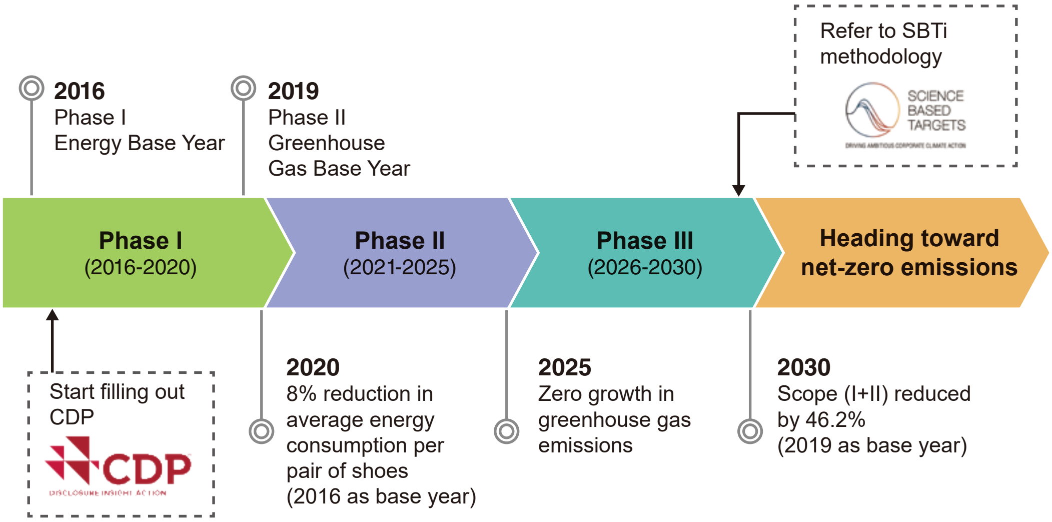
As global warming and climate change intensify, the international community actively advocates for climate change risk adaptation actions, and net-zero by 2050 has become a global goal. The road to net-zero emissions is not an easy one, but Pou Chen continues to push toward sustainable green manufacturing 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 manufacturing of shoes sites span seven countries in Asia. Until 2016, improving energy efficiency and enhancing energy conservation were key management tools. 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 2022 CDP questionnaire was given a B- (Management level - active management). In 2024, the CDP questionnaire was further aligned with the latest standards and initiatives, including the IFRS S2 Climate-related Disclosures Standard, the Task Force on Climate-related Financial Disclosures (TCFD), and the Taskforce on Nature-related Financial Disclosures (TNFD). The questionnaire content was expanded and deepened accordingly. Pou Chen Corporation received a Grade B rating in the climate change questionnaire, demonstrating the Company's understanding of its environmental impact and its proactive approach in implementing environmentally responsible and well-managed strategies.

In response to international trends in environmental protection and sustainable development, Pou Chen has shifted its focus from energy conservation to carbon reduction. Taking into account customer expectations, global trends, and government regulations across different countries, the Company set a five-year target in 2020 — under the support of senior management — to achieve zero growth in carbon emissions by 2025.In 2021, upon invitation from brand clients, Pou Chen further adopted science-based targets in line with the Science-Based Targets initiative (SBTi) and the 1.5° C scenario, setting more ambitious interim reduction goals. The Company committed to reducing absolute greenhouse gas emissions from Scope 1 and Scope 2 within its footwear business operations by 46.2% by 2030, using 2019 as the base year. This target was validated by the World Resources Institute (WRI) as being consistent with the SBTi target-setting methodology.In 2024, Pou Chen's subsidiary, Yue Yuen (Anfu), completed its Scope 1, 2, and 3 greenhouse gas inventory in accordance with ISO 14064-1 and the GHG Protocol, and established its base year and reduction targets fully aligned with the SBTi methodology. The targets were successfully approved through the SBTi target validation process.

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 (please refer to appendix E), 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.



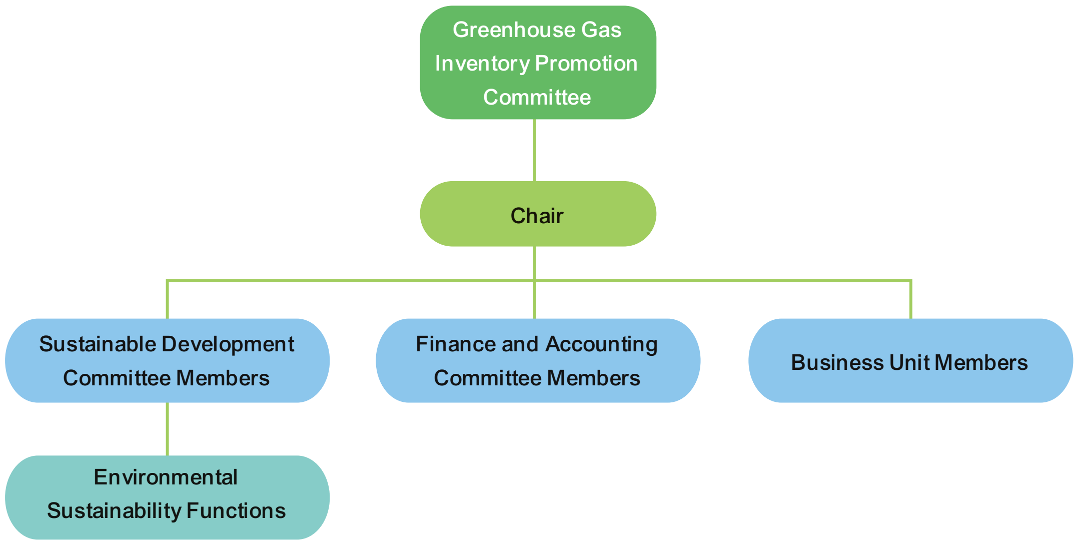
GHG Emissions Management Status in 2024

Since 2016, Pou Chen Corporation has conducted self-assessments of greenhouse gas (GHG) emissions in accordance with the ISO 14064-1:2006 standard. Starting in 2022, the Company adopted the updated ISO 14064-1:2018 standard for GHG inventories and engaged third-party verifiers—compliant with local regulatory requirements—to conduct independent verification and issue assurance statements.

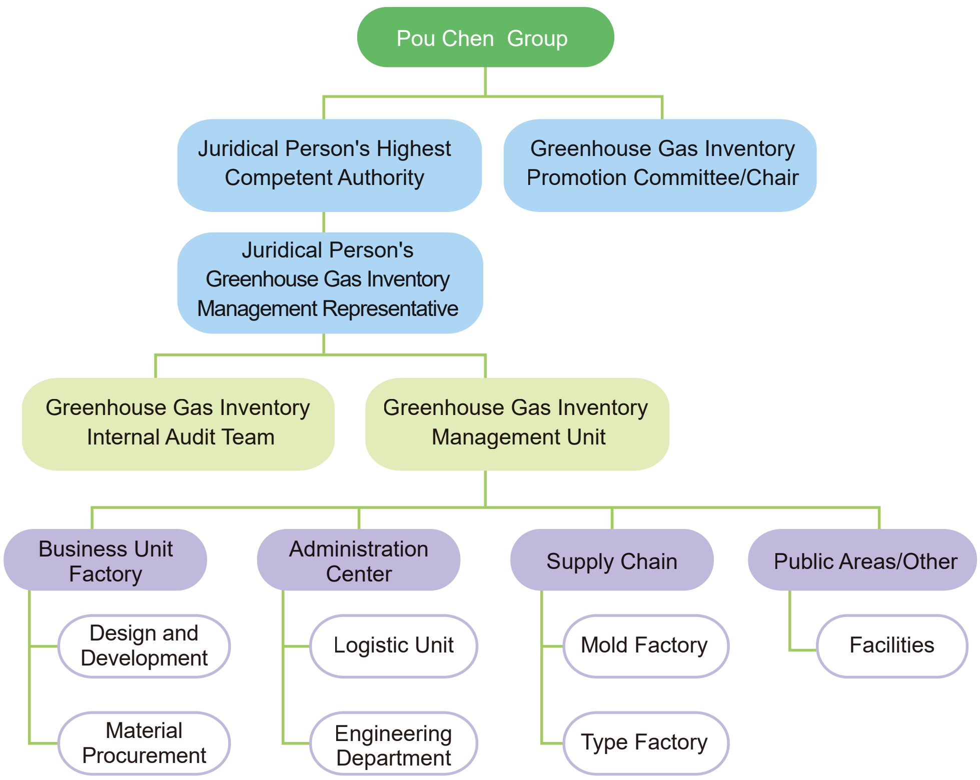
- In 2022, Pou Chen established the Greenhouse Gas Inventory Promotion Committee and launched a group-wide, cross-border GHG inventory initiative guided by a structured GHG inventory framework.
- In 2022, Pou Chen and three legal entities in Vietnam conducted GHG inventories based on ISO 14064-1 and completed third-party verification. The verified emissions for that year accounted for 20.26% of total emissions from the Company's footwear operations.
- In 2023, Pou Chen and one legal entity in China (Huang Jiang) completed self-inventories and continued third-party verification.
- In 2024, Pou Chen in Taiwan continued verification in accordance with the Sustainability Roadmap issued by the Taiwan Financial Supervisory Commission (FSC), maintaining certification under ISO 14064. That same year, the subsidiary Yue Yuen (Anfu) completed Scope 1, 2, and 3 inventories for 2023 activity data using ISO 14064-1 and the GHG Protocol, and established a baseline year and reduction targets based on the SBT methodology. These targets have been submitted to the Science Based Targets initiative (SBTi) for validation.
- Also in 2024, six legal entities in Vietnam under Pou Chen complied with the Vietnamese Decree No. 06/2022/ND-CP, which mandates the reduction of emissions of substances regulated under the Montreal Protocol, and requires mandatory disclosure of Scope 1 and 2 GHG emissions starting in 2025, with verification by government-designated agencies beginning 2027. These entities have conducted inventories accordingly and submitted GHG reduction plans.

Moving forward, Pou Chen will promote country-by-country GHG inventories annually, with the goal of achieving full third-party verification of Scope 1 and 2 emissions across all footwear operations by 2026. Current priorities include strengthening inventory and verification processes, expanding Scope 3 coverage, promoting energy efficiency, and accelerating the adoption of renewable energy. Once group-wide inventories are complete, Pou Chen will engage senior management to discuss and set annual carbon reduction targets.

Greenhouse Gas Inventory Promotion Committee



Greenhouse Gas Inventory Framework



Greenhouse Gas Emissions and Carbon Emission Intensity per Pair

Greenhouse Gas Inventory

In 2024, 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 688,791.55 metric tons of carbon dioxide equivalent. The carbon emissions from Category 1 amounted to 71,034.65 metric tons of carbon dioxide equivalent, accounting for 10.31%, and those from Category 2 amounted to 617,756.90 metric tons of carbon dioxide equivalent, accounting for 89.69%. 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 2020 to 2024 – Location Based & Market Based

Greenhouse Gas Emissions	Direct Emissions	Indirect Emissions from Input Energy		Total Emissions		Emissions from Biomass Fuels
(Metric Tons of CO_2e)	Category 1 (Scope 1)	Category 2 (Scope 2) (Location Based)	Category 2 (Scope 2) (Market Based)	Category 1 + Category 2 (Location Based)	Category 1 + Category 2 (Market Based)	Purchased steam and self-operated boilers
2024	**71,034.65**	**617,756.90**	**483,385.18**	**688,791.55**	**554,419.83**	**90,852.12**
2023	44,780.52	585,435.03	457,807.87	630,215.55	502,588.39	56,502.02
2022	48,849.53	671,622.32	587,293.70	720,471.85	636,143.23	63,963.17
2021	13,642.79	429,421.75	410,859.79	443,064.54	424,502.58	62,858.26
2020	17,837.94	525,260.92	525,260.92	543,098.86	543,098.86	77,145.03

Note 1: The principles and emission factors used for the greenhouse gas inventories in 2022 and 2023 can be found in the 2022 and 2023 Sustainability Reports, respectively. The principles for the 2024 greenhouse gas inventory are detailed in Appendix C: 2024 Greenhouse Gas Inventory Principles

Note 2: In accordance with the SBTi science-based target methodology, 2019 is set as the base year for Pou Chen's science-based carbon reduction goals.

Note 3:Location-based emissions = electricity-related carbon emissions

Market-based emissions = electricity-related carbon emissions – REC (Renewable Energy Certificate) emissions – GEC (Green Electricity Certificate) emissions

Note 4: In 2024, Pou Chen Corporation (parent company) reported:

Scope 1 emissions: 611.11 tCO_2e, with an intensity of 0.064 tCO_2e per NTD million

Scope 2 emissions: 7,749.08 tCO_2e, with an intensity of 0.812 tCO_2e per NTD million

All data from the parent company were assured by SGS Taiwan Ltd. in accordance with ISO 14064-1.

Note 5: The 2023 Sustainability Report originally disclosed green power purchase volumes for China. Following clarification with SGS China, the purchase was reclassified as GEC (Green Electricity Certificates) consumption. As the renewable energy facilities were already in place before the purchase agreement was signed, the contract qualifies as a certificate-type transaction. The terminology has been updated accordingly in the 2024 Sustainability Report.

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

Location Based (Unit: metric tons of CO_2e)		Taiwan	Northeast Asia	Southeast Asia
Total Carbon Emissions Category 1: Direct greenhouse gas emissions + Category 2: Indirect greenhouse gas emissions from input energy	2024	8,360.19	72,928.92	607,502.44
	2023	8.512.47	76,549.92	545,153.16

Other indirect (Scope 3) emissions

In the past, 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 (upstream transportation of products)".

However, in response to international trends and the expectations of brand clients and other intended users, and with the goal of applying for SBTi validation, Pou Chen Corporation has planned to expand the scope of its Scope 3 GHG inventory. In 2024, the Company's one subsidiary initiated a full Scope 3 inventory covering all 15 categories in accordance with the GHG Protocol, completed third-party verification, and obtained assurance statements. The reduction targets have been submitted to the SBTi and are currently under review.

Pou Chen's Significant Indirect Greenhouse Gas Emissions in 2024

Other Indirect (Scope 3) (Unit: metric tons of CO_2e)	2021	2022	2023	2024 [2] (Subsidiaries)
Purchased goods and services	-	-	-	13,109.37
Capital goods	-	-	-	42.51
Fuel-and energy- related activities	-	-	-	3,073.33
Upstream transportation and distribution	6,315.68	22,297.93	17,141.84	36,598.78
Waste generated in operations	-	-	-	43.91
Business travel1	1,444.88	1,509.84	1,543.80	929.43 Air Travel (921.11) Subsidiaries (8.32)
Employee commuting	-	-	-	1,249.59
Upstream leased assets	-	-	-	-
Downstream transportation and distribution	-	-	-	-
Processing of sold products	-	-	-	3,057.80
Use of sold products	-	-	-	-
End-of-life treatment of sold products	-	-	-	2,022.59
Downstream leased assets	-	-	-	-
Franchises	-	-	-	-
Investments	-	-	-	-

Note 1: From 2021 to 2023, Pou Chen conducted materiality assessments in accordance with the ISO 14064-1 standard. Scope 3 inventory items included business travel (air travel) and upstream transportation and distribution.

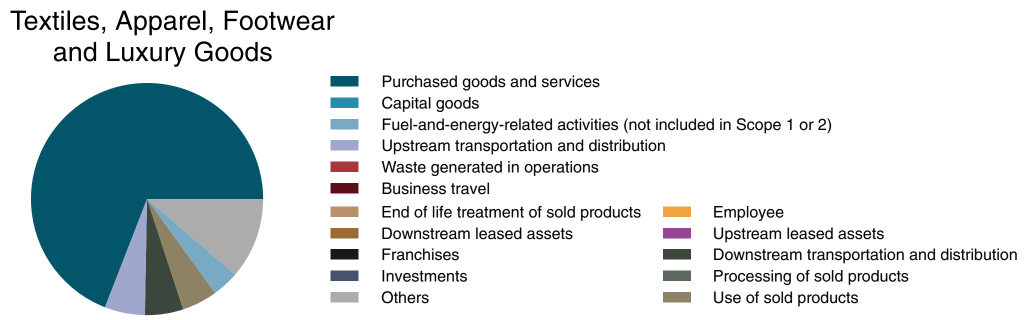
Note 2: In 2024, Scope 3 disclosures cover only the subsidiary Yue Yuen (Anfu) Footwear Co., Ltd. The inventory data were verified by SGS-CSTC Standards Technical Services Co., Ltd. (SGS China) in accordance with ISO 14064-1, and a certificate with reasonable assurance level was obtained.

Note 3: The 2024 business travel emissions include not only those from Yue Yuen (Anfu) Footwear Co., Ltd., but also GHG emissions from Pou Chen's air travel.

Pou Chen operates in the manufacturing of shoes industry. According to the SBTi's Scope 3 GHG Management Guide for Value Chains, "purchased goods and services" and "upstream transportation and distribution" are identified as the primary sources of indirect greenhouse gas emissions (Scope 3) for this sector (see diagram below). Scope 3 emissions are estimated to exceed the combined total of Scope 1 and 2 emissions by more than 40%.

In 2024, Pou Chen's one subsidiary conducted a Scope 3 emissions inventory, in which "upstream transportation and distribution" accounted for 53.27% of the total Scope 3 emissions.

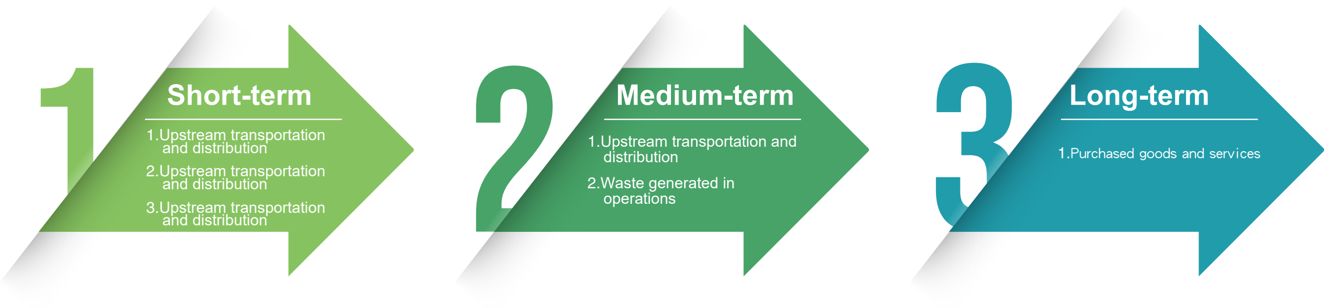
Value Change in the Value Chain: Best Practices in Scope 3 Greenhouse Gas Management - Share of Scope 3 Emissions by Industry



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

In response to international sustainability and net-zero commitments—and to jointly drive emissions reductions across the value chain—Pou Chen Corporation is currently expanding its Scope 3 greenhouse gas inventory. Reduction targets will be progressively established for each category. The Company will continue to account for previously inventoried upstream activities, such as transportation of sold products and business air travel. At the same time, it is conducting inventories for purchased goods (raw materials), and expanding coverage to include upstream transportation and distribution, process-related waste, 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 footwear types, production processes, and regional electricity carbon emission factors, the carbon emission intensity for the main production bases in Mainland China, Vietnam, and Indonesia in 2024 ranged from 2.55 to 4.03 kg CO_2 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.

2024 Greenhouse Gas Reduction Measures

In the manufacturing of shoes industry, more than 80% of greenhouse gas emissions are attributed to electricity consumption during the production process. Therefore, reducing energy-related emissions and increasing the use of renewable energy are key reduction measures that Pou Chen continues to promote.

Energy Management

In 2024, Pou Chen continued to promote energy management and expand its use of renewable energy. Energy-saving initiatives were mainly implemented through "equipment procurement management at the source" and "energy efficiency projects." In 2024, the Company achieved a cumulative energy saving of 11,910 MWh, reducing 8,627 tCO_2e of greenhouse gas emissions.

Renewable Energy Deployment and Procurement

In terms of renewable energy, aside from its existing facilities in China, Pou Chen continued to expand rooftop solar installations in other regions. In Indonesia, new rooftop solar systems were installed in 2023, and in 2024 the installed capacity increased from 0.153 MW to 1.893 MW, with grid connection scheduled for early 2025.

In 2024, six production sites completed Rooftop Solar System (RTS) installations, with total solar energy consumption reaching 7,617.59 MWh, leading to a reduction of 4,787.61 tCO_2e in greenhouse gas emissions.

The purchase of Renewable Energy Certificates(REC) is another key measure for Pou Chen in reducing greenhouse gas emissions. The Company continues to purchase REC annually in China, Vietnam, and Indonesia to offset emissions from electricity consumption.

Starting in 2023, Pou Chen's facilities in China also began purchasing Green Electricity Certificates(GEC), which are now used to offset emissions. In 2024, Pou Chen's operations in China, India, Vietnam, and Cambodia purchased a total of 247,610.00 MWh worth of renewable energy certificates, offsetting approximately 134,371.25 tCO_2e of greenhouse gas emissions (including China's GEC).

Pou Chen's 2024 Green Energy Offset of Greenhouse Gas Emissions

Type of Green Energy			Mainland China	Vietnam	Indonesia	Cambodia	Total
Solar Energy Consumption	RTS	MWh	5,631.32	1,195.58	790.69	-	7,617.59
		tCO_2e	3,346.14	808.92	632.55	-	4,787.61
	REC	MWh	931.00	63,465.00	-	800.00	65,196.00
		tCO_2e	675.18	41,836.13	-	317.84	42,829.15
Wind Energy Consumption	REC	MWh	9,081.00	-	-	-	9,081.00
		tCO_2e	6,585.77	-	-	-	6,585.77
Water Energy Consumption	REC	MWh	125.00	25,536.00	13,424.00	-	39,085.00
		tCO_2e	71.67	18,454.05	10,739.20	-	29,264.92
Geothermal Energy Consumption	REC	MWh	-	-	129,129.00	-	129,129.00
		tCO_2e	-	-	52,944.55	-	52,944.55
Others	REC	MWh	5,119.00	-	-	-	5,119.00
		tCO_2e	2,746.86	-	-	-	2,746.86

Note 1: For the greenhouse gas emission calculation principles for 2024, please refer to Appendix C: 2024 GHG Inventory Principles.
Note 2: The unit of electricity consumption/purchase is MWh, and the unit for greenhouse gas offset is tCO_2e.
Note 3: REC include International Renewable Energy Certificates (I-REC), TIGRs issued by Indonesia's state-owned electricity company, and China's Green Electricity Consumption Certificates (GEC).
Note 4: Regarding China's Green Electricity Consumption Certificates (GEC), the type of renewable energy must be confirmed by the trading center before the certificate is issued, which may take 2 to 3 months after the transaction. As of the cut-off date for this report (January 30, 2025), the renewable energy types for November–December 2024 were still pending confirmation. Corrections will be made in the following year's sustainability report once clarified. For now, the greenhouse gas offset has been provisionally calculated using the national grid emission factor.

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 global climate change intensifies drastic weather has impacted business operations across the globe in the form of floods, snowstorms, heat-related 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

Actions Taken

- Expanded the use of green energy: Solar power/green power procurement/renewable energy certificates (REC)/ usage of renewable energy.
- Improved energy efficiency: Procured equipment to save energy at the source and replaced equipment with low energy efficiency early on. Implemented online energy monitoring system, and established an energy management and control mechanism.
- Promote energy conservation projects: Led by headquarters, business units, or factories to drive thematic energy-saving projects.
- Established an 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.
- 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 periodically or as needed 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

Energy use and energy intensity

The types of energy consumed in the manufacturing of shoes 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 2024 was 4,083.28 TJ, with electricity accounting for 82% of the total.

Electricity/Fuel Energy Use Statistics

Electricity/Fuel		Electricity Quantity			Fossil Fuel							Biomass Fuel	Total
		Grid Power	Solar Energy Consumption(RTS)	Green Electricity Certificates(GEC)	Heavy Oil	Diesel	Petroleum	Fuel Oil (Residuum)	Natural Gas	LPG	Compressed Natural Gas	Rice Husk/Palm Kernel Shell	
Description		Grid Power	Renewable Energy		Non-Renewable							Renewable	
Unit		TJ											
Year	2024	3,360.77	27.43	54.93	0.48	107.27	40.75	0.00	57.51	2.21	0.34	431.59	4,083.28
	2023	2,950.79	18.13	19.95	0.11	86.02	35.07	0.41	12.08	0.59	0.00	255.98	3,379.13
	2022	3,170.96	8.79	0.00	0.29	103.90	33.49	1.11	10.95	1.31	0.00	383.08	3,713.88
	2021	2,850.11	4.40	0.00	0.00	49.25	28.50	2.21	10.93	1.42	0.00	616.61	3,563.43
	2020	3,936.86	0.0	0.00	0.75	62.05	73.35	8.14	0.00	2.00	0.00	762.42	4,845.57

About Units: ● MWH: Megawatt-hour ● TJ: Tera Joule

Note: The purchased grid electricity in Mainland China includes the amount covered by GEC (Green Electricity Certificate). The grid electricity consumption stated above refers to the residual grey electricity consumption after deducting GEC-purchased electricity.

Note: The original activity data (including grid electricity consumption, Solar Energy Consumption(RTS), China Green Electricity Certificate (GEC) purchases, fossil fuel consumption, and biomass fuel consumption) can be found in Appendix D.

Energy Consumption Intensity

Year	Energy Consumption Intensity (MJ/pair)	Descriptions
2024	11.72~26.56	As the plants in Mainland China, Indonesia, and Vietnam are important manufacturing bases of the Company, the Average Energy Consumption per is calculated based only on data from these three main production bases. The variation in energy intensity mainly stems from differences in production scope, with some factories focusing solely on upper manufacturing, while others include outsole processing and full shoe assembly.
2023	6.53~22.66	
2022	11.55~18.69	
2021	10.26~16.90	
2020	10.27~22.6	

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

Note: Energy Consumption Intensity is obtained by region and presented according to the range of Intensity.

Sustainable energy management: energy conservation projects and initiatives

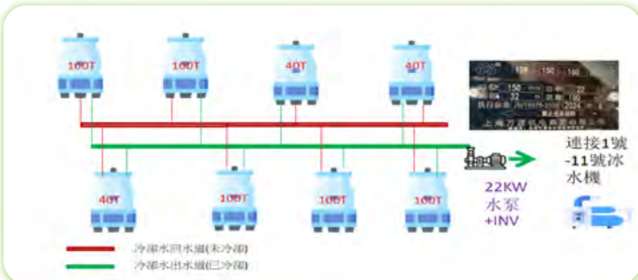
2024	Mid-term	Long-term
• Annual energy saving equipment procurement at source/replacement of low energy efficiency equipment: purchase new energy saving equipment to replace old models, cumulative energy saving benefits reached 13,294,015 MJ (3,693 MWh). • Energy saving project: implemented 77 energy-saving projects in 2024, with energy-saving benefit of 29,582,526 MJ (8,217MWh).	• Expansion of green energy construction: solar power/ green electricity procurement/ REC/Use of renewable energy. • Energy digitization: Energy monitoring/water and sewage monitoring/air pollution monitoring/temperature disk data systems.	• Sharing of energy saving and carbon reduction technologies on energy-saving intelligent KM platform. • Establish energy conservation organizational culture: communication and learning within the Company and model factory optimization.

