



Fulgent Sun

Fulgent Sun International (Holding) Co., Ltd.

2023 Sustainability Report



Table of contents

1. Report compilation principles	2
2. Letter from Chairman	3
3. About Fulgent Sun	5
(1) Company Profile	5
(2) History.....	7
(3) Products and Services	9
4. Corporate governance	11
(1) Board of Directors.....	11
(2) Ethical corporate management.....	15
(3) Risk management.....	21
5. Sustainable management mechanism	27
(1) Sustainable management organization.....	27
(2) Material issues	29
(3) Stakeholder engagement	38
6. Product responsibilities	41
(1) International product certification.....	41
(2) Considerate customer service.....	44
(3) Supply chain management	46
7. Care for employees	48
(1) Manpower structure	48
(2) Rewards and benefits	59
(3) Comply with human rights norms.....	64
(4) Staff training and development	65
(5) Health and safety.....	73
8. Environment sustainability	76
(1) Environmental Sustainability Policy.....	76
(2) Energy management.....	77
(3) Water resources management	84
(4) Waste management	87
(5) Chemical substance management	90
9. Feedback to the society	91
(1) Fulgent Sun International Charitable Public Welfare Fund.....	91
(2) Focus on community education	93
(3) Contribution of medical resources	93
Appendix, Fulgent Sun Board of Directors and Committee Member Information	94
SASB Index-Apparel, Accessories, and Footwear Index	99
Climate-related information of the TWSE/TPEX listed companies	103
GRI Standards Index	108



1. Report compilation principles



1. Report compilation principles

Compilation principles

Welcome to the third “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 in environment, society, and corporate governance (hereinafter referred to as “ESG”) through the information disclosure on sustainable operation in the Sustainability Report.

Reporting period and organizational boundaries

The ESG management policies, material topics, responses, and action performance of Fulgent Sun in 2023 (January 1 to December 31) are disclosed in the Sustainability Report. Also, the contents of some issues can be traced back to the implementation results in 2022 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.

References

The content and data of this report are managed by the relevant responsible units of Fulgent Sun International (Holding) Co., Ltd. Taiwan Headquarters, Fujian Sunshine, Vietnam Fulgent Sun, and Cambodia Sunbow in compliance with the GRI Standards (2021), 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,” which are confirmed and approved by the heads of each unit through document management to ensure the presentation of the sustainability report in depth and breadth, and to present our achievements in all aspects of ESG to the stakeholders taking as a whole.

Release frequency

The last edition was published in September 2023, the current edition is published in August 2024, and the next edition is to be published in August 2025.

Feedback

We welcome your valuable feedback and suggestion that you may have on the “Fulgent Sun 2023 Sustainability Report”, which will help us continue to move towards the realization of sustainable governance concepts.

Contact: Fulgent Sun International (Holding) Co., Ltd., Finance Department

Address: No. 76, Sec.3, Yunke Rd, Douliu City, Yunlin County

Tel.: +8865-5514619

Fax: +8865-5514630

E-mail: service@fulgentsun.com



2. Letter from Chairman

2. Letter from Chairman

Thank you for reading Fulgent Sun Group's 2023 Sustainability Report. The management team of Fulgent Sun Group since its incorporation in 1995 has made it the core mission of fulfilling corporate social responsibilities and practicing the concept of sustainable development continuously. The management team also has promised to take a relevant timetable superior to the requirements of the Financial Supervisory Commission's "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" and then became the third TWSE/TPEX listed shoe-making company in Taiwan since the year 2012. The board of directors had the "Corporate Governance and Sustainable Development Committee" officially established in 2019 so to practice the concept of sustainable development, and aim to substantially strengthen the competitiveness of the Group, enhance added value, and simultaneously take into account sustainable development by improving various soft and hard capabilities. The group had the first "Sustainability Report" released in 2022 in accordance with the GRI Guidelines and with an aim to encourage various departments to incorporate sustainability issues into their daily management work, and hopes to encourage the entire supply chain partners to jointly enhance sustainability awareness and thereby create a reciprocal and symbiotic situation. The Group had the second Sustainability Report issued in 2023 with the SASB sustainability accounting standards included for the first time, had the TCFD climate change finance-related recommendations addressed, and then had a carbon inventory project officially initiated in 2024 to fulfill corporate sustainability responsibilities with the net-zero carbon emissions designated as the main goal.

"Fulgent Sun Group" is working with more than 50 internationally renowned brands as OEM partners currently with sneakers, outdoor shoes, loafers, multi-functional shoes, etc. well introduced in Europe, the United States, Asia, and other countries worldwide. The Group has always adhered to the core values of "Harmony & Faithfulness, Innovation, Velocity, and, Excellence" and the management spirit of outstanding navigation and excellent precision to develop new shoes continuously and jointly with major international brands, to enhance the strategic partnership, and to create a win-win situation and an interdependent relationship of mutual trust and reciprocity. The well-known international brands in Europe and the United States that have been cooperating with the Group for years highly appreciate the importance of ESG. The fact that Fulgent Sun has won internationally renowned brand customers over time and become a mutually beneficial and symbiotic partner to each other proves Fulgent Sun Group's dedication and devotion to ESG-related tasks with a profound foundation.

The buying power of consumers is indeed affected by the soaring inflation worldwide. However, the Group through the joint efforts of the employees had generated an operating revenue of NT\$16.89 billion in 2023, the second-highest sales record was made. In recent years, the Group was ranked in third place of "2020-2022 Top 50 in Operating Performance" by CommonWealth Magazine, and was one of the 25 Taiwanese companies on the "Best Under A Billion" list in Forbes' 2023 Asia-Pacific Top 200. Also, the Group has been ranked in the top 20% of all listed companies in the "Corporate Governance Assessment" of the Stock Exchange for five consecutive years, which again demonstrated Fulgent Sun Group's emphasis on both financial and non-financial aspects, because the Group believes that "performance is important, but it does not outweigh the importance of ESG (environment, social responsibility, corporate governance) and all stakeholders.

The impact of the COVID-19 pandemic is easing up, but the global economy remains facing many potential sustainability risks in the future, including climate change, rising energy prices, and global customers' demand for environmentally sustainable products. Such factors will have an impact and influence on corporate operations. Therefore, the substantial fulfillment of corporate social responsibilities and sustainable operations are the company's main business goals. The management team will continue to improve corporate governance-related norms with a more rigorous attitude held, and will watch out for new domestic and foreign issues and new trends at any time, including sustainable ESG deployment and renewable energy development, pragmatic adjustments and improvements related to

the performance of corporate social responsibilities, in order to continuously improve the corporate governance system and enhance the internal control management mechanism, optimize corporate governance, and move towards the goal of sustainable operations. The management team while holding a positive view on the mid-term and long-term growth trend of the global outdoor sports and leisure industry will adhere to good intentions and work hard, under the precondition of the subjective and objective factors of the global industrial and economic situation, will resources deployed and integrated flexibly and pragmatically, will continue to solicit new customers and build up new production capacity, will continue to improve smart manufacturing and digital transformation, and will be in the pursuit of “outstanding navigation and excellent precision.”

The management team hopes that shareholders, employees, investors, or global customers understand Fulgent Sun Group’s determination and development achievements in the field of sustainable development through various pragmatic and precise management actions and the ethical disclosure of sustainable information. I believe that those who are bold in breaking the routine and constantly challenge existing patterns continuously will be able to seize opportunities. In addition to making good quality products and creating more added value for customers, we shall bring positive influence to industry and society at the same time. Positive influence. In terms of society, we give feedback to society with gratitude and appreciation. The “Fulgent Sun International Charitable Public Welfare Fund” is organized under the supervision of the competent authority, Yunlin County Government, to promote the development of local culture, education, religion, and other activities in Yunlin, to organize or sponsor public welfare charities and social education undertakings, and respond to the government’s public welfare charities and social education undertakings in Yunlin area in order to enhance social well-being and promote social welfare and harmony.

In prospect, “the importance of corporate governance does not come in second to sales performance.” Fulgent Sun Group has been very supportive to the United Nations’ “Sustainable Development Goals (SDGs)” for years, promoting the improvement of healthy life and well-being, fulfilling corporate social responsibilities, and pursuing sustainable operations, which have been the core mission and good intention of the company’s management team. The Group by participating in corporate social responsibilities is able to create a cycle of outstanding performance and hopes to further enhance the Group’s competitive advantage based on the existing operations in order to increase added value. The Group through various capital investments and the enhancement of various soft powers is able to reinforce its competitive advantage again, create added value again, and also enhance the operation of the board of directors continuously, to improve information transparency and compliance with relevant laws and regulations in order to improve the efficiency of corporate governance, to support the solid and precise sustainable development mechanism, and base on a sincere attitude and project action to have the Group’s business performance, environmental sustainability, and social integration balanced and developed; also, to pursue sustainable development and long-lasting excellence. Therefore, we ask for the continuing suggestions, recognition, and encouragement of our stakeholders.

Fulgent Sun International (Holding) Co., Ltd.
Chairman Wen-Chih Lin



3. About Fulgent Sun



3. About Fulgent Sun

(1) Company Profile

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

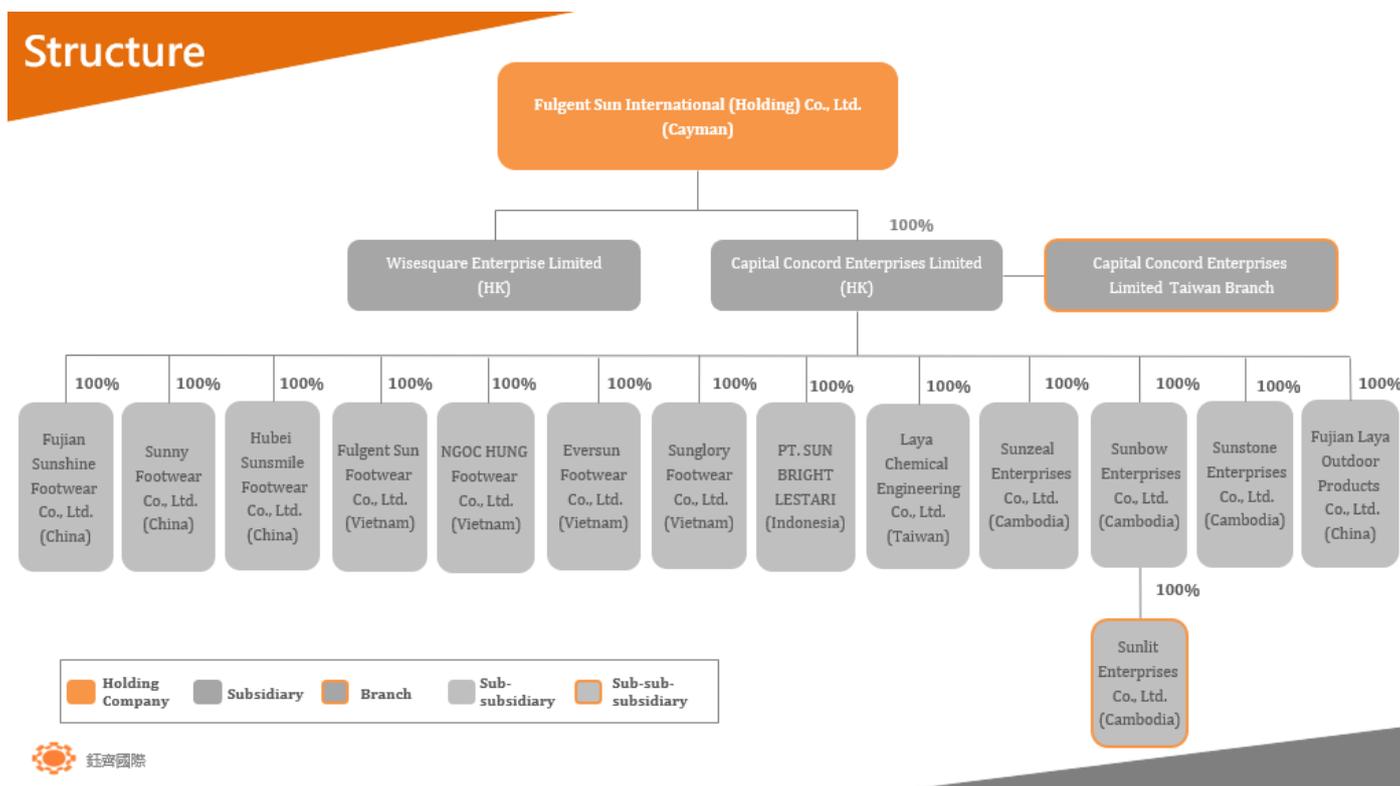
In terms of sales, we cooperate with the major brand companies in the world to form strategic alliances for developing and producing professional sneakers and functional outdoor shoes. The company’s business philosophy is people-oriented, implements humanity management, treats employees as the company’s most important assets, implements corporate social responsibility, and continues to exercise corporate influence on customers, employees, and the environment so to realize positive effects. The company’s Taiwan headquarters has the operating scale expanded since 2011 and relocated to Yunlin Technology-based Industrial Park to have the company’s resources integrated and the operating efficiency optimized.

Fulgent Sun overview

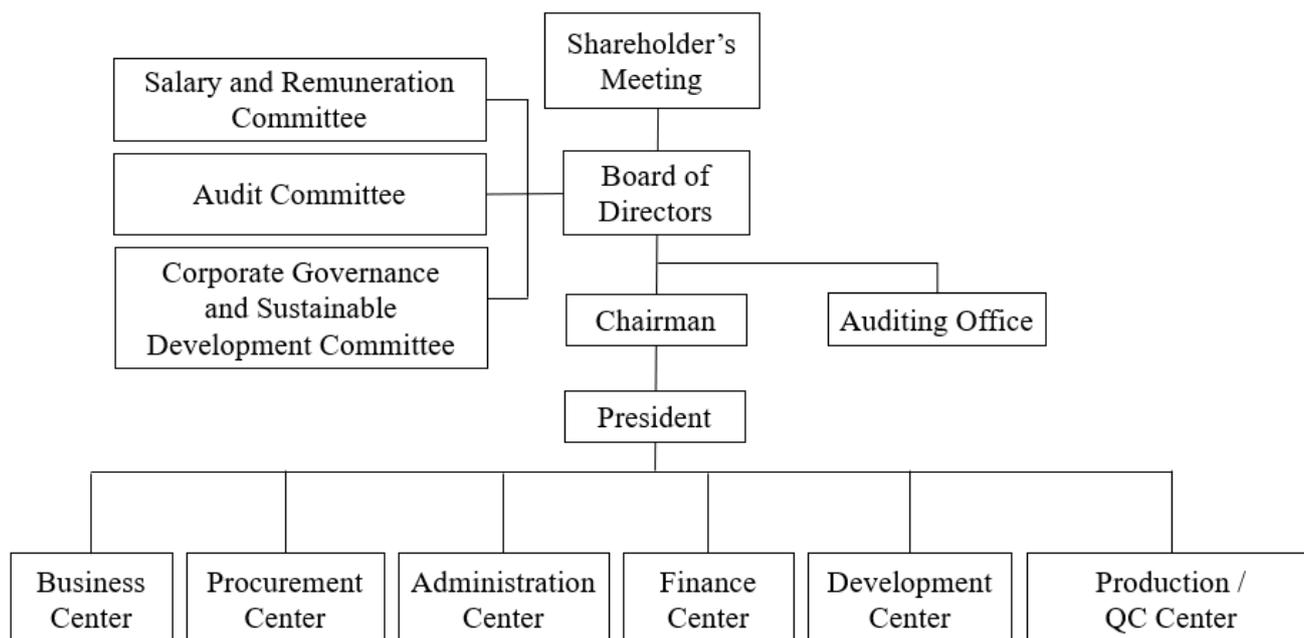
Fulgent Sun was officially listed on Taiwan Stock Exchange in October 2012 (Stock code: 9802)

Item	Description
Group business startup time	March 1995
Paid-in capital	NT\$1.91 billion
Markets	There are more than 50 internationally renowned brands as customers worldwide, with customers in Europe accounted for 48.27% and customers in Americas accounted for 36.59%.
Headquarters	No.76, Sec.3, Yunke Rd, Douliu City, Yunlin County

Organizational chart



Corporate governance structure



Core Culture/Values

(1) Core value

- **Harmony and Faithfulness:** We inherit Chinese traditional culture, consider human as our essential, take harmony as our treasure, and regard faithfulness as our credit.
- **Innovation:** We are bold in breaking the routine to make our products innovative, challenge existing patterns continuously and having manufacture processes improved.
- **Excellence:** We pursue the goal of making perfect shoes, and make our products high value-added for customers.
- **Velocity:** We believe that victory or defeat is determined by the velocity; therefore, we are always one step ahead and seize the moment.

(2) Vision

- On the top of the multifunctional footwear industry.

(3) Mission

- Solve problems. Encourage employees to find solutions together and make employees continue to grow and be full of vitality through their engagement.
- Improve productivity. Assist employees in obtaining the best material and spiritual civilization with customers rewarded.

(2) History

Fulgent Sun Chronicles

Year	Description
1995-1999	<p>Startup phase:</p> <ul style="list-style-type: none"> Fulgent Sun Group was established in 1995. 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"> Received GORE-TEX certification in 2000 for the production of waterproof outdoor shoes. The Group's laboratory received British SATRA certification in 2003. Fulgent Sun Footwear Co., Ltd. was established to manufacture outdoor waterproof shoes in 2003. Fujian Sunshine obtained ISO 9001 quality system certification in 2004. Sunny Footwear Co., Ltd. was established in 2005.
2006-2009	<p>Expanding production capacity:</p> <ul style="list-style-type: none"> Fulgent Sun Group joined the Nike In-line system officially to produce the Group's vulcanization shoes in 2009. Hubei Sunsmile Footwear Co., Ltd. was established in 2009. Fulgent Sun Group promoted lean production to increase its competitiveness in 2009. Fujian Laya Company was established in 2010, specializing in representing European famous brands of outdoor shoes and garments, and opening up the sales market in Greater China area.
2011~2012	<p>Going public/investment in Taiwan:</p> <ul style="list-style-type: none"> Fujian LaSportiva Co., Ltd. was established in 2011 to exclusively represent LaSportiva products in Greater China area. The Taiwan Headquarters in Yunlin Technology-based Industrial Park was officially in operation with domestic venture capital solicited in April 2011. Passed the listing review meeting of the Taiwan Stock Exchange in June 2012. Listed on the Taiwan Stock Exchange in October 2012 (Stock code: 9802).
2013-2020	<p>Continued growth period:</p> <ul style="list-style-type: none"> Sunbow Enterprises Co., Ltd and Sunstone Enterprises Co., Ltd. were established in Cambodia in 2013. We obtained GORE-TEX production technology "SURROUND" certification in 2014. NGOC HUNG Footwear Co., Ltd. was established to engage in the OEM production of outdoor shoes in 2015. We were selected as a constituent stock of "TWSE Corporate Governance 100 Index" in 2015. NGOC HUNG Footwear Co., Ltd. had passed GORE-TEX certification with the ability to produce waterproof outdoor shoes in 2016. We were included in the constituent stocks of "MSCI Global Small Cap Indexes Taiwan Stocks" in November 2019.

Year	Description
2013-2020	<ul style="list-style-type: none"> • Among Top 6%~20% in the 6th evaluation of corporate governance by Taiwan Stock Exchange in 2020. • Reviewed by Taiwan Index Plus and included in the “Corporate Governance 100 Index” in 2020.
2021	<ul style="list-style-type: none"> • Among Top 6%~20% in the 7th evaluation of corporate governance by Taiwan Stock Exchange in 2021. • Eversun Footwear Co., Ltd. was established to engage in the OEM production of outdoor shoes in 2021. • Reviewed by Taiwan Index Plus and included in the “Taiwan Index Plus Small-Mid Cap Alpha Momentum 50 ETF” in 2021. • PT. SUN BRIGHT LESTARI was established in Indonesia to engage in production and sales of sneakers and outdoor shoes in 2021.
2022	<ul style="list-style-type: none"> • Among Top 6%~20% in the 8th evaluation of corporate governance by Taiwan Stock Exchange in 2022. • Laya Chemical Co., Ltd. was established in Taiwan in August 2022.
2023	<ul style="list-style-type: none"> • Sunzeal Enterprises Co., Ltd. was established in Cambodia in 2023. • Among Top 6%~20% in the 9th evaluation of corporate governance by Taiwan Stock Exchange in 2023. • Sunglory Footwear Co., Ltd. was established in Vietnam to engage in the OEM production of sneakers and outdoor shoes in 2023. • Wisesquare Enterprise Limited was established in Hong Kong in 2023.



(3) Products and Services

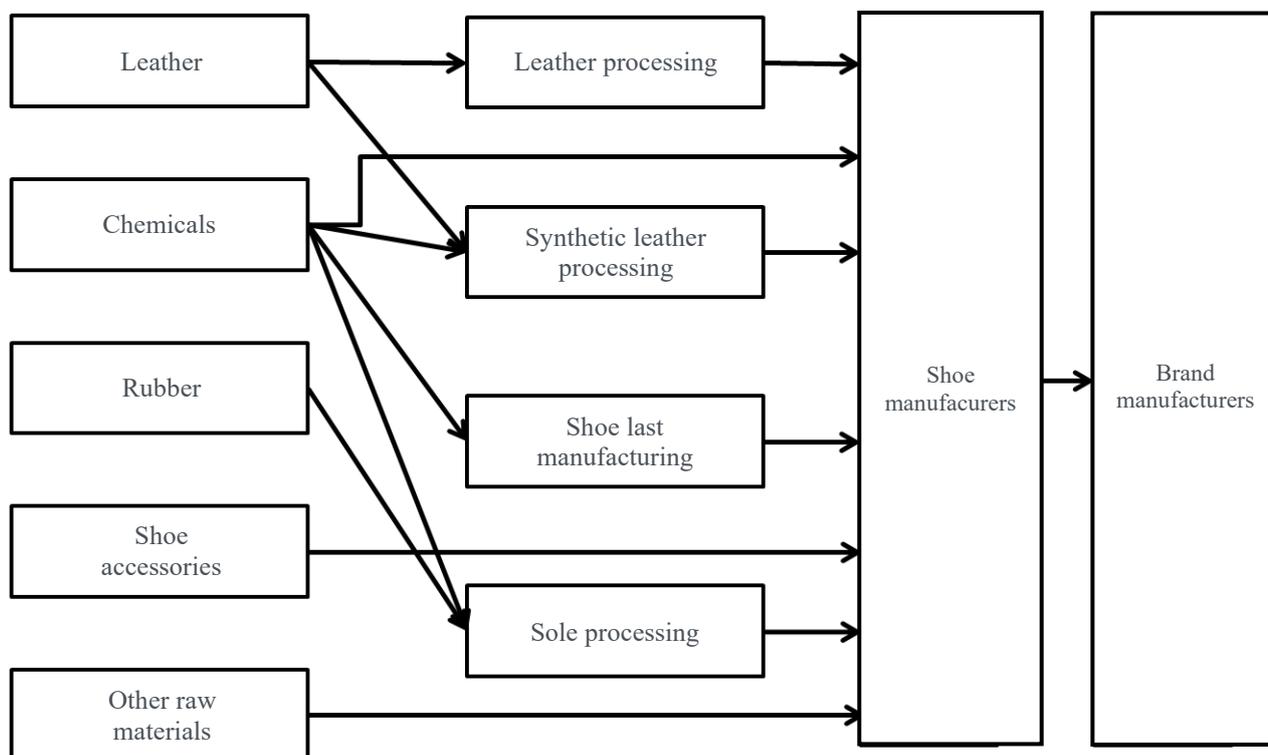
Main OEM brands

Fulgent Sun Group's product development team serves more than 50 internationally renowned brands worldwide. The Group's products include sneakers, outdoor shoes, hiking shoes, loafers, functional shoes, etc. that are mainly sold in Europe, the United States, and Asia. The main OEM brands are as follows:

Supply chain

Fulgent Sun Group specializes in shoe production. The main cooperative suppliers for a total of 1,719 companies are for the supply of shoemaking materials and machine tools. The upstream suppliers are mainly to supply Fulgent Sun with related composite materials, including leather, artificial leather, outsole, chemical composite materials, such as, mesh, shoelaces, and hardware accessories, like buttons, which are processed and produced by the midstream OEM and ODM manufacturers before forwarding them to downstream footwear brand manufacturers for sale.



