



Fulgent Sun

Fulgent Sun International (Holding) Co., Ltd.

ESG Report 2022



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I. Report editing principles



The 2022 Sustainability Report of Fulgent Sun (2022)

I. Report editing principles

1. Editing principles

Welcome to the second “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 period and organizational boundaries

The ESG management policies, material topics, responses, and action performance of Fulgent Sun in 2022 (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 2020 and 2021 in order to fully demonstrate the performance and results of the related projects.

Financial performance refers to the data in the consolidated financial report, which are all denominated in NTD. The disclosure scope of financial performance is the same as the financial statements, which includes: Fulgent Sun International (Holding) Co., Ltd. and all subsidiaries. If the scope of disclosure is different from the aforementioned, it will be explained in the respective paragraph.

3. References

The content and data of this report are provided by the relevant departments of Fulgent Sun International (Holding) Co., Ltd. Taiwan Headquarters, Fujian Sunshine Footwear Co., Ltd., Vietnam Fulgent Sun, and Cambodia Sunbow in accordance with the GRI Standards (2021) and with reference to the Sustainability Accounting Standards “Apparel, Accessories, and Footwears” indicators and Taiwan Stock Exchange’s “Climate-Related Information of TWSE/TPEX Listed Companies,” through documented management, and confirmation and approval by each department head, in order to ensure the depth and breadth of the sustainability report preparation, and to demonstrate to the majority stakeholders our ESG performance.

4. Release frequency

The last edition: Published in September 2022; the current edition: Published in September 2023; Next edition: To be published in September 2024.

5. Feedback

Please feel free to share your comments, if any, on the “Fulgent Sun 2022 Sustainability Report” with us, which will help us continue to move towards the realization of sustainable governance concepts.

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II. Message from Chairman

II. Message from Chairman

A statement from the top management on the Company's sustainability topic and the sustainability strategy

Thank you for reading the 2022 Sustainability Report of Fulgent Sun Group. The management team of Fulgent Sun Group has aimed to become the world's top multi-functional footwears manufacturer from Taiwan with the operations setup in China, Vietnam, Cambodia, and Indonesia since the incorporation in 1995. The Company entered the capital market in 2012 and became the third footwear manufacturer listed on Taiwan Stock Exchange. The Company aims to help shareholders, employees, investors, global cooperative brands, and all stakeholders understand Fulgent Sun Group's determination and implementation results in the ESG work through capital market-related regulations and resources, a pragmatic, flexible, and precise management action, and the ethical disclosure of sustainability information.

The footwear developed and manufactured by the Group include sports shoes, outdoor shoes, hiking shoes, casual shoes, and others. The cooperative brands of the Group are all internationally renowned outdoor sports and leisure brands in Europe, the United States, Asia, and other countries in the world. Fulgent Sun has provided OEM services to more than 50 brands worldwide currently. Fulgent Sun Group has adhered to the core values of "Harmony & Faithfulness, innovation, velocity, and excellence," added with the code of conduct of "morality, wisdom, diligence, and long-term cultivation," to cooperate with well-known brands in the world continuously to jointly develop new shoes, deepen and enhance the strategic partnership, establish a mutual trust and reciprocal partnership with international brands in order to create a win-win situation for all parties involved. I truly believe that only those who have the courage to break the tradition and constantly challenge the existing practice can seize the opportunity to perfect product quality, create more added values for customers, and bring positive influence to the industry and society taking as a whole.

The Group has actually demonstrated multiple operational and management synergies including diversified plant locations, decentralized sales regions with global coverage, and product portfolio optimization with the joint efforts of all employees. The consolidated sales in 2022 was NT\$24.18 billion, and EPS was the record high of NT\$18.10, which was also a new high in the national shoemaking industry over the years. In addition, the Group is awarded the third in "The 2020-2022 Top 50 Operating Performance" by CommonWealth Magazine, and was one of the 25 Taiwanese companies recently ranked among the 200 Asia-Pacific "Best Under A Billion" by Forbes in 2023.

However, the footwear industry that Fulgent Sun Group engaged in has faced the severe impact of the COVID-19 pandemic in the last few years, and is expecting to experience many uncertainties in the future, including: inflation, geopolitics, climate change, raw material price increase, global demand for environmentally sustainable products, etc. that will have impacts and influences on corporate operations. Under the circumstance, the Company's main business goal is to fulfill corporate social responsibilities and to realize sustainable operations continuously. The management team will continue to refine corporate governance-related regulations with a more precise attitude, and will always observe new domestic and foreign issues and trends, including deploying sustainable ESG and developing renewable energy, and pragmatically adjusting and improving corporate social responsibility-related achievements to continuously refine the corporate governance system and enhance the internal control management mechanism, optimize corporate governance, pursue eternal excellence, and move towards the goal of sustainable management continuously.

We are grateful and are committed to giving back to the society. We have established the "Fulgent Sun Foundation" with Yunlin County Government acting as the competent authority. We have adhered to the spirit and principle of legal compliance, justification, and reasonableness to promote culture, education, religious development, and related activities for years, arranged or sponsored charity and social education, and responded to the government's engagement in charity and social education in Yunlin area so to enhance social welfare and promote social warmth and harmony.

In prospective, “the importance of corporate governance exceeding sales” is everything to us. The mission is to enhance the Group’s competitive advantages based on the existing operating base so to increase added value. We aim to better fulfill corporate social responsibilities and sustainable operation obligations, enhance the operation of the board of directors, upgrade information transparency, and comply with relevant laws and regulations in order to improve the efficiency of corporate governance. Also, adopt a solid and precise sustainable management mechanism, have the Company’s operating performance, environmental sustainability, and social inclusion developed in a balanced manner with the integrity and project actions implemented, which should be internalized into the corporate action DNA. Appropriately feedback the operating profits to employee welfare and working environment, to create a virtuous cycle of altruism, self-interest, and common good; also, pursue sustainable development and long-lasting excellence continuously. In summary, we welcome stakeholders’ continuing suggestions, affirmation, and encouragement extended to the Group.

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

Wen-Chih, Lin





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



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

(I) Company profile

Fulgent Sun Group was incorporated in 1995 to manufacture professional sports shoes and high-function outdoor shoes, which is a sport and leisure industry (i.e., the OEM production and sales of sports shoes and outdoor shoes). Fulgent Sun Group’s headquarter is located in Taiwan with factories setup in China, Vietnam, and Cambodia.

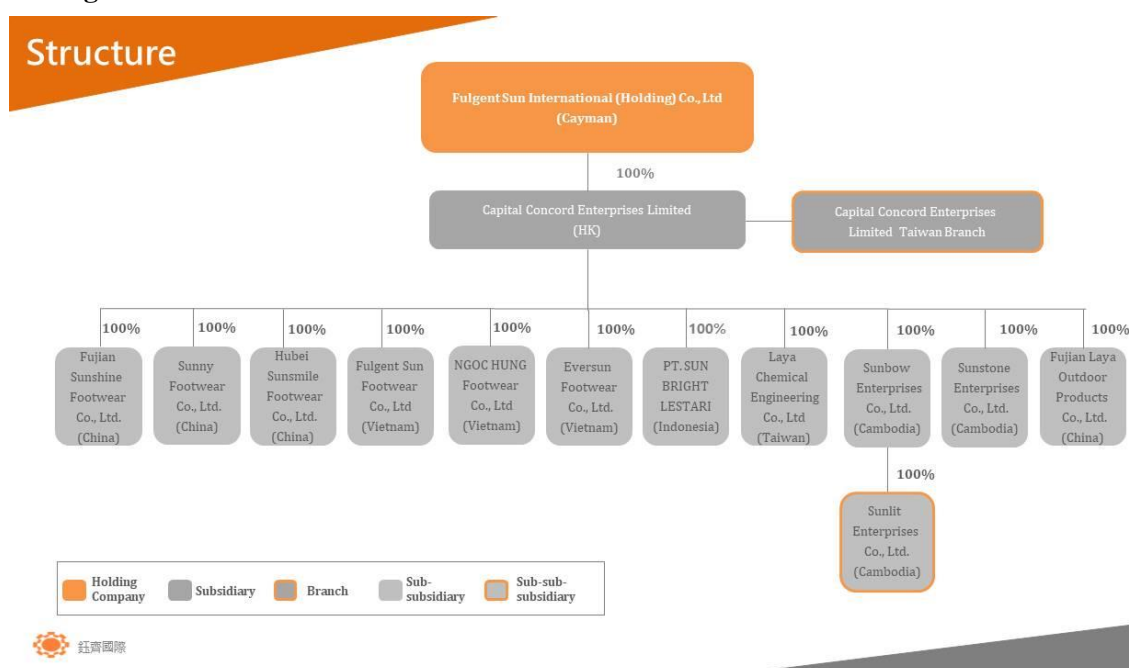
In terms of business, we have formed strategic alliances with major brands in the world to cooperate in the development and production of professional sports shoes and functional outdoor shoes. The Company’s business philosophy is people-oriented with a humanity management implemented, regarding employees as the Company’s most important assets, substantiating corporate social responsibility, exercising corporate influence on customers, employees, and the environment continuously in order to realize positive effects. The Company’s operating headquarters has the business operation scale expanded since 2011 and successfully relocated to Yunlin Industrial Park for achieving the benefits of integrating and optimizing the Group’s resources.

Fulgent Sun Group overview

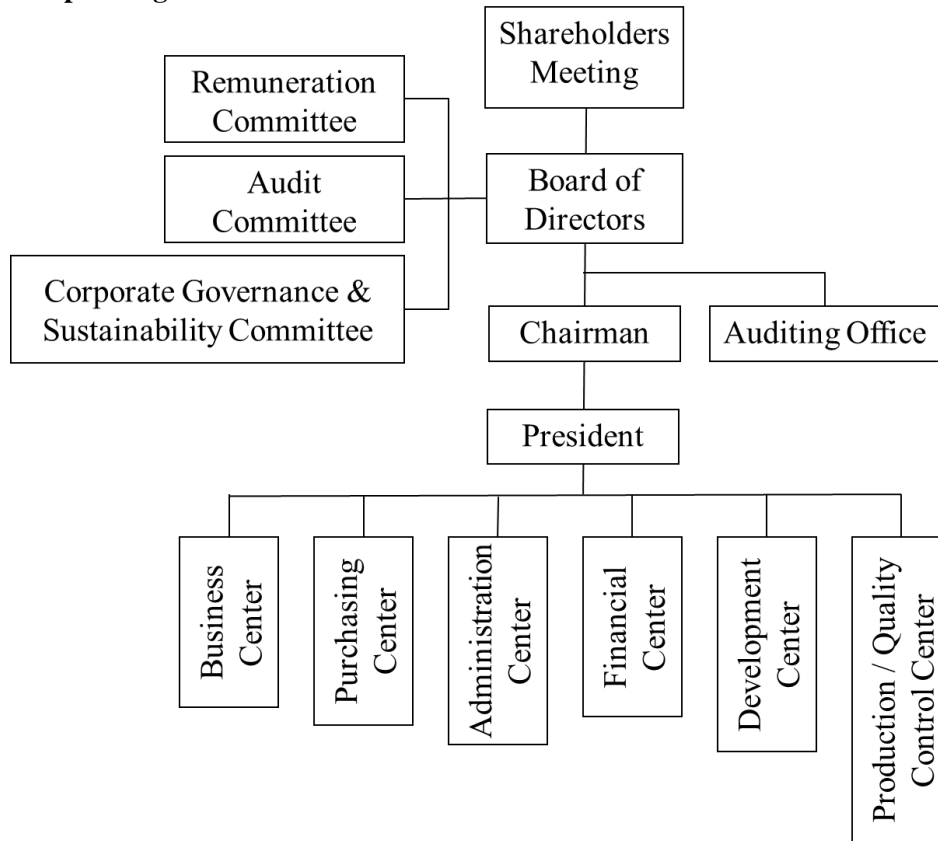
Fulgent Sun was officially listed on Taiwan Stock Exchange in October 2012 (stock code: 9802)

Item	Description
Group’s initiation of business operation	March 1995
Paid-in capital	NT\$1.907 billion
Number of employees in the Group	More than 42,000 employees
Service market	There are more than 50 internationally renowned brands worldwide, customers from Europe and America account for 90%
Operation Headquarters	Address: No.76 Sec.3, Yunke Rd, Douliu City, Yunlin Country

1. Organizational chart



Corporate governance structure



2. Core culture/values

(1). Core values

- 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	<p>Startup phase:</p> <ul style="list-style-type: none"> • 1995: Fulgent Sun Group was incorporated. Fujian Sunshine Footwear Co., Ltd. was established in Quanzhou to manufacture sports shoes.
2000-2005	<p>Formation of strategic partnership:</p> <ul style="list-style-type: none"> • 2000: With capacity for production of waterproof outdoor shoes, as certified by GORE-TEX. • 2003: The laboratory received British SATRA certification. • 2003: Fulgent Sun Footwear Co., Ltd. was established to produce outdoor waterproof shoes. • 2004: Fujian Sunshine obtained ISO9001 quality system certification. • 2005: Sunny Footwear Co., Ltd. was established.
2006-2010	<p>Expanding production capacity:</p> <ul style="list-style-type: none"> • 2009: Fulgent Sun Group joined the Nike In-line system officially to produce the Group's vulcanization shoes. • 2009: Hubei Sunsmile Footwear Co., Ltd. was established. • 2009: Fulgent Sun Group promoted lean production to increase its competitiveness. • 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.
2011-2012	<p>Going public investment in Taiwan:</p> <ul style="list-style-type: none"> • 2011: Fujian LaSportiva Co., Ltd. was incorporated to exclusively represent LaSportiva products in China. • 2011: The Taiwan Headquarters in Yunlin Technology-based Industrial Park was officially in operation with domestic venture capital solicited in April. • 2012: Passed the review committee of the Listing Department of Taiwan Stock Exchange Corporation in June. • 2012: Listed on the Taiwan Stock Exchange in October.(Stock code: 9802).



Year	Description
2013-2020	<p>Continuous growth period:</p> <ul style="list-style-type: none"> • 2013: Lin Wen Chih Sunbow Enterprises Co., Ltd and Lin Wen Chih Sunstone Garment Enterprises Co., Ltd. were established in Cambodia. • 2014: Obtained GORE-TEX production technology “SURROUND” certification. • 2015: NGOC HUNG Footwear Co., Ltd. was established to produce outdoor shoes as an OEM. • 2015: Selected as a component stock of the “TWSE Corporate Governance 100 Index”. • 2016: Vietnam NGOC HUNG Footwear obtained GORE-TEX certification to manufacture waterproof outdoor shoes. • 2019: Incorporated as a component of the “MSCI Global Small CAP Indexes” in November. • 2020: Ranked among the top 6%~20% companies in the 6th Corporate Governance Evaluation of the Taiwan Stock Exchange in 2020. • 2020: Reviewed by Taiwan Index Plus and included in the “Corporate Governance 100 Index”.
2021	<ul style="list-style-type: none"> • 2021: Ranked among the top 6%~20% companies in the 7th Corporate Governance Evaluation of the Taiwan Stock Exchange. • 2021: Vietnam Eversun Footwear Co., Ltd. was established to engage in OEM production of outdoor footwears. • 2021: Reviewed by Taiwan Index Plus and included in the “TIP TAIEX+ Small/Mid-Cap Alpha Momentum 50 Index”. • 2021: PT. SUN BRIGHT LESTARI was established in Indonesia to engage in the production and sales of sports and leisure outdoor shoes.
2022	<ul style="list-style-type: none"> • 2022: Ranked among the top 6%~20% companies in the 8th Corporate Governance Evaluation of the Taiwan Stock Exchange. • 2022: Laya Chemical Engineering Co., Ltd. was established in Taiwan in August.



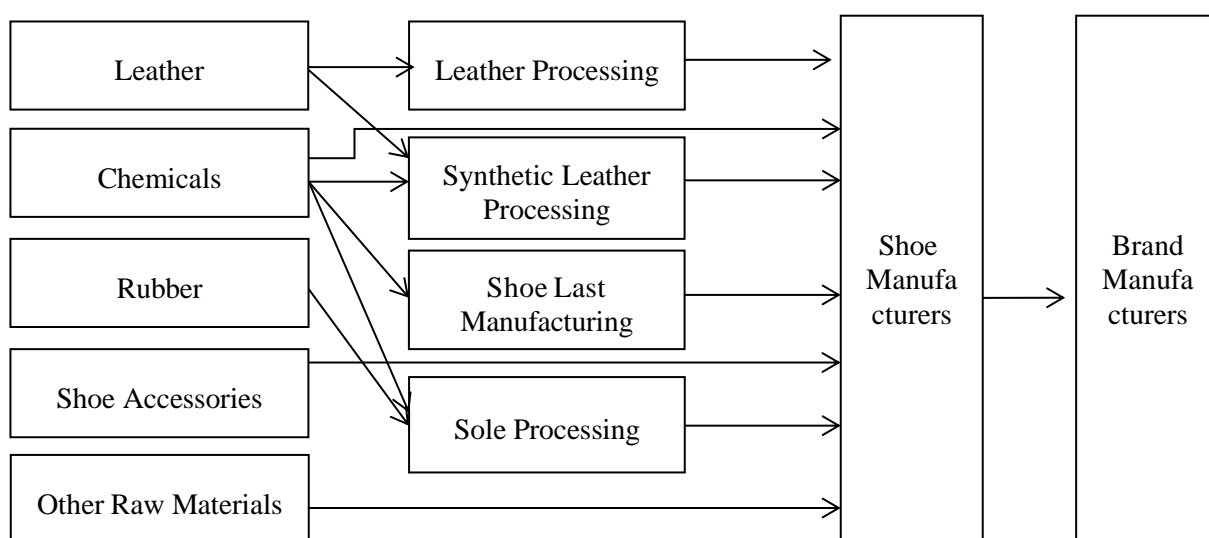
(III) Products and services

1. Historical OEM brands

Fulgent Sun Group’s product development team serves more than 50 international well-known brands globally with the products of sports shoes, outdoor shoes, hiking shoes, leisure shoes, functional shoes, etc. offered in Europe, the United States, and Asia.

2. Supply chain

Fulgent Sun Group is a professional footwear OEM company and cooperating with 1,540 suppliers who supply shoemaking materials and machine tools. The upstream suppliers mainly supply related composite materials including leather, artificial leather, outsoles, and 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.

Classification of suppliers

No.	Classification	QTY	Geographical Distribution
1	Genuine Leather	72	Mainland China, Hong Kong, Europe, the United States, Southeast Asia, South Korea, and Taiwan
2	Artificial leather	53	
3	Textiles (mesh/foam/non-woven fabrics, etc.)	251	
4	Accessories (shoe lace/buttons)	160	
5	Sole	243	
6	Packaging materials	128	
7	Chemical composite materials	157	
8	Equipment/parts	320	
9	Molding and tools	50	
10	Consumables	106	



IV. Corporation Governance



IV. Corporation Governance

(I) Board of Directors

There are 8 directors on the Fulgent Sun’s board of directors (for an average term of 6 years, and directors are elected through a candidate nomination system for them to be selected from the list of director candidates), including 3 acting directors and 5 independent directors. Fulgent Sun Group for the sake of ensuring good governance has standardized the diversity policy for the composition of the Board of Directors in the “Corporate Governance Best Practice Principles.” Board directors possess the necessary knowledge, skills, and qualities to perform their duties in general. The factors to be considered include: The opinions of stakeholders (including shareholders), diversity, independence, and management ability of and response to corporate impacts. It is also necessary to comply with the “Procedures for election directors” and the “Corporate Governance Best Practice Principles” to ensure the diversity and independence of the board members.

The Board of Directors is operated in accordance with the “Regulations Governing Procedure for Board of Directors Meeting” and with at least one board meeting held every quarter. A total of 7 board meetings were held in 2022 to review the Company’s operating performance in details and to discuss future development strategies in order to facilitate the formulation of corporate sustainable management goals and decisions. In addition, the Board of Directors is the highest supervising unit to supervise the Company’s sustainable development, to understand the ESG implementation results and future work plans coordinated by the Sustainability Development Committee regularly, and to supervise the promotion of sustainable development.

