

Feng Tay Group



2021 Sustainability Report

Stepping up to a sustainable community

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Letter from President

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 an everlasting manufacturer steadily making reasonable profits; and to constantly engage in environmental protection and give back to society.

Feng Tay Group 50th Anniversary

It has been 50 years since our establishment in 1971. Our company started with 150 workers in Yunlin, and since then steadily grew to the present multinational group with over 140 thousand employees. Over the past 50 years we have operated on five intrinsic values: Integrity, Discipline, Win-win, Diligence and Craftsmanship. By constantly raising our competitiveness, our group has been able to overcome a variety of challenges and keep moving forward with a strong momentum that continuously drives us to another peak of accomplishment.

The continuing COVID-19 pandemic led to short-term suspension of operations at our factories in Vietnam, India and Indonesia, which impacted our overall production volume and operating revenue in 2021. However, the changing business environment has given us an opportunity to examine our operations strategy. We have emphasized the importance of strengthening technical innovation and automated manufacturing in raising production efficiency while implementing various changes. We have held protecting the health of our employees in the highest priority, and helped local community overcome pandemic difficulties together. Furthermore, we endeavor to take on the corporate social responsibility as we continue to lay a solid foundation for our sustainable operations.

Give Back to the Community

We have kept on strengthening our partnerships with local communities while moving forward to a sustainable future. In Taiwan, we continued to help renovate various infrastructures to meet the needs of community; we also carried on with sponsoring events and activities related to sports, arts and education. We supported building construction or maintenance at schools in China. In Vietnam, we continued to support local disadvantaged families by providing emergency funds and supplies and building houses through the Future Pilot project. Through the "Beyond" program in India, we constructed smart classrooms for neighboring primary and junior high schools and built public toilet blocks in neighboring villages to help improve community sanitation and educational resources. The factory in Indonesia continued to make its onsite clinic available to the local community and supported the Army in its local river cleaning project to improve the environment.

Fight the Epidemic Together

In response to the COVID-19 pandemic, our subsidiary companies in various regions took actions to cooperate with local governments to give our best effort. In China, we provided financial aids through Red Cross and Charity Federation to Putian City Government for pandemic prevention. We donated 50 oxygen breathing machines to four hospitals in Dong Nai province in Vietnam. In Indonesia, we gave an ambulance and 30 oxygen concentrators to local hospitals, and provided basic living supplies and personal epidemic prevention kits to disadvantaged families. We donated medical equipment and supplies, which include face masks, 300 oxygen concentrators and hand sanitizers, to neighboring hospitals to help overcome difficulties during the pandemic in India.

Provide Safe, Friendly and Inclusive Workplace

Feng Tay always considers employees as family members and endeavors to provide a safe, friendly, and inclusive workplace. In 2021, we strived to implement changes to keep improving our overall safety performance. The on-site occupational injury frequency rate and injury severity rate were respectively 25% and 43% lower than in 2020. Our nursery schools and crèches have been providing good care for employees' children. We endeavor to cultivate local talents and help them develop leadership and management capabilities in every region. As of the end of 2021, nearly 90% of Factory General Manager positions were held by local employees. To empower female employees in India, we continued to carry out SAKHI program; 1,506 employees have participated in this program since it was launched, and 324 employees received graduation certificates in 2021.

Promote Environmental Protection

Feng Tay made significant progress in the implementation of environmental protection projects in 2021: 8.4% reduction in total water withdrawals, 21.1% reduction in total wastewater discharge, 23.4% reduction in ozone-depleting substances used, 9.8% increase in solid waste recycling. In addition, to reduce indirect greenhouse gas emissions from consumption of purchased electricity, the Group has gradually established renewable energy power generation systems on the rooftop of buildings at the Headquarters in Taiwan and factories in China. The Group generated a total of 770,000 kWh of electricity by renewable energy power generation systems in 2021. In India, we signed a Power Purchasing Agreement to import green energy produced by an external wind power plant, which generated 28,870,000 kWh of electricity in 2021, accounting for 40% of the total electricity consumption of Cheyyar Industrial Zone in India. In the meantime, we continue to assess the feasibility of installing renewable energy systems when new factories are built in each region. To increase renewable energy usage, we are seeking opportunities to utilize geothermal energy in Indonesia.

We also actively look for alternative water resources such as rainwater and recycled water, in the hope of reducing our dependence on city water. We focus on improving the worker capability to reduce product defects, utilizing reusable packaging to reduce packaging material waste and looking for alternative materials during the shoe model development stage to reduce product defect rates. To achieve the goal of sending zero waste to incinerators or landfills, we try to reuse manufacturing waste and increase the use of energy recovery waste disposal methods as much as possible.

Looking to the future, we not only are thankful for the efforts our employees have made in the past 50 years, but also look forward to following the trend of the times together; and we will keep on upholding our vision, persisting in our belief - "care for the community and give back to society," and continually stepping up to a sustainable corporate.



Chao-Chi Chen
President
Feng Tay Group

01

Overview

1.1 Reporting Boundary

1.2 Organizational Structure of Corporate Sustainability Development

1.3 Stakeholder Identification and Communication

1.4 Material Aspects and Boundaries



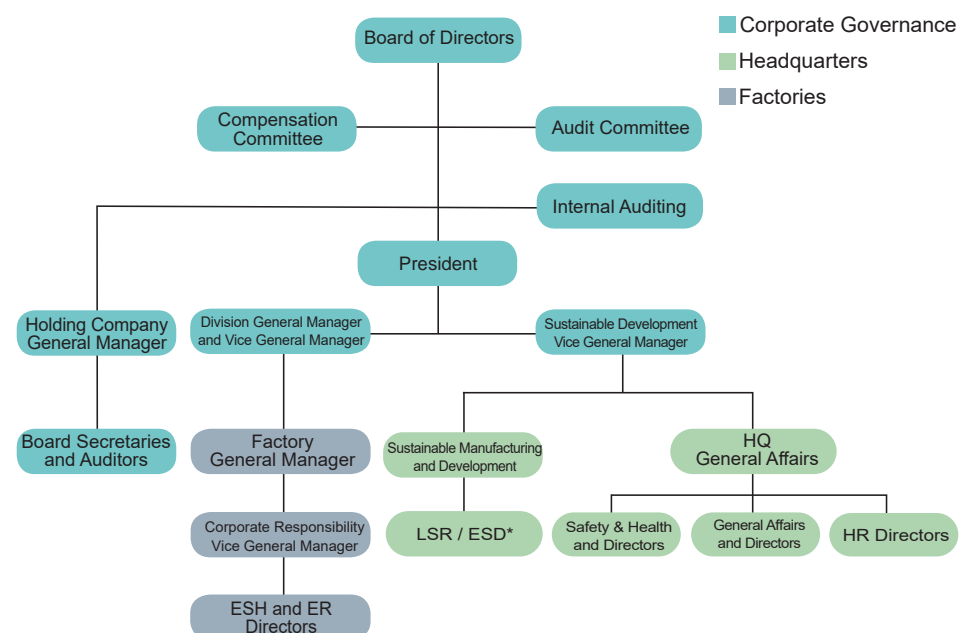
1.1 Reporting Boundary

Overview	This report discloses Feng Tay Enterprises Co., Ltd.'s social responsibility performance in 2021. The reporting boundary includes Feng Tay Group Headquarters in Taiwan and the subsidiary companies in China, Indonesia, Vietnam and India, but excludes the holding, retail, trading and miscellaneous companies. The financial data are the consolidated financial statements of Feng Tay Enterprises Co., Ltd. and its subsidiaries prepared in accordance with IFRSs.
Reporting Period	From January 1 to December 31, 2021
Reporting Entities	<p>Taiwan</p> <ul style="list-style-type: none"> • Feng Tay Enterprises Co., Ltd. <p>China</p> <ul style="list-style-type: none"> • Fujian San Feng Footwear Co., Ltd. • Fujian Xiefeng Footwear Co., Ltd. • Fujian Lifeng Footwear Ind. Dev. Co., Ltd. • Fujian Great Hope Footwear Co., Ltd. • Xie Feng Mold Co., Ltd. Putian, Fujian • Suzhou Yufeng Plastics Technology Co., Ltd. <p>Vietnam</p> <ul style="list-style-type: none"> • Dona Victor Footwear Co., Ltd. • Dona Pacific (Vietnam) Co., Ltd. • Vietnam Dona Orient Co., Ltd. • Vietnam Dona Standard Footwear Co., Ltd. • Vung Tau Orient Co., Ltd. • Dona Victor Molds MFG Co., Ltd. <p>Indonesia</p> <ul style="list-style-type: none"> • PT Feng Tay Indonesia Enterprises <p>India</p> <ul style="list-style-type: none"> • Lotus Footwear Enterprises Ltd. (India Branch) • East Wind Footwear Co., Ltd. (India Branch) • Fairway Enterprises Co., Ltd. (India Branch)
Editorial Guidelines	The statistical data and information disclosed in this report are on an annual basis. The end-of-year exchange rates reported by the U.S. Department of the Treasury Bureau of the Fiscal Service were used to convert local currency financial data to U.S. dollars. This report was prepared using the Global Reporting Initiative (GRI) Standards. GRI Standards Content Index is provided in the Appendix.
Publication	Feng Tay Enterprises Co. Ltd. publishes a sustainability report every year. An electronic copy of this report is available at www.fengtay.com . Current Issue: May 2022 Last Issue: August 2021

Contact Information	<p>Any questions or suggestions regarding this report or our practices in corporate social responsibility are welcome and may be sent to:</p> <p>Feng Tay Group</p> <p>Address: No. 52, Kegong 8th Road, Douliou City, Yunlin County 640111, Taiwan</p> <p>Telephone: +886 5 537 9100</p> <p>Fax: +886 5 537 9105</p> <p>Website: www.fengtay.com</p>
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1.2 Organizational Structure of Corporate Sustainability Development

The Sustainable Manufacturing and Development (SMD) Department at the Headquarters monitors the practices of environment, safety and health (ESH), and employee relations (ER) in subsidiary companies. It also conducts the corporate social responsibility affairs with the cooperation of General Affairs departments, and responds to the issues of interest to stakeholders on behalf of the highest governance body.



*LSR: Labor, Safety & Social Responsibility

ESD: Environmental Sustainability and Development

1.3 Stakeholder Identification and Communication

The stakeholders of Feng Tay include shareholders, employees, customers, communities, governments, suppliers, media and advocacy organizations. We value our stakeholders and provide various channels for communication and information disclosure. A Stakeholders section is set up on our website to maintain open dialogue and communication with the stakeholders, helping us to better understand their interests and concerns. Through these practices, we hope to continue improving our performance in social responsibility, as well as earning recognition and trust from the stakeholders.

Stakeholders	Major Concerns		Communication Channels and Measures	
Shareholders and Investors	<ul style="list-style-type: none"> Information disclosure Operating performance Risk management Corporate governance 	<ul style="list-style-type: none"> Sustainability 	<ul style="list-style-type: none"> Disclose monthly revenues and monthly earnings Disclose quarterly financial reports Disclose corporate governance and material information on the website of the Market Observation Post System Hold the annual shareholders meeting and publish the Annual Reports 	<ul style="list-style-type: none"> Participate in the investor conference and investor forum Publish the company profile and sustainability report The investor relations section of the company website Spokesperson and contact information for shareholders
Customers	<ul style="list-style-type: none"> Human resources development Labor safety and health Code of conduct 	<ul style="list-style-type: none"> Product pricing, security, quality and delivery Research, development and innovation Sustainability 	<ul style="list-style-type: none"> Maintain intensive and extensive contacts through emails Present monthly score cards Participate in the regular meeting, the periodical business review and the on-site auditing Make improvements according to the feedbacks from customers 	<ul style="list-style-type: none"> Accompany customers to production plants for walk-through and trial production Participate in training sessions arranged by the customers Publish the company profile and the sustainability report
Employees	<ul style="list-style-type: none"> Salary and welfare Occupational safety and health On-the-job education and training 	<ul style="list-style-type: none"> Career development Employee-employer relationship Employee Care 	<ul style="list-style-type: none"> Regularly hold the Employee-employer meeting and the Labor Association meeting Regularly hold the Employees Welfare Committee meeting and the Labor Association meeting Regularly hold meetings of various functional committees Set up the General Manager Mail Box, dedicated telephone number and "Grievance and Suggestion System" 	<ul style="list-style-type: none"> Regular face-to-face communication between employees and management Announcements of internal regulations, personnel changes Internal website, email and newsletters Employee Assistance Program
Local Communities	<ul style="list-style-type: none"> Environmental protection Care for the community 	<ul style="list-style-type: none"> Give back to society Human resource cultivation 	<ul style="list-style-type: none"> Employees participate in the activities of public welfare Regularly conduct environmental testing Sponsor community activities and make social contributions 	<ul style="list-style-type: none"> Organize public welfare activities The CSR section of the company website Visit and sponsor neighboring communities and schools
Suppliers	<ul style="list-style-type: none"> Environmental regulations Product quality and pricing 	<ul style="list-style-type: none"> Supply chain management 	<ul style="list-style-type: none"> Contact through email Conduct supplier audits Regularly visit and hold meetings with suppliers 	<ul style="list-style-type: none"> Feedback for further improvement Host supplier conferences
Governments	<ul style="list-style-type: none"> Corporate governance Labor rights 	<ul style="list-style-type: none"> Occupational safety and health Environmental protection 	<ul style="list-style-type: none"> Official documents Set up internal regulations according to the law Disclose corporate governance and material information on the website of the Market Observation Post System 	<ul style="list-style-type: none"> File periodic reports required by governments The CSR section of the company website
Media and Advocacy Organizations	<ul style="list-style-type: none"> Corporate governance Operating performance Expansion and investment plans Community involvement 	<ul style="list-style-type: none"> Employee-employer relationship Occupational safety and health Environmental protection 	<ul style="list-style-type: none"> Media interview Appoint a spokesperson for public communication Disclose monthly earnings Disclose corporate governance and material information on the website of the Market Observation Post System 	<ul style="list-style-type: none"> Set up internal regulations according to the law Sponsor public welfare activities The company website

1.4 Material Aspects and Boundaries

In order to assure that the report contents meet the stakeholders' expectations, Feng Tay collects stakeholders' suggestions from the above-mentioned communication channels and through the Stakeholders section set up on our website. The stakeholders' major concerns are analyzed and the major issues identified.

1.4.1 The procedures for identifying major issues

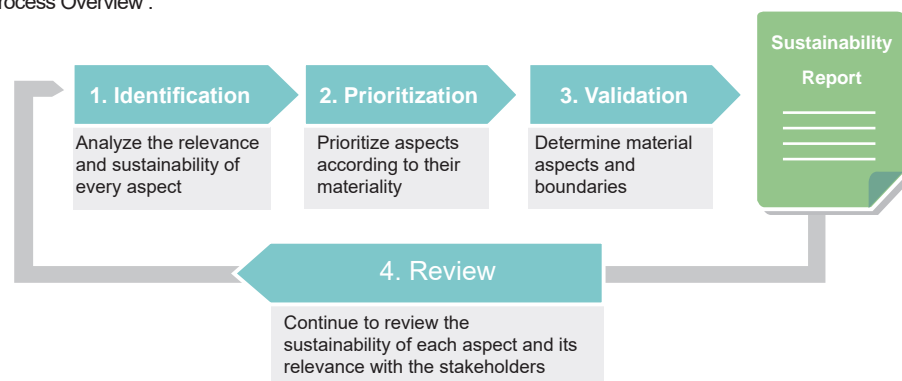
Explain the strategy and targets through communication channels



1.4.2 Process of Defining Material Aspects and Boundaries

Through analysis of major issues, we defined the material aspects and boundaries in accordance with GRI Standards reporting guidelines, and thereby determined which information to disclose in the report.

Process Overview :



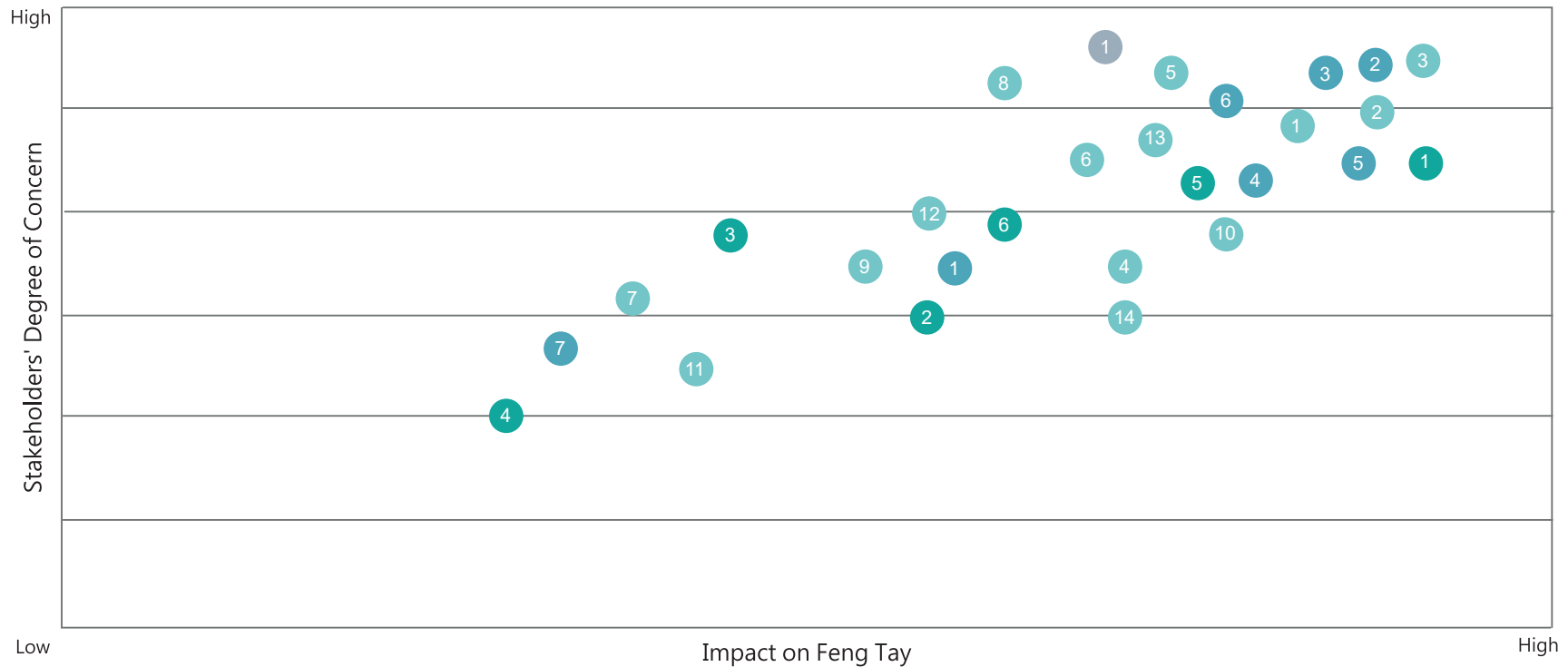
1.4.3 Material Aspects and Boundaries

Our material aspects and boundaries of where impacts occur for each material aspect in 2021 are identified as follows :

● Significance

Category	Material Aspects	Internal					External		
		Headquarters in Taiwan	Subsidiary companies in each region				Suppliers	Customers	Community
Economic	Economic Performance	●	●	●	●	●		●	
	Market Presence	●	●	●	●	●			
	Indirect Economic Impacts	●	●	●	●	●			●
	Procurement Practices	●	●	●	●	●	●		
	Anti-corruption	●	●	●	●	●	●		
	Tax	●	●	●	●	●			
Environmental	Materials	●	●	●	●	●			
	Energy	●	●	●	●	●			●
	Water and Effluents	●	●	●	●	●			●
	Emissions	●	●	●	●	●			●
	Waste	●	●	●	●	●			●
	Environmental Compliance	●	●	●	●	●			●
	Supplier Environmental Assessment	●	●	●	●	●	●		
Social	Employment	●	●	●	●	●			
	Labor/Management Relations	●	●	●	●	●			
	Occupational Health and Safety	●	●	●	●	●			
	Training and Education	●	●	●	●	●			
	Diversity and Equal Opportunity	●	●	●	●	●			
	Non-discrimination	●	●	●	●	●			
	Freedom of Association and Collective Bargaining	●	●	●	●	●			
	Child Labor	●	●	●	●	●			
	Forced or Compulsory Labor	●	●	●	●	●			
	Local Communities	●	●	●	●	●			●
	Supplier Social Assessment	●	●	●	●	●	●		
	Customer Health and Safety	●	●	●	●	●		●	
	Customer Privacy	●	●	●	●	●		●	
	Socioeconomic Compliance	●	●	●	●	●			
Others	Contribution to Society	●	●	●	●	●			●

1.4.4 Results of Materiality Analysis



Economic

- 1 Economic Performance
- 2 Market Presence
- 3 Indirect Economic Impacts
- 4 Procurement Practices
- 5 Anti-corruption
- 6 Tax

Environmental

- 1 Materials
- 2 Energy
- 3 Water and Effluents
- 4 Emissions
- 5 Waste
- 6 Environmental Compliance
- 7 Supplier Environmental Assessment

Social

- 1 Employment
- 2 Labor/Management Relations
- 3 Occupational Health and Safety
- 4 Training and Education
- 5 Diversity and Equal Opportunity
- 6 Non-discrimination
- 7 Freedom of Association and Collective Bargaining
- 8 Child Labor
- 9 Forced or Compulsory Labor
- 10 Local Communities
- 11 Supplier Social Assessment
- 12 Customer Health and Safety
- 13 Customer Privacy
- 14 Socioeconomic Compliance

Others

- 1 Contribution to Society

02

Corporate Profile

2.1 An Overview of Feng Tay Group

2.2 Competitive Niche

2.3 Business Performance

2.4 Awards and Recognitions

2.5 Financial Assistance

Received from Governments

2.6 Tax Information

2.7 Involvement in External Affairs



2.1 An Overview of Feng Tay Group

Founded in 1971, the Feng Tay Group is a world leading footwear manufacturer headquartered in Taiwan, with factories spread over China, Vietnam, Indonesia and India. We have also extended our operations to development and manufacturing of other sporting goods and equipment.



Overview	
Date of Establishment	July 29, 1971
Chairman	Chien-Hung Wang
President	Chao-Chi Chen
Scope of Business	Feng Tay's core business is athletic shoes manufacturing. We also engage in 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.
Headquarters	52 Kegong 8th Rd., Douliou City, Yunlin County 640111, Taiwan
Global Locations	Taiwan, China, Indonesia, Vietnam and India
Capital Stock*	NTD 8.82 billion
Number of Employees*	About 140,000

*As of the end of 2021

2.1.1 Operations Center

Feng Tay Group locates its headquarters in Yunlin Science and Industrial Park in Taiwan. The operations center at the headquarters performs the following functions and thereby continuously improves core capabilities to maintain our competitive advantage in the shoe manufacturing industry.