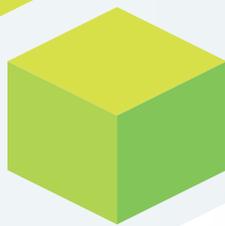
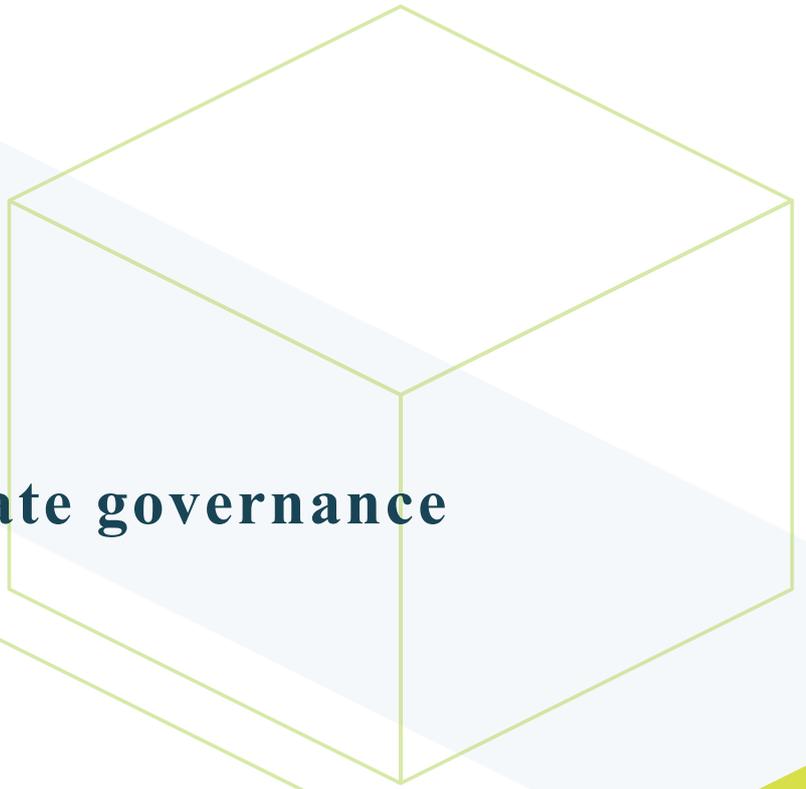
Note: Data Source: Industrial Development Bureau of the Ministry of Economic Affairs – The Upper-, Middle-, and Downstream Industries of Footwear Industry.

Classification of suppliers

Category	Number of companies	Geographical distribution
Artificial leather	83	<ul style="list-style-type: none"> • Northeast Asia: Japan/South Korea/ Mainland China/Hong Kong/Taiwan • South Asia: India/Bangladesh/Pakistan • Europe: Spain/France/UK/Italy/Germany • Southeast Asia: Cambodia/Thailand/Vietnam/Singapore/Indonesia • Americas: United States/Brazil/Canada
Chemical materials	168	
Packaging materials	141	
Leather	99	
Soles	246	
Consumables	156	
Textiles and foam	283	
Integrated materials	52	
Equipment/Parts	312	
Molds and last	5	
Shoelaces, buttons, and accessories	174	



4. Corporate governance



4. Corporate governance

(1) Board of Directors

There are 8 directors on the Fulgent Sun’s board of directors (for an average of 6-year term; a candidate nomination system is adopted for the election of director from the list of director candidates), including 3 acting directors and 5 independent directors. Fulgent Sun for ensuring a good corporate governance has the diversity policy regulated for the composition of board directors in the “Corporate Governance Best Practice Principles.” The board members generally have the necessary knowledge, skills and attainment to perform their duties. The factors to be considered include: Stakeholders’ (including shareholders’) opinions, diversity, independence, and managerial ability to respond to corporate shocks. It is also necessary to comply with the “Regulations Governing Appointment of Directors and Independent Directors” and the “Corporate Governance Best Practice Principles” so to ensure the diversity and independence of board members.

The board of directors operates in accordance with the “Rules of Procedure for the Board of Directors” with a board meeting convened at least quarterly. There was a total of 6 board meetings convened in 2023 to review the Company’s business performance and discuss future development strategies in order to facilitate the formulation of corporate sustainability management objectives and decision-making. In addition, the Board of Directors is the highest governance body to supervise the company’s sustainable development. Also, it regularly reviews the ESG implementation results and future work plans coordinated by the Sustainability Development Committee, and supervises the promotion of sustainable development.

Board of Directors structure

Age/Sex	Male	Female
Over 51 years old (persons)	5	3

Shareholder structure

Shareholder structure	Financial institution	Other juristic persons	Foreign institution and foreigners	Individual	Treasury stock	Capital from Mainland China
Shareholding ratio	13.26%	8.59%	41.44%	36.34%	0.35%	0.02%

Board directors

Name	Title	Education & Work Experience	Current Position
Wen-Chih Lin	Chairman	<ul style="list-style-type: none">• Department of Chemical Engineering, Feng Chia University• President of Fulgent Sun International (Holding) Co., Ltd.	<ul style="list-style-type: none">• Chairman of Fulgent Sun International (Holding) Co., Ltd.• Chief Strategy Officer of Fulgent Sun Group
Fang-Chu Liao	Director	<ul style="list-style-type: none">• Department of International Trade, Chinese Culture University• Sales VP of Fulgent Sun International (Holding) Co., Ltd.	<ul style="list-style-type: none">• President of Fulgent Sun International (Holding) Co., Ltd.• CEO of Fulgent Sun Group

Name	Title	Education & Work Experience	Current Position
Chih-Cheng Liao	Director	<ul style="list-style-type: none"> • Doctoral program in industrial management at National Yunlin University of Science and Technology (doctoral students) • Senior Sales Manager of First Bank 	<ul style="list-style-type: none"> • Vice President, Spokesperson, Financial Officer, and Corporate Governance Officer of Fulgent Sun Group
Jin-Huang Huang	Independent Director	<ul style="list-style-type: none"> • Ph.D. Department of Mechanical Engineering, Northwestern University (NU) • Dean of Department of Mechanical and Computer-Aided Engineering, Feng Chia University • Dean of College of Engineering and Science, and Industry-Academia Officer and Vice Principal of Feng Chia University 	<ul style="list-style-type: none"> • Visiting Professor of Feng Chia University • Director of Winson Machinery Casting Co., Ltd. • Independent Director of China Fineblanking Technology Co., Ltd. • Independent Director of Best Precision Industrial Co., Ltd. • Independent Director of Alformer Industrial Co. Ltd.
Chun-An Li	Independent Director	<ul style="list-style-type: none"> • Ph.D. of NCCU Department of Business Administration • CPA in practice • Dean of College of Finance and Banking, National Kaohsiung University of Science and Technology 	<ul style="list-style-type: none"> • Emeritus Professor of National Yunlin University of Science and Technology
Chun-Ming Wu	Independent Director	<ul style="list-style-type: none"> • Department of Accounting, Soochow University • Vice President of Underwriting Department of Hua Nan Securities • Senior VP of the Department of Corporate Banking, Capital Securities Corporation • President of Zhanteng Venture Capital Consulting Co., Ltd. 	<ul style="list-style-type: none"> • President Query Investment Co., Ltd. • Independent Director of Tecstar Technology Co., Ltd. • Independent Director of Lian Hong Art Company Limited • Director of E-Elements Technology, Co. Ltd.
Shu-Ching Chou	Independent Director	<ul style="list-style-type: none"> • PhD in Finance, Law, and Accounting Section, Department of Business Administration, National Sun Yat-sen University • Dean of Department of Finance, Yunlin University of Science and Technology 	<ul style="list-style-type: none"> • Professor of Department of Finance, National Yunlin University of Science and Technology
Hui-Ying Wang	Independent Director	<ul style="list-style-type: none"> • Open Business College Affiliated with National Cheng Kung University • Manager of First Bank Kaohsiung Branch and Luzhu Branch, Senior Manager and Director of Kaohsiung Regional Center, and Senior Manager and Director of Tainan Regional Center 	-

Functional committee members

Name	Salary and Remuneration Committee	Audit Committee	Corporate Governance and Sustainable Development Committee
Wen-Chih Lin, Chairman	-	-	Chairman
Fang-Chu Liao, Director	-	-	v
Chih-Cheng Liao, Director	-	-	v
Jin-Huang Huang, Independent Director	Chairman	v	v
Chun-An Li, Independent Director	v	Chairman	v
Chun-Ming Wu, Independent Director	v	v	v
Shu-Ching Chou, Independent Director	-	v	v
Hui-Ying Wang, Independent Director	-	v	v

Professional/Academic/Experience Background of Board Directors

Name of Director	Professional/Academic/Experience Background
Wen-Chih Lin	<p>Possesses work experience necessary for business, finance, accounting, corporate business, and operational judgment.</p> <p>Served as the President of the Group.</p> <p>Free of any matter as stated in Article 30 of the Company Act.</p>
Fang-Chu Liao	<p>Possesses work experience necessary for business, finance, accounting, corporate business, and operational judgment.</p> <p>Served as the Sales VP of the Group.</p> <p>Free of any matter as stated in Article 30 of the Company Act.</p>
Chih-Cheng Liao	<p>Possesses work experience necessary for business, finance, accounting, and operational judgment.</p> <p>Served as the Senior Sales Manager of First Bank.</p> <p>Free of any matter as stated in Article 30 of the Company Act.</p>
Jin-Huang Huang	<p>Served as a lecturer or higher up in corporate business-related departments of public or private colleges and universities.</p> <p>Served as the Dean of the Department of Mechanical and Computer-Aided Engineering, College of Engineering and Science, Industry-Academia Officer, Vice Principal, and a visiting professor of Feng Chia University.</p> <p>Free of any matter as stated in Article 30 of the Company Act.</p>
Chun-An Li	<p>Served as a lecturer or higher up in business, finance, and accounting related departments of public and private colleges and universities; also, professional and technical personnel who have passed national examinations, such as, a certified public accountant</p> <p>Served as the Dean of the College of Finance and Banking of National Kaohsiung University of Science and Technology, Dean of the Department of Finance and Banking of National Yunlin University of Science and Technology, Emeritus Professor, and Certified Public Accountant.</p> <p>Free of any matter as stated in Article 30 of the Company Act.</p>
Chun-Ming Wu	<p>Possesses work experience necessary for business, finance, accounting, and operational judgment.</p> <p>Served as the VP of Underwriting Department of Hua Nan Securities, the Senior VP of the Department of Corporate Banking of Capital Securities Corporation and the President of Zhanteng Venture Capital Consulting Co., Ltd.</p> <p>Free of any matter as stated in Article 30 of the Company Act.</p>
Hui-Ying Wang	<p>Possesses work experience necessary for business and accounting.</p> <p>Served as the Manager of First Bank Kaohsiung Branch and Luzhu Branch, Senior Manager and Director of Kaohsiung Regional Center, and Senior Manager and Director of Tainan Regional Center</p> <p>Free of any matter as stated in Article 30 of the Company Act.</p>
Shu-Ching Chou	<p>Served as a lecturer or higher up in finance and accounting-related departments of public or private colleges and universities.</p> <p>Served as the Dean and professor of the Department of Finance and Banking of National Yunlin University of Science and Technology.</p> <p>Free of any matter as stated in Article 30 of the Company Act.</p>

(2) 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 requests 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. Fulgent Sun expressly stipulates that directors, managerial officers, and employees may not directly or indirectly provide, promise, request, or accept any improper gains in the course of business activities, or engage in unethical acts that violate integrity, that are illegal, or that are breach of fiduciary obligations, including:

- Senior management and operational level: The corporate governance director and human resources department under the supervision of the board of directors are committed to the promotion and operation of ethical corporate management and report to the board of directors regularly (at least once a year).
- Board of Directors level: Approval and responsible for the formulation, supervision, and implementation of ethical corporate management policies and prevention plans.
- Announce the code of conduct, ethical corporate management, and other policies on the company's official website and internal employee information website; also, set up multiple communication channels and report to the dedicated units.
- Promote ethical corporate management standards every year. Provide relevant training courses to all employees and conduct promotional meetings occasionally with a total of 20 persons trained for a total of 10 hours in 2023.
- We require organizations that have substantial controls over the subsidiaries and the company to encourage and promote relevant policies and norms, and to maintain the information open and transparent.

Fulgent Sun’s commitments to the “Responsible Business Conduct” Policy

Item	Description
The policy commitments of the “Responsible Business Conduct”	<ul style="list-style-type: none"> Fulgent Sun clearly stipulates in the “Ethical Corporate Management Best Practice Principles” and “Codes of Ethical Conduct” that Fulgent Sun’s personnel must comply with the relevant moral standards and uphold integrity in corporate business operations, and may not directly or indirectly provide, promise, request, or accept any improper gains, or engage in unethical acts that violate integrity, that are illegal, or that are breach of fiduciary obligations so to obtain or maintain benefits. The “Regulations Governing the Report and Disciplinary Acts for Violations of Ethical Conducts and Ethical Corporate Management” is established in response to any violation committed; also, establish Fulgent Sun’s internal and external reporting channels and processing systems for the substantiation and implementation of Fulgent Sun’s “Codes of Ethical Conduct” and “Ethical Corporate Management Best Practice Principles,” and for protecting the legitimate rights and interests of the whistleblower and counterparties. The policy commitment to responsible business conducts that are passed by the highest governance body (board of directors) within the company is applicable to all corporate activities and business relationships of the company.
Official governmental documents for reference in policy formation	Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies, etc.
Is it required by the policy to exercise due diligence?	<ul style="list-style-type: none"> Fulgent Sun respects, supports, and complies with national laws and regulations at where it located in order to protect employees’ labor rights. The human rights due diligence will be planned in accordance with relevant international human rights laws and regulations in the future in order to ensure a comprehensive implementation of human rights protection task.
Is it required by the policy to exercise precautionary principle?	The “Risk Management Policies and Procedures” and the “Information Security Risk Management Policy” have been formulated. The company’s risk management task force regularly reports the risk management operations to the board of directors every year in order to effectively carry out risk management and control.
Are human rights regulated in the policy?	<ul style="list-style-type: none"> Fulgent Sun respects and supports the relevant international human rights norms, complies with the national laws and regulations at where it located in order to protect employees’ labor rights. We prohibit forced or compulsory labor or the employment of forced or child labor. All employees work voluntarily and enjoy the freedom of having their employment relationship terminated with a reasonable notice issued. In addition, harassment and cruelty of any kind and in any form, including sexual harassment, abuse, slavery, corporal punishment, threats, exploitation, physical or mental pressure, or verbal abuse, are prohibited in all factories worldwide. In terms of employment, employment decisions are based on occupational functions. In addition, training, promotion, severance, and retirement will not be practiced differently and no discrimination will occur for the reasons of race, religion, color, nationality, age, and gender.

Note: Please refer to the website at https://www.fulgentsun.com/investors01_4.asp for Fulgent Sun’s corporate governance-related policies and commitments in details.

Anti-corruption

Fulgent Sun adheres to the principle of ethical corporate management, is committed to preventing corruption in corporate operations, and enhances internal control mechanisms. We make law-abiding, integrity, and quality service our core business philosophy to ensure the transparency and fairness in all business activities.

Fulgent Sun has formulated the “Rules Governing Anti-Corruption” to enhance corporate governance and base on the actual situation of the company to promote a strict anti-corruption system. We enhance the supervision and management over crucial operations and key personnel to ensure a commitment system for combating commercial bribery. The company truthfully complies with the principle of fair competition, guides managerial personnel to act lawfully, be honest and trustworthy, consciously resists corruption in any form, and establishes 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 to handle complaints/reports. The stakeholders who have found an unethical act or corruption can report it through such channels to the managerial officers, department heads, and relevant departments. We promise to keep the identity of the whistle-blower and the content of the reported incident in confidence, and anonymous reporting is permitted. There was not any violation of “Anti-Corruption / Commitment” occurred in 2023.

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 task force is responsible for promoting the company’s ethical management policy and preventive measures, and encouraging all employees to substantiate the value of ethics. The task force 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.

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/GTSM 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 prevention mechanism of the board of directors against the conflict of interest, we have formulated the “Related Party Transaction Management Operations,” “Ethical Corporate Management Best Practice Principles,” and “Codes of Ethical Conduct” and have established an “Ethical Management Task Force.” The said Task Force shall report its practice to the board of directors at least once a year, and organize internal and external education and training related to ethical corporate management issues so to substantiate various business regulations 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 operational procedures, as well as matters involving the interests of the board directors. The Audit Committee is formed by five independent directors. Directors, managerial officers, and employees are all obliged to act in the best interests of Fulgent Sun, avoid any conflicts of interest, and perform audits in accordance with the “Procedures for Board of Directors Meetings,” “The Exercise of Power by Audit Committees,” and “The Exercise of Power by Remuneration Committees” to verify the recusal of the board of directors. The operation of the Remuneration Committee is also in compliance with regulations. Directors, managerial officers, and other stakeholders attending or attending on a non-voting capacity the board meeting, as well as the juridical persons they represented, who have a conflict of interest in the proposals to be discussed in the board meeting should have themselves recused from the meeting and may not participate in discussions and voting.

We have it stipulated in the “Code of Ethical Conduct” that our employees must have official duties handled in an objective and efficient manner, and may not generate illegal gains for themselves, their spouses, parents, children, or relatives within the second degree of kinship through their job positions held in the company. If there is any loan or guarantee, material asset transactions, or purchase (sales) of products conducted between Fulgent Sun and the affiliated enterprises of the aforementioned personnel, the relevant personnel of Fulgent Sun should proactively explain it to the company whether there is any potential conflict of interests with the company, which shall be handled in accordance with the code of conduct of Fulgent Sun in order to prevent conflicts of interest from occurring.

Management of conflict of interest

Item	Description
Cross-board membership	None
Cross-shareholdings with suppliers and other stakeholders	None
Controlling shareholder	None
Related parties, their relationships, transactions, and outstanding balances	Fulfill the requirements of disclosure with the related party information detailed in the “Note” to the financial report in the annual report of the shareholders’ meeting.

Negative impact remedy process

Fulgent Sun has whistleblowing cases handled in a confidential manner with the whistleblowers protected. Members of the investigation team and relevant parties shall keep the investigation process and related information in confidence and may not have it released to the public without authorization. Fulgent Sun shall instruct the relevant responsible units to review and examine the internal control system and operating procedures for verified negative incidents with improvement measures proposed so to prevent the same incident from reoccurring. There had been no negative impact occurred in 2023 due to the implementation of a strict mechanism control.

- (1) Fulgent Sun upon accepting the comprehensive reporting information in writing will have an investigation team formed within five (5) days to initiate an investigation.
- (2) Members of the investigation team may include department heads, human resources department, audit department, etc. Stakeholders to the cases under investigation shall have themselves recused from serving as members 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 has whistleblowing cases handled in a confidential manner with the whistleblowers protected. Members of the investigation team and relevant parties shall keep the investigation process and related information in confidence and may not have it released to the public without authorization.

Reporting channels
<p>(1) Anti-corruption mailbox: Accepts reports from shareholders, investors, customers, suppliers, contractors, and other stakeholders.</p> <p>(2) Contact channels for each stakeholder: Fulgent Sun International (Holding) Co., Ltd. Address: No. 76, Sec.3, Yunke Rd, Douliu City, Yunlin County Tel: 886-5-5514619 Fax: 886-5-5514630</p> <ul style="list-style-type: none"> • Investor contact window: Spokesperson: Chih-Cheng Liao, Executive Vice President sunny.liao@fulgentsun.com Acting Spokesperson: Chien-Chao Hung, Chief Financial Officer colin.hung@fulgentsun.com • Employee contact window: Administration Office, Ellie Shen ellie.shen@fulgentsun.com • Customer contact window: Sales Department, Anneya Lin anneya.lin@fulgentsun.com • Supplier contact window: Purchasing Department, Winnie Cheng winnie.cheng@fulgentsun.com • Community contact window: Administration Office, Ellie Shen ellie.shen@fulgentsun.com

Financial Performance

Fulgent Sun had demonstrated the flexibility and resilience of its business management strategy under the impact of many negative factors on the global industrial and economic situation. The Company's operating revenue amounted to NT\$16.89 billion in 2023 through the efforts of all employees, and the operating profit amounted to NT\$1.81 billion.

In terms of the output ratio of each country, Vietnam, Cambodia, and China accounted for 49.87%, 25.38%, and 24.75% in 2023, respectively; in terms of the revenue ratio in each region (destinations designated by brand customers), European market accounted for 48.27% and American market accounted for 36.59%. Europe and the United States remain the main markets for the sales of outdoor sneakers and loafers.