Board structure

Age\Gender	Male	Female
30-50 years old	1	0
Over 51 years old	4	3



Shareholder structure

Shareholder structure	Financial Institutions	Other legal persons	Foreign institutions and outsiders	Personal	Treasury stock	Chinese capital
Shareholding ratio	9.18%	11.16%	41.08%	38.21%	0.35%	0.02%

List of board directors

Name	Title	Education & experience	Incumbent position
Wen-Chih, Lin	Chairman	<ul style="list-style-type: none"> Bachelor of Chemical Engineering, Feng Chia University President, Fulgent Sun International (Holding) Co., Ltd. 	<p>Chairman, Fulgent Sun International (Holding) Co., Ltd.</p> <p>Chief Strategy Officer, Fulgent Sun International (Holding) Co., Ltd.</p>
Fang-Chu, Liao	Director	<ul style="list-style-type: none"> Bachelor of International Trade, Chinese Culture University Vice President of Sales, Fulgent Sun International (Holding) Co., Ltd. 	<p>President, Fulgent Sun International (Holding) Co., Ltd.</p> <p>Chief Executive Officer, Fulgent Sun International (Holding) Co., Ltd.</p>
Chih-Cheng, Liao	Director	<ul style="list-style-type: none"> Doctoral Program in Industrial Management of National Yunlin University of Science and Technology (doctoral students) Master in Finance, National Yunlin University of Science and Technology Assistant Manager of Sales, First Commercial Bank 	<p>Executive Vice President, Fulgent Sun International (Holding) Co., Ltd.</p> <p>CGO and Spokesperson, Fulgent Sun International (Holding) Co., Ltd.</p>
Jin-Huang, Huang	Independent director	<ul style="list-style-type: none"> PhD in Mechanical Engineering of Northwestern University Director of the Department of Mechanical and Computer-Aided Engineering, Fengjia University Dean of College of Engineering and Science, Director of Office of Industry-Academia Cooperation, Feng Chia University 	<p>Vice President and Lifetime Distinguished Professor, Feng Chia University</p> <p>Director, WINSON Machinery Casting Co., Ltd</p> <p>Independent Director, CHINA FINEBLANKING TECHNOLOGY CO., LTD.</p>
Chun-An, Li	Independent director	<ul style="list-style-type: none"> PhD in Business Administration of National Chengchi University Certified Public Accountant Dean College of Finance and Banking, National Kaohsiung University of Science and Technology 	<p>Honorary Professor, National Yunlin University of Science and Technology</p>
Jun-Ming, Wu	Independent director	<ul style="list-style-type: none"> Bachelor of Accounting, Soochow University Vice President of Underwriting Department of Taiwan International Securities Co., Ltd. Senior Vice President of Corporate Finance, Capital Securities Corp. 	<p>Independent Director of Tecstar Technology Co., Ltd.</p> <p>Independent Director of Lian Hong Art Company Limited</p> <p>Director of E-Elements Technology, Co. Ltd.</p>
Kun-Hsien, Chang (Note 1)	Independent director	<ul style="list-style-type: none"> Supplementary Open Junior College for Public Administration, National Chengchi University Manager of Douliu Branch, and Zhongxiao Road Branch, Senior Assistant Vice President and Director of Taichung Region Center, First Commercial Bank 	-
Ai-Chi, Hsu (Note 1)	Independent director	<ul style="list-style-type: none"> PhD in Business Administration, National Chengchi University Certified Public Accountant Dean of College of Finance and Banking, National Kaohsiung University of Science and Technology 	<p>Honorary Professor of Department of Finance, National Yunlin University of Science and Technology</p>

Name	Title	Education & experience	Incumbent position
Shu-Ching, Chou (Note 2)	Independent director	<ul style="list-style-type: none"> • Ph.D., Financial Law and Accounting Group, Department of Business Administration, Sun Yat-sen University • Master degree from Penn State University MBA and Bachelor's degree in Accounting from National Chengchi University • Director of the Department of Finance, Yunlin University of Science and Technology 	Professor, Department of Finance, Yunlin University of Science and Technology
Hui-Ying, Wang (Note 2)	Independent director	<ul style="list-style-type: none"> • Supplementary Open Junior College for Business Administration, National Cheng Kung University • Manager of Kaohsiung Branch and Luzhu Branch, Senior assistant manager and director of Kaohsiung Regional Center, senior assistant and director of Tainan Regional Center, First Commercial Bank 	-

Note 1: Independent Director, Kun-Hsien, Chang, and Director, Ai-Chi, Hsu, dismissed on May 27, 2022.

Note 2: Independent directors, Shu-Ching, Chou, and Director, Hui-Ying, Wang, took office on May 27, 2022.

Functional committee member

Name	Salary and Remuneration Committee	Audit Committee	Corporate Governance & Sustainable Development Committee
Chairman Wen-Chih, Lin	-	-	v (Chairman)
Director Fang-Chu, Liao	-	-	v
Director Chih-Cheng, Liao	-	-	v
Independent Director Jin-Huang, Huang	v (Chairman)	v	v
Independent Director Chun-An, Li	v	v (Chairman)	v
Independent Director Jun-Ming, Wu	v	v	v
Independent Director Kun-Hsien, Chang (Note 1)	v	v	v
Independent Director Ai-Chi, Hsu (Note 1)	v	v	v
Independent Director Shu-Ching, Chou (Note 2)	-	v	v
Independent Director Hui-Ying, Wang (Note 2)	-	v	v

Note 1: Independent Director, Kun-Hsien, Chang, and Director, Ai-Chi, Hsu, dismissed on May 27, 2022.

Note 2: Independent directors, Shu-Ching, Chou, and Director, Hui-Ying, Wang, took office on May 27, 2022.

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.
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.
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.
Kun-Hsien, Chang (Note 1)	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 (Note 1)	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.
Hui-Ying, Wang (Note 2)	Work experience in finance and accounting. Worked as the manager of Kaohsiung Branch and Luzhu Branch, Senior assistant manager and director of Kaohsiung Regional Center, senior assistant and director of Tainan Regional Center, First Commercial Bank. No circumstance stated in the subparagraphs of Article 30 of the Company Act.
Shu-Ching, Chou (Note 2)	Work experience as lecturer in the finance related departments of public and private universities and colleges. Worked as the director and 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.

Note 1: Independent Director, Kun-Hsien, Chang, and Director, Ai-Chi, Hsu, dismissed on May 27, 2022.

Note 2: Independent directors, Shu-Ching, Chou, and Director, Hui-Ying, Wang, took office on May 27, 2022.

(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.

Fulgent Sun requires directors and senior management to issue a statement of compliance with the ethical corporate management policy, and requires employees to comply with the ethical corporate management policy as a condition of employment. It is expressly stipulated that directors, managerial officers, and employees shall not directly or indirectly provide, promise, request, or accept any improper gains in the course of engaging in business activities, or engage in unethical conducts that violate integrity and legality, or breach of fiduciary obligations, includes:

- The senior management and operational levels: The corporate governance officer and human resources department under the supervision of the Board of Directors are committed to the promotion and operation of ethical corporate management and shall report to the Board of Directors regularly (at least once a year).
- Board of Directors: Approval and responsible for the formulation, supervision, and implementation of ethical corporate management policies and preventive actions.
- The Code of Conduct, the ethical corporate management best practice principles, and other policies are announced on the Company's official website and internal employee information network; also, setup multiple communication channels and report to the designated unit.
- Promote corporate ethics management standards every year, and all employees must receive relevant training courses and conduct meeting propaganda occasionally:
- There were a total of 94 persons for a total of 47 hours of training took placed in 2022.
- We demand and encourage the subsidiaries and organizations that are under our substantial control to encourage and propagandize relevant policies and regulations, and maintain information open and transparent.

Fulgent Sun's "Responsible Business Conduct" Policy Commitment

Item	Description
"Responsible Business Conduct" policy commitment	<p>Fulgent Sun has clearly stated in the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conducts" that Fulgent Sun personnel must comply with the relevant ethical standards and uphold integrity in business operations, and may not directly or indirectly provide, promise, request, or accept any improper gains, or commit a breach of good faith, illegality, or a breach of fiduciary duties with an attempt to obtain or maintain interests.</p> <p>The "Regulations Governing Reporting and Punishment for Violations of Ethical Conduct and Ethic Corporate Management" is established in response to violations committed. Fulgent Sun's internal and external reporting channels and processing systems are established to implement the code of ethical conduct and ethical corporate management, and to ensure the legitimate rights and interests of the whistleblower and counterparties.</p>
Refer to official intergovernmental documents	References of the "Ethical Corporate Management Best Practice Principle for TWSE/TPEX Listed Companies"

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 2022.

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.

In terms of the board of directors’ conflict of interest prevention mechanism, we have formulated the “Rules Governing Related Party Transaction,” “Ethical Corporate Management Best Practice Principles,” and “Codes of Ethical Conduct,” and set up an “Ethical Corporate Management Working Group” to report the practice to the Board of Directors at least once a year; also, organized internal and external education and training related to ethical corporate management issues in order to substantiate various business principles and behaviors.

The Audit Committee of Fulgent Sun aims to assist the Board of Directors in formulating or amending the Company’s internal control system and important procedures and matters involving the directors’ personal interests, which is composed of 5 independent directors. Directors, managerial officers, and employees are all obliged to act for the best interests of Fulgent Sun in order to avoid any conflicts of interest, and to perform audits on the “Regulations Governing Procedure for Board Meeting,” “Regulations Governing the exercise of Powers by Audit Committee,” and “Regulations Governing the Operation of Remuneration Committee” accordingly, and verify the management of the recusal of the Board of Directors, and the operation of the Remuneration Committee in compliance with regulations. Directors, managerial officers, stakeholders, and their legal representative attending or presenting at the board meeting who have an interest in the proposals listed by the Board of Directors should have themselves recused before the motion in section and they may not participate in the discussion and voting.

In addition, it is stipulated in the “Code of Ethical Conducts” that Fulgent Sun personnel should handle official duties in an objective and efficient manner, and may not take advantage of their positions in the Company to obtain improper gains for themselves, their spouses, parents, children, or relatives in the second degree of kinship. When Fulgent Sun has conducted loaning of funds, guarantees, and material asset transactions or purchases (sales) of goods with the related companies to which the personnel in the preceding paragraph associated with, the relevant Fulgent Sun personnel should proactively explain to the Company whether there is potential conflict of interest in accordance with Fulgent Sun’s code of conduct in order to prevent conflicts of interest.

3. Negative Impact Remedy Procedures

Fulgent Sun handles whistleblowing cases in a confidential manner with the whistleblowers protected. The members of the investigation team and relevant parties shall keep the investigation process and relevant information in confidence without having it announced to the public without authorization. The relevant responsible units of Fulgent Sun should be instructed to review and examine the internal control system and operating procedures with corrective actions proposed for the confirmed negative incidents in order to prevent it from reoccurring. Under strict mechanism control, there was not any relevant negative incident occurred in 2022.

- (1) Fulgent Sun after receiving complete written data on the reported incident will set up an investigation team to investigate within 5 days.
- (2) The members of the investigation team may include department heads, human resources department, audit department, etc. Those who have an interest in the case should have themselves recused from serving as a member of the investigation team.
- (3) The investigation team shall conduct an investigation based on the fact, and the person being reported and relevant parties are obliged to cooperate with the investigation.
- (4) Fulgent Sun handles whistleblowing cases in a confidential manner with the whistleblowers protected. The members of the investigation team and relevant parties shall keep the investigation process and relevant information in confidence without having it announced to the public without authorization.

Reporting channel

- (1) Anti-corruption mailbox: Handle the incidents reported by shareholders, investors, customers, suppliers, contractors, and other stakeholders.
- (2) Contact channels for each stakeholder:
 Fulgent Sun International (Holding) Co., Ltd.
 Address: No.76 Sec.3, Yunke Rd, Douliu City, Yunlin Country
 Tel: 886 5 5514619 Fax: 886 5 5514630
 - Investor contact window:
 The Company spokesperson: Chih-Cheng, Liao, Executive Vice President
sunny.liao@fulgentsun.com
 - The Company acting spokesperson: Colin Hung, Accounting Officer
colin.hung@fulgentsun.com
 - Employee contact person: Administration Office Eva Chang,
eva.chang@fulgentsun.com
 - Customer Contact person: Sales Department Tiffeny Hou
tiffeny.hou@fulgentsun.com
 - Supplier contact person: Purchasing Department Winnie Chen
winnie.cheng@fulgentsun.com
 - Community contact person: Administration Office Ellie Shen
ellie.shen@fulgentsun.com

4. Financial performance

Fulgent Sun has demonstrated the flexibility and resilience of the business management strategy after being affected by COVID-19 pandemic for two consecutive years. The operating income amounted to NT\$24.18 billion in 2022, and the operating profits amounted to NT\$3.85 billion through the efforts of all employees, creating a historical high of profit.

Although the economy is affected negatively this year, and there remain many uncertain factors to deal with, the prospect for the development trend of the mid-term and long-term structural demand increase in the outdoor sports and leisure industry is positive. Therefore, the important business strategy of the Group is to expand the production capacity steadily, continue to develop new branding customers, actively upgrade production equipment, and accelerate the increase in automation ratio.

Item	Category	2022	Definition
Direct economic value generated	Operating income	NT\$24,181 million	Include net sales, financial investment income, and income from asset sales.
Distributed economic value	Operating costs	NT\$13,060 million	Include the purchase of raw materials, product parts, site facilities and services, and cash payments to enterprises other than the Company.
	Employee salary and benefits	NT\$7,272 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\$814 million	Includes: 1. Debt in any form and loan interest (not only long-term debt) 2. Unpaid dividends payable to shareholders of preferred stock.
	Payments to the government	NT\$607 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\$9 million	1. Includes "actual payments" 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\$2,419 million	Reserved Economic Value = Direct Economic Value Generated - Distributed Economic Value.

Note:

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

Although the global COVID-19 pandemic slowed down in 2022, the pandemic risk remained. Fulgent Sun for the sake of protecting the health and safety of factory workers worldwide has established strict pandemic prevention, treatment, and response measures in each factory. In addition to instructing the factory staff to carry out the daily virus prevention management and logistical protection, the information system is used to track and control pandemic information in each country to ensure uninterrupted business operations. 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 "Measures and Plans for Dealing with Coronavirus Disease 2019" is formulated in each factory in accordance with the authoritative handbook "Diagnosis and Treatment Plan for Coronavirus Disease 2019."
- (3) Enhance the cleaning and disinfection of the office environment in accordance with the Guidelines for COVID-19 Community Pandemic Prevention Public Environment Disinfection.
- (4) Wear a mask at all times while working. Maintain social distancing and setup partitions in cafeteria.
- (5) Establish a practical connection system to implement pandemic prevention measures such as taking body temperature, hand disinfection, environmental cleaning, crowd control, total volume control, and route planning: All employees must have their body temperature taken when entering the Company's premise, and visitors must fill out the pandemic investigation form before visiting the Company.
- (6) Enhance the cleaning and disinfection of the office environment in accordance with the Guidelines for COVID-19 Community Pandemic Prevention Public Environment Disinfection.

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	Corresponding mechanism
Governance	<ul style="list-style-type: none"> 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. In terms of the climate-related management authorization, Fulgent Sun’s board of directors has the “Corporate Governance & 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. The “Corporate Governance & 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.
Strategies	<ul style="list-style-type: none"> 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. 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).
Risk management	<ul style="list-style-type: none"> 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.
Index and objectives	<ul style="list-style-type: none"> 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. 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. The solar power generation projects are implemented in Xiangcheng factory in Hubei, the Sunbow factory in Cambodia, Sunshine in Fujian, and the Taiwan headquarters to reduce fuel consumption and environmental pollution caused by traditional power generation. It helps save 20~50% energy than traditional coal-fueled boilers and helps save 10~30% energy than traditional cooling devices. The total power generation is 5,784.70 MWh, the carbon emission is reduced by 3,532.39 CO₂, which is equivalent to an afforestation of 106.18 hectares. Replace traditional fluorescent lamps with LED lighting, reducing 756,171 Kwh in 2022.

4. Information security risk management

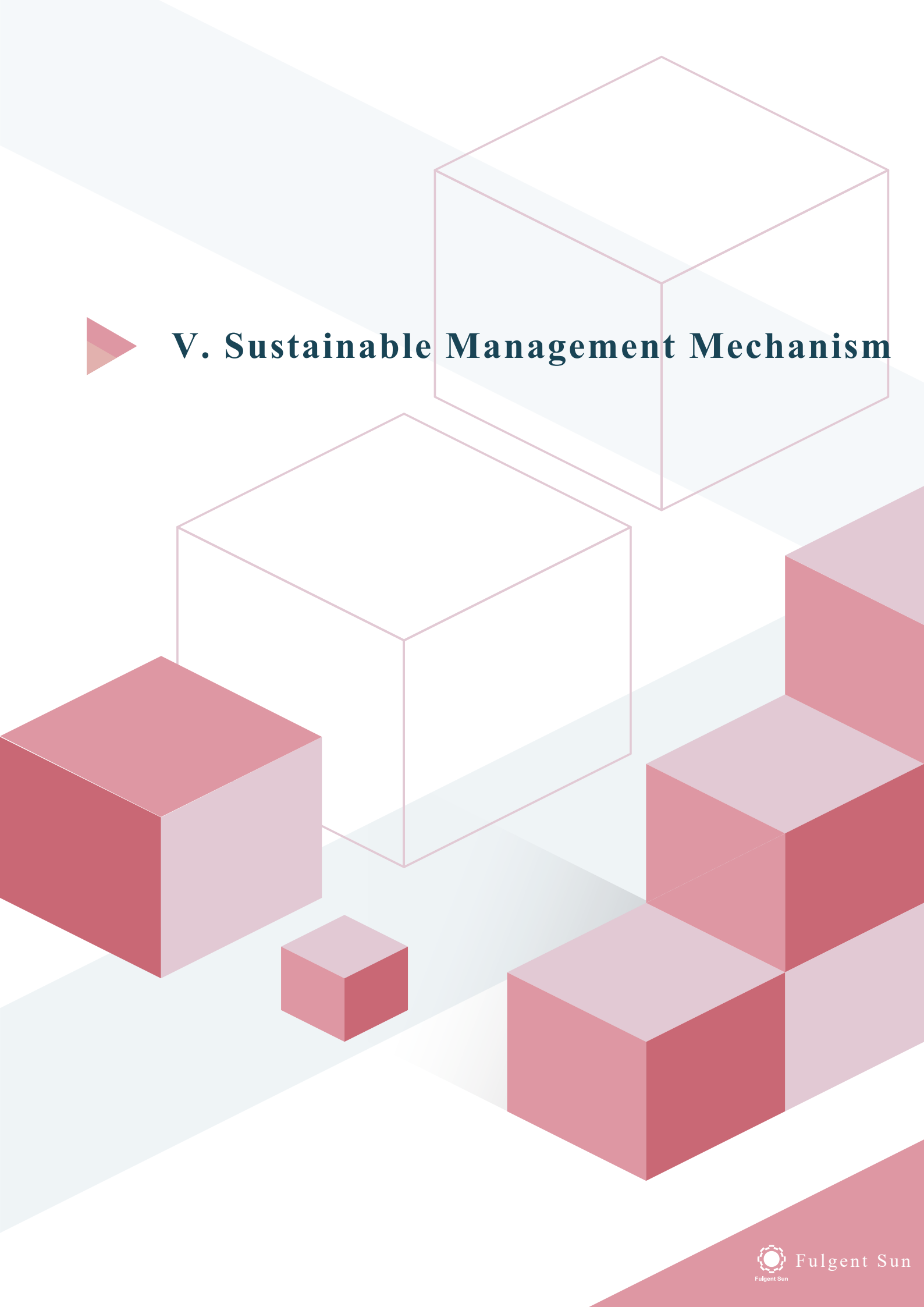
Fulgent Sun values the importance of protecting customer privacy while serving brand customers worldwide. In terms of customers' intellectual property rights, in addition to signing and honoring the confidentiality agreements signed with brand customers, we also regularly announce and educate the importance 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 current year with the effective mechanisms implemented.

Level	Description of management measures
External protection	<ul style="list-style-type: none"> • 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. • 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. • Sangfor 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.
Internal control	<ul style="list-style-type: none"> • 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) • Sangfor Firewall Internet Access Control allows users to access specific websites in order to minimize the risk of leaks and viruses. • 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. • 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. • The E-mail of resigning person will be deleted and the ERP access will be denied immediately upon his/her departure. • 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, and receiving, sending emails through external network as needed. • Fire alarm tests are conducted in each factory regularly, and disaster prevention and escape drills are conducted occasionally. • Conduct information security education and training occasionally, and promptly update information security messages to employees in order to prevent information security incidents from occurring.



V. Sustainable Management Mechanism



V. Sustainable Management Mechanism

(I) Sustainable management organization

1. ESG management organization and mechanism

Fulgent Sun for the sake of realizing the concept of sustainable development had established the “Corporate Governance and Sustainable Development Committee” in 2019 to be responsible for decision-making/supervising “the impact on the economy, environment, and the public caused by the Company.” The Committee is composed of 8 directors with the “Corporate Governance and Sustainable Development Committee Charter and Organizational Structure” formulated.

The Chairman of Fulgent Sun (representative of the Board of Directors) is the Commissioner of the Corporate Governance and Sustainable Development Committee who is to have the meeting convened at least once a year. The corporate governance group under the Committee is to coordinate the economic, environmental, social, ethical corporate management, and risk management working groups, responsible for the review of ESG final decisions and action plans, and the review and approval of related reports (such as sustainability, SASB, etc.). The secretariat under the Committee is to coordinate and promote the task of each department regularly, summarizes the implementation progress, reports to the Board of Directors, and briefs the ESG report, stakeholder communication status, ethical corporate management policy, prevention of unethical conducts, and implementation of supervision to the Corporate Governance and Sustainable Development Committee every year.

