

# 2022 Sustainability Report

ESG

Stepping up to a sustainable community

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# Letter from President

“ We strive to fulfill our vision: to foster a group of people who are committed to the value of work, supported by family, and proud of the company; to create a corporate culture based on the quest for innovation and quality; to manage Feng Tay to be a century club manufacturer steadily making reasonable profits; and to constantly engage in environmental protection and give back to society.

”

In 2022, the COVID-19 epidemic-related restrictions eased in the regions where our overseas factories are located, and production operations returned to normal. The overall revenue of the Group increased by 36% compared with the previous year (2021). We continued to build new factories in Indonesia, India, and Vietnam to raise production efficiency and provide more job opportunities for local communities. We will uphold our vision of sustainable operations, endeavor to contribute to the economy, environment, and society, and strive to reduce and avoid negative impacts.

## Emphasize Energy Saving and Care About Environmental Protection

Extreme weather and climate change pose an increasing threat to corporate operations. We have established the greenhouse gas reduction targets for Scopes I and II in 2030 to reduce the impact and risks caused by climate change. Through implementation of energy-saving projects, increase of renewable energy usage, and using the TCFD framework to identify the financial impact of potential risks and opportunities of climate change, we hope to manage and supervise climate change risk issues from top to bottom. Therefore, we were able to reduce the impact of climate change and even find the opportunity for energy transformation. In 2022, the Group’s renewable energy purchases achieved 74,200,000 kWh, and the proportion of renewable energy usage was 12.7%, indicating our determination to move towards energy transformation.

Feng Tay invested a large amount of resources to reduce the environmental impact of the overall operations. In order to raise water savings and water usage efficiency, we actively looked for alternative water resources such as rainwater and recycled water, in the hope of reducing our dependence on municipal water. We also endeavored to manage waste and wastewater generated in the manufacturing process and daily operations, reducing the external cost of the environment and increasing the waste recycling rate. In 2020, the Group’s non-hazardous waste recycling rate was 68.6%, and non-hazardous waste achieved the goal of zero landfill. In the future, we will constantly improve the environmental management system at each factory, and strive to become a green footwear manufacturing company.



## Consider Employees as Family Members and Make the Workplace Friendly and Inclusive

Feng Tay always considers employees as family members, emphasizes human rights policy of diversity and equality, and endeavors to provide a safe, friendly, and inclusive workplace. We strive to implement changes to keep improving our overall safety performance. In 2022, the recordable occupational injury frequency and injury rate were, respectively, 66 cases and 0.21 cases/million work hours, 22% lower than in 2021. Moreover, we provide health promotion and psychological counseling services to employees for their physical and mental health. In the belief that each factory should be managed by local talents, we strive to cultivate local employees. As of the end of 2022, locals accounted for 99.1% of the top-level management. We also incorporate local culture, including food favors and traditional festivals, into our operations, so as to fulfill our vision.

## Fulfill Social Responsibility and Give Back to the Community

We have continued to strengthen our partnerships with local communities while moving forward to a sustainable future. In Taiwan, we continued to support the renovation of various facilities to meet the needs of the community; and through Feng Tay Cultural and Educational Foundation we also carried on with sponsoring events and activities related to sports, arts and education. In China and Vietnam, we supported building construction or maintenance at schools, and continued to provide financial aids to less privileged students. The factory in Indonesia continued to make its onsite clinic available to the local community and supported the river cleaning project to improve the environment. Through the "Beyond" program in India, we built smart classrooms for neighboring primary and junior high schools and constructed public toilet blocks in neighboring villages to help improve community sanitation and educational resources.

Looking forward to the future, we will uphold our vision and persist in our belief - "care for the community and give back to society". We will contribute to the sustainable development of the corporate and society, and continuously move towards the goal of a sustainable corporate via carrying out green manufacturing and social responsibility.



*CHEN CHIAOCHI*

Chao-Chi Chen  
President  
Feng Tay Group

# Overview

## Report overview and frequency of publication

This is the 13th issue of Feng Tay Enterprises Co., Ltd.'s Sustainability Report. We are committed to publishing this Report annually, making our Reports publicly viewable and downloadable on the CSR page of our website ([www.fengtay.com](http://www.fengtay.com)) for stakeholders, to regularly disclose our operation outcomes and financial performance.

Current issue: May, 2023. Previous issue: May, 2022. Revisions to the previous issue are indicated in the GRI Index in the Appendix.

## Reporting boundaries and scope

The report covers the period from January 1 to December 31, 2022. The scope includes Feng Tay Group Headquarters in Taiwan and subsidiary companies in China, Indonesia, Vietnam and India, but excludes the holding, retail, trading and other related companies. For details, please refer to Chapter 1 About Feng Tay Group – Subsidiary Companies in various regions. The financial data are the 2022 consolidated financial statements of Feng Tay Enterprises Co., Ltd. and its subsidiaries in accordance with the International Financial Reporting Standards. For detailed information on affiliates, please refer to Feng Tay 2022 Annual Report. During the reporting period, there were no significant changes in the scale, structure, ownership, and supply chain of the organization.

## Compilation Guidelines

This Report is prepared in accordance with the GRI Sustainability Reporting Standards, the GRI Standards 2021 (GRI 303 and GRI 403 refer to the 2018 new update, GRI 207 to the 2019 update, and GRI 306 to the 2020 update). The disclosure of industrial sustainability index adheres to the standards developed by the Sustainability Accounting Standards Board (SASB). The GRI and SASB content indexes are given in the Appendix.

## Contact Information

If you have any suggestions or questions regarding the Report or our CSR practices, please contact us via one of the following methods. This Report is also published on the Company Website as part of our information disclosure responsibility.

## The Team Responsible for the Report and Quality Management

### Compilation

Sustainable Development Executive Officer Office / Relevant Responsible Departments

The general plan of the Report is made by the Sustainable Development Department / Sustainable Development Executive Officer Office. Disclosed data, strategic targets, and performance index, provided by each responsible unit, are integrated, compiled, edited and revised by the Sustainable Development Department / Sustainable Development Executive Officer Office.

### Review

Relevant responsible departments and their top executives

The completeness and accuracy of the contents of the report are confirmed by each unit, verified by the top executive of the relevant unit, and then reviewed and assured by external experts.

### External Assurance

KPMG Taiwan

To increase the accuracy and credibility of the information in the Report:

- We have engaged a third party verification service, KPMG Taiwan, to ensure that the specific performance index in this Report adheres to GRI standards using the ISAE 3000 standard and that there is no major misrepresentation due to fraud or error. A report of limited confidence is issued.
- The financial data are audited in line with the International Financial Reporting Standards (IFRS) by KPMG Taiwan. All financial data are calculated in NTD.

### Finalization

Sustainable Development Executive Officer

The manuscript is submitted to the Sustainable Development Executive Officer and external experts for review and verification prior to publication.

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# Sustainability Performance Highlights

# SDGs x ESG Action Performance

## Environment



The 2022 environmental protection-related expenditures totaled around USD 8,481,000, an increase of 1% compared to 2021.

The Group's proportion of renewable energy usage achieved 12.7%, and the amount of renewable energy purchased was 74,200,000 kWh.

Distributed NTD 4,426,100 in incentives for carbon reduction to reduce the carbon emissions of employee commuting.

The water usage efficiency was increased. The Group wastewater recycling rate achieved 40.3%.

Complied with the standards of wastewater discharge and waste treatment; there was no major incident of non-compliance with environmental laws and regulations.

The Group non-hazardous waste recycling rate was 68.6%.

## Governance



The Group consolidated revenue achieved NTD 95.9 billion in 2022.

Shoe production totaled about 134 million pairs, accounting for 96% of the consolidated revenue in 2022.

By the end of 2022, the workforce of Feng Tay Group was 140,186, spreading over Taiwan, China, Vietnam, Indonesia and India.

A new Logistics Center was built at the Headquarters and India Tindivanam Footwear Private Limited (TD) was established in India.

A total of 35 "Propose to Improve" proposals were selected in 2022, 19 of which won the "Best Manufacturing Kaizen Award".

There were 1,412 cases of grievance and suggestion, with a closing rate of 97.1%.

## Social



The total training hours for the Group reached 4,720,265 hours, with a total of 1,978,342 person-times. The average number of training hours per employee was 33.3 hours.

A total of USD 4.87 million were contributed to supporting public welfare activities in the communities.

A total of 458 employees with disabilities were hired by the Group.

The local talents accounted for 99.1% of top-level management in the Group.

The Group's total human rights training hours were 323,254 hours.

All the factories of the Group passed the human rights audit.

Nine employees received the CMSE certification of external machine safety experts, which enhanced their abilities to identify hazards and assess risk in machine operations.

# Material Aspects

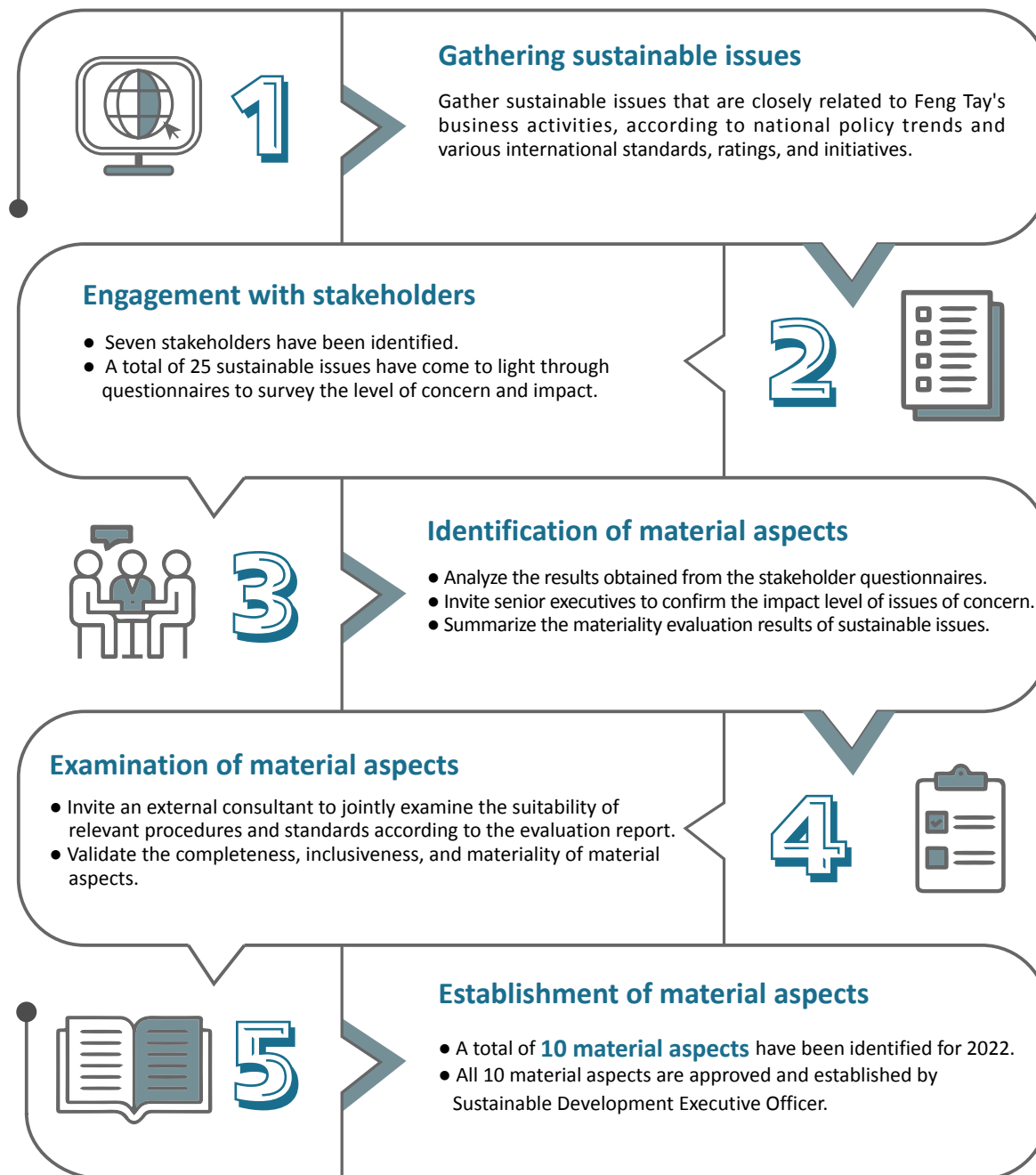
We identified material aspects on the basis of the sustainable issues listed in the GRI Standards and SASB Standards. We then considered Inclusiveness, Materiality, Responsiveness, and Impact in accordance with the AA1000 AccountAbility Principles, 2018. Prioritization was made following the GRI General Standards 2021 and the impact, management strategy, and practice status of each material aspect were disclosed one by one. The results were used to calibrate our sustainable development goals and strategies and strengthen the effectiveness of external communication. This year, the process of identifying material aspects was slightly adjusted in accordance with GRI 2021. This is our first time using the following method to identify and prioritize the report content of material aspects.

## Stakeholder Engagement

Focusing on our operating activities and industry characteristics, we have identified seven key stakeholders with reference to the five principles of Stakeholder Engagement Standard AA1000 SES 2015 – Dependency, Responsibility, Tension, Influence, and Diverse Perspectives. The stakeholders are (1) shareholders and investors, (2) customers, (3) employees, (4) suppliers/contractors, (5) government agencies, (6) local communities, and (7) media and advocacy organizations.

To fully understand the issues of concern to stakeholders, the issues that have an actual or potential impact on them, and the level of impact, we have actively communicated with various stakeholders through two-way and continuous channels used in daily practice. Relevant information is disclosed in the sections of Corporate Social Responsibility, Investor Relations, and Stakeholders of our company website. We also collect and respond to the issues of concern to them.

We have further focused on 25 economic, environmental, and social sustainable issues that are highly relevant to our Company, taking into consideration national policy trends, international standards such as SASB and TCFD, ratings such as CDP, and initiatives such as SDGs. A Stakeholder Issues of Concern questionnaire has been drawn up to conduct survey. The results of questionnaire analysis are reported to Sustainable Development Executive Officer every year. The outcome is then discussed according to the Company's development strategy, the industry situation, value chain practice, and expert suggestions to verify the level of impact each issue may have on the economy, the environment, and the people and their rights. The material aspects of the year are then identified and prioritized as the main axis of information disclosure in this Report, facilitating effective evaluation and decision-making conducted by stakeholders and other parties by whom this information may be used.



## ▼ Stakeholder concerned issues and engagement situation

### Shareholders and Investors

Investors provide a source of capital for the Company. Feng Tay's transparent disclosure of operations information demonstrates operating results to enhance investors' support, stabilize funds and create value in investment.

Major Issues of Concern	Communication Channels and Frequency
<ul style="list-style-type: none"> <li>• Diversity in governance</li> <li>• Integrity in operations</li> <li>• Economic performance</li> <li>• Risk management</li> <li>• Product quality and technology</li> <li>• Supply chain management</li> </ul>	<p><b>【 Engagement frequency 】</b></p> <ul style="list-style-type: none"> <li>• Shareholders' meetings / annual</li> <li>• Investor conferences / when necessary</li> <li>• Investor forums / when necessary</li> <li>• Entity interviews / when necessary</li> <li>• Consultations and communications with shareholders through contact channels / on-going</li> </ul> <p><b>【 Information bulletin 】</b></p> <ul style="list-style-type: none"> <li>• Company website</li> <li>• TWSE MOPS</li> <li>• Publication of annual reports, company profile and sustainability reports</li> </ul>

### Employees

Feng Tay considers employees as its foremost partners and commits to building an equal, fair, and happy work environment. We are against any form of discrimination, forced labor, and persecution of labor unions. We enhance environmental safety to minimize the risk of workplace injuries. Through competitive salary packages and benefits and a comprehensive training system, we are able to keep talents for a long time to create better operational performance for the Company.

Major Issues of Concern	Communication Channels and Frequency
<ul style="list-style-type: none"> <li>• Integrity in operations</li> <li>• Legal compliance</li> <li>• Labor relations</li> <li>• Remuneration and benefits</li> <li>• Occupational safety and health</li> <li>• Economic performance</li> <li>• Talent cultivation</li> </ul>	<p><b>【 Engagement frequency 】</b></p> <ul style="list-style-type: none"> <li>• Labor relations or company committee meetings / quarterly</li> <li>• Employees Welfare Committee meetings / quarterly</li> <li>• Regular meetings of various functional committees / when necessary</li> <li>• Face-to-face communication between employees and management / on-going</li> <li>• The General Manager Mail Box, dedicated telephone number, and "Grievance and Suggestion System" / on-going</li> </ul> <p><b>【 Information bulletin 】</b></p> <ul style="list-style-type: none"> <li>• Company intranet</li> <li>• Email and e-Newspaper</li> </ul>

### Customers

Customers are the main source of the Company revenue. It is critical to listen to the voice of customers and meet customer needs. Through frequent communication and continuous innovation, improvement and upgrading, Feng Tay provides safe and high-quality products and services while growing together with customers.

Major Issues of Concern	Communication Channels and Frequency
<ul style="list-style-type: none"> <li>• Product quality and technology</li> <li>• Supply chain management</li> <li>• Customer service</li> <li>• Talent cultivation</li> <li>• Occupational safety and health</li> </ul>	<p><b>【 Engagement frequency 】</b></p> <ul style="list-style-type: none"> <li>• Regular meetings / monthly</li> <li>• Field audits / when necessary</li> <li>• Participation in training activities / when necessary</li> <li>• Communication through email / on-going</li> </ul> <p><b>【 Information bulletin 】</b></p> <ul style="list-style-type: none"> <li>• Monthly report on the performance of various evaluation indexes.</li> </ul>

### Suppliers and Contractors

Suppliers play an important role in our sustainable development, not only in their impact on production, services and operations, but also in the risk of social responsibility and reputation. Through communication channels we learn about the issues of concern to suppliers and reduce operational risks and costs, thereby allowing us to continuously provide customers with responsible and superior services.

Major Issues of Concern	Communication Channels and Frequency
<ul style="list-style-type: none"> <li>• Integrity in operations</li> <li>• Green products / services</li> <li>• Supply chain management</li> <li>• Product quality and technology</li> <li>• Safety and risk of using chemical cements in products.</li> <li>• Occupational safety and health</li> <li>• Legal compliance</li> </ul>	<p><b>【 Engagement frequency 】</b></p> <ul style="list-style-type: none"> <li>• Regular visits and meetings with suppliers / on-going</li> <li>• Supplier conferences / when necessary</li> <li>• Supplier audits / when necessary</li> <li>• Telephone and email communications / on-going</li> </ul>



## Government Agencies

In addition to complying with government regulations and actively cooperating with the implementation of policies, we have gained the trust, support, and cooperation of the government through transparent two-way communication.

Major Issues of Concern	Communication Channels and Frequency
<ul style="list-style-type: none"> <li>● Integrity in operations</li> <li>● Labor relations</li> <li>● Occupational safety and health</li> <li>● Waste management</li> <li>● GHG emissions and reduction</li> <li>● Water resource management</li> </ul>	<p>【 Engagement frequency 】</p> <ul style="list-style-type: none"> <li>● Official documents and correspondence / when necessary</li> <li>● Set up various internal regulations according to the laws / when necessary</li> </ul> <p>【 Information bulletin 】</p> <ul style="list-style-type: none"> <li>● Company website</li> <li>● TWSE MOPS</li> <li>● Regular submission of various reports</li> </ul>

## Media and Advocacy Organizations

Media and advocacy organizations are the bridge between the Company and stakeholders. The real-time media reports and the diverse perspectives and suggestions provided by advocacy organizations help strengthen the Company's sustainability practices and enhance the Company image.

Major Issues of Concern	Communication Channels and Frequency
<ul style="list-style-type: none"> <li>● GHG emissions and reduction</li> <li>● Green products / services</li> <li>● Waste management</li> <li>● Economic performance</li> <li>● Social / community participation</li> <li>● Integrity in operations</li> <li>● Legal compliance</li> <li>● Safety and risk of using chemical cements in products.</li> </ul>	<p>【 Engagement frequency 】</p> <ul style="list-style-type: none"> <li>● Media interviews / when necessary</li> <li>● Appoint spokesperson for public communication channels / on-going</li> </ul> <p>【 Information bulletin 】</p> <ul style="list-style-type: none"> <li>● Company website</li> <li>● TWSE MOPS</li> </ul>

## Local Communities

Set the enhancement of CSR as a goal of promoting sustainable work. Reduce the negative impact on local communities. Make contributions and increase our positive impact on society.

Major Issues of Concern	Communication Channels and Frequency
<ul style="list-style-type: none"> <li>● Remuneration and benefits.</li> <li>● Labor relations</li> <li>● Social / community participation</li> <li>● Waste management</li> <li>● Talent cultivation</li> </ul>	<p>【 Engagement frequency 】</p> <ul style="list-style-type: none"> <li>● Employees participate in the activities of public welfare / when necessary</li> <li>● Visit neighboring communities and schools / when necessary</li> <li>● Participate in local community activities / when necessary</li> <li>● Telephone and email communications / on-going</li> </ul> <p>【 Information bulletin 】</p> <ul style="list-style-type: none"> <li>● Company website</li> <li>● Publish company profile and sustainability reports every year.</li> </ul>

Note:

1. The description of issues of concern in the 2022 Stakeholder Issues of Concern Questionnaire has been slightly revised without significant changes to substantive concerns.
2. Communication channels and frequency: Revisions have been made this year based on the content of the purpose and form of actual engagement.

## Identification and Analysis of Material Aspects

After the stakeholder engagement was completed, the process of establishing material aspects entered into the stages of operational impact evaluation and identification, inspection and establishment of material aspects. We invited senior executives to conduct an internal assessment. A total of 10 material aspects were identified and prioritized for disclosure in the Report. The 10 aspects comprised two environmental aspects, three social aspects and five corporate governance (economic) aspects. We also invited an external consultant to jointly examine the suitability of relevant processes and standards, and to verify that there were no omissions of material aspects. The list was presented to and approved by the Sustainable Development Executive Officer prior to preparation of the Report. This is our first time using this method to identify and prioritize material aspects. In the future, we will continue to communicate effectively with stakeholders and gather feedback, including setting up the stakeholder section on our website and providing an exclusive contact email address. Any questions, suggestions, or complaints regarding information on material aspects or other contents of the Report may be sent to the email address provided.

### 1

#### Identification of material aspects

For the 25 sustainability issues obtained from stakeholder surveys according to level of concern, we invited senior executives above the director level of each department to conduct in-depth internal evaluation and discussion on the severity (scale and scope), possibility of occurrence and risk of human rights violation, and analyze the actual or potential internal and external impact of the Company's operating activities. The issues were then ranked in order based on their quantified values, and the threshold standards for material aspects were set. A total of 10 material aspects were identified for 2022.

### 2

#### Examination of material aspects

An external consultant was invited to jointly examine the suitability of the material aspects identified and threshold standards, confirm that there were no omissions or deficiencies in the prioritized material aspects, and ensure their completeness, inclusiveness, macroscopicity, and consistency with our sustainable development strategy.

### 3

#### Establishment of material aspects

The 10 material aspects identified for 2022 were approved by the Sustainable Development Executive Officer. This Report discloses the impact of these material aspects one by one as well as our corresponding policies, commitments, management actions, indexes, and goals.

## Results of Materiality Analysis



### Material Aspects

- |                                  |                                  |
|----------------------------------|----------------------------------|
| 1 Integrity operations           | 6 Risk management                |
| 2 Product quality and technology | 7 Labor relations                |
| 3 Legal compliance               | 8 Occupational safety and health |
| 4 Economic performance           | 9 Social/community participation |
| 5 Waste management               | 10 GHG emissions and reduction   |

- |  |   |   |
|--|---|---|
| 11 Chemical and safety hazards of products | 16 Customer services                          | 22 Customer privacy   |
| 12 Energy management                       | 17 Water management                           | 23 Environment grievance  |
| 13 Supply chain management                 | 18 Diversity of governance bodies             | 24 Employee training & career development                           |
| 14 Compensation and benefits               | 19 Strategies for climate change              | 25 Number of manufacturing facilities and percentage of outsourcing |
| 15 Green product / service management      | 20 Labour conditions in the supply chain      |   |
|  | 21 Equal opportunity and Diversity management |   |

▼ 10 Material Aspects

1

**Integrity in operations**

The establishment of good business conduct and code of ethics ensures our sustainable operations and avoids any damage to business reputation and operational risks caused by illegal or improper transfer of benefits.

6

**Risk management**

Conduct systematic management of major risks at the corporate level. Strengthen the identification and response of major continuous risks in the corporate operations. Conduct required drills and adjustments according to major risks.

2

**Product quality and technology**

We are committed to developing safe and high-quality products that meet customer needs. Our consistent high-quality product technology enhances the overall value chain competitiveness and continues to win customers' trust and satisfaction.

7

**Labor relations**

The loss of talents will directly affect the company operation. Therefore, creating harmonious labor relations, setting up a competitive remuneration and benefit system, and establishing a smooth communication channels for filing complaints are the goals which we continuously pay attention to.

3

**Legal compliance**

We strictly comply with applicable policies, laws, international norms, and ethical standards, including the protection of the four dimensions of sustainable development: the economic, environmental, social, and human rights, so as to fulfill our CSR goals.

8

**Occupational safety and health**

Protecting employees' health and safety and providing a good working environment are our basic responsibility. Any health and safety risks can impact our employees, cause huge economic and social losses to the Company and reduce our competitiveness.

4

**Economic performance**

Consistent profit is the basis for the sustainable operation of the Company and drives the economic performance of the entire supply chain. In addition to making profit, we expect to best allocate our resources, give our revenue back to employees, society, and the environment, and contribute to advancing the common good.

9

**Social / community participation**

We believe that we must give back to society, repay our profits to the local community, participate in the promotion of public welfare, and fulfill our social responsibility.

5

**Waste management**

Reducing the environmental burden at each stage of the product life cycle is an important goal for Feng Tay to promote environmental protection. Proper waste management can reduce waste generation and related costs, increase revenue and reduce the impact of our operations on the environment.

10

**GHG emissions and reduction**

In response to the risk of climate change, we have actively set energy saving and carbon reduction goals. Used the TCFD framework to publicly disclose relevant measures, built our competitiveness under the trend of low carbon transformation, and demonstrated our responsibility to the climate and the environment.

▼ List of Material Aspects

Order	Material Aspects	Impact to supply chain			Corresponding Chapter
		Suppliers and Contractors	Employees and Shareholders	Customers and Communities	
1	Integrity operations	●	●	●	2.2 Integrity Operations
2	Product quality and technology	●	●	●	1.3 Product Quality and Production Technology
3	Legal compliance	●	●	●	2.4 Compliance with Regulations
4	Economic performance	●	●	●	1.4 Economic Performance
5	Waste management		●	●	4.4 Waste Management
6	Risk management	●	●	●	2.3 Risk Management
7	Labor relations	●	●	●	5.2 Workforce Overview
8	Occupational safety and health	●	●	●	5.5 Safe and Peaceful Workplace Environment
9	Social / community participation		●	●	CH.6 Care for the Community
10	GHG emissions and reduction		●	●	4.2 Energy Saving, Carbon Reduction and Air Pollution Control



# 01

## About Feng Tay Group

- 1.1 An Overview of Feng Tay Group
  - 1.2 Sustainability Commitments and Strategy
  - 1.3 Product Quality and Production Technology
  - 1.4 Economic Performance
- 

# 1.1 An Overview of Feng Tay Group

Feng Tay Enterprises Co., Ltd. (Stock code 9910) was established in 1971. Manufacturing of athletic shoes has been the core business of the company. Other business activities include development and production of casual shoes, inline skates, ice skates, snowboard boots, cycling shoes, golf balls, backpacks, soccer balls, helmets and sticks for ice hockey, shoe parts, shoe molds, and shoe tooling.

As a multinational group specializing in footwear manufacturing, we make all products at our own factories. The Group comprises 16 overseas subsidiary companies operating a total of 23 factories in China, Vietnam, Indonesia and India. The total number of employees is around 140,000. We are one of the longest-running shoe manufacturing partners of our major customer and operate the only airbag production factory our main customer authorized. Our group headquarters, located in Yunlin Technology-based Industrial Park in Taiwan, has the primary functions of order management, product development, technology research, products and shoe material trading, and training of management personnel for multinational operations. The Headquarters also handles sustainable management and promotes the corporate social responsibility, and thereby continuously improves core capabilities to maintain our competitive advantage in the shoe manufacturing industry.

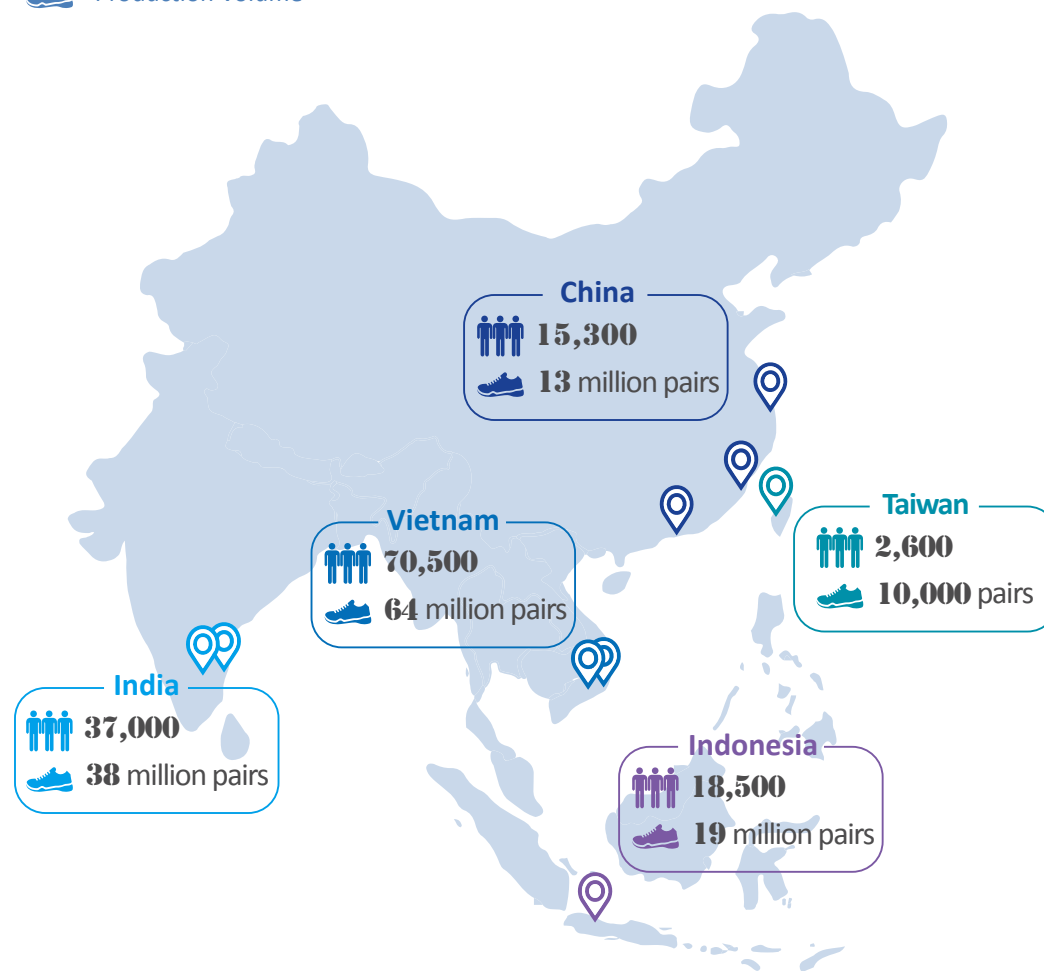
Feng Tay has operated on five intrinsic values: Integrity, Discipline, Win-win, Diligence and Craftsmanship, and has created a corporate culture based on the quest for innovation and quality. By constantly raising our competitiveness with a firm and pragmatic management style, our Group continues to grow and fulfill our vision to be a century-club manufacturer.



## Subsidiary Companies

Three headquarters of Feng Tay Group is located in Taiwan. The locations and main businesses of subsidiary companies are listed on next page.

-  Employees
-  Production Volume



▼ Subsidiary Companies in China, Indonesia, Vietnam, and India (for details, please refer to the Company website or 2022 annual report)

Region	Subsidiary Company	Year of Incorporation	Primary Products
China	Fujian Lifeng Footwear Industry Development Co., Ltd.	1988	Athletic shoes
	Fujian Xiefeng Footwear Co., Ltd.	1989	Athletic shoes
	Fujian San Feng Footwear Co., Ltd.	1992	Athletic shoes
	Xie Feng Mold Co., Ltd. Putian, Fujian	1991	Molds & Tooling
	Fujian Great Hope Footwear Co., Ltd	1989	Functional shoes / Sports equipment
	Suzhou Yufeng Plastics Technology Co., Ltd.	2009	Air soles
Indonesia	PT Feng Tay Indonesia Enterprises	1992	Athletic shoes / Functional shoes / Molds & Tooling
Vietnam	Dona Victor Footwear Co., Ltd.	1994	Athletic shoes
	Dona Victor Molds Mfg. Co., Ltd.	1999	Molds & Tooling
	Dona Pacific (Vietnam) Co., Ltd.	2000	Athletic shoes
	Vietnam Dona Orient Co., Ltd.	2003	Athletic shoes / Air soles
	Vung Tau Orient Co., Ltd.	2005	Soccer balls and protective gear / Golf balls / Backpacks
	Vietnam Dona Standard Footwear Co., Ltd.	2006	Athletic shoes / Casual shoes / Functional shoes / Sports equipment
India	Lotus Footwear Enterprises Ltd. (India Branch)	2007	Athletic shoes / Molds & Tooling
	East Wind Footwear Co., Ltd. (India Branch)	2010	Athletic shoes
	Fairway Enterprises Co., Ltd. (India Branch)	2014	Athletic shoes

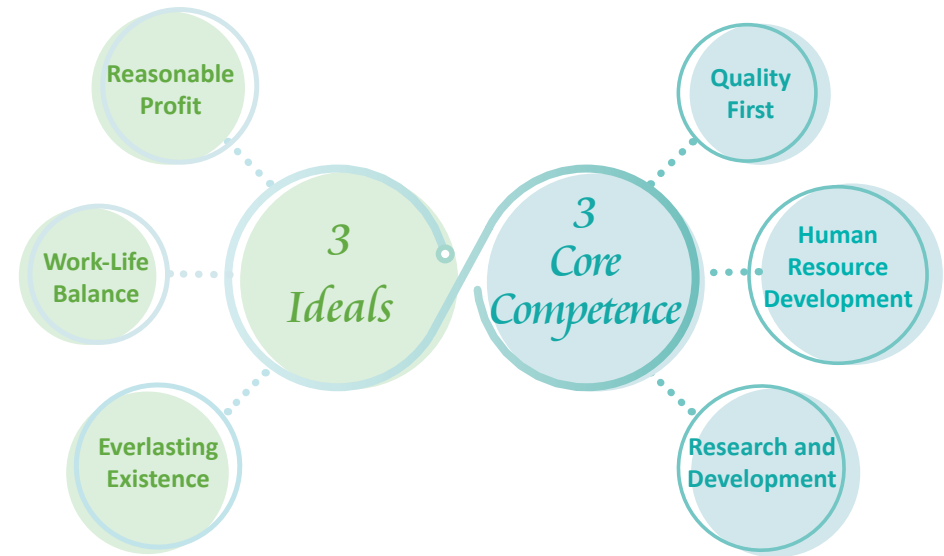
## Memberships in Industry Associations

▼ Associations and advocacy organizations in which we have an important participatory role are listed below.

No.	Name	Strategic importance	Membership
1	Taiwan Footwear Manufacturers Association	Participation in relevant training courses provided by the associations from time to time helps us acquire new knowledge and interact with peer groups. It also presents an opportunity to develop inter industry relations, enhance common interests, plan industrial improvement, and promote economic development.	General member
2	Yunlin County Industrial Association		General member
3	Taiwan Rubber & Elastomer Industries Association		General member

# 1.2 Sustainability Commitments and Strategy

As one of the world's top sports shoe manufacturers, we pursue a comfortable working environment and sustainable operations when making key operational decisions. As we aim to make a profit, we also highly value the rights and interests of our employees, society, and other stakeholders. We have formulated the CSR Code of Conduct and established an Sustainable Development Executive Officer to consolidate and supervise various operational units (please see 2.1 Corporate Governance and the Governance Team's Sustainable Development Department for the organizational structure). Through continuous research and innovation, we have improved production technology, process efficiency and management system. In every step of our activities, we take into consideration issues such as environmental protection, workplace health and safety, and human rights protection, and continue to deepen partnerships with the supply chain, employees, and local communities.



## Feng Tay's Vision

- Cultivate a group of people who recognize and accept the work philosophy, have family support and take pride in the company.
- Create a corporate culture with innovation and quality as its central philosophy.
- Operate Feng Tay to become a century club manufacturer that steadily makes a reasonable profit.
- Continuously care about environmental protection and do our best to give back to local communities.





# Business Strategy



## Governance

- Take sustainable operations as the basic principle for development of products, materials, and technology. Perfect and implement various rules and regulations.
- Regard customers as partners, emphasize transparent communication, meet customer needs, and assist customer business growth.
- Thoroughly implement “deep cultivation” and “management by walking around.” Constantly inspect and improve various details and regulations in daily work to make the company follow the global trend and maintain its competitiveness so that it will not be eliminated.



## Economy

- Think about the future of products and services. Develop forward-looking and sustainable products and business activities.
- Strictly manage product quality. Do not damage product quality or company reputation because of cost or profit considerations.



## Environment

- Promote energy saving and carbon reduction measures within the Group. Improve energy efficiency and increase the use of environmentally friendly energy resources.
- Implement various pollution prevention measures, including control of waste- water discharge and gas emissions and management of waste reduction and disposal.

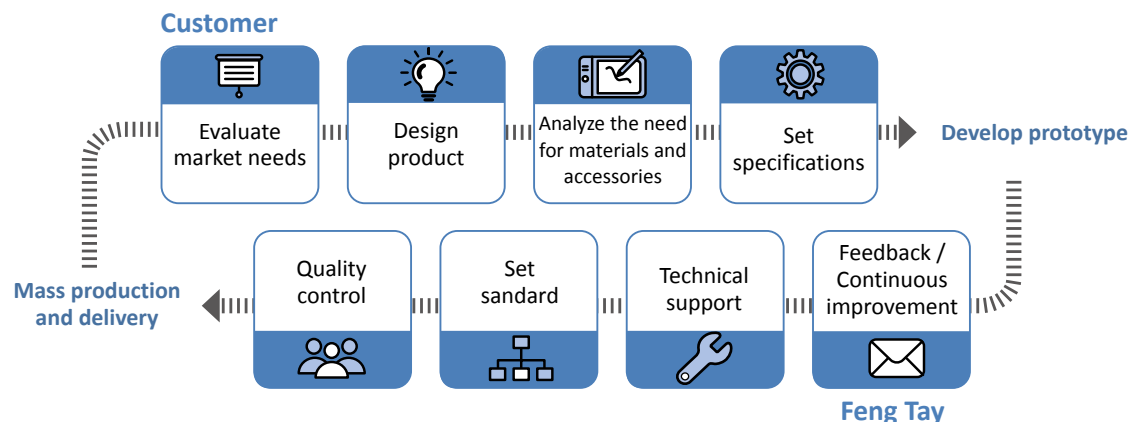


## Social

- Continue to cultivate talents. Promote local employees who have the same work philosophy to become the management team members at local factories.
- Excel at HR management. Improve the workplace environment. Enhance employees’ sense of identity and team spirit to increase talent retention rate.
- Continuously strive to reduce occupational injuries. Create a safe culture. Try to achieve zero workplace injuries and zero disasters.

# 1.3 Product Quality and Production Technology

Feng Tay has insisted on winning customers' trust by providing products with consistent quality and reasonable price. Making quality products at reasonable prices is not only our assurance to customers, but also our commitments to consumers. As technology evolves, designs become increasingly complex, and consumer tastes for products diversify. Therefore, we constantly make improvements to shoe model development, production process design, technology development, and production management. With decades of experience, we continuously add value to and refine our products to strengthen our partnership with long-term customers. We will strive to reduce the rate of returns for our products and, by raising awareness of product quality among employees, create a corporate culture that focuses on the quest for innovation and quality.



## ▼ The response, management, and evaluation method of Feng Tay in relation to the 2022 material aspect “Product quality and production technology”

**Material aspects** — **GRI code** — **SDGs**

Product quality and production technology      Custom aspect

**Policies and commitments**

- Create a corporate culture with R&D and quality as the core value. Continuously raise production efficiency and quality while meeting customer needs.

**Indexes and goals**

Short-term goal:

- Injection Tech and mass production capacity at the factories in India are expected to be completed in 2023.

Mid-long term goals:

- Reorganize the quality management system to improve quality performance. The goal is to achieve zero customer complaints and zero batch returns of products year round.
- Implement the “Propose to Improve” system. Select outstanding technical improvement proposals and promote them to the entire Group.
- Continuously optimize the new product development capability at each operation site, so as to provide mass production factories with superior shoe designs selection of materials, cardboard, production process and tooling, to ensure consistent production quality.

**Effectiveness tracking mechanism**

- The customer feedback mechanism includes customer satisfaction surveys, customer complaints, and the product return rate.
- Connect the “Propose to Improve” system with employee incentive bonuses. Select a Great Kaizen proposal every month, and announce and implement it throughout the Group.
- Products should meet the standards set by customers. The overseas production quality team inspects the production process and product quality to ensure that the standards are met.

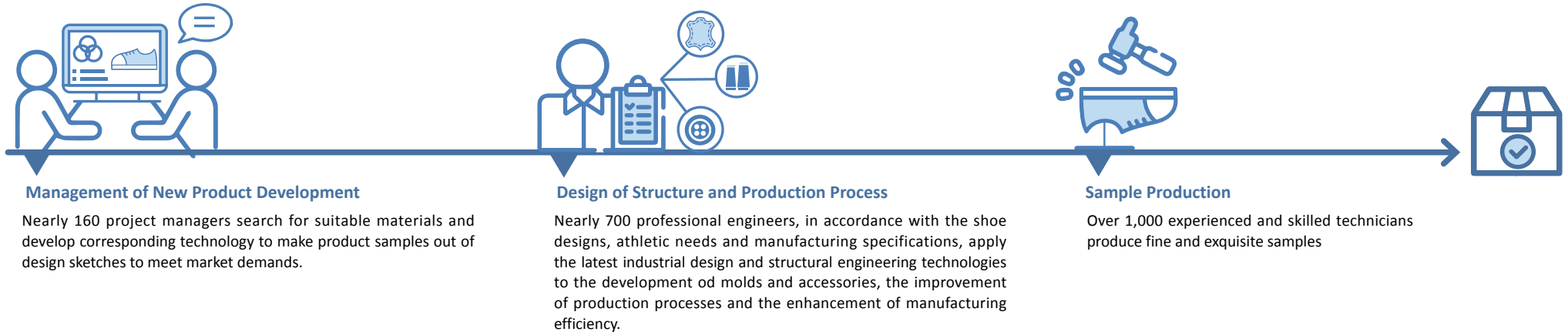
**Annual actions and measures**

- There were 42 customer complaints in 2022, which drove the reform of quality-related organizations, responsibilities and performance.
- A total of 35 “Propose to Improve” proposals were awarded in 2022, of which 19 received the “Great Kaizen” award. The selected proposals have been applied to the company operations.
- When a factory was preparing for the mass production of a new shoe model and going online, sufficient trip time should be allowed for the HQ engineers to advise the factory to prepare for the mass production of the new shoe model and troubleshoot various unexpected abnormal events after going online.