Unit: NT\$ dollars

Item	Class	2023	Definition
Direct economic value generated	Operating revenue	16,893 million	Include net sales, financial investment income, and income from asset sales.
Distributed economic value	Operating costs	10,147 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	4,940 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)	1,441 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	489 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	9 million	(1) Include "actually paid" amount during the reporting period (2) Exclude promised payments (3) Exclude legal and commercial activities, or investments intended for commercial purposes.
Reserved economic value	-	-133 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

(3) Risk management

Fulgent Sun Group is with a multinational operation and specializes in manufacturing professional and highly-functional shoes. In terms of management, the board of directors identifies, evaluates, and controls material 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.

Anti-terrorism risk

Fujian Sunshine Factory of Fulgent Sun has established the 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 the U.S. homeland security. Products of the manufacturers that passed the C-TPAT factory inspection can be quickly cleared the customs and enter the United States with limited customs inspection for product safety.

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 implications by referring to the Task Force 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 resulted from a 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	Disclosures	Description of Disclosures
Governance	(1) Board of Directors' supervising climate-related risks and opportunities	<ul style="list-style-type: none"> Fulgent Sun's board of directors is the highest governance body 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 and 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.
	(2) Management's responsibility of assessing and managing climate-related risks and opportunities	The "Corporate Governance and Sustainable Development Committee" sets 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	(1) Identified short-term, mid-term, and long-term climate-related risks and opportunities	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 short-term (2025), medium-term (to 2030), and long-term (after 2050).
	(2) Impact of climate-related risks and opportunities on business, strategy, and financial planning	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.

TCFD framework	Disclosures	Description of Disclosures
Strategies	(3) Potential impacts of different climate scenarios on operations (business), strategy, and financial planning	<p>The impacts of extreme climate events and transition actions on finance are as follows:</p> <p>Capital expenditure: In order to achieve the requirement of each factory saving 1% of total electricity consumption, each factory must gradually have old equipment eliminated and replaced, and must implement an energy-saving management plan to improve equipment efficiency.</p> <ul style="list-style-type: none"> • Various centralized production and load control plans must be implemented to improve power saving within the factory in order to comply with relevant regulations/customers' energy saving and carbon reduction requirements. • The aforementioned purchase/renovation of factory equipment will cause capital expenditure to go up. <p>Earnings: Once the “Carbon Border Adjustment Mechanism (CBAM)” is implemented by European Community in 2026, importers must purchase vouchers as payment for the carbon emissions of imported products, and the price is calculated based on the average closing price of the EU’s weekly carbon credit auctions, which will directly drive the carbon credit of sustainable/low-carbon products and related benefits of import and export trade.</p> <ul style="list-style-type: none"> • The company through the efforts of the R&D unit will be able to respond to the demand for sustainable/low-carbon products in the future, increase the selection of low-carbon materials, and provide customers with more choices and services. • We suggest more suitable low-carbon materials to our customers based on our understanding on low-carbon materials supplied by various manufacturers in order to reduce the use of unsuitable materials, reduce development costs, and increase operating revenue. <p>Direct costs: International customers require the use of renewable energy accounted for a certain percentage of revenue by the year of 2025 in response to the development of net-zero emission in 2050. Therefore, we must actively search for green energy, find green power suppliers, evaluate green power prices, and purchase green power credit required by customers/relevant regulations, which will cause the direct costs to go up.</p>

TCFD framework	Disclosures	Description of Disclosures
Risk management	(1) Process for identifying and assessing climate-related risks	Observe industry sustainability trends in a long run; grasp, collect, and identify market trends and customer needs through multiple channels; each department fulfills responsibility to ensure that regulatory developments, environmental protection trends, customer opinions, and competitor opinions can be concretely and quickly realized in the process of identifying, assessing, and managing climate-related risks in core operational fields such as manufacturing, industrial safety and environmental protection, and R&D, and how to have it integrated with the enterprise risk management mechanism.
	(2) Processes for managing climate-related risks	Fulgent Sun in the industry it operates expects to have the results of various uncertainties and risks (including climate-related risks) controlled within the expected and tolerable range through active control actions taken
	(3) How the processes for identifying, assessing, and managing climate-related risks integrate with enterprise risk management mechanisms	Incorporate climate change into the material issues and key material risk projects for corporate sustainable development; substantiate risk management plans; plan response measures for operations, products, and supply chain management. Continue to refine the integration of climate change risk management on the environmental side and the overall enterprise risk management system on the management side in accordance with the considerations of laws, climate disasters, and other factors.
Index and objectives	(1) Indicators used for assessing climate-related risks and opportunities	In terms of climate change mitigation, the company uses greenhouse gas emissions per unit of revenue as the main key indicator for quantitative assessment. Also, the company sets other indicators such as the proportion of renewable energy usage, electricity usage per unit revenue, water consumption per unit revenue, etc.
	(2) Greenhouse gas emissions (Scope 1, Scope 2, and Scope 3)	Conduct a greenhouse gas inventory at the Taiwan headquarters in accordance with the international standard ISO 14064-1:2018 to calculate Scope 1, Scope 2, and Scope 3 GHG emissions in 2023.

TCFD framework	Disclosures	Description of Disclosures
Index and objectives	(3) Management objectives and achievement (performance) of climate-related risks and opportunities	<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. • Hubei Sunsmile, Cambodia Sunbow, Fujian Sunshine, and Taiwan headquarters implement solar power generation projects to reduce fuel consumption and environmental pollution caused by traditional power generation, which helps save 20~50% energy compared with traditional coal-fired boilers and saves 10~30% energy compared with traditional cooling devices with a total power generation of 6,541.80MWh and a reduction of carbon emissions by 4,052.96t-CO₂e/ton, which is equivalent to afforestation of 122.82 hectares, resulted. • All factories of the Group had comprehensively installed LED lighting with better energy saving effect to replace traditional fluorescent lamps in 2023.

Information security risk management

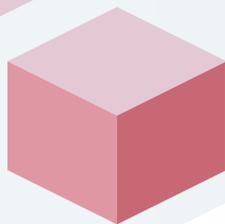
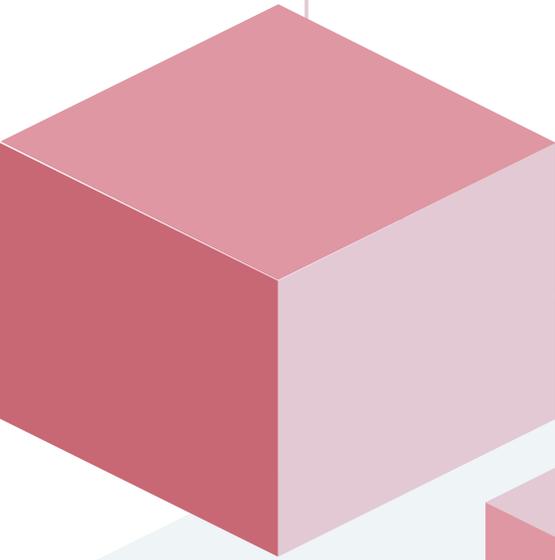
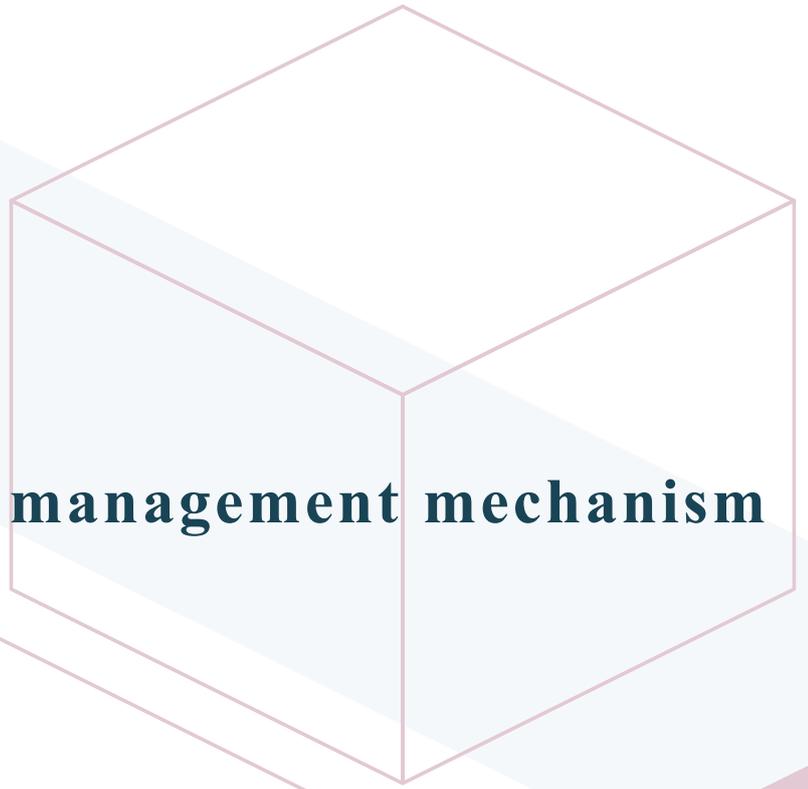
Fulgent Sun values the importance of protecting customer privacy while serving brand customers worldwide. In terms of customers' intellectual property rights, in addition to signing and honoring the confidentiality agreements signed with brand customers, we also regularly announce and educate the importance 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 is not any relevant material information security/privacy leakage incident occurred this 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 for 3 times will be automatically on the list. The IP of user who has made connections exceeding the limit will also be automatically on the list in order prevent DDOS attacks. • Sangfor Taiwan Firewall Application Delivery (AD) virtual service can be reused to minimize the number of simultaneous connections, and to resist attacks. Also, only specific ports are opened on the Internet without having all ports exposed on the Internet.
Internal control	<ul style="list-style-type: none"> • In terms of remote backup mechanism, ensures data security. Database backup files will be restored regularly to simulate disaster drills (database, file, and restore test) • Sangfor Taiwan Firewall Internet Access Control allows users to access specific websites in order to minimize the risk of leaks and viruses. • USB management and control is through AD domain control policy. USB is blocked from all the Company's internal computers, except for 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 message according to the actual needs. Program, as needed, whether the user's mailbox can send and receive email on the group's external network. • Fire alarm tests are conducted regularly at each factory, and carry out disaster prevention and evacuation drills occasionally. • Conduct information security education and training occasionally, and promptly update the information security data to employees in order to prevent information security incidents from occurring.



5. Sustainable management mechanism



5. Sustainable management mechanism

(1) Sustainable management organization

ESG management organization and mechanism

Fulgent Sun for the sake of implementing the concept of sustainable development had established the “Corporate Governance and Sustainable Development Committee” in 2019 that consisted of 8 directors to assume the responsibility for decision-making/supervision of the “Company’s impact on the economy, environment, and public.” The “Corporate Governance and Sustainable Development Committee Charter and Organization Structure” was also formulated.

The chairman (representative of the board of directors) of Fulgent Sun serves as the chairman of the “Corporate Governance and Sustainable Development Committee” with the meeting held 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 task forces, and is responsible for the review of ESG decision-making and action plans, and the review and approval of related reports (such as sustainability, SASB, etc.). Also, the corporate governance task force under the committee is to coordinate and promote the task implementation of each department, to regularly summarize the implementation progress and report it to the board of directors. The ESG report, stakeholder communication status, ethical corporate management policies, and plans for prevention of misconducts and supervision status should be reported to the corporate governance and sustainable development committee every year.

The board of directors is the highest governance body to supervise the company’s sustainable development, and the implementation results and future work plans of sustainable development will be reported to the board of directors regularly. The “Corporate Governance and Sustainable Development Committee” is designated to coordinate the review and management of the company’s ESG action plan. The corporate governance team is to have the implementation progress summarized and reported to the board of directors regularly. In terms of communicating material events, key issues are reported and communicated at each board meeting by the corporate governance supervisor and through internal audit mechanism. Information disclosure on greenhouse gas inventory and verification has been communicated to the board of directors on a quarterly basis since January 2023 for a total of 4 times so far.

Department heads are designated members of the “Corporate Governance and Sustainable Development Committee,” and senior managers are responsible for the operation of the committee, formulating relevant ESG policies, action plans, and cross-department coordination work. The Corporate Sustainability Committee holds meetings regularly; also, meetings will be held occasionally for the occurrence of any specific ESG issue during the year so to have ESG issues discussed and responded to in a timely manner. Furthermore, the management process, evaluation results, and overall ESG information should be shared through the ESG website and other communication channels; also, maintain good interaction and engagement relationships with multiple stakeholders.

Arrange exclusive courses for board directors to enhance their ESG collective knowledge in response to the ever-changing international competitive management environment and laws (such as corporate governance) so to equip them with modern management capabilities. We have stipulated that the factor of diversity should be considered for the formation of the board of directors, as well as the knowledge, skills, and experience of the directors needed for performing their duties, in accordance with Article 20 “Members of the board of directors are advised to participate in training courses on finance, risk management, business,

commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies, which cover topics relating to corporate governance upon becoming directors and throughout their terms of occupancy” of Chapter 3 “Enhancement of Direct’s Occupational Competency” of the “Corporate Governance Best Practices Principle.”

Fulgent Sun had the first sustainability report published in 2022. We hope that can let the relevant departments incorporate various sustainability issues into daily management operations through a clear advanced ESG organization and division of labor, and further increase the sustainability awareness of the overall supply chain partners, and work with stakeholders to seize development opportunities.

Task Force	Job Responsibilities
Economic subjects	<ul style="list-style-type: none"> • Improve corporate governance structure, enhance information transparency, and effectively implement core ESG to create long-term values for shareholders. • To be responsible for establishing and protecting the environment, value the importance of social responsibility, labor rights, safety, health, and sustainable supply chain, and establish long-term partnerships with suppliers.
Environmental subjects	<ul style="list-style-type: none"> • Continue to promote energy management, resource recycling, and strive to improve the efficiency of various resources in order to minimize the negative impact of product life cycle on the environment. • Improve energy efficiency by process innovation, reduce greenhouse gas emissions, minimize the impact of the plant on the environment, and provide employees and contractors with a safe and healthy working environment.
Social subjects	<ul style="list-style-type: none"> • Strive to safeguard the basic rights of colleagues, to be a good social citizen, and to make contribution and development for employees, stakeholders, and the society. • Cooperate with “Charitable Trust Fulgent Sun Group International Charity 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 corporate management	<ul style="list-style-type: none"> • Arrange ethical conduct related education, propaganda, and training, and promote ethical corporate management and norms through new recruits training and website propaganda. • Responsible for the complaint and reporting channels accessible by internal and external personnel with the follow-up processing handled by the designated personnel.
Risk management	<ul style="list-style-type: none"> • Evaluate risks regularly every year, and formulate management policies for each risk, which include management objectives, organizational structure, attribution of rights and responsibilities, risk management procedures, etc. that should be implemented accordingly and truthfully. The mission is to effectively identify, measure, and control the various risks of Fulgent Sun, and to control the risks arising from business activities within the tolerable range.

(2) Material issues

Materiality determination process

<ul style="list-style-type: none"> • Frequency: Once a year • Materiality process/material issue review and signature: approved by the Chairman (representative of the highest governance body). • Types of stakeholders participating in the assessment: Members of the ESG team of each department are to collect issues of concern to stakeholders in each business function. 		
Material Topics Identification Process		
1. Collect/identify various sustainability issues continuously	2. Salience sequencing	3. Results Confirmation/Material Issues Matrix
Collect international sustainability issues, disclosure frameworks / standards (such as GRI standards, TCFD, & SASB), and relevant news about Fulgent Sun in 2023; identify various ESG issues in line with short-term, mid-term, and long-term ESG goals.	Representatives of the ESG team will initiate final issues analysis and discussion based on internal considerations, industry practices, and benchmarks after completing the topic salience assessment; also, set the “materiality threshold” of actual and potential impact issues for sequencing in order to complete the “annual material topic matrix.”	Present the “Annual Material Topic Matrix” that is established by the ESG Committee to the “Chairman (representative of the highest governance body)” for review and approval. The matrix is prepared based on the identification results of the current year and it is an important reference for ESG report disclosure/action plan planning.

Material topics differentiation results

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

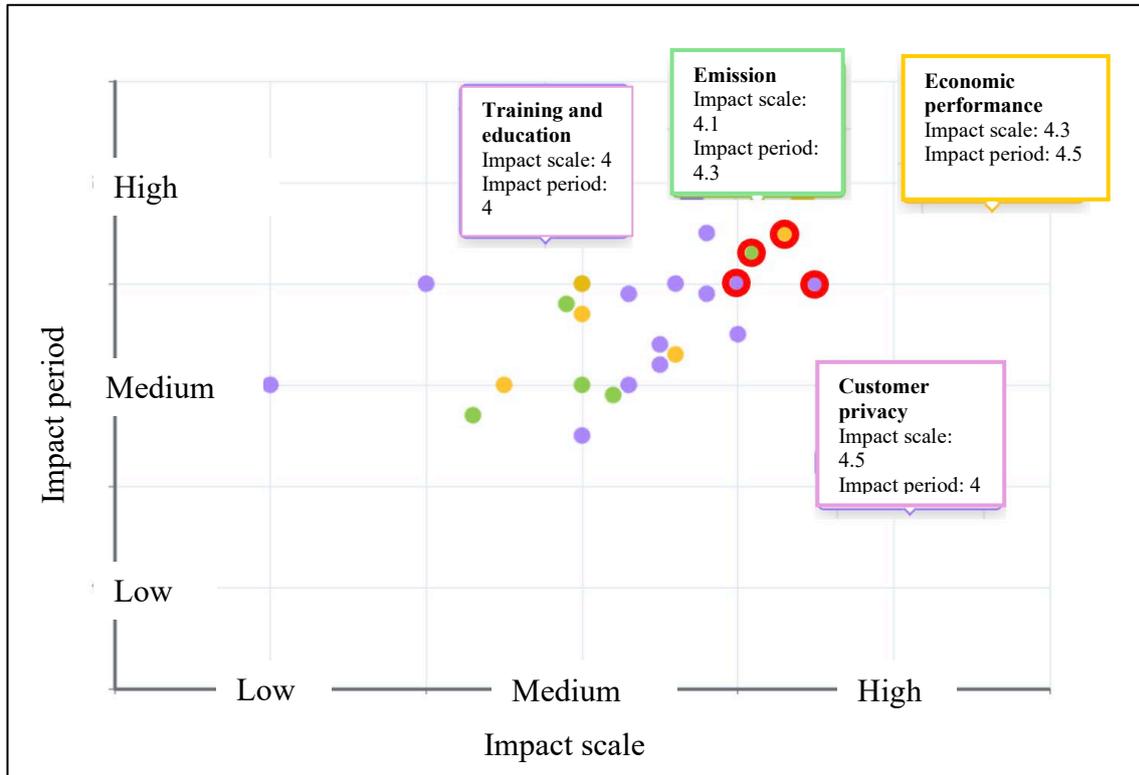
Type of impact	ESG Aspect	Material topics	The impact of the principle of materiality on the economy, environment, and people	Source of impact	Impact target
Actual positive	E	Emission	Sustainable management is the company’s main business goal. The company always observe various new issues and trends in Taiwan and abroad; also, plan to introduce the SASB and TCFD frameworks into ESG reports.	<ul style="list-style-type: none"> • Operational activities • Products and services • Business relations 	Suppliers, employees, and customers

Type of impact	ESG Aspect	Material topics	The impact of the principle of materiality on the economy, environment, and people	Source of impact	Impact target
Actual positive	S	Customer Privacy	In terms of protecting the intellectual property rights of customers, in addition to signing and honoring the confidentiality agreements signed with brand customers, Fulgent Sun also conducts audits and drills on R&D personnel, and regularly announces and educates the importance of information confidentiality to them.	<ul style="list-style-type: none"> Operational activities Products and services Business relations 	Suppliers and customers
		Training and Education	Provide on-job training to all employees. Regularly provide professional training to employees in line with their personal career plan in order to improve their personal abilities, which will help improve the overall quality, personal quality, and work skills of all the employees of Fulgent Sun.	<ul style="list-style-type: none"> Operational activities Products and services Business relations 	Employees
	G	Economic Performance	The company operates with the main business objectives of fulfilling corporate social responsibilities and sustainable management, complying with laws and regulations, and pursuing profits and taking into account the rights and interests of stakeholders.	<ul style="list-style-type: none"> Operational activities Products and services Business relations 	Employees
Actual negative	S	Labor Relations	It is difficult to recruit outstanding talents due to restriction of geographical proximity. Fulgent Sun is committed to the basic responsibility of creating harmonious labor relations, establishing a good employee welfare mechanism, and expecting to recruit more local and foreign outstanding young people to return to their hometowns for development.	<ul style="list-style-type: none"> Operational activities Products and services Business relations 	Employees

