



Fulgent Sun

**Fulgent Sun International (Holding) Co., Ltd.**

# ESG Report 2021



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# I. About this report

## 1. Description of editing principle

Welcome to the first “Sustainability Report” issued by Fulgent Sun International (Holding) Co., Ltd. (stock code: 9802, hereinafter referred to as “Fulgent Sun” or “We”). All stakeholders of ours will be able to understand the dedication of Fulgent Sun to the environment, society, and corporate governance (Environment, Social, & Governance, hereinafter referred to as “ESG”) through the information disclosure on sustainable operation in the Sustainability Report.

## 2. Reporting periods and organizational boundaries

The ESG management policies, material topics, responses, and action performance of Fulgent Sun in 2021 (January 1 to December 31) are disclosed in this Sustainability Report. Also, the contents of some issues can be traced back to the implementation results in 2019 and 2020 in order to fully demonstrate the performance and results of the related projects.

The financial performance is the combination of the standalone financial reports with the transaction currency defaulted to New Taiwan dollars, including Taiwan Headquarters, Fujian Sunshine, Vietnam Fulgent Sun and Cambodia Sunbow. The scope of the disclosure that is different from the aforesaid content will be explained respectively.

## 3. References

The content and data of this report are managed by the relevant responsible units of Taiwan Headquarters, Fujian Sunshine, Vietnam Fulgent Sun, and Cambodia Sunbow in accordance with the GRI standards (Core), which are confirmed and approved by the heads of each unit through document management to ensure the presentation of the sustainability report in-depth and in-breadth, and to present our achievements in all aspects of ESG to the stakeholders taking as a whole.

## 4. Release frequency

This report is published for the first time and the next edition is to be published in September 2023.

## 5. Feedback

Please feel free to share your comments, if any, on the “Fulgent Sun 2021 Sustainability Report” with us, which will help us continue to move towards the realization of sustainable governance concepts.

Contact: Fulgent Sun International (Holding) Co., Ltd., Finance Department  
Address: No.76, Sec.3, Yunke Rd, Douliu City, Yunlin County  
Tel.: 05-5514619  
Fax: 05-5514630  
E-mail: ting.yen@fulgentsun.com

## II. Message from Chairman

Thank you for reading the 2021 Sustainability Report published by Fulgent Sun Group. Fulgent Sun has expanded the scale of Taiwan headquarters in response to the government's "home coming" plan and in accordance with the spirit of rooting in Taiwan and giving back to the homeland. We had officially stationed in Yunlin Technology-based Industrial Park in 2011 and became the third listed shoe-making company in Taiwan in 2012. We expect that our shareholders, employees, investors, global customers, and related partners will be able to understand the development results of Fulgent Sun Group in sustainability/ESG through solid and precise management operations and the honest disclosure of sustainable information.

Fulgent Sun Group has adhered to the family motto of "morality, wisdom, diligence, long-term cultivation" since its incorporation in 1995, dedicated to the virtues of Chinese traditional culture, considered human as our essential, took harmony as our treasure, and regarded faithfulness as our credit. I truly believe that thinking outside the box and challenging the existing mode will help us seize the opportunity to improve product quality and generate more added value for customers, furthermore, bring positive influence to the industry, society, and mankind.

Fulgent Sun Group and the entire footwear industry are facing the severe impact of the COVID-19 pandemic, and the challenge of geopolitical risks, supply chain, global transportation capacity, and raw material costs, as well as sharply rising inflation, substantial consumption power disappearing, etc. However, Fulgent Sun Group through the joint efforts of all employees reached a record high of NT\$15.544 billion in revenue in 2021. Fulgent Sun Group has continued to make records in revenue and profit in the first half of 2022. Although the pandemic will not go away soon, the management team will actively face up to various challenges and uncertainties, respond to challenges in a timely manner with the right decisions made, and seize opportunities and advantages to operate and improve business.

However, the global economy is expected to experience numerous potential financial and sustainability risks in the future, including climate change, rising energy prices, and global customers' demand for environmentally sustainable products that will impact and affect corporate operations. Under the circumstance, Fulgent Sun Group will start out with good corporate governance, high product quality, considerate customer service, and sustainable ESG actions (including the development of renewable energy), adhere to the spirit of discipline and details, and develop an innovation-oriented and automation-oriented strategy and action to lay a solid foundation for the sustainable operation of the Group continuously.

In terms of society, we feedback to society with gratitude and appreciation. The "Fulgent Sun International Charitable Public Welfare Fund" is organized under the supervision of the competent authority, Yunlin County Government, to promote the development of local culture, education, religion, and other activities in Yunlin, to organize or sponsor public welfare charities and social education undertakings, and respond to the government's public welfare charities and social education undertakings in Yunlin area in order to enhance social well-being and promote social welfare and harmony.

In prospect, Fulgent Sun Group will adhere to the core values of "honesty, speed, quality, innovation" continuously, uphold the spirit of "morality, wisdom, diligence, long-term cultivation," unify sustainability/ESG strategies, support the solid and precise sustainable development mechanism, and base on a sincere attitude and project action to have the Group's business performance, environmental sustainability, and social integration balanced and developed. It will then be internalized into the corporate DNA, and the profits generated from operations and products will then be applied for the purchase of new equipment, the welfare of employees, and the improvement of working environment in order to secure a cycle of kindness for the Group. Therefore, we ask for the continuing recognition and encouragement of our stakeholders.

Chairman of Fulgent Sun International (Holding) Co., Ltd.

Wen-Chih, Lin

### III. About Fulgent Sun International (Holding) Co., Ltd.

#### (I) Company Introduction

Fulgent Sun Group was incorporated in 1995 with a multinational operation and a specialty in manufacturing professional sports shoes and highly-functional outdoor shoes. Fulgent Sun Group has factories for mass production setup in China, Vietnam, and Cambodia. Fulgent Sun Group currently has more than 35,000 employees on the payroll. Fulgent Sun Group’s Taiwan headquarters has the operating scale expanded since 2011 and relocated to Yunlin Technology-based Industrial Park to have the Group’s resources integrated and the operating efficiency optimized.

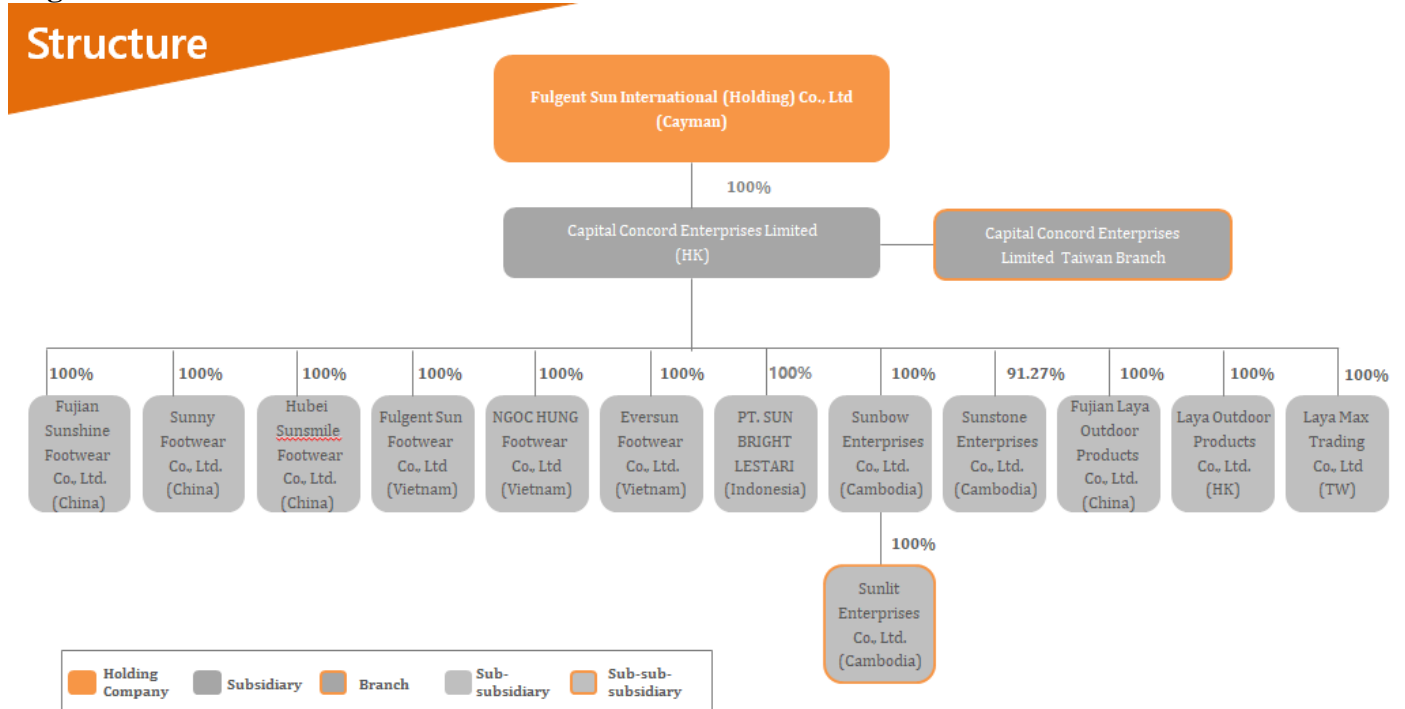
In terms of sales, Fulgent Sun Group cooperates with the major brand companies in the world to form strategic alliances for developing and producing brand products. Fulgent Sun Group currently is capable of developing and producing various professional sports shoes, as well as professional high-tech waterproof and breathable outdoor shoes. Fulgent Sun Group implements humanity management, treats employees as the Group’s most important assets, safeguards employees’ rights and interests, and maintains a harmonious labor relation.

#### Fulgent Sun Group overview

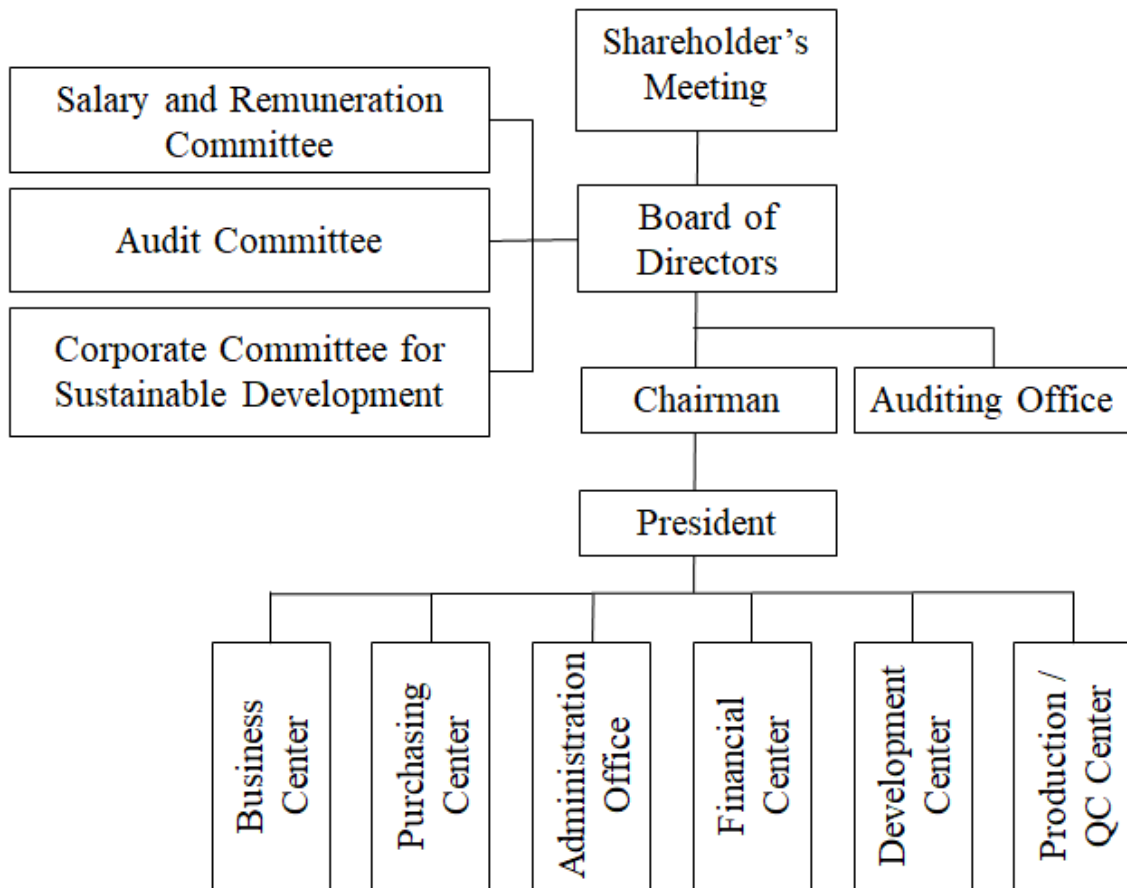
Fulgent Sun Group was officially listed in Taiwan in October 2012 (Stock code: 9802)

Group business operation commencement time	March 1995
Paid-in capital	NT\$1.86 billion
Group employees	More than 36,000 persons
Headquarters	No.76, Sec.3, Yunke Rd, Douliu City, Yunlin County

#### Organizational chart



## Corporate governance structure



## Core Culture/Values

### 1. Core value

- Honesty: We inherit Chinese traditional culture, considering humans as our essential, taking harmony as our treasure, and regarding faithfulness as our credit.
- Innovation: We are bold in breaking the routine to make our products innovative, challenging existing patterns continuously and having manufacture processes improved.
- Quality: We pursue the goal of making perfect shoes, and make our products high value-added for customers.
- Speed: We believe that victory or defeat is determined by the speed; therefore, we are always one step ahead and seize the moment.

### 2. Vision

- On the top of the multifunctional footwear industry.

### 3. Mission

- We devote ourselves to finding problems and encourage our employees to solve them together. In this way, we can grow continuously and be energetic for good.
- We dedicate ourselves to improving our productivity and let each employee have the best physical and psychological civilizations. Moreover, we reward higher values to our customers.