The Board of Directors is the highest authority to supervise the Company’s sustainable development. The implementation results and future work plans of sustainable development is reported to the Board of Directors regularly. The Board of Directors is to assign the “Corporate Governance and Sustainable Development Committee” to coordinate the review and management of the Company’s ESG action plan. The corporate governance team regularly summarizes and reports the implementation progress to the Board of Directors. In terms of communicating material events, key issues are reported and communicated at the board meeting through the corporate governance officer and internal audit mechanism. The information disclosure on greenhouse gas inventory and verification has been communicated to the Board of Directors on a quarterly basis for a total of 3 times since May 2022.

The members of the Corporate Governance and Sustainable Development Committee are the department heads of the Company and the operation of the Committee is handled by the senior managers, including formulating relevant ESG policies, action plans, and cross-department coordination. The Corporate Sustainability Committee convenes meetings regularly. A special meeting will be held upon the occurrence of an ESG related issue during the year in order to have that ESG issue discussed and responded to in a timely manner; also, the management process, evaluation results, and overall ESG information will be shared with multiple stakeholders through the ESG website and other communication channels in order to maintain a good interaction and engagement relationship.

Exclusive courses for directors are planned to respond to the ever-changing international competitive management environment and the continuous updates of laws (such as corporate governance) in order to enhance the ESG collective knowledge of board directors and equip them with updated management capabilities. We have stipulated that the diversity and general knowledge, skills, and experience necessary for job performance of the board directors should be considered at the time of organizing the Board of Directors in accordance with the provision of Article 20 “Board members are advised to continuously participate in the finance, risk management, business, commerce, accounting, legal, or corporate social responsibility continuing education courses related to corporate governance topics held by the institutions as designated in the ‘Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies’ when newly appointed or during term of office” of Chapter III “Enhancing the Functions of the Board of Directors” of the “Corporate Governance Best Practice Principles.”

Fulgent Sun’s first sustainability report is announced in 2022 with the intention of having all relevant departments incorporated various sustainability issues into their daily management operations through a clear advanced ESG organization and division of labor in order to upgrade the sustainability awareness of the entire supply chain partners and to cooperate with stakeholders to seize opportunities for development.

Subcommittee	Job Responsibilities
Economic issues	<ul style="list-style-type: none"> • Perfect the framework of corporate governance, improve information transparency, and implement ESG to create the long-term value for shareholders. • 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.
Environmental issues	<ul style="list-style-type: none"> • Implement energy management and recycling and improve the utilization of resources to reduce the negative impact of the product life cycle on the environment. • 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.
Social issues	<ul style="list-style-type: none"> • Maintain the basic rights of employees and strive to contribute to employees, stakeholders, and the society with good social citizenship. • 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.
Ethical management	<ul style="list-style-type: none"> • Organize training courses on ethical corporate management and promote the awareness and regulations of ethical corporate management in the orientation and on the website. • Set up a grievance system and have designated persons take charge of the follow-ups.
Risk management	<ul style="list-style-type: none"> • 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.

(II) Major issues

Materiality determination process

<ul style="list-style-type: none"> • Frequency: Once a year • Material process/material issue review and signature: Approved by the President (representative of the highest governance unit). • Types of stakeholders participating in the evaluation process: The ESG team members in each department and division collect issues that are of concern to stakeholders in each business function. 		
Material topic identification procedure		
1. Continuously collect/identify various sustainability issues	2. Significance ranking	3. Result confirmation/ material issues matrix
Collect international sustainable issues, disclosure frameworks / standards (such as GRI standards, TCFD, and SASB), and relevant news about Fulgent Sun in 2022, and identify various ESG issues in line with short-term, mid-term, and long-term ESG goals.	Representatives of the ESG team after completing topic significance evaluation will conduct final topic analysis and discussion based on internal considerations, industry practices, and benchmarks, set the “materiality threshold” of actual and potential impact topics, and initiate ranking to complete the “annual material topic matrix.”	The “Annual Material Topic Matrix” confirmed by the ESG Committee will be submitted to the “Chairman (representative of the highest governance unit)” for review and approval. The matrix will be prepared based on the identification results of the current year, which will be served as an important reference for ESG report disclosure/action plan planning.

Material topic identification results

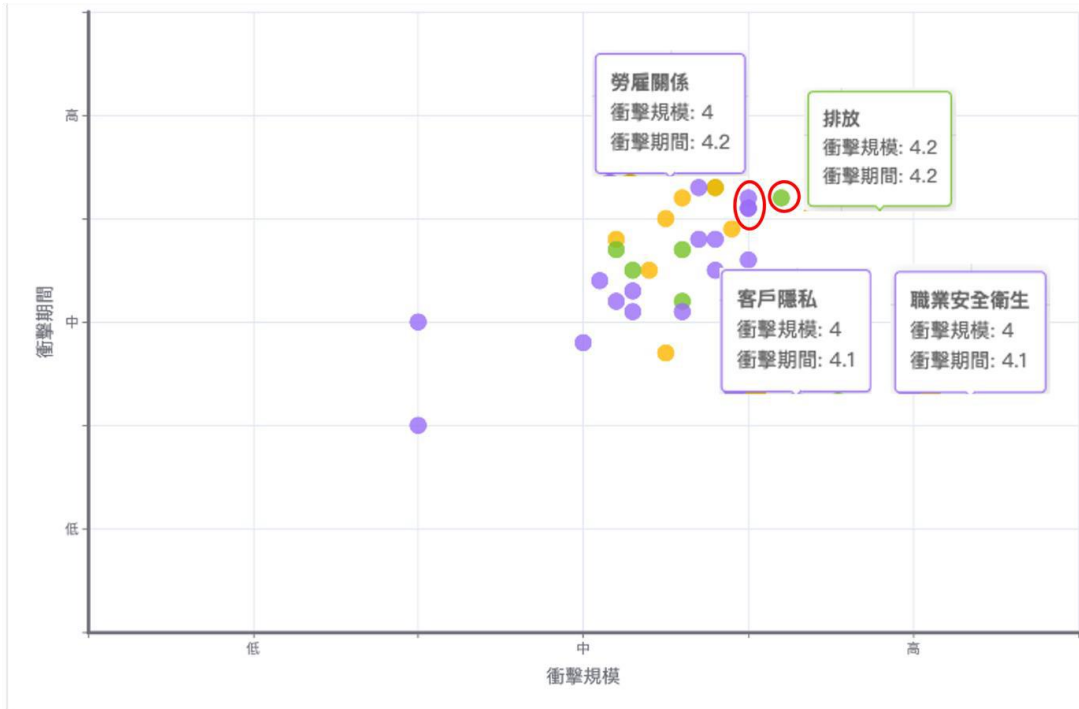
Fulgent Sun considers the topic’s “impact (positive/negative) on the economy, environment, and people” at the time of evaluating material topics in order to identify the internal and external impacts of the topic comprehensively.

Impact type	ESG-aspect	Material topic	Materiality principle Impact on economy, environment, and people	Source of impact	Impact object
Actual positive	E	Emission	Sustainable management is the main business goal of the Company. The Company always observes domestic and international new issues and trends, and plans to introduce the SASB and TCFD frameworks into the ESG reports.	Operational activities products and services business relationships	Suppliers, employees, and customers
	S	labor-employer relationship	Protect the rights and interests of employees and maintain a smooth communication channel, establish a comprehensive maternity and vacation subsidy mechanism properly safeguard the rights and interests of employees, take care of employees and their family members, and establish a good employee welfare mechanism.	Operational activities products and services business relationships	Employees
		Occupational safety and health	Construct a comprehensive safety and health management system, provide employees with regular health check-up and occupational safety training enhance employees’ self-awareness of physical health, and protect the health and safety of workers comprehensively.	Operational activities products and services business relationships	Employees, and customers

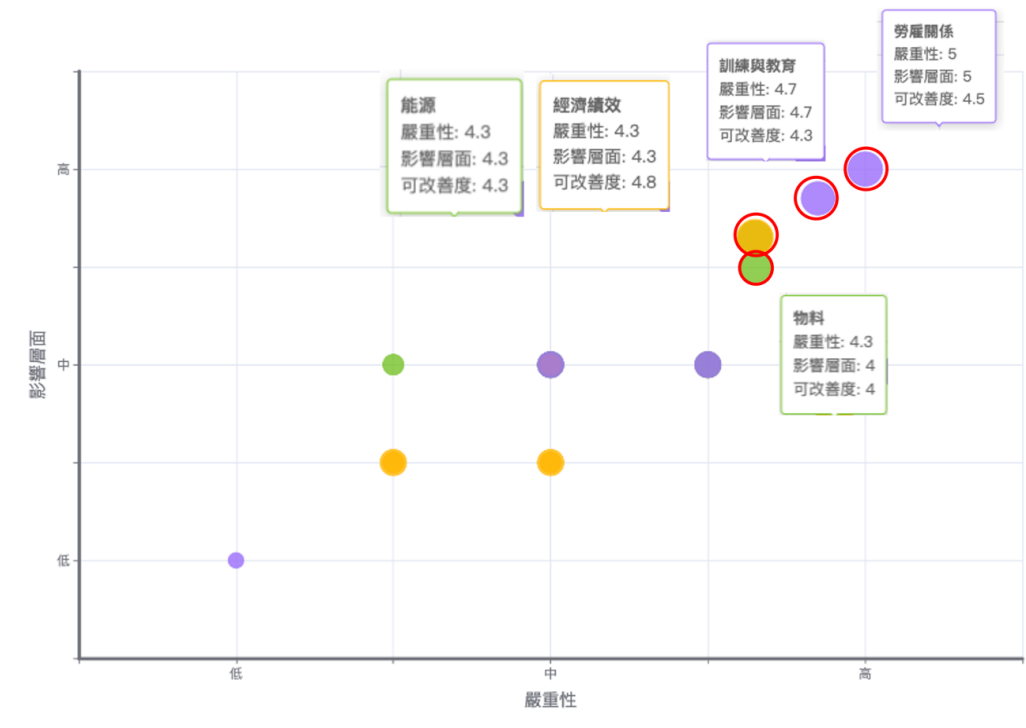
Impact type	ESG-aspect	Material topic	Materiality principle Impact on economy, environment, and people	Source of impact	Impact object
Actual positive	S	Customer privacy	In terms of protecting customers' intellectual property rights, in addition to the confidentiality agreements regulated by brand customers, Fulgent Sun also regularly performs audits and drills for relevant R&D personnel, and strictly warns and promotes the importance of data confidentiality.	Operational activities products and services business relationships	Suppliers and customers
Actual negative	S	Labor-employer relationship	It is difficult to recruit outstanding talents due to the geographical proximity. Fulgent Sun strives to fulfill the basic responsibility of creating harmonious labor relations, establishing a good employee welfare mechanism, and expecting to recruit more outstanding local and home-coming young people.	Operational activities	Employees
		Training and education	Provide new recruits an orientation, regularly plan professional training for employees with their personal career plan taken into account to help them improve their personal abilities, which is beneficial to Fulgent Sun in improving the overall quality, personal quality, and work skills of employees.	Operational activities	Employees
	G	Economic performance	The Company's operations are with an aim for fulfilling the corporate social responsibility and sustainable management, complying with laws and regulations, and generating profits with the rights and interests of stakeholders taken into account.	Operational activities products and services business relationships	Employees
	E	Energy	Strive to improve the utilization efficiency of various resources, reduce energy consumption in the factory, and achieve the KPIs of energy saving and carbon reduction, which helps Fulgent Sun effectively reduce greenhouse gas emissions and pursue the goal of net-zero emissions.	Operational activities products and services business relationships	Customers
		Materials	The operations of international companies are easily affected by the global pandemic and international situations. We strive to maintain good interactions with the supply chains designated by customers in order to control operating costs.	Operational activities products and services business relationships	Suppliers
Potential negative	S	Labor Relations	The Company continues to focus on the key business goals of complying with labor rights laws and regulations and establishing complaint communication channels.	Operational activities	Suppliers, employees, and customers

Material topic Matrix

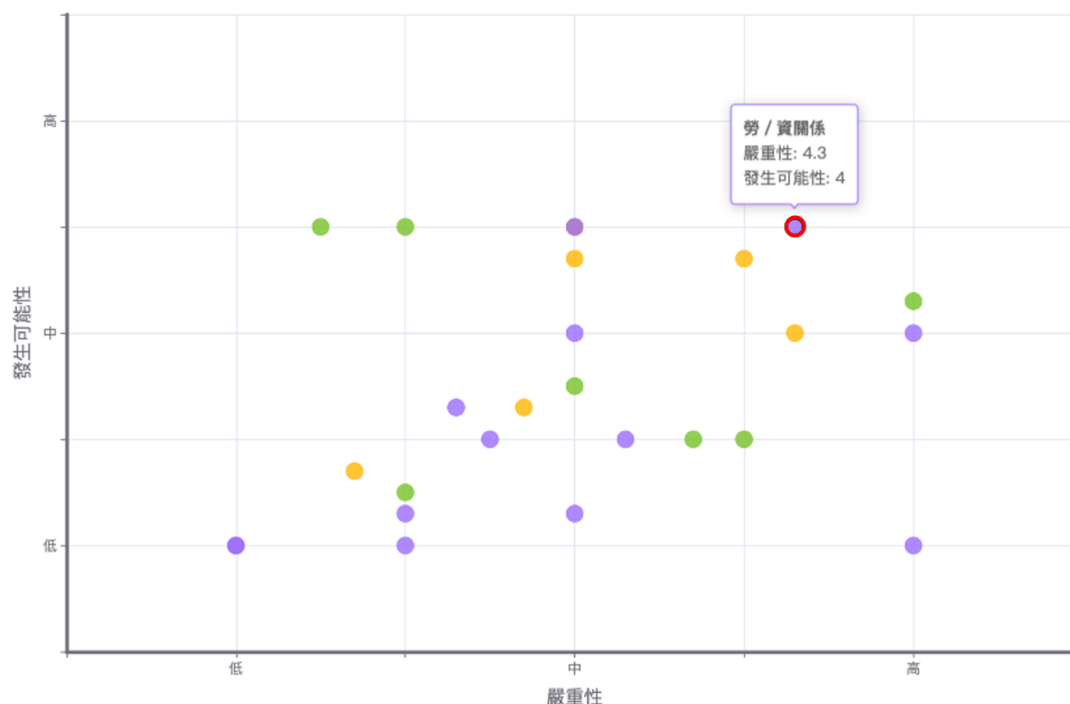
(1) Source of impact: Actual positive



(2) Source of impact: Actual negative



(3) Source of impact: Potential negative



List of material topics

Sustainability aspect	Material topic	Policies and Commitments	Inspection and tracking mechanism	Goals	The 2022 development schedule
G	Economic performance	The Company's operations are with an aim for fulfilling the corporate social responsibility and sustainable management, complying with laws and regulations, and generating profits with the rights and interests of stakeholders taken into account.	Monthly consolidated revenue and quarterly consolidated financial statements are announced on the Market Observation Post System and the Company's official website.	Continue the management synergy of implementing the capacity expansion plan, demonstrating the diverse distribution of factories, dispersing sales regions worldwide, and product portfolio optimization.	The consolidated revenue amounted to NT\$24.18 billion in 2022, a record high. In terms of sales ratio by region (destination designated by brand customers), Europe and the United States remain the main markets, accounted for as high as 90% jointly.
E	Materials	The operations of international companies are easily affected by the global pandemic and international situations. We strive to maintain good interactions with the supply chains designated by customers in order to control operating costs.	Promote the recycling and reuse of production waste in the factory based on the concept of circular economy.	Implement various resources recycling and reuse measures in daily operations and manufacturing processes. Strive to reduce the use of raw materials and improve resource efficiency through reduction, recycling, and reuse mechanisms and based on the concept of circular economy.	A total of 584 tons of rubber and 208 tons of EVA scraps were recycled in the manufacturing process in 2022.

Sustainability aspect	Material topic	Policies and Commitments	Inspection and tracking mechanism	Goals	The 2022 development schedule
E	Energy	Strive to improve the utilization efficiency of various resources, reduce energy consumption in the factory, and achieve the KPIs of energy saving and carbon reduction, which helps Fulgent Sun effectively reduce greenhouse gas emissions and pursue the goal of net-zero emissions.	Regularly compile statistics on the results of energy-saving projects and have them published in the Company's annual report and on the Company's official website.	Promote energy management and resource recycling, and strive to improve resource efficiency continuously. We comply with local environmental regulations where the factory located, and promote it in accordance with the relevant regulations of brand customers.	There were 1,497,371KG of non-hazardous waste and 85,440KG of hazardous waste generated in the main production base in 2022. The total solar power generation was 5,784.70MWh, and carbon emissions were reduced by 3,532.39 Co2/ hour, which is equivalent to afforestation of 106.18 hectares. Wastewater discharge has met the emission standards regulated by local laws and regulations.
	Emission	Sustainable management is the main business goal of the Company. The Company always observes domestic and international new issues and trends, and plans to introduce the SASB and TCFD frameworks into the ESG reports.	The SASB and TCFD frameworks are introduced in the ESG report, and a greenhouse gas inventory is conducted at the Taiwan headquarters.	Introduce greenhouse gas inventories in each factory gradually in accordance with relevant laws and regulations on sustainable development, and plan a third-party verification schedule.	The greenhouse gas inventory conducted at the Taiwan headquarters in 2022 includes direct greenhouse gases 29.8108 (t-CO2e/ year), indirect greenhouse gases 182.9224 (t-CO2e/ year), and total emissions 212.733 (t-CO2e/ year).

Sustainability aspect	Material topic	Policies and Commitments	Inspection and tracking mechanism	Goals	The 2022 development schedule
S	Labor-employer relationship	Fulgent Sun's fundamental responsibility in promoting labor-employer relation is to protect the rights and interests of employees and maintain a smooth communication channel. Also, establish a good employee welfare mechanism to help promote labor-employer harmony.	Regularly conduct statistics on the new recruits / retired employee and the diversity of incumbent employees. Record the minutes of labor-employer meetings and announce the meeting contents internally within the Company.	Protect the rights and interests of employees and maintain a smooth communication channel. Promote gender equality and related welfare policies continuously, and establish a good employee welfare mechanism.	The labor-employer meetings are held at the headquarters every quarter with the employee benefits updated occasionally.
	Labor Relations	Implement relevant rotation principles and layoff notifications and announcements in line with the Labor Standards Act.	Regularly conduct evaluations and rewards based on the evaluation and salary determination guidelines.	Fulgent Sun has recruitment, promotion, and layoff implemented through communication with the employees to confirm mutual consensus and to have it implemented in accordance with the Labor Standards Act.	No inappropriate situations occurred in 2022.
	Occupational safety and health	We continue to invest resources and actively seek and solve health and safety issues that may occur in the workplace by referring to the structure of the ISO 45001 occupational safety and health management system. We also provide employee with health examinations and safety training regularly, as well as protective equipment depending on the characteristics of the manufacturing process in order to ensure employee work safety.	Carry out occupational injury and disability injury data statistics. Perform environmental, safety and health inspections regularly in the workplace. Disaster prevention insurance is acquired for each factory.	Create a healthy and safe workplace continuously with the goal of zero work-related injuries and zero disasters aimed.	No occupational injuries occurred in 2022.

Sustainability aspect	Material topic	Policies and Commitments	Inspection and tracking mechanism	Goals	The 2022 development schedule
S	Training and education	Provide a high-quality and safe working environment, plan a progressive and comprehensive training system, build up diverse and high-quality learning capabilities, and enhance the competitiveness of employees and the Company in coordination with professional functions at different levels.	Organize internal and external education and training and senior management meetings occasionally.	Plan different training structures; also, the training plan will be continuously optimized according to the field and level of employees in order to expand career development opportunities.	There were a total of 45,992.5 hours of education and training arranged for 15,309 people in 2022.
	Customer privacy	Fulgent Sun “strictly complies with customer agreements and confidentiality commitments.” We respect and dedicate to protect the privacy and confidentiality of our customers. The confidentiality of the products, technologies, and related information provided by our customers is properly protected by us with confidentiality contracts signed with customers and suppliers.	In addition to signing and complying with the confidentiality agreements with brand customers, we also regularly promote and educate relevant R&D personnel on the importance of confidentiality.	Protect the information security of customers through strict control mechanisms.	The was no violation against customer privacy or harm to the rights and interests of customers or suppliers due to the loss of customer and supplier information in 2022.

(III) Stakeholder engagement

Fulgent Sun has a diversified communication and interactive management established with an engagement conducted with stakeholders regularly or occasionally. In addition, a corresponding department and channel is set up to provide immediate and appropriate communication and response to stakeholders' issues of concern; also, understand their expectations and needs from Fulgent Sun as a reference in forming sustainable strategies and action plans.

We adopt the six principles of the AA 1000 SES Stakeholder Engagement Standard (SES) to identify the stakeholders of Fulgent Sun based on their responsibilities, influence, proximity, dependence, representation, and policy implications, which include shareholders/investors, employees, consumers/customers, suppliers/contractors, communities, etc.