Energy Efficiency Improvement Case

Optimization of Chiller Cooling Water System (Mainland China Factory)

Issue Identified	The cooling towers of the chiller system were each equipped with separate water supply pumps. Due to variations in pump head (pressure), the system suffered from low overall efficiency and was difficult to operate and adjust. The total installed capacity of the water pumps was 39.5 kW, while the actual operating power was 20.54 kW.
Improvement Measures	By integrating the piping system, the individual pumps were removed and replaced with a single 22 kW pump for cooling water circulation. A variable frequency drive (VFD) was also installed to regulate water flow. The system now operates at 11.72 kW.
Improvement Benefits	The project results in annual electricity savings of 60,699 kWh, equivalent to approximately USD 5,419 in electricity cost savings. With an investment of USD 4,497, the payback period is approximately 0.83 years.

▲ Cooling Tower Layout Plan – Before Improvement



▲ Cooling Tower Layout Plan – After Improvement

Compressed Air System Enhancement through Multi-Unit Interlock Control Upgrade (Vietnam Factory)

Issue Identified	In the chemical plant area, 10 air compressors were installed in a centralized compressor room. Each compressor was operated individually based on its own pressure control and manual start/ stop by personnel. This setup resulted in long periods of idling and low energy efficiency, leading to unnecessary energy losses.
Improvement Measures	A multi-unit interlock control system was implemented, and this upgrade reduced idle time and optimized the pressure setpoints across the compressor group.
Improvement Benefits	The improvement led to annual electricity savings of 233,339 kWh, equivalent to approximately USD 17,804 in cost savings. With an investment of USD 46,000, the payback period is 2.58 years.

Expanding the use of green energy – solar energy construction and purchase of green energy / REC

The Company has been actively increasing the use of renewable energy across its group factories as part of its commitment to sustainable energy transition. Since 2021, the Company has initiated rooftop solar system (RTS) installation projects in various locations across Mainland China, Vietnam, and Indonesia. In 2024, existing facilities continued to expand their installation capacity, bringing the total installed solar PV capacity to 9.03 MW, with an annual solar power consumption of 7,617.59 MWh. Additional capacity expansions are scheduled to come online in 2025.

In addition, the Company also purchases renewable energy certificates (REC) and Green Electricity Certificates (GEC) in Mainland China, Vietnam, and Indonesia. As of 2024, the total volume of certificates purchased reached 247,610 MWh. Through these proactive efforts, the share of renewable electricity in the Company's overall electricity consumption increased to 26.69% in 2024.

Green energy consumption in 2024

Expanding Usage of Green Energy								
Green energy type	Solar EnergyConsumption			Wind Energy Consumption	Water Energy Consumption		Geothermal Energy Consumption	Others
	RTS	REC	GEC	GEC	REC	GEC	REC	GEC
Region/Unit	MWh	MWh	MWh	MWh	MWh	MWh	MWh	MWh
Mainland China	5,631.32	-	931.00	9,081.00	-	125.00	-	5,119.00
Indonesia	790.69	-	-	-	13,424.00	-	129,129.00	-
Vietnam	1,195.58	63,465.00	-	-	25,536.00	-	-	-
Cambodia	-	800.00	-	-	-	-	-	-
Total	7,617.59	64,265.00	931.00	9,081.00	38,960.00	125.00	129,129.00	5,119.00

Pou Chen green energy percentage

Green Energy Source		Rooftop Solar System (RTS)	Renewable Energy Certificates (REC)	Green Electricity Certificates (GEC)	Green Energy percentage
Unit		MWh	MWh	MWh	%
Year	2024	7,617.59	232,354.00	15,256.00	26.69
	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 1: Green energy percentage = (RTS + REC + GEC in Mainland China) / (RTS + Grid electricity)

Roof solar panels at manufacturing sites in Mainland China, Vietnam, and Indonesia

▲ Mainland China (YS)

▲ Vietnam (Yuede)

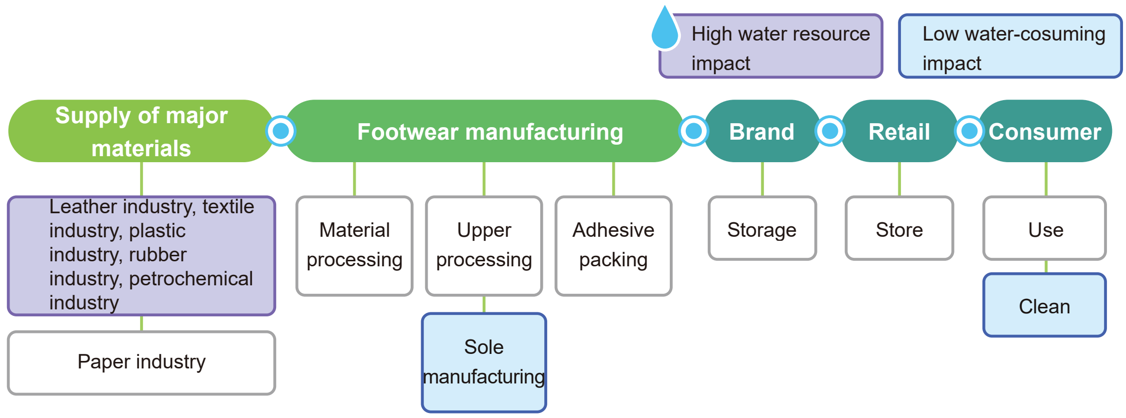
▲ Indonesia (Nikomas)

▲ 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 manufacturing of shoes 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



0 Waste

	Continuous promotions in 2024	Management performance
Clean discharge	◎ Effective treatment with sewage plant treatment facilities. ◎ Water quality monitoring and daily inspection of environmental risks.	1. Both the discharge and the effluent met the control standard. 2. The results of ZDHC test were in line with the emission limits.
Decrement discharge	◎ Evaluation of reclaimed water reuse project.	Continuous evaluation and reuse promotion.
Recycling	◎ Reuse project for both the discharge and the effluent.	The Company continues to evaluate and promote water reuse initiatives, achieving a water reuse rate of 53.6% in 2024.

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	• Stricter wastewater quality/amount discharge regulatory standards • Imposing water consumption fees, sewage fees or environmental protection taxes. • Raise in requirement ratio of effluent recycle and reuse. • Limit to the amount of water discharge permitted.	• 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. • Actively assess the goal process for water reuse and improve the reuse rate of water resources.
Technology/ Market	Customer Requirements	• Investment in new technologies for water treatment. • Customers require the Company to provide green products with low water pollution (including materials under low water pollution processes).	• Continue to collect and evaluate new water treatment technology solutions and their • applicability. • Cooperate actively with manufacturers that have passed customer standard verification in line with customer needs.
Reputation	Major Event Announcement	• The discharged water quality is not compliant.	• Strengthen the daily self-monitoring mechanism, detect the risk of exceeding the standard at any time and immediately respond to improvement.
Acute Risks	• The frequency of disasters under drastic climate change. • Financial damage and recovery.	• 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. • 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.	• Establish an abnormal event notification and response mechanism, including a response mechanism to abnormal events caused by climate risks. • Incorporate climate risk into the consideration of the site selection assessment and installation design of the new plant. • Strengthen the treatment efficiency of water treatment plants, and plan to add advanced treatment technology units when necessary to improve water quality treatment capacity.
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 indicator data from the World Wide Fund for Nature (WWF) Water Risk Filter, Pou Chen Corporation assessed the water-related risks in countries where its overseas production facilities are located. The assessment identified that the Company's major overseas manufacturing of shoes sites are currently situated in areas classified as low water stress risk.

However, Bangladesh shows relatively higher risks in the areas of drought, flooding, and water quality. Although no production disruptions due to water resource issues have been observed so far, the Company has adopted a precautionary approach and will continue to closely monitor local conditions as the current response strategy.

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
Water Availability	2.30	1.70	2.17	2.67	1.99	2.13
Drought	2.35	2.52	2.87	3.80	3.1	2.89
Flooding	2.32	2.19	3.23	4.17	2.88	3.26
Water Quality	2.82	1.94	2.58	3.72	2.47	2.3
Ecosystem Services Status	3.09	2.78	3.26	2.77	2.80	2.88

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.

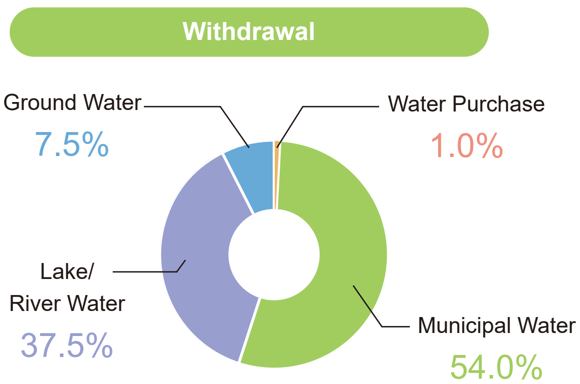
Region	Taiwan			
	Xitun District, Taichung City		Fuxing Township, Changhua	
Risks	Base-Period Risks (1979~2003)	Future Risks (2075~2099)	Base-Period Risks (1979~2003)	Future Risks (2075~2099)
Flooding Risk	Level 5	Level 2	Level 4	Level 2
Drought Risk (Public Water)	Level 2	Level 4	Level 5	Level 5

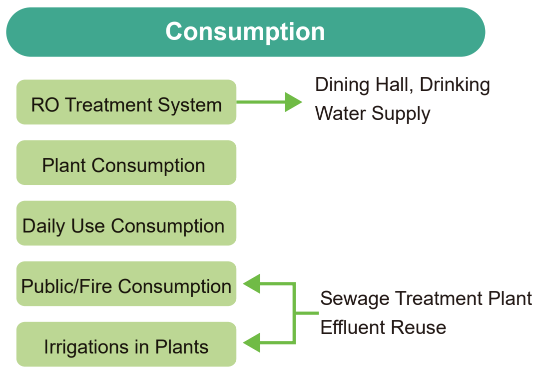
Source: Risk Maps of Disaster under Climate Change from the Taiwan National Science & Technology Center for Disaster Reduction

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 2024 was 8,266.9 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.





2022~2024 Withdrawal By Footwear Production Bases

Region	Water Source	Year	Municipal Water	Surface Water (River/Lake)	Groundwater	Purchased Water	Total Water Withdrawal
Taiwan	Dajia River (Shigang Dam)	2024	209.4	-	-	-	209.4
		2023	205.3	-	-	-	205.3
		2022	216.1	-	-	-	216.1
Mainland China	Jinjiang (Jiangxi) Fuhe (Hubei) Southern Branch of East River (Guangdong)	2024	1,543.9	-	-	-	1,543.9
		2023	1,690.4	-	-	-	1,690.4
		2022	1,821.9	-	-	-	1,821.9
Vietnam	Dong Nai River SONG LA BUONG River Water Supply Company Cho Lon Water Company, Ho Chi Minh City	2024	2,012.6	854.5	-	-	2,867.1
		2023	2,673.3	483.9	-	-	3,157.2
		2022	2,336.5	721.1	-	-	3,057.6
Indonesia	Sungai Cikambuy Municipal Water Well Water	2024	634.4	2,245.8	298.2	85.7	3,264.1
		2023	476.8	2,294.1	317.9	93.0	3,181.8
		2022	440.2	2,882.3	391.1	114.7	3,828.3
Cambodia	Groundwater	2024	-	-	215.1	-	215.1
		2023	-	-	166.0	-	166.0
		2022	-	-	185.3	-	185.3
Bangladesh	Industrial Park Water Supply	2024	64.8	-	-	-	64.8
		2023	64.3	-	-	-	64.3
		2022	87.8	-	-	-	87.8
Myanmar	Groundwater	2024	-	-	102.5	-	102.5
		2023	-	-	127.7	-	127.7
		2022	-	-	159.4	-	159.4
Total		2024	4,465.1	3,100.3	615.8	85.7	8,266.9
		2023	5,110.0	2,778.0	611.5	93.0	8,592.5
		2022	4,902.5	3,603.4	735.8	114.7	9,356.4

Note:

1.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.

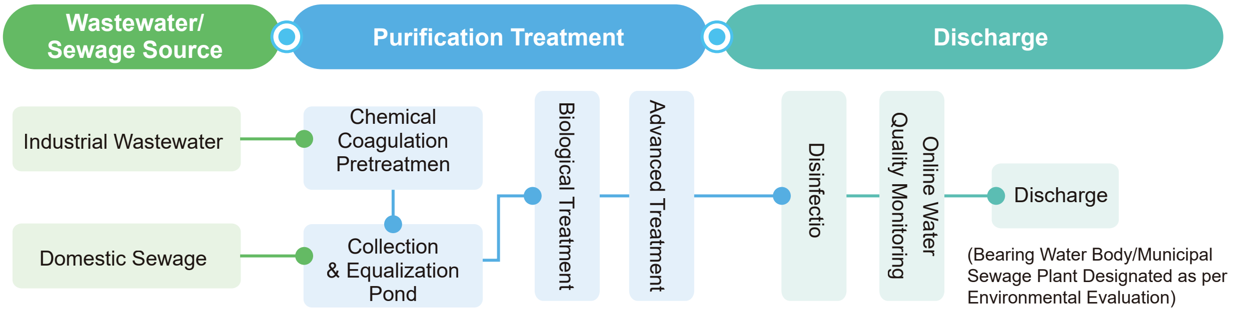
2. To maintain the quality of our sustainable information, the Company generally prioritizes using third-party-certified documentation as the basis for statistical reporting. Water withdrawal volumes are calculated based on figures stated in water bills issued by local water supply companies. Due to adjustments in water withdrawal measurement methods implemented by Mainland China in 2024, affected facilities located within industrial parks have experienced changes in water billing practices. Previously, the local water supply company issued "one household, multiple accounts" (i.e., a single water bill shared among multiple companies within the industrial park). Starting from July 2024, this changed to "one household, one account" (i.e., each company within the industrial park receives its own individual water bill). In response to this change, from July 2024 onwards, the Company adopted the "one household, one account" measurement method accordingly. As a result, historical data based on water bills reflected the total water withdrawal for the entire industrial park, whereas from July 2024 onwards, water bills reflect only the individual company' s water usage. To ensure consistency in statistical standards and improve data comparability, we retroactively adjusted the data for January to June 2024, as well as for 2023 and 2022, based on the actual water usage recorded by the company's internal water meters within the industrial park. Upon comparison with the current "one household, one account" measurement method, the resulting differences fall within a reasonable range. Additionally, due to the adjustment in water withdrawal measurement method, both water consumption volumes and water use intensity have correspondingly changed.

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 Company'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.

Region	Detection and reporting frequency according to the permit	Discharged water Quality Standard Attainment Rate	Discharged water Quality ZDHC Standard
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

Region	Year	Unit: Million Liters	
		Amount of effluent	Water consumption
Taiwan	2024	125.6	83.8
	2023	113.4	91.8
	2022	106.4	109.8
Mainland China	2024	244.7	1,299.2
	2023	374.0	1,316.4
	2022	454.7	1,367.2
Vietnam	2024	1,550.1	1,317.0
	2023	1,514.8	1,642.4
	2022	1,566.4	1,491.3

Region	Year	Unit: Million Liters	
		Amount of effluent	Water consumption
Indonesia	2024	1,033.8	2,230.2
	2023	1,218.7	1,963.1
	2022	1,944.5	1,883.8
Cambodia, Bangladesh and Myanmar	2024	180.5	202.0
	2023	255.6	102.3
	2022	305.5	127.0
Total	2024	3,134.8	5,132.1
	2023	3,476.6	5,116.0
	2022	4,377.5	4,979.1

Note:
1.The total water consumption is calculated based on the process wastewater + domestic sewage in factory areas.
Water consumption = water intake - amount of effluent
2. In response to changes in water measurement methods in Mainland China, and to maintain consistency between the data calculation basis and the current water bills, the corresponding data for 2023 and 2022 have been adjusted accordingly. For details, please refer to Note 2 on page 75.

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 2024 is approximately 22.8 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 53.6% (Water recycling rate (%) = volume of recycled water/total volume of treated water).

	Volume of treated water and recycled water from sewage plants (unit: million liters)					
	2022		2023		2024	
	Volume of treated water	Volume of recycled water	Volume of treated water	Volume of recycled water	Volume of treated water	Volume of recycled water
Taiwan	106.4	0.0	113.4	0.0	125.6	0.0
Mainland China	638.1	185.6	597.6	222.4	431.0	185.5
Vietnam	5,025.8	2,328.0	3,437.7	1,778.9	3,665.1	2,505.0
Indonesia	2,218.5	268.9	1,500.7	287.6	1,361.4	300.2
Cambodia, Bangladesh and Myanmar	773.0	313.8	602.4	279.9	538.0	293.1
Total	8,761.8	3,096.3	6,251.7	2,568.9	6,121.1	3,283.8
Water recycling rate (%)	35.3%		41.1%		53.6%	

Note: In response to changes in water measurement methods in Mainland China, and to maintain consistency between the data calculation basis and the current water bills, the corresponding data for 2023 and 2022 have been adjusted accordingly. For details, please refer to Note 2 on page 75.

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 communities.

Negative Impact (Actual)
Manufacturers do not handle the waste properly and pollute the environment.

Positive Impact (Potential)
Increase the affordability of regional pollution treatment to promote environmental protection.

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 2023-2024, 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. The target for the direct process waste reutilization rate in 2024 is expected to increase by 3% compared to 2023.

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.
- We are actively seeking waste reutilization technologies and aim to enhance waste reuse through technology introduction, thereby promoting resource sustainability.

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.

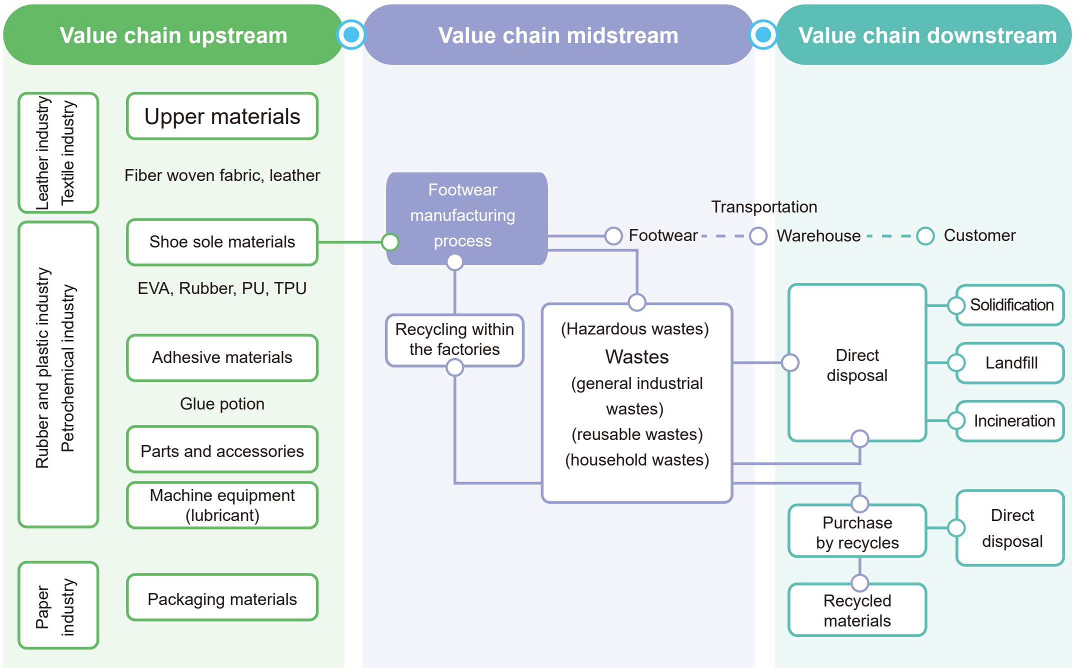
Stakeholder Engagement

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

Waste Flow in the Manufacturing of shoes Value Chain



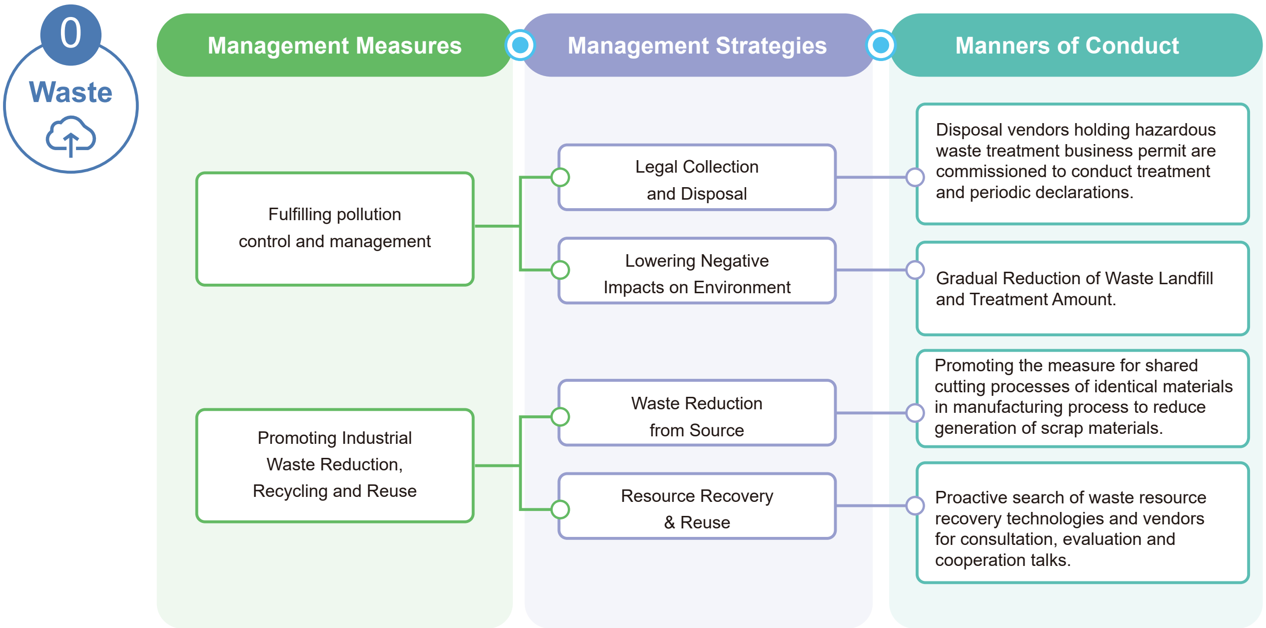
Note: The solid line indicates the controllable range, while the dashed line indicates the uncontrollable range.

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 handled properly by waste removal companies, the Company cooperates with local administrative centers to carry out regular waste removal and to handle affairs concerning the tracking of vehicles. By recording information about the waste collected on the day of collection and the transportation of the waste, we help to ensure that the waste we produce is effectively removed and treated.

At the same time, the Company is actively exploring methods for reusing shoe material waste generated by its footwear factories. In 2023, we collaborated with See Green Industrial Co., Ltd. to jointly apply for a case-specific reuse qualification. After multiple rounds of technical verification by experts and on-site inspections, the reuse qualification for waste shoe materials was officially granted by Taiwan's Ministry of Economic Affairs in January 2024. This marks the first such approval issued in Taiwan for waste shoe materials.

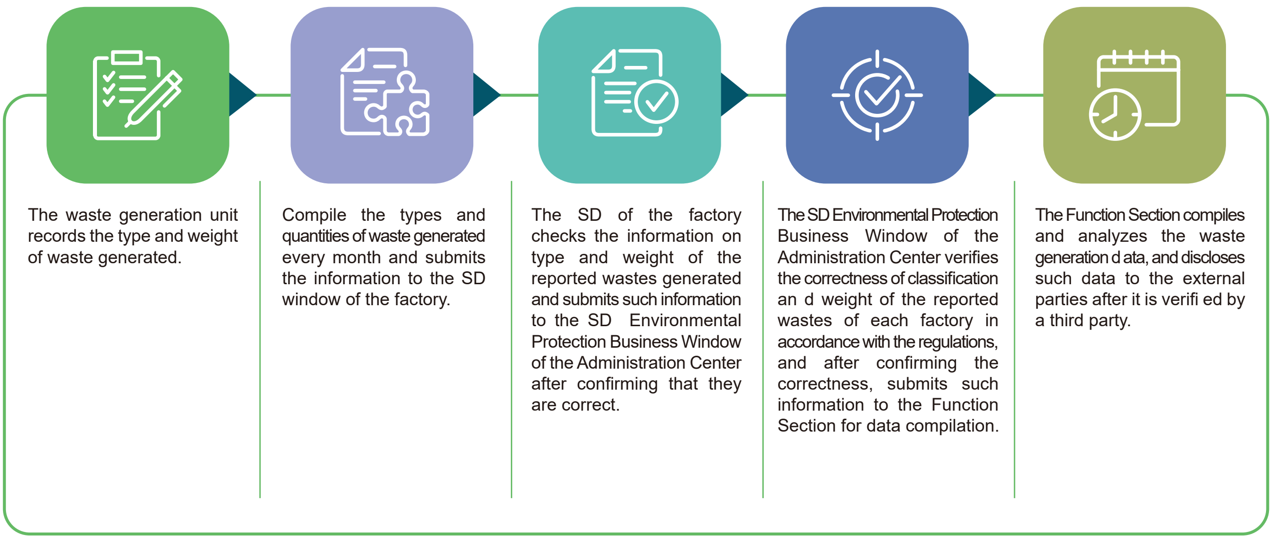
Other reuse technologies are still under ongoing research and testing. Since 2024, See Green Industrial Co., Ltd. has begun assisting with the reuse of shoe material waste from the Company's operations in Taiwan and has jointly established a joint venture with the Company. In the future, the feasibility of extending support to handle waste from the Company's overseas manufacturing sites will be evaluated.