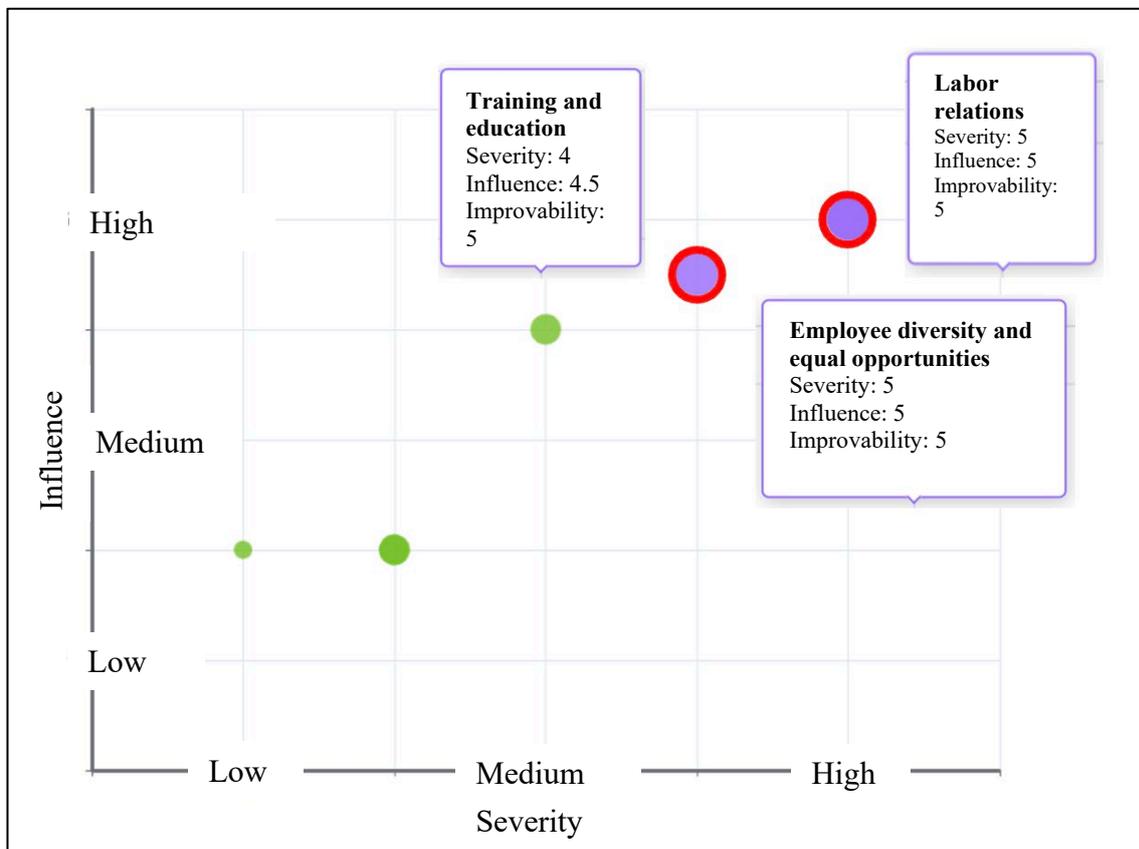
Type of impact	ESG Aspect	Material topics	The impact of the principle of materiality on the economy, environment, and people	Source of impact	Impact target
Actual negative	S	Employee Diversity and Equal Opportunities	Fulgent Sun is committed to providing employees with a dignified and safe working environment, actively promoting gender equality in the workplace, ensuring the diversity of employees and fairness of remuneration and promotion opportunities, and ensuring that employees are not discriminated in employment and salary due to factors of race, gender, religion, age, political inclination, marital status, or physical and mental disabilities; and any other status protected by governing laws and regulations that result in discrimination, harassment, or unfair treatment; also, implement and optimize a diverse and equal workplace environment.	<ul style="list-style-type: none"> Operational activities Products and services Business relations 	Employees
		Training and Education	Provide pre-job trainings to all employees, combined with employees' personal career plans, and arrange professional trainings for employees to help improve their personal abilities regularly in order to enhance the overall quality, personal quality, and work skills of the employees of Fulgent Sun.	<ul style="list-style-type: none"> Operational activities Products and services Business relations 	Employees
Potential negative	S	Labor Relations	Complying with labor rights laws and regulations and establishing communication channels for grievances are the key business goals emphasized by the company continuously.	<ul style="list-style-type: none"> Operational activities Products and services Business relations 	Employees
		Occupational Safety and Health	Establish a comprehensive safety and health management system, provide employee with physical checkup and occupational safety training regularly, enhance employees' self-awareness of physical health, and fully protect the health and safety of workers.	<ul style="list-style-type: none"> Operational activities Products and services Business relations 	Employees and customers

Material Topic Matrix

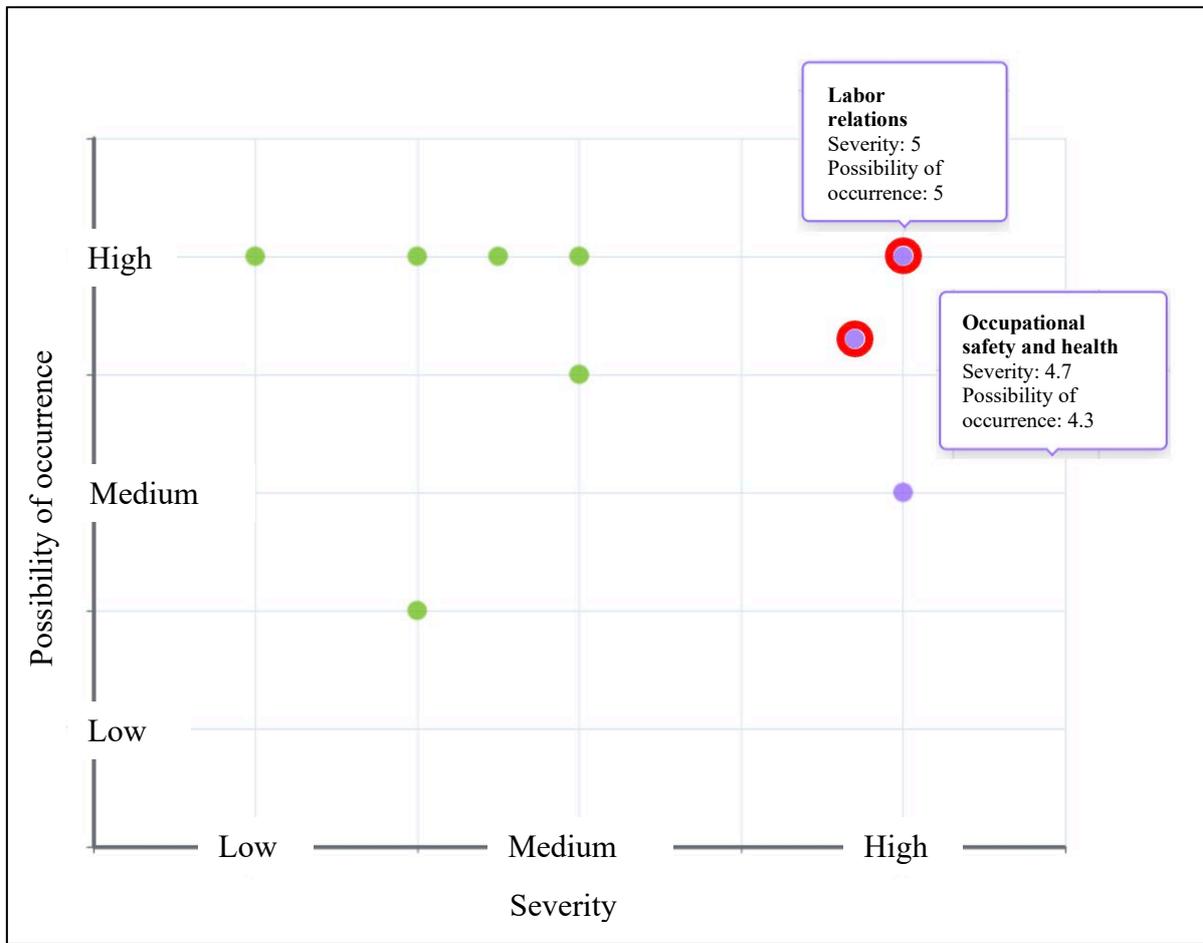
5. Source of impact: Actual positive



6. Source of impact: Actual negative



7. Source of impact: Potential negative



Material topic management list

Sustainability aspect	Material Topic	Policies and Commitments	Inspection and tracking mechanism	objective	Description of Progress in 2023
E	Emission	Sustainable management is the company's main business goal. The company always observe various new issues and trends in Taiwan and abroad; also, plan to introduce the SASB and TCFD frameworks into ESG reports.	The ESG report is with the SASB and TCFD structures incorporated with a greenhouse gas inventory conducted at the Taiwan headquarters.	Introduce greenhouse gas inventories in each factory in accordance with the relevant laws and regulations on sustainable development; plan a third-party verification schedule.	The greenhouse gas inventory of Taiwan headquarters in 2023: Direct greenhouse gases were 29.65 t-CO ₂ e/year, indirect greenhouse gases were 191.03 t-CO ₂ e/year, and total emissions were 220.68 t-CO ₂ e/year.
S	Customer Privacy	Fulgent Sun "strictly complies with the customer contractual agreements and confidentiality commitments." We respect and are committed to protecting the privacy and confidentiality of our customers. We sign confidentiality contracts with customers and suppliers to product the products, technologies, and related information provided by our customers; also, to truly safeguard customer confidentiality security of an enterprise.	Fulgent Sun in addition to signing and complying with the confidentiality agreements with brand customers regularly promotes and educates relevant R&D personnel on the importance of information confidentiality.	The confidentiality and security of corporate customers are truly maintained through strict control mechanisms.	There was not any violation of customer privacy rights or harm to the rights and interests of customers or suppliers due to the data loss of customer and supplier in 2023.

Sustainability aspect	Material Topic	Policies and Commitments	Inspection and tracking mechanism	objective	Description of Progress in 2023
S	Training and Education	Provide an excellent and safe working environment, coordinate with professional and occupational functions at different levels, plan a progressive and comprehensive training system, build up diverse and excellent learning capabilities, and enhance the competitiveness of employees and the company.	Organize internal and external education and training and senior management meetings occasionally.	Plan different training structures, and the training plan will be continuously optimized according to the field and level of employees at the same time in order to increase career development opportunities.	A total of 67,710.8 hours and 16,631 persons of education and training provided in 2023.
	Labor Relations	The basic responsibility of Fulgent Sun in promoting labor relations are to protect the rights and interests of employees and to maintain a smooth communication channel. A good employee welfare mechanism is helpful in promoting labor-management harmony.	Keep the labor-management meetings minutes and have them announced within the company.	Protect employee rights and interests and keep communication channels smooth with a good employee welfare mechanism established.	The headquarters had labor-management meetings held every quarter and the employee-related benefits updated occasionally.

Sustainability aspect	Material Topic	Policies and Commitments	Inspection and tracking mechanism	objective	Description of Progress in 2023
S	Employee Diversity and Equal Opportunities	Fulgent Sun is committed to providing employees with a dignified and safe working environment, actively promoting gender equality in the workplace, ensuring the diversity of employees and fairness of remuneration and promotion opportunities, and ensuring that employees are not discriminated in employment and salary due to factors of race, gender, religion, age, political inclination, marital status, or physical and mental disabilities; and any other status protected by governing laws and regulations that result in discrimination, harassment, or unfair treatment; also, implement and optimize a diverse and equal workplace environment.	Regularly conduct statistics on the diversity of new/resigned employees and employed employees.	Continue to promote gender equality and related welfare policies, equal pay for equal work; also, implement and optimize a diverse and equal workplace environment.	Female employees in the supervisory positions were accounted for 60% of the total number of employees in 2023.
	Labor Relations	Cooperate with the Labor Standards Act to carry out relevant job reassignment and severance notices and preliminary announcement.	Regularly conduct evaluations and incentives based on performance evaluation and salary renewal rules.	Fulgent Sun has recruitment, promotion, and severance carried out through communication between the employer and employees to confirm mutual consensus and to have it carried out in accordance with the Labor Standards Act.	No inappropriate situations occurred in 2023.

Sustainability aspect	Material Topic	Policies and Commitments	Inspection and tracking mechanism	objective	Description of Progress in 2023
S	Occupational Safety and Health	<ul style="list-style-type: none"> We continue to invest resources to actively seek and solve various health and safety issues that may occur in the workplace in accordance with the structure of the ISO 45001 Occupational Health and Safety Management Systems. Regularly provides employees with health checkup and safety training, and provides employees with appropriate protective equipment depending on the characteristics of the process in order to ensure employee work safety. 	<ul style="list-style-type: none"> Occupational injury and disability injury data statistics. Perform environmental, safety and health inspections at the workplace regularly. Each factory is protected with a disaster prevention insurance policy acquired. 	Fulgent Sun will continue to create a healthy and secure workplace environment and aim for zero work-related injuries and zero disasters.	The occupational injury rate was 0.06% in 2023.
G	Economic Performance	The company operates with the main business objectives of fulfilling corporate social responsibilities and sustainable management, complying with laws and regulations, and pursuing profits and taking into account the rights and interests of stakeholders.	The monthly consolidated revenues and quarterly consolidated financial statements are announced on the official website of the Market Observation Post System.	Continue to implement the production capacity expansion plan, demonstrate multiple management synergies such as diversified factory deployments, dispersed sales regions worldwide, and product portfolio optimization.	The consolidated revenue in 2023 was NT\$16.89 billion. In terms of the revenue ratio in each region (destinations designated by brand customers), Europe and the United States remained the main markets for sales, accounted for 90% of the total revenues generated.

(3) Stakeholder engagement

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

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



Results of communication with stakeholders

Stakeholders	Engagement purpose	Engagement channel	Engagement frequency
Shareholders / Investors	Shareholders/investors are Fulgent Sun's stock holders, whom we are responsible for.	<ol style="list-style-type: none"> 1. Shareholders meetings 2. Investor conference 3. Breaking news 4. Providing e-mails in the Stakeholders section on the Company's website 	<ol style="list-style-type: none"> 1. Once a year 2. Regular / occasional 3. Real time 4. Real time
Client	Global brand customers are the main source of revenue for Fulgent Sun. Fulgent Sun values the importance of and practices customer privacy protection and business confidentiality. Cooperate to protect customer privacy and information confidentiality through frequent communication, and continue to improve products and services so to grow together with customers.	<ol style="list-style-type: none"> 1. Participating in brand customer seminars 2. Cooperating with customer product, environment, responsibility, and other requirements and inspections, as well as prevention and continuous improvement 3. Direct communication 4. Participating in the quarterly evaluation meeting of brand customers 5. Providing e-mails and contact phone numbers in the Stakeholders section on the Company's website so to establish a smooth communication channel between customers and the Company 	<ol style="list-style-type: none"> 1. Regular 2. Real time 3. Occasional 4. Quarterly 5. Real time

Stakeholders	Engagement purpose	Engagement channel	Engagement frequency
Employees	Fulgent Sun regards the employees as the company's key stakeholders and important assets, and is a key competitive factor for the company to move towards sustainable operations and excellence.	<ol style="list-style-type: none"> 1. Organizing new recruit briefings, labor-management meetings, and management meetings 2. Providing employee with health checkups and inquiries 3. Providing e-mails and contact phone numbers in the Stakeholders section on the Company's website so to establish a smooth communication channel between employees and the company. 	<ol style="list-style-type: none"> 1. Occasional 2. At least once for each employee 3. Real time
Suppliers / Contractors	Fulgent Sun's supplier partners mainly refer to manufacturers and agents. In addition to maintaining smooth communication with suppliers on a regular basis, supplier evaluation reports are prepared as well.	<ol style="list-style-type: none"> 1. Formulating conflict minerals control policies 2. Direct communication 3. Preparing the supplier evaluation report regularly 4. Providing e-mails and contact phone numbers in the Stakeholders section on the company's website so to establish a smooth communication channel between customers and the company 	<ol style="list-style-type: none"> 1. Long-term 2. Real time 3. Quarterly 4. Real time
Communities	Fulgent Sun stays close to the community and it is one of the sources of employees for the company that helps stabilize the company's business operations, promote corporate social responsibility, develop social feedback, and enhance positive social influence.	<ol style="list-style-type: none"> 1. Arranging communication meeting with the community occasionally 2. Providing e-mails and contact phone numbers in the Stakeholders section on the Company's website so to establish a smooth communication channel between communities and the Company 3. Participating in community public welfare activities held in the peripheral area of the factory 	<ol style="list-style-type: none"> 1. Occasional 2. Real time 3. Occasional

Diversified communication and complaint channels

Fulgent Sun has established diversified communication channels to understand the issues of concern to stakeholders actively and have them handled promptly so to fulfill the company's commitments to corporate social responsibility. Fulgent Sun has corresponding contact persons assigned to respond to the questions or suggestions, if any, raised by different stakeholders (such as shareholders, employees, and suppliers).

We have the "Reporting channels and procedures for handling violations of ethical conduct and ethical corporate management" stipulated and internal and external reporting channels and processing systems established to help implement the "Codes of Ethical Conduct 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 so to protect whistleblowers and complainants. Members of the investigation team and relevant parties shall keep the investigation process and relevant information in confidence and may not have it released to the public without authorization. The reporting channels include:

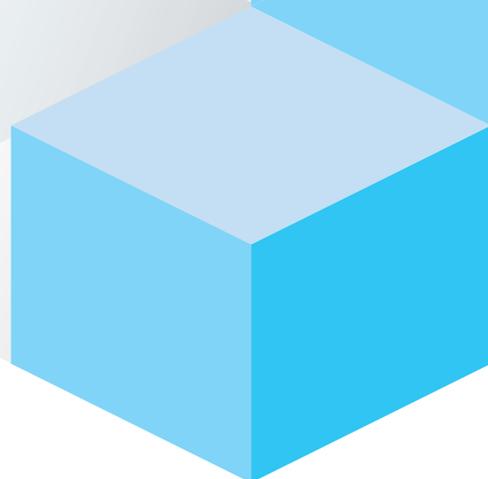
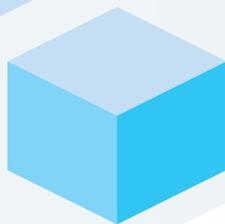
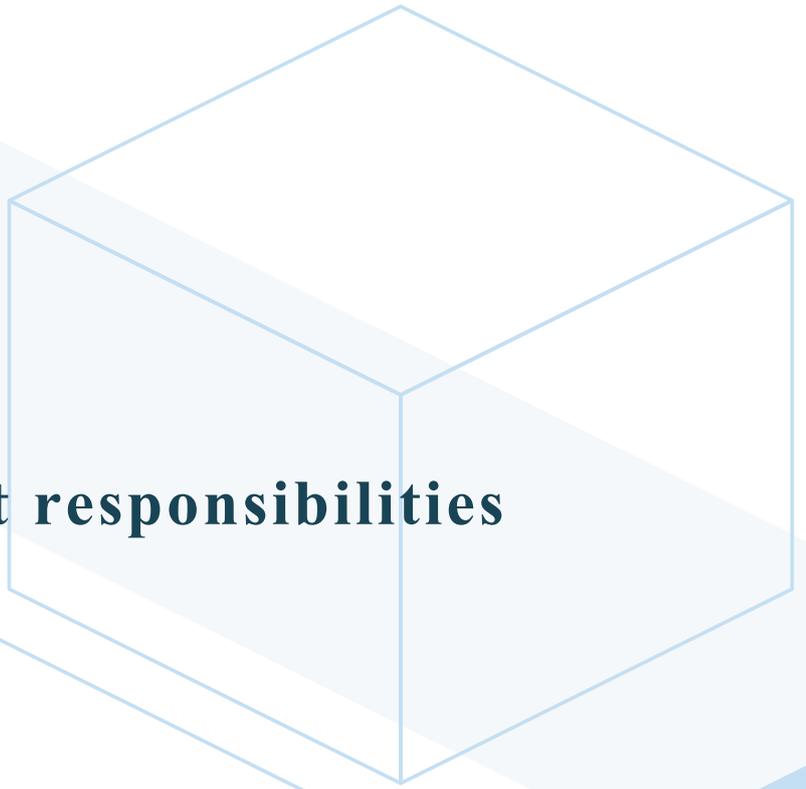
- (1) Anti-corruption mailbox: Handle reports filed by the shareholders, investors, customers, suppliers, contractors, and other stakeholders.
- (2) Human Resources Department: Handle reports filed by the colleagues within the company.

Join associations

Name of association / organization	Identity	Invested amount
SATRA	General Member	NT\$ 214,467



6. Product responsibilities



6. Product responsibilities

(1) International product certification

Innovative research and development

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

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

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

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

Fulgent Sun Group continues to develop and explore; also, the industry-academia cooperation achievements have been fully reflected in the practical application in the factory. The key applications of the automation in 2023 are as follows:

- For the application of plasma processing technology, in addition to the breakthroughs made in the manufacturing process, Fulgent Sun also cares about the improvement of the workplace environment.
- Abandon traditional manual operations to avoid the issue of dust and noise, and to greatly reduce operators' fatigue. Replace the experience and proficiency of operators with operating database to greatly lower the threshold for personnel to get on with the process.
- Regarding shoe soles, the front-end unit and the production unit base on the spirit of research to continuously try & error and to record relevant parameters for different formulas and types of outsole and shoe soles in order to maximize the application of this equipment and to highlight the value of this technology.
- Fulgent Sun's automation in cutting process is highly mature; also, the application of automatic leather cutting machine is the last piece of the puzzle, which make different types of materials in this process realize the highest production efficiency with different equipment.

- Our mission is to minimize the waste of leather and to maximize the use of materials and that is our way of committing to environmental friendliness. The application of this device has been extended to all workplaces of Fulgent Sun Group. We have managed to achieve the utilization target by using visual photography and electronic pen to circle the defects, and programming the computer for automatic typesetting and minimal cutting edge.
- It is in our DNA to research and find the root causes, and that is what keeps us going forward. The said driving force has us continued to make improvement and seek for breakthrough in a mature process. We intend to search for the ways of having automation application rooted in every corner of the factory and in every heart of our employee continuously.

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

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

Product certification

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

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

Skills and Products

Capable of producing a variety of footwear:

- Cold-molded shoes:
Sneakers, running shoes, tennis shoes, basketball shoes, snow shoes, sports sandals, loafers, outdoor shoes, waterproof shoes, and GORE-TEX shoes
- Vulcanization products:
Shell shoes and vulcanization shoes
- Workshop composition:
Rubber outsole, EVA, injection EVA, embroider, printing, high frequency, and laser

Other sustainability certification

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

(2) Considerate customer service

Customer privacy

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

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

Control level	Control mechanism	Description of mechanism
Internal	Remote backup files	Protect data security. Database backup files will be restored regularly to simulate disaster drills (database, file, and restoration test).
	Firewall access control (AC)	Visitor access is limited to specific websites in order to minimize the risk of information leak and virus.
	USB control	By going through AD domain strategic control, USB is blocked from all the Company’s internal computers, except for few users’ USB in a read-only mode (only read, not write) in order to minimize the risk of viruses and leaks.
	Virus scan software	All computers are equipped with ESET anti-virus software with the virus database updated on a daily basis, and complete anti-virus scan on a monthly basis.
	Account management	The E-mail of resigning person will be deleted and the ERP access will be denied immediately upon his/her departure.
	ERP/mailbox setting permission	<ul style="list-style-type: none"> E-mail is programmed to or not to receive external message according to the actual needs. Program, as needed, whether the user’s mailbox can send and receive email on the group’s external network.
	Access card control	Interview before recruitment and review of personal political background, propagandize the Company’s relevant control and brand confidentiality requirements. A personal identification card for entering and exiting the Company premise is issued to each new recruit upon completing the reporting-to-duty procedure.