2.1.2 Factories in China, Indonesia, Vietnam and India

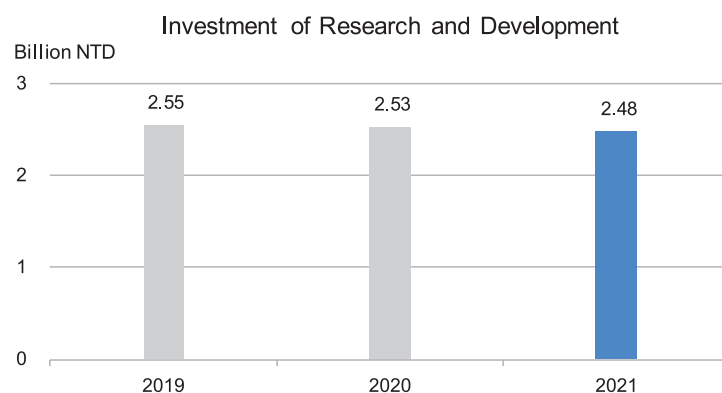


Region	Factory	Year of Incorporation	Primary Products
China	Fujian Lifeng Footwear Industry Development Co., Ltd.	1988	Athletic shoes
	Fujian Xiefeng Footwear Co., Ltd.	1989	Athletic shoes
	Fujian San Feng Footwear Co., Ltd.	1992	Athletic shoes
	Xie Feng Mold Co., Ltd. Putian, Fujian	1991	Molds & Tooling
	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	Golf balls / Soccer balls and protective gear / 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

2.2 Competitive Niche

2.2.1 Research & Development

Feng Tay Group has been deeply cultivating its proficiency in shoe manufacturing business for 50 years. Over the years, we have developed from a traditional footwear producer to a research and technology-driven manufacturing corporation. At the Headquarters, more than 1,000 project managers, engineers, and technicians work at the Product Development Center. They continuously improve the quality and add value to our products, and gradually enhance partnership with our customers. In 2015, a Product Creation Center was established in Vietnam to carry out product development for our production plants in the region. We invested about NTD 2.48 billion in research and development in 2021, amounting to 3.5% of the consolidated revenue. During the past three years, our investments in research and development are given below:



Structure and Production Process Design

Nearly **700** professional engineers, in accordance with the shoe design artwork, athletic requirements and manufacturing specifications, apply the latest industrial design and structural engineering technologies to the development of molds and accessories, the improvement of production processes and the enhancement of manufacturing efficiency.

Management of New Product Development

Nearly **160** project managers search for suitable materials and develop corresponding technology to make product samples out of design sketches to meet market demands.

Sample Production

Over **1,000** experienced and skilled technicians produce fine and exquisite samples.

2.2.2 Innovation

The facts that Feng Tay values innovation are shown in the innovation achievements. In 2021, Feng Tay had the following major results:



We have developed and produced a basketball shoe with a cushioning system which consists of a new Forefoot ZOOM AIR Bag and a Heel MAX AIR. An Innovative Pod which covers the entire heel is integrated with an injected upper to provide consumers a full 360-degree comfortable and perfect coverage.

We have developed and produced the first basketball footwear for girls. The new last design provides the required room for growing feet, and the cushioning ZOOM AIR in the heel offers consumers a responsive bounce while playing on the court.



We have developed and produced the first sneakers utilizing visible full-length Two-Film airbag, which offers consumers a cushioning and comfort experience by AIR technology.

We have developed and produced the first basketball footwear utilizing the construction of adjustable forefoot lacing and X-ribs shank techniques, which provides the stable side-cut, lightweight and high support basketball footwear for consumers.



We have developed and produced the sneakers designed for outdoor athletes and special forces. By combining the stable vamp structure, React foam and full-length carbon plate outsole, the sneakers provides an excellent experience for consumers while exploring the wilds or executing tasks.

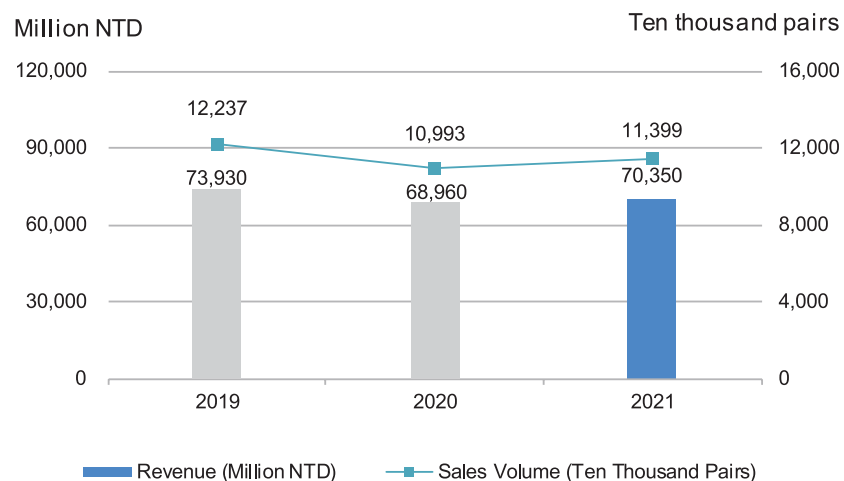
2.2.3 Mass Production

Feng Tay Group began its multinational operations in 1988. Skilled employees and continuously-improving management ability provide a solid support to R&D and innovation. Shoe production totaled more than 111 million pairs in 2021, 5% higher than in 2020 (21% increase in China, 12% decrease in Vietnam, 11% increase in Indonesia, and 37% increase in India). The decrease of production volume in Vietnam was a result of temporary suspension of operations due to the COVID-19 pandemic. In each region, the shoe production (% of the Group's total) in 2021 and the business strategy for 2022 are as follows:

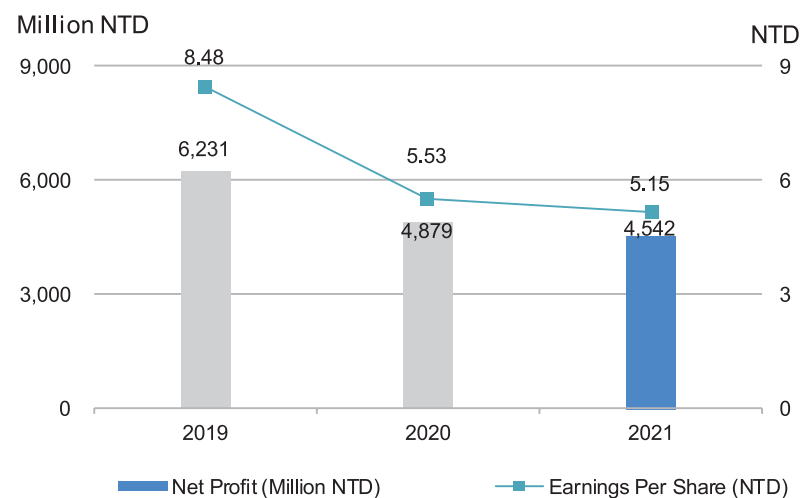
- China (13 million pairs, 12%): Continue to improve production efficiency and automation in response to the ongoing rise in operating costs.
- Vietnam (50 million pairs, 45%): Raise production efficiency and capability for high-end shoe models through lean production and production skills improvement. And add new production lines.
- Indonesia (18 million pairs, 16%): Continue to improve production management and techniques to raise production efficiency. And add new production lines.
- India (30 million pairs, 27%): Continue to improve production management and techniques to raise production efficiency. And add new production lines.

2.3 Business Performance

2.3.1 Sales Revenue and Volume



2.3.2 Net Profit and Earnings Per Share



For detailed financial statements and annual reports, please visit "Investor Relations" section on our corporate website (www.fengtay.com).

2.4 Awards and Recognitions



Taiwan

- Chosen as a constituent stock of the "Taiwan Sustainability Index" for 5 consecutive years
- Received recognitions for superior performance in maintenance of surrounding roads adopted by the Company



China

- Chosen as the "2021 Economic Contribution Enterprise" by Putien City Municipal People's Government
- Chosen as the "Worker Pioneer" by the Fujian Provincial Federation of Trade Unions



Indonesia

- Received recognitions for excellent performance in assisting employees and neighboring communities in epidemic prevention and vaccination from the Ministry of Manpower
- Received recognitions for taking care of disadvantaged employees from the West Java Provincial Government
- Chosen as the Best Company in Economic Impact and Law-abidingness in 2021 by Bandung Customs Office



Vietnam

- Received recognitions for excellent practices in occupational safety and health and fire safety management from Department of Labour, Invalids and Social Affairs of Dong Nai Province
- Received recognitions for outstanding performance in participating and implementing trade union activities from the Labour Federation of Dong Nai Province



India

- Received recognitions for outstanding performance in hiring local labor and exporting from Ministry of Commerce and Industry - MEPZ
- Received recognitions for excellent performance in implementing corporate social responsibility from Ministry of Commerce and Industry

2.5 Financial Assistance Received from Governments

Unit: USD

Region	Item	Amount
China	Subsidy for employment stability	2,700,000 (RMB 17,215,000)
	Incentive for growth in export volumes and tax payments	176,000 (RMB 1,119,000)
	Incentive for technical transformation	131,000 (RMB 838,000)
	Other subsidies and incentives	23,000 (RMB 148,000)
Vietnam	Employee insurance subsidy	1,843,000 (VND 41,966,233,000)
	Electricity subsidy for business	72,000 (VND 1,646,684,000)
Indonesia	Income Tax deduction	282,000 (IDR 3,995,993,000)
	Employee insurance subsidy	53,000 (IDR 756,435,000)

2.6 Tax Information

Feng Tay Enterprises supports tax policies that contribute to the sustainable development of enterprises and promote economic growth, and is committed to information transparency and fulfilling corporate social responsibility.

- Affiliated companies at all operating locations comply with local tax regulations, declare and pay taxes on time.
- Disclose tax information in financial reports in accordance with regulations to ensure information transparency.
- Transactions between affiliated companies follow the principle of compliance with conventional transactions.
- Understand changes in tax laws and regulations of each operating location, and conduct tax risk assessments to formulate response strategies.

The tax information of the Company and its subsidiaries in the past two years is as follows:

(Thousand NTD)	2020	2021
Net profit before tax (A)	7,646,331	6,927,895
Income tax expense (B)	2,054,160	1,766,162
Effective tax rate (= B/A)	26.8%	25.5%

Note: For relevant tax information, please refer to the company's 2021 consolidated financial report.

2.7 Involvement in External Affairs

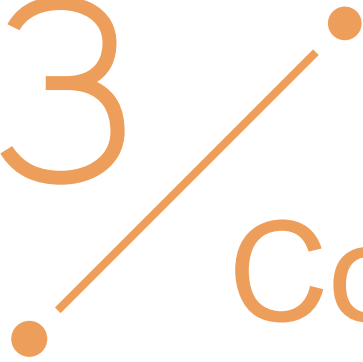
2.7.1 Membership in Industry Associations

- Taiwan Footwear Manufacturers Association
- Yunlin County Industrial Association
- Taiwan Rubber & Elastomer Industries Association

2.7.2 Involvement in Public Affairs

Feng Tay Enterprises remains politically neutral and never makes political contribution to any party or candidate. However, we encourage our employees to fulfill their duties as citizens, participate in public affairs, and vote for the candidate whom they believe is the best. For details please refer to Section 5.2 "Social Engagement" of the Report.

03

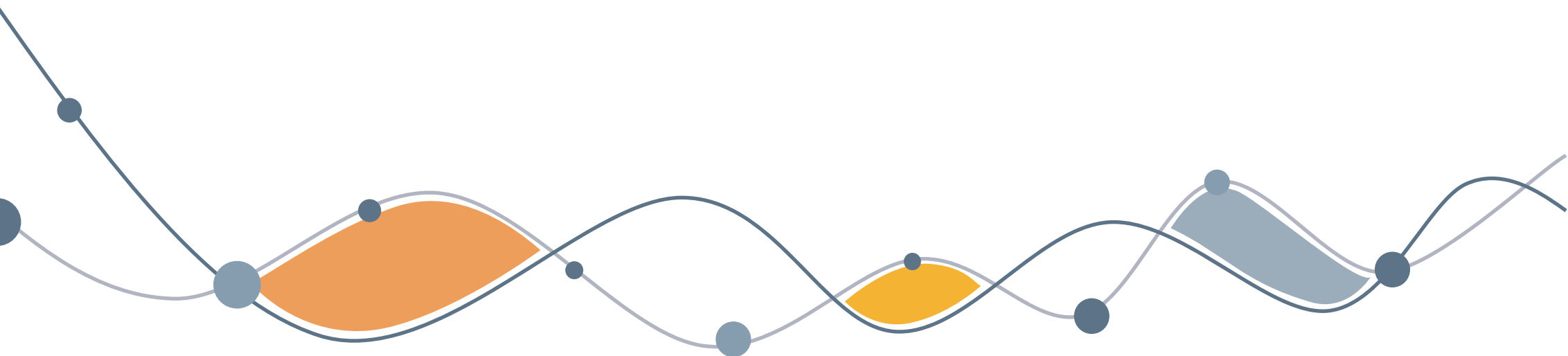


Corporate Governance

3.1 Corporate Governance

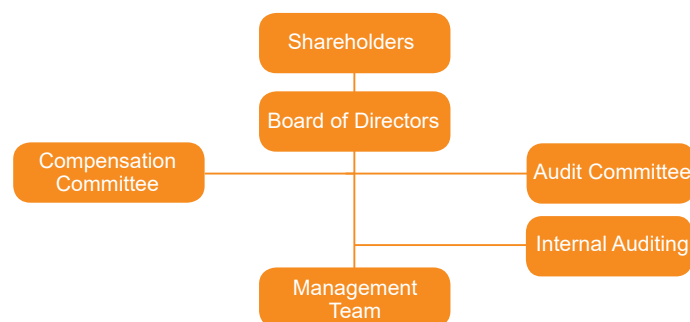
3.2 Customers Satisfaction and Product Services

3.3 Supply Chain Management



3.1 Corporate Governance

Feng Tay Enterprises maintains good corporate governance with spirits of integrity, compliance, operational transparency, and respect for shareholder rights. Our corporate governance structure is as follows :



3.1.1 Board of Directors

Functions of the 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 process for election of Board members. The Board will conduct a prior examination of the eligibilities of the director candidates nominated by shareholders or the Board and provide results of the assessment to shareholders in order to elect qualified directors.

Composition of the Board of Directors has taken into consideration the company's operating style and development needs. An appropriate number of directors and diversity policy are drawn up accordingly, including basic qualifications, professional background and industry experience. It is expected that the Board of Directors as a whole will have capabilities in operations judgment, accounting and financial analysis, operations management, crisis management, industry knowledge, international marketing perspective, leadership and decision-making, in order to implement good corporate governance and to give strategic guidance.

The Board is currently composed of 13 directors, including 4 independent directors and 1 female director. The Board members have different professional backgrounds and practical experiences in the industry, law, accounting and finance. Please refer to the Company's Annual Report for details.

The Board Meeting is held at least once every quarter to evaluate operational performance, discuss important strategies, and review the management team's business report. 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. Acting in the best interests of the shareholders, the Board of Directors and the management team maintain a smooth communication to concentrate on implementation of the instructions on business operations given by the Board of Directors.

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 work, perform their duty of care as good managers, and exercise their authority 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. Implementation of the conflicts of interest rule is disclosed in the Company's Annual Report.

There were six regular Board meetings in 2021, The Board members were actively engaged, with 100% meeting attendance rate (including video link attendance), and effectively monitored the implementation of business plan. All major resolutions passed at the meetings are disclosed in the Company's Annual Report.

Remuneration Policy for Board Members and Senior Management Team

The compensations for members of Feng Tay's Board of Directors and senior executives include salaries, bonus and remuneration. The remuneration policy for members of the Board of Directors is specified in Feng Tay's Articles of Incorporation. The remuneration to senior managers includes fixed and variable compensations. The amount of variable compensation is based on each business division's annual performance review. 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. We regularly examine the justifiability of our salary levels and compare them with those in the job market, in order to ensure that our salary rates are competitive and thereby support our efforts to attract and retain the best talent.

In compliance with government regulations, the remunerations of Board members and the senior management team are reviewed by the compensation committee and passed in the Board Meeting. Related information is disclosed in the Company's Annual Report to let stakeholders fully understand how the remuneration is linked with operational performance.

Audit Committee

Feng Tay established Audit Committee in 2018. Its duties are to supervise the quality and integrity of the company's financial reports. It regularly reviews, with the CPA, the main accounting components of each quarterly financial statement to ensure reasonableness and adequacy of the financial statements. In addition, 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 also 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.

Composed of four members, which are served by all independent directors (one of them serving as chairman), the committee meets at least twice a year. A total of 4 audit committee meetings were held in 2021, and the actual attendance rate was 100%. Please refer to the Company's Annual Report for details.

Compensation Committee

Feng Tay established Compensation Committee in 2012. The committee is responsible for “formulating and regularly reviewing the policy, system, standard and structure of performance evaluation and compensation for Board members and the senior management team,” as well as “assessing and setting the compensation for Board members and the senior management team on a regular basis” in due diligence. The recommendations of the committee are used by the Board of Directors to make decision on compensations. 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 three committee meetings were held in 2021 with an attendance rate of 100% (including video link attendance). For background information of the compensation committee, please refer to the Company's Annual Report.

Performance Evaluation of the Board of Directors and Functional Committees

Feng Tay has implemented the performance evaluation 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 self-assessment questionnaire. Please refer to the Company's Annual Report for evaluation form contents.

Internal Auditing System

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. The Audit Director submits periodic reports to independent directors and attends the Board meeting to report audit results.

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. Any significant findings on the company's internal control management are reported to the Audit Committee and Board meetings. Independent directors communicate with the internal audit supervisor quarterly 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 is as follows:



3.1.2 Information Disclosure

Feng Tay seeks to enhance promptness 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.

Information Disclosure Channels



Information Disclosure

- ▲ Set up a company website, in both Chinese and English versions, which includes a section 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.
- ▲ Attend the investor conference at least once per quarter and publish the presented briefings on the company website.
- ▲ Received the top 21-35% rating of 7th Annual Evaluation of Corporate Governance of Listed Companies in 2020.

3.1.3 Compliance with Regulations and Norms

Integrity and Discipline

Feng Tay adheres to the highest principle of integrity and discipline; every employee should uphold the ethical values, protect the company's reputation, and comply with the law. Feng Tay's management regulations and code of conduct are established accordingly to require that all employees should carry out their work according to the principles of integrity, transparency and avoidance of conflicts of interest.

Feng Tay has established the Integrity Management policy and plan for the implementation of internal management and external business activities:

- **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.
- **Employee Code of Conduct and Discipline:** We dismiss, and take appropriate legal action against, any employee who is verified of committing embezzlement, bribery, stealing company properties, intentionally disclosing confidential technical or operating information, using the company name without permission to carry out non-official business activities or any other acts that are detrimental to the company's credibility and cause the company to suffer from severe losses.
- **Risk Assessment and Implementation:** The Board of Directors office takes charge of supervision and inspection of integrity management and establishes an effective accounting system and an internal control system to deal with 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.
- **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. A training course on Code of Integrity Management was held for the Board of Directors and managers on March 22, 2021.
- **Anti-corruption Provisions of Purchasing Department:** 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" (please refer to Chapter 3, Section 3.3.3 for detailed information). In 2021, an employee was dismissed¹ because an investigation found that he was involved in serious corruption and violation of company regulations.

Communication and Reporting Channels

We also encourage reporting of dishonest or unethical behaviors. Any case can be reported through the company's internal and external channels. Designated personnel will handle the case and the reporter name will be kept confidential. Once a case that violates the integrity and company regulations is received, it will be immediately reported by the designated personnel 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.

Internal

In order to protect employee rights, employees may report to their supervisors when they have any complaint or suggestion. Employees may submit any complaint or suggestion through the "Grievance and Suggestion System" if their complaint or suggestion has not received a satisfactory response from the supervisors. (Detailed information is given in Section 5.1.5 of this report)

External

The contact information of our spokesperson and shareholder services agent is disclosed on Feng Tay's website under "Investor Relations" and "Contact Us" sections. If stakeholders have any question or suggestion, they can send their inputs to us, and we will respond promptly. We also have established a "Stakeholder Engagement" section on our corporate website, to provide a communication channel for our customers, employees as well as suppliers, and appointed designated units to respond to stakeholders' opinions.

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. All employees, from top executives to shop workers, are required to comply with the management regulations and code of conduct. 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 pay close attention to any change in domestic and international policies and regulations that might affect the Group's finance and operations. 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.

¹ An employee in our factory in Indonesia took advantage of his position to collect service fees from the suppliers privately. The employee was dismissed because he violated company regulations and the circumstances were serious.

3.1.4 Risk Assessment and 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 capitals shall not be loaned to others and no endorsement shall be guaranteed. The management of existing and potential risks is monitored by the Board of Directors. In addition, Feng Tay has established an independent internal auditing system to examine its risk management practices, thereby ensuring proper operation of its risk management mechanism.

Risk Type	Risk Management Mechanism
Operating risks management	Feng Tay's major shareholders have maintained stable shareholding ratios. During 2021, 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 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 and acquisitions, restructuring, change of control, significant changes in business operation mode and contents, and important matters that might affect shareholders' interests.
Financial risks management	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.
Investment risks management	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.
Tax risks management	Changes in tax laws may increase the company's effective tax rate and adversely affect operating performance. To incorporate tax risks into management, Feng Tay uses management mechanisms to analyze the operating environment and assess tax impacts.
Climate change risks management	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.

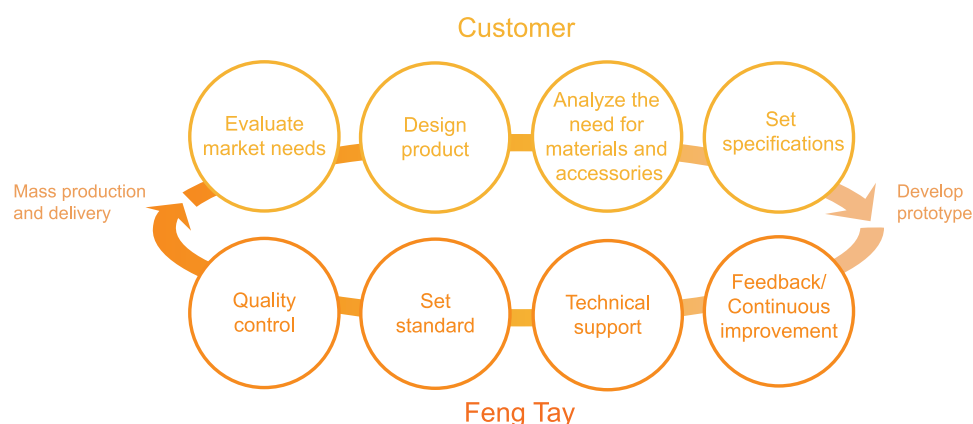
The Challenge of Climate Change

It is the industry's responsibility to take action in response to the increasingly severe environmental issues such as global warming and extreme climate. Feng Tay has committed to the issue of environmental protection, and has identified the risks of climate change to establish corresponding measures for reducing the impact of climate change on business operations:

Category	Aspects	Challenges	Response Measures
Regulatory aspects	International protocol	National carbon reduction commitments and policies will promote the technology of low-carbon productions and energy-saving improvement, which will lead to a decrease in carbon footprint indirectly.	<ul style="list-style-type: none"> Conduct carbon reduction management to achieve the 2022 targets. Increase energy efficiency. Response to government's regulation. Follow international protocols such as Kyoto Protocol, United Nations Framework Convention on Climate Change and Paris Agreement.
	Renewable energy	Clients' emphasis on renewable energy.	<ul style="list-style-type: none"> Continue to increase renewable energy systems to generate electricity in Taiwan, China and India. Plan to use renewable energy and purchase the renewable energy certificates in Indonesia. Continue to increase the proportion of renewable energy in the total energy consumption in India. Continue to research the feasibility of renewable energy purchase in China and Vietnam.
Substantive aspects	Change in rainfall	The impact of change in rainfall pattern, which could increase the frequency of floods and droughts, on arrangement of water resources for manufacturing.	<ul style="list-style-type: none"> Conduct water resource management to achieve the 2022 targets. Increase the use of recycled water and rainwater. Establish a flood and drought emergency response system.
	Extreme climate	The impact of climate change, abnormal ambient temperature, the El Niño-Southern Oscillation and the Arctic Oscillation on production capacity.	<ul style="list-style-type: none"> Elevate the foundation height for newly built factories, and build retaining walls and gates in low-lying areas.
Other aspects	Corporate reputation	The impact of environmental protection performance on company image.	<ul style="list-style-type: none"> Comply with local and international regulations, while meeting clients' expectations and exceeding their demands, in order to improve environmental protection performance.
	Consumer behavior	The decrease in demand for high carbon footprint products.	<ul style="list-style-type: none"> Implement carbon reduction plans.

3.2 Customers Satisfaction and Product Services

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.



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 technical management 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. These departments are also charged with the following responsibilities:

- To refresh classic long-serving product models and continue to elevate product quality.
- To engage in the design of new product structure and manufacturing process in advance and thereby assure the quality of new products in mass production.
- To capture fashion trends and the strengths of other brands so as to meet the customer's quality requirements.

