



# 裕元工業(集團)有限公司 Yue Yuen Industrial (Holdings) Limited

Incorporated in Bermuda with limited liability  
於百慕達註冊成立之有限公司

Stock Code 股份代號 : 551

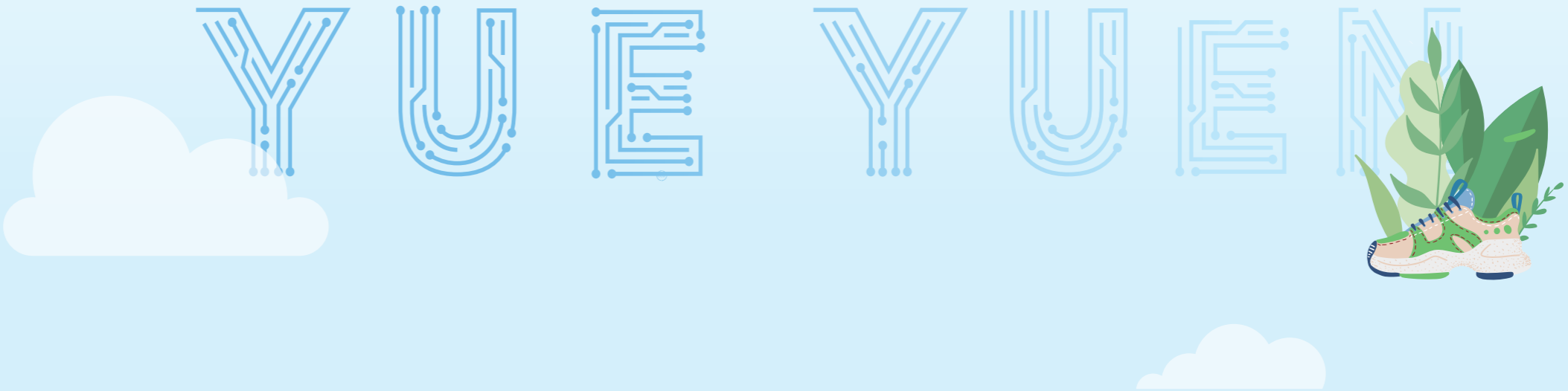


## 2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 環境、社會及管治報告

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**Introduction**

Welcome to the 2025 Environmental, Social and Governance Report of Yue Yuen Industrial (Holdings) Limited (the “Company”). This report outlines the Company’s latest sustainability measures and performance. The Company and its subsidiaries (collectively, the “Group” or “Yue Yuen”) at all times uphold the core values of “Professionalism, Dedication, Innovation and Service” and focus on two main business pillars: footwear manufacturing, and retail and distribution of sportswear, with an aim of realizing the Company’s vision “To provide end-to-end solutions that delivers the sports industry the highest possible value while supporting healthy lifestyle around the world”. This vision and core values are fully integrated into the Group’s business strategies and operations. The Group has formulated agile business strategies and is systematically advancing the following initiatives:

<p style="text-align: center;"><b>Footwear Manufacturing</b></p> <ul style="list-style-type: none"> <li>Enhance the flexibility of production capacity</li> <li>Provide comprehensive solutions</li> <li>Enhance data-driven decision-making capabilities</li> <li>Build a supply chain ecosystem</li> </ul>	<p style="text-align: center;"><b>Retail and Distribution of Sportswear</b></p> <ul style="list-style-type: none"> <li>Establish a strategic physical store network</li> <li>Accelerate expansion of digital channels</li> <li>Build operational growth momentum</li> </ul>
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The Group is committed to being a responsible corporate citizen and upholding the spirit of sustainable development to fulfill its mission of “creating value for all stakeholders”. While pursuing operational performance, the Group remains committed to improving corporate governance, promoting environmental friendliness, fulfilling social responsibilities, while respecting the rights and interests of all stakeholders, including shareholders/investors, customers, employees, suppliers, and communities. The Group continues to enhance intelligent production technologies and innovative R&D capabilities in the industry, maintain harmonious and positive labor relations, comply with environmental standards at each production base and align with international sustainability trends. At the same time, through various internal communication channels, the Group increases employees’ identification with and joint practice of core values, strengthens the efficiency of strategy planning and execution, provides employees with a safe and healthy working environment, and promotes talent development. Furthermore, the Group implements management policies, mechanisms, and measures in areas such as supply chain management, environmental protection, and community engagement and participation, in order to achieve the goals of sustainable development.

Regarding the governance structure, the board of directors (the “Board”) of the Company is responsible for evaluating and identifying the environmental, social and governance (“ESG”) risks, formulating ESG strategies, and ensuring that effective ESG risk management and internal control systems are established and maintained by the Group. Through regular analysis and independent assessments by the Audit and Risk Management Committee, the Board also determines whether the aforesaid systems are sufficient and effective. The Group works closely with the sustainable development department (the “Sustainable Development Department”) of the parent company, Pou Chen Corporation (together with its subsidiaries, the “Pou Chen Group”), to integrate and provide strategic studies and project management on corporate social responsibility issues regarding sustainable production faced by factories in different regions, including codes of conduct for sustainable operations required by brand customers, compliance with local laws and regulations, management of labor relations, and responses to audits and inspections of the Group’s factories conducted by external NGOs, as well as to regularly report to the management and the Board on the performance of these matters and provides recommendations.

The Group and its parent company, Pou Chen Group, are committed to responding to the call of the United Nations’ Sustainable Development Goals (“SDGs”). The Group, as a responsible industry leader, is a member of the World Federation of the Sporting Goods Industry (“WFSGI”), and has been supporting the principles of WFSGI’s Code of Conduct since 2016. The Group’s parent company, Pou Chen Group, also joined the Fair Labor Association (“FLA”, a non-profit organisation dedicated to protecting labor’ rights around the world) in 2011 as its supplier member. The social compliance program of Pou Chen Group has been accredited by the FLA since 2018, which makes the Group become the first and only FLA-accredited footwear supplier globally.

**Report Compilation Basis**

The Company’s 2025 Environmental, Social and Governance Report (the “Report”) has been prepared in accordance with the “Environmental, Social and Governance Reporting Code” (the “ESG Code”) under Appendix C2 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange” or “HKEx”). The Group has complied with the mandatory disclosure requirements and “comply or explain” provisions and the four core reporting principles, including materiality, quantitative, balance and consistency as set out in the ESG Code under the Listing Rules. Details are set out below.

<b>Materiality</b>	<b>Quantitative</b>
Through peer-to-peer benchmarking analysis and communication with eight key stakeholders, the Group identifies material ESG issues which involve significant environmental and social issues in the Group’s operations.	This Report discloses ESG key performance indicators in a quantitative manner where possible, and also increases their transparency by disclosing calculation references and/or methods.
<b>Consistency</b>	<b>Balance</b>
The Group adopts a management and performance measurement approach that is consistent with previous years to enable stakeholders to make a fair comparison of the Group’s ESG performance. In the event of inconsistencies, the Group will explain in the Report.	The content of this Report is unbiased and reflects the Group’s achievements in ESG management and performance, and the areas for improvement.

This Report also discloses with reference to the Universal Standards of the Global Reporting Initiative (“GRI”), the industry-based standards of the Sustainability Accounting Standards Board (“SASB”) and the International Financial Reporting Standards S2 Climate-related Disclosures (“IFRS S2”).

**Reporting Boundary**

This Group is principally engaged in footwear products manufacturing business and sportswear products retail and distribution business in the Greater China region. For operating and financial details of the aforesaid businesses, please refer to the Company’s 2025 Annual Report (the “Annual Report”). This Report only covers the ESG policies and performance of the Group’s manufacturing business. The environmental data disclosed in this Report mainly covers areas including Mainland China, Vietnam, Indonesia, Cambodia, Bangladesh and Myanmar. The social data is consistent with the scope of the Annual Report and includes Taiwan, Hong Kong, Macau, the United States, Mexico and other regions in addition to the six business regions covered by the environmental data, but excludes the information relating to the aforesaid retail business. As for the ESG policies and performance of the aforesaid retail business, please refer to the 2025 ESG Report of Pou Sheng International (Holdings) Limited (“Pou Sheng”), a listed subsidiary of the Company.

**Reporting Period**

The information published in this Report covers the period from January 1, 2025 to December 31, 2025 (the “Reporting Period” or the “Year”), which is the same as the financial year as reported in the Group’s 2025 Annual Report. This Report has been prepared both in Chinese and English and uploaded to the websites of the Company (www.yueyuen.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). In case of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.

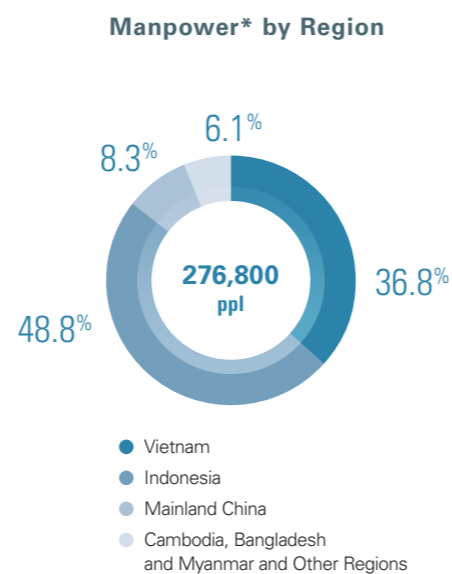
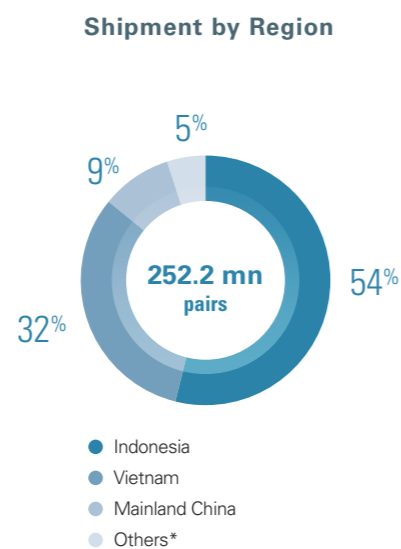
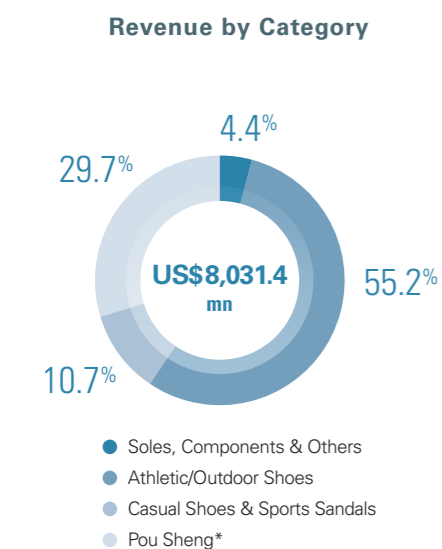
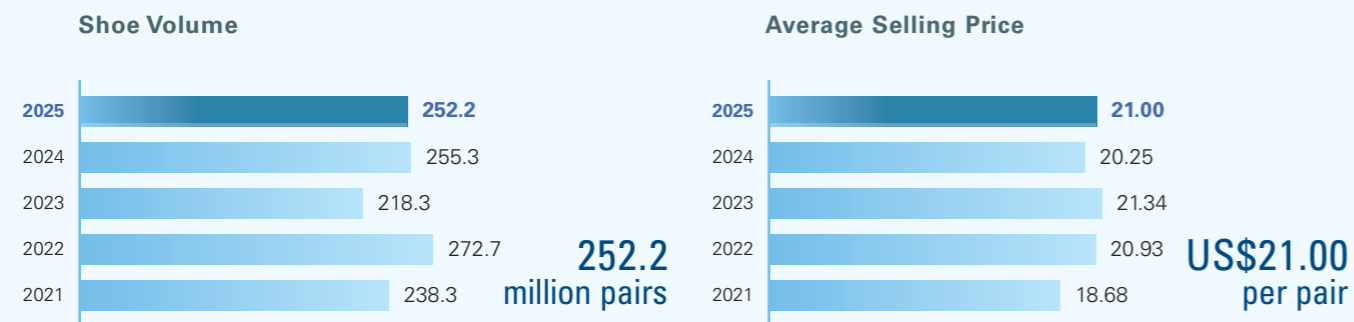
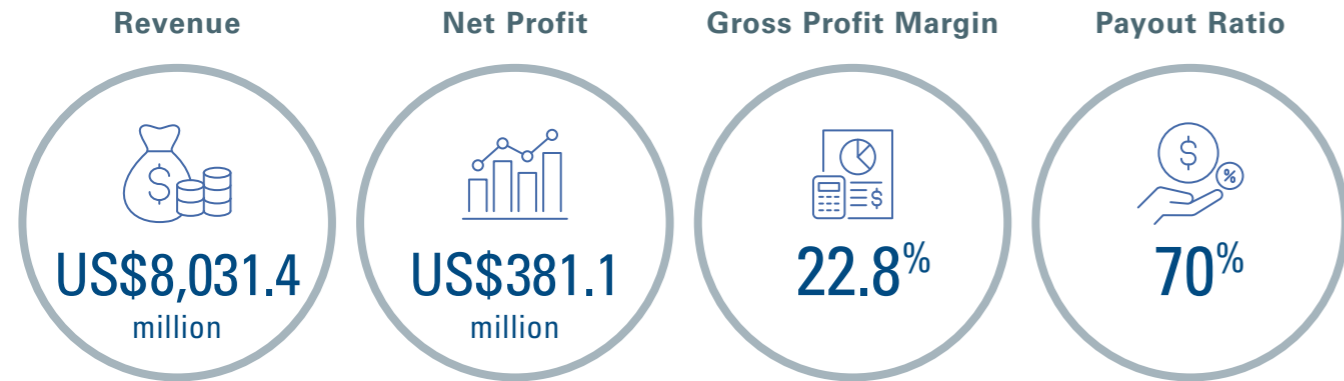
On behalf of the Board

*Tsai Pei Chun, Patty*  
**Managing Director**  
 Hong Kong, March 11, 2026

# Chapter 02

# 2025 Highlights

## Financial and Business Performance

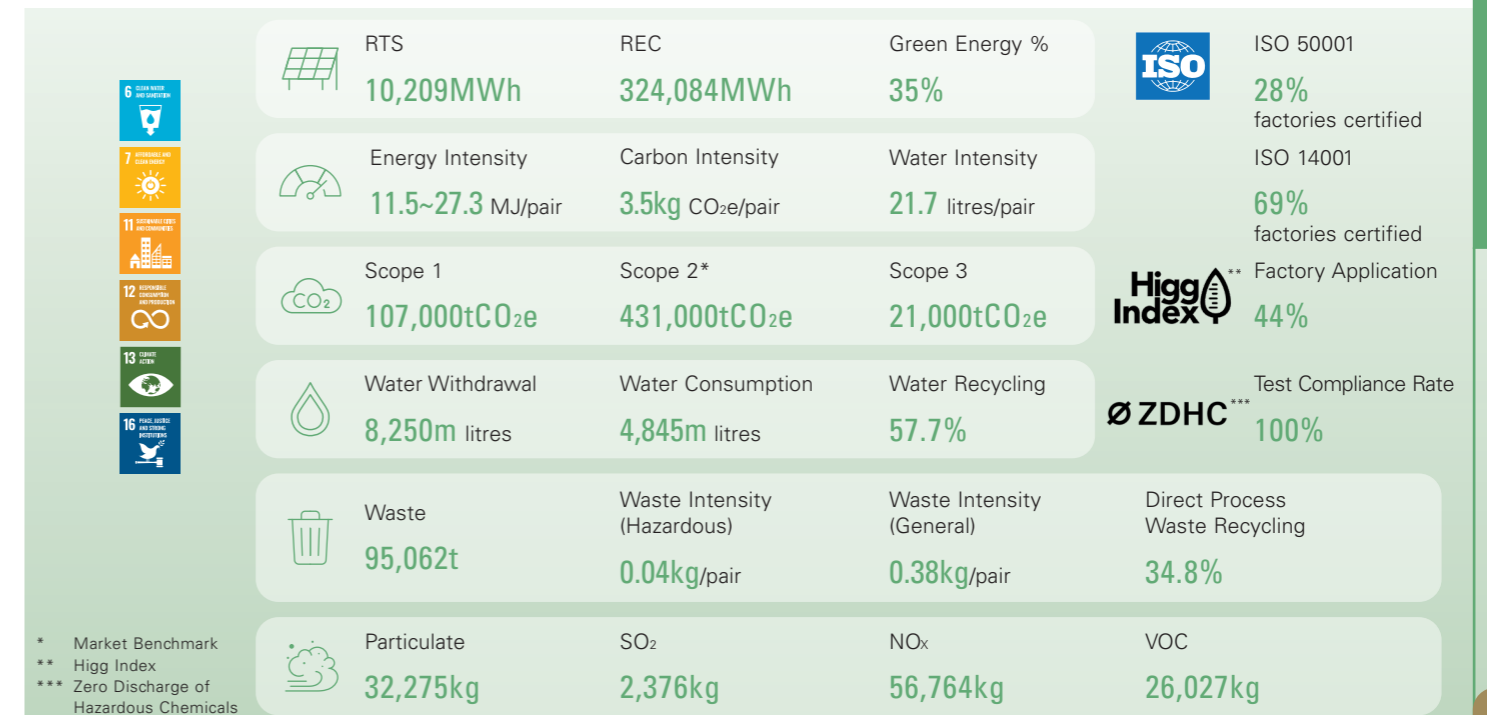


\* Sales of the Group's retail subsidiary in the Greater China region, including shoes, apparel, commissions from concessionaire sales and others

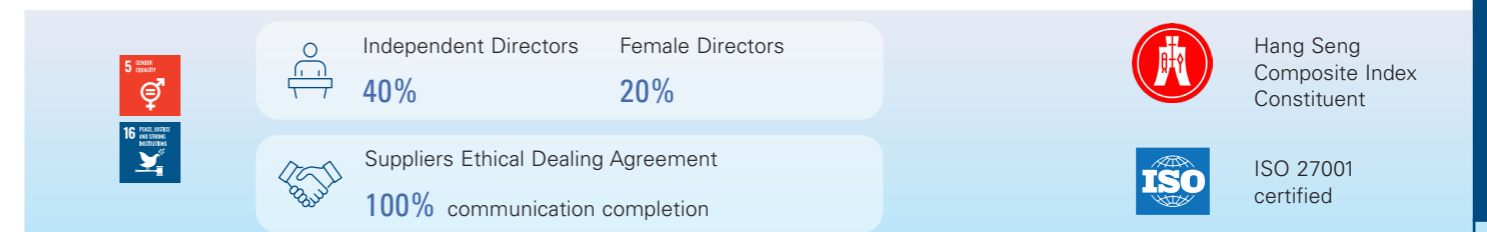
\* Others include Cambodia, Bangladesh, Myanmar, etc.