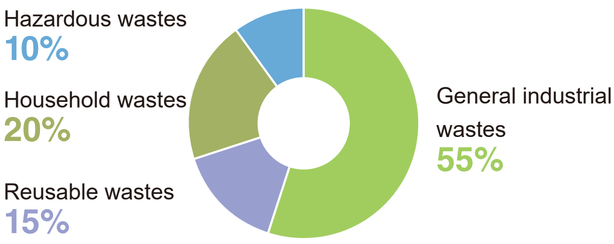
Waste Classification and Treatment

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 and household wastes. The disposals 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 Company 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.

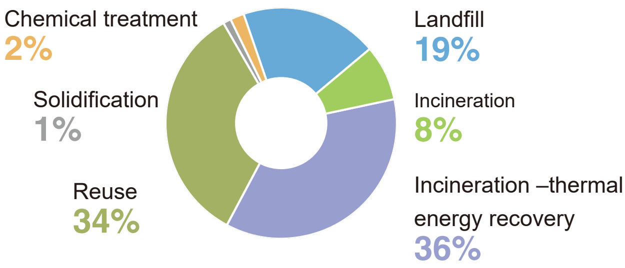
The total volumes of wastes handled by Pou Chen in 2024 were 84,852.3 metric tons, with 8,411.2 metric tons of hazardous wastes and 76,441.1 metric tons of non-hazardous wastes. 100% of wastes generated were disposed of in accordance with the local government's regulations on wastes, and assigned to local compliant service providers with periodic confirmation of handling process to ensure that the wastes were properly handled.



Proportion of wastes by categories (%)



Proportion of wastes by waste treatment methods (%)



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	2024	32.0	58.5	50.1	82.8	223.4
	2023	25.6	74.8	52.3	95.4	248.1
	2022	21.3	157.0	35.3	117.6	331.3
Mainland China	2024	855.0	5,331.7	1,593.9	291.5	8,072.1
	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
Vietnam	2024	3,202.2	16,597.2	6,739.3	9,154.3	35,693.0
	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
Indonesia	2024	2,871.5	23,033.4	3,702.5	7,226.4	36,833.8
	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

Region	Year	Hazardous Waste	General Waste			Total
			General industrial Waste	Reusable waste	Household waste	
Cambodia	2024	48.5	815.8	20.7	305.6	1,190.6
	2023	45.6	380.9	162.2	350.1	938.8
	2022	48.3	381.6	225.9	250.1	905.9
Bangladesh	2024	34.2	571.0	-	33.6	638.8
	2023	32.3	426.8	3.2	29.1	491.2
	2022	19.7	307.4	333.6	69.4	730.1
Myanmar	2024	1,367.8	515.7	122.1	195.0	2,200.6
	2023	1,154.8	490.9	108.0	130.2	1,884.0
	2022	98.5	489.7	-	322.1	910.3
Total	2024	8,411.2	46,923.3	12,228.60	17,289.2	84,852.3
	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

*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	2024	-	31.9	0.1	-	-	-	32.0
		2023	-	25.5	0.2	-	-	-	25.6
		2022	-	21.3	-	-	-	-	21.3
	Mainland China	2024	-	36.8	818.2	-	-	-	855.0
		2023	-	-	818.0	21.6	-	-	839.6
		2022	-	-	628.4	12.9	-	-	641.3
	Vietnam	2024	6.6	2,260.0	475.4	376.1	84.1	-	3,202.2
		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
	Indonesia	2024	602.7	174.2	1,081.9	903.7	109.0	-	2,871.5
		2023	703.6	1.1	890.6	475.1	-	-	2,070.4
		2022	1,143.1	-	766.0	329.8	-	-	2,238.9
	Cambodia	2024	21.5	-	27.0	-	-	-	48.5
		2023	33.2	-	12.4	-	-	-	45.6
		2022	-	-	-	48.3	-	-	48.3

Type	Region	Year	Landfill	Incineration	Incineration-Thermal Energy Recovery	Reuse	Solidification	Chemical treatment	Total
Hazardous Waste	Bangladesh	2024	-	0.02	-	34.2	-	-	34.2
		2023	-	-	-	32.2	-	-	32.3
		2022	1.3	3.8	-	14.6	-	-	19.7
	Myanmar	2024	46.1	-	-	9.1	-	1,312.6	1,367.8
		2023	35.0	-	-	10.8	-	1,109.0	1,154.8
		2022	98.5	-	-	-	-	-	98.5
General Waste	Taiwan	2024	-	8.8	125.6	57.0	-	-	191.4
		2023	-	39.8	130.5	52.3	-	-	222.5
		2022	-	17.1	247.1	45.8	-	-	310.0
	Mainland China	2024	-	798.6	3,686.3	2,732.2	-	-	7,217.1
		2023	-	-	3,239.4	1,880.8	-	-	5,120.2
		2022	-	-	4,507.7	2,365.4	-	-	6,873.0
	Vietnam	2024	8,375.8	3,739.5	8,945.9	10,769.4	660.2	-	32,490.8
		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
	Indonesia	2024	5,703.1	-	15,083.7	13,175.5	-	-	33,962.3
		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
	Cambodia	2024	979.4	-	-	162.7	-	-	1,142.1
		2023	585.9	-	-	307.2		-	893.2
		2022	631.6	-	-	225.9	-	-	857.5
	Bangladesh	2024	-	169.5	-	435.1	-	-	604.6
		2023	45.8	162.3	-	251.0	-	-	459.0
		2022	20.4	402.6	-	287.5	-	-	710.4
	Myanmar	2024	263.1	-	447.6	122.1	-	-	832.8
		2023	299.8	-	321.3	108.0	-	-	729.1
		2022	322.1	-	489.7	-	-	-	811.8
Total		2024	15,998.3	7,219.3	30,691.7	28,777.1	853.3	1,312.6	84,852.3
		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

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 0.35 kg/pair (Waste statistics are calculated based on all the waste produced in the factories, including General industrial Waste, reusable wastes and household wastes.)

Recycling Rate of Direct Process Waste

Pou Chen Group remains committed to developing and introducing reutilization technologies for direct process waste. These efforts cover nine categories of waste: waste EVA, waste TPU, waste rubber, waste foam, scrap materials, waste paper, waste shoes, waste uppers, and industrial process waste. In 2024, the reutilization rate of direct process waste reached 36.2%, increased by 3.8% compared to 32.4% in 2023, exceeding the original target (an increase of 3%).

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.

Negative Impact (Actual)
Production sites do not properly handle air pollutants and pollute the environment.

Positive Impact (Potential)
Improve air quality and reduce the occurrence of acid rain.

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 2024, 25 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. In addition, low-efficiency processes and technologies are being upgraded or phased out in accordance with government policies in Mainland China.
- 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 check and improvement rate: the annual implementation rate of internal environmental risk assessment in 2024 was 100%. There are 479 incidents of risk management of air pollution, and the completion rate of improvement is 99.8%, which will be 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

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 Company 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 Company 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 manufacturing of shoes bases through collection and treatment pipes

Region	Year	Particulate (kg)	SO_2 (kg)	NOx (kg)	VOCs (kg)
Mainland China	2024	4,140.6	15.0	3,133.4	4,969.9
	2023	6,095	5.9	2.4	5,940.4
	2022	4,266.3	49.5	891.4	5,428.5
Indonesia	2024	365.5	569.3	1,721.9	-
	2023	732.3	1,408.5	4,241.3	-
	2022	1,808.6	6,919.1	26,775.6	-
Vietnam	2024	2,133.0	5,873.5	15,136.8	-
	2023	1,860.9	1,559.4	3,788.5	-
	2022	5,973.7	1,618.8	7,149.9	-
Taiwan	2024	-	15.0	9.0	56,830.5
	2023	-	19.7	8.7	51,141.4
	2022	-	23.6	10.9	55,780.7
Total	2024	6,639.1	6,472.7	20,001.1	61,800.4
	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

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.


4.395792
4.637457
4.567356
3.967945
8.674424
1.31265

4
Responsible Production

Taking 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.

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 RSL and the ZDHC, and at the same time, the Company actively adopts materials that conform to the requirements of brand customers for environmentally sustainable materials. For the procurement management of raw materials, the Company 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(Restricted Substances List) 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

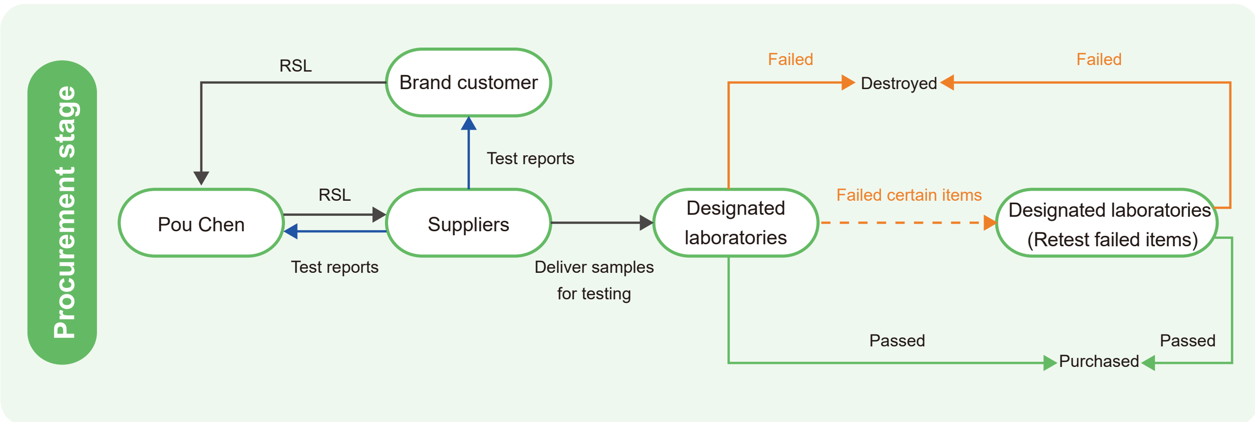
Brand RSL

Prohibited Substances

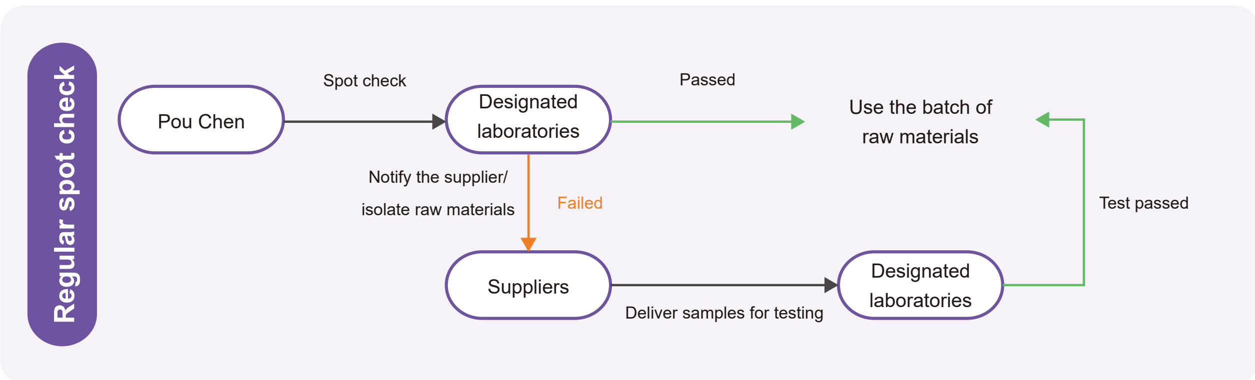
Polyvinyl chloride (PVC), perfluorochemicals (PFCs) and volatile organic compounds VOCs are globally recognized hazardous chemicals, and some manufacturers also comply with the Conflict Minerals Reporting Template (CMRT) to prohibit the use of chemicals such as PVC or Hydrocarbon Solvent. Under the guidance of brand customers, Pou Chen has, in addition to not purchasing substances prohibited by the brands, cooperated in carrying out projects for chemical reduction and prohibition target optimization, to reduce use of the specified chemicals or find alternatives.

Test Methods (Laboratories Designated by Brand Customers)

In order to ensure that the concentration of restricted substances in samples and products is within the limit of the regulations, Pou Chen follows the usage proportion limit set by the brand customers and requires raw material suppliers to deliver samples to designated laboratories for testing in accordance with specific testing standards, to ensure that all raw materials do not contain hazardous substances or exceed the limits under the RSL regulations. In addition, Pou Chen requires that all raw material samples must be delivered to the testing locations (where the laboratory is located) within the country of origin of the raw materials, instead of being delivered to another countries, for testing. The test results of all samples will be simultaneously notified to Pou Chen and the brand customers, and only qualified products would be purchased. The test report of each chemical is valid for 12 months, but for the suppliers with any record of unqualified sample test results, all of their test reports are only valid for 6 months, and Pou Chen will also conduct spot tests on raw materials on a monthly basis during such periods.



Raw materials are purchased only upon passing the required tests.



Pou Chen adopts a two-stage management approach for the control of restricted substances: (1) if failed the pre-purchase test, the batch of raw materials/chemicals will not be purchased; (2) if passed the pre-purchase test, regular spot checks will still be carried out, failing which the factory will immediately isolate the batch of raw materials and deliver to the laboratories designated by the brand customers for re-testing. The raw materials will not be used until they pass the test, and the test report will be kept for 10 years for traceability.

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 lables 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


▲ Eyewash Station


▲ Emergency Exit/ Ventilation device

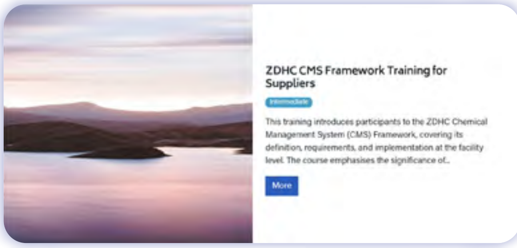
Staff Education and Training

To ensure the safety of chemical users and employees who may be exposed to hazardous chemicals in the workplace, regular training is essential. The Company conducts chemical spill emergency drills every six months and organizes chemical safety training courses annually to build employees' foundational knowledge and response capabilities regarding chemical substances. These efforts help employees become proficient in emergency response measures, thereby reducing the likelihood of incidents involving hazardous chemicals. In addition to internal training programs, the Company also collaborates with brand customers to provide online training courses. These allow frontline personnel to stay up to date with the latest Restricted Substances List (RSL) policies and practices, testing methods for chemicals and samples, review procedures, and chemical management information. Moreover, Pou Chen regularly conducts chemical spill drills based on pre-established plans that define emergency response roles and procedures.

Brand education and training materials- Combine with ZDHC

AFIRM chemical toolkit

ZDHC online training platform



Procurement of Raw Materials for Manufacturing of shoes

The raw materials for the manufacturing of shoes 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 2024, the Company purchased approximately 157 (10k tons) of raw materials for manufacturing of shoes, of which 147 (10k tons) were non-renewable materials and approximately 10 (10k tons) were renewable materials.

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	Genuine leather	11.09
2	Textile and velvet	8.85
3	Chemical raw materials	73.10

Note 1: 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.

Note 2: Strategic suppliers of Genuine leather are 100% certified by the Leather Working Group (LWG) and the purchase weight is approximately 1.07 (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)
Enhance operational resilience, including cost management, revenue generation, operational risk control, and business 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

- Strenthening supply chain management/improving manufacturing process/innovative design, to serve manufacturing/customers in the most innovative way.

2024 Targets:

- Improving supplier management: (1) Agile supply chain response (local-for-local sourcing)；(2)Supplier diversification across multiple countries；(3)Procurement trend analysis and corresponding strategies；(4)Sustainability capabilities.
- 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.
- Establish a database for innovative footwear materials and products, and internally promote innovation and green products.
- 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 Company'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 Company; improve the supplier management mechanism; enhance the procurement contracting process.
- Recognizing the importance of supplier development, we are committed to strengthening the competitiveness of our suppliers and enhancing overall supply chain value through targeted initiatives such as carbon management capacity building, occupational injury risk mitigation, and the expansion of grievance mechanisms.

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.

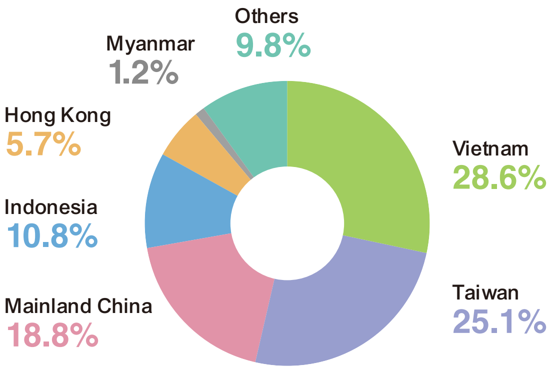
Corresponding Sustainability Indicators

GRI 308/GRI 414

SASB 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 manufacturing of shoes 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



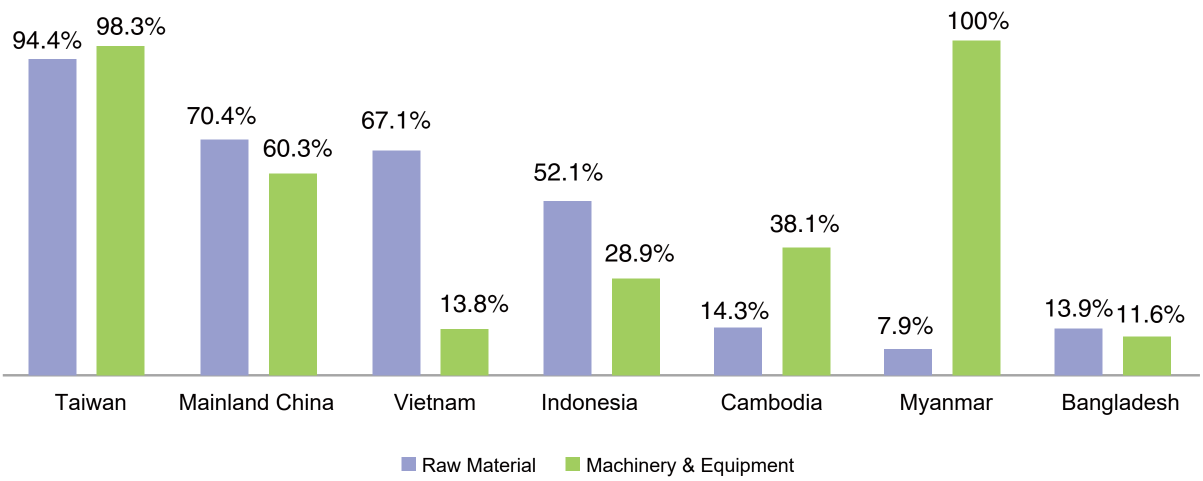
Number of suppliers which maintained trading with the Company for 3 consecutive years

The main suppliers (Tier 1)of the Company comprise of: material suppliers, shoe equipment suppliers, engineering contractors and service contractors. In 2024, 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 Taiwan, 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.

Contract and Commitment

- Undertaking of Confidentiality and Product Security.
- Undertaking of Ethics and Integrity.
- Undertaking under the Supplier Customs Compliance Regulations.

Audit Mechanism

- Passing the audit is a mandatory condition before becoming a partner supplier.
- Conduct online or on-site audits for newly added suppliers.
- In accordance with ISO14001, Supplier Sustainable Development Management is driven by 12 audit criteria in 3 categories.

Selection Mechanism

- Carry out supplier confirmation through a survey system for the establishment of MDA, rigorously screening the qualifications of new suppliers.

Performance Assessment

- Periodically evaluate and grade supplier's performance with the matrix of quality, cost, delivery, service, innovation, and sustainability.

Counseling and Communication

- Regularly review supplier performance through supplier evaluations.
- Provide guidance and support suppliers on issues such as environmental protection, healthy and safety, and fire safety to comply with local laws. Roll out energy saving and waste reduction programs.
- Communicate PCG's policies to suppliers.

Supplier Development

- Introduce competitive products from suppliers to brand customers and PCG's business units.
- Establish sustainable Supply Chain Management system.

Supplier Management and Guidance Mechanism

	Supplier Review	Audit and Verification	Risk Management	Counseling and Improvement	Optimizing Through Performance	Supplier Development
Management Specification & Steps	◎ Background Check ◎ Compliance Review ◎ Contract Signing ◎ Result Notice	◎ Audit Expert Selection ◎ On-Site Audit ◎ Remote Audit via Video Conference ◎ Document Review ◎ Periodic Evaluation	◎ Sustainable Development Risks Management ◎ Legitimacy Risk Assessment	◎ Audit Findings Follow-Up Guidance. ◎ Improvement Preventive Measures Feedback. ◎ Legitimacy Incidents Tracking and Handling.	◎ Suspension and elimination of High-Risk Suppliers	◎ Group Policy Advocacy and Training ◎ Project Sharing
Principles	◎ Supplier Application Specifications ◎ Supplier Specifications	◎ RSL ◎ ISO 14001 ◎ ISO 14064-1 ◎ SA 8000 ◎ Local Laws & Regulations	◎ Brands' sustainable development standards. ◎ Supplier -Friendly Workplace Guidelines	◎ RSL ◎ ISO 14001 ◎ ISO 14064-1 ◎ SA 8000 ◎ Local Laws & Regulations	◎ Supplier Management Mechanism ◎ Elimination & Reinstatement Specifications	◎ Supplier-Friendly Workplace Guidelines ◎ Brands and Group's Zero-Tolerance Issues. ◎ International Sustainable Development Trend.

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 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 for customer-designated or specific material suppliers, our company selects new suppliers based on the ISO 14001:2015 environmental management standard and the Company's Supplier-Friendly Workplace Guidelines. The selection process also incorporates compliance with local environmental protection and labor rights regulations, along with other preventive control indicators. The proportion of new suppliers screened according to these standards has reached 100%. Additionally, to ensure that incoming materials at all factories meet brand quality requirements, all Tier-1 suppliers are required to comply 100% with the Restricted Substances List (RSL) standards of each partnering brand.

Potential Partner Assessment Proces

◎ ESH Management
◎ Human Rights Management

◎ Document Review
◎ Or Arrange With Remote Online Audit

◎ Inclusion in Periodic Management Mechanism

ESH & Human Rights Management			
Category	Reviewed	Passed	Did not passd
Raw Materials	2	2	0
Construction and Subcontractors	38	32	6

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

For environmental safety, health and human rights management, raw materials and machinery and equipment suppliers are first under 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. Remote video audits are then conducted to assess whether there are risks at the operation site with respect to safety and health, environmental protection and fire safety. Suppliers specialized in project contracting shall be under review for their business license, environmental safety and health related qualifications and personnel certificates to ensure 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 collects and recognizes suppliers for highlight projects including but not limited to green design, green manufacturing, green procurement, green marketing, green products, and green recycling. In 2024, in response to brand customers' focus on circular economy and net-zero carbon goals, we engaged with 133 key footwear material suppliers to promote these initiatives and invited them to align with brand-driven sustainability commitments.

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 23.2% 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 addition, we have included the issue of freedom of association for Tier 1 supplier employees as one of our key focus areas. A total of 35.2% of suppliers engaged in discussions on collective labor agreements, covering 99.6% of their employees.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 2024, a total of 401 suppliers were enquired and 10 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 2024.

In addition to implementing supplier management through regular oversight and guidance mechanisms, we also encourage key Tier 1 footwear material suppliers to align with international sustainability trends, such as the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM), the Leather Working Group (LWG), Forest Stewardship Council (FSC) Certification, and the Global Recycled Standard (GRS). This year, 45.8% of these suppliers have participated in Higg FEM assessments or obtained certification for best-in-class environmental management.

Periodic Management and Counseling Mechanism Standards for Suppliers

Quality Management

A Half-Year Business Review (HBR) is conducted every six months. If there is any occurrence of a quality issue, Restricted Substances (RS) non-compliance, or customer complaint during the period, the case will be reviewed. Suppliers rated as Grade C will undergo further analysis and corrective action review.

ESH Management

Environmental Management

1. Environmental Protection Management System.
2. Fixed Pollution Source Operation Permission.
3. Water Pollution Prevention Control and Compliance Management
4. Hazardous Waste Treatment.

Fire Safety

5. Fire Safety Acceptance.
6. Fire Equipment Repair.
7. Fire Equipment Check.
8. Fire and Evacuation Drill.

Safety & Health

9. Occupational Safety and Health Management System.
10. Operating Environment Monitoring.
11. Safety and Health, First Aid Staff, High-risk Special Equipment Operators.
12. High-risk Special Equipment Management.

Human Rights Management

Compliance Practice

1. Recruitment and Employment.
2. Hours of Work.
3. Compensation & Benefits.
4. Grievance Mechanism.
5. Forced Labor.
6. Nondiscrimination .

Management Attitude

7. Freedom of Association.
8. Non-Forced Labor.
9. Employees with Special Protection Needs.
10. Migrant Workers Management.

Other Support

11. Dormitory Examination.
12. Employee Interview.

Note: Grade C refers to suppliers scoring between 60 and 75 points. A deficiency review meeting will be held, and suppliers are required to complete corrective actions within three months. Failure to do so will result in public delisting and suspension of qualification

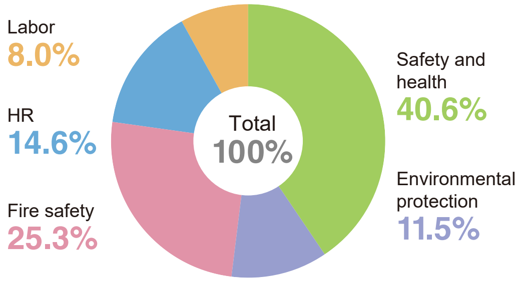
The selection of suppliers to be evaluated is based on the Company's procurement strategy, together with the purchasing management office or the customer's concern to propose the list of suppliers to be implemented for the current year. As suppliers vary in size, management capability and level of cooperation, 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 2024, 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 Storage and Use of Chemicals, 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 2024 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.

2024 Supplier Quality Regular Management Review Results

Number of Suppliers Undergoing HBR	Number of Suppliers Rated Below Grade C
104	3

Proportion of Deficiencies Found in the 2024 Supplier Sustainability Audit



2024 Supplier Sustainable Development Audit Results		
Assessment Type	**Number of Vendors Audited**	**Improvement Rate**
Periodic Document Assessment	401 Suppliers	97.5%
Annual Review & Counseling	18 Suppliers	100%
On-Site Audits with Un-notified	5 Suppliers	89.7%
On-Site Audits	82 Suppliers	61.2%

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 relevant suppliers are also encouraged to promote these practices to their sub-tier suppliers for collective adherence. Each year, we continue to engage with first-tier suppliers to raise awareness and invite them to commit to complying with Pou Chen Group's Supplier Guidelines for a Friendly Workplace.

Download Link of Pou Chen Group "Supplier-Friendly Workplace Guidelines": https://www.pouchen.com/download/corp-governance/11.%20Supplier_Friendly%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 40 suppliers.