## Innovation Breakthroughs

### Investments in Research and Development Resources

We are keenly aware that constantly surpassing our current technology is the key to holding a leading position in the footwear manufacturing industry, maintaining consistent product quality, and raising customer satisfaction. For this purpose, we have allocated a huge amount of resources to research and development. At the Headquarters, more than 1,000 product developers, engineers, and sample makers work in the Product Development Center. They continuously improve the added value and refinedness of our products, giving the products more competitive advantages. In 2022, we invested about NTD 2.93 billion in research and development, an increase of 18% compared with 2021. The investment accounted for 3% of the consolidated revenue in 2022.



### Research and Development Highlights



#### Consistent quality and optimization

Best practices in manufacturing are established through testing, verification, and correction at various stages before mass production. As a result, standardization and consistency are maintained in mass production even if the work is assigned to different people.



#### Automation technology

Feng Tay has established a dedicated department to develop automation technology for applications in production processes where high-risk machines are being used, the work is monotonous, or frequent repetition of the same action is required. The development of automation technology is aimed at eliminating the risks associated with manual operations and improving production efficiency and quality. Automated assembly lines were set up at our factories in China and Vietnam, and prototypes of automated machines are being tested for use in mass production as well.



#### Eco-friendly process

Raw material replacement and process technology improvement help reduce environmental pollution caused by the use of chemical cements in products and waste generated in the manufacturing process.

## Annual Research and Development Achievements

The fact that Feng Tay values research and development is reflected in the innovation achievements. In 2022, Feng Tay achieved the following breakthroughs in research and development:

### ▼ Technological Innovation

#### Effective reduction of VOC

- Completely eliminate the 30% VOC in the original process by replacing the manual application of chemical primer with plasma process technology for RB outsole.
- Reduce 75% VOC and odor of finished products by using low-ammonia blowing agent (DH9) and odorless crosslinking agent (BIPB) in EVA formulae for insoles and sockliners.

#### Waste reduction

- Develop eco-friendly supercritical fluid micro-injection foaming process to avoid the use of chemicals and crosslinking blowing agents. The process also increases the recycling rate and reduces solid waste, and therefore is more environmentally friendly.
- Replace traditional manual applique and texture operations with digital texture process technology. The waste produced by the chemical etching process is reduced, thereby achieving the goals of protecting the environment and caring for the earth.

#### Quality and safety

- The design and application of two-end ejectors for large sole injection mold release provided a solution to product deformation and quality problems resulting from traditional manual forced demolding. The solution also has helped alleviate worker fatigue and improve safety.

#### Automation engineering

- A fully automatic unmanned production line for 2-FILM has been developed and mass production has been fully accomplished at the air bag manufacturing plant. More than 2.8 million pairs of finished products have been produced.
- Through the continuous improvement of automated manufacturing technology, custom orders for different shoe patterns, materials, and colors can be accepted, and production can be quickly switched on the automated production line.

## Key Products



#### JORDAN LUKA 1 Basketball shoes

JORDAN LUKA 1 basketball shoe is equipped with a hollow IP003 midsole construction design to allow insertion of MTPE/ IU-010 midsole core and an innovative structural design of the wrap-around outer frame with lightweight formula. This design provides consumers with the experience of light weightiness and high resilience.



#### LEBRON XX Basketball shoes

Developed and produced the first 3D laser-synthetic midsole construction design with a cushioning ZOOM AIR system in the forefoot and heel and a carbon plate support to show a responsive bounce, which provides consumers with the experience of light weightiness and sense of speed. This is the lightest basketball shoe ever.



#### Air ZM Infinity Tour Next% Golf Shoes

Developed and produced the first golf shoe with visible forefoot ZOOM AIR construction, which offers consumers a responsive bounce while walking long distances. Moreover, the design of injected plate with spikes provides traction and comfort at the same time.



#### AIR FORCE 1 REACT Shoes

AIR FORCE 1 REACT is the first shoe utilizing rubber tooling with 3D parting line design. The visible React midsole with solid and translucent color formula provides consumers with a brand new light weightiness and visual experience.



#### NIKE METCON 7 AMP Cross Training Shoes

NIKE METCON 7 AMP sneaker utilizes TPU yarn and high sidewall rubber to cover upper foot, which provides excellent abrasion resistance and traction. The application of inner plate and React foam offers athletes the feeling of stability and cushioning during training.



#### AIR MAX 90 GTX Sneakers

This is a combination of classic AIR MAX 90 shoe and GORE-TEX technology. The unique inner bootie construction provides waterproofness and breathability. Without affecting the appearance, it not only maintains the consumer group, who pursue the classic taste, but also protects the feet from water and rain and keeps them dry all day long.

## Quality First

### Quality Improvement

In order to elevate product quality and values, including the quality of appearance and packing to meet customer expectations and improvement of product safety to minimize the rate of product returns, a technology unit was established in Business Division. The unit oversees the technical aspects at each stage of product development and mass production. To continuously overcome technical challenges, optimize manufacturing technology database and ensure that the production lines follow the technical specifications, Feng Tay also established Tech, Quality Assurance, and Process departments. We continue to bring in and develop skilled professionals in advanced chemical engineering and footwear manufacturing technology. An inspection system is set up to ensure the implementation of best practices, provide feedback on deficiencies in operations specifications, and continue to make improvements.

We manage our operations with clearly specified division of manpower, operational process and decentralized responsibility. To assure product quality, we begin discussion on mass production plans with our customers at the initial development stage and provide timely feedbacks about product development, including materials and production process. Through the daily inspection mechanism, management by walking around and functional walk-through, the management team is able to monitor product quality and production progress at all times, resolve unexpected issues, and help each unit to operate under the best conditions. To continuously improve our operations, we have implemented the “Propose to Improve” system and an improvement team at each factory, and thereby encourage operators to participate in improvement of manufacturing operations.

### The Propose to Improve System

The “Propose to Improve” system implemented at factories in China, Indonesia, Vietnam, and India is connected with employee incentive bonuses. A mailbox is installed at an easily accessible location at each factory to collect proposals made by any employee for improvement of production. The mailbox is checked to collect the proposals every day. The feasibility and innovation of the proposals are evaluated by the Group Technology General Manager, and the Great Kaizen cases are selected and announced every month. The winners are rewarded with incentive bonuses which are added to their salaries of the month. The “Best Manufacturing Kaizen Award” is selected from the Great Kaizen cases. The winners are invited to the Headquarters to receive the awards at the Group anniversary celebration to encourage employees to strive for improvement and breakthrough in their daily work.

- In 2022, a total of 35 proposals were awarded, of which 19 received the “Best Manufacturing Kaizen Award.”
- All the selected proposals have been applied to the Company operations.

- The Great Kaizen cases of the year include:

#### Production tooling innovation

Redesign and integrate three manual tools used in Outsole Stitching, so that a single tool has the functions of thread hooking, measuring, and thread cutting. The operating time was shortened from 30 seconds to 18 seconds and the efficiency increased by 40%. This improvement was implemented at 18 of the Group’s factories.

#### Shoemaking process breakthrough

The hand-stitching restriction of 1050D thickness was broken through by testing combinations of parts of various machines. Computerized stitching machines were successfully converted and can be employed to work with 1050D thickness. The production time was shortened from 860 seconds per piece to 48 seconds per piece, thereby increasing the efficiency by 94.4%. We have helped two factories that undertake orders complete mass production with this upgrade.

#### Machine function upgrade

Grating protection is installed in the RB Heat press machine area and the continuous switch pressing has been eliminated. As a result, both hands are free after the switches are pressed to run the machine. This improvement helps reduce fatigue and free up time for material preparation. The operating time can be shortened by 12 seconds for each mold.

#### Optimization of an original process

In the original process, the sandpaper that fits on the abrading wheel needs to be replaced every 3-4 days. Changing smooth surface sandpapers to sandpapers with texture for sockliner abrading saves manpower and chemicals for repeated replacement of sandpapers. The service life of the improved tool has reached more than three months.

### Quality Control

A laboratory is established at each factory for material property analysis and performance testing. Materials and finished products are also regularly sent to third-party testing laboratories, such as SGS, for testing products of various designs, material properties and market specifications. Material property tests and chemical analysis support the development of product prototypes and the establishment of chemical management, and thereby facilitate production of high quality products using safe methods. Based on the user’s point of view, testing standards are set for each individual product with respect to performance, environmental adaptability, and life expectancy. For example, testing of outdoor footwear is focused on flexibility, performance under different temperatures, durability, and tensile strength. Strict control of materials at every stage, including raw materials and finished products, enables us to create with customers an exceptional user experience. For material tests of our products, please refer to Section 3.2 Product Safety of the Report.

### Customer Feedback Mechanism

To further improve the quality of products and services, Feng Tay uses the Customer Feedback Mechanism and daily interactions to better meet customer needs. For the purpose of maintaining transparent communications with our customers, Feng Tay regularly provides reports on product quality and production progress, and accepts audits by them. When a customer’s quality complaint is received either at a factory or at the Headquarters, the top executive of the business division is promptly notified. Progress reports on the reason for the complaint, the cause of quality problems, corrective measures, and attribution of responsibility are submitted regularly until the improvement plan is completed.

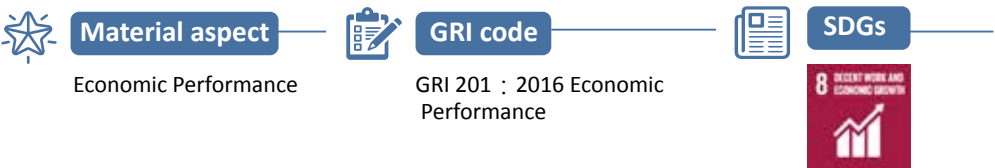
# 1.4 Economic Performance

## Operational Outcomes

Feng Tay's main business is manufacturing and sales of footwear. In 2022, shoe production totaled about 134 million pairs, accounting for 96% of the consolidated revenue. Shoe production in 2021 was 21% lower than in 2022 because the operations were temporarily suspended during the COVID-19 pandemic in Vietnam. In 2022, the Group consolidated revenue was NTD 95.9 billion, 36% higher than in 2021, and the Group net income attributable to the parent company was NTD 9.08 billion, 100% higher than in 2021. For the full content of the 2022 consolidated financial report, please refer to the financial statements and annual reports in the Investor section on the Company website.

Feng Tay Group began its multinational operations in 1988. The production experience of skilled employees and continuous improvement of management capabilities provide solid support for R&D and innovation. Strict compliance with domestic and foreign tax laws and regulations enables us to maintain stable operating performance and competitive advantages.

### ▼ The response, management, and evaluation method of Feng Tay's 2022 material aspect "Economic Performance"



### ▼ Policies and commitments

- Through high production efficiency and quality, we strive to meet customer needs, achieve the goal of maintaining stable profits, and create maximum benefits for shareholders and other stakeholders.

### ▼ Indexes and goals

- Continuously enhance competitiveness, pursue stable growth and improve business performance through technological innovation, process improvement, automation, lean management, and talent cultivation.

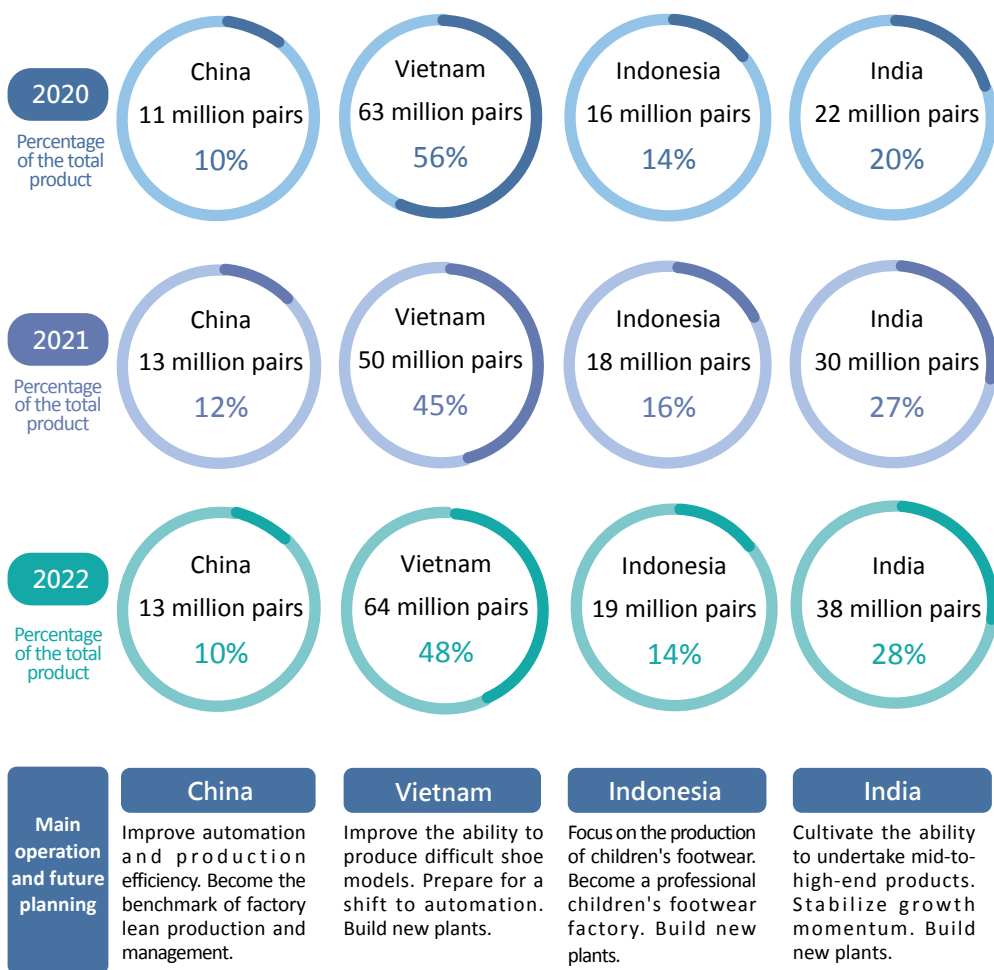
### ▼ Effectiveness tracking mechanism

- Upload the monthly consolidated revenue and the monthly profit and loss statements to the TWSE MOPS and the Financial Section on the Company's website.
- Upload the Quarterly Consolidated Financial Statements to the TWSE MOPS and the Financial Section on the Company website.

### ▼ Annual actions and measures

- In 2022, the Group consolidated revenue was NTD 95.9 billion, and the Group after-tax net income attributable to the parent company was NTD 9.08 billion.
- Footwear and other products accounted for 96% and 4%, respectively, of the main product revenue. Shoe production totaled about 134 million pairs in 2022.

### ▼ Shoe production volume in each region for years 2020 - 2022



▼ Financial performance for years 2020 - 2022

Year / Category	Unit	2020	2021	2022
Revenue	Thousand NTD	68,959,738	70,349,864	95,902,924
Net income attributable to the owners of the parent company	Thousand NTD	4,878,868	4,541,841	9,081,733
EPS	NTD	5.53	5.15	10.30

Note: Because the “Direct economic value generated and distributed by the organization” sheet is added to the Report this year, the disclosure content in the financial performance statement has been simplified and the statistical categories adjusted. All statistics are sourced from financial reports.

Please refer to Feng Tay Consolidated Financial Report for details of financial information. The Consolidated Financial Report comprises the data for Feng Tay Enterprises Co., Ltd. (parent company) and subsidiaries.

▼ Direct economic value generated and distributed by the organization

Category (Unit: Thousand NTD)		2020	2021	2022
Direct economic value generated	Operating revenue	68,959,738	70,349,864	95,902,924
	Other income	951,278	623,900	719,759
Distributed economic value	Operating costs and expenses (Excluding employee salaries and benefits)	35,703,785	37,331,752	50,659,713
	Employee salaries and benefits	26,186,652	26,640,947	33,897,114
	Income tax expense	2,054,160	1,766,162	3,710,194
	Payment to investors (Cash dividends and interest payments)	3,064,535	3,410,635	3,780,495

## Government Subsidies

In 2022, Feng Tay received USD 9,190,674 in subsidies from a number of governments.

▼ The amount of government subsidies or incentives in each region

Region	Category	Amount (local currency)	Amount (USD)
China	Incentives for growth in export volumes and tax payments	RMB 575,843	USD 82,263
	Incentives for technical transformation	RMB 2,170,100	USD 310,014
	Subsidy for employment stability	RMB 4,898,496	USD 699,785
	Subsidy for preschool	RMB 1,178,550	USD 168,364
	Other incentives	RMB 156,808	USD 22,401
Vietnam	Electricity subsidy for businesses	VND 207,463,757	USD 8,644
	Employee insurance subsidy	VND 43,842,922,637	USD 1,826,788
	Other subsidies	VND 2,980,000	USD 124
India	Employee training subsidy	INR 360,000,000	USD 4,337,349
	Other subsidies	INR 144,000,000	USD 1,734,940

## Tax Management

Feng Tay Enterprises supports tax policies that contribute to the sustainable development of enterprises and economic growth. We are committed to ensuring information transparency and fulfilling the corporate social responsibility. When there are major changes in tax-related regulations and policies, the Headquarters financial department and the Group’s tax professionals will conduct risk assessments and consult external professional organizations to draft a response strategy, which will be submitted to the President / Chairman of the Board for approval. The response strategy will be reported in the annual meeting of the board of directors to ensure effective tax management and fulfill the corporate responsibility.

The daily tax administration and management at each operation site are conducted by the local chief financial officer in accordance with the following tax affair guidelines. The Group’s tax professionals supervise and provide assistance to ensure the fulfillment of tax obligations and risk management.

- Subsidiary companies at all operating locations comply with local tax laws and regulations, and declare and pay taxes on time.
- Disclose tax information in financial reports in accordance with regulations to ensure information transparency.
- Transactions between subsidiary companies follow the principle of compliance with conventional transactions.
- Understand changes in tax laws and regulations at each operating location, and conduct tax risk assessments to formulate response strategies.
- Establish a relationship of mutual trust and respect with tax authorities, and promptly communicate and consult on tax issues.

▼ Tax information of the Company and its subsidiaries for years 2020-2022 (Unit: Thousand NTD)

Category	2020	2021	2022
Net profit before tax (A)	7,646,331	6,927,895	13,474,467
Income tax expense (B)	2,054,160	1,766,162	3,710,194
Effective tax rate (=B/A)	26.8%	25.5%	27.5%



# 02

## Sustainable Governance

- 2.1 Corporate Governance and the Governance Team
- 2.2 Integrity Operations
- 2.3 Risk Management
- 2.4 Compliance with Regulations



# 2.1 Corporate Governance and the Governance Team

Feng Tay adheres to the principle of integrity operations. We emphasize law-abiding, operational transparency, and shareholders’ rights. Through the supervision of the management team and the checks and balances system, we clearly define the rights and responsibilities of all shareholders, operation teams, and stakeholders. We strive to ensure that the interests of shareholders and stakeholders are maximized and the decisions of our highest governance body (the Board of Directors) align with Feng Tay’s operating philosophy in economic, environmental, and social aspects. Please refer to the company website or the Annual Report for details related to the Board of Directors, corporate governance, and various meetings and strategic decisions.

## The Professional and Diverse Board of Directors

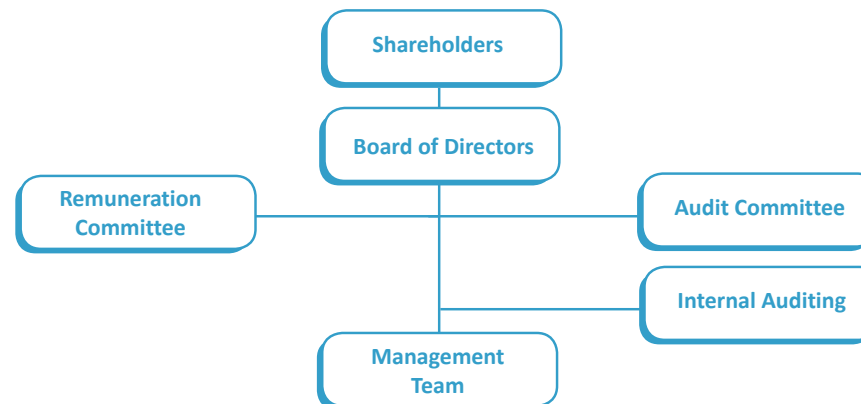
The Board of Directors, Feng Tay’s highest governance body, monitors the corporate long-term strategy, evaluates risks, and decides the appointments and rewards for the management team. In the Articles of Incorporation, the Company has specified the nomination and election process of Board members. The Board is required to conduct prior review on the qualifications of candidates nominated by shareholders or directors and present the results of the review to shareholders for reference.

In order to implement good corporate governance and develop the function of strategic guidance, the composition of the Board of Directors has considered the Company’s management style and development needs. We have therefore drawn up an appropriate number of directors and diversification policies, including basic qualifications, professional background and industry experience. In addition, the Board as a whole must have operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international marketing perspective, leadership and decision-making capabilities.

In 2022, the Board was composed of 13 directors (reelected in July 2021) with a three-year term until July 2024. Among the 13 directors, four were independent directors, who had served fewer than three terms and accounted for 31% of all directors, which is better than the local regulatory requirements. One of the directors was the Company’s manager with outstanding performance. Among other Board members, one had a legal professional background, three had accounting/investment professional backgrounds, six had experience in large corporate operations, and one was an American who understood Chinese and was familiar with western social values.

Feng Tay also pays attention to the gender diversity of board members. There is currently one female director. The goal is to have at least three female board members. We plan to add one female director each in 2024 and 2027 in order to implement the policy of diversification of board members. In addition, fewer than half of the current directors have a spouse or relative within two degrees of kinship on the board, as required by Article 26-3 of the Securities and Exchange Act. The requirement makes the board of directors independent as a whole, and the directors can exercise their powers objectively, so as to strengthen the Company’s business development and corporate governance.

### ▼ Feng Tay’s governance structure



### ▼ Feng Tay’s Diverse Board Members

Title	Name	Gender	Age	Nationality
Chairman of the Board	Chien-Hung Wang	Male	51 - 55	R.O.C.
Vice Chairman of the Board	Chien-Rong Wang	Male	46 - 50	R.O.C.
Director	Chao-Chi Chen	Male	56 - 60	R.O.C.
Director	Hui-Ling Chen	Female	56 - 60	R.O.C.
Director	Peter Dale Nickerson	Male	61 - 65	USA
Director	Shi-Chin Tsai	Male	66 - 70	R.O.C.
Director	Shih-Jung Chen	Male	56 - 60	R.O.C.
Director	Tsung-Ta Lu	Male	46 - 50	R.O.C.
Director	Yi-Hua Chung	Male	61 - 65	R.O.C.
Independent Director	How-Jen Huang	Male	71 - 75	R.O.C.
Independent Director	Yu-Sheng Lu	Male	61 - 65	R.O.C.
Independent Director	Chung-Yi Lin	Male	56 - 60	R.O.C.
Independent Director	Hsueh-Cheng Li	Male	56 - 60	R.O.C.

Note: Please refer to the Company’s 2022 Annual Report for the qualifications and experiences of Board members.

The Board meeting is held at least once every quarter. There were four regular Board meetings in 2022. The Board members were actively engaged, with 100% meeting attendance rate (including video link attendance). The agenda included reviewing operational performance, corporate governance, major investment projects, and business reports submitted by the management team. Through dialogue with the management team, the Board gets to understand the problems faced in operations, and to urge the management team to adjust accordingly. Please refer to the Company's annual report for detailed information.

Based on the "Rules of Procedure of the Board of Directors of Public Issuing Companies", the Company's Board of Directors set up the "Rules of Procedure of the Board of Directors" and guidelines to prevent conflicts of interest. The Board members faithfully conduct their business, perform their duty of care as a good manager, and exercise their powers with a high degree of self-discipline and prudence. Board members should avoid involving in discussions of any motions in which they have conflicts of interest and should not represent other directors to vote on the motions in the Board meeting.

## Governance Structure and Delegation of Responsibilities

### Audit Committee

The Audit Committee plays an important role in helping the Company identify and manage risks. In the Audit Committee meetings, we regularly report the risk environment, risk management priorities, risk assessment and response measures. The Audit Committee will then provide opinions or suggestions on the potential risks in legal, financial accounting and operations to the Board of Directors for consideration in decision-making. In addition to the responsibilities to supervise the quality and integrity of the Company's financial reports, the Audit Committee regularly reviews, with the CPA, the main accounting components of each quarterly financial statement to ensure reasonableness and adequacy of the financial statements. Furthermore, the Audit Committee is responsible for reviewing the independence of the CPA, the reasonableness of major related parties' transactions, and ensuring the design and effective implementation of the internal control system. The Audit Committee was established in 2018. All four current independent directors served on the Committee and one of them serves as chairman. The Audit Committee meets at least once every quarter. A total of four Audit Committee meetings were held in 2022, and the attendance rate was 100%.

### Remuneration Committee

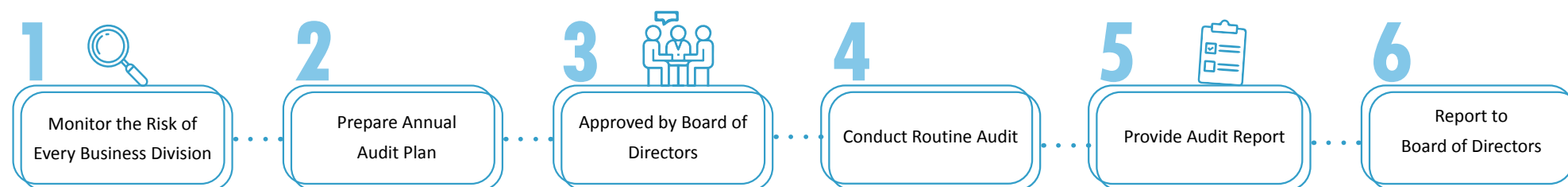
The Remuneration Committee evaluates and reviews the remuneration of the senior management team and the allocation ratio of employee remuneration. According to the care of its professional and good stewards, the committee faithfully conducts the task of "formulating and regularly reviewing the policy, system, standard and structure of performance evaluation and compensation for Board members and senior management team." In addition, it carries out the task of "assessing and setting the compensation for Board members and senior management team on a regular basis," and make recommendations to the board of directors for reference in decision-making. Feng Tay established Compensation Committee in 2012. Composed of four members (one of them serving as chairman) appointed by the Board, the committee meets at least twice a year. A total of four committee meetings were held in 2022 with an attendance rate of 100%.

### Internal Audit System

Internal Audit is an independent unit subordinate to the Board of Directors. The auditors carry out their work in an independent and objective manner with integrity, and assist the Board of Directors and the management team in identifying and evaluating risks to the Company. Feng Tay's Audit Director, Audit Specialist at the Headquarters, and auditors in the Board office of each subsidiary company are in charge of internal auditing. The appointment of Audit Director must be approved by the Board of Directors. Any significant findings on the Company's internal control management are reported to the Audit Committee. The audit director independently communicates with the independent directors every quarter about important findings on the Company's internal control management and the design and implementation of the internal control system, in order to improve the control of the overall internal and external environmental risks and the effectiveness of the internal control system.

Internal auditing is conducted at the Headquarters as well as in all subsidiary companies according to auditing plans approved by the Board. The auditors are required to immediately report any deficiencies and anomalies to independent directors, who will urge the management team to respond properly at the earliest possible time. These requirements have the objective of continuously improving the effectiveness of internal controls and are used as the basis for making necessary changes to the system and regulations.

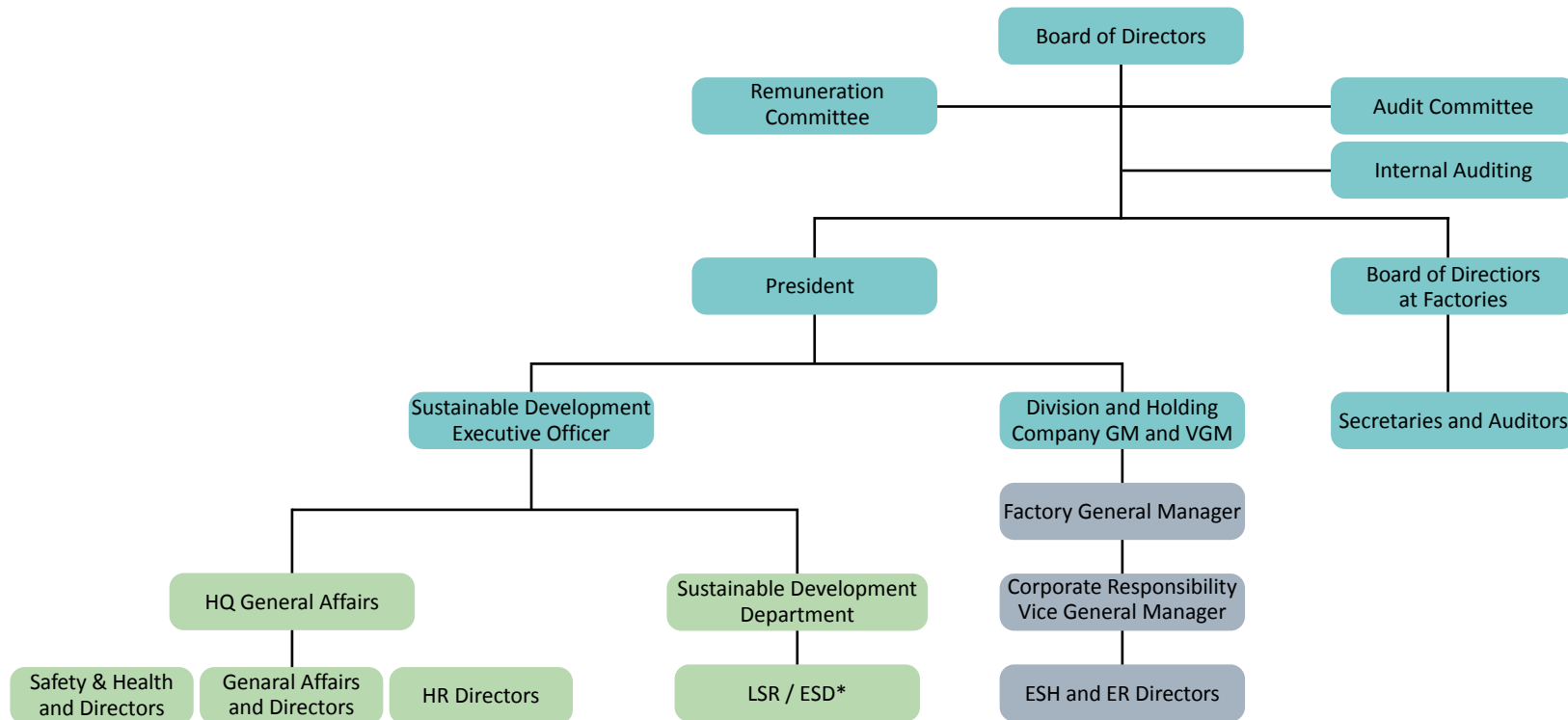
#### ▼ The process of internal auditing system



## Sustainable Development Department

The Sustainable Development Department set up at the Headquarters conducts overall planning and supervision. Based on the principle of materiality, the systematic risk management policy was established and various sustainable management measures formulated. The Department promotes every year the identification of corporate social responsibility issues such as environment, safety, health and employee relations, as well as the formulation of corresponding measures. In addition, the Department monitors the management of the operational impact on economy, environment, and human rights. The Sustainable Development Department conducts the corporate social responsibility affairs with the cooperation of General Affairs Department and Human Resources Department, and responds to the issues of interest to stakeholders on behalf of the highest governance body.

- Corporate Governance
- Headquarters
- Factories



\*LSR : Labor, Safety & Social Responsibility

ESD : Environmental Sustainability and Development

## Sustainable Performance Evaluation and Improvement

### Continuous Improvement of the Governance Team

Feng Tay's Board members have professional knowledge and rich experience in corporate governance and continue to strengthen their professional capabilities. By extensively referring to global trend reports, the board members continuously enhance their collective knowledge of environmental, social and economic matters. To timely gain an insight into global risk trends and strengthen risk response capabilities, the Board members actively participate in training courses. In 2022, each member took at least six hours of study on topics including regulatory changes, insider trading prevention, and performance evaluation of the Board and functional committees. In the future, we will continue to encourage the Board members to participate in sustainable development training courses, so as to raise the sustainable awareness of the governance team.

### Remuneration Policy for Board Members and the Senior Management Team

We value the reasonableness of pay scale. We regularly refer to the salary level in the job market to formulate the salary range, so as to ensure our competitiveness and achieve the purpose of attracting, motivating and retaining talents. The compensations for Board members and senior executives include salaries, bonuses, and remuneration. In compliance with government regulations, the remunerations of Board members and the senior management team are reviewed by the Compensation Committee and approved by the Board. Related information is disclosed in the Company's Annual Report to let stakeholders fully understand the link between the remuneration and operational performance.

The remuneration policy for Board members is specified in Feng Tay's Articles of Incorporation, and its allocation guidelines are decided by the Board. Remuneration to senior managers includes fixed and variable compensation. The amount of variable compensation is based on the annual performance review of each business division. The annual goals for each business division are set for various units at all levels in the top-down manner. Reviews are conducted regularly to fully reflect the performances of each team and each individual member.

### Performance Evaluation of the Board of Directors and Functional Committees

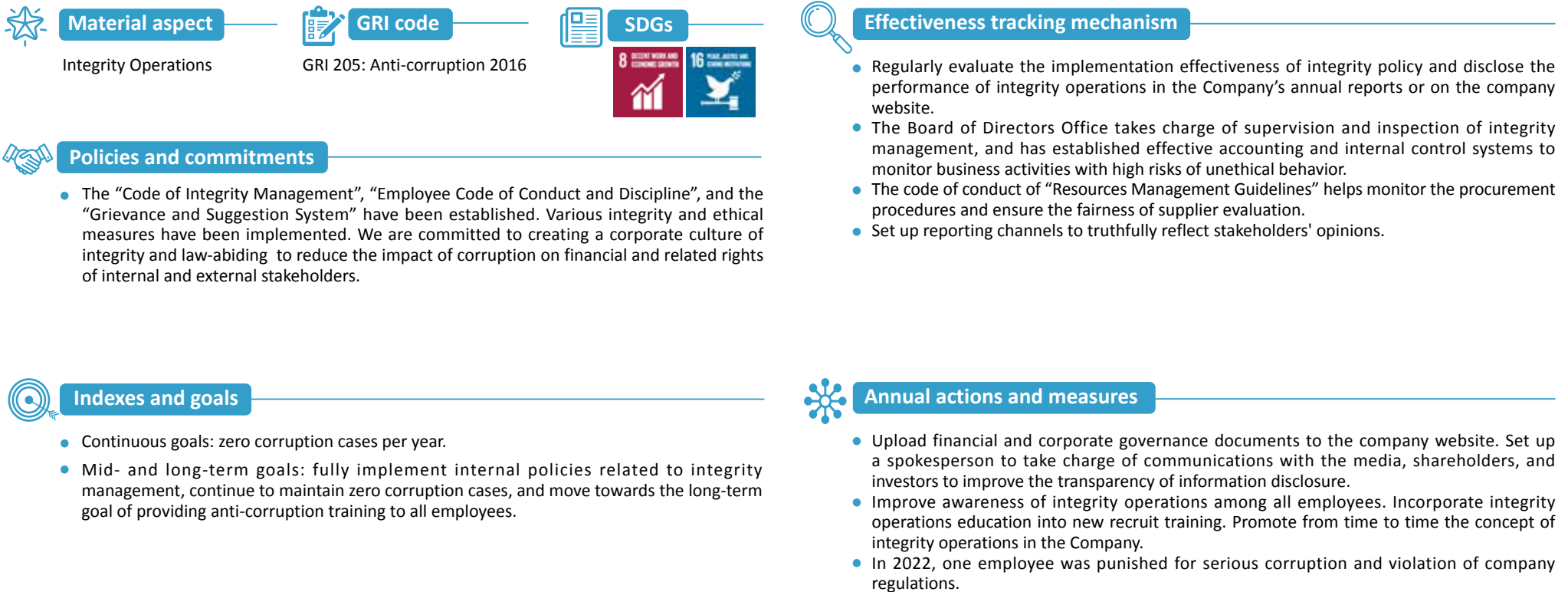
To implement corporate governance and enhance the Board functions, performance goals are established to increase the operational efficiency of the Board. Feng Tay has implemented the performance evaluations of the Board of Directors and functional committees since 2020, and has regularly conducted annual performance evaluations on the entire Board of Directors, individual Board members and functional committees. Evaluation is conducted using a self-assessment questionnaire. The performance evaluation indicators include the following aspects: the level of participation in operations, quality of decision-making, composition and structure, selection of Board members, continuous learning and internal control. The self-assessment results of the performance of the Board in 2022 are good, which will be reported in the first quarterly Board meeting in 2023 as a reference for continuous improvement.

Evaluation Scope	Evaluation method	Content
The Entire Board	Self-assessment by all directors	<ul style="list-style-type: none"> <li>A. Level of participation in the Company's operations and management</li> <li>B. Improve the quality of the Board's decision-making</li> <li>C. Board composition and structure</li> <li>D. Election and continuous learning of directors</li> <li>E. Internal control</li> </ul>
Individual Board members	Self-assessment by all directors	<ul style="list-style-type: none"> <li>A. Understanding of Company goals and mission</li> <li>B. Awareness of directors' responsibilities</li> <li>C. Level of participation in the Company's operations and management</li> <li>D. Internal relationship management and communication</li> <li>E. Professional skills and continuous learning of directors</li> <li>F. Internal control</li> </ul>
Functional committees	Self-assessment by independent directors	<ul style="list-style-type: none"> <li>A. Level of participation in the Company's operations and management</li> <li>B. Awareness of functional committees' responsibilities</li> <li>C. Improve the quality of functional committees' decision-making</li> <li>D. Functional committee composition and appointment of members</li> <li>E. Internal control</li> </ul>

# 2.2 Integrity Operations

Feng Tay has created a corporate culture of integrity and law-abiding. All employees, from top executives to shop workers are required to comply with management regulations and code of conduct. We have established the BOD Office to carry out the supervision and inspection of integrity management, and to assist BOD in implementing various integrity management policies. We have also carried out a number of related measures. All employees are required to uphold the Company's ethical values protect the Company's reputation, and comply with the law. In addition, they should carry out their work according to the principles of integrity, transparency and avoidance of conflicts of interest.

## ▼ The response, management and evaluation method of Feng Tay in relation to the 2022 material aspect "Integrity Operations"



## Operational Integrity Policy and Anti-corruption Actions

By referring to Taiwan's Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, Feng Tay has formulated integrity management policies and plans for the implementation of internal management and external business activities. The important company regulations are published on the company website.

### Code of Integrity Management

We maintain good corporate governance with the spirit of integrity and law-abidingness, adhere to transparent operations and fulfill our commitments and responsibilities to employees, shareholders and customers. The Board of Directors upholds the principle of professional independence and establishes the Company's long-term business strategy. In addition, the Board provides appropriate guidance to the management team when it is in the process of making decision, assesses risks, designates auditing accountants, and supervises the implementation of various sustainable development programs.

To effectively implement integrity operations, we constantly promote our integrity management policies among our employees and suppliers, and regularly evaluate the effectiveness of the promotion of integrity policies. The disclosure of our performance of integrity management in the Company's annual report or on the company website helps our investors, suppliers, customers, and other interested parties understand the Company's integrity management philosophy and regulations. The Company's integrity management policy and related promotion measures are revised according to the achievements and deficiencies of the implementation.

### Employee Code of Conduct and Discipline

The company regulations stipulate that employees should prevent conflicts of interest and avoid opportunities for personal gain. In the event of violations of laws and regulations or Employee Code of Conduct and Discipline, such as embezzlement, bribery, stealing company property, intentionally disclosing confidential technical or operating information, or using the company name without permission to carry out non-official business activities, the perpetrator will be asked to stop the behavior immediately and appropriate disciplinary action will be taken. Any employee who is verified of committing such acts that are detrimental to the Company's credibility and cause the Company to suffer severe losses will be dismissed and appropriate legal action will be taken.

### Risk Assessment and Implementation

The Board of Directors office takes charge of supervision and inspection of integrity management and establishes effective accounting and internal control systems to monitor the business activities that have high risks of dishonest behaviors. Internal auditors perform annual risk assessment for transaction cycles and operations to stay in compliance, regularly conduct routine audits to make timely discoveries of deficiencies and abnormal items in the internal control system, ensure the continued effectiveness of the design and execution of risk prevention measures, and assist the Board of Directors to implement various integrity management policies. To effectively control and reduce the risk of corruption in each location of the Company's operations, the internal auditors perform their duties through daily work items (such as mail / document communication / grievance channels). If a factory or incident with a risk of corruption is discovered, it will be investigated until the case is closed.

### Employee Training

Integrity management education is incorporated into the regularly held new employee training and on-the-job training, including courses in ethics, internal regulations and legal compliance. The Company also disseminates the concept of integrity management to all employees from time to time. In 2022, the Group's total training hours in integrity management were 78,591 hours.

### Anti-corruption Regulations for Purchasing Personnel

The Purchasing Department personnel are strictly required to comply with the Company's "Code of Integrity Management" when interacting with suppliers. The Company has established a code of conduct related to "Purchasing Department Management Guidelines" to ensure the impartiality of supplier evaluation, which should not be affected by the Purchasing Department personnel's preferences. The regulations include:

- In the purchasing process, following the regulations and traditions are more important than price negotiation, which in turn is more important than purchasing efficiency.
- Negotiate with suppliers in accordance with the principles of integrity, law-abidingness, punctuality and courtesy.
- Any attempted bribery by suppliers should be firmly refused and promptly reported to the superior.
- Dining with suppliers is restricted to occasions when the payments are made by our side or by the supplier when the Purchasing Department manager also attends the meal. The latter case is limited to the events in which Feng Tay is not the only guest, such as year-end party, company anniversary party and supplier networking party. Any personal invitation should be declined if Feng Tay is the only guest. For any snack paid by a supplier, the meal expense per person should not exceed USD 10.
- Report any inevitable event hosted by suppliers before or after it occurs. The sales contract clearly stipulates that the suppliers shall not request, contract, receive or give bribes, commissions, broker fees, kickbacks, entertainment or any other improper benefits to Feng Tay personnel.

### Reporting System

We encourage reporting of dishonest or unethical behavior. Any case can be reported through the GM mailbox, dedicated telephone, and GM email address. Designated personnel will handle the case and the identity of the person who reports the case will be kept confidential. In 2022, there were no corruption cases that led to termination or non-renewal of contracts with suppliers. However, there was one case<sup>1</sup> in which employees were punished for serious corruption and violation of company regulations.

<sup>1</sup>Three employees and a unit supervisor at a factory in India disposed flawed shoe materials without permission, and then attempted to bribe one of the employees to help cover up the wrongdoing. All four employees in the case were dismissed because the violation of company regulations and the circumstances were serious.

## Complete Information Disclosure

Feng Tay seeks to enhance the immediacy and transparency of information disclosure. In addition to regularly disclosing information as required by the laws, Feng Tay actively participates in the investment forum held by domestic and foreign brokers and investor conferences, and explains released information such as financial and operating performance to help investors better understand Feng Tay's financial position. The company website provides information on business progress, regularly updates financial data, and discloses in detail the status of corporate governance and fulfillment of corporate social responsibilities.