3.2.1 Product Quality

Quality Improvement

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, functional walk-through, and abnormal situation handling system (the Andon system) used by line operators, 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.

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. 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. In addition, Feng Tay has established automation 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 of manual operation 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 application in mass production as well. To continuously improve our operations, we have implemented the "Propose for Improvement" system and an improvement team at each factory, and thereby encourage operators to participate in improvement of manufacturing operations.

By introducing or developing new equipment, we continuously implement new production technologies to make products more competitive. Following are some of the innovative technologies implemented in 2021:

- We have researched and developed smart cutting technology, applying AI computer vision system to detect the irregular texture on leather surface to avoid using defective area. Component cutting is then made through an auto nesting system and OKC machine to achieve stable and consistent quality.
- Forefoot adjustable straps were developed for basketball shoes, which can be adjusted according to different foot shapes of consumers to give better support and coverage. It was integrated with a full length air strobil and light-weight shank to enhance flexibility and stability during exercise.
- For the mountaineering cross-country running shoes, we continued to apply bio-based IP compound and add TPU film in bending areas. A new generation of vacuum-molding manufacturing process was used to optimize the stereo perception and flexibility of the upper, making it more comfortable for the wearers.

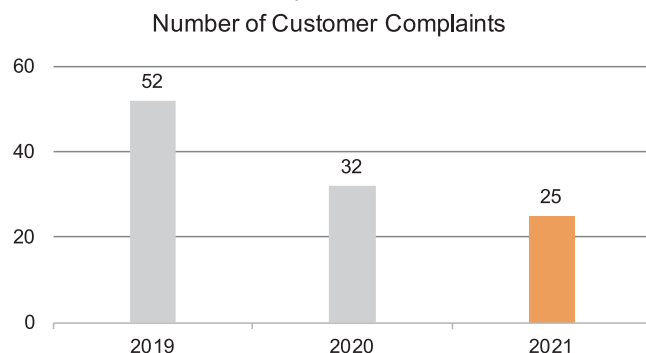
- For the soccer ball manufacturing process, we have implemented the 14-color automatic screen printing technique with PLC control to achieve the stable appearance quality. We also cooperated with customers to develop soccer balls made of 100% recycled materials and fill TPU ball shells with recycled yarns to be environmentally friendly to the earth.

- We have used EVA granulation with a new mold design for ice hockey related products, and have developed a new inner helmet which retains a star in the impact resistance test. We have also developed a two-section structure skate with a poly composite material outsole to enhance the consumer's flexibility in directional control.

Quality Control

A laboratory is established at each factory for material property analysis and performance testing. Advanced instruments are used to test products of various designs, material properties and market specifications. 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. Analysis of material property and test data serves to facilitate prototype development and setting of standards for quality control during mass production, which enables us to create with our customers an exceptional user experience.

To maintain transparent communications with our customers, Feng Tay regularly provides them with 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 complaint, the cause of quality problems, corrective measures, and attribution of responsibility are submitted regularly until the improvement plan is completed. Through this feedback mechanism and regular interactions with the customers, we are better able to meet customers' needs, and to improve product and service quality. In 2021, we received 25 customer complaints, 21% lower than in 2020.



3.2.2 Product Safety and Regulatory Compliance

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 and restricted substances list (RSL).

Safe and Environmentally Friendly Material

All selected materials must comply with RSL, and tests are conducted to ensure that no material potentially harmful to human health and the environment is used during production processes and in our footwear products. If a new material is used, a report of the RSL test must be provided during the 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. A specified number of samples are tested per month for high-risk color materials to be used in mass production. 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. At the same time, finished and shipped products are checked for any abnormalities, and the results of inspection are reported to the customer for further actions.

Over the years, our continuous efforts to set a higher standard for suppliers have gradually improved the overall material quality. We have also developed a comprehensive material database to analyze high-risk materials. Most tested samples are now selected from materials with higher risk rather than selected randomly. Thus, even though the total number of tested samples decreased, we were still able to detect problems more effectively.

During 2019 to 2021, the numbers of samples tested and of tested samples that failed to meet the standards are listed as follows:

Year	Number of Samples Tested	Number of Tested Samples Failing to Meet the Standards
2019	178	4
2020	214	38
2021	141	2

We have also steadily increased the use of environmentally preferred materials and improved the manufacturing process to minimize the impact of our products on the environment. We have established

a dedicated team – Green Team, which is composed of supervisors and engineers from product development department, to evaluate and improve product design, manufacturing process, and material selection at each stage of sample shoes development and mass production. The Green Team sets goals on environmentally friendly material, waste, energy, solvents, and chemicals used in products according to the characteristics of each shoes category. For example, the amount of biodegradable materials such as PU used in shoe soles was increased, the cardboard design was improved to reduce material waste, and water-based cement and primer were used to replace solvent-based cement and primer. Feng Tay is committed to developing eco-friendly manufacturing process. As an 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 the future, we will continue to develop and increase the use of environmentally friendly materials in our products, and fulfill our responsibility in environmental protection by continuously improving manufacturing processes to reduce our environmental footprints.

Product Safety Inspection

Feng Tay strictly conducts safety inspection on our materials and products. At our factories, the Purchasing management teams perform monthly inspections on locally purchased materials and imported materials containing colors with high health risks. All the results are reported to the Headquarters. Moreover, all materials are subject to random inspections by Warehouse Department at the time of delivery. No disputed material will be used in the manufacturing of our products. Take athletic shoes as an example. Every pair of shoes must be scanned for any unintended metal object before being packaged; product packaging is under the supervision of certified employees. These measures aim to ensure the safety of our products during the delivery process.

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 is 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. To ensure product strength and safety, different testing items are established for various products. For example, the lateral force testing is added for basketball shoes to simulate the explosive force of athletes moving left and right to attack and defend on the court. The one-time destructive test should achieve 814 kg and the fatigue test should pass with 400 kg / 500 cycles. To ensure the strength of the welded seal of the environmentally friendly soccer ball, the recycled soccer ball should not break or deform in the compression test with a vertical pressure standard of 350 kgf and a horizontal pressure standard of 150 kgf. The ice hockey helmets is required to undergo drop test at room temperature and low temperature to ensure that the impact resistance is better than the CSA (Canadian Standards Association) standard which is less than 275 G (gravity).

Product Delivery Regulation

Feng Tay supports brand customers by cooperating with their procedures and requests for product labeling. 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 their 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.

3.2.3 Customer Confidential Information Protection

During the product development stage, shoe samples are created based on the initial design from our customers. We provide improvement suggestions throughout the development phase by considering material characteristics and functional requirements of sports shoes. We also work with customers to develop patentable technologies to gain their trust in our development capabilities and to give them a better marketing edge. At Feng Tay, it is extremely crucial for us to maintain confidentiality in order to protect our customers' intellectual property and retain our competitiveness, 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 has ever occurred at Feng Tay.



3.3 Supply Chain Management

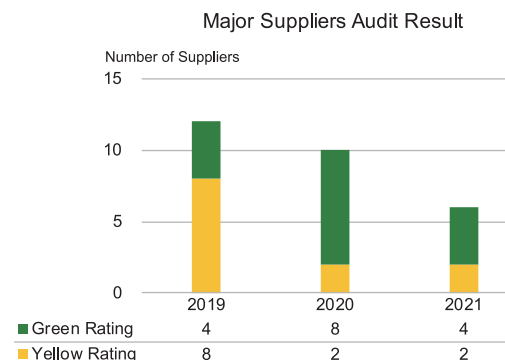
Suppliers are Feng Tay's close partners. In the product life cycle, we need suppliers' involvement to create synergy in corporate social responsibility related issues, such as environmental stewardship, occupational safety and health management, and workers' rights protection. Therefore, we constantly convey our values to the suppliers. We also collaborate with brand customers to audit and monitor suppliers' practices in the above-mentioned issues of corporate responsibility. Through the implementation of various management and auditing measures, we strive to help suppliers keep up material quality and delivery timing, which in turn ensures a smooth flow of production. The rate of returns for raw materials was 1.04% in 2021, indicating that overall quality management continues to remain stable.

Furthermore, Feng Tay joined SAC (Sustainable Apparel Coalition) in 2017. The Higg Index developed by SAC is a tool to comprehensively assess social and environmental impacts of apparel and footwear products. It focuses on the following categories: water use and quality, energy and greenhouse gas, waste, chemicals and toxicity. We use it 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 material production.

3.3.1 Management of Suppliers' ESH and Workers' Rights

Feng Tay requires its suppliers to comply with the local legal system. Their working environment should conform to occupational safety and hygiene standards. Their workers must be paid reasonable salary and should not be forced to work overtime excessively. 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 5 categories and 26 specific criteria. It is conducted at suppliers' premises, with a focus on safety, health, attitude of management, people and environment. For existing suppliers, we conduct the Vendor Quality Audit (VQA) from time to time. The VQA has 11 specific criteria, of which the main categories include workplace environment, raw material storage management, employee training and emergency response.

In 2021, 6 suppliers were audited with SHPAE and VQA, enabling us to gain an understanding of suppliers' practices in corporate social responsibility. Any shortcomings discovered in the audit were recorded. Furthermore, our major suppliers were evaluated using a color rating system² and their subsequent performances were checked regularly. Currently 4 major suppliers were given green rating and 2 given yellow rating. 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 decisions³. We also share our experiences and achievements in corporate social responsibility with suppliers to help improve their performances. In order to establish a high quality supply chain, we worked out an improvement plan with the suppliers whose performances were downgraded and tracked their progress to ensure timely improvement.



3.3.2 Development and Use of Environmentally Preferred Materials

Environmentally preferred materials (EPMs) refer to those materials that have less impact on the environment, consume less energy during their production, and do not contain chemical substances that are harmful to the human body. Most EPMs can be recycled and reused. By collaborating with suppliers, Feng Tay tries to introduce more EPMs in production and gradually increase the EPMs use rate. We also begin to use materials that are biodegradable and recyclable. Following are the details of 254 kinds of EPMs Feng Tay used in the shoe manufacturing process in 2021:

- Lining materials: 89 kinds. The major items are: ECOSOCK NON-WOVEN (100% recycled polyester) (424,136 yards) and EPM 80Z CANVAS (30% recycled polyester) (387,393 yards).
- Vamp materials: 115 kinds. The major items are: HULEX EDD SYNTHETIC LEATHER (25% recycled PET) (2,320,137 meters) and HOLA-R SYNTHETIC LEATHER (60% recycled PET) (854,746 yards).
- Component materials: 50 kinds. The major items are: 13MM / 15MM B50 WEBBING (100% recycled polyester) (5,675,181 yards) and 6MM SJSL-140305 SHOE LACE (100% recycled polyester) (3,334,539 pairs).

Environmentally preferred materials (number of kinds)

Year	Lining materials	Vamp materials	Component materials	Total
2019	62	41	35	138
2020	82	126	34	242
2021	89	115	50	254

² 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 less than 70% pass rate in regular items.

³ For suppliers given a green rating in the preceding year, audits can be waived for the current year.

3.3.3 Anti-corruption Provisions of Purchasing Department

The Purchasing Department personnel are the Group's employees who directly interact with suppliers. Their work ethics and attitudes will influence our overall assessment of a supplier. The Purchasing Department personnel are therefore required to comply with the following regulations:

- 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. In 2021, there was no confirmed incident of termination or non-renewal of contracts with suppliers due to corruption-related violations.

3.3.4 Partnership with Suppliers

Hosting of Materials Policy Seminar and Networking Party

At the annual conferences, we hold discussions with suppliers and brand customers on problems in development and mass production. Through the conferences, which include Footwear Materials Summit, Material Forum, RBR (Regular Business Review), and QA (Quality Audit), we gain an understanding of the supplier's operation situation, the production and delivery ability and the quality management system, thereby strengthening our relationships with suppliers. To establish a sustainable development supply chain, 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. In the seminar, the suppliers who have demonstrated outstanding performance are commended in the presence of brand customers.

Besides, we hold regular meetings with suppliers to strengthen the two-way communication. 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. From different perspectives, the suppliers and the Feng Tay materials development and RD personnel can learn from each other, and also help the suppliers promote new materials and new techniques. And by exchanging information on the marketing and research and development trends of the footwear industry, we hope to reinforce the sense of identifying with each other, increase support from each other, cooperate with each other to innovate and build a closer partnership.

The Suppliers Meetup Banquet

Feng Tay emphasizes the interaction and communication with suppliers and considers integrity as the basis of cooperation with each other. In addition to enhancing friendship through the meetup banquet, we also convey our corporate purchasing culture, the value of operations strategy, and the concept of clean transaction. We mainly invite suppliers who have cooperated with Feng Tay closely and have research and development capabilities, in order to reinforce the relationship with suppliers, fulfill the vision of sustainable development and implement corporate social responsibility.



Fair Trade and Mutual Respect

Feng Tay interacts with suppliers in accordance with the spirit of mutual trust and respect. Following are some specific practices:

- 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.

04

Environmental Protection

4.1 Expenditures on Environmental
Protection

4.2 Biodiversity









4.3 Energy Management

4.4 Water Management

4.5 Pollution Control



2021 Key Performance Indicators :

-  **Total water withdrawal reduced 8.4%**
-  **Total wastewater discharge reduced 21.1%**
-  **The Group total ozone-depleting substances reduced 23.4%**
-  **Renewable energy usage accounted for 6.3% of the Group total energy consumption**
-  **The Group solar power stations generated 770,000 kWh**
-  **Amount of renewable energy purchased achieved 28,870,000 kWh in India region**
-  **The Group solid waste recycling rate increased 9.8%**
-  **Zero solid waste of the Group in landfills**

Feng Tay Group pays great attention to issues of environmental protection, climate change and ecological conservation. To improve our eco-efficiency, we have established the MESH system to optimize production method, manufacturing process and management system. In accordance with the Group's "Energy and Water Efficiency Management Guidelines," Feng Tay continues to implement energy-saving projects, increase renewable energy usage and progressively install solar power systems. We have set up long-term reduction targets in important environmental indicators for our major footwear factories. The first stage was the five-year plan with 2013 as the base year. By 2018 Feng Tay achieved the targets of reduction per pair of shoes: 32% in water usage, 25% in wastewater discharge, 35% in energy usage, and 45% in greenhouse gas emissions.

The second stage is the seven-year plan with 2018 as the base year. Feng Tay commits to the following reduction targets per pair of shoes by 2025: 25% in water usage, 21% in wastewater discharge, 15% in energy usage, 21% in greenhouse gas emissions, and 10% in solid waste disposal. The footwear factories achieved the following results in 2021: water usage per pair reduced 15.5%, wastewater discharge per pair reduced 20.7% and solid waste recycling rate increased 5.5%.

To set up the long-term strategic target for carbon reduction which can be recognized internationally, we used in 2020 Science Based Target Initiative (SBTi) approved methods to establish the target for scope 1 and scope 2 absolute carbon emissions: a 46.2% reduction in absolute carbon emissions by 2030 compared to a 2019 base year. This target was confirmed by World Resources Institute (WRI) to be in line with SBTi approved methods. In order to disclose the carbon reduction action and result systematically and transparently, we joined the Carbon Disclosure Project (CDP) since 2020 to complete the self-assessment according to the carbon reduction assessment tool and obtained the disclosure level in 2020 and 2021.

4.1 Expenditures on Environmental Protection

The 2021 environmental protection-related expenditures totaled around USD 7,516,000 (around NTD 208 millions). The major expenditure categories are waste disposal and treatment and prevention and management.

Category	Waste Disposal and Treatment	Wastewater and Emissions Treatment	Remediation	Prevention and Management
Expenditure (Thousand USD)	3,516	1,349	438	2,213

Category Details :

Category	Description
Waste Disposal and Treatment	<ul style="list-style-type: none"> Waste disposal Taxes and insurance costs related to waste disposal Installation, maintenance, and modification of waste collection facilities
Wastewater and Emissions Treatment	<ul style="list-style-type: none"> Wastewater treatment Installation, maintenance, and modification of wastewater treatment facilities Installation, maintenance, and modification of emissions (dust, fume, and organic solvent vapors) removal equipment and ventilation systems Discharge permit fees levied by Environmental Protection Bureau Taxes and insurance costs related to wastewater and emissions treatment
Remediation	<ul style="list-style-type: none"> Cleanup Improvement of sound insulation for noise abatement at borders of factories Addition and modification of facilities for remediation purposes
Prevention and Management	<ul style="list-style-type: none"> Environmental monitoring Environmental certification fees Environmental protection education and training Installation, maintenance, and modification of secondary structures for spill prevention (such as containment plates, drains for spill prevention, etc.) Making of environmental protection signs and posters Purchases and maintenance of instruments related to environmental protection Additional cost of green purchases Salaries and bonuses for ESH personnel Energy conservation, water savings, and oil-fired boiler replacement projects

4.2 Biodiversity

Feng Tay Headquarters in Taiwan and the factories in Vietnam and India are located in industrial zones where environmental impact assessments (EIAs) had been conducted before these zones were developed. The companies in these zones have carried out environmental protection activities in accordance with commitments made in the EIAs and local environmental laws and regulations. Our factories in China and Indonesia are located in areas which were developed earlier, instead of industrial zones. These areas are not adjacent to any protected areas or habitats. Feng Tay Group has followed the commitments in the EIAs made by the industrial zones and by itself, and therefore has caused no additional impacts on the local ecological environment.

4.3 Energy Management

4.3.1 Energy and Water Efficiency Management Guidelines

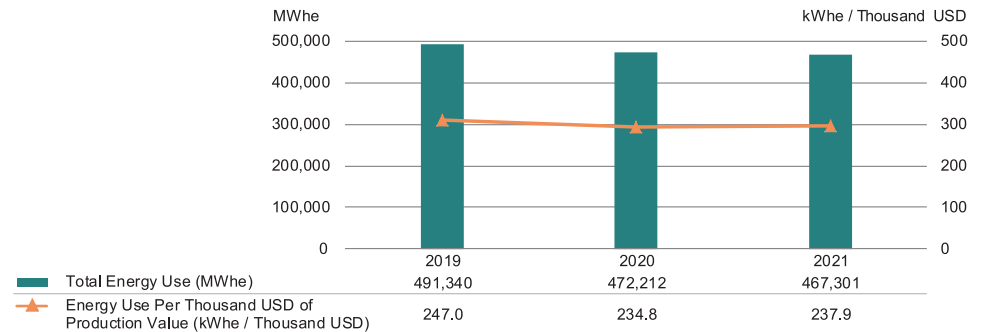
Feng Tay Group uses its “Energy and Water Efficiency Management Guidelines” to promote the adoption of best practices in all operations, including equipment purchasing and production process, at all factories. The main guidelines are as follows:

Category	Description
Equipment Purchasing	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 the existing equipment, the new equipment has lower energy efficiency or water efficiency, or generates more greenhouse gas emissions.
Electric Power Management	Automatic power factor regulators must be installed, and electrical equipment must be turned off when not in use.
Electric Generators	Only the minimum number of generators needed to meet power demand at any given time should be activated.
Lighting	Production buildings, canteens, and warehouses must make use of daylighting. Energy efficient fluorescent lamps or LED lights must be chosen for artificial lighting. General lighting shall be replaced by task lighting.
Ventilation and Cooling	Air conditioning units in office buildings may be used only when the indoor temperature exceeds 28°C. Building roofs are painted white.
Exhaust Systems	Perform periodic inspection on exhaust ventilation pipes. The 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.
Compressed Air Systems	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.
Heating and Insulation Systems for Process Equipment	Equipment operation scheduling must be optimized to reduce heat loss during idle and preheating periods. Phylon and rubber washing machines must be insulated to reduce heat loss.
Electric Motor Systems	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.

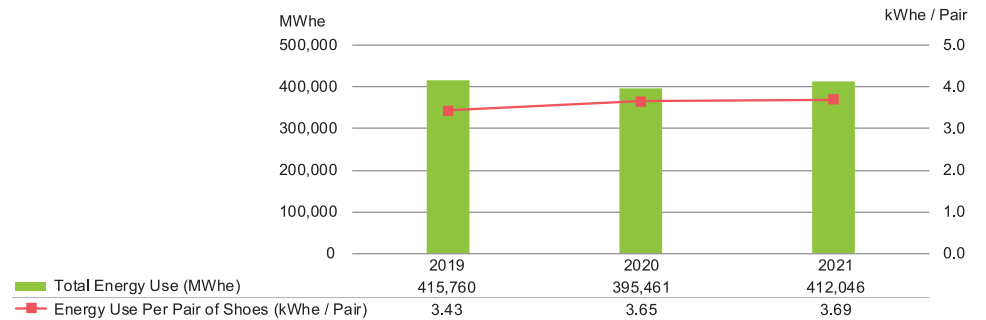
4.3.2 Energy Consumption

In 2021, we continued to implement energy-saving projects at subsidiary companies in all regions. Our total energy consumption⁴ was 467,301 MWh in 2021. It was 1% lower than in 2020. The energy consumption per thousand USD of production value increased from 234.8 kWh in 2020 to 237.9 kWh in 2021, an increase of 1.3%⁵. The average energy use per pair of shoes at all footwear factories⁶ was 3.69 kWh, 1.3%⁷ higher than in 2020. The higher energy use was a result of increase in shoe complexity and energy consumption of the manufacturing process.

Energy Consumption Analysis of the Group



Energy Consumption Analysis of All Footwear Factories



⁴ The type of energy includes electricity from local providers, solar power, wind power, fuel, fuel for vehicles used for non-production (including canteens, employee dormitories, guest houses, drinking water production station and company-owned vehicles for business travel), and fuel for vehicles used for production (including workshops, offices, forklifts, and trucks used for transporting materials, products, and waste). The data in 2021 report were calculated using the Intergovernmental Panel on Climate Change (IPCC) fuel conversion factor.

⁵ This number is the calculation result from original data and will be slightly different from the calculation result from average data.

⁶ All footwear factories include LF, HF, and SF in China; IW in Indonesia; LU1, LU2, EW1, EW2, FA1, and FA2 in India; DV, DP, DO, DS1, DS2, and DS3 in Vietnam.

⁷ This number is the calculation result from original data and will be slightly different from the calculation result from average data.

Energy Consumption in Each Region

Region	Taiwan	China	Indonesia	India	Vietnam	Total
Energy Consumption (MWhe)	11,754	93,316	47,917	75,358	238,956	467,301

Energy use

In 2021, the main sources of energy used by Feng Tay group were electricity and fossil fuels (such as petroleum diesel, liquefied petroleum gases (LPG), gasoline, and natural gas (NG)). The major energy source was electricity, which included purchased electricity from non-renewable energy, wind power, and electricity from solar power systems installed at our factories, accounting for 97.1% of total energy use. The fossil fuels were mainly used for on-site generators, forklifts, company vehicles, and cooking stoves for employee canteens. The most used fossil fuel was LPG. In 2021, the total non-renewable energy use was 437,713 MWhe, and the total renewable energy use was 29,588 MWhe.

Item	Energy Use (MWhe)	Percentage of Total Energy Use	Purpose of Use
Purchased Non-renewable Electricity	424,119	90.76%	Manufacturing
Purchased Wind Power	28,875	6.18%	Manufacturing
On-site Solar Power Generation	713	0.15%	Manufacturing
LPG / NG / Propane	8,664	1.86%	Canteens
Petroleum Diesel	3,609	0.77%	Manufacturing / Generators / Forklifts / Company vehicles
Gasoline	1,321	0.28%	Forklifts / Company vehicles

4.3.3 Implementation of Energy-Saving Projects

Since 2009 the Group has been following "Energy and Water Efficiency Management Guidelines" to promote electric power and fuel oil saving projects, including equipment purchasing, manufacturing process, and production environment. In 2021, the Group invested over USD 932,000 in 109 projects as listed below:

Category	Number of Electricity Saving Projects
New Equipment Purchasing	28
Electric Power Management	14
Lighting	29
Ventilation and Cooling	1
Exhaust Systems	1
Compressor Systems	12
Heating and Insulation Systems for Process Equipment	19
Others	5
Total Number of Projects (Average Daily Electric Power Savings)	109 (24,661 kWhe)

Electricity Savings:

For the Group, the electricity savings per working day were 24,661 kWhe (kilowatt hour equivalent). Here are four examples:

Saving energy in energy-intensive process equipment

Since 2019, evaluations were conducted for installing an energy-saving heat pump system to replace the conventional electric heating method in the IP washing process. The heat pump system is to maintain the temperature in the washing machine after pre-heating is completed. The original electric heating system was kept as a spare after the heat pump system was installed. Measurements taken after installation of the heat pump system indicated that a 60% reduction in energy usage per day was achieved. We have since undertaken a project to gradually upgrade the heating system for all washing machines used in Feng Tay Group. In the meantime, a water level sensor was installed for replenishing water, which resulted in a 40% reduction in water usage. The amount of heat required to heat the washing machine was reduced accordingly. Improvements on heating and water-replenishing methods resulted in a 70% reduction in total energy consumption of the washing machine. In 2021, 77 heat pump systems were installed on washing machines, with a total of 5,331 kWhe energy savings per day.