\* Manufacturing business

## ESG Performance



\* Market Benchmark  
 \*\* Higg Index  
 \*\*\* Zero Discharge of Hazardous Chemicals



Environmental

Social

Governance

# Chapter 02

# 2025 Highlights

## Awards & Recognition



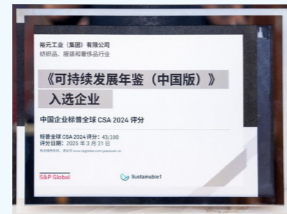
CDP Climate Change: **B**  
CDP Water Security: **B**  
(Updated in Jan 2026)



FTSE Russell ESG Score  
**3.1 (out of 5)**  
(Updated in Dec 2025)



S&P Global ESG Score  
**45 (out of 100)**  
CSA score ahead of **77%** Textiles,  
Apparel & Luxury Goods companies



Included in S&P 2025  
Sustainability Yearbook  
(China Edition)



TVB ESG Award 2025  
ESG Special Recognition Award

### Yue Yuen Industrial (Holdings)

Most Honored Company

2025 All-Asia Executive Team



Extel (Institutional Investor)

2025 Asia Executive Team

#### Consumer Discretionary (Rest of Asia)

- Best CEO
- Best CFO
- Best IR Professional
- Best IR Team
- Best IR Program
- Best ESG
- Best Company Board
- Most Honored Company

#### Hong Kong

- Best CEO
- Best CFO
- Best IR Professional
- Best IR Team
- Best IR Program
- Best ESG
- Best Company Board
- Most Honored Company

### Yue Yuen Industrial (Holdings)

1st Place CEO, CFO, IR, IR Program, ESG and Company Board  
Consumer Discretionary (Asia ex-Mainland China)

2025 Asia Executive Team



### Yue Yuen Industrial (Holdings)

1st Place CEO, CFO, IR, IR Program, ESG and Company Board  
Country Ranking (Hong Kong)

2025 Asia Executive Team



HKIRA  
11th IR Awards 2025

#### Midcap Category

- Overall Best IR Company
- Grand ESG Award
- Best IR Company
- Best IR by CFO
- Best IR Professional
- Best IR Team
- Best ESG Environmental/Social/  
Governance
- Best Investor Meeting
- Best Investor Presentation Material



## Recognition by Government

Jawa Barat Provincial Government  
Gold Award for Promoting Safety and  
Health Organization Committee  
(Indonesia)



The Ministry of Labor of Indonesia  
National Environmental, Safety and  
Health System Certification  
(Indonesia)



Jawa Barat Provincial Government  
HIV-AIDS Prevention Silver Award  
(Indonesia)



Dong Nai Provincial Labor Union  
Pou Sung Achieved Outstanding  
Results in Occupational Health and  
Safety Work  
(Vietnam)



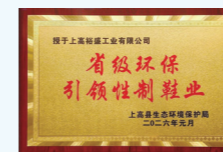
Education Promotion Association of Vietnam  
Pou Yuen Achieved Outstanding Results in Promoting  
Education and Talent Development, and Building a  
Learning Society  
(Vietnam)



Tay Ninh Provincial Police Department  
Pou Hung Achieved Excellent Results  
in the National Campaign to Protect the  
Motherland's Peace and Security  
(Vietnam)



Shanghao Environmental  
Protection Bureau  
Provincial-level Leading Footwear Enterprise  
in Environmental Protection  
(Mainland China)



Shanghao Disease Prevention Center  
Model Unit in Occupational Health  
Management  
(Mainland China)



The Ministry of Labor of Cambodia  
Safe Community CSR Award  
(Cambodia)



## Recognition by Customers



New Balance  
2025 Contribution Award  
(Two factory sites in  
Vietnam)

## Recognition by Third Parties



LWG  
Gold Award  
(Mainland China  
and Vietnam)



The Royal Society  
for the Prevention of  
Accidents  
RoSPA Gold Award  
(Six factory sites in  
Mainland China, Vietnam  
and Indonesia)

### 3.1 Corporate Governance

The Company believes that a robust corporate governance can establish a solid foundation for sustainable development and help the Group to achieve long-term success, thereby enhancing corporate value, improving transparency and accountability, and thus protecting the interests of shareholders. During the Reporting Period, the Company has applied and complied with the principles and all code provisions of the Corporate Governance Code (the "Corporate Governance Code") set out in Appendix C1 to the Listing Rules.

The Board consists of ten directors of the Company ("Directors"), including six executive Directors and four independent non-executive Directors. The Board has established the following three committees to oversee specific matters of the Company and to assist in the discharge of its responsibilities:

- Audit and Risk Management Committee
- Nomination Committee
- Remuneration Committee

For details of the roles and responsibilities of each committee and the corporate governance framework, please refer to the Corporate Governance Report published in the Company's 2025 Annual Report.

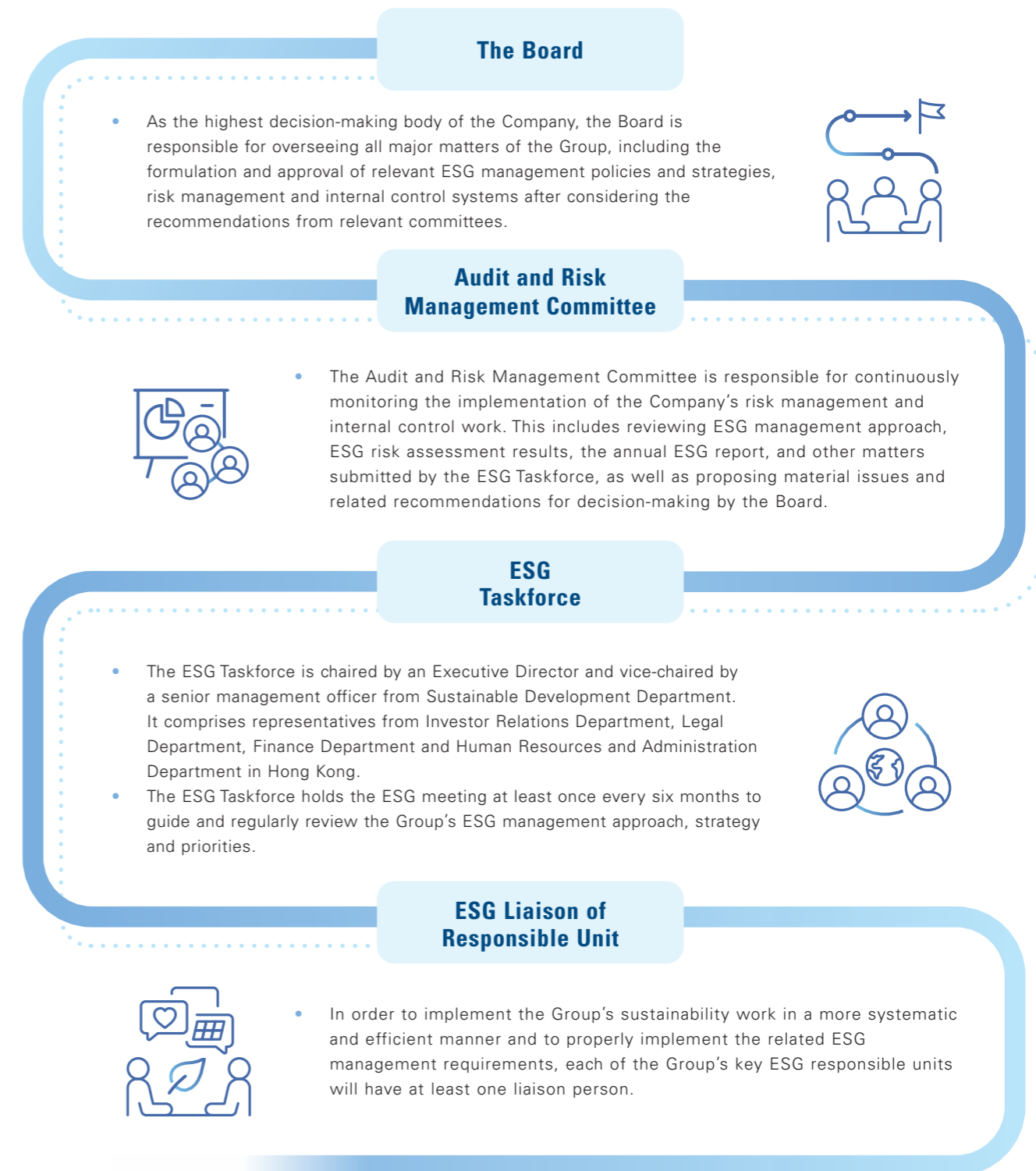
For information on how the Board assesses, prioritizes and manages material ESG-related issues, please refer to Chapter 4 headed "Stakeholder Engagement" of this Report.

#### 3.1.1 ESG Management Approach and Strategy

Guided by the core values of "Professionalism, Dedication, Innovation, and Service", the Company incorporates ESG factors into decision-making process, adheres to a people-oriented approach, environmental protection, and serving the community and continuously integrates industrial resources with know-how and technology to innovate material applications and enhance both product quality and the level of sustainable development. The Company has established a robust ESG management approach and strategy, laying the foundation for formulating effective ESG development goals, monitoring the implementation and results of ESG policies and codes, and achieving sustainable development.

#### 3.1.2 ESG Governance Structure

The Board has delegated key responsibility for the implementation of the Group's ESG strategy to the Company's ESG Taskforce (the "ESG Taskforce"), including monitoring climate-related risks and opportunities. The ESG Taskforce was formally established on May 13, 2021 under the leadership of the Board. With the exception of its chairman, who is appointed by the Board, the other members are appointed directly by their respective departments. Each department is required to appoint a representative to the ESG Taskforce to provide suggestions and support to the Audit and Risk Management Committee on ESG matters, and to ensure that relevant environmental and social issues that the Group has to face are integrated into the corporate agenda, day-to-day decision-making, corporate culture and future plans.



### 3.1.3 Terms of Reference of the Board

The Board is responsible for planning and promoting the Group's sustainable operations, including:

1. Lead the Group in developing a vision for effective and measurable ESG development that meets the expectations of shareholders and other key stakeholders, as well as legal and regulatory requirements of the locations in which it operates;
2. Adopt, review and oversee the implementation and results of the ESG policies and code to ensure that they are consistent with the Group's management principles and governance framework for ESG issues;
3. Understand the environmental and climate objectives recommended by the ESG Taskforce, propose appropriate adjustments in accordance with the Group's development strategy and external environment, confirm the setting of its objectives and implement the action plan to achieve its objectives;
4. Oversee and lead management in optimizing risk management for each business unit and factory site, provide forward-looking guidance on the identification, assessment and management of material risks (including ESG and climate-related risks) to improve the Group's overall risk resilience;
5. Pay attention to the internal control mechanisms relating to its daily operations and delegate the Audit and Risk Management Committee the authority to monitor whether the Group has established a proper and effective internal control system, identify outstanding problems and weaknesses in the relevant areas, and oversee the implementation of targeted remediation plans; and
6. Review and discuss the annual ESG report and the disclosures of other related information to ensure that the ESG report is prepared in accordance with the requirements of the four reporting principles of materiality, quantitative, balance and consistency, and that the content is timely, accurate, complete, and truly reflects the Group's ESG performance.

In order to further strengthen the Group's ESG management, the Board has (a) adopted the "Climate Change Policy" to formulate the energy management related strategy of climate change and enhance the resilience to climate change in 2021; (b) adopted the "Sustainable Development Code of Practice" and the "Supplier – Friendly Workplace Guidelines" in 2023 and (c) adopted the "Supplier Sustainability Code of Conduct" in 2026.

### 3.1.4 Terms of Reference of the Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for continuously monitoring the implementation of the Group's ESG risk management and internal control work, legal and regulatory compliance and existing or potential risks, and for proposing material issues and related recommendations for decision-making by the Board. Its responsibilities include:

1. Review the ESG risk management and internal control policies, procedures, and framework, and periodically assess their appropriateness and effectiveness of implementation;
2. Review, at least annually, the effectiveness of the operation of the ESG risk management and internal control systems to ensure that the Company can effectively identify, assess, manage, respond to, and monitor risks, and integrate them into daily operational processes, and promptly report the results to the Board;
3. Review and recommend to the Board for approval of the ESG reports;
4. Perform any other ESG-related duties delegated by the Board.

### 3.1.5 Terms of Reference of the ESG Taskforce

The ESG Taskforce shall report to the Audit and Risk Management Committee at least twice each year on ESG issues to provide advice and assistance, and ensure that environmental protection and social concerns are incorporated into the Company's agenda and integrated into daily decision-making, corporate culture as well as future planning. Its responsibilities include:

1. Guide and regularly review the Group's ESG management approach, strategy and priorities to ensure that they are keeping pace and meeting timely needs, and to recommend any necessary changes to the Audit and Risk Management Committee;
2. Keep abreast of the latest published ESG-related laws and regulations, be aware of key international trends, and report to the Audit and Risk Management Committee on expected actions and plans to ensure compliance with ESG-related legal and regulatory requirements in the locations where it operates;
3. Make reference to peers or benchmark companies and the size of the Group to set ESG (including climate-related) targets and make strategic recommendations to achieve these targets, regularly review its progress and report to the Audit and Risk Management Committee of its relative performance and results;
4. Conduct an ESG (including climate-related risks and opportunities) risk assessment at least once every three years. Upon completion of each assessment, the results shall be reported to the Audit and Risk Management Committee. This assessment includes identifying ESG risks relevant to the Group, evaluating the impact of such risks on the Company, and formulating implementation strategies based on the Group's vision and mission to enable timely risk response, thereby providing recommendations to the Audit and Risk Management Committee;
5. Review the Company's annual ESG report and other relevant disclosures, submit them to the Audit and Risk Management Committee for endorsement, and obtain final approval from the Board for publication; and
6. Perform any other ESG responsibilities delegated by the Board and the Audit and Risk Management Committee.

### 3.1.6 Terms of Reference of the ESG Liaison of Responsible Unit

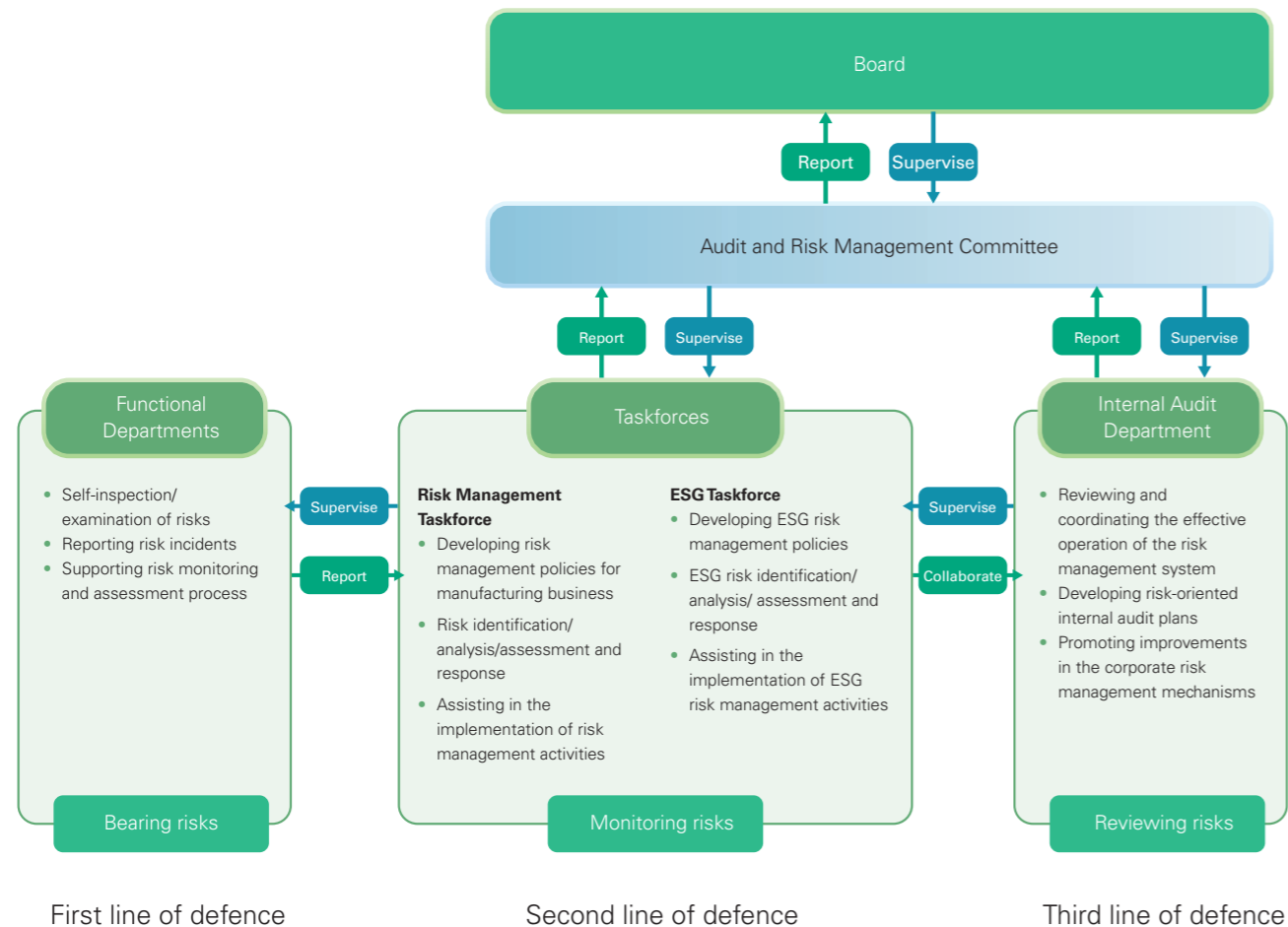
Each of the Group's key ESG responsible units will have at least one liaison person whose responsibilities include:

1. Communicate closely with stakeholders, including collecting results from the stakeholder materiality assessment questionnaires to guide and review the identification and prioritisation of the Group's material ESG issues;
2. Promote the implementation of the ESG management policies and action plans, including overseeing and guiding the promotion of ESG culture and activities within departments;
3. Establish specific ESG responsibilities and initiatives at the departmental level;
4. Establish ESG performance measurement standards and key performance indicators, arrange and prepare the Company's annual ESG report and other relevant information disclosures in accordance with the internal division of labor; and
5. Report regularly to the ESG Taskforce on the implementation of ESG initiatives.