## (II) History

### Fulgent Sun Chronicles

Year	Description
1995-1999	Startup phase: <ul style="list-style-type: none"> <li>• 1995:Fulgent Sun Group was incorporated. Fujian Sunshine Footwear Co., Ltd. was established in Quanzhou to manufacture sports shoes.</li> </ul>
2000-2005	Formation of strategic partnership: <ul style="list-style-type: none"> <li>• 2000:With capacity for production of waterproof outdoor shoes, as certified by GORE-TEX.</li> <li>• 2003:The laboratory received British SATRA certification.</li> <li>• 2003:Fulgent Sun Footwear Co., Ltd. was established to produce outdoor waterproof shoes.</li> <li>• 2005:Sunny Footwear Co., Ltd. was established.</li> </ul>
2006-2010	Expanding production capacity: <ul style="list-style-type: none"> <li>• 2009:Fulgent Sun Group joined the Nike In-line system officially to produce the Group’s vulcanization shoes.</li> <li>• 2009:Hubei Sunsmile Footwear Co., Ltd. was established.</li> <li>• 2009:Fulgent Sun Group promoted lean production to increase its competitiveness.</li> <li>• 2010:Fujian LAYA Company was established, specializing in representing European famous brands of outdoor shoes and garments, and opening up the sales market in the China.</li> </ul>
2011~2012	Going public investment in Taiwan: <ul style="list-style-type: none"> <li>• 2011:Fujian LaSportiva Co., Ltd. was incorporated to exclusively represent LaSportiva products in China.</li> <li>• 2011:The Taiwan Headquarters in Yunlin Technology-based Industrial Park was officially in operation with domestic venture capital solicited in April.</li> <li>• 2012:Passed the review committee of the Listing Department of Taiwan Stock Exchange Corporation in June.</li> <li>• 2012:Listed on the Taiwan Stock Exchange in October.(Stock code: 9802).</li> </ul>
2021 - Present	Continuous growth period: <ul style="list-style-type: none"> <li>• 2013:Lin Wen Chih Sunbow Enterprises Co., Ltd and Lin Wen Chih Sunstone Garment Enterprises Co., Ltd. were established in Cambodia.</li> <li>• 2014:Obtained GORE-TEX production technology “SURROUND” certification.</li> <li>• 2015:NGOC HUNG Footwear Co., Ltd. was established to produce outdoor shoes as an OEM.</li> <li>• 2021:Eversun Footwear Co., Ltd.was established to produce outdoor shoes as OEM.</li> <li>• 2021:PT. SUN BRIGHT LESTARI was established to produce and sales sports leisure outdoor footwear.</li> <li>• 2021:Among Top 6%~20% enterprises in the Corporate Governance Evaluation Appraisal by the TWSE for three consecutive years (2019~2021).</li> </ul>



### (III) Products and services

Main OEM brands: Fulgent Sun is mainly engaged in the OEM production, sales, and distribution of footwear. The main OEM brands are as follows:

1. ALTRA/US; 2. BERGHAUS/UK; 3. Converse/USA; 4. Cuater/USA; 5. Decathlon/France; 6. engelbert strauss/Germany; 7. HEAD SPORT GMBH/Austria; 8. HOKA/USA; 9. Inov-8/UK; 10. JACK WOLFSKIN/Germany; 11. La Sportiva/Italy; 12. Mammut/Switzerland; 13. Meindl/Germany; 14. Merrell/USA; 15. Northwave/Italy; 16. On Running/Swiss; 17. Salewa/Italy; 18. TCX/Italy; 19. TheNorthFace/USA; 20. Timberland/USA; 21. Vans/USA

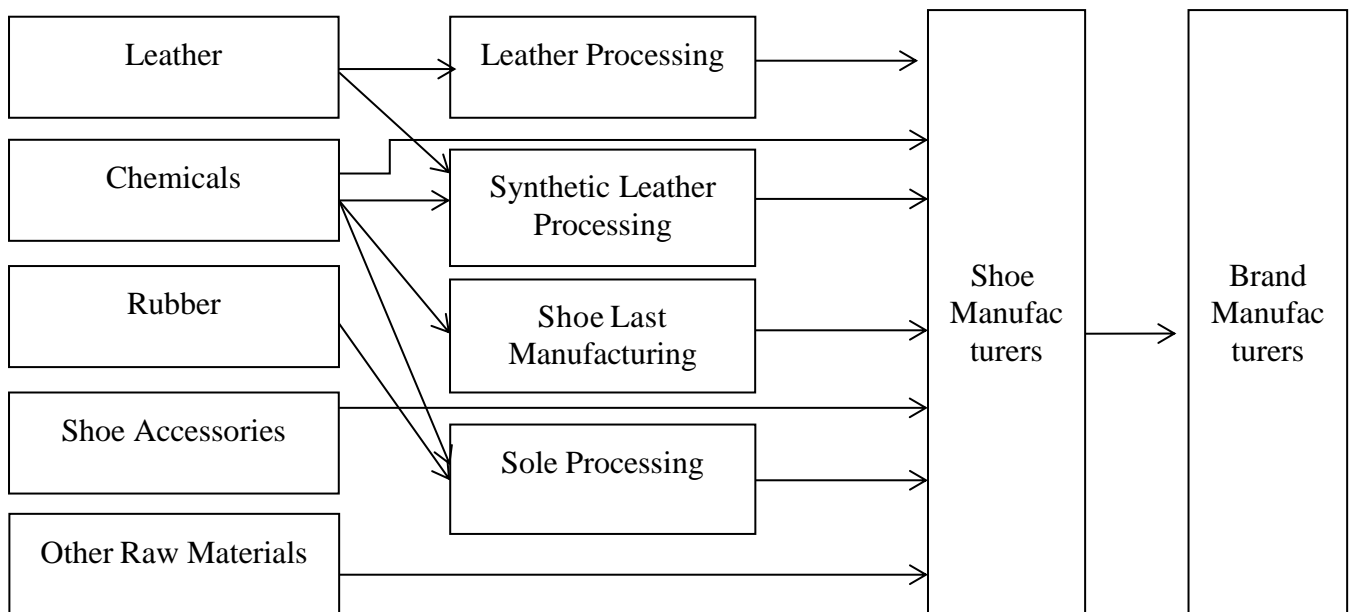


The aforesaid trademarks are all in the forms registered by the original registering companies, and the OEM brands are in alphabetical order.



## Supply chain

Fulgent Sun specializes in shoe production. The upstream suppliers are mainly to supply Fulgent Sun with related composite materials, including leather, artificial leather, outsole, chemical composite materials, such as, mesh, shoelaces, and hardware accessories, like buttons, which are processed and produced by the midstream OEM and ODM manufacturers before forwarding them to downstream footwear brand manufacturers for sale.



Note: Data Source: Industrial Development Bureau of the Ministry of Economic Affairs – The Upper-, Middle-, and Downstream Industries of the Footwear Industry.

(1). Classification of suppliers: They are classified into 9 categories according to the materials and machines/tools needed for shoe production:

Category	Number of companies	Geographical distribution
Genuine leather	67	Mainland, Hong Kong, Europe, America, Southeast Asia, Korea, and Taiwan
Artificial leather	51	
Textiles <mesh/foam/non-woven, etc.>	235	
Accessories<shoelaces/buttons>	139	
Soles	213	
Packaging materials	113	
Chemical materials	150	
Equipment/Parts	296	
Molds and tooling	43	

## IV. Corporate governance

### (I) Board of directors

There are 8 directors on the Fulgent Sun’s board of directors (for an average of 6-year term), including 3 acting directors and 5 independent directors. Fulgent Sun values the gender equality in the composition of the board of directors with the target of 33% female directors to be on board; therefore, 2 female directors are planned to be on board on the 6<sup>th</sup> term of office.

The board of directors operates in accordance with the “Rules of Procedure for the Board of Directors” with a board meeting convened at least quarterly. There was a total of 5 board meetings convened in 2021 to review the Company’s business performance and discuss future development strategies in order to facilitate the formulation of corporate sustainability management objectives and decision-making.

#### Board composition

Age \ Sex	Male	Female
Age 30-50	1	0
Over 50 years old	6	1

Fulgent Sun has formulated in the “Corporate Governance Best-Practice Principles” that the composition of the board of directors shall be determined by taking diversity into consideration. All board directors must have the necessary knowledge, skills, and literacy to perform their duties.

#### Shareholder structure

Shareholder structure	Financial institutions	Other juristic persons	Foreign institutions and foreigners	Individual	Treasury stock	Capital from Mainland China
Shareholding ratio	12.05%	6.57%	38.91%	42.05%	0.35%	0.07%

#### Board directors

Name	Title	Education & Work Experience	Current Position
Wen-Chih, Lin	Chairman	<ul style="list-style-type: none"> <li>Bachelor of Chemical Engineering, Feng Chia University</li> <li>President, Fulgent Sun International (Holding) Co., Ltd.</li> </ul>	Chairman, Fulgent Sun International (Holding) Co., Ltd. CSO, Fulgent Sun International (Holding) Co., Ltd.
Fang-Chu, Liao	Director	<ul style="list-style-type: none"> <li>Bachelor of International Trade, Chinese Culture University</li> <li>Vice President of Sales, Fulgent Sun International (Holding) Co., Ltd.</li> </ul>	President, Fulgent Sun International (Holding) Co., Ltd. CEO, Fulgent Sun International (Holding) Co., Ltd.
Chih-Cheng, Liao	Director	<ul style="list-style-type: none"> <li>Master in Finance, National Yunlin University of Science and Technology</li> <li>Assistant Manager of Sales, First Commercial Bank</li> </ul>	Vice President of Fulgent Sun International (Holding) Co., Ltd. CGO, Fulgent Sun International (Holding) Co., Ltd. Spokesperson, Fulgent Sun International (Holding) Co., Ltd.

Name	Title	Education & Work Experience	Current Position
Kun-Hsien, Chang	Independent Director	<ul style="list-style-type: none"> <li>Supplementary Open Junior College For Public Administration, National Chengchi University</li> <li>Manager of Douliu Branch, and Zhongxiao Road Branch, Senior Assistant Vice President and Director of Taichung Region Center, First Commercial Bank</li> </ul>	-
Jin-Huang, Huang	Independent Director	<ul style="list-style-type: none"> <li>PhD in Mechanical Engineering, Northwestern University</li> <li>Director of Department of Mechanical and Computer-Aided Engineering, Feng Chia University</li> <li>Dean of College of Engineering and Science, Director of Office of Industry-Academia Cooperation, Feng Chia University</li> </ul>	Vice President and Lifetime Distinguished Professor, Feng Chia University Director, WINSON Machinery Casting Co., Ltd Independent Director, China Fineblanking Technology Co., Ltd. Independent Director, Best Precision Industrial Co., Ltd
Chun-An, Li	Independent Director	<ul style="list-style-type: none"> <li>PhD in Business Administration, National Chengchi University</li> <li>Certified Public Accountant</li> <li>Dean of College of Finance and Banking, National Kaohsiung University of Science and Technology</li> </ul>	Honorary Professor of Department of Finance, National Yunlin University of Science and Technology
Ai-Chi, Hsu	Independent Director	<ul style="list-style-type: none"> <li>PhD in Economics, Michigan State University</li> <li>Master in Economics, National Chengchi University</li> <li>Director of Department of Finance, National Yunlin University of Science and Technology</li> </ul>	Associate Professor of Department of Finance, National Yunlin University of Science and Technology
Jun-Ming, Wu	Independent Director	<ul style="list-style-type: none"> <li>Bachelor of Accounting, Soochow University</li> <li>Vice President of Underwriting Department of Taiwan International Securities Co., Ltd.</li> <li>Senior Vice President of Corporate Financing, Capital Securities Corp.</li> </ul>	Independent Director, Tecstar Technology Co., Ltd. Independent Director, Lian Hong Art. Co., Ltd Director, E-Elements Technology Co., Ltd

#### Functional committee members

Name	Salary and Remuneration Committee	Audit Committee	Corporate Governance & Sustainable Development Committee
Wen-Chih, Lin, Chairman	-	-	v (Chairman)
Fang-Chu, Liao, Director	-	-	v
Chih-Cheng, Liao, Director	-	-	v
Kun-Hsien, Chang, Director	v	v (Chairman)	v
Jin-Huang, Huang, Independent Director	-	v	v
Chun-An, Li, Independent Director	-	v	v
Ai-Chi, Hsu, Independent Director	v (Chairman)	v	v
Jun-Ming Wu, Independent Director	v	v	v

## Professional/Academic/Experience Background of Board Directors

Conditions Name of Director	Professional/Academic/Experience Background
Wen-Chih, Lin	Work experience in commerce, corporate operations, and operational judgment required capacity. Worked as the Group President. No circumstance stated in the subparagraphs of Article 30 of the Company Act.
Fang-Chu, Liao	Work experience in commerce, corporate operations, and operational judgment required capacity. Worked as the Group Executive Vice President. No circumstance stated in the subparagraphs of Article 30 of the Company Act.
Chih-Cheng, Liao	Work experience in commerce, corporate operations, and operational judgment required capacity. Worked as the Group Executive Vice President. No circumstance stated in the subparagraphs of Article 30 of the Company Act.
Kun-Hsien, Chang	Work experience in finance and accounting. Worked as the manager of Douliu Branch and Zhongxiao Road Branch of First Commercial Bank, and the senior associate manager and director of Taichung Regional Center. No circumstance stated in the subparagraphs of Article 30 of the Company Act.
Ai-Chi, Hsu	Work experience as lecturer in the finance related departments of public and private universities and colleges. Worked as the director and associate professor of the Department of Finance, National Yunlin University of Science and Technology. No circumstance stated in the subparagraphs of Article 30 of the Company Act.
Jin-Huang, Huang	Work experience as lecturer in the finance related departments of public and private universities and colleges. Director of Department of Mechanical and Computer-Aided Engineering, Feng Chia University Dean of College of Engineering and Science, Director of Office of Industry-Academia Cooperation Feng Chia University Vice President, and Lifetime Distinguished Professor of Feng Chia University. No circumstance stated in the subparagraphs of Article 30 of the Company Act.
Chun-An, Li	Work experience as lecturer in the finance related departments of public and private universities and colleges; and CPA, or other professional or technical specialist who has passed a national examination and been awarded a Certificate in a Profession necessary for the business of the Company. Dean of College of Finance and Banking, National Kaohsiung University of Science and Technology, Director and Honorary Professor of Department of Finance, National Yunlin University of Science and Technology, and CPA in practice. No circumstance stated in the subparagraphs of Article 30 of the Company Act.
Jun-Ming, Wu	Work experience in commerce, finance, accounting, and operational judgement required capacity. Worked as the VP of the Underwriting Department of Taiwan International Securities Co., Ltd. and the Senior VP of the Department of Corporate Banking of Capital Securities Corporation No circumstance stated in the subparagraphs of Article 30 of the Company Act.

## **(II) Ethical corporate management**

We value the importance of corporate ethical management and operational transparency; therefore, the corporate governance structure is formulated and implemented in accordance with the Company Act, the Securities Exchange Act, and other relevant laws and regulations in order to improve management performance continuously, and protect the rights and interests of investors and other stakeholders through the comprehensive and systematic ethical corporate management.

In addition to professionalism and skills, we also value the importance of employees' ethics and integrity. We request all Fulgent Sun employees and business partners to comply with the business ethics standards and to substantiate the "ethical" corporate management.

### **1. Anti-corruption**

The corporate internal control mechanism is enhanced to perfect the ethical corporate management and prevent corruption throughout the corporate operating activities in order to realize honesty and trustworthiness and to establish a core business philosophy of law-abiding, integrity, and high-quality service.

Fulgent Sun formulates the "Rules Governing Anti-Corruption" to enhance system supervision in response to the actual situation of the Company. Fulgent Sun also implements the anti-corruption system, enhances the supervision and management of key operations and personnel, ensures the management of business anti-bribery commitment, strictly follows fair competition rules, guides the Company's management personnel to act lawfully, honestly, and truthfully, to voluntarily resist temptation, do not trade the Company's interest for personal gain, act in good faith, avoid being deceitful, and commit no fraud, in order to establish a good corporate image.