1. Stakeholder communication results

Stakeholders type	Purpose of engagement	Engagement channel	Frequency of engagement
Shareholders and investors	Shareholders/investors are those who hold the stock shares of Fulgent Sun, and we are responsible to them.	<ol style="list-style-type: none"> 1. General Shareholders Meeting 2. Investor Conference 3. Real-time important information 4. Set up a stakeholder section on the Company's website with emails provided. 	<ol style="list-style-type: none"> 1. Once a year 2. Regular / occasional 3. In time 4. In time

Stakeholder type	Purpose of engagement	Engagement channel	Engagement frequency
Consumer/ Customer	Global brand customers are the main source of income of Fulgent Sun. We value the importance of protecting customer privacy and business secrets. We intend to grow together with our customers through frequent communication, collaborative prevention and continuous improvement of products and services.	<ol style="list-style-type: none"> 1. Participate in brand customer seminars 2. Cooperate with customers' requirements in and inspections of product, environment, responsibility, etc.; also, collaborate on prevention and continuous improvement 3. Direct communication 4. Participate in brand customer quarterly evaluation report meetings. 5. Set up a stakeholder section on the Company's website with email addresses and contact phone numbers provided so to establish a smooth communication channel between the Company and customers. 	<ol style="list-style-type: none"> 1. Regularly 2. In time 3. Occasionally 4. Quarterly 5. In time
Employees	Fulgent Sun deems the employees as the Company's key stakeholders and important assets, and they are the key competitive element for the Company to move towards sustainable operations and excellence.	<ol style="list-style-type: none"> 1. Convene new recruit seminars, labor-management meetings, and management meetings. 2. Provide employee with health examinations and consultations. 3. Set up a stakeholder section on the Company's website with email addresses and contact phone numbers provided so to establish a smooth communication channel between the Company and employees. 	<ol style="list-style-type: none"> 1. Occasionally 2. At least once per employee 3. In time
Supplier/ Contractor	Fulgent Sun's suppliers and partners include manufacturers and agents. In addition to maintaining smooth communications with suppliers on a regular basis, the supplier evaluation reports are also prepared.	<ol style="list-style-type: none"> 1. Formulate conflict minerals management and control policies 2. Direct communication 3. Supplier evaluation reports are prepared regularly. 4. Set up a stakeholder section on the Company's website with email addresses and contact phone numbers provided so to establish a smooth communication channel between the Company and suppliers. 	<ol style="list-style-type: none"> 1. Long-term 2. In time 3. Quarterly 4. In time
Community	Fulgent Sun stays in contact with the community closely and it is one of the sources of employees that helps support the stable operations of the Company, promotes corporate social responsibility, develops social feedback, and enhances positive social influence.	<ol style="list-style-type: none"> 1. Conduct communication meetings with the community. 2. Set up a stakeholder section on the Company's website with email addresses and contact phone numbers provided so to establish a smooth communication channel between the Company and community. 3. Participate in the charity activities of the communities in the adjacent area of the factory. 	<ol style="list-style-type: none"> 1. Occasionally 2. In time 3. Occasionally

2. Diverse communication and complaint channels

Fulgent Sun has diversified communication channels established to understand issues that are of concern to stakeholders actively and to have them handled and responded to promptly in order to fulfill the commitment to corporate social responsibility. The contact window is designated for the questions or suggestions made to Fulgent Sun by stakeholders (such as shareholders, employees, and suppliers).

We have formulated the “Report acceptance channels and processing procedures for unethical conduct and ethical corporate management” and established internal and external reporting channels and processing systems in order to substantiate our “Code of Ethics and Ethical Corporate Management Best Practice Principles” and to ensure the legitimate rights and interests of the whistleblowers and counterparty.

We handle whistleblowing cases in a confidential manner to protect whistleblowers and complainants. Members of the investigation team and relevant parties shall keep the investigation process and relevant information in confidence and shall not announce it to the public without authorization. The reporting channels are:

- (1) Anti-corruption mailbox: Handle matters reported by the shareholders, investors, customers, suppliers, contractors, and other stakeholders.
- (2) Human Resources Department: Handle the matters reported by colleagues within the company.

3. Participate in associations and societies

Association/organization name	Participation identity	Invested amount
SATRA	General member	NT\$206,511



VI. Value the important of product responsibility

VI. Value the important of product responsibility

(I) International product certification

1. Innovative R&D

Fulgent Sun actively engages in innovative research and development, transforms to green industries and environmentally friendly production, creates new processes and technologies, develops new chemicals for production, and reconfigures process to meet the requirements of solvent concentration restrictions, such as sole bonding and synthesis spraying process. In addition to seeking environmentally friendly shoe materials and overcoming environmental protection regulations, the Company also develops high-performance materials to meet consumers' needs in product quality, comfort, and healthcare functions.

Fulgent Sun Group, Sustainable Innovation	
Strategy	Responding to the trends and meeting market demands, customer-oriented, and improving production efficiency in each factory
Thinking	Automation, easy production, and diversification

Fulgent Sun for the sake of responding to market trends is focusing on developing smart shoes. Consumers' requirements for the quality and functionality of footwear include the function of foot protection and a sense of safety and comfort. Fulgent Sun strives to protect the safety of users, establish efficient and safe smart shoes development, improve smart shoes technology, and enhance product competitiveness.

Global competition is becoming brutal gradually. Fulgent Sun for the sake of improving the efficiency and scale of the footwear production is having the manufacturing process developed towards automation, easy production, and diversification. A large number of robot arms equipped with automation control system are used in the production processes that are highly repetitive and require process precision in order to have the quality of shoes stabilized, the higher production efficiency achieved, the factory managed more effectively, and the manufacturing costs reduced. Achievements in innovative technologies are as follows:

Fulgent Sun continues to explore in a great extent and achieve the integration of industry and academia in the field of automation, which is reflect in the practical applications at the factory. The key applications of automation in 2022 are as follows:

- In addition to making breakthroughs in the manufacturing process of plasma treatment technology, Fulgent Sun values the importance of improving the workplace environment.
- Resolve the problems of dust and noise resulted from traditional manual work, reduce the fatigue of employees in operations significantly, and the effort of replacing experience and proficiency with data-path helps reduce the threshold of personnel requirements greatly in this process.
- In terms of shoe soles, the front-end unit and the production unit base on the research spirit to do trial and error and record relevant parameters for different formulas and types of sole continuously to maximize the application of this equipment and highlight the value of this technology.
- Fulgent Sun's cutting automation process is highly advanced. The application of automatic leather cutting machine is the last piece of the puzzle, allowing different types of materials to achieve the highest production efficiency with the use of different equipment in this process.
- Fulgent Sun has made it the primary mission to reduce leather waste and maximize the use of materials, which helps realized the commitment of the Company to be friendly to the environment. The application of this equipment has been promoted to all workplaces of the Group. We aim to achieve the desired utilization with the use of the visual photography and circling defects with an electronic pen, and taking advantage of the automatic computer layout and minimal settings of cutting margins.

- Insisting in research an exploration is the driving force for our continuous progress. Improve and breakthrough the mature production process, and search for the ways to have the application of automation blended into every corner of Fulgent Sun’s factories and in the hearts of all employees continuously.

The strategic thinking of “shoe development” and “automation,” and major innovation achievements include:

Item	Content
Supercritical foam inserts	The development of lightweighted and highly flexible mid-insert materials can be applied to different shoe models. The quality of our made-in-house materials can be controlled and the development time can be shortened effectively.
3D knitted vamp of a shoe	3D knitted vamp of a shoe with coverage/wearing comfort increased.

2. Product certification

Fulgent Sun continues to enhance manufacturing technology and accelerate product delivery with strict technical requirements and standards, introduces various international certifications, strives to provide customers with the highest quality products, and meets global customers’ needs for high-quality products.

Certificates

Factory	Certificates
Fujian Sunshine	<ul style="list-style-type: none"> • GORE-TEX certification • SATRA lab certification • ISO 9001: 2008 • GB/T 19001-2000 • GRS 4.0-2023
Vietnam Fulgent Sun	<ul style="list-style-type: none"> • GORE-TEX certification • SATRA lab certification
Cambodia Sunbow	<ul style="list-style-type: none"> • GORE-TEX certification

Skills and products

Capable of manufacturing a variety of footwear:

- Cold bonding shoes:

Sports shoes, running shoes, tennis shoes, basketball shoes, snow boots, outdoor sandals, loafer, outdoor shoes, waterproof shoes, and GORE-TEX shoes

- Vulcanized products: Shell shoes & vulcanized shoes

- Garage composition:

Rubber sole, EVA, injected EVA, embroidery, printing, high frequency, and laser

Other sustainability certifications

Factory area	International certification	International certification instructions
All factories	Higg FEM certification	<ul style="list-style-type: none"> • The Higg Index is an innovative self-evaluation tool developed by the Sustainable Apparel Coalition (SAC). • Higg is to assist apparel and footwear manufacturers, retailers, and brand owners to evaluate the impact on environmental, social, and labor performance, and to identify opportunities for improvement at each stage of product life cycle.
Fulgent Sun	Bluesign Product	<ul style="list-style-type: none"> • Bluesign® is an international environmental protection standard formulated by experts and representatives jointly from the European Union with the headquarter located in Switzerland; also, it is a certification standard recognized by many textile suppliers worldwide. • Bluesign® certification evidences the optimization of the efficiency of product resources in use and minimization of the impact on the environment; furthermore. The mission is to ensure that the textile production process and products are fully consistent with the strict safety regulations of ecology, health, and consumption.
Sunshine	IPE blue map	<ul style="list-style-type: none"> • IPE is with an environmental information database and two application platforms including the Blue Map website and the Blue Map APP constructed. The environmental data service is integrated into the green procurement, green finance, and government environmental decision-making. • Encourage a large number of enterprises to realize environmental protection transformation and to promote the improvement of environmental information disclosure and environmental governance mechanisms through the joint efforts of enterprises, governments, public welfare organizations, research institutions, etc.
Sunshine	GRS Global Recycling Standard Certification	<p>Global Recycled Standard Certification (GRS Certification) is an international, voluntary, and comprehensive product standard with the third-party certification requirements for recycling, chain of custody, social and environmental practices, and chemical restrictions formulated. The goal of GRS certification is to increase the use of recycled materials in products and to reduce or eliminate the hazards caused by productions.</p>
Sunbow	Unido	United Nations Industrial Development Organization (UNIDO).

(II) Attentive customer service

1. Customer Privacy

Fulgent Sun “strictly complies with customer agreements and confidentiality commitments.” We respect and dedicate to protect the privacy and confidentiality of our customers. The confidentiality of the products, technologies, and related information provided by our customers is properly protected by us by signing confidentiality contracts with customers and suppliers.

We implement strict control mechanism to ensure that our relevant internal and external personnel and manufacturers have adhered to high ethical standards in conducting relevant operations, and including the “Customer and Supplier Privacy Protection” in the orientation courses for new recruits. Fulgent Sun shall ensure that every employee can uphold confidentiality when dealing with customers through training and management. Under the specific mechanisms control of Fulgent Sun, there is no violation of customer privacy rights or loss of customer or supplier information that is detrimental to the rights and interests of customers or suppliers.

Control level	Control mechanism	Mechanism description
Internally	Remote data backup	Guarantee data security. Files in the backup database will be restored regularly to simulate disaster drills (database, file, and restore test).
	Firewall Internet Access Control (AC)	Users are allowed to access specific websites only in order to reduce the risk of leaks and virus attacks.
	USB control	The Company’s internal computer USB is blocked through AD domain control strategy and restriction, which is limited to only few users’ USB in a read-only state (can only read, not write) in order to reduce the chance of virus attacks and the risk of leaks.
	Anti-virus software	Each computer is equipped with ESET anti-virus software to have the virus databases updated daily and virus cleaning performed monthly.
	Account management	The email account and ERP accounts of the employees will be deleted immediately upon their resignation.
	ERP/Email Settings Permission	Set permissions for ERP and mailbox, the receiving and sending external emails as needed, and receiving and sending emails through external network as needed.
	Access card control	Candidates are interviewed before recruitment with their personal political backgrounds reviewed. Propagandize the Company’s relevant controls and brand confidentiality requirements to them. The personal identification card will be issued to the new recruits for entering and exiting the premise of the Company upon their completing the personal information entry.
	Factory control by external personnel	The R&D center is limited to the authorized personnel only. Those who need to access to the R&D center must file for approval to the responsible officer in advance and must be accompanied by the responsible person during the tour. Photography and video recording are prohibited during the visit.

Control level	Control mechanism	Mechanism description
External	DDOS attack protection	<ul style="list-style-type: none"> The email service is with the anti-brute force attack and DDOS attack protection enabled. The IP will be automatically blacklisted after three failed attempts of entering the password. The IP will also be automatically blacklisted after excessive times of access in order to prevent DDOS attacks. Sangfor Firewall Application Deliver (AD) virtual service can be reconnected and the number of simultaneous connections can be reduced to resist attacks. Also, there are only specific ports not all disclosed on the Internet.
	Factory control by external personnel	<ul style="list-style-type: none"> Visitors must truthfully fill in the reason for their visits, replace the admission identification card with a valid personal ID, and their mobile phone must be placed in a transparent bag for answering calls only. Visitors must truthfully register their brand and identity information, wear customer identification tags, and be led to the designated office by personnel from the corresponding unit. A confidentiality agreement is signed with cooperating brands.

2. Customer health and safety certification/verification

Fulgent Sun must have products passed safety certifications such as RSL/GB/CPSIA/KC/SGS/CSA/ASTM/EN ISO before shipment. We for the sake of providing global customers with high-quality and environmentally friendly products comply with the Restricted Substances List (RSL) specified by our customers strictly, and implement strict procurement specifications and strategies to ensure our products in compliance with international health and safety standards.

Fulgent Sun for the sake of ensuring the effectiveness and safety of the raw materials used maintains regular communication with customers and accepts audits from customers. In terms of ensuring product quality, the raw materials to be purchased must be evaluated in advance in order to prevent the material from containing the restricted substances as specified by the customer. If the purchased materials are found containing restricted substances in the subsequent incoming inspections, the purchased material will be quarantined and may not be used for production so to ensure that no material that is harmful to the human body or the environment is used in the production process.

Fulgent Sun is a member and certification laboratory of the most authoritative British SATRA organization in the footwear industry. SATRA organization provides the services of footwear research and testing in accordance with international standards. Fulgent Sun conducts quality classification according to SATRA standards, and bases on the material testing and sampling methods to check whether the color, material, texture, and rules comply with the standards in order to ensure the quality of raw materials.

(III) Supply chain management

We base on the principle of “being diligent-oriented, striving for excellence together with our suppliers, and becoming an enterprise trusted by our customers and partners” to encourage our suppliers and partners to refer to and follow the relevant ethics and human rights standards of ours, and provide dedicated and transparent complaint channel to ensure a sustainable and honest operation.

- (1) The “Supplier ESG Questionnaire” is reviewed to ensure the sustainability of the supply chain, and inform the suppliers regarding Fulgent Sun’s code of conduct for them to promote it to their employees internally.
- (2) We after signing a contract with our suppliers will strive to understand and evaluate their implementing ethical corporate management and/or code of conduct by an “on-site audit.”

1. Conflict Minerals Management

The mineral resources from the Democratic Republic of the Congo and the adjacent countries and regions are known as “conflict minerals” due to the serious violation of human rights and environmental problems caused by the mining process.

Fulgent Sun as a global enterprise is committed to complying with the “conflict minerals” regulations of the United States Securities and Exchange Commission voluntarily, and promises to voluntarily conduct inspections and disclose information on whether conflict minerals are used in productions. Under the circumstance, the Company has formulated the “Fulgent Sun Conflict Minerals Control Policy” and worked with our suppliers and partners to ensure that the aforementioned “conflict minerals” are not used by signing the “Conflict Minerals Guarantee Letter.” Fulgent Sun takes four steps to ensure complying with this international standard, including:

- (1) Determine the scope of products and suppliers - conduct audits on suppliers.
- (2) The suppliers are requested by the Procurement Department to investigate the country of origin: Provide the name of the smelter, review and identify the origin of the minerals, and provide a smelter’s mineral procurement certificate verified by an impartial third-party.
- (3) Carry out due diligence - Trace and verify whether there are conflict minerals in the materials based on the supplier’s response.
- (4) The inspection unit keeps data records.

2. Key supplier management/auditing

Fulgent Sun’s suppliers and partners include manufacturers and agents. Fulgent Sun for the sake of ensuring that the partners can reduce the impact on the environment and society in the process of providing products and services has maintained a smooth communication with them regularly (via email, phone, and communication software); also, we request our key suppliers to provide the following ESG-related guarantees and self-evaluation forms to substantiate our commitment to sustainability:

- EU RoHS and Conflict Minerals Guarantee
- Supplier CSR Self-Evaluation Form
- Supplier’s Commitment Letter on Ethical Corporate Management/Implementation of Social Responsibility

3. Green Procurement Thinking/Achievements

In addition, Fulgent Sun for the sake of promoting the sustainable low-carbon transformation of the footwear adopts a green procurement mindset to operate the factories worldwide. In addition to purchasing environmentally friendly, harmless, and non-toxic raw materials or semi-finished products, Fulgent Sun also actively cooperates with local procurement partners to substantiate local raw material procurement in order to reduce transportation carbon emissions and fulfill the environmental responsibility of energy saving and carbon reduction that helps reduce procurement costs directly and reinforce the development of the local economy.

Factory area	Taiwan Headquarters	Fujian Sunshine	Vietnam Fulgent Sun	Cambodia Sunbow
Green purchasing ratio	33.35%	62.73%	3.52%	0.40%

Note:

1. The “total purchase amount from the country” is summarized statistically for each factory worldwide according to the list of suppliers provided by the headquarters.
2. Fulgent Sun’s “local procurement” = The purchase amount from local suppliers in the country where the factory located. Fulgent Sun is an international Group with a global sourcing system in service; therefore, Fulgent Sun has strived to make contribution to the local economy of the country where it operates by initiating local procurement.



VII. Caring for employees

VII. Caring for employees

(I) Manpower structure

1. Employee structure (labor relations)

Fulgent Sun deems the employees as the Company’s key stakeholders and important assets, and they are the key competitive element for the Company to move towards sustainable operations and excellence. Under the circumstance, we base on 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, so our employees can work dedicatedly and happily.

Fulgent Sun had a total of 41,898 employees worldwide as of 2022. We do not employ child labor and do value the importance of employee diversification and equality in our global factories. We also provide an equal and friendly remuneration and welfare mechanism to our foreign employees, including a safe and healthy working environment.

Minimum notice period for operational changes

Fulgent Sun’s philosophy is people-oriented, and has all employees treated equally regardless of their respective position and seniority. We conduct communications with employees to confirm mutual understanding and consensus on the issues of recruiting new people, preventing job rotation and promotion and demotion, laying off employees for those who are failing in job performance, etc.

Relevant job transfer principles and layoff reporting and notices are carried out in accordance with the Labor Standards Act as follows: 1. A 10-day notice will be issued to those who continue to work for more than 3 months but less than 1 year, 2. A 20-day notice will be issued to those who continue to work for more than 1 year but less than 3 years, 3. A 30-day notice will be issued to those who continue to work for more than 3 years. The five principles for job transfer:

1. It is based on the necessity of business operation without any improper motive and purpose, unless it is otherwise provided by law.
2. No adverse change is made to workers’ wages and other working conditions.
3. The workers must be physically and technically competent for the new job assignment.
4. The employer should provide necessary assistance in commute for those who have been relocated to a remote work location.
5. Consider the living interests of workers and their families.

(1) Employee communication

We build and provide diversified “labor-management communication” interfaces to actively listen to and respond to employees’ voices. Also, we specifically respond to and improve the employee care system to ensure a harmonious labor-employer relationship through the “employee proposal improvement system.”

Item	Taiwan	Other factories
Communication frequency	1 time per season (regular)	Occasionally
Communication channel	In addition to the suggestion box provided, employees can communicate or make complaints in writing or by QR code scanning, telephone hotlines, or face-to-face; also, a regular labor-employer meeting is held to protect employees’ rights and obligations.	In addition to the suggestion box provided, employees can communicate or make complaints in writing or by QR code scanning, telephone hotlines, or face-to-face.

1-1 Staff Structure-Taiwan Headquarters

(1) Taiwan Headquarters

Item	Type	Male (person)	Female (person)	Total (person)
Contract	Full-time job (non-term contract)	19	124	143
	Temporary (term contract)	-	1	1
Nationality	Nationality of the local place	19	125	144
Type	Full time	19	125	144
	Part time (including work study)	-	1	1

Note: Nationality of the local place is based on the country where the “operating base” is located..

1-2 Employee Structure-Fujian Sunshine

(2) Fujian Sunshine

Item	Type	Male (person)	Female (person)	Total (person)
Contract	Full-time job (non-term contract)	933	1,659	2,592
Nationality	Nationality of the local place	933	1,659	2,592
Type	Full time	933	1,659	2,592

Note: Nationality of the local place is based on the country where the “operating base” is located.