**3.1.7 Risk Management and Internal Control**

**Risk Management and Internal Control Organizational Structure and Responsibilities**

The Group recognizes the crucial importance of robust and effective risk management and internal control systems. Such systems help the Board understand the Group’s risk profile, allocate resources to manage key risks, and make business decisions that optimize risk and return. The Board employs a three-line defence model to coordinate and facilitate the Group’s overall risk management activities.



1. *Responsibilities of the Board*

The Board is responsible for overseeing the Group’s risk management and internal control systems. With the objectives of complying with laws and regulations and promoting and implementing the Company’s overall risk management, the Board continuously supervises the design, establishment, implementation, and operational effectiveness of the Group’s risk management and internal control systems, and bears ultimate responsibility.

2. *Responsibilities of the Audit and Risk Management Committee*

The Committee is responsible for continuously monitoring the implementation of the Group’s risk management and internal control systems, the Group’s legal and regulatory compliance, and existing or potential risks to the Group. It reports to the Board at least once a year on relevant risks and corresponding measures.

3. *First Line of Defence: Responsibilities of Functional Departments*

In accordance with internal requirements, each functional department conducts self-inspection and examination of risk management and internal control process, promptly identifies deficiencies and makes improvements, reports risk incidents to the Risk Management Taskforce, and supports and cooperates with relevant departments in risk monitoring and assessment.

4. *Second Line of Defence: Responsibilities of Taskforces*

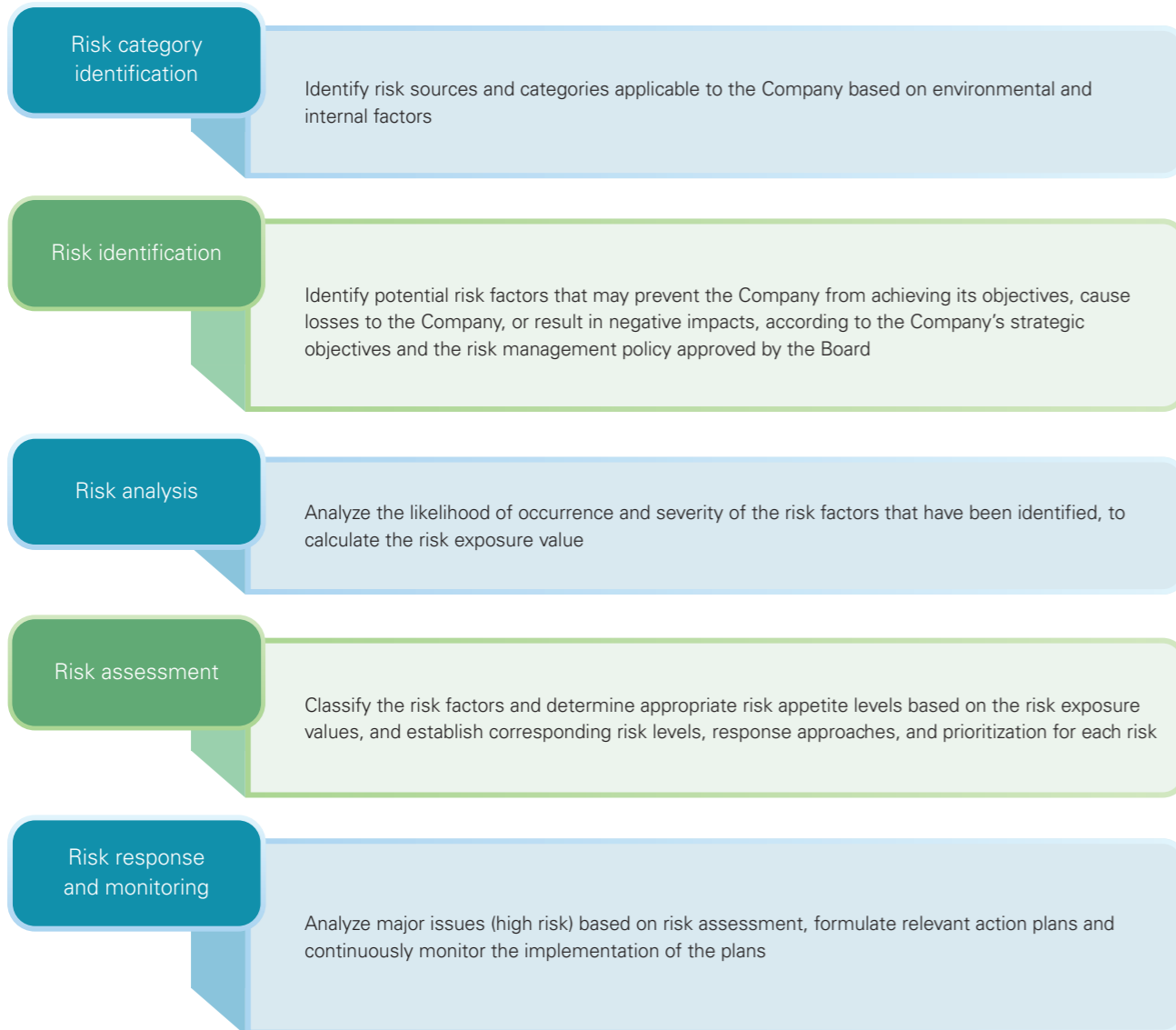
The Risk Management Taskforce is responsible for establishing and continuously improving risk management and internal control mechanisms related to manufacturing operations. It handles risk identification, analysis, assessment, and response for its respective units, and exercises control over risks and internal controls in day-to-day management. When necessary, it establishes relevant crisis management mechanisms. It holds regular meetings and reports to the Audit and Risk Management Committee at least once a year. The ESG Taskforce is responsible for formulating ESG risk management policies, conducting ESG risk identification, analysis, assessment, and response, and assisting in the execution of ESG risk management activities. It holds regular meetings and reports are provided to the Audit and Risk Management Committee twice a year.

5. *Third Line of Defence: Responsibilities of the Internal Audit Department*

The Internal Audit Department is responsible for coordinating the operation of the risk management and internal control systems, conducting independent and objective reviews and providing recommendations on the systems, and reporting to the Audit and Risk Management Committee twice a year.

**Risk Management and Internal Control Procedures**

The Group’s risk management and internal control procedures encompass five major elements: risk category identification, risk identification, risk analysis, risk assessment, and risk response and monitoring. These procedures specify the procedures and methods for the practical implementation of each element.



- 1. Risk Category Identification**  
The Risk Management Taskforce conducts a comprehensive risk analysis based on the Company’s scale, industry, business characteristics, operating activities, and taking into account political, economic, social, technological, environmental, and internal factors. It identifies risk sources and categories applicable to the Company, defines the Company’s own risk categories, identifies detailed risk factors for each risk category, and periodically reviews the applicability of these categories.
- 2. Risk Identification**  
The Risk Management Taskforce, in accordance with the Company’s strategic objectives and risk management policies and procedures approved by the Board, identifies risks for its respective units based on short, medium, and long-term objectives and business responsibilities. It employs various feasible analysis tools and methods, drawing on past experience and information, and considers internal and external risk factors as well as key concerns of stakeholders. Through a combination of “bottom-up” and “top-down” analysis and discussion, it integrates strategic risks and operational risks to comprehensively identify potential risk factors that may prevent the Company from achieving its objectives, cause losses, or result in negative impacts.
- 3. Risk Analysis**  
The Risk Management Taskforce analyzes identified risk factors by considering the completeness of existing related control measures, past experience, industry peer cases, etc., to assess the likelihood of occurrence and severity of each risk factor and thereby calculating the risk exposure value.
- 4. Risk Assessment**  
Based on the risk exposure values, the Risk Management Taskforce classifies risk factors into major issues (high risk), secondary issues (medium risk), and issues requiring concern (low risk). It also formulates an appropriate risk appetite (risk tolerance level), determines the corresponding risk levels for each risk value based on the risk appetite, and defines the risk response approaches and priorities for each risk level, serving as the basis for subsequent monitoring and review.
- 5. Risk Response and Monitoring**  
For major issues identified through risk assessment (high risk), the Risk Management Taskforce formulates relevant handling plans to ensure full understanding and execution by relevant personnel. It continuously monitors the implementation of these measures to effectively reduce the Company’s key risks and ensure overall stability and sustainable development.

For details on the Company’s risk management and internal control, please refer to the Corporate Governance Report contained in the Company’s 2025 Annual Report.

3.1.8 Risk Identification and Control Measures for 2025

Risk Identification

Risk Control Measures

Market risk – changes in competitive environment

- Leverage the Group's production advantages in various regions to adjust cross-regional capacity allocation, strengthen core manufacturing capabilities, and enhance overall capacity scheduling flexibility.
- Strengthen cost management and optimize resource allocation to ensure annual profit performance.
- Enhance quality management to ensure stable delivery of products with consistent quality and market competitiveness.

Supply chain risk

- Increase the local procurement ratio of shoe materials at production bases in Mainland China, Vietnam, Indonesia, etc., to reduce crossborder transportation lead times, lower logistics costs, and mitigate tariff impacts.
- Expand the coverage of equipment maintenance and repair networks to promote timely equipment maintenance, shorten parts delivery times, and reduce factory parts inventory.

Digital and information security risk

- Establish a high-level information security management system in accordance with the ISO 27001 international standard.
- Develop a Group business continuity plan to ensure uninterrupted critical business operations.
- Strengthen employees' information security awareness through education and training courses.

Innovation and technology risk

- Production process and technological innovation: Accelerate the introduction and diffusion of automation technologies to improve production efficiency and stability.
- Mold and chemical technology innovation: Deepen capabilities in mold design and chemical material applications to strengthen manufacturing differentiation and product performance advantages.
- Patent and intellectual property R&D: Strengthen patent deployment and management of innovative R&D outcomes to raise technological barriers and market resilience.

Human resources risk – organizational strength and resilience

- Implement key position succession talent development programs and train local talent to enhance talent reserves and organizational stability.
- Optimize digital processes and streamline administrative procedures to improve organizational strength and the foundation for stable operations.

Change in corporate image

- Adhere to the core values of "Professionalism, Dedication, Innovation and Service," actively face and overcome various difficulties and challenges, to become the world's leading footwear manufacturing service group. Strengthen corporate governance to realise the long-term goal of sustainable development.
- Continue to improve information transparency, and strengthen communication with stakeholders.

Ethical integrity and anti-corruption

- Integrate integrity and ethical values into the corporate business strategy and formulate the Code of Conduct and Practice Guidelines for Integrity Management, Prevention of Bribery Policy, Whistleblowing Policy and various management measures to ensure the relevant preventive measures for ethical business operations.
- Plan internal organization, staffing and functions, and establish a mutual supervision and checks and balances mechanism.
- Implement relevant measures such as the principles and channels for reporting complaints, coupled with education and training, and a system of rewards and punishments.

Financial risk

- Pay close attention to the international situation and monitor the financial market as well as changes in the general economic indicators, and promptly evaluate and take appropriate hedging measures against interest rate and exchange rate.
- Stabilize long-term capital through flexible financial operations.
- Allocate capital based on the principle of high liquidity and develop capital source channels to avoid systematic risks in the financial market.

Risk Identification

Risk Control Measures

Legal risk

- Continuously review and monitor the latest changes in laws and regulations; timely revise the Company's internal rules and regulations; conduct educational promotion and training to implement compliance with various laws and regulations.
- Assist in providing legal advice and contract review to reduce business disputes and protect the Company's rights and interests.

Climate change risk

- Keep track of the trends on international climate change risk management, assess climate-related impacts and risks and formulate relevant prevention and response measures. The IFRS S2 Climate-related Disclosures will be adopted in phases.
- Gradually strengthen climate risk identification and scenario analysis according to the regions where production plants are located.
- Strengthen measures on carbon disclosure regulations (personnel training, certification, and information system establishment).
- Expand the use of green energy, improve energy efficiency and reduce greenhouse gas ("GHG") emissions.
- Strengthen extreme climate response measures in production bases.
- Optimize factory ventilation design and integrate climate information in the design of new plants.
- Strengthen the financial disclosure of climate risk impact.

Sustainability disclosure risks

- Establish compliance with regulatory requirements for sustainability information related reporting.
- Set up implementation plan for IFRS sustainability disclosures.
- Enhance cross-departmental collaboration and establish disclosure work arrangements and management models in accordance with IFRS and subsequent disclosure regulations.

Health and safety risks

- In addition to abiding by and complying with local safety and health-related regulations and customer requirements in the operating locations, formulate a series of management measures based International Occupational Safety and Health Management System Standards and the Workplace Conduct Standards advocated by the Fair Labor Association for all units to follow.
- Promotion of Corporate Safety Culture: gradually promotes the three-in-one chain of fundamental development, environment, safety and health ("ESH") partners and a top-down system.
- Promotion of ESH Restricted Equipment and Safety Management.
- Training for Professional Safety and Health Management Personnel.

Product quality control

- From product development prototyping to mass production, strictly comply with international standards and Manufacturing Restricted Substance List (MRSL) of brand clients when using raw materials.
- Comprehensively promote policies and measures related to product quality.
- Enforce "broken needle" protection and "metal detection measures" during production process to strictly prevent consumer injury during product use.

3.2 Integrity Management and Anti-corruption

Management of Material Topics

What it means to Yue Yuen



To establish the corporate culture of integrity management development of Yue Yuen and to maintain a good business operation model.

Impacts



Positive impacts

- **Actual:** Implementing regulatory compliance and maintaining normal operations.
- **Potential:** Early response to new laws and regulations and capability building will help enhance competitiveness.



Negative impacts

- **Actual:** Non-compliance with regulatory requirements will result in substantial fines and penalties, as well as intangible damage to the Company's image and business reputation.
- **Potential:** Failure to respond to new legal and regulatory changes, will result in development or operational disruption.



Policy and Commitment

Implement the "Code of Conduct and Practice Guidelines for Integrity Management", the "Prevention of Bribery Policy", and "Whistleblowing Policy" of the Company.



Indicator and Target

- Enhance the concept and understanding of ethical business operations among employees and suppliers, and require the signing of and compliance with relevant documents, and maintain a signing rate of over 90%.
- Continuously promote internal ethical business operations and other legal regulations, maintain a training rate of over 80%, and formulate internal regulations in compliance with laws and regulations to create an internal culture of good compliance and ethical business operations.
- Enforce compliance with laws and regulations, with no material violations of economic, environmental, and social laws and regulations every year.
- Continuously assess risks relating to corruption in the Company's major operating sites and maintain no corruption cases every year.



Actions

- Formulate the "Code of Conduct and Practice Guidelines for Integrity Management", the "Prevention of Bribery Policy", the "Whistleblowing Policy" and various management measures as the basis for implementation.
- Set up an internal and external website of the Company to provide a communication window and a reporting channel for stakeholders in all units. If any corruption case is discovered, necessary punishment or legal action will be taken depending on the seriousness of the case and the specific circumstances of the case.
- Employees are required to comply with the Code of Conduct and sign the "Employee Ethics Pledge" and a "Confidentiality Undertaking".
- Major suppliers are required to comply with the Company's ethical dealing system by signing the Company's "Ethical Dealing Agreement" or to provide documents such as their own integrity statement or system.
- Establish an Integrity Management promotion group to promote ethical business operation policies and prevention programs.
- Regularly track and examine legal and regulatory updates and compliance matters that govern departmental responsibilities, and organize educational and training courses and promotions for relevant personnel as necessary.



Evaluation Methods

- Board meetings, risk management system and internal audit system.
- Upon discovery of any corruptive incident, the Company will take necessary punitive or legal actions to protect its rights and interests, depending on severity and specific circumstances.



Stakeholder Engagement

Stakeholder engagement will be implemented through internal and external complaints and reporting channels.



Sustainability Indicators

- HKEx KPI B7
- GRI 205
- SDG 16

**3.2.1 Anti-Corruption**

Integrity, honesty and fairness are core values of the Company. The Company is committed to promoting the highest standards of business ethics and complying with all applicable laws. Therefore, the Company has “Prevention of Bribery Policy” and “Code of Conduct and Practice Guidelines for Integrity Management”, which provides that employees and companies, institutions and individuals (such as customers or suppliers) that have business relationships with the Group, are prohibited from engaging in any bribery, requesting or receiving (directly or indirectly) any improper advantage, offering, promising, giving or accepting undue gifts, entertainment or other improper advantage. Upon discovery of any corruptive incident, the Company will take necessary legal actions to protect its rights and interests, depending on severity and specific circumstances.

In 2025, the Group conducted a risk assessment of corruption-related situations in the Group’s major operation sites (including Mainland China, Vietnam, Indonesia, Cambodia, Myanmar, Bangladesh) based on the degree of impact and likelihood of corruption. The Group measured the level of impact of corruption based on financial, goodwill, operational restrictions imposed by law enforcement agencies, customer or business partner satisfaction and operational capabilities. The likelihood of corruption was assessed based on the effectiveness of the internal control system, the significance of non-routine transactions and complex business processes, the number of transactions, the reliance on external partners, the variability of business operations and the frequency of occurrence in the past. Following a comprehensive assessment of corruption risks, no significant corruption risks have been identified. At the same time, the Company conducts an annual assessment and investigation on the ethical integrity and anti-corruption standards of the employees and suppliers of the above-mentioned major operation sites; the results of the 2025 annual survey showed that the Group had a total of three non-compliant incidents relating to ethical integrity issues. The details of these incidents are as follows:

Region	Type of disciplinary violation	Form of disciplinary action	Disciplinary violation
Mainland China	Acceptance of inappropriate hospitality from external company	Minor demerit	Investigation confirmed that the employee did accept improper hospitality from others and has been disciplined with a minor demerit.
Indonesia	Abuse of authority, coercion of improper benefits, and exchange of improper advantages	Dismissal	Investigation revealed that the employee required staff members on leave to provide food in return; otherwise such staff members would be reassigned if they refused. The employee was also involved in sexual harassment and has been dismissed.
Indonesia	Soliciting improper advantages through authority	Penalty SP3	Investigation found that the employee solicited items (such as cakes, food, or drinks) from staff members on leave. The employee has been disciplined with a penalty (SP3, third-level written warning).