Control level	Control mechanism	Description of mechanism
Internal	External personnel access control	The access to the R&D Center is limited to the authorized personnel only. Unauthorized personnel who wish to access to the R&D Center shall file an application in advance to the responsible person for approval and then accompanied by the relevant personnel to enter the premise; also, no photographing nor recording is permitted throughout the tour.
External	DDOS attack protection	<ul style="list-style-type: none"> The E-mail service is equipped with anti-brute force deciphering and DDOS attack protection. The IP of the password that has been entered in error for 3 times will be automatically on the list in order to prevent DDOS attacks. Sangfor Taiwan Firewall Application Delivery (AD) virtual service can be reused to minimize the number of simultaneous connections, and to resist attacks. Also, only specific ports are opened on the Internet without having all ports exposed on the Internet.
	External personnel access control	<ul style="list-style-type: none"> External personnel shall state the reasons for the visit truthfully, and present a valid personal certificate to exchange for the admission card. The mobile phone shall be placed in a transparent bag and it is intended for receiving incoming calls only. Visitors shall register brand and identity information truthfully, wear visitor badge, and be accompanied by the staff of the contact window to the designated office. A corresponding confidentiality agreement is signed with each cooperating brand accordingly.

Customer Health and Safety Certification/Verification

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

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

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

(3) Supply chain management

We base on the principle of “Proficiency and diligence-oriented, cooperation with suppliers going for excellence, and becoming a trustworthy company of the customers and partners” to encourage our suppliers to refer to and follow the relevant ethics and human rights standards of Fulgent Sun, and provide dedicated and transparent channels for grievances in order to ensure sustainable and ethical management.

- (1) The “Supplier ESG Questionnaire” will be reviewed in the phase of review so to ensure the sustainability of the supply chain; also, they will be informed of Fulgent Sun’s code of conduct in order to have their employees educated accordingly.
- (2) We try to understand and evaluate suppliers’ practicing ethical corporate management and code of conduct through the “onsite audits” after having the contract signed.

Conflict minerals management

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

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

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

Key Supplier Management/Audit

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

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

Green Procurement Thinking/Achievements

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

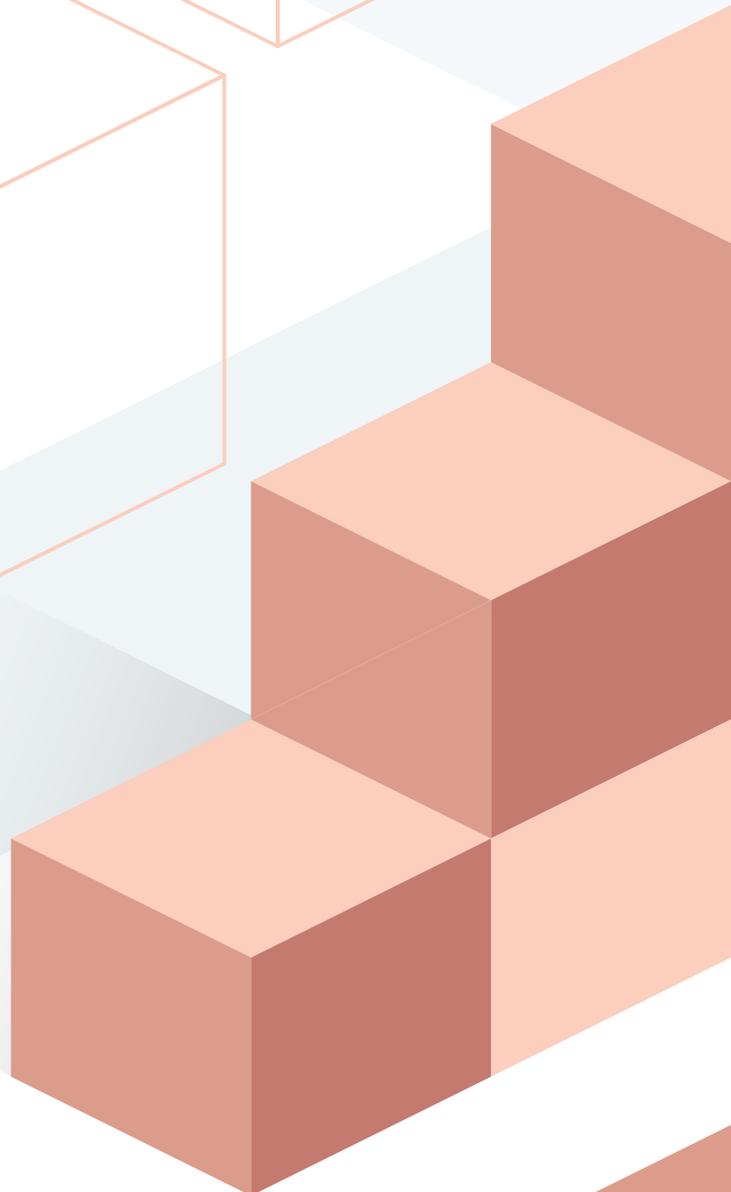
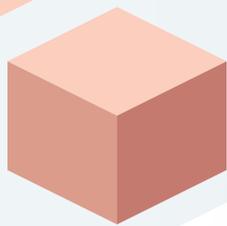
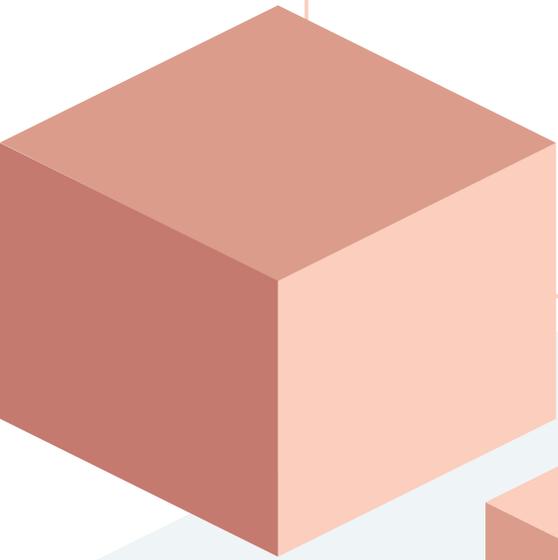
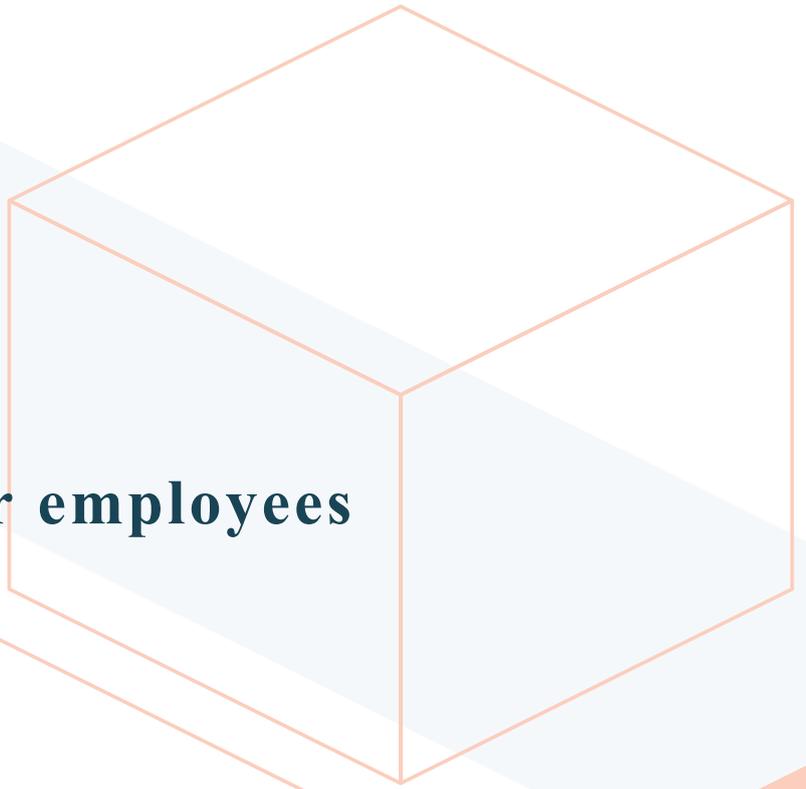
Plant	Taiwan Headquarters	Fujian Sunshine	Vietnam Fulgent Sun	Cambodia Sunbow
Green purchasing ratio	29.39%	64.54%	5.64%	0.43%

Notes:

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



7. Care for employees



7. Care for employees

(1) Manpower structure

Staff Structure (Labor Relations)

Fulgent Sun is committed to creating a respectful, inclusive, and supportive workplace to realize the comprehensive development of employees and the sustainable growth of the company. We regard the employees as the company's key stakeholders and important assets, and is a key competitive factor for the company to move towards sustainable operations and excellence. Therefore, Fulgent Sun adheres to the concept and principle of "respecting human rights and caring for employees" to take care of the physical and mental health of employees through a reasonable remuneration and welfare mechanism, added with a healthy and safe working environment provided, so that employees can focus on their work and enjoy at work

Fulgent Sun strictly complies with the principle of no child labor, values the importance of diversity and equality of employees in all factories worldwide; also, provides foreign employees with an equal and friendly remuneration and welfare mechanism, and secure a safe and healthy working environment for them.

Minimum notice period for operational changes

Fulgent Sun adheres to the philosophy of people-orientation, and will treat all employees equally regardless of their positions or seniorities. A communication between labor and management will be conducted to confirm a mutual consensus reached regarding the recruitment of new employees, prohibition or adjustment of promotion or demotion, and employee severance due to dissatisfactory performance evaluation. Initiate the job reassignment and severance notices and preliminary announcements in accordance with the Labor Standards Act:

- (1) A notice shall be issued 10 days in advance to the employee who has worked consecutively for more than 3 months but less than 1 year.
- (2) A notice shall be issued 20 days in advance to the employee who has worked consecutively for more than 1 year but less than 3 years.
- (3) A notice shall be issued 30 days in advance to the employee who has worked consecutively for more than 3 years.

Five principles for job reassignment:

- (1) It is necessary for business operations without an improper motive or purposes. However, if it is otherwise stipulated by law, the law shall prevail.
- (2) No adverse changes are made to workers' wages and other working conditions.
- (3) The reassigned job responsibilities are not beyond the physical and technical competent of the worker.
- (4) The employer shall provide necessary assistance to the reassigned worker if the work location is too far away from home.
- (5) Take the living interests of workers and their families into account.

Employee communication

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

Item	Taiwan	Other plants
Communication frequency	Once every quarter (regularly)	Occasionally
Communication channel	In addition to employee opinion box, employees can communicate or complain in writing, by QR code scanning, telephone hot line, or face-to-face. Also, Labor-management meetings will be held regularly to protect employees’ rights and obligations.	Employee opinion box, employees can communicate or complain by “in writing, QR code scanning, telephone hot line, or face-to-face.”

1. Staff structure

(1) Taiwan Headquarters

Item	Type	Male (persons)	Female (persons)	Total (persons)
Contract	Full-time job (non-term contract)	47	118	165
	Temporary (term contract)	-	-	-
Nationality	National	47	118	165
	Foreign National	-	-	-
Type	Full time	47	118	165
	Part time (including part-time employee)	-	-	-

(2) Fujian Sunshine

Item	Type	Male (persons)	Female (persons)	Total (persons)
Contract	Full-time job (non-term contract)	650	1,322	1,972
	Temporary (term contract)	-	-	-
Nationality	National	650	1,322	1,972
	Foreign National	-	-	-
Type	Full time	650	1,322	1,972
	Part time (including part-time employee)	-	-	-

(3) Vietnam Fulgent Sun

Item	Type	Male (persons)	Female (persons)	Total (persons)
Contract	Full-time job (non-term contract)	674	4,287	4,961
	Temporary (term contract)	1,263	2,543	3,806
Nationality	National	1,891	6,807	8,698
	Foreign National	46	23	69
Type	Full time	1,937	6,830	8,767
	Part time (including part-time employee)	-	-	-

(4) Cambodia Sunbow

Item	Type	Male (persons)	Female (persons)	Total (persons)
Contract	Full-time job (non-term contract)	892	3,149	4,041
	Temporary (term contract)	930	2,882	3,812
Nationality	National	1,778	5,992	7,770
	Foreign National	44	39	83
Type	Full time	1,822	6,031	7,853
	Part time (including part-time employee)	-	-	-

Note: "Nationality" is based on the country where the "operating base" is located.

2. Employee diversity (equality with employees)

Anti-discrimination

Fulgent Sun adheres to the concept of sustainable development, applies the highest standards on itself, fulfills the company's commitment to protecting labor rights through actions, and ensures that every employee works and grows in a safe, fair, and harmonious environment.

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

In terms of system design, we value diversity of employees and ensure fairness in remuneration and job promotions. We promise not to treat employees differently or exercise discrimination in any form against them based on the factors of gender, race, age, marital status, language, thought, religion, political inclination, appearance, facial features, physical or mental disabilities, etc., or any other situation protected by applicable laws and regulations.

Employee diversity

(1) Taiwan Headquarters

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
All employees	Total number of employees	47	28.48	118	71.52	165	100.00
	Under age 29	18	10.91	40	24.24	-	-
	Age 30~50	20	12.12	70	42.43	-	-
	Over age 51	9	5.45	8	4.85	-	-
Highest Governance Body (Board of Directors)	Total number of employees	5	3.03	3	1.82	8	4.85
	Under age 29	-	-	-	-	-	-
	Age 30~50	-	-	-	-	-	-
	Over age 51	5	-	3	-	-	-
Senior Executive	Total number of employees	15	9.09	11	6.67	26	15.76
	Under age 29	2	-	-	-	-	-
	Age 30~50	10	-	9	-	-	-
	Over age 51	3	-	2	-	-	-
Mid-Level Executive	Total number of employees	11	6.67	31	18.78	42	25.45
	Under age 29	9	-	7	-	-	-
	Age 30~50	2	-	24	-	-	-
	Over age 51	-	-	-	-	-	-
Direct Labor (DL)	Total number of employees	-	-	-	-	-	-
	Under age 29	-	-	-	-	-	-
	Age 30~50	-	-	-	-	-	-
	Over age 51	-	-	-	-	-	-
Indirect Labor (IDL)	Total number of employees	16	9.70	73	44.24	89	53.94
	Under age 29	7	-	33	-	-	-
	Age 30~50	8	-	37	-	-	-
	Over age 51	1	-	3	-	-	-
Aboriginal people	-	-	-	-	-	-	-
People with physical or mental disabilities	-	-	-	-	2	1.21	

Note: Fulgent Sun's staff ranking:

1. Senior: Junior VP and up
2. Intermediate: Manager/Assistant Manager
3. Direct Labors: DL: Employees who are actually engaging in product production/production line
Indirect Labor: IDL: Employees who are not actually engaging in product production/production line (staff, clerks, administrators, factory managers, and employees who are not involved in the production line)

(2) Fujian Sunshine

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
All employees	Total number of employees	650	32.96	1,322	67.04	1,972	100.00
	Under age 29	54	2.74	95	4.82	-	-
	Age 30~50	385	19.52	857	43.46	-	-
	Over age 51	211	10.70	370	18.76	-	-
Senior Executive	Total number of employees	11	0.56	18	0.91	29	1.47
	Under age 29	-	-	-	-	-	-
	Age 30~50	10	-	18	-	-	-
	Over age 51	1	-	-	-	-	-
Mid-Level Executive	Total number of employees	22	1.12	47	2.38	69	3.50
	Under age 29	-	-	1	-	-	-
	Age 30~50	18	-	46	-	-	-
	Over age 51	4	-	-	-	-	-
Direct Labor (DL)	Total number of employees	344	17.44	672	34.08	1,016	51.52
	Under age 29	7	-	12	-	-	-
	Age 30~50	201	-	348	-	-	-
	Over age 51	136	-	312	-	-	-
Indirect Labor (IDL)	Total number of employees	273	13.84	585	29.67	858	43.51
	Under age 29	47	-	82	-	-	-
	Age 30~50	156	-	445	-	-	-
	Over age 51	70	-	58	-	-	-
Aboriginal people	-	-	-	-	-	-	-
People with physical or mental disabilities	-	-	-	-	-	5	0.25

(3) Vietnam Fulgent Sun

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
All employees	Total number of employees	1,937	22.10	6,830	77.90	8,767	100.00
	Under age 29	788	8.99	1,528	17.43	-	-
	Age 30~50	1,120	12.78	4,952	56.48	-	-
	Over age 51	29	0.33	350	3.99	-	-
Senior Executive	Total number of employees	12	0.14	25	0.28	37	0.42
	Under age 29	-	-	-	-	-	-
	Age 30~50	9	-	25	-	-	-
	Over age 51	3	-	-	-	-	-
Mid-Level Executive	Total number of employees	34	0.39	69	0.79	103	1.18
	Under age 29	6	-	6	-	-	-
	Age 30~50	26	-	62	-	-	-
	Over age 51	2	-	1	-	-	-
Director Labor (DL)	Total number of employees	1,607	18.33	6,114	69.74	7,721	88.07
	Under age 29	673	-	1,315	-	-	-
	Age 30~50	916	-	4,464	-	-	-
	Over age 51	18	-	335	-	-	-
Indirect Labor (IDL)	Total number of employees	284	3.24	622	7.09	906	10.33
	Under age 29	109	-	207	-	-	-
	Age 30~50	169	-	401	-	-	-
	Over age 51	6	-	14	-	-	-
Aboriginal people	-	-	-	-	-	-	-
People with physical or mental disabilities	-	-	-	-	-	-	-

(4) Cambodia Sunbow

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
All employees	Total number of employees	1,822	23.20	6,031	76.80	7,853	100.00
	Under age 29	1,179	15.01	2,689	34.24	-	-
	Age 30~50	615	7.83	3,207	40.84	-	-
	Over age 51	28	0.36	135	1.72	-	-
Senior Executive	Total number of employees	13	0.17	8	0.10	21	0.27
	Under age 29	1	-	-	-	-	-
	Age 30~50	10	-	6	-	-	-
	Over age 51	2	-	2	-	-	-
Mid-level Executive	Total number of employees	68	0.87	92	1.17	160	2.04
	Under age 29	17	-	26	-	-	-
	Age 30~50	40	-	59	-	-	-
	Over age 51	11	-	7	-	-	-
Direct Labor (DL)	Total number of employees	1,467	18.67	5,660	72.08	7,127	90.75
	Under age 29	1,006	-	2,512	-	-	-
	Age 30~50	446	-	3,022	-	-	-
	Over age 51	15	-	126	-	-	-
Indirect Labor (IDL)	Total number of employees	274	3.49	271	3.45	545	6.94
	Under age 29	155	-	151	-	-	-
	Age 30~50	119	-	120	-	-	-
	Over age 51	-	-	-	-	-	-
Aboriginal people	-	-	-	-	-	-	-
People with physical or mental disabilities	-	-	-	-	-	-	-

3. New recruits/resigned staff

(1) Taiwan Headquarters

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
Total number of employees: 165							
New recruits	Under age 29	18	10.91	28	16.97	46	27.88
	Age 30~50	15	9.09	14	8.48	29	17.57
	Over age 51	-	-	1	0.61	1	0.61
Subtotal of new recruits		33	20.00	43	26.06	76	46.06
Resigned employees	Under age 29	19	11.51	44	26.67	63	38.18
	Age 30~50	23	13.94	28	16.97	51	30.91
	Over age 51	2	1.21	1	0.61	3	1.82
Subtotal of resigned employees		44	26.66	73	44.25	117	70.91

(2) Fujian Sunshine

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
Total number of employees: 1,972							
New recruits	Under age 29	16	0.81	18	0.91	34	1.72
	Age 30~50	11	0.56	13	0.66	24	1.22
	Over age 51	4	0.21	3	0.15	7	0.36
Subtotal of new recruits		31	1.58	34	1.72	65	3.30
Resigned employees	Under age 29	68	3.45	104	5.27	172	8.72
	Age 30~50	177	8.97	273	13.85	450	22.82
	Over age 51	124	6.29	259	13.13	383	19.42
Subtotal of resigned employees		369	18.71	636	32.25	1,005	50.96

(3) Vietnam Fulgent Sun

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
Total number of employees: 8,767							
New recruits	Under age 29	474	5.41	469	5.35	943	10.76
	Age 30~50	312	3.56	581	6.63	893	10.19
	Over age 51	-	-	5	0.05	5	0.05
Subtotal of new recruits		786	8.97	1,055	12.03	1,841	21.00
Resigned employees	Under age 29	1,192	13.60	1,478	16.86	2,670	30.46
	Age 30~50	997	11.37	2,057	23.46	3,054	34.83
	Over age 51	10	0.11	156	1.78	166	1.89
Subtotal of resigned employees		2,199	25.08	3,691	42.10	5,890	67.18

(4) Cambodia Sunbow

Item	Type	Male (persons)	Male (%)	Female (persons)	Female (%)	Total (persons)	Total (%)
Total number of employees: 7,853							
New recruits	Under age 29	36	0.46	216	2.75	252	3.21
	Age 30~50	21	0.27	168	2.14	189	2.41
	Over age 51	-	-	1	0.01	1	0.01
Subtotal of new recruits		57	0.73	385	4.90	442	5.53
Resigned employees	Under age 29	776	9.88	1,738	22.13	2,514	32.01
	Age 30~50	410	5.22	1,425	18.15	1,835	23.37
	Over age 51	2	0.02	14	0.18	16	0.20
Subtotal of resigned employees		1,188	15.12	3,177	40.46	4,365	55.58

4. Non-employee worker

There are 27 “non-employee workers” working for Fulgent Sun (based on the number of employees at the end of the reporting period).

Item	Description
Most common types of workers	Security staff and cleaning crew
Contractual relationship with the company	Sign contracts with security companies and cleaning companies
Type of work performed	Security and cleaning

5. Prohibition of child labor

Fulgent Sun is committed to creating a safe and inclusive working environment and strictly prohibits the employment of child labor in all factories worldwide. We formulate a “Child Labor Prevention Policy” with the child labor prevention mechanism in place to ensure that our employment practice complies with the standards of the International Labor Organization and the requirements of local laws and regulations.

All underage workers must be interviewed before hiring at Fulgent Sun; also, their ID documents must be checked to confirm whether they meet the minimum age requirement of the local law. All underage workers who are employed by Fulgent Sun should be handled in accordance with the “Child Labor Remedy Procedures.” We will have the child labor information established, recorded, and retained in accordance with the “Procedures,” and provide them with sufficient financial support and others in order to help them receive school education until they reach the statutory age.

(2) Rewards and benefits

Employee remuneration and benefits

Fulgent Sun strives to provide employees with rewards and remunerations that comply with local wage laws, including minimum wages, overtime hours, and statutory benefits. Fulgent Sun has salaries determined according to the factors of the employees' educational background, skills, seniority, and experience. Fulgent Sun has wages paid in compliance with all applicable regulations; also, employees are paid overtime at a rate higher than their regular hourly rate.