### Information Disclosure Channels



#### Set up the spokesperson and deputy spokesperson system

Appoint a spokesperson (and a deputy spokesperson) to take charge of communications with the media, shareholders and investors.



#### The investor relations section of the company website

Set up an investor web page to disclose business progress and update financial data and the status of corporate governance, so as to let investors understand the latest news of the Company.



#### Material information announcements

To let investors and the public understand Feng Tay's latest developments.



#### Attend investor conferences and domestic (and foreign) investor forums

Participate from time to time in investor conferences held by securities companies and domestic (and foreign) investor forums to explain the Company's operations, financial position, strategic development plan, and operating principles.

### Information Disclosure

- ▲ Set up a company website, in both Chinese and English versions, to disclose information on the Company's operations, finance, and governance.
- ▲ Voluntarily disclose monthly operating income and earnings per share on the website of the Market Observation Post System and the company website.
- ▲ Starting from 2014, all motions in the shareholders meeting have been voted on a case-by-case basis. The voting results are posted on the Market Observation Post System website and the company website.
- ▲ Received the top 21-35% rating of 8th Annual Evaluation of Corporate Governance of Listed Companies in 2021.
- ▲ Attend the investor conference at least once per quarter and publish the presented briefings on the company website.

## Grievance and Suggestion Channels

To protect employees' and other stakeholders' rights and provide clear communication channels, Feng Tay established the "Grievance and Suggestion" channel to encourage stakeholders to report dishonest or unethical behavior, or to raise any concerns, complaints, reports, or suggestions about any affairs related to the Company's impact on the environment, economy, society, and human rights. Any case can be reported through the Company's internal and external channels. Designated personnel will handle the case and the identity of the person who reports the case will be kept confidential. Once received, any case of violations of integrity and company regulations will be immediately reported to the management team. The case is then assigned to the responsible department to begin investigation in accordance with the Company's "Grievance and Suggestion System" regulations and procedures. The assigned department will report to the management team to close the case after taking an appropriate action according to the investigation results.

To protect employees' rights, any complaints or suggestions that have been submitted to the department leader but have not received a satisfactory response will be properly handled via the grievance and suggestion system. Investigation of grievance cases will be kept confidential to protect the privacy and personality rights of relevant employees. The results of investigation will be publicly announced in accordance with the necessity and appropriateness. Moreover, we care about the rights of other stakeholders and provide a contact window for spokespersons and shareholder services agents in the "Investor Relations" section of the company website, as well as set up a "Contact Us" section on the website homepage. We have also established a "Stakeholders" section on our company website to provide a communication channel for our customers, employees and suppliers, and appointed a designated unit to respond to stakeholders' opinions as soon as possible.

### ▼ Grievance and Suggestion Case Handling Procedures



By the end of 2022, a total of 1,412 cases of grievance and suggestion were received. Among them, 1,371 were processed, with a case closing rate of 97.1%. With regard to the case category, 75.4% of the cases were related to labor practices, mainly grievances and suggestions on management styles, work arrangements, and work environment.

### ▼ The number of grievance and suggestion cases in 2022

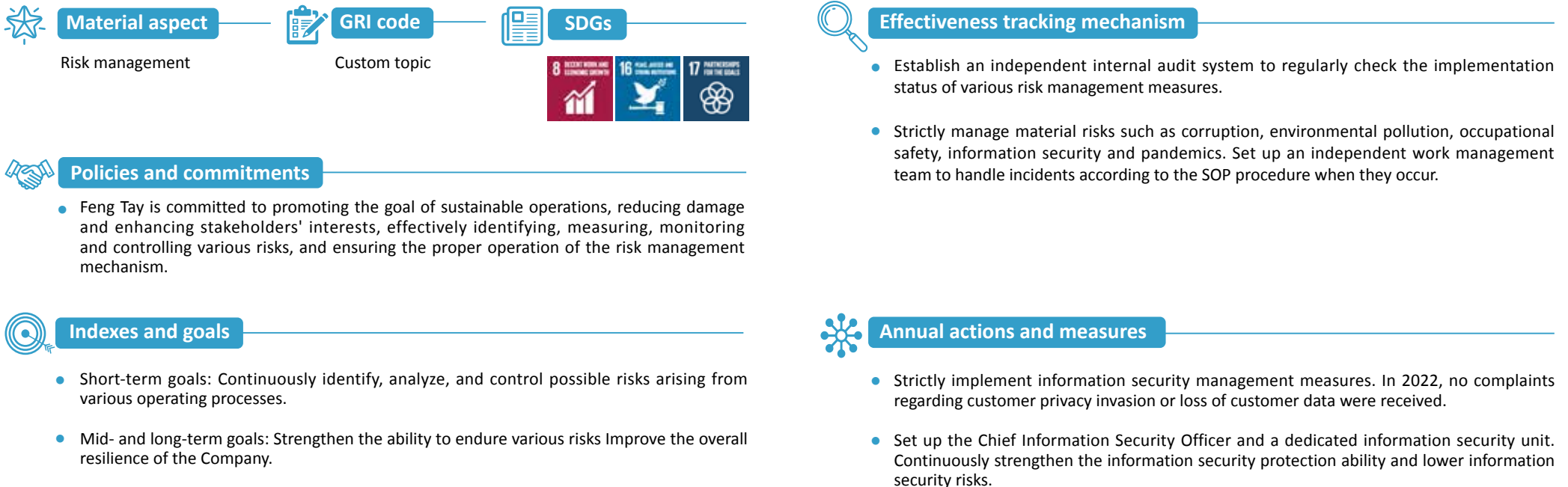
Category	Taiwan		China		Vietnam		Indonesia		India		Total	
	Grievance	Suggestion	Grievance	Suggestion	Grievance	Suggestion	Grievance	Suggestion	Grievance	Suggestion	Grievance	Suggestion
Social	1	0	0	0	0	0	0	0	0	0	1	0
Environment	0	0	0	2	4	0	0	0	3	1	7	3
Labor	36	10	71	11	366	53	11	7	490	10	974	91
Human Rights	0	0	0	0	110	0	31	0	195	0	336	0
Subtotal	37	10	71	13	480	53	42	7	688	11	1,318	94



# 2.3 Risk Management

According to the WEF's Global Risks Report 2022, the risks related to ESG have become major factors affecting the overall operations of enterprises. Such factors include occupational health and safety risks caused by the pandemic, extreme weather, and digital information security risks. To achieve our goal of sustainable operations, the management of existing and potential risks is monitored by the Board of Directors. In addition, Feng Tay has established an independent internal audit system to regularly check the implementation of various risk management practices, thereby ensuring the proper operation of its risk management mechanism.

## ▼ The response, management and evaluation method of Feng Tay in relation to the 2022 material aspect "Risk Management"



## Risk Type and Management Mechanism



### Operating risks management

Responsible Department : Board of Directors

Feng Tay's major shareholders have maintained stable shareholding ratios. During 2022, there was no mass transfer of stock shares by Board directors or major shareholders that own more than 10%. There was no serious litigation, non-litigation or administrative litigation against the Group's Headquarters, Board directors, General Managers, the highest executive of the Group, major shareholders that own more than 10% shares, and subsidiary companies. Furthermore, there were no mergers or acquisitions, restructurings, changes of control, significant changes in business operations mode and contents, and important matters that might affect shareholders' interests.



### Financial risks management

Responsible Department : Finance Department

Feng Tay closely monitors the fluctuation of exchange rate and inflation due to dramatic changes in global financial markets, for the acute appreciation and depreciation of currencies and soaring material costs will affect our long-term profits. To maintain a steady growth of revenue and income, we make use of appropriate hedging techniques and flexible purchasing plans as well as devote ourselves to improving product quality, production efficiency and cost management. Feng Tay, an enterprise focusing on athletic shoes manufacturing, never engages in investments with high risks and leverage, nor conducts transactions of derivative products. Furthermore, it is clearly stated in the Group's management regulations that our capital shall not be loaned to others and no endorsement shall be guaranteed.



### Tax risks management

Responsible Department : Finance Department

Changes in tax laws may increase the Company's effective tax rate and adversely affect operating performance. Feng Tay pays attention to changes in tax policies in various countries, uses management mechanisms to analyze the operating environment and assess the possible tax impact of developing business in certain regions, and takes appropriate countermeasures to reduce tax risks. In response to Taiwan's plan to implement the Controlled Foreign Company (CFC) system in 2023, Feng Tay in 2022 assigned relevant personnel to participate in training courses, conducted impact assessments, and discussed countermeasures with external professional organizations.



### Investment risks management

Responsible Department : Finance Department

Before making an overseas investment, Feng Tay must first properly consider and evaluate local political and economic risks, environmental conditions, and cultural sentiments, and then develop management guidelines in accordance with local laws and the Group's values. All illegal acts are strictly prohibited.



## Market risks management

Responsible Department : Purchasing Department

Affected by external factors such as the Ukrainian-Russian War and the epidemic, the cost of bulk shoe materials increased by more than 10% before the third quarter of the year. Among them, the EVA raw material used as the midsole/soft liner of the shoe had an increase of 23-40%, which had the most serious impact on the cost of shoe manufacturing. In the fourth quarter, the cost gradually decreased as a result of the reduction in demand caused by global inflation. Our countermeasures: increase raw material supply sources, assess follow-up demand in advance for bulk chemical materials, and carry out inventory control based on price trends; during the shoe development stage, we also check the delivery status of raw materials with suppliers to avoid the risk of material shortage.



## Supply chain risks management

Responsible Department : Purchasing Department

The possible risks include supply chain violations of government regulations and negative impacts on the environment, society and human rights. Feng Tay has formulated strict supplier management policies. If a supplier violates relevant laws or initiatives, Feng Tay will immediately assign a staff member to initiate a risk investigation and assessment, and decide whether to continue cooperating with the supplier. Affected by the Covid-19 epidemic in 2022, the transportation cost of major shipping routes showed an upward trend before the third quarter. In order to effectively adjust the sudden increase in operating costs caused by shipping costs, we increased the amount of raw materials purchased from local suppliers. We also chose a shorter and stable route or a direct route to reduce the risk of port congestion delays that may occur when passing through a transshipment port. In addition, we compared the trade terms quoted by suppliers to choose the price basis that had cost advantages for Feng Tay.



## Climate change risks management

Responsible Department : Sustainable Development Department

To identify the risks that we may encounter because of climate change, Feng Tay considers regulatory, substantive, and other aspects, and set up relevant management measures to reduce the impact of climate change. In the future, we will continue to make improvement on our management measures in accordance with the trend of climate change as well as international and national responses. Please refer to the Environmental Protection section of the Report for detailed information.



## Occupational health and safety risks management

Responsible Department : Sustainable Development Department

Factory hardware equipment and hazardous materials may cause accidents and other occupational injury risks to employees. To reduce the probability of occupational injuries, Feng Tay has improved employee training and strengthened equipment safety protection. Please refer to the Safe Workplace Environment section in the Happy Company chapter of this report for detailed information.



## Information security and customer product information risks management

Responsible Department : Information Security / Business Development Departments

We have formulated the “Computerized Information Processing Control System” to effectively manage information security risks, including system development, information access, and security inspection. For the implementation of personal data protection, we have formulated the “management of Personal Data Protection” system, which stipulates the personal data protection norms that our employees must comply with. When working on specific technical projects with customers, we will sign confidentiality agreements with customers and suppliers to protect customer’s rights and business opportunities, and at the same time to ensure that the techniques will not be plagiarized. Please refer to the Information Security and Data Protection section for detailed information.

## Information Security and Data Protection

Feng Tay is well aware of the importance of information security to the overall business operation, and therefore has formulated the “Computerized Information Processing Control System.” The IT department is responsible for the Company’s information development strategy, information security policy, and the management and improvement of information system. It also strictly manage information security related matters:

- Development of MIS/PIS Systems and control of the modification and preparation of system analysis documents
- MIS/PIS program and data access control / data input and output / data processing control
- Control of IT software and hardware equipment and account usage authorization and maintenance
- Control of information security inspection

We have established a personal data security protection mechanism to protect the privacy of personal data. A dedicated staff member is responsible for safeguarding the accessibility. The rights and responsibilities of data users are clearly stipulated to ensure the security of personal data file information systems. The collection, processing, use, and international transmission of personal data must not exceed the purpose and scope of business, and must fully comply with the law and fulfill the notification obligation. Even when other people are entrusted with the task of performing the above-mentioned matters, there should be a supervision mechanism for the entrusted unit. In the event of a personal data leakage incident, an emergency response procedure should be implemented to minimize the risk.

During the product development process, we effectively manage the acquisition, maintenance, and application of intellectual property. Since we develop next generation products and technologies, employees are required to sign confidentiality agreements upon employment with Feng Tay. In addition, to prevent leak of confidential materials, we strictly monitor and control personnel and vehicles entering and leaving the premises by implementing 24-hour security and surveillance systems. As information technology continues to advance, it becomes a challenge to safeguard product data. Fortunately, Feng Tay has already established a set of stringent and clear regulations regarding the use of cell phones, laptops, flash drives, the Internet and even the size of an email. System functions are restricted to authorized users. A valid authorization must be obtained from the top management before accessing confidential information. Internal audits are performed to assure that there are no abnormal behaviors. When working on specific technical projects with customers, we will sign confidentiality agreements with customers and suppliers to protect customers’ best interests. No leakage of product information occurred at Feng Tay in 2022.

## Pandemic Management

The pandemic continued to spread in 2022. The Company needs to demonstrate operational resilience to effectively protect the safety of employees and business partners and reduce the possibility of operational disruption. We have adopted various effective pandemic management measures across all factories and departments. Temperature scanners and hand sanitizers are placed at building entrances for employees to take temperature measurement before entering the workplace. Temperature measurement results are used by each department to control building access and reduce the risk of infection. To protect the rights of employees during the epidemic, those who have been diagnosed with COVID-19 are given paid leaves.

We have also adopted a strict guest control policy, which stipulates that visitors must be accompanied by our employees throughout their visits. Those staff members returning to Taiwan from overseas business trips are not allowed to enter the factory during the self-quarantine period, and those who had tot work in the factory should take preventive measures in accordance with government guidelines. Colleagues are encouraged to minimize domestic and overseas personal travel. Domestic travel should avoid taking public transport vehicles with confined spaces.

In order to prevent large-scale cluster infection and transmission chains from entering the factory, Feng Tay has formulated the "Covid-19 Epidemic Prevention Response Procedure." If a confirmed case occurs in the factory, the relevant government agency will be promptly notified. General Affairs Department will disinfect within one day the working area of the confirmed person and the public areas where the person has been to (such as toilets, stairs, elevators, and canteens). The principle for employees to verify leave during the home isolation or quarantine period is adjusted on a rolling basis in accordance with government regulations. Those who can go to work according to the government regulations but have to be quarantined by the Company’s epidemic prevention requirements can be given leave during the quarantine period.

## The epidemic prevention measures in each operating area are as follows:

### Factory area, office buildings and offices

- Regardless of whether they are indoors or outdoors, employees must wear masks to enter the factory area. They should also wear masks when they are talking with people and entering the workplace regardless of social distance. They should maintain personal hygiene and hand washing habits.
- Office windows should be opened from time to time for air circulation. Even when the air conditioner is turned on, the outer window should still be opened about a fist wide to maintain ventilation.
- Frequently clean all office equipment such as telephones, tables and chairs, and data storage cabinets, and keep carpets, doors and windows clean.
- Thoroughly clean and disinfect switchboard cabinets, all elevator button panels, reception room tables and chairs, toilets and other public spaces every day.
- Regularly dispose of waste to reduce and control pollution.
- Stop using public facilities such as FR basketball courts, badminton halls, tennis courts, swimming pools, and HQ gyms.
- Temporarily cancel big scale meetings such as staff conferences / environmental safety and health committees. Other meetings are not recommended unless they are "essential." The meeting place should maintain proper ventilation and distance between people.

### Dining areas

- Regularly wipe and disinfect the following places every day: canteen (including dining tables, chairs, and doorknobs of plate cabinets), doorknobs of entrances and exits, kitchen and places where tableware is stored.
- Dissemination and supervision should be strengthened in the following areas: employees must wash their hands before meals, especially in the areas where dishes are taken, meals are served, and rice and soup are taken. Talking is strictly prohibited to ensure eating hygiene.
- Divided meal serving time: the dining time at the canteen must follow the schedule planned by General Affairs Department, and meals are served at different times according to the unit or office floor; the seating arrangement must also be divided into areas according to the same principle; and partitions should be added on the dining table to help people keep apart.
- Those who are included in the list of health management personnel should eat separately before being released from quarantine, and wear surgical masks to strictly follow the above mask requirements.
- Employees should eat in the dining area of the canteen. It is forbidden to eat or drink in the parking lot or other outdoor places within the factory area. Masks must be put on immediately after eating.

### Medical and HR centers

- Regularly wipe and disinfect the counters, tables and chairs in the venue.
- Factory nurses, drivers, chefs, switchboard operators, customer service representatives, receptionists, guards, HR staff, cleaning staff of General Affairs Department, and preschool staff should wear surgical masks, which must be changed daily.

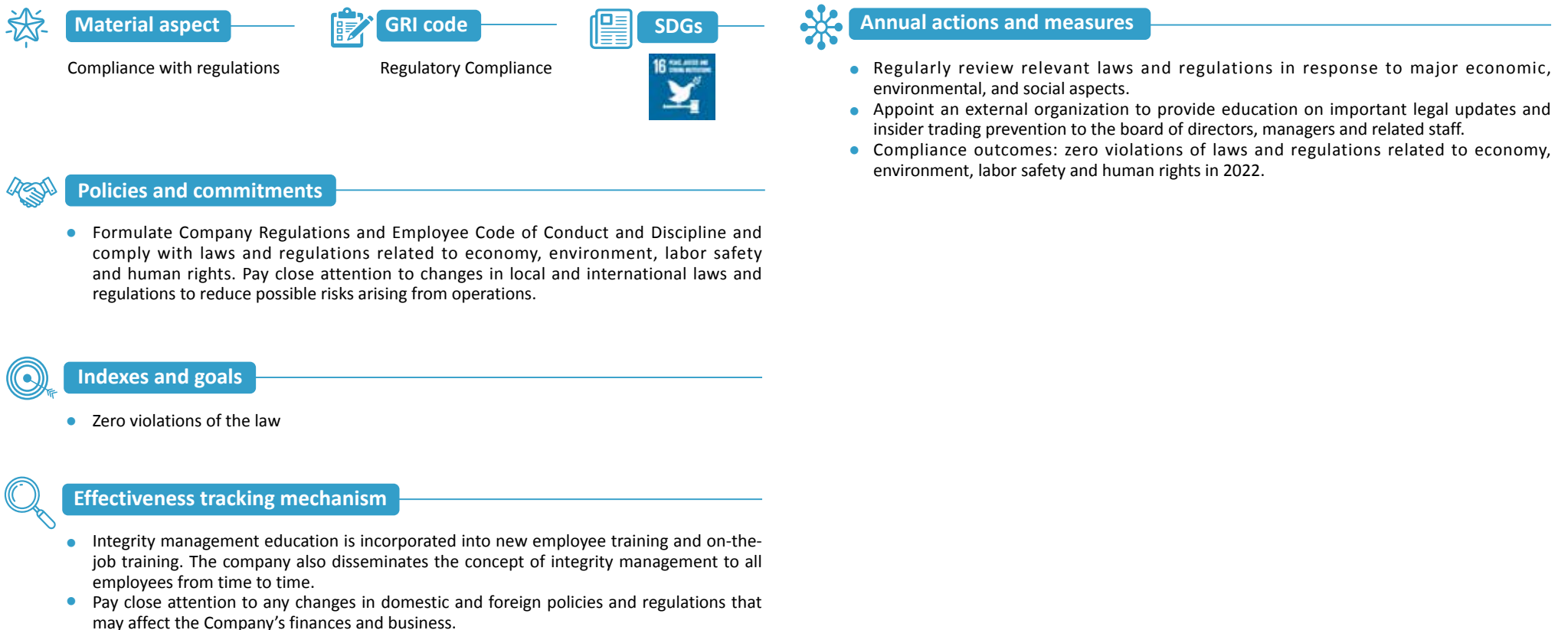


## 2.4 Compliance with Regulations

Feng Tay's management regulations and code of conduct are established in accordance with our business philosophy, existing national laws and customer requirements to advance core values of integrity, discipline, win-win, diligence and craftsmanship. In addition to stating the responsibilities of the Feng Tay Board of Directors and the operational procedures of internal control, the management regulations carefully specify the conditions of working environment, protection measures of employee health and safety, and corporate security procedures, in order to maintain a healthy working environment and a sound corporate system.

We also actively respond to customers' concerns and require all employees to receive trainings in relevant regulations and norms. In case corporate regulations are in conflict with government laws, we follow the most stringent requirements. We also pay close attention to any change in domestic and international policies and regulations that might affect the Group's finance and operations.


### ▼ The response, management and evaluation method of Feng Tay in relation to the 2022 material aspect " Compliance with Regulations "





# 03

## Sustainable Value Chain

- 3.1 Green Supply Chain
  - 3.2 Product Safety
  - 3.3 Supplier Management
- 

## 3.1 Green Supply Chain

Feng Tay Group has been deeply cultivating its proficiency in shoe manufacturing business for 52 years. We also carry out development and production of casual shoes, inline skates, ice skates, snowboard boots, cycling shoes, golf balls, backpacks, bags, soccer balls, helmets and sticks for ice hockey, shoe parts, shoe molds, and shoe tooling. With excellent development and technical capabilities, a multinational production scale, and stable customer relationships, we have established a good competitive advantage in the supply chain. The upstream of the footwear industry mainly supplies raw materials such as textiles, leather, and chemicals. Different parts of shoe require different raw materials. For example, rubber foam and EVA foam are used for athletic shoe soles, and synthetic leather, mesh, or leather are used for the uppers. The midstream is the footwear manufacturer responsible for shoe model development and production of shoes. Feng Tay is a midstream professional footwear manufacturer. We maintain a good long-term cooperative relationship with several downstream brand companies, including NIKE, SALOMON, COLUMBIA, and BAUER. These international companies place orders to shoe factories through OEM, ODM, or OBM, and then sell to consumers through retailers or agents.



Feng Tay strives to create a sustainable supply chain, from raw material purchasing, manufacturing processes to transportation, and working with partners to create a more environmentally friendly and labor-friendly industrial environment. Furthermore, Feng Tay used the Higg Index tool developed by the SAC (Sustainable Apparel Coalition) to comprehensively assess the social and environmental impact of apparel and footwear products. The environmental elements covered by the Higg Index include usage and quality of water resource, energy and greenhouse gas, waste, chemicals and toxic substances. By using this tool, we are able to find the opportunities for reducing environmental impact and to improve our long-term sustainable development through supply chain management, thereby having our suppliers pay more attention to the environmental issues in raw material production.



### What is the Sustainable Apparel Coalition (SAC)?

The Sustainable Apparel Coalition (SAC) was established in March 2011, and is committed to reducing the impact of the apparel and footwear industries on the global environment and society. Uniting brands, retailers, manufacturers, governments, NGOs, and scholars, the Coalition now has more than 280 members. In 2012, SAC released the Higg Index FEM (Facility Environment Module) 1.0 version sustainability measurement tool in the hope of collecting relevant data on the entire process from the product's raw material purchasing to the end, and more comprehensively measuring the environmental and social impact of apparel and footwear products. The environmental elements covered by the Higg Index include usage and quality of water resource, energy and greenhouse gas, waste, chemicals and toxic substances.



## Building the Green Team

Feng Tay continues to strengthen its sustainable supply chain with its partners. In order to achieve NIKE's energy-saving and carbon reduction goals in sustainable business operations by 2025, Feng Tay fully cooperates with NIKE's Move to Zero initiative, which aims to achieve the ultimate goals of zero carbon emissions and zero waste. To achieve these goals, Feng Tay has established a dedicated team, Green Team, which consists of the development department supervisor and representatives of product development personnel. The team is responsible for managing carbon emissions and waste-related indicators in the manufacturing process. Key measures include:

### Reducing Plastic Usage in Sample Shoe Packaging and Labeling

The sample shoes sent out from the development center are no longer packed in kraft paper bags or plastic bags in order to reduce the amount of packaging usage. The plastic rings for the hang tags of sample shoes at the development center are replaced with shoe laces which are used to hang the tags by threading through shoe lace holes, thereby significantly reducing plastic usage. For shoes without laces (such as kids' shoes), leftover yarns are recycled and used instead of shoe laces. It is estimated that more than 60,000 plastic rings, kraft paper bags, and plastic bags will be saved annually.

### Using Recycled and Environmentally Friendly Materials for Products

Feng Tay is further contributing to carbon reduction efforts. Our first indoor cycling shoes, NIKE SUPERREP CYCLE 2 NN, use the One Box project shoe design, which are made with at least 20% recycled materials. The upper of shoes is made from recycled materials, and the TPU on the bottom of the shoe is made from 100% recycled Bio-TPU material to achieve maximum carbon reduction benefits. The inner box, made from 90% recycled material, effectively reduces the use of shipping duplicate boxes and also serves as a returned shoes box, making them the most environmentally friendly cycling shoes. Another shoe model, AIR FORCE 1 FLYKNIT 2, used three types of recycled yarn for the upper of shoes, and recycled PHYLON and rubber materials for the bottom of shoes. This shoe model combines the concept of environmental protection and functional requirements, and also incorporates the mission of environmental protection into a classic shoe model, striving to create the most environmentally friendly trend culture.

### Reducing Harm from Chemicals

In addition to using recycled materials for products, Feng Tay and NIKE are working hard to limit the use of petroleum-derived solvents (PDS) in products to minimize the impact of products on consumers' health. In 2022, the average PDS content was reduced by 0.6 g/pair compared with the previous year. In the future, the Company will continue to experiment with water-based chemicals to replace oil-based chemicals, so that the health and safety of all consumers will not be negatively affected by chemicals.

## Environmentally Friendly Production Processes

Feng Tay is committed to building a green and environmentally friendly value chain. We are gradually promoting the use of environmentally friendly materials and improving the manufacturing process, so as to provide high-quality and stable products through environmentally friendly methods. We have established a dedicated team, Green Team, which regularly holds meetings during the stages of sample trial production and mass production to review and improve the product design, manufacturing process, and material selection of all shoe models. We also set targets for various indicators according to the characteristics of each shoe category. The indicators include environmentally friendly material usage rate, waste material ratio, water-based solvent ratio, and energy consumption. For example, the amount of biodegradable materials such as PU used in shoe soles was increased, the cardboard design was improved to reduce the amount of material offcuts, water-based cement and primer were used to replace solvent-based cement and primer, shoe models with low VOC (volatile organic compounds) content were developed, plant-based bio-materials were used to replace existing petrochemical synthetic material formulas (such as bio-based EVA and rice husk ash), and devulcanized rubber was added to existing rubber formulas (such as Devulcanization RB).

Feng Tay is committed to developing environmentally friendly manufacturing processes and conducting life cycle assessment. We thoroughly consider the environmental impact of the product manufacturing process, including all stages from raw material acquisition to production, usage, and waste treatment, recycling, and final disposal. For example, in the development of new products, the disposable nylon bladder originally used in the thermosetting packing process was replaced with reusable silicone bags. In the production of soccer balls, we developed a latex laminating machine and used RHM (reactive-hot melt adhesive) with electric laminating machine. The improvement phased out the usage of solvent-based cement, and increased the rebound height of soccer ball by 5 centimeters. In 2022, we used 1,808 types of materials, of which 27% were renewable. A total of 484 types of environmentally friendly materials were used, more than twice the number used in the previous year. In the future, we will continue to develop and increase the use of environmentally friendly materials in our products, and fulfill our responsibility for environmental protection by continuously improving manufacturing processes to reduce our environmental footprints.

Feng Tay actively collaborates with suppliers to introduce more environmentally friendly materials into product production through environmentally friendly design principles. We not only use chemicals less harmful to human health, but also gradually increase the use of environmentally friendly materials, including biodegradable and recyclable materials, to reduce the impact on the environment during the manufacturing process. In 2022, Feng Tay used 484 types of environmentally friendly materials, including 418 types of shoe upper materials and 66 types of accessory materials. Among them, the materials used in large quantities included LJ-A0029-1-EPM5 mesh (100% recycled PET), HOLA-R synthetic leather (24% recycled PET), 6MM TLD 112 shoelace (50% recycled PET), 10MM TL02-255R shoelace (100% recycled PET), and 15MM B50 rolled edge woven tape (100% recycled PET). As for the packaging materials, environmentally friendly materials made of recycled materials were used for inner boxes, outer boxes and packaging rice paper.

In addition, we analyze the shoe upper materials used for shoe models that are produced in large quantities or have been mass produced for a long period of time. The shoe models with a high proportion of environmentally friendly materials include:



## Sustainable Purchasing

All of our operating activities are carefully planned to save energy and reduce carbon emissions. We have cooperated with internationally renowned sports shoe brands to jointly establish Green Team. The use of kraft paper bags and plastic bags is reduced during product sample delivery. This not only cuts down the use of packaging materials, but also lowers the total weight of products to be transported, thereby resulting in a reduction in carbon emissions from transportation. In addition, our local purchasing policy supports local economic development, lowers carbon emissions from transportation and reduces the carbon footprint of the product manufacturing process. In 2022, the percentage of locally purchased raw materials reached 55%. We will continue to increase the amount and percentage of local purchasing in the future and work with our suppliers to respond to sustainable purchasing.

## Low-carbon Transportation

According to statistics from the Energy Bureau of the Ministry of Economic Affairs, Taiwan's transportation sector emitted a total of 35.43 million metric tons of CO<sub>2</sub>e in 2020, accounting for approximately 14.17% of the total emissions. It was the second largest source of greenhouse gas emissions, after industrial carbon emissions, indicating that transportation was a major contributor to greenhouse gases. Reducing transportation carbon emissions has become one of the top priorities for global carbon reduction. Feng Tay is well aware of the significant impact of transportation on total carbon emissions. Therefore, Feng Tay Group works with suppliers to reduce the amount of packaging material to the minimum that still meets the needs for protection of the shipment. We also purchase raw materials as much as possible from local suppliers to avoid long range air and sea transport. The percentage of locally purchased raw materials decreased from 57% in 2021 to 55% in 2022.

Materials and commonly used chemicals purchased from suppliers in Taiwan are shipped to the Headquarters, if only small amounts are needed at each factory. After inspection by Purchasing and Warehouse Departments at the Headquarters, all items for each factory are grouped into one shipment to reduce shipping costs and make full use of container space. We also choose direct shipping routes to reduce the risk of port congestion delays that may occur when passing through a transshipment port. By shortening transportation routes, we try our best to achieve the goal of energy saving and carbon emission reduction. To avoid unnecessary back and forth hauling, relatively large orders are handled with a triangular trade system and shipped directly by the suppliers from Taiwan or other countries to factories.



# 3.2 Product Safety

As a leading footwear manufacturing company, Feng Tay is dedicated to protecting customers' intellectual property and supporting its brand customers in fulfilling their social responsibilities. Any potential health risk to users of our products is eliminated through extensive collaboration with our brand customers and material suppliers. From material development to product manufacturing, packaging and delivery, careful inspection is conducted at each step in order to meet international product safety standards, such as international SGS certification. In 2022, Feng Tay had zero recalls due to safety issues and there were no violations of health and safety regulations related to our products and services. Furthermore, no letters of authorization (LOA) for non-compliance were received and there were no financial losses caused by product safety-related lawsuits.

## Product Material Safety

During the product development stage, Feng Tay identifies the raw materials, tools, equipment, and hazardous chemicals that are to be used in production and lists them in product manufacturing instructions according to the production process. The production process is carried out in accordance with the specifications in the product manufacturing instructions. With regard to material selection, the purchasing supervisor at each factory must conduct monthly sampling inspection on the raw materials each factory purchased locally or through triangular trade and report the results to the Headquarters. We strictly comply with the Restricted Substances List (RSL) specified by our customers and test the materials. All RSL test samples must be sent to the local laboratory certified by the customer (such as SGS/ITS). Each material is tested according to the testing items of restricted substances in various materials and the test results are shown in the Test Request Form. These tests are conducted in order to ensure that no materials potentially harmful to the human health and the environment are used in the production process and finished products.

### Development Materials Test

If a new material is used because of special conditions, the supplier is required to provide the RSL certificate and the Safety Data Sheet during the material development stage. If an existing material with a different color is used, suppliers are requested to provide a report of the RSL test that is made within one year prior to mass production. Any material found non-compliant will be removed from our selected material list if the supplier cannot promptly make an improvement.

### Mass Production Materials Test

At least a certain number of pieces and different categories of incoming mass production materials are randomly tested each month. When a material fails to meet customer requirements, the supplier is promptly requested to replace it with the material that is compliant with the standards.

### RSL Information Management

The test reports and the manufacturer's qualification report are archived for 5 years by the testing unit and the list is updated within the next day after receiving non-compliant reports. Product material safety related personnel receive RSL training once every 2 years.

To encourage suppliers to improve material quality year by year, we continuously communicate with them and ask for their cooperation. We coded the materials into 11 categories for sample testing. We also made a list of materials that failed the RSL test in the past three years, and gave priority sampling test to them. When a material failed the first test but passed the retest, a qualified report must be attached to each batch to be delivered within three months from the first delivery after passing the retest. The number of tested samples that failed to meet the standards decreased from 19 in 2020 to 5 in 2022.

### ▼ The numbers of samples tested and of tested samples that failed to meet the standards during 2020 - 2022

	2020	2021	2022
Number of Samples Tested	681	836	891
Number of Tested Samples Failing to Meet the Standards	19	13	5

Number of Tested Samples Failing to Meet the Standards decreased by **73.7%** compared with 2020



Notes:

1. Because the scope of the number of samples tested for 2020-2021 was revised to cover the entire Group, the number of samples tested for the Group in 2020 was changed from 214 to 681, the number of samples tested for the Group in 2021 was changed from 141 to 836, and the number of tested samples failing to meet the standards in 2021 was changed from 2 to 13.
2. To correct an error in a previous data record, the number of tested samples failing to meet the standards in 2020 was revised to 19.

## Product Safety Inspection

Feng Tay strictly conducts safety inspection on our materials and products. Different safety standards are set for different products according to their characteristics and uses. A dedicated team at the factory is responsible for the inspection of all finished products before packaging to ensure the safety of our products and fulfill our commitment to consumers. To ensure product strength and safety, different testing items are set for various products. For example, higher standards and the Chinese-style bending test are used for basketball shoes, which are high-performance shoes. The environmentally friendly soccer balls should not break or deform under the compression test with a vertical pressure standard of 350 kgf and a horizontal pressure standard of 150 kgf to ensure the strength of the welded seal. The ice hockey helmet is required to undergo dropping test at room temperature and low temperature to ensure the impact resistance is better than the CSA (Canadian Standards Association) standard, which is less than 275 G (gravity). Every pair of shoes must be scanned for any unintended metal object before being packaged and product packaging is under the supervision of certified employees.

Among our growing product categories, some products need to stand for a specified length of time before testing. For instance, soccer balls need to stand for 48 hours before accelerated durability testing, and ice hockey sticks are required to stand for one week before testing for 3M Fatigue. Furthermore, additional tests are conducted for quality assurance. For example, injection skate shell is stored at -25°C for 4 hours before undergoing impact test. The auto-lacing shoe system has been run through many different physical and on-court wear tests to ensure its functionality. We also add the checking for the density of beads to ensure the elastic beads in the sole unit meet the standard.

## Product Labeling and Shipping Specifications

Feng Tay supports brand customers by cooperating with their product labeling requests. Therefore, our products are manufactured in accordance with such requirements and in compliance with the national regulations upon export. We perform security checks on all outgoing shipments and receive third-party audits arranged by customers. The inspection covers security measures, monitoring of operation, monitoring and inspection of packaging process, and factory access control. All truck drivers must have prior registration and present photo identification cards at the gate before entering the factory.

We also specify shipping routes and use vehicle GPS tracking modules to ensure transportation security and obtain real-time updates on shipping status. Through the security management system, we help our customers obtain U.S. Customs Trade Partnership Against Terrorism Tier-1 certification and AEO (Authorized Economic Operator) certification from the European Union. There were no violations of product and service information and labeling regulations during this reporting period.



### What is "U.S. Customs Trade Partnership Against Terrorism (CTPAT)"?

The "U.S. Customs Trade Partnership Against Terrorism (CTPAT)" is a joint initiative between the U.S. government and various trading companies. The alliance aimed at establishing a supply chain security management system through CTPAT's security recommendations and cooperation with relevant industries. The goal is to ensure the transportation safety and the circulation of security information and product status from the point of origin to the point of destination, in order to prevent the infiltration of terrorists. Members who join this alliance can benefit from various advantages, including reduced customs inspection rates, priority inspection treatment, and priority business recovery treatment after air strikes and disasters.



### What is EU AEO certification?

The EU AEO (Authorized Economic Operator) certification system aims to ensure the security of cross-border movement of goods and offers preferential treatment for fast customs clearance. Currently, over 170 countries worldwide are promoting the AEO certification systems. Over 40 countries, including Taiwan, EU, the United States, China, and neighboring countries such as Japan, Korea, Singapore, and Malaysia, have already announced AEO-related systems.

# 3.3 Supplier Management

In the implementation of sustainable management, Feng Tay extends its efforts beyond its own organizational operations. By focusing on issues related to environmental protection, occupational safety and health management, and labor rights protection, we hope to create a sustainable supply chain with the suppliers. We continuously communicate with them to convey our values. We also cooperate with brand customers to ensure stable material quality and delivery time and to jointly audit and supervise suppliers' ESG practices. In 2022, Feng Tay had a total of 951 partner suppliers, of which all were first-tier suppliers. The return rate of raw material due to quality issues was only 0.74%. The overall quality management continued to maintain stability, without any major violations by suppliers.

## Supplier Policy and Impact Assessment

In the product supply chain, the biggest potential risks are labor and environmental issues, including overtime work, occupational injuries, improper management of hazardous chemicals, and violations in wastewater and waste disposal. Feng Tay requires suppliers to comply with all relevant local laws and regulations, reduce negative impacts on society and the environment, and enhance positive impacts, while implementing sustainable values and the corporate social responsibility. For example, we encourage the development and use of environmentally friendly raw materials and implementation of waste reduction and recycling. Child labor and labor exploitation should be strictly prohibited. The working environment should conform to occupational safety and health standards. Workers must be paid reasonable salary and should not be forced to work overtime excessively.

Through regular communications and periodic audits, we continue to conduct environmental and social impact assessments for suppliers with whom we have had actual transactions in the past three years. The results of identification confirmed that there were no suppliers with significant actual or potential negative environmental or social impacts.

### ▼ Feng Tay Supply Chain Collaboration for Good

Complying with environmental and social standards		New material suppliers (47 suppliers)		Partner supplier	Feng Tay factories (Including the Headquarters)
		Number of Suppliers	Percentage	Number of Suppliers	Number of Suppliers
Passing social assessment standards	Social & Labor Convergence Program (SLCP)	-	-	-	18
	SHAPE / VQA	5	11%	830	-
Passing environmental assessment standards	Self-Assessment of Environmental Management Module ( FEM )	-	-	-	18
	Zero Discharge of Hazardous Chemicals ( ZDHC )	-	-	-	5
	Signing Restricted Substances Compliance Declaration	47	100%	884	-
Signing declaration documents, including compliance with wastewater discharge permits.		-	-	-	27

Note: Partner suppliers are identified as the suppliers of footwear materials whom Feng Tay has dealt with over the past three years.

## Supplier Evaluation and Audit

To meet the requirements of brand customers, all new suppliers must pass the SHAPE (Safety, Health, Attitude of management, People, Environment) evaluation before they can do business with Feng Tay. The SHAPE evaluation consists of five categories and 26 specific criteria. In 2022, there were a total of 47 new partner suppliers, and all of them passed the screening of environmental standards. Among them, 5 were material suppliers of Feng Tay's main shoe models; they also passed the screening of social standards. For existing suppliers, we periodically send personnel to conduct Vendor Quality Audits (VQA). The VQA has 11 specific criteria, of which the main categories include workplace environment, raw material storage management, employee training, and emergency response. The audits aim to ensure that the suppliers comply with basic labor safety and environmental standards.

Through the SHAPE evaluation and VQA audits, we are able to gain an understanding of suppliers' practices in corporate social responsibility. The audit results were simultaneously sent to the supply chain management unit and the outsourcing management unit, and were included in the supplier evaluation files, which would be taken into consideration in future outsourcing decisions. Any shortcomings discovered in the audit were recorded. Furthermore, our major suppliers were evaluated using a color rating system and their subsequent performances were checked regularly. In 2022, 6 suppliers in the manufacturing category continued to receive evaluations and performance tracking. All of them were given the highest level of green rating. We also share our experiences and achievements in corporate social responsibility with suppliers to help improve their performances. For the suppliers whose performances were downgraded, we worked out an improvement plan with them and tracked their progress to ensure timely improvement. Our goal is to establish a high quality supply chain.

### ▼ Supplier and Contractor Inspection and Evaluation Results in the Past Three Years

Rating	2020	2021	2022
Green Rating	8	4	6
Yellow Rating	2	2	0
Red Rating	0	0	0
Pass rate	80%	67%	100%
Failure rate	20%	33%	0%

Notes:

- Green rating: zero failures in critical items and over 90% pass rate in regular items. Yellow rating: fewer than 3 failures in critical items and over 70% pass rate in regular items. Red rating: more than 3 failures in critical items or fewer than 70% pass rate in regular items.
- For suppliers given a green rating in the preceding year, audits can be waived for the current year.
- Pass rate = Number of green ratings / Total number of audits; Failure rate = (Number of yellow rating + Number of red rating) / Total number of audits.

## Supplier Communication Guidelines and Partnership

Feng Tay maintains a good relationship with its long-term partner suppliers and conducts transactions with them based on the principle of "fair trade and mutual respect." For suppliers who cooperate well, we provide long-term contract guarantees. We also actively assist suppliers in the research and development of new machinery, while enhancing Feng Tay's overall manufacturing process quality. Every year, we hold materials policy seminars and networking party to strengthen positive interaction. We also publicly recommend suppliers with good performance to our brand customers. By establishing an honest and solid business relationship with our suppliers, we aim to provide consumers with high-quality products.

### Feng Tay's principles for supplier collaboration

- ✓ Inform the suppliers about their overdue accounts receivable.
- ✓ Give long term contracts to the suppliers with good services.
- ✓ Provide suppliers with materials forecast, but do not force them to stock the materials in advance; transactions are accomplished by formal orders only.
- ✓ Ask for suppliers' agreement before cancelling an order.
- ✓ Make no claim to suppliers unless it is a critical quality issue.
- ✓ Promise to purchase the machinery or equipment developed jointly by a supplier and Feng Tay.
- ✓ Provide resources such as manpower, materials and equipment to suppliers at no charge to help them conduct research and development, make improvements, and obtain ESH certification for new machinery.



## Materials Policy Seminars

Feng Tay is committed to strengthening the cooperative relationship with partner suppliers and growing together with them. In order to understand the suppliers' operation situation, the production and delivery ability, and the implementation of quality management system, we hold Footwear Materials Summit, Material Forum, RBR (Regular Business Review), and QA (Quality Audit). The Group also uses the conferences as a platform to encourage suppliers to pay attention to environmental issues, adopt energy-efficient production equipment, reduce water usage, and cut down wastewater discharge. By sharing ESG practices and outcomes, we hope to establish a sustainable development supply chain.