Upgrading motor efficiency

In 2018, Feng Tay Group set a requirement that the motor of newly purchased equipment should meet the IE3 standard or higher, such as servo motor or multi-frequency motor. Besides, if an existing IP injection machine uses a conventional motor, a variable frequency drive should be installed. If the efficiency of an existing motor clearly drops because it is running at less than 50% of the rated load, an evaluation should be made for replacing the motor. Energy savings goals are achieved by upgrading the motor efficiency of existing equipment. Feng Tay Group purchased 290 new machines with IE3 motors in 2019. In 2021, we continued to replace less efficient motors with IE3 motors, with a total of 129 less efficient motors replaced and around 1,007 kWhe energy saved per day.

Improving insulation for heat setting machine

Insulation has been installed for the hot station of the original automatic heat setting machine to increase energy efficiency. All four sides (ie: top, right, bottom, left) of the original heat setting machine were not properly insulated, which resulted in heat loss from the machine and increase in the workplace temperature. Since 2020, insulation plates have been installed on the old machines to reduce heat loss. We also collaborated with machine suppliers to add insulation as the standard equipment for new machines. In 2021, we installed insulations on the hot station of 21 automatic heat setting machines, saving around 1,500 kWh per day.

Replacing the fiberglass insulation material for automatic heat press machine with mica plate

We have conducted replacement of the fiberglass insulation material for the hot plate with mica plates on the new type of heat press machine, in order to prevent heat loss due to conduction from hot plate to the machine structure. In 2021, installation of mica plates was completed for 402 automatic heat press machines, saving around 5,596 kWh per day. We will continue to replace the fiberglass insulation material for automatic heat press machine with mica plates in the future.

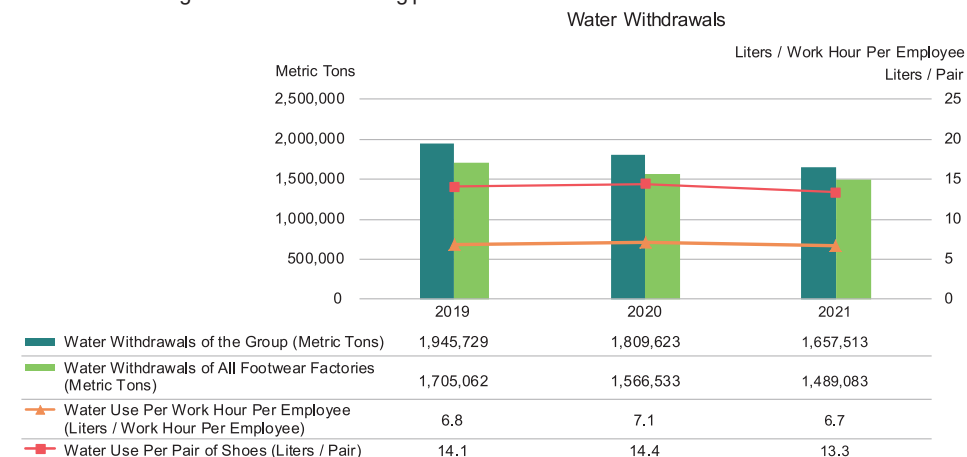
4.4 Water Management

4.4.1 Water Use

Following our “Energy and Water Efficiency Management Guidelines,” the Group has devoted to reducing the amount of water use and improving water use efficiency. We also look for alternative water resources, such as rainwater and recycled water, in the hope that our dependence on tap water and impacts on the environment will be reduced.

Total Water Withdrawals

In 2021, the total water withdrawal⁸ was 1,657,513 metric tons, 8.4% lower than in 2020, and the water use per work hour per employee⁹ was 6.4%¹⁰ lower. The total water withdrawal at all footwear factories in 2021 was 1,489,083 metric tons, 4.9% lower than in 2020, and the average water withdrawal per pair of shoes¹¹ at all footwear factories was 7.6%¹² lower. In 2019, Feng Tay Headquarters and 75% of footwear factories (13 factories) implemented water-saving projects that included setting up reclaimed water systems to use treated wastewater for toilet flushing. We will continue to improve water saving measures, in the hope of achieving zero wastewater discharge from the manufacturing process.

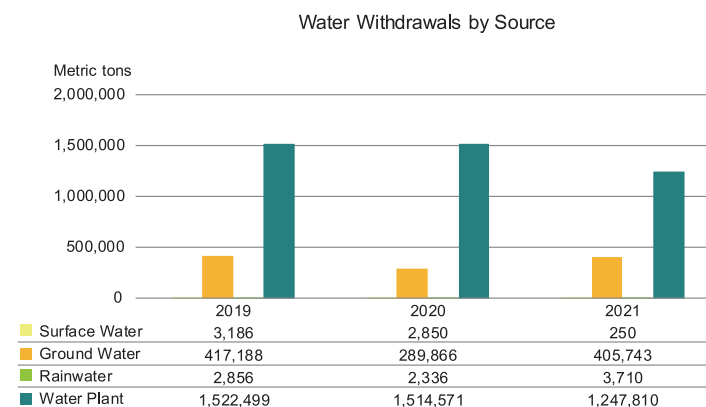


Water Withdrawals in Each Region

Region	Taiwan	China	Indonesia	India	Vietnam	Total
Water Withdrawals (Metric Tons)	43,671	301,214	210,371	331,658	770,599	1,657,513

Water Withdrawals by Source:

About 75% of the total amount of water used by the Group came from water plants. In India and Indonesia regions, droughts caused by changes in rainfall led to increase in ground water usage. We continue to assess the feasibility of establishing new rainwater harvesting systems in our factories. For example, rainwater harvesting ponds were built in 2017 during construction of a new factory in India. The harvested rainwater could be injected into underground aquifers for storage.



Water-Saving Practices

The Group focuses on the following measures to reduce water use:

- Increase the proportion of recycled water usage: Continuously recirculate cooling water for process equipment. Set up water reclamation systems to use treated wastewater for flushing toilets, watering lawns and supplying water to the manufacturing process.
- Reduce water usage: Install low-flow faucets. Regularly inspect and repair water leaks. Develop water balance diagrams to better plan water-saving projects.

⁸ The data include surface water, ground water, rainwater, and city water.

⁹ Water use per work hour per employee = total water withdrawal ÷ total work hours

¹⁰ This number is the calculation result from original data and will be slightly different from the calculation result from average data.

¹¹ Average water withdrawal per pair of shoes = total water withdrawal in all footwear production plants ÷ total footwear outputs (pairs) of all footwear production plants. According to this definition, data reported in 2016 have been revised in the report.

¹² This number is the calculation result from original data and will be slightly different from the calculation result from average data.

In 2021, the Group implemented 25 water savings projects. Around 270,798 liters of water were saved per working day.

Optimize domestic water usage

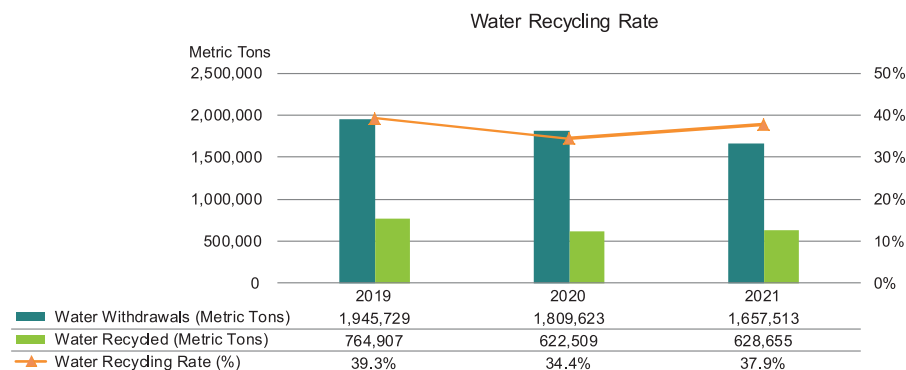
Toilets, canteens and dormitories are the areas with the highest domestic water consumption. In 2021, a factory in Vietnam and two factories in India installed low-flow faucets in these areas, resulting in a reduction of 19.5 tons in fresh water consumption per day. About 4,432 liters of fresh water can be saved a year. Through daily management and monitoring, the domestic water usage has been optimized at each factory.

Optimize water usage of the key water-consuming process

The IP washing process was identified as the key water-consuming process. After reviewing the water consumption and water replenishment, we used a liquid level sensor to replace the original continuous replenishing method. Measurements at a major footwear factory indicated that the modification resulted in a 40% reduction in water use, without any impact on the product quality after washing. Since 2019, we have implemented a project to install a water meter in each IP washing machine to monitor daily water usage. By the end of 2021, we have completed installation for all washing machines to optimize water usage by controlling water level and monitoring water consumption. For example, a factory in Vietnam achieved a reduction of around 25 tons in fresh water usage per day which was a reduction of around 2,825 tons per year

Recycled Water

The Group started to collect recycled water 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. As a result, recycled water increased from 34.4% of the total water withdrawals in 2020 to 37.9% in 2021.



¹³ GHG emissions are calculated using updated CO₂ emission factor, which is provided by Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA). The factors were revised to reflect the actual CO₂ emissions.

¹⁴ Company's vehicles refer to company-owned vehicles used in non-production operations, including canteens, employee dormitories, guest houses, drinking water factories, and company cars for employee business travel.

4.5 Pollution Control

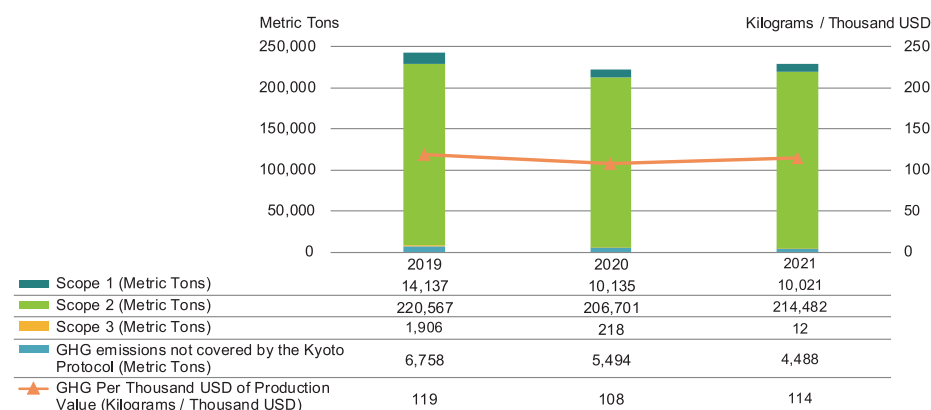
4.5.1 Greenhouse Gas Emissions¹³

Data on greenhouse gas emissions were analyzed in several ways. In accordance with the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD) GHG Protocol Initiative, the greenhouse gas emissions are categorized into three scopes:

- Scope 1: generated from consumption of primary energy sources (e.g., diesel, fuel oil, and liquefied petroleum gas), company's vehicles¹⁴ and fugitive refrigerant gases (HFCs)
- Scope 2: associated with purchased electricity
- Scope 3: generated from transportation for employees' business trips, such as air travel

In 2021, our total greenhouse gas¹⁵ emissions were 224,514 metric tons, 3.4% higher than in 2020; Greenhouse gas emissions per thousand USD of production value were 5.9%¹⁶ higher than in 2020. The Scope 2 greenhouse gas emissions were 3.8% higher than in 2020, because of increase in shoe complexity and energy consumption of the manufacturing process. The major reason for the marked decrease in Scope 3 greenhouse gas emissions was the reduction in employee business travel due to COVID-19 pandemic. For all footwear factories, the greenhouse gas emissions per pair of shoes were 1.8-kilogram CO₂ equivalent in 2021, 6.2%¹⁷ higher than in 2020. The Scope 1 greenhouse gas emissions were 5.9% higher than in 2020, because we had replaced refrigerants containing substances of higher ozone-depleting potentials, such as R-12 and R-22, with refrigerants containing substances of lower ozone-depleting potentials which are environmentally friendly regulated by the Kyoto Protocol, such as HFC-134a, HFC-404A, HFC-407C, HFC-410A, HFC-507, and HFC-32. In 2021, the amount of environmentally friendly refrigerants used at all footwear factories was 46.1% of the total amount of refrigerants, a 7.5% increase from 38.6% in 2020.

Greenhouse Gas Emissions of the Group

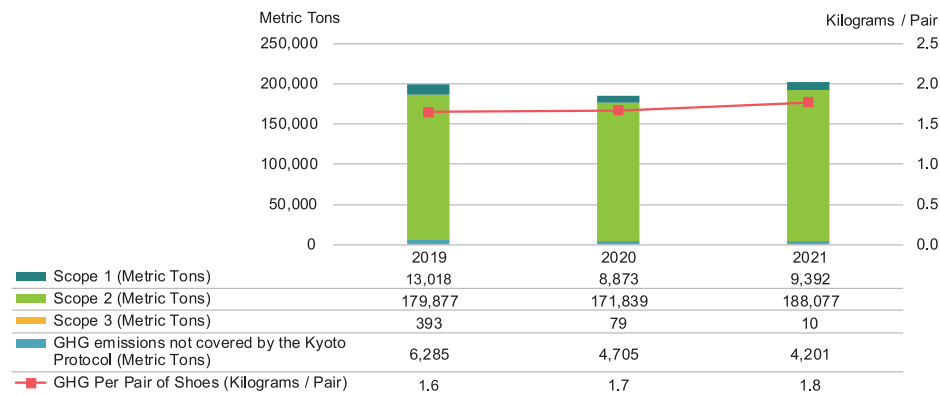


¹⁵ According to the definitions given by GHG Protocol (The Greenhouse Gas Protocol) and USEPA, the GHG emissions not covered by the Kyoto Protocol, e.g., CFCs and HCFCs, which have been included in Scope 1 in the past should be reported separately.

¹⁶ This number is the calculation result from original data and will be slightly different from the calculation result from average data.

¹⁷ This number is the calculation result from original data and will be slightly different from the calculation result from average data.

Greenhouse Gas Emissions of All Footwear Factories



GHG Emissions in Each Region

Region	Taiwan	China	Indonesia	India	Vietnam	Total
GHG emissions (metric tons CO ₂ e)	7,031	57,702	37,444	33,337	89,000	224,514

GHG Emissions Reduction Plan – Solar Power Systems and Purchased Renewable Energy

To reduce indirect greenhouse gas emissions from consumption of purchased electricity, the Group has gradually established renewable energy power generation systems and purchased renewable energy at the Headquarters and factories. In 2015, one footwear factory in China installed a solar power system on the rooftop of a factory building. We further invested around USD 600,000 to expand the capacity of existing solar power systems at the same factory to 515 kW in 2017. In 2021, we installed a solar power system on a rooftop of the Headquarters and started the first phase of power generation in July. The system generated about 132,000 kWh of electricity by the end of 2021. The Group has generated a total of 770,000 kWh of electricity by solar power generation systems in 2021. In addition, one footwear factory in China has sold around 57,000 kWh of unused solar electricity generated on weekends to the local electricity agency.

In India, we signed a Power Purchasing Agreement to import green energy produced by an external wind power plant, which has generated electricity steadily since it started to operate in May 2018. In 2021, the wind power plant generated 28,870,000 kWh of electricity, accounting for 40% of the total electricity consumption of Cheyyar Industrial Zone in India. In the meantime, we continue to assess the feasibility of installing renewable energy power systems at our new factory in each region. To increase renewable energy usage, we are also seeking opportunities to utilize geothermal energy in Indonesia.

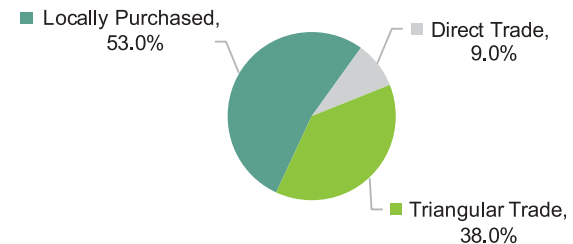
In order to reduce the frequency of employees traveling to and fro among the Headquarters and factories and the consumption of vehicle fuels, we have adopted the following measures:

- Implementing multi-party video and phone conference systems at the Headquarters and factories.
- Carpooling among factories located within reasonable distances of each other.
- 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.

To encourage carpooling, incentives are given to the employees who do not use parking spaces at the Headquarters.

4.5.2 Raw Materials Transportation

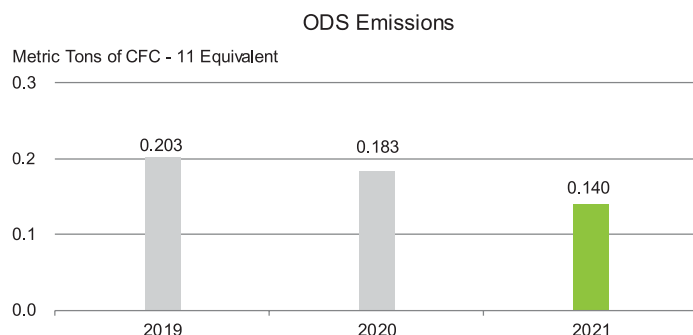
Transportation of raw materials inevitably increases the burden on the environment. Therefore, Feng Tay Group works with suppliers to reduce the amount of packaging material to the minimum that still meets the needs for protection of the shipment. We also purchase raw materials as much as possible from local suppliers to avoid long range air and sea transport. The percentage of locally purchased raw materials increased from 54% in 2020 to 53% in 2021. Raw materials that are not purchased locally, including direct exporting from suppliers in foreign countries and triangular trade, accounted for 47%. 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. 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.



4.5.3 Emissions of Ozone-Depleting Substances (ODS)

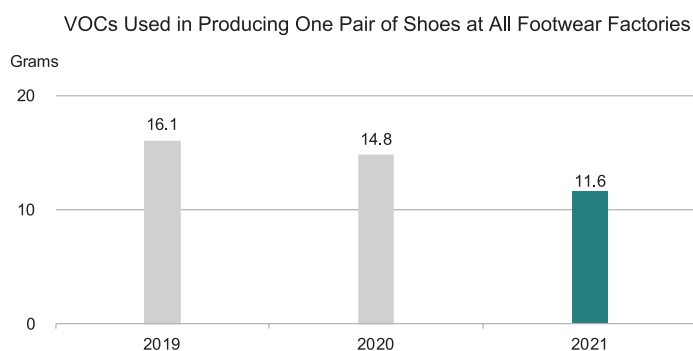
The ODS used at our factories are refrigerants added into air conditioners, refrigerators, and chillers that are used to chill water for cooling in manufacturing processes. They were R-22 and small amounts of R-410A and R-404A. The Group has been gradually reducing emissions of ozone-depleting substances (ODS). The use of R-12 and R-502 was suspended. For all air-cooled chillers in the Group, we have made the switch to the environmentally friendly R-410A refrigerant.

In 2021, ODS emissions¹⁸ were 0.140 metric tons, 23.4%¹⁹ lower than in 2020. In 2017, we created a new internal regulation to stop purchasing any equipment that uses R-22. The Group will continue to undertake ODS reduction programs and replace R-22, the most commonly used refrigerant in the Group at present, with refrigerants containing substances of lower ozone-depleting potentials, such as R-404A. In 2021, 45% of all refrigerants used by the Group were environmentally friendly, which included HFC-134a, HFC-404A, HFC-407C, HFC-410A, HFC-507 and HFC-32.



4.5.4 Volatile Organic Compounds (VOCs)

Since 1997, Feng Tay has generally used water-based adhesives not containing potentially hazardous VOCs. Every adhesive used in production is rigorously tested before mass production begins. We also collaborate with suppliers to test new water-based adhesives in order to gradually decrease the usage of solvent-based adhesives. Over the years, we have successfully reduced the amount of VOCs emissions generated during production. In 2021, the average weight of VOCs used in producing one pair of shoes at our footwear factories was 11.6 grams, 21.6% lower than in 2020.



¹⁸ Emissions of ozone-depleting substances = Refrigerant Usage × Ozone Depleting Potential

¹⁹ This number is the calculation result from original data and will be slightly different from the calculation result from average data.

4.5.5 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. The wastewater that could not be recycled is handled in the following ways:

- Directly sent to treatment plants operated by the government.
- Treated at onsite facilities and then sent to treatment plants operated by the government
- Treated at onsite facilities before discharging to surface or ground waters

Most of the Group's factories handle wastewater by the second method. Except for one factory each in China and Vietnam, all factories have built on-site wastewater treatment plants (WWTPs) to provide adequate treatment for wastewater generated in different production processes. Before the treated wastewater is discharged, it must meet the effluent standards established by local regulations. 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. ESH personnel at factories are required to test the treated wastewater monthly and report the results to SMD Department at the Headquarters. The Headquarters SMD Department provides consultation and suggestions and conducts random audits at factories.

In 2021, the Group discharged 689,284 metric tons of wastewater, 21.1% lower than in 2020. The wastewater discharge per thousand USD of production value was 19.2%²⁰ lower than in 2020. For all footwear factories, the total amount of wastewater discharge was 585,116 metric tons, 16.2% lower than in 2020; the average wastewater discharge per pair of all footwear factories was 5.2 L/pair, 18.5%²¹ lower than in 2020.

To ensure compliance with wastewater discharge regulations, all our factories in Vietnam implemented the plan to discharge wastewater to the WWTP in the industrial zone. In 2020, only one footwear factory did not complete the plan because the WWTP in the industrial zone had insufficient capacity. As all other factories completed the plan in 2020, the connection rate reached 80%. 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 rate²² to 49% in 2021.

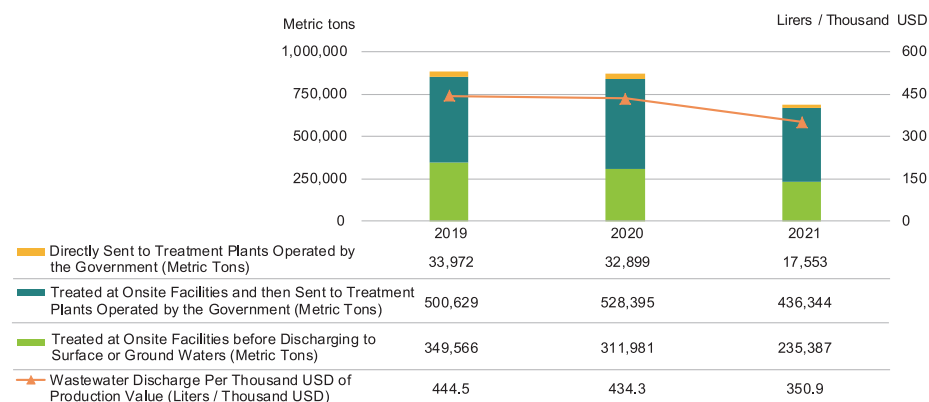


²⁰ This number is the calculation result from original data and will be slightly different from the calculation result from average data.