During the Reporting Period, no concluded legal cases regarding corrupt or bribery practices against the Company or its employees had been reported. In addition, during the year 2025, the Company neither engaged in nor was involved in any anti-competitive conduct, nor was it subject to any pending or concluded legal proceedings related to violations of antitrust or monopoly regulations. Therefore, there are no relevant rulings or judgments to be disclosed.

In addition to the Group’s employees, the Group expects all suppliers, including contractors and subcontractors with whom the Group does business to be fair, honest and accountable in the course of their business. The Group requires the suppliers to sign confidentiality agreements or appropriate documents to protect the trade secrets of brand customers, and to comply with the Group’s principles on ethical dealing including signing the “Ethical Dealing Agreement”, or to provide documents such as its integrity declaration or policies for the Group’s review. The Group’s business partners are referred to suppliers (including four categories of material suppliers, non-material suppliers such as general services, equipment, engineering and computers, related parties and customs service/logistics). Except for special cases, suppliers are required to sign the “Ethical Dealing Agreement” before any procurement can be made by the Group.

Coverage of communication on the Ethical Dealing Agreement:

Number of available suppliers <sup>(Note 1)</sup>	Number of the suppliers completing communication <sup>(Note 2)</sup>	Completion rate
13,717	13,717	100%

Note 1: Number of available suppliers: The number of suppliers that have not been frozen and verified in the Supplier Master Data Application (MDA) 2025.

Note 2: Number of the suppliers completing communication: Include signed, special exempted case, etc..

**3.2.2 Complaints Channels**

The Group has developed a “Whistleblowing Policy” to provide a channel for our employees and those who have business relationships with the Company (such as customers and suppliers) to report any suspected act of misconduct, bribery, corruption or irregularity. Whistleblowers may report in writing to the Chairman of the Audit and Risk Management Committee of the Company through the Company Secretary in following manner: by email (whistleblower@yueyuen.com) or by post (address: 22nd Floor, C-Bons International Center, 108 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong).

The Company assures to protect the safety of the complainants of the reports received through the Company’s internal and external reporting channels, and requires the personnel involved in handling the reports to maintain strict confidentiality of the identity of the complainants and the contents of the reports, and, if the complainants are the Company’s employees, to undertake that they will not be subjected to any mishandling or retaliation as a result of the reports.

**3.2.3 Communication and Training**

The Company discloses its integrity management policies on its internal website, annual report, the Company’s website or other company documentation. The objective is to ensure that the employees of the Company, suppliers, customers or personnel of other organizations relevant to the business can clearly understand the Company’s philosophy and standards on integrity management.

The Group’s legal department has regularly conducted a series of educational campaigns and training sessions on moral integrity and anti-corruption and provides online induction courses for the Group’s employees and new recruits on “Ethical dealing and protection of the Group’s interests”, with a view to further promote the Company’s philosophy and standards on integrity management. During the Reporting Period, the Company has provided anti-corruption training materials to the Board and arranged online training on “Ethical and Governance Roles of Directors and Senior Management of Publicly Listed Companies” conducted by the Independent Commission Against Corruption of Hong Kong.

### 3.3 Implementation of Regulatory Compliance and Intellectual Property Protection

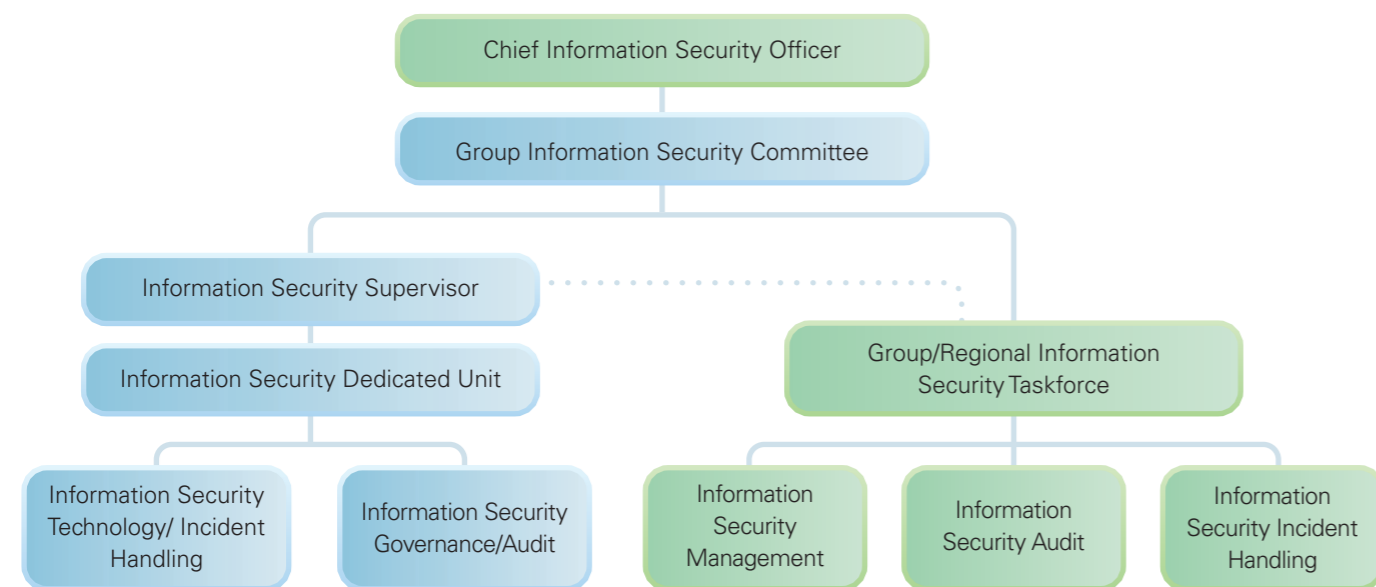
The Group is a responsible enterprise, and compliance with local laws and regulations is the fundamental management priority. The Group has formulated "Intellectual Property Management Scheme" designed to develop a comprehensive system of patent, trademark and trade secret, strengthen the Group's patent and trademark, and safeguard trade secrets and confidential information security portfolio and capabilities. The scheme clearly defines intellectual property management policy and goal, allocation of roles and responsibilities, document and procedure management, to manage the Group's intellectual property and respect others intellectual property.

As for employees, they are required to protect confidential information and intellectual property rights through regular trainings on trade secrets, information security, non-competition agreements etc.. The Group also requires the suppliers to enter into confidentiality agreements or confidentiality terms and the product safety undertakings attached thereto, and to strictly comply with the confidentiality provisions and the provisions of the undertakings. The Group also provides trainings to suppliers on issues such as the protection of trade secrets and information security. The Group conducts assessments of suppliers from time to time and the results of the assessment are one of the bases of the Group's evaluation of suppliers. If a violation of trade secrets, privacy or intellectual property rights is discovered, the Group will immediately stop the violation, review the mechanism and take improvement measures. The Group respects the intellectual property rights of brand customers. The intellectual property rights (such as trademarks) of brand customers are only applied to products within the scopes authorized by the brand customers.

### 3.4 Information Security Management

#### 3.4.1 Information Security Management Framework

The Company collaborates with its parent company, Pou Chen Group to promote information security management. The Head of the Information Department serves as the Chief Information Security Officer, coordinating with the senior executives to establish the Group Information Security Committee to support, supervise, and make decisions regarding the information security management system. Since 2022, the Group has established an Information Security Supervisor and Dedicated Unit, and formed an Information Security Taskforce comprised of information security specialists and dedicated personnel from various units of the Information Department. This team is responsible for driving information security governance, technology, incident handling, and audit.

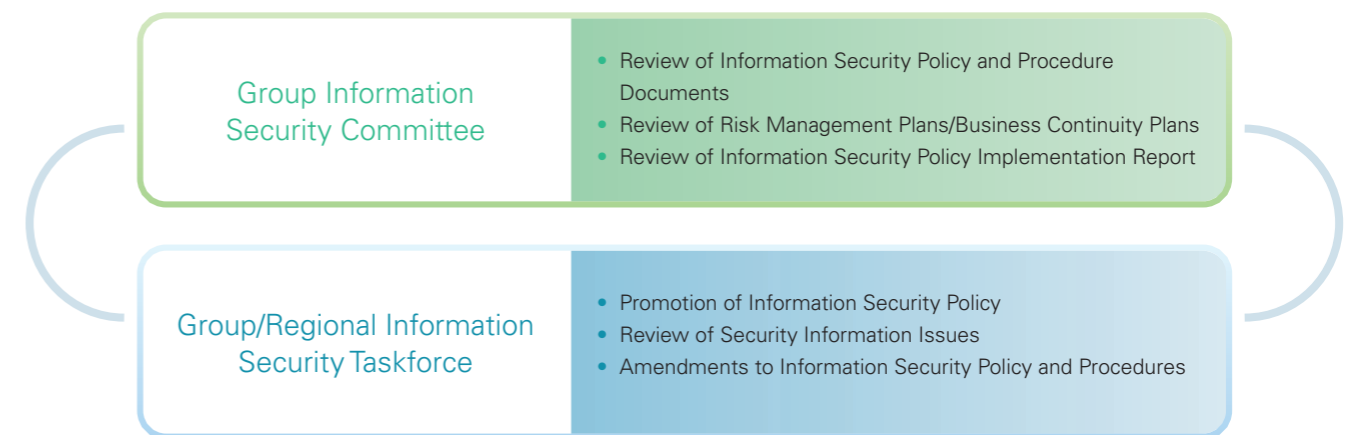


#### 3.4.2 Information Security Policy

Since 2013, the Company has introduced and adopted the Information Security Management System (ISMS) in accordance with the requirements of the international information security standard ISO 27001, and has formulated the appropriate documents and control measures for the information security system, with the aim of achieving the following objectives through the joint efforts of all employees:

1. Ensure the continuous operation of business activities and protect the stable use of information services provided.
  - Confidentiality: Protect operational and production information to prevent unauthorized access.
  - Integrity: Ensure information is complete and accurate to support decision-making of the management.
  - Availability: Build digital resilience to support operational stability.
2. Ensure the confidentiality, integrity and availability of information assets under custody, as well as the privacy of personnel data.
3. Establish business continuity plans for information management and operations, regularly review and continuously improve the information security management system, so as to reflect the government's information security management policies, laws and regulations, technologies, the needs and expectations of stakeholders, internal and external issues, and the latest status of the Company's operations, as well as to ensure the feasibility and effectiveness of information security operations.

#### Review and Reporting Mechanism of Information Security Policies



### 3.4.3 Specific Information Security Management Plan

The Company actively deepens information security and confidential information protection mechanisms to maintain competitiveness. On the basis of the existing information security protection, the Company complies with the international information security standards and frameworks, establishes clear information security policies, procedures, and specifications, and keeps enhancing management systems and technologies to achieve the information security management objectives of the Company. The Company obtained the ISO 27001 international information security management certification in 2024 (valid from October 12, 2024 to October 12, 2027), and passed the ongoing verification audits to maintain its validity in 2025. The Company also plans and implements information security enhancement projects to elevate our risk management capabilities on information security.

1. **Policy and management:** The information security system of the Company is reviewed annually to ensure compliance with evolving operational environments and regulatory requirements, with timely adjustments made as necessary. Through continuous improvement cycles utilizing the PDCA approach and standardized procedures, we achieve robust and effective process control.

(1) **Regular review of information security system:** The Company conducts compliance revisions and enhancements to our information security management system with reference to the cloud security standard ISO 27017 and the cyber security framework NIST, etc.

(2) **Asset identification and risk management:** The Company acknowledges and identifies its core information protection targets, conducts information system inventory and level assessment, identifies and evaluates critical systems, and classifies the relevant assets of critical systems to facilitate prioritization of the risk assessment and implementation of appropriate protective measures for the protection targets.

(3) **Outsourced information security:** The Company emphasizes on the formulation and implementation of information security clauses in procurement agreements. Through the signing of new contractual security clauses, vendors are encouraged to actively build up the concept of security protection for information and equipment. During the Year, self-assessment of information service vendors' information security was continuously promoted and the status of implementation is confirmed through self-assessment forms. The Company promotes its information security protection requirements, while keeping track of the actual implementation status.

(4) **Evaluation of information security effectiveness:** To ensure the continuous improvement of information security and performance management, the implementation status in the Group's information units is assessed annually through the collaboration of internal information security audits and production safety audits.

2. **Technology and protection:** To address various external Information security threats, the Company adopts a multi-layer network architecture design, and deploys various information security protection systems which have been implemented to enhance the overall security of the information environment.

(1) **Cyber security:** Important systems and network devices are monitored using mobile alerts to detect anomalies. Cross-border operations are subject to authorization and monitoring control. Firewalls, network segmentation, and computer antivirus software are automatically updated to effectively block the latest viruses and spams.

(2) **Device security:** Through mobile device management software, applications and approved device functionalities, including network connections, are managed and activated to ensure that device network connection shall be authenticated to prevent data leakage. Additionally, endpoint management software is used to monitor users' computers to prevent unsafe applications.

(3) **Information system security:** Security management throughout the software development lifecycle is promoted to ensure applications meet information security requirements at every stage from development to operation and maintenance. Regular vulnerability scanning, patching and updates are conducted for online information systems. A multi-factor authentication mechanism is adopted for verifying the identity of system users, ensuring the security of information systems.

(4) **Audit trail logging security:** Centralized logging is implemented to facilitate the centralization of important systems and network communications equipment, with an information monitoring and intelligence dashboard established. The purpose is to monitor information security risks and warnings, including computer login status, SSLVPN status. This setup aims to ensure the smooth operation of critical host and prevent virus attacks by analyzing irregular login activities.

### 3.4.4 Resources Invested in Information Security Management

This Year, the systems for managing information security were enhanced to reduce risks and threats against information.

1. **Information asset inventory and business continuity:** In order to confirm and identify the core information protection targets of the Group, inventory and level assessment of all information systems across the Group was conducted to identify and classify information assets of critical systems, followed by the completion of risk assessments and mitigation measures. In addition, in order to ensure the resilience of critical information system services of the Group, key business risks were reassessed in 2024 and business continuity plans for manufacturing and production-related critical systems were formulated. Practical drills of these plans were completed in 2025 to strengthen digital resilience and maximize the interests of customers.

2. **Information technology and protection:**

(1) **Data protection operations:** Through the promotion of confidential data classification and control measures, high confidentiality system authority review, email group reorganisation, regular inventory of public groups on the Group's communication platforms and notification of modifications to ensure the security of the Group's high confidentiality systems and prevent leakage of operational information.

(2) **Information security detection operations:** The Group completed the vulnerability scanning of important system hosts and 5 penetration testing of important information systems for our headquarters and overseas branches. A remediation plan is formulated and implemented for the vulnerabilities, and the remediation of vulnerabilities is completed in accordance with the plan to avoid hacker attacks. In addition, through the monitoring and analysis and the collection of external information for risk analysis, specific malicious external IP blocking is carried out, and relevant protection measures are implemented.

3. **Staff training:** The Group conducts information security induction courses and tests for new employees. In order to spread information security awareness to all employees, the Group planned and conducted information security awareness training, with 24,533 participating employees completed the course and passed the test. A social engineering phishing email drill was conducted for active employees by counting the email open rate and malicious connection click rate. Intensive training was given for employees who did not pass the test to ensure their information security awareness and vigilance. In the training programme to strengthen the professional and management of information security, emphasis is placed on practical exercises for information specialists to deepen their information protection and information security management and technical competence.

The Group has established a corporate risk management mechanism and standard procedures for handling information security incidents, and has set out the relevant processes and measures, including procedures for notification of information security incidents, designation of responsible personnel to handle major information security incidents, assessment of damage and further necessary measures, and assessment of the possible impact of information security risks on the Company's operations and countermeasures. During 2025, the Group had no significant information security incidents, nor did it have any material financial losses and operational impacts caused by information security incidents.

# Chapter 04

# Stakeholder Engagement

## Management of Sustainability Issues

Yue Yuen understands that communication with stakeholders is the key to a company’s continuous improvement and long-term development. Yue Yuen has been collecting responses and suggestions from relevant stakeholders through multiple channels, and has analyzed such responses and suggestions regularly, which are incorporated into the Company’s operational planning.

### 4.1 Communication with Stakeholders

#### Identification of Stakeholders

Yue Yuen followed the five principles of AA1000 Stakeholder Engagement Standard (AA1000 SES), based on (1) Dependency, (2) Responsibility, (3) Tension, (4) Influence and (5) Diverse Perspectives from various stakeholders, through the responsible personnel of various departments of the Company to organize the annual brand customer interaction information, consultation and interaction communications of each major footwear production base with external groups and internal employees in the current year, relevant stakeholders and their concerns of the Company’s manufacturing business, and thereby sorted out identified stakeholders according to their interaction frequency and operational importance, which have not changed significantly over the years. The Group continued to use the previous identification results for this year. Following discussions at the ESG taskforce member meetings, the Group decided to continue to take shareholders/investors, customers, government/regulatory authorities, employees/labor unions, suppliers, media, communities and Non-Governmental Organization (NGO) as the eight categories of key stakeholders for Yue Yuen.

#### Communication with Stakeholders

Regarding issues that are of concern to the stakeholders, Yue Yuen seeks stakeholder opinion and suggestions through scheduled and ad hoc meetings for good and immediate interactive communications between relevant business contact windows, through the means including but not limited to questionnaire surveys, e-mail communications, physical meetings and telephone conferences, etc. Internal meetings are conducted to report and discuss the feedback received from the stakeholders, which will then be used as important reference for the Company’s sustainable development strategy. The administrative centers of the Company’s major operating regions have also established a dedicated unit for sustainable development (hereinafter referred to as “SD”), which is responsible for coordinating communication and information feedback with stakeholders on issues related to environmental protection, human rights, and community impact. The Company publishes ESG report annually to address issues of concern of stakeholders.



The various communication channels that Yue Yuen uses are listed in the table below, and the issues of concern of stakeholders will be further handled and responded by the relevant authorities and responsible units according to the scope and nature of the issues.