Fulgent Sun adheres to the principle of gender equality to ensure that both male and female employees are entitled to equal pay for equal work, regardless of gender, race, religion, political stance, marital status, or membership of a union and social group. In addition to labor insurance, health insurance, pension, and parental leave as required by laws and regulations, Fulgent Sun also provides employees with diversified benefits, including group insurance and other measures to promote labor-management harmony and to improve the overall well-being of employees.

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

Item	2022	2023	Compared to the previous year
Average salary of full-time employees	NT\$530,000	NT\$580,000	2022 : 2023=0.91 : 1
Median salary of full-time employees	NT\$490,000	NT\$480,000	2022 : 2023=1.02 : 1

Ratio of basic salary and remuneration of women to men

Rank		Average salary ratio – Female : Male	Average remuneration ratio – Female : Male
Taiwan Headquarters	Senior Executive	1 : 1.35	1 : 1.35
	Mid-level Executive	1 : 0.37	1 : 0.34
	Indirect Labor (IDL)	1 : 0.24	1 : 0.23
Fujian Sunshine	Senior Executive	1 : 0.84	1 : 0.83
	Mid-level executive	1 : 0.95	1 : 0.95
	Direct Labor (DL)	1 : 0.82	1 : 0.82
	Indirect Labor (IDL)	1 : 0.88	1 : 0.88
Vietnam Fulgent Sun	Senior Executive	1 : 0.77	1 : 0.78
	Mid-level Executive	1 : 1.03	1 : 1.04
	Direct Labor (DL)	1 : 0.98	1 : 0.97
	Indirect Labor (IDL)	1 : 0.90	1 : 0.90
Cambodia Sunbow	Senior Executive	1 : 0.92	1 : 1.21
	Mid-level Executive	1 : 1.01	1 : 0.96
	Direct Labor (DL)	1 : 1.10	1 : 1.13
	Indirect Labor (IDL)	1 : 1.00	1 : 1.08

Note: There are no direct labor (DL) in Taiwan headquarters.

Annual total remuneration ratio

Item	Increase / Decrease ratio
Total annual remuneration of the “highest paid employees” (A)	0.08%
Annual “Median of total remuneration” of “all employees” (excluding the highest paid employee) (B)	0.057%
Annual “Total remuneration ratio” (A/B)	140.35%

Employee benefits

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

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

Remunerations and benefits

Fulgent Sun will review the remuneration of directors and senior managers in a timely manner based on their participation in the company’s operations and the value of their contributions in accordance with the provisions of the company’s articles of incorporation and the operations of the board of directors and the remuneration committee; also, minimize the possibility and correlation of future risks to have the company’s sustainable operation and risk control balanced.

Item	Board of Directors	Senior Managers
Fixed salary and variable salary	<ol style="list-style-type: none"> 1. Fulgent Sun shall appropriate no more than 1% of the earnings, if any, as directors’ remuneration in accordance with the provisions of the Company Act and Article 34 of the company’s Articles of Incorporation. However, an amount equivalent to the accumulated losses, if any, should be reserved to make up for it. 2. The actual distribution ratio and amount of directors’ remuneration shall be resolved by the board of directors and reported to the shareholders’ meeting. Independent directors receive fixed remuneration. 3. The board directors have the procedures for directors’ remuneration stipulated based on the evaluation results of Fulgent Sun’s “Rules for of Board of Directors.” In addition to evaluating the company’s overall operating performance, future industry operating risks, and development trends, it also covers the aspects of the alignment of the goals and mission of the company, awareness of the duties of a director, degree of participation in the operation of the company, internal relationship management and communication, directors’ professional and continuing education, internal control, etc. that are all included in the performance evaluation with reasonable remuneration offered. Relevant performance evaluation and remuneration rationality are all subject to the review and approval of the remuneration committee and the board of directors. The remuneration system shall be reviewed in a timely manner based on actual operating conditions and relevant laws and regulations at any time so to have the company’s sustainable operations and risk control balanced. 	<ol style="list-style-type: none"> 1. Fulgent Sun shall appropriate 1%~2% of the earnings, if any, as employees’ remuneration in accordance with the provisions of the Company Act and Article 34 of the company’s Articles of Incorporation. However, an amount equivalent to the accumulated losses, if any, should be reserved to make up for it. 2. Employee remuneration shall be paid in the form of stocks or cash. The actual distribution ratio, amount, and number of shares shall be resolved by the board of directors with the consent of the majority present in the board meeting that is attended by more than two-thirds of the directors; also, it shall 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, referring to the relevant industry standards and the company’s operating performance. The payment standards, structure, and system for the President, Vice President, and Managerial Officers will be reviewed and adjusted in a timely manner based on actual operating conditions and changes in relevant laws and regulations. It is mainly determined based on job responsibilities, personal performance achievement rate, and contribution to the company’s performance, as well as the macroeconomy, business environment risks, market standards, and other factors. The remuneration for job performance is correlated to the company’s operating performance.

Item	Board of Directors	Senior Managers
Contract signing bonus or recruiting bonus	None	
Severance pays	There is a fiduciary relationship between the board members and the company without the considerations of severance pay / pension / compensation determined.	The pension for senior managers who are subject to a labor relations shall be calculated in accordance with the relevant provisions of the Labor Standards Act.
Remuneration Clawback Policy	None	
Retirement benefits	None	The pension for senior managers who are subject to a labor relations shall be calculated in accordance with the relevant provisions of the Labor Standards Act or the Retirement Plan of Fulgent Sun just like other employees of Fulgent Sun.

(3) Comply with human rights norms

Human Rights Policy/Training

Fulgent Sun is committed to constructing a fair, respectful, and inclusive working environment. The mission is to ensure that all our employees can work in a safe, healthy, and dignified environment through a regular training and supervision mechanisms.

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

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

Fulgent Sun’s Human Rights Policies and Commitments

Item	Description
The internationally recognized human rights items included in the policy commitments	Anti-discrimination, gender equality, freedom of association, collective negotiation, forced labor, etc.
The types of stakeholders specially included in the policy commitments, including high-risk or vulnerable groups.	Employees, women, and disabilities

Item	2023
Number of employees covered by the group agreement	15,521
Total number of employees	18,757
Percentage of coverage	82.75%

(4) Staff training and development

1. Staff education and training

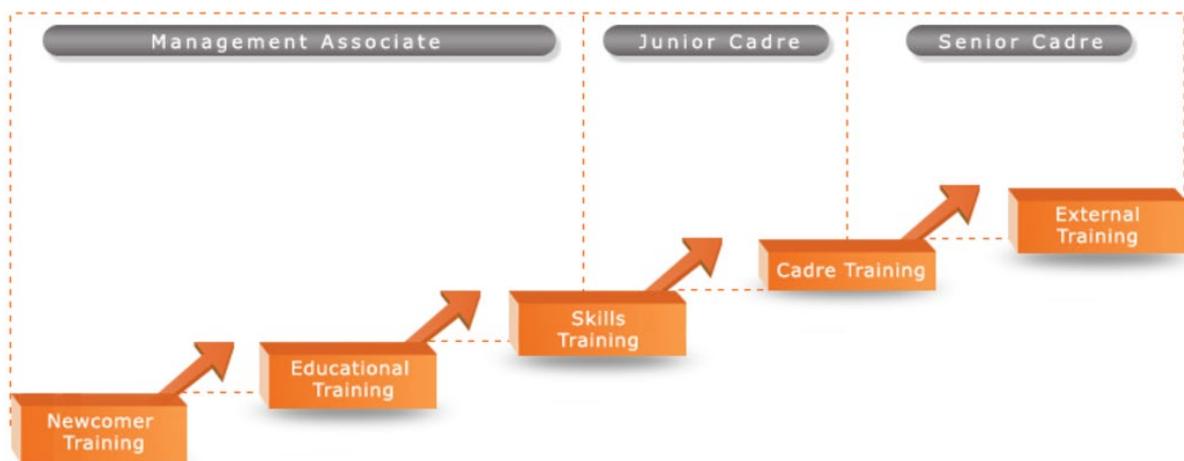
Fulgent Sun values the importance of each employee’s career development. In addition to providing a quality and safe working environment, Fulgent Sun also plans a progressive and perfect training system, helps employees build up a diverse and quality learning ability, and enhances the competitiveness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

In terms of employee training, Fulgent Sun provides job orientations to all employees, and plans different training structures according to the needs of new recruits, general employees, and technical employees. In order to expand career development opportunities, we, through continuous optimization of training plans, provide targeted training courses in accordance with the job responsibility and rank of employees.

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

In addition, for the sake of motivating employees’ work performance and promoting fair and reasonable promotions, rewards, and punishments, we have a clear performance evaluation and salary system formulated. New recruits will be evaluated for the first time after the probationary period, and the remaining personnel will undergo an annual performance evaluation at the end of each year. Fulgent Sun’s employees completed 100% of the regular performance evaluation in 2023 and those participants were formal employees who had passed the probationary evaluation in 2023 and had a seniority of more than 90 days (inclusive).

All Directional Training System



Career Development Planning



1-1 Staff education and training results

(1) Taiwan Headquarters

The Company taking as a whole

Item	Male	Female	Total
Total training hours	152	791	943
Total number of employees	16	62	78
Total average training hours (hours/per person)	9.50	12.76	12.09

All ranks

Ranks	Item	Male	Female
Highest Governance Body	Training hours	36	18
	Total number of employees	5	3
	Average training hours (hours/per person)	7.2	6
Senior Executive	Training hours	64	113
	Total number of employees	3	4
	Average training hours (hours/per person)	21.33	28.25
Mid-Level Executive	Training hours	14	311
	Total number of employees	1	16
	Average training hours (hours/per person)	14	19.44
Indirect Labor (IDL)	Training hours	38	349
	Total number of employees	7	39
	Average training hours (hours/per person)	5.43	8.95

(2) Fujian Sunshine

The Company taking as a whole

Item	Male	Female	Total
Total training hours	714	2,628	3,342
Total number of employees	250	700	950
Total average training hours (hours/per person)	2.86	3.75	3.52

All ranks

Ranks	Item	Male	Female
Senior Executive	Training hours	19	79
	Total number of employees	4	13
	Average training hours (hours/per person)	4.75	6.08
Mid-Level Executive	Training hours	15	187
	Total number of employees	4	29
	Average training hours (hours/per person)	3.75	6.45
Direct Labor (DL)	Training hours	180	224
	Total number of employees	45	56
	Average training hours (hours/per person)	4	4
Indirect Labor (IDL)	Training hours	500	2,138
	Total number of employees	197	602
	Average training hours (hours/per person)	2.54	3.55

(3) Vietnam Fulgent Sun

The Company taking as a whole

Item	Male	Female	Total
Total training hours	19,656	33,204	52,860
Total number of employees	2,845	4,905	7,750
Total average training hours (hours/per person)	6.91	6.77	6.82

All ranks

Ranks	Item	Male	Female
Senior Executive	Training hours	44	52
	Total number of employees	8	13
	Average training hours (hours/per person)	5.5	4
Mid-Level Executive	Training hours	920	2,762
	Total number of employees	85	250
	Average training hours (hours/per person)	10.82	11.05
Direct Labor (DL)	Training hours	17,904	28,974
	Total number of employees	2,665	4,516
	Average training hours (hours/per person)	6.72	6.42
Indirect Labor (IDL)	Training hours	788	1,416
	Total number of employees	87	126
	Average training hours (hours/per person)	9.06	11.24

(4) Cambodia Sunbow

The Company taking as a whole

Item	Male	Female	Total
Total training hours	3,037	7,531	10,568
Total number of employees	1,822	6,031	7,853
Total average training hours (hours/per person)	1.67	1.25	1.35

All ranks

Ranks	Item	Male	Female
Senior Executive	Training hours	208	128
	Total number of employees	13	8
	Average training hours (hours/per person)	16	16
Mid-Level Executive	Training hours	1,088	1,472
	Total number of employees	68	92
	Average training hours (hours/per person)	16	16
Direct Labor (DL)	Training hours	1,467	5,660
	Total number of employees	1,467	5,660
	Average training hours (hours/per person)	1	1
Indirect Labor (IDL)	Training hours	274	271
	Total number of employees	274	271
	Average training hours (hours/per person)	1	1

2. Employee training plan/program

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

(1) Case study

Staff education and training case	Description
Diamond Sutra Personality Literacy Sharing Course	<p>Diamond Sutra Personality Literacy Sharing Course - The company's core concept comes from the Diamond Sutra. We share our ideas in daily life that originate from the content of the Diamond Sutra. The idea is to remind people of the principles of living a good life and doing the right things, which all start from the philosophy of "I am the origin of things."</p> <p>In addition to the content of each chapter of the Diamond Sutra, the lecturer also provides three articles for each chapter. Ideas are inspired by sharing feedback from reading the articles from different perspectives, thereby stimulating everyone's attention to different topics.</p> <p>Inspire everyone to initiate "positive thinking," accept their own imperfection, and conduct a cycle of improvement at different levels to make oneself better starting from the study of personal/life/work/emotions aspects, selflessness and self-appreciation, suppressing personal greed, and desire, and self-searching.</p>
HFIVE Training	<p>Based on the Group's core values of "Harmony & Faithfulness, Velocity, Excellence, Innovation," integrate the business topic, select outstanding employees, and carry out outdoor development training on communication, anger management, teamwork, and other tasks to stimulate employees' thinking ability.</p>
Shoemaking Courses	<p>Shoemaking courses - The shoemaking process is complicated. In order to help the business/purchasing departments better understand our business operations, shoemaking courses are arranged to help enhance employees' understanding of the work process and the connection to their respective operations.</p> <p>The senior supervisors from each factory are the designated instructors for this course. The teaching materials related to the current front- and back-end processes of the factory are prepared and provided to the colleagues of the office units and on-site units so to understand the actual operation status. The company will have different production technologies and operation models made as technology advanced and customers changed in response to differences in time and markets.</p> <p>Shoemaking courses help all employees understand the execution processes and efforts of each unit, as well as the difference in the front-end and back-end operations, which can also help everyone understand the shoemaking industry and increase empathy for one another and smooth communication between employees.</p>

Staff education and training case	Description
Workplace Sharing Session	Focus on orienteering topic, such as “efficient communication,” to share workplace experience with different departments.
LEAN3.0 Training	Focus on the annual business theme “Low-Profile Learning, Quick and Rigorous Lean 3.0” as the core to develop various topics, to train entry-level cadres, and to enhance the capabilities of the mid-level and high-level management cadres.
Parent-Children Education Sharing Session	Focus on the topic of “Parents-Children Accompanying and Sharing” to invite dozens of employees who are parents to talk about this topic and to interact and share the essence of harmonious parent-child relationships. We hope for our employees to develop steadily at work while enjoying a wonderful parent-child relationship at home!

3. Training and career development

Factory skills training plan

Each factory and each department independently arrange skills training based on actual needs to ensure that employees can adapt to and master the latest technologies and work processes. The mission is to effectively improve employees' professionalism and operational capabilities and to improve the overall production efficiency through regular internal training and external lecturer guidance.

Board of Directors and Senior Manager Training

In terms of succession planning, the board of directors of Fulgent Sun has a series of comprehensive measures formulated to cultivate senior managers for their joining the board of directors and to help them get familiar with the operations of the board of directors and the business operation of each unit of the Group. It is clearly stipulated in the "Corporate Governance Best Practice Principles" and "Procedures for Election of Directors" that the composition of the board of directors should take diversity into consideration; also, it is necessary to base on the company's operations, operating patterns, and development needs to formulate a diversification policy, covering basic conditions and values, as well as two professional aspects of professional knowledge and skills.

In terms of the succession plan for important management personnel, Fulgent Sun helps them improve their succession capabilities effectively and shorten the succession time by inventorying and selecting potential successors, and taking their personal development plans and internal training systems into consideration.

Supervisor training mechanism

We regularly arrange senior executive meetings to help the executives understand internal short-term, mid-term, and long-term management policies can immediately, and help enhance their business management and operational management capabilities. The training program covers strategic planning, transnational operations, global marketing, innovation management and the new economy, and other important topics with an attempt to cultivate the management talents needed in the future. A total of 16,631 persons were trained in 2023.



(5) Health and safety

1. Occupational safety and health

Fulgent Sun values the importance of the employees' health and safety and strives to eliminate accidents and diseases that may occur in the factories by referring to the framework of ISO 45001 Occupational health and safety management systems. We also continue to invest resources to actively seek and solve various health and safety problems that may occur at the workplace in order to ensure employee well-being and workplace safety.

In addition, we provide the employees in each factory with regular health checkups. We also provide employees with appropriate protective equipment to ensure their safety at work through correct design and management, added with continuous safety training (for example, all new employees need to receive relevant safety and health training), and depending on the characteristics of the process.

Fulgent Sun Occupational Safety and Health Management and Facilitating Measures

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

2. Occupational injuries and diseases

(1) Taiwan Headquarters

Employees

Item	Type	Male	Female	Total
Occupational injury rate (IR)	Main types of occupational injuries	None		
	Total working hours	228,160		
Occupational disease rate (ODR)	Main types of occupational diseases	None		

Note:

1. There are no deaths caused by occupational injuries.
2. There are no occupational diseases occurred.
3. There are no occupational injuries occurred to other workers (contractors and suppliers).

(2) Fujian Sunshine

Employees

Item	Type	Male	Female	Total
Occupational injury rate (IR)	Main types of occupational injuries	Work injury		
	Total working hours	4,647,992		
	Recordable occupational injuries (cases)	1	4	5
	Recordable occupational injury rate (%)	0.22	0.86	1.08
Occupational disease rate (ODR)	Main types of occupational diseases	None		

Note:

1. There are no deaths caused by occupational injuries.
2. There are no occupational diseases occurred.
3. There are no occupational injuries occurred to other workers (contractors and suppliers).

(3) Vietnam Fulgent Sun

Employees

Item	Type	Male	Female	Total
Occupational injury rate (IR)	Main types of occupational injuries	Work injury		
	Total working hours	21,110,936		
	Recordable occupational injuries (cases)	1	2	3
	Recordable occupational injury rate (%)	0.05	0.09	0.14
Occupational disease rate (ODR)	Main types of occupational diseases	None		

Note:

1. There are no deaths caused by occupational injuries.
2. There are no occupational diseases occurred.
3. There are no occupational injuries occurred to other workers (contractors and suppliers).

(4) Cambodia Sunbow

Employees

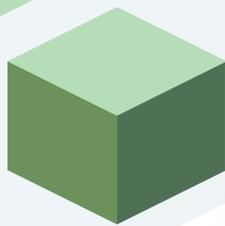
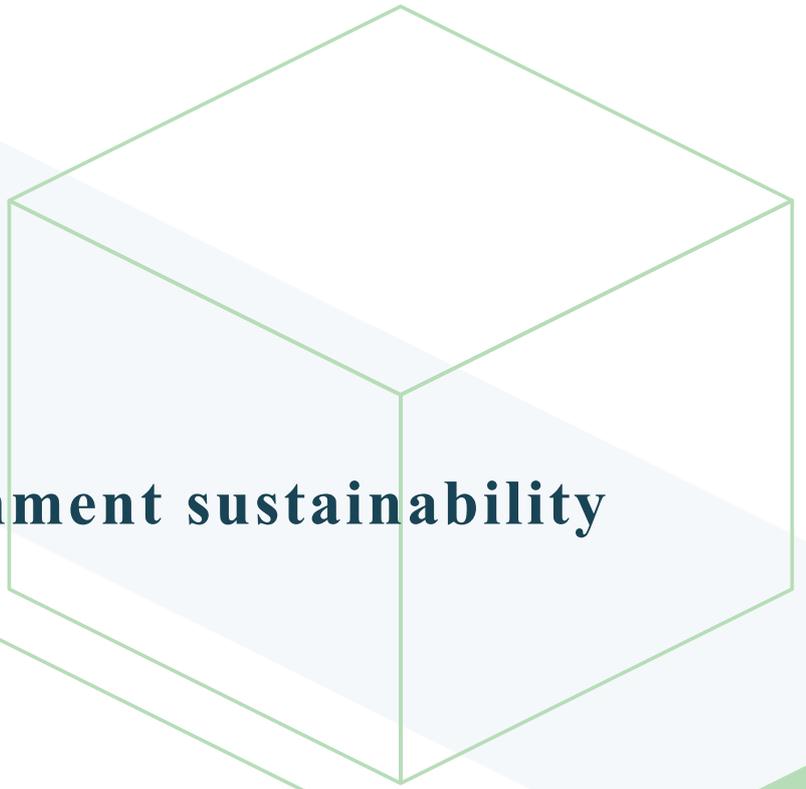
Item	Type	Male	Female	Total
Occupational injury rate (IR)	Main types of occupational injuries	Work injury		
	Total working hours	17,037,728		
	Recordable occupational injuries (cases)	1	2	3
	Recordable occupational injury rate (%)	0.06	0.12	0.18
Occupational disease rate (ODR)	Main types of occupational diseases	None		

Note:

1. There are no deaths caused by occupational injuries.
2. There are no occupational diseases occurred.
3. There are no occupational injuries occurred to other workers (contractors and suppliers).



8. Environment sustainability



8. Environment sustainability

(1) Environmental Sustainability Policy

Environmental Management Policy, Organization, and Mechanism

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

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



(2) Energy management

Renewable energy

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

Fulgent Sun has gradually added solar power generation equipment within the Group. The solar power generation projects are implemented in Cambodia, China, and Taiwan headquarters to reduce fuel consumption and environmental pollution caused by traditional power generation. The Group's total power generation capacity was 6,541.8MWh in 2023, reducing carbon emissions by 4,052.96 CO₂ /ton, which was equivalent to afforestation of 112.82 hectares.