Fulgent Sun encourages internal and external personnel to report unethical behavior or misconducts. There is an opinion box and a public reporting hotline made available by Fujian Sunshine Factory, which are used to prevent commercial bribery and for complaints/reports. The stakeholders who have found an unethical act or corruption can report it through relevant channels to the managerial officers, department heads, and relevant departments. The identity of the whistle-blower and the content of the reported incident will be kept confidential, and anonymous reporting is permitted. There was not any violation of "Anti-Corruption / Commitment" occurred in 2021.

### **2. Business Ethics Management**

Fulgent Sun has formulated the "Ethical Corporate Management Best Practice Principal" to establish a corporate culture of ethical management and to complete the sustainable development of the Company. The ethical management Subcommittee is responsible for promoting the Company's ethical management policy and preventive measures, and encouraging all employees to substantiate the value of ethics. Fulgent Sun will base on the business philosophy of sustainable development to promote the importance of moral standards to new recruits and all colleagues, ban all unethical acts, and protect stakeholders against loss of interests.

In addition, we urge the directors and managerial officers to comply with the Company's ethical standards. Fulgent Sun's "Code of Ethical Conduct" is formulated in accordance with the "Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/TPEX Listed Companies," which includes: preventing conflicts of interest, avoiding opportunities for personal gain, responsibility for confidentiality, fair trade, protection and proper use of company assets, compliance with laws and regulations, encouragement to report any incidents of illegal or unethical conduct, and disciplinary measures.

### 3. Financial Performance

Fulgent Sun had demonstrated the flexibility and resilience of its business management strategy throughout the last 2 years under the influence of the COVID-19 pandemic. The Company's consolidated revenue amounted to NT\$15.544 billion in 2021 through the efforts of all employees, and the operating profit amounted to NT\$1.47 billion, a record high.

Although the pandemic will not go away soon, our management team will actively face up to various challenges and uncertainties, and seize opportunities and advantages to operate and improve business.

Item	Class	2021	Definition
Direct economic value generated	Operating income	NT\$15,544 million	Include net sales, financial investment income, and income from asset sales.
Distributed economic value	Operating cost	NT\$8,822 million	Include the purchase of raw materials, product parts, site facilities and services, and cash payments to enterprises other than the Company.
	Employ salary and benefits	NT\$5,252 million	Benefits do not include education and training, and the cost of protective equipment, or other cost items directly related to the employee's job responsibilities.
	Payments to Investors (Shareholders)	NT\$711 million	Includes: 1. Debt in any form and loan interest (not only long-term debt) and 2. Unpaid dividends payable to shareholders of preferred stock.
	Payments to the government	NT\$210 million	Includes all taxes (sales, income, and property taxes) and penalties paid by the Company in accordance with international, domestic, and local standards, excluding deferred taxes (which will or will not be paid).
	Community investment	NT\$7 million	1. Include "actual payment" amount during the reporting period 2. Exclude promised payments 3. Exclude legal and commercial activities, or investments intended for commercial purposes.
Reserved economic value	-	NT\$542 million	Reserved Economic Value = Direct Economic Value Generated - Distributed Economic Value

Notes:

- (1) Operating costs: Operating costs + operating expenses - direct/indirect employee remuneration
- (2) Payments to Investors (Shareholders): Cash dividend + interest expense.
- (3) Payments to the government: Taxes.
- (4) Community investment: Total amount of cash donations and material donations

### (III) Risk management

Fulgent Sun Group is a multinational operation that specializes in manufacturing professional sports shoes and highly-functional shoes. In terms of management, the board of directors identifies, evaluates, and controls major and potential risks through regular meetings, and sets up an independent audit system to regularly review various risk control measures. In addition, Fulgent Sun has customers from all over the world, and has implemented effective risk evaluation and management for the following key ESG issues to ensure the normal operation of various management mechanisms.

#### 1. Anti-terrorism risk

Fujian Sunshine Factory of Fulgent Sun Group has established a management system that complies with China's national regulations and customs anti-terrorism requirements by referring to the recommendations of the "Customs-Trade Partnership Against Terrorism (C-TPAT)" in order to prevent the infiltration of terrorists. Also, the corresponding program document is formulated in accordance with the operation and production process, and the relevant communication, propaganda, education, and training are carried out to ensure the safety of plant property, product production, management, and employees.

Note: The C-TPAT (Customs-Trade Partnership Against Terrorism) has been formulated by the U.S. Customs and Border Protection, Homeland Security Agency after the 9/11 incident to protect U.S. homeland security. Products of the manufacturers that passed the C-TPAT factory inspection can be quickly cleared customs and enter the United States with limited customs inspection for product safety.

#### 2. COVID-19 pandemic risk

Due to the global outbreak of the COVID-19 pandemic, Fulgent Sun for the sake of effectively preventing the impact of the pandemic and protecting the health and safety of the staff worldwide has strict pandemic prevention, process, and response measures formulated in each factory. In addition to the daily management and logistical support expected from each employee, the information system is used to track and control the pandemic information in various countries in order to ensure that operations are not interrupted. The relevant measures include:

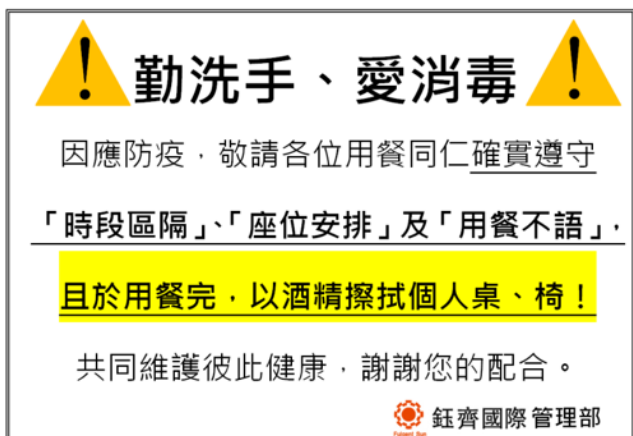
- (1) Demand the employees in each factory to take vaccine shots with the current vaccination rate exceeding 90% in each factory.
- (2) The "Fujian Sunshine Footwear Co., Ltd. Measures and Plans for Handling Coronavirus Disease 2019" and "New Coronavirus Diagnosis and Treatment Plan" are formulated in the Fujian Sunshine factory.
- (3) All gatherings with more than 500 people outdoors or 100 people indoors are prohibited.
- (4) Wear a mask at all times at work, maintain social distancing, and setup partitions in staff cafeterias.



- (5) Establish a "name registration" system and implement anti-pandemic measures, including temperature measurement, hand disinfection, environmental cleaning, crowd control, total crowd control, and moving line planning: All employees must take temperature measurements when entering the Company's premises, and visitors must fill out the quarantine form in advance before entering the Company's premise.



- (6) Enhance the cleaning and disinfection of the office area in accordance with the COVID-19 Community Pandemic Prevention and Public Environment Disinfection Guidelines.



### 3. Climate risk management

Climate change has had a critical impact on the global environment and business operations. Therefore, Fulgent Sun has actively identified, evaluated, and managed climate-related risks and the possible financial impact by referring to the Subcommittee on Climate-related Financial Disclosures (TCFD) framework guidelines, which can be used as a reference for operational strategic planning and decision-making; also, the response and strategies adjustment for climate change risks in each factory area are formulated accordingly.

The factories of Fulgent Sun have acquired insurance policies to respond to and avoid natural disaster risks resulting from climate change in order to avoid sudden or unpredictable accidents or natural disasters affecting the operating conditions and causing financial burdens or other risks.

TCFD framework	Fulgent Sun's response mechanisms
Governance	<ul style="list-style-type: none"> <li>Fulgent Sun's board of directors is the highest authority for the formulation of climate strategies, the review and approval of action plans, and the review of climate action plan performance results. Fulgent Sun's board of directors regularly reviews the current year's climate-related action plan and results, and seeks the opinions of external experts and consultants as needed. The implementation progress of relevant action objectives will also be updated and revised annually according to the instructions of the board of directors.</li> <li>In terms of the climate-related management authorization, Fulgent Sun's board of directors has the "Corporate Governance &amp; Sustainable Development Committee" appointed to be responsible for formulating climate-related policies, risk evaluation, and the promotion and inspection of related energy saving and carbon reduction projects.</li> <li>The "Corporate Governance &amp; Sustainable Development Committee" set relevant performance targets annually to ensure that the climate strategy can be incorporated into the department's annual operating activities, actively evaluates and controls possible operating risks, and regularly reports the results to the board of directors.</li> </ul>

TCFD framework	Fulgent Sun's response mechanisms
Strategies	<ul style="list-style-type: none"> <li>We anticipate having the results of various uncertainties and risks (including climate-related risks) controlled within the expected acceptable range through the active control actions for the industry in which Fulgent Sun operates.</li> <li>The phenomenon of climate change caused by the greenhouse gas effect with physical risks, including frequent typhoons, floods, and droughts, may cause flooding, power failure, or water supply interruption in the factory. Fulgent Sun assesses and analyzes climate change according to different time periods in order to minimize the impact of climate change on the operations, which brings related risks (physical and transitional risks) and opportunities to Fulgent Sun in the short-term (2025), medium-term (to 2030), and long-term (after 2050).</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>The environmental issues have caught the attention of the public in recent years, therefore, the response to and solutions for climate change issues are urgent in particular. We make estimates by referring to the "Greenhouse Gas Reduction and Management Approach" and future development trends, and expect the upcoming requirements of regulations (carbon inventory, reduction, and development of renewable energy) and the risk of actual energy costs, in other words, we expect the electricity price to go up, when the alternative energy and power structure cannot be adjusted immediately.</li> </ul>
Index and objectives	<ul style="list-style-type: none"> <li>Fulgent Sun for the objective of net zero carbon emission aims to pursue a win-win situation of "environmental protection energy saving and economic development." Identify the area with high carbon emission in the factory, and plan to promote greenhouse gas inventory as the foundation for the follow-up planning and launching of various energy management actions.</li> <li>We believe that energy saving not only effectively reduces costs, but also helps reduce greenhouse gas emissions. Therefore, we actively plan energy-saving and power-saving actions in each plant, and build renewable energy to effectively reduce carbon emissions.</li> </ul>

#### 4. Information security risk management

Fulgent Sun values the importance of protecting customer privacy while serving brand customers worldwide. In terms of customers' intellectual property rights, in addition to signing and honoring the confidentiality agreements signed with brand customers, we also regularly announce and educate the importance of information confidentiality to relevant R&D personnel.

In terms of management mechanism, we take external protection and internal control as our strategies with software and hardware facilities constructed for the said purpose. We also arrange to have information security risk personnel trained regularly. There was not any relevant major information security/privacy leakage incident that occurred in 2021 with the effective mechanisms implemented.

Level	Description of management measures
External protection	<ul style="list-style-type: none"> <li>The related service ports of the mail server are disclosed on the Internet, but the rest of the servers are within the VPN intranet only without being disclosed on the Internet.</li> <li>The E-mail service is equipped with anti-brute force deciphering and DDOS attack protection. The IP of the password that has been entered in error 3 times will be automatically on the list. The IP of the user who has made connections exceeding the limit will also be automatically on the list in order to prevent DDOS attacks.</li> <li>Sangfor Taiwan Firewall Application Delivery (AD) virtual service can be</li> </ul>

	<p>reused to minimize the number of simultaneous connections, and to resist attacks. Also, only specific ports are opened on the Internet without having all ports exposed on the Internet.</p>
<p>Internal control</p>	<ul style="list-style-type: none"> <li>• In terms of remote backup mechanisms, ensures data security. Database backup files will be restored regularly to simulate disaster drills (database, file, and restore test)</li> <li>• Sangfor Taiwan Firewall Internet Access Control allows users to access specific websites in order to minimize the risk of leaks and viruses.</li> <li>• USB management and control are through AD domain control policy. USB is blocked from all the Company's internal computers, except for a few users' USBs in a read-only mode (only read, not write), to minimize the risk of viruses and leaks.</li> <li>• All computers are equipped with ESET anti-virus software with the virus database updated on a daily basis, and complete anti-virus scan on a monthly basis.</li> <li>• The E-mail of resigning person will be deleted and the ERP access will be denied immediately upon his/her departure.</li> <li>• ERP and mailbox access authority is defaulted for control; also, E-mail is programmed to or not to receive external messages according to the actual needs.</li> </ul>

## V. Sustainable management mechanism

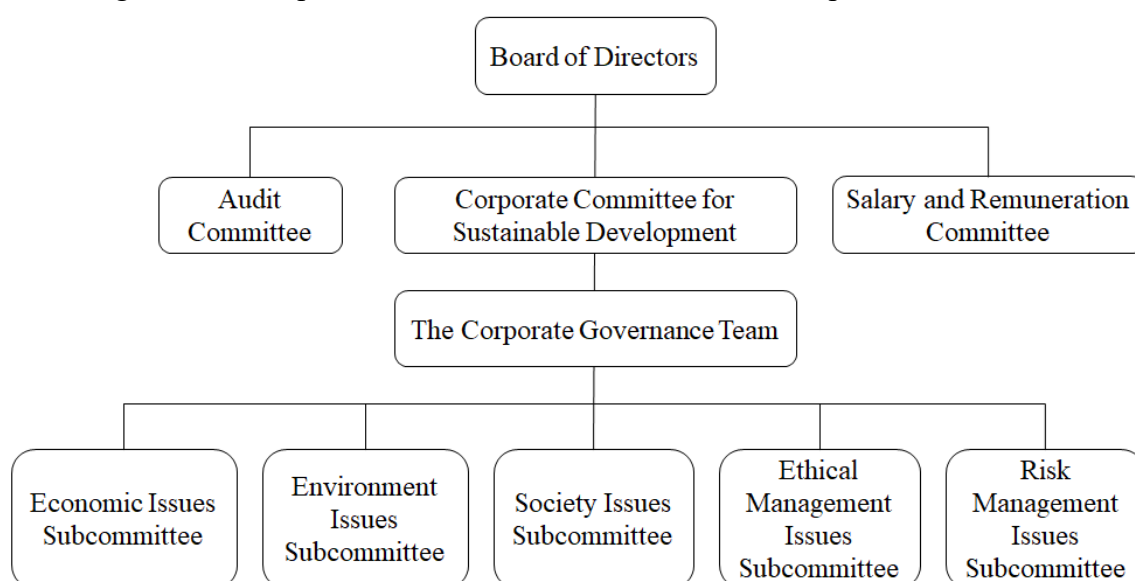
### (I) Sustainable management organization

#### 1. ESG management organization and mechanism

Fulgent Sun for the sake of implementing the concept of sustainable development and fulfilling corporate social responsibility had established the “Corporate Governance & Sustainable Development Committee” in 2019 with the “Corporate Governance & Sustainable Development Committee Charter and Organization Structure” formulated. The Sustainable Development Committee consists of 8 directors with the Chairman to chair and at least one meeting held once a year. There is a corporate governance Subcommittee formed under the Committee to coordinate economic, environmental, social, and ethical management, as well as risk management Subcommittees.