## Issues of Interest of Stakeholders and Communication Approaches

 <b>Shareholders/Investors</b>	<b>Issue of Interest: Economic performance (share price, revenue, profit), corporate governance, market image, significant events</b>	
<b>Importance to Yue Yuen</b> Shareholders/investors provide the capital needed for Yue Yuen’s long-term development, which is an important foundation for the Company to move towards sustainable operation. Yue Yuen strives to develop steadily and generate greatest returns to shareholders.	<b>Communication Channels and Methods</b> <ul style="list-style-type: none"> <li>Documents disclosed on the Company/HKEx websites</li> <li>Shareholders’ meetings</li> <li>Results presentation and roadshows</li> <li>Investors forums and Investment Forum</li> <li>Investor Day</li> <li>Share registrar and transfer office</li> </ul>	<b>Frequency</b> <ul style="list-style-type: none"> <li>Irregularly</li> <li>At least yearly</li> <li>At least four times per year</li> <li>Irregularly</li> <li>Once a year</li> <li>Irregularly</li> </ul>
<b>Interaction in 2025</b> Quality communication with shareholders/investors of all types from various regions in prompt, complete and objective manners		
 <b>Customers</b>	<b>Issue of Interest: Product quality, information security management, management of prohibited/restricted substances, compliance with laws and regulations, transparency and reliability of information disclosure, sustainability indicators</b>	
<b>Importance to Yue Yuen</b> Customers are the main source of operation income of Yue Yuen. Yue Yuen is committed to providing brand customers with legal, sustainable, fast, flexible and value-added manufacturing. This is the service principle of serving Yue Yuen’s customers. Yue Yuen also focuses on protecting the privacy and commercial confidentiality of brand customers.	<b>Communication Channels and Methods</b> <ul style="list-style-type: none"> <li>Business visits/regular meetings</li> <li>Ad hoc communication meetings</li> <li>Audit feedback/self-management performance feedback</li> <li>Emails and phone contacts</li> <li>ESG report</li> </ul>	<b>Frequency</b> <ul style="list-style-type: none"> <li>Monthly</li> <li>Irregularly</li> <li>Monthly</li> <li>Irregularly</li> <li>Yearly</li> </ul>
<b>Interaction in 2025</b> A total of 53 brand audits		
 <b>Government/Regulatory Authorities</b>	<b>Issue of Interest: Corporate governance, compliance with laws and regulations, major labor disputes</b>	
<b>Importance to Yue Yuen</b> The Company produces and operates in accordance with the policies and regulations formulated by government authorities where it operates, upholds the concept of friendly environment, and fulfills its responsibility for sustainable development.	<b>Communication Channels and Methods</b> <ul style="list-style-type: none"> <li>Cooperate with the government on compliance inspections</li> <li>Regular submission of statements (monthly/quarterly)/documents</li> <li>ESG report</li> <li>Proposal consultation visits</li> </ul>	<b>Frequency</b> <ul style="list-style-type: none"> <li>Irregularly</li> <li>Monthly/Quarterly</li> <li>Yearly</li> <li>Irregularly</li> </ul>
<b>Interaction in 2025</b> The frequency of interaction varies subject to different competent authorities in each district.		

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Stakeholder Engagement

 <p><b>Employees/Labor union</b></p>	<p><b>Issue of Interest: Working stability, Salaries and benefits, Labor relations/ labor rights/working hours management, Workplace safety/ Rationality of rules and regulations, Opinion communication channels, Performance evaluation and promotion system</b></p>	
<p><b>Importance to Yue Yuen</b> Employees are the Company’s important assets which grow with the Company as partners. The Company not only strives for a safe working environment and protection of human rights of employees, but also cultivates human capital through career development, education and training to enhance the Company’s sustainable competitiveness.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>Company internal website/email/employee suggestion box/questionnaire</li> <li>Employee Welfare Committee/Occupational Safety and Health Committee/Labor union</li> <li>Committee for Complaints, Rewards and Penalties</li> <li>Internal staff publications</li> <li>Employee and manager forums</li> <li>Consultation services at life guidance and counseling for the overseas production factory sites’ employee</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>Irregularly</li> <li>Monthly</li> <li>Irregularly</li> <li>Monthly/Bimonthly</li> <li>Monthly/Quarterly</li> <li>Daily</li> </ul>
<p><b>Interaction in 2025</b></p> <ul style="list-style-type: none"> <li>The Occupational Safety and Health Committee of the factory meets once a month, and the Collective Occupational Safety and Health Committee of the factory in the industrial park of the production base meets once a quarter</li> <li>The communication meeting between the management and the labor union is held once a quarter.</li> <li>For employee feedback and communication matters, please refer to the description in “Chapter 7. Best Workplace”.</li> </ul>		
 <p><b>Suppliers</b></p>	<p><b>Issue of Interest: Management of prohibited/restricted substances, Fair competition/quality and price/supply criteria, Supplier selection and management (quality/sustainability requirements)</b></p>	
<p><b>Importance to Yue Yuen</b> Suppliers are important partners of providing raw materials, equipment and services. The Company regards integrity and law-abiding as the cornerstone of cooperation between the two parties. All suppliers must abide by local regulations and contractual commitments, where labor human rights, health and safety and environmental compliance are one of the primary considerations.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>Procurement contracts/Letters of undertaking</li> <li>Business communication/emails and phone contacts</li> <li>Supplier assessment system</li> <li>Supplier meetings</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>Irregularly</li> <li>Irregularly</li> <li>Yearly</li> <li>Irregularly</li> </ul>
<p><b>Interaction in 2025</b></p> <ul style="list-style-type: none"> <li>Undertake supplier assessment at least once a year</li> <li>Daily business window take charges to respond</li> </ul>		

 <p><b>Media</b></p>	<p><b>Issue of Interest: Operational status, Major labor disputes, Newsworthy events</b></p>	
<p><b>Importance to Yue Yuen</b> Media provides multiple views and opinions on improving the Company’s sustainable management performance.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>Press releases</li> <li>Visits and interactions</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>Irregularly</li> <li>Irregularly</li> </ul>
<p><b>Interaction in 2025</b></p> <ul style="list-style-type: none"> <li>Press releases on operating results, ESG and awards</li> <li>Communications for the concerned issues</li> </ul>		
 <p><b>NGO</b></p>	<p><b>Issue of Interest: Labor relations/labor rights, Compliance with laws and regulations, Environmental issues, Communication channels and mechanism</b></p>	
<p><b>Importance to Yue Yuen</b> NGOs supervise and assist in improving the Company’s ESG sustainable management performance</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>FLA SCI on-site audit and online platform</li> <li>Cooperation plan with NGOs</li> <li>Explanatory documents for the concerned issues</li> <li>ESG report</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>Yearly</li> <li>Irregularly</li> <li>Regularly</li> <li>Yearly</li> </ul>
<p><b>Interaction in 2025</b></p> <ul style="list-style-type: none"> <li>Quarterly receive FLA board of directors information and updates on audit improvements</li> </ul>		
 <p><b>Community</b></p>	<p><b>Issue of Interest: Environmental issues/compliance with laws and regulations, Commuting traffic impact, Career opportunities, Community welfare outreach activities</b></p>	
<p><b>Importance to Yue Yuen</b> Community is the support force for the stable operation of the Company, and it is also one of the sources of employees. The Company’s operations coexist with community. Through the community’s expectations for the Company’s sustainable development, the Company takes the responsibility of diverse investment in society.</p>	<p><b>Communication Channels and Methods</b></p> <ul style="list-style-type: none"> <li>Proactive visits</li> <li>Communication channels for external feedback</li> <li>Sponsor community charity events/community visits</li> <li>The Company’s website</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>Irregularly</li> <li>Irregularly</li> <li>Irregularly/Quarterly</li> <li>Irregularly</li> </ul>
<p><b>Interaction in 2025</b></p> <ul style="list-style-type: none"> <li>Community interaction is handled and responded based on the needs of individual cases; please refer to the explanation in “Chapter 9. Community Relations”.</li> </ul>		

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Stakeholder Engagement

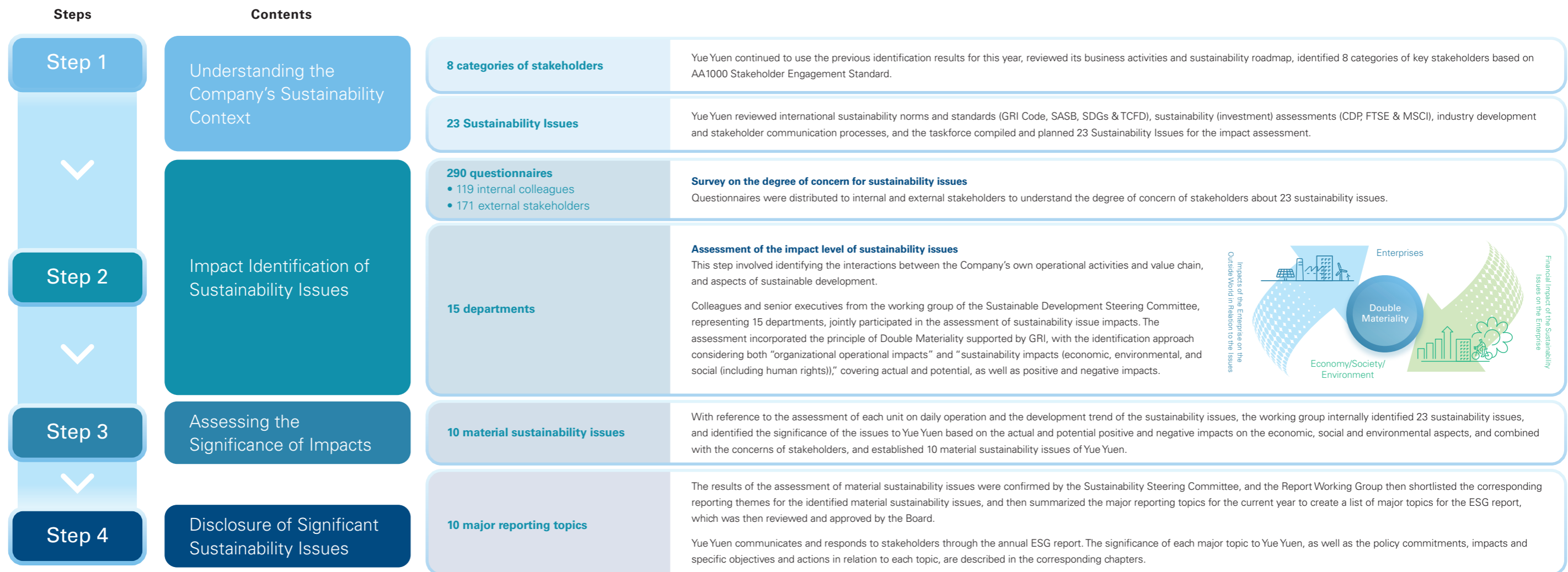
4.2 Identification of Material Issues

Analytical Process of Material Issues

The business Yue Yuen operates, namely footwear manufacturing, is a labor-intensive industry that continues to attract the attention of international labor rights groups. The brand customers also regard labor rights, environment and occupational safety and health management standards as important evaluation criteria for partnership. Material issues selected by the Company concerning stakeholders are generally in relation to requirements of "FLA Workplace Code of Conduct" and management standards that are always attached with importance by brand customers.

Following the international trends over years, the stakeholders' concerns about manufacturing business have expanded from social issues to environmental issues. In economic aspect, operational performance, operation with integrity and corporate governance are utmost management issues; in the aspect of society, human rights and labor employment compliance, effective establishment of grievance handling mechanisms and a safe and healthy working environment are emphasized. Environmental aspect focuses on compliance with laws and regulations, pollutant discharge treatment, effective utilization of energy and resources, and climate change management. As for sustainable supply chain issue in the aspect of society, in addition to the need to comply with the customer's supply chain certification of qualified vendors, the supplier management policies and practices have also received increased concern.

By analyzing issues that fall within stakeholders' attention through the materiality analysis process and prioritizing them based on the degree of concern and their economic, social and environmental impacts, Yue Yuen has effectively addressed such issues. In order to ensure the comprehensiveness and balance of information collection and identify the appropriateness and criticality of reporting topics when determining the material issues of sustainability report, in 2023 the Group formulated "Sustainability Report Material Issues Identification Procedures Management Measures" for internal compliance. In principle, a complete identification is carried out every three years in accordance with the Management Measures. However, the need to re-initiate the identification process will be assessed annually in accordance with the international situation, market changes, and operational development of the current year. In December 2025, the Sustainable Development Department initiated the preparatory work for the report and the working group of Sustainable Development Steering Committee of Pou Chen Group, the parent company of Yue Yuen, has initiated the identification of material topics.

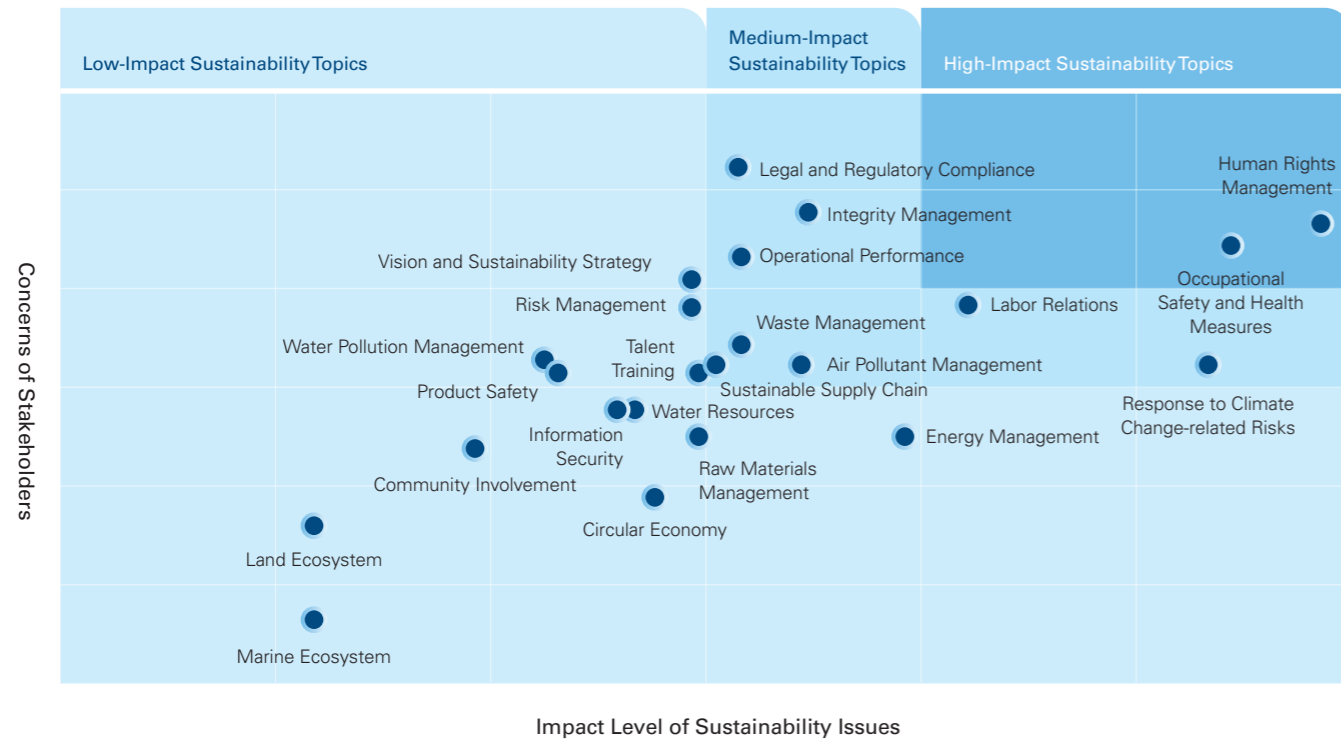


# Chapter 04

# Stakeholder Engagement

## Materiality Results

Based on the assessment results of “Concerns of Stakeholders” and “Impact Level of Sustainability Issues”, the task force outlined the 23 sustainability issues into a materiality matrix, and categorized them into high, medium and low impact blocks according to the impact degree.



Ranking of Impact of Sustainability Issues	
Sustainability issues	Impact ranking
Human rights management	1
Occupational safety and health measures	2
Response to climate change-related risks	3
Labor relations	4
Energy management	5
Integrity management	6
Air pollutant management	7
Operational performance	8
Legal and regulatory compliance	9
Waste management	10
Sustainable supply chain	11
Talent training	12
Raw materials management	13
Vision and sustainability strategy	14
Risk management	15
Circular economy	16
Information security	17
Water resources	18
Product safety	19
Water pollution management	20
Community involvement	21
Land ecosystem	22
Marine ecosystem	23

**Assessment Method:** To evaluate the degree of impact (economic, environmental and social aspects) and likelihood of occurrence. Positive and negative impacts were scored in terms of their degree of impact, and then the sustainability issues were ranked according to the total degree of impact.

**Definition of Materiality for the Year:** Scoring  $\geq 21.5$  is classified as a high impact issue; scoring 21.5-15.5 is classified as a medium impact issue; scoring  $< 15.5$  is classified as a low impact issue.

Ranking of Concerns on Sustainability Issues	
Sustainability issues	Concerns ranking
Legal and regulatory compliance	1
Integrity management	2
Human rights management	3
Occupational safety and health measures	4
Operational performance	5
Vision and sustainability strategy	6
Labor relations	7
Risk management	8
Waste management	9
Air pollutant management	10
Response to climate change-related risks	11
Water pollution management	12
Sustainable supply chain	13
Talent training	14
Product safety	15
Information security	16
Water resources	17
Energy management	18
Raw materials management	19
Community involvement	20
Circular economy	21
Land ecosystem	22
Marine ecosystem	23

**Assessment Method:** Calculated the average score of concerns on issues based on the classification of stakeholders, and then ranked the concerns.

**Definition of Materiality for the Year:** Scoring  $\geq 4.8$  is classified as a high concern issue; scoring 4.8-4.6 is classified as a medium concern issue; scoring  $< 4.6$  is classified as a low concern issue.

Chapter 05

Environmental Sustainability

Under the drastically changing environment caused by the intensifying global climate disasters, Yue Yuen is actively considering strategies to establish a firm foothold and operate in a steady manner. ESG has gradually become the standard for the Group’s sustainable operation, and the environmental sustainability concept has been incorporated into the operating strategies and production process, taking into account profit-taking, employee care and social and environmental sustainability, so as to create a long-term competitive advantage and a foundation for sustainable development of the Group.