Besides, we hold regular meetings with suppliers to strengthen the two-way communication. From different perspectives, the suppliers and the Feng Tay materials development and RD personnel can learn from each other, which also help the suppliers promote new materials and new techniques. The main topics of the meetings include business strategy, quality awareness and case studies of the effect on production and customer claims caused by material quality problems. We also exchange information on the footwear marketing and research trend to reinforce the sense of identifying with each other, increase support from each other, and build a closer partnership.


## Supplier Networking Party

Feng Tay emphasizes the interaction and communication with suppliers. Every year, the suppliers who have cooperated with us closely and have research and development capabilities are invited to the networking party. We take the opportunity to convey our corporate purchasing culture, business strategy value, and the concept of clean transaction. We believe that integrity and win-win cooperation are the foundation for us to fulfill the vision of sustainable development and the corporate social responsibility.



# 04

## Environmental Protection

- 4.1 Enhance Climate Resilience
  - 4.2 Energy Saving, Carbon Reduction and Air Pollution Control
  - 4.3 Water Resource Management
  - 4.4 Waste Management
- 

# 4.1 Enhance Climate Resilience



## 2022 Performance Highlights

The utilization rate of renewable energy of the Group reached 12.7%

The solar power generation of the Group reached 970,000 kWh

The green power purchases of the Group reached 74,200,000 kWh

14.2% increase in the utilization rate of environmentally friendly refrigerants of the Group

The wastewater recycling rate of the Group reached 40.3%

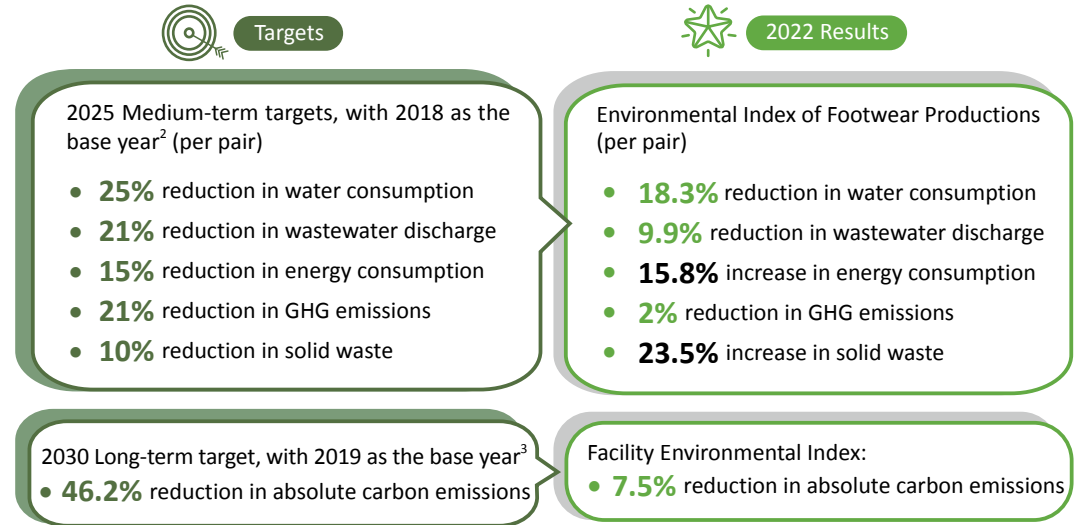
The recycling rate of non-hazardous waste of the Group reached 68.6%

6.9% reduction in GHG emission intensity of the Group

Zero landfill of non-hazardous waste in the Group

The impact of extreme climate change on business operations is becoming increasingly significant. Feng Tay Group recognizes the importance of enhancing climate resilience and has been paying long term attention to environmental protection, climate change, and ecological conservation issues. Through the establishment of the Management of Environment, Safety and Health (MESH) system, we try to achieve the vision of the highest ecological benefits and zero pollution with the best production methods, manufacturing processes, and management systems. The Group has set long-term reduction targets and plans for important environmental indicators for shoe factories and has comprehensively promoted energy-saving and carbon-reduction measures through the formulation of the Energy and Water Efficiency Management Guidelines. In addition to improving the energy resource utilization efficiency, we have actively increased the use of renewable energy and gradually set up solar power generation and heating systems.

### Feng Tay's Mid- and Long-term Targets and Achievements



In addition, we have actively invested significant resources in addressing the potential environmental impacts of our entire operational processes. For example, we have added energy-saving equipment, provided environmental education and training, and conducted environmental monitoring and waste treatment to effectively manage the waste and wastewater generated by our processes and operations, reduce external environmental costs, and strive to become the best green footwear manufacturing enterprise.

<sup>2</sup> On average, the production of one pair of shoes consumed 15.8 liters of water and 3.4 kWh of energy, discharged 6.6 liters of wastewater (treated) emitted 1.7 kg of CO<sub>2</sub>e, and generated 198.1 g of solid waste in base year 2018.

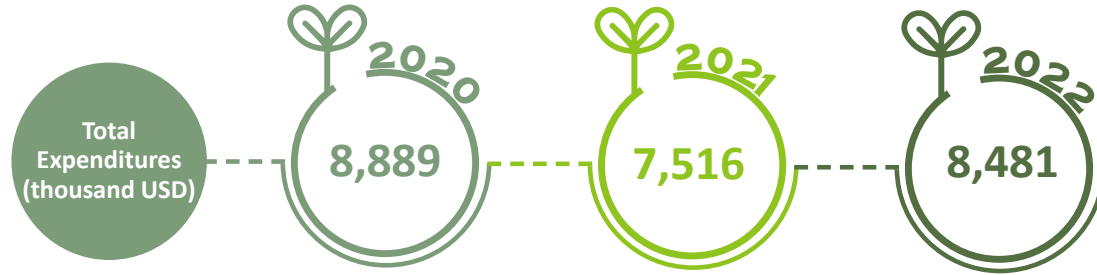
<sup>3</sup> Carbon emissions were 269,341 metric tons of CO<sub>2</sub>e in base year 2019.



## Investment in Environmental Protection

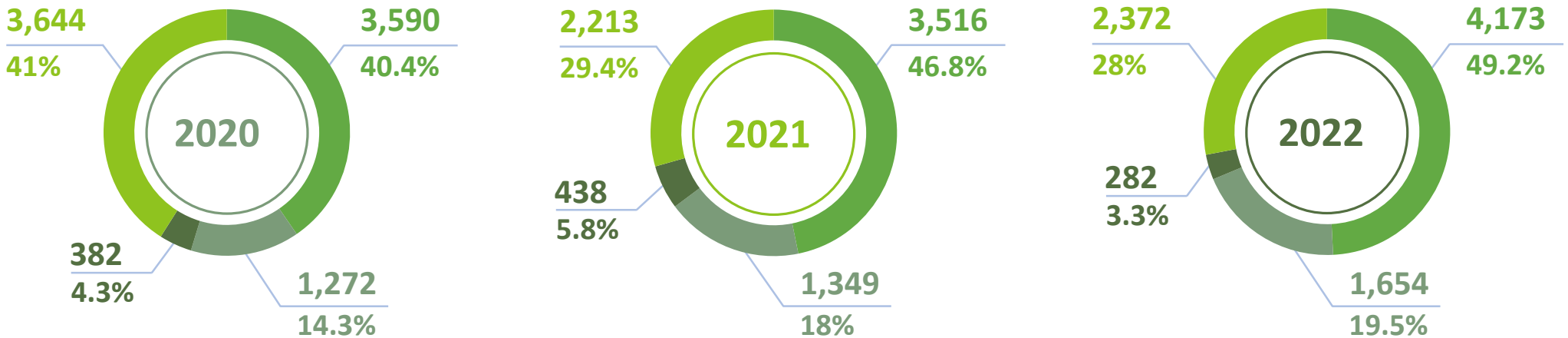
The total environmental protection-related expenditures was around USD 8,481,000 (NTD 260 million) in 2022. The major expenditure categories were waste disposal and treatment, prevention, and management, accounting for 77.2% of the total expenditure and increasing by 1% compared with 2021.

### ▼ Total Expenditures on Environmental Protection in 2020-2022



### ▼ The Amount and Percentage of Various Environmental Protection Expenditures in 2020-2022 (unit: thousand US dollars)

● Waste Disposal and Treatment ● Wastewater and Emissions Treatment ● Remediation ● Prevention and Management



Notes :

1. Waste Disposal and Treatment covers waste disposal, taxes and insurance costs related to waste disposal, and installation, maintenance and modifications of waste treatment facilities.
2. Wastewater and Emissions Treatment covers wastewater treatment, installation, maintenance and modifications of wastewater treatment facilities, emissions (dust, fumes, and organic solvents) removal and ventilation systems, discharge permit fees levied by the EPB, and taxes and insurance costs related to wastewater and emissions treatment.
3. Remediation covers cleaning, noise insulation improvement, and addition or modifications of other facilities for remediation purposes.
4. Prevention and Management covers environmental monitoring, certification fees, environmental protection education and training, environmental protection signs and posters, installation, maintenance, and modification of secondary structures for spill prevention, purchases and maintenance of instruments related to environmental protection, additional cost of green purchases, salaries and bonuses for ESH personnel, energy and water conservation projects, and oil-fired boiler replacement projects.

## Climate Change Risks and Opportunities

The increasingly severe environmental issues such as global warming and extreme weather have had a significant impact on corporate operations. Companies must face up to the climate risk issues and enhance their ability to withstand climate risks in order to maintain a certain level of competitiveness in the market without compromising the interests of stakeholders. Feng Tay is committed to environmental protection and identifies potential risks related to climate change. Referring to the framework of the Task Force on Climate-related Financial Disclosures (TCFD), Feng Tay identifies potential climate change risks and opportunities through the four core elements of "governance", "strategy", "risk management", and "metrics and targets", and grasps the impact and influence of climate change on the Company's operations. In addition, the Company sets up relevant response strategies and measures in advance to prevent climate change risks and damages.

### ▼ TCFD Core Elements and Financial Disclosures

#### Governance

The Sustainable Development Executive Officer is responsible for annually convening relevant units to identify and confirm, based on various risks, the potential impact of various risk issues on the internal and external aspects of the Company, including the identification and assessment of climate change risks and response to impacts of climate change. Regular meetings are held each year to prioritize corporate sustainable development initiatives, including issues related to climate change, and to fulfill the corporate social responsibility through actual actions.

#### Strategy

We identify physical and transition risks and opportunities based on business types and operational conditions, and actively promote green energy and environmental protection policies. In response to the impact of global climate change and the greenhouse effect on the environment, we have established the "Energy Saving Management Guidelines" to promote various energy-saving and carbon-reduction measures. At the same time, we are increasing the proportion of renewable energy use, practicing waste reduction and recycling, and actively implementing green procurement and purchasing products with energy-saving and environmental protection labels.

#### Risk Management

The Sustainable Development Department regularly conducts climate change risk assessments to identify and assess potential significant impacts or risks of existing and future activities, products, and services related to sustainable operations. The results of these assessments serve as the basis for formulation of policies and targets. The assessment results indicate that the risk assessment mechanism recommended by TCFD will be introduced to assess specific issues of climate change to understand the specific potential financial impacts and adopt relevant response strategies.

#### Metrics and Targets

To reduce the impact and risks caused by climate change, and to achieve the targets related to green energy and carbon reduction, Feng Tay has specifically set Scope 1 and Scope 2 absolute carbon emission targets. By 2030, the absolute carbon emissions must decrease by 46.2% compared with the base year 2019. The details of the main measures and metrics are given in the Enhance Climate Resilience section of this report.

# TCFD

▼ Feng Tay's Risk Identification and Response Measures Related to Climate Change in 2022

	Risk Category	Risk Impact Analysis	Response Measures and Potential Financial Impact
Transition risks	Policies, laws and regulations	<ul style="list-style-type: none"> <li>In response to Taiwan's greenhouse gas reduction and management regulations, it is necessary to improve the energy efficiency at operating sites and increase the capacity of renewable energy devices and purchases of green power certificates, which may increase costs.</li> <li>The operating costs may increase because of the potential impacts of carbon tax and carbon trading system, and the cost of procuring raw materials and components that comply with regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Established the "Energy and Water Efficiency Management Guidelines" to effectively implement energy saving and carbon reduction measures and targets. In 2022, the greenhouse gas emission intensity (greenhouse gas emissions per thousand US dollars of output value) decreased by 6.9% compared with the previous year.</li> <li>Actively increased the proportion of renewable energy usage, including setting up solar panels in factories to generate electricity and purchasing green electricity from external sources to reduce carbon emissions caused by non-renewable energy. Renewable electricity has been generated at our factories in Taiwan, China, Indonesia, and India. In 2022, the proportion of renewable energy use reached 12.7%, an increase of 6.4% from the previous year. As of the end of 2022, the Group purchased approximately USD 3.08 million of green energy.</li> <li>Comply with international conventions such as the Kyoto Protocol, the United Nations Framework Convention on Climate Change, and the Paris Agreement.</li> </ul>
	Technology	<ul style="list-style-type: none"> <li>In response to regulatory and advocacy constraints, there may be a need to develop low-carbon technologies to reduce carbon emissions, resulting in additional capital investments.</li> <li>The cost of research, development, and operation of new and alternative technologies may also be a factor.</li> </ul>	<ul style="list-style-type: none"> <li>We invested in environmentally friendly processes and cooperated with an internationally renowned sports brand to establish the Green Team. Based on the life cycle assessment, the Company actively developed renewable materials and low-carbon processes. In 2022, the usage rate of environmentally friendly materials in products reached 30%.</li> </ul>
	Market	<ul style="list-style-type: none"> <li>As awareness of sustainability increases, customers will likely purchase low-carbon products or services in the market, which could impact revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously meet the demand for low-carbon products in the market, actively cooperate with customers, provide low-carbon manufacturing processes, and enhance corporate competitiveness. Most of the shoe models have been made by environmentally friendly manufacturing processes.</li> </ul>
	Goodwill	<ul style="list-style-type: none"> <li>Environmental performance may affect the Company's image.</li> <li>Cooperating with suppliers with high carbon emissions may affect customers' trust in the Company.</li> </ul>	<ul style="list-style-type: none"> <li>Continuously strengthen the sustainable supply chain with partners and establish a dedicated Green Team to reduce carbon emissions in the production process.</li> </ul>
Physical risks	Immediate risks (such as heavy rains, typhoons, hurricanes, floods)	<ul style="list-style-type: none"> <li>Climate factors may lead to reduced production capacity and revenue loss (such as interruption of supply chain due to transportation difficulties, production shutdown due to damage to factories).</li> <li>Changes in rainfall patterns may increase the frequency of floods and droughts, affecting the allocation of production water resources.</li> <li>Productivity is affected because employees are unable to come to work, leading to revenue reduction and increased costs for occupational health and safety.</li> </ul>	<ul style="list-style-type: none"> <li>Improve water efficiency. Water consumption per work hour was reduced by 3.6% compared with 2021.</li> <li>Establish the flood and drought emergency response system.</li> <li>Raise the foundation height of new factories and install water retaining walls and gates in low-lying areas.</li> </ul>
	Long-term risks (such as extreme weather, temperature rise, and sea level rise)	<ul style="list-style-type: none"> <li>Buildings in low-lying areas may be flooded because of heavy rains or typhoons, resulting in increased maintenance and repair costs.</li> </ul>	

▼ Feng Tay's Analysis of Climate Change-Related Opportunities and Response Measures in 2022






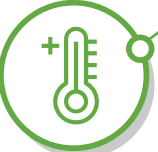
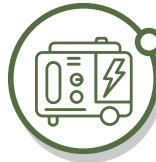

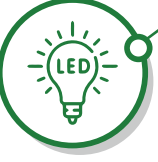


# 4.2 Energy Saving, Carbon Reduction and Air Pollution Control

## Management Principle

In order to achieve the goal and vision of environmental protection, we start from our own products and services, continuously promote various energy saving and carbon reduction actions and pay attention to energy development issues. Therefore, we have formulated the "Energy and Water Efficiency Management Guidelines" as the management policy and guidelines for various energy saving and carbon reduction measures. Through an inventory of Feng Tay's entire value chain, from the procurement principles that consider the energy and resource consumption of equipment to the flexible adjustment of the production process, we comprehensively promote energy saving and carbon reduction measures to achieve our carbon reduction targets.

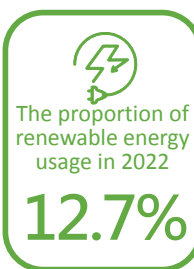
### ▼ Energy and Water Efficiency Management Guidelines

 <p><b>Purchase of new equipment</b></p> <p>When purchasing new equipment, criteria such as electric power efficiency, fuel efficiency, water efficiency, and greenhouse gas emissions must be taken into consideration. No purchase shall be made if, compared with existing equipment, the new equipment has lower energy efficiency or water efficiency, or generates more greenhouse gas emissions.</p>	 <p><b>Electric motor systems</b></p> <p>Variable frequency drives are utilized for adjusting motor speeds to match the demands of specific process equipment. IE3 (premium efficiency standard) or better motors are adopted for newly purchased devices to reduce energy consumption by enhancing motor efficiency.</p>	 <p><b>Compressed air systems</b></p> <p>A centralized air compressor system must be installed when several processes require similar air pressure and flow rate during the same period of time. If multiple air compressors are required for a single process, the air compressors must be connected in parallel. Compressed air lines must be inspected regularly, and all leaks must be eliminated promptly.</p>
 <p><b>Electric power management</b></p> <p>Automatic power factor regulators must be installed, and electrical equipment must be turned off when not in use.</p>	 <p><b>Ventilation and cooling</b></p> <p>Air conditioning units in office buildings may be used only when the indoor temperature exceeds 28°C. Building roofs are painted white.</p>	 <p><b>Heating and insulation systems for process equipment</b></p> <p>Equipment operation scheduling must be optimized to reduce heat loss during idle and preheating periods. Pylon and rubber washing machines must be insulated to reduce heat loss.</p>
 <p><b>Generators</b></p> <p>Only the minimum number of generators needed to meet power demand at any given time should be activated.</p>	 <p><b>Exhaust systems</b></p> <p>Periodic inspections are conducted on exhaust ventilation pipes. Fan equipment is installed according to the airflow direction within the system, and small local dust collectors must be used in place of central dust collection systems.</p>	 <p><b>Lighting</b></p> <p>Production buildings, canteens, and warehouses must make use of daylight. Energy efficient fluorescent lamps or LED lights must be chosen for artificial lighting. General lighting shall be replaced by task lighting.</p>

## Energy Usage

Feng Tay follows the "Energy and Water Efficiency Management Guidelines" as the basic principle of energy management and the factories in various regions continue to implement energy-saving projects. In 2022, the Group's total energy consumption was 2,126,584,485 MJ, an increase of 26% compared with 2021. The energy intensity (energy consumption per thousand US dollars of output value) in 2022 was 908 (MJ/ 1000 US dollars of output value), an increase of about 6% compared with the previous year, indicating a decrease in energy efficiency. At shoe factories, the average energy consumption per pair of shoes in 2022 was 14.03 MJ, an increase of 6% compared with 13.30 MJ in 2021. The increase in the average energy consumption per pair of shoes was mainly a result of the return in production volume to the previous level and the expansion of some factories, which led to lower efficiencies in the initial production period. In addition, increase in the complexity of shoe models and the number of manufacturing processes with higher energy consumption also had an impact.

To reduce the carbon emissions generated by the Group's overall energy consumption, we actively plan the use of renewable energy. We not only install solar panels in our factories but also purchase green energy such as wind power and geothermal power from external sources. In 2022, the Group's proportion of renewable energy usage reached 12.7%. In addition, our factories in China sold 44,000 kWh of unused solar electricity generated on weekends to local electric agencies. In the future, we will continue to increase the proportion of renewable energy usage to reduce greenhouse gas emissions caused by non-renewable energy, so as to let Feng Tay move towards the goal of becoming a more energy saving corporate.



### Energy Consumption and Energy Intensity in 2021-2022

Unit: MJ; MJ/thousand US dollars of output value  
MWhe; MWhe/thousand US dollars of output value

Non-renewable energy		2021		2022	
Fuel type	Purpose of use	MJ	MWhe	MJ	MWhe
Petroleum Diesel	Electricity /Company Vehicles	12,992,400	3,609	20,045,769	5,568
Gasoline	Company Vehicles	4,755,600	1,321	8,418,078	2,338
NG/LPG/Propane	Heating	31,190,400	8,664	27,578,016	7,661
Purchased non-renewable electricity	Electricity	1,526,828,400	424,119	1,800,087,089	500,024
<b>Total non-renewable energy consumption</b>		<b>1,575,766,800</b>	<b>437,713</b>	<b>1,856,128,952</b>	<b>515,591</b>

Note:

- We have also expressed the energy consumption in MJ in the 2022 Sustainability Report to comply with the disclosure requirements of GRI 302 Energy-related Standards; the 2021 data are directly converted from MWh to MJ.
- The energy data are calculated using the 2017 Cross-Sector Tool of The Greenhouse Gas Protocol.

Renewable energy		2021		2022	
Fuel type	Purpose of use	MJ	MWhe	MJ	MWhe
On-site Solar Power Generation	Electricity	2,566,800	713	3,332,844	926
Purchased Solar Power	Electricity	0	0	25,060,871	6,961
Purchased Wind Power	Electricity	103,950,000	28,875	115,698,938	32,139
Purchased Geothermal Power	Electricity	0	0	126,362,880	35,101
<b>Total Renewable Energy Consumption</b>		<b>106,516,800</b>	<b>29,588</b>	<b>270,455,533</b>	<b>75,127</b>

	2021		2022	
	MJ	MWhe	MJ	MWhe
<b>Total Energy Consumption</b>	1,682,283,600	467,301	2,126,584,485	590,718
<b>Production Value</b> (Thousand USD)	1,964,220		2,341,565	
<b>Energy Intensity</b>	<b>856</b>	<b>0.238</b>	<b>908</b>	<b>0.252</b>

(MJ/Production Value; MWhe/Production Value)

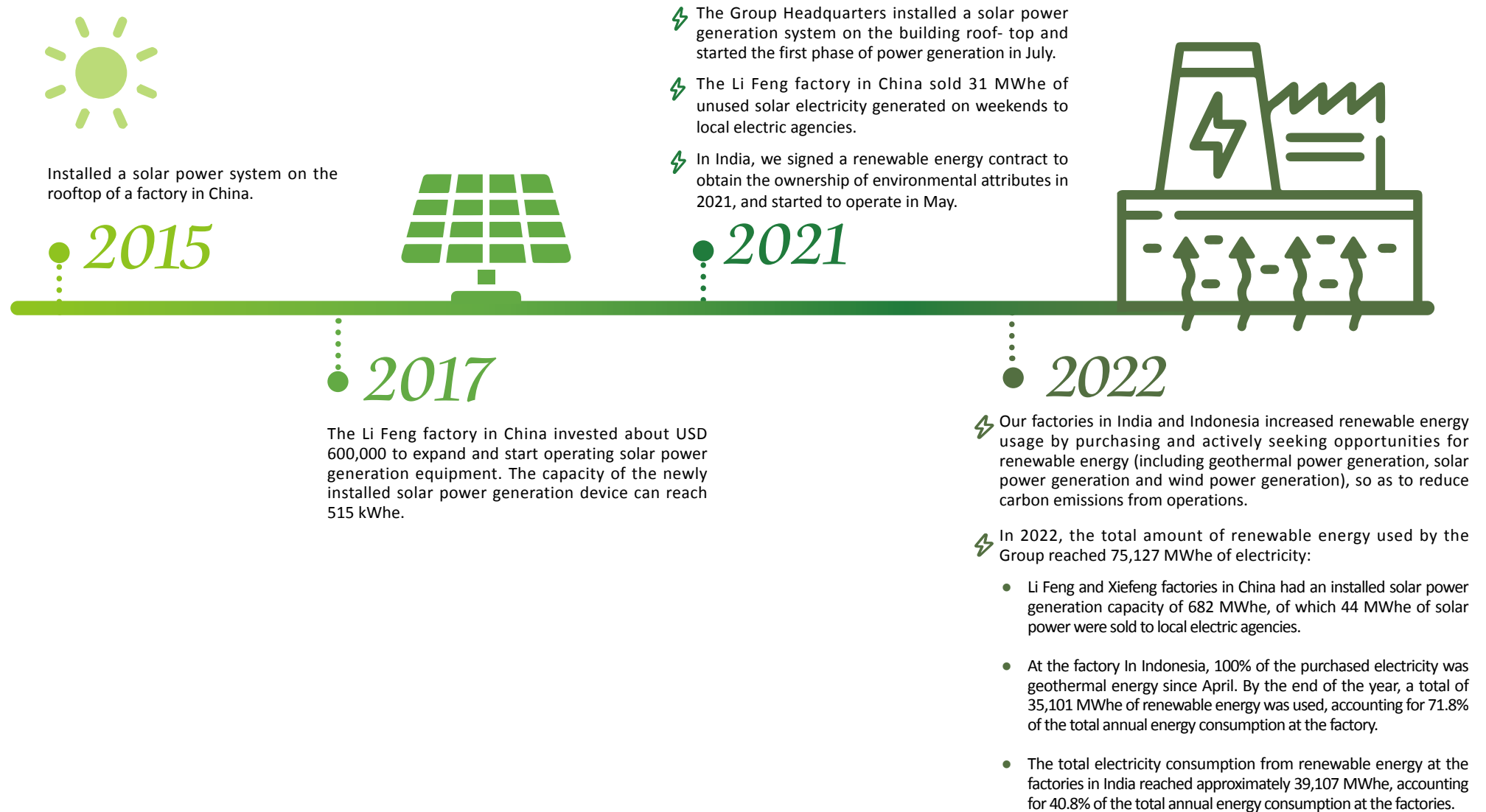
### Energy Consumption and the Proportion of Renewable Energy Usage at Factories in Various Regions in 2020-2022 (unit: MWhe)

Region	2020		2021		2022	
	Total Energy Consumption	Proportion of Renewable Energy Usage	Total Energy Consumption	Proportion of Renewable Energy Usage	Total Energy Consumption	Proportion of Renewable Energy Usage
Taiwan	11,115	0%	11,754	1.1%	11,688	2.4%
China	93,991	0.6%	93,316	0.6%	93,299	0.7%
Indonesia	39,927	0%	47,917	0.0%	48,862	71.8%
India	57,890	55%	75,358	38.3%	95,954	40.8%
Vietnam	269,289	0%	238,956	0.0%	340,915	0%
<b>FTG</b>	<b>472,212</b>	<b>7%</b>	<b>467,301</b>	<b>6.3%</b>	<b>590,718</b>	<b>12.7%</b>

Note: Renewable energy includes on-site solar power generation and purchased green energy (geothermal power, solar energy, and wind power).

## Investment in Renewable Energy Development

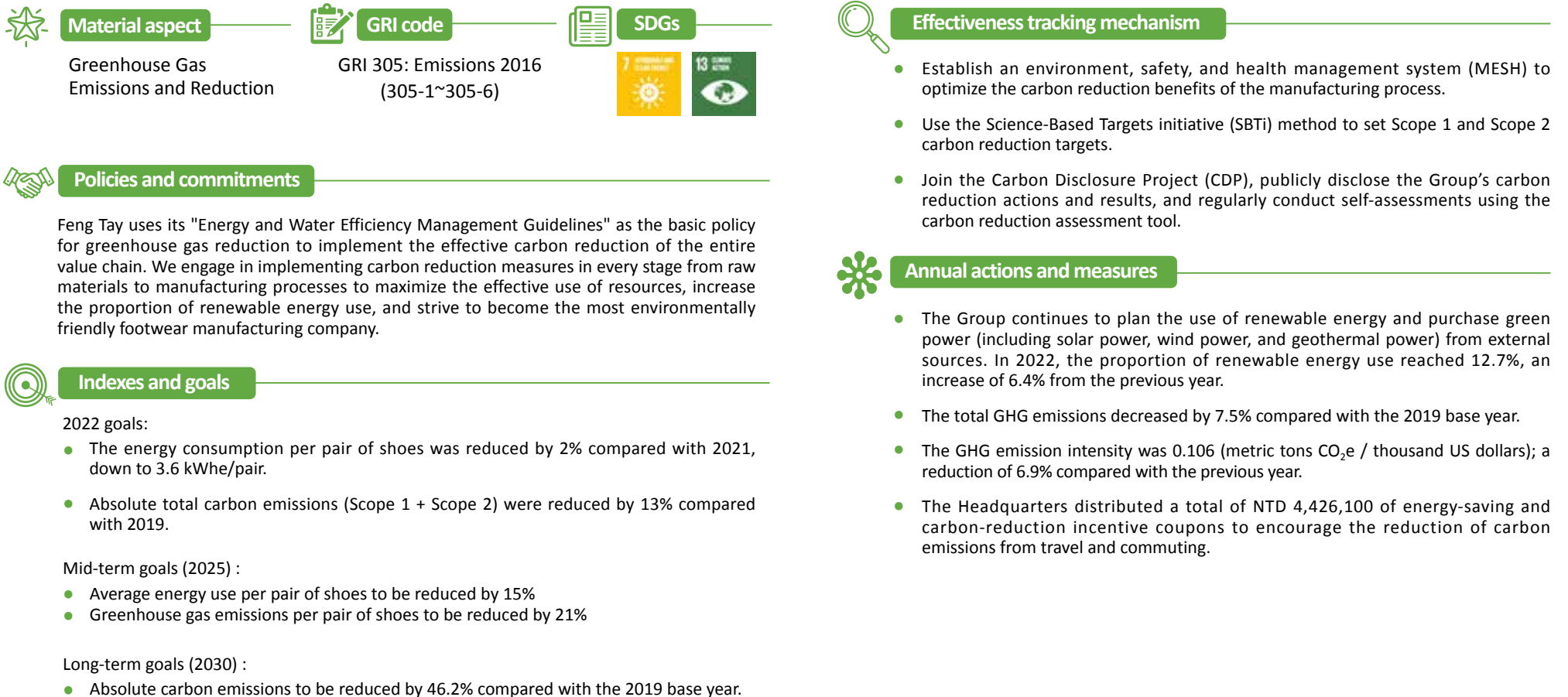
Since 2009, Feng Tay Group has implemented energy saving and fuel saving measures in all aspects, including equipment procurement, production processes and working environments, and developed renewable energy generation systems in accordance with the "Energy and Water Efficiency Management Guidelines." Over the years, we have carried out various measures such as updating the energy management system, replacing air compressors with more energy-efficient models, and improving the motor system efficiency. To strengthen our progress in energy conservation and carbon reduction, and effectively reduce the greenhouse gases indirectly generated by electricity consumption, Feng Tay has successively built renewable energy generation systems and procured green energy at its Taiwan Headquarters and various factories. Following is Feng Tay Group's progress in renewable energy development over the years:



## Greenhouse Gas Reduction

Feng Tay considers the reduction of greenhouse gas emissions as an important issue in its business operations. In order to achieve the long-term carbon reduction targets, the Group adopted in 2020 the Science Based Targets initiative (SBTi) methods proposed by the Center for Sustainable Business of the World Resources Institute to set the targets for Scope 1 and Scope 2 absolute carbon emissions: in 2030, the absolute carbon emission should be reduced by 46.2% compared with the base year (2019). To openly and transparently disclose the Group's carbon reduction actions and results to all stakeholders and the public who are concerned about our carbon reduction situation, we have joined the Carbon Disclosure Project (CDP) since 2020 to complete the annual self-assessment using the carbon reduction assessment tool developed by CDP. From 2019 to 2021, the Group has been rated as a disclosure level enterprise.

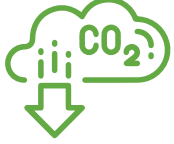
### ▼ The response, management and evaluation method of Feng Tay in relation to the 2022 material aspect "Greenhouse Gas Emissions and Reduction"





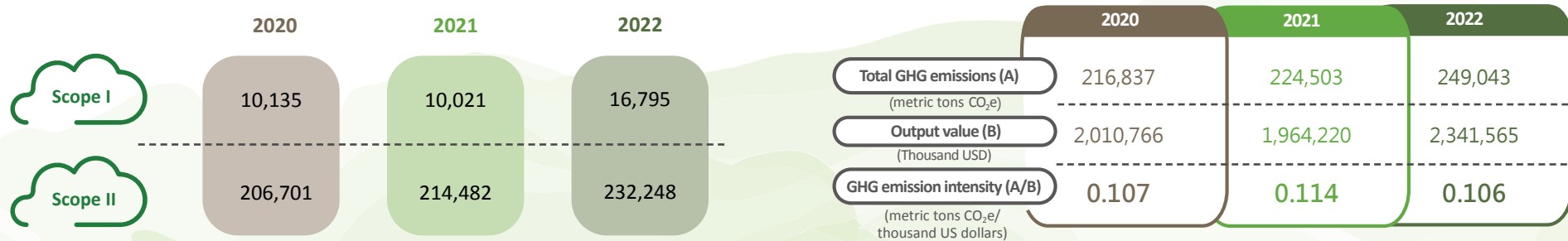
## Greenhouse Gas Emissions

In 2022, the total greenhouse gas emissions of the Group were 249,043 metric tons CO<sub>2</sub>e, a decrease of 7.5% compared with the base year (2019: 269,341 metric tons CO<sub>2</sub>e). We continue to increase the efficiency of energy usage and the proportion of renewable energy use. In 2022, the greenhouse gas emission intensity was 0.106 (metric tons CO<sub>2</sub>e/thousand US dollars of output value), a decrease of 6.9% compared with the previous year. The result demonstrates the achievement of our efforts to maximize the efficiency of resource use while increasing production volumes.



The 2022 GHG emission intensity decreased **6.9%** from the previous year

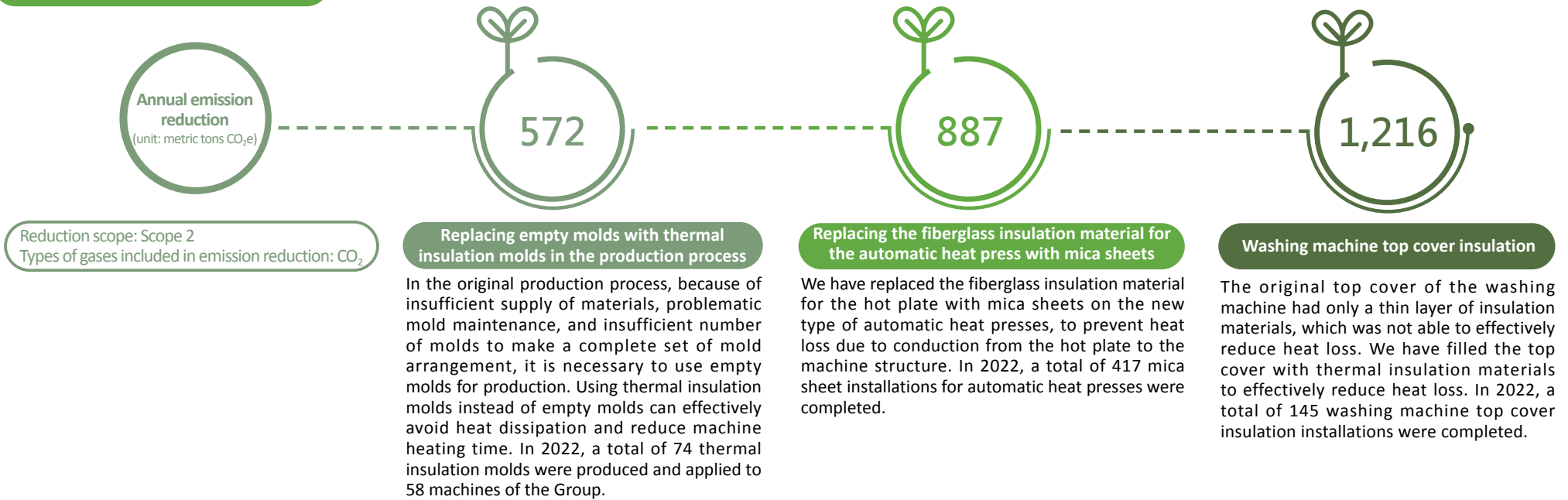
▼ Feng Tay's GHG emissions in 2020-2022 (Unit: metric tons CO<sub>2</sub>e; metric tons CO<sub>2</sub>e/thousand US dollars)



Notes:

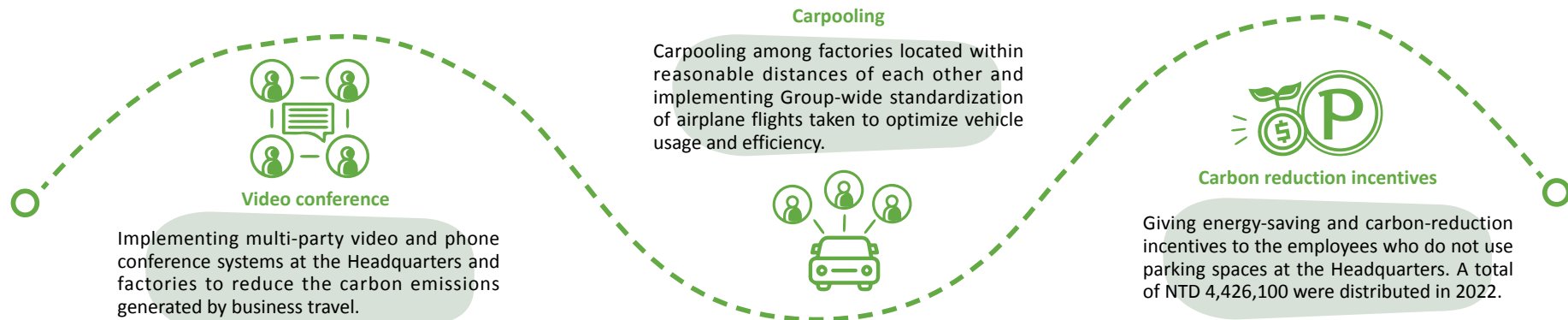
1. Scope I: primary energy (e.g., diesel, fuel oil, and liquefied petroleum gas), company vehicles and refrigerant emissions (HFCs).
2. Scope II: purchased electricity.
3. Greenhouse gas calculations are consolidated using the operational control method.
4. The greenhouse gas emission factors of fuels and refrigerants are calculated using the conversion factors of the Intergovernmental Panel on Climate Change (IPCC).
5. The greenhouse gas emission factor for electricity in each country is calculated using the power conversion factor of the International Energy Agency (IEA).
6. Because the original Scope 3 data were incomplete, this information disclosure is temporarily deleted this year; the total GHG emissions only include Scope1 and Scope2; the emission intensity also has changed.

## Carbon Reduction Actions



## Reducing Carbon Emissions from Commuting and Business Travel

To create a green value chain, we have actively assessed and monitored the carbon emissions at every stage of our operations. We have made a great effort to reduce the frequency of employees traveling to and fro among the Headquarters and factories and the consumption of vehicle fuels. The following measures have been implemented: (1) implementing multi-party video and phone conference systems at the Headquarters and factories, (2) implementing carpooling among factories located within reasonable distances of each other, and (3) implementing Group-wide standardization of airplane flights taken, thereby enabling carpooling to and from airports; using public transportation, such as Taiwan High Speed Rail, when the number of travelers is small. In addition, incentives are given to the employees who do not use parking spaces at the Headquarters to encourage carpooling.



## Air Pollution Control

In addition to focusing on greenhouse gas emissions, Feng Tay also manages the emissions of ozone-depleting substances (ODS) and volatile organic compounds (VOCs). Air pollution control measures are implemented to reduce direct process emissions and fugitive emissions. Compared with 2021, the overall air pollution generated by the Group was as follows: (1) ODS increased by 12.9%, mainly a result of increase in refrigerant usage due to the expansion of factories and production lines, and (2) VOCs decreased by 8.3%.

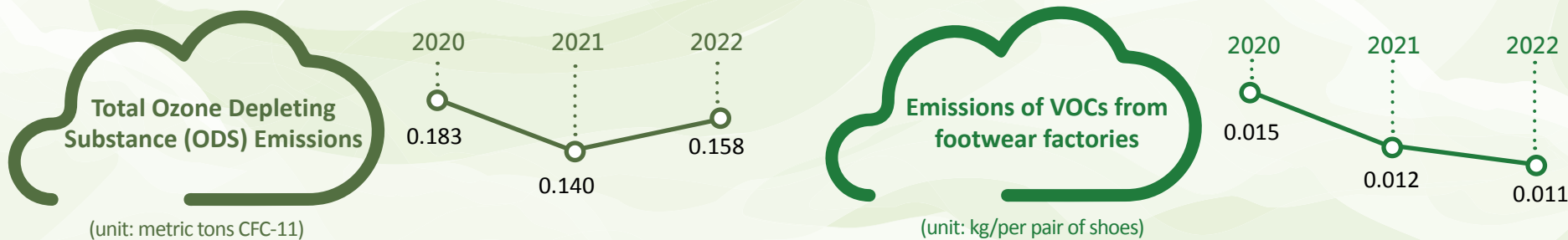
### ODS Reduction Actions

ODS emissions mainly come from the refrigerants added into air conditioners, refrigeration equipment, refrigerators, and chillers. We have completely stopped purchasing any equipment that uses R-22. At the same time, we continue to make a great effort to replace R-22, the refrigerant of the highest consumption in the Group at present, with environmentally friendly refrigerants which contain substances of lower ozone-depletion potentials (such as R-404a). In 2022, the proportion of environmentally friendly refrigerants (HFC-134a, HFC-404A, HFC-407C, HFC-410A, HFC-507, HFC-32) used by the Group increased to 59.5% from 45% in the previous year.

### VOCs Reduction Actions

Volatile organic compounds mainly come from inks and chemical adhesives used in the shoe manufacturing process. To reduce the emission of volatile organic compounds, we have focused on our main products for process improvements and developed water-based adhesives to replace oil-based adhesives. The average amount of volatile organic compounds used per pair of shoes was 0.011 kilograms in 2022, an 8.3% reduction from 2021.

▼ Feng Tay's emissions of ODS and VOCs in 2020-2022 (unit: metric tons CFC-11)



Notes:

1. The total emissions of Ozone Depleting Substances (ODS) = ODS production = the sum of (corresponding ODP value \* usage of each refrigerant).
2. The Ozone Depletion Potential (ODP) values are based on the Montreal Protocol.
3. The scope of ODS calculation is the total amount of the Group; the scope of VOCs calculation is the shoe factories, excluding the VOC emissions of other products, and the average VOC emissions per pair of shoes are used for data disclosure.

# 4.3 Water Resources Management

## Targets and Management Guidelines

As a footwear manufacturer, Feng Tay uses water resources in the manufacturing process and daily operations. We have long been committed to water conservation and improving water efficiency. To use natural resources more efficiently, we have implemented our "Energy and Water Efficiency Management Guidelines." Each factory is required to develop a water pollution control plan and make every effort to increase the proportion of recycled wastewater usage to reduce the negative impact of wastewater discharge on the environment. The wastewater that cannot be recycled is treated to meet local discharge standards before being discharged. In addition, we actively seek the methods to obtain alternative water resources, such as rainwater collection systems and recycled water use mechanisms, in the hope of gradually reducing our reliance on tap water and minimizing the negative impact on the local environment.