1. Energy management results

(1) Taiwan Headquarters

Type / Item	Type of Energy	2022	2023	2022	2023
		Fuel usage		Fuel consumption (GJ)	
Non-renewable fuel consumption	Gasoline (L)	269.55	347.36	8.87	11.43
	Diesel fuel (L)	493.64	257.45	17.93	9.35
	Liquefied petroleum gas (kg)	720	560	36.36	28.28
Total non-renewable fuel consumption				63.16	49.06
Total renewable fuel consumption				-	-
Buy/produce	Electricity (kWh)	271,840	163,192	978.62	587.49
Total purchased/produced fuel consumption				978.62	587.49
Total sold fuel consumption				-	-
Total fuel consumption				1,041.78	636.55
Total number of employees				149	165
Energy intensity (GJ/per person)				6.99	3.86

(2) Fujian Sunshine

Type / Item	Type of Energy	2022	2023	2022	2023
		Fuel usage		Fuel consumption (GJ)	
Non-renewable fuel consumption	Gasoline (L)	13,409.61	14,865.08	441.11	488.99
	Diesel fuel (L)	24,671.91	15,037.04	895.98	546.08
	Natural gas (m ³)	1,914,817	1,368,554	72,156.05	51,571.22
Total non-renewable fuel consumption				73,493.14	52,606.29
Renewable fuel consumption	Solar energy (kWh)	615.79	623.7	2.22	2.25
Total renewable fuel consumption				2.22	2.25
Buy/produce	Electricity (kWh)	20,385,156	13,262,870	73,386.56	47,746.33
Total purchased/produced fuel consumption				73,386.56	47,746.33
Total sold fuel consumption				-	-
Total fuel consumption				146,881.92	100,354.87
Total number of employees				2,592	1,972
Energy intensity (GJ/per person)				56.67	50.89

(3) Vietnam Fulgent Sun

Type / Item	Type of Energy	2022	2023	2022	2023
		Fuel usage		Fuel consumption (GJ)	
Total non-renewable fuel consumption	Gasoline (L)	30,950	35,852	1,018.10	1,179.35
	Diesel fuel (L)	50,886	80,090	1,847.97	2,908.55
Total non-renewable fuel consumption				2,866.07	4,087.90
Total renewable fuel consumption				-	-
Buy/produce	Electricity (kWh)	44,094,516	25,303,098	158,740.26	91,091.15
Total purchased/produced fuel consumption				158,740.26	91,091.15
Total sold fuel consumption				-	-
Total fuel consumption				161,606.33	95,179.05
Total number of employees				6,642	8,767
Energy intensity (GJ/per person)				24.33	10.86

(4) Cambodia Sunbow

Type / Item	Type of Energy	2022	2023	2022	2023
		Fuel usage		Fuel consumption (GJ)	
Non-renewable fuel consumption	Gasoline (L)	23,959.87	6,021.34	788.16	198.07
	Diesel fuel (L)	27,954.71	38,082	1,015.20	1,600.88
	Liquefied petroleum gas (kg)	5,760	6,989	290.91	352.98
Total non-renewable fuel consumption				2,094.27	2,151.93
Renewable fuel consumption	Solar energy (kWh)	3,910,397	3,976,505	14,077.43	14,315.42
Total renewable fuel consumption				14,077.43	14,315.42
Buy/produce	Electricity (kWh)	30,478,377	18,552,507	109,722.16	66,789.03
Total purchased/produced fuel consumption				109,722.16	66,789.03
Total sold fuel consumption				-	-
Total fuel consumption				125,893.86	83,256.38
Total number of employees				8,337	7,853
Energy intensity (GJ/per person)				15.10	10.57

2. Greenhouse gas management

Taiwan Headquarters of Fulgent Sun had introduced the ISO 14064-1:2018 Greenhouse Gas Management System in 2023. The conversion of greenhouse gas data is operated through IPE platform at Fujian Sunshine plant, and through RA system records at Hubei Sunsmile plant.

According to statistics and calculations, the total greenhouse gas emissions were 43,740.53 t-CO₂e in 2023. The inventory indicates that the main source of greenhouse gas emissions is from the outsourced electricity. Therefore, our specific greenhouse gas reduction strategy is mainly based on electricity consumption management and reduction of electricity consumption.

Item	2022	2023
Total greenhouse gas emissions (Scope 1) (t-CO ₂ e)	4,997.93	3,744.63
Total greenhouse gas emissions (Scope 2) (t-CO ₂ e)	47,859.42	39,929.26
Total greenhouse gas emissions (Scope 3) (t-CO ₂ e)	44.56	66.64
Standards and Methodology	<ul style="list-style-type: none"> Fujian Sunshine: IPE website carbon emissions calculation formula Vietnam Fulgent Sun: Total consumption*conversion coefficient by government Cambodia Sunbow: HIGG 	
Emission coefficient and Global Warming Potential (GWP) Sources	IPCC 5 th Assessment Report	
GHG summary	Operational Control	
Base year	2022	

Note: Fulgent Sun plans to introduce the ISO 14064-1 Greenhouse Gas in the future with the base year set in 2022.

2-1 Greenhouse gas management results

(1) Taiwan Headquarters

Item	2022	2023
Total greenhouse gas emissions (Scope 1) (t-CO ₂ e)	31.10	29.65
Total greenhouse gas emissions (Scope 2) (t-CO ₂ e)	138.37	124.39
Total greenhouse gas emissions (Scope 3) (t-CO ₂ e)	44.56	66.64
Total number of employees	149	165
Greenhouse gas emission intensity (t-CO ₂ e/per person)	1.44	1.34
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	

(2) Fujian Sunshine

Item	2022	2023
Total greenhouse gas emissions (Scope 1) (t-CO ₂ e)	4,222.60	3,031.45
Total greenhouse gas emissions (Scope 2) (t-CO ₂ e)	11,626.00	7,563.81
Total greenhouse gas emissions (Scope 3) (t-CO ₂ e)	-	-
Total number of employees	2,592	1,972
Greenhouse gas emission intensity (t-CO ₂ e/per person)	6.11	5.37
Standards and methodologies	Calculated through 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	

Note: Fujian Sunshine does not count total Scope 3 greenhouse gas emissions.

(3) Vietnam Fulgent Sun

Item	2022	2023
Total greenhouse gas emissions (Scope 1) (t-CO ₂ e)	209.61	304.98
Total greenhouse gas emissions (Scope 2) (t-CO ₂ e)	20,581.56	20,346.22
Total greenhouse gas emissions (Scope 3) (t-CO ₂ e)	-	-
Total number of employees	6,642	8,767
Greenhouse gas emission intensity (t-CO ₂ e/per person)	3.13	2.36
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	

Note: Vietnam Fulgent Sun does not count total Scope 3 greenhouse gas emissions.

(4) Cambodia Sunbow

Item	2022	2023
Total greenhouse gas emissions (Scope 1) (t-CO ₂ e)	535.91	378.55
Total greenhouse gas emissions (Scope 2) (t-CO ₂ e)	15,513.49	11,894.84
Total greenhouse gas emissions (Scope 3) (t-CO ₂ e)	-	-
Total number of employees	8,337	7,853
Greenhouse gas emission intensity (t-CO ₂ e/per person)	1.93	1.56
Standards and methodologies	N/A	
Emission coefficients and global warming potential (GWP) sources	N/A	
GHG summary method	Operational control	
Base year	2021	

Note: Cambodia Sunbow does not count total Scope 3 greenhouse gas emissions.

3. Energy saving and carbon reduction action

Carbon Reduction Plan/Performance

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

Plant energy saving and carbon reduction action

(1) Taiwan Headquarters

Reduction plan	Description of action plan
Energy saving	The LED lights have been used broadly in Taiwan headquarters since the year of 2023; also, as well as the promotion of water and electricity conservation.

(2) Fujian Sunshine

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

(3) Water resources management

1. Wastewater management/discharge in each plant

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

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



【Recycled water used for toilet flushing】



【Recycled water used for gardening】

2. Water resources management results

(1) Taiwan Headquarters

Item		All areas
Water intake - Third party water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	4.85
	Other sources of water ($> 1,000$ mg/L total dissolved solids)	-
	Total water intake	4.85
Total water intake (ML)	Surface water (total) + Groundwater (total) + Seawater (total) + Water output (total) + Third party water (total)	4.85
Total water consumption (ML)	Total water consumption	4.85

(2) Fujian Sunshine

Item		All areas
Water intake - Third party water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	47.41
	Other sources of water ($> 1,000$ mg/L total dissolved solids)	-
	Total water intake	47.41
Total water intake (ML)	Surface water (total) + Groundwater (total) + Seawater (total) + Water output (total) + Third party water (total)	47.41
Discharges – classified by destination (ML)	Third party water (total)	36.39
Total water discharge (ML)	Surface water (total) + Groundwater (total) + Seawater (total) + Third party water (total)	36.39
Discharge – classified by freshwater and other sources of water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	-
	Other sources of water ($> 1,000$ mg/L total dissolved solids)	36.39
Total water consumption (ML)	Total water consumption	11.02

(3) Vietnam Fulgent Sun

Item		All areas
Ground water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	112.79
	Other sources of water ($> 1,000$ mg/L total dissolved solids)	-
	Total water intake	112.79
Total water intake (ML)	Surface water (total) + Groundwater (total) + Seawater (total) + Water output (total) + Third party water (total)	112.79
Total water consumption (ML)	Total water consumption	112.79

(4) Cambodia Sunbow

Item		All areas
Water intake - Ground water (ML)	Fresh water ($\leq 1,000$ mg/L total dissolved solids)	118.88
	Other sources of water ($> 1,000$ mg/L total dissolved solids)	-
	Total water intake	118.88
Total water intake (ML)	Surface water (total) + Groundwater (total) + Seawater (total) + Water output (total) + Third party water (total)	118.88
Total water consumption (ML)	Total water consumption	118.88

(4) Waste management

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

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

1. Waste volume

(1) Taiwan headquarters

Waste	2022	2023
Total waste volume (metric tons)	6.49	6.06
Volume of waste recycled/reused (metric tons)	1.06	1.25
Incineration (excluding energy recycling) (metric tons)	5.43	4.81
Data coverage: Business locations (%)	100	100

(2) Fujian Sunshine

Waste	2022	2023
Total waste volume (metric tons)	353.27	350.03
Volume of waste recycled/reused (metric tons)	317.01	322.99
incineration (excluding energy recycling) (metric tons)	19.42	17.04
Other processing methods: Hazardous waste (metric tons)	16.84	10
Data coverage: Business locations (%)	100	100

(3) Vietnam Fulgent Sun

Waste	2022	2023
Total waste volume (metric tons)	2,942.76	1,563.52
Volume of waste recycled/reused (metric tons)	107.00	101
Landfill (metric tons)	316.80	371.80
Incineration (excluding energy recycling) (metric tons)	1,219.96	1,088.7
Other processing methods: Hazardous waste (metric tons)	1.30	2.02
Data coverage: Business locations (%)	100	100

(4) Cambodia Sunbow

Waste	2022	2023
Total waste volume (metric tons)	915.12	631.5
Volume of waste recycled/reused (metric tons)	5.07	4.80
Other processing methods: Landfill (metric tons)	910.05	626.70
Data coverage: Business locations (%)	100	100

2. Recycle and reuse resource

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

Use of recovered/reused materials

Materials	Total volume of recycled materials used
RB Rubber	206,137 KG
EVA	25,298 KG

(5) Chemical substance management

Chemical substance management policies

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

The “Chemicals Management Procedures” is formulated respectively in each factory of Fulgent Sun, covering the entire process of chemicals procurement, custody, storage, identification, transportation, use, disposal, and emergency response, ensuring that all chemicals can be handled safely and processed under efficient conditions to prevent any potential risks.

In addition, we arrange regular training for relevant personnel, enhance the management measures for chemicals and hazardous chemicals continuously, enhance employees’ knowledge about safe chemicals operations, and effectively prevent and minimize the occurrence of disasters such as fires, explosions, environmental pollution, and casualties.

Chemical substance management measures

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

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



9. Feedback to the society



9. Feedback to the society

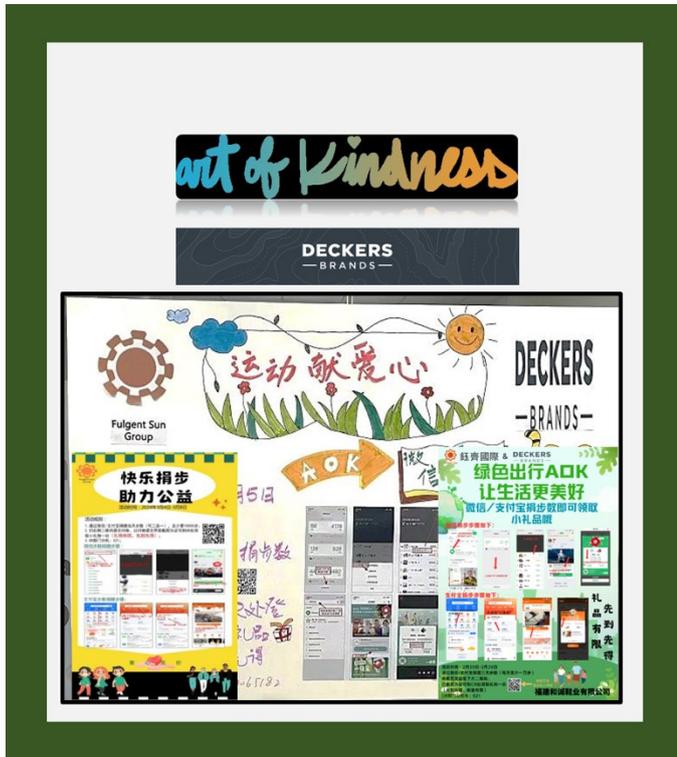
(1) Fulgent Sun International Charitable Public Welfare Fund

Fulgent Sun adheres to the core belief of “We take from the society, and we use on the society” to actively participate in social welfare activities, and strives to promote local harmony and enhance social well-being. We integrate the Group’s supplies and human resources, expand the scope of social feedback and focus groups, and support the development of local educational resources.

We have established the “Charitable Trust Fulgent Sun Group International Charity Fund” to further fulfill our corporate social responsibility, to assist schools and local groups in need of support in Yunlin through occasional donations, to promote various corporate social responsibility activities, and to subsidize many social activities.

Fulgent Sun’s total investment in social charity amounted to NT\$8,803 thousand in 2023. We will continue to give feedback to the society with practical actions, strive to promote social harmony and prosperity, and provide support and assistance to more groups in need through our resources and efforts.

1. Provided financial aids for the tuition and miscellaneous fees, after-school tutoring, student-related activities expenses to the disadvantaged students in Yunlin so to help students learn freely and grow up happily.
2. Provided loving breakfast, three meals in winter and summer vacations, and nutritional supplements to disadvantaged hungry children in remote rural areas and general areas of Yunlin County.
3. Rong Kang Medical Foundation-sponsored the establishment of Taichung Veterans General Hospital GTP Laboratory.
4. The ambulances of Public Health Bureau of Yunlin County were used for emergency rescue in rural areas.
5. Fujian Sunshine Factory in China donated scholarships to Yang-En University, Leeming University, and Chen Huangshin University, and Sunny Shoe Factory donated scholarships to Tengfei Elementary School, Central District Elementary School, and Experimental Elementary School so to help improve school studying conditions and inspire teachers’ and students’ enthusiasm for work and study.
6. Vietnam Fulgent Sun Factory donated money to low-income households in Hung Yên province, donated funds for local community activities, participated in sustainable environmental tree planting activities, and feedback to the community.
7. Vietnam NGOC HUNG Factory donated to the Cẩm Giàng County Government to construct a disability medical center, donated money to help local poor residents, and feedback to the community.
8. Vietnam Eversun Factory donated funds for local community activities, participated in sustainable environmental tree planting activities, and feedback to the community.
9. Cambodia Sunbow Factory participated in local community activities and feedback to the community.



“Happy Walking Donation to Support Charity” activity



A “Thank You Note” from Jiouan Elementary School



Sponsorship for tuition and miscellaneous fees and activities to disadvantaged students of Sacred Hearts High School

(2) Focus on community education

Fulgent Sun has committed to corporate talent development and community feedback; therefore, the contribution to education is one of the core projects of the company to fulfill its social responsibilities. The “Charitable Trust Fulgent Sun Group International Charity Fund” was established by the Taiwan Headquarters with donations made occasionally to actively assist schools and local groups in Yunlin, to promote social responsibility, and to subsidize various social activities. Our financial supports are extended to the categories of tuition and miscellaneous fee subsidies for disadvantaged children in Yunlin, meal assistance for disadvantaged children in rural areas and general areas, and the peace-of-mind scholarship for the students of National Yunlin University of Science and Technology.

In terms of Fujian Sunshine Factory, we are committed to subsidizing the tuition of poor students and are actively establishing cooperative relationships with local colleges and universities to jointly promote the construction of the double high-level plan in Fujian Province, to construct an Industry-University-Institute collaboration base, to establish an industry-education integration platform, to absorb talents from universities, and to recruit talents for the enterprises.

Fujian Sunshine Factory has steadily provided scholarships for an amount of RMB 50,000 a year to Yang-En University and Leeming University continuously since the cooperation, and has sponsored campus activities and tournaments occasionally. We sponsored the English competition “Fulgent Sun Cup · Fujian Sunshine Cup” of Leeming University in our name in June 2023, which fully reflected the support and commitment of Fulgent Sun and Fujian Sunshin Factory to education and community development.

(3) Contribution of medical resources

The world remained affected by the pandemic in 2023, and Fulgent Sun spared no effort in preventing the pandemic and donating various medical resources:

- Fulgent Sun’s Taiwan Headquarters donated ambulances for emergency rescue in remote areas and donated money to support the establishment of Taichung Veterans General Hospital GTP Laboratory.
- The factories in Vietnam donated money to build a disability medical center.



▶ **Appendix, Fulgent Sun Board of Directors
and Committee Member Information**

Appendix, Fulgent Sun Board of Directors and Committee Member Information

Member name	Gender	Participating committees	Other important positions held/ “quantity” and “nature” of commitments made	A member of management or not	Independence	Term of office	An “underrepresented” community or not	Enterprise impact/impact related capabilities (such as industry, product, geographical location-related impact capabilities)	A representative of “stakeholders” or not
Wen-Chih Lin	Male	<ul style="list-style-type: none"> Corporate Governance and Sustainable Development Committee 	<ul style="list-style-type: none"> Chief Strategy Officer of Fulgent Sun Group Chairman of Capital Concord Enterprises Limited Chairman of Fujian Sunshine Footwear Co., Ltd. Chairman of Sunny Footwear Co., Ltd. Chairman of Hubei Sunsmile Footwear Co., Ltd. Chairman of Fulgent Sun Footwear Co., Ltd. Chairman of Fujian Laya Outdoor Products Co., Ltd. Chairman of Lin Wen Chih Sunbow Enterprises Co., Ltd. Chairman of Lin Wen Chih Sunstone Enterprises Co., Ltd. Chairman of Lin Wen Chih Sunlit Enterprises Co., Ltd. Chairman of NGOC HUNG Footwear Co., Ltd. Chairman of Eversun Footwear Co., Ltd. Chairman of PT. SUN BRIGHT LESTARI Chairman of Laya Chemical Engineering Co., Ltd. Chairman of Lin Wen Chih Sunzeal Enterprises Co., Ltd. Chairman of Sunglory Footwear Co., Ltd. Chairman of Wisersquare Enterprise Limited 	A member of management	Not an independent director	2022/5/27-2025/5/26	No	<ul style="list-style-type: none"> Chairman of Fulgent Sun International (Holding) Co., Ltd. Chief Strategy Officer of Fulgent Sun Group 	Yes

Member name	Gender	Participating committees	Other important positions held/ “quantity” and “nature” of commitments made	A member of management or not	Independence	Term of office	An “underrepresented” community or not	Enterprise impact/impact related capabilities (such as industry, product, geographical location-related impact capabilities)	A representative of “stakeholders” or not
Fang-Chu Liao	Female	<ul style="list-style-type: none"> Corporate Governance and Sustainable Development Committee 	<ul style="list-style-type: none"> President of Fulgent Sun Group Chief Executive Officer of Fulgent Sun Group Director of Capital Concord Enterprises Limited Director of Fujian Sunshine Footwear Co., Ltd. Director of Sunny Footwear Co., Ltd. Director of Hubei Sunsmile Footwear Co., Ltd. Director of Fulgent Sun Footwear Co., Ltd. Director of Fujian Laya Outdoor Products Co., Ltd. Director of Lin Wen Chih Sunbow Enterprises Co., Ltd. Director of Lin Wen Chih Sunstone Enterprises Co., Ltd. Director of NGOC HUNG Footwear Co., Ltd. Director of PT. SUN BRIGHT LESTARI Supervisor of Laya Chemical Engineering Co., Ltd. Director of Lin Wen Chih Sunzeal Enterprises Co., Ltd. Director of Wisersquare Enterprise Limited 	A member of management	Not an independent director	2022/5/27-2025/5/26	No	<ul style="list-style-type: none"> President of Fulgent Sun International (Holding) Co., Ltd. Chief Executive Officer of Fulgent Sun Group 	Yes

Member name	Gender	Participating committees	Other important positions held/ “quantity” and “nature” of commitments made	A member of management or not	Independence	Term of office	An “underrepresented” community or not	Enterprise impact/impact related capabilities (such as industry, product, geographical location-related impact capabilities)	A representative of “stakeholders” or not
Chih-Cheng Liao	Male	<ul style="list-style-type: none"> Corporate Governance and Sustainable Development Committee 	<ul style="list-style-type: none"> Spokesperson of Fulgent Sun Group Executive Vice President of Fulgent Sun Group Finance Officer of Fulgent Sun Group Corporate Governance Officer of Fulgent Sun Group Director of Capital Concord Enterprises Limited Director of Sunny Footwear Co., Ltd. Director of Hubei Sunsmile Footwear Co., Ltd. Director of Fulgent Sun Footwear Co., Ltd. Director of Lin Wen Chih Sunbow Enterprises Co., Ltd. Director of Lin Wen Chih Sunstone Enterprises Co., Ltd. Director of NGOC HUNG Footwear Co., Ltd. Director of Lin Wen Chih Sunzeal Enterprises Co., Ltd. 	A member of management	Not an independent director	2022/5/27-2025/5/26	No	<ul style="list-style-type: none"> Executive Vice President of Fulgent Sun Group Spokesperson, Finance Officer, and Corporate Governance Officer of Fulgent Sun Group 	Yes

Member name	Gender	Participating committees	Other important positions held/ “quantity” and “nature” of commitments made	A member of management or not	Independence	Term of office	An “underrepresented” community or not	Enterprise impact/impact related capabilities (such as industry, product, geographical location-related impact capabilities)	A representative of “stakeholders” or not
Jin-Huang Huang	Male	<ul style="list-style-type: none"> • Audit Committee • Salary and Remuneration Committee • Corporate Governance and Sustainable Development Committee 	<ul style="list-style-type: none"> • Chair Professor of Feng Chia University • Director of Winson Machinery Casting Co., Ltd. • Independent Director of China Fineblanking Technology Co., Ltd. • Independent Director of Best Precision Industrial Co., Ltd. • Independent Director of Alformer Industrial Co., Ltd. 	Not a member of management	Independent Director	2022/5/27-2025/5/26	No	<ul style="list-style-type: none"> • Chair Professor of Feng Chia University 	No
Chun-An Li	Male	<ul style="list-style-type: none"> • Audit Committee • Salary and Remuneration Committee • Corporate Governance and Sustainable Development Committee 	<ul style="list-style-type: none"> • Emeritus Professor of the Department of Finance, National Yunlin University of Science and Technology 	Not a member of management	Independent Director	2022/5/27-2025/5/26	No	<ul style="list-style-type: none"> • Emeritus Professor of the Department of Finance, National Yunlin University of Science and Technology 	No
Chun-Ming Wu	Male	<ul style="list-style-type: none"> • Audit Committee • Salary and Remuneration Committee • Corporate Governance and Sustainable Development Committee 	<ul style="list-style-type: none"> • President of Query Investment Co., Ltd. • Director of E-Elements Technology, Co. Ltd. • Independent Director of Tecstar Technology Co., Ltd. • Independent Director of Lian Hong Art Co., Ltd. 	Not a member of management	Independent Director	2022/5/27-2025/5/26	No	<ul style="list-style-type: none"> • President of Query Investment Co., Ltd. 	No

Member name	Gender	Participating committees	Other important positions held/ “quantity” and “nature” of commitments made	A member of management or not	Independence	Term of office	An “underrepresented” community or not	Enterprise impact/impact related capabilities (such as industry, product, geographical location-related impact capabilities)	A representative of “stakeholders” or not
Hui-Ying Wang	Female	<ul style="list-style-type: none"> Audit Committee Corporate Governance and Sustainable Development Committee 	None	Not a member of management	Independent Director	2022/5/27-2025/5/26	Yes	None	No
Shu-Ching Chou	Female	<ul style="list-style-type: none"> Audit Committee Corporate Governance and Sustainable Development Committee 	<ul style="list-style-type: none"> Professor of the Department of Finance, National Yunlin University of Science and Technology 	Not a member of management	Independent Director	2022/5/27-2025/5/26	Yes	<ul style="list-style-type: none"> Professor of the Department of Finance, National Yunlin University of Science and Technology 	No

SASB Index-Apparel, Accessories, and Footwear Index

Fulgent Sun continues to enhance the disclosure of sustainability information. The correspondence and disclosure of the Sustainability Accounting Standards Board (SASB) is an important milestone in our sustainability management. The data statistics disclosed in this index, unless otherwise stated, are as of December 31, 2023.