To face the wave of environmental sustainability, Yue Yuen actively strives towards the vision of “zero waste”, “low carbon emission” and “friendly environment”. In the face of global climate change risks and international targets and challenges, Yue Yuen works hand in hand with brand customers and supplier partners to continuously strengthen various green innovation activities, and continue to strive towards the vision of net zero emission (“Net Zero”) through procuring renewable energy and expanding the use of green energy.

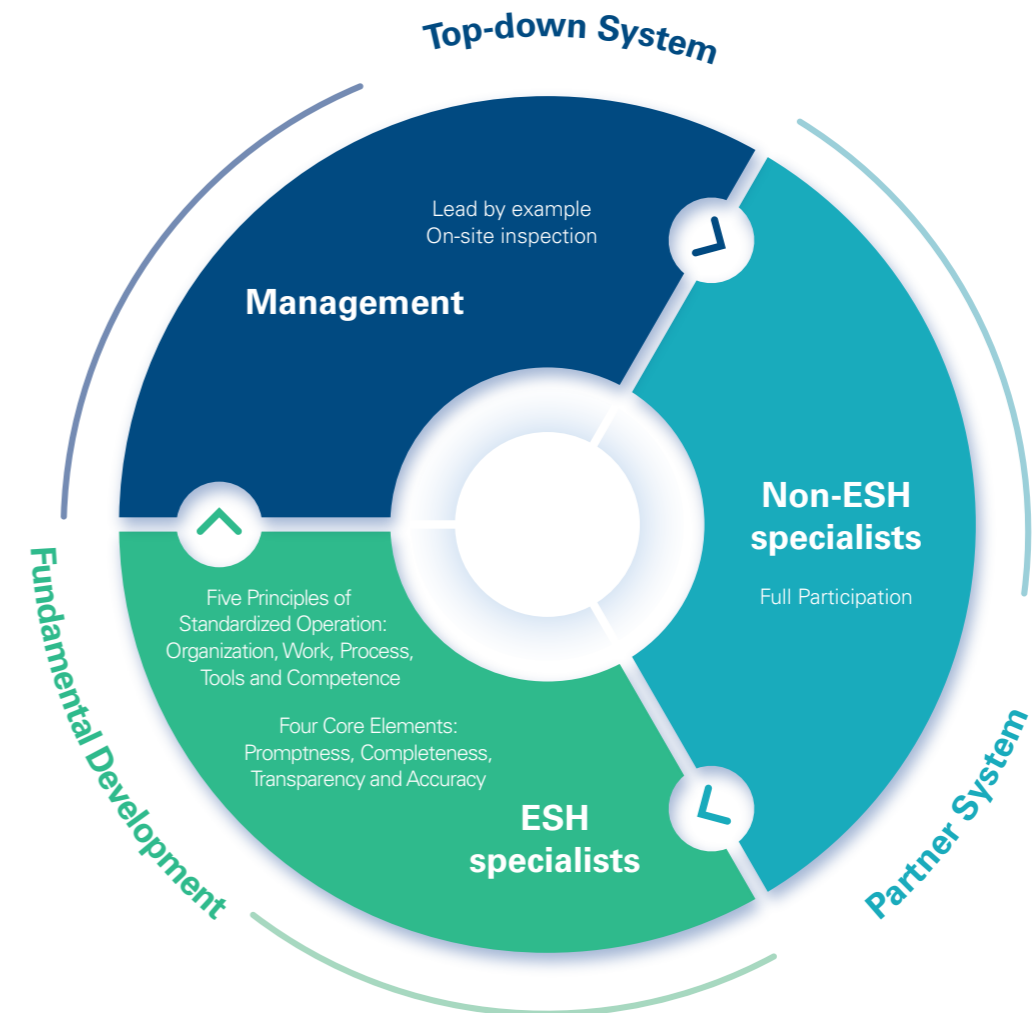
The Company has established an internal environmental management system and standards in accordance with the ISO 14001 environmental management system. In response to the gradual increasing standard of environmental requirements in the production area, the basic management objective of the Company is to meet the requirements of local environmental regulations and to continuously optimize and improve the processing technology and implementation performance of environmental management measures, with a medium to long-term management goal of moving towards low carbon production and zero waste.

In 2025, 69% of footwear factories have passed ISO 14001:2015 management system verification and 44% of factories using Higg FEM (Facility Environmental Module) for environmental assessment.

Through the identification process of material topics, among the issues of medium to high impact on the sustainable development issues identified by the Company, legal and regulatory compliance, air pollution, waste management, and response to climate change-related risks are related to the environment.

Since 2022, the Company has been proactively promoting the three-in-one system of fundamental development, partners system, and top-down self-management system for ESH. The aim of the Company is to comply with laws and regulations, strengthen the awareness of the entire employees on the importance of environmental protection and improve operational efficiency through comprehensive management.

Each factory shall set up ESH specialists to facilitate fundamental development and follow five principles of standardized operation and four core elements, and conduct regular environmental inspections of the factory. Deficiencies that have been identified will be reported and dealt with on a timely basis. Meanwhile, through the ESH partner system, the Group shall encourage its entire staff to participate in identifying and improving environmental issues. The management attaches great importance to ESH work, and the executives perform on-site alignment to motivate the staff to achieve outstanding performance in ESH work. The management puts emphasis on the importance of environmental management and has allocated resources specifically. We have enhanced the overall effectiveness of environmental work due to on-site feedback and timely adjustment of focus of ESH management.



In 2025, the Group reported one case of non-compliance relating to environmental regulations with administrative penalties of more than USD10,000. The Department of Agriculture and Environment of Dong Nai Province, Vietnam, carried out an inspection at Pou Sung Vietnam from December 2024 to January 2025 and imposed fines totalling VND705,000,000 (approximately USD27,188) for four non-compliance acts. Details are as follows:

Deficiency	Rectification actions
Errors in waste data in the annual environmental report; exhaust hoods of production lines not operating in accordance with the environmental permit; inconsistencies between the volume of treated wastewater, recycled water, and discharged water; and discrepancies between the recorded data in the river water extraction log and the actual extraction volumes.	Strengthen data verification and validation, enhance the change review mechanism, and conduct routine inspections.

5.1 Response to Climate Change-related Risks

Management of Material Topics

What it means to Yue Yuen



In response to the Climate Action of the United Nations' Sustainable Development Goals (SDGs), Yue Yuen actively takes relevant measures to ensure a sustainable production model to cope with the operational risks and impacts arising from climate anomalies. In addition to continuously paying attention to the response trends and policy and regulatory requirements of international climate change, we will continue to implement various energy-saving and carbon reduction measures, improve the energy efficiency of factory equipment, and reduce GHG emissions caused by energy consumption, so as to provide benefits for mitigating climate change risks.

Impacts



Positive impacts

- **Actual:** To mitigate climate change and reduce the impact of climate disasters.
- **Potential:** In response to United Nations SDGs goals and global trends in Net Zero.



Negative impacts

- **Actual:** Climate change impacts on operations, such as shutdowns due to natural disasters and increased costs for environmental improvements.
- **Potential:** The impact of elevated climate change laws and regulations of the world on operations and profitability



Policy and Commitment

Climate Change Policy of Yue Yuen



Indicator and Target

- Expand the use of green energy and improve energy efficiency to achieve zero carbon emission by 2025. (In 2025, Scope 1 and Scope 2 emissions within the footwear manufacturing business decreased by 9.4% compared to 2019, achieving the target)
- In line with the SBTi (Science based targets) emission reduction targets, Yue Yuen has committed to reducing absolute Scope 1 and 2 GHG emissions by 2030, with a 46.2% reduction compared with that in 2019 as the base year.



Actions

- Enlarged use of green energy: Rooftop solar power generation/green power procurement/Renewable Energy Certificate/usage of renewable energy.
- Improve energy efficiency: Procurement of energy-saving equipment at source, advance replacement of low-efficiency equipment.
- Online energy monitoring system aims to gradually establish energy management and control mechanism.



Evaluation Methods

Regular meetings to report to the highest level of governance, review the achievement rate and adjust implementation measures.



Stakeholder Engagement

Communicate and interact regularly or irregularly in accordance with the stakeholder engagement mechanism, and disclose the information in the ESG report, relevant platforms or websites.



Sustainability Indicators

Part D of the HKEx's Appendix C2

GRI 305

SDG 13

Chapter 05

Environmental Sustainability

**5.1.1 Risks and opportunities arising from climate change**

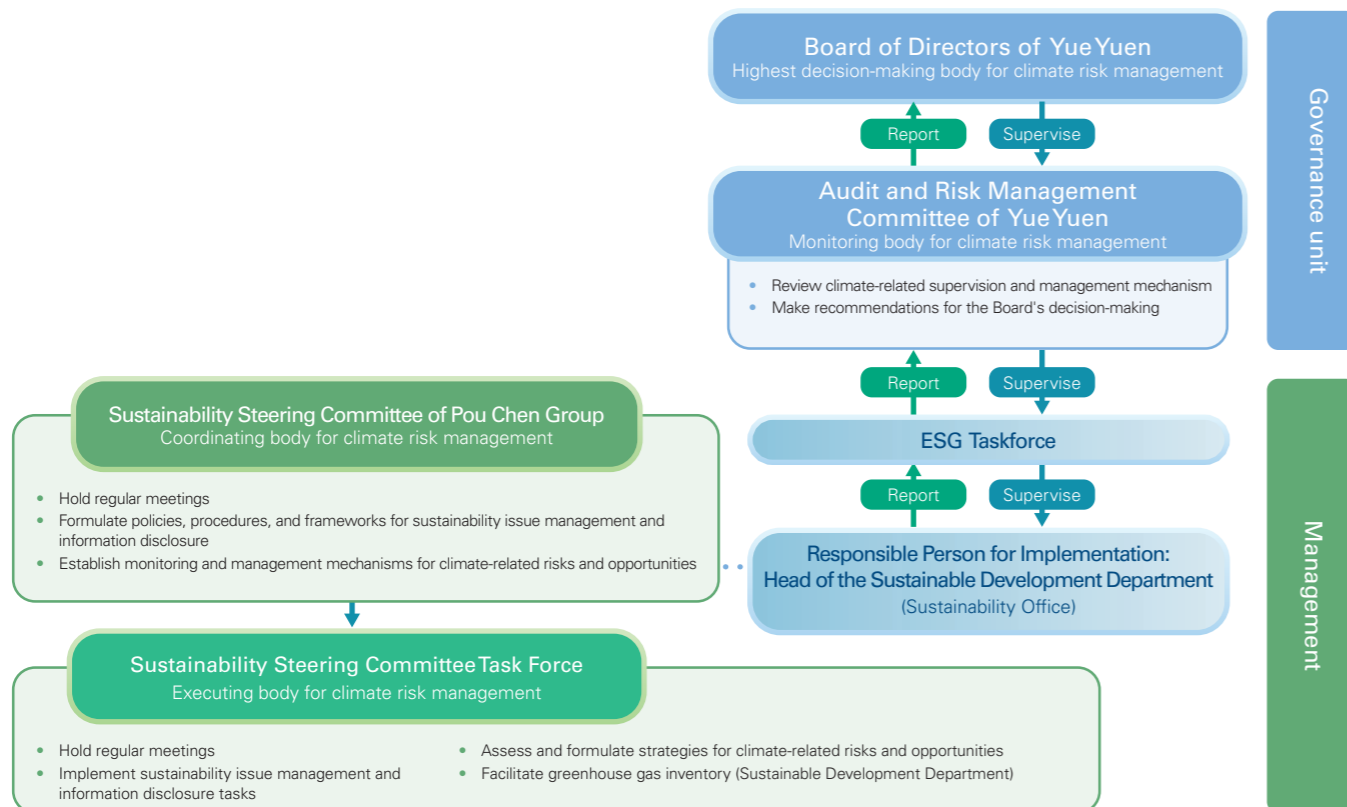
In order to reduce the impact of its operations on climate change, Yue Yuen, through the Sustainability Steering Committee of its parent company Pou Chen Group, discloses information on climate change along with the associated risks and opportunities, and formulates relevant adaptation and mitigation strategies, in accordance with IFRS S2 and the four core pillars outlined in “Part D: Climate-related Disclosure” of Appendix C2 to the Listing Rules.

**Climate Governance**

The Board comprises 10 directors, including 4 independent non-executive directors, and is chaired by the Chairman. The Board bears ultimate oversight responsibility for the Company’s climate-related risks and opportunities. It is responsible for reviewing the impact of climate change on the Company’s business model and for supervising the establishment and operational effectiveness of the climate-related risk management mechanism. In 2021, Yue Yuen established the “Climate Change Policy of Yue Yuen”, which provides primary guidance on climate change management, energy-related strategies, and enhancing resilience to climate change.

**Governance and Management Framework for Climate-Related Risks and Opportunities**

Given the continuous evolution of sustainability/climate change-related regulations and the escalating threats from extreme weather, the Company seeks to promptly respond to climate challenges from all sides while identifying potential sustainability/climate-related opportunities. In December 2024, the parent company, Pou Chen Group, established the Sustainability Steering Committee to coordinate sustainability strategies, monitor sustainability/climate-related risks, and guide capital allocation. The committee comprises the highest executives from each operating/functional unit as steering members, with the head of the Sustainable Development Department serving as the responsible person for implementation. A Sustainability Office has been set up to oversee related execution and coordination. The Company’s climate governance and management framework, along with the associated responsibilities, are illustrated in the figure below:



**Skills and Professional Competence Development for Climate-Related Risks and Opportunities**

The Company recognizes that managing risks and opportunities associated with climate change is a key issue and trend for sustainable development. In addition to regularly monitoring the progress on sustainability and climate change management through the Board and relevant committees, the Company also arranges relevant training courses to introduce sustainability policies and regulations related to climate, climate risk management, greenhouse gas inventory and assurance, and other emerging trends, so as to enhance directors’ professional competencies and awareness regarding climate change. In 2025, all directors of the Group completed 1.5 to 3 hours of climate change-related training in accordance with the training program.

**Frequency of Communication on Climate-Related Risks and Opportunities**

The Company oversees the management of climate-related risks and opportunities through its governance and management framework and regularly monitors the achievement of climate-related management tasks in accordance with their respective responsibilities, and report to the Board on relevant issues at least twice annually. In 2025, the Group introduced “IFRS S2” and continued to promote greenhouse gas inventory and assurance. Communications on related issues are as follows:

1. The Board and the Audit and Risk Management Committee: The ESG Taskforce reported on the progress of climate-related issue management twice in 2025. Discussions covered trends in climate-related risks and opportunities, sustainability disclosure regulations and internal implementation plans and progress.
2. Sustainability Steering Committee of the parent company Pou Chen Group: In accordance with the Company’s “IFRS S2” introduction plan, the Sustainability Office reports on climate change management efforts to the Sustainable Development Steering Committee. A total of 3 meetings were held in 2025 to review the establishment of a dedicated climate management organization, conduct an IFRS S2 gap analysis, identify relevant risks and opportunities along with their financial impacts, formulate response strategies and actions, assess material financial information and identify/collect necessary data.
3. Risk Management Steering Committee of the parent company Pou Chen Group: Annually, the Risk Management Steering Committee assists the Sustainability Steering Committee in identifying, prioritizing, and developing response strategies (control measures) for climate-related risks and opportunities.

**Considerations in Formulating Policies on Climate-related Risks and Opportunities**

In governing climate change issues, the Company gives comprehensive consideration to various decision-making dimensions and carefully incorporates the perspectives from various stakeholders. The Board bears ultimate oversight responsibility for material climate-related decisions and reviews the proposals taking into account the decision-making factors presented by management, which are key bases for evaluation and judgment.

When formulating major climate strategies, the Board weighs the potential positive and negative impacts that may arise. The Board requires the ESG Taskforce to assist in identifying response strategies for climate risks and opportunities and assesses the impact of relevant decisions on operations. In addition, the Board partly incorporates climate-related considerations into its review of corporate strategy, major action plans, risk management policies, annual budgets, capital expenditures, and acquisitions/divestitures. Climate change significantly impacts the long-term stability and risk management of enterprises. To align with international trends and market demands, the Company has actively promoted the IFRS S2 (Climate-related Disclosures) introduction plan starting since 2025 to enhance information transparency and decision-making quality. The parent company of the Group has established a “Sustainability Steering Committee” dedicated to coordinating sustainability strategies, monitoring climate risks, and guiding capital use. The chief executives from various operational/functional units act as the steering members. We continuously strengthen internal professional training and data analysis, regularly review and adjust relevant policies to ensure the corporate can develop steadily, adapt flexibly, and continue fulfilling social responsibilities while addressing climate challenges and market shifts. This drives green transformation and sustainable development.

**Setting of Targets for Climate-Related Risks and Opportunities, and Linkage to Performance and Remuneration Policies**

To achieve its established climate strategic goals, the Group has defined specific sub-targets under each strategic goal and established measurable indicators for these sub-targets. The Board has set up a Remuneration Committee, currently comprised of four independent non-executive directors. The Remuneration Committee periodically reviews the policies, systems, standards, and structures for the remuneration of directors, and submits recommendations to the Board for deliberation. Please refer to the section headed “7.1.3 Talent Development and Training” regarding the remuneration policies and determination for senior managers. In 2025, at least 5% of the performance targets of managers of the Group (including first-level managers of the Company’s operational department and logistics functional department) incorporated environmental sustainability targets, including promotion of energy conservation and carbon reduction, use of green energy, enhancement of resource recycling and waste management, and adoption of international standards and capacity building.

Performance indicators for executives also include climate change-related work (energy conservation and carbon reduction, ventilation and cooling, and disaster prevention) and are linked with performance appraisals. Progress is regularly tracked and reviewed, along with improvement measures, and incorporated as reference factors in bonus evaluation and promotion.

**Management’s Role in the Governance of Climate-Related Risks and Opportunities**

The Sustainability Steering Committee is composed of the top executives from each business unit and functional department as steering members. Dedicated personnel have been assigned to form a cross-departmental task force, with the Sustainability Office coordinating the related execution and coordination work. Through the Sustainability Steering Committee, which is formed by management, the Company ensures that sustainability issue management is directly linked to corporate operational decisions and management practices, while also guaranteeing the completeness of sustainability disclosure. The task force regularly reports its work progress to the Board.

The committee is also responsible for managing issues related to climate-related risks and opportunities, tracking the latest industry-specific climate-related regulations, and updating the identification results of climate risks and opportunities.