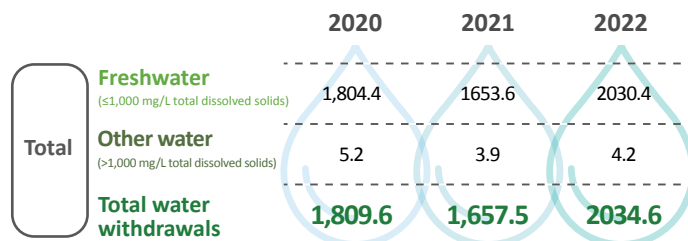
## Water Usage and Discharge

According to the data shown in the World Resources Institute's "Aqueduct Water Risk Atlas," Feng Tay's water resource risk levels at various locations are as follows: 6 locations at low-medium (1-2) risk, 6 locations at medium-high (2-3) risk, 8 locations at high (3-4) risk, and 7 locations at extremely high (4-5) risk. Therefore, we attach great importance to water conservation efficiency and discharge issues. In addition to regularly recording and managing water use and discharge, we also disclose the content and data of these reports so that stakeholders can have more confidence in our achievements in water resource management.

Our water sources include third-party tap water (93.0%), groundwater (6.8%), and rainwater (0.2%). In 2022, the total water usage increased by 22.7% compared with 2021 and the amounts of water used for production and non-production purposes increased by 23.8% and 20.8%, respectively, compared with 2021. The increase in water usage for production was the result of a 21.3% increase in production volume in 2022 and an increase in water usage in washing and cooling processes due to the increase in complex shoe models. At the same time, the total working hours increased by 26.2% compared with 2021, and therefore water usage in the workshop and non-production areas (such as drinking water, water used in canteens, and water for toilet flushing) also increased. However, the amount of water used per working hour decreased by 3.6% compared with 2021. Because of the above reasons, the wastewater discharge intensity (unit: metric tons/thousand US dollars of output value) increased by 15.3%. In 2022, the COD and SS contained in the wastewater discharge met the local regulatory standards.

▼ Water withdrawals in various regions in 2020-2022 (unit: million liters)

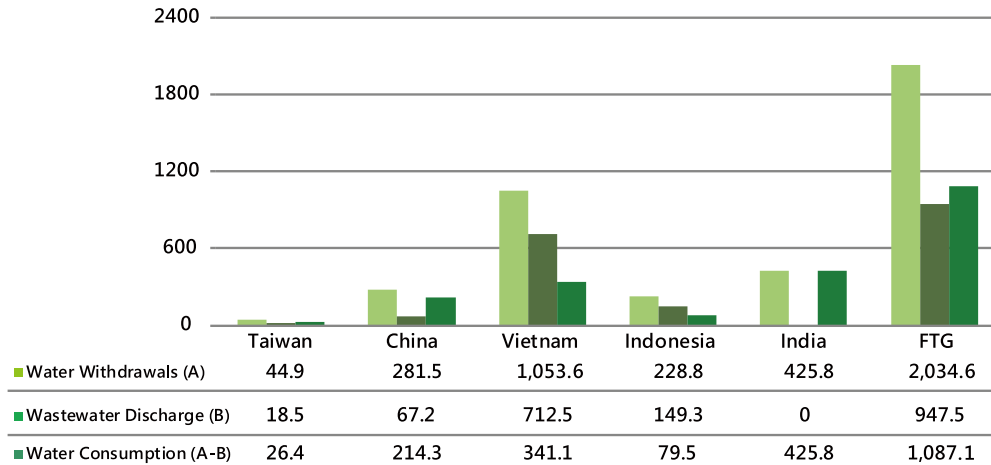
		Taiwan			China			Vietnam			Indonesia			India		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Freshwater (≤1,000 mg/L total dissolved solids)	Groundwater	1.6	1.5	1.3	0	0	0	0	0	0	53.8	72.6	34.3	27.5	116.2	102.9
	Third-party tap water	37.7	38.4	39.4	289.8	301	281.5	1,036.1	770.6	1053.6	150.9	137.8	194.5	207	215.5	322.9
Other water (>1,000 mg/L total dissolved solids)	Surface water	0	0	0	2.9	0.2	0	0	0	0	0	0	0	0	0	0
	Rainwater	1.6	3.7	4.2	0.01	0.01	0.001	0.7	0	0	0	0	0	0	0	0



Note:

1. The sources of the Group's water withdrawals do not include seawater, produced water and surface water required to be disclosed in GRI 303-3, so they are not disclosed in the report.
2. In accordance with the requirements of the GRI guidelines, the data on water consumption provided by the waterworks in India were moved from the groundwater type to the third-party tap water type, and the data of previous years were revised in this report.
3. Third-party tap water refers to the water provided by the waterworks.
4. In accordance with the requirements of GRI this year, the unit was converted from metric tons to million liters for data disclosure.

▼ Water usage in various regions in 2022 (unit: million liters)



**Wastewater Treatment**

Feng Tay Group is devoted to preventing water pollution. To comply with our regulations in “Environmental Engineering: Water pollution prevention,” all factories are required to develop water pollution prevention plans and increase the usage of recycled wastewater. To effectively manage wastewater discharge and minimize its negative impact on the environment, the wastewater that cannot be recycled is mainly treated at onsite facilities and then sent to treatment plants operated by the government. Other ways to handle the wastewater that cannot be recycled include: (1) directly sent to treatment plants operated by the government and (2) treated at onsite facilities before discharging to surface water or groundwater.

We strictly compile with local regulations on effluent standards for wastewater discharge. In addition, the treated wastewater that our footwear factories discharge directly to surface or river waters must meet the requirements of the progressive limits for conventional wastewater parameters established by ZDHC Foundation and must be tested twice a year. Personnel from the Headquarters conduct random audits at factories every year. The ESH personnel at factories are required to test the treated wastewater monthly and report the results to Sustainable Development Department at the Headquarters.

To ensure compliance with wastewater discharge regulations, all our factories in Vietnam implemented the plan to discharge wastewater to the wastewater treatment plant in the industrial zone. The plan was completed in 2022. The Group continues to assess the feasibility of adding recycling systems for water used in the manufacturing process. For example, the water reclamation system constructed at the Headquarters in Taiwan increased the water recycling rate to 50.4% in 2022. All the domestic wastewater and industrial wastewater at the factories in India are recycled and reused. In 2022, we added advanced wastewater treatment processes such as evaporation towers and reverse osmosis to enhance the wastewater treatment system for the industrial wastewater that could not be recycled before. We also adopted pollution source diversion measures to optimize the operating efficiency of wastewater treatment plants and achieve zero wastewater discharge.

**Water Conservation Measures**

Feng Tay values water resources and implements many water conservation measures. We have implemented a number of water conservation measures for different stages of operation, from daily water use, critical water use, to increasing the proportion of water recycling and reuse, in order to effectively respond to the water resource crisis caused by extreme climate and enhance Feng Tay’s organizational resilience. To increase the proportion of recycled water, 100% of machine cooling water is recycled and reused, and a "reclaimed water recycling system" is built for treating wastewater generated in the manufacturing process. Through filtration and disinfection to meet the recycled water quality standards, the reclaimed water is used for flushing toilets, irrigation, and process water, significantly reducing water consumption. In daily operations, we also actively reduce water consumption, such as installing low-flow faucets, regularly inspecting pipelines and repairing leaks, and developing water balance diagrams for evaluating water conservation measures.

▼ Two Major Areas for Water Conservation Measures



All factories compare the water consumption of each region in the factory through daily routine water meter reading records. Among them, the San Feng factory in China found a location of abnormal water consumption and launched a comprehensive inspection. When the leaking points of the hidden pipe in the factory are confirmed, a repair plan is immediately formulated to solve the water leakage problem, so as to control the reasonable water consumption of each area in the factory. After improvement, the daily fresh water consumption can be reduced by about 129 metric tons, and the annual fresh water consumption can be reduced by about 36,507 metric tons.



The Group began collecting and analyzing recycled water usage data in 2011. In accordance with the Energy and Water Efficiency Management Guidelines, recycled water is used repeatedly in the production process. For example, cooling water for process equipment is 100% re-circulated, and treated wastewater from the wastewater treatment plant is used for flushing toilets and watering lawns. Recycled water as a percentage of total water withdrawals increased to 40.3% in 2022 from 37.9% in 2021.

## 4.4 Waste Management

▼ The response, management and evaluation method of Feng Tay in relation to the 2022 material aspect “Waste Management”



### Policies and commitments

According to the concept of life cycle, carry out relevant circular economic measures such as source reduction, resource recycling and reuse, and actively improve the reuse rate of waste; use more environmentally friendly methods to dispose of waste and make good use of waste derived energy; in accordance with the law, contract a local government-approved company to remove and dispose of the waste generated by operations to reduce the negative impact of waste on the environment.

### Indexes and goals

2022 goals:

- The solid waste per pair of shoes in the Group’s footwear factories was reduced to 180 g/pair, a reduction of 6% from 2021.
- The proportion of the Group’s non-hazardous waste treated by incineration without energy recovery was reduced to 3.3%, 50% lower than in 2021.
- Factories with a recycling rate of less than 50% must add at least two recycling companies.

Mid-and Long-term goals:

- 10% reduction in average solid waste per pair of shoes by 2025 (base year: 2018).
- Continue to improve the technology and proportion of waste recycling. Adopt the method of source reduction to reduce the total amount of waste and the proportion of hazardous waste generated by the product year by year, so as to meet the future needs of customers and the market for sustainable products, and make greater contributions to the overall environmental protection.

### Effectiveness tracking mechanism

- Actively look for feasible waste recycling technologies and cooperative companies to increase the waste recycling rate.
- Factories in each region regularly inspect the generation and disposal of hazardous waste every year to ensure that waste is properly managed and properly disposed of in accordance with the contract.

### Annual actions and measures

- Stop using incineration, landfill and other disposal methods that cannot recycle waste, and use more environmentally friendly methods to dispose of waste.
- In accordance with the law, contract a local government-approved waste disposal company to remove and dispose of waste. In 2022, there were no major violations of relevant waste regulations.
- Cooperate with the companies that have waste recycling and treatment technology. The waste recycling rate was 68.6% in 2022, an increase of 11.1% from the previous year.
- Improve the capabilities of production workers to reduce defective products, use reusable packaging to reduce packaging waste, and find alternative materials during the shoe model development stage to reduce the defect rate.
- The solid waste per pair of shoes at the Group’s footwear factories increased to 212 g/pair, an increase of 10% compared with 2021.
- The proportion of the Group’s non-hazardous waste treated by incineration without energy recovery was reduced to 4.3%, a decrease of 33% compared with 2021.
- Except for one factory in Vietnam, the non-hazardous waste recycling rate reached 50% at every factory in 2022.

Feng Tay's industrial waste includes hazardous waste. If the waste is not properly treated and disposed of, it will not only affect the business operation, but also cause a significant impact on the environment. Therefore, Feng Tay strives to reduce waste at the source. We have implemented circular economy measures such as resource recycling to actively improve waste reuse and recycling rates. Furthermore, we gradually stop using disposal methods that cannot recycle waste, such as incineration and landfill, try to dispose of waste by more environmentally friendly methods, and make good use of waste derived energy. In accordance with the law, we contract local government-approved waste disposal companies to remove and dispose of the waste generated by operations to reduce the negative impact of waste on the environment.

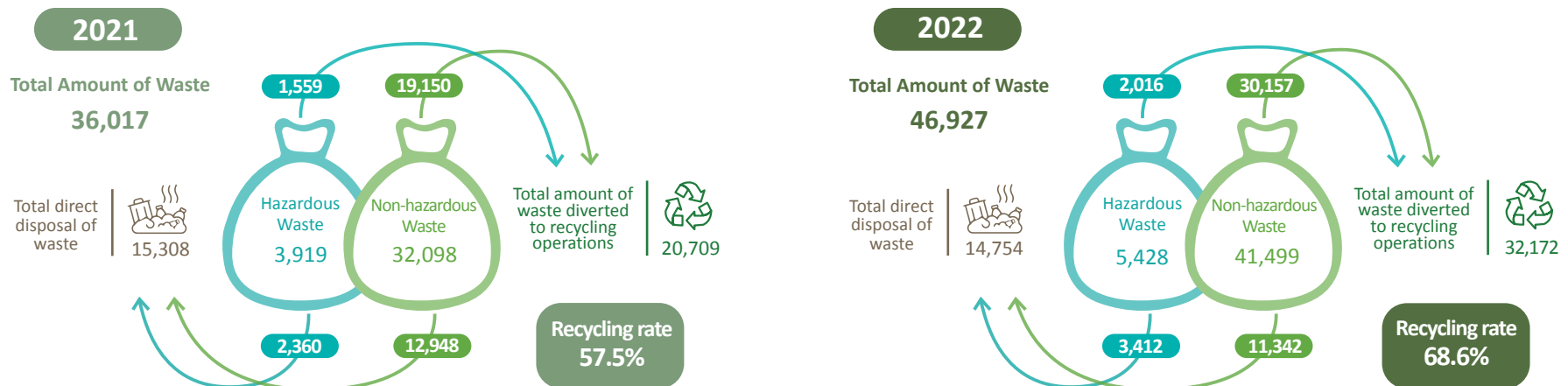
All waste is properly collected and classified to improve recyclability, and environmentally preferable methods are used for disposal. Hazardous waste generated in the production process is treated and disposed of with special caution. We classify hazardous waste into different categories and specify for each category the proper storage method (e.g., container and storage location). Hazardous waste must be clearly labeled, and emergency contact information shall be posted in the storage area. All related documents, including waste generation sources, treatment procedures and employee training records, must be carefully kept. Waste is properly disposed of or recycled by licensed external vendors. In 2022, no subsidiary company of the Group violated relevant environmental protection regulations in waste management.

As a result of increase in complex shoe models and the number of required accessories, the proportion of scraps, defective products, and scrapped raw materials has increased. Consequently, the amount of waste generated by the Group increased in 2022. The total weight of hazardous and non-hazardous waste was 46,927 metric tons, an increase of 30.3% compared with 2021. Of the total waste, hazardous waste accounted for 11.6% and non-hazardous waste accounted for 88.4%. Starting from 2019, we focused on improving the capabilities of production workers to reduce defective products, utilizing reusable packaging to reduce packaging waste, and looking for alternative materials during the shoe model development stage to reduce the defect rate. At the same time, we are actively searching for feasible waste recycling technologies and cooperative companies to further increase the waste recycling rate. The waste recycling rate in 2022 was 68.6%, an increase of 11.1% compared with the previous year, showing significant progress in continuous improvement of waste recycling management. In addition, our footwear factories in various regions have also actively adopted waste recycling measures. Except for one factory in Vietnam, the recycling rate of non-hazardous waste has reached 50% to date at every factory. In the future, we will move towards the goal of achieving a waste recycling rate of more than 50% at all factories of the Group.



2022 waste recycling rate  
**68.6%**

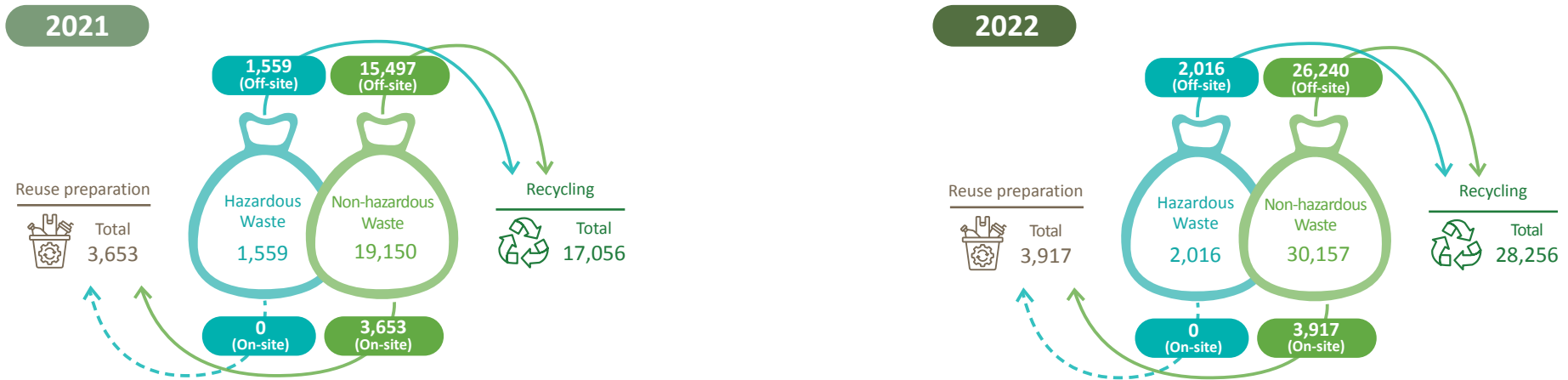
▼ Composition of Waste (unit: metric tons)



Notes:

1. Diverted to recycling operations includes reuse preparation and recycling; direct disposal includes incineration, landfill and solidification.
2. Recycling rate (%) = recycling (total amount of waste diverted to recycling operations)/total amount of waste \* 100%.

▼ Wastes Diverted from Disposal according to Recycling Process (unit: metric tons)



Notes:

1. Preparation for reuse: Through checking, cleaning, or repairing operations, the products or components of products that are originally prepared to become waste are reused for the same purpose as the original.
2. Recycling: Reprocessing of products or components of products that have become waste to make new materials.
3. On-site: Disposed of by the Company.
4. Off-site: Disposed of by waste disposal companies.

▼ Waste Direct Disposed during Disposal Operations (unit: metric tons)



Notes:

1. Incineration: The controlled burning of waste at high temperatures.
2. Landfill: The engineering-designed final disposal site for solid waste placed underground or on the ground.
3. Other disposal operations: Solidification. The final disposal method for solidified waste is landfill.
4. All direct disposals are off-site disposals.
5. This is the result of rounding up the original data to metric tons. The data should actually be 250 kg.





05

## Happy Company

5.1 Diversity and Equality Human Rights Policy

5.2 Workforce Overview

5.3 Employee Compensation and Rights Protection

5.4 Talent Cultivation and Career Development

5.5 Safe and Peaceful Workplace Environment

## 5.1 Diversity and Equality Human Rights Policy

Feng Tay Enterprises Co., Ltd. and its subsidiary companies strictly abide by the laws and regulations in the regions where the companies operate, continue to refer to various international human rights conventions such as the labor standards set by the United Nations International Labor Organization, and fully reflect the responsibility to respect and protect human rights. This human rights policy is hereby formulated. We promise to take human rights, non-discrimination, and diversity and friendliness issues into consideration in all aspects of our operations, including employees, customers, partners, and the social environment where we operate. Feng Tay will continue to provide stakeholders with diverse communication platforms and channels to ensure that they can express their opinions freely and safely. We adhere to the following management principles to ensure the implementation of the human rights policy:

### Employment, Education, Promotion, and Retention



- None of our employees shall work against his or her will; priority is given to hiring locals; the standard of appointment and salary is based on work ability; child labor and foreign migrant labor are prohibited.
- Provide equal employment opportunities and treatment in hiring, performance evaluation, promotion, reward and penalty, and career development. No one shall be discriminated or treated unfairly because of his or her gender, race, religion, age, physical or mental disability, sexual orientation, pregnancy status, marital status, nationality, political orientation, union membership, social background or other status protected by national laws.

### Workplace Environment



- Respect and value the diversity and uniqueness of employees and create an inclusive and friendly culture, to enable employees with different backgrounds to fully utilize their strengths and enhance the Group's advantages.
- Respect the privacy; ensure that the collection and use of personal data comply with legal requirements.
- Establish "Approaches to Preventing and Handling Sexual Harassment, Harassment, and Abuse." Prohibit any threats, abuse, or sexual harassment in the workplace.
- Provide a safe and healthy working environment. Establish the regulations on working hours and overtime. Formulate management guidelines for occupational safety and health and set up an Occupational Safety and Health Committee to continuously improve the working environment and protect the physical and mental health of workers.

### Labor Negotiation Mechanism



- Respect employees' rights for freedom of association and collective bargaining.
- Establish multiple communication channels, encourage the dialogue between management and employees, and at the same time ensure the freedom and confidentiality to file grievances.



### Equality and Diversity Performance in 2022

In 2022, neither the Company nor the suppliers have any significant risks of discrimination, child labor, forced labor or other labor rights violations.

A total of **458** people with disabilities were employed by the Group.

Local talents accounted for **99.1%** of top-level management in the Group.

The Group's total human rights training hours were **323,254 hours**.

**No case** of human rights violations and grievances.

**All the factories** of the Group passed the human rights audit.

# 5.2 Workforce Overview

Having operated the business diligently in Yunlin for over 52 years, Feng Tay considers employees to be the most important asset and indispensable partners for continuous growth. We endeavor to manage the company well, take care of employee needs and emphasize work-life balance. We aim at providing a good working environment, a competitive salary and benefits scheme, a fair and transparent performance evaluation and promotion system, professional training programs, and a comprehensive career development plan. The working environment for our employees is safe and equitable. In the future, we will continue striving to foster a group of employees who are “committed to the value of work, supported by family, and proud of the company.” We look forward to working with our employees toward a sustainable future.

▼ The response, management, and evaluation method of Feng Tay in relation to the 2022 material aspect "Employment / Labor Management Relations"



## Workforce Composition

By the end of 2022, the workforce of Feng Tay Group was 140,186, an increase of 1,876 employees compared with 2021. The workforce included 12,671 employees at the first- and mid-levels of management, and 127,515 employees at non-managerial positions. The proportion of employees in each region was: 1.8% in Taiwan, 10.3% in China, 49.7% in Vietnam, 12.9% in Indonesia, and 25.3% in India. We are committed to the policy of developing a diverse and rich talent composition, which includes ensuring employment opportunities for people with disabilities and increasing the proportion of local residents employed as top-level management at our overseas factories. We hope to fulfill our corporate social responsibility in the employment process and at the same time, enhance the overall competitiveness of the Group.

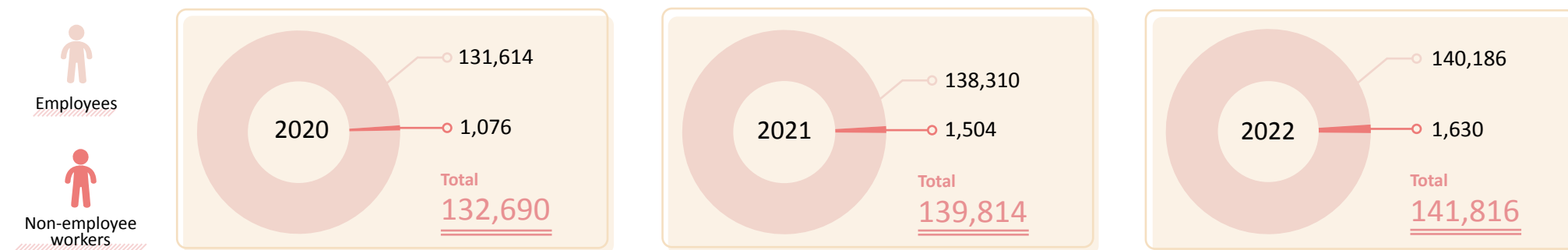
### ▼ Employee compositions by gender and employment type in various regions in 2022

Employment type	Taiwan		China		Vietnam		Indonesia		India		Feng Tay Group		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Total
Number of full-time employees	1,334	1,183	3,672	9,473	25,646	43,990	7,004	11,089	14,727	20,709	52,383	86,444	138,827
Number of part-time employees	-	-	1	1,358	-	-	-	-	-	-	1	1,358	1,359
Total number of employees	1,334	1,183	3,673	10,831	25,646	43,990	7,004	11,089	14,727	20,709	52,384	87,802	140,186
	2,517		14,504		69,636		18,093		35,436				
Number of contract workers	0		110		864		23		633		1,630		

Notes:

1. Full-time employees: full-time employees on indefinite contracts.
2. Part-time employees: the retired employees who are rehired by our factories in China are currently the only fixed-term employees directly hired by Feng Tay. These are new statistics added this year.
3. Contract workers: dispatched workers contracted by contractors are not included in the Group's employee statistics. These are new statistics added this year.

### ▼ Changes in the number of employee in 2020-2022



Notes:

1. The number of employees is calculated as the number of employees on December 31, 2022, plus the number of resignations in that month. The number of employees in 2020-2021 does not include contract employees.
2. Non-employee workers: the total number of workers who are not employed by Feng Tay but whose work is controlled by the Company. They include contract workers hired by contractors and are mainly engaged in catering and gardening. These are new statistics added this year.

## Diverse Employment Opportunities

Feng Tay provides equal employment opportunities to job seekers of different genders and ages, and protects job opportunities for other minority groups in accordance with local government regulations to meet the workforce diversity goal. According to the statistics of employees at the end of 2022, the proportion of female employees was 62.6%, and the proportion of female employees at management levels was 42.2%. The proportion of employees aged 50 or older was 4.3%. Feng Tay recruits people with disabilities in compliance with government regulations, provides barrier-free facilities, arrange suitable work, and provide comprehensive training for them. In 2022, the Group employed a total of 458 people with disabilities, including 32 at the Group's Headquarters, 28% higher than required by the regulations in Taiwan.

### ▼ Diverse Distribution of Job Levels

Job Levels / Gender and Age Categories		Gender		Age		
		Male	Female	Age < 30	Age 30-50	Age > 50
Non-Management (127,515 employees)	Number	45,056	82,459	53,786	67,979	5,750
	Percentage	35.3%	64.7%	42.2%	53.3%	4.5%
First- and Mid-level Management (12,561 employees)	Number	7,261	5,300	3,102	9,133	326
	Percentage	57.8%	42.2%	24.7%	72.7%	2.6%
Top-level Management (110 employees)	Number	67	43	1	84	25
	Percentage	60.9%	39.1%	0.9%	76.4%	22.7%
Number of employees by gender and age categories	Number	52,384	87,802	56,889	77,196	6,101
Percentage of each category among all employees	Percentage	37.4%	62.6%	40.6%	55.1%	4.3%

## Cultivating Locally, Expanding Globally

In order to achieve local cultivation in management and enhance international competitiveness, we strive to promote local cultivation and co-prosperity. We actively employ local people in each region. When a factory is established, members of the initial management team are mostly dispatched from the Headquarters for the purposes of establishing regulations and systems and helping local staff to develop leadership and management capabilities. After having been coached, many local talents became top-level management (please refer to the Employee Job Levels for details about top-level management).

At present, the total number of local residents who are employed as top-level management is 109, accounting for 99.1% of all top-level management of the Group. The proportion of locals at top-level management in each region is as follows: Taiwan, China, Indonesia, and India all reach 100%, and Vietnam reaches 95%.

### ▼ Employee Job Levels

Top-level Management	First- and Mid-level Management	Non-Management														
Business division executive officer (BD EO) at the Headquarters Special assistants to BD EO at the Headquarters Chief directors at the Headquarters General managers at factories Regional general managers	<table border="0"> <tr> <td>Monitors at the Headquarters</td> <td>Special assistants to general managers at factories</td> </tr> <tr> <td>Directors at the Headquarters</td> <td>Executive vice general managers at factories</td> </tr> <tr> <td>Managers at the Headquarters</td> <td>Monitors at factories</td> </tr> <tr> <td>Supervisors and team leaders at the Headquarters</td> <td>Vice general managers at factories</td> </tr> <tr> <td></td> <td>Directors at factories</td> </tr> <tr> <td></td> <td>Managers at factories</td> </tr> <tr> <td></td> <td>Supervisors at factories</td> </tr> </table>	Monitors at the Headquarters	Special assistants to general managers at factories	Directors at the Headquarters	Executive vice general managers at factories	Managers at the Headquarters	Monitors at factories	Supervisors and team leaders at the Headquarters	Vice general managers at factories		Directors at factories		Managers at factories		Supervisors at factories	Engineers Technicians Staff Specialists Project managers Clerks Operators
Monitors at the Headquarters	Special assistants to general managers at factories															
Directors at the Headquarters	Executive vice general managers at factories															
Managers at the Headquarters	Monitors at factories															
Supervisors and team leaders at the Headquarters	Vice general managers at factories															
	Directors at factories															
	Managers at factories															
	Supervisors at factories															

## Employee Turnover

### The Composition of New Recruits

In 2022, we recruited a total of 29,099 new employees, of which 55.9% are female employees. In terms of age group, 63% of new employees were under the age of 30. Among all regions, the new employee rate in Vietnam was the highest.

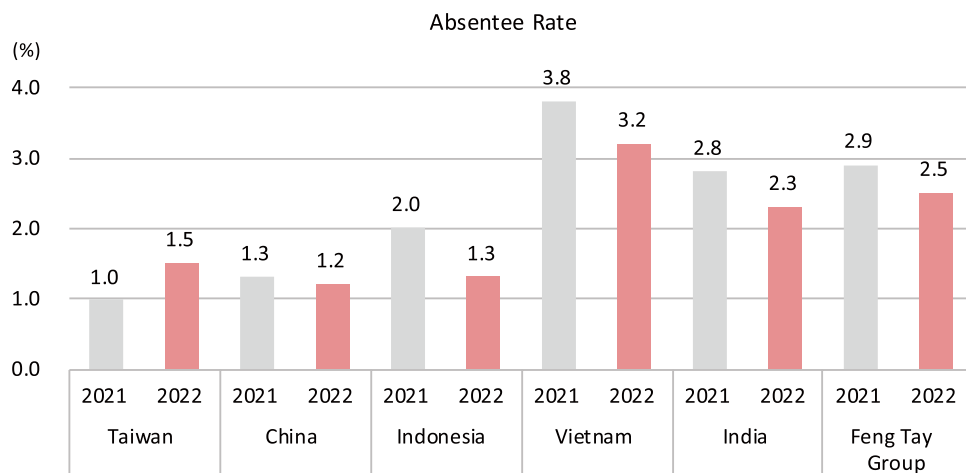
#### ▼ New Recruits Statistics

Category	Number of new employees	Taiwan	China	Vietnam	Indonesia	India	Feng Tay Group	
							New recruits	Percentage of each category
Gender	Male	18	828	9,457	643	1,892	12,838	44.1%
	Female	9	1,621	11,124	645	2,862	16,261	55.9%
Age	Age < 30	20	667	12,626	1,170	3,864	18,347	63.0%
	Age 30-50	7	1,761	7,892	118	890	10,668	36.7%
	Age > 50	0	21	63	0	0	84	0.3%
Number of new recruits in each region		27	2,449	20,581	1,288	4,754	29,099	
New recruit rate in each region		0.1%	8.4%	70.7%	4.4%	16.4%	-	

Note: New recruit rate = Number of new recruits in each category / Total number of new recruits

## Absentee Rate

A variety of communication channels have been established within Feng Tay Group to enable the management team to listen to employees, to solve the difficulties at the workplace, and to understand the root causes of absenteeism. The overall absentee rate of the Group decreased from 2.9% in 2021 to 2.5% in 2022.



Notes:

1. Absentee rate = the number of actual absentee days expressed as a percentage of the total number of days scheduled to be worked by the workforce for the same period.
2. Absentee days include work days lost due to injury or illness (either work or non-work related) and absences without approval. Permitted leaves of absences such as annual leaves, personal leaves, marriage leaves, compassionate leaves, parental leaves, and maternity leaves are excluded from absentee rates.

## Resignation and Retention

Regarding employee turnover management, once an employee has submitted his or her resignation, the human resources staff will conduct an exit interview to understand the reason for his or her resignation, and do our best to show our care and to retain the employee. In 2022, 26,895 employees left the Group, including 11,671 male and 15,224 female employees. To improve employee retention, Feng Tay will continue to support a better work-life balance for employees, strengthen the ability of managers, and provide career development opportunities.

### Statistics on Resigned Employees

Category	Number of resigned employees	Taiwan	China	Vietnam	Indonesia	India	Feng Tay Group	
							Number	Turnover rate of each Category
Gender	Male	59	727	9,301	251	1,333	11,671	43.4%
	Female	60	1,565	10,950	485	2,164	15,224	56.6%
Age	Age < 30	25	570	10,752	332	2,302	13,981	52.0%
	Age 30-50	38	1,290	9,205	343	1,192	12,068	44.9%
	Age > 50	56	432	294	61	3	846	3.1%
Number of resigned employees in each region		119	2,292	20,251	736	3,497	26,895	
Total turnover rate in each region		0.5%	8.5%	75.3%	2.7%	13.0%	-	

Notes:

1. The number of resigned employees includes those who leave the Company voluntarily or through dismissal, retirement, or death.
2. The turnover rate in each category = the number of resigned employees in each category / the total number of resigned employees. In this report, the average monthly turnover rate was replaced with the turnover rate calculated by this formula to reveal the turnover rate for the whole year.

## 5.3 Employee Compensation and Rights Protection

Feng Tay protects the rights of all employees and stays in compliance with local laws and regulations. Appointment, discipline, attendance, leaves, salary, benefits, reward and penalty, retirement, and the compensation for occupational injuries and illnesses are clearly specified in the management regulations, which are strictly enforced.

### Competitive Compensation

Feng Tay Group offers a competitive salary scheme that is superior to the standard of the industry. Our entry-level salary is higher than the local legal minimum wage. All employees are paid based on their position and performance. The position with the highest annual compensation in the Group is the president. The ratio of the total annual salary of the president to the median total annual salary of non-management full-time employees at the Headquarters was 35 to 1 in 2022. Compared with the previous year, the total annual salary of the president and the median total annual salary of non-management employees increased by 7% and 27% respectively.

#### ▼ Comparison of the legal minimum wage and the entry level wage of Feng Tay Group

Region (Currency)		2020		2021		2022	
		Local Legal Minimum Monthly Wage	Entry-level Wage of Feng Tay Group	Local Legal Minimum Monthly Wage	Entry-level Wage of Feng Tay Group	Local Legal Minimum Monthly Wage	Entry-level Wage of Feng Tay Group
Taiwan (NTD)		24,000	28,200	24,000	28,200	25,250	30,000
China (RMB)	Putian City, Fujian Province	1,570	1,800	1,570	1,900	1,810	2,000
	Fuzhou City, Fujian Province	1,720	1,800	1,720	1,900	1,960	2,000
	Taicang City, Jiangsu Province	2,020	2,580	2,280	2,580	2,280	2,780
Vietnam (VND)	Vung Tau City, Ba Ria-Vung Tau Province and Trang Bom District, Dong Nai Province	4,420,000	4,495,000	4,420,000	5,200,000	4,680,000	5,620,000
	Xuan Loc District, Dong Nai Province	3,920,000	4,495,000	3,920,000	5,200,000	4,160,000	5,620,000
	Chau Duc District, Ba Ria-Vung Tau Province	3,430,000	4,495,000	3,430,000	5,200,000	3,640,000	5,620,000
Indonesia (IDR)		3,139,275	3,180,000	3,241,930	3,307,200	3,241,930	3,406,500
India (INR)		3,906+DA	7,058+DA	4,843+DA	7,563+DA	4,843+DA	8,103+DA

Note: DA (Dearness Allowance), an amount adjusted by the government every month based on the consumer price index.



## Protection of Workers' Rights



### Compliance with Local Regulations

Feng Tay complies with local laws and regulations on the treatment of employees, including occupational safety, working hours, pensions, insurance, vacations, and benefits, to protect the labor rights of workers. For more information on occupational safety, please refer to 5.5 Safe and Peaceful Workplace Environment; and for more information on insurance, vacations, and benefits, please refer to Comprehensive Welfare System.



### Strict Control of Overtime Hours

At Feng Tay, overtime is only allowed under special circumstances, which may be caused by either internal or external factors such as late changes to specifications from customers, planning difficulties caused by seasonal fluctuations in orders, and material quality issues. Overtime is strictly controlled at the Headquarters and subsidiary companies in various regions. Except for executives at top-level management, an application for overtime must be approved by the employee's immediate supervisor. When there is a need for overtime, department managers are required to notify employees in advance so that the employees can make appropriate arrangements. Forced labor is strictly prohibited at Feng Tay Group. General Affairs (GA) and Human Resources (HR) personnel check authorization forms and employee attendance records to ensure that any requested overtime is approved in advance and that maximum allowed overtime limits are adhered to. In 2022, the entire Group complied with the employee overtime regulations, and the actual overtime hours were lower than the maximum allowed overtime hours of the Group.

Region	Working Hours	Local Legal Maximum Allowed Overtime	Feng Tay Maximum Allowed Overtime
Taiwan	8 hours a day, 40 hours a week	4 hours a day, 46 hours a month	2 hours a day, 24 hours a month
China	8 hours a day, 40 hours a week	3 hours a day, 36 hours a month	2 hours a day, 36 hours a month
Indonesia	8 hours a day, 40 hours a week	4 hours a day, 18 hours a week	2 hours a day, 14 hours a week
Vietnam	8 hours a day, 48 hours a week	4 hours a day, 40 hours a month	2 hours a day, 40 hours a month
India	8 hours a day, 48 hours a week	4 hours a day, 12 hours a week	2 hours a day, 5 hours a week



### Pension Plan

For each of those employees at the Headquarters who have joined the old labor pension system prescribed in the Labor Standards Act, the Company has set up a pension reserve fund which consists of a deduction from the employee's monthly salary and the Company's contribution. The Company's Labor Pension Reserve Funds Supervisory Committee is responsible for supervision of the reserve funds and in the name of the committee deposits the funds in Bank of Taiwan which is responsible for handling receipts and payments, safekeeping and utilization. For each of those employees who have joined the new pension system prescribed in the Enforcement Rules of the Labor Pension Act, the Company contributes 6% of the employee's monthly wage. The contributions of the Company and the employee are deposited into the individual labor pension account managed by the Bureau of Labor Insurance, based on the Monthly Contribution Classification Table approved by the Executive Yuan. Pension plans in other regions also comply with local regulations.



### Notice of Major Operational Changes and Labor Contract Termination

When a major operational change is about to take place at Feng Tay, relevant measures will be implemented after discussion at the labor-management meeting and affected employees and their representatives will be notified in advance, so that the employee rights and working conditions can be protected and the impact of the change can be minimized. If there is a need to terminate the employment contract with an employee, the company will 100% comply with the provisions of Article 16 of the Labor Standards Act and exercise the minimum notice period for terminating the labor contract. During the reporting period, the major operational changes of the Group are explained as follows:

- ✔ The new logistics center established at the Group Headquarters: The original warehouse operations were transferred to the new logistics center. The employees were informed of the changes in job description and work location and negotiation was conducted at least three months in advance.
- ✔ India Tindivanam Footwear Private Limited (TD) established in India: This expansion plan was announced through the Group's internal email in 2021. Currently, the matter related to the construction of the new factory is being handled by the Regional General Manager in India. The relocation of relevant personnel above the director level was communicated and negotiated one by one in 2022. Recruiting and training of the rest of the workers were started in early 2023. The new factory is expected to start production gradually from 2024 to 2026.

### Smooth Communication Channels

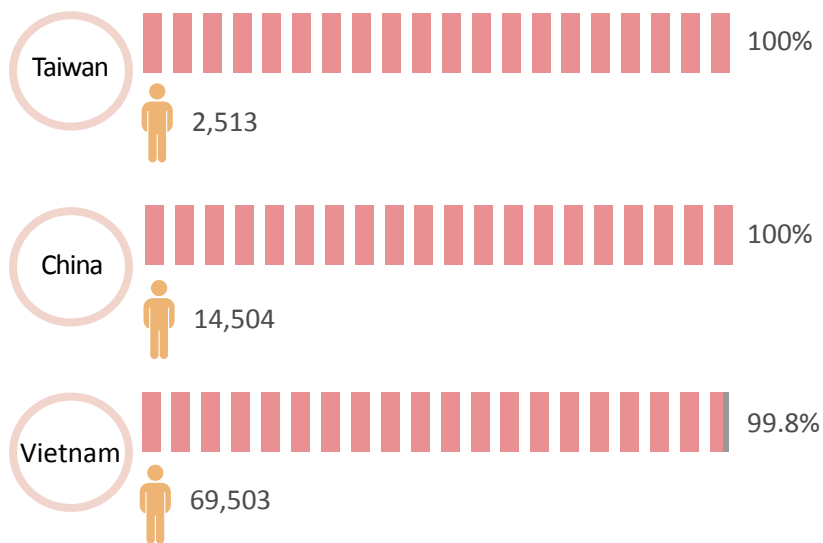
The Feng Tay management team regards the dialogue with employees as a basic responsibility; we make use of various communication channels, including the permanent General Manager Mailbox, the Grievance and Suggestion System and the Labor Union to listen to employees' voice. To continuously improve our management system, we hold face-to-face meetings with employees, care interviews and exit interviews to understand the issues that concern the employees.

The management team strengthens its ties with employees through daily announcements and the Group anniversary celebration. Held at the end of each year, the anniversary celebration is an important event which expatriates at factories will come back to the Headquarters to attend. The management team takes this opportunity to report to all employees the results of operations over the year that has just past and prospects, and to reaffirm the Group's values and common goals.

### Labor Negotiation Mechanism

Feng Tay supports employees' rights to form labor unions and engage in collective bargaining with the management. Established at all factories, Labor Unions serve as the communication medium between employees and the management to resolve issues of concern to both sides. We also hold the labor-management meeting every quarter and may hold extraordinary meetings when necessary. The meetings aim to engage in two-way communication and negotiation on issues related to promotion of labor-management cooperation, coordination of labor-management relations, improvement of working conditions, and planning of labor welfare.

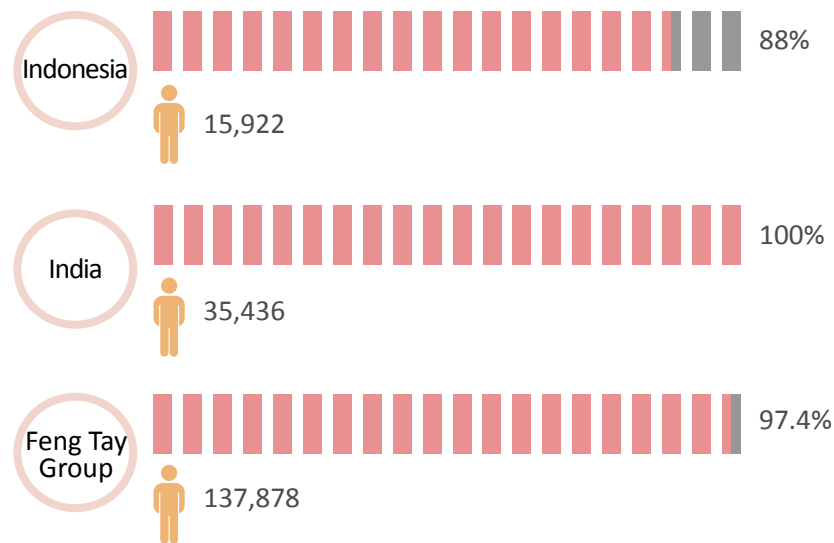
There is no new group agreement in 2022. The proportion of employees in each region joining the labor union is as follows:



### Grievance and Suggestion System

To protect employee's rights and interests, Feng Tay established the "Grievance and Suggestion System" in 2009. Any complaint or suggestion that has been submitted to the department leader but has not received a satisfactory response will be properly handled via this system. The communication channels in this system include GM mailbox, GM Hotline voice mail, GM email, holding company GM, Labor Union, and company website. Instructions for the grievance and suggestion system are posted on the bulletin board at every factory for employees to understand their rights.

Upon receipt of grievances or suggestions, the management will make appropriate responses according to the standard procedures, and the relevant departments and parties will be informed of the results. Please refer to Section 2.2 Integrity Operations –Grievances and Suggestion Channels for our grievance and suggestion regulations, procedures, and results.