Carbon Management among Suppliers

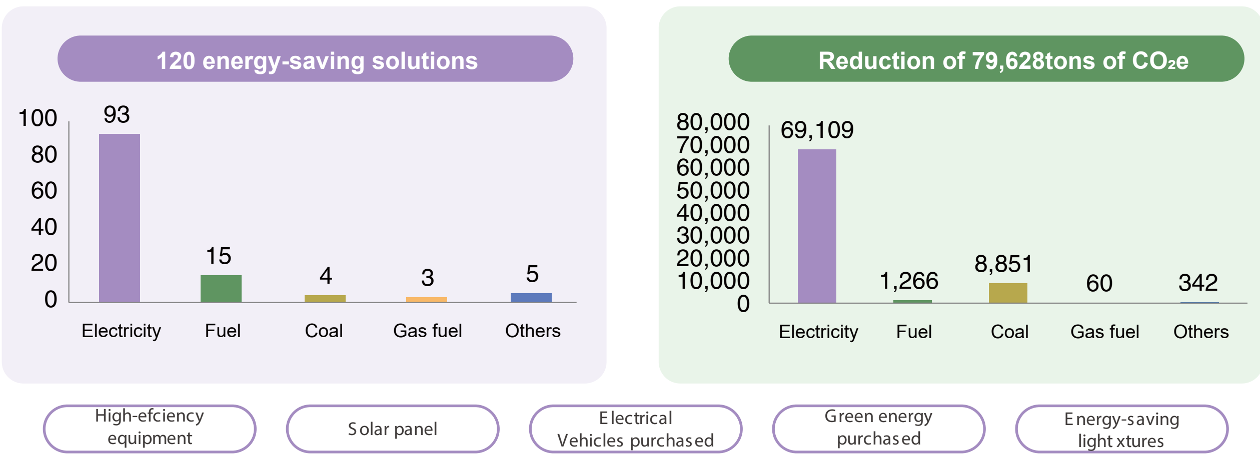
In response to global climate change issues, Pou Chen launched a supplier engagement initiative in 2024 to promote awareness of carbon emissions management as a critical topic for both governments and businesses. To enhance transparency in supply chain carbon data disclosure and strengthen suppliers' autonomous management capabilities, the program aimed to support suppliers in fulfilling their corporate social responsibilities and aligning with clients' low-carbon goals.

A total of 94 key suppliers—selected based on high transaction volume and strong collaboration—were invited to participate. These suppliers received GHG inventory tools and training sessions, followed by one-on-one coaching, discussions on reduction strategies, and effectiveness calculations. As a result, the 2023 organizational greenhouse gas (GHG) inventory process was successfully completed.

Of the participating suppliers, 68 implemented emission reduction measures, achieving a total GHG reduction of 79,628 tCO_2e in 2024 through 120 initiatives. The five main categories of improvement included: high-efficiency equipment, solar panels, electric vehicle purchases, renewable electricity procurement, and energy-saving lighting.

During the annual project results presentation, suppliers were also encouraged to set rolling carbon reduction targets starting from 2025—aiming for at least a 1% year-over-year reduction—to align with international and national goals for net-zero emissions by 2050.

The greenhouse gas reduction achievements of suppliers in 2024 are as follows:



Note: GHG emissions from suppliers are only disclosed through suppliers' own inventory results.

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 202 4, there were a total of 12 cases of occupational injuries, and 100% of the cases were tracked and improved.

2024 FR=1.07；SR=50；FSI=0.23

Causes of occupational hazards	Case numbers
Pinch injury or getting caught by machinery	3
Struck by or stepped on by machinery, personnel, or objects	2
Slips and trips in the workplace	3
Struck by falling objects	4

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 2024. Together with the existing grievance mechanism, we received a total of 127 cases of grievances/complaints/suggestions/inquiries/expressions of gratitude/compliance deficiencies from the employees of our suppliers in 2024. 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:

Date of Case	Content of Grievance or Inquiry	Recommendation or counseling	Outcome
September 2024	Since the retiring staff had made substantial contributions to the factory, the suppliers' staff suggested that the factory should organize regular farewell activities in the form of seminars on a quarterly or half-yearly basis and prepare a small gift for the retiring staff.	If employees can retire from the factory, it usually means that they have considerable loyalty and contribution to the factory, and the factory should show appreciation to the retiring employees as much as it can afford.	The supplier immediately arranged and budgeted for the implementation of such activities on a half-yearly basis, which is expected to commence in 2025.
October 2024	Staff of a supplier complained that the lactation of the breastfeeding room in the facility was inappropriately located and inadequately equipped, and hoped that improvements could be made.	The supplier was counselled to find suitable locations for etting up breastfeeding rooms in accordance with local regulations.	The supplier identified a suitable location for a breastfeeding room, and provided the employees with the amenities including a refrigerator, washing facilities, and breastfeeding comforts in accordance with the law.

4.3 Products and Services

Customer Services

Pou Chen has long-term cooperation relations with multiple international eminent brands, and is an indispensable business partner for the sustainable operation of brand customers. By continuously strengthening the R&D of key technologies for green manufacturing of shoes and the manufacturing process modular development of the production process, we can flexibly adjust the production mode according to different needs, and strive to provide brand customers with fast, flexible and value-added manufacturing services. At the same time, under the trend of consumers pursuing green and sustainable low-carbon products, Pou Chen is also actively developing carbon reduction production strategies, in line with customers' environmental protection and sustainable goals, and with comprehensive value planning and strong execution to grow steadily on the journey to sustainable operation.

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 2024.

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.

The Company manufactures and supplies products that do not directly face end consumers. Therefore, there have been no recalls of sold or delivered products due to safety or health concerns. For products returned by brand customers, we follow the handling procedures specified by the respective brands to ensure that returned items do not re-enter the market or get misused.

Returned products are first subjected to a destruction process, after which they are classified and managed according to our internal waste management standards. If the materials are recyclable, in-house recycling is prioritized—usable materials are reintegrated into the production process to enhance resource efficiency and reduce waste generation. For non-recyclable materials, we engage qualified external recyclers to repurpose them, such as by remanufacturing other products or recovering thermal energy. Waste that cannot be recycled or reused is handled through environmentally compliant and harmless disposal methods by licensed service providers, ensuring no adverse impact on the environment.

We are committed to optimizing our waste management processes, increasing recycling rates, and working closely with brand customers to ensure that returned products are handled in alignment with sustainability and environmental responsibility principles.

Our company maintains a close business relationship with brand customers. All products not only meet the clients' high-quality standards but are also packaged and labeled in compliance with customer requirements and the regulations of the destination countries. This includes clear labeling of product dimensions, materials, composition, and usage instructions. Consumers can obtain relevant product information and services through brand clients and may also identify the manufacturing facility via the factory code printed on the product label, enabling direct contact with the manufacturer for product-related inquiries.

In 2024, 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 are not additionally labeled on the product.
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.

5 Best Workplace

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 engag 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 39% in 2024.

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.
- Integrate key technical information into the "Knowledge Management (KM) platform" to facilitate internal knowledge sharing, innovation, and collaboration, thereby enabling rapid response to market changes and enhancing competitiveness.
- Enhance talent strength, promote the nurturance and succession of key positions, reduce talent and technical faults, establish a talent self-sufficiency mechanism, make explicit and implicit knowledge written, develop internal lecturers, and cultivate a culture of knowledge inheritance and sharing.

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 theirrisk 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 transmute 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 manufacturing of shoes.
- 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

5.1.1 Bringing Together Diverse Talent

The Company focuses on the two main businesses of manufacturing of shoes and retail of sporting goods and wholesale business; in terms of manufacturing of shoes 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 sporting goods and wholesale 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 manufacturing of shoes 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 manufacturing of shoes 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, 2024, the total number of official employees is 289,352 people, with 1.27% in Taiwan, 15.51% in Mainland China, 34.63% in Vietnam, 43.41% in Indonesia, 2.40% in Cambodia, 1.35% in Bangladesh , 1.37% in Myanmar, and 0.06% in other regions. All employees are full-time, with no part-time staff, guaranteed-hours workers, or dispatched labor. In Taiwan, there are 34 temporary employees, consisting of 10 males and 24 females. The rest are all permanent employees.

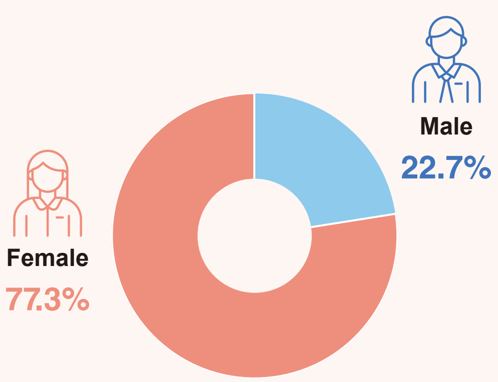
The most common types of non-employee workers in Pou Chen include some with fixed-term service contracts, such as security, cleaning and greening personnel, contracted drivers, restaurant workers and medical personnel. There are also non-fixed-term engineering contractors for equipment maintenance and project construction. In 2024, the statistics were conducted on working hours of non-employees for the first time, with the total working hours of 10,665,691 hours, where the number of persons was estimated to 4,922 using the full-time equivalent method (FTE).

Note: The number of non-employees is estimated using the full-time equivalent method (FTE). Number of non-employees (persons) = working hours (hours)/working hours per day (8 hours)/working hours throughout the year in the region where they are located. In case of less than 1 person, it is calculated as 1 person.

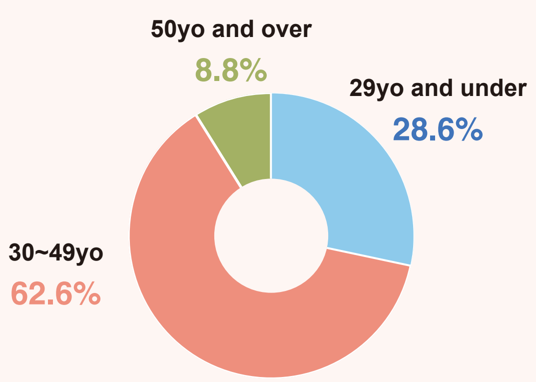
Our company sincerely welcomes talents from all backgrounds to join us, continuously building professional expertise. Our recruitment process strictly complies with local regulations and adheres to principles of openness and transparency. We embrace new professionals from diverse industries, recruiting suitable candidates to collectively inspire innovative thinking.

Pou Chen has long upheld the employment philosophy of "Talent Without Borders" by fusion of diverse cultures, showcasing of transparency and equality in operational procedures, without difference by gender or nationality; the gender of employees, male to female, is approx. 22.7%: 77.3%. In main business locations, the rate of local employees (with nationality of location) taking senior management roles is 44.8%, with female accounting for 59.3% of the management, for localization and diversity of human resources capital.

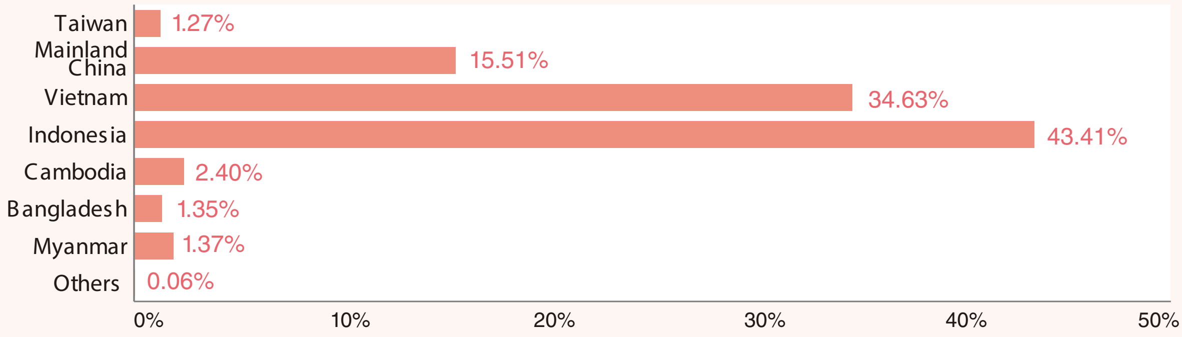
Employee Distribution by Gender



Employee Distribution by Age



Employee Distribution by Location

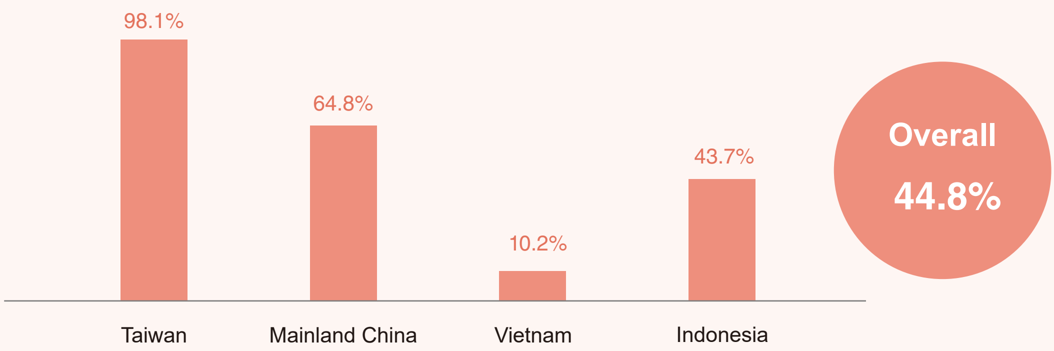


Discovering Able People and Offering Suitable Posts, Right Person in the Right Place

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 manufacturing of shoes training and irregularly organizes activities to enhance and interact with external job applicants. Also, through sharing the basic manufacturing of shoes process on the platform, the Company hopes to, in the era of rapid information exchange; attract more talents interested in the manufacturing of shoes industry to join us.

Percentage of local nationality residents in senior management (Unit: %)

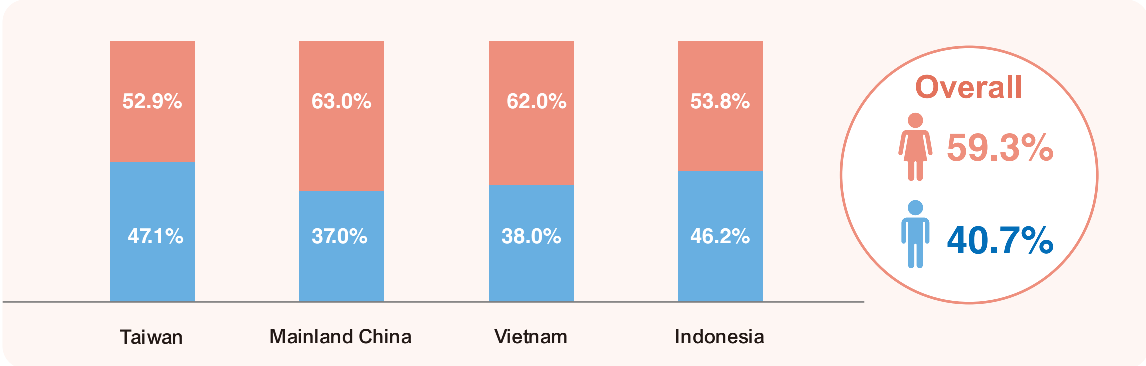


Definition of Senior Management: refers to staff serving as manager or roles of higher hierarchy in Vietnam and Indonesia, or deputy director or roles of higher hierarchy in Taiwan and Mainland China.

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 2024 is 63,271 in total, and the new joiner rate is 21.87%. The number of leavers is 33,352, and turnover rate is 11.53%. Detailed information is as follows.

Proportion of New Hires to Total Employees, by Gender and Age

Region	Gender	Age					
		29yo and Under		30-49 yo		50 yo and Over	
		Headcount	Proportion	Headcount	Proportion	Headcount	Proportion
Overall	Male	9,874	53.1%	5,058	12.4%	597	9.1%
	Female	24,875	38.8%	18,167	12.9%	4,700	24.9%
Taiwan	Male	93	66.0%	129	12.7%	9	2.2%
	Female	110	64.7%	98	7.2%	3	0.5%
Mainland China	Male	1,293	70.3%	1,072	23.2%	522	18.3%
	Female	2,321	63.9%	4,318	17.5%	4,529	61.7%
Vietnam	Male	3,342	67.3%	2,263	15.5%	38	2.1%
	Female	5,407	51.4%	7,956	13.4%	159	1.8%
Indonesia	Male	2,641	28.9%	870	4.9%	26	1.9%
	Female	13,459	29.3%	4,086	8.3%	8	0.4%
Cambodia	Male	326	62.7%	183	33.3%	0	0.0%
	Female	1,274	62.9%	1,083	28.5%	0	0.0%
Bangladesh	Male	600	56.7%	233	14.1%	0	0.0%
	Female	385	81.7%	122	17.8%	1	8.3%
Myanmar	Male	1,567	174.5%	269	84.1%	0	0.0%
	Female	1,917	137.1%	501	39.0%	0	0.0%
Others	Male	12	85.7%	39	60.9%	2	9.1%
	Female	2	40.0%	3	21.4%	0	0.0%

Note 1: New Employees = Personnel newly recruited from January 1 to December 31, 2024.

Note 2: Turnover Rate for New Employees = Number of new employees / Number of current employees at the end of the year.

Note 3: Others: Sites in the US, Mexico, Israel and Brazil.

Proportion of Resigned Employees to Total Employees, by Gender and Age

Region	Gender	Age					
		29yo and Under		30-49 yo		50 yo and Over	
		Headcount	Proportion	Headcount	Proportion	Headcount	Proportion
Overall	Male	3,621	19.5%	3,735	9.2%	922	14.1%
	Female	8,614	13.4%	11,081	7.9%	5,379	28.5%
Taiwan	Male	66	46.8%	102	10.0%	72	17.3%
	Female	124	72.9%	150	11.1%	70	12.0%
Mainland China	Male	459	25.0%	629	13.6%	378	13.2%
	Female	1,280	35.2%	2,610	10.6%	3,796	51.7%
Vietnam	Male	1,800	36.3%	1,865	12.8%	288	15.6%
	Female	3,622	34.4%	5,151	8.7%	970	10.9%
Indonesia	Male	275	3.0%	407	2.3%	93	6.9%
	Female	1,423	3.1%	1,640	3.3%	324	17.0%
Cambodia	Male	169	32.5%	126	23.0%	18	105.9%
	Female	715	35.3%	525	13.8%	89	197.8%
Bangladesh	Male	169	16.0%	138	8.4%	24	88.9%
	Female	129	27.4%	97	14.1%	17	141.7%
Myanmar	Male	680	75.7%	461	144.1%	47	470.0%
	Female	1,319	94.3%	907	70.5%	111	185.0%
Others	Male	3	21.4%	7	10.9%	2	9.1%
	Female	2	40.0%	1	7.1%	2	40.0%

Note 1: Turnover Rate = Number of Employees Resigned / Total Number of Retained employees at the End of the Year.
Note 2: Others: Sites in the US, Mexico, Israel and Brazil.

By the end of 2024, there were a total of 20,662 employees, marking a 7.69% increase compared to the end of 2023. This growth reflects the Group's continued expansion amid a steady recovery in its manufacturing of shoes business, demonstrating confidence and commitment to long-term development. In 2024, the company's operational performance significantly improved, driven by a surge in demand for footwear products throughout the year, which in turn led to expanded production scale and increased workforce needs.

We firmly believe that this growth in human capital is not only the foundation of our ability to meet market challenges but also a vital force in supporting our future sustainable development. Going forward, Pou Chen will continue to uphold its core value of "people-oriented development," actively investing in employee growth and cultivating an inclusive and resilient workplace, creating greater value in collaboration with our global workforce.

5.1.2 Employee Care and Attention

Pou Chen provides all employees with a comprehensive and well-structured welfare system; including insurance plans, maternity care and retirement protection. In addition to the basic rights stipulated by laws and regulations, the Company also offers a wide range of employee benefits, such as club activities, kindergartens, and nursing rooms. We 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; in Indonesia, we provide pension, 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 well-being of employees, offering diversified and flexible benefit measures tailored to the circumstances in each region to protect the life quality of employees and to facilitate a work-life balance.

Taiwan Region

Health Care

◎ Employee Health Checkup
◎ Health Checkup Allowance for Mid-High Level Supervisors
◎ Health Facilitation Lectures & Events

Comprehensive Facilities

◎ Cozy Dining Environment
◎ Shuttle Bus for Commutation
◎ Furnishing of Breastfeeding Rooms

Life & Entertainment

◎ Club Activities
◎ Offers from Special Contract Stores
◎ Held Diverse Events

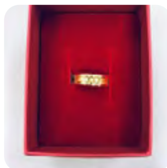
Festival Benefits

◎ Birthday Bonus
◎ Bonus (gift vouchers) for Three Major Chinese Holidays
◎ Wedding Bonus
◎ Childbirth Bonus

Family Care

◎ Major Emergency Financial Aid
◎ Funeral Allowance
◎ Hospitalization Condolences

Pou Chen Affiliated Companies Joint Labor Welfare Committee plans various welfare and events. In 2024, more than NTD 22.23 million has been spent on benefits and allowances.

Item	Number of Employees Benefitted	Amount of Allowance (NTD)	NOTE
Travel Grant	4,194	10,450,500	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	502	805,400	
Birthday Bonus/Voucher	4,193	4,174,000	
Dragon Boat Festival Bonus	4,152	2,069,000	
Mid-Autumn Festival Bonus	4,095	2,037,500	Note 2: Employees with 15+ years of service at the Company and welfare fee withheld will be rewarded one golden ring weighing 1 Qian 
Retirement Consolation Money Note 1	72	2,089,660	
Senior Employee Rewards Note 2	65	604,500	

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.
- Free Lunch Provided
- In Vietnam and Indonesia, pregnant female workers are entitled to a one-hour reduction in their daily working hours without any deduction from their full salary, allowing them to work with peace of mind. Across all regions, our factories provide maternity benefits that go beyond legal requirements. These include early meal times, specially prepared maternity meals, dedicated restrooms, and separate access routes for pregnant workers. Depending on the factory's arrangements, a variety of nutritional supplements—such as milk and bread—are also distributed regularly each month to ensure pregnant employees receive balanced nutrition and energy. To reduce crowding during peak hours, our factories in Indonesia offer dedicated clock-in/out lanes for pregnant workers, ensuring their safety during commuting times.

▲ Indonesia – Lucky Draw Activities

▲ Vietnam – Trade Union-Sponsored Meals

▲ Mainland China – Basketball Tournaments

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 humanistic festival events that promote cultural inclusion, sports and fun competitions that strengthen interaction and team cohesion, as well as community-focused activities related to education and health. in addition, local officials and labor unions are also invited to internal activities to enhance employee unity and sense of belonging. In 2024, a total of 206 internal employee activities were held overseas, with a total participation count of 310,585.

▲ Vietnam – Sports Competitions

▲ Myanmar – Water Festival Celebrations

▲ Indonesia - Team Building

▲ Mainland China - Cooking 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 & Vigor, joy in life, and health & regimen, and encourage employees and family members to participate together. In 2024, a total of 46 events held were participated by an accumulated number of employees and their families at 16,109 people. The total contributions to events were more than NTD 18.39 million.

Diverse and Enriched Club Activities in Taiwan in 2024

Theme	Activity Items		Events Held	No. of Attendees	Expense (NTD)
Sports & Vigor	Club Activities	Provide employees with a variety of sports activities to increase mutual communication channels.	11	334	505,626
	Health exercise circle	Online Walking, e Classroom.	1	2,384	4,583,526
Joy in Life	Spring Music Festival	Live performances by popular internet singers, fun interactive activities, and a delightful food feast.	2	1,600	2,005,653
	Pou Chen Cinema	Movie appreciation.	2	1,916	1,007,996
	Xitou Forest Walk	Join us in 2024 for a forest walk in unity.	1	1,875	1,321,602
	Family day	Pou Chen Together, Advancing Sustainability.	1	6,254	8,579,741
Health & Regimen	Health Facilitation Events	Regularly organize blood donation drives, physical and mental health seminars, and traditional Chinese medicine health checkups, emphasizing the concept of prevention over cure to promote employees' physical and mental well-being.	21	1,161	275,897
	Public welfare visually impaired massage	Supporting disadvantaged groups with actions can also provide employees with relief from stress and fatigue after work.	7	585	112,652

▲ Sports & Vigor- Health exercise circle - walking

▲ Joy in Life- Pou Chen Family day

▲ Health & Regimen- Blood donation campaign

Parental Care

The Company is committed to ensuring that all employees across its operating sites are provided with maternity- and childcare-related leave benefits in full compliance with local legal requirements. In Taiwan, female employees are entitled to fully paid maternity leave and paid leave for prenatal checkups, while male employees are granted fully paid pregnancy checkup accompaniment and paternity leave. Employees with childcare needs may apply for parental leave without pay in accordance with the law. Upon the expiration of the leave period, they may apply for reinstatement or request an extension based on actual circumstances, enabling them to balance personal and family responsibilities while safeguarding their employment rights during the leave period.

At major overseas sites, the Company also actively enhances maternity protections. In Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh, and Myanmar, fully paid parental (maternity) leave is provided in accordance with the law. In addition, Mainland China offers prenatal check-up leave, paternity leave, and childcare leave; Vietnam offers prenatal check-up leave and paternity leave; Indonesia and Myanmar offer paternity leave; and Cambodia offers prenatal check-up leave. These measures ensure employees receive adequate support and flexibility during pregnancy and childcare, thereby fostering a family-friendly work environment that promotes work-life balance. For further details on parental benefits, please refer to Section 5.2.3 "Management and Mitigation of Human Rights Issues" under the gender-friendly workplace subsection.

In Taiwan, a total of 66 employees applied for parental leave without pay in 2024, the majority of whom were female, with 55 female employees submitting applications. The return-to-work rate after parental leave in 2024 was 80% for male employees and 100% for female employees, indicating that most employees chose to return to the workplace as part of their long-term career plans. Among those who returned, the one-year retention rate reached 96%, demonstrating strong post-leave job stability.

In addition, at the company's major overseas operations, 11,604 female employees took maternity leave in 2024. The overall return-to-work rate after maternity leave in 2024 stood at 95%, with Mainland China at 100%, Indonesia at 93%, and Vietnam at 99%. This indicates that the vast majority of employees resumed work after their maternity leave. Among those who returned, the 12-month retention rate was 78% overall, with China at 77%, Indonesia at 82%, and Vietnam at 78%.

Both Taiwan and the company's major overseas production bases demonstrate high return-to-work and retention rates, indicating that the work environment and support measures provided by the company effectively facilitate employees' smooth return and continued employment. This reflects the company's ongoing commitment to enhancing workplace stability and family care support for its employees. By continuously improving relevant policies and actively fostering a family-friendly work environment, the company ensures that employees receive adequate protection during their parental leave and are able to develop their careers steadily upon returning to work.