1-3 Employee Structure-Vietnam Fulgent Sun

(3) Vietnam Fulgent Sun

Item	Type	Male (person)	Female (person)	Total (person)
Contract	Full-time job (non-term contract)	579	4,105	4,684
	Temporary (term contract)	2,973	6,133	9,106
Nationality	Nationality of the local place	3,507	10,216	13,723
	Foreigner	45	22	67
Type	Full time	3,552	10,238	13,790

Note: Nationality of the local place is based on the country where the “operating base” is located.

1-4 Staff Structure-Cambodia Sunbow

(4) Cambodia Sunbow

Item	Type	Male (person)	Female (person)	Total (person)
Contract	Full-time job (non-term contract)	708	2,944	3,652
	Temporary (term contract)	1,413	3,272	4,685
Nationality	Nationality of the local place	2,072	6,176	8,248
	Foreigner	49	40	89
Type	Full time	2,121	6,216	8,337

Note: Nationality of the local place is based on the country where the “operating base” is located.

2. Employee Diversity (Equality with Employees)

(1) Anti-discrimination

Fulgent Sun is committed to providing employees with a safe and comfortable working environment. Fulgent Sun as an international enterprise strives to comply with the laws and regulations of the countries where we operate, and protects the human rights and equal employment opportunities of the employees.

In terms of the system, we substantiate the principle of diversity in employees, fairness in remuneration and promotion, and protection against any unfair treatment and discrimination in any form for a reason of gender, race, age, marriage, language, thought, religion, political orientation, appearance, facial features, physical or mental disabilities, etc.



2-1 Employee Diversity-Taiwan Headquarters

(1) Taiwan Headquarters

Item	Type	Male (person)	Male (%)	Female (person)	Female (%)	Total (person)	Total (%)
All employees	Total number of employees	22	14.7651	127	85.2349	149	-
	Under 29 years old	7	4.6980	52	34.8993	-	-
	30~50 years old	10	6.7114	68	45.6376	-	-
	Over 51 years old	5	3.3557	7	4.6980	-	-
Highest governance unit	Total number of employees	5	3.3557	3	2.0134	8	5.3691
	Under 29 years old	-	-	-	-	-	-
	30~50 years old	1	-	-	-	-	-
	Over 51 years old	4	-	3	-	-	-
Senior executive	Total number of employees	2	1.3423	7	4.6980	9	6.0403
	Under 29 years old	-	-	-	-	-	-
	30~50 years old	1	-	6	-	-	-
	Over 51 years old	1	-	1	-	-	-
Mid-level executive	Total number of employees	2	1.3423	21	14.0940	23	15.4362
	Under 29 years old	1	-	-	-	-	-
	30~50 years old	1	-	21	-	-	-
	Over 51 years old	-	-	-	-	-	-

Item	Type	Male (person)	Male (%)	Female (person)	Female (%)	Total (person)	Total (%)
General employees (DL)	Total number of employees	-	-	-	-	-	-
	Under 29 years old	-	-	-	-	-	-
	30~50 years old	-	-	-	-	-	-
	Over 51 years old	-	-	-	-	-	-
General employees (IDL)	Total number of employees	13	8.7248	96	64.4295	109	73.1544
	Under 29 years old	6	-	52	-	-	-
	30~50 years old	7	-	41	-	-	-
	Over 51 years old	-	-	3	-	-	-
Aborigines	-	-	-	-	-	-	-
Persons with physical and mental disabilities	-	-	-	-	2	1.3423	

Note:

1. Fulgent Sun's employee ranks

Advanced level: Junior Vice President and above

Intermediate level: Managers/assistant manager level:

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

2-2 Employee Diversity – Fujian Sunshine

(2) Fujian Sunshine

Item	Type	Male (person)	Male (%)	Female (person)	Female (%)	Total (person)	Total (%)
All employees	Total number of employees	933	35.9954	1,659	64.0046	2,592	-
	Under 29 years old	189	7.2917	204	7.8704	-	-
	30~50 years old	540	20.8333	1,118	43.1327	-	-
	Over 51 years old	204	7.8704	337	13.0015	-	-
Senior executive	Total number of employees	12	0.463	19	0.733	31	1.196
	Under 29 years old	-	-	-	-	-	-
	30~50 years old	11	-	19	-	-	-
	Over 51 years old	1	-	-	-	-	-
Mid-level executive	Total number of employees	23	0.8873	51	1.9676	74	2.8549
	Under 29 years old	-	-	1	-	-	-
	30~50 years old	21	-	50	-	-	-
	Over 51 years old	2	-	-	-	-	-
General employees (DL)	Total number of employees	612	23.6111	1,014	39.1204	1,626	62.7315
	Under 29 years old	121	-	83	-	-	-
	30~50 years old	355	-	639	-	-	-
	Over 51 years old	136	-	292	-	-	-

Item	Type	Male (person)	Male (%)	Female (person)	Female (%)	Total (person)	Tota (%)
General employee (IDL)	Total number of employees	286	11.034	575	22.1836	861	33.2176
	Under 29 years old	68	-	120	-	-	-
	30~50 years old	153	-	410	-	-	-
	Over 51 years old	65	-	45	-	-	-
Persons with physical and mental disabilities	-	-	-	-	-	5	0.1929

2-3 Employee Diversity – Fujian Sunshine

(3) Vietnam Fulgent Sun

Item	Type	Male (person)	Male (%)	Female (person)	Female (%)	Total (person)	Total (%)
All employees	Total number of employees	1,665	25.0678	4,977	74.9322	6,642	-
	Under 29 years old	787	11.8488	1,279	19.2562	-	-
	30~50 years old	871	13.1135	3,510	52.845	-	-
	Over 51 years old	7	0.1054	188	2.8305	-	-
Senior executive	Total number of employees	2	0.0301	9	0.1355	11	0.1656
	Under 29 years old	-	-	-	-	-	-
	30~50 years old	2	-	9	-	-	-
	Over 51 years old	-	-	-	-	-	-
Mid-level executive	Total number of employees	7	0.1054	35	0.5269	42	0.6323
	Under 29 years old	-	-	2	-	-	-
	30~50 years old	7	-	33	-	-	-
	Over 51 years old	-	-	-	-	-	-
General employee (DL)	Total number of employees	1,505	22.6588	4,500	67.7507	6,005	90.4095
	Under 29 years old	729	-	1,137	-	-	-
	30~50 years old	771	-	3,180	-	-	-
	Over 51 years old	5	-	183	-	-	-
General employee (IDL)	Total number of employees	151	2.2734	433	6.5191	584	8.7925
	Under 29 years old	58	-	140	-	-	-
	30~50 years old	91	-	288	-	-	-
	Over 51 years old	2	-	5	-	-	-

2-4 Employee Diversity – Cambodia Sunbow

(4) Cambodia Sunbow

Item	Type	Male (person)	Male (%)	Female (person)	Female (%)	Total (person)	Total (%)
All employees	Total number of employees	2,122	25.4528	6,215	74.5472	8,337	-
	Under 29 years old	1,150	13.7939	2,778	33.3213	-	-
	30~50 years old	950	11.395	3,305	39.6426	-	-
	Over 51 years old	22	0.2639	132	1.5833	-	-
Senior executive	Total number of employees	16	0.1919	15	0.1799	31	0.3718
	Under 29 years old	1	-	2	-	-	-
	30~50 years old	15	-	12	-	-	-
	Over 51 years old	-	-	1	-	-	-
Mid-level executive	Total number of employees	82	0.9836	85	1.0196	167	2.0031
	Under 29 years old	19	-	24	-	-	-
	30~50 years old	54	-	56	-	-	-
	Over 51 years old	9	-	5	-	-	-
General employee (DL)	Total number of employees	2,013	24.1454	6,072	72.832	8,085	96.9773
	Under 29 years old	1,124	-	2,721	-	-	-
	30~50 years old	876	-	3,225	-	-	-
	Over 51 years old	13	-	126	-	-	-
General employee (IDL)	Total number of employees	11	0.1319	43	0.5158	54	0.6477
	Under 29 years old	6	-	31	-	-	-
	30~50 years old	5	-	12	-	-	-
	Over 51 years old	-	-	-	-	-	-

3-1 New Recruits / Retired employees – Taiwan Headquarters

(1) Taiwan Headquarters

Item	Type	Male (person)	Male (%)	Female (person)	Female (%)	Total (person)	Total (%)
Total number of employees	144	-	-	-	-	-	-
New recruits	Under 29 years old	5	3.4722	30	20.8333	35	24.3056
	30~50 years old	3	2.0833	10	6.9444	13	9.0278
	Over 51 years old	-	-	2	1.3889	2	1.3889
	Subtotal	8	5.5555	42	29.1666	50	59.0278
Resigned employees	Under 29 years old	10	6.9444	46	31.9444	56	38.8889
	30~50 years old	4	2.7778	25	17.3611	29	20.1389
	Over 51 years old	-	-	-	-	-	-
	Subtotal	14	9.7222	71	49.3055	85	59.0278

3-2 New Recruits / Retired employees – Fujian Sunshine

(1) Fujian Sunshine

Item	Type	Male (person)	Male (%)	Female (person)	Female (%)	Total (person)	Total (%)
Total number of employees	2,592	-	-	-	-	-	-
New recruits	Under 29 years old	117	4.5139	117	4.5139	234	9.0278
	30~50 years old	124	4.784	129	4.9769	253	9.7608
	Over 51 years old	18	0.6944	28	1.0802	46	1.7747
	Subtotal	259	9.9923	274	10.571	533	12.5386
Resigned employees	Under 29 years old	84	3.2407	50	1.929	134	5.1698
	30~50 years old	86	3.3179	82	3.1636	168	6.4815
	Over 51 years old	10	0.3858	13	0.5015	23	0.8873
	Subtotal	180	6.9444	145	5.5941	325	12.5386

3-3 New Recruits / Retired employees – Vietnam Fulgent Sun

(1) Vietnam Fulgent Sun

Item	Type	Male (person)	Male (%)	Female (person)	Female (%)	Total (person)	Total (%)
Total number of employees	13,790	-	-	-	-	-	-
New recruits	Under 29 years old	464	3.3648	435	3.1545	899	6.5192
	30~50 years old	377	2.7339	516	3.7418	893	6.4757
	Over 51 years old	6	0.0435	73	0.5294	79	0.5729
	Subtotal	847	6.1422	1,024	7.4257	1,871	20.5294
Resigned employees	Under 29 years old	696	5.0471	749	5.4315	1,445	10.4786
	30~50 years old	491	3.5606	828	6.0044	1,319	9.5649
	Over 51 years old	6	0.0435	61	0.4423	67	0.4859
	Subtotal	1,193	8.6512	1,638	11.8782	2,831	20.5294

3-4 New Recruits / Retired employees – Cambodia Sunbow

(1) Cambodia Sunbow

Item	Type	Male (person)	Male (%)	Female (person)	Female (%)	Total (person)	Total (%)
Total number of employees	3,631	-	-	-	-	-	-
New recruits	Under 29 years old	1,173	32.305	2,458	67.6948	3,631	100
	30~50 years old	639	17.5985	2,001	55.1088	2,640	72.7072
	Over 51 years old	6	0.1652	10	0.2754	16	0.4406
	Subtotal	1,818	50.0689	4,469	123.079	6,287	131.1209
Resigned employees	Under 29 years old	829	22.8312	1,900	52.3272	2,729	75.1584
	30~50 years old	455	12.531	1,563	43.046	2,018	55.577
	Over 51 years old	1	0.0275	13	0.358	14	0.3856
	Subtotal	1,285	35.3897	3,476	95.7312	4,761	131.1209

4. Non-employee workers

Fulgent Sun has 27 non-employee workers contracted (based on the number of people at the end of the reporting period)

Team	Description
Most common types of workers	Security staff and cleaning staff
Contractual relationship with the company	A contract signed with security companies and cleaning companies
Type of work performed	Security guards and cleaning

5. No child labors

No child labor is permitted to work in the global factories of Fulgent Sun. The “Child Labor Prevention Policy” is formulated and a child labor prevention mechanism is implemented to serve the said purpose. All underage workers must be interviewed and applicants are required to present their original identity documents to confirm that they have complied with the age requirement of the local laws and regulations. The employed child laborer under the legal age must be processed with his/her information documented, recorded, and reserved in accordance with the “Procedures for Child Labor Remedial Measures,” and with sufficient financial and other support provided so to help him/her receive school education until he/she reaches the legal age.

(II) Rewards and benefits

1. Employee rewards and benefits

Fulgent Sun provides employees with rewards and remunerations in compliance with local wage laws (including laws on minimum pays, overtime hours, and statutory benefits). Employees' remuneration and salary are determined based on their academic background, skills, seniority, and work experience, and the wages paid to employees subject to all applicable laws; especially, the overtime pay for employees is at a rate above the regulatory hourly rate. Both men and women receive equal pay for equal work regardless of their gender, race, religion, political stance, marital status, and trade union association.

Fulgent Sun, in addition to providing employees with labor insurance, health insurance, pensions, and parental leave according to the laws and regulations, provides employees with diversified benefits, including group insurance and other measures to promote labor-management harmony.

(1) Information on the salary (annual) of full-time employees who do not hold supervisory positions

Item	2021	2022	Compared to the previous year
Average salary of full-time employees	NT\$550,000	NT\$530,000	2021:2022=0.87:1
Median salary of full-time employees	NT\$490,000	NT\$490,000	2021:2022=0.94:1

(2) Employee benefit package

Factory	Benefits
Sunshine Factory	<ul style="list-style-type: none"> Salary system: (See Salary in Labor Regulations). Food: Subsidize the cafeteria that allows employees to pay mere CN ¥ 7 for three meals. Accommodation: Free room and subsidizing water and electricity expenses partially for the benefit of the employees. Transportation: See business trip policy. Entertainment: Grant employees with a travel allowance of CN ¥ 150 per person; travel benefit for outstanding employees; a large-scale event every year; yearend party; gifts for Women's Day, Labor Day, Mid-Autumn Festival, and Chinese New Year holiday. Insurance: Employees of appropriate age are insured in accordance with regulations; employees over age are covered by commercial insurance. Others: Reporting-to-duty physical examination, special job physical examination, female health examination, and employee birthday gift money.
Taiwan Headquarters	<ul style="list-style-type: none"> Reasonable salary system that will be adjusted annually based on performance evaluation results. Entitled to labor and health insurance, 6% contribution under the new labor retirement system, and group insurance. Organize various education and training as needed. Organize activities occasionally to enhance friendship among colleagues. Mid-Autumn Festival, Labor Day gifts (for employees who have worked for more than three months could have NT\$2,000 gift certificate or gift in equivalent value), year-end bonuses, wedding and funeral subsidies, etc. Provide meals and accommodation to overseas employees. Provide overseas employees with round-trip plane tickets from and to Taiwan. Health examination of overseas employees. Parking lot and cafeteria for employees only

Factory	Benefits
Sunbow factory	<ul style="list-style-type: none"> • Stipulate a clear salary system (same as the stipulation in the labor regulations), perform performance evaluation twice a year, and maintain a smooth promotion channel. • Provide monthly food allowance to Cambodian employees. • Provide monthly transportation allowance to Cambodian employees. • Subsidize Cambodian employees to participate in the national health insurance NSSF. • Organize party dinners occasionally. • Arrange factory bus transportation to and from Phnom Penh city during holidays. • Provide meals and accommodation to employees who station overseas. • Provide employees who station overseas with round-trip plane tickets to and from Taiwan.
Vietnam Fulgent Sun	<ul style="list-style-type: none"> • Provide birthday gifts to Vietnamese employees. • Organize group fitness sessions occasionally. • Provide meals and accommodation to employees who station overseas. • Provide employees who station overseas with round-trip plane tickets to and from Taiwan.
All the factories of the Group	<ul style="list-style-type: none"> • The Company trains and promotes employees in a timely manner for their development and promotion. • Employees are entitled to annual leave with pay. • Conduct performance evaluations with commendations awarded to outstanding employees every year. • Provide certain rewards for outstanding achievements in production in order to motive employees in their job performance. • Fulgent Sun regularly pays social insurance for the employees in accordance with the policies and regulations of the country where each subsidiary is located. • Each factory is equipped with employee dormitories, sports venues, cultural activity centers, and other comprehensive living and entertainment facilities for providing a comfortable and pleasant working and living environment to employees.

2. Salary and benefits

According to the articles of association and the operations of the Board of Directors and the remuneration committee, Fulgent Sun reviews the remuneration of directors and senior managerial officers in a timely manner based on their participation in the Company's operations and the value of their contributions in order to minimize future risks and correlation, and to maintain the balance between the Company's sustainable operations and risk control.

Item	Board of Directors	Advanced managerial officers	Remarks
Fixed salary and variable salary	<ol style="list-style-type: none"> 1. According to the provisions of the Company Act and Article 34 of the Company's Articles of Association, Fulgent Sun shall appropriate not more than 1% of the annual earnings, if any, as director remuneration. However, an amount equivalent to the accumulated losses should be reserved first to make up for such losses. 2. The actual distribution ratio and amount of director remuneration shall be determined by the Board of Directors and reported to the shareholders meeting. Independent directors are entitled to fixed remuneration. 3. The procedure for determining director remuneration is formulated in accordance with the evaluation results of Fulgent Sun's "Rules for Performance Evaluation of Board of Directors." In addition to evaluating the Company's overall operating performance, future industry operating risks, and development trends, the Company also takes into account the grasp of the Company's goals and tasks, directors' awareness of their responsibilities, their participation in the Company's operations, internal relationship management and communication, directors' professional and continuing study, internal control, etc. with reasonable remuneration in order to have the reasonable remuneration determined and given. The relevant performance evaluation and remuneration rationality are all subject to the review and approval of the remuneration committee and the board of directors, which will be reviewed promptly in accordance with the actual operating conditions and relevant laws in order to maintain the balance between the Company's sustainable operations and risk control. 	<ol style="list-style-type: none"> 1. According to the provisions of the Company Act and Article 34 of the Company's Articles of Association, Fulgent Sun shall appropriate 1%~2% of the annual earnings, if any, as employee remuneration. However, an amount equivalent to the accumulated losses should be reserved first to make up for such losses. 2. Employee remuneration can be paid in the form of stocks or cash. The actual distribution ratio, amount, and number of shares shall be determined by the Board of Directors with the approval of the majority at the meeting that is attended by more than two-thirds of the directors, which must be reported to the shareholders meeting. 3. The remuneration of the President, Vice President, and managerial officers is determined by the Company based on the overall operating performance and by referring to relevant industry standards and the Company's past operating performance; also, the payment standards, structure, and system will be reviewed and adjusted in a timely manner based on actual operating conditions and changes in relevant laws. It is mainly determined based on job responsibilities, personal performance achievement rate, and the value of their contribution to the Company's performance, as well as taking into account the overall environment, business environment risks, market standards, and other relevant factors. Remuneration for job performance is correlated to the Company's operating performance. 	<ol style="list-style-type: none"> 1. It includes performance compensation, stock compensation, and bonuses, deferred dividend shares, and vested shares (vested dividends). 2. The performance-based compensation designed, if any, for rewarding senior managerial officers' long-term performance should be described in details.

Item	Board of Directors	Advanced executive	Remarks
Severance pays	There is an agreement of appointment between the board members and the Company without the severance pay conditions agreed, including lay-off/retirement/compensations, etc.	The severance pays for senior executives who are subject to the labor-employer relationship shall be handled in accordance with the relevant provisions of the Labor Standards Act.	<p>1. Definitions:</p> <p>(1) It refers to all monetary payments and benefits for the resigned members of the highest governance unit or the dismissed senior managerial officers.</p> <p>(2) It is not limited to monetary payments. It may include transfer of property and automatic or early vesting of awards.</p> <p>2. Descriptions:</p> <p>(1) Is the notice of resignation and severance pay different from those of other employees?</p> <p>(2) Is there any payment other than that related to the resignation notice received?</p> <p>(3) Is there any damage mitigation clause contained in the resignation agreement?</p>
Salary reclaims mechanism	There is no such situation occurred.	There is no such situation occurred.	Refund the previously received payment to the employer for not meeting the specific employment conditions or goals.
Retirement benefits	There is no such situation occurred.	The retirement benefit plan for the senior executives who are subject to the labor-employer relationship shall be handled in accordance with the relevant provisions of the Labor Standards Act or Fulgent Sun’s Retirement Regulations same as the other employees of the Company.	Explain the “difference between retirement benefit plans and provision rate” for the members of the highest governance unit, senior executives, and all other employees.

(III) Comply with human rights regulations

1. Human rights/training

Fulgent Sun respects and supports relevant international human rights regulations, complies with local laws and regulations of the country where the Company operates, and protects the labor rights of employees. We prohibit forced or compulsory labor nor employ forced or child labor. All employees work voluntarily and may have the employment terminated discretionally with reasonable notice issued to the Company.

In addition, harassment and cruel treatment of any kind and in any form, including sexual harassment, abuse, slavery, corporal punishment, threats, exploitation, physical or mental stress, or verbal abuse, are prohibited at all factory sites worldwide. The Company's employees are employed based on their occupational capability. In addition, employee training, promotion, dismissal, and retirement will not be handled differently or with discrimination imposed for the reasons of race, religion, color, nationality, age, and gender.