The ideal is to have various sustainability issues incorporated into the daily management operations by each relevant department through a defined high-level ESG organization and division of labor, thus activate the overall supply chain partners to improve their awareness of sustainability, and to cooperate with stakeholders to grasp opportunities for business development.

Fulgent Sun “Corporate Governance & Sustainable Development Committee”



Subcommittee	Job Responsibilities
Economic issues	<ul style="list-style-type: none"> <li>Perfect the framework of corporate governance, improve information transparency, and implement ESG to create the long-term value for shareholders.</li> <li>Build a supply chain that attaches great importance to environmental protection, social responsibilities, labor rights, safety, health, and sustainable development, and maintain a long-term relationship with suppliers.</li> </ul>
Environmental issues	<ul style="list-style-type: none"> <li>Implement energy management and recycling and improve the utilization of resources to reduce the negative impact of the product life cycle on the environment.</li> <li>Improve energy efficiency through process innovation and reduce greenhouse gas emissions to minimize the impact on the environment, bringing a safe and health workplace to employees and contractors.</li> </ul>
Social issues	<ul style="list-style-type: none"> <li>Maintain the basic rights of employees and strive to contribute to employees, stakeholders, and the society with good social citizenship.</li> <li>Cooperate with “Fulgent Sun International Charitable Public Welfare Fund” to support or sponsor public charity and social education undertakings in order to achieve harmony and common prosperity with the community, enhance social welfare, and promote a warm and harmonious society.</li> </ul>

Subcommittee	Job Responsibilities
Ethical management	<ul style="list-style-type: none"> <li>• Organize training courses on ethical corporate management and promote the awareness and regulations of ethical corporate management in the orientation and on the website.</li> <li>• Set up a grievance system and have designated persons take charge of the follow-ups.</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>• Assess risks every year on a regular basis; formulate and implement risk management policies covering management objectives, organizational structure, attribution of responsibilities, and risk management procedures and other mechanisms in order to identify and measure the Company's various risks effectively and bring down risks arising from business activities to an acceptable level.</li> </ul>

## (II) Major issues

Fulgent Sun has convened the “Corporate Governance & Sustainable Development Committee” Subcommittee members to discuss and determine major issues (including GRI topics) in the sustainability report through a workshop practice this year.

We adopt the six identification principles of the AA 1000 SES (Stakeholder Engagement Standard) to identify Fulgent Sun’s key stakeholders according to their responsibilities, influence, closeness, dependence, representative, and policy implications, including: shareholders/investors, employees, consumers/customers, suppliers/contractors, communities, etc.

### Material topics and impact boundaries

We have convened an internal meeting to determine the material topic matrix of the 2021 “Fulgent Sun Sustainability Report” by referring to the professional judgment (by the unit’s questionnaire survey and the principle of professional subjective judgment) of each unit, and it is referred to disclose the reporting subjects.

ESG Aspect	Material topics	Importance (meaning) to Fulgent Sun
E - Environment	Energy	<ul style="list-style-type: none"> <li>Strive to improve the utilization efficiency of various resources, reduce energy consumption in the factory, and achieve the KPI of energy saving and carbon reduction to help Fulgent Sun effectively minimize greenhouse gas emissions and pursue the goal of net zero emissions.</li> </ul>
	Waste	<ul style="list-style-type: none"> <li>Each plant shall strive to minimize waste by selling scraps, recycling and reworking production tailings, or training employees to comply with local laws and regulations.</li> </ul>
S - Society	Labor relations	<ul style="list-style-type: none"> <li>The basic responsibility of Fulgent Sun in promoting labor relations are to protect the rights and interests of employees and to maintain a smooth communication channel. A good employee welfare mechanism is helpful in promoting labor-management harmony.</li> </ul>
	Occupational Safety and Health	<ul style="list-style-type: none"> <li>Regularly provide employees with health checkups to enhance their self-awareness of health and to help them enhance health and safety.</li> </ul>
	Training and education	<ul style="list-style-type: none"> <li>Provide on-job training to all employees. Regularly provide professional training to employees in line with their personal career plan in order to improve their personal abilities, which will help improve the overall quality, personal quality, and work skills of all the employees of Fulgent Sun.</li> </ul>
	Non-discrimination	<ul style="list-style-type: none"> <li>Fulgent Sun complies with the relevant labor laws and regulations and International Bill of Human Rights in each region where Fulgent Sun operates. Fulgent Sun also formulates relevant management policies and procedures, treats and respects all employees equally, protects the legitimate rights and interests of employees, and complies with international labor right norms.</li> </ul>
	Customer Health and Safety	<ul style="list-style-type: none"> <li>Comply with and meet the “Restricted Substances List (RSL)” of the customers to ensure that no material used in the course of production is harmful to human health or the environment, which is highly relevant to Fulgent Sun’s operation and gaining the trust of customers.</li> </ul>

ESG Aspect	Material topics	Importance (meaning) to Fulgent Sun
S - Society	Customer Privacy	<ul style="list-style-type: none"> <li>• In terms of protecting the intellectual property rights of customers, in addition to signing and honoring the confidentiality agreements signed with brand customers, Fulgent Sun also regularly announces and educates the importance of information confidentiality to relevant R&amp;D personnel.</li> </ul>
G - Corporate Governance	Socio-Economic Laws and Regulations Compliance	<ul style="list-style-type: none"> <li>• Formulate the “Sustainable Development Best Practice Principle” to substantiate corporate governance, promote environment sustainable development, and safeguard social welfare.</li> <li>• Ensure that all Fulgent Sun personnel and operations truly comply with relevant laws and regulations by establishing a governance organization and substantiating an internal control mechanism.</li> </ul>



### (III) Stakeholder engagement

Fulgent Sun has established diversified communication and interactive management, and engaged stakeholders on a regular or occasional basis. In addition, Fulgent Sun has set up corresponding departments and channels to conduct timely and appropriate communication and response in order to understand stakeholders' expectations and needs on the issues of their concern in order to form sustainable strategies and responsive action plans accordingly.

Stakeholders	Communication channels	Communication frequency	The 2021 engagement results
Shareholders / investors	<ol style="list-style-type: none"> <li>1. Shareholders meetings</li> <li>2. Investor conference</li> <li>3. Breaking news</li> <li>4. Providing e-mails in the Stakeholders section on the Company's website</li> </ol>	<ol style="list-style-type: none"> <li>1. Once a year</li> <li>2. Regular/ occasional</li> <li>3. Immediate</li> <li>4. Immediate</li> </ol>	<ol style="list-style-type: none"> <li>1. Held a regular shareholder meeting</li> <li>2. Held 7 investor conferences &amp; 50+ teleconferences</li> <li>3. Announced a total of 71 Chinese/English breaking news</li> <li>4. A total of 489 news announced</li> </ol>
Employees	<ol style="list-style-type: none"> <li>1. Organizing new recruit briefings, labor-management meetings, and management meetings</li> <li>2. Providing employee with health checkups and inquiries</li> <li>3. Providing e-mails and contact phone numbers in the Stakeholders section on the Company's website so to establish a smooth communication channel between employees and the Company</li> </ol>	<ol style="list-style-type: none"> <li>1. Occasional</li> <li>2. At least once for each employee</li> <li>3. Immediate</li> </ol>	<ol style="list-style-type: none"> <li>1. Held 2 labor-management meetings</li> <li>2. Held new recruit seminars occasionally</li> <li>3. Held management meetings occasionally</li> <li>4. Announced employee benefits, training, and administrative affairs related information occasionally</li> </ol>
Consumers / customers	<ol style="list-style-type: none"> <li>1. Participating in brand customer seminars</li> <li>2. Cooperating with customer product, environment, responsibility and other requirements and inspections, as well as prevention and continuous improvement</li> <li>3. Direct communication</li> <li>4. Participating in the quarterly evaluation meeting of brand customers</li> <li>5. Providing e-mails and contact phone numbers in the Stakeholders section on the Company's website so to establish a smooth communication channel between customers and the Company</li> </ol>	<ol style="list-style-type: none"> <li>1. Regular</li> <li>2. Immediate</li> <li>3. Occasional</li> <li>4. Quarterly</li> <li>5. Immediate</li> </ol>	<ol style="list-style-type: none"> <li>1. Direct communication: Held communication meetings occasionally according to the needs of brand customers</li> <li>2. Participated in the quarterly evaluation meeting of brand customers, frequency: quarterly</li> </ol>

Stakeholders	Communication channels	Communication frequency	The 2021 engagement results
Suppliers / contractors	<ol style="list-style-type: none"> <li>1. Formulating Fulgent Sun conflict minerals control policy</li> <li>2. Direct communication</li> <li>3. Preparing the supplier evaluation report regularly</li> <li>4. Providing e-mails and contact phone numbers in the Stakeholders section on the Company's website so to establish a smooth communication channel between customers and the Company</li> </ol>	<ol style="list-style-type: none"> <li>1. Long-term</li> <li>2. Immediate</li> <li>3. Quarterly</li> <li>4. Immediate</li> </ol>	<ol style="list-style-type: none"> <li>1. E-mail, phone ordering, and communicated the purchase requisition process and details</li> <li>2. Prepared the supplier evaluation reports regularly, frequency: quarterly</li> </ol>
Communities	<ol style="list-style-type: none"> <li>1. Arranging communication meeting with the community regularly</li> <li>2. Providing e-mails and contact phone numbers in the Stakeholders section on the Company's website so to establish a smooth communication channel between communities and the Company</li> <li>3. Participating in community public welfare activities held in the peripheral area of the factory</li> </ol>	<ol style="list-style-type: none"> <li>1. Occasional</li> <li>2. Immediate</li> <li>3. Occasional</li> </ol>	Mainly sponsored charity performances activities and subsidized the tuition and miscellaneous expenses of disadvantaged schoolchildren in the community in 2021.

## 2. Join associations

Name of association / organization	Identity	Invested amount
SATRA	General membership	NT\$159,873

## VI. Product responsibilities

### (I) International product certification

#### 1. Innovative research and development

Fulgent Sun is actively committed to innovative research and development, transforming to green industries and green protection, developing new craftsmanship and technologies, developing new chemical materials, and reconfiguring technological processes in order to meet limited solvent requirements, such as, shoe sole bonding and synthesis spraying process. In addition to searching for environmentally friendly shoe materials and conquering environmental protection regulations, Fulgent Sun aims to develop high-performance materials to meet consumers' needs for product quality, comfort, and healthcare functionality.

Fulgent Sun Group . Sustainable Innovation	
Strategy	Responding to trends and meeting market demands, customer orientation, and refinement of in-house production efficiency
Thinking	Automation, facilitation, and diversification

Products are being developed towards smart shoes in response to market trends. In terms of consumers' requirements in the quality and function of footwear, in addition to basic foot protection, users' sense of safety and comfort is everything. Fulgent Sun intends to enhance the safety of shoes wearers with the development technology of efficient, safe, and smart shoes established, the technology of smart shoes improved, and the competitive advantage of shoes enhanced.

Global competition is getting severe gradually. The manufacturing process of shoes has been developed towards automation, facilitation, and diversification to improve the efficiency and scale of the footwear industry. Massive robotic arms loaded with automation control systems are implemented in the working procedures containing high repeatability and high demand for precision in order to secure a more stable quality of footwear and enable the shoe factory to achieve higher production efficiency, more effective factory management, and lower production cost. Achievements in innovation and technologies include:

Fulgent Sun Group continues to develop and explore; also, the industry-academia cooperation achievements have been fully reflected in the practical application in the factory. The key applications of the automation in 2021 are as follows:

- For the application of plasma processing technology, in addition to the breakthroughs made in the manufacturing process, Fulgent Sun also cares about the improvement of the workplace environment.
- Abandon traditional manual operations to avoid the issue of dust and noise, and to greatly reduce operators' fatigue. Replace the experience and proficiency of operators with operating database to greatly lower the threshold for personnel to get on with the process.
- Regarding shoe soles, the front-end unit and the production unit base on the spirit of research to continuously try & error and to record relevant parameters for different formulas and types of outsole and shoe soles in order to maximize the application of this equipment and to highlight the value of this technology.
- Fulgent Sun's automation in cutting process is highly mature; also, the application of automatic leather cutting machine is the last piece of the puzzle, which make different types of materials in this process realize the highest production efficiency with different equipment.
- Our mission is to minimize the waste of leather and to maximize the use of materials and that is our way of committing to environmental friendliness. The application of this device has been extended to all workplaces of Fulgent Sun Group. We have managed to achieve the utilization target by using visual photography and electronic pen to circle the defects, and programming the computer for automatic typesetting and minimal cutting edge.

- It is in our DNA to research and find the root causes, and that is what keeps us going forward. The said driving force has us continued to make improvement and seek for breakthrough in a mature process. We intend to search for the ways of having automation application rooted in every corner of the factory and in every heart of our employee continuously.

The strategic thinking of “Shoe development” and “automation,” and major achievements in innovations, including:

Item	Contents
Supercritical foaming	The development of lightweight and high-flexibility inserting material is applicable to different shoe styles. The in-house production of such material is with the advantage of effective quality control and shorter development period.
3D knitted upper	3D knitted upper for enhanced foot wrapping/comfort

## 2. Product certification

Fulgent Sun has profound technical requirements and standards to enhance manufacturing technology continuously and to accelerate product delivery; also, introduce various international certifications, strive providing customers with high quality products, and fulfill the needs of global customers for high-quality products.

Factory	Fujian Sunshine	Vietnam Fulgent Sun	China Sunny	China Hubei Sunsmile	Cambodia Sunbow	Vietnam NGOC HUNG
Certificate	GORE-TEX certification	GORE-TEX certification	ISO 9001: 2008	GORE-TEX certification	GORE-TEX certification	GORE-TEX certification
	SATRA Laboratory certification	SATRA Laboratory certification	GB/T 19001-2000			SATRA Laboratory certification
	ISO 9001: 2008 GB/T 19001-2000					
Skills and Products	<p><b>Capable of producing a variety of footwear:</b></p> <p><b>Cold-molded shoes:</b> Sports shoes, running shoes, tennis shoes, basketball shoes, snow shoes, sports sandals, casual shoes, outdoor shoes, waterproof shoes, and GORE-TEX shoes</p> <p><b>Vulcanization products:</b> Shell shoes and vulcanization shoes</p> <p>Workshop composition: Rubber outsole, EVA, injection EVA, embroider, printing, high frequency, and laser</p>					

### Other sustainability certification

Plant	International certification	Description of international certification
All plants	Higg FEM certification	<ul style="list-style-type: none"> <li>• Higg Index is an innovative self-evaluation tool developed by the Sustainable Apparel Coalition (SAC).</li> <li>• Higg can help apparel and footwear manufacturing industry, retail industry, and brand owners to evaluate impacts on environmental, social, and labor performance and identify opportunities for improvement at each stage of a product lifecycle.</li> </ul>
Fulgent Sun	Bluesign Product	<ul style="list-style-type: none"> <li>• bluesign® is an international environmental protection norm formulated by EU experts and representatives collectively. The headquarter of bluesign is in Switzerland and it is a certification standard adopted by many textile suppliers worldwide.</li> <li>• Obtaining bluesign® certification means that the utilization efficiency of product resources is optimized, the impact on environmental damage is minimized, and the textile production process and textiles are guaranteed to fully and strictly comply with ecology, health, and consumer safety regulations.</li> </ul>
Fujian Sunshine	IPE blue map	<ul style="list-style-type: none"> <li>• IPE builds an environmental information database and 2 application platforms, including blue map website and blue map APP, to integrate environmental data in green purchasing, green finance, and government environmental decision-making</li> <li>• Many enterprises are inspired to realize the transformation of environmental protection through the joint efforts of enterprises, governments, non-profit organizations, research institutions, etc. in order to promote the improvement of environmental information disclosure and environmental governance mechanisms.</li> </ul>
Cambodia Sunbow	Unido	<ul style="list-style-type: none"> <li>• United Nations Industrial Development Organization (UNIDO)</li> </ul>

## (II) Considerate customer service

### 1. Customer privacy

Fulgent Sun honors the “Strictly complying with customer contract agreements and confidentiality commitments.” We respect and strive to protect customers’ privacy and confidentiality. The products, technologies, and related information provided by customers are truthfully protected by signing confidentiality agreement with customers and suppliers.