Number of Employees Applying for Reinstatement upon Expiration of Parental

Item	Male	Female	Total
Number of Applicants Qualified for Parental Leave without Pay	204	222	426
Number of Expected Reinstatement Applications Upon Expiration of Parental Leave without Pay (I)	10	47	57
Number of People Applying for Parental Leave without Pay in the Current Year (A)	11	55	66
Number of Employees Applying for Reinstatement from Parental Leave without Pay in the Current Year (B)	8	47	55
Rate of Reinstatement from Parental Leave without Pay in the Current Year (C=B/I)	80%	100%	96%
Number of Applications for Reinstatement Upon Expiration of Parental Leave without Pay in the Previous Year (D)	5	50	55
Number of Employees Remained in Service 12 Months after Application for Reinstatement from Parental Leave without Pay in the Previous Year (E)	4	49	53
Rate of Retention after Parental Leave without Pay in the Previous Year (F=E/D)	80%	98%	96%

- Statistics of employees applying for reinstatement upon expiration of Unpaid Parental Leave and earlier reinstatement are counted as 2024 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). The number of Employees Remained in Service 12 Months after Application for Reinstatement from Parental Leave without pay in the Previous Year (E) includes those who subsequently applied for another period of unpaid parental leave.
- Data source: Data statistics based on samples of the Group's employees who are working as of December 31, 2024, and who have children under the age of three.

Statistics on Maternity Leave Applications in 2024 and 12-Month Retention After Return from Maternity Leave in 2023 (Overseas Regions)

Item	Mainland China	Indonesia	Vietnam	Cambodia	Bangladesh	Myanmar	Total
Number of Maternity Leave Applicants in the Current Year	172	5,484	5,243	514	81	110	11,604
Expected Returnees from Maternity Leave in the Current Year (A)	130	4,816	3,616	506	81	87	9,236
Actual Returnees from Maternity Leave in the Current Year (B)	130	4,476	3,588	506	64	48	8,812
Maternity Leave Return-to-Work Rate in the Current Year (C = B / A)	100%	93%	99%	100%	79%	55%	95%
Number of Returnees from Maternity Leave in the Previous Year (D)	112	5,834	4,199	499	58	72	10,774
Number of Employees Retained for 12 Months After Returning from Maternity Leave in the Previous Year (E)	86	4,779	3,259	211	33	28	8,396
Retention Rate After Maternity Leave in the Previous Year (F = E / D)	77%	82%	78%	42%	57%	39%	78%

Data Source:
1. Data Collection Period:
   – Current Year: January 1, 2024 to December 31, 2024
   – Previous Year: January 1, 2023 to December 31, 2023
2. Maternity Leave Return-to-Work Rate in the Current Year(C) = Actual Returnees from Maternity Leave in the Current Year (B) ÷Expected Returnees from Maternity Leave in the Current Year (A)
3. Retention Rate After Maternity Leave in the Previous Year(F) = Number of Employees Retained for 12 Months After Returning from Maternity Leave in the Previous Year (E) ÷Number of Returnees from Maternity Leave in the Previous Year (D)

Employee Retirement Plans

Enhancing Retirement Benefits to Safeguard Employee Well-Being

A sound and appropriate pension plan provides value and protection for both enterprises and employees in the long run. A stable pension system not only attracts and retains outstanding talents, but also enhances the stability of the team, thus further supporting the long-term financial planning and strategic development of enterprises. The Company's operation sites globally implement retirement plans in accordance with local laws and regulations, and make contributions to pension/pension insurance according to law, to ensure that the retirement rights and interests of all employees are fully protected. By implementing such systems, the Company ensures that its employees around the world are entitled to a stable retirement plan, reflecting our commitment to the well-being of employees. In the future, we will continue to optimize the policies on pension, and enhance our corporate social responsibility, ensuring that each employee enjoy a stable and worry-free retirement life.

Overview of 2024 Global Retirement Pension Contributions and Disbursements at Major Operational Sites:

2024 Pension Contribution Ratio at Major Operation Sites around the World

Region		Taiwan		Mainland China	Vietnam	Indonesia		Cambodia
Retirement System		Old Pension Scheme	New Pension Scheme	Social Insurance (Pension)	Social Insurance (Pension)	Social Insurance		Retirement System Under Social Insurance
						Senior Citizen Insurance	Retirement Insurance	
Proportion Withheld	Employer	2% ~4%	6%	15%~16%	14%	3.7%	2.0%	2.0%
	Employee	No need for personal withdrawal	Vary by Individual 0%~6%	8%	8%	2.0%	1.0%	2.0%

Note: The above information includes statistics from each main production base. There is no statutory retirement system in Bangladesh and Myanmar.

2024 Summary of Contributions to and Payments from the Pension at Major Operation Sites around the World

Region	Taiwan	Mainland China	Vietnam	Indonesia	Cambodia
Contribution Amount (USD)	Old Pension Scheme: 5,853,451 New Pension Scheme: 6,595,259	26,189,035	57,930,927	16,214,642	367,576
Number of Retirement Applications	61	1,583	272	136	0

Note:
- In Taiwan, an additional USD 3,628,050 in retirement pension payments was made.
- In Indonesia, an additional USD 1,182,528 in retirement severance payments was made.
- All pension contribution and disbursement amounts were converted to USD based on the exchange rate as of December 31, 2024.

Retirement Benefit Plans

1. Defined Contribution Plans

The Group adopts a pension plan under the Labor Pension Act, which is a government-managed defined contribution plan. Each month, 6% of employees' salaries is contributed to individual pension accounts at the Bureau of Labor Insurance.

2. Defined Benefit Plans – Subsidiaries of Yue Yuen (Indonesia)

As of December 31, 2024, Yue Yuen's subsidiaries in Indonesia reported a net defined benefit liabilities of NTD 2,631,389 thousand. The expected contribution within the next year amounts to NTD 85,536 thousand. The average duration of the defined benefit obligation ranges from 14.7 to 31.8 years.

3. Defined Benefit Plans – Subsidiaries of Yue Yuen (Taiwan)

The subsidiaries of Yue Yuen in Taiwan adopt a government-managed defined benefit plans under the Labor Standards Act. Pension benefits are calculated based on the length of service and the average monthly salaries of the six months prior to the approved retirement date. The Group contribute 2% of total monthly salaries to a dedicated pension account at the Bank of Taiwan, managed under the name of the Labor Pension Reserve Supervisory Committee. By the end of each fiscal year, if the estimated account balance is insufficient to cover the expected payments for employees eligible for retirement in the following year, the shortfall shall be fully funded by the end of March of the following year.

As of December 31, 2024, the net defined benefit liabilities amounted to NTD 113,207 thousand, with an expected contribution of NTD 32,129 thousand within the next year. The average duration of the defined benefit obligation ranges from 7.6 to 10.8 years.

4. Defined Benefit Plans – Taiwan Entities

Other Taiwan-based entities within the Group (excluding Yue Yuen and its subsidiaries) also adopt a government-managed defined benefit plan under the Labor Standards Act. Pension benefits are calculated based on the length of service and the average monthly salaries of the six months prior to the approved retirement date. Contributions of 2% of total monthly salaries are made to a designated account at the Bank of Taiwan under the Labor Pension Reserve Supervisory Committee. If the estimated account balance is insufficient to meet the projected payments for employees expected to retire in the following year, the shortfall will be made up in full by the end of March of the following year.

As of December 31, 2024, the net defined benefit liabilities was NTD 94,252 thousand, with an expected contribution of NTD 16,187 thousand within the next year. The average duration of the defined benefit obligation ranges from 7.4 to 9.6 years.

- For details regarding the definition of the aforementioned Group, pension liabilities, and the sufficiency of pension provisions, please refer to Note 23 of Pou Chen Corporation's 2024 Financial Report

https://www.pouchen.com/download/quarterly-results/4Q%202024%20PCC%20Consolidated-CH.pdf

Employee Care

Since 1999, Pou Chen has initiated a humane management in the manufacturing of shoes 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 expecte

Since 2017, in line with the company's employee care initiatives, we have implemented home visits to employees' families. These visits not only help strengthen the relationship between management and employees, but also provide a better understanding of employees' living conditions. At the same time, they allow family members to gain insight into the employees' work environment, enabling outstanding employees to feel proud at home and further motivated at work.

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.

The home visit program is divided into two main categories:

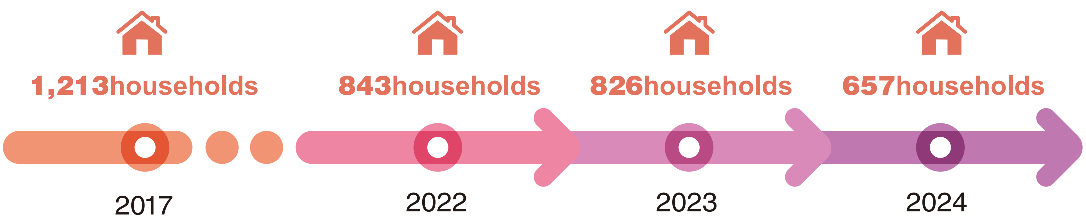
① Encouragement Visits: These focus on outstanding, dedicated, or senior employees or supervisors. Candidate selection is determined internally by each factory and targets employees who are high-performing, enthusiastic, or have strong development potential.

② Assistance Visits: These are aimed at employees or supervisors facing financial hardship or urgent needs—such as those requiring surgery without health insurance coverage or offering condolences to the families of deceased employees. These visits are typically one-time acts of care and support.

At the end of 2024, the company introduced a new category of Project-Based Home Visits, designed to provide flexible care for employees affected by unexpected natural disasters, accidents, work-related injuries requiring long-term support, or sudden illnesses.

Eligible individuals are identified either by the factory or nominated by supervisors, with visits carried out upon approval from the factory manager. For Encouragement Visits, at least one session is conducted every two months, with a minimum of two employees visited each time. Other types of home visits are carried out by each factory based on actual needs.

In 2024, we visited the families of 657 employees, which included excellent employees, impoverished employees, pregnant employees, injured employees, etc., with the total home visit footprints reaching 6,769 person-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, 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 also design salary systems meeting domestic needs according to local government regulations, industry standards, and labor market conditions. These systems aim to incentivize local employees, enhance retention, and enable them to 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 Entry-Level Employees with Local Minimum Wages in Main Operation Locations

1.2 x	1.0 x
Vietnam	Taiwan, Mainland China, Indonesia, Cambodia, Bangladesh, Myanmar

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

Year	2023	2024	Change Rate (%)
Number of Full-time Employees in Non-Managerial Roles	2,968	2,820	-5%
Average Salary of Full-time Employees in Non-Managerial Roles (NTD)	877,000	943,000	8%
Median Salary of Full-time Employees in Non-Managerial Roles (NTD)	679,000	739,000	9%

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	Level	Overall average annual base salary ratio of female employees to male employees	Overall average annual remuneration ratio of female employees to male employees
Taiwan (Taiwanese Employees)	Direct Labor	No female direct staff	No female direct staff
	Section Chief Level and Below	0.89 : 1	0.88 : 1
	Manager Level	0.95 : 1	0.95 : 1
	Director Level and Above	0.93 : 1	0.84 : 1

Region	Level	Overall average annual remuneration ratio of female employees to male employees
Mainland China	Direct Labor	0.71 : 1
	Section Chief Level and Below	0.79 : 1
	Manager Level	0.92 : 1
	Director Level and Above	0.72 : 1
Vietnam	Direct Labor	1.08 : 1
	Section Chief Level and Below	1.01 : 1
	Manager Level	1.01: 1
	Director Level and Above	-
Indonesia	Direct Labor	1.12 : 1
	Section Chief Level and Below	1.01 : 1
	Manager Level	0.95 : 1
	Director Level and Above	-
All	Direct Labor	1.04 : 1
	Section Chief Level and Below	0.84 : 1
	Manager Level	0.90 : 1
	Director Level and Above	0.78 : 1

Note: The salary statistics in this table cover regular employees in Taiwan, Mainland China, Indonesia, and Vietnam who have been employed for one year or more as of December 31, 2024. Employees who were on unpaid leave or maternity leave during the year are excluded.

Note: The overall average annual base salary ratio of female to male employees at overseas locations is expected to be disclosed in the 2025 Sustainability Report.

Compensation Policy and Determination Process for Senior Executives

Pou Chen Corporation has established a Remuneration Committee under the Board of Directors, currently composed of three Independent Directors. The Remuneration Committee regularly reviews the performance evaluation mechanisms and compensation policies, systems, standards, and structures for Directors and managerial officers, and submits recommendations to the Board of Directors for approval. In 2024, the Remuneration Committee held five meetings, with a 100% attendance rate.

The compensation structure for the Company 's managerial officers includes fixed monthly salary, variable remuneration (such as performance bonuses, employee remuneration, year-end bonuses, and other incentive payments), retirement benefits calculated in accordance with applicable laws, and employee benefits. Fixed monthly salaries are determined with reference to job responsibilities, scope of authority, decision-making risk, and prevailing market rates within the industry. Variable remuneration is based on the Company's operational performance and the extent to which individual managerial officers meet key performance indicators (KPIs). KPIs are set by department and include short-, medium-, and long-term goals, covering not only job-related metrics but also environmental, social, and governance (ESG) objectives.

In 2024, sustainability-related KPIs for managerial officers included:

- Environmental: compliance achievement rates, carbon reduction initiatives, and green supply chain development;
- Social: talent pipeline readiness, development of long-term talent cultivation plans, and promotion of a diverse and inclusive workplace culture;
- Governance: legal compliance, establishment of risk management frameworks (including cybersecurity, intellectual property, and operational risk), achievement of revenue and profit targets by profit centers, improvement of gross and net profit margins, and sound financial operations.

In addition to past performance, the remuneration structure and standards for Directors and managerial officers are also adjusted in consideration of future risk factors and alignment with strategic performance goals.

In accordance with the Company's Articles of Incorporation, the remuneration policies, procedures, work objectives, and performance evaluations for the Board of Directors and senior management are defined. Directors receive remuneration comprising compensation, retirement benefits, director remuneration, and business execution expenses. The President and Vice Presidents receive salaries, retirement benefits, bonuses, special allowances, and employee remuneration. These payments are processed in accordance with Articles 16-1 and 23 of the Articles of Incorporation, and are subject to review by the Remuneration Committee and approval by the Board of Directors.

Furthermore, pursuant to Article 23 of the Articles of Incorporation, based on annual profitability (i.e., pre-tax earnings before deduction of employee and director remuneration), the Company may allocate 1% to 5% for employee remuneration and up to 3% for director remuneration.

For further details, please refer to the relevant sections of the 2024 Annual Report.

Annual total compensation ratio

Ratio of the Annual Total Compensation of the Organization's Highest-Paid Individual to the Median Annual Total Compensation of All Other Employees in the Organization (Excluding the Highest-Paid Individual) Note 1	33.5
Ratio of the Percentage Increase in Annual Total Compensation of the Organization's Highest-Paid Individual to the Median Percentage Increase in Annual Total Compensation of All Other Employees (Excluding the Highest-Paid Individual) Note 2	1.3

Notes:
1. Annual Total Compensation Ratio = Annual total compensation of the organization's highest-paid individual (typically the head of the business unit) divided by the median annual total compensation of all other employees in the organization.
2. Percentage Change in Annual Total Compensation Ratio = Percentage change in the annual total compensation of the highest-paid individual (typically the head of the business unit) divided by the percentage change in the median annual total compensation of all other employees (excluding the highest-paid individual).

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, Bangladesh, etc., regardless of gender or age. During the 2024 performance evaluation period, all employees who have worked for three months and more will be included in such assessment. For grassroot employees, the monthly evaluation mechanism 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 implementation of performance management primarily aims to evaluate employees' overall goal achievement and competency performance. The final results serve as one of the key references for decisions regarding promotion, compensation, training, and individual development plans. Through a comprehensive performance management system, the company fosters a performance-oriented corporate culture and motivates employees to improve both their performance and competencies, thereby nurturing and developing individual capabilities.

For employees undergoing job transitions, seeking career development, or approaching the end of the employment relationship, the company also provides internal job matching and performance coaching to support continued employability and career planning. In addition, future discussions will include the development of transition support programs for employees planning to retire, with potential initiatives such as pre-retirement planning, employment service referrals, and relevant training programs, to ensure a smooth transition into retirement and enhance stability and adaptability during career transitions.

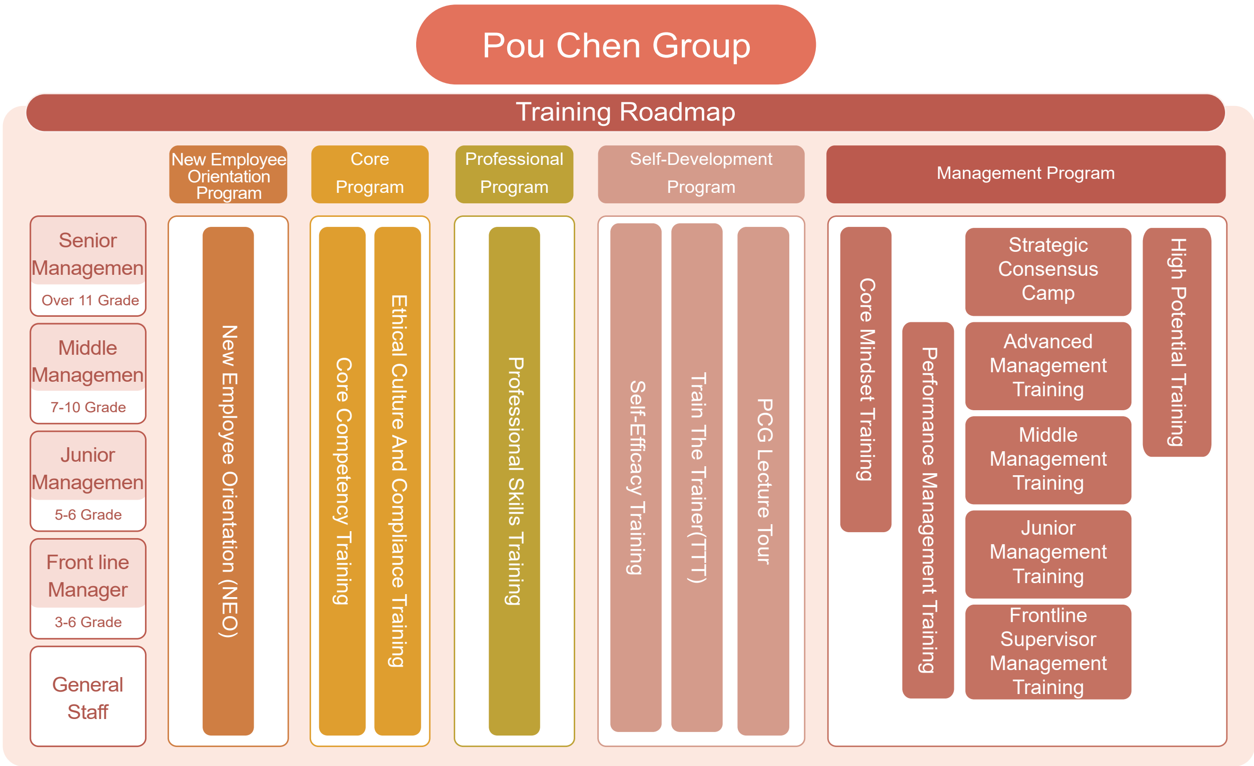
Complete Employee Training Mechanism

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: Learning and development programs are designed across functions such as R&D, quality control, engineering, manufacturing, sales, procurement, supplier management, and corporate support, with the aim of strengthening employees' professional and technical capabilities.
- 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 2024, a total of 4,021 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

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. As of the end of 2024, a total of 123 employees have benefited from this learning resource.

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. By the end of 2024, a total of 258 managers had benefited from these learning resources.

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. By the end of 2024, a total of 160 managers had benefited from these learning resources.

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 2024, 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.

By the end of 2024, 380 local reserve talents have completed the local foundation class (L1) and 322 local reserve talents 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 132 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

To localize technical expertise and comprehensively enhance the management and technical professionalism of locally employed supervisors, the company has launched a series of courses related to footwear factory operations and management. These programs aim to equip participants with in-depth knowledge of overall business and production management in the footwear industry. The training targets both expatriate and local supervisors. While expatriate supervisors currently serve as the core force in management and technical operations, local supervisors are expected to gradually assume these responsibilities in the future. Therefore, both groups are identified as key candidates for this training initiative. This program not only aligns with the company's current management model but also serves as a strategic training plan to support the long-term localization of footwear factory operations.

Professional training on manufacturing of shoes techniques includes plant management, the principles and practices of paper pattern making, and chemical engineering Training. 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 2024, a total of 20 training sessions were conducted, including 4 basic-level sessions and 5 advanced-level sessions of the plant management specialist program, 6 sessions on the principles and practices of paper pattern/mold making, 1 session on the principles and practices of paper pattern making, and 4 sessions of the chemical engineering talent training program. In total, 611 participants were trained.

Implementation of Education and Training Programs

In 2024, Pou Chen invested approximately 6,823,656 hours in education and training. A total of 289,352 employees participated in these programs, with 1,445,379 total training attendances, averaging approximately 23.6 training hours per employee. [Note 1] total of 1,445,379 participated in these trainings, and average training hours of approximately 23.6 hours per employeeNote 1. 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 2024 (unit: hours) Note 2

	Male	Female
Employee	15.8	25.9

Average training hours of employees by category in 2024 (unit: hours） Note 2

Supervisor and Lower Hierarchy	Manager	Senior Manager and Higher Hierarchy
23.4	32.8	10.9

Note 1: Average training hours of employees = Total training hours/Total number of employees as of year-end 2024.

Note 2: Average training hours of the team = Total training hours of employees of the team/Total number of employees of the team as of year-end 2024.

5.2 Human Rights Management

Material Topic Management

Significance to Pou Chen

A robust human rights management system helps the company ensure respect for labor rights, consumer safety, and community interests throughout its operations. It also mitigates legal and reputational risks while enhancing employee cohesion and brand trust. Through institutionalized management and risk identification, the company can strengthen sustainable governance, respond to global buyers' and investors' expectations for a responsible supply chain, and foster long-term competitiveness.

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)
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.
- 2024 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 2024 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 im 2024, 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

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

① Employment Relationship
② Nondiscrimination
③ Harassment or Abuse
④ Forced Labor
⑤ Child Labor
⑥ Freedom of Association and Collective Bargaining
⑦ Health, Safety and Environment
⑧ Hours of Work
⑨ Compensation
⑩ Community Outreach and Partnership

Human Rights Management Measures

Human rights issues and management measures applicable to all employees:
① Responsible recruitment
② Fair Compensation
③ Prohibition of child labor
④ No forced and compulsory labor
⑤ Minimum notice period for major operations
⑥ Freedom of association
⑦ Collective bargaining
⑧ Voice of employees
⑨ Staff grievance mechanism
⑩ Diversity and inclusiveness

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 2024, 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 3,577 participants passed the online training program as of December 2024, with a completion rate of 97.5%. In 2025, training sessions are planned to be rescheduled to ensure that employees fully understand and comply with internal policies, government regulations, and international standards.

In addition to the friendly workplace training conducted by the headquarters, various human rights training and awareness initiatives are carried out at factory sites in different regions. These include daily briefings, lunchtime video broadcasts, on-site training sessions held periodically, distribution of informational cards, and poster displays. Through these diverse approaches, employees at all levels are encouraged to understand and contribute to fostering a respectful, friendly, and harmonious workplace environment.

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
- International case studies and regulations on sexual harassment and abuse
- 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 and will conduct human rights surveys every three years thereafter. Based on the risk findings identified through these surveys, and in alignment with our annual social responsibility assessments, we aim 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

Risk Identification is conducted according to the UN and FLA international documents, industry human rights trends, and the development of risk lists. See "Risk Identification" below for details.

Information disclosure

The Group reviews and identifies risk issues every three years, and discloses the results of due diligence.

Risk ranking

Identification and risk assessment of potential human rights issues are conducted by analyzing such issues in accordance with "frequency of human rights risks" and "impact on the Company and its employees". The survey covers all employees, trade unions and NGOs of the Group's wholly-owned factories. See "Risk ranking" below for details.

Review/adjustment

The Group reviews impacts and makes corresponding adjust ments to the practices, and adjusts the policies in a timely manner to reduce the impact of human rights risks.

Management/mitigation

Based on the internal and external audit assessment, we investigate risk issues and design mitigation and compensation measures to fulfill our commitment to human rights protection and investigation responsibilities. See 5.2.3 "Management and Mitigation of Human Rights Issues" for details.

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	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.
Respect for religion diversity	
Harassment or Abuse	Each employee shall be treated with respect. No employee shall be subject to physical, sexual, psychological or verbal harassment or abuse.
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.

Human Rights Issue	Areas of Focus
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.

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"	Definition of "Severity"
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)	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

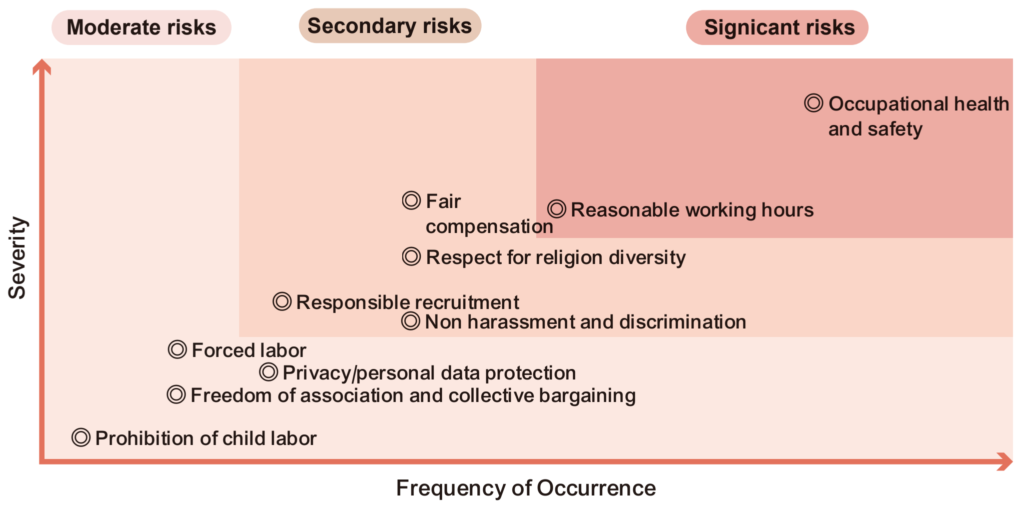
The frequency of occurrence and severity of human rights risk issues in the questionnaire are scored and counted, and are discussed internally by the human rights management unit of the Sustainable Development Department. Signi¬cant, secondary and moderate risks are determined according to the following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

Signi¬cant 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 obtaining FLA accreditation.
- It demonstrates 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 annual 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 proactively 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 14 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 2021/09/27-29	2012/11/5-9 2013/08/27-30 2014/11/2-7 2020/09/9-10	2015/10/12-16 2017/09/26-29 2022/08/22-24 2023/09/20-22	2019/09/5-6	2016/11/1-3	2018/09/5-7 2024/08/14-16	2018

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

In August 2024, the Fair Labor Association (FLA) commissioned a third-party auditing firm to conduct a three-day compliance assessment at the PMA factory in Myanmar, which operates under the company. The assessment involved reviewing documentation, observing the on-site environment, and conducting interviews with employees and management. Based on the findings, recommendations were provided to enhance legal compliance at the factory. The improvement progress is regularly tracked, and the initial findings served as a basis to launch a comprehensive factory-wide review. This ongoing process helps to continuously refine corrective actions and actively improve labor conditions and the working environment.