Fulgent Sun Human Rights Policies and Commitments

Item	Remarks
Internationally recognized human rights items stated in the policies and commitments	Anti-discrimination, gender equality, freedom of association, collective bargaining, forced labor, etc.
The stakeholders of concern in the policies and commitments include high-risk or disadvantage groups.	Employees, women, and disabilities

Item	2022
Number of employees covered by group agreement	2,500 persons
Total number of employees	24,863 persons
Coverage percentage	10.0551%

(IV) Employees training and development

1. Employees education and training

Fulgent Sun values the importance of each employee’s career development. In addition to providing a high-quality and safe working environment, Fulgent Sun also plans a progressive and comprehensive training system in accordance with professional functions at different levels to build up diversified and high-quality learning capabilities and to enhance the competitiveness of employees and the Company.

Fulgent Sun provides orientations to all employees and plans different training structures according to the needs of new recruits, general employees, and technical employees. Also, the Company has the training plan optimized in accordance with the field and level of employees in order to expand career development opportunities.

In terms of diversity, invite experts, consultants, lecturers, and professors to give speeches and experience sharing on specific topics occasionally; also, provide external professional training opportunities as needed to improve the personal qualities and work skills of employees, and enhance the overall quality of all employees. The Company has clearly formulated the rules governing evaluation and salary to motivate employees to perform and to implement fair and reasonable promotion, rewards, and punishments for all employees. Except for the first-time performance evaluation of the new recruits at the end of their probationary period, the annual performance evaluation of each employee is scheduled to be carried out at the end of each year.



1-1 Employees education and training – Taiwan Headquarters

(1) Taiwan Headquarters

The entire company

Item	Male	Female	Total
Total training hours (hours)	189	1,799	1,988
Total average training hours (hours/person)	2.5541	2.8923	2.8563

All ranks

Type	Item	Male	Female
Highest governance unit	Number of training hours (hours)	45	33
	Average training hours (hours/person)	9	11
Senior executive	Number of training hours (hours)	11	62
	Average training hours (hours/person)	11	2.8182
Mid-level executive	Number of training hours (hours)	-	256
	Average training hours (hours/person)	-	2.4151
General employees (DL)	Number of training hours (hours)	-	-
	Average training hours (hours/person)	-	-
General employees (IDL)	Number of training hours (hours)	148	1,451
	Total number of employees (person)	68	491
	Average training hours (hours/person)	2.1765	2.9552

1-2 Employees education and training – Fujian Sunshine

(1) Fujian Sunshine

The entire company

Item	Male	Female	Total
Total training hours (hours)	1,521	1,932	3,453
Total average training hours (hours/person)	2.9027	2.9861	2.9488

All ranks

Type	Item	Male	Female
Advanced Executive	Number of training hours (hours)	183.5	429
	Average training hours (hours/person)	15.2917	26.8125
Mid-level executive	Number of training hours (hours)	103	699
	Average training hours (hours/person)	17.1667	19.9714
General employees (DL)	Number of training hours (hours)	1,443	1,539
	Average training hours (hours/person)	3	3
General employees (IDL)	Number of training hours (hours)	2,738	8,135
	Average training hours (hours/person)	12.4455	12.3258

1-3 Employee education and training – Vietnam Fulgent Sun

(1) Vietnam Fulgent Sun

The entire company

Item	Male	Female	Total
Total training hours (hours)	10,036	6,124	16,160
Total average training hours (hours/person)	16.7267	19.0779	17.5461

All ranks

Type	Item	Male	Female
Advanced Executive	Number of training hours (hours)	132	313.5
	Average training hours (hours/person)	16.5	16.5
Mid-level Executive	Number of training hours (hours)	792	1,404
	Average training hours (hours/person)	36	36
General employees (DL)	Number of training hours (hours)	16,896	16,896
	Average training hours (hours/person)	36.8908	80.8421
General employees (IDL)	Number of training hours (hours)	1,848	891
	Average training hours (hours/person)	16.5	16.5

1-4 Employee education and training Cambodia Sunbow

(1) Cambodia Sunbow

The entire company

Item	Male	Female	Total
Total training hours (hours)	1,874	10,701	12,575
Total average training hours (hours/person)	1.2411	1.0451	1.0703



All ranks

Type	Item	Male	Female
Advanced Executive	Number of training hours (hours)	40	34
	Average training hours (hours/person)	2	2
Mid-level Executive	Number of training hours (hours)	52	66
	Average training hours (hours/person)	1	1
General employees (DL)	Number of training hours (hours)	1,304	9,230
	Average training hours (hours/person)	1	1
General employees (IDL)	Number of training hours (hours)	2	10
	Average training hours (hours/person)	1	1

2. Employee training plans/programs

Fulgent Sun wishes for all employees to achieve growth and development in life and career. Therefore, we will plan appropriate training programs in response to the needs for manpower at all levels in order to help employees grow in learning and making contribution continuously as well as enhancing their self-worth.

(1) Case results

Employee education and training cases	Description
<p>Diamond Sutra Personality Sharing Course</p>	<p>Diamond Sutra Personality Sharing Course - The Company's core concept is derived from the Diamond Sutra. We have brought ideas to life by studying the Diamond Sutra and have it shared. The principles of life and idea of doing the right things are from the belief of "I am the source of everything." Be all you can be and do the things right. In addition to the content in each chapter of the Diamond Sutra, the lecturer also provides three articles for each chapter to share feedback from different perspectives after reading the article for a great brainstorming and thereby inspiring everyone's attention to different topics.</p> <p>Discuss matters from the personal/life/work/emotion aspect, selflessness, retrospective, the restraint of greed, the end of desire, the return to the purity and simplicity, and trigger everyone to reflect on "positive thinking" and accepting one's dissatisfaction in order to perfect a cycle of improvement at different levels for a better oneself.</p> 
<p>HI-FIVE training</p>	<p>Base on the core values of "Harmony & Faithfulness, innovation, velocity, and excellence," combined with the operating topic, and select outstanding employees to carry out outdoor development training on communication, anger management, teamwork, etc. so to stimulate employees' way of thinking.</p> 

Employee education and training cases

Shoemaking courses

Shoemaking courses - The shoemaking process is complicated. The shoemaking courses are arranged to enhance the business/purchasing unit to better understand the business operations, work process, and the connection to their own job responsibilities.

The senior supervisors from each factory are invited to be the instructors of this course. They produce teaching materials related to the current front-end and back-end processes of the factory and have them provided to office units and on-site units to better understand the actual operation status. The Company will have different manufacturing technologies and models developed in response to the difference in time, market, and technology advances.

Front-end and back-end operations are different. We aim to let each unit understand the difficulty and dilemma faced by the other units through the shoemaking courses, which can help everyone understand the shoemaking industry, be sympathetic, and form a smooth communication.



Workplace Sharing Session

We base on the workplace experience of the Company’s senior officers to provide our employees, particularly the new recruits, with workplace experience and work tips sharing in order to help them find their career direction, better blend into the Company culture, and make progress together.



3. Training and career development

1. Each factory and each department arrange skills training courses as needed independently.
2. In terms of the Board of Directors' succession plan, Fulgent Sun cultivates senior managerial officers to join the Board of Directors to help them get familiar with the operations of the Board of Directors and each business unit within the Group. The board diversity is clearly stipulated in the "Corporate Governance Best Practice Principles" and "Procedures for Director Selection;" also, a diversity policy is formulated based on the Company's operations, operating models, and development needs, including but not limited to the two standards of basic conditions and values, and professional knowledge and skills.

The succession planning of the management includes taking into account and selecting potential successors, the personal development plans and internal training so to help them improve their succession capabilities effectively and shorten the preparation time for succession.

In terms of the training mechanism design, arrange the senior executives meeting regularly to understand the Company's short-term, mid-term, and long-term management policies promptly, and to enhance their business management and operational management capabilities, including strategic planning, transnational operations, global marketing, innovation management, the new economy, and other important issues for cultivating the management talents needed in the future (a total of 17 trainees in 2022). The Company has arranged external lecturer training twice a year and assigned top management personnel to participate in the director and supervisory courses, including the topics of corporate governance, sustainable development, risk management, internal control, and new knowledge on relevant laws and regulations.

3. Sunshine Factory cooperates with local schools to arrange new apprenticeship skills (English) training courses with the support of government policies:

Sunshine and Liming Vocational University, a school-enterprise cooperative institution, cooperated in 2022 with the support of government policies to launch an one-year online + offline new apprenticeship skills (English) training program within the Company. Enterprise employees are trained, educated, and examined through the APP program during the online time. College English teachers are invited to teach at the Company's premise twice a month for three hours each time during the offline time. The offline teaching material is finalized by college teachers and the representatives of the Company that participate in this course. There was a total of one hundred employees participated in this training program who were enthusiastic in learning with good feedback provided afterwards. The participants of the training program mentioned that they had their job performance improved afterwards; also, they had participated in the English corner organized by other members of the Company simultaneously to improve their English fluency.



(V) Value the importance of health and safety

1. Occupational health and safety

We inventory, evaluate, and strive to eliminate accidents and diseases that may occur in the factory by referring to the structure of the ISO 45001 occupational safety and health management system, and continue to invest resources to actively seek and solve various health and safety issues that may occur in the workplace.

Each factory of Fulgent Sun provides employees with regular health checkup, and provides appropriate protective equipment to ensure employee work safety through correct design and management, added with continuous safety training (For example, all new recruits must receive relevant safety and health training) depending on the characteristics of the manufacturing process.

Fulgent Sun Occupational Safety and Health Management and Promotion Measures

Factory	Description
Taiwan Headquarters	We provide health check-up as required by laws and regulations, group insurance, and accident insurance (no special occupational disaster insurance and health examinations) since most of the employees are administrative staff,
Sunshine Factory	<ul style="list-style-type: none"> • Obtain work-related injury insurance and commercial insurance to protect employees in a work-related injury. • A list of items required by the laws and regulations of mainland China, and an explanation of how the factory conducts “hazard identification” and “risk evaluation” based on the list of items. • The “Evaluation Report” issued by the State Administration of Work Safety is valid for 3 years, and the test report is valid for 1 year. • Arrange reporting-to-duty physical check-up for new recruits. Arrange occupational health check-up for employees responsible for special types of work, and provide them with corresponding labor insurances. • Provide female employees with female health check-ups. • Formulate corresponding systems for cafeteria hygiene, environmental safety, electrical safety, etc. • It is to be implemented in accordance with the protection requirements required for the work post mentioned in the occupational disease and hazard status evaluation report.
All factories	<ul style="list-style-type: none"> • Comply with relevant occupational safety and health regulations and requirements of the country where the operation base is located. • All new recruits must receive safety and health training in the production working environment. • The employees who are responsible for the operation of special machinery and equipment must receive special safety training, and must wear personal protective equipment correctly in special workplaces. • The employees must wear mask while working in an environment where there is dust or organic solvent vapor generated, and must wear earplugs when working in a noisy environment. • There are other preventive measures at the production base including: setting up speed bumps on the roads in the factory; setting up ventilation systems, silencers, and machine safety devices. • Regularly organize fire drills and education in the factory (the factory must report to the fire department before conducting fire drills). • In response to the inspection requirements of brand customers - fire drills are held in the factory twice a year, during the day and at night one each.

2-1 Occupational Injuries and Occupational Diseases - Taiwan Headquarters

(1) Taiwan Headquarters

Employees

Item	Type	
Occupational Injury Rate (IR)	Main types of occupational injuries	N/A
	Total working hours (hours)	228,096
Occupational disease rate	Main types of occupational diseases	N/A

Note:

1. No occupational injuries occurred.
2. No occupational diseases occur.
3. There is not any occupational injury occurred to other workers (contractors and suppliers).

2-2 Occupational Injuries and Occupational Diseases – Fujian Sunshine

(1) Fujian Sunshine

Employees

Item	Type	Male	Female	Total
Occupational Injury Rate (IR)	Main types of occupational injuries	Work-related injuries		
	Total working hours (hours)	6,179,328		
	Recordable occupational injuries (cases)	5	11	16
	Recordable occupational injury rate	0.8091	1.7801	2.5892
Occupational disease rate	Main types of occupational diseases	N/A		

Note:

1. There is no death caused by occupational injuries.
2. No occupational diseases occur.
3. There is not any occupational injury occurred to other workers (contractors and suppliers).

2-3 Occupational Injuries and Occupational Diseases – Vietnam Fulgent Sun

(1) Vietnam Fulgent Sun

Employees

Item	Type	
Occupational Injury Rate (IR)	Main types of occupational injuries	N/A
	Total working hours (hours)	33,206,320
Occupational disease rate	Main types of occupational diseases	N/A

Note:

1. No occupational injuries occurred.
2. No occupational diseases occur.
3. There is not any occupational injury occurred to other workers (contractors and suppliers).

2-4 Occupational Injuries and Occupational Diseases – Cambodia Sunbow

(1) Cambodia Sunbow

Employees

Item	Type	
Occupational Injury Rate (IR)	Main types of occupational injuries	N/A
	Total working hours (hours)	19,808,712
Occupational disease rate	Main types of occupational diseases	N/A

Note:

1. No occupational injuries occurred.
2. No occupational diseases occur.
3. There is not any occupational injury occurred to other workers (contractors and suppliers).



VIII. Value the importance of environmental sustainability



VIII. Value the importance of environmental sustainability

(I) Environmental Sustainability Policy

1. Environmental management policies, organizations, and mechanisms

Fulgent Sun values the importance of environmental sustainability. Various energy and resource management and reduction actions are promoted in each factory worldwide actively. The Company also gradually develops renewable energy (solar photovoltaics), starting from improving the environment and energy management system, to improve energy efficiency in use, to make contribution to the industrial carbon reduction, and to realize net-zero emissions.

We comply with the relevant environmental laws and regulations of the countries and regions where we operate, and improve the management of environmental activities in accordance with the requirements of brand customers. We promote environmental protection and conservation projects such as scrap recycling, use of non-toxic chemicals, and water recycling to improve the efficiency of resource in use, and strive to realize a sustainable environment continuously.



1-1 Energy Management - Taiwan Headquarters

(1) Taiwan Headquarters

Type / Item	Energy	2021	2022	2021	2022
		Fuel usage		Fuel consumption (GL)	
Non-renewable fuel consumption	Gasoline (L)	-	269.55	-	8.8668
	Diesel (L)	549.55	493.64	19.9575	17.927
	Liquefied petroleum gas (kg)	-	720	-	36.3639
Total non-renewable fuel consumption (GJ)				19.9575	63.1577
Total renewable fuel consumption (GJ)				-	-
Purchased / Self-produced	Electricity (kWh)	273,920	271,840	986.112	978.624
Total purchased/self-produced fuel consumption (GJ)				986.112	978.624
Total consumption of fuel for sale (GJ)				-	-
Total fuel consumption (GJ)				1,006.0695	1,041.7817
Energy intensity (GJ/person)				6.6189	7.2346

1-2 Energy Management - Fujian Sunshine

(1) Fujian Sunshine

Type / Item	Energy	2021	2022	2021	2022
		Fuel usage		Fuel consumption (GL)	
Non-renewable fuel consumption	Gasoline (L)	15,952.49	13,409.61	524.7572	441.1091
	Diesel (L)	25,920.77	24,671.91	941.3387	895.9851
	Natural gas (m ³)	2,022,843	1,914,817	76,226.7928	72,156.049
Total non-renewable fuel consumption (GJ)				77,692.8887	73,493.1432
Renewable fuel consumption	Solar energy (kWh)	-	615.79	-	2.2168
Total renewable fuel consumption (GJ)				-	2.2168
Purchased / self-produced	Electricity (kWh)	20,580,630	20,385,156	74,090.268	73,386.562
Total purchased/self-produced fuel consumption (GJ)				74,090.268	73,386.562
Total consumption of fuel for sale (GJ)				-	-
Total fuel consumption (GJ)				151,783.1567	146,881.9216
Energy intensity (GJ/person)				48.4311	56.6674

1-3 Energy Management – Vietnam Fulgent Sun

(1) Vietnam Fulgent Sun

Type / Item	Energy	2021	2022	2021	2022
		Fuel usage		Fuel consumption (GL)	
Non-renewable fuel consumption	Gasoline (L)	64,309	30,950	2,115.4446	1,018.1003
	Diesel (L)	13,475	50,886	489.3581	1,847.976
Total non-renewable fuel consumption (GJ)				2,604.8027	2,866.0763
Total renewable fuel consumption (GJ)				-	-
Purchased / self-produced	Electricity (kWh)	23,968,480	44,094,516	86,286.528	158,740.2576
Total purchased/self-produced fuel consumption (GJ)				86,286.528	158,740.2576
Total consumption of fuel for sale (GJ)				-	-
Total fuel consumption (GJ)				88,891.3307	161,606.3339
Energy intensity (GJ/person)				7.3337	24.331

1-4 Energy Management-Cambodia Sunbow

(1) Cambodia Sunbow

Type / Item	Energy	2021	2022	2021	2022
		Fuel usage		Fuel consumption (GL)	
Non-renewable fuel consumption	Gasoline (L)	10,854.76	23,959.87	357.0673	788.1599
	Diesel (L)	96,090.06	27,954.71	3,489.6066	1,015.2032
	Liquefied petroleum gas (kg)	9,731.40	5,760.00	491.4882	290.9111
Total non-renewable fuel consumption (GJ)				4,338.1621	2,094.2742
Renewable fuel consumption	Solar energy (kWh)	3,535,308.65	3,910,397.00	12,727.1111	14,077.4292
Total renewable fuel consumption (GJ)				12,727.1111	14,077.4292
Purchased / self-produced	Electricity (kWh)	21,364,834.0	30,478,377.0	76,913.4024	109,722.1572
Total purchased/self-produced fuel consumption (GJ)				76,913.4024	109,722.1572
Sales	(kWh)	21,364,834.0	30,478,377.0	76,913.4024	109,722.1572
Total consumption of fuel for sale (GJ)				76,913.4024	109,722.1572
Total fuel consumption (GJ)				17,065.2732	16,171.7034
Energy intensity (GJ/person)				1.8193	96.8365

(II) Energy management

1. Renewable energy

Fulgent Sun strives to become an excellent low-carbon manufacturing partner of global brands continuously by improving the energy efficiency of equipment and using renewable energy in response to the trend of global climate change. Fulgent Sun has adopted the relevant actions of solar power generation, installation of ground source systems, close-type steam condensation water recycling system, replacing traditional fluorescent lamps with LED lighting, and other energy-saving measures.

Fulgent Sun has gradually used solar power generation equipment within the Group. Solar power generation projects have been implemented in Cambodia factories, China factories, and Taiwan headquarters to implement to reduce fuel consumption and environmental pollution caused by traditional power generation. The Group's total power generation capacity was 5,784.70 MWh in 2022, reducing carbon emissions by 5,532.39 CO₂ / hour, which was equivalent to afforestation of 106.18 hectares.

2. Greenhouse gas management

Fulgent Sun Taiwan headquarters expects to introduce the ISO 14064-1 greenhouse gas management system in 2023. The IPE platform is introduced in Sunshine factory and the RA system records is implemented in Xiangcheng factory to have greenhouse gas data converted.

According to the statistics and calculations, the total greenhouse gas emissions were 19,496 t-CO₂e in 2021. According to the inventory and verification results, the main source of greenhouse gas emissions of ours is from the purchased electricity. Therefore, the core policy of our greenhouse gas reduction strategies is to manage electricity consumption and reduce electricity consumption in particular.

Item	2021	2022
Total greenhouse gas emissions (Scope 1) (t-CO ₂ e)	4,897.82	4,997.93
Total greenhouse gas emissions (Scope 2) (t-CO ₂ e)	44,626.22	47,859.42
Total greenhouse gas emissions (Scope 3) (t-CO ₂ e)	-	44.56
Standards and methodologies	<ul style="list-style-type: none"> Fujian Sunshine: It is derived from the carbon emission calculation formula on the IPE website: Vietnam Fulgent Sun: Total consumption*conversion coefficient by government Cambodia Sunbow: HIGG 	
Emission coefficients and Global Warming Potential (GWP) sources	IPCC 5 th Evaluation Report	
GHG summary method	Operational control	
Base year	2022	

Note: Fulgent Sun plans to gradually introduce the ISO 14064-1 greenhouse gas management system in the future. The year of 2022 is the base year for Fulgent Sun's inventory operation.

2-1 Greenhouse Gas Management-Taiwan Headquarters

(1)Taiwan Headquarters

Item	2022
Total greenhouse gas emissions (Scope 1) (t-CO ₂ e)	29.81
Total greenhouse gas emissions (Scope 2) (t-CO ₂ e)	138.37
Total greenhouse gas emissions (Scope 3) (t-CO ₂ e)	44.56
Greenhouse gas emission intensity (t-CO ₂ e/person)	1.4774
Standards and methodologies	ISO 14064-1:2018
Emission coefficients and global warming potential (GWP) sources	IPCC AR6
GHG summary method	Operational control
Base year	2022

Note: The Taiwan headquarters did not have greenhouse gases calculated in 2021.