Note: The percentage of employees joining the union = Number of employees joining the union / Total number of employees in the region \* 100%

## Comprehensive Welfare System

To protect the rights and interests of employees and enhance their solidarity, we provide a comprehensive welfare system for full-time employees, including sound insurance programs and flexible leave policies in accordance with local laws. In addition to the basic rights prescribed by laws and regulations, we also provide diverse employee benefits. To enhance employee well-being and create a happy workplace, various benefits and activities are developed in response to local cultural customs.

Insurance programs vary in different countries. In Taiwan, we provide labor insurance, national health insurance and pension plans. Employees in China and Vietnam are covered by social security, including retirement and pension, unemployment, occupational injury, illness and childbirth. In Indonesia, we provide health insurance. In India where insurance is not yet popular, expenses for employees' injury and illness at the workplace are covered by the company. Regulations on leaves differ from region to region. Employees may take leaves for various reasons, such as official duties, personal affairs, sickness, marriage, compassionateness and maternity. Except for employees at factories in India which have special regulations on paid leaves, the employees in Taiwan who have worked for six months and the employees in China, Indonesia and Vietnam who have worked for one year are entitled to paid annual leaves.

### Employee Benefits (Description of Benefits and 2022 Performance)

#### Bonuses and subsidies

##### ▶▶ Year-end bonuses

Distribute year-end bonuses every year according to the level of profitability, to share operational results with employees.

##### ▶▶ Bonuses

According to the nature of work and position, various bonuses are awarded to encourage employees, including Production Bonus, Performance Bonus, Propose for Improvement System Bonus, and Scholarships for children of employees in Vietnam.

##### ▶▶ Birthday or festival gifts

Gift money, gift certificates, and/or gifts are distributed on birthdays or major festivals in various regions to thank employees for their hard work.

##### ▶▶ Travel allowance

- The Group Headquarters: Provide annual one-time subsidy of NTD 38,000 travel allowance for employees who have worked for more than 8 years; distribute annual department travel subsidy of NTD 3,600 per person according to each department.
- Indonesia: Sponsor 2 employees for a pilgrimage to Mecca every year, and subsidize all transportation and accommodation costs of about USD 2,500.

##### ▶▶ Other special allowances

Condolences for injuries, gifts for wedding and childbirth, gifts for mothers, funeral subsidies, etc.

##### ▶▶ Subsidies for dinner party or club activities

- The Group Headquarters provides a subsidy of NTD 1,000 per person for dinner party expenses per year according to each department.
- Currently there are 29 clubs at the Headquarters, and the annual subsidy for each club is between NTD 10,000 and NTD 50,000.

#### Miscellaneous

##### ▶▶ Employee gathering activities

The Group Headquarters and factories in various regions organize important festival celebrations, employee commendations, and fun activities of the Employee Welfare Committee from time to time, hoping to enhance the solidarity and cohesion of employees through rich and diverse gathering activities. Depending on the nature and handling of related activities, employees' family members and children will also be invited to take part in the fun, reflecting the workplace atmosphere of a warm and big family.

##### ▶▶ Workplace health services

The Group provides comprehensive health services and continues to care for the physical and mental health of employees. Please refer to Section 5.5 Safe and Peaceful Workplace Environment – Workplace Health Services for details.

#### Facilities

##### ▶▶ Employee preschool

Except for Indonesia, the Group Headquarters and factories in all regions have established preschools or crèches, which have become the best support for employees to balance work and family life. Please refer to the section on Preschools for Employees' Children in this chapter for details.

##### ▶▶ Staff canteen

All the factories of the Group have staff canteens, which provide employees with one free meal on each working day.

##### ▶▶ Employee dormitory

The Headquarters and factories in China and Vietnam have employee dormitories, which provide preferential rents below the market price to the employees from distant areas.

##### ▶▶ Employee shuttle bus

In areas where mass transportation is less popular, such as China, Vietnam, and India, the Company arranges shuttle buses to facilitate employees to commute to work.

##### ▶▶ Sports, recreational and other facilities

The Group Headquarters has a gym and a recreation center. The factories in various regions also have sports, recreational and other facilities. The factory in Indonesia has volleyball courts and a place of prayer for Muslims; The factories in Vietnam have gyms; and the factories in India have a large multi-functional lecture hall, which is used as a place for employees to socialize, exercise, and relieve stress after work.

## Happy Workplace, Joyful Together

### Appreciation for Employees' Contributions and Services at the Commendation Ceremony

In order to thank the long-serving employees for their support and identifying with the Company, the Group Headquarters held a commendation ceremony for employees with 25 years of service and the management team presented trophies and souvenirs to them. In 2022, a total of 18 employees at the Headquarters received the commendation. To date, we have a total of 665 employees who have served for more than 25 years, accounting for 26.4% of the total number of employees at the Headquarters. They are the best backing for the Company to move forward.

### Celebrating Children's Day

All factories of the Group celebrate Children's Day and Mother's Day. Among the factories, DP Factory in Vietnam held a Children's Day celebration on July 24, attracting more than 5,500 employees and their children to participate. In addition to giving gifts, we also arranged a number of fun games for all participating children. The Company and the union representatives commended the children with good academic performance and good attitude, and encouraged them to continue to maintain excellent character and academic performance. This event not only left joyful memories for employees and their children, but also deepened the communication between employees.

### Exciting Football Competitions in Vietnam

Many factories in Vietnam have football fields for employees to play football and interact with each other after work. Each factory also holds football competitions every year to encourage employees to maintain a healthy lifestyle and promote good team spirit. In 2022, more than 1,000 employees participated in the football competition. All the participants went all out and the winning team received an award from the Company.

### Pongal - Harvest Festival Celebrations in Tamil Nadu, India

Pongal is an important traditional festival in Tamil Nadu, India. It celebrates the harvest of crops and gives thanks to the Sun God. To show the Company's respect for local culture, the factories in India arranged prayer activities in the factories on the day of the festival. The employees celebrated the festival together and shared traditional dishes (Pongal) of the festival to deepen the interaction among them.

### Celebrations and Employee Caring Activities during the Lunar New Year Holidays

The Lunar New Year is an important holiday for Chinese people. The subsidiary company in China carefully prepared the New Year celebration, inviting 900 employees who stayed over at the employee dormitory during the holiday period to enjoy a Lunar New Year's Eve dinner. We also planned many cozy activities, such as writing spring couplets, paper-cutting art, and other amusement activities, to spend a wonderful New Year holiday with the employees and feel the warmth of family.



### Employee Welfare Committee and Clubs

The Employee Welfare Committee at the Group Headquarters is composed of company representatives and members elected by employees. Its operating funds, derived from company contributions and the monthly welfare fee collected from employees, are used to provide gifts or gift cards on special holidays, emergency assistance grants, and subsidies for domestic tours, year-end parties, and club activities. Furthermore, our employees can enjoy discounts at more than 251 stores which have signed special agreements with Feng Tay.

To promote physical and psychological health, we provide spaces and subsidies for our staff to organize various clubs. By the end of 2022, there were 29 clubs at the Group Headquarters. Among these clubs, 48% are sports clubs. Other clubs include camping club, succulent gardening club, board game club, and motorcycle club. These clubs provide employees with many recreational activities after work, which not only relieve stress, but also facilitate them to communicate with each other and deepen their relationships.

### Indonesia Independence Day Carnival for Employees

August 17, 2022 marks Indonesia's 77th Independence Day. The subsidiary company in Indonesia held a special grand carnival event, which lasted from mid-August to the end of the month. About 15,000 management staff and employees were invited to participate. The annual carnival event was resumed at IW Factory this year after it was suspended for two years because of the impact of the COVID-19 pandemic. We arranged activities such as sports competitions, traditional game challenges, and carnivals. Through competitions and entertainment, employees can have opportunities to communicate, compete, and cooperate with fellow employees from other departments, thereby relieving daily work pressure and enhancing team cohesion.

#### ● Sports Competitions:

On August 20, more than 300 employees participated in the internal competition of mini-football and badminton. The winning representatives of the Company and the representatives of various units in the community then played a friendship match on August 27, to deepen the relationship between the Company and the community.

#### ● Traditional Game Challenges:

On August 18, representatives appointed by various departments participated in fun competitions, such as racing against time to eat cookies, using a rope to stuff a pen into a bottle, and dancing with a partner without dropping a balloon.

#### ● Carnival:

On August 27, a grand carnival was held in the factory area, attracting thousands of employees to participate. Each department carefully designed a set of modern traditional performing arts, including wonderful presentations of costumes, music, and dances. With the theme of "Quality", each department showcased its creativity and presented modern traditional performing arts. Finally, the most impressive performance was selected and awarded a prize.



## Gender Equality Measures

### Building Gender Equality Awareness



#### Guidelines

- Approaches to Preventing and Handling Sexual Harassment, Harassment, and Abuse has been established and is posted in main workshops and rest areas.



#### Training

- Methods:** the orientation program for new employees, and on-the-job trainings and management trainings at least once a year.
- Content:** to strengthen the publicity and education on gender equality, the Approaches to Preventing and Handling Sexual Harassment, Harassment, and Abuse, and the Grievances and Suggestion channels



#### Grievance Reporting

- When employees or job applicants suffer harassment or abuse at workplace, they may file complaints.
- Reporting Channels:** hotlines, electronic mailboxes, and regular mailboxes at the Headquarters and all subsidiary companies.
- Procedure:** once a complaint is received, the executive in charge of the case shall invite a representative of the Local Union and the head of internal auditors to join the investigation team. A written report on the results of investigation and deliberation is sent to the executive in charge of harassment and abuse prevention for a final decision.

### Parent-friendly and Maternal Health Protection

To promote a parent-friendly company culture, we provide employees with the right to take unpaid parental leave in accordance with local laws in each region. We have also formulated a number of maternal health protection and parent-friendly measures. These measures not only protect the health and safety of pregnant employees, but also protect their employment rights and let them balance work and family care.

### Unpaid Parental Leave

The maximum period for an unpaid parental leave that an employee can take at the Headquarters is 2 years. In 2022, a total of 19 employees took unpaid parental leave, and the return to work rate was 78.9%. The retention rate was 100% in 2022. All of the 4 employees who returned to work in 2021 were still in service at the end of 2022.

### Statistics on the HQ employees taking unpaid parental leaves in 2022

	Male	Female	Total
The number of employees entitled to unpaid parental leave in 2022 <sup>1</sup> (a)	211	118	329
The number of employees who took unpaid parental leave in 2022 (b)	8	11	19
Application rate (b/a)	3.8%	9.3%	5.8%
The number of employees who planned to return to work after unpaid parental leave ended in 2022 (c)	6	13	19
The number of employees who returned to work after parental leave ended in 2022 as planned or earlier than planned (d)	5	10	15
Return to work rate (d/c)	83.3%	76.9%	78.9%
The number of employees who returned to work after parental leave ended in 2021 as planned or earlier than planned (e)	0	4	4
The number of employees who returned to work after parental leave ended in 2021 and were still in services at the end of 2022 <sup>2</sup> (f)	0	4	4
Retention rate (f/e)	0%	100%	100%

Notes:

- Estimated from the number of employees who have applied for maternity gifts in 2020-2022.
- The number of employees who returned to work after parental leave ended in 2021 and were still in services at the end of 2022.

### Other Maternal Health Protection Measures

- ♥ The Company should not dismiss female employees or reduce their basic wage when they are pregnant or nursing babies.
- ♥ For employees who are not able to handle their original jobs because of pregnancy, the Company should assign them to a suitable job.
- ♥ Employees who are pregnant or working within one year after giving birth are prohibited from operations that may affect embryo development and the health of the mother or baby during pregnancy and the breastfeeding period.
- ♥ Nursing rooms are provided at the Headquarters and factories for employees who are nursing babies to use for one hour a day during working time.
- ♥ Pregnant and physically challenged employees clock in through special lines to avoid crowding or waiting. Rest areas are provided at workshops for pregnant employees to use whenever they need a rest.

## Activities Only for Female Employees

In addition to keeping female employees safe from harassment and discrimination at workplaces, Feng Tay has developed several protection measures and benefits to increase their participation in activities and enhance their sense of accomplishment.

### Feng Tay Group

- International Women's Day is celebrated at our factories.
- A series of activities are held during Women's Health Month in May.

### China

- Female employees receive free health examination every year.
- To celebrate International Women's Day on March 8, a "Female Employee Rights Knowledge Competition" was held to test supervisors' understanding of the "Regulations on Female Employee Rights" in order to actually protect the rights of female employees at work. Holiday gifts were presented to female employees at the celebration.

### Vietnam

- Culinary arts, flower designs, and soccer competitions were held on International Women's Day to increase female employees' participation and sense of accomplishment.
- Women only health classes and health checks are provided for female employees.



### India

- Female workers do not take shift work.
- Monthly awareness training classes are offered to breastfeeding mothers at the crèche.
- The workload of pregnant employees is reduced, and nutrients and an extra hour of rest are provided for them.
- Monthly awareness training classes are provided for pregnant employees.
- Free sanitary napkins are provided at toilets.

### Indonesia

- Female employees who work the night shift are provided with shuttle bus service.
- Exercise activities (and yoga) only for female employees are offered every week.
- Classes for pregnant women (pregnancy, signs of labor, and breathing techniques for labor) and extra meals are provided.
- Host a Mother's Day celebration.
- Provide cancer screening and cancer prevention courses.

## SAKHI: Empowerment Program for Female Employees in India

SAKHI means "female friend" in Tamil language. This program aims to empower female employees in India and increase their confidence and positive attitude through various professional skills and training courses. By enhancing women's knowledge, abilities, and social status, the program ultimately promotes gender equality in the local community.

### Savings program

We cooperate with local financial institutions and postal departments to let employees know about the various savings plans offered by banks and post offices, and improve their financial status through savings.

2016 ~ 2022  
A total of  
**1,635** employees  
participated in  
the course

### Higher education

In India, many women interrupt their education because of financial difficulties, family circumstances, or other hindering factors. We negotiated with local schools to offer tuition discounts, and encouraged employees to apply for on-the-job training to obtain degree certificates. The program not only provides employees with knowledge, but also improves their self-confidence and career development.

2012 ~ 2022  
A total of **1,604**  
employees participated in  
the program  
and **333**  
obtained diplomas

### Computer skills

We implemented a computer training program in 2013. The duration of the course was 6 months, and the information competence class was conducted once a day from Monday to Friday. The course provided basic computer applications, including the use of basic software such as word processing, to help improve the skills of female employees.

### Environmental sanitation

A public health course was given to help employees eliminate open defecation and maintain proper personal hygiene. Many employees built toilets at home with the assistance of the government to create a healthy home.

2017 ~ 2022  
A total of  
**589** employees  
participated in  
the course

### English Conversation

For most women in rural India, speaking English is a distant dream. We ran a 10-week course in 2015. The classes were given after work every day from Monday to Friday. The program helped the students understand basic English and grammar, and improve their English speaking skills, so that language was no longer an obstacle to their growth.



## Preschools for Employees' Children

To reduce the child care burden on our employees and to help them concentrate on work, Feng Tay has established preschools at the Headquarters and factories in China and Vietnam, and crèches in India to provide attentive care for children of our employees during working hours. Certified teachers of preschool education are employed to help children's physical and mental development, and to lay a good foundation for their future learning. The construction and maintenance of the facilities and the salaries of teachers and supporting staffs are all covered by the Company. Tuition fees of preschools are used for children's meals and simple education materials, and the crèches are completely free of charge. The large campus and high-quality childcare services demonstrate the Company's effort to take care of employees' families. The Company not only implements a friendly child-rearing workplace culture, but also enables employees to achieve a balance between work and family life and obtain a comfortable life.

### Taiwan: Feng Tay Preschool

Feng Tay is one of the earliest companies that established preschool in Taiwan. The preschool has a green area of up to 53.7% and various facilities such as a happy farm, a bird park, a sandpit, and playgrounds for children. It has been repeatedly awarded top prizes in the "Evaluation of Public and Private Preschools in Yunlin County." Feng Tay Preschool values the interaction between parents and teachers, and emphasizes parents' involvement, which is also its most outstanding feature. In each semester, it holds a "parents walk into school" event, in which the parents act as schoolteachers. By attending the event, parents can observe their children's school life and interaction with the classmates closely, and thereby understand them better.

<b>Year established</b>		1979
<b>Area (square meters)</b>		8,055
<b>Student age range</b>		2-6 years old
<b>Number of students</b>		227
<b>Number of teachers</b>		28
<b>Number of alumni</b>		3,060

### China: Li Feng and Xie Feng Preschools

With green school environments and several kinds of educational playground equipment, both schools have been repeatedly rated as schools of exceptional quality by the local educational authorities. Li Feng is currently designated as the "showcase" preschool in Putian and the pilot center for teaching and research for model teachers of preschools. It is also open for study to all preschool education institutions in the region. Because of the cooperation with the Putian Hanjiang Bureau of Education, Li Feng and Xie Feng preschools were converted from affiliated preschools to public preschools in January 2023 and December 2022 respectively.

<b>School name</b>		Li Feng Preschool		Xie Feng Preschool
<b>Year established</b>		1993		
<b>Area (square meters)</b>		10,000		23,300
<b>Student age range</b>		3-6 years old		
<b>Number of students</b>		294		369
<b>Number of teachers</b>		20		28
<b>Number of alumni</b>		2,800		4,528

### Vietnam: DO and DS Preschools

Two preschools in Dong Nai Province, one in Trang Bom District and another in Xuan Loc District, are both rated as excellent preschools repetitively. They are highly commended by the Vietnamese Central Government and recognized as the role models for the operations of FDI companies in Vietnam. The preschools also actively organize festival activities to provide opportunities for parents and children in the local community to participate together, thereby strengthening its close connection with the community.

<b>School name</b>		DO Preschool		DS Preschool
<b>Year established</b>		2008		2016
<b>Area (square meters)</b>		12,000		22,400
<b>Student age range</b>		3-6 years old		
<b>Number of students</b>		840		948
<b>Number of teachers</b>		60		66
<b>Number of alumni</b>		3,034		1,495

### India: LU1, LU2, EW1, EW2, FA1 and FA2 Crèches

The crèches can care for babies as young as 84 days old. Nursing mothers who have babies under the age of 3 are able to work at ease because they can visit and feed their babies during rest time at noon and two nursing sessions (30-80 minutes per session), with one in the morning and another in the afternoon.

<b>School name</b>		LU1		LU2		EW1		EW2		FA1		FA2
<b>Year established</b>		2009		2014		2011		2012		2017		2022
<b>Area (square meters)</b>		608		801		495		416		563.4		960
<b>Student age range</b>		Under 6										
<b>Number of students</b>		40		78		77		31		37		23
<b>Number of teachers</b>		1		1		-		-		-		-
<b>Number of caregivers</b>		14		11		11		9		6		4
<b>Number of teacher assistants</b>		0		0		1		1		1		1
<b>Number of alumni</b>		1,290		515		624		503		269		3



## Happy Parent-Child Time

In order to improve the relationship between parents and children of our employees, the preschools not only provide a daily communication book for parents to understand the situation of children at school, but also introduce many systems to ensure the interaction between parents and preschools. These systems let parents truly participate in their children's daily life, and also let both teachers and parents understand the situations of children at school and at home. As a consequence, the preschools help children learn and grow, so as to let employees have a harmonious and happy family life.

### Parents walk into school

Parents take one day off from work every semester to serve as volunteers at school. They can contribute their talents in teaching, not only to enhance the experience of accompanying and interacting with their children, but also to understand their children's daily life in school.

A total of **279** parents served as volunteers in 2022

### Parent-teacher conference

Three conferences are held each semester. Through these conferences, parents, teachers, and children can communicate with each other. Sometimes lecturers are invited to share and improve parenting concepts for parents.

A total of **507** parents participated in the conferences in 2022.

### Home visits with children's family

Teachers visit children's families once every year to understand children's upbringing and living habits at home, so as to assist their growth and development.

A total of **232** families were visited in 2022

- ▼ Parents used their talents to serve as preschool volunteers: learn about various fruit products, experience skateboarding, conduct acid-base science experiments, and DIY Halloween pumpkin bags.



- ▼ Family activities: Children's Day Bubble Miracle Experience



- ▼ Parent-teacher conferences: Get to Know Children's emotional activities.



## 5.4 Talent Cultivation and Career Development

Feng Tay believes that our employees are our most valuable assets. Continuous talent cultivation is one of our business strategies. In order to help our employees reach their full potential and accomplish their career development goals, we provide them with a clear career path, comprehensive professional trainings, an excellent salary scheme and a transparent performance evaluation system.

### Performance Management and Career Development

All new employees are assigned positions according to their educational backgrounds and work experiences. We assess their adaptation status and career potential through regular interviews and department visits, and arrange suitable trainings for them to fit into the team in the shortest time possible. Internal promotion is preferred at Feng Tay. Promotions are mainly based on work performance.

In Feng Tay's performance management system, staff performance evaluation criteria are based on position level and job duties. We carry out two performance evaluations each year and conduct a performance appraisal interview with employees regularly. The proportion of employees who undergo performance appraisal evaluation is 100%, except for those who have been employed for less than two months or who have resigned. Many executives at the Headquarters and factories were gradually promoted to their current positions from entry level by going through various challenging assignments and obtaining good performance evaluation results.

### Multiple Education and Training Channels

In order to develop management and professional skills, Feng Tay implements a comprehensive training system to help employees grow with the company. We create a specific training plan for each employee, from new hires to managers, based on the employee's job-related needs and career development goals. The training plan includes one or several of the following measures: on-the-job training, mentoring, job counseling, E-Learning and job rotation. To improve the capabilities of our employees and thereby strengthen our competitiveness, we strive to provide better development opportunities by regularly inviting external lecturers and encouraging employees to attend learning field trips and external training courses.

	Professional Positions		Management Positions
	Internal Courses	New employee orientation	General education for employees
Professional training for new employees		Advanced professional technical training	Management practical training
Multiple Trainings			
Job rotation, mentoring, job counseling			
External training courses, learning field trips			
E-learning, self-paced in-person learning			

In 2022, the total training hours in the Group reached 4,720,265 hours, 1.1% higher than in 2021. There were a total of 1,978,342 attendees. The average number of training hours per employee was more than 33.3 hours, 5.7% lower than in 2021. The decrease in the average number of training hours per employee was mainly a result of the suspension of quarterly general education classes at the Headquarters due to the impact of the epidemic.

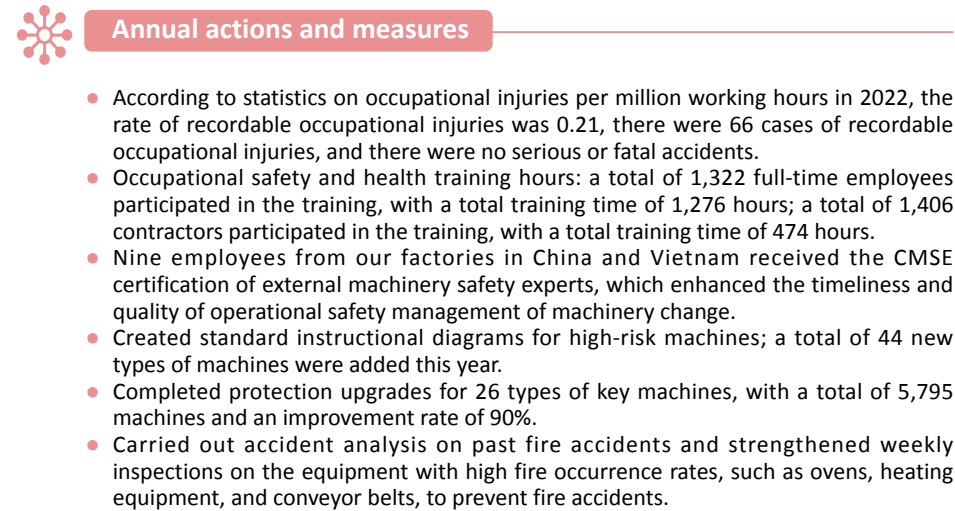
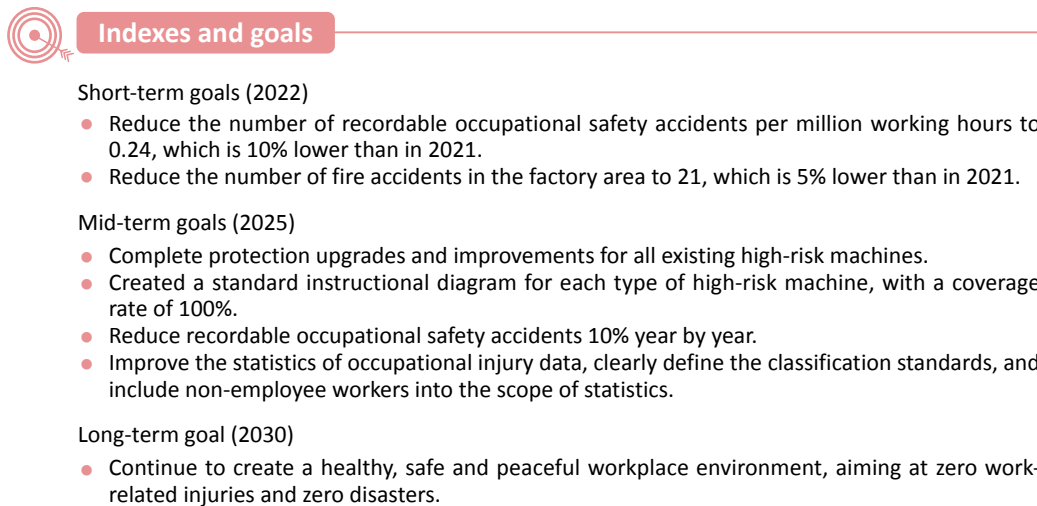
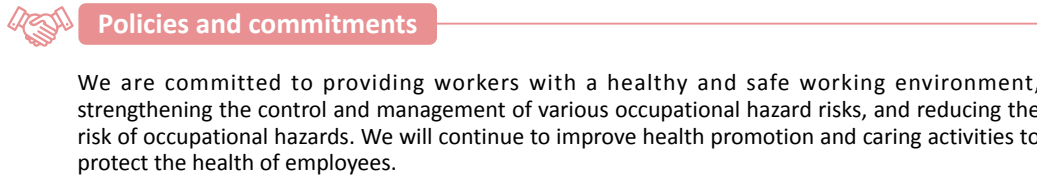
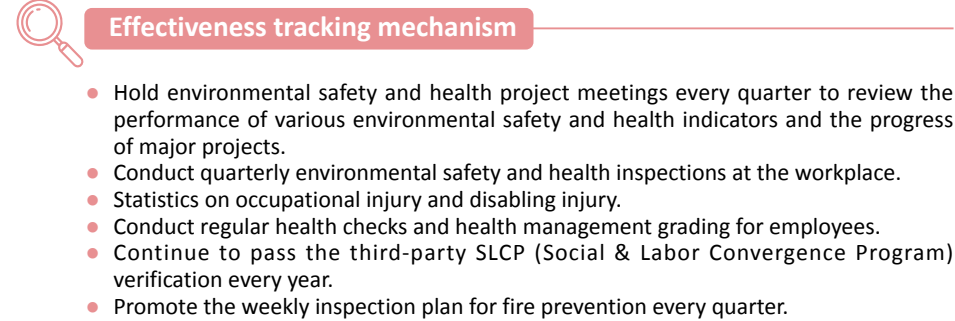
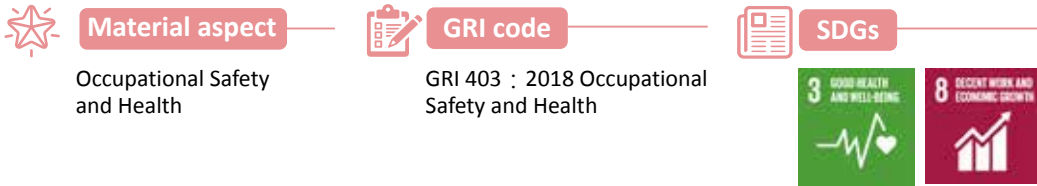
▼ The average number of training hours per employee in 2022, (unit: hour)

Region / Category	Top-level Management	First- and Mid-level Management	Non-Management	All employees
Taiwan	6.2	12.4	25.8	23.5
China	5.3	16.9	27.6	26.7
Indonesia	11.6	26.3	39.5	38.4
Vietnam	4.5	16.7	30.6	29.3
India	1.8	27.4	43.8	42.4
Feng Tay Group	5.7	20.4	34.6	33.3

Note: The average number of training hours per employee = the total training hours of each category / the total number of employees of each category in the year.

# 5.5 Safe and Peaceful Workplace Environment

▼ The response, management, and evaluation method of Feng Tay in relation to the 2022 material aspect "Occupational Safety and Health"



## Occupational Safety and Health Management System

To maintain the health and safety of employees, we have implemented an occupational safety and health management system in accordance with the relevant laws and regulations of governments of the countries where we operate. The system focuses on seven key tasks and uses the PDCA (Plan-Do-Check-Act) cycle of quality management to comprehensively improve working conditions in terms of occupational safety and health. The ESH personnel at each factory assist all departments to handle ESH related issues in accordance with the Group’s policy and operational procedures. Their responsibilities include executing routine ESH operations, protecting workers’ rights, minimizing safety and health hazards at workplace, and submitting periodic reports to the Group Headquarters. They also assist with implementing improvements. By the end of 2022, the system included all employees of the Group and the contractors who had been working at our factories for a long time. The inclusion rate reached 100%, with a total of 141,816 people.

### The Responsibilities of ESH Personnel

#### ESH Team of the Group

Conduct daily ESH work

Submit performance report

ESH Inquiry services for external units

#### ESH Team at the Headquarters

Promote improvement projects

Provide consultation and guidance

Check and verify from time to time

We hold quarterly review meetings on ESH management performance. In the meeting, key ESH performance indicators are reviewed, the progress of major ESH projects reported, and serious incidents tracked and reviewed, with the objectives of sharpening supervisors’ attention on ESH management and strengthening their management skills. Chaired by the factory executive vice general manager, the meeting provides a forum for the management team to discuss ESH policy and strategy, with the aim of sharpening the focus on ESH issues and project execution.

In 2022, these meetings were held only in India because of the epidemic. To provide a more friendly work environment, quarterly ESH inspections are conducted and deficiencies found during inspections are promptly corrected.



### Seven key tasks of the Occupational Safety and Health Management System

#### ESH performance index management

- Regularly track and review relevant performance indexes, such as Occupational injury frequency rate, occupational injury severity Rate, and fire accidents.
- Follow-up review methods: holding quarterly meetings, communicating through written achievement reports monthly.
- Because of the impact of pandemic, only factories in India held meetings as usual in 2022.

#### Safety and health training and disaster drills

- Conduct occupational safety training and regular retraining for employees and contractors.
- Conduct job-related education and training for emergency medical personnel or environmental safety and health personnel.
- Disseminate knowledge of issues related to safety and health.

#### Health management and promotion activities

General and special health checks are held regularly to enhance workplace health promotion services. Please refer to Workplace Health Services for details.

#### Workplace audits and improvements

Sustainability supervisors are appointed at the Headquarters and factories in all regions to lead the audit and inspection of various management regulations such as environmental safety and health, labor management relations, and human rights issues at each factory on a quarterly basis. If there are deficiencies in occupational safety and health, the sustainability supervisor is responsible for reporting them to the Headquarters. After the audit, the general manager of the factory is responsible for reporting the improvement progress of its occupational safety and health deficiencies until the case is closed. In 2022, more than 3,000 audits and inspections were completed, with an improvement completion rate of 95%. The top deficiencies were poor protection measures for machine operators and poor management of working environment. In the future, we will continue to track and improve such deficiencies.

#### Key improvement projects

Conduct long-term improvement projects based on the identified occupational hazard risks, including:

- Completed protection upgrades for 26 key machine types, with a total of 5,795 machines. The improvement completion rate was 90%.
- Nine employees from our factories in China and Vietnam received the CMSE certification of external machinery safety experts, which enhanced their abilities to identify machine hazards and assess risk in machine operations.

#### Disaster and accident response procedures

Establish the SOP. In the event of an accident or disaster, follow the SOP to report and deal with it, analyze it, investigate its cause and review the improvement items.

#### Hazard identification and risk assessment

Identify and assess hazards that may cause occupational injuries or diseases, including high-risk workplaces, chemicals used in manufacturing processes, and operational safety. The currently identified high-hazard risk factors include mechanical hazards, fall hazards, contracting safety hazards, and commuting injuries.

## Environment, Safety and Health (ESH) Committee

Feng Tay has established an ESH committee at the Headquarters and at each factory. The committee is composed of management and labor representatives. Employees shall account for at least 50% of committee members and at least one representative is an employee under each vice president. The chairperson is elected by committee members. The committee meets at least once a month. The meeting agenda includes investigations of on-site occupational injuries, review on implementation of preventive measures, discussions of ESH projects, and safety awareness promotional activities. In 2022, the meeting was held monthly as scheduled at our factories in India, Indonesia, Vietnam and China, but it was held only three times at the Headquarters because of the impact of pandemic. The key issues discussed this year were enhancement of machine operation safety, prevention of fire accidents, improvement of ventilation systems, and reduction of slippery floors in the workplace.

## Environment, Safety and Health (ESH) Training

We pay keen attention to professional training and safety education to prevent accidents caused by unfamiliar operating procedures, and strive to improve health and safety in the workplace. All new employees are given general safety and health trainings before starting their work. Special safety and health trainings are required prior to using specific types of equipment or performing certain tasks, including trainings on high-risk machines and hazards and prevention of noise and dust. Regular refresher courses are given according to risk assessment. The emergency response team at the Headquarters receives training once a year, as required by law, for firefighting, emergency evacuation, and emergency response to accidents in special workplaces. In 2022, a total of 1,322 employees participated in occupational safety and health training, with a total training time of 1,276 hours.

For the occupational safety of non-employee workers (contractors, dispatched workers), we clearly list relevant occupational safety matters in the contract, including the pre-construction work safety meeting, agreement on construction safety and health rules, and the requirement for the contractor to sign a safety and health commitment letter. We also assist contractors to carry out relevant education and training to ensure that occupational safety risks of non-employee workers are prevented to a certain extent. In 2022, a total of 1,406 non-employee workers participated in occupational safety and health training, with a total training time of 474 hours.



We also actively engage employees in safety culture. Through the establishment of an assessment system for the safety performance of supervisors, we have promoted training on safety awareness for supervisors and undertaken safety campaign activities in each department. Occupational hazard sensory centers have been set up at our factories in various regions to let employees deeply understand the impact of occupational accidents and raise their awareness of safety culture.

## Controlling the Risk of Occupational Safety Hazards

Feng Tay implements safety considerations in the overall work environment, and conducts identification and assessment of potential occupational safety and health hazards in the workplace. We also formulate detailed safety management regulations to prevent and reduce the risks of hazards and safeguard the health and safety of workers. To ensure the health and safety of employees in the workplace, if any employee believe that the working environment may cause injury or illness, he or she can apply to the immediate supervisor for transfer to another position, and in accordance with the "Grievance and Suggestion System" established by the Company, the employee shall be protected from intimidation, threats or termination of employment contract. The following table is an excerpt of the items identified as high-risk operations.

### ▼ Hazard identification and analysis of occupational safety and health management - High risk level



## Workplace Safety Management Measures

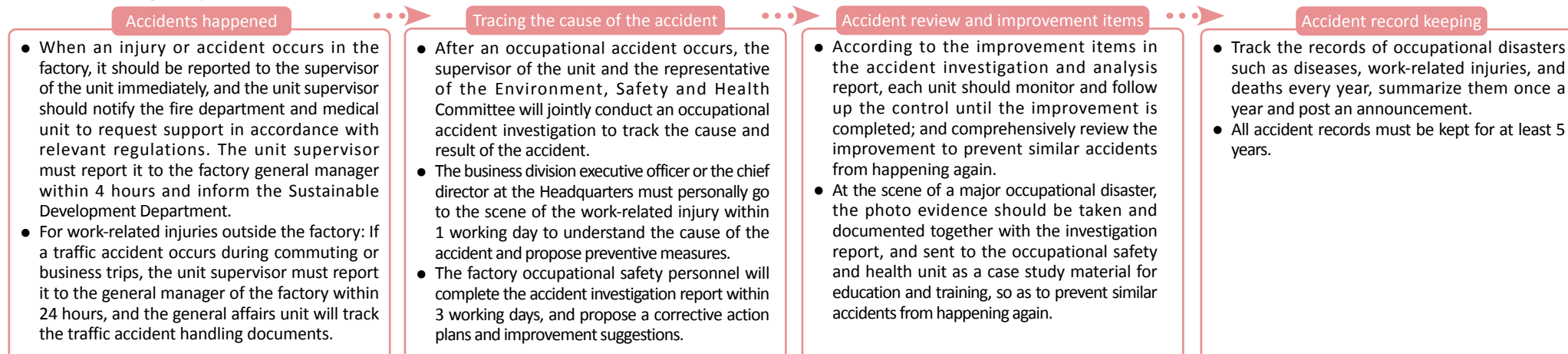
- All aisles in workshops should have an appropriate width and should be cleared of any object. Emergency exits should be free of obstacles.
- Based on fire safety risk assessments, the use of firefighting equipment and control measures are implemented accordingly. Regular testing and maintenance of firefighting equipment are performed in accordance with the inspection and maintenance plan.
- Appropriate ventilation, noise reduction, and sound insulation systems are installed for various types of workplaces.
- The employee who is assigned to operate a high-risk machine should receive safety training and obtain an operating permit before operating the machine.
- For the units with a high incidence rate of occupational injury (such as the maintenance department) and the units working with high-risk machines (such as punching machine), implementations of safety training, operating permit check, and safety performance assessment are strengthened.
- Personal protective equipment is provided to employees for protection when performing special tasks. Warning signs are posted at high-risk workplaces to remind operators to wear personal protective equipment, thereby reducing exposure to hazards.
- Any newly purchased machine must be examined by ESH Department to ensure that the machinery safety protection meets the requirements prior to being introduced into production processes.
- To reduce injury risk, we inspected nearly 10,000 high-risk machines in 2016, conducted risk assessments on the safety features of these machines, and made improvements accordingly. We completed safety upgrades for 26 types of high-risk machines in 2022, with a total of 5,795 and an improvement rate of 90%.
- Since 2017, we have been creating standard instructional diagrams for high-risk machines, which fully illustrate the prescribed safety measures and make existing and newly purchased machines at all factories comply with the Group standards. The standard instructional diagrams were created for 44 types of machines in 2022.
- Manufacturing processes and equipment layout are designed ergonomically to minimize injuries from sustained postures. Automated material handling machines have been developed to reduce musculoskeletal injuries during manual handling.
- To strengthen safety inspections, the ESH personnel at each factory must regularly examine the safety of the workplace. In addition, the SD director in each region conducts regular audits of all factories in the region under his or her jurisdiction. If there are deficiencies, the factory general manager is responsible for the follow-up improvement projects and reporting the improvement progress.

## Disaster and Accident Emergency Response Measures

Emergency response plans are developed at the Headquarters and all factories according to potential risks. Emergency evacuation plans are practiced every half year at all factories and dormitories. Emergency exits and evacuation routes are clearly marked in workshops. Buildings are equipped with automatic fire alarms and automatic fire extinguishing systems, which are inspected and tested periodically to provide protection against fire risk. Arrangements are made for some employees to attend emergency first-aid training, in order for them to give first aid in case of an emergency.

When there is an imminent danger in the workplace, all workers may terminate work of their own accord and withdraw to safe places under the conditions in which the safety of other workers is not jeopardized. The Company shall not impose any unfavorable treatment on the workers in order to implement the basic right of workers to withdraw to safe locations, as prescribed in Article 18 of the Occupational Safety and Health Act. It is important for the Company to ensure that personal health and safety are the first priority under any circumstances.

### ▼ Accident investigation procedure



## Occupational Injury and Accident Analysis

Feng Tay Group continuously strives to reduce the occurrence of occupational injuries, build a safety culture, and pursue the goal of zero occupational injuries. In 2022, the total work hours were 312 million hours, the number of recordable occupational injuries was 66, and the frequency rate was 0.21, 22% lower than in 2021. There were 3 severe occupational injury cases, 2 in Vietnam and 1 in China. There were no fatal accident cases due to occupational injury in 2022. Analysis of the accident categories in the past two years showed that accidents caused by improper operation of machinery accounted for 41% of the total number of occupational injuries, the highest percentage among all accident categories, and the accidents caused by slips and falls accounted for 29% of the total number of occupational injuries, the second highest percentage among all accident categories. We have implemented a protection upgrade and improvement project for high-risk machines, inspected the implementation of daily operation and maintenance of machines, and carried out special inspections on the safety of high-risk machines. Once a deficiency is discovered, operations are immediately stopped to make improvements. Unsafe behaviors of employees and serious deficiencies in machinery safety protection will be attributed to the unit supervisor's and will be taken into account in his work performance evaluation of the year. In the future, we will continue to promote the projects to improve workplaces and reduce the risk of slips and falls, and will also continue to implement the safety supervision system.

### Occupational Injuries in 2020-2022

Year	Total work hours	Fatal occupational injury		Severe occupational injury (excluding fatalities)		Recordable occupational injury	
		Number of Deaths	Injury Frequency Rate	Number of Cases	Injury Frequency Rate	Number of Cases	Injury Frequency Rate
2021	247,398,212	0	0	2	0	68	0.27
2022	312,119,808	0	0	3	0	66	0.21

### Occupational Injuries in various Regions in 2022

Region		Taiwan	China	Vietnam	Indonesia	India
Total work hours		5,053,008	32,873,752	155,447,442	38,177,039	80,568,567
Fatal occupational injury	Number of Cases	0	0	0	0	0
	Injury Frequency Rate	0	0	0	0	0
Severe occupational injury (excluding fatalities)	Number of Cases	0	1	2	0	0
	Injury Frequency Rate	0	0.03	0.01	0	0
Recordable occupational injury	Number of Cases	6	12	38	5	5
	Injury Frequency Rate	1.18	0.36	0.24	0.13	0.06

Explanation of definitions and calculation methods:

- Calculation method of total working hours: working hours of clocked-in employees (statistics from the attendance system) + working hours of supervisors who do not clock in (number of working days in the current month in the year \* 8 hours per day \* total number of supervisors).
- Recordable Occupational Injury: Workers cannot continue to work normally because of occupational injury, must be off work and leave the workplace, and the lost time is more than 8 hours, including the number of deaths caused by occupational injuries. For the injuries caused by traffic accidents during commuting, only the accidents caused by the means of transportation arranged by the Company are included in the calculations, and the rest are not included.
- Recordable Occupational Injury Rate = Number of recordable occupational injuries / total working hours \* 1,000,000, calculated to the second decimal place, and the third and all subsequent decimal places are discarded.
- Severe occupational injury: an occupational injury that causes a worker to be incapacitated and difficult to return to normal work within 6 months.
- Severe occupational injury rate = Number of severe occupational injuries / total working hours \* 1,000,000, calculated to the second decimal place, and the third and all subsequent decimal places are discarded.
- Fatal occupational injury rate = number of deaths due to occupational injuries / total working hours \* 1,000,000, calculated to the second decimal place, and the third and all subsequent decimal places are discarded.
- The occupational injury rate is calculated as a rate per million work hours.
- Because of incomplete data collection, we are not able to disclose on-site work hours and the number of injury cases of non-employees and contractors.