Since 2025, the parent company, Pou Chen Group, has established an internal control system for the “Management of Sustainability Information”, which is incorporated into the annual audit plan of audit unit and overseen by the governance unit. In 2025, the internal audit unit conducted two audits of sustainability information management—one mid-year and one year-end—to examine and verify the implementation of the Company’s internal control systems related to sustainability information. After the completion of the audits, audit reports were submitted to independent directors for review by the end of the following month and presented to the Board to report on the actual implementation status.

**Climate Strategy**

**Climate-Related Risks and Opportunities**

In 2025, for the first time, the Company disclosed climate change information along with the associated risks and opportunities through the Sustainability Steering Committee, in accordance with the four core pillars of IFRS S2.

*Identification of Climate-Related Risks and Opportunities*

When identifying climate-related risks and opportunities that can reasonably be expected to affect the Company’s prospects, the Company simultaneously refers to the disclosure topics in IFRS S2 Industry-based Guidance Volume 1 (Apparel, Accessories & Footwear) and Volume 6 (Multiline and Specialty Retailers & Distributors), as well as the risks and opportunities disclosed by industry peers. Following discussions by the Sustainability Steering Committee, in 2025 the focus was placed on risks and opportunities arising within the scope of the footwear manufacturing business, and two major risks were identified: “Natural Environment (Climate Disasters)” (physical risk) and “Greenhouse Gas (GHG) Strategy” (transition risk). At present, no significant climate-related opportunities have been identified.

*Time Horizons: Definition and Correlation with Strategic Decision-Making Timelines*

The Company categorizes the expected time horizons of occurrence of climate-related risks and opportunities into short-term, medium-term, and long-term:

Period	Definition	Correlation with Strategic Decision-Making Timelines
Short-term	Within 1 year	The Company operates on an annual management cycle, conducting risk identification annually and reviewing and adjusting major decisions accordingly.
Medium-term	1 to 5 years	The Company’s strategic decisions typically yield significant outcomes within 5 years.
Long-term	Over 5 years	The Company’s long-term strategy focuses on addressing the impacts of climate change on the industry.

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*Climate-Related Risks and Opportunities That Can Reasonably Be Expected to Affect the Company's Prospects, and Their Potential Impacts on the Company's Business Model and Value Chain*

In addition to identifying climate-related risks and opportunities that may affect its own prospects, the Company further identifies the current and expected impacts of these risks and opportunities on its business model and value chain, as well as the reasonably foreseeable time horizons during which such impacts may occur:

Climate-Related Risks and Opportunities				Impact on Business Model		Impact on Value Chain	
Type		Description		Current	Expected	Current	Expected
Physical Risk	Acute Risk	Natural Environment (Disasters)	The footwear industry relies heavily on transnational supply chains and production bases, particularly concentrated in emerging markets in Southeast Asia and South Asia, which face higher climate risks. Therefore, extreme weather events such as heavy rainfall/typhoons causing flooding and rising temperature may pose multiple material risks to the footwear industry	No impact at present	May cause operational disruptions, supply chain interruptions, etc.	No impact at present	May cause supply chain disruptions
Transition Risk	Policy and Regulation	Greenhouse Gas (GHG) Strategy	As climate issues intensify, governments and customers continue to escalate regulations and requirements for GHG management, exerting pressure on factory expansion flexibility, compliance costs, and social trust	Must comply with regulations and customer requirements to carry out relevant inventory and reduction work	May increase compliance risks; if not properly managed, could affect new factory investment decisions, operational continuity, customer relationships, and ESG reputation	No impact at present	May cause an increase in supply chain operating costs

Note: The two risks currently identified affect regions including Mainland China, Vietnam, Indonesia, Cambodia, Bangladesh and Myanmar.

Climate-Related Risks and Opportunities			Value Chain Segment Affected <sup>Note</sup>			Possible Time Horizon of Impact <sup>Note</sup>		
Type	Description		Upstream	Midstream	Downstream	Short-term	Medium-term	Long-term
Physical Risk	Acute Risk	Natural Environment (Disasters)		●		●	●	●
Transition Risk	Policy and Regulation	Greenhouse Gas (GHG) Strategy		●		●	●	●

Note: Value chain and time horizons: The impacts are assessed to be mainly on the company itself, subject to the requirements of local environmental laws and regulations at factory locations, and the design of the related construction works in response to the climate risk. Physical and transition risks potentially arising from extreme weather events are not time-bound but represent ongoing risks that may materialize at any time.

**Impact of Climate-Related Risks and Opportunities on Strategy and Decision-Making**

To address relevant climate-related risks and opportunities, the Company has progressively undertaken efforts in climate mitigation and adaptation. These include responding to such risks and opportunities through climate transition plans and other operational decisions. These mitigation and adaptation efforts have impacts on the Company's current and expected business model. The Company has also assessed the potential financial impacts that these climate risks and opportunities may have on the current period and in the future, based on the adaptation and mitigation efforts undertaken.

*Climate Transition Plan*

The Company has developed an initial transition plan to address the identified transition risks and related opportunities. Specific actions include:

Specific Actions in the Climate Transition Plan	Description
Set up large detention ponds and improve factory drainage	The Company elevates the ground level at production sites and sets up large detention ponds to buffer surface runoff caused by large-scale precipitation and short-duration heavy rainfall, thereby preventing immediate impact on adjacent land. Drainage improvements are also undertaken at the factories, including widening and deepening drainage channels and increasing surface permeability (e.g. by installing permeable paving or infiltration wells).
Improve factory ventilation	Ventilation and cooling are taken into consideration in factory design. External consultants are engaged to assess the climatic environment, and planning/adjustments are made for window openings and heat dissipation methods, selecting mechanical or natural ventilation approaches as appropriate. Ventilation equipment is procured, and ventilation improvement projects are carried out.
Increase the proportion of renewable energy usage	In suitable factory locations, solar rooftop systems are constructed with funding from vendors, and the factories purchase solar electricity based on usage volume. Renewable energy certificates and government green power (in Mainland China) are procured in major production regions including Mainland China, Vietnam, Indonesia, and others, gradually increasing the proportion of renewable energy usage. For implementation results, please refer to green energy installation and procurement in the section headed "5.1.2 GHG Management".
Continuously improve energy efficiency	The procurement unit, in collaboration with Sustainable Development Department personnel, implements energy-saving management for source equipment procurement. Factories also independently promote energy-saving projects each year to continuously enhance energy efficiency. For implementation results, please refer to sustainable energy management: energy conservation projects and initiatives in the section headed "5.2 Energy Management".

The Company has initially developed a climate transition plan as a core strategy to address the risks of climate change transition and seize opportunities for low-carbon economic development. The plan aims to reduce climate disasters and lower greenhouse gas emissions during operations by gradually transforming our operating model through increasing the use of renewable energy and continuously improving energy efficiency. In developing the transition plan, the key assumptions adopted by the Company include the continued promotion of global net-zero policies, the gradual establishment of carbon pricing mechanisms, the increasing maturity of renewable energy technologies, and the continued increase in customer and market demand for low-carbon products. The effectiveness of the Company's transition plan depends primarily on key factors and conditions such as the feasibility of renewable energy access, the recoverability of low-carbon technology investments, and policy development directions in different operating regions. The Company's will periodically review these assumptions and changes in external conditions to ensure the effectiveness and feasibility of our transition strategy.

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Response to Climate-Related Risks and Opportunities, and Financial Impacts of Climate-Related Risks and Opportunities

Climate-Related Risks and Opportunities		Mitigation and Adaptation Efforts		Impact on Financial Position, Financial Performance, and Cash Flows		
Type	Description	Current	Expected	Financial Impact in the Reporting Period <sup>Note 1</sup>	Expected Financial Impact <sup>Note 2</sup>	
Physical Risk	Acute Risk	Natural Environment (Disasters)	Set up large detention ponds and improve factory drainage	The transition plan and related measures listed on the left are expected to continue to be implemented in the future.	<b>Financial Impact of Flood Prevention-Related Projects in the Reporting Period</b> In the Reporting Period, a total of 81 improvement projects were executed at major production bases for the set-up of large detention ponds and drainage improvements, resulting in engineering expenses and cash outflows of USD8,293,000, representing 2.51% of cash flows from investing activities.	<b>Expected Financial Impact Related to the Transition Plan</b> <ul style="list-style-type: none"> <li>To continuously enhance resilience and adaptation capabilities, certain expenses and cash outflows are expected annually in the short and medium term for adaptation-related projects. In the long term, ongoing prevention and improvement efforts will also increase expenses and cash outflows. However, due to the uncertainty of actual disaster occurrences, quantification is not yet possible.</li> <li>All of the above items can be funded through internal resources, with no material impact expected on financing availability or cost of capital.</li> </ul>
			Improve factory ventilation		<b>Financial Impact of Negative Pressure Fan Procurement in the Reporting Period</b> In the Reporting Period, a total of 1,085 negative pressure fans were procured at major production bases to improve factory temperatures, resulting in equipment procurement expenses and cash outflows of USD296,000, representing 0.09% of cash flows from investing activities.	
Transition Risk	Policy and Regulation	Greenhouse Gas (GHG) Strategy	Increase the proportion of renewable energy usage	The transition plan and related measures listed on the left are expected to continue to be implemented in the future.	<b>Financial Impact of Rooftop Solar Renewable Energy Procurement in the Reporting Period</b> In Mainland China, Vietnam, Indonesia, and other locations, the Company provided factory rooftops for solar vendors to construct rooftop solar systems at their expense; the Company then purchased rooftop solar electricity based on usage volume. In the Reporting Period, 10,209 MWh of renewable energy electricity was procured, resulting in procurement expenses and cash outflows of USD817,000, representing 0.01% of cash flows from operating activities.	<b>Expected Financial Impact Related to the Transition Plan</b> <ul style="list-style-type: none"> <li>The Group plans to gradually increase the proportion of renewable energy usage through renewable energy (certificate) purchase contracts, which will result in expenses and cash outflows. Based on current factory planning, procurement volume is expected to double by 2030, with an estimated additional USD1,272,000 in renewable energy (certificate) procurement costs <sup>Note 3</sup>.</li> </ul>
			Continuously improve energy efficiency		<b>Financial Impact of Renewable Energy Certificate Procurement in the Reporting Period</b> In Mainland China, Vietnam, Indonesia, and other locations, green electricity (certificates) were procured from local power companies and internationally recognized renewable energy certificates from third parties. In the Reporting Period, 324,084 MWh of renewable energy certificates were procured, resulting in procurement expenses and cash outflows of USD455,000, representing 0.01% of cash flows from operating activities.	
				<b>Financial Impact of Energy-Saving Projects in the Reporting Period</b> In the Reporting Period, factories independently initiated a total of 51 energy-saving projects at major production bases, resulting in improvement expenses and cash outflows of USD635,000, representing 0.19% of cash flows from investing activities.	<b>Expected Financial Impact Related to the Transition Plan</b> <ul style="list-style-type: none"> <li>The Company will continue to invest in energy-saving projects and related equipment expenditures, which are expected to increase non-current assets and cash outflows from investing activities, as well as annual depreciation expenses. However, due to limitations in the Company's energy-saving technological capabilities and uncertainties in market energy-saving technology development, quantification is not yet possible.</li> <li>All of the above items can be funded through internal resources, with no material impact expected on financing availability or cost of capital.</li> </ul>	
			<b>Financial Impact of Source Energy-Saving Equipment Procurement in the Reporting Period</b> The Company has established specifications on procurement of energy-saving equipment, incorporating energy efficiency requirements into replacement and new procurement stages to strengthen source management. However, procurement decisions for such equipment are primarily driven by production needs and operational planning, making it difficult at this stage to clearly separate additional costs arising from enhanced energy-saving controls. Therefore, a quantitative assessment of the financial impact of these energy-saving equipment procurement is not yet available in the Reporting Period.			

Note 1: The scope of assessment of the Financial Impact in the Reporting Period includes the impact of climate-related risks and opportunities on the Company's financial position, financial performance, and cash flows in the current period. After assessment, the Group does not expect any material risk of significant adjustments to the carrying amounts of assets and liabilities in the next annual financial report arising from any of the climate-related risks and opportunities listed above. (S2.16(a)-(b))

Note 2: The scope of assessment of the Expected Financial Impact includes the anticipated impacts of climate-related risks and opportunities on the Company's financial position, financial performance, cash flows, financing availability, and cost of capital in the short, medium, and long term.

Note 3: The Expected Financial Impact for renewable energy (certificate) procurement amounts is subject to high uncertainty: The Company's production bases span Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh, Myanmar, and other regions. Future market demand for green electricity and government renewable energy policies in each location carry high uncertainty, which may lead to material adjustments in renewable energy (certificate) procurement amounts.

# Chapter 05

# Environmental Sustainability

## Climate Resilience: Climate-Related Scenario Analysis and Assessment

Since 2022, the Company has, in principle, conducted climate scenario analysis every three years to assess climate resilience, primarily referencing scientific reports worldwide to analyze the impact of climate risks on the Group. This section addresses climate-related physical risks by considering two potential climate scenarios and describing the resilience assessments corresponding to the climate-related physical risks identified by the Group. The Company has not yet conducted resilience assessments for climate transition risks in conjunction with climate scenario analysis; such assessments are expected to be incorporated in the next reporting cycle.

For physical risks, after considering factors such as potential physical impacts, the severity of consequences from physical risks, as well as the possible timing, locations, and affected parties, the Company adopts the low-emissions scenario (SSP1-2.6) and the very high-emissions scenario (SSP5-8.5) proposed by the Intergovernmental Panel on Climate Change (IPCC) in its Sixth Assessment Report (AR6) for physical climate scenario analysis. In 2025, the Company utilized the climate scenario analysis results from the 2024 annual report to conduct a climate resilience assessment.

### Time Horizons Used in Climate-Related Scenario Analysis

The IPCC scenarios provide reasonably credible hypothetical projections up to 2100 (end of century) and 2050 (mid-century). To better utilize these scenarios for identifying the most material climate-related risks and opportunities as well as their related financial impacts, the Company applies the same time horizons as those used for climate-related risks and opportunities in the scenario analysis, with the scope of the analysis limited to the Company's major operating locations (Taiwan, Mainland China, Vietnam, Indonesia).

## Scenario Analysis and Assessment of Strategy and Business Model

Risk Type and Description	Physical Risk – Natural Environment (Disasters)	
Selected Scenarios	IPCC - Low-Emissions Scenario (SSP1-2.6)	IPCC - Very High-Emissions Scenario (SSP5-8.5)
Scenario Descriptions	This scenario assumes that, while pursuing high economic growth, energy-intensive and technology-driven development, the world successfully limits greenhouse gas emissions through large-scale policy interventions, technological breakthroughs, and market mechanisms, keeping global warming to within approximately 2°C by the end of the century.	In this scenario, GHG emissions continue to rise throughout the century, potentially causing global average temperature increases exceeding 4°C. SSP5-8.5 is commonly used as a worst-case scenario to assess extreme climate risks and physical impacts, enabling identification of the enterprise's resilience and exposure under high climate stress.
Main Assumptions	<ul style="list-style-type: none"> <li>Application tool information: COMPARISON – LONG-TERM SEA LEVEL OUTCOMES; used to assess sea-level rise and flood risks from exacerbated natural disasters</li> <li>Application tool information: World Bank Group Climate Change Knowledge Portal; used to assess changes in average temperature, single-day maximum temperature, and single-day precipitation due to exacerbated natural disasters</li> <li>No material changes in the number or geographic locations of factories, etc.</li> </ul>	
Assessment of Impacts	<p>The results of the scenario analysis are as follows:</p> <ul style="list-style-type: none"> <li>By mid-century (2050): Production bases in Tien Giang and Ho Chi Minh City, Vietnam, may face risks of sea-level rise/flooding. Potential financial impacts: Operational disruptions at production bases</li> <li>By end-of-century (2100): Production bases in Tien Giang and Ho Chi Minh City, Vietnam, may face risks of sea-level rise/flooding; single-day precipitation across all production bases in Vietnam and Indonesia may increase by 10~20%; single-day maximum temperatures in Dongguan, Mainland China, may rise by more than 1.5°C. Potential financial impacts: Operational disruptions at production bases and increased capital expenditure to improve working environments for employees</li> <li>However, due to resource constraints and the need for excessive costs or inputs, no quantified values can be provided.</li> </ul>	<p>The results of the scenario analysis are as follows:</p> <ul style="list-style-type: none"> <li>By mid-century (2050): Production bases in Tien Giang and Ho Chi Minh City, Vietnam, may face risks of sea-level rise/flooding; single-day precipitation may increase by 10~20% across all regions in Vietnam and Indonesia, as well as in Dongguan, Mainland China; single-day maximum temperatures at all production bases may rise by more than 1.5°C; average temperatures at production bases in Taiwan and Mainland China may rise by more than 1.5°C. Potential financial impacts: Operational disruptions at production bases and increased capital expenditure to improve working environments for employees</li> <li>By end-of-century (2100): Production bases in Tien Giang and Ho Chi Minh City, Vietnam may face risks of sea-level rise/flooding; single-day precipitation at all production bases may increase by 20~30%; single-day and average maximum temperatures at all production bases may rise by more than 3~5°C. Potential financial impacts: Operational disruptions at production bases and increased capital expenditure to improve working environments for employees</li> <li>However, due to resource constraints and the need for excessive costs or inputs, no quantified values can be provided.</li> </ul>
Resilience Capabilities	In response to natural disaster risks triggered by extreme weather events—including flooding risks due to heavy rainfall, typhoons and sea-level rise, and high-temperature working risks from rising environmental temperatures—the Company continues to strengthen the climate resilience of its operating locations. Through the installation of detention facilities, drainage improvement projects, and ventilation enhancement measures, the Company improves factories' capacity to withstand and adapt to extreme weather events, thereby reducing risks of operational disruptions and personnel safety issues, while enhancing post-disaster recovery and operational stability. This demonstrates its overall resilience in facing climate change risks. To further strengthen resilience against these risks, when establishing new factories in the future, the Group will also consider locations with lower risks of extreme weather events and collaborate with a diversified supplier base to disperse risks.	

*Significant Areas of Uncertainty Considered in Climate Resilience Assessment*

When conducting climate resilience assessments, the Company considers different areas of material uncertainty depending on the scenario. Under both the low-emissions scenario and the very high-emissions scenario, the primary areas of material uncertainty relate to the frequency and intensity of extreme weather events. This uncertainty arises from significant variability in climate projections, as well as ongoing changes in climate models and weather patterns that may lead to unanticipated shifts in extreme weather occurrences.