We ensure, through a rigorous control mechanism, that internal and external related personnel and manufacturers will have the “Strictly complying with customer contract agreements and confidentiality commitments” incorporated into the pre-job training courses for the new recruits and conducted related businesses in accordance with the ethical standards. Train and manage employees to comply with the requirement of confidentiality when dealing with customers. Under the control of specific mechanisms, there is not any loss of interest or right occurred to customers or suppliers due to the violation of customer privacy or loss of customer or supplier information.

Control level	Control mechanism	Description of mechanism
Internal	Remote backup files	Protect data security. Database backup files will be restored regularly to simulate disaster drills (database, file, and restoration test).
	Firewall access control (AC)	Visitor access is limited to specific websites in order to minimize the risk of information leak and virus.
	USB control	By going through AD domain strategic control, USB is blocked from all the Company’s internal computers, except for few users’ USB in a read-only mode (only read, not write) in order to minimize the risk of viruses and leaks.
	Virus scan software	All computers are equipped with ESET anti-virus software with the virus database updated on a daily basis, and complete anti-virus scan on a monthly basis.
	Account management	The E-mail of resigning person will be deleted and the ERP access will be denied immediately upon his/her departure.
	ERP/mailbox setting permission	E-mail is programmed to or not to receive external message according to the actual needs.
	Access card control	Interview before recruitment and review of personal political background, propagandize the Company’s relevant control and brand confidentiality requirements. A personal identification card for entering and exiting the Company premise is issued to each new recruit upon completing the reporting-to-duty procedure.
	External personnel access control	The access to the R&D Center is limited to the authorized personnel only. Unauthorized personnel who wish to access to the R&D Center shall file an application in advance to the responsible person for approval and then accompanied by the relevant personnel to enter the premise; also, no photographing nor recording is permitted throughout the tour.
External	DDOS attack protection	The E-mail service is equipped with anti-brute force deciphering and DDOS attack protection. The IP of the password that has been entered in error for 3 times will be automatically on the list in order to prevent DDOS attacks.
	Firewall control mechanism	Sangfor Taiwan Firewall Application Delivery (AD) virtual service can be reused to minimize the number of simultaneous connections, and to resist attacks. Also, only specific ports are opened on the Internet without having all ports exposed on the Internet.

Control level	Control mechanism	Description of mechanism
External	External personnel access control	<ul style="list-style-type: none"> <li>• External personnel shall state the reasons for the visit truthfully, and present a valid personal certificate to exchange for the admission card. The mobile phone shall be placed in a transparent bag and it is intended for receiving incoming calls only.</li> <li>• Visitors shall register brand and identity information truthfully, wear visitor badge, and be accompanied by the staff of the contact window to the designated office.</li> </ul>
	Non-disclosure agreement	A corresponding confidentiality agreement is signed with each cooperating brand accordingly.

## 2. Customer Health and Safety Certification/Verification

Fulgent Sun has to have products passed RSL/GB/CPSIA/KC/SGS/CSA/ASTM/EN ISO and other safety certifications before shipment. We have complied with the “Restricted Substances List (RSL)” specified by our customers to provide global customers with high-quality and environmentally friendly products. We have also strived to have the manufactured and produced products in compliance with international health and safety norms by adopting strict procurement norms and strategies.

Fulgent Sun for the sake of securing the effectiveness and safety of the raw materials in use has maintained communications with customers and accepted customer audits regularly. In terms of ensuring product quality, the raw materials are tested before procurement to avoid materials containing restricted substances as specified by customers. The purchased material that is found containing restricted substances at the incoming inspection should be quarantined and the procurement should be ceased; also, the said batch of materials shall not be used for production in order to prevent the materials that may cause harm to human body or the environment from being used in the production process.

Fulgent Sun is a member of the most authoritative British SATRA institution in the footwear industry with a certified laboratory in service. The services of the SATRA institution include footwear research and testing performed in accordance with international standards. Fulgent Sun has quality classified in accordance with the SATRA standard, and checked whether the color, material, texture, and rules conform to the standard according to the material testing and sampling method in order to ensure the quality of the raw materials.



## (III) Supply chain management

### 1. Conflict minerals management

The mining of rare metals in the Democratic Republic of Congo and its surrounding countries and regions has caused serious human rights and environmental problems; therefore, the ore resources mined in these regions are known as “conflict minerals.”

Fulgent Sun as a global company voluntarily complies with the “conflict minerals” regulations of the US Securities and Exchange Commission (SEC), and promises to investigate and disclose whether the products contain information on conflict minerals independently. Therefore, Fulgent Sun has the “Fulgent Sun Conflict Minerals Control Policy” formulated and works together with the suppliers to guarantee not to use the aforesaid “conflict minerals” by signing the “Declaration of Non-Use Conflict Minerals.” Fulgent Sun takes four steps to ensure complying with this international norm, including:

1. Define the scope of product and supplier - audit suppliers.
2. Purchasing Department requires suppliers to investigate the country of origin: Provide the name of the smelter, audit and identify the origin of the minerals, and provide the third-party verified smelter’s certificate of mineral procurement.
3. Initiate a due diligence investigation - Base on the supplier’s response and traceability to verify whether the material contains conflict minerals.
4. Inspection Unit is responsible for data preservation.

### 2. Key Supplier Management/Audit

The key suppliers of Fulgent Sun include manufacturers and agents. In order to ensure that our partners can minimize the impact on the environment and society in the course of providing products and services, in addition to maintaining smooth communications (via emails, telephone, and communication software) with suppliers regularly, we also require our major suppliers to provide the following ESG-related guarantees and self-evaluation forms in order to fulfill our commitment to sustainability jointly:

- EU RoHS, conflict minerals, and other guarantees
- Supplier Corporate Social Responsibility Self-Evaluation Form
- Supplier ethical operation/implementation of social responsibility commitment

### 3. Green Procurement Thinking/Achievements

In addition, in order to promote the sustainable and low-carbon transformation of the footwear industry, the green procurement thinking is adopted by all the factories of Fulgent Sun in the world. In addition to purchasing environmentally friendly, harmless, and non-toxic raw materials or semi-finished products, Fulgent Sun’s factories also actively cooperate with local purchasing partners to implement local procurement of raw materials in order to minimize carbon emissions from transportation, fulfill the environmental responsibility of energy conservation and carbon reduction, reduce procurement costs directly, and promote local economic development.

**The 2021 Fulgent Sun Green Procurement Achievements**

Plant	Taiwan Headquarters	Fujian Sunshine	Vietnam Fulgent Sun	Cambodia Sunbow
Green purchasing ratio	24.01%	73.25%	2.26%	0.48%

Notes:

- (1) Each plant is to calculate the “total purchase amount from the country” to which the supplier belongs in accordance with the supplier list provided by Taiwan Headquarters.
- (2) Fulgent Sun’s “local procurement” = the purchase amount from suppliers in the country. Fulgent Sun is a multinational group with a global procurement operated. Therefore, a local procurement represents the economic contribution to the country to which it operates.

## VII. Care for employees

### (I) Manpower structure

#### 1. Staff Structure (Labor Relations)

Fulgent Sun regards employees as the Company's key stakeholders and important assets; also, they are the key competitive factors to the success of the Company's sustainable operation and excellence. Therefore, Fulgent Sun adheres to the concept and principle of "respecting human rights and caring for employees" to take care of the physical and mental health of employees through a reasonable remuneration and welfare mechanism, added with a healthy and safe working environment provided, so that employees can focus on their work and enjoy at work.

There was a total of 35,774 employees worldwide on the payroll of Fulgent Sun as of the end of 2021. Fulgent Sun employs no child labor and values the importance of diversity and equality of employees in all factories worldwide. Fulgent Sun provides an equal and friendly remuneration and welfare mechanism and a safe and healthy working environment to foreign employees.

#### (1) Employee communication

We have established and provided a variety of "labor-management communication" interfaces to actively listen and respond to the employees. We have also specifically responded to and improved the employee care system to ensure harmony between labor and management through the "employee proposal improvement system."

	Taiwan	Other plants
Communication frequency	Once every quarter (regular)	Occasional
Communication channel	Employee opinion box, employees can communicate or complain by "in writing, QR code scanning, telephone hot line, or face-to-face."	

### 1-1 Staff structure – Taiwan Headquarters

#### (1) Taiwan Headquarters

Item	Type	Male (persons)	Female (persons)	Total (persons)
Contract	Full-time job (non-term contract)	16	133	149
	Temporary (term contract)	0	3	3
Nationality	Taiwan ROC	16	136	152
	Foreign nationality	0	0	0
Type	Full time	16	133	149
	Part time (including working students)	0	3	3

## 1-2 Staff structure – Fujian Sunshine

### (2) Fujian Sunshine

Item	Type	Male (persons)	Female (persons)	Total (persons)
Contract	Full-time job (non-term contract)	1,181	1,939	3,120
Nationality	Chinese nationality	1,181	1,939	3,120
Type	Full time	1,181	1,939	3,120

## 1-3 Staff structure – Vietnam Fulgent Sun

### (3) Vietnam Fulgent Sun

Item	Type	Male (persons)	Female (persons)	Total (persons)
Contract	Full-time job (non-term contract)	1,791	7,662	9,453
	Temporary (term contract)	915	1,753	2,668
Nationality	Vietnamese nationality	2,677	9,395	12,072
	Foreign nationality	29	20	49
Type	Full time	2,706	9,415	12,121

## 1-4 Staff structure – Cambodia Sunbow

### (4) Cambodia Sunbow

Item	Type	Male (persons)	Female (persons)	Total (persons)
Contract	Full-time job (non-term contract)	422	2,059	2,481
	Temporary (term contract)	2,103	4,796	6,899
Nationality	Cambodian nationality	2,478	6,817	9,295
	Foreign nationality	47	38	85
Type	Full time	2,525	6,855	9,380

## **2. Employee diversity (equality with employees)**

### **(1) Anti-discrimination**

Fulgent Sun strives to provide employees with a safe and comfortable working environment. We as a multinational enterprise comply with the laws and regulations of the countries where we operate, and protect labor rights and equal employment opportunities.

In terms of system, we substantiate employee employment diversity, salary and promotion equality, and ensure that employees will not be subject to differential treatment or discrimination in any form due to the factors of gender, race, age, marriage, language, ideology, religion, political orientation, appearance, facial features, physical and mental disabilities, and others situation protected by statute.

## 2-1 Employee diversity - Taiwan Headquarters

### (1) Taiwan Headquarters

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
All employees	Total number of employees	16	10.53%	136	89.47%	152	100.00%
	Under age 29	3	1.97%	59	38.82%	62	40.79%
	Age 30~50	11	7.24%	75	49.34%	86	56.58%
	Over age 51	2	1.32%	2	1.32%	4	2.63%
Highest Governance Unit (Board of Directors)	Total number of employees	2	1.32%	1	0.66%	3	1.97%
	Under age 29	-	-	-	-	-	-
	Age 30~50	1	0.66%	-	-	1	0.66%
	Over age 51	1	0.66%	1	0.66%	2	1.32%
Senior Executive	Total number of employees	4	2.63%	5	3.29%	9	5.92%
	Under age 29	-	-	-	-	-	-
	Age 30~50	3	1.97%	5	3.29%	8	5.26%
	Over age 51	1	0.66%	-	-	1	0.66%
Mid-Level Executive	Total number of employees	-	-	11	7.24%	11	7.24%
	Under age 29	-	-	1	0.66%	1	0.66%
	Age 30~50	-	-	10	6.58%	10	6.58%
	Over age 51	-	-	-	-	-	-
Indirect Labor (IDL)	Total number of employees	10	6.58%	119	78.29%	129	84.87%
	Under age 29	3	1.97%	58	38.16%	61	40.13%
	Age 30~50	7	4.61%	60	39.47%	67	44.08%
	Over age 51	-	-	1	0.66%	1	0.66%
People with physical or mental disabilities	-	1	0.66%	-	-	1	0.66%

## 2-2 Employee diversity - Fujian Sunshine

### (2) Fujian Sunshine

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
All employees	Total number of employees	1,181	37.85%	1,939	62.15%	3,120	100.00%
	Under age 29	225	7.21%	225	7.21%	450	14.42%
	Age 30~50	702	22.50%	1,265	40.54%	1,967	63.04%
	Over age 51	254	8.14%	449	14.39%	703	22.53%
Senior Executive	Total number of employees	14	0.45%	18	0.58%	32	1.03%
	Under age 29	-	-	-	-	-	-
	Age 30~50	13	0.42%	17	0.54%	30	0.96%
	Over age 51	1	0.03%	1	0.03%	2	0.06%
Mid-Level Executive	Total number of employees	26	0.83%	58	1.86%	84	2.69%
	Under age 29	-	-	-	-	-	-
	Age 30~50	23	0.74%	55	1.76%	78	2.50%
	Over age 51	3	0.10%	3	0.10%	6	0.19%
(DL) Direct Labor (DL)	Total number of employees	766	24.55%	1,111	35.61%	1,877	60.16%
	Under 29	140	4.49%	91	2.92%	231	7.40%
	Age 30~50	451	14.46%	620	19.87%	1,071	34.33%
	Over age 51	175	5.61%	400	12.82%	575	18.43%
(IDL) Indirect Labor (IDL)	Total number of employees	375	12.02%	752	24.10%	1,127	36.12%
	Under age 29	85	2.72%	134	4.29%	219	7.02%
	Age 30~50	215	6.89%	573	18.37%	788	25.26%
	Over age 51	75	2.40%	45	1.44%	120	3.85%