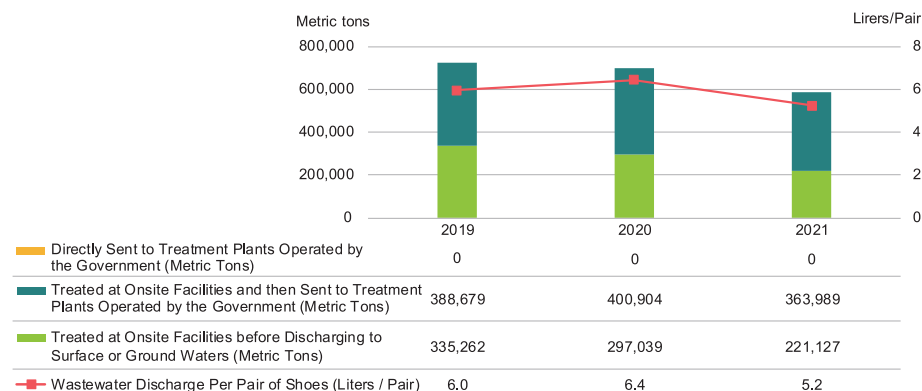
²¹ This number is the calculation result from original data and will be slightly different from the calculation result from average data.

²² Water recycling rate = (amount of recycled wastewater ÷ total amount of wastewater) × 100%

Wastewater Discharge of the Group



Wastewater Discharge of All Footwear Factories



Wastewater Discharge in Each Region

Region	Taiwan	China	Indonesia	India	Vietnam	Total
Wastewater discharge (Metric tons)	18,538	66,002	131,489	0	473,255	689,284

²³ This number is the calculation result from original data and will be slightly different from the calculation result from average data.

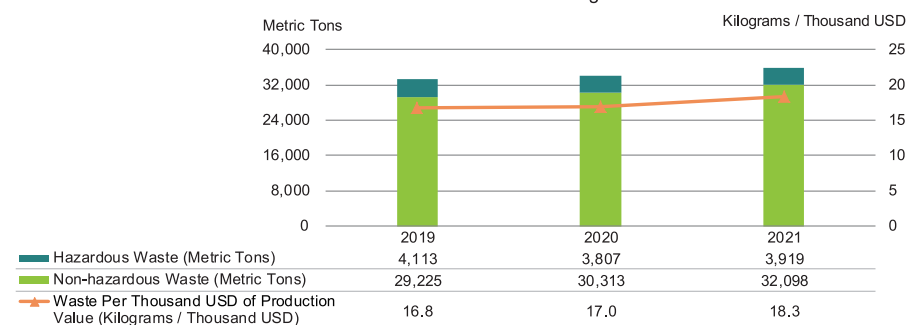
²⁴ This number is the calculation result from average data (36,017 tons) and will be slightly different from the calculation result from original data (36,018 tons).

4.5.6 Waste Treatment

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.

The total amount of waste generated in 2021 was 36,018 metric tons, 5.6% higher than in 2020. The COVID-19 pandemic caused the short-term suspension of operations at our factories in Vietnam, India and Indonesia. Consequently the production plan and efficiency were impacted and part of semi-finished products expired, leading to an increase in waste. The total amount of waste consisted of 10.9% hazardous waste and 89.1% non-hazardous waste. Waste generated per thousand USD of production value was 8.1%²³ higher than in 2020. Since 2019, we have focused on improving the worker capability to reduce product defects, utilizing reusable packaging to reduce packaging material waste and looking for alternative materials during the shoe model development stage to reduce product defect rates. In the meantime, we will actively search for better waste recycling techniques and partners to further increase waste recycling rate.

Total Weight of Waste²⁴



Amount of Waste Treated and Disposed of in Each Region

Region	Taiwan	China	Indonesia	India	Vietnam	Total
Amount of Waste (Metric Tons)	1,119	4,631	3,401	8,185	18,682	36,018

Feng Tay pays great attention to waste treatment and disposal, and aims to reduce waste at the source. Over the years, we have gradually reduced the use of less eco-friendly disposal methods such as incineration and landfill.

In 2021, the treatment and disposal of hazardous and non-hazardous waste consisted of 3,653 metric tons by in-house recycling and 32,364 metric tons by off-site treatment and disposal. The percentages of waste treated and disposed of by various methods are: 47.35% recycling / reuse, 33.52% incineration (energy recovery), 8.94% incineration (excluding energy recovery), and 0.004% landfill. The percentage of in-house recycling and recycling / reuse²⁵ increased from 52.78% in 2020 to 57.50% in 2021; the percentage of incineration (excluding energy recovery) and landfill decreased from 13.72% in 2020 to 8.94% in 2021. We will continue to work towards the goal of using the method of recycling for waste treatment and minimizing the use of incineration and landfill, in order to further reduce our environmental footprints. Following are the treatment and disposal methods and the weights²⁶ of hazardous and non-hazardous waste treated and disposed of in 2021:

Treatment / Disposal Method		Hazardous Waste (Metric Tons)	Non-hazardous Waste (Metric Tons)	Total Amount of Waste (Metric Tons)	Percentage of Total Amount of Waste
On-site	In-house Recycling	0	3,653	3,653	10.14%
Off-site	Recycling / Reuse	1,559	15,497	17,056	47.35%
	Incineration (Excluding Energy Recovery)	1,144	2,075	3,219	8.94%
	Landfill	1	0	1	0.00% ²⁷
	Incineration (Energy Recovery)	1,200	10,873	12,073	33.52%
	Others ²⁸	15	0 ²⁹	15	0.04%

4.5.7 Environmental Compliance Records

In 2021, there is no major incident of non-compliance with environmental laws and regulations.

²⁵ Recycling includes downcycling, close loop and customer sponsored program.

²⁶ The weight data are taken from the direct measurements and the transport records kept by waste disposal contractors. This total amount of waste is the sum of all waste data which have been rounded to the nearest integer (36,017 metric tons) and will be slightly different from the original data rounded to the nearest integer (36,018 metric tons).

²⁷ This number is the original data rounded to the second decimal place; the original number is 0.004%.

²⁸ The disposal method is curing.

²⁹ This number is the original number rounded to the nearest metric tons; the original number is 290 kilograms.

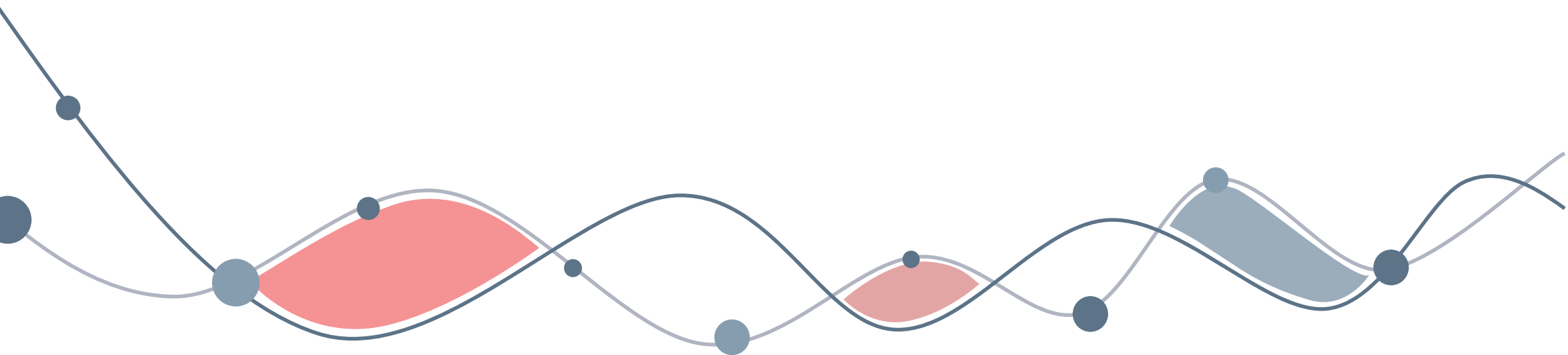
05



Employee Relationship and Social Engagement

5.1 Employee Relationship

5.2 Social Engagement



5.1 Employee Relationship

Having operated the business diligently in Yunlin for 50 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 work 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.

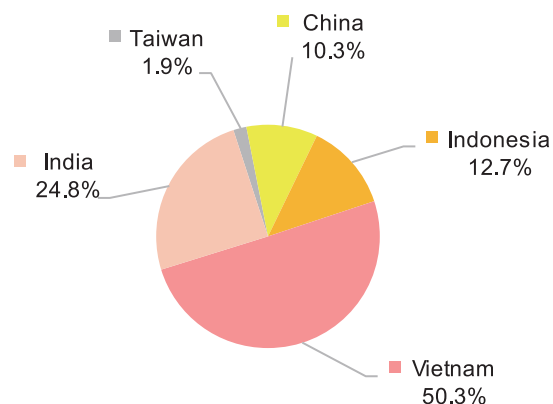
5.1.1 Employment

The employment policy of Feng Tay Group strictly follows national labor laws. We recruit workers through open channels and in a fair manner. Moreover, our principles are to employ local workers whenever possible and to prohibit hiring foreign migrant workers or workers under the legal working age.

Employee Compositions

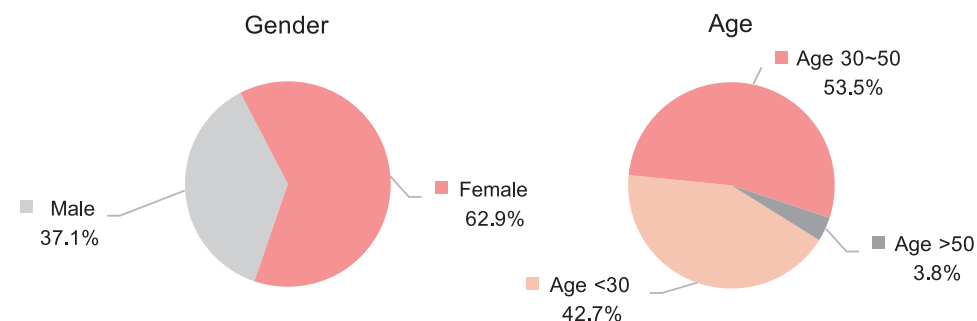
By the end of 2021, the workforce of Feng Tay Group was 138,310. The regional distribution of employees was: 2,604 worked in Taiwan; 14,291 in China; 17,546 in Indonesia; 69,543 in Vietnam; and 34,326 in India.

Regional Distribution of Employees



Employee Compositions in all Regions

Female employees comprised 62.9% of the total workforce at Feng Tay. The percentage of female employees in the workforce in China Region was the highest among all regions. In terms of age, employees who were between 30 and 50 comprised 53.5% of the total. In Taiwan, China, Indonesia and Vietnam, the largest age group was between 30 and 50 years old. The majority of employees in India were under age 30.



Employee Compositions

Region		Male	Female	Age < 30	Age 30 - 50	Age > 50
Taiwan	Number of employees	1,377	1,227	292	1,620	692
	Percentage	52.9	47.1	11.2	62.2	26.6
China	Number of employees	3,575	10,716	789	10,544	2,958
	Percentage	25.0	75.0	5.5	73.8	20.7
Indonesia	Number of employees	6,610	10,936	8,489	8,788	269
	Percentage	37.7	62.3	48.4	50.1	1.5
Vietnam	Number of employees	25,592	43,951	30,124	38,068	1,351
	Percentage	36.8	63.2	43.3	54.8	1.9
India	Number of employees	14,171	20,155	19,358	14,959	9
	Percentage	41.3	58.7	56.4	43.6	0
Feng Tay Group	Number of employees	51,325	86,985	59,052	73,979	5,279
	Percentage	37.1	62.9	42.7	53.5	3.8

Employee Grade Levels

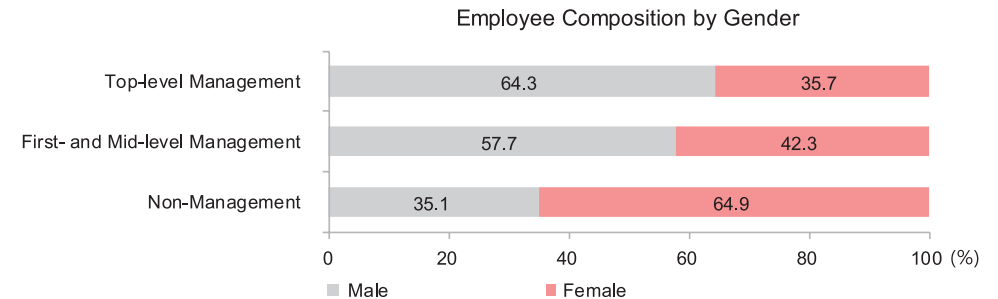
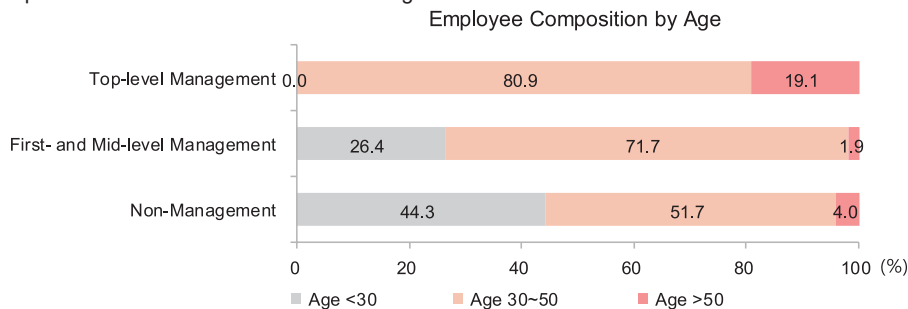
The workforce can be divided into three categories – top-level management, first- and mid-level management, and non-management. When a factory is established, members of the initial management team are mostly dispatched from the Headquarters for the purposes of establishing regulations and systems and helping local staff to develop leadership and management capabilities.

We strive to cultivate local talents and appoint them to leadership positions. As of the end of 2021, locals accounted for 100% of general managers at factories in Taiwan, Indonesia, India and China, and 89% in Vietnam.

Top - level Management	First- and Mid-level Management	Non-Management
<ul style="list-style-type: none"> General managers at the Headquarters Vice general managers at the Headquarters Special assistants to general managers at the Headquarters Chief directors at the Headquarters General managers at factories Regional general managers 	<ul style="list-style-type: none"> Monitor at the Headquarters Senior directors at the Headquarters Directors at the Headquarters Managers at the Headquarters Supervisors and team leaders at the Headquarters Special assistants to general managers at factories Executive vice general managers at factories Monitors at factories Vice general managers at factories Directors at factories Managers at factories Supervisors at factories 	<ul style="list-style-type: none"> Engineers Technicians Staffs Specialists Project managers Clerks Operators

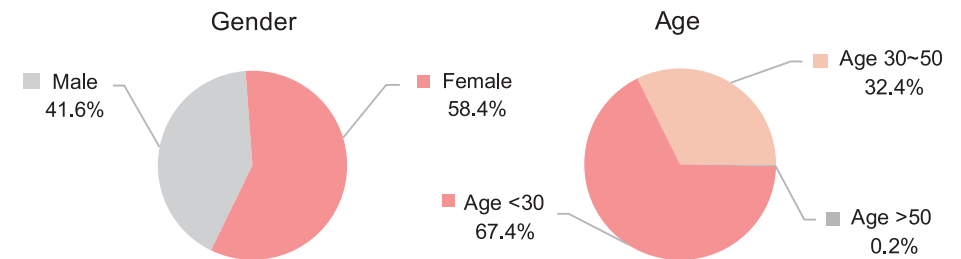
Among employees, 12,101 were at management levels, accounting for 8.8% of the total workforce, with the majority of them in the 30-50 age range. And 115 employees were at the top-level of management, accounting for 0.1% of the total workforce. The first- and mid-level management comprised 11,986 employees, accounting for 8.7% of the total workforce.

The Group had 5,113 female employees at management levels, which made up 42.3% of management levels. Among all female managers, 41 were at the top-level of management, making up 35.7% of the top-level management; 5,072 were at the first- and mid-level of management, making up 42.3% of the first- and mid-level management.



The Compositions of New Recruits

To meet our business growth needs, we recruited 30,620 new employees in 2021, of which 17,880 were female, accounting for 58.4% of the total new recruits. New employees younger than 30 years of age made up 67.4% of the total new recruits.

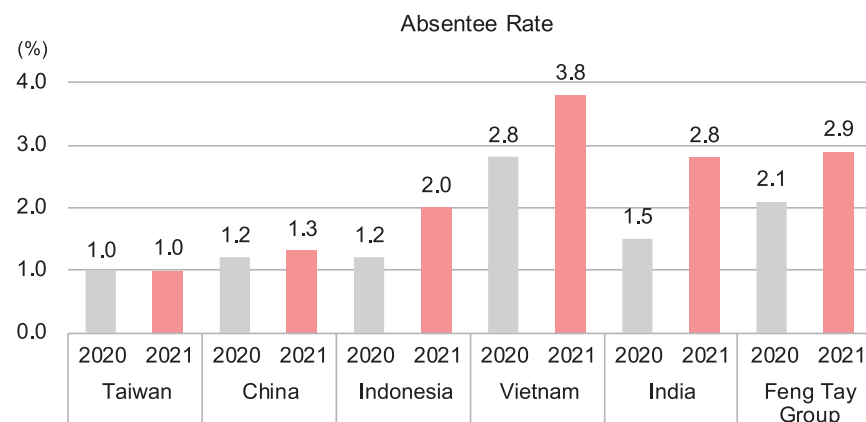


New Recruits Composition

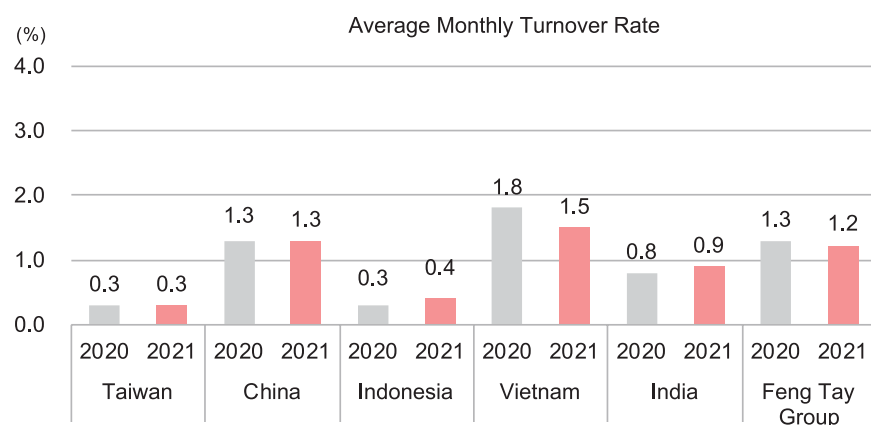
Region		Male	Female	Age < 30	Age 30-50	Age > 50
Taiwan	Number of employees	75	60	92	43	0
	Percentage	55.6	44.4	68.1	31.9	0
China	Number of employees	660	1,576	668	1,553	15
	Percentage	29.5	70.5	29.9	69.4	0.7
Indonesia	Number of employees	1,074	1,065	1,984	155	0
	Percentage	50.2	49.8	92.8	7.2	0
Vietnam	Number of employees	8,668	9,819	11,819	6,632	36
	Percentage	46.9	53.1	63.9	35.9	0.2
India	Number of employees	2,263	5,360	6,070	1,553	0
	Percentage	29.7	70.3	79.6	20.4	0
Feng Tay Group	Number of employees	12,740	17,880	20,633	9,936	51
	Percentage	41.6	58.4	67.4	32.4	0.2

Absentee Rate³⁰ and Monthly Turnover Rate³¹

A variety of communication channels have been established within Feng Tay Group to enable the management team to listen to the employees, to solve the difficulties at the workplace, and to understand the causes that lead to their absence. The average absentee rate increased from 2.1% in 2020 to 2.9% in 2021, because the COVID-19 pandemic caused short-term suspensions of operations at factories in Vietnam, Indonesia and India.



Regarding employee turnover management, once an employee has submitted his or her resignation, the human resource staff will conduct an exit interview to understand the reason for his or her resignation, and do the best to show our care and to retain the employee. The average monthly turnover rate of the Group in 2021 was 1.2%, 0.1% lower than in 2020, with the highest in Vietnam (1.5%) and the lowest in Taiwan (0.3%). For employees who had completed more than one year of service, the average monthly turnover rate was 0.7%, with the highest in Vietnam (0.8%) and the lowest in Taiwan and Indonesia (0.3%). Employees older than 50 had the highest turnover rate at 0.9%, while under 30 age group's turnover rate was 0.7% and the 30-50 age group's turnover rate was 0.6%.



Average Monthly Turnover Rate³²

Region	Item	Overall	Male	Female	Age < 30	Age 30-50	Age > 50
Taiwan	Number of resignations	91	41	50	22	33	36
	Turnover rate of all employees	0.3	0.2	0.3	0.7	0.2	0.4
	Turnover rate of employees with more than one year of service	0.3	0.2	0.3	0.3	0.1	0.4
China	Number of resignations	2,201	650	1,551	546	1,346	309
	Turnover rate of all employees	1.3	1.5	1.2	5.4	1.0	0.9
	Turnover rate of employees with more than one year of service	0.6	0.7	0.6	1.6	0.5	0.8
Indonesia	Number of resignations	727	251	476	303	328	96
	Turnover rate of all employees	0.4	0.3	0.4	0.3	0.3	3.1
	Turnover rate of employees with more than one year of service	0.3	0.3	0.3	0.2	0.3	3.1
Vietnam	Number of resignations	12,163	5,716	6,447	7,042	4,975	146
	Turnover rate of all employees	1.5	2.0	1.3	2.1	1.1	0.9
	Turnover rate of employees with more than one year of service	0.8	1.0	0.8	1.0	0.7	0.8
India	Number of resignations	3,601	1,337	2,264	2,367	1,234	0
	Turnover rate of all employees	0.9	0.8	1.0	1.1	0.7	0.0
	Turnover rate of employees with more than one year of service	0.5	0.4	0.5	0.5	0.5	0.0
Feng Tay Group	Number of resignations	18,783	7,995	10,788	10,280	7,916	587
	Turnover rate of all employees	1.2	1.4	1.1	1.6	0.9	1.0
	Turnover rate of employees with more than one year of service	0.7	0.7	0.6	0.7	0.6	0.9

³⁰ Absentee rate refers to 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. 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.

³¹ Monthly turnover rate refers to the monthly number of employees who leave the company expressed as a percentage of the total number of employees.

³² Average monthly turnover rate refers to the average monthly turnover number expressed as a percentage of the average monthly number of employees. The average monthly turnover rate for each region, gender and age group refers to the average monthly turnover number for each region, gender and age group expressed as a percentage of the average monthly number of employees for the corresponding category.

5.1.2 Protection of Workers' Rights

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.

Human Rights Policy

Feng Tay establishes the human rights policy in compliance with the laws and regulations at all locations of our operations and fulfill our obligations to respect and protect human rights. We continue to make reference to various human rights international conventions, including those adopted by International Labor Organization.

We promise

Feng Tay takes into consideration human rights issues in all aspects of our operations, including employees, customers, suppliers, business partners, and the social environment at the locations of our operations. Feng Tay will continue to provide multiple communication platforms and channels for stakeholders to ensure that stakeholders can express their opinions freely and safely. We adopt the following management principles to ensure the implementation of human rights policies

- All employment is voluntary; hiring locals is the priority; child labor and foreign migrant labor are prohibited.
- Provide equal employment opportunity without discrimination based on race, gender, sexual orientation, age, nationality, political orientation, religion, marriage, physical or mental disability.
- Prohibit any threat, abuse, or sexual harassment in the workplace.
- Respect employees' rights to freedom of association and collective bargaining.
- Provide a safe and healthy working environment, clear definitions and regulations on work hours and overtime. Establish management guidelines for occupational safety and health and set up an Occupational Safety and Health Committee to drive workplace improvements and protect employees' physical and mental health.
- Establish multiple communication channels, encourage dialogue between management and employees, and ensure the freedom and confidentiality to file grievances.
- Respect privacy; ensure that the collection and use of personal data comply with the law.



Non-discrimination Policy

An individual's qualifications are the only criteria that Feng Tay Group would consider when hiring a new employee and setting the starting salary. Furthermore, subsequent evaluations, reward and penalty are solely based on performance. None of our employees would be unfairly treated because of his or her gender, race, religion, age, disability, sexual orientation, pregnancy status, marital status, nationality, political inclination, union membership, social and ethnic background, or any other status that is under legal protection.