### Causes of Occupational Injuries and Work Hour Loss

Causes of occupational injuries	Recordable occupational injury number of cases		Recordable occupational injury work hour loss	
	2021	2022	2021	2022
Machinery	25	25	3,139	5,628
Electricity	2	1	217	99
Chemicals	3	4	105	248
Ergonomic hazards/ Hand tools / Lifting objects	16	9	3,927	2,714
Slips and Falls	16	17	3,772	4,042
Commuting injuries while taking company owned vehicles (e.g., shuttle buses)	0	0	0	0
Others (e.g. insect bites, injuries from falling tree branches, cuts from billboards )	6	10	313	1,047
<b>Total</b>	<b>68</b>	<b>66</b>	<b>11,473</b>	<b>13,778</b>

Note: Some occupational injury cases in 2021 were not closed until 2022. The lost working hours of these cases were retroactively included in 2021, and therefore are revised in this report.

### Types of Occupational Injury in 2021-2022

Types of occupational injury	2021	2022
Crash injuries, pinch injuries, smash injuries	16	4
Fractures	22	29
Lacerations, cuts	13	16
Burns	5	5
Sprains	4	2
Limb amputation	0	0
Hernia	0	0
Loss of consciousness	1	1
Paralysis	0	0
Fatal	0	0
Others (e.g. strains, flesh wounds, etc.)	7	9
<b>Total</b>	<b>68</b>	<b>66</b>

## Workplace Health Services

For a long time, Feng Tay has been actively advancing employee health promotion. The Company not only maintains the safety and health of the work environment, but also strives to provide comprehensive health services for employees to continuously protect their physical and mental health.

### Workplace health promotion services

#### Emergency medical care

- Establishing health care centers or clinics which employ certified medical professionals and are equipped with emergency medical supplies.
- The affiliated clinic of our subsidiary company in Indonesia provides free medical services for employees. The number of medical visits reached 38,444 in 2022.

#### Health checks

- Regularly conducting employee health checks in compliance with local laws. In 2022, the Headquarters provided a total of 1,451 general health checks and 792 special health check subsidies.
- Providing free vision and hearing examinations for employees and their children in India.

#### Health consultations

- Inviting occupational medicine physicians to provide health care consultation at the factory.
- Promoting EAP (Employee Assistance Program) at the Headquarters and the factories in India and providing mental health information.

#### Healthy diets

- The food and drinking water in the employee canteens are strictly managed and continuously monitored and improved.
- In India, a special nutritional supplement is provided for pregnant female employees every working day.

#### Events

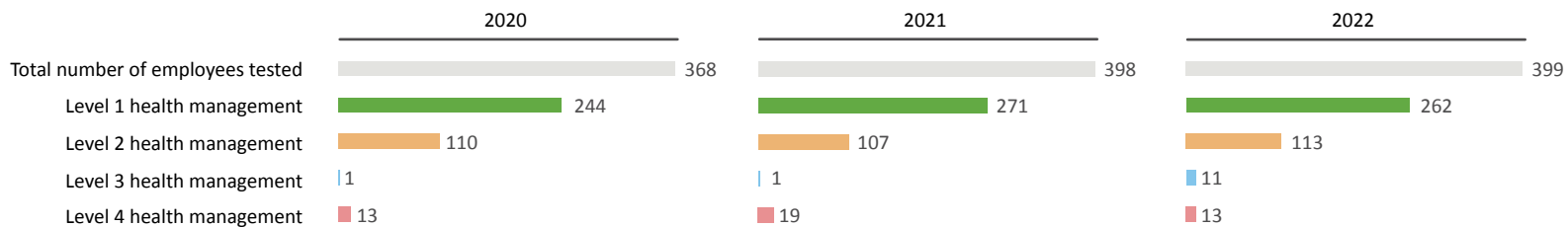
- Regularly hold health care or knowledge promotion activities. In 2022, the Headquarters held a total of 21 events with 514 participants.
- Key health events in 2022 included World No Tobacco Day activities, maternal mental health, etc.
- The factory in Indonesia provided vaccination services for employees, with a total of 17,426 participants.

## Health Checks

The Headquarters conducts regular health checks for all employees every year. In addition to general health checks, special health checks are also carried out for relevant workers with high occupational safety risks. The results of the health checks are classified according to the health management level. Employees with a health management level of three or higher will be followed up every year. Employees with a health management level of four receive health counseling and health education from the health centers / factory nurses / occupational medicine physicians. When necessary, on-site assessment of suspected work-related illnesses can be carried out, and factory nurses / occupational medicine physicians will continue to follow up until the condition improves and continue to manage the health of these employees.

In 2022, there were 24 employees with a health management level of three or higher at the Headquarters, all of whom were in the noise exposure category. Continuous personal health guidance has been provided by occupational medicine physicians and factory nurses, and the decibel levels of noise in the workplace have been regularly monitored for hazard control. Except for the PD clamp work area, the noise levels in all workplaces at the Headquarters are controlled below 85 decibels. An improvement plan to reduce noise in the PD clamp work area will be implemented in the future. There were no cases of occupational diseases in the entire Group in 2022.

### ▼ The health management levels of employees undergoing the special health examination at the Group Headquarters in the past three years (unit: number of employees)



#### Notes:

1. Level 1 health management: those employees whose health check results are comprehensively judged to be normal.
2. Level 2 health management: those employees whose health check results are comprehensively judged to be abnormal, but the conditions are not unrelated to work.
3. Level 3 health management: those employees whose health check results are comprehensively judged to be abnormal, but the work relevance cannot be determined; evaluation by an occupational medicine physician is needed.
4. Level 4 health management: those employees whose health check results are comprehensively judged to be abnormal and the conditions are related to work.



## Health Promotion Activities

### World No Tobacco Day

The subsidiary companies in India held a publicity event on World No Tobacco Day to promote the concept of a healthy lifestyle. At the event, an animated video of the experience of a bird was shown to tell the dangers of addiction, which can be applied to addictions such as smoking, alcohol, or drugs. In the story, the bird initially wanted to avoid using drugs, then could not help but start consuming small amounts of the drug and enjoying the effects, finally became addicted to the drug after taking it regularly, and fell ill. After watching the video, the employees expressed their understanding of the content of the video and applied it to their own situations. They shared their personal stories and tried to improve their conditions through medication, psychotherapy, and counseling.

### Maternal Health Care

Feng Tay has long been paying attention to the physical and mental health of motherhood. In the month of May, which is the symbol of motherhood, our factories in India held an event in response to the World Maternal Mental Health Day. Internal counselors and doctors shared health knowledge with 32 nursing mothers, discussed postpartum physical and mental health issues, including avoiding unhealthy eating habits and maintaining a balanced diet, and shared the precautions parents should take in child care. They also explained how parental behavior can affect a child's physical and mental health and how to support the child's healthy development as he or she grows up.

### Vaccination to Enhance Immune Antibodies



The COVID-19 pandemic was not over yet. After the Indonesian government pushed citizens to complete the first and second vaccinations in 2021, the third dose (called a booster shot) was given in 2022. The IW factory collaborated with the government, community health centers, police stations, and the military to vaccinate employees and their family members. More than 17,426 people received the third dose, which strengthened immunity for the community to prevent more severe outbreaks.

## Healthy Diet

### Employee canteen

To ensure food safety, the Feng Tay Group Headquarters and factories in various regions have set up employee canteens in accordance with hygienic standards. Meals are cooked by full-time employees or outsourced vendors. A sample of the prepared meal is kept in the infirmary every day for inspection. Relevant business supervisors eat at the canteen once a week to learn about the quality of meals and inspect the sanitary conditions of the canteen. A food quality supervisory committee has also been established to supervise food quality and make improvement suggestions. The committee members are elected by employees. In 2022, the canteens at two factories in Vietnam mistakenly mixed mint leaves with taro leaves, which are similar in appearance, to make mint sour soup, causing 66 employees to have allergic reactions. After this incident, soups are no longer made with this type of mint leaves.



### Use of organic / non-toxic agricultural products

To provide our employees with healthy food options and to support local farmers who adopt eco-friendly farming practices, the canteen at the Group Headquarters launched an "improvement project on the use of organic / non-toxic agricultural products" in 2015. All rice, vegetables and fruits were switched to organic / non-toxic produce.

### Localized meal design

In response to the different eating habits and cultures of different countries, the meals in each region are adjusted according to the employees' religions or national conditions. By integrating into local customs, the Company hopes to enhance the solidarity of employees and demonstrate Feng Tay's diverse and inclusive organizational atmosphere.

- China: To enrich the choices of dishes for employees, the Company has added special dishes at the employee canteen, such as stir-fried twice cooked pork slices, braised pork belly with shredded bamboo shoots, farmhouse fried pork with vegetables, Putian lor mee (complementary food), Xinghua white rice cakes, and homemade potato noodle, to enhance employees' dining experience.
- Indonesia: During Ramadan, fasting is about 13 hours a day. It is impossible for employees to eat at noon. Therefore, the Company prepares lunch boxes and snacks for employees to take home.
- Vietnam: Catholics do not eat meat on Friday, so the canteen does not serve pork, chicken, or beef on Friday, and instead provides seafood and vegetarian meals.
- India: Desserts are given out every year on August 15, the Independence Day in India.

### Drinking water

Feng Tay Group has set up reverse osmosis drinking water production plants to produce our own drinking water at the Headquarters and the factories in Indonesia, Vietnam, and India. We have established drinking water management regulations to ensure drinking water quality and employee health. The General Affairs department is responsible for drinking water management and the ESH department is in charge of system operation and supervision of regulatory compliance. Drinking water supplied to employees is obtained from three different sources: produced from tap water by drinking water equipment (which filters and boils tap water), produced at our own drinking water plants, and purchased from external drinking water producers. Drinking water from different sources must meet specific testing standards and only after passing the test can it be supplied to employees.

We strictly abide by the laws and regulations of various regions. The drinking water produced by our own drinking water plants is provided to employees only after passing daily inspections by our own staff and monthly tests by the relevant government unit (or a government-approved testing laboratory). The drinking water produced from tap water by drinking water equipment and the outsourced packaged drinking water are randomly tested every month. If there is any concern of health and safety after water testing, the suspected drinking water supply will be stopped immediately. All water quality test results are kept on file in SMD department at the Headquarters for two years.

To ensure that the maintenance and cleaning procedures of water supply equipment meet our sanitation requirements and to strengthen drinking water sanitation management, the Group's drinking water plants and drinking water equipment must meet the maintenance requirements to have them regularly inspected, maintained and cleaned. Since 2017, the Headquarters in Taiwan has established standard operating procedures (SOP) for the maintenance and improvement of drinking water equipment. Through an SOP flow diagram and video demonstration, the steps to clean drinking water equipment are described in detail and the frequency of maintenance are prescribed, in order to reduce the water quality noncompliance rate.

In September 2022, excessive levels of Escherichia coli were detected in drinking water at our factory in Indonesia. In December 2022, unqualified levels of Escherichia coli and Pseudomonas aeruginosa were detected at our factories in Vietnam. The equipment was immediately inspected and cleaned, and hence passed the retest. To strengthen the maintenance of drinking water equipment, inspections were regularly conducted. The pass rate was 99.97% in 2022. And to ensure the safety of drinking water, water dispensers that failed daily inspections or outsourced packaged drinking water that failed the quality test were immediately removed from service.

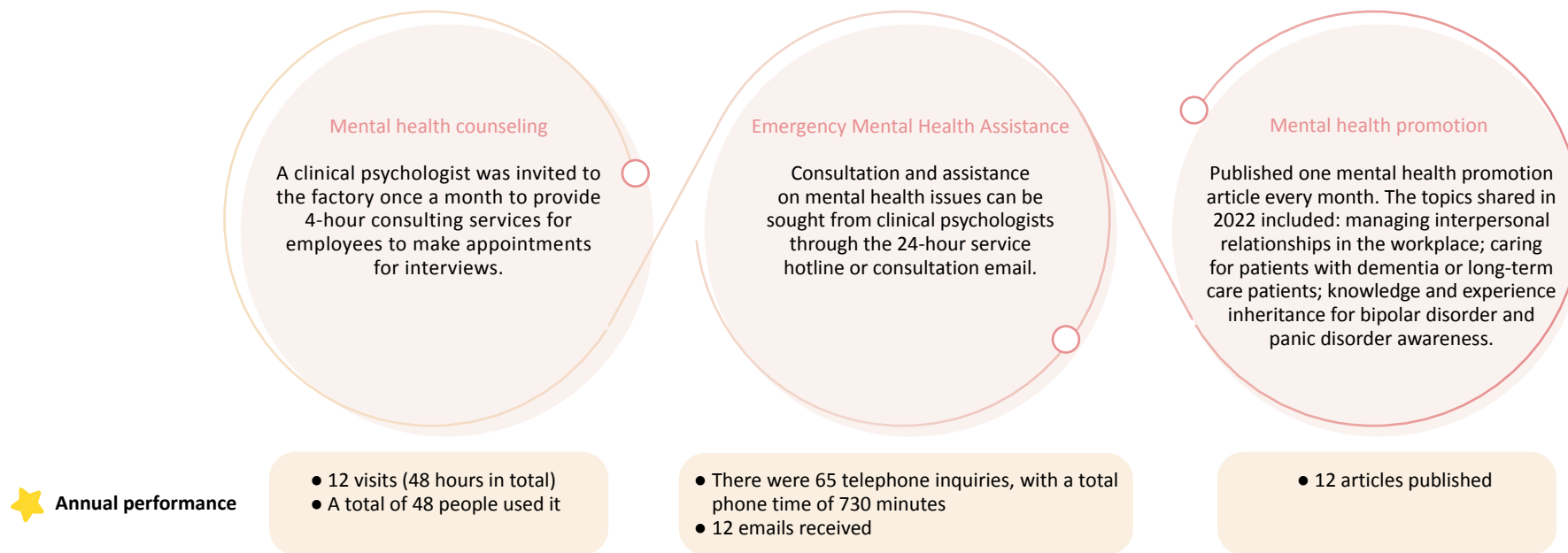
## Employee Assistance Program (EAP)

In Taiwan and India, we have launched an EAP program to offer professional consultations for various aspects of life, including work, marriage and family, personal relationships, alcohol abuse and other addictions, emotional trauma and stress, communication, and other mental health matters. In India, due to social and cultural backgrounds, we need to closely monitor the psychological health status of employees. Through diverse counseling channels, we can assist employees in overcoming difficulties in life in a timely manner and maintaining their psychological health status. To closely meet employees' needs, the management team also holds regular meetings with the EAP consultants to review the program implementation status and feedback from employees.

### EAP service projects and implementation results in 2022

The Group's Headquarters hires a clinical psychologist who comes to the factory every month to provide face-to-face counseling services for employees. We also provide a 24-hour free service hotline and email to accept related inquiries from employees, and provide timely assistance in case of urgent mental health problems. In 2022, the total number of employees receiving EAP services at the Headquarters was 128. To continuously improve the mental health of employees, an average of one article on mental health promotion is published every month for about 2,517 employees at the Headquarters.

### ▼ EAP Implementation Results at the Group Headquarters



The subsidiary companies in India provide professional group counseling services on various issues, including alcohol addiction, marriage, family, emotional management, and other psychological and life-related problems. They also establish a 24-hour free service hotline, so that employees can seek help promptly when encountering life difficulties or troubles. In 2022, a total of 24,758 individuals at the factories in India received individual or group counseling services.

### ▼ EAP service person-times at each factory in India (unit: person-times)

LU1	LU2	EW1	EW2	FA1	FA2	Total
3,332	3,368	4,731	4,958	3,398	4,971	24,758



# 06

## Care for the Community

6.1 Active Participation in Social Engagement

6.2 Taiwan

6.3 China

6.4 Indonesia

6.5 Vietnam

6.6 India

6.7 Preventing the Spread of COVID-19 Epidemic



# 6.1 Active Participation in Social Engagement

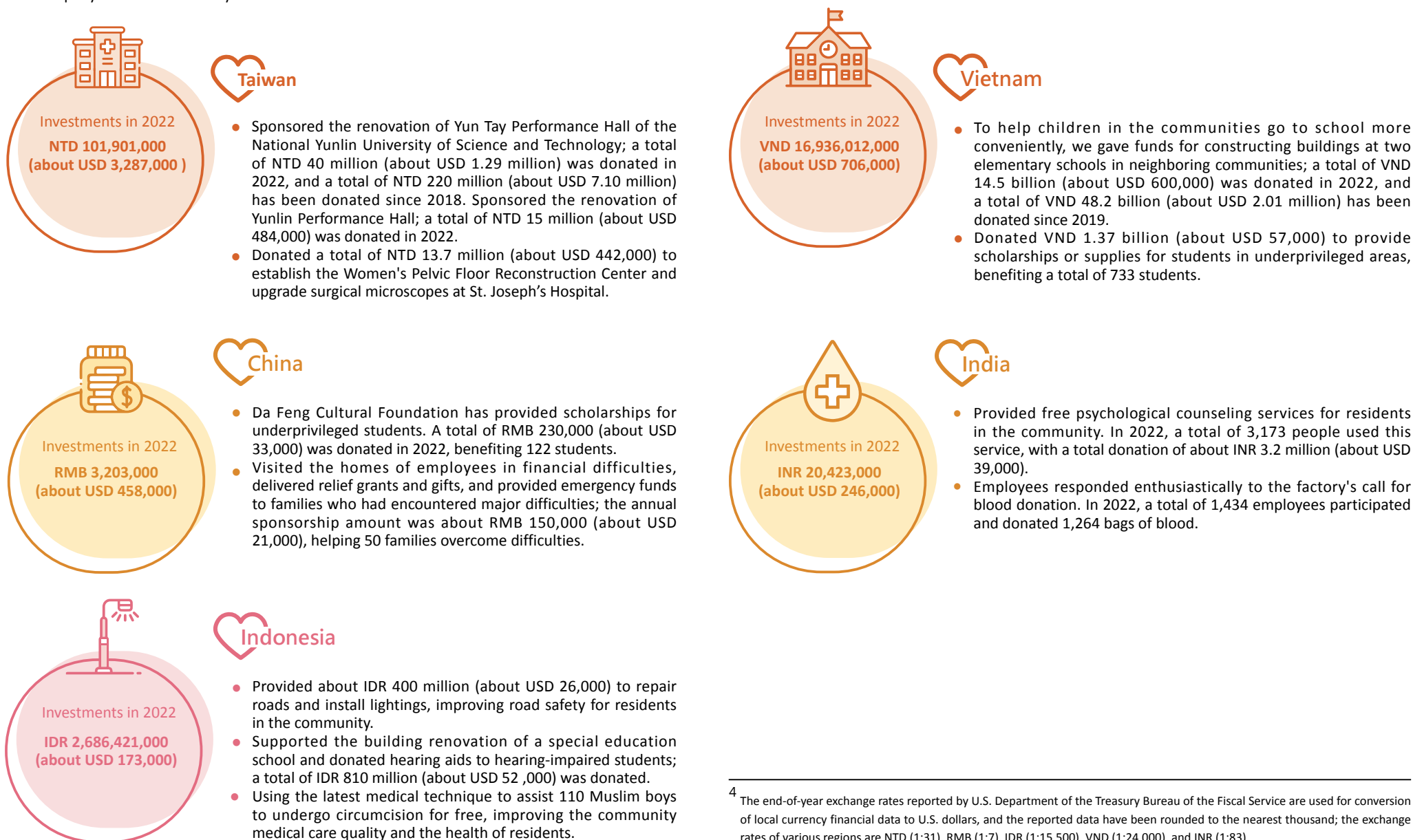
**Caring for the community and giving back to society.**  
**Actively participating in the promotion of public welfare to achieve sustainable development for both the company and the local community.**



▼ The response, management, and evaluation method of Feng Tay in relation to the 2022 material aspect "Social/Community Participation"



In 2022, Feng Tay invested a total of approximately USD 4.87 million<sup>4</sup> to support public welfare activities in the local communities where it operates. The funds were used for supporting medical care, public health, sports, and cultural education. Each factory needs to deeply and continuously focus on different social issues according to the different cultures and customs of each region, and provides assistance according to actual needs. We maintain good cooperative relationships with local governments, non-profit organizations, and local residents to drive the common growth and sustainable development between the Company and the community.



<sup>4</sup> The end-of-year exchange rates reported by U.S. Department of the Treasury Bureau of the Fiscal Service are used for conversion of local currency financial data to U.S. dollars, and the reported data have been rounded to the nearest thousand; the exchange rates of various regions are NTD (1:31), RMB (1:7), IDR (1:15,500), VND (1:24,000), and INR (1:83).

## 6.2 Taiwan

**Long-term investment in education, sports, arts, environmental protection, and eco-friendly farming, giving back to the residents in Yunlin and creating a better life in local communities.**

Since the establishment of the Company, Feng Tay has been adhering to the spirit of “caring for the community and giving back to society,” and actively participating in public welfare projects to give back to the residents in Yunlin. In order to better serve the local community, Feng Tay donated NTD 1.5 million to establish the Feng Tay Cultural and Educational Foundation in 1981. The undertakings of the Foundation include the establishment of financial aids, tutoring disadvantaged students, promotion of sports and arts, and environmental protection actions of organic and eco-friendly farming. In addition, Feng Tay Enterprise Co., Ltd. (the Headquarters in Taiwan) and the Feng Tay Cultural and Educational Foundation continue to provide different assistance programs based on local needs. The programs include giving funds for public construction and resources in Yunlin such as medical care, sports and education, and organizing various public welfare activities to exert positive influence and benefit the society. For more information on the public welfare activities of the Foundation, please visit the Foundation’s official website (<http://www.fengtay.org.tw>) and its 2022 Annual Report.

### Investment in Educational Resources

In addition to providing financial aids for less privileged students and sponsoring various projects of the Yunlin County Education Department, the Foundation also collaborates with college students from two local universities, the National Yunlin University of Science and Technology and National Formosa University, to carry out various counseling projects for less privileged students. College students serve as volunteers to accompany underprivileged students in elementary and junior high schools through tutoring, camping activities, and extracurricular learning activities, so as to let students obtain more diverse learning opportunities. Volunteers can also take the opportunity to make use of their talents, devote themselves to social services, and give back to the local community.

### Financial Aids for Less Privileged Students

In order to let less privileged students in Yunlin County and three villages and towns in neighboring counties and cities go to school without worrying about financial needs, the Foundation provides financial aids to them at every educational stage including elementary school, junior high school, high school and college, after conducting home visits to understand their family situations. In 2022, a total of 86 home visits were conducted by volunteers, and a total of about USD 520,000 (about NTD 16.19 million) was given to 1,109 less privileged students. As of the end of 2022, a total of about USD 8.02 million (about NTD 248.48 million) has been given to 14,457 students.



▲ Holding scholarships forum for less privileged students in colleges



### Free After-school Tutoring Programs for Disadvantaged Students

The Ministry of Education's after-school tutoring program has been implemented for 15 years with the aim of helping elementary school students from economically disadvantaged families receive good care after school to prevent negative impacts on their academic performance and physical and mental development. Since 2015, the Foundation has been providing funds for the after-school program. In 2016, the Foundation gave funds to support the establishment of after-school classes for junior high school students in remote and resource-poor villages in Yunlin County. The program offers free after-school classes and dinners to help children, whose parents cannot return home from work until late at night, receive appropriate instruction and care in a safe environment. In 2022, a total of USD 180,000 (about NTD 5.57 million) was donated for 141 classes with more than 2,051 students.

### Exploring Career Competence through After-school Tutoring Programs

In March 2022, the Foundation began collaborating with National Formosa University to assist disadvantaged junior high school students in career exploration. With the help of engineering and technology experts from the university, a highly interactive teaching method was employed to create diverse experiential courses in hope of stimulating students' career imagination and learning interests. A total of 30 college students participated in the project to guide 86 junior high school students in career exploration. The course content includes:

- Process technology and product manufacturing-ultrasonic welding, 3D printing, and precision injection molding
- Introduction and practice of drones
- Practices of VR (virtual reality)



▲ Introduction and practice of drones



## Friendly Local Farming

Feng Tay Cultural and Educational Foundation established AGRIC Social Enterprise Co., Ltd. in 2016. The social enterprise aims to promote organic farming, improve food safety, and help local farms to raise product value. Through organic farming methods, AGRIC hopes to reduce greenhouse gas emissions and the problems of soil acidification and ecological damage caused by the use of chemical fertilizers and pesticides in conventional farming methods.

### Supporting Small Farmers to Engage in Organic and Eco-friendly Contract Farming

AGRIC continued to contract with small organic farmers, using Foodprint, a farm management system, to provide consumers with traceable agricultural products. The crop on every farm is sampled and tested prior to harvest to ensure the safety of the product before it enters the market or processing plants. In 2022, AGRIC contracted with 14 farmers, with a total of 10 ha contract farming area and a total of USD 3,500 (about NTD 110,000) for organic farm inspection. As a result of contract farming, the social enterprise was able to supply 28.4 metric tons of rice and 68.9 metric tons of vegetables to canteens at various corporations in 2022.



▲ Eco-friendly farming happy farms

### Promoting Food and Farming Education

In response to the development trend of organic farming, the Foundation set a goal to let more people understand the process of organic and eco-friendly farming, so that farmers and the public can gradually change their thinking about conventional farming and recognize the importance of organic and eco-friendly farming to the environment, land, and human beings. This year, we held two farming and food seminars, "Friendly Farms and Good Food Village - How much do you know about organic and eco-friendly farming?"; two seminars on the communication between consumers and small farmers, "Your Table You Control" and "Their Table You Control"; and seven interactive food and farming promotion activities. Approximately 515 people participated in these events. The Foundation set up 20 eco-friendly farming happy farms next to its green park, to let 20 families experience eco-friendly farming methods.

Recognizing that education should take root from an early age, the Foundation also entered the campus. This year, three teachers were invited to hold a "Food and Farming Education" seminar to share their experiences in successfully promoting school education in food and farming with teachers from 13 local schools. In order to let children have more experience in farming, AGRIC collaborated with Guang Fuh Elementary School and Feng Tay Preschool. Through a series of diverse courses such as picture books, interactive cards, art painting and plants handmaking, and visits to rice mills, children are inspired to have a deep exploration and learning of plants, the environment, and the food production process. A total of nine classes were held, with approximately 145 children participating.

## Public Welfare Fundraising Activity

From May 2022 to April 2023, the Foundation conducted the fundraising activity, "You donate 1 NT dollar, the Foundation will donate 1 NT dollar at the same time." All the donations raised in the event were used to purchase eco-friendly, non-toxic white rice from AGRIC, which was provided to disadvantaged groups and institutions in need in the county. Through such a goodwill cycle, we hope to achieve the following three public welfare effects and give back to society in multiple ways:



In 2022, several companies and individuals donated a total of USD 34,000 (about NTD 1.06 million). The Foundation matched the received donations, bringing the total fund to USD 68,000 (about NTD 2.12 million). The fund was then used to purchase a total of 21,392 kilograms of organic white rice, which was donated to 11 social welfare institutions, 15 less privileged families who were being assisted by the Yunlin County Social Affairs Department, and 23 congregate meal centers in Yunlin County.

## Shaping a Better Life

### Investing in the Renovation of a Performance Hall to Create a Cultural Center in Yunlin

In view of the lack of a large indoor performance hall with a capacity of more than 1,000 people in Yunlin County, we supported the plan of the National Yunlin University of Science and Technology to renovate an auditorium and upgrade it to a national-level performance hall. The renovated theater-type venue, named Yun Tay Performance Hall, provides an appropriate stage for national performance troupes. It also increases opportunities for the residents in Changhua, Nantou, Yunlin and Chiayi Counties to watch national-class performances. Since 2018, a total of USD 7.1 million (NTD 220 million) has been donated. Yun Tay Performance Hall was completed in December 2021, with a capacity of 1,400 people. From October 2022, the Foundation has sponsored three large grand opening performances; each of which attracted more than a thousand spectators. We look forward to seeing the performance hall become a national art center in Yunlin County in the future.

In addition, the Foundation donated USD 480,000 (about NTD 15 million) to support the renovation project of Yunlin Performance Hall under the jurisdiction of Yunlin County Government. The renovation of Yunlin Performing Hall was completed and opened in June 2022, providing audience with better audio-visual enjoyment.



▲ Yun Tay Performance Hall

### Establishing a Women's Pelvic Floor Reconstruction Center to Support Local Medical Care

In 2022, the Headquarters of the Group donated USD 180,000 (about NTD 5.65 million) to establish a Women's Pelvic Floor Reconstruction Center at St. Joseph's Hospital in Yunlin County, improving the local medical care system and making up for the lack of medical resources and services.

Because of body structure factors and damage to local tissues during pregnancy and childbirth, women are more prone to urinary system disorders. Additionally, many women in remote villages of Yunlin County, Huwei and Douliu often need to work on farms and handle heavy loads, which often lead to pelvic organ prolapse, urinary incontinence, frequent urination, nocturia, and other lower urinary tract symptoms or related women's diseases. However, Yunlin County lacks systematic medical services for pelvic floor reconstruction. Many women in the area often delay surgery until the condition becomes serious, and even if the surgery is completed, there are no medical facilities to strengthen the pelvic floor muscles.

For the above reasons, we decided to help St. Joseph's Hospital establish the Women's Pelvic Floor Reconstruction Center, which is expected to be completed in July 2023. In the future, the Center will be able to provide patients with more non-surgical conservative treatments and pelvic floor muscle strengthening after surgery, to help slow down or improve symptoms and maintain patients' quality of life.



▲ Photo of Yunlin Performance Hall after renovation  
(Photo credit: the official website of Yunlin County Government)

## Holding Diverse Sports and Educational Events

We encourage students and residents in the community to participate in various sports, arts, science, and educational events. The Feng Tay Cultural and Educational Foundation has long supported diverse activities in the county and continues to cooperate with local high-quality arts teams to promote cultural life. In 2022, a total of USD 440,000 (about NTD 13.68 million) was invested to organize or sponsor relevant groups to conduct the following activities:

### ▶ Three sports events

Holding elementary school happy baseball tournament, bocce ball competition, and weekend basketball training station.

### ▶ Nineteen art and cultural events

Holding a music concert, Flying Cloud dance performance, Dance Theatre-VALO's first movement-Amoeba, Summer Night's Dream environmental drama, Tiny Times musical, and reading month series activities.

### ▶ Seven science education projects

Holding the "Fulfill Dreams Project" for junior high and elementary school students in the county, encouraging reading and writing courses, promoting robotics education courses for elementary schools, holding the robotics competition event, holding the dragonfly-themed special exhibition at the Foundation's park, sponsoring the Green City Cup robotics competition event conducted by the National Yunlin University of Science and Technology and the popular science activity conducted by National Formosa University.



▲ Holding elementary school happy baseball tournament

In addition, the Foundation invested about USD 19,000 (about NTD 590,000) to sponsor 14 cultural, educational or social related public welfare activities. For example, the Foundation sponsored the Township Preschool of Dounan to purchase teaching aids, supported Yunlin County Intelligent Agricultural University to undertake youth returning hometown to be self-reliant and agricultural promotion events, and sponsored Taiwan Glorious Hope Association to implement the "2022 Yunchai Soaring Project." We hope that, through sponsoring various public welfare events, we can unite the strength of various groups who love Yunlin to continuously develop local educational and public welfare activities.

## 6.3 China



### Donating funds to give back to the community, supporting education and public construction in Fujian



In 1991, Feng Tay established Da Feng Cultural Foundation in accordance with the belief of caring for the community and giving back to society. The Foundation mainly focuses on sponsoring less privileged students, improving teaching facilities in impoverished regions in Fujian Province, and supporting sports and public health. For more than 30 years, the Foundation has been carrying out public welfare activities in more than 30 counties and cities, supporting reconstruction or maintenance of school buildings at 165 schools, and sponsoring 7,569 students in need. In the name of the Foundation or our subsidiary companies in China, we donate to other public welfare activities, such as medical care, care for the elderly and disabled people, sports, and the prevention of the COVID-19 epidemic spread.

#### Emergency Assistance for Disadvantaged Families

We continue to pay attention to the living conditions of our employees, and arrange factory representatives to visit the homes of employees in financial difficulties and deliver relief grants and gifts. We also provide emergency funds to employees' families who have encountered major difficulties. In 2022, a total of USD 21,000 (about RMB 150,000) was invested to help 50 families overcome difficulties.

#### Donating Equipment to Local Police Stations

Li Feng Factory in China assisted the police stations in Wutang and Xitianwei towns to purchase office equipment. In August 2022, we donated USD 6,000 (about RMB 44,000) to Wutang Town Police Station to purchase seven computers, six photocopiers, and six sets of mediation tables and chairs, which were installed in six police offices. At the same time, we donated USD 23,000 (about RMB 160,000) to Xitianwei Town Police Station to purchase air conditioners, conference tables, chairs, and water heaters. In addition to supporting the local Government to promote police services to local residents, our sponsorship also enhances the quality of office and living quarters for grassroots police officers.

#### Scholarships for Less Privileged Students

Da Feng Cultural Foundation has provided scholarships for less privileged students in elementary schools, junior high schools, high schools and colleges to continue their studies. In 2022, a total of USD 33,000 (about RMB 230,000) was donated, benefiting 122 students.



▲ Providing scholarships for less privileged students in elementary school.

## Cherishing and Protecting Wetlands

Wetlands are one of the important resources for life systems on the earth, and play a significant role in protecting biodiversity and regulating regional climate and humidity. In January 2022, Xie Feng Factory in China gathered approximately 30 employees to participate in a garbage cleaning activity at Hanjiang Wetland Park in Putian City. In addition to taking actions to protect wetlands, we also appealed to tourists and residents in the community to join the wetland protection activities, with the aim of raising their awareness to cherish and protect wetlands.



# 6.4 Indonesia

Integrating into Muslim traditional culture to make public welfare activities very rich in local characteristics



## Supporting Public Systems and Caring for Disadvantaged Groups

### Installing Street Lights and Repairing Roads to Improve Traffic Safety

To improve the road safety for IW Factory employees and nearby community residents, we donated a total of USD 10,000 (about IDR 160 million) for installing 18 street lights in the rear gate area of the factory. In addition, a total of USD 16,000 (about IDR 240 million) was donated for repairing roads of about 1,578 square meters in the vicinity of the factory.



### Establishing Waste Management Facilities to Improve Village Sanitation

Because some villages had not yet been included in the garbage removal area of Bandung Regency, we donated USD 8,400 (about IDR 130 million) for improving the sanitation conditions of the three neighboring villages and building garbage management facilities. The fund was used to purchase 33 garbage bins, 24 waste carts, and 2 waste removal motorcycles.



### Caring for Disadvantaged Families during Muslim Festivals

We convey our care for residents in the community through participation in important Muslim traditional festivals. A total of USD 6,400 (about IDR 99 million) was donated. The activities include:

- We participated in local Iftar activities during Ramadan and donated more than 500 packages of food supplies to disadvantaged families.
- On Eid al-Adha, we donated 17 sheep for the animal sacrifice ceremony and provided them to nearby disadvantaged families.

### Investing in Special Education to Create a More Friendly and Barrier-Free Learning Environment

IW Factory continues to pay attention to the educational resources for local students with special educational needs. In order to provide these students with a better learning environment, we supported building renovations of the special education school (Sekolah Luar Biasa BC Yayasan Pendidikan Nur Insan) in the local village in 2022. The renovations include strengthening the structure and adding new classrooms and stairs. In addition, we donated hearing aids and arranged hearing and speech therapy for 16 hearing-impaired students, hoping to improve their learning and quality of life. In 2022, a total of USD 52,000 (about IDR 810 million) was donated.





## Sharing Medical and Health Care Resources

The GRIYA SEHAT medical center at our factory in Indonesia has joined the national medical insurance program since 2015. The center has been certified as the best local medical institution. We have opened the GRIYA SEHAT medical center to residents in the local community, providing services and resources such as blood tests, prenatal examinations, dental care, health promotion, and pharmacy resources. In addition, the Center has conducted health care activities for the residents from time to time. It is hoped that, through resource sharing, the quality of medical care in the local community will be improved. In 2022, we also sponsored a number of activities including vaccinations, Muslim boy circumcision, and blood donation.

### Muslim Religious Circumcision

Indonesia is a Muslim country, and there is a religious custom of circumcision for Muslim boys. However, because of poor sanitation conditions in local communities, various health problems often arise after circumcision. In order to improve the medical and hygienic conditions of the circumcision practice and improve the health of children, the GRIYA SEHAT medical center donated USD 7,000 (about IDR 110 million) in 2022 to hold religious circumcision events for a total of 110 Muslim boys from less privileged families in the three nearby villages and the families of our employees. Through the latest medical technology of circumcision, children can complete this religious practice under good hygienic conditions.

### Blood Donation

In cooperation with the Indonesian Red Cross, we held a blood donation event at the GRIYA SEHAT medical center for employees and nearby communities. A total of 211 people participated in the event. Because the last blood drive was held before the outbreak of COVID-19, the factory employees were very enthusiastic about participating in this event. The blood donation event not only contributes to the local community medical care, but also leads employees and community residents to pay more attention to their own health.



## Community Collaboration for Environmental Protection

### Cleaning the Riverside in the Community to Prevent Flooding Disasters

Because of the influence of extreme climate, the continuous heavy rains in the rainy season have caused severe flooding disasters in Indonesia in recent years. The Cilunjar river near IW Factory flooded in 2010 and 2016. To prevent flooding, IW Factory launched a river cleaning event to keep the river clear and improve drainage. We provided cleaning tools such as boots, hoes, and machetes, and invited the residents of Bojongmanggu and Sukasari villages where the river passes to jointly clean up garbage, weeds, branches, and sediment around the river. A total of 50 volunteers participated in the cleaning around the river for about 500 meters. In the future, we plan to hold the river cleaning event regularly to reduce the risk of flooding and show our concern for environmental issues in the community.



### Riverside Tree Planting and Greening Project

To prevent global warming and respond to the "Strengthening Riverside and Normalization" Act issued by Indonesian's President, IW Factory collaborated with the Environmental Bureau, the Government Public Works Bureau, and Sukasari Youth Community Group to implement the Cisangkuy riverside tree planting and greening project. A total of 500 fruit trees and other trees were donated by IW Factory and planted along the river to enhance the beauty of the surrounding area and achieve the effects of carbon reduction and soil and water conservation. In the future, we plan to share the fruits harvested from these trees and provide sowing training programs for community residents, hoping to establish a long-term good relationship with the community.

# 6.5 Vietnam



## Investing in educational resources to reduce income inequality in Vietnam



### Helping the Poor and Improving Educational Resources

In recent years, the rapid economic growth has caused a widening gap between the rich and the poor in Vietnam, and the difference in educational resources between urban and rural areas is even more obvious. Many students in rural areas are forced to interrupt their studies because their schools are far away from home or their families cannot afford tuition. To ameliorate the problem, we have cooperated with local governments to build two elementary schools in the communities near our factories, so as to help children in the communities to go to nearby schools conveniently and encourage them to complete basic education.

#### ▶ Bac Son School in Trang Bom County

We donated USD 760,000 (about 18.2 billion) to build Bac Son School in Trang Bom County. It took two years to build the school. To date, a total of 105 children who have graduated from our company's preschool have enrolled in this school. The children of our employees and the communities no longer have to travel long distances or move to distant school districts for schooling.

#### ▶ Huynh Van Nghe School in Xuan Loc County

Huynh Van Nghe School in Xuan Loc County is still under construction. To date, we have donated a total of USD 1.25 million (about VND 30 billion). It is expected to become the first public school in Xuan Loc County to provide full-day learning and lunch.

In addition, we have donated scholarships to less privileged students in the three areas of Trang Bom, Xuan Loc, and Vinh Cuu in Vietnam, to reduce the financial burden of disadvantaged families and let their children go to school with peace of mind. In 2022, a total of USD 57,000 (about VND 1.37 billion) was donated, benefiting 733 students.





### Community Cooperation to Clean Up the Campus Environment

The factory called on community youth groups, and teachers and parents of Bac Son elementary school, about 50 participants, to clean up the campus environment. The areas to be cleaned up included surrounding roads, campus squares, playgrounds, and gardens. While maintaining the campus learning environment, the event also promoted the importance of environmental protection.

### Donating Blood to Save Lives

All our factories in Vietnam cooperate with the Red Cross every year to hold blood donation events, helping enrich the blood bank and provide more opportunities for medical units to save lives. The blood donation events are planned by the factories and held in the factories or company dormitories, and employees respond enthusiastically every year. In 2022, a total of 1,394 employees participated in the events.



# 6.6 India

Giving back to the community through the BEYOND program, sponsoring the overall development in health, education, sports, and infrastructure.



## About the BEYOND Program

Started in 2011 as a corporate social responsibility initiative, we have long been actively collaborating with local governments and non-profit organizations to serve the community. Through the implementation of programs in the four major areas of health, education, sports, and infrastructure, we hope to create a society with equal opportunity, prosperity, and sustainability.

### Sponsoring Community Infrastructure and Other Programs

#### Installation of Street Lights and Security Cameras to Ensure Safety of Residents

Whenever there is a need for public infrastructure in the community, we will do our best to help improved the quality of life of local residents after assessing the necessity and our ability. When the local village committee and police station informed us that there were many thefts and traffic accidents in the nearby areas, we assisted in installing 25 traffic warning lights on the roads in all four directions around the neighboring communities in 2022, with a donation of USD 4,700 (about INR 390,000). In addition, we installed 25 security cameras around the Bargur industrial zone, with a donation of USD 8,300 (about INR 690,000). It is hoped that the traffic warning lights and security cameras will help reduce traffic accidents and safeguard the lives and properties of about 35,000 residents in neighboring communities.



#### Long-Term Donation of Supplies to Take Care of Students in Orphanages

The factory regularly donated toiletries and daily supplies to students in five nearby special education schools and orphanages every month. A total of USD 18,000 (about INR 1.5 million) was donated in 2022, benefiting about 275 students.

## Promoting Healthy Lifestyles in the Community

Our health program focuses on ensuring that affordable health care services are available in remote villages and striving to help community residents prevent infectious diseases and maintain good hygiene habits.

### Improving Medical and Health Resources

To provide comprehensive medical services to disadvantaged families in the local community and to improve the health and hygiene quality of the community, we have cooperated with the local NPO—Hand in Hand—to jointly set up Kairasi Clinic and medical stations to provide medical services and free medicine. Furthermore, we have built public toilets for nearby schools and local communities, provided mobile medical care, conducted health education, and strengthened hygiene knowledge to continuously improve the local hygiene and living environment. The current projects include:



Set up Kairasi Clinic to provide medical services and free medicine to residents in remote villages.



Built 22 integrated sanitary toilets for women and children and 2 public toilets to reduce the open defecation problem and maintain a clean and hygienic community environment.



Installed 7 RO water purifiers for nearby schools and Primary Health Center, with a donation of USD 8,000 (about INR 670,000), so as to let students, teachers and community residents have clean and sufficient drinking water.



### Collaboration with Hand in Hand India

Hand in Hand is a local NGO in India. The group continues to implement health and sanitation projects in the Vembakkam, Anakavoor, and Cheyyar neighborhoods in Tiruvannamalai District, enabling the continuous maintenance of the built public toilets, and at the same time improving the health and hygiene knowledge of community residents and their sanitation environment. The public welfare cooperation projects supported by the long-term sponsorship of our factories in India include the following items. The amount of donation in 2022 was about USD 20,000 (about INR 1.66 million), benefiting more than 260,000 people.

- ✓ Stakeholder consultation meetings
- ✓ Construction, operation, and maintenance of public toilets in communities and schools
- ✓ The Village Health, Water Supply and Sanitation Committee (VHWSC) expansion project and personnel training

## Donating Medical Equipment

To improve the overall medical care function and the quality of medical and health care for local residents, we donated 24 items of medical equipment which are frequently used in operating rooms and medical procedures to two local medical units (Vembakkam Government Hospital and Akkur Community Health Center). The 24 items include autoclaves, sputum suction pumps, electrocardiograph machines, and hematology analyzers. A total of USD 7,800 (about INR 650,000) was donated in 2022, benefiting about 4,500 residents.