## 2-3 Employee diversity – Vietnam Fulgent Sun

### (3) Vietnam Fulgent Sun

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
All employees	Total number of employees	2,705	22.32%	9,416	77.68%	12,121	100.00%
	Under age 29	1,305	10.77%	3,045	25.12%	4,350	35.89%
	Age 30~50	1,390	11.47%	6,218	51.30%	7,608	62.77%
	Over age 51	10	0.08%	153	1.26%	163	1.34%
Senior Executive	Total number of employees	11	0.09%	22	0.18%	33	0.27%
	Under age 29	-	-	-	-	-	-
	Age 30~50	11	0.09%	22	0.18%	33	0.27%
	Over age 51	-	-	-	-	-	-
Mid-Level Executive	Total number of employees	169	1.39%	598	4.93%	767	6.33%
	Under age 29	86	0.71%	172	1.42%	258	2.13%
	Age 30~50	83	0.68%	426	3.51%	509	4.20%
	Over age 51	-	-	-	-	-	-
Director Labor (DL)	Total number of employees	295	2.43%	809	6.67%	1,104	9.11%
	Under age 29	107	0.88%	426	3.51%	533	4.40%
	Age 30~50	184	1.52%	369	3.04%	553	4.56%
	Over age 51	4	0.03%	14	0.12%	18	0.15%
Indirect Labor (IDL)	Total number of employees	2,230	18.40%	7,987	65.89%	10,217	84.29%
	Under age 29	1,112	9.17%	2,447	20.19%	3,559	29.36%
	Age 30~50	1,112	9.17%	5,401	44.56%	6,513	53.73%
	Over age 51	6	0.05%	139	1.15%	145	1.20%



## 2-4 Employee diversity - Cambodia Sunbow

### (4) Cambodia Sunbow

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
All employees	Total number of employees	2,532	26.99%	6,848	73.01%	9,380	100.00%
	Under age 29	1,563	16.66%	3,344	35.65%	4,907	52.31%
	Age 30~50	952	10.15%	3,409	36.34%	4,361	46.49%
	Over age 51	17	0.18%	95	1.01%	112	1.19%
Senior Executive	Total number of employees	89	0.95%	87	0.93%	176	1.88%
	Under age 29	23	0.25%	25	0.27%	48	0.51%
	Age 30~50	60	0.64%	59	0.63%	119	1.27%
	Over age 51	6	0.06%	3	0.03%	9	0.10%
Mid-Level Executive	Total number of employees	182	1.94%	335	3.57%	517	5.51%
	Under age 29	100	1.07%	257	2.74%	357	3.81%
	Age 30~50	82	0.87%	78	0.83%	160	1.71%
	Over age 51	-	-	-	-	-	-
Direct Labor (DL)	Total number of employees	2,017	21.50%	5,732	61.11%	7,749	82.61%
	Under age 29	1,284	13.69%	2,732	29.13%	4,016	42.81%
	Age 30~50	723	7.71%	2,918	31.11%	3,641	38.82%
	Over age 51	10	0.11%	82	0.87%	92	0.98%
Indirect Labor (IDL)	Total number of employees	244	2.60%	694	7.40%	938	10.00%
	Under age 29	156	1.66%	330	3.52%	486	5.18%
	Age 30~50	87	0.93%	354	3.77%	441	4.70%
	Over age 51	1	0.01%	10	0.11%	11	0.12%

### 3-1 New recruits/resigned staff - Taiwan Headquarters

#### (1) Taiwan Headquarters

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
Total number of employees	152	-	-	-	-	-	-
New recruits	Under age 29	1	0.66%	24	15.79%	25	16.45%
	Age 30~50	-	-	13	8.55%	13	8.55%
	Over age 51	-	-	-	-	-	-
	Subtotal	1	0.66%	37	24.34%	38	25.00%
Resigned employees	Under age 29	1	0.66%	21	13.82%	22	14.47%
	Age 30~50	1	0.66%	14	9.21%	15	9.87%
	Over age 51	-	-	1	0.66%	1	0.66%
	Subtotal	2	1.32%	36	23.68%	38	25.00%

### 3-2 New recruits/resigned staff - Fujian Sunshine

#### (2) Fujian Sunshine

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
Total number of employees	3,120	-	-	-	-	-	-
New recruits	Under age 29	215	6.89%	197	6.31%	412	13.21%
	Age 30~50	249	7.98%	234	7.50%	483	15.48%
	Over age 51	33	1.06%	65	2.08%	98	3.14%
	Subtotal	497	15.93%	496	15.90%	993	31.83%
Resigned employees	Under age 29	200	6.41%	146	4.68%	346	11.09%
	Age 30~50	231	7.40%	272	8.72%	503	16.12%
	Over age 51	58	1.86%	93	2.98%	151	4.84%
	Subtotal	489	15.67%	511	16.38%	1,000	32.05%

### 3-3 New recruits/resigned staff - Vietnam Fulgent Sun

#### (3) Vietnam Fulgent Sun

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
Total number of employees	12,121	-	-	-	-	-	-
New recruits	Under age 29	1,063	8.77%	1,632	13.46%	2,695	22.23%
	Age 30~50	566	4.67%	2,262	18.66%	2,828	23.33%
	Over age 51	2	0.02%	36	0.30%	38	0.31%
	Subtotal	1,631	13.46%	3,930	32.42%	5,561	45.88%
Resigned employees	Under age 29	1,345	11.10%	1,723	14.21%	3,068	25.31%
	Age 30~50	711	5.87%	2,021	16.67%	2,732	22.54%
	Over age 51	1	0.01%	31	0.26%	32	0.26%
	Subtotal	2,057	16.97%	3,775	31.14%	5,832	48.11%

### 3-4 New recruits / resigned staff - Cambodia Sunbow

#### (4) Cambodia Sunbow

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
Total number of employees	9,380	-	-	-	-	-	-
New recruits	Under age 29	282	3.01%	608	6.48%	890	9.49%
	Age 30~50	557	5.94%	142	1.51%	699	7.45%
	Over age 51	1	0.01%	8	0.09%	9	0.10%
	Subtotal	840	8.96%	758	8.08%	1,598	17.04%
Designed employees	Under age 29	804	8.57%	1,999	21.31%	2,803	29.88%
	Age 30~50	362	3.86%	1,556	16.59%	1,918	20.45%
	Over age 51	1	0.01%	31	0.33%	32	0.34%
	Subtotal	1,167	12.44%	3,586	38.23%	4,753	50.67%

Notes:

Fulgent Sun's staff ranking

(1) Advanced: Junior VP and up

(2) Intermediate: Manager/Assistant Manager

(3) General Staff:

- DL: Employees who are actually engaging in product production/production line

- IDL: Employees who are not actually engaging in product production/production line (staff, clerks, administrators, factory managers, and employees who are not involved in the production line)

## 4. Prohibition of child labor

Child labor is banned from all factories of Fulgent Sun worldwide. Fulgent Sun formulates a “Child Labor Prevention Policy” with the child labor prevention mechanism in place. All underage workers must be interviewed with their original identity documents checked to confirm whether they meet the minimum age requirement of the local law. All underage workers who are employed should be handled in accordance with the “Child Labor Remedy Procedures,” including having their information established, filed, and reserved in accordance with the written procedures, providing them with sufficient financial support and others in order to help them receive school education until they reach the statutory age.

## (II) Rewards and benefits

### 1. Employee remuneration and benefits

Fulgent Sun provides employees with rewards and remunerations that comply with local wage laws (including laws on minimum wages, overtime hours, and statutory benefits). The salaries of our employees are determined according to their educational background, technology, seniority, and experience where applicable. The overtime of employees is paid at a rate higher than the normal hourly rate. Men and women receive equal pay for equal work, regardless of their gender, race, religion, political orientation, marital status, and union membership.

In addition to labor insurance, health insurance, pension, and parental leave as required by laws and regulations, Fulgent Sun also provides employees with diversified benefits, including group insurance and other measures to promote labor-management harmony.

#### (1) Full-time (annual) salary of non-supervisory employees

Item	2020	2021	Compared to the previous year
Average salary of full-time employees	NT\$480,000	NT\$550,000	2020:2021=0.87:1
Median salary of full-time employee	NT\$460,000	NT\$490,000	2020:2021=0.94:1

#### (2) Employee benefits

Plant	Benefits
Fujian Sunshine	<ul style="list-style-type: none"> <li>• Salary system: (See salary in the “Labor Rules”)</li> <li>• Meals: Subsidize the canteens with CN¥ 7 for three meals a day for each employee.</li> <li>• Accommodation: Free accommodation with employees paying only their own utility bills.</li> <li>• Transportation: See the “Business Trip Expense Rules.”</li> <li>• Entertainment: Staff travel allowance for CN¥ 150 per person; excellent staff travel; a large-scale event every year; yearend party; Women’s Day, Mid-Autumn Festival, Dragon Boat Festival, and Chinese New Year Holidays.</li> <li>• Insurance: Obtain insurance coverage lawfully for employees at the right age and obtain commercial insurance coverage for overaged employees.</li> <li>• Others: Physical examination before reporting to duty, physical examination for employees responsible for special job duty, and female health examination.</li> </ul>
Taiwan Headquarters	<ul style="list-style-type: none"> <li>• A reasonable salary system should be adjusted in accordance with the annual performance valuation.</li> <li>• Entitled to labor insurance and health insurance, 6% allocation of the new labor retirement system, and group insurance.</li> <li>• Arrange various educational trainings as needed.</li> <li>• Organize events occasionally to enhance friendship with colleagues.</li> <li>• Gifts for Mid-Autumn Festival, Labor Day (NT\$ 2,000 gift certificates or equivalent gifts for those who with 3-month seniority or longer), year-end bonuses, subsidies for weddings and funerals, etc.</li> <li>• Provide room and board to overseas officers.</li> <li>• Provide overseas officers with round-trip airplane tickets to Taiwan.</li> </ul>

Plant	Benefits
Cambodia Sunbow	<ul style="list-style-type: none"> <li>• A defined salary system (same as stated in the “Labor Rules”) with 2 performance evaluations every year and a smooth promotion channel arranged.</li> <li>• Monthly meal allowance for Cambodian employees.</li> <li>• Monthly transportation allowance for Cambodian employees</li> <li>• Subsidize Cambodian employees to enjoy the national medical insurance NSSF.</li> <li>• Organize dinner parties occasionally.</li> <li>• Arrange transportation back and forth of Phnom Penh downtown.</li> <li>• Provide room and board to overseas officers.</li> <li>• Provide overseas officers with round-trip airplane tickets to Taiwan.</li> </ul>
Vietnam Fulgent Sun	<ul style="list-style-type: none"> <li>• Birthday gifts to Vietnamese employees.</li> <li>• Organize team building occasionally.</li> <li>• Provide room and board to overseas officers.</li> <li>• Provide overseas officers with round-trip airplane tickets to Taiwan.</li> </ul>
Group factories	<ul style="list-style-type: none"> <li>• The Company cultivates staff development and offers promotion in a timely manner.</li> <li>• Employees are entitled to annual leave with pay every year.</li> <li>• Select the employees of the year for commendation.</li> <li>• Reward the employees with outstanding achievements in production in order to inspire and encourage employees’ enthusiasm.</li> <li>• The Company regularly pays social insurance for employees in accordance with the regulations of the countries where each subsidiary operates.</li> <li>• There are comprehensive living and entertainment facilities, such as, staff dormitories, sports venues, cultural activity centers, etc., in each factory to provide employees with a comfortable and pleasant working and living environment.</li> </ul>

### **(III) Comply with human rights norms**

#### **1. Human Rights Policy/Training**

Fulgent Sun respects and supports international human rights-related norms, complies with the laws and regulations of the countries where it operates, and protects the labor rights of employees. We ban all forced or compulsory labor and do not employ any forced or child labor. All employees of ours work voluntarily and are free to terminate their employment relationship with Fulgent Sun by issuing a reasonable notice.

In addition, harassment and cruel treatment of any kind and form are prohibited in all factories of Fulgent Sun worldwide, including sexual harassment, abuse, slavery, physical punishment, threats, exploitation, physical or psychological pressure, or verbal abuse. In terms of employments and appointments, employment relies on the factor of functionality. In addition, training, promotion, dismissal, and retirement of employees will not be handled differently or discriminately because of race, religion, color, nationality, age, and gender.

## **(IV) Staff training and development**

### **1. Staff education and training**

Fulgent Sun values the importance of each employee's career development. In addition to providing a quality and safe working environment, Fulgent Sun also plans a progressive and perfect training system in response to different levels of professional and occupational functions, helps employees build up a diverse and quality learning ability, and enhances the competitiveness of employees and the Company.

Fulgent Sun provides job orientations to all employees, and plans different training structures according to the needs of new recruits, general employees, and technical employees. Also, in order to expand career development opportunities, the training plan will be optimized continuously in accordance with the job responsibility and rank of employees.

In terms of diversity, experts, lectures of consulting companies, and professors are invited occasionally to talk and share experience on specific subjects. External professional training opportunities are provided as needed to improve employees' personal competence and work skills, and to enhance the general competence of all employees.



## 1-1 Staff education and training – Taiwan Headquarters

### (1) Taiwan Headquarters

#### The Company taking as a whole

Item	Male	Female	Total
Total training hours	81.5 hours	66.3 hours	147.8 hours
Total number of employees	7 persons	41 persons	48 persons
Total average training hours	11.64 hour/person	1.62 hour/person	3.08 hour/person

#### Ranks

Ranks	Item	Male	Female
Highest Governance Unit (Board of Directors)	Training hours	12 hours	6 hours
	Total number of employees	2 persons	1 person
	Average training hours	6 hours/person	6 hours/person
Senior Executive	Training hours	39 hours	12 hours
	Total number of employees	3 persons	1 person
	Average training hours	13 hours/person	12 hours /person
Mid-Level Executive	Training hours	0 hour	3.5 hours
	Total number of employees	0 person	2 persons
	Average training hours	0 hour/person	1.75 hours/person
Indirect Labor (IDL)	Training hours	30.5 hours	44.8 hours
	Total number of employees	2 persons	37 persons
	Average training hours	15.25 hours/person	1.21 hours/person

## 1-2 Staff education and training - Fujian Sunshine

### (2) Fujian Sunshine

The Company taking as a whole

<b>Item</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
Total training hours	6,412 hours	10,417.5 hours	16,829.5 hours
Total number of employees	1,194 persons	1,941 persons	3,135 persons
Total average training hours	5.37 hours/person	5.37 hours/person	5.37 hours/person

## 1-3 Staff education and training – Vietnam Fulgent Sun

### (3) Vietnam Fulgent Sun

#### The Company taking as a whole

Item	Male	Female	Total
Total training hours	1,631 hours	3,930 hours	5,561 hours
Total number of employees	1,631 persons	3,930 persons	5,561 persons
Total average training hours	1 hour/person	1 hour/person	1 hour/person

#### Ranks

Ranks	Item	Male	Female
Senior Executive	Training hours	2 hours	2 hours
	Total number of employees	2 persons	2 persons
	Average training hours	1 hour/person	1 hour/person
Mid-Level Executive	Training hours	17 hours	32 hours
	Total number of employees	17 persons	32 persons
	Average training hours	1 hour/person	1 hour/person
Direct Labor (DL)	Training hours	1,612 hours	3,896 hours
	Total number of employees	1,612 persons	3,896 persons
	Average training hours	1 hour/person	1 hour/person

## 1-4 Staff education and training -Cambodia Sunbow

### (4) Cambodia Sunbow

#### The Company taking as a whole

Item	Male	Female	Total
Total training hours	1,551 hours	1,541 hours	3,092 hours
Total number of employees	2,706 persons	7,419 persons	10,125 persons
Total average training hours	0.57 hours/person	0.21 hours/person	0.31 hours/person

#### Ranks

Type	Item	Male	Female
Senior Executive	Training hours	51 hours	41 hours
	Total number of employees	51 persons	41 persons
	Average training hours	1 hour/person	1 hour/person
Direct Labor (DL)	Training hours	1,500 hours	1,500 hours
	Total number of employees	1,500 persons	1,500 persons
	Average training hours	1 hour/person	1 hour/person

Notes:

Fulgent Sun's staff ranking

(1) Advanced: Junior VP and up

(2) Intermediate: Manager/Assistant Manager

(3) General Staff:

- DL: Employees who are actually engaging in product production/production line

- IDL: Employees who are not actually engaging in product production/production line (staff, clerks, administrators, factory managers, and employees who are not involved in the production line)

## 2. Employee training plan/program

Fulgent Sun expects all employees to achieve growth and development in life and career. Therefore, we will plan appropriate training programs according to the manpower needed at all levels that allows employees to grow and increase their self-value through learning and making contribution continuously.