Feng Tay recruits people with disabilities to comply with the "People with Disabilities Rights Protection Act" in Taiwan. Employees with disabilities are assigned suitable work and provided with comprehensive trainings.



As of the end of 2021, we hired a total of **34** employees with disabilities at the Headquarters, **30.7%** higher than required by the regulations in Taiwan.

Approaches to Preventing and Handling Sexual Harassment, Harassment and Abuse

In order to prevent sexual harassment, harassment and abuse at the workplace, and uphold equal rights and dignity between female and male workers, Feng Tay Group has established the "Approaches to Preventing and Handling Sexual Harassment, Harassment and Abuse," which is posted in main workshops and rest areas. The regulations are explained in the orientation program for new employees, and at least once a year during on-the-job trainings and management trainings. When employees or job applicants suffer harassment or abuse at workplace, they may file complaints through a hotline, an electronic mailbox or a regular mailbox, all of which are available at the Headquarters and all factories. Once a complaint is received, the executive in charge of the case shall invite a representative of the Labor 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 ruling.

Care 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. At our factories International Women's Day is celebrated and a series of activities are held during Women's Health Month in May. Each region also has its own special measures. In China, female employees receive free health examination every year. Female employees who work the night shift are provided with shuttle bus service in Indonesia. In Vietnam, female employee representatives participate in festival planning committees. We hold culinary, flower design and soccer contests to further enhance our female employees' sense of accomplishment and active participation. In India, female workers do not take shift work. Moreover, monthly awareness training classes are offered to nursing mothers at the Crèche.

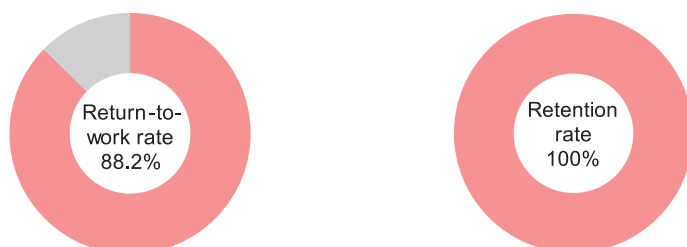


Hold flower design contest on International Woman's Day in Vietnam



Hold Activities on International Woman's Day in India

Data on Unpaid Parental Leave at the Headquarters



To promote parent-friendly company culture, we provide employees with the right to take unpaid parental leave in accordance with local laws in each region. The maximum period for an unpaid parental leave that an employee can take at the Headquarters is 2 years. In 2021, a total of 12 employees took unpaid parental leave, and the return to work rate was 88.2%. The retention rate (the number of employees having stayed with Feng Tay for more than one year after returning from unpaid parental leaves divided by the number of employees returning from unpaid parental leaves in the preceding year) was 100% in 2021. All of the 13 employees who returned to work in 2020 were still in service at the end of 2021.

The result indicates that Feng Tay has provided a friendly workplace to returned employees, helped them re-adapt to their work, protected their employment rights, and allowed them to take care of their families.

Item	Male	Female	Total
The number of employees entitled to unpaid parental leave in 2021	75	37	112
The number of employees who took unpaid parental leave in 2021	2	10	12
The number of employees who planned to return to work after unpaid parental leave ended in 2021 (A) ³³	0	17	17
The number of employees who returned to work after parental leave ended in 2021 as planned or earlier than planned (B)	0	15	15
The number of employees who returned to work after parental leave ended in 2020 (C)	3	10	13
The number of employees who returned to work after parental leave ended in 2020 and were still in service at the end of 2021 (D)	3	10	13
Return to work rate (B/A)	0.0%	88.2%	88.2%
Retention rate (D/C)	100%	100%	100%

³³ A includes: (1) The number of employees who took the leave in 2021 and planned to return to work in the same year, (2) The number of employees who took the leave in 2021 and planned to return to work in 2022 or 2023 but returned to work in 2021, (3) The number of employees who took the leave in 2019 or 2020 and planned to return to work in 2021 (and did not return to work earlier than planned), and (4) The number of employees who took the leave in 2020 and planned to return to work in 2022 but returned to work in 2021.

India Factories- SAKHI Program

SAKHI means "female friend" in Tamil language

SAKHI program empowers female employees to reach their full potential through courses in professional skills training, computer and English. To promote gender equality in society, we have made an effort to provide female employees with access to higher education. We have invited local education scholars and university representatives to our factories to share information about school curriculum, admission requirements, and career opportunities. Since 2012, 1,506 female employees took part in this program. A total of 324 employees received graduation certificates as of the end of 2021.



For employees who are pregnant or nursing babies, we provide the following measures in addition to complying with national laws:

- 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 suitable jobs.
- 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 and baby during pregnancy and the breastfeeding period.
- Nursing rooms are provided at the Headquarters and factories for employees who are nursing babies to use 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.



5.1.3 Overall Compensation Entry-Level Wage

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 performance, regardless of social status, gender, religion, race, nationality or political affiliation. The ratio of basic salary of men to women in each employee category is one to one.

Comparison of legal minimum wage and entry level wage of Feng Tay Group in 2021

Region (Currency)	Local Legal Minimum Monthly Wage	Entry-level Wage of Feng Tay Group
Taiwan (NTD)	24,000	28,200
China (RMB)	1,570 / 1,720 / 2,280*	1,900 / 1,900 / 2,580
Indonesia (Rupiah)	3,241,930	3,307,200
Vietnam (VND)	4,420,000 / 3,920,000 / 3,430,000**	5,200,000
India (Rupee)	4,843+DA***	7,563+DA

* RMB 1,570 is the local legal minimum monthly wage in Putian, Fujian Province; RMB 1,720 is the local legal minimum monthly wage in Fuzhou, Fujian Province; RMB 2,280 is the local legal minimum monthly wage in Taicang, Jiangsu Province.

** VND 4,420,000 is the local legal minimum monthly wage in Vung Tau City, Ba Ria-Vung Tau Province and Trang Bom District, Dong Nai Province; VND 3,920,000 is the local legal minimum monthly wage in Xuan Loc District, Dong Nai Province; VND 3,430,000 is the local legal minimum monthly wage in Chau Duc District, Ba Ria-Vung Tau Province.

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

Average and Median Annual Salary for Full-time Non-management Employees in Taiwan (the Group Headquarters)

(Unit : Thousand NTD)	2020	2021
Number of non-management employees	2,595	2,586
Average annual salary of non-management employees	1,143	1,154
Median annual salary of non-management employees	843	862

Remark: The statistics exclude employees in management positions (registered managers and equivalent-level positions) in accordance with the regulations established by Taiwan Stock Exchange (TWSE).

Employee Bonus

Year-end bonuses based on the Group's earnings of the year are given as a way to share the good results with our employees. In addition, Feng Tay provides several kinds of job-based premiums to reward employees' outstanding performances, such as performance bonus and achievement bonus. We gave out these bonuses to encourage our employees to devote themselves to their career, as well as to attract and retain the talents.

At the Headquarters, employees who have completed 8 years of service receive travel allowance. The "Propose for Improvement" system is established at factories in China, Indonesia, Vietnam and India. A mailbox is installed at an easily accessible location to collect proposals and is checked every day. Once a proposal is adopted, the proposer is rewarded with a bonus which is added to the salary of the month. The adopted proposal is posted on the bulletin board to give recognition to the proposer and to inspire other employees. The system has fully demonstrated the creativity and continuous improvement mindset from the shop floor.

In addition, the Group has established the "Great Kaizen Award" program to encourage employees to strive for improvement and breakthrough in their work. The winning works are announced monthly. There was a total of 292 winning works in 2021, from which 15 works were selected to receive the "Best Manufacturing Kaizen Award". The 15 recipients were invited to the Headquarters to receive the awards at the Group anniversary celebration.

5.1.4 Career Development

Feng Tay believes that our employees are the most valuable assets. 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.

Job Assignment

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.

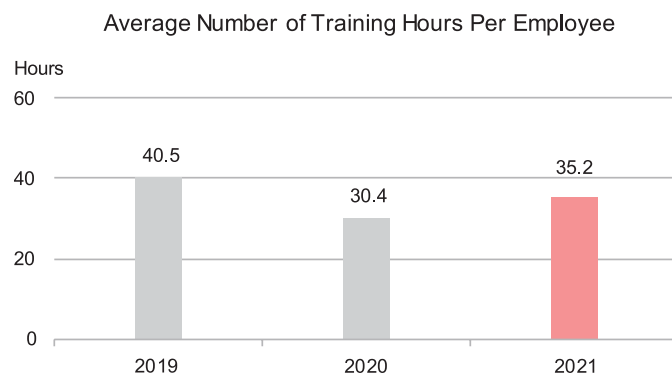
In Feng Tay's performance management system, staff performance evaluation criteria are based on position level and job duties. We carry out performance evaluation and performance appraisal interview with employees regularly. Many executives at the Headquarters and factories were gradually promoted to their current positions from entry level by going through various challenging assignments and obtaining good performance evaluation results.

Education and Training

Continuously implementing human resource development program is one of the management strategies we adhere to. 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
Diversified Training	Job rotation, mentoring, job counseling		
	External training courses, learning field trips		
	E-learning, self-paced in-person learning		

In 2021, the total training hours in the Group reached 4,667,859 hours, 17.5% higher than in 2020. There was a total of 1,444,774 attendees. The average number of training hours per employee was more than 35.2 hours, 15.8% higher than in 2020.



Average Number of Training Hours Per Employee

Unit: hour

Region	Top-level Management	First- and Mid-level Management	Non-Management	All Employees
Taiwan	8.6	21.5	29.1	26.4
China	0.4	12.5	31.0	29.3
Indonesia	12.0	23.5	23.9	23.9
Vietnam	1.1	23.1	34.0	33.0
India	0.3	23.0	51.4	48.9
Feng Tay Group	6.3	21.9	36.5	35.2

5.1.5 Employee Communication and Rights

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.

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.

As of the end of 2021, 787 cases of grievances and suggestion were resolved. 90.9% of the cases received were related to labor practices, mainly concerning management style, work arrangement, and work environment. There were 725 cases of grievances, 32.8% higher than in 2020, which suggest that there is room for improvement in employee relationship. This also indicates the implementation of the Grievance and Suggestion System has helped individuals and workplaces move toward a culture of openness, transparency and two-way communications. The grievance and suggestion cases received in 2021 are shown in the following table (of which 16 cases have not yet been closed) :

Region	Category	Social	Environment	Labor	Human Rights	Total Cases
Taiwan	G*	4	0	49	0	53
	S**	1	0	9	0	10
China	G	0	0	86	0	86
	S	0	0	17	0	17
Indonesia	G	0	0	3	7	10
	S	0	0	1	0	1
Vietnam	G	0	2	160	2	164
	S	0	0	39	0	39
India	G	0	3	358	51	412
	S	0	1	9	1	11
Feng Tay Group	G	4	5	656	60	725
	S	1	1	75	1	78

*G: Grievance ; **S: Suggestion

Freedom of Association

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. Union dues are paid by employees who voluntarily join a union. The percentages of employees belonging to unions are as follows:

Taiwan	China	Indonesia	Vietnam	India
100%	100%	86%	99%	100%

Working Hours and Overtime

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 each region. 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 Resource (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.

Working hours and maximum allowed overtime in all regions:

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, 14 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

Insurance and Paid Leaves

Feng Tay provides employees with sound insurance programs and flexible leave policies in accordance with local laws. 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.

5.1.6 Employee Care and Welfare

Employee Family Day and Employee Service Recognition

We hold "Employee Family Day" events at factories. We take these opportunities to explain company's visions to employees' families and hope to obtain the support from them and their sense of identifying with the company, which will be the best backing for the company to move forward. At the Headquarters and each factory, employees who have completed 25 years of service will receive trophies, souvenirs, and recognition from the management team at the award celebration.

Employee Assistance Program (EAP)

In Taiwan and India, we have launched an EAP program to offer professional consultations to employees who have alcohol, marriage, or psychological problems, and set up a free 24-hour hotline to help them overcome difficulties in life. In India, more than 14,000 consultations were provided in this program and 137 individuals overcame their suicidal thoughts after consultations in 2021. 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.

Nursery School for Employees' Children

To reduce the child care burden on our employees and to help them concentrate on work, Feng Tay establishes nursery schools 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. Tuition fees of nursery schools are used for children's meals and simple education materials, and the crèches are completely free of charge. The construction and maintenance of the facilities and the salaries of teachers and supporting staff are all covered by the company.



Parents walk into school event at Feng Tay Nursery School in Taiwan



Outdoor activity at Li Feng and Xie Feng Nursery School in China



Taiwan: Feng Tay Nursery School

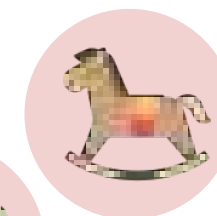
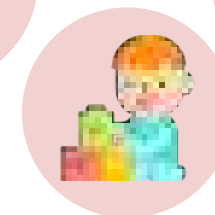
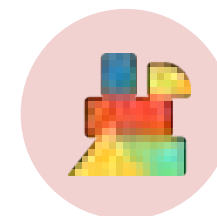
Feng Tay is one of the earliest companies that established nursery school in Taiwan. It has been repeatedly awarded top prizes in the "Evaluation of Public and Private Nursery Schools in Yunlin County." Feng Tay Nursery School values the interaction between parents and teachers, and emphasizes parents' 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.

Year established	1979
Area (square meters)	8,055
Student age range	2-6 years old
Number of students	234
Number of teachers	29
Number of alumni	3,004



India: LU1, LU2, EW1, EW2, and FA1 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. Because of the COVID-19 pandemic, services at the crèches were suspended in 2021.



Vietnam: Nursery School at Two Locations

Two nursery schools in Dong Nai Province, one in Trang Bom District and another in Xuan Loc District, are both rated as excellent nursery schools repeatedly. They are highly commended by the Vietnamese Central Government and recognized as the role models for the operations of FDI companies in Vietnam. As a follow-up, the Government is planning to require all future industrial zones to reserve a part of the land for nursery schools.

School name	DO Nursery Schools	DS Nursery Schools
Year established	2008	2016
Area (square meters)	12,000	22,400
Student age range	3-6 years old	
Number of students	825	867
Number of teachers	60	66
Number of alumni	2,775	1,228



China: Li Feng and Xie Feng Nursery School

With green school environments and several kinds of educational playground equipment, both schools have been repeatedly rated as schools of exceptional quality by local educational authorities. Li Feng is currently designated as the "showcase" nursery school in Putien and the pilot center of teaching and research for model teachers of nursery schools. It is also open for study to all preschool education institutions in the region.

School name	Li Feng Nursery Schools	Xie Feng Nursery Schools
Year established	1993	
Area (square meters)	10,000	23,300
Student age range	3-6 years old	
Number of students	297	431
Number of teachers	20	30
Number of alumni	2,711	4,398



Employee Benefits

In Taiwan, the Group Headquarters has a gym and a recreation center, which provide the employees with facilities for exercise and relaxation after work. Facilities at the recreation center include an indoor swimming pool, a hydrotherapy spa, a basketball court, a tennis court, a volley ball court, a golf short game area, a skateboard-practicing facility, barbecue equipment, a karaoke system, a banquet room, and a multi-functional room. In 2021, because of the COVID-19 pandemic, the facilities opening hours were restricted in accordance with the epidemic prevention regulations established by the Company. As a result, the number of visits to the facilities was 7,986, 47% lower than in 2020. Other benefits include gifts or allowances on special holidays, birthday and wedding gifts for employees, condolence money, free meals or meal subsidies, and dormitory.

Other measures are implemented to meet special regional needs. For example, free or subsidized shuttle bus services are available for employees commuting at some factories. Free uniforms are provided to employees in Vietnam and India. In Indonesia, employees may receive free medical services at the clinic established by the Group, and every year three employees go on a fully sponsored pilgrimage trip to Mecca. In India, free vision and hearing examinations are made available to employees and their children; and nutritional supplements are supplied to pregnant employees on every workday.



Implemented vaccination program for employees in India



Hold activity on Dragon Boat Festival in China

Employee Welfare Committee

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 party, and club activities. Furthermore, our employees can enjoy discounts at over 253 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 2021, there were 29 clubs at the Group Headquarters. Among these clubs, 48% are sports clubs. Other clubs, such as camping club, succulent gardening club, board game club and motorcycle club, provide the employees with more activity choices.

5.1.7 Employee Safety and Health

5.1.7.1 Environment, Safety, and Health (ESH) Management Organizational Structure of ESH Management

Personnel of ESH are appointed at the Headquarters and factories as explained in Section 1.2 Organizational Structure of Corporate Social Responsibility. 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. ESH personnel at the Headquarters use these reports to evaluate the performance of each factory, provide advices and guidance, and conduct audits from time to time. Another responsibility of ESH personnel at factories is to push for improvements in response to the requirements from external parties such as customers, suppliers and governments. As of the end of 2021, the ESH personnel included company employees and contractors who had been working at our factories for a long time, and the inclusion rate reached 100%. In the same year, all of our factories accepted occupational health and safety audits or inspections by third-party agencies, and the inclusion of company employees and long-term contractors also reached 100%.

Since 2015, a quarterly review meeting on ESH management performance has been held at the Group Headquarters. A supervisor at the general manager level or above chairs the meeting, and all supervisors at the manager level or above at the Group Headquarters are required to attend. 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. A quarterly review meeting on ESH management performance has also been held at each factory since 2016. 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.

ESH Committee

Feng Tay has established an ESH committee at the Headquarters and at each factory. The chairperson is elected by committee members, which include an equal number of management and worker representatives. The committee meets at least once a month. The meeting agenda includes investigation of on-site occupational injuries, review on implementation of preventive measures, discussion of ESH projects, and safety awareness promotional activities. To provide a more friendly work environment, quarterly ESH inspections are conducted and deficiencies found during the inspections are promptly corrected.

Workplace Safety Management

Feng Tay has established specific workplace safety management regulations. All aisles in workshops should have an appropriate width and should be cleared of any object, and 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 kinds of workplaces.

To reduce injury risk, we inspected nearly ten thousand high-risk machines in 2016, conducted risk assessments on the safety features of these machines, and made improvements accordingly. 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 422 types of machines by the end of 2021, 18% higher than in 2020. Manufacturing processes and equipment layout are designed ergonomically to minimize injuries from sustained postures. Personal protective equipment is provided to employees for protection when performing special tasks. And warning signs are posted at high-risk workplaces to remind operators to wear protective equipment, thereby reducing exposure to hazards.

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, and regular retraining courses should be taken in accordance with risk assessments.

5.1.7.2 Employee Health Management Health and medical facilities

We set up health facilities such as health care centers or clinics at the Headquarters in Taiwan and all subsidiary companies in each region. All health facilities employ certified medical professionals and are equipped with emergency medical supplies. At each factory, health promotion activities are held and occupational medicine physicians are regularly invited to provide health and medical consultation services.

Employee canteen management

To supply our employees with safe meals, Feng Tay Headquarters and factories impose strict hygiene standards on practices in canteens. Meals are prepared in three different ways: cooked by our full-time employees in our kitchens, cooked by contract workers in our kitchens, and cooked by contractors in their kitchens. Related personnel at the Headquarters and factories eat at employee canteens once a week to check food quality and hygiene conditions in canteens. We also set up a Meal Quality Supervisory Committee at every canteen to monitor food quality and provide advice. Committee members are elected by employees. On each day a set of meal from the canteen is kept at the health service office as a sample to be analyzed in case any food poisoning incidents occur. In 2021, there were no food poisoning incidents in the entire group.

Use of organic/non-toxic agricultural products³⁴

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 use of organic/non-toxic agricultural products" in 2015. As of the end of 2020, all rice and fruits were switched to organic/non-toxic and around 80% of vegetable dishes were prepared with organic/non-toxic products.

³⁴ According to Council of Agriculture, Executive Yuan, Taiwan, a non-toxic agricultural product refers to a product that does not use chemical pesticides, chemical fertilizers or antibiotics during its growth and is tested free of pesticide and heavy metal residues.

Drinking water management

Feng Tay Group establishes 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. 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 is 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. As of the end of 2021, the test results for drinking water at all factories fully complied with regulatory standards. To strengthen the maintenance of drinking water equipment, inspections were regularly conducted. The pass rate was 94.4% in 2021. 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.



5.1.7.3 Disaster Prevention and 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. 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.

5.1.7.4 Occupational injury frequency rate³⁵

Feng Tay Group strives to lower the occupational injury rate, strengthen safety culture, and achieve zero occupational injury. In 2021, the total work hours were 247 million hours, the on-site recordable occupational injury frequency rate was 0.27 (number of injuries and illnesses per million workhours), 25% lower than in 2020, and the on-site recordable occupational severity rate was 40 (workhour loss per million workhours), 44% lower than in 2020. There was no occupational injury-related fatal case in 2021. However, there were 2 severe occupational injury cases (not able to return to work for 6 months), one each in China and India.

When an on-site occupational injury occurs, it is handled in accordance with the laws and regulations on ESH established by the local government. And the supervisor should report it to the factory GM and SMD department within 4 hours. The ESH team should complete the injury investigation report and propose a corrective action plan and improvement suggestions within 3 working days. When an off-site injury (such as traffic accidents during commuting or business trips) occurs, the supervisor should report it to the factory GM within 24 hours, and the General Affairs department should track the case documents.

Region		Taiwan	China	Vietnam	Indonesia	India	Group
Fatal occupational injury	Number of cases	0	0	0	0	0	0
	Injury frequency rate ³⁶	0	0	0	0	0	0
Severe occupational injury (excluding fatalities)	Number of cases	0	1	0	0	1	2
	Injury frequency rate ³⁷	0.00	0.03	0.00	0.00	0.01	0.00
Recordable occupational injury	Number of cases	5	19	32	7	5	68
	Injury frequency rate ³⁸	0.97	0.60	0.28	0.20	0.07	0.27

In 2021, the recordable occupational injury cases (with work hour loss more than 8 hours) were mainly mechanical injuries (accounting for 37%). The major type of occupational injury cases was fracture, followed by crush injury, pinch injury and smash injury. One of the injury cases occurred because a maintenance worker did not wear personal protective equipment and suffered a temporary loss of consciousness by an electric shock.

³⁵ Occupational injury frequency and severity rates do not include cases incurring less than eight hours of work loss. Total work hours = The total work hours of all the employees who need to scan in and out (from MIS system) + The total work hours of all the managers who need not scan in and out (Total working days in the year x 8 hours/day x total number of managers).

³⁶ Fatal occupational injury frequency rate = number of deaths caused by occupational injuries / total work hours x 1,000,000, and round to two decimal places.

³⁷ Severe occupational injury frequency rate = number of severe occupational injuries / total work hours x 1,000,000, and round to two decimal places.