Since the establishment and commencement of mass production at Pou Chen's factory in Myanmar in 2015, the facility has created nearly 3,800 job opportunities to date. Operating in an environment where local infrastructure remains underdeveloped, employee awareness of occupational safety is limited, and understanding of labor laws is lacking, the company has implemented management standards and invested in employee education and training. These efforts aim to cultivate a safe, inclusive, and women-respecting workplace.

To further strengthen labor practices, the factory underwent a Fair Labor Association (FLA) Sustainable Compliance Initiative (SCI) assessment conducted by a third-party labor inspection body to evaluate occupational safety risks. The on-site compliance audit revealed no critical or urgent findings that required a response to the FLA within 24 hours.

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"). Audit items are developed based on the FLA compliance benchmarks, brand requirements, and local legal regulations. 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 2024. 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.

Examples of Improvements in Human Rights Risk Issues in 2024

Audit Date	Human Rights Risk Aspect	Findings	Corrective Action Plan, CAP
2024.8.21	Working hours management	After reviewing management documents of the factory, it was found that the voluntary overtime application form in a factory in Mainland China had not been signed. According to the regulations, employees must indeed sign a voluntary overtime application form before they work overtime.	After the audit, the factory has re-checked the signing status of the voluntary overtime application forms and carried out publicity in the factory.Subsequently, the factory will strengthen spot check during its ordinary operations to avoid omissions or failure in signing.
2024.11.12	Complaint mechanism	After conducting an on-site check in the factory, it was found that the complaint management system of a factory in Vietnam stated that "It is strictly forbidden for any worker not to comply with the above procedures, but to solve problems by striking or walking out." Factories cannot forbid worker organizations from organizing strikes or walkouts to avoid prejudicing the rights and interests of employees.	The factory immediately corrected the publicity documents of complaint and consultation channels.The factory has conducted a comprehensive review around the factory and replaced the posters, and has conducted a publicity programme for all employees. Subsequently, the factory will strengthen the self-inspection procedure and regularly review the internal operation procedure documents and the publicity information of the facory.
2024.9.20	Internal compliance	After conducting an employee interview, it was found that more than 50% of the employees interviewed in a factory in Indonesia were not aware of the Company's core values and code of conduct.	The factory has produced and posted posters at various prominent locations in respective buildings, such as bulletin boards, and spots next to inspection stations or that can be easily seen on the production line.The factory has conducted further training for entire personnel to explain the Company's core values/code of conduct.
2024.08.15	Permanent contractors management	After conducting a spot check on permanent contractor contracts, it was found that the information set out in the labor contracts of outsourced security guards of a factory in Mainland China was completed with incorrect payment dates.	After the audit, the factory has re-examined the contents of the labor contract and made corrections to ensure all the information was duly completed.The factory has offered further training for the responsible personnel in charge of contacting permanent contractor to avoid recurrence of similar incidents.

In 2024, 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 on 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 185indings from the previous year (i.e. 2023 have been followed up and concluded in 2024

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 ethnic minorities, 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 2024, 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 2024, 48% 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 2024, 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. 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 2024, 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 the provisions of the collective bargaining agreement or local 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.

Location	Indonesia	Bangladesh	Cambodia	Myanmar	Taiwan	Mainland China	Vietnam
Legal Compliance for Minimum Notice Periods regarding Major Operational Changes.	Local Labor Regulations: 14 Working Days	Local Labor Regulations: 30 Days Prior	Local Labor Regulations: (1) Less than 6 months of service: 7 days (2) 6 months to 2 years of service: 15 days (3) 2 to 5 years of service: 1 month (4) 5 to 10 years of service: 2 months (5) More than 10 years of service: 3 months	Local Labor Regulations: 30 Days Prior	Local Labor Regulations: (1) More than 3 months but less than 1 year of service: 10-day notice period. (2) More than 1 year but less than 3 years of service: 20-day notice period. (3) 3 years of service or more: 30-day notice period.	CBA: 30 Days Prior	CBA: 30 Days Prior

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 250K 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 local 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 244,558 in total, accounting for 93.3% of the workers in manufacturing of shoes 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.

The Percentage (Average) and Number of Employees Covered by Collective Bargaining Agreements in Main Production Sites

Locations	Vietnam	Indonesia	Mainland China
Number of Employees Covered by Collective Bargaining Agreements (Unit: People)	96,208	124,891	23,459
Percentage of Employees Covered by Collective Bargaining Agreements (%)	100%(Note 1)	100%(Note 1)	98.74%(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 "manufacturing of shoes" 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

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 2024, a total of 398 employee forums were held, with 16,297 participants attending throughout the year.

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
External Referral (Brand Customers, Government, Third-Party Referral)	9
Text Message (SMS)	12
E-Mail	19
Labor Union	43
Internal Referral(Manager, Executive, Plant staff, HQ/AC)	45
Suggestion Box	80
Direct Communications/Interview	123
Discovery in Self-Inspections at Plants	151
Phone/Hotline	197
Consultation Room/Life Counseling Room	207
Social Media or Mobile APP	1,310
Management and Worker Conversation Meetings / Heart to Heart Communication Meetings / Management Communication Meetings	1,722
Total	3,918

In 2024, the Employee Relationship Management System ("ERMS") recorded a total of 3,918 cases of complaint and consultation, 86.9% of closed cases were closed within 10 working days, of which 98.2% of the cases were concluded within 2 months. As of February 2, 2025, there are 5 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 –Management and Worker Conversation Meetings

▲ Mainland China - 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, abusement 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. IIn 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. In response to the amendment of Taiwan's Act of Gender Equality in Employment, this policy was revised in March 2024 with reference to the sexual harassment management guidelines issued by the competent authority, and will take effect in January 2025.

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

A total of 3,918 grievance and consultation cases were logged on to the Company's Employee Relations Management System (ERMS) in 2024, of which a total of 57 cases concerning Material Cases with Respects to Management Attitude and Workplace Misconduct were reported, including 23 cases involving the verbal and conduct caused by agitated emotions in the production by supervisors and 34 cases involving conflicts between employees, all closed after proper handling. Another 8 cases involved the sexual harassment, and adequate adjustments and disciplinary dispositions were made after investigations, followed by continued care for victims.

Compared with 2023, the number of major management attitude and workplace misconduct cases in 2024 increased by 14%. After checking with the internal compliance mechanism, there was no retaliation in any complaint case in 2024.

For major management attitudes and misconduct cases in the workplace, in addition to perfect handling of complaints, the factory must formulate improvement plans, including behavior improvement and counseling program for violators, 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.

Pou Chen Group Facebook

Pou Chen Group LinkedIn

Pou Chen Group Home in Vietnam

Pou Chen Home at Indonesia

WeChat

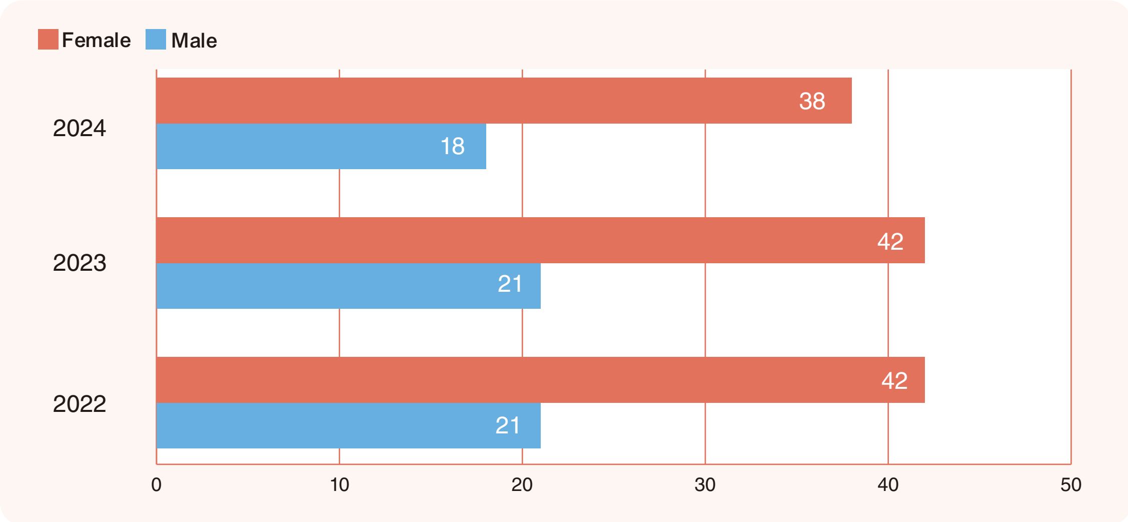
Pou Chen Home on WeChat
ID：POUCHENHOME。

Diversity and Inclusiveness

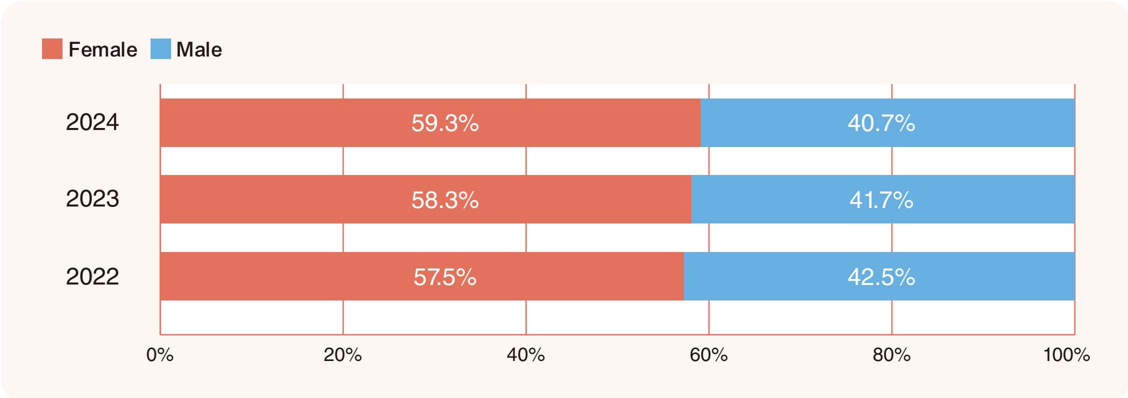
- Woman Empowerment

In response to societal expectations and international trends, our company is committed to fostering a fair and inclusive workplace. In recent years, we have continuously strengthened the influence of women in leadership, talent development, and business strategy. The proportion of female employees serving as project instructors and in managerial positions has steadily increased. Looking ahead, we will further promote project-based support and digital skills training to help female employees enhance their professional competencies and develop leadership capabilities, moving toward true gender equality.

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



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 annual 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 2024, 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.

▲ Indonesia- Eid al-Adha Event

▲ Indonesia- Eid al-Fitr Event

▲ Mainland China – Dragon Boat Festival

▲ Vietnam – Women's Day Event

▲ Vietnam – Lunar New Year Event

● Gender Friendliness

Equal Pay

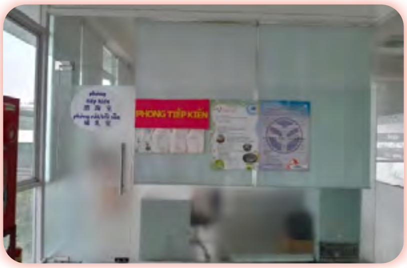
The Company recognises its employees as the Company's greatest assets. In order to attract, motivate and retain talents, the Company offers attractive and competitive remuneration packages, and upholds the principle of equal pay for the same position regardless of gender, race, religion, political affiliation, 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 2024.

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


▲ Prenatal Yoga Classes for Pregnant Employees 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.

6 Safety Culture

Furthering Pou Chen's Safety Culture

In addition to complying with the local safety/health regulations and customer requirements of the operating base, Pou Chen also establishes a series of management measures for all units to follow, based on the international occupational safety and health management system standards and the workplaces advocated by the Fair Labor Association.

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..
- 2024 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

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 additio 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 2024, 81% of our wholly owned footwear factories obtained external certification for the implementation of the ISO 45001 Occupational Health and Safety Management System. These certified factories collectively employ 179,821 individuals, representing approximately 81% of the total workforce at our wholly owned footwear factories. Certain factories, such as mold factories or development lines, have not yet pursued certification due to lower risk levels, smaller scale, lack of mass production, or absence of customer requirements.

The occupational health and safety management system covers all company operations, including office-based employees, manufacturing of shoes plant workers, and non-employee personnel essential to factory operations—such as contractors, subcontractors, and suppliers. A total of 354 full-time occupational safety and health management personnel and 8,830 ESH (Environment, Safety, and Health) team members are dedicated to overseeing and maintaining daily operational safety, amounting to 9,184 individuals engaged in OH&S management.

"Employees" refer to full-time staff, while "non-employees" include contractors, dispatched workers, security personnel, and cleaning staff.

The manufacturing of shoes 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 planswill 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 2024

Region	People	Cases of Accident Investigation		
		Occupational Injuries	Fire Accident	Total
Mainland China	23,827	1 Moderate	0	1
Indonesia	89,445	3 Moderate 1 Severe	5 Slight 9 Moderate	18
Vietnam	92,439	3 Moderate 2 Severe	2 Slight 3 Moderate	10
Cambodia	6,284	0	0	0
Bangladesh	3,336	0	0	0
Myanmar	3,698	0	0	0
Taiwan	3,345	0	1 Moderate	1
Total	222,374	10	20	30

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.

Year	2022	2023	2024	
Subject	Employees	Employees	Employees	non-employees
Number of Disabling Injury	156	86	52	0
Days Lost due to Disabling Injury	6,673	2,065	1,574	0
Total Number of Employees	252,903	220,267	222,374	4,922
Total Working Hours	557,345,815	460,677,249	513,288,090	10,665,691
Major types of occupational accidents	Pinching or entanglement by machinery	Cutting/slicing/piercing/abrasion on machinery and equipment and in the working environment	Pinching or entanglement by machinery	n/a
Disabling Frequency Rate（FR）	0.28	0.19	0.10	0
Disabling Severity Rate（SR）	11	4	3	0
Number of severe occupational accidents	6	1	3	0
Rate of severe occupational accidents	0.00237%	0.00045%	0.00135%	0
Number of fatalities	0	0	0	0
Fatality Rate of Employees	0	0	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.

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 2% to 4% in 2024. 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.

2024 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 2024, a total of 23 high-risk machines have been included in the designated machine types for training and a total of 71,793 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 2024, a series of online courses (Safety Culture e-School) has been offered to 646 people in 22 sessions, allowing employees to continue their learning.

Internal Training Participants and Necessary Training Subjects

Participants	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.

① **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 identified as the primary and unacceptable risks to the Company. Therefore, machinery safety management is the primary objective of the Company's risk management, an 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 2024. 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 2024, 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 2024 has been decreased by 14%, as compared to that in 2023. 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.

② **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. It includes on-site inspections and reviews of relevant activities and documentation at each factory, and the factories targeted for auditing include the company's wholly-owned shoe factories that are already in production. Both full-time employees and workers who are non-employees are included in the scope of these audits. In 2024, due to the difficulty in coordinating joint business trip schedules, the joint audits were temporarily suspended. Instead, responsible personnel from headquarters conducted on-site audits and guidance. A total of 173,337 employees at audited factories were covered, accounting for approximately 78% of the total workforce at wholly owned footwear 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. In 2024, the scope of risk assessment was no longer limited to machinery and fire-related hazards, but was expanded to cover all occupational safety and health risks, enabling a more comprehensive evaluation and more accurate identification of high-risk factories for targeted improvement. The newly included assessment areas covered chemical and high-pressure gas management, facility working environments, construction safety, health management, other machinery and equipment, personnel documentation, emergency preparedness, and more. Through this expanded assessment, factories are driven to continuously improve and effectively prevent accidents.

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 supervior of each unit or an agent appointed by the highest supervior. 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.A ll 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 2024

Region	General Health Checkup	Special Hazardous Operations Health Checkup	Total
Taiwan	775	121	896
Mainland China	9,160	9,068	18,228
Indonesia	48,914	42,378	91,292
Vietnam	86,742	70,691	157,433
Cambodia	3,395	964	4,359
Bangladesh	648	648	1,296
Myanmar	0	189	189
Total	149,634	124,059	273,693

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: Indonesian regulations require that a health checkup be conducted once a year.

Note 3: Vietnamese regulations have stipulated that health checkup shall be performed to employees once every 6 months.

Note 4: 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 2024 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 2024

Month	Topic	Sessions	Participants (People)	Average Satisfaction (out of 5)
Jan.–Feb.	Pain Relief Self-Therapy	5	126	4.2
Feb. & Aug.	Blood Donation	2	137	4.7
Mar.-Apr.	Spring Liver Care in TCM (incl. P talks)	2	176	4.5
Apr.	Four Cancer Screenings	1	174	4.2
Jun.	CPR + AED: "Saving is that Simple"	3	113	4.9
Jul.	Aroma Lab	2	80	4.7
Aug.	Oil You're the Best	1	38	4.8
Sep.	Let's Massage Together	7	585	4.9
Oct.-Nov.	Group Vaccination	1	60	3.9
Nov.	Travel Medicine (incl. P talks)	2	196	5
Nov.	Respiratory Health Strategies	1	20	4.4
Jan.-Dec.	Friendly Workplace for Expectant Mothers	1	41	5
Total		28	1,746	4.6






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 2024 statistics for occupational hazards management, the total number of occupational injuries was 52, total days lost due to work-related injury were 1,574 calculated based on the days lost due to disabling injury (excluding traffic accidents).

Compared with the performance in 2023, the number of occupational accident deaths of the company this year is 0, and the death rate(Note 1) is 0%. There were 3 serious occupational accidents (3 amputation occupational accidents), the serious occupational injury rate(Note 2) was 5.88%, and the serious occupational accident cases(Note 3) increased by 200%. Recordable occupational injuries above mild accounted for a total of 0.023% of the workforce, and the total number of occupational accident cases has decreased by 39.5%, Corresponding to the company's 2024 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 14% as compared with 2023. 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 Manufacturing of shoes Business Plants in 2024

Item	Number of Employment Injury Cases			Employment Injury Rate		Proportion to Days Lost(%)		FR			SR		
Region	Total	Male	Female	Male	Female	Male	Female	Total	Male	Female	Total	Male	Female
Overall	52	25	27	0.22	0.07	51.14%	48.86%	0.10	0.22	0.07	3	7	1
Mainland China	9	4	5	0.35	0.10	38.00%	62.00%	0.15	0.35	0.10	8	17	6
Indonesia	7	6	1	0.13	0.01	99.40%	0.60%	0.04	0.13	0.01	0	3	0
Vietnam	31	14	17	0.33	0.10	53.13%	46.88%	0.14	0.33	0.01	3	10	2
Cambodia	0	0	0	0.00	0.00	n/a	n/a	0.00	0.00	0.00	0	0	0
Bangladesh	0	0	0	0.00	0.00	n/a	n/a	0.00	0.00	0.00	0	0	0
Myanmar	2	1	1	0.44	0.15	0.00%	100%	0.22	0.44	0.15	1	0	1
Taiwan	3	0	3	0.00	0.87	0.00%	100%	0.49	0.00	0.87	6	0	12

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 = 513,288,090 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, there were no deaths of employees or non-employees of the Company due to occupational disease in 2024, and there were 3 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.

7 Relations with Communities

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.

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

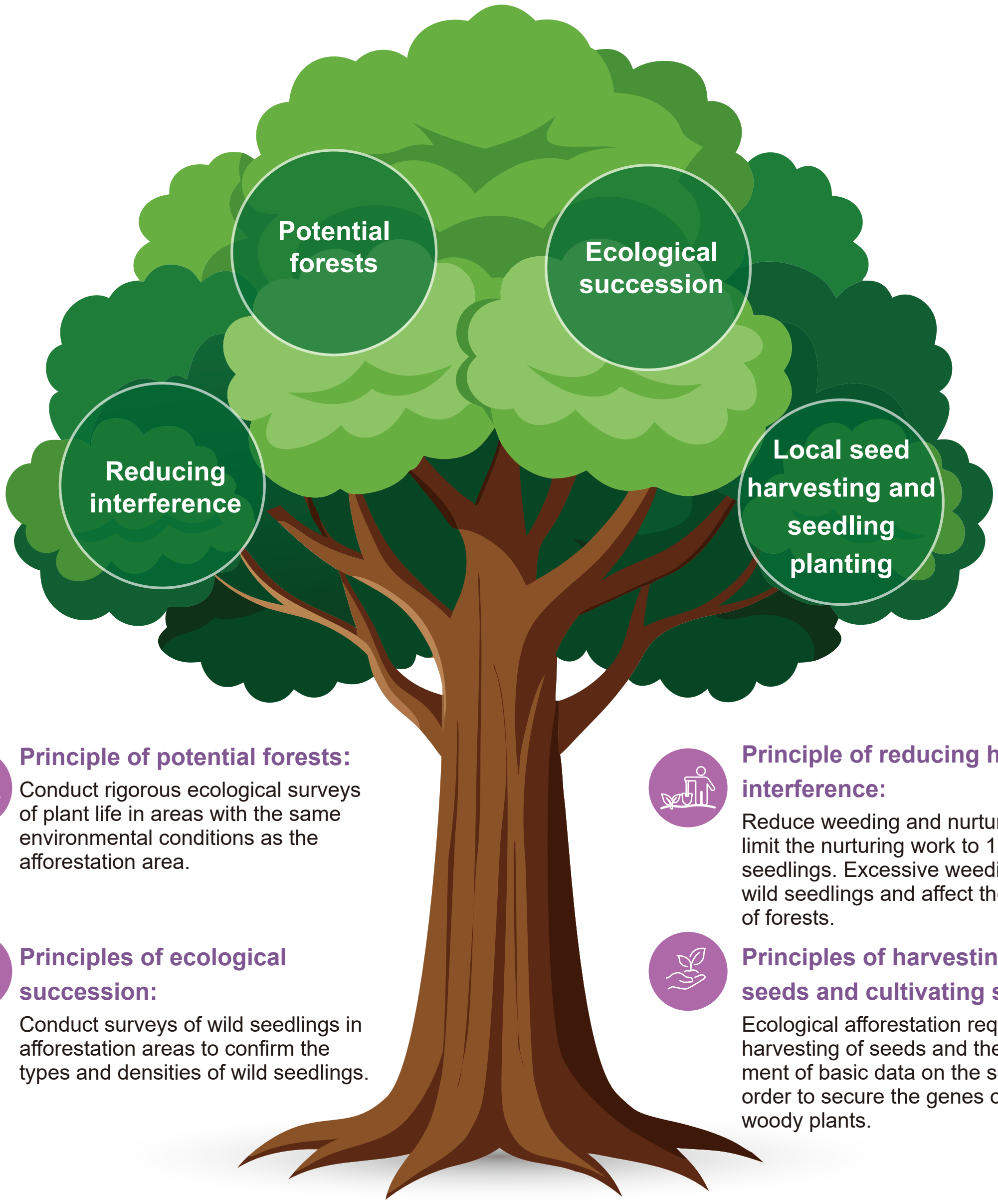
In order to restore the natural forest of Dadu Mountain, Pou Chen and the Taiwan Reforestation Association began by applying to the Taichung City Government to adopt the Lingdong Nursery in Nantun District, Taichung City, in early October 2019. In February 2020, Pou Chen established its presence at Lingdong 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)



Principle of potential forests:
Conduct rigorous ecological surveys of plant life in areas with the same environmental conditions as the afforestation area.

Principles of ecological succession:
Conduct surveys of wild seedlings in afforestation areas to confirm the types and densities of wild seedlings.

Principle of reducing human interference:
Reduce weeding and nurturing work, and limit the nurturing work to 1m around the seedlings. Excessive weeding will harm wild seedlings and affect the succession of forests.

Principles of harvesting local seeds and cultivating seedlings:
Ecological afforestation requires local harvesting of seeds and the establishment of basic data on the seed trees in order to secure the genes of the local woody plants.

Pou Chen's solid, step-by-step actions and expectations

Since 2019, Pou Chen Group has partnered with the Taiwan Reforestation Association to promote ecological restoration efforts in the Taichung area. Over the past five years, the two parties have completed the Taichung Metropolitan Park Highlight Project, establishing the "Taiwan Lily Garden" and the "Dadu Mountain Native Rose Trellis," while also participating in the construction and maintenance of various restoration zones. Although drought in 2021 caused the death of some saplings, Pou Chen's team innovatively adopted water-absorbing cotton ropes and water-storage bottle technology, successfully nurturing 81% of the saplings. In 2022, the Group mobilized over 1,600 participants to plant 197 native saplings and nurture 1,920 saplings at Taichung Park and the Dadu Mountain Restoration Center. In 2023, restoration activities expanded to 20 sessions with 1,640 participants, focusing on forest biodiversity, management of brown root disease-affected areas, and native sapling supply. A total of 7,200 seedlings were cultivated, and over 1,400 native saplings were planted and maintained, injecting new vitality into forest restoration in Taichung.

In 2024, Pou Chen Group continued organizing corporate volunteer service activities. In the first half of the year, the team visited the Moonlight Trail, the West 2 Restoration Area, and Zones 1 to 25 on the east side of Taichung Metropolitan Park to conduct sapling care and fertilization tasks. The service included sapling care, fertilization, seedling cultivation, and nursery maintenance. To support the restoration of locally native species in Taichung, the Group also planned a series of sustainability-centered corporate volunteer activities for the second half of the year. Based at the "Dadu Mountain Forest Restoration Center," these efforts focused on cultivating native saplings, enhancing and maintaining the biodiversity of native tree species. In total, 10,748 pots of 57 types of saplings were transplanted. Throughout 2024, a total of 12 days and 24 sessions of volunteer services were held at the Dadu Mountain Forest Restoration Center, with approximately 1,440 volunteers participating. Through these volunteer activities, the Group aims to raise employees' awareness of environmental issues and integrate environmental education with practical action.