### (1) Case results

Staff education and training case
1. DAVI Literacy Course (intended for Junior VP and up, and some managers)
2. Diamond Sutra Personality Literacy Sharing Course

## 3. Training and career development

1. The personnel of each factory and department of Fulgent Sun are to arrange skills training courses arbitrarily according to the needs for talents of the local operating bases in order to enhance the competitiveness of talents at all levels.
2. Fujian Sunshine cooperates with local schools through the support of government policies to provide opportunities for academic advancement and to conduct skills (English) training courses, to offer diversified skills training, and to enhance industrial competitiveness.

## (V) Health and safety

### 1. Occupational safety and health

We review, evaluate, and strive to eliminate accidents and diseases that may occur in the factory by referring to the framework of ISO 45001 Occupational health and safety management systems. We also continue to invest resources to actively seek and solve various health and safety problems that may occur at the workplace.

All factories of Fulgent Sun regularly provide employees with health checkups, and adequate protective equipment for their safety through correct design and management, added with continuous safety training (for example, all new recruits need to receive relevant safety and health training).

#### Fulgent Sun Occupational Safety and Health Management and Facilitating Measures

Plant	Description
Taiwan Headquarters	<ul style="list-style-type: none"> <li>• Provide mandatory health checkups, group insurance, and accident insurance (without special occupational disaster health checkups) to employees that are mostly office staff.</li> </ul>
Fujian Sunshine	<ul style="list-style-type: none"> <li>• Obtain work injury insurance and commercial insurance to ensure employees who are with a work injury to receive certain protection.</li> <li>• Prepare the “List of Requirements” in accordance with the Law of the People’s Republic of China, and explain the preparation of the “Hazard Identification” and “Risk Evaluation” in the factory in accordance with the “List of Requirements.”</li> <li>• The “Evaluation Report” of the State Administration of Work Safety is valid for 3 years and the test report is valid for 1 year.</li> <li>• Arrange physical examinations for new recruits and occupational health examinations and corresponding labor insurance products for employees responsible for special job duty.</li> <li>• Provide female employees with female health checkups.</li> <li>• There are also corresponding systems for canteen hygiene, environmental safety, electrical safety, etc.</li> <li>• Execute the post protection requirements as proposed in the occupational illness and hazards evaluation report.</li> </ul>
Regardless of factory area	<ul style="list-style-type: none"> <li>• Comply with the relevant laws and regulations on occupational safety and health of the country where the operating base is located.</li> <li>• All new recruits are required to receive safety and health training in the production operating environment.</li> <li>• Operators of special mechanical equipment must receive special safety training in advance. Operators in a special work environment must wear personal protective equipment properly.</li> <li>• Operators must wear a mask in a working environment that may generate dust or organic solvent vapor. Operators must wear earplugs in a noisy working environment.</li> <li>• Other preventive measures in the production base include: Setting up speed bumps on the roads in the factory, ventilation systems, noise reduction equipment, machine safety devices, etc.</li> <li>• Organize fire drills and education regularly in the factory (it is necessary to report to the fire department before initiating a fire drill in the factory).</li> <li>• Arrange fire drills twice a year (one in the day time and the other one in the night time) in the factory in response to the audit requirements of the brand companies.</li> </ul>

## 2-1 Occupational injuries and diseases - Taiwan Headquarters

### (1) Taiwan Headquarters

#### Employees

Item	Type	Male	Female	Total
Occupational injury rate (IR)	Main types of occupational injuries	Injured on the way to and from work		
	Total working hours (hours)	29,880	272,904	302,784
	Recordable occupational injuries (cases)	-	2	2
	Recordable occupational injury rate (%)	-	6.61	6.61

## 2-2 Occupational injuries and diseases - Fujian Sunshine

### (2) Fujian Sunshine

#### Employees

Item	Type	Male	Female	Total
Occupational injury rate (IR)	Main types of occupational injuries	Work injury		
	Total working hours (hours)	2,963,192	4,865,055	7,828,247
	Recordable occupational injuries (cases)	8	11	19
	Recordable occupational injury rate (%)	1.02	1.41	2.43

## 2-3 Occupational injuries and diseases – Vietnam Fulgent Sun

### (3) Vietnam Fulgent Sun

#### Employees

Item	Type	Male	Female	Total
Occupational injury rate (IR)	Main types of occupational injuries	Transportation		
	Total working hours (hours)	6,773,320	23,577,664	30,350,984
	Recordable occupational injuries (cases)	13	10	23
	Recordable occupational injury rate (%)	0.43	0.33	0.76

## 2-4 Occupational injuries and diseases – Cambodia Sunbow

### (4) Cambodia Sunbow

#### Employees

Item	Type	Male	Female	Total
Occupational injury rate (IR)	Main types of occupational injuries	Work injury		
	Total working hours (hours)	6,340,128	17,147,392	23,487,520
	Recordable occupational injuries (cases)	6	7	13
	Recordable occupational injury rate (%)	0.26	0.30	0.55
	Number of deaths (persons) caused by occupational injuries	1	1	2
	Death rate (%) due to occupational injury	0.04	0.04	0.09
	Serious occupational injury (excluding fatalities) (cases)	0	0	0
	Serious occupational injury rate (excluding fatalities) (%)	0	0	0

#### Notes:

- The total working hours refers to the annual working hours of all employees in the factory.
- The injury rate calculation formula is as follows:
  - ( 1 ) Serious occupational injury rate = (Number of serious occupational injuries/total working hours) × 1,000,000
  - ( 2 ) Recordable occupational injury rate = (Recordable occupational injured persons/total working hours) × 1,000,000



## VIII. Environment sustainability

### (I) Environment sustainability policy

#### 1. Environmental Management Policy, Organization, and Mechanism

Fulgent Sun values the importance of environmental sustainability. All factories of Fulgent Sun worldwide actively promote various energy and resource management, energy reduction actions, and gradually develop renewable energy (solar photovoltaics). Improve the environment and energy management system to gradually improve energy utilization efficiency, reduce industrial carbon emissions, and make contribution towards net zero emissions.

We comply with the environmental laws and regulations of the countries and regions where our business bases are located, and perfect our environment in accordance with the regulations of brand customers. Each plant promotes scrap recycling, use of non-toxic chemicals, water resource recycling, and other environmental protection and conservation projects to improve resource utilization efficiency with an aim to build up a sustainable environment.

### 1-1 Energy management - Taiwan Headquarters

#### (1) Taiwan Headquarters

Type / Item	Type of Energy	2019	2020	2021	2019	2020	2021
		Fuel usage	Fuel usage	Fuel usage	Fuel consumption (GJ)	Fuel consumption (GJ)	Fuel consumption (GJ)
Non-renewable fuel consumption	Diesel fuel	-	-	549.55 Litters	-	-	19.96 GJ
Total non-renewable fuel consumption		-	-	-	-	-	19.96 GJ
Buy/produce	Electricity	244,560 kWh	275,000 kWh	273,920 kWh	880.42 GJ	990 GJ	986.11 GJ
Total purchased/produced fuel consumption		-	-	-	880.42 GJ	990 GJ	986.11 GJ
Total fuel consumption		-	-	-	880.42 GJ	990 GJ	1,006.07 GJ

## 1-2 Energy management - Fujian Sunshine

### (2) Fujian Sunshine

Type / Item	Type of Energy	2019	2020	2021	2019	2020	2021
		Fuel usage	Fuel usage	Fuel usage	Fuel consumption (GJ)	Fuel consumption (GJ)	Fuel consumption (GJ)
Non-renewable fuel consumption	Gasoline	34,353.84 Litters	15,355.19 Litters	15,952.49 Litters	1,130.07 GJ	505.11 GJ	524.76 GJ
	Diesel fuel	28,366.42 Litters	26,591.11 Litters	25,920.77 Litters	1,030.15 GJ	965.68 GJ	941.34 GJ
	Natural gas (LNG)	1,867,796 m3	1,754,458 m3	2,022,843 m3	70,384.16 GJ	66,113.24 GJ	76,226.79 GJ
Total non-renewable fuel consumption		-	-	-	72,544.38 GJ	67,584.03 GJ	77,692.89 GJ
Buy/produce	Electricity	20,871,570 kWh	19,943,740 kWh	20,580,630 kWh	75,137.65 GJ	71,797.46 GJ	74,090.27 GJ
Total consumption of purchased/produced fuel		-	-	-	75,137.65 GJ	71,797.46 GJ	74,090.27 GJ
Total fuel consumption		-	-	-	147,682.03 GJ	139,381.50 GJ	151,783.16 GJ

## 1-3 Energy management – Vietnam Fulgent Sun

### (3) Vietnam Fulgent Sun

Type / Item	Type of Energy	2019	2020	2021	2019	2020	2021
		Fuel usage	Fuel usage	Fuel usage	Fuel consumption (GJ)	Fuel consumption (GJ)	Fuel consumption (GJ)
Non-renewable fuel consumption	Gasoline	42,000 Litters	45,200 Litters	64,309 Litters	1,381.59 GJ	1,486.85 GJ	2,115.44 GJ
	Diesel fuel	9,000 Litters	10,908 Litters	13,475 Litters	326.84 GJ	396.13 GJ	489.36 GJ
Total non-renewable fuel consumption		-	-	-	1,708.43 GJ	1,882.99 GJ	2,604.80 GJ
Buy/produce	Electricity	5,988,696 kWh	11,774,092 kWh	23,968,480 kWh	21,559.31 GJ	42,386.73 GJ	86,286.53 GJ
Total purchased/ produced fuel consumption		-	-	-	21,559.31 GJ	42,386.73 GJ	86,286.53 GJ
Total fuel consumption		-	-	-	23,267.74 GJ	44,269.72 GJ	88,891.33 GJ

## 1-4 Energy management - Cambodia Sunbow

### (4) Cambodia Sunbow

Type / Item	Type of energy	2019	2020	2021	2019	2020	2021
		Fuel usage	Fuel usage	Fuel usage	Fuel consumption (GJ)	Fuel consumption (GJ)	Fuel consumption (GJ)
Non-renewable fuel consumption	Gasoline	-	11,714.82 Litters	10,854.76 Litters	-	385.36 GJ	357.07 GJ
	Diesel fuel	-	86,833.84 Litters	96,090.06 Litters	-	3,153.46 GJ	3,489.61 GJ
	Liquefied petroleum gas (LPG)	-	7,696.92 kgs	9,731.4 kgs	-	388.74 GJ	491.49 GJ
Total non-renewable fuel consumption		-	-	-	-	3,927.55 GJ	4,338.16 GJ
Renewable fuel consumption	Solar energy	-	3,508,619.18 kWh	3,535,308.65 kWh	-	12,631.0 GJ	12,727.11 GJ
Total renewable fuel consumption		-	-	-	-	12,631.0 GJ	12,727.11 GJ
Buy/produce	Electricity	-	15,509,901 kWh	21,364,834 kWh	-	55,835.64 GJ	76,913.40 GJ
Total purchased / produced fuel consumption		-	-	-	-	55,835.64 GJ	76,913.40 GJ
Sold	Electricity	-	15,509,901 kWh	21,364,834 kWh	-	55,835.64 GJ	76,913.40 GJ
Total sold fuel consumption		-	-	-	-	55,835.64 GJ	76,913.40 GJ
Total fuel consumption		-	-	-	-	16,558.58 GJ	17,065.27 GJ

## (II) Energy management

Fulgent Sun in response to the trend of global climate change strives to become an excellent partner of brand customers worldwide with low-carbon production operated continuously. The relevant operations include solar power generation, installation of ground source systems, close-type steam condensate recycling system, LED lighting replacing traditional fluorescent lamps, and other energy-saving measures.

Notes:

The annual estimated power generation of each plant of Fulgent Sun is = installation capacity \* sunshine volume in the area \* days of calculation

- (1) The information of installation capacity and 365 days of calculation can be obtained without problems.
- (2) The sunshine volume in the area is estimated but not calculated since a “heliograph” is not installed; therefore, the data is quoted from Internet (that is the approximate average value of the area, such as: 5kWh/m<sup>2</sup> in Cambodia, 2.5-3.8kWh /m<sup>2</sup> in Hubei, and 3.8 ~ 4.5kWh/m<sup>2</sup> in Fujian).

## 2. Greenhouse gas management

Fulgent Sun has not yet introduced the ISO 14064-1 Greenhouse Gas. Currently, the conversion of greenhouse gas data is operated through IPE platform at Fujian Sunshine and through RA system records at Hubei Sunsmile.

According to statistics and calculations, the total greenhouse gas emissions were 19,496 t-CO<sub>2</sub>e in 2021. The inventory and verification results indicate that the main source of greenhouse gas emissions is from the outsourced electricity. Therefore, our specific greenhouse gas reduction strategy is mainly based on electricity consumption management and reduction of electricity consumption.

Item	2019	2020	2021
Total greenhouse gas emissions (Scope 1) t-CO <sub>2</sub> e	129	145	198
Total greenhouse gas emissions (Scope 2) t-CO <sub>2</sub> e	4,832	9,483	19,298
<b>Total emissions t-CO<sub>2</sub>e</b>	<b>4,961</b>	<b>9,628</b>	<b>19,496</b>
Standards and Methodology	Fujian Sunshine: IPE website carbon emissions calculation formula Vietnam Fulgent Sun: Total consumption*conversion coefficient by government Cambodia Sunbow: HIGG		
Emission coefficient and Global Warming Potential (GWP) Sources	IPCC Fifth Assessment Report		
GHG summary	○ Operational Control	○ Operational Control	○ Operational Control

Notes:

- (1) The 2021 Fulgent Sun Greenhouse Gas Report Boundaries include: Fujian Sunshine, Vietnam Fulgent Sun, Cambodia Sunbow, excluding Taiwan Headquarters.
- (2) Fulgent Sun plans to introduce the ISO 14064-1 Greenhouse Gas in the future with the base year set then.