2-2 Greenhouse Gas Management - Fujian Sunshine

(1) Fujian Sunshine

Item	2021	2022
Total greenhouse gas emissions (Scope 1) (t-CO ₂ e)	4,373.77	4,222.60
Total greenhouse gas emissions (Scope 2) (t-CO ₂ e)	14,478.47	11,626.00
Total greenhouse gas emissions (Scope 3) (t-CO ₂ e)	-	-
Greenhouse gas emission intensity (t-CO ₂ e/person)	6.0154	6.1144
Standards and methodologies	It is derived from the carbon emission calculation formula on the IPE website	
Emission coefficients and global warming potential (GWP) sources	Equity ratio	
GHG summary method	Equity ratio	
Base year	2021	2022

Note: Fujian Sunshine does not have total scope 3 greenhouse gas emissions calculated statistically.

2-3 Greenhouse gas management-Vietnam Fulgent Sun

(1) Vietnam Fulgent Sun

Item	2021	2022
Total greenhouse gas emissions (Scope 1) (t-CO ₂ e)	191.6	209.61
Total greenhouse gas emissions (Scope 2) (t-CO ₂ e)	19,273.05	20,581.56
Total greenhouse gas emissions (Scope 3) (t-CO ₂ e)	-	-
Greenhouse gas emission intensity (t-CO ₂ e/person)	1.6059	3.1303
Standards and methodologies	Total consumption*conversion coefficient by government	
Emission coefficients and global warming potential (GWP) sources	Government	
GHG summary method	Operational control	
Base year	2021	2022

Note: Vietnam Fulgent Sun does not have total scope 3 greenhouse gas emissions calculated statistically.

2-4 Greenhouse Gas Management-Cambodia Sunbow

(1) Cambodia Sunbow

Item	2021	2022
Total greenhouse gas emissions (Scope 1) (t-CO ₂ e)	332.41	535.91
Total greenhouse gas emissions (Scope 2) (t-CO ₂ e)	10,874.70	15,513.49
Total greenhouse gas emissions (Scope 3) (t-CO ₂ e)	-	-
Greenhouse gas emission intensity (t-CO ₂ e/person)	1.1948	96.1042
Standards and methodologies	N/A	
Emission coefficients and global warming potential (GWP) sources	N/A	
GHG summary method	Operational control	
Base year	2021	2022

Note: Cambodia Sunbow does not have total scope 3 greenhouse gas emissions calculated statistically.

3. Energy saving and carbon reduction actions

(1) Carbon reduction plan/performance

Fulgent Sun has established energy baselines and energy audits to actively promote energy-saving actions in each factory. The energy-saving projects are launched based on the equipment in each factory. The equipment is adjusted and automation management is implemented in response to the changes in process and production capacity in order to streamline energy use and improve energy efficiency rate.

(2) Factory energy saving and carbon reduction actions

a. Taiwan Headquarters

Reduction action plan	Description of action plan
Energy saving	The headquarters has fully used LED light tubes and promoted water and electricity conservation since the year of 2022.

b. Fujian Sunshine

Reduction action plan	Description of action plan
Energy saving action results	Formulate an energy consumption baseline for this year in accordance with the last year's energy consumption.
Equipment maintenance and operation	The machine maintenance department uses obsoleted part from the factory to repair damage equipment in order to reduce maintenance costs.
Clean by Design Program	The "CBD" project is an innovative global green supply chain project to improve the production process since it consumes excessive energy; also, a comprehensive system that helps reduce energy, water, and chemical consumption is provided to improve the efficiency of industrial processes. VF's science-based carbon target is to reduce greenhouse gas emissions by 30% by 2030 based on the 2017 Higg platform factory's annual energy consumption data.

(III) Water resources management

1. Wastewater management/discharge in each factory

The water used in each factory of Fulgent Sun worldwide is mainly referring to the tap water for domestic water consumption. Wastewater is directly discharged into the national/municipal unit sewage treatment pipelines or treatment plants at where the Company operates. Currently, the wastewater discharge from each production base of Fulgent Sun meets the emission standards stipulated by local authority.

In terms of water resources in use, Fulgent Sun takes the concept of “cherishing, saving, and recycling” as the main strategy to actively promote employees to save water, and promotes various water-saving measures to improve water resource utilization efficiency.



【Garden watering with recycled water】



【Toilet flushing with recycled water】

2-1 Water Resources-Taiwan Headquarters

(1) Taiwan Headquarters

Item		All areas
Third party water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	6.443
	Non-fresh water ($> 1,000$ mg/L total dissolved solids)	-
	Total water intake	6.443
Total water intake (ML)	Surface water (total volume) + groundwater (total volume) + seawater (total volume) + produced water (total volume) + third-party water (total volume)	6.443
Water Consumption (ML)	Total water consumption	6.443

2-2 Water Resources-Fujian Sunshine

(1) Fujian Sunshine

Item		All areas
Third party water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	57,558
	Non-fresh water ($> 1,000$ mg/L total dissolved solids)	-
	Total water intake	57,558
Total water intake (ML)	Surface water (total volume) + groundwater (total volume) + seawater (total volume) + produced water (total volume) + third-party water (total volume)	57,558
Water discharge volume – by the destination (ML)	Third-party water (total volume)	46,046
Total discharge volume (ML)	Surface water (total volume) + groundwater (total volume) + seawater (total volume) + third-party water (total volume)	46,046
Discharge volume - by fresh water and non-fresh water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	-
	Non-fresh water ($> 1,000$ mg/L total dissolved solids)	46,046
Water consumption (ML)	Total water consumption	11,512

2-3 Water Resources-Vietnam Fulgent Sun

(1) Vietnam Fulgent Sun

Item		All areas
Third party water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	172,933
	Non-fresh water ($> 1,000$ mg/L total dissolved solids)	-
	Total water intake	172,933
Total water intake (ML)	Surface water (total volume) + groundwater (total volume) + seawater (total volume) + produced water (total volume) + third-party water (total volume)	172,933
Water consumption (ML)	Total water consumption	172,933

2-4 Water Resources-Cambodia Sunbow

(1) Cambodia Sunbow

Item		All areas
Surface water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	105,750
	Non-fresh water ($> 1,000$ mg/L total dissolved solids)	-
	Total water intake	105,750
Third party water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	105,750
	Non-fresh water ($> 1,000$ mg/L total dissolved solids)	-
	Total water intake	105,750
Total water intake (ML)	Surface water (total volume) + groundwater (total volume) + seawater (total volume) + produced water (total volume) + third-party water (total volume)	105,750
Water consumption (ML)	Total water consumption	105,750

(IV) Waste management

Fulgent Sun strives to implement resource conservation, reduction, and recycling strategies. The mechanisms of waste reduction at the source, waste-reduction process, and terminal recycling and disposal are adopted for the general and industrial waste generated in production by each factory in order to maximize the resource utilization efficiency and reduce waste generation in the factory.

The disposal of industrial waste is effectively managed and handled by its characteristics and with the resource reuse efficiency improved. Qualified waste removal service providers are entrusted to handle hazardous waste; also, the service providers are managed with contractual regulations. An on-site audit will be arranged as needed to ensure that waste removal meets the requirements of the national regulations at the operating base of the Company.

1-1 Waste Volume - Taiwan Headquarters

(1) Taiwan Headquarters

Waste	2022
Total waste generated (tons)	6.49
Waste recycling/reuse volume (tons)	1.06
Burial (tons)	-
Incineration (including energy recycling) (tons)	5.43
Incineration (excluding energy recycling) (tons)	5.43
Scope of data (such as revenue and business locations), please specify: Operating locations (%)	100

Note: The Taiwan headquarters did not have waste calculated in 2021.

1-2 Waste Volume - Fujian Sunshine

(1) Fujian Sunshine

Waste	2021	2022
Total waste generated (tons)	346.81	353.27
Waste recycling/reuse volume (tons)	317.47	317.01
Incineration (excluding energy recycling) (tons)	17.34	19.42
For other processing methods, please specify: Hazardous waste (tons)	12.00	16.84
Scope of data (such as revenue and business locations), please specify: Operating locations (%)	100	100

1-3 Waste Volume – Vietnam Fulgent Sun

(2) Vietnam Fulgent Sun

Waste	2021	2022
Total waste generated (tons)	1,050.42	2,942.76
Waste recycling/reuse volume (tons)	77.70	107.00
Burial (tons)	174.30	316.80
Incineration (excluding energy recycling) (tons)	797.78	1,219.96
For other processing methods, please specify: Hazardous waste (tons)	0.64	1,299.00
Scope of data (such as revenue and business locations), please specify: Operating locations (%)	100	100

1-4 Waste Volume – Cambodia Sunbow

(1) Cambodia Sunbow

Waste	2021	2022
Total waste generated (tons)	17.53	915.12
Waste recycling/reuse volume (tons)	4.42	5.07
Burial (tons)	13.11	910.05
Scope of data (such as revenue and business locations), please specify: Operating locations (%)	100	100

2. Resource recycling and reuse

Fulgent Sun values the importance of the sustainable reuse of resources. Resource recycling and reuse measures are implemented in daily operations and manufacturing processes. The Company promotes the recycling and reuse of production waste (rubber and scraps) in the factory to decrease the use of raw materials and to improve the efficiency of resource use.

The use of recycled materials

Item	Total amount of recycled materials used
RB Rubber (KG)	584,000
EVA (KG)	208,000

(V) Chemicals management

1. Chemicals Management Policy

Fulgent Sun is mainly engaged in the production of footwear. The chemicals used in the footwear production include adhesives, coatings, treatment agents, catalysts, inks, paints, solid chemical raw materials, cleaning agents, laboratory chemical reagents, etc. The aforementioned chemicals must be managed effectively in order to protect the health and safety of factory workers and products.

The “Chemical Control Procedure” is formulated by each factory of Fulgent Sun to strictly regulate the process of chemical procurement, custody, storage, identification, transportation, use, disposal, emergency response, etc. The Company enhances the management of chemicals and hazardous chemicals by having the relevant personnel trained in order to prevent and reduce the occurrence of fires, explosions, environmental pollution, casualties, and other disasters.

2. Chemicals management measures

We conduct chemical supplier evaluation, management, and auditing operations properly to ensure the integrity of the chemical management mechanism. In addition to carefully selecting qualified chemical suppliers, requiring suppliers to sign the “Supplier Compliance with EU REACH Regulations” and “Guarantee Letter of Brand Owner RSL Regulations,” our purchasing unit will conduct KPI data analysis on suppliers on a quarterly basis and evaluate suppliers every six months to minimize chemical management risks.

In terms of personnel management, we strictly require having the chemicals in the factory properly labeled, the contents and usage specifications of the chemicals clearly indicated. For example, the IMS and DS information must be made available at the chemical operating table, information on how to prevent incident from occurring and chemical ingredients must be indicated, and provide employees with relevant protective equipment for their health and safety.



IX. Heartwarming society feedback

IX. Heartwarming society feedback

(I) Fulgent Sun Foundation

Fulgent Sun adheres to the belief of “feedback to the society” and actively participates in social welfare to promote local harmony and enhance social welfare. The Company integrates the Group’s resources and manpower, expands the scope of social feedback and the coverage of ethnic groups, provides educational resources regionally, and establishes the “Fulgent Sun Foundation” to assist local schools and local groups in need in Yunlin area by making donations occasionally, as well as promoting corporate social responsibility and subsidizing various social activities by each factory. Fulgent Sun’s total contribution to social charity and public welfare amounted to NT\$9,227,709 in 2022.

Sunshine Factory continues to observe and support education, environmental protection, and public welfare projects. In addition to responding to the call of the local government, it also jointly carries out the “Plastic-Free July” public welfare and environmental protection activities with cooperative brands in July.

The Vietnam factory actively participates in local social welfare, sponsors the poverty alleviation funds of Yên Mỹ District, Xian Nv County, and Huyện Khoái Châu, sponsors Tỉnh Hưng Yên to hold tournaments, donates 100 schoolbags to the Provincial Committee Children’s Day celebration, and is committed to sustainable environmental protection, donating trees to be planted by local labor unions.

The Cambodian factory actively participates in local social welfare and development, and sponsors traditional Cambodian festivals.



(II) Value the importance of community education

Fulgent Sun strongly believes in cultivating corporate talents and feedback to the community; therefore, education is everything to Fulgent Sun in fulfilling the social responsibilities.

The Taiwan headquarters has the “Fulgent Sun Foundation” established to assist local schools and local groups in Yunlin area by making donations occasionally, promote social responsibility, and subsidize various social activities, including tuition and miscellaneous fees for disadvantaged children in Yunlin area, meal expenses for disadvantaged hungry children in rural areas and general areas, and scholarships for easy study at the National Yunlin University of Science and Technology.

Sunshine Factory subsidizes tuitions and fees for disadvantaged students and makes donation to local primary school celebrations. Also, Sunshine Factory actively communicates and cooperates with regional colleges and universities to jointly build an industry-university-research cooperation base, jointly implement the construction of Fujian Province’s “Higher vocational schools and professional development plans,” and constructs an industry-education integration platform, attracts talents from universities for the on-going concern of the enterprise. Sunshine Factory has steadily donated RMB 50,000/year scholarships and bursaries to Yang-En University and Liming Vocational University since the cooperation initiated, as well as providing financial support for campus activities and events occasionally. Sunshine Factory sponsored the English Competition “Fulgent Sun. Sunshine Cup” of Liming Vocational University in June 2022 successfully with the participation of properly prepared teachers and students.



(III) Contribution of medical resources

The world was still affected by the pandemic in 2022. Fulgent Sun spares no effort to invest in pandemic prevention and various medical resources:

- Sunshine Factory donated RMB 200,000 to for the pandemic prevention and control efforts in Shuangyang, Luojiang District, Quanzhou City, Fujian Province
- The Vietnam factory donated money to the government of Tỉnh Hưng Yên for medical service and pandemic prevention, and assisted with the expenses for the third vaccination of employees.
- The Cambodian factory donated money for the fire truck maintenance costs.



Fulgent Sun Board of Directors and Committees

Name	Sex	Committee	“Quantity” and “Nature” of Position/Commitment	Management level	Independence	Term of office	Underrepresented communities	Corporate Impact/Influence	Stakeholder Representative
Wen-Chih, Lin	Male	Corporate Governance and Sustainable Development Committee	Chairman, Capital Concord Enterprises Limited Chairman, Fujian Sunshine Footwear Co., Ltd. Chairman, Sunny Footwear Co., Ltd. Chairman, Hubei Sunsmile Footwear Co., Ltd. Chairman, Fulgent Sun Footwear Co., Ltd. Chairman, Fujian Laya Outdoor Products Co., Ltd. Chairman, Lin Wen Chih Sunbow Enterprises Co., Ltd. Chairman, Lin Wen Chih Sunstone Enterprises Co., Ltd. Chairman, Lin Wen Chih Sunlit Enterprises Co., Ltd. Chairman, NGOC HUNG Footwear Co., Ltd. CSO, Fulgent Sun International (Holding) Co., Ltd. Chairman, Eversun Footwear Co., Ltd. Chairman, PT. SUN BRIGHT LESTARI Chairman, Laya Chemical Engineering Co., Ltd. Chairman, Lin Wen Chih Sunzeal Enterprises Co., Ltd.	Members of management	Non-independent director	2022/5/27 - 2025/5/26	No	Chairman of Fulgent Sun International (Holding) Co., Ltd. Chief Strategy Officer of Fulgent Sun International (Holding) Co., Ltd.	Yes

Name	Sex	Committee	“Quantity” and “Nature” of Position/Commitment	Management level	Independence	Term of office	Underrepresented communities	Corporate Impact/Influence	Stakeholder Representative
Fang-Chu, Liao	Female	Corporate Governance and Sustainable Development Committee	Director, Capital Concord Enterprises Limited Director, Fujian Sunshine Footwear Co., Ltd. Director, Sunny Footwear Co., Ltd. Director, Hubei Sunsmile Footwear Co., Ltd. Director, Fulgent Sun Footwear Co., Ltd. Director, Fujian Laya Outdoor Products Co., Ltd. Director, Lin Wen Chih Sunbow Enterprises Co., Ltd. Director, Lin Wen Chih Sunstone Enterprises Co., Ltd. Director, NGOC HUNG Footwear Co., Ltd. President, Fulgent Sun International (Holding) Co., Ltd. CEO, Fulgent Sun International (Holding) Co., Ltd Director, PT. SUN BRIGHT LESTARI Director, Lin Wen Chih Sunzeal Enterprises Co., Ltd.	Members of management	Non-independent director	2022/5/27 - 2025/5/26	Yes	President of Fulgent Sun International (Holding) Co., Ltd. Chief Executive Officer of Fulgent Sun Group	Yes
Chih-Cheng, Liao	Male	Corporate Governance and Sustainable Development Committee	Director, Capital Concord Enterprises Limited Director, Sunny Footwear Co., Ltd. Director, Hubei Sunsmile Footwear Co., Ltd. Director, Fulgent Sun Footwear Co., Ltd. Director, Lin Wen Chih Sunbow Enterprises Co., Ltd. Director, Lin Wen Chih Sunstone Enterprises Co., Ltd. Director, NGOC HUNG Footwear Co., Ltd. Director, Lin Wen Chih Sunzeal Enterprises Co., Ltd. Spokesperson, Fulgent Sun Group Executive Vice President, Fulgent Sun International (Holding) Co., Ltd Finance Supervisor, Fulgent Sun Group CGO, Fulgent Sun Group	Members of management	Non-independent director	2022/5/27 - 2025/5/26	No	Executive Vice President of Fulgent Sun International (Holding) Co., Ltd. Spokesperson, Finance Officer, and Corporate Governance Officer of Fulgent Sun Group	Yes

Name	Sex	Committee	“Quantity” and “Nature” of Position/Commitment	Management level	Independence	Term of office	Underrepresented communities	Corporate Impact/Influence	Stakeholder Representative
Jin-Huang, Huang	Male	Audit Committee, Remuneration Committee, & Corporate Governance and Sustainable Development Committee	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. Independent Director, ALFORMER INDUSTRIAL CO., LTD.	Non-members of management	Independent director	2022/5/27 - 2025/5/26	No	Vice Principal, Dean of Industry and Academic Affairs, and tenured Distinguished Professor of Fengjia University,	No
Chun-An, Li	Male	Audit Committee, Remuneration Committee, & Corporate Governance and Sustainable Development Committee	Honorary Professor of Department of Finance, National Yunlin University of Science and Technology	Non-members of management	Independent director	2022/5/27 - 2025/5/26	No	Honorary Professor of Finance, Yunlin University of Science and Technology	No
Jun-Ming, Wu	Male	Audit Committee, Remuneration Committee, & Corporate Governance and Sustainable Development Committee	Director, E-Elements Technology Co., Ltd Independent Director, Tecstar Technology Co., Ltd. Independent Director, Lian Hong Art Co., Ltd.	Non-members of management	Independent director	2022/5/27 - 2025/5/26	No	President of Zhan Teng Venture Capital Consulting (Co., Ltd.)	No

Name	Sex	Committee	“Quantity” and “Nature” of Position/Commitment	Management level	Independence	Term of office	Underrepresented communities	Corporate Impact/Influence	Stakeholder Representative
Hui-Ying, Wang	Female	Audit Committee and Corporate Governance and Sustainable Development Committee	None	Non-members of management	Independent director	2022/5/27 - 2025/5/26	Yes	-	No
Shu-Ching, Chou	Female	Audit Committee and Corporate Governance and Sustainable Development Committee	Professor, Department of Finance, National Yunlin University of Science and Technology	Non-members of management	Independent director	2022/5/27 - 2025/5/26	Yes	Dean of the Department of Finance, Yunlin University of Science and Technology	No

Climate-related information of the TWSE/TPEX listed companies

1. The risks and opportunities resulted from a climate change and the relevant response measures taken by the Company

Item	Implementation
<p>1. Describe the supervision and governance of the board of directors and management over the climate-related risks and opportunities.</p>	<ul style="list-style-type: none"> The board of directors of Fulgent Sun is the highest authority for formulating climate strategies, approving action plans, and reviewing performance results of the climate action plans. The board of directors of Fulgent Sun regularly reviews the annual climate-related action plans and results regularly, and seeks the opinions of external experts and consultants as needed. The implementation progress of relevant action goals will also be updated and revised every year according to the instructions of the board of directors. In terms of climate-related action management and authorization, the board of directors of Fulgent Sun appoints the “Corporate Governance and Sustainable Development Committee” to be responsible for formulating climate-related policies, risk evaluations, and the promotion, review, and approval of relevant energy-saving and carbon-reduction projects. The “Corporate Governance and Sustainable Development Committee” sets relevant performance goals annually to have the climate strategies integrated into each department’s annual operating activities, actively evaluates and controls possible operational risks, and regularly reports results to the board of directors.
<p>2. Describe how the identified climate risks and opportunities impact the Company’s business, strategy, and finances (short-term, mid-term, and long-term).</p>	<p>Short-term:</p> <ul style="list-style-type: none"> Physical risk 1: Immediacy (severity of typhoons, floods, and other extreme weather events) Impact object 1: service/production capacity reduction or interruption Physical risk 2: Immediacy (Earthquake) Target 2: Reduction or interruption of service/capacity <p>Mid-term:</p> <p>Physical risks: Long-term (changes in rainfall patterns and extreme changes in climate patterns) Impact objects: Increased operating costs</p> <p>Long-term:</p> <ul style="list-style-type: none"> Develop the climate change-related policies and actions continuously, and shift to low-carbon and high-efficient innovative technologies with the potential risks and operational impacts taken into account, such as, increasing losses caused by climate change continuously, the increasing risk of climate-related litigation, or, the impact on the competitiveness, production, and distribution costs of some organizations by the technological improvements and innovations. An organization should develop adaptive capabilities to cope with climate change in response to the long-term changes in climate patterns in order to effectively manage climate change-related risks and seize opportunities. It is necessary to consider the factors of owning long-term fixed assets, intensive production, and low-carbon energy in order to save energy costs.