By jointly adopting the Dadu Mountain Forest Restoration Center with the Taiwan Reforestation Association, Pou Chen Group hopes to provide the children of Taichung with an ecologically rich forest and cleaner air. The Group looks forward to using its influence to rally more individuals, civil groups, and businesses to participate in the restoration of natural forests. Through these activities, participants can learn about the forest ecology of Dadu Mountain, understand the importance of ecological tree planting, and personally plant a "tree of hope" that symbolizes their emotional connection to the land.

2019	2020	2021	2022	2023	2024
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. Taiwanese lilies were planted in the lawn area of the Moon Viewing Corridor, giving visitors a feast of Taiwanese lilies on Dadu Mountain.	We planted roses that are native to Dadu Mountain and fertilized the flowerbeds in the hopes of creating a spectacular tunnel of roses.	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.	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.	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.	Based at the "Dadu Mountain Forest Restoration Center," the initiative focuses on cultivating native saplings in the Taichung area and enhancing as well as preserving the biodiversity of native tree species.
Dadu Mountain Highlight Projects		Dadu Mountai Natural Forest Restoration Campaign	Forest Life Tree Planting Campaign		Restoration of biodiversity
Planted 1,000 Taiwanese lilies	Planted more than 1,000 nativge roses	Cultivated 1,443 seedlings of plants native to Dadu Mountain	Cultivated 1,920 seedlings of plants native to Dadu Mountain	Cultivate 7,200 seedlings for use in the Taichung area."	A total of 10,748 pots of 57 different types of saplings were transplanted.

2024 Highlight Event

On November 26, 2024, Pou Chen Group, together with its brand clients and the Taiwan Reforestation Association, jointly held the Dadu Mountain Native Vegetation Restoration Achievement Event. This event featured a variety of hands-on restoration activities designed to help corporate volunteers gain a deeper understanding of local ecological conservation and the importance of biodiversity preservation.

The event included the following key components:

1. Bilingual Achievement Presentation – Showcasing the collaborative efforts and accomplishments of the three parties over the past years.
2. Seed Collection Experience – Guiding participants to identify and collect seeds of native plant species.
3. Native Sapling Potting Workshop – Hands-on activity to create potted native seedlings.
4. Sapling Care Experience – Allowing participants to engage directly in restoration by fertilizing and nurturing young plants.
5. Ecological Guided Tour of Taichung Metropolitan Park – A key seed source and restoration area for Dadu Mountain, where volunteers learned about the restoration zones and project achievements through professional interpretation.

This event aimed to inspire more individuals to embrace sustainable values, encouraging broader participation in environmental protection efforts and fostering a shared commitment to safeguarding Taiwan's forests.

▲ Restoration Achievement Brochure

▲ Restoration Achievement Presentation

▲ Ecological Guided Tour of Taichung Metropolitan Park

▲ Native Sapling Care Experience at the Dadu Mountain Restoration Area

▲ Native Sapling Potting Workshop

▲ Ecological Guided Tour of Taichung Metropolitan Park

7.2 Community Involvement

Collaborating with Local Governments and NGOs to Promote Community Participatio

Pou Chen has been established for over 50 years, each of the production bases 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's 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 2024, Pou Chen invested a total of approximately NTD 4,209,798 (approximately USD 131,000) in community activities.

The data of community participation activities in 2024 were as follows: 952 participants in a total of 6 overseas education activities, 1,079 participants in a total of 5 healthcare activities, 1,276 participants in a total of 25 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	Manufacturing of shoes 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. In 2024, 239 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.

▲ Indonesia –Iftar with Orphans

▲ Vietnam– Free Medical Consultation

▲ Mainland China – Visiting Elderly People Living Alone

▲ Indonesia – Blood Donation

Pou Chen Vietnam's Little Sun Kindergarten has received Level 1 National Certification. (Source: Pou Chen official website – ESG information)

Pou Chen Group's subsidiary, Yue Yuen Industrial (Holdings) Limited, recently announced that Pou Yuen Vietnam's Little Sun Kindergarten—jointly operated with the Saigon Education Center—has officially received Level 1 National Certification in Vietnam. According to the Vietnamese Ministry of Education, all schools are required to undergo a quality assessment every five years. There are four levels of general certification, and two levels of national certification.

Established in 2013, Little Sun Kindergarten was founded in response to the Vietnamese government's "2006–2015 Early Childhood Education Development Proposal," which promoted the "socialization" of education. This policy aimed to create favorable conditions—both institutionally and legislatively—for organizations, individuals, and society at large to participate in the development of early childhood education. In alignment with this initiative and driven by a strong commitment to employee welfare, the company set up the kindergarten to support its workforce.

The kindergarten accommodates around 700 children aged 2 to 5 and includes 20 classrooms. The administrative area houses an office, a sports room, a library space, and a medical room, among other facilities. In 2018, Little Sun Kindergarten underwent its first education quality evaluation and obtained General Level 1 certification. In April of this year, the school participated in its second assessment, applying for both General Level 2 and National Level 1 certification. By the end of May, it successfully passed the evaluation, receiving General Level 2 and National Level 1 certifications. Among 1,004 private kindergartens in Ho Chi Minh City, Little Sun became the 10th to receive National Level 1 certification. Achieving this level of national recognition holds significant meaning in ensuring the quality and advancement of early childhood education. These certification standards not only set benchmarks for kindergartens but also safeguard and promote the overall quality of early education.

For employees, having access to a high-quality kindergarten for their children provides peace of mind at work and fosters a stronger sense of belonging and loyalty to the company. While over 60% of public kindergartens in the city and district levels have received National Level 1 certification, only about 1% of private kindergartens meet this standard. Little Sun Kindergarten stands out as the only institution dedicated exclusively to serving the children of company employees, making its National Level 1 certification even more significant.

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. A total of approximately USD 235,000 was invested in 2024.

In addition to the aforementioned school visits and educational donations, Pou Chen has been offering long-term educational support programs in Vietnam since 2012, including the "Employee Children Scholarship Program" and the "Seed of Hope Scholarship Program," to support students in pursuing their education.

In 2024, the Employee Children Scholarship Program in Vietnam received an investment of USD 190,000, benefiting a total of 16,436 children. The Seed of Hope Scholarship Program received an additional investment of USD 40,000, supporting 561 students.

Since 2016, Pou Chen has also implemented the Employee Children Scholarship Program in Indonesia. In 2024, a total of USD 5,000 was invested in this program, benefiting 168 students.

▲ Vietnam– Scholarship Distribution

▲ Indonesia–Scholarship Distribution

▲ Mainland China – Summer Camp

At its Taiwan operational headquarters, Pou Chen Group has actively collaborated with the Yue Yuen Education Foundation to promote parent-child engagement, educational development, and support for sports activities. In 2024, the Group organized eight major initiatives, including the Taichung Low-Elevation Natural Forest Restoration Tree Planting Project, the Remote One-on-One Reading Companion Program for Rural Areas, a national writing competition for elementary and junior high students, writing workshops, a national children's choir performance contest, reading and writing classrooms, an award-winning student calligraphy exhibition, and the Seed Book Corner program.

In addition, Pou Chen partnered with the Taiwan Stock Exchange, the Taiwan Futures Exchange, and the Taiwan Depository & Clearing Corporation to promote the Taiwan Youth Football Project, aiming to cultivate domestic football talent and bring honor to the nation. Notably, Pou Chen Group and the Yue Yuen Education Foundation sponsored the Pingtung County Changzhi Junior High School football team, providing young athletes with the resources to pursue their dreams. Over the past ten years, the program has nurtured seven outstanding players who have shone in the field of football. Helping children realize their dreams and step onto the world stage fills us with joy and immense pride.

In 2024, as the "Taiwan Youth Football Friendship Tournament" marked its 10th anniversary, Pou Chen Group and the Yue Yuen Education Foundation jointly served as the event organizers, hosting a grand celebration in Pingtung with approximately 200 participants. During the opening ceremony, outstanding alumni were invited to attend, serving as role models for current students and inspiring them with concrete examples of success. A specially produced 10th-anniversary retrospective video was screened at the event, deeply moving the attending guests and receiving high praise. The company remains committed to nurturing young talent, and the fruits of past investments were aptly summarized in the words of General Manager Lu during his speech: "A decade of dedication has yielded abundant results."

▲ Joint Promotion of the Taiwan Youth Football Program

The "Remote One-on-One Reading Companion Program for Rural Areas" is organized by the Yue Yuen Education Foundation, with Pou Chen employees serving as volunteers. Every Wednesday afternoon, volunteers spend 30 minutes online reading with children from the Pou Chen Xiushui Learning Center, helping to cultivate good reading habits among elementary school students. In 2024, the program saw a total of 1,038 volunteer sessions from company employees.

In addition to the regular weekly reading sessions during the school term, an annual in-person gathering is also held to allow volunteers and children to meet and interact face-to-face. The 2024 gathering took place at Lihpao Land in Taichung, where the children enjoyed a day full of joy and laughter—from thrilling roller coasters and splashing volcano rides to the dreamy and romantic carousel, creating unforgettable memories filled with cheers and excitement.

▲ Big and Little Bookworms Reunion

▲ Pou Chen Xiushui Learning Center Volunteer Appreciation Banquet

Volunteer Feedback on the Event: A child's growth in wisdom comes from the companionship of parents and teachers. This event not only included award presentations and interactions between children and volunteers but also allowed us to witness the deep emotional bonds formed. Seeing the children share their writings was truly wonderful—they were able to internalize what they read and apply it meaningfully on various emotional levels. It's heartwarming to see how reading can help foster a world filled with kindness and empathy.

In conjunction with the "Dadu Mountain Natural Forest Restoration Tree Planting Project," Pou Chen, together with the Yue Yuen Education Foundation and the Taiwan Reforestation Association, co-organized the "Family Forest Fun" event. The 2024 event was held at Aofengshan Sports Park in Qingshui District, with 30 parent-child teams and a total of 120 participants. Together, they planted 240 saplings.

Through engaging and lively storytelling, children learned how saplings grow into towering trees in the natural environment with the help of wind, insects, humans, and animals. At the same time, they gained a deeper understanding of the importance of environmental protection and how each of us can contribute to caring for the Earth. After the story session, both children and parents planted their own Taiwan Michelia sapling pots, allowing them to experience firsthand the growth process of trees while sparking their enthusiasm for environmental conservation and greening their surroundings. This event was not only an important part of ecological education but also instilled in children a profound sense of teamwork and the value of protecting the environment.

▲ Taichung Dadu Mountain Parent-Child Forest Ecological Education Activity

To celebrate the 50th anniversary of Pou Chen Corporation, Pou Chen Group and the Yue Yuen Education Foundation established the "Yue Yuen Seed Book Corner" in August 2019. This space is dedicated to children aged 0–6 and their caregivers, providing a reading-friendly environment to grow together through shared experiences. The facility includes a reading area and a play-based learning zone with educational toys. It also hosts storytelling sessions and hands-on craft activities. In addition, a themed experiential space is designed to engage children through sensory exploration and role-playing, promoting parent-child interaction and conveying the essence of joyful and educational learning.

In the first quarter of 2024, the Yue Yuen Seed Book Corner featured the exhibition "The Great Clownfish Adventure," followed by "Wandering through the Forest – A Journey of Exploration," both of which were well-received by children and parents alike. Throughout the year, the Book Corner welcomed approximately 5,500 visits from children and their caregivers.

▲ Yue Yuen Seed Book Corner Storytelling Activities

▲ Yue Yuen Seed Book Corner Themed Exhibition Experiences

In addition, Pou Chen Group and the Yue Yuen Education Foundation jointly organized a variety of competitions and activities in 2024 to provide quality education and encourage students to showcase their creativity and talents. Examples include:

- **National Writing Competition for Elementary and Junior High School Students:** To enhance students' writing skills and cultivate their interest and passion for reading and writing, a nationwide essay competition was held, providing a platform for literary expression. The 2024 theme was "The Transmission of Love", inviting students to share stories of loving words, interactions, and heartfelt moments from their daily lives. A total of 2,148 submissions were received from students in 4th grade through 9th grade. Following a two-stage evaluation process—preliminary and final rounds—257 outstanding entries were selected as winners. All award recipients received a certificate of recognition from the Mayor of Taichung City.
- **Writing Workshop:** This workshop introduced children to the concept of "golden phrases" and, through storytelling by instructors, guided them in understanding story structure and summarization. Students were encouraged to connect the content to their own life experiences, helping them develop clear themes and logical flow in their writing. The course focused on enhancing the completeness of narrative expressions and the precision of word choice, making students' writing more persuasive and expressive.
- **National Children's Choir Performance Competition:** Through choral singing, children learned the values of harmony and collaboration, working together to deliver outstanding performances. The 2024 competition was held at the Pou Chen Performing Arts Hall of National Taichung University of Education. After a rigorous selection process, six outstanding teams were chosen to perform in a joint concert and award ceremony hosted by the National Taiwan Symphony Orchestra. The performances by each team added vibrancy and emotional depth to the event.
- **Reading and Writing Classroom Series:** In collaboration with the Xixi and Xitun branches of the Taichung City Library, Pou Chen co-hosted the "Reading and Writing Classroom" lecture series, sharing practical tips and insights on reading and writing. In 2024, a total of three sessions were held, attracting 965 attendees, with an average occupancy rate reaching an impressive 115%. The events were lively, with strong engagement between speakers and participants. Both parents and children expressed great satisfaction and shared positive feedback. Highlights from the events were posted on the program's Facebook fan page, receiving 60 comments, with exceptional ones recognized and awarded.
- **Exhibition of Award-Winning Works from the National Calligraphy Competition for Elementary and Junior High School Students:** To continue promoting traditional Chinese arts and culture, and to cultivate students' calligraphy skills and cultural literacy, an exhibition was held in 2024 at the Tempus Hotel Taichung. The event featured 36 award-winning pieces from the 2023 "Yue Yuen Award – National Calligraphy Competition for Elementary and Junior High School Students," offering the public an opportunity to appreciate the artistic achievements of young talents.

▲ National Writing Competition for Elementary and Junior High School Students

▲ Writing Workshop

▲ National Children's Choir Performance Competition

▲ Reading and Writing Classroom Series

▲ Exhibition of Award-Winning Works from the National Calligraphy Competition for Elementary and Junior High School Students

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 2024, a total of 5 medical and health-related events participated by a total of 1,079 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 2024, a total of USD 594,000 has been contributed, and 318 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~
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 / 2024
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

2016~2022, 2024~
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

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE POU CHEN CORPORATION'S SUSTAINABILITY REPORT FOR 2024

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 2024. The assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 2 High level during 2025/02/11 to 2025/03/19. The boundary of this report includes the footwear manufacturing business operated by PCC and its subsidiaries excluding the retail of sporting goods and wholesale, real estate development, and hospitality businesses. 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 2024 consolidated financial statements, with the scope covering Pou Chen and its subsidiaries.

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 sustainability information in the PCC's Sustainability Report of 2024 and its presentation are the responsibility of the directors or governing body (as applicable) 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 text, data, graphs and statements within the scope of assurance based upon sufficient and appropriate objective evidence.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The assurance of this report has been conducted according to the AA1000 Assurance Standard (AA1000AS v3), a standard used globally to provide assurance on sustainability-related information across organizations of all types, including the evaluation of the nature and extent to which an organization adheres to the AccountAbility Principles (AA1000AP,2018).

Assurance has been conducted at a type 2 high level of scrutiny.

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:

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Reporting Criteria Options	
1	AA1000 Accountability Principles (2018)
2	GRI (In Accordance with)
3	SASB APPAREL, ACCESSORIES & FOOTWEAR Sustainability Accounting Standard (Version 2023-12)

- 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.
- Evaluation of the report against the SASB Disclosure and Metrics included in the APPAREL, ACCESSORIES & FOOTWEAR Sustainability Accounting Standard (Version 2023-12).

SPECIFIED PERFORMANCE INFORMATION AND DISCLOSURES INCLUDED IN SCOPE

The achievements and disclosure content related to GRI 303: Water and Effluents (2018) and GRI 306 Waste (2020) have been assured in accordance with Type 2 of AA1000AS v3 sustainability assurance engagement at a high level.

The details are as follows:

Year	GRI Disclosure	Boundary
FY 2024	GRI 303: Water and Effluents Disclosure 303-1 Interactions with water as a shared resource Disclosure 303-2 Management of water discharge-related impacts Disclosure 303-3 Water withdrawal Disclosure 303-4 Water discharge Disclosure 303-5 Water consumption	Taiwan
FY 2023-2024	GRI 306 Waste Disclosure 306-1 Waste generation and significant waste-related impacts Disclosure 306-2 Management of significant waste-related impacts Disclosure 306-3 Waste generated Disclosure 306-4 Waste diverted from disposal Disclosure 306-5 Waste directed to disposal	Taiwan,Mainland China,Indonesia, Vietnam,Cambodia, Bangladesh,and Myanmar

ASSURANCE METHODOLOGY

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The assurance comprised a combination of desktop 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

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

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 assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with professional qualifications such as ISO 26000, ISO 20121, ISO 50001, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

ASSURANCE OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the AA1000 AccountAbility Principles (2018).

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

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, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, PCC is encouraged to deepen its stakeholder engagement by collecting broader and more representative input from diverse stakeholder groups. These insights should be systematically integrated into the PCC's governance frameworks, strategic planning, and operational decision-making to ensure decisions reflect the perspectives and expectations of those impacted.

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MATERIALITY

PCC has established a formal materiality assessment procedure to identify key stakeholders and the issues that are material to each group. A formal review ensures that these issues are addressed in the sustainability report at an appropriate level, reflecting their relative importance and priority to the respective stakeholders.

RESPONSIVENESS

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Established feedback channels enable PCC to respond effectively to stakeholder concerns, supporting continuous dialogue and improvement.

IMPACT

PCC has demonstrated a process for identifying impacts that fairly encompass a range of environmental, social and governance topics from a 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 are integrated into the target-setting process with qualitative and quantitative measurement and evaluation, leading to more effective decision-making and results-based management. PCC demonstrates a clear understanding of the sustainability context in which these impacts occur, supporting transparent and accountable disclosure to stakeholders.

QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

On the basis of the verification work performed, we reviewed minutes of meetings, management documents, ISO certifications, ESG information collection process, and other relevant materials. We have confidence that the specified performance information included in the scope of assurance is reliable at a high level of scrutiny for PCC and at a moderate level of scrutiny for its subsidiaries which cover in this report boundary.

ADHERENCE TO GRI

The report, PCC's Sustainability Report of 2024, is reporting in accordance with the GRI Universal Standards 2021. The significant impacts were assessed and disclosed in accordance with the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to the material topics claimed in the GRI content index. The report has properly disclosed information related to PCC's contributions to sustainability development.

PCC has established a solid procedure for identifying and managing material issues. To further enhance its sustainability governance, the involvement of the highest governance body in developing and approving the organization's purpose, values, mission, strategies, policies, and goals related to sustainable development could be strengthened in future reporting. Enhancing board-level oversight and strategic input would reinforce accountability and improve the integration of sustainability into corporate governance.

ADHERENCE TO SASB

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 SASB information correspond to those used in PCC's audited Sustainability Report of 2024. Process

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to identify, assess, and manage SASB-topic-related risks and opportunities were integrated into PCC's overall management process. While disclosing the SASB topics qualitatively, it is recommended that PCC include qualitative information outlining its short-, medium-, and long-term strategies for managing the identified issue, supported by robust planning frameworks and systematic implementation procedures.

Signed:
For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Business Assurance Director
Taipei, Taiwan
03 June, 2025
WWW.SGS.COM

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000-8/V3-NTSL8

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B.TCFD Performance Assessment Statement

SGS

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 12 February 2025 to 10 March 2025 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 have been considered and identified over the relevant short-, medium-, and long-term time horizons.
The resilience of the organization's strategy was assessed by taking into consideration different climate-related scenarios, including RCP2.6 and RCP8.5.
The methodology of organization's climate-related risk management process has been adequately implemented 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: 03 May 2025
Valid Date: 02 May 2026

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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.

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SGS

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 presented by PCC in the TCFD performance assessment is reasonable, reliable, and provides a sufficient and balanced representation of PCC's management of climate-related risks and opportunities. Although PCC's board and its delegated committees oversee core aspects of corporate governance, the integration of climate-related issues into the review of strategic decisions, risk management, major action plans, and capital allocation remains partial and inconsistent. Strengthening this integration would enhance alignment with TCFD and IFRS S2 expectations. The disclosure meets the requirements of the SGS TCFD performance assessment at the 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.

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C. GHG Inventory Principle 2024

Inventory Principles	• 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. • Scope 3: Please refer to greenhouse gas protocols, calculation guides, and supporting documents.
Scope of Inventory	Footwear production areas: Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh, and Myanmar.
Greenhouse Gases	Carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).
Inventory Items	Scope 1 (Category 1: Direct greenhouse gas emissions): Total direct greenhouse gas emissions. (1)Greenhouse gas categories do not include hydrofluorocarbons that have already been included in the Montreal Protocol specifications, e.g. R-22. (2)Refrigerant R-600a is excluded from the inventory because IPCC has yet to announce its corresponding GWP value. (3)Biomass fuel CO_2 is calculated separately and not included in total emissions (purchased steam and self-operated boiler biomass fuel); only CH4 and N2O are calculated. (4)Calculation method for boiler emissions: (4-1)Purchased steam: At Pou Chen Indonesia, the purchased steam is generated from a biomass-fueled boiler using rice husk as the solid biomass material. The boiler operates at a steam pressure of 10.0 kgf/cm², with an assumed boiler efficiency of 85.0%. The rice husk has a tested gross calorific value of 4,452 kcal/kg, and applying a 95% factor results in a net calorific value of 4,229 kcal/kg. Based on thermodynamic calculations, the steam-to-biomass fuel consumption ratio is 0.2173. (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/cm3, 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/M3 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. (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 x 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. (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 2024 was 3,650 kcal/kg; when converted to net calorific value: 3,650 x 0.95 = 3,476.5 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. (4-5)Purchased steam: Amount of steam purchased by PAV (produced by rice husks from the biomass fuel boiler). The gross calorific value (GCV) of the biomass fuel measured in 2024 was 3,650 kcal/kg; when converted to net calorific value: 3,650 x 0.95 = 3,476.5 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.

Inventory Items	(4-6)Company-owned boiler: Pou Fung Vietnam uses wood pellets, a solid biomass material, as fuel. The cross calorific value (GCV) of the biomass fuel was 4,345 kcal/kg; when converted to net calorific value: 4,345 x 0.95 = 4,128 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. (4-7)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 x 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. (5) Septic tank emission sources are calculated by extrapolating the amount of methane emitted during employees' working hours. (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. Scope 2 (Category 2: Indirect greenhouse gas emissions from input energy): Total greenhouse gas emissions from indirect input energy. 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. 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.
Calculation Basis	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: Activity data × emission factor × global warming potential (GWP) = CO_2e in tons/year. (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. (1-1)CH_4 emission factor = BOD emission factor x average sewage concentration × hourly wastewater volume per person (liter/hour) x septic tank treatment efficiency (1-2)CH_4 emission factor = 0.6 tons of CH_4/ton - BOD x 200 mg/L x 15.625 (liters/hour) x 0.85 = 0.0000015938 tons/person hour (2)Acetylene CO_2 emission factor uses mass balance: $CH_2CH_2 + 2.5O2 \rightarrow 2CO_2 + H_2O$ Each burning 1moleC2H2 (molecular mass 26) produces 2moleCO_2 (molecular mass 44). CO_2 emission factor = 44 x 2/26 = 3.385 tons/ton (3)CO_2 emission factor of covered electrodes uses mass balance $C+O2 \rightarrow CO_2$ Each burning 1moleC (molecular mass 12) produces 1moleCO_2 (molecular mass 44) mole ratio: 1:1, CO_2 emission factor of burning welding rod = 44/12 = 3.6 tons/ton The calculation of purchased electricity for Scope 2 is divided into: (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 (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 - GEC electricity purchased (3)The GEC 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.

Calculation Basis	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: (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 ($kgCO_2e$/tonne-km). (2) The total greenhouse gas emissions from business travel by air attributed to the Group's headquarters were calculated using the distance-based method: (2-1) Total greenhouse gas emissions from business travel by air ($tonCO_2e$) = flight distance (passenger-km) x flight emission factor ($kgCO_2e$/passenger-km). (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 ($tonCO_2e$) = distance traveled (passenger-km) x flight emission factor ($kgCO_2e$/passenger-km). (2-3) The flight distance for each international city is based on the distance of each city calculated by ICAO's Carbon Emissions Calculator: https://www.icao.int/environmental-protection/Carbonoffset/Pages/default.aspx
Activity Data	Data directly measured or corroborated.

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.

Greenhouse Gases	GWP	Source of Figures
CO_2	1	IPCC Sixth Assessment Report (2021). CH4-(fossil – combustion)-GWP 100 為 27 CH4-(fossil – fugitive and process)-GWP 100 為 29.8
CH_4	27	
CH_4	29.8	
N_2O	273	

2. 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.

3. 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 (kgCO2e/ kWh)	Unit	Year	Source of Data
Taiwan	0.494	$kgCO_2e/kWh$	2024	Energy Administration, Ministry of Economic Affairs
Mainland China	0.5366	tCO_2/MWh	2024	Ministry of Ecology and Environment of People's Republic of Mainland China
Vietnam	0.6592	tCO_2/MWh	2024	Department of Climate Change, Vietnam
Indonesia	0.8	tCO_2/MWh	2019	Directorate General of Electricity, Ministry of Energy and Mineral Resources, Indonesia
Cambodia	0.3973	tCO_2/MWh	2023	IEA Emission Factors - 2023 editions
Bangladesh	0.5794	tCO_2/MWh	2023	IEA Emission Factors - 2023 editions
Myanmar	0.4423	tCO_2/MWh	2023	IEA Emission Factors - 2023 editions
Hong Kong	0.55	$kgCO_2e/kWh$	2022	Central Hong Kong (Kowloon and the New Territories, including Lantau Island and various outlying islands)
Macau	0.82	$kgCO_2e/kWh$	2022	Companhia de Electricidade de Macau S.A.