### 3. Energy saving and carbon reduction action

Fulgent Sun establishes energy baselines and energy audits to actively promote energy-saving and power-saving in each plant, and activates energy-saving projects based on the equipment of each plant, adjusts equipment and carries out automation management according to changes in process and production capacity requirements in order to reduce various energy usage and improve energy utilization rate.

#### (1) Plant energy saving and carbon reduction action

##### Fujian Sunshine

Reduction plan	Description of action plan	Reduce energy consumption (kWh)	Reduce energy consumption (GJ)
Energy saving action results	Formulate the energy consumption baseline for the current year in accordance with the energy consumption of the last year.	927,830 kWh	3,340.19 GJ
Equipment maintenance and operation	The machine repair department should have the damaged equipment repaired with the parts of the scaped units in the factory to reduce the maintenance cost.	-	-
Clean by Design Program	The Clean by Design (CBD) is an innovative global green supply chain program to improve the production process that consumes the highest energy and to provide a comprehensive system that can help reduce the consumption of energy, water, and chemicals in order to improve the efficiency of industrial processes. VF's science-based carbon target is based on the 2017 Higg platform full-year factory energy consumption data and aims to reduce greenhouse gas emissions by 30% by 2030.	-	-
Total	-	927,830 kWh	3,340.19 GJ

### **(III) Water resource management**

#### **1. Wastewater management/discharge in each plant**

The water used in each factory of Fulgent Sun worldwide is general domestic water, that is, tap water. The wastewater is directly discharged into the national/municipal sewage treatment pipeline or plant of the country where the plant operates. Fulgent Sun currently has wastewater of each production base discharged in compliance with the emission standards prescribed by local laws and regulations.

In terms of water resource usage, Fulgent Sun implements the main strategy of “Cherish, Save, and Recycle” to actively encourage employees to save water, and promote various water-saving measures in order to improve the water resource utilization efficiency.



## 2-1 Water resources - Taiwan Headquarters

### (1) Taiwan Headquarters

	Item	All areas	Water supply stressed areas
Third party water	Fresh water ( $\leq 1,000$ mg/L total dissolved solids)	5,926 ML	-
	Total water withdrawal	5,926 ML	-
Total water withdrawal	Surface water (total) + Groundwater (total) + seawater (total) + water output (total) + third party water (total)	5,926 ML	-

## 2-2 Water resources - Fujian Sunshine

### (2) Fujian Sunshine

	Item	All areas	Water supply stressed areas
Third party water	Fresh water ( $\leq 1,000$ mg/L total dissolved solids)	62,700,000,000 ML	-
	Total water withdrawal	62,700,000,000 ML	-
Total water withdrawal	Surface water (total) + groundwater (total) + seawater (total) + water output (total) + third party water (total)	62,700,000,000 ML	-
Total water discharge	Surface water (total) + groundwater (total) + seawater (total) + third party water (total)	51,802,000,000 ML	-
Discharge – classified by freshwater and other water	Fresh water ( $\leq 1,000$ mg/L total dissolved solids)	51,802,000,000 ML	-
Water Consumption	Total water consumption	10,898,000,000 ML	-

## 2-3 Water resources – Vietnam Fulgent Sun

### (3) Vietnam Fulgent Sun

	Item	All areas	Water supply stressed areas
Third party water	Fresh water ( $\leq 1,000$ mg/L total dissolved solids)	64,403 ML	-
	Total water withdrawal	64,403 ML	-
Total water discharge	Surface water (total) + groundwater (total) + seawater (total) + third party water (total)	64,403 ML	-

## 2-4 Water resources – Cambodia Sunbow

### (4) Cambodia Sunbow

	Item	All areas	Water supply stressed areas
Third party water	Fresh water ( $\leq 1,000$ mg/L total dissolved solids)	105,172 ML	-
	Total water withdrawal	105,172 ML	-
Total water withdrawal	Surface water (total) + groundwater (total) + seawater (total) + water output (total) + third party water (total)	105,172 ML	-

## (IV) Waste management

Fulgent Sun forcefully implements the strategy of resource saving, reduction, and recycling. The mechanisms of waste source reduction, process waste reduction, and recycling and disposal at the end of production are adopted for the general and business wastes resulted from the production input at each factory, which helps maximize the utilization efficiency of resources and reduce the generation of waste in the factory.

Business waste is effectively managed and processed in accordance with the characteristics to improve the efficiency of resource reuse. Hazardous waste should be handled by qualified waste service providers; also, waste service providers should be managed in accordance with the contract signed. An on-site audit should be planned and implemented when necessary to ensure that waste removal and delivery meet the requirements of the country to which the factory operates.

### 1-1 Waste volume - Fujian Sunshine

#### (1) Fujian Sunshine

Waste	2019	2020	2021
Total waste volume	251,657.46 metric tons	349,228.72 metric tons	346,809.00 metric tons
Incineration (excluding energy recovery)	251,654 metric tons	349,226 metric tons	346,797 metric tons
<b>Other processing methods</b> Hazardous waste treatment	3.46 metric tons	2.72 metric tons	12.00 metric tons
<b>Data coverage (e.g. revenue and business locations)</b> General solid waste should be transported by qualified solid waste manufacturers for recycling, and hazardous waste should be transported by qualified hazardous waste manufacturers for incineration treatment.	100%	100%	100%

## 1-2 Waste volume – Vietnam Fulgent Sun

### (2) Vietnam Fulgent Sun

Waste	2019	2020	2021
Total waste volume	1,060.00 metric tons	1,317.97 metric tons	1,050.42 metric tons
Amount of waste recovered/reused	-	1.30 metric tons	77.70 metric tons
Buried	672.84 metric tons	81.48 metric tons	174.30 metric tons
Incineration (excluding energy recovery)	386.79 metric tons	1,235.00 metric tons	797.78 metric tons
<b>Other processing methods</b> Hazardous waste treatment	0.37 metric tons	0.19 metric tons	0.64 metric tons
<b>Data coverage (e.g. revenue and business locations)</b>	100 %	100 %	100 %

## 1-3 Waste volume – Cambodia Sunbow

### (3) Cambodia Sunbow

Waste	2019	2020	2021
Total waste volume	-	12.9 metric tons	17.53 metric tons
Amount of waste recovered/reused	-	4.09 metric tons	4.42 metric tons
<b>Data coverage (e.g. revenue and business locations)</b>	100 %	100 %	100 %

## 2. Resource recycling and reuse

Fulgent Sun values the importance of sustainability and reuse of resources, and implements resource recycling and reuse in daily operations and processes. The recycling and reuse of process waste (rubber and tailings) is promoted, the use of raw material is reduced, and the efficiency of resource utilization is improved through the mechanism of reduction, recycling, and reuse, and based on the concept of circular economy.

## **(V) Chemical substance management**

### **1. Chemical substance management policies**

Fulgent Sun is mainly engaged in manufacturing footwear with the following chemicals used throughout the course of production, including: adhesives, coatings, treatment agents, catalysts, inks, paints, solid chemical raw materials, detergents, laboratory chemical reagents, etc. It is important to ensure the effective management of chemicals, and protect the health of plant staff and the safety of products.

The “Chemical Management Procedures” is formulated respectively in each factory of Fulgent Sun in order to strictly regulate the process of chemical procurement, custody, storage, identification, transportation, use, disposal, and emergency response. The management of chemicals and dangerous chemicals is enhanced by having the relevant personnel training in order to prevent and reduce the occurrence of fires, explosions, environmental pollution, and casualties and other disasters and accidents.

### **2. Chemical substance management measures**

We have appropriately performed chemicals supplier evaluation, management, and audit operations to ensure the integrity of the chemicals management mechanism. In addition to carefully selecting qualified chemicals suppliers, requesting the suppliers to sign the “Suppliers Comply with EU REACH Regulations” and the “Restricted Substances List of Brand Owners;” the purchasing unit will analyze the KPI data of the suppliers on a quarterly basis, and evaluate the suppliers every six months to minimize chemical management risks.

In terms of personnel management, we strictly require the chemicals in the factory to be marked with the content and instruction for use clearly indicated. If the IMS and DS data are required to be displayed at the chemicals work station, it is necessary to announce how to prevent it, what ingredients are included, and the relevant information on protective equipment should be provided to employees for the protection of their health and safety.



## IX. Feedback to the society

### (I) Fulgent Sun International Charitable Public Welfare Fund

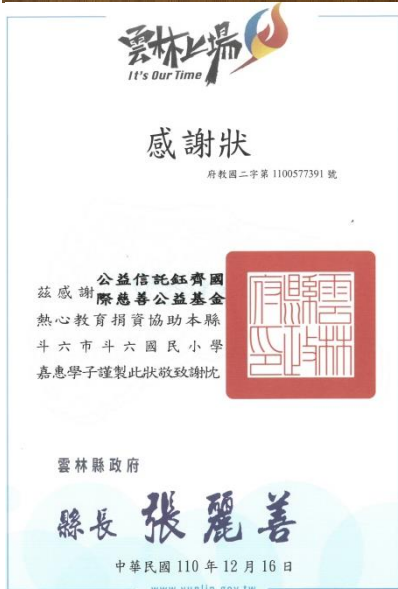
1. Fulgent Sun's Taiwan Headquarters actively participates in local social welfare, integrates the resources and manpower of the Group, expands the scope and ethics of social feedback, sponsors local education with resources provided, establishes the "Fulgent Sun International Charitable Public Welfare Fund" and responds to the government's commitment to providing charities to community and providing subsidies to primary and secondary schools in Yunlin in order to enhance social well-being and promote a warm and harmonious society.

Fulgent Sun made donation for social welfares and charities in 2021: NT\$7,356,185



[Taiwan Headquarters held a non-profit fair, beach cleanup, and non-profit hiking]





【Taiwan Headquarters schoolchildren thank you note & certificate of appreciation】

2. Fujian Sunshine had focused on supporting education and environmental protection non-profit projects in the last three years, including responding to the call of local government and working with brand customers. The student assistance operation of Fujian Sunshine and local colleges and universities, such as, Yang-En University and Liming Vocational University, is with a process mechanism formed already.



【Fujian Sunshine focusing on supporting education and environmental protection non-profit projects】





【Cambodia Sunbow Mountain Cleanup, Student Aid, and Poverty Alleviation Project】





[Vietnam Fulgent Sun Street cleanup, mountain cleanup, and student aid]



## (II) Focus on community education

Taiwan Headquarters of Fulgent Sun and National Yunlin University of Science and Technology cooperate to build the “Advanced R&D Talent Cultivation Laboratory” and construct the first “Advanced Shoemaking Technology Laboratory” in Taiwan to cultivate diverse talents continuously and move towards a smart production model. The idea is to provide more precise practical experience to the industry by establishing and operating the “quasi production line,” added with diversified professional school teachers, equipment, and instruments to help students appreciate the importance of both theory and practice throughout the learning process, and to exercise their strengths at the workplace in the future.



[Cooperate with National Yunlin University of Science and Technology to build the “Advanced R&D Talent Cultivation Laboratory” and to construct the first “Advanced Shoemaking Technology Laboratory” in Taiwan]



### (III) Contribution of medical resources



【Taiwan Headquarters donated wheelchairs and participated in volunteer activities of the activity center】





【 Vietnam Fulgent Sun donated pandemic prevention resources 】

## (IV) Sponsorship for footwear design contests

Education is the top priority of Fujian Sunshine in fulfilling social responsibilities for the belief in cultivating corporate talent and giving back to the community. First, provides donations to the community directly, including donations of CN¥ 500,000 to Shuangyang Street Society for Education Advancement, subsidizing the tuition fees of disadvantaged students, etc.; secondly, cooperate with local colleges and universities aggressively, including Liming Vocational University and Yang-En University, to construct an industry-academia-research cooperation base, to jointly implement the construction of the “Twin-High Plan” in Fujian Province, to recruit talents from colleges and universities, and to continuously recruit talents for enterprise. Therefore, Fujian Sunshine provides scholarships and financial aid of CN¥50,000 to the cooperating colleges and universities every year, and sponsors campus events and sports tournaments occasionally, for example, sponsored the campus innovation tournament of Yang-En University for CN¥ 50,000 in 2019 and the footwear design contest of Liming Vocational University for CN¥ 50,000 in 2021.



【Fujian Sunshine sponsors the Footwear Design Contest of Liming Vocational University】

## Major subjects management approach

Material topics	Purpose of setting the management policy	Related policy	Grievance Mechanism
Energy	Reduce plant energy consumption, minimize greenhouse gas emissions, and pursue net zero emissions.	Environmental policy	Company official website E-mail
Waste	Strive to reduce plant waste and comply with local laws and regulations.		
Labors relation	Promote the basic responsibility of labor relations and establish a good employee welfare mechanism.	Guidelines for the Adoption of Codes of Ethical Conduct	Labor-management meeting Management meeting E-mails Employee Opinion Box
Occupational Safety and Health	Improve employees' health conditions and enhance employee health and safety.	Refer to ISO 45001 Occupational Safety and Health Management System Policy	
Training and education	It helps improve the general quality, personal quality, and work skills of Fulgent Sun's employees.	-	
Non-discrimination	Treat and respect all employees equally, protect the legitimate rights and interests of employees, and comply with international labor rights norms.	Guidelines for the Adoption of Codes of Ethical Conduct	
Customer Health and Safety	Ensure that no material that could be hazardous to humans or the environment is used in the production process.	Restricted Substances List provided by customers	E-mails
Customer Privacy	Protect the confidentiality agreement regulated by brand customers and the importance of data confidentiality.	Refer to ISO 27001 Information Security Management Policy	E-mails
Socio-Economic Compliance	Ensure that all Fulgent Sun's personnel and operations actually comply with relevant laws and regulations by establishing a governance organization and substantiating the internal control mechanism.	Ethical Management Best Practice Principle Guidelines for the Adoption of Codes of Ethical Conduct Rules Governing Anti-Corruption	Company official website E-mail

## GRI Standards Index

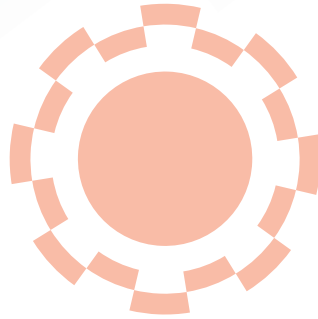
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<b>406 Non-discrimination (2016)</b>			
406-1	Incidents of discrimination and corrective actions taken	32	No related affair
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<b>418 Customer Privacy (2016)</b>			
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<b>419 Socioeconomic Compliance (2016)</b>			
419-1	Non-compliance with laws and regulations in the social and economic area	13	No related affair

\* It is a voluntary disclosure.



**Fulgent Sun**