Item	Implementation
<p>3. Describe the impact of extreme climate events and transition actions on finance.</p>	<p>The impact of extreme climate events and transition actions on finance</p> <p>A. Capital expenditure: Each factory must gradually eliminate and replace old equipment and implement an energy-saving management plan to improve equipment efficiency in order to achieve the requirement of saving 1% of total electricity consumption by each factory.</p> <ul style="list-style-type: none"> • It is necessary to implement the centralized production and loading control plans in order to improve power saving within the factory and to comply with relevant regulations/customers' energy saving and carbon reduction requirements. • The aforementioned purchase/repair of factory equipment will cause the capital expenditure to go up. <p>B. Revenue: The “Carbon Border Adjustment Mechanism” (CBAM) will be officially implemented by the European Community in 2026, and importers must purchase certificates as imported products.</p> <ul style="list-style-type: none"> • The price of carbon emissions is calculated based on the average closing price of the EU’s weekly carbon auctions, which will directly drive carbon emissions and import and export trade-related benefits for sustainable/low-carbon products. • We will be able to respond to the demand trend for sustainable/low-carbon products in the future through the efforts of the R&D unit in increasing the selection of low-carbon materials and providing customers with more choices and services. • We base on our understanding on low-carbon materials to suggest customers to use more suitable low-carbon materials for the production of our products in order to reduce the use of unsuitable materials, cut the development costs, and increasing operating income. <p>C. Direct costs: International customers require the use of renewable energy accounting for a certain percentage of the revenue by 2025 in response to the mission of net-zero emission in 2050. Therefore, we must actively search for green energy, find green power manufacturers, evaluate green power prices, and purchase green power credit required by customers/relevant regulations, which will cause the direct costs to go up.</p>

Item	Implementation
<p>4. Describe how to have the climate risk identification, evaluation, and management processes integrated into the overall risk management system.</p>	<p>Observe industry sustainability trends permanently. Grasp, collect, and identify market trends and customer needs through multiple channels. Also, ensure that regulatory developments, environmental protection trends, customer opinions, and competitor opinions can be concretely and quickly reflected in the core fields of operations such as manufacturing, industrial safety, environmental protection, and research and development through the responsibilities of each responsible department. Ensure that regulatory developments, environmental protection trends, customer opinions, and competitor opinions can be reflected concretely and quickly in identifying, evaluating, and managing climate-related risks in the core operational fields of production, industrial safety, environmental protection, and R&D. How to have the processes for identifying, evaluating, and managing climate-related risks integrate with enterprise risk management mechanisms?</p> <p>(1) The “Corporate Governance and Sustainable Development Committee” follows up on the risk status of climate change-related issues every year. Representatives from each group of the Sustainability Committee implement TCFD projects regularly and report the results of risk evaluation and analysis to the Committee, and adopt relevant mitigation measures depending on the probability and impact of the climate change risks.</p> <p>(2) In terms of process, the “Corporate Governance and Sustainable Development Committee” integrates the climate risk evaluation, analysis, and feedback of each group into the existing risk evaluation and management mechanism in order to ensure all climate-related risks influential to Fulgent Sun can be properly evaluated and controlled. At the last, the evaluation results are submitted to the top representative of the “Sustainable Development Committee” for review and approval, which should be reported to the board of directors occasionally in order to have all climate change-related risks integrated into Fulgent Sun’s corporate risk management process are effectively.</p>
<p>5. If a scenario analysis is implemented to evaluate the resilience of climate change risks, the relevant scenarios, parameters, assumptions, analytical factors, and key financial impacts should be explained.</p>	<p>A scenario analysis of climate change risk has not yet been performed.</p>
<p>6. If a transformation plan for climate-related risks management is available, describe the content of the plan, and the indicators and goals for identifying and managing physical and transition risks.</p>	<p>A transition plan for climate-related risks has not yet been developed.</p>
<p>7. If an internal carbon pricing is used as a planning tool, the pricing basis should be detailed.</p>	<p>A carbon pricing practice has not yet been implemented.</p>

Item	Implementation
8. If climate-related goals are set, the activities coverage, the scope of greenhouse gas emissions, the project schedule, annual project in progress, and other relevant information should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) for offset should be stated.	No climate-related targets have been set yet.
9. Greenhouse gas inventory and assurance status.	(Fill in Form 1-1 below)

Table 1-1 Greenhouse gas inventory and assurance status

Scope 1	Total emissions (metric tons CO ₂ e)	Intensity (tons O ₂ e / NT\$ thousand)	Inspection/assurance agency	Description of inspection / assurance status
Taiwan Headquarters, Fujian Sunshine, Vietnam Fulgent Sun, and Cambodia Sunbow	4,997.93 tons CO ₂ e	0.2010 tons CO ₂ e / NT\$ thousand		No third-party verification/assurance had been conducted for 2022.
Scope 2	Total emissions (tons CO ₂ e)	Intensity (tons CO ₂ e / NT\$ thousand)	Inspection/assurance agency	Description of inspection / assurance status
Taiwan Headquarters, Fujian Sunshine, Vietnam Fulgent Sun, and Cambodia Sunbow	47,859.42 tons CO ₂ e	1.9245 tons CO ₂ e / NT\$ thousand		No third-party verification/assurance had been conducted for 2022.
Scope 3 (Project)	Total emissions (tons CO ₂ e)	Intensity (tons CO ₂ e / NT\$ thousand)	Inspection/assurance agency	Description of inspection / assurance status
No category 3 inventory and third-party inspection/assurance had not yet been performed in 2022.				

SASB Index-Apparel, accessories, and footwear index

Fulgent Sun continues to enhance the content of sustainability information disclosure. The corresponding and disclosed “SUSTAINABILITY ACCOUNTING STANDARDS BOARD” (SASB) is an important milestone in our sustainability management. The data disclosed in this index are as of December 31, 2022, unless otherwise stated.

Table 1. Sustainability disclosure topics and indicators

Topic	Index code	Index	Description
Product Chemical Substance Management	CG-AA-250a.1	Description of compliance with prohibited substances regulations	We conduct chemical supplier evaluation, management, and auditing operations properly to ensure the integrity of the chemical management mechanism. In addition to carefully selecting qualified chemical suppliers, requiring suppliers to sign the “Supplier Compliance with EU REACH Regulations” and “Guarantee Letter of Brand Owner RSL Regulations,” our purchasing unit will conduct KPI data analysis on suppliers on a quarterly basis and evaluate suppliers every six months to minimize chemical management risks.
	CG-AA-250a.2	Describe and explain the evaluation and management of chemical risks and/or hazards found in products	<p>The “Chemical Control Procedure” is formulated by each factory of Fulgent Sun to strictly regulate the process of chemical procurement, custody, storage, identification, transportation, use, disposal, emergency response, etc. The Company enhances the management of chemicals and hazardous chemicals by having the relevant personnel trained in order to prevent and reduce the occurrence of fires, explosions, environmental pollution, casualties, and other disasters. The relevant practices are as follows:</p> <ol style="list-style-type: none"> 1. Material evaluation: Check the material composition of shoe materials, evaluate potential hazardous substances, and ensure complying with relevant regulations and standards. We shall find alternative materials for a harmful chemical substance, or we shall take other measures to reduce risks. 2. Supply chain compliance: We request all our supply chain partners to comply with relevant chemical management requirements, including requesting suppliers to provide product chemical testing reports, etc. 3. Monitoring and testing: We regularly monitor and test the chemical substance content in our products to ensure that the chemical substance concentration in the product does not exceed regulatory limits in order to protect the safety of the product to consumers and the environment. 4. Education and training: Fulgent Sun provides corresponding education and training to ensure employees understand how to identify, evaluate, and manage chemical substance management and related risks, as well as complying with relevant regulations and policies.

Topic	Index code	Index	Description
Supply chain environmental impact	CG-AA-430a.1	Complied with wastewater discharge permit and/or contractual agreement (1) Percentage of Tier 1 suppliers (2) Percentage of those other than Tier 1 suppliers	<p>a. Number of Tier 1 suppliers that comply with wastewater discharge permit and/or contractual agreement: 108 homes (1) Percentage of Tier 1 suppliers that comply with wastewater discharge permit and/or contractual agreement: 7.013%</p> <p>b. Number of those other than Tier 1 suppliers that comply with wastewater discharge permit and/or contractual agreement: 0 (1) Percentage of those other than Tier 1 suppliers that comply with wastewater discharge permit and/or contractual agreement: 0%</p>
	CG-AA-430a.2	Completed the Sustainable Apparel Coalition's Higg Facility Environment Module (Higg FEM) evaluation or equivalent environmental information evaluation: (1) Percentage of Tier 1 suppliers (2) Percentage of those other than Tier 1 suppliers	<p>a. Number of Tier 1 suppliers that complete the Sustainable Apparel Coalition's Higg Facility Environment Module (Higg FEM) evaluation or equivalent environmental information evaluation: 66 (1) Percentage of Tier 1 suppliers that complete the Sustainable Apparel Coalition's Higg Facility Environment Module (Higg FEM) evaluation or equivalent environmental information evaluation: 4.2857%</p> <p>b. Number of those other than Tier 1 suppliers that complete the Sustainable Apparel Coalition's Higg Facility Environment Module (Higg FEM) evaluation or equivalent environmental information evaluation: 0 (1) Percentage of those other than Tier 1 suppliers that complete the Sustainable Apparel Coalition's Higg Facility Environment Module (Higg FEM) evaluation or equivalent environmental information evaluation: 0%</p>
Supply chain labor conditions	CG-AA-430b.1	Completed labor code of conduct audits: (1) Percentage of Tier 1 suppliers (2) Percentage of those other than Tier 1 suppliers (3) Percentage of those audited by a third-party auditing service provider	<p>a. Number of Tier 1 suppliers that have passed labor code of conduct audits: 233 (1) Percentage of Tier 1 suppliers received the labor code of conduct audit: 15.1299%</p> <p>b. Number of those other than Tier 1 suppliers that have passed labor code of conduct audits: 0 (1) Percentage of Tier 1 suppliers received the labor code of conduct audit: 0%</p> <p>c. Number of suppliers received the labor code of conduct audit from third-party personnel: 0 (1) Percentage of suppliers received the labor code of conduct audit from third-party personnel: 0%</p>
Supply chain labor conditions	CG-AA-430b.2	Priority failure rate of supplier labor code of conduct audit and related remedial action rate	<p>a. Total number of audit items : 0</p> <p>b. Number of priority failure items : 0 (1) Priority failure rate : 0</p> <p>c. Number of remedial actions completed : 0</p> <p>d. Remedial measures completion rate : 0</p>

Topic	Index code	Index	Description
	CG-AA-430b.3	<p>The largest in the supply chain</p> <p>(1) Labor risks, and (2) Environmental, health, and safety risk description</p>	<p>(1) Labor risk description</p> <p>There may be many labor risks in the supply chain of the footwear industry as follows:</p> <ol style="list-style-type: none"> 1. Salary and remuneration measures: Workers in the supply chain may experience unfair treatment in wages, such as low wages, wage arrears, overtime work without overtime pay, etc., as well as lack of basic benefits such as medical insurance, pensions, and vacations that is an important issue. 2. Working hours and overtime: Workers in supply chains may experience the risk of long hours and excessive overtime, which may lead to overwork, health problems, and safety risks. 3. Safety and health: The working environments of footwear industry may involve safety and health risks, for example, workers may be exposed to hazardous chemicals, sharp tools, machinery equipment, and unsafe working conditions, which may lead to accidents and occupational diseases. 4. Child labor and forced labor: Child labor and forced labor may exist in the supply chain, which is a serious violation of labor rights and human rights. <p>Fulgent Sun takes the following measure to manage and mitigate labor risks: Establish compliance requirements with suppliers, conduct social responsibility audits, support the unions, and construct transparency and communication channels to secure a fair and respectful working conditions for workers in the supply chain and to promote sustainable development and human rights protection.</p> <p>(2) Environment, Health, and safety risk description</p> <ol style="list-style-type: none"> 1. Environmental risks: The footwear industry may produce various environmental pollutions during the manufacturing process, including wastewater discharge, harmful gas emissions, solid waste and chemical substance disposal, etc. that is detrimental to the soil, water, and air quality. 2. Workplace safety: Workers in supply chains may be exposed to workplace safety risks including operating hazardous machinery equipment, risk of injury, fire and explosion hazards, improper stacking of items, etc. that may lead to accidents and occupational injuries.

Topic	Index code	Index	Description
Supply chain labor conditions	CG-AA-430b.3	<p>The largest in the supply chain</p> <p>(1) Labor risks, and</p> <p>(2) Environmental, health, and safety risk description</p>	<p>3. Chemical management: The footwear industry uses a variety of chemicals such as dyes, adhesives, and solvents; therefore, improper chemical management may lead to chemical spill, exposures, and contamination that is detrimental to worker health and the environment.</p> <p>4. Health and hygiene issues: The working environment of the footwear industry may have a negative impact on workers' health, including musculoskeletal problems caused by long standing hours and repetitive movements, and occupational disease risks (such as respiratory diseases and skin lesions).</p> <p>5. Social impact: Social impacts such as poor working conditions, low wages, and violations of labor rights may exist in the footwear industry supply chain, which impose a negative impact on the quality of life and sustainable development of workers and local communities. Fulgent Sun is committed to managing and reducing such environment, health, and safety risks through workplace safety training, chemical management measures, and monitoring labor health and providing reasonable wages and benefits in accordance with the environmental management system.</p>
Raw material procurement	CG-AA-440a.3	<p>(1) List of priority raw materials; Targeting on each priority raw material:</p> <p>(2) Environmental and/or social factors that are most likely to threaten procurement</p> <p>(3) Discussion of business risks and/or business opportunities related to environmental and/or social factors, and</p> <p>(4) Management strategies for business risks and opportunities</p>	See Table 3 below for details
	CG-AA-440a.4	<p>(1) Purchase quantity of each priority raw material, and</p> <p>(2) The quantity of priority raw materials qualified third-party environmental or social sustainability standards</p>	The quantity of priority raw materials qualified third-party environmental or social sustainability standards in 2022: 0

Table 2. Operating activity indicators

Index code	Index	Description
CG-AA-000.A	(1) Number of Tier 1 suppliers (2) Number of those other than Tier 1 suppliers	(1) Total number of Tier 1 suppliers : 1,540 (2) Total number of those other than Tier 1 suppliers : 0

Table 3. Priority raw material management table

Priority raw material	Environmental and/or social factors most likely to threaten procurement	Description of business risks and opportunities related to environmental and/or social factors	Management strategies for business risks and opportunities
Leather	Husbandry is a significant contributor to the climate crisis, accounting for more than 50% of total nitrous oxide and methane emissions, which is highly related to the energy use and water use in tanneries.	The footwear supply chain is closely related to energy, greenhouse gases, waste, and chemicals. It is crucial to grow reciprocally together with suppliers in order to deal with business risks and turn them into business opportunities.	Fulgent Sun for the sake of responding to the brand customers and market demand actively cooperates with local suppliers to reduce transportation carbon emissions, and is committed to building a sustainable supply chain, and jointly advocates sustainability-related issues with the designated suppliers.
Mesh (textiles)	Each kilogram of cotton requires 20,000 liters of water for irrigation, which is equivalent to the drinking water per person for 11 years. The chemicals used in the dyeing and finishing process also make the textile industry the second largest source of pollution in the world after the oil industry. The textile industry emits 1.2 billion tons of greenhouse gases every year that is more than the total emission of aviation industry and shipping industry together.		
Rubber products	The VOCs emission of the petroleum refining and petrochemicals, coatings, inks, adhesives, pesticides, automobiles, packaging and printing, rubber products, synthetic leather, furniture, shoemaking, and other industries is accounted for more than 80% of total industrial emissions, which is mostly emitted through water and air into surrounding rivers and air, imposing a material threat to the living environment and human health.		

Note: The information on those other than Tier 1 suppliers and the status of labor code of conduct audits is not available.

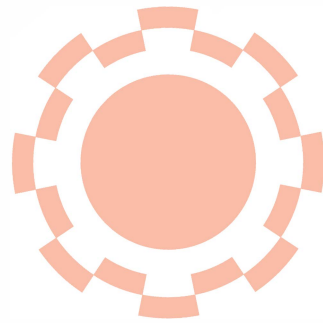
GRI content index

Statement of use	Fulgent Sun International (Holding) Co. Ltd. has reported in accordance with the GRI Standards for the period started on January 1, 2022 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards	Disclosures	Information address	Omitted		
			Request	Reason	Explanation
GRI 2 General disclosures 2021					
Organization and reporting practices					
2-1	Organization details	2			
2-2	Entities included in organizational sustainability reporting	2			
2-3	Reporting period, frequency, and contact person	2			
2-4	Information rearrangement	No information recomposed			
2-5	External guarantee / assurance	No external guarantee			
Activities and Workers					
2-6	Activities, value chains, and other business relationships	5,9-10			
2-7	Employees	42-43			
2-8	Non-employee workers	55			
Governance					
2-9	Governance structure and composition	11,22-23,91-93			
2-10	Nomination and selection of the highest governance unit	11			
2-11	Chairman of the highest governance unit	16,91-92			
2-12	The role of the highest governance unit in monitoring impact management	22			
2-13	Responsible person for impact management	22-23			
2-14	The role of top governance in sustainable reporting	22			
2-15	Conflict of interest	16			
2-16	Communicating key events	22			
2-17	The collective intelligence of the highest governance unit	22			
2-18	Performance evaluation of the highest governance unit	11			
2-19	Remuneration policy	58-59			
2-20	Remuneration decision-making process	58-59			
2-21	Annual total remuneration ratio	-			Confidential information will not be disclosed

GRI Standards	Disclosures	Information address	Omitted		
			Request	Reason	Explanation
Strategy, Policy, and Practice					
2-22	Statement on sustainable development strategy	3-4			
2-23	Policy commitments	15,58			
2-24	Incorporate policy commitments	15,39			
2-25	Procedures for subsidizing negative shocks	17			
2-26	Mechanisms for seeking advice and raising concerns	33			
2-27	Legal compliance	No related affairs			
2-28	Membership of associations and societies	33			
Stakeholder engagement					
2-29	Stakeholder engagement policy	31-32			
2-30	Group pact	60			
GRI 3: Material topics 2021					
3-1	Process for deciding material topics	24			
3-2	List of material topics	24-27			
3-3	Material topic management	27-30			
GRI 201: Economic performance 2016					
201-1	The direct economic value generated and distributed by the organization	18			
201-2	Financial impacts of climate change and other risks and opportunities	19-20			
GRI 301: Materials 2016					
301-2	Use of recycled materials	86			
GRI 302: Energy 2016					
302-1	Energy consumption within the organization	73-76			
302-3	Energy intensity	73-76			
GRI 305: Emissions 2016					
305-1	Direct (Scope 1) greenhouse gas emissions	77-79			
305-2	Energy indirect (scope 2) greenhouse gas emissions	77-79			
305-3	Other indirect (Scope 3) greenhouse gas emissions	77-79			
305-4	Greenhouse gas emission intensity	77-79			
401 Employment 2016					
401-1	New recruits and resigned employees	51-54			
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	56-57			

GRI Standards	Disclosures	Information address	Omitted		
			Request	Reason	Explanation
402 Labor / Management Relations 2016					
402-1	Minimum notice period for operational changes	41			
403 Occupational health and safety 2018					
403-1	Occupational safety and health management system	69			
403-2	Hazard identification, risk evaluation, and accident investigation	69			
403-3	Occupational health services	69			
403-4	Worker participation, consultation, and communication on occupational safety and health	69			
403-5	Worker training on occupational safety and health	69			
403-6	Worker health promotion	69			
403-7	Prevent and mitigate the impact of occupational safety and health directly related to business operations	69			
403-8	Workers covered by the occupational safety and health management system	69			
403-9	Occupational injuries	70-71			
403-10	Occupational diseases	70-71			
GRI 404: Training and Education 2016					
404-1	Average hours of training per employee per year	62-65			
404-2	Improve employee functions and transition assistance programs	66-68			
418 Customer privacy 2016					
418-1	Complaints of substantiated breach of customer privacy or loss of customer information	No related affairs			



Fulgent Sun