Table 1. Sustainability disclosure topics and indicators

Topic	Indicator Code	Description
Product Chemical Substance Management	CG-AA-250a.1	<p>Comply with prohibited and restricted substances regulations</p> <p>We properly conduct chemicals supplier evaluation, management, and auditing operations to ensure the integrity of the chemicals management mechanism. In addition to carefully selecting qualified chemicals suppliers, requiring suppliers to sign the “Supplier Compliance with EU REACH Regulations” and the “RSL Guarantee Letter of Brand Owner,” the purchasing unit will conduct KPI data analysis on suppliers every quarter and will evaluate suppliers every six months to minimize chemicals management risks.</p>
	CG-AA-250a.2	<p>Assess and manage chemicals-related risks and/or hazards in products</p> <p>The “Procedures for Chemicals Management” is regulated in each factory of Fulgent Sun to strictly regulate chemicals procurement, custody, storage, identification, transportation, use, disposal, emergency response and other related matters. Also, enhance the management of chemicals and hazardous chemicals through the training of relevant personnel to avoid and reduce the occurrence of fires, explosions, environmental pollution, casualties, and other disasters as follows:</p> <ol style="list-style-type: none"> 1. Material evaluation: Check the material composition of shoe materials, evaluate possible hazardous substances, and ensure complying with relevant regulations and standards. If a certain chemical substance is determined to be harmful, alternative materials will be used or other measures will be taken to reduce risks. 2. Supply chain compliance: We require our supply chain partners to comply with relevant chemicals management requirements, including requiring suppliers to provide product chemicals testing reports, etc. 3. Monitoring and testing: We regularly monitor and test the chemical substance concentration in our products to ensure that the chemical substance concentration in the product does not exceed regulatory limits in order to secure the safety of the product to consumers and the environment. 4. Education and training: Fulgent Sun provides corresponding education and training to ensure the company’s employees understand how to identify, evaluate, and manage chemical substance and related risks, and comply with relevant regulations and policies.

Topic	Indicator Code	Description
Supply Chain Environmental Impact	CG-AA-430a.1	<p>(1) Ratio of Tier-1 suppliers who have complied with wastewater discharge permits and/or contractual agreements: 17.0448%</p> <p>(2) Ratio of non-Tier-1 suppliers who have complied with wastewater discharge permits and/or contractual agreements: 0%</p>
	CG-AA-430a.2	<p>(1) Ratio of Tier-1 suppliers who have completed the Sustainable Garment Alliance’s Higg Factory Environmental Module (Higg FEM) assessment or equivalent environmental information assessment: 4.5957%</p> <p>(2) Ratio of non-Tier-1 suppliers who have completed the Sustainable Garment Alliance’s Higg Factory Environmental Module (Higg FEM) assessment or equivalent environmental information assessment: 0%</p>
Supply Chain Labor Conditions	CG-AA-430b.1	<p>(1) Ratio of Tier-1 suppliers received audits on labor code of conduct: 35.0785%</p> <p>(2) Ratio of non-Tier-1 suppliers received audits on labor code of conduct: 0%</p> <p>(3) Ratio of suppliers received audits on labor code of conduct by third-party auditors: 0%</p>
	CG-AA-430b.2	<p>(1) Priority failure rate: 0%</p> <p>(2) Corrective actions completed rate: 0%</p>
	CG-AA-430b.3	<p>(1) Description of labor risk:</p> <p>There may be a variety of labor risks in the supply chain of the footwear industry, including the following:</p> <ul style="list-style-type: none"> • Remuneration measures: Workers in the supply chain may face unfair wage treatment, such as low wages, wage arrears, overtime work without overtime pay, etc. Also, the lack of basic benefit packages, such as medical insurance, pensions, vacations, which are also important issues to be addressed. • Working hours and overtime: Workers in supply chains may be at risk of long working hours and excessive overtime that may lead to overwork, health issues, and safety risks. • Safety and Health: The work environment of footwear industry may involve safety and health risks. For example, workers may be exposed to hazardous chemicals, sharp tools, and machinery equipment and unsafe working conditions that may lead to accidents and occupational diseases. • 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.

Topic	Indicator Code	Description
Supply Chain Labor Conditions	CG-AA-430b.3	<p>Fulgent Sun manages and mitigates these labor risks by taking the following measures:</p> <p>Establish compliance requirements with suppliers, conduct social responsibility reviews and approvals, support the organization of a union, establish transparency and communication channels, etc. so to ensure fair and respectful working conditions for workers in the supply chain and to promote sustainable development and human rights protection.</p> <p>(2) Description of environmental, health and safety risks</p> <ul style="list-style-type: none"> • 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., which may impose a negative impact on soil, water resource, and air quality. • Workplace safety: Workers in supply chains are at the risk of being exposed to workplace hazards, including operating dangerous machinery equipment, risk of injury, fire and explosion hazards, improper stacking of substances, etc., which may lead to accidents and occupational injuries. • Chemicals Management: A variety of chemicals are used by the footwear industry such as dyes, adhesives, and solvents. Improper chemicals management can lead to chemicals spills, exposures, and contamination, which imposes potential risks to worker health and the environment. • Health and sanitation issues: The working environment of the footwear industry may have a negative impact on workers' health, including long-hour standing up, musculoskeletal problems caused by repetitive movements, risks of occupational diseases (such as respiratory diseases and skin lesions), etc. • Social impact: There may be social impacts such as poor labor conditions, low wages, and violations of labor rights in the supply chain of the shoe industry, which will have a negative impact on the quality of life and sustainable development of workers and local communities. Fulgent Sun is committed to managing and minimizing these environmental, health, and safety risks through workplace safety training, chemicals management measures, health monitoring, and providing reasonable wages and benefits in accordance with the environmental management system.
Raw Material Procurement	CG-AA-440a.3	See Table 3 below for details
	CG-AA-440a.4	The quantity of priority raw materials that passed third-party environmental or social sustainability standards certification is unobtainable.

Table 2. Operating activity indicators

Indicator Code	Indicator	Description
CG-AA-000.A	(1) Tier-1 suppliers (2) Non- Tier -1 suppliers	(1) Total number of Tier-1 suppliers: 1,719 (2) Total number of non-Tier-1 suppliers: 0

Table 3. Priority raw material management list

Name of priority raw material	Environmental and/or social factors associated threats to procurement	Description of business risks and opportunities related to environmental and/or social factors	Management strategies for business risks and opportunities
Leather	Animal husbandry is a significant contributor to the climate crisis, including more than 50% of total nitrous oxide and methane emissions highly related to energy and water consumption of tanneries.	The shoemaking supply chain is closely related to energy, greenhouse gases, waste, and chemicals. It is necessary to grow and prosperous together with suppliers in order to face up to the business risks and turn them into business opportunities.	Fulgent Sun in response to the demand of brand customers and market actively cooperates with local suppliers in order to reduce transportation carbon emissions, and to build a sustainable supply chain; also, to jointly advocate sustainability-related issues with the designated suppliers.
Mesh fabric (textile)	It takes around 20,000 liters of water to irrigate cotton per kilogram, which is equivalent to a person’s drinking water for 11 years. The chemicals used in the dyeing and finishing process makes the textile industry the second largest source of pollution in the world only next to the oil industry. The textile industry emits 1.2 billion tons of greenhouse gases every year that is more than the emission made by the entire aviation industry and the shipping industry together.	The shoemaking supply chain is closely related to energy, greenhouse gases, waste, and chemicals. It is necessary to grow and prosperous together with suppliers in order to face up to the business risks and turn them into business opportunities.	Fulgent Sun in response to the demand of brand customers and market actively cooperates with local suppliers in order to reduce transportation carbon emissions, and to build a sustainable supply chain; also, to jointly advocate sustainability-related issues with the designated suppliers.
Rubber products	Petroleum refining and petrochemicals, coatings, inks, adhesives, pesticides, automobiles, packaging and printing, rubber products, synthetic leather, furniture, shoemaking, and other industries emit VOCs that accounted for more than 80% of total industrial emissions, and most of them are emitted into surrounding rivers and air by water and air, imposing a major threat to the environment and human health.	The shoemaking supply chain is closely related to energy, greenhouse gases, waste, and chemicals. It is necessary to grow and prosperous together with suppliers in order to face up to the business risks and turn them into business opportunities.	Fulgent Sun in response to the demand of brand customers and market actively cooperates with local suppliers in order to reduce transportation carbon emissions, and to build a sustainable supply chain; also, to jointly advocate sustainability-related issues with the designated suppliers.

Note:

1. The quantity of priority raw materials that passed third-party environmental or social sustainability standards certification is unobtainable.
2. The relevant information of non-Tier-1 suppliers and matters related to labor code of conduct audits are unobtainable.

Climate-related information of the TWSE/TPEX listed companies

1. Implementation of climate-related information

Item	Implementation
<p>1. Describe the board of directors and management’s monitoring and governance of climate-related risks and opportunities.</p>	<ul style="list-style-type: none"> • Fulgent Sun’s board of directors is the highest governance body 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 and 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 and Sustainable Development Committee” sets 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.
<p>2. Describe how the identified climate risks and opportunities affect the company’s business, strategy, and finance (short-term, mid-term, and long-term).</p>	<p>Short term:</p> <ul style="list-style-type: none"> • Physical risk 1: Immediateness (severity of extreme weather events such as typhoons and floods) • Impact target 1: Service/capacity reduction or interruption • Physical risk 2: Immediateness (earthquake) • Impact target 2: Service/capacity reduction or interruption <p>Mid-term:</p> <ul style="list-style-type: none"> • Physical risks: Long-term (changes in rainfall patterns and extreme changes in climate patterns) • Impact target: Increasing operating costs <p>Long-term:</p> <ul style="list-style-type: none"> • The development of the climate change-related policies and actions continues and the shift to low-carbon and high-efficiency innovative technologies requires taking the potential risks and operational impacts into consideration. For example, the losses caused by climate change continue to increase, the risk of climate-related litigation may increase; technological improvements and innovations will affect the competitiveness, production, and distribution costs of some organizations. • The organization while facing long-term changes in climate patterns should develop adaptive capabilities in response to climate change in order to effectively manage climate change-related risks and seize opportunities. It is advisable to consider owning long-term fixed assets, initiate intensive production, and use low-carbon energy in order to save energy costs.

Item	Implementation
<p>3. Describe the impacts of extreme climate events and transition actions on finance.</p>	<p>The impacts of extreme climate events and transition actions on finance are as follows:</p> <p>A. Capital expenditure: In order to achieve the requirement of each factory saving 1% of total electricity consumption, each factory must gradually have old equipment eliminated and replaced, and must implement an energy-saving management plan to improve equipment efficiency.</p> <ul style="list-style-type: none"> • Various centralized production and load control plans must be implemented to improve power saving within the factory in order to comply with relevant regulations/customers’ energy saving and carbon reduction requirements. • The aforementioned purchase/renovation of factory equipment will cause capital expenditure to go up. <p>B. Earnings: Once the “Carbon Border Adjustment Mechanism (CBAM)” is implemented by European Community in 2026, importers must purchase vouchers as payment for the carbon emissions of imported products.</p> <ul style="list-style-type: none"> • The price is calculated based on the average closing price of the EU’s weekly carbon credit auctions, which will directly drive the carbon credit of sustainable/low-carbon products and related benefits of import and export trade. • The company through the efforts of the R&D unit will be able to respond to the demand for sustainable/low-carbon products in the future, increase the selection of low-carbon materials, and provide customers with more choices and services. • We suggest more suitable low-carbon materials to our customers based on our understanding on low-carbon materials supplied by various manufacturers in order to reduce the use of unsuitable materials, reduce development costs, and increase operating income. <p>C. Direct costs: International customers require the use of renewable energy accounted for a certain percentage of operating revenue by the year of 2025 in response to the development of net-zero emission in 2050. Therefore, we must actively search for green energy, find green power suppliers, 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 climate risk identification, assessment, and management processes are integrated into the overall risk management system.</p>	<p>Observe industry sustainability trends in a long run; grasp, collect, and identify market trends and customer needs through multiple channels; each department fulfills responsibility to ensure that regulatory developments, environmental protection trends, customer opinions, and competitor opinions can be concretely and quickly realized in the process of identifying, assessing, and managing climate-related risks in core operational fields such as manufacturing, industrial safety and environmental protection, and R&D, and how to have it integrated with the enterprise risk management mechanism.</p> <p>A. The “Corporate Governance and Sustainable Development Committee” regularly tracks the risk status of climate change-related issues every year. Representatives from each group of the Sustainability Committee regularly implement TCFD projects and report the risk assessment and analysis results to the Committee, and take relevant mitigation measures appropriately by considering the possibility of occurrence and degree of impact of the climate risks.</p> <p>B. In terms of process, the “Corporate Governance and Sustainable Development Committee” has the climate risk assessment, analysis, and feedback opinions of each group integrated into the existing risk assessment and management mechanism in order to ensure that material climate-related issues are properly assessed and controlled, and then submit the assessment results to the highest representative of the “Sustainable Development Committee” for review eventually; also, report it to the board of directors occasionally so to ensure that climate change-related risks are effectively integrated into Fulgent Sun’s corporate risk management process.</p>
<p>5. If scenario analysis is used to assess resilience against climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial implications involved should be detailed.</p>	<p>The company has not yet conducted climate change risk scenario analysis currently.</p>

Item	Implementation
<p>6. If there is a transformation plan in response to climate-related risk management, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.</p>	<p>A. Carbon emissions and energy management goals</p> <p>Fulgent Sun values the importance of environmental sustainability. All factories of Fulgent Sun worldwide actively promote various energy and resource management, emission reduction actions, and gradually develop renewable energy (solar photovoltaics). Improve the environment and energy management system to gradually improve energy utilization efficiency, reduce industrial carbon emissions, and make contribution towards net zero emissions.</p> <p>We comply with the environmental laws and regulations of the countries and regions where our business bases are located, and perfect our environmental management in accordance with the requirements of brand customers. Each plant promotes scrap recycling, use of non-toxic chemicals, water resource recycling, and other environmental protection and conservation projects to improve resource utilization efficiency with an aim to build up a sustainable environment.</p> <p>B. Waste Management Objectives</p> <p>Fulgent Sun forcefully implements the strategy of resource saving, reduction, and recycling. The mechanisms of waste source reduction, process waste reduction, and recycling and disposal at the end of production are adopted for the general and business wastes resulted from the production input at each factory, which helps maximize the utilization efficiency of resources and reduce the generation of waste in the factory.</p> <p>Business waste is effectively managed and processed in accordance with the characteristics to improve the efficiency of resource reuse. Hazardous waste should be handled by qualified waste service providers; also, waste service providers should be managed in accordance with the contract signed. An on-site audit should be planned and implemented when necessary to ensure that waste removal and delivery meet the requirements of the country to which the factory operates.</p> <p>C. Water resources management objectives</p> <p>The water used in each factory of Fulgent Sun worldwide is general domestic water, that is, tap water. The wastewater is directly discharged into the national/municipal sewage treatment pipeline or plant of the country where the plant operates. Fulgent Sun currently has wastewater of each production base discharged in compliance with the discharge standards prescribed by local laws and regulations.</p> <p>In terms of water resource usage, Fulgent Sun implements the main strategy of “Cherish, Save, and Recycle” to actively encourage employees to save water, and promote various water-saving measures in order to improve the water resource utilization efficiency.</p>

Item	Implementation		
7. If internal carbon pricing is used as a planning tool, the basis of pricing should be detailed.	The company has not yet promoted carbon pricing currently.		
8. If there are climate-related goals set, the related activities, greenhouse gas emission scope, planning schedule, annual achievement progress, etc. should be detailed. If carbon offset credits or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon offset credits or the quantity of renewable energy certificates (RECs) being offset should be detailed.	Work items	Parent company	Subsidiary
		Estimated completion time	Estimated completion time
	Define the establishment of full-time (part-time) units, the number of full-time (part-time) personnel, and their scope of duties	November 2025	November 2026
	Form an inventory plan	December 2025	December 2026
	Form a verification plan	December 2027	December 2028
9. Greenhouse gas inventory and assurance status	The company is a TWSE listed company with a capital below NT\$5 billion. The company expects to initiate greenhouse gas inventory in 2025 and greenhouse gas assurance in 2027.		

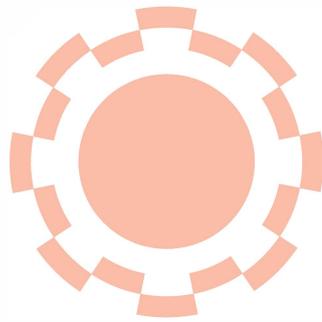
GRI Standards Index

Statement of use	The reporting organization “Fulgent Sun International (Holding) Co., Ltd.” has reported the operations in the period from January 1, 2023 to December 31, 2023 in accordance with the GRI Universal Standards.
GRI 1 in use	GRI 1: Foundation 2021

GRI Universal Standards	Disclosure	Information location	Omission		
			Request	Reason	Explanation
GRI 2 General Disclosures 2021					
Organization and reporting practices					
2-1	Organizational details	2			
2-2	Entities included in the organization’s sustainability reporting	2			
2-3	Reporting period, frequency and contact point	2			
2-4	Restatements of information	No data restated			
2-5	External guarantee/assurance	No external guarantee			
Activities and workers					
2-6	Activities, value chain and other business relationships	5,9-10			
2-7	Employees	50			
2-8	Workers who are not employees	58			
Governance					
2-9	Governance structure and composition	11,27-28, 94-98			
2-10	Nomination and selection of the highest governance body	11			
2-11	Chair of the highest governance body	11-13,94			
2-12	Role of the highest governance body in overseeing the management of impacts	27-28			
2-13	Delegation of responsibility for managing impacts	27-28			
2-14	Role of the highest governance body in sustainability reporting	27-28			
2-15	Conflicts of interest	15-18			
2-16	Communication of critical concerns	27-28			
2-17	Collective knowledge of the highest governance body	27-28			

GRI Universal Standards	Disclosure	Information location	Omission		
			Request	Reason	Explanation
2-18	Evaluation of the performance of the highest governance body	27-28			
2-19	Remuneration policies	62-63			
2-20	Process to determine remuneration	62-63			
2-21	Annual total compensation ratio	60			
Strategy, policies and practices					
2-22	Statement on sustainable development strategy	3-4			
2-23	Policy commitments	16,64			
2-24	Embedding policy commitments	16			
2-25	Processes to remediate negative impacts	19			
2-26	Mechanisms for seeking advice and raising concerns	39-40			
2-27	Compliance with laws and regulations	No related affairs			
2-28	Membership associations	40			
Stakeholder engagement					
2-29	Approach to stakeholder engagement	38-40			
2-30	Collective bargaining agreements	64			
GRI 3: Material topics 2021					
3-1	Process to determine material topics	29			
3-2	List of material topics	29-31			
3-3	Management of material topics	34-37			
GRI 201: Economic performance 2016					
201-1	Direct economic value generated and distributed	20			
201-2	Financial implications and other risks and opportunities due to climate change	21-26			
GRI 305: Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	80-82			
305-2	Energy indirect (Scope 2) GHG emissions	80-82			
305-3	Other indirect (Scope 3) GHG emissions	80-82			
305-4	GHG emissions intensity	80-82			
GRI 401: Employment 2016					
401-1	New employee hires and employee turnover	56-57			
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	60-61			

GRI Universal Standards	Disclosure	Information location	Omission		
			Request	Reason	Explanation
GRI 402: Labor/management relations 2016					
402-1	Minimum notice periods regarding operational changes	48			
GRI 403: Occupational health and safety 2018					
403-1	Occupational health and safety management system	73			
403-2	Hazard identification, risk assessment, and incident investigation	73			
403-3	Occupational health services	73			
403-4	Worker participation, consultation, and communication on occupational health and safety	73			
403-5	Worker training on occupational health and safety	73			
403-6	Promotion of worker health	73			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	73			
403-8	Workers covered by an occupational health and safety management system	73			
403-9	Work-related injuries	74-75			
403-10	Work-related ill health	74-75			
GRI 404: Training and education 2016					
404-1	Average hours of training per year per employee	66-69			
404-2	Programs for upgrading employee skills and transition assistance programs	70-72			
404-3	Percentage of employees receiving regular performance and career development reviews	65			
GRI 405: Diversity and equal opportunity 2016					
405-1	Diversity of governance bodies and employees	11,52-55			
405-2	Ratio of basic salary and remuneration of women to men	59			
GRI 418: Customer privacy 2016					
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No related affairs			



Fulgent Sun