## Donating Blood to Save Lives

"Your 5 minutes + 350 ml blood = a life about to be saved."  
 In the spirit of serving the surrounding communities and donating blood to save lives, many of our employees in India voluntarily signed up to participate in the "Kuruthi Punal" blood donation program which was held twice a year at the factory. The blood donations are used at critical times, such as employee or resident surgery, pregnancy and accidents. Employees responded enthusiastically to the factory's call for blood donation. In 2022, a total of 1,434 employees at our factories in India participated and donated 1,264 bags of blood.



## Free Psychological Counseling Hotlines

We signed a contract with a psychological counseling team to provide free psychological counseling and supportive services to residents in the community. The program was funded by our factories in India. Through the 24-hour psychological counseling hotline, people can describe their psychological health status and the problems they have encountered, including issues such as women's empowerment, suicide prevention, addiction recovery, and women, children and family problems, and seek support and assistance. In 2022, a total of 3,173 people used this counseling service and a total of USD 39,000 (about INR 3.2 million) was donated.

## Dedicating to Holistic Education

In a society where the gap between the rich and the poor is widening and resources are uneven between urban and rural areas, education can enhance people's knowledge, broaden their horizons, and create a better future. We strengthen students' learning ability through counseling, and invest resources in the hardware and software facilities of schools to create a high-quality learning environment and improve the overall education quality of the community.

### Building Smart Classrooms to Improve Learning Efficiency

In this age of rapid technological development, teaching resources must include digital and multimedia equipment to provide students with a better learning environment and better learning experiences. In 2022, we built a total of four smart classrooms, two each in public schools and special education schools. The smart classrooms in public schools are equipped with smart blackboards, which provide rich image, video, and audio materials to help students gain a deeper understanding of concepts and thereby improve learning efficiency and memory retention. The smart classrooms in special education schools are equipped with projectors, laptops, and other equipment to help students learn new skills and knowledge more effectively. A total of about USD 6,700 (about INR 560,000) was donated for this project, benefiting about 190 students.

### Renovating Schools to Improve the Educational Environment

In February 2022, we sponsored the renovation projects at one elementary school and two high schools in Irumbedu Village, benefiting nearly 800 students. Previously, the schools lacked good infrastructure and sanitary toilets. Through the renovation projects, which included toilets, classrooms, building renovation, desk, and roof waterproofing, we provided teachers and students with good infrastructure and landscaping. The projects not only improved the overall attendance rate of students, but also significantly improved the quality of teaching and learning in remote villages.

### Donating Computers and Scanner-printers

We donated four computers and four scanner-printers to Government Boys Higher Secondary School Pochampalli, Government Higher Secondary School Nedumbirai, and Government Higher Secondary School Irumbedu. A total of USD 2,900 (about INR 240,000) was donated. The donations enabled school teachers to use computers for teaching, printing handouts and other reference materials, and provided about 1,810 students with more diverse learning resources.





## Developing Sports Skills

Many students from remote villages often lose the opportunity to develop sports skills and interests because of family situations and economic conditions. In order to encourage young students to participate in sports activities, develop sports skills, and cultivate interests in sports, we have launched a long-term cultivation project and supported a variety of sports activities, hoping to help the community cultivate more sports talents.



### Sponsoring Indian National Athletes for Participating in International Competitions

In the individual rankings for women's table tennis under the age of 19, Nithyashree currently ranks number one in India and number 81 in the world. In 2022, we provided USD 2,400 (about INR 200,000) to cover her travel and other related expenses for participating in international tournaments. She was runner-up in the under-19 women's singles competition held in Agadir and advanced to the final, where she finished runner-up after competing with a French player.

### Beyond Sports Academy

Since 2018, we have provided sports education and training programs for students aged 12 to 18 in Tiruvannamalai District under the name of Beyond Sports Academy. We have set up training bases at Cheyyar and Nedumbirai Higher Secondary Schools, to provide two hours of general physical training and soccer training every day from Monday to Friday. About 80 students from different local schools signed up for training in 2022. With continuous training, the men's soccer team of Beyond Sports Academy has gained the strength to participate in state-level competitions. In 2022, they won the district-level competition in both the under-19 and under-17 groupings, and advanced to the state-level competition.



## Donating Sports Equipment to Support Sports Development

We donated sports and leisure equipment to two higher secondary schools in the Pochampalli area to support the development of sports in remote villages and stimulate students' interest in sports. In addition, we provided more professional equipment for students in the sports teams so that they can focus on practicing.



We provided diverse sports equipment for Government Boys Higher Secondary School Pochampalli. About USD 700 (about INR 58,000) was donated, benefiting about 1,000 students. The sports and recreational equipment is used in extracurricular activities, including volleyball, throwing balls, badminton, javelin, discus, leisure chess, and international chess.



A total of 54 sets of field hockey equipment were provided for Government Girls Higher Secondary School Pochampalli. We donated about USD 3,600 (about INR 300,000), benefiting about 900 students. The students participated in the district-level field hockey competition after sufficient practice. They won the first place in the competitions of different school grades, including junior, senior, and super senior, and successfully advanced to the state-level competition.

## 6.7 Preventing the Spread of COVID-19 Epidemic

The spread of COVID-19 epidemic has caused an unprecedented impact on health, economy, education, and daily life. Through cooperation with local governments, our factories in various regions donated money or supplies to prevent the spread of the epidemic and help neighboring communities overcome difficulties.



### Donating epidemic prevention supplies

In order to thank and support epidemic prevention and quarantine workers, we donated money or supplies to provide them with more sufficient resources.



### Supporting vaccination

We donated vaccines and organized vaccination events to support local government's epidemic prevention actions, increase the overall immunity of the residents in the community and reduce the risk of infection.



### China

We donated materials worth USD 14,000 (about RMB 100,000) to Chengmenzhen Government. The donations included 36,000 medical masks, 300 medical isolation face shields, and 300 sets of protective clothing for nucleic acid testing staff in the jurisdiction. We also sent 1,190 meals to the workers at nucleic acid testing stations in surrounding communities.



### Vietnam

We donated USD 4,200 (about VND 100 million) to local police units for purchasing personal protective equipment and meals. In addition, we donated USD 5,400 (about VND 130 million) to support the vaccination project of the Health Department of DIZA (Dong Nai Industrial Zones Authority).



### Indonesia

We donated 1,000 sets of protective clothing and an ambulance to local human resource agencies and government clinics. A total of USD 12,000 (about IDR 190 million) was donated to support local community medical equipment and protect residents' health.



### India

In 2021, we purchased 5,000 doses of vaccines from hospitals to provide vaccination services for residents in the local community. A total of USD 38,000 (about INR 3.15 million) was donated. We held employee vaccination events in September 2021 and March 2022, and opened the events to residents in the community. A total of 282 doses were used in the two events, and the remaining 4,718 doses of vaccines were handed over to the Krishnagiri Health Bureau in March 2022 for the local health organizations to arrange the subsequent vaccine distribution and vaccination.

In addition, we provided 100,000 medical masks to the 50,000 residents in the Tiruvannamalai community, with a donation of USD 2,400 (about INR 200,000).

# Third Party Assurance Report



安侯建業聯合會計師事務所

KPMG

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## Independent Limited Assurance Report

To Feng Tay Enterprises Co., Ltd.:

We were engaged by Feng Tay Enterprises Co., Ltd. ("Feng Tay") to provide limited assurance over the selected information attached as Appendix I ("the Underlying Subject Matters") on the 2022 Sustainability Report of Feng Tay ("the Report") for the year ended December 31, 2022.

### Reporting Criteria of the Underlying Subject Matters

Feng Tay shall prepare the Underlying Subject Matters in accordance with Global Reporting Initiative Standards ("GRI Standards") issued by Global Sustainability Standards Board as set forth in Appendix I.

### Management's Responsibility for the Report

Feng Tay is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the reporting criteria to fairly prepare and present the Underlying Subject Matters. Feng Tay is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Underlying Subject Matters that is free from material misstatement, whether due to fraud or error.

### Our Responsibilities

We performed our work in accordance with the Standard on Assurance Engagements TWSAE3000 – "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation in Taiwan and to issue a limited assurance conclusion on whether the Underlying Subject Matters is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

### Independence, Professional Standards and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

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## Summary of Work Performed

As stated in reporting criteria of the Underlying Subject Matters paragraph, our main work on the selected information included:

- Reading the Report of Feng Tay;
- Inquiries with responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the Underlying Subject Matters.
- On the basis of the understanding obtained mentioned above, perform analytical procedures on the Underlying Subject Matters and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

The work described above based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Underlying Subject Matters, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained has a reasonable assurance engagement been performed.

### Inherent limitations

The Report for the year ended December 31, 2022 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of Feng Tay. Therefore, the different stakeholders may have different interpretations of such information.

### Conclusion

Based on the work we have performed and the evidence we have obtained, as described above, nothing has come to our attention that causes us to believe that the Underlying Subject Matters has not been properly prepared, in all material aspects, in accordance with the reporting criteria.

### Other Matters

The management of Feng Tay is responsible for the maintenance of its website where includes the Limited Assurance Report, we shall not be responsible for any further changes on the Underlying Subject Matters or its applicable reporting criteria, nor be responsible for reconducting any assurance work after the issuance date of the Limited Assurance Report.

KPMG

Taipei, Taiwan (Republic of China)  
May 24, 2023

### Notes to reader

The limited assurance report and the accompanying selected information are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report and the selected information, the Chinese version shall prevail.

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Appendix I : Summary of the Underlying Subject Matters

No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	GRI Standards
1	2.2 Integrity Operations	P.29	<ul style="list-style-type: none"> <li>By referring to Taiwan's Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, Feng Tay has formulated integrity management policies and plans for the implementation of internal management and external business activities. The important company regulations are published on the company website.</li> <li>In 2022, there were no corruption cases that led to termination or non-renewal of contracts with suppliers. However, there was one case in which employees were punished for serious corruption and violation of company regulations.</li> <li>Three employees and a unit supervisor at a factory in India disposed flawed shoe materials without permission, and then attempted to bribe one of the employees to help cover up the wrongdoing. All four employees in the case were dismissed because the violation of company regulations and the circumstances were serious.</li> </ul>	<ul style="list-style-type: none"> <li>Details on anti-corruption</li> </ul>	GRI Standards 205-3 Confirmed incidents of corruption and actions taken
2	4.2 Energy Saving, Carbon Reduction and Air Pollution Control	P.53	<ul style="list-style-type: none"> <li>Feng Tay follows the "Energy and Water Efficiency Management Guidelines" as the basic principle of energy management and the factories in various regions continue to implement energy-saving projects. In 2022, the Group's total energy consumption was 2,126,584,485 MJ, an increase of 26% compared with 2021.</li> <li>In 2022, the Group's proportion of renewable energy usage reached 12.7%. In addition, our factories in China sold 44,000 kWh of unused solar electricity generated on weekends to local electric agencies. In the future, we will continue to increase the proportion of renewable energy usage to reduce greenhouse gas emissions caused by non-renewable energy, so as to let Feng Tay move towards the goal of becoming a more energy saving corporate.</li> </ul>	<ul style="list-style-type: none"> <li>Details on Energy usage</li> </ul>	GRI Standards 302-1 Energy consumption within the organization



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	GRI Standards
			<ul style="list-style-type: none"> <li>Energy Consumption in 2022:                             <ul style="list-style-type: none"> <li>A. Non-renewable energy                                     <ul style="list-style-type: none"> <li>Petroleum Diesel:   <ul style="list-style-type: none"> <li>MJ: 20,045,769</li> <li>MWhe: 5,568</li> <li>Purpose of use: Electricity/Company Vehicles</li> </ul> </li> <li>Gasoline:   <ul style="list-style-type: none"> <li>MJ: 8,418,078</li> <li>MWhe: 2,338</li> <li>Purpose of use: Company Vehicles</li> </ul> </li> <li>NG/LPG/Propane:   <ul style="list-style-type: none"> <li>MJ: 27,578,016</li> <li>MWhe: 7,661</li> <li>Purpose of use: Heating</li> </ul> </li> <li>Purchased nonrenewable electricity:   <ul style="list-style-type: none"> <li>MJ: 1,800,087,089</li> <li>MWhe: 500,024</li> <li>Purpose of use: Electricity</li> </ul> </li> <li>Total non-renewable energy consumption:   <ul style="list-style-type: none"> <li>MJ: 1,856,128,952</li> <li>MWhe: 515,591</li> </ul> </li> </ul> </li> <li>B. Renewable energy                                     <ul style="list-style-type: none"> <li>On-site Solar Power Generation:   <ul style="list-style-type: none"> <li>MJ: 3,332,844</li> <li>MWhe: 926</li> <li>Purpose of use: Electricity</li> </ul> </li> <li>Purchased Solar Power:   <ul style="list-style-type: none"> <li>MJ: 25,060,871</li> <li>MWhe: 6,961</li> <li>Purpose of use: Electricity</li> </ul> </li> <li>Purchased Wind Power:   <ul style="list-style-type: none"> <li>MJ: 115,698,938</li> <li>MWhe: 32,139</li> <li>Purpose of use: Electricity</li> </ul> </li> <li>Purchased Geothermal Power:   <ul style="list-style-type: none"> <li>MJ: 126,362,880</li> <li>MWhe: 35,101</li> <li>Purpose of use: Electricity</li> </ul> </li> <li>Total Renewable Energy Consumption:   <ul style="list-style-type: none"> <li>MJ: 270,455,533</li> <li>MWhe: 75,127</li> </ul> </li> </ul> </li> <li>C. Total Energy Consumption in 2022                                     <ul style="list-style-type: none"> <li>MJ: 2,126,584,485</li> </ul> </li> </ul> </li> </ul>		



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	GRI Standards
			<p>MWhe: 590,718</p> <p>Note: The energy data are calculated using the 2017 Cross-Sector Tool of The Greenhouse Gas Protocol</p> <ul style="list-style-type: none"> <li>Energy Consumption and the Proportion of Renewable Energy Usage at Factories in Various Regions in 2022 (Total Energy Consumption; Proportion of Renewable Energy Usage)                             <ul style="list-style-type: none"> <li>Taiwan: 11,688 MWhe; 2.4%</li> <li>China: 93,299 MWhe; 0.7%</li> <li>Indonesia: 48,862 MWhe; 71.8%</li> <li>India: 95,954 MWhe; 40.8%</li> <li>Vietnam: 340,915 MWhe; 0%</li> <li>FTG: 590,718 MWhe; 12.7%</li> </ul> </li> </ul>		
3	4.4 Waste Management	P.62-63	<ul style="list-style-type: none"> <li>The total weight of hazardous and non-hazardous waste was 46,927 metric tons, an increase of 30.3% compared with 2021. Of the total waste, hazardous waste accounted for 11.6% and non-hazardous waste accounted for 88.4%.</li> <li>Waste Direct Disposed during Disposal Operations (unit: metric tons)                             <ul style="list-style-type: none"> <li>A. Hazardous Waste:                                     <ul style="list-style-type: none"> <li>Incineration (Energy Recovery): 2,174</li> <li>Incineration (Without Energy Recovery): 1,217</li> <li>Landfill: 2</li> <li>Other disposal operations: 19</li> <li>Total: 3,412</li> </ul> </li> <li>B. Non-hazardous Waste:                                     <ul style="list-style-type: none"> <li>Incineration (Energy Recovery): 9,544</li> <li>Incineration (Without Energy Recovery): 1,798</li> <li>Landfill: 0</li> <li>Other disposal operations: 0 (This is the result of rounding up the original data to metric tons. The data should actually be 250 kg.)</li> <li>Total: 11,342</li> </ul> </li> </ul> </li> <li>All direct disposals are off-site disposals.</li> </ul>	<ul style="list-style-type: none"> <li>"The Waste Management Procedure" set by Feng Tay</li> <li>Details on Waste Disposal and Waste Produced</li> </ul>	<p>GRI Standards 306-5 (2020)</p> <p>Waste directed to disposal</p>



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	GRI Standards
4	5.2 Workforce Overview	P.69-70	<ul style="list-style-type: none"> <li>The Composition of New Recruits                             <ul style="list-style-type: none"> <li>In 2022, we recruited a total of 29,099 new employees, of which 55.9% are female employees. In terms of age group, 63% of new employees were under the age of 30. Among all regions, the new employee rate in Vietnam was the highest.</li> <li>New Recruits Statistics:                                     <ul style="list-style-type: none"> <li>Taiwan (Number of new recruits: 27, New recruit rate: 0.1%)   <ul style="list-style-type: none"> <li>Male: 18</li> <li>Female: 9</li> <li>Age &lt; 30: 20</li> <li>Age 30-50: 7</li> <li>Age &gt; 50: 0</li> </ul> </li> <li>China (Number of new recruits: 2,449, New recruit rate: 8.4%)   <ul style="list-style-type: none"> <li>Male: 828</li> <li>Female: 1,621</li> <li>Age &lt; 30: 667</li> <li>Age 30-50: 1,761</li> <li>Age &gt; 50: 21</li> </ul> </li> <li>Vietnam (Number of new recruits: 20,581, New recruit rate: 70.7%)   <ul style="list-style-type: none"> <li>Male: 9,457</li> <li>Female: 11,124</li> <li>Age &lt; 30: 12,626</li> <li>Age 30-50: 7,892</li> <li>Age &gt; 50: 63</li> </ul> </li> <li>Indonesia (Number of new recruits: 1,288, New recruit rate: 4.4%)   <ul style="list-style-type: none"> <li>Male: 643</li> <li>Female: 645</li> <li>Age &lt; 30: 1,170</li> <li>Age 30-50: 118</li> <li>Age &gt; 50: 0</li> </ul> </li> <li>India (Number of new recruits: 4,754, New recruit rate: 16.4%)   <ul style="list-style-type: none"> <li>Male: 1,892</li> <li>Female: 2,862</li> <li>Age &lt; 30: 3,864</li> <li>Age 30-50: 890</li> <li>Age &gt; 50: 0</li> </ul> </li> <li>Feng Tay Group (Number of new recruits: 29,099)</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Details on New Recruitment rate and Quitting rate</li> </ul>	<p>GRI Standards 401-1</p> <p>New employee hires and employee turnover</p>



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	GRI Standards
			<p>Male: 12,838; 44.1%                      Female: 16,261; 55.9%                      Age &lt; 30: 18,347; 63.0%                      Age 30-50: 10,668; 36.7%                      Age &gt; 50: 84; 0.3%</p> <p>Note: New recruit rate = Number of new recruits in each category / Total number of new recruits</p> <p>■ Resignation and Retention                      In 2022, 26,895 employees left the Group, including 11,671 male and 15,224 female employees</p> <p>■ Statistics on Resigned Employees:                      - Taiwan (Number of resigned employees: 119, Total turnover rate: 0.5%)                      Male: 59                      Female: 60                      Age &lt; 30: 25                      Age 30-50: 38                      Age &gt; 50: 56                      - China (Number of resigned employees: 2,292, Total turnover rate: 8.5%)                      Male: 727                      Female: 1,565                      Age &lt; 30: 570                      Age 30-50: 1,290                      Age &gt; 50: 432                      - Vietnam (Number of resigned employees: 20,251, Total turnover rate: 75.3%)                      Male: 9,301                      Female: 10,950                      Age &lt; 30: 10,752                      Age 30-50: 9,205                      Age &gt; 50: 294                      - Indonesia (Number of resigned employees: 736, Total turnover rate: 2.7%)                      Male: 251                      Female: 485                      Age &lt; 30: 332                      Age 30-50: 343                      Age &gt; 50: 61                      - India (Number of resigned employees: 3,497, Total turnover rate: 13.0%)                      Male: 1,333</p>		



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	GRI Standards
			<p>Female: 2,164                      Age &lt; 30: 2,302                      Age 30-50: 1,192                      Age &gt; 50: 3</p> <p>- Feng Tay Group (Number of resigned employees: 26,895)                      Male: 11,671; 43.4%                      Female: 15,224; 56.6%                      Age &lt; 30: 13,981; 52.0%                      Age 30-50: 12,068; 44.9%                      Age &gt; 50: 846; 3.1%</p> <p>Notes 1: The number of resigned employees includes those who leave the Company voluntarily or through dismissal, retirement, or death.                      Notes 2: The turnover rate in each category = the number of resigned employees in each category / the total number of resigned employees. In this report, the average monthly turnover rate was replaced with the turnover rate calculated by this formula to reveal the turnover rate for the whole year.</p>		
5	5.5 Safe and Peaceful Workplace Environment	P.86	<p>■ Feng Tay Group continuously strives to reduce the occurrence of occupational injuries, build a safety culture, and pursue the goal of zero occupational injuries. In 2022, the total work hours were 312 million hours, the number of recordable occupational injuries was 66, and the frequency rate was 0.21, 22% lower than in 2021. There were 3 severe occupational injury cases, 2 in Vietnam and 1 in China. There were no fatal accident cases due to occupational injury in 2022. Analysis of the accident categories in the past two years showed that accidents caused by improper operation of machinery accounted for 41% of the total number of occupational injuries, the highest percentage among all accident categories, and the accidents caused by slips and falls accounted for 29% of the total number of occupational injuries, the second highest percentage among all accident categories. We have implemented a protection upgrade and improvement project for high-risk machines, inspected the implementation of daily operation and maintenance of machines, and carried out special inspections on the safety of</p>	<p>■ Details on Performance of Occupational Safety and Health</p>	<p>GRI Standards 403-9                      Work-related injuries</p>



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	GRI Standards
			<p>high-risk machines. Once a deficiency is discovered, operations are immediately stopped to make improvements. Unsafe behaviors of employees and serious deficiencies in machinery safety protection will be attributed to the unit supervisor's and will be taken into account in his work performance evaluation of the year. In the future, we will continue to promote the projects to improve workplaces and reduce the risk of slips and falls, and will also continue to implement the safety supervision system.</p> <ul style="list-style-type: none"> <li>■ Occupational Injuries in 2022 (Number of Deaths; Injury Frequency Rate)                             <ul style="list-style-type: none"> <li>- Fatal occupational injury: 0; 0</li> <li>- Severe occupational injury (excluding fatal): 3; 0</li> <li>- Recordable occupational injury: 66; 0.21</li> <li>- Total work hours: 312,119,808</li> </ul> </li> <li>■ Occupational Injuries in various Regions in 2022 (Number of Cases; Injury Frequency Rate)                             <ul style="list-style-type: none"> <li>- Taiwan                                     <ul style="list-style-type: none"> <li>Fatal occupational injury: 0; 0</li> <li>Severe occupational injury (excluding fatal): 0; 0</li> <li>Recordable occupational injury: 6; 1.18</li> <li>Total work hours: 5,053,008</li> </ul> </li> <li>- China                                     <ul style="list-style-type: none"> <li>Fatal occupational injury: 0; 0</li> <li>Severe occupational injury (excluding fatal): 1; 0.03</li> <li>Recordable occupational injury: 12; 0.36</li> <li>Total work hours: 32,873,752</li> </ul> </li> <li>- Vietnam                                     <ul style="list-style-type: none"> <li>Fatal occupational injury: 0; 0</li> <li>Severe occupational injury (excluding fatal): 2; 0.01</li> <li>Recordable occupational injury: 38; 0.24</li> <li>Total work hours: 155,447,442</li> </ul> </li> <li>- Indonesia                                     <ul style="list-style-type: none"> <li>Fatal occupational injury: 0; 0</li> <li>Severe occupational injury (excluding fatal): 0; 0</li> <li>Recordable occupational injury: 5; 0.13</li> <li>Total work hours: 38,177,039</li> </ul> </li> </ul> </li> </ul>		



No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	GRI Standards
			<ul style="list-style-type: none"> <li>- India                             <ul style="list-style-type: none"> <li>Fatal occupational injury: 0; 0</li> <li>Severe occupational injury (excluding fatal): 0; 0</li> <li>Recordable occupational injury: 5; 0.06</li> <li>Total work hours: 80,568,567</li> </ul> </li> <li>■ Explanation of definitions and calculation methods:                             <ul style="list-style-type: none"> <li>- Calculation method of total working hours: working hours of clocked-in employees (statistics from the attendance system) + working hours of supervisors who do not clock in (number of working days in the current month in the year * 8 hours per day * total number of supervisors).</li> <li>- Recordable Occupational Injury: Workers cannot continue to work normally because of occupational injury, must be off work and leave the workplace, and the lost time is more than 8 hours, including the number of deaths caused by occupational injuries. For the injuries caused by traffic accidents during commuting, only the accidents caused by the means of transportation arranged by the Company are included in the calculations, and the rest are not included.</li> <li>- Recordable Occupational Injury Rate = Number of recordable occupational injuries / total working hours * 1,000,000, calculated to the second decimal place, and the third and all subsequent decimal places are discarded.</li> <li>- Severe occupational injury: an occupational injury that causes a worker to be incapacitated and difficult to return to normal work within 6 months.</li> <li>- Severe occupational injury rate = Number of severe occupational injuries / total working hours * 1,000,000, calculated to the second decimal place, and the third and all subsequent decimal places are discarded.</li> <li>- Fatal occupational injury rate = number of deaths due to occupational injuries / total working hours * 1,000,000, calculated to the second decimal place, and the third and all subsequent decimal places are discarded.</li> </ul> </li> </ul>		





No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	GRI Standards
			<ul style="list-style-type: none"> <li>- The occupational injury rate is calculated as a rate per million work hours.</li> <li>- Because of incomplete data collection, we are not able to disclose on-site work hours and the number of injury cases of non-employees and contractors.</li> <li>■ Causes of Occupational Injuries and Work Hour Loss (Recordable occupational injury number of cases; Recordable occupational injury work hour loss)                             <ul style="list-style-type: none"> <li>- Machinery: 25; 5,628</li> <li>- Electricity: 1; 99</li> <li>- Chemicals: 4; 248</li> <li>- Ergonomic hazards/ Hand tools / Lifting objects: 9; 2,714</li> <li>- Slips and Falls: 17; 4,042</li> <li>- Commuting injuries while taking company owned vehicles (e.g., shuttle buses): 0; 0</li> <li>- Others (e.g. insect bites, injuries from falling tree branches, cuts from billboards ): 10; 1,047</li> <li>- Total: 66; 13,778</li> </ul> </li> <li>■ Types of Occupational Injury:                             <ul style="list-style-type: none"> <li>- Crash injuries, pinch injuries, smash injuries: 4 cases</li> <li>- Fractures: 29 cases</li> <li>- Lacerations, cuts: 16 cases</li> <li>- Burns: 5 cases</li> <li>- Sprains: 2 cases</li> <li>- Limb amputation: 0 case</li> <li>- Hernia: 0 case</li> <li>- Loss of consciousness: 1 case</li> <li>- Paralysis: 0 case</li> <li>- Fatal: 0 case</li> <li>- Others (e.g. strains, flesh wounds, etc.): 9 cases</li> <li>- Total: 66 cases</li> </ul> </li> </ul>		

# GRI Standards Content Index

Statement of use

Feng Tay Enterprises Co., Ltd. has reported the information cited in this GRI content index for the period from January 1 to December 31, 2022 with reference to the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021

GRI Sector Standards

None

## General Disclosure

GRI Standards	Disclosure Name	Report Section or Explanation	Page
GRI 2: General Disclosures 2021			
1. The organization and its reporting practices			
2-1	Organizational details	1.1 An Overview of Feng Tay Group	P. 13
2-2	Entities included in the organization's sustainability reporting Overview	Overview	P. 4
2-3	Reporting period, frequency and contact point	Overview	P. 4
2-4	Restatements of information	<ul style="list-style-type: none"> <li>● Stakeholder concerned issues and engagement situation P. 7</li> <li>● Economic Performance P. 22</li> <li>● The numbers of samples tested and of tested samples that failed to meet the standards P. 42</li> <li>● Energy Consumption and Energy Intensity P. 53</li> <li>● Greenhouse Gas Emissions P. 56</li> <li>● Water Usage and Discharge P. 59</li> <li>● Statistics on Resigned Employees P. 70</li> <li>● Occupational Injury and Accident Analysis P. 86</li> </ul>	
2-5	External assurance	Overview	P. 4
2. Activities and workers			
2-6	Activities, value chain and other business relationships	1.1 An Overview of Feng Tay Group P. 13 1.3 Product Quality and Production Technology P. 17 3.1 Green Supply Chain P. 39	
2-7	Employees	5.2 Workforce Overview / Workforce Composition	P. 67
2-8	Workers who are not employees	5.2 Workforce Overview / Workforce Composition	P. 67

GRI Standards	Disclosure Name	Report Section or Explanation	Page
<b>3. Governance</b>			
2-9	Governance structure and composition	2.1 Corporate Governance and the Governance Team / The Professional and Diverse Board of Directors	P. 24
2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance and the Governance Team / The Professional and Diverse Board of Directors	P. 24
2-11	Chair of the highest governance body	2.1 Corporate Governance and the Governance Team / The Professional and Diverse Board of Directors	P. 24
2-12	Role of the highest governance body in overseeing the management of impacts	2.1 Corporate Governance and the Governance Team / Governance Structure and Delegation of Responsibilities	P. 25
2-13	Delegation of responsibility for managing impacts	2.1 Corporate Governance and the Governance Team / Governance Structure and Delegation of Responsibilities	P. 25
2-14	Role of the highest governance body in sustainability reporting	2.1 Corporate Governance and the Governance Team / Governance Structure and Delegation of Responsibilities	P. 25
2-15	Conflicts of interest	2.1 Corporate Governance and the Governance Team / The Professional and Diverse Board of Directors	P. 24
2-16	Communication of critical concerns	2.1 Corporate Governance and the Governance Team / The Professional and Diverse Board of Directors	P. 24
2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance and the Governance Team / Sustainable Performance Evaluation and Improvement	P. 27
2-18	Evaluation of the performance of the highest governance body	2.1 Corporate Governance and the Governance Team / Sustainable Performance Evaluation and Improvement	P. 27
2-19	Remuneration policies	2.1 Corporate Governance and the Governance Team / Sustainable Performance Evaluation and Improvement	P. 27
2-20	Process to determine remuneration	2.1 Corporate Governance and the Governance Team / Sustainable Performance Evaluation and Improvement	P. 27
2-21	Annual total compensation ratio	5.3 Employee Compensation and Rights Protection / Competitive Compensation	P. 71
<b>4. Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	Letter from President 1.2 Sustainability Commitments and Strategy	P. 2 P. 15
2-23	Policy commitments	2.2 Integrity Operations 5.1 Diversity and Equality Human Rights Policy	P. 28 P. 65
2-24	Embedding policy commitments	2.1 Corporate Governance and the Governance Team / Governance Structure and Delegation of Responsibilities	P. 25
2-25	Processes to remediate negative impacts	2.2 Integrity Operations / Grievance and Suggestion Channels	P. 31
2-26	Mechanisms for seeking advice and raising concerns	2.2 Integrity Operations / Grievance and Suggestion Channels	P. 31
2-27	Compliance with laws and regulations	2.4 Compliance with Regulations	P. 37
2-28	Membership associations	1.1 An Overview of Feng Tay Group / Memberships in Industry Associations	P. 14

GRI Standards	Disclosure Name	Report Section or Explanation	Page
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	Material Aspects / Stakeholder Engagement	P. 6
2-30	Collective bargaining agreements	5.3 Employee Compensation and Rights Protection / Protection of Workers' Rights / Smooth Communication Channels	P. 73

## Material Aspects

GRI Standards	Disclosure Name	Report Section	Page
GRI3: Material Topics 2021			
3-1	Process to determine material topics	Material Aspects	P.6
3-2	List of material topics	Material Aspects / Identification and Analysis of Material Aspects	P.9
3-3	Management of material topics	Refer to the Report Section of 10 Material Aspect	-

GRI Topic	Disclosure Name	Report Section or Explanation	Page
Material Topic: Integrity Operations			
GRI3: Material Topics 2021	3-3 Management of material topics	2.2 Integrity Operations	P. 28
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	2.2 Integrity Operations / Operational Integrity Policy and Anti-corruption Actions	P. 29
	205-3 Confirmed incidents of corruption and actions taken	2.2 Integrity Operations / Operational Integrity Policy and Anti-corruption Actions	P. 29
Material Topic: Product Quality and Production Technology			
GRI3: Material Topics 2021	3-3 Management of material topics	1.3 Product Quality and Production Technology	P. 17
Custom Topic	Products Research and Development and Innovation Highlights	1.3 Product Quality and Production Technology / Innovation Breakthroughs	P. 18
Material Topic: Legal Compliance			
GRI3: Material Topics 2021	3-3 Management of material topics	2.4 Compliance with Regulations	P. 37
GRI2: General Disclosures 2021	2-27 Compliance with laws and regulations	2.4 Compliance with Regulations	P. 37
Material Topic: Economic Performance			
GRI3: Material Topics 2021	3-3 Management of material topics	1.4 Economic Performance	P. 21
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	1.4 Economic Performance / Operational Outcomes	P. 21
	201-2 Financial implications and other risks and opportunities due to climate change	4.1 Enhance Climate Resilience / Climate Change Risks and Opportunities	P. 49
	201-3 Defined benefit plan obligations and other retirement plans	5.3 Employee Compensation and Rights Protection / Protection of Workers' Rights	P. 71
	201-4 Financial assistance received from government	1.4 Economic Performance / Government Subsidies	P. 22

GRI Topic	Disclosure Name	Report Section or Explanation	Page
<b>Material Topic: Waste Management</b>			
GRI3: Material Topics 2021	3-3 Management of material topics	4.4 Waste Management	P. 61
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.4 Waste Management	P. 62
	306-2 Management of significant waste-related impacts	4.4 Waste Management	P. 62
	306-3 Waste generated	4.4 Waste Management	P. 62
	306-4 Waste diverted from disposal	4.4 Waste Management	P. 63
	306-5 Waste directed to disposal	4.4 Waste Management	P. 63
<b>Material Topic: Risk Management</b>			
GRI3: Material Topics 2021	3-3 Management of material topics	2.3 Risk Management	P. 32
Custom Topic	Risk Type and Management Mechanism	2.3 Risk Management / Risk Type and Management Mechanism	P. 33
<b>Material Topic: Labor Relations</b>			
GRI3: Material Topics 2021	3-3 Management of material topics	5.2 Workforce Overview	P. 66
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	5.2 Workforce Overview / Employee Turnover	P. 69
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.3 Employee Compensation and Rights Protection / Comprehensive Welfare System	P. 74
	401-3 Parental leave	5.3 Employee Compensation and Rights Protection / Gender Equality Measures / Parent-friendly and Maternal Health Protection	P. 76
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	5.3 Employee Compensation and Rights Protection / Protection of Workers' Rights	P. 72
<b>Material Topic: Occupational Safety and Health</b>			
GRI3: Material Topics 2021	3-3 Management of material topics	5.5 Safe and Peaceful Workplace Environment	P. 82
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	5.5 Safe and Peaceful Workplace Environment / Occupational Safety and Health Management System	P. 83
	403-2 Hazard identification, risk assessment, and incident investigation	5.5 Safe and Peaceful Workplace Environment / Controlling the Risk of Occupational Safety Hazards	P. 84
	403-3 Occupational health services	5.5 Safe and Peaceful Workplace Environment / Workplace Health Services	P. 87
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.5 Safe and Peaceful Workplace Environment / Occupational Safety and Health Management System / Environment, Safety and Health (ESH) Committee	P. 84
	403-5 Worker training on occupational health and safety	5.5 Safe and Peaceful Workplace Environment / Occupational Safety and Health Management System / Environment, Safety and Health (ESH) Training	P. 84
	403-6 Promotion of worker health	5.5 Safe and Peaceful Workplace Environment / Workplace Health Services	P. 87

GRI Topic	Disclosure Name	Report Section or Explanation	Page
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.2 Product Safety	P. 42
	403-8 Workers covered by an occupational health and safety management system	5.5 Safe and Peaceful Workplace Environment / Occupational Safety and Health Management System	P. 83
	403-9 Work-related injuries	5.5 Safe and Peaceful Workplace Environment / Occupational Injury and Accident Analysis	P. 86
	403-10 Work-related ill health	5.5 Safe and Peaceful Workplace Environment / Workplace Health Services / Health Check	P. 87
Material Topic: Social / Community Participation			
GRI3: Material Topics 2021	3-3 Management of material topics	6.1 Active Participation in Social Engagement	P. 92
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Chapter 6 Care for the Community	P. 91
Material Topic: Greenhouse Gas Emissions and Reduction			
GRI3: Material Topics 2021	3-3 Management of material topics	4.2 Energy Saving, Carbon Reduction and Air Pollution Control	P. 52
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.2 Energy Saving, Carbon Reduction and Air Pollution Control / Greenhouse Gas Reduction / Greenhouse Gas Emissions	P. 55
	305-2 Energy indirect (Scope 2) GHG emissions	4.2 Energy Saving, Carbon Reduction and Air Pollution Control / Greenhouse Gas Reduction / Greenhouse Gas Emissions	P. 55
	305-3 Other indirect (Scope 3) GHG emissions	【 Information incomplete 】 According to the FSC's 2050 carbon reduction path guidelines, listed companies and their overseas subsidiaries only need to complete the inventory and verification of greenhouse gas emissions related to scope 1 and scope 2. Even so, the Group has collected some of the company's Scope 3 emissions data. In order to fully reflect the Group's greenhouse gas emissions, carbon reduction achievements and determination, we plan to complete the Group's greenhouse gas emission inventory in 2025 and complete the verification in 2026.	-
	305-4 GHG emissions intensity	4.2 Energy Saving, Carbon Reduction and Air Pollution Control / Greenhouse Gas Reduction / Greenhouse Gas Emissions	P. 56
	305-5 Reduction of GHG emissions	4.2 Energy Saving, Carbon Reduction and Air Pollution Control / Greenhouse Gas Reduction / Carbon Reduction Actions	P. 57
	305-6 Emissions of ozone-depleting substances (ODS)	4.2 Energy Saving, Carbon Reduction and Air Pollution Control / Greenhouse Gas Reduction / Air Pollution Control	P. 58

## Topic Standards

GRI Standards	Disclosure Name	Report Section or Explanation	Page
Other Topics			
GRI 202: Market Presence 2016			
202-2	202-2 Proportion of senior management hired from the local community	5.2 Workforce Overview / Workforce Composition / Cultivating Locally, Expanding Globally	P. 68

GRI Standards	Disclosure Name	Report Section or Explanation	Page
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	3.1 Green Supply Chain / Sustainable Purchasing	P. 41
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There was no such case on Feng Tay Group.	-
GRI 207: Tax 2019			
207-1	Approach to tax	1.4 Economic Performance / Tax Management	P. 22
207-2	Tax governance, control, and risk management	1.4 Economic Performance / Tax Management	P. 22
GRI 301: Materials 2016			
301-2	Recycled input materials used	3.1 Green Supply Chain / Environmentally Friendly Production Processes	P. 40
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	4.2 Energy Saving, Carbon Reduction and Air Pollution Control / Energy Usage	P. 52
302-3	Energy intensity	4.2 Energy Saving, Carbon Reduction and Air Pollution Control / Energy Usage	P. 53
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	4.3 Water Resource Management / Targets and Management Guidelines	P. 59
303-2	Management of water discharge-related impacts	4.3 Water Resource Management / Water Usage and Discharge	P. 59
303-3	Water withdrawal	4.3 Water Resource Management / Water Usage and Discharge	P. 59
303-4	Water discharge	4.3 Water Resource Management / Water Usage and Discharge	P. 59
303-5	Water consumption	4.3 Water Resource Management / Water Usage and Discharge	P. 59
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	3.3 Supplier Management / Supplier Policy and Impact Assessment	P. 44
308-2	Negative environmental impacts in the supply chain and actions taken	3.3 Supplier Management / Supplier Policy and Impact Assessment	P. 44
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	5.4 Talent Cultivation and Career Development / Multiple Education and Training Channels	P. 81
404-2	Programs for upgrading employee skills and transition assistance programs	5.4 Talent Cultivation and Career Development / Multiple Education and Training Channels	P. 81
404-3	Percentage of employees receiving regular performance and career development reviews	5.4 Talent Cultivation and Career Development / Performance Management and Career Development	P. 81
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	2.1 Corporate Governance and the Governance Team / The Professional and Diverse Board of Directors 5.2 Workforce Overview / Workforce Composition	P. 24 P. 67

GRI Standards	Disclosure Name	Report Section or Explanation	Page
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	There was no such case on Feng Tay Group.	P. 65
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There was no such case on Feng Tay Group.	-
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	There was no such case on Feng Tay Group.	-
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	There was no such case on Feng Tay Group.	P. 65
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	There was no such case on Feng Tay Group.	-
GRI 414 : Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	3.3 Supplier Management	P. 44
414-2	Negative social impacts in the supply chain and actions taken	3.3 Supplier Management	P. 44
GRI 415: Public Policy 2016			
415-1	Political contributions	Uphold political neutrality, no political donation record.	-
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	3.2 Product Safety	P. 42
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There was no such case on Feng Tay Group.	P. 42
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	3.2 Product Safety / Product Labeling and Shipping Specifications	P. 43
417-2	Incidents of non-compliance concerning product and service information and labeling	There was no such case on Feng Tay Group.	P. 43
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There was no such complaint against Feng Tay Group	P. 35



# SASB Standards Content Index

## SASB : TOYS & SPORTING GOODS

## SASB : APPAREL, ACCESSORIES & FOOTWEAR

Code	Indicator Description	Category	Response	Report Section or Explanation	Page
<b>Products Quality and Safety</b>					
CG-TS-250a.1	Number of (1) recalls and (2) total units recalled	Quantitative	0; 0	3.2 Product Safety	P. 42
CG-TS-250a.2	Number of Letters of Advice (LOA) received	Quantitative	0	3.2 Product Safety	P. 42
CG-TS-250a.3	Total amount of monetary losses as a result of legal proceedings associated with product safety	Quantitative	NTD 0	3.2 Product Safety	P. 42
CG-TS-250a.4	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	Refer to the Report Section	3.2 Product Safety	P. 42
CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances Regulations	Discussion and Analysis	Refer to the Report Section	3.2 Product Safety	P. 42
CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	Refer to the Report Section	3.2 Product Safety	P. 42
<b>Supply Chain Management</b>					
CG-TS-430a.1	Number of facilities audited to a social responsibility code of conduct	Quantitative	18	3.3 Supplier Management	P. 44
CG-TS-430a.2	Direct suppliers' social responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	Quantitative	Direct suppliers' non-conformance rate is 0%	3.3 Supplier Management	P. 44
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	1. 100% 2. Uncounted 3. Information unavailable	3.3 Supplier Management	P. 44
CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	0% ; None	3.3 Supplier Management	P. 44
CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	Refer to the Report Section	3.3 Supplier Management	P. 44
<b>Materials Purchasing and Efficiency</b>					
CG-AA-440a.1	Description of environmental and social risks associated with sourcing priority raw materials	Discussion and Analysis	Refer to the Report Section	3.1 Green Supply Chain	P. 39
<b>Activity Metrics</b>					
CG-TS-000.A	Annual production	Quantitative	134 million pairs	1.4 Economic Performance / Operational Outcomes	P. 21
CG-TS-000.B	Number of manufacturing facilities, percentage outsourced	Quantitative	23; 0%	1.1 An Overview of Feng Tay Group	P. 13
CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	957; Uncounted	3.3 Supplier Management	P. 44



## Feng Tay Group

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