D. Electricity/Fuel Energy Consumption

Electricity/Fuel		Electricity Quantity			Fossil Fuel							Biomass Fuel
		Grid Power	Solar Energy Consumption(RTS)	Green Electricity Certificates(GEC)	Heavy Oil	Diesel	Petroleum	Fuel Oil (Residuum)	Natural Gas	LPG	Compressed Natural Gas	Rice Husk/Palm Kernel Shell
Description		Grid Power	Renewable Energy		Non-Renewable							Renewable
Unit		MWH	MWH	MWH	KL	KL	KL	KL	M^3	M^3	M^3	Tons
Year	2024	933,381.02	7,617.58	15,256.00	11.85	2,964.57	1,279.21	0.00	16,808,750.00	79.65	12,372.10	28,095.02
	2023	819,515.68	5,035.98	5,541.34	2.69	2,445.96	1,074.00	10.17	353,005.00	11,624.32	0.00	17,209,488.60
	2022	880,664.01	2,440.96	0.00	7.31	2,954.23	1,025.42	27.63	326,896.40	47.31	0.00	25,415.90
	2021	791,553	1,222.76	0.00	0.00	1,400.36	872.77	55.02	32,635.86	51.12	0.00	40,909.93
	2020	1,093,374.53	0.00	0.00	18.66	1,764.34	2,246.07	202.64	6.00	71.91	0.00	46,101.77

About Units: ● MWH: Megawatt-hour

Electricity/Fuel		Electricity Quantity			Fossil Fuel							Biomass Fuel	Total
		Grid Power	Solar Energy Consumption(RTS)	Green Electricity Certificates(GEC)	Heavy Oil	Diesel	Petroleum	Fuel Oil (Residuum)	Natural Gas	LPG	Compressed Natural Gas	Rice Husk/Palm Kernel Shell	
Description		Grid Power	Renewable Energy		Non-Renewable							Renewable	
Unit		MWH											
Year	2024	933,381.02	7,617.58	15,256.00	132.29	29,795.84	11,320.04	0.00	15,975.10	614.60	95.47	119,885.18	1,134,073.11
	2023	819,515.68	5,035.98	5,541.34	30.07	23,895.05	9,742.67	113.56	3,354.97	163.07	0.00	71,104.56	938,496.95
	2022	880,664.01	2,440.96	0.00	81.66	28,860.46	9,302.01	308.52	3,041.44	365.08	0.00	106,411.30	1,031,475.44
	2021	791,553.86	1,222.76	0.00	0.00	13,680.43	7,917.28	614.28	3,036.89	394.47	0.00	171,281.68	989,701.65
	2020	1,093,374.53	0.00	0.00	208.30	1,764.34	2,246.07	202.64	0.00	554.91	0.00	211,783.05	1,310,133.84

E. ISO System Third Party Certification

ISO14001: 2015 (23 Factories)

Mainland China Operation Factory (7 Factories)

2023.06.15~2026.06.11
YS
Verifier: CQC

2024.10.24~2027.10.23
20TZ
Verifier: CQC

2024.06.02~2027.06.01
aDC
Verifier: TUV

2023.08.10~2026.08.09
S8
Verifier: TUV

2023.12.24-2026.12.23
SYI
Verifier: CQC

2024-06.02~2027-06.01
YYJ
Verifier: TUV

2024.06.02~2027.06.01
YYA
Verifier: TUV

Vietnam Operation Factory (11 Factories)

2024.05.13~2027.05.13
A201
Verifier: BV

2022.08.04~2025.08.03
EVA
Verifier: BV

2022.08.05~2025.08.04
PYV
Verifier: TUV

2022.08.05~2025.08.04
PSV
Verifier: TUV

2022.08.04~2025.08.03
CS2
Verifier: BV

2024.07.15~2025.07.18
B0PW(6080)
Verifier: TUV

2023.08.31~2026.08.30
B0P8
Verifier: BV

2024.09.18~2027.07.13
YUEDE
Verifier: BV

2023.09.11~2026.09.10
A Plant
Verifier: BV

2024.06.25~2027.06.03
PHV
Verifier: BV

2022.02.24~2025.02.23
B0GJ
Verifier: BV

Indonesia Operation Factory (4 Factories)

2024.12.08~2027.01.07
PGD
Verifier: TUV

2024.08.12 ~ 2027.07.01
PGS
Verifier: TUV

2024.08.28 - 2027.08.24
IY
Verifier: TUV
Nord

2024-08-12 ~ 2027-07-01
PCIa
Verifier: TUV

Cambodia Operation Factory (1 Factory)

2024.09.30 ~ 2027.09.29
B0XK
Verifier: AFNOR

ISO 45001: 2018 (25 Factories)

Mainland China Operation Factory (7 Factories)

2023.06.15~2026.06.11
YS
Verifier: CQC

2024.11.04~2027.11.03
20TZ
Verifier: CQC

2024.06.02~2027.06.01
aDC
Verifier: TUV

2023.08.10~2026.08.09
S8
Verifier: TUV

2023.12.22~2026.12.21
SYI
Verifier: CQC

2024-06.02~2027-06.01
YYJ
Verifier: TUV

2024.06.02~2027.06.01
YYA
Verifier: TUV

Vietnam Operation Factory (13 Factories)

2024.06.10~2027.06.10
A201
Verifier: BV

2023.09.11~2024.09.10
A Plant
Verifier: BV

2024.07.15~2025.07.18
B0PW(6080)
Verifier: TUV

2022.08.05~2025.08.04
PYV
Verifier: TUV

2022.08.04~2025.08.03
CS2
Verifier: BV

2022.08.04~2025.08.03
EVA
Verifier: BV

2024.06.25~2027.06.28
PHV
Verifier: BV

2023.08.31~2026.08.30
B0P8
Verifier: BV

2023.12.12~2026.12.12
VP
Verifier: BV

2023.02.08~2026.02.07
VY
Verifier: BV

2022.03.09~2025.03.08
B0GJ
Verifier: BV

2022.08.05~2025.08.04
PSV
Verifier: TUV

2024.09.18~2027.07.13
YUEDE
Verifier: BV

Indonesia Operation Factory (5 Factories)

2024.08.09~2027.07.01
PGD
Verifier: TUV

2024.08.09 ~ 2027.07.01
PGS
Verifier: TUV

2024.09.19-2027.09.18
RY
Verifier: PT. TSI

2024.08.28 - 2027.08.24
IY
Verifier: TUV Nord

2024-08-09 ~ 2027-07-01
PCIa
Verifier: TUV

ISO 50001: 2018(8 Factories)

Mainland China Operation Factory (2 Factories)

2024-10.18~2027-10.17
YYJ
Verifier: TUV

2024.10.18~2027.10.17
YYA
Verifier: TUV

Vietnam Operation Factory (2 Factories)

2024.10.22~2027.10.13
PYV
Verifier: BSI

2024.10.22~2027.10.13
PSV
Verifier: BSI

Indonesia Operation Factory (4 Factories)

2024.10.06~2027.10.05
PGD
Verifier: TUV

2024.10.06~2027.10.05
PGS
Verifier: TUV

2023.09.25~2026.08.06
IY
Verifier: TUV Nord

2024.10.06~2027.10.05
PCIa
Verifier: TUV

F. Employee Diversity Indicators and Training Data

Employee Diversity Indicators - Number of Employees by Gender & Age / Total Headcount in Each Region

Number of Employees by Gender and Age, by Region				
Region	Gender	29yo and under	30-49yo	50yo and over
Overall	Male	18,584	40,685	6,548
	Female	64,143	140,541	18,851
Taiwan	Male	141	1,015	417
	Female	170	1,354	583
Mainland China	Male	1,838	4,612	2,857
	Female	3,633	24,608	7,338
Vietnam	Male	4,963	14,587	1,852
	Female	10,515	59,392	8,900
Indonesia	Male	9,152	17,889	1,346
	Female	45,926	49,399	1,908
Cambodia	Male	520	549	17
	Female	2,025	3,801	45
Bangladesh	Male	1,058	1,649	27
	Female	471	687	12
Myanmar	Male	898	320	10
	Female	1,398	1,286	60
Others	Male	14	64	22
	Female	5	14	5

F. Employee Diversity Indicators and Training Data

Training Data – Total Training Hours of Pou Chen Employees in 2024, by Gender, Level, and Main Operation Locations

Training Hours by Gender and Level, by Region					
Region	Level	Gender	Number of Participants	Total Training Hours	Average Training Hours (per participants)
Overall	Section Chief level and under	Female	220,649	5,671,616.31	25.70
		Male	62,976	971,551.45	15.43
	Manager level	Female	2,800	109,254.20	39.02
		Male	2,644	68,213.27	25.80
	Director level and over	Female	86	996.36	11.59
		Male	197	2,024.41	10.28
Taiwan	Section Chief level and under	Female	1,594	31,197.46	19.57
		Male	981	20,162.78	20.55
	Manager level	Female	477	10,432.64	21.87
		Male	525	10,752.18	20.48
	Director level and over	Female	36	632.55	17.57
		Male	67	1,208.38	18.04
Mainland China	Section Chief level and under	Female	34,521	3,432,363.81	99.43
		Male	8,360	396,414.88	47.42
	Manager level	Female	917	62,797.46	68.48
		Male	865	40,257.13	46.54
	Director level and over	Female	28	306.03	10.93
		Male	56	428.84	7.66
Vietnam	Section Chief level and under	Female	77,982	1,747,931.40	22.41
		Male	20,761	424,215.82	20.43
	Manager level	Female	816	28,322.70	34.71
		Male	615	11,403.92	18.54
	Director level and over	Female	9	11.82	1.31
		Male	26	77.88	3.00
Indonesia	Section Chief level and under	Female	96,728	419,247.16	4.33
		Male	27,854	95,991.86	3.45
	Manager level	Female	500	7,339.49	14.68
		Male	495	4,943.15	9.99
	Director level and over	Female	5	45.96	9.19
		Male	38	246.77	6.49

Training Hours by Gender and Level, by Region

Region	Level	Gender	Number of Participants	Total Training Hours	Average Training Hours (per participants)
Cambodia	Section Chief level and under	Female	5,860	2,511.94	0.43
		Male	1,067	1,168.77	1.10
	Manager level	Female	11	89.19	8.11
		Male	18	154.96	8.61
	Director level and over	Female	0	0.00	-
		Male	1	12.79	12.79
Bangladesh	Section Chief level and under	Female	1,155	8,646.03	7.49
		Male	2,700	12,349.51	4.57
	Manager level	Female	14	100.21	7.16
		Male	34	183.56	5.40
	Director level and over	Female	1	5.69	5.69
		Male	0	0.00	-
Myanmar	Section Chief level and under	Female	2,732	29,680.72	10.86
		Male	1,211	21,195.58	17.50
	Manager level	Female	12	102.04	8.50
		Male	16	213.64	13.35
	Director level and over	Female	0	0.00	-
		Male	1	26.72	26.72
Others	Section Chief level and under	Female	77	37.79	0.49
		Male	73	52.25	0.72
	Manager level	Female	34	70.47	2.07
		Male	69	304.73	4.42
	Director level and over	Female	4	0.00	0.00
		Male	6	17.34	2.89

G. GRI Standards (2021) Index Table

Statement of use	Pou Chen has reported the information cited in this GRI content indes for the period from 1 January 2024 to 31 December 2024 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)	Notes
GRI 2 General Disclosures				
The organization and its reporting practices				
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	P.8	Please refer to the 2024 financial report (P.45) for the list of subsidiaries.
		1.1 About Pou Chen	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 ReportAppendix A SGS Assurance Statement	P.9 P.165	
Activities & Workers				
2-6	Activities, value chain and other business relationships	1.1 About Pou Chen 4.2 Supply Chain Management	P.16 P.93	
2-7	Employees	5.1 Manpower and Talent	P.105	
		Appendix F Employee Diversity Indicators and Training Data	P.173	
2-8	Workers who are not employees	5.1 Manpower and Talent	P.105	
Governance				
2-9	Governance structure and composition	2.2 Operation of the Board of Directors	P.35	
2-10	Nomination and selection of the highest governance body	2.2 Operation of the Board of Directors	P.35	
2-11	Chair of the highest governance body	2.2 Operation of the Board of Directors	P.35	
2-12	Role of the highest governance body in overseeing the management of impacts	1.4 Sustainability Topics Management	P.31	
		2.4 Operational Risk Identification and Response	P.42	
2-13	Delegation of responsibility for managing impacts	1.4 Sustainability Topics Management	P.29	
		2.4 Operational Risk Identification and Response	P.40	
2-14	Role of the highest governance body in sustainability reporting	1.3 Sustainable Development Strategy	P.22	
2-15	Conflicts of interest	2.2 Operation of the Board of Directors	P.35	
2-16	Communication of critical concerns	1.3 Sustainable Development Strategy	P.22	
2-17	Collective knowledge of the highest governance body	2.2 Operation of the Board of Directors	P.36	
2-18	Evaluation of the performance of the highest governance body	2.2 Operation of the Board of Directors	P.36	
2-19	Remuneration policies	5.1 Manpower and Talent	P.118	
2-20	Process to determine remuneration	5.1 Manpower and Talent	P.118	
2-21	Annual total compensation ratio	5.1 Manpower and Talent	P.118	

GRI Standard	Disclosure	Chapter(s)	Page Number(s)	Notes
Strategy, policies and practice				
2-22	Statement on sustainable development strategy	1.3 Sustainable Development Strategy	P.23	
2-23	Policy commitments	5.2 Human Rights Management	P.125	
2-24	Embedding policy commitments	5.2 Human Rights Management	P.125	
2-25	Processes to remediate negative impacts	5.2 Human Rights Management	P.129	
2-26	Mechanisms for seeking advice and raising concerns	2.3 Decent Management	P.41	
		5.2 Human Rights Management	P.136	
2-27	Compliance with laws and regulations	2.3 Decent Management	P.40	
2-28	Membership associations	1.1 About Pou Chen	P.17	
Stakeholder engagement				
2-29	Approach to stakeholder engagement	1.4 Sustainability Topics Management	P.24	
2-30	Collective bargaining agreements	5.2 Human Rights Management	P.134	
GRI 3 Material Topics				
3-1	Process to determine material topics	1.4 Sustainability Topics Management	P.28	
3-2	List of material topics	1.4 Sustainability Topics Management	P.29	
3-3	Management of material topics	1.2 Operational Performance	P.18	
		2.3 Decent Management	P.37	
		3.1 Climate Change Risk Response	P.49	
		3.2 Energy Management	P.68	
		3.4 Waste Management	P.78	
		3.5 Air Pollutant Management	P.84	
		4.2 Supply Chain Management	P.92	
		5.1 Manpower and Talent	P.104	
		5.2 Human Rights Management	P.125	
		6. Safety Culture	P.142	

Material Topics

GRI Standard	Disclosure		Chapter(s)	Page Number(s)	Notes
Operational Performance					
3-3 Management of material topics			1.2 Operational Performance	P.18	
GRI 201 2016	201-1	Direct economic value generated and distributed		P.19	
	201-4	Financial assistance received from government		P.20	
Ethical Management					
3-3 Management of material topics			2.3 Decent Management	P.37	
GRI 205 2016	205-1	Operations assessed for risks related to corruption		P.39	
	205-2	Communication and training about anti-corruption policies and procedures		P.39	
	205-3	Confirmed incidents of corruption and actions taken		P.39	

GRI Standard		Disclosure	Chapter(s)	Page Number(s)	Notes
Operational Performance					
3-3 Management of material topics			3.1 Climate Change Risk Response	P.49	
GRI 201 2016	201-2	Financial implications and other risks and opportunities due to climate change		P.58	
GRI 305 2016	305-1	Direct (Scope 1) GHG emissions		P.64	
	305-2	Energy indirect (Scope 2) GHG emissions		P.64	
	305-3	Other indirect (Scope 3) GHG emissions		P.65	
	305-4	GHG emissions intensity		P.66	
	305-5	Reduction of GHG emissions		P.67	
Energy Management					
3-3 Material Topic Management			3.2 Energy Management	P.68	
GRI 302 2016	302-1	Energy consumption within the organization		P.69	
	302-3	Energy intensity		P.69	
	302-4	Reduction of energy consumption		P.70	
Waste Management					
3-3 Management of material topics			3.4 Waste Management	P.78	
GRI 306 2020	306-1	Waste generation and significant waste-related impacts		P.79	
	306-2	Management of significant waste-related impacts		P.79	
	306-3	Waste generated		P.80	
	306-4	Waste diverted from disposal		P.80	
	306-5	Waste directed to disposal		P.80	
Management on Air Pollutant Emission					
3-3 Management of material topics			3.5 Air Pollutant Management	P.84	
GRI 305 2016	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		P.85	
Supply Chain Management					
3-3 Management of material topics			4.2 Supply Chain Management	P.92	
GRI 308 2016	308-1	New suppliers that were screened using environmental criteria		P.95	
	308-2	Negative environmental impacts in the supply chain and actions taken		P.95	
GRI 414 2016	414-1	New suppliers that were screened using social criteria		P.95	
	414-2	Negative social impacts in the supply chain and actions taken		P.95	

GRI Standard		Disclosure	Chapter(s)	Page Number(s)	Notes
Manpower and Talent					
3-3 Management of material topics			5.1 Manpower and Talent	P.104	
GRI 201 2016	201-3	Defined benefit plan obligations and other retirement plans	5.1 Manpower and Talent	P.113	
GRI 202 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	5.1 Manpower and Talent	P.116	
GRI 202 2016	202-2	Proportion of senior management hired from the local community	5.1 Manpower and Talent	P.106	
GRI 401 2016	401-1	New employee hires and employee turnover	5.1 Manpower and Talent	P.107	
GRI 401 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1 Manpower and Talent	P.109	
GRI 401 2016	401-3	Parental leave	5.1 Manpower and Talent	P.112	
GRI 404 2016	404-1	Average hours of training per year per employee	5.1 Manpower and Talent	P.124	
GRI 404 2016	404-2	Programs for upgrading employee skills and transition assistance programs	5.1 Manpower and Talent	P.119	
GRI 404 2016	404-3	Percentage of employees receiving regular performance and career development reviews	5.1 Manpower and Talent	P.119	
GRI 405 2016	405-2	Ratio of basic salary and remuneration of women to men	5.1 Manpower and Talent	P.117	
Human Rights Management					
3-3 Management of material topics			5.2 Human Rights Management	P.125	
GRI 402 2016	402-1	Minimum notice periods regarding operational changes	5.2 Human Rights Management	P.133	
GRI 406 2016	406-1	Incidents of discrimination and corrective actions taken	5.2 Human Rights Management	P.136	
GRI 407 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.2 Human Rights Management	P.134	
GRI 408 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.2 Human Rights Management	P.133	
GRI 409 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.2 Human Rights Management	P.133	
Occupational Safety and Health Practices					
3-3 Management of material topics			6. Safety Culture	P.142	
GRI 403 2018	403-1	Occupational health and safety management system	6. Safety Culture	P.143	
GRI 403 2018	403-2	Hazard identification, risk assessment, andincident investigation	6. Safety Culture	P.144	
GRI 403 2018	403-3	Occupational health services	6. Safety Culture	P.148	
GRI 403 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	6. Safety Culture	P.147	
GRI 403 2018	403-5	Worker training on occupational health and safety	6. Safety Culture	P.145	

GRI Standard	Disclosure		Chapter(s)	Page Number(s)	Notes
GRI 403 2018	403-6	Promotion of worker health	6. Safety Culture	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	
General Topics					
GRI 405 2016	405-1	Diversity of governance bodies andemployees	2.2 Operation of the Board of Directors 5.1 Manpower and Talent	P.35 P.105	
GRI 303 2018	303-1	Interactions with water as a shared resource	3.3 Water Resources Management	P.72	
	303-2	Management of water discharge-related impacts		P.72	
	303-3	Water withdrawal		P.74	
	303-4	Water discharge		P.75	
	303-5	Water consumption		P.76	
GRI 204 2016	204-1	Proportion of spending on local suppliers	4.2 Supply Chain Management	P.93	
GRI 301 2016	301-1	Materials used by weight or volume	4.1 Procurement of Raw Materials	P.91	
GRI 416 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of productsand services	4.3 Products and Services	P.100	
GRI 417 2016	417-1	Requirements for product and service information and labeling	4.3 Products and Services	P.101	
	417-2	Incidents of non-compliance concerning product and service information and labeling	4.3 Products and Services	P.100	
GRI 418 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3 Products and Services	P.100	
GRI 413 2016	413-1	Operations with local community engagement, impact assessments, and developmentprograms	7.2 Community Involvement	P.158	

H. 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.88
	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.88
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.91
	CG-AA-440a.4	Percentage of raw materials third-party certifi ed to an environmental and/or social sustainability standard, by standard	Quantitative	4.1 Procurement of Raw Materials	P.88
--	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	4.1 Procurement of Raw Materials	P.93
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.96
	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.96
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.97
	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.97
	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.97

I. 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.50
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.52
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.61 P.64

J. Implementation of Climate-related Information

Item	Implementation	
1. Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities.	Please refer to"3.1.1 Climate Change Risks and Opportunities".	P.50 of this report.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the Company (short, medium, and long term).	Please refer to"3.1.1 Climate Change Risks and Opportunities".	P.58 of this report.
3. Describe the financial impact of extreme weather events and transformative actions.	Please refer to"3.1.1 Climate Change Risks and Opportunities".	P.58 of this report.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	Please refer to"3.1.1 Climate Change Risks and Opportunities".	P.52 of this report.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and major financial impacts used should be described.	Please refer to"3.1.1 Climate Change Risks and Opportunities".	P.55 of this report.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	In response to the transition risk strategy, the Company has set the corresponding direction. The implementation of the transformation plan will be initiated once the specific details are clearly defined.	-
7. If internal carbon pricing is used as a planning tool, the bases for setting the price should be stated.	The Company has not yet to adopt an internal carbon pricing mechanism.	-
8. If climate-related targets have been set, the activities covered, the scopes of GHG emissions, the planning horizon, and the progress achieved each year should be specified. If carbon allowances or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon allowances of RECs to be offset should be specified.	Phased Missions and Targets of GHG and Energy Management: Please refer to"3.1.2 Greenhouse Gas Management".	P.61 of this report.
	Quantity of Renewable Energy Certificates (REC): Please refer to"3.1.2 Greenhouse Gas Management".	P.67 of this report.
	Achievement of reduction target: In terms of Scope 1 and Scope 2 GHG emissions from the footwear business, the market-based emissions in 2024 totaled approximately 554,400 tCO_2e, reflecting a decrease of 3.52% compared with 2019 baseline level of approximately 574,600 tCO_2e.	-

Note: Prepared in accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" issued by the Taiwan Stock Exchange.

J. Implementation of Climate-related Information (cont'd)

Item	Implementation
9.Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan	
9-1Greenhouse gas inventory and assurance status for the most recent 2 fiscal years	
Basic Information of the Company ■ Capital of NTD 10 billion or more, iron and steel industry, or cement industry ☐ Capital of NTD 5 billion or more but less than NTD 10 billion. ☐ Capital of less than NTD 5 billion.	Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEx Listed Companies. ■ Inventory for Parent Company only ■ Assurance for Parent Company only ■ Inventory for all consolidated entities ☐ Assurance for all consolidated entities

Scope		Operating Revenue (In NTD million)	Scope 1 Direct Greenhouse Gas Emissions		Scope 2 Indirect Greenhouse Gas Emissions from imported energy		Assurance Body	Description of Assurance Status
			Total Emissions (tCO_2e)	Intensity (tCO_2e/ million)	Total Emissions (tCO_2e)	Intensity (tCO_2e/ million)		
The Company	2024	9,547	611.11	0.064	7,749.08	0.812	SGS	Verification is based on ISO 14064-1:2018 issued by the International Organization for Standardization (ISO). The third-party verification was completed in March 2025, with a reasonable assurance level certificate expected in May 2025.
	2023	8,238	554.65	0.067	7,957.82	0.966	SGS	Verification is based on ISO 14064-1:2018 issued by the International Organization for Standardization (ISO). The third-party verification was completed in February 2024, with a reasonable assurance level certificate in April 2024.
All subsidiaries in Consolidated financial report	2024	254,271	75,681.94	0.298	740.297.36	2.911	-	The data of some subsidiaries in the consolidated financial report have not yet been verified by a third party, and will be verified within the prescribed time frame in accordance with the law.
Of the total greenhouse gas emissions disclosed by the Company in 2024, 8,360.19 metric tons of tCO_2e (representing 1.01% of the total emissions) have been verified by an assurance institute in accordance with ISO 14064-1:2018 standard, with the opinion providing reasonable assurance.								

Note: Prepared in accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" issued by the Taiwan Stock Exchange.

J. Implementation of Climate-related Information (cont'd)

Item	Implementation

9-2Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Greenhouse Gas Reduction Targets

In order to establish an effective greenhouse gas reduction strategy, the Company has completed a comprehensive inventory of all Scope 1 (direct emissions) and Scope 2 (indirect emissions) greenhouse gas emissions based on consolidated financial reports, followed by an analysis of this data. The results indicate that the manufacturing of shoes business accounts for approximately 87% of total emissions, making it the primary source of emissions. Therefore, the current greenhouse gas reduction targets are focused on this area of the business.

The Company has set a target for Scope 1 and Scope 2 emissions in 2025 to not exceed the levels recorded in the baseline year of 2019, striving toward the goal of zero emissions growth.

Greenhouse Gas Reduction Strategies

More than 80% of greenhouse gas emissions from the manufacturing of shoes process originate from electricity consumption. To achieve its carbon reduction target, the Company will prioritize reducing emissions from electricity use by implementing comprehensive reduction plans that focus on expanding green energy usage and improving energy efficiency.

Specific Action Plan

▶ Expanding green energy usage

- As of the end of 2024, the Company has completed constructing rooftop solar systems (RTS) in six plant sites in mainland China, Indonesia and Vietnam with a combined installed capacity of 9.03 MWh. In 2025, we will further evaluate plans for solar installations in Indonesia and continue to expand our use of renewable energy sources.
- The Company has actively purchased Renewable Energy Certificates (RECs) in mainland China, Indonesia, Vietnam and Cambodia. By the end of 2024, we have purchased a total of 247,610 MWh worth of RECs. In 2025 we plan to further increase the proportion of certificates procured based on actual manufacturing needs, continuing to reduce carbon emissions.

▶ Improve energy efficiency

- Through strengthened management of equipment sourcing and procurement and the promotion of energy-saving projects, the Company has achieved early results in energy management. As of the end of 2024, we have saved a total of 11,910 MWh of electricity. In 2025, we will continue to adopt high-efficiency equipment and actively promote various energy-saving measures to further improve energy efficiency and reduce waste and emissions in the manufacturing process.

The Company will continue to improve its greenhouse gas reduction strategy and make steady progress toward carbon reduction targets by implementing systematic energy management and expanding green energy initiatives, laying a solid foundation for sustainable operations.

Note: Prepared in accordance with the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" issued by the Taiwan Stock Exchange.

POU CHEN CORPORATION

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