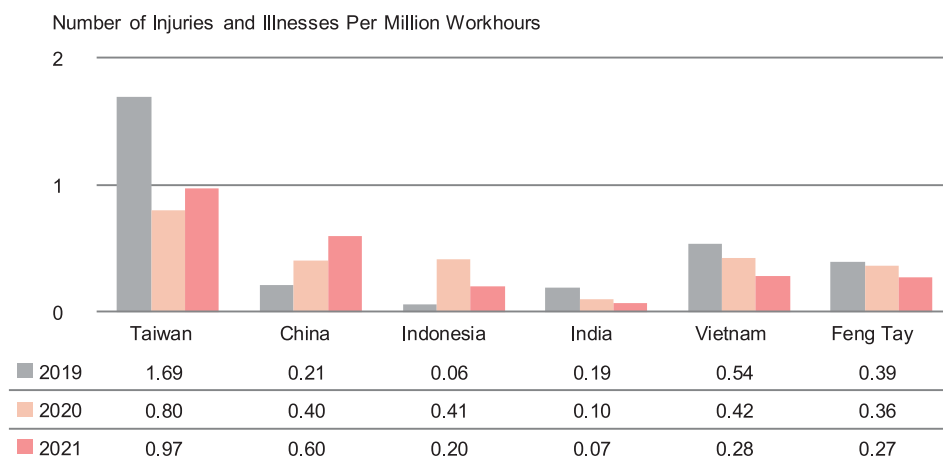
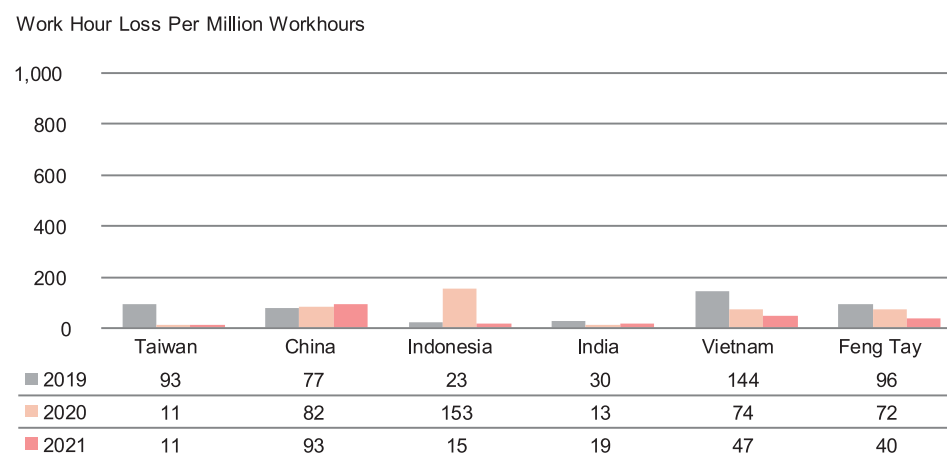
³⁸ Recordable occupational injury frequency rate = recordable number of occupational injuries / total work hours x 1,000,000, and round to two decimal places.

Type of Occupational Injury	Recordable Occupational Injury Number of Cases		Recordable Occupational Injury Work Hour Loss	
	Number of Cases	Percentage	Work Hour Loss	Percentage
Machinery	25	37%	2,967	29%
Electricity	2	3%	217	2%
Chemicals	3	4%	105	1%
Ergonomic injury/ Hand tools/ Lifting, pushing, pulling and carrying objects	16	24%	3,917	39%
Falls	16	24%	2,596	26%
Commuting injury while taking company-owned vehicles (e.g., shuttle bus)	0	0%	0	0%
Others (e.g., insect bites, injuries from falling tree branches, cuts from billboards)	6	8%	313	3%

At Feng Tay, a machine was classified as high-risk or low-risk according to the past data on injury severity and operational risk of the machine. The employee who is assigned to operate a high-risk machine should receive safety training and obtain an operating permit before operating the machine. High-risk operations are evaluated and reviewed, and machinery safety is upgraded continuously. Prior to being introduced into production processes, any new machine must be examined by ESH Department to ensure that the machinery safety protection meets the requirements. Moreover, we continue to implement machine safety improvement projects for old machines and set up standard operating procedures. And we have continued to review the safety features of all high-risk machines and correct any deficiencies discovered accordingly. By the end of 2021, we upgraded the safety features of over 2,484 machines. To strengthen safety inspections, we have designated ESH auditors to regularly examine the safety performance of each factory and track the implementation of improvements. With the aim of increasing safety awareness, a simulation-based safety training center has been established at each factory to let employees experience the effects of accidents at workplaces. In addition, we have developed a system to evaluate the safety performance of supervisors and promoted training on safety awareness for them. To raise the safety consciousness and responsibility within the workforce, safety campaign activities have been undertaken in each department. Through case study and data analysis on injury, safety training and inspection of operating permit were strengthened for workers in the department that had a high injury frequency rate, and their safety performance was used in job evaluation. We will continue to improve our management system and safety culture to achieve zero occupational injury. Because of incomplete data collection, we are not able to disclose the on-site work hours and number of injury cases of non-employees and contractors.

Occupational injury type

- Sprains: 4 cases
- Burns: 5 cases
- Hernia: 0 case
- Amputation: 0 case
- Fractures: 22 cases
- Paralysis: 0 case
- Fatal: 0 case
- Lacerations, Cuts: 13 cases
- Loss of consciousness: 1 case
- Crush injuries, pinch injuries, smash injuries: 16 cases
- Others (e.g., strains, flesh wounds, etc.): 7 cases
- Total: 68 cases**

Occupational Injury Frequency Rates³⁹Occupational Injury Severity Rates⁴⁰

³⁹ According to the revised definition, the occupational injury frequency rates for 2019 have been recalculated in this report.

⁴⁰ For the cases that occurred in 2019 and 2020 but were closed in 2021, the loss of work hour should be calculated for the year when they occurred. The occupational injury severity rates for 2019 and 2020 have been revised accordingly in this report.

5.2 Social Contribution

Feng Tay believes that a long-lasting company is rooted in a sustainable community. Since day one, it has taken on the mission of caring for the community and giving back to society. Through the programs of the foundations we established in Taiwan and China, as well as the efforts of our factories in each region, we continue to fulfill this mission.

Following are the contributions of over USD 6 million made in 2021 by Feng Tay Group and its foundations to support public welfare activities in the communities where its operations are located.



5.2.1 Giving Back to Our Local Communities Emergency Aid to Disadvantaged Families

Feng Tay's Headquarters and factories strive to support disadvantaged families and victims of natural disasters to overcome economic difficulties. The foundations and factories in each region would arrange volunteers to visit the disadvantaged families to understand their actual needs before providing emergency aids and supplies.

- **Taiwan (the Feng Tay Cultural and Educational Foundation)**

Once notified by schools or communities, the foundation would arrange volunteers to visit the disadvantaged families to help them receive support immediately. In 2021, the Foundation gave a total of approximately USD 10,000 (NTD 280,000) to eleven families who had experienced unexpected financial hardships.

- **Indonesia**

Through cooperation with local charities, we took part in the Ramadan Iftar activities, donating over 150 packages of food supplies to orphans and disadvantaged families in 3 nearby villages.

- **Vietnam**

Through the Future Pilot project, we continue to support local disadvantaged families by providing emergency funds and supplies. We also help residents with disabilities and low-income families to build houses. In 2021, we donated 2,340 packages of food supplies to disadvantaged families and orphanages in nearby communities; a total of USD 52,000 (VND 1.2 billion) was donated.

- India

We provided basic supplies and food to families in nearby communities who faced food shortage because of heavy rains and floods, helping about 450 families in emergency situations to overcome difficulties.



Sponsoring Community Activities and Resources

Feng Tay's Headquarters and factories continue our efforts, such as sponsoring community activities and providing resources, to meet the needs of local residents and to support community development activities.



- Taiwan (the Feng Tay Cultural and Educational Foundation)

To better fulfill our mission to give back to society, the foundation has joined forces with the community to integrate relevant resources to help promote better quality of life. In 2021, we sponsored 18 cultural and educational activities, including talent courses for children in nursery schools and the annual performances and outdoor music concerts given by local troupes. A total of USD 44,000 (NTD 1.23 million) was donated.

- Indonesia

To help improve the quality of life for residents in the surrounding area, our factory in Indonesia has continued to help build water wells and provide residents with purified water for drinking and other daily uses since 2003. A total of 22,000 metric tons of water was supplied to 1,550 residents in nearby communities in 2021.

- India

Through the Beyond program, we offered public infrastructure to local disadvantaged villages for improving living conditions. In 2021, we donated toiletries monthly to nearby schools and orphanages. To help provide drinking water for students and teachers, we donated a water filtration system to a local junior high school. About 700 people benefited from the project.

Sports and Arts

The Feng Tay Cultural and Educational Foundation held sports events for local community. To promote arts and culture in the community, we also collaborated with local musicians and artists to hold concerts and workshops. In view of the lack of a large indoor performance hall in Yunlin County, we supported the auditorium renovation project undertaken by National Yunlin University of Science and Technology to build the "Yun Tay Performance Hall". A total of USD 3.6 million (NTD 100 million) has been donated since 2018. The performance hall not only provides a suitable stage for national performance troupes, but also increases the opportunities for residents in Changhua, Nantou, Yunlin and Chiayi Counties to enjoy national performances.

The foundation also pays great attention to diversified education. To help students explore their interests and enthusiasm, we sponsored dream-fulfilling activities and robot education programs for elementary and junior high school students. In 2021, 6 large events related to school counseling, culture and science education, and sports promotion were held. A total of USD 120,000 (NTD 3.45 million) was donated.



Supported to build "Yun Tay Performance Hall"

To help the local government promote youth sports culture, the Headquarters in Taiwan donated a total of USD 180,000 (NTD 5 million) to the 2021 National Secondary School Athletics Games. In addition, we continued to donate sports shoes to the team members of Douliu High School sports teams. Our hope is to provide more resources and care to our local students, thereby helping them to achieve better results in sports competitions.



Donated sports shoes to the team members of Douliu High School sports teams

5.2.2 Educational Resources

Financial Aids for Less Privileged Students

To support the education of economically disadvantaged students, the Feng Tay Cultural and Educational Foundation has provided financial aids to less privileged college students since 1987, to less privileged primary and intermediate school students since 2002, and to less privileged high school students since 2015. Through these financial aid programs, we hope to give timely assistance to less privileged students in Yunlin County and three villages and towns in neighboring counties and cities at every educational stage. By the end of 2021, a total of USD 8.38 million (NTD 232.29 million) was given to 13,348 students.

Improving Educational Resources in Remote Villages

To help students from disadvantaged families, we have provided after-school tutoring and educational resources to remote villages. In addition, we have provided funding for a special project at a national university in Yunlin County.

- Taiwan (the Group Headquarters)

A total of USD 180,000 (NTD 5 million) was donated to a local junior high school for swimming pool renovation.

- **Taiwan (The Feng Tay Cultural and Educational Foundation)**

The foundation has collaborated with National Yunlin University of Science and Technology to conduct an after-school tutoring program since 2011. The program offers various educational activities and organizes field trips for students from disadvantaged families. As of the end of 2021, 226 volunteers and 328 students participated in the program.

The foundation has provided financial resources to schools and non-profit organizations in remote villages for them to continue their after-school tutoring programs. The programs offer free after-school classes (between 17:00 and 21:00) 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 2021, a total of USD 150,000 (NTD 4.15 million) in scholarship was donated for 135 classes with over 1,900 students.

- **China (The Da Feng Cultural Foundation)**

Since 1991, the Foundation has provided scholarships to 7,330 students in need and has supported building reconstruction or maintenance at 163 schools. In 2021, a total of USD 310,000 (RMB 2 million) was donated.



- **Vietnam**

To support the local educational environment, we donated online learning equipment and funds for construction of elementary and junior high school buildings to neighboring communities. A total of USD 780,000 (VND 17.6 billion) was donated.

- **India**

We built smart classrooms and provided interactive whiteboards, laptops, projectors and digital writing pads to improve learning resources in nearby elementary and junior high schools, benefiting over 1,600 students.

5.2.3 Health Care and Hygiene Improving Medical Resources

Through our factories in each region, we provided free medical clinic and health check, and held blood donation events, in order to improve local healthcare quality and to promote healthy lifestyles.

- **Taiwan (the Group Headquarters)**

A total of USD 140,000 (NTD 4 million) was donated to the National Taiwan University Hospital Yunlin Branch for medical equipment and epidemic prevention clinic building renovation.

- **Indonesia**

Griya Sehat, the clinic at our factory, has joined the national health insurance plan since 2015, and has been considered the best medical institution in local community. The clinic provides services, which include blood tests, prenatal examinations, dental care, health promotion, and pharmaceutical services, to residents in the neighboring villages. By sharing the resources, we hope to help improve local health care quality. In 2021, we collaborated with the local government to implement the vaccination program during the COVID-19 pandemic, holding a total of 24 events.

- **India**

Based on the Beyond program, one of our primary targets is to promote healthy lifestyle in community. We have worked with an NPO—Hand in Hand—to set up Kairasi clinic and provided medical service and free medicine to residents in remote villages. In 2021, a total of USD 11,000 (INR 830,000) was donated and more than 9,500 residents benefited from this project.



COVID-19

The COVID-19 pandemic has caused unprecedented impacts on public health, economy, education, and daily life. In collaboration with local governments, we have integrated resources to help neighboring communities overcome difficulties together. Subsidiaries in various regions of the Group cooperate with local governments to integrate resources and contribute their own efforts to help neighboring communities overcome difficulties.

- **China**

We provided financial aid through Red Cross and Charity Federation to Putian City Government for pandemic prevention. A total of USD 380,000 (RMB 2.3 million) was donated.



- **Indonesia**

We donated an ambulance and 30 oxygen concentrators to local hospitals and provided basic living supplies and personal epidemic prevention kits to disadvantaged families to overcome difficulties together. More than 5,000 residents were benefited.



• Vietnam

We donated 50 oxygen breathing machines to 4 hospitals in Dong Nai province; a total of USD 160,000 (VND 3.6 billion) was donated. We also supported Dong Nai Hospital and Dong Nai Industrial Zones Authority in the preparation for vaccination programs; a total of VND 1.4 billion (about USD 60,000) was donated.



• India

We donated medical equipment and supplies, which includes face masks, hand sanitizers and 300 oxygen concentrators, to neighboring hospitals to help overcome difficulties during the pandemic. A total of USD 510,000 (INR 38 million) was donated and about 43,000 people were benefited.



5.2.4 Environmental Protection Environmental Protection Projects

To raise public awareness, our factories in each region were actively engaged in environmental protection projects. We sponsored environmental protection programs in schools and participated in tree planting events in the neighborhoods of our factories.

• Taiwan (The Feng Tay Cultural and Educational Foundation)

The Feng Tay Cultural and Educational Foundation established AGRIC Social Enterprise Co., Ltd. in 2016. The company 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.

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 2021, AGRIC contracted with 19 farmers, with a total of 25 ha contract farming area, and supplied 24 metric tons of rice and 62.3 metric tons of vegetables to canteens at various organizations and corporations.

• China

To protect the natural environment through actions, our employees joined the beach cleaning event with their friends and families. A total of 33 bags of garbage was collected, which included 28 bags of non-recyclable garbage and 5 bags of recyclable plastic bottles.

• Indonesia

To help keep the local rivers clean, we supported the river cleaning project of the local army and donated a waste removal motorcycle to improve the waste removal efficiency.



Special Report--The Feng Tay Cultural and Educational Foundation Sends Warmth to More than 1,000 Students and Families before the New Semester.

To support the education for local students, the Feng Tay Cultural and Educational Foundation has provided scholarships to elementary and junior high school students for 20 years. Over the years, a total of NTD 230 million was given to help more than 13,000 students from disadvantaged families complete their studies at various stages.

Since the outbreak of the COVID-19 pandemic, the schools in Taiwan have followed the "suspend classes but not learning" measure, which has forced many parents to stay home to take care of children and resulted in a decrease in family income and a significant increase in living expenses. Before the beginning of the new semester, the foundation therefore provided the "Family Scholarship" for the less privileged students, in addition to the annual scholarships. Furthermore, 2 kg of white rice, 1 kg of brown rice and 1 bag of rice bran powder, which were produced by organic farmers contracted with AGRIC Social Enterprise Co., Ltd., were provided as nutritional supplements to each less privileged student in Yunlin County and 3 towns in neighboring counties. The amounts of "Family Scholarship" were NTD 5,000 for each elementary and junior high school student and each fresh graduate from elementary schools, and NTD 10,000 for each fresh graduate from junior high schools. We hope to help the parents reduce financial burden at the beginning of the school year and overcome difficulties during the pandemic.

The nutritional supplements were produced by the framers contracted with AGRIC Social Enterprise Co., Ltd., which was established by the Feng Tay Cultural and Educational Foundation in 2016. The company aims to promote local sustainable agriculture, improve food safety and help local farms to raise product value. AGRIC has integrated the local organic farmers, production and sale to ensure the farmers' income for a better life. In 2021, a total of USD 250,000 (NTD 6.96 million) was donated and 1,221 students and their families were benefited.



Third Party Assurance Report



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號601樓(台北101大樓)
60F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

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 Matter") on the 2021 Sustainability Report of Feng Tay ("the Report") for the year ended December 31, 2021.

Reporting Criteria of the Underlying Subject Matter

Feng Tay shall prepare the Underlying Subject Matter and reporting criteria in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies ("the Regulation") and the Core Option of 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 Matter. Feng Tay is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Underlying Subject Matter 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 No. 1 – "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation and to issue a limited assurance conclusion on whether the Underlying Subject Matter 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 Statements of Auditing Standard No. 46 – "Quality Control for Public Accounting Firms" in the Republic of China. Accordingly, we maintained a comprehensive system of quality control 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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KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International ("KPMG Network"), a private English limited liability partnership.



Summary of Work Performed

As stated in reporting criteria of the Underlying Subject Matter 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 Matter.
- On the basis of the understanding obtained from the above matters, perform analytical procedures on the Underlying Subject Matter 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 Report, 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 2021 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 Matter 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 Matter or its applicable reporting criteria, nor be responsible for reconducting any assurance work after the issuance date of the Limited Assurance Report.

Taipei, Taiwan (Republic of China)
May 6, 2022

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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Feng Tay Group
2021 Sustainability Report
Third Party Assurance Report

KPMG Appendix 1 : Summary of the Selected Information				
No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria The Regulation/ GRI Standards
1	3.1.3 Compliance with Regulations and Norms Integrity and Discipline	15	Anti-corruption Provisions of Purchasing Department: 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" (please refer to Chapter 3, Section 3.3.3 for detailed information). In 2021, an employee was dismissed because an investigation found that he was involved in serious corruption and violation of company regulations. (An employee in our factory in Indonesia took advantage of his position to collect service fees from the suppliers privately. The employee was dismissed because he violated company regulations and the circumstances were serious).	■ Details on anti-corruption GRI Standards: 203-3 Confirmed incidents of corruption and actions taken
	3.1.3 Anti-corruption Provisions of Purchasing Department	21	In 2021, there was no confirmed incident of termination or non-renewal of contracts with suppliers due to corruption-related violations.	
2	4.3.2 Energy Consumption	24-25	<p>■ Energy Consumption</p> <p>In 2021, we continued to implement energy-saving projects at subsidiary companies in all regions. Our total energy consumption was 467,301 MWh in 2021. It was 1% lower than in 2020.</p> <p>Note: The type of energy includes electricity from local providers, solar power, wind power, fuel, fuel for vehicles used for non-production (including canteens, employee dormitories, guest houses, drinking water production station and company-owned vehicles for business travel), and fuel for vehicles used for production (including worksheds, offices, forklifts, and trucks used for transporting materials, products, and waste). The data in 2021 report were calculated using the Intergovernmental Panel on Climate Change (IPCC) fuel conversion factor.</p> <p>■ Energy Consumption at Each Region:</p> <ul style="list-style-type: none"> Taiwan: 11,714 MWh China: 93,316 MWh Indonesia: 47,917 MWh India: 79,518 MWh Vietnam: 238,956 MWh Total: 467,301 MWh 	■ Details on Energy usage GRI Standards: 302-1 Energy consumption within the organization

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KPMG				
No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria The Regulation/ GRI Standards
			<p>■ Energy use</p> <p>In 2021, the main sources of energy used by Feng Tay group were electricity and fossil fuels (such as petroleum diesel, liquefied petroleum gases (LPG), gasoline, and natural gas (NG)). The major energy source was electricity, which included purchased electricity from non-renewable energy, wind power, and electricity from solar power systems installed at our facilities, accounting for 97.1% of total energy use. The fossil fuels were mainly used for on-site generators, forklifts, company vehicles, and cooking stoves for employee canteens. The most used fossil fuel was LFO. In 2021, the total non-renewable energy use was 477,713 MWh, and the total renewable energy use was 29,588 MWh.</p> <p>■ Purchased Non-renewable Electricity</p> <p>Energy Use (MWh): 424,119 Percentage of Total Energy Use: 90.70% Purpose of Use: Manufacturing</p> <p>■ Purchased Wind Power</p> <p>Energy Use (MWh): 28,815 Percentage of Total Energy Use: 6.18% Purpose of Use: Manufacturing</p> <p>■ On-site Solar Power Generation</p> <p>Energy Use (MWh): 713 Percentage of Total Energy Use: 0.15% Purpose of Use: Manufacturing</p> <p>■ LPG/NG/Propane</p> <p>Energy Use (MWh): 4,664 Percentage of Total Energy Use: 1.86% Purpose of Use: Canteens</p> <p>■ Petroleum Diesel</p> <p>Energy Use (MWh): 3,699 Percentage of Total Energy Use: 0.77% Purpose of Use: Manufacturing / Canteens / Forklifts / Company vehicles</p> <p>■ Gasoline</p> <p>Energy Use (MWh): 1,321 Percentage of Total Energy Use: 0.28%</p> <p>■ Purpose of Use: Forklifts / Company vehicles</p> <p>■ GHG Emissions Reduction Plan: "Solar Power Systems and Purchased Renewable Energy"</p> <p>In addition, one of our new factory in China has also installed 37,600 kW of installing solar power electricity generated on weekends to local electricity agency.</p>	
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No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria The Regulation/ GRI Standards
			<p>■ 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 records, treatment procedures and employee training records, must be carefully kept. Waste is properly disposed of or recycled by licensed external vendors.</p> <p>■ The total amount of waste generated in 2021 was 36,018 metric tons, 5.6% higher than in 2020. The COVID-19 pandemic caused the short-term suspension of operations at our factories in Vietnam, India and Indonesia. Consequently the production plan and efficiency were impacted and part of semi-finished products expired, leading to an increase in waste. The total amount of waste consisted of 10.9% hazardous waste and 89.1% non-hazardous waste.</p> <p>■ Amount of Waste Treated and Disposed of in Each Region:</p> <ul style="list-style-type: none"> Taiwan: 1,419 Metric Tons China: 4,631 Metric Tons Indonesia: 3,481 Metric Tons India: 8,183 Metric Tons Vietnam: 18,682 Metric Tons Total: 36,018 Metric Tons <p>■ In 2021, the treatment and disposal of hazardous and non-hazardous waste consisted of 3,653 metric tons by in-house recycling and 32,364 metric tons by off-site treatment and disposal. The percentages of waste treated and disposed of by various methods are: 47.33% recycling/waste, 33.52% incineration (energy recovery), 8.94% incineration (excluding energy recovery) and 0.00% landfill. The percentage of in-house recycling and recycling/waste25 increased from 52.78% in 2020 to 57.50% in 2021; the percentage of incineration (excluding energy recovery) and landfill decreased from 13.72% in 2020 to 8.94% in 2021. We will continue to work towards the goal of using the method of recycling for waste treatment and minimizing the use of incineration and landfill, in order to further reduce</p>	<p>■ "The Waste Management Procedures" set by Feng Tay</p> <p>■ Details on Waste Disposal and Waste Produced</p> <p>The Regulation/ GRI Standards: 306-5 (2020) Waste directed to disposal</p>
4.5.6 Waste Treatment		30-31		

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KPMG				
No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria The Regulation/ GRI Standards
			<p>our environmental footprints.</p> <p>■ Following are the treatment and disposal methods and the weights of hazardous and non-hazardous waste treated and disposed of in 2021:</p> <p>A. On-site:</p> <ul style="list-style-type: none"> In-house Recycling Hazardous Waste: 0 Metric Tons Non-hazardous Waste: 3,653 Metric Tons Total Amount of Waste: 3,653 Metric Tons Percentage of Total Amount of Waste: 10.14% <p>B. Off-site:</p> <ul style="list-style-type: none"> Recycling / Reuse: Hazardous Waste: 1,559 Metric Tons Non-hazardous Waste: 15,497 Metric Tons Total Amount of Waste: 17,056 Metric Tons Percentage of Total Amount of Waste: 47.33% <ul style="list-style-type: none"> Incineration (Excluding Energy Recovery) Hazardous Waste: 1,141 Metric Tons Non-hazardous Waste: 2,075 Metric Tons Total Amount of Waste: 3,219 Metric Tons Percentage of Total Amount of Waste: 8.94% <ul style="list-style-type: none"> Landfill Hazardous Waste: 1 Metric Tons Non-hazardous Waste: 0 Metric Tons Total Amount of Waste: 1 Metric Tons Percentage of Total Amount of Waste: 0.00% (This number is the original data rounded to the second decimal place; the original number is 0.004%). <ul style="list-style-type: none"> Incineration (Energy Recovery) Hazardous Waste: 1,209 Metric Tons Non-hazardous Waste: 10,871 Metric Tons Total Amount of Waste: 12,073 Metric Tons Percentage of Total Amount of Waste: 33.52% <ul style="list-style-type: none"> Others (The disposal method is curing) Hazardous Waste: 15 Metric Tons Non-hazardous Waste: 0 Metric Tons (This number is the original number rounded to the nearest metric 	

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KPMG				
No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria The Regulation/ GRI Standards
			<p>tons; the original number is 290 kilograms.)</p> <p>Total Amount of Waste: 15 Metric Tons</p> <p>Percentage of Total Amount of Waste: 0.04%</p> <p>Note: This total amount of waste is the sum of all waste data which have been rounded to the nearest integer (36,017 metric tons) and will be slightly different from the original data rounded to the nearest integer (36,018 metric tons).</p> <p>■ The Comparisons of New Recruits:</p> <p>To meet our business growth needs, we recruited 30,620 new employees in 2021, of which 17,880 were female, accounting for 58.4% of the total new recruits. New employees younger than 30 years of age made up 67.4% of the total new recruits.</p> <p>■ New Recruits Composition:</p> <p>(Number of employees / Percentage)</p> <ul style="list-style-type: none"> Taiwan: Male: 75 / 55.6% Female: 60 / 44.4% Age < 30: 92 / 68.1% Age 30-50: 43 / 31.9% Age > 50: 0 / 0% <ul style="list-style-type: none"> China: Male: 660 / 29.3% Female: 1,376 / 70.7% Age < 30: 668 / 29.0% Age 30-50: 1,551 / 69.4% Age > 50: 15 / 0.7% <ul style="list-style-type: none"> Indonesia: Male: 1,074 / 50.2% Female: 1,065 / 49.8% Age < 30: 1,064 / 92.8% Age 30-50: 151 / 7.2% Age > 50: 0 / 0% <ul style="list-style-type: none"> Vietnam: Male: 8,668 / 46.0% Female: 9,819 / 53.1% Age < 30: 11,819 / 63.9% Age 30-50: 6,632 / 33.9% 	<p>■ Details on New recruitment rate and Quitting rate</p> <p>GRI Standards: 401-1 New employee hires and employee turnover</p>
3.1 Employee Relationship		34-35		

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KPMG				
No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria The Regulation/ GRI Standards
			<p>Age > 50: 36 / 0.2%</p> <ul style="list-style-type: none"> India: Male: 2,263 / 29.7% Female: 3,360 / 70.3% Age < 30: 6,670 / 79.6% Age 30-50: 1,553 / 20.4% Age > 50: 0 / 0% <ul style="list-style-type: none"> Feng Tay Group: Male: 12,740 / 41.6% Female: 17,880 / 58.4% Age < 30: 20,633 / 67.4% Age 30-50: 9,956 / 32.4% Age > 50: 31 / 0.2% <p>■ Absentee Rate and Monthly Turnover Rate</p> <p>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 the best to show our care and to retain the employee. The average monthly turnover rate of the Group in 2021 was 1.2%, 0.1% lower than in 2020, with the highest in Vietnam (1.5%) and the lowest in Taiwan (0.3%). For employees who had completed more than one year of service, the average monthly turnover rate was 0.7%, with the highest in Vietnam (0.8%) and the lowest in Taiwan and Indonesia (0.3%). Employee older than 50 had the highest turnover rate at 0.9%, while under 30 age group's turnover rate was 0.7% and the 30-50 age group's turnover rate was 0.6%.</p> <p>■ Average Monthly Turnover Rate:</p> <p>(Number of resignations / Turnover rate of all employees / Turnover rate of employees with more than one year of service)</p> <ul style="list-style-type: none"> Taiwan: Overall: 91 / 0.3% / 0.3% Male: 41 / 0.2% / 0.2% Female: 50 / 0.3% / 0.3% Age < 30: 22 / 0.7% / 0.3% Age 30-50: 33 / 0.3% / 0.1% Age > 50: 36 / 0.4% / 0.4% 	

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No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/GB Standards
			<p>China</p> <p>Overall : 2.211 : 1.2% : 0.6%</p> <p>Male : 2.51 : 1.2% : 0.7%</p> <p>Female : 1.351 : 1.2% : 0.6%</p> <p>Age < 30 : 1.44 : 1.4% : 1.4%</p> <p>Age 30-40 : 1.236 : 1.4% : 0.7%</p> <p>Age > 40 : 3.04 : 0.6% : 0.6%</p> <p>Indonesia</p> <p>Overall : 2.211 : 0.8% : 0.3%</p> <p>Male : 2.51 : 0.7% : 0.3%</p> <p>Female : 1.351 : 0.6% : 0.3%</p> <p>Age < 30 : 1.44 : 0.7% : 0.7%</p> <p>Age 30-40 : 1.236 : 0.7% : 0.3%</p> <p>Age > 40 : 3.04 : 0.6% : 1.4%</p> <p>Vietnam</p> <p>Overall : 12.141 : 1.4% : 0.4%</p> <p>Male : 1.316 : 1.2% : 1.0%</p> <p>Female : 1.447 : 1.2% : 0.9%</p> <p>Age < 30 : 1.502 : 1.2% : 1.0%</p> <p>Age 30-40 : 1.475 : 0.7% : 0.3%</p> <p>Age > 40 : 1.05 : 0.6% : 0.6%</p> <p>India</p> <p>Overall : 2.401 : 0.9% : 0.3%</p> <p>Male : 2.215 : 0.8% : 0.4%</p> <p>Female : 2.234 : 1.4% : 0.5%</p> <p>Age < 30 : 1.347 : 1.4% : 0.4%</p> <p>Age 30-40 : 1.234 : 0.7% : 0.5%</p> <p>Age > 40 : 0 : 0.6% : 0.6%</p> <p>Frag Tey Group</p> <p>Overall : 18.741 : 1.2% : 0.4%</p> <p>Male : 1.955 : 1.4% : 0.7%</p> <p>Female : 1.675 : 1.4% : 0.7%</p> <p>Age < 30 : 1.675 : 1.4% : 0.7%</p> <p>Age 30-40 : 1.614 : 0.6% : 0.4%</p> <p>Age > 40 : 5.63 : 1.0% : 0.4%</p>		

No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/GB Standards
5	Occupational injury frequency rate	44-45	<p>■ Frag Tey Group strives to lower the occupational injury rate, strengthen safety culture, and achieve zero occupational injury. In 2021, the total work hours were 287 million hours, the on-site recordable occupational injury frequency rate was 0.77 (number of injuries and illnesses per million workhours), 20% lower than in 2020, and the on-site recordable occupational severity rate was 40 (workhour loss per million workhours), 64% lower than in 2020. There was no occupational injury-related fatal case in 2021. However, there were 2 severe occupational injury cases (not able to return to work for 6 months), one each in China and India.</p> <p>■ When an on-site occupational injury occurs, it is handled in accordance with the laws and regulations on ESH established by the local government. And the supervisor should report it to the factory ESH and MSD department within 4 hours. The ESH team should complete the injury investigation report and propose a corrective action plan and improvement suggestions within 3 working days. When an off-site injury (such as traffic accidents during commuting or business trips) occurs, the supervisor should report it to the factory ESH within 24 hours, and the General Affairs department should track the case documents.</p> <p>■ Occupational injury frequency rate : (Number of cases : Injury frequency rate)</p> <p>- First occupational injury</p> <p>Taiwan : 0 : 0</p> <p>China : 0 : 0</p> <p>Vietnam : 0 : 0</p> <p>Indonesia : 0 : 0</p> <p>India : 0 : 0</p> <p>Group : 0 : 0</p> <p>- Severe occupational injury (excluding falls)</p> <p>Taiwan : 0 : 0.00</p> <p>China : 1 : 0.03</p> <p>Vietnam : 0 : 0.00</p> <p>Indonesia : 1 : 0.00</p> <p>India : 1 : 0.01</p> <p>Group : 2 : 0.00</p> <p>- Recordable occupational injury</p> <p>Taiwan : 5 : 0.97</p>	<p>■ Details on Performance of Occupational Safety and Health</p>	<p>The Regulation/GB Standards 481.9 Work-related injuries</p>

No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/GB Standards
			<p>China : 10 : 0.60</p> <p>Vietnam : 32 : 0.28</p> <p>Indonesia : 7 : 0.20</p> <p>India : 5 : 0.07</p> <p>Group : 68 : 0.27</p> <p>■ In 2021, the recordable occupational injury cases (with work hour loss more than 8 hours) were mainly mechanical injuries (accounting for 37%). The major type of occupational injury cases was fractures, followed by crush injury, pinch injury and smash injury. One of the injury cases occurred because a maintenance worker did not wear personal protective equipment and suffered a temporary loss of consciousness by an electric shock.</p> <p>■ Type of Occupational Injury :</p> <p>- Machinery</p> <p>Number of Cases (Percentage) : 25 (37%)</p> <p>Work Hour Loss (Percentage) : 2,567 (29%)</p> <p>- Electricity</p> <p>Number of Cases (Percentage) : 2 (3%)</p> <p>Work Hour Loss (Percentage) : 217 (2%)</p> <p>- Chemicals</p> <p>Number of Cases (Percentage) : 1 (4%)</p> <p>Work Hour Loss (Percentage) : 195 (1%)</p> <p>- Ergonomics injury/ Hand tools/ Lifting, pushing, pulling and carrying objects</p> <p>Number of Cases (Percentage) : 16 (24%)</p> <p>Work Hour Loss (Percentage) : 3,917 (39%)</p> <p>- Falls</p> <p>Number of Cases (Percentage) : 18 (24%)</p> <p>Work Hour Loss (Percentage) : 2,596 (26%)</p> <p>- Commuting injury while taking company-owned vehicles (e.g., shuttle bus)</p> <p>Number of Cases (Percentage) : 0 (0%)</p> <p>Work Hour Loss (Percentage) : 0 (0%)</p> <p>- Others (e.g., insect bites, injuries from falling tree)</p>		

No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/GB Standards
			<p>branches, cuts from billboards)</p> <p>Number of Cases (Percentage) : 0 (0%)</p> <p>Work Hour Loss (Percentage) : 113 (3%)</p> <p>■ Occupational injury type :</p> <p>- Crush injuries, pinch injuries, smash injuries : 16 cases</p> <p>- Fractures : 23 cases</p> <p>- Lacerations/Cuts : 13 cases</p> <p>- Burns : 3 cases</p> <p>- Sprains : 4 cases</p> <p>- Amputation : 0 case</p> <p>- Hemilia : 0 case</p> <p>- Loss of consciousness : 1 case</p> <p>- Paralysis : 0 case</p> <p>- Total : 0 case</p> <p>- Others (e.g., strains, flesh wounds, etc.) : 7 cases</p> <p>- Total : 68 cases</p> <p>■ At Frag Tey, a machine was classified as high-risk or low-risk according to the past data on injury severity and operational risk of the machine. The employee who is assigned to operate a high-risk machine should receive safety training and obtain an operating permit before operating the machine. High-risk operations are evaluated and reviewed, and machinery safety is upgraded continuously. Prior to being introduced into production processes, any new machine must be examined by ESH Department to ensure that the machinery safety protection meets the requirements. Moreover, we continue to implement machine safety improvement projects for old machines and set up standard operating procedures. And we have continued to review the safety features of all high-risk machines and correct any deficiencies discovered accordingly. By the end of 2021, we upgraded the safety features of over 2,444 machines. To strengthen safety inspections, we have designated ESH auditors to regularly examine the safety performance of each factory and track the implementation of improvements. With the aim of increasing safety awareness, a simulation-based safety training center has been established at each factory to let employees experience the effects of accidents at workplaces. In addition, we have developed a system to evaluate the safety performance of supervisors and promoted training on safety awareness for them. To raise</p>		

No.	Corresponding Section	Reference Page	Selected Information	Reporting Criteria	The Regulation/GB Standards
			<p>the safety consciousness and responsibility within the workplace, safety training activities have been conducted in each department. Through case study and other analyses on injury, safety training and inspection of operating permit were strengthened for workers in the department that had a high injury frequency rate, and their safety performance was used to give evaluation. We will continue to improve our management system and safety culture to achieve zero occupational injury. Because of incomplete data collection, we are not able to disclose the overall work hours and number of injury cases of nonemployees and contractors.</p>		

GRI Standards Content Index

GRI Standards	Indicator Description	Page	Report Section or Explanation
GRI 102 : General Disclosures			
Organization Profile			
102-1	Name of the organization	8	2.1 Corporate Profile
102-2	Activities, brands, products, and services	8	2.1 Corporate Profile
102-3	Location of headquarters	8	2.1 Corporate Profile
102-4	Location of operations	8	2.1 Corporate Profile
102-5	Ownership and legal form	8	2.1 Corporate Profile
102-6	Markets served	8	2.1 Corporate Profile
102-7	Scale of the organization	8	2.1 Corporate Profile
102-8	Information on employees and other workers	33	5.1.1 Employment
102-9	Supply chain	20	3.3 Supply Chain Management
102-10	Significant changes to the organization and its supply chain	8	2.1.2 Subsidiary Companies in Each Region
102-11	Precautionary Principle or approach	16	3.1.4 Risk Assessment and Management
102-12	External initiatives	-	Not applicable
102-13	Membership of associations	11	2.7.1 Membership in Industry Associations
Strategy			
102-14	Statement from senior decision-maker	1	Letter from President
102-15	Key impacts, risks, and opportunities	16	3.1.4 Risk Assessment and Management
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behavior	1	Letter from President
		15	3.1.3 Compliance with Regulations and Norms
102-17	Mechanisms for advice and concerns about ethics	15	3.1.3 Compliance with Regulations and Norms
Governance			
102-18	Governance structure	13	3.1 Corporate Governance
102-20	Executive-level responsibility for economic, environmental, and social topics	13	3.1 Corporate Governance
102-21	Consulting stakeholders on economic, environmental, and social topics	4	1.3 Stakeholder Identification and Communication
		14	3.1.2 Information Disclosure
102-22	Composition of the highest governance body and its committees	13	3.1 Corporate Governance
102-23	Chair of the highest governance body	13	3.1 Corporate Governance
102-24	Nominating and selecting the highest governance body	13	3.1 Corporate Governance
102-25	Conflicts of interest	13	3.1 Corporate Governance
102-26	Role of highest governance body in setting purpose, values, and strategy	1	Letter from President
		13	3.1 Corporate Governance
102-29	Identifying and managing economic, environmental, and social impacts	13	3.1 Corporate Governance
102-33	Communicating critical concerns	5	1.4.1 The Procedures for Identifying Major Issues
102-35	Remuneration policies	13	3.1 Corporate Governance
102-36	Process for determining remuneration	13	3.1 Corporate Governance
Stakeholder Communication			
102-40	List of stakeholder groups	4	1.3 Stakeholder Identification and Communication
102-41	Collective bargaining agreements	40	Freedom of Association
102-42	Identifying and selecting stakeholders	4	1.3 Stakeholder Identification and Communication
102-43	Approach to stakeholder engagement	4	1.3 Stakeholder Identification and Communication
102-44	Key topics and concerns raised	4	1.3 Stakeholder Identification and Communication
Report Profile			
102-45	Entities included in the consolidated financial statements	3	1.1 Reporting Boundary
102-46	Defining report content and topic Boundaries	3	1.1 Reporting Boundary
102-47	List of material topics	5	1.4.3 Material Aspects and Boundaries
102-48	Restatements of information	3	1.1 Reporting Boundary

GRI Standards	Indicator Description	Page	Report Section or Explanation
102-49	Changes in reporting	-	None
102-50	Reporting period	3	1.1 Reporting Boundary
102-51	Date of most recent report	3	1.1 Reporting Boundary
102-52	Reporting cycle	3	1.1 Reporting Boundary
102-53	Contact point for questions regarding the report	3	1.1 Reporting Boundary
102-54	Claims of reporting in accordance with the GRI Standards	3	1.1 Reporting Boundary
102-55	GRI content index	52	GRI Standards Content Index
102-56	External assurance	-	Third Party Assurance Report
GRI 103 : Management Approach			
103-1	Explanation of the material topic and its Boundary	5	1.4.3 Material Aspects and Boundaries
		9	2.2 Competitive niche
		13	3.1 Corporate Governance
		15	3.1.3 Compliance with Regulations and Norms
		16	3.1.4 Risk Assessment and Management
103-2	The management approach and its components	17	3.2 Customers Satisfaction and Product Services
		20	3.3 Supply Chain Management
		22	IV. Environmental Protection
		33	5.1 Employee Relationship
		45	5.2 Social Engagement
103-3	Evaluation of the management approach	-	See descriptions in each chapter
GRI 201 : Economic Performance			
201-1	Direct economic value generated and distributed	10	2.3 Business Performance
201-2	Financial implications and other risks and opportunities due to climate change	16	3.1.4 Risk Assessment and Management
201-3	Defined benefit plan obligations and other retirement plans	-	2021 Annual Report
201-4	Financial assistance received from government	11	2.5 Financial Assistance Received from Governments
GRI 202: Market Presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	37	5.1.3 Overall Compensation
202-2	Proportion of senior management hired from the local community	33	5.1.1 Employment
GRI 203 : Indirect Economic Impacts			
203-1	Infrastructure investments and services supported	45	5.2 Social Engagement
203-2	Significant indirect economic impacts	16	3.1.4 Risk Assessment and Management
GRI 204 : Procurement Practices			
204-1	Proportion of spending on local suppliers	28	4.5.2 Raw Materials Transportation
GRI 205 : Anti-corruption			
205-1	Operations assessed for risks related to corruption	15	3.1.3 Compliance with Regulations and Norms
		15	3.1.3 Compliance with Regulations and Norms
205-2	Communication and training about anti-corruption policies and procedures	21	3.3.3 Anti-corruption Provisions of the Purchasing Department
205-3	Confirmed incidents of corruption and actions taken	15	3.1.3 Compliance with Regulations and Norms
GRI 207 : TAX (2019)			
207-1	Approach to tax	11	2.6 Tax Information
207-2	Tax governance, control, and risk management	16	3.1.4 Risk Assessment and Management
207-3	Stakeholder engagement and management of concerns related to tax	15	Communication and Reporting Channels
GRI 301 : Materials			
301-1	Materials used by weight or volume	-	Not applicable
301-2	Recycled input materials used	20	3.3.2 Development and Use of Environmentally Preferred Materials
301-3	Reclaimed products and their packaging materials	-	Product reclamation is managed by brand customers.

GRI Standards	Indicator Description	Page	Report Section or Explanation
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302-1	Energy consumption within the organization	24	4.3.2 Energy Consumption
302-2	Energy consumption outside of the organization	24	4.3.2 Energy Consumption
302-3	Energy intensity	24	4.3.2 Energy Consumption
302-4	Reduction of energy consumption	25	4.3.3 Implementation of Energy-Saving Projects
302-5	Reductions in energy requirements of products and services	24	4.3.2 Energy Consumption
GRI 303: Water and Effluents			
303-1	Interactions with water as a shared resource	26	4.4 Water Management
303-2	Management of water discharge-related impacts	26	4.4 Water Management
303-3	Water withdrawal	26	4.4 Water Management
303-4	Water discharge	26	4.4 Water Management
303-5	Water consumption	26	4.4 Water Management
GRI 305: Emissions			
305-1	Direct (Scope 1) GHG emissions	27	4.5.1 Greenhouse Gas Emissions
305-2	Energy indirect (Scope 2) GHG emissions	27	4.5.1 Greenhouse Gas Emissions
305-3	Other indirect (Scope 3) GHG emissions	27	4.5.1 Greenhouse Gas Emissions
305-4	GHG emissions intensity	27	4.5.1 Greenhouse Gas Emissions
305-5	Reduction of GHG emissions	27	4.5.1 Greenhouse Gas Emissions
305-6	Emissions of ozone-depleting substances (ODS)	28	4.5.3 Emissions of Ozone-Depleting Substances
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	29	4.5.4 Volatile Organic Compounds (VOCs)
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	29	4.5.5 Wastewater Treatment
306-2	Management of significant waste-related impacts	30	4.5.6 Waste Treatment
306-3	Waste generated	30	4.5.6 Waste Treatment
306-4	Waste diverted from disposal	30	4.5.6 Waste Treatment
306-5	Waste directed to disposal	30	4.5.6 Waste Treatment
GRI 307: Environmental Compliance			
307-1	Non-compliance with environmental laws and regulations	31	4.5.7 Environmental Compliance Records
GRI 308: Supplier Environmental Assessment			
308-1	New suppliers that were screened using environmental criteria	20	3.3.1 Management of Suppliers' ESH and Workers' Rights
308-2	Negative environmental impacts in the supply chain and actions taken	20	3.3 Supply Chain Management
GRI 401: Employment			
401-1	New employee hires and employee turnover	33	5.1.1 Employment
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39	5.1.5 Employee Communication and Rights
401-3	Parental leave	36	5.1.6 Employee Care and Welfare
GRI 402: Labor/Management Relations			
402-1	Minimum notice periods regarding operational changes	-	Feng Tay Group follows government rules of noticing procedure under mentioned circumstances.
GRI 403: Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system	42	5.1.7.1 Environment, Safety, and Health (ESH) Management
403-2	Hazard identification, risk assessment, and incident investigation	42	5.1.7.1 Environment, Safety, and Health (ESH) Management
403-3	Occupational health services	43	5.1.7.2 Employee Health Management
403-4	Worker participation, consultation, and communication on occupational health and safety	42	5.1.7.2 Employee Health Management
403-5	Worker training on occupational health and safety	42	5.1.7.1 Environment, Safety, and Health (ESH) Management

GRI Standards	Indicator Description	Page	Report Section or Explanation
403-6	Promotion of worker health	40	5.1.6 Employee Care and Welfare
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	42	5.1.7 Employee Safety and Health
		20	3.3.1 Management of Suppliers' ESH and Workers' Rights
403-8	Workers covered by an occupational health and safety management system	33	5.1.1 Employment
		42	5.1.7.1 Environment, Safety, and Health (ESH) Management
403-9	Work-related injuries	44	5.1.7.4 Occupational and Commuting Injuries
		36	5.1.2 Protection of Workers' Rights
403-10	Work-related ill health	42	5.1.7.1 Environment, Safety, and Health (ESH) Management
		43	5.1.7.2 Employee Health Management
GRI 404: Training and Education			
404-1	Average hours of training per year per employee	38	5.1.4 Career Development
404-2	Programs for upgrading employee skills and transition assistance programs	38	5.1.4 Career Development
404-3	Percentage of employees receiving regular performance and career development reviews	-	Feng Tay Group carries out performance evaluation with each employee regularly.
GRI 405: Diversity and Equal Opportunity			
405-1	Diversity of governance bodies and employees	33	Full-time Employee Compositions in All Regions
405-2	Ratio of basic salary and remuneration of women to men	-	The ratio of basic salary of men to women is one to one
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	36	5.1.2 Protection of Workers' Rights
GRI 407: Freedom of Association and Collective Bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	40	Freedom of Association
GRI 408: Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	33	5.1.1 Employment
		20	3.3 Supply Chain Management
GRI 409: Forced or Compulsory Labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	33	5.1.1 Employment
GRI 413: Local Communities			
413-1	Operations with local community engagement, impact assessments, and development programs	45	5.2 Social Engagement
413-2	Operations with significant actual and potential negative impacts on local communities	-	There was no such negative impacts on Feng Tay Group
GRI 414: Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	20	3.3 Supply Chain Management
414-2	Negative social impacts in the supply chain and actions taken	-	There was no such negative impacts on Feng Tay Group
GRI 416: Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	17	3.2 Customers Satisfaction and Services
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	There was no such negative impacts on Feng Tay Group
GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	There was no such complaint against Feng Tay Group
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	-	There was no such case on Feng Tay Group.



Feng Tay Group

Website : www.fengtay.com

Address : No.52, Kegong 8th Rd,
Douliou City, Yunlin County, 640111, Taiwan

Tel : +886-5-537-9100 Fax : +886-5-537-9105