*Short-, Medium-, and Long-Term Climate Change Strategies and Business Model Adaptation Capabilities*

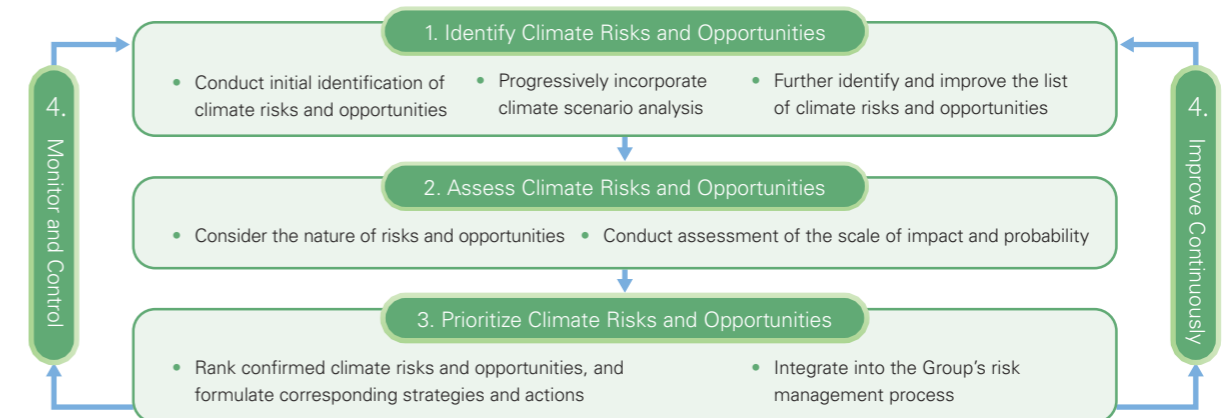
The Company's strategies and business model (including all adaptation and mitigation efforts as well as the transition plan, as detailed in the "Climate Transition Plan" section) are implemented based on the most reasonably likely circumstances for the Group. The Company evaluates its capacity to adjust and adapt its strategies and business model, including the availability and flexibility of financial resources, the ability to reallocate and upgrade assets, and the impacts of investments in climate-related mitigation, adaptation, and climate resilience opportunities. Details are as follows:

	Physical Risk/IPCC Low-Emissions Scenario (SSP1-2.6)	Physical Risk / IPCC Very High-Emissions Scenario (SSP5-8.5)
Ability to Adjust or Adapt Strategies and Business Model in Response to Climate Change	The Company's current and planned adaptation and mitigation efforts, expected capital investments, and capacity for asset reallocation and upgrades are considered sufficient to adequately address the physical risks under this scenario.	<ul style="list-style-type: none"> <li>Compared to current levels of funding for adaptation and mitigation efforts, additional capital may need to be raised to invest in disaster prediction and monitoring in order to reduce the impact of physical risks.</li> <li>For regions potentially affected by flooding, the Company will evaluate the feasibility of establishing or relocating new and existing factories in the future to ensure operational stability and long-term development.</li> </ul>

**Risk Management**

**Identification, Assessment, Prioritization, and Monitoring Process and Policy for Climate-Related Risks and Opportunities**

In 2024, the Group conducted the assessment of climate-related risks and opportunities with reference to the Task Force on Climate-related Financial Disclosures ("TCFD") framework. Starting from 2025, the Sustainability Steering Committee introduced "IFRS S2". The assessment process for climate-related risks and opportunities is as follows:



The Group has incorporated the above process into overall corporate risk management framework to ensure that climate change is appropriately addressed in the Company's overall policies. Besides, as this is the first year of conducting identification with reference to "IFRS S2", no modifications have been made to the identification and assessment processes.

**Input Values and Parameters for Data Sources of Climate Risks**

To identify climate-related risks and opportunities, in addition to last year's climate scenario analysis, the Company has also incorporated qualitative factors this year to identify material climate-related risks and opportunities. The Sustainable Development Office conducted interviews with members of the Sustainability Steering Committee Task Force from various units. By reviewing past events, current conditions, and considering forecasts for future situations, the Company made preliminary identification of climate-related risks and opportunities with reference to the disclosure topics in IFRS S2 Industry-based Guidance Volume 1 (Apparel, Accessories & Footwear) and Volume 6 (Multiline and Specialty Retailers & Distributors), as well as the risks and opportunities disclosed by industry peers. The scope of preliminary identification of climate-related risks and opportunities covers the Company's consolidated entities and the upstream and downstream value chain. During the process, reference is also made to past analysis results of climate risk scenario including flooding, temperature, and precipitation under the Intergovernmental Panel on Climate Change (IPCC) low-emissions scenario (SSP1-2.6) and very high-emissions scenario (SSP5-8.5). Following discussions, in 2025, priority was given to risks and opportunities arising within the scope of the footwear manufacturing business.

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## Assessment Approach for the Nature, Likelihood, and Scale of Impact of Climate-Related Risks and Opportunities

In the assessment of climate-related risks and opportunities, the Company's criteria include the likelihood of occurrence and the scale of impact of such risks and opportunities. This includes assessing the most probable scenarios, as well as the potential duration of impact on the Group (short-term, medium-term, and long-term).

### Prioritization of Climate-Related Risks and Opportunities and the Method Used

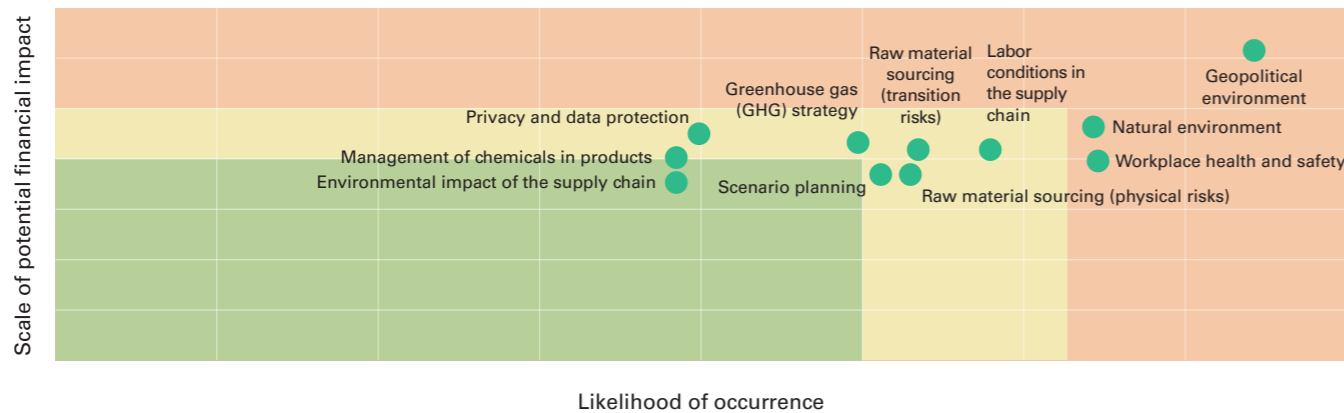
The Company has integrated the identification and assessment process for climate-related risks and opportunities into the Company's overall risk management process, and ranks climate-related risks and opportunities together with other sustainability-related risks and opportunities. The Group aggregates scores assigned to each item based on the likelihood of occurrence (X-axis) and the scale of potential financial impact (Y-axis), then ranks and plots these to create a matrix chart of key risks and opportunities. Items with scores above a certain threshold are defined as key risks and key opportunities. The matrix of material sustainability-related risks and opportunities is as follows:

The Group's ranking of key sustainability-related risks and opportunities, along with top priority of climate management, are as follows:

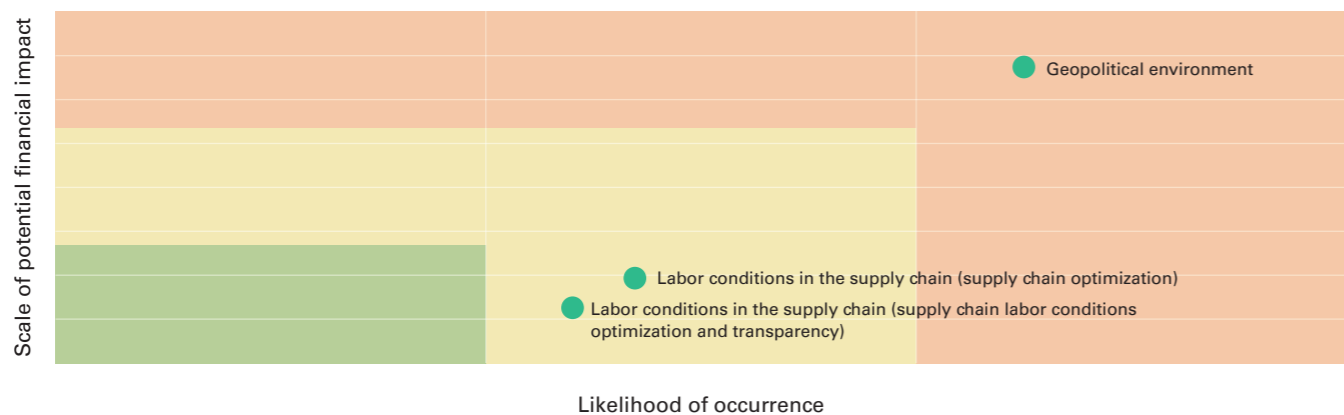
Category	Ranking	Description of Sustainability Risk/Opportunity	Scale of Impact (Y)	Likelihood of Occurrence (X)	Top Priority of Climate Management
Risks	1	Geopolitical environment	307	149	
	2	Physical risk – natural environment (Climate disasters) <sup>Note</sup>	232	129	V
	3	Labor conditions in the supply chain	209	116	
	4	Raw material sourcing (transition)	208	107	
	5	Workplace health and safety	198	130	
	6	Raw material sourcing (physical risks)	184	106	
	7	Scenario planning	181	101	
	8	Privacy and data protection	223	80	
	9	Transition risk – greenhouse gas (GHG) strategy	212	98	V
	10	Management of chemicals in products	198	77	
	11	Environmental impact of the supply chain	192	77	
Opportunities	1	Geopolitical environment	267	135	
	2	Labor conditions in the supply chain (supply chain optimization)	219	129	
	3	Labor conditions in the supply chain (supply chain labor conditions optimization and transparency)	212	128	

Note: For climate disasters in the natural environment, priority is given to managing and responding to flood disasters resulting from heavy rainfall/typhoons and high-temperature disasters caused by rising environmental temperatures.

Material Sustainability-Related Risks Matrix



Material Sustainability-Related Opportunities Matrix



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## Approach to Monitoring Climate-Related Risks

Regarding physical risk associated with “natural environment (climate disasters)”, the Company’s local administrative centers/ engineering departments/ SD teams formulate necessary flood prevention and ventilation improvement measures in a timely manner, based on local climate conditions, the current status of factory sites, and employee feedback on the working environment. For transition risk associated with “greenhouse gas (GHG) strategy”, in order to reduce GHG emissions, the Company has established reduction targets for 2025 and 2030, with its efforts focusing on expanding the use of green energy and improving energy efficiency. For details, please refer to the section headed “5.1.2 GHG Management”.

## Metrics and Targets

### Information Relevant to Cross-Industry Metrics Categories (Climate-Related Metrics) and GHG Emissions-Related Targets

#### Emissions-Related Targets

In accordance with IFRS S2 requirements, the Company discloses information relevant to the cross-industry metrics categories, namely greenhouse gas (GHG) emissions, climate-related transition risks, climate-related physical risks, climate-related opportunities, capital allocation, internal carbon pricing, and remuneration. In particular, the Company has established specific reduction targets for GHG emissions. These cross-industry metrics are detailed as follows:

#### Climate-Related Metrics and Targets Related to GHG

Item	Content
1. Absolute total GHG emissions in the Reporting Period and setting of reduction targets	<p>Using 2019 as the baseline year and following the Science-Based Target initiative (SBTi) 1.5°C scenario principles, the Company has set absolute reduction targets for Scope 1 and Scope 2 GHG emissions. Sectoral decarbonization approach was not used in setting the targets</p> <ul style="list-style-type: none"> <li>For the manufacturing business, a medium-term reduction target has been set whereby Scope 1 and Scope 2 GHG emissions in 2025 will show zero growth compared to 2019 emissions</li> <li>For the manufacturing business, a long-term reduction target has been set whereby Scope 1 and Scope 2 GHG emissions in 2030 will decrease by 46.2% compared to 2019 emissions</li> <li>For related emissions information of the manufacturing business, please refer to the section headed “5.1.2 GHG Management”</li> </ul>
2. Analysis of performance, trends, or changes in climate-related targets	<p>In the current year, total Scope 1 and Scope 2 GHG emissions (market basis) from the Company’s manufacturing business decreased by 56,000 tCO<sub>2</sub>e compared to the baseline (2019), representing a reduction of approximately 9.4% reaching the interim reduction target of zero emissions growth by 2025. The Company continues to increase the proportion of renewable energy usage and improve energy efficiency, with expectations of more significant reductions by 2030</p>
3. Reduction of GHG emissions (Scope 1 and Scope 2)	<ul style="list-style-type: none"> <li>Scope 1 and Scope 2 GHG emission reduction targets for the Group’s manufacturing business were established with reference to customer targets, government requirements, and internal planning, and have been reviewed by internal management</li> <li>The Sustainable Development Department annually conducts inventory of Scope 1 and Scope 2 GHG emissions as a key indicator. Subsequently, inventory results and progress toward targets will be compiled and reported to the Sustainability Steering Committee for oversight of target achievement. Additionally, for Scope 3 GHG emissions, the Group has progressively conducted inventory and disclosure since 2021. After completing a full inventory, the Group will evaluate and establish Scope 3 GHG reduction targets</li> <li>Scope 1 and Scope 2 GHG emission inventory results for the Year have not yet been assured (or verified) by a third-party organization. Likewise, the setting of emission reduction targets and the underlying methodology for the Year have not been verified by an external third-party organization</li> <li>The Company currently has no plans to use carbon credits to offset greenhouse gas emissions</li> </ul>

Item	Content																
4. Measurement approach, inputs, and assumptions for GHG emissions	<p>For the measurement approach, inputs, and assumptions used in calculating GHG emissions for the Year, please refer to “Appendix D: GHG Inventory Principle 2025”</p>																
5. Scope 1 and Scope 2 GHG emissions	<ul style="list-style-type: none"> <li>The table below sets out the Group’s Scope 1 and Scope 2 GHG emissions using the operational control approach.</li> </ul> <table border="1"> <thead> <tr> <th>GHG emissions (10,000 tCO<sub>2</sub>e)</th> <th>Scope 1</th> <th>Scope 2 (Regional basis)</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Manufacturing business</td> <td>10.7</td> <td>66.4</td> <td>77.1</td> </tr> <tr> <td>Retail business</td> <td>0.0</td> <td>4.6</td> <td>4.6</td> </tr> <tr> <td>The Group</td> <td>10.7</td> <td>71.0</td> <td>81.7</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>Note 1: Under the operating control method, the Group does not have operating control over its joint ventures and associates; therefore, the emissions recorded are 0.</li> <li>Note 2: Emissions from the retail business segment are 381 metric tons.</li> <li>The manufacturing business accounted for approximately 94% of the overall consolidated accounting group’s GHG emissions and is the primary source of emissions. Accordingly, the Company’s current GHG management activities prioritize the footwear manufacturing business. For related management practices and implementation status, please refer to the section headed “5.1.2 GHG Management”.</li> <li>The Company procures renewable energy certificates at footwear production bases in various countries. For related procurement details, please refer to the section headed “5.1.2 GHG Management”</li> </ul>	GHG emissions (10,000 tCO <sub>2</sub> e)	Scope 1	Scope 2 (Regional basis)	Total	Manufacturing business	10.7	66.4	77.1	Retail business	0.0	4.6	4.6	The Group	10.7	71.0	81.7
GHG emissions (10,000 tCO <sub>2</sub> e)	Scope 1	Scope 2 (Regional basis)	Total														
Manufacturing business	10.7	66.4	77.1														
Retail business	0.0	4.6	4.6														
The Group	10.7	71.0	81.7														
6. Scope 3 GHG Emissions	<p>For Scope 3 GHG emissions, the Group has progressively conducted inventory and disclosure since 2021. For the current inventory status, please refer to the section headed “5.1.2 GHG Management”</p>																
7. Use of information from a reporting period different from the current one (permitted in specific circumstances)	<p>There is no such instance in the current year for the Group</p>																

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*Amounts and Percentages of Assets or Business Activities Vulnerable to Climate-Related Transition Risks, Physical Risks, or Opportunities*

In the current period, the Company has identified 1 climate-related physical risk (natural disasters) and 1 climate-related transition risk (GHG management).

The climate-related physical risk primarily affects the Company's manufacturing and operational sites located in impacted regions. According to the scenario analysis results, the region most affected is Vietnam. Under the SSP5-8.5 scenario, by 2025, single-day maximum temperatures at all factories are projected to rise by at least 1.5°C, and single-day precipitation is expected to increase by at least 10%. In accordance with the non-current assets geographical information disclosure requirements of HKFRS8, Vietnam accounted for approximately 22% of the Group's non-current assets in 2025.

The climate-related transition risk (GHG management) involves energy use and GHG emission management during the Company's operations, primarily from the manufacturing related business, which accounts for approximately 94% of the Company's consolidated GHG emissions and represents the most concentrated source of GHG emissions in current operations. In 2025, the manufacturing business generated 70% of the Company's revenue.

As of this Reporting Period, the Company has not identified any specific climate-related opportunities and therefore has not disclosed the amounts or percentages of assets or business activities. Future assessments and disclosures will be made as the climate transition strategy and low-carbon investment plans are progressively refined.

*Capital Allocation*

In response to climate-related risks and opportunities, the Company has allocated relevant capital expenditures, investments, and financing resources under the framework of its transition plan. At the current stage, the capital expenditure items that can be clearly quantified amounted to USD293,000 in aggregate, which was incurred primarily from purchase of negative pressure fan equipment to address high-temperature working risks. All funding for these items were derived from internal resources.

For other climate-related measures, it is currently difficult to clearly segregate and attribute the relevant capital allocations within the financial system. The Company has begun reviewing and revising the related statistical and classification processes, and will progressively improve the identification and disclosure completeness of climate-related capital allocations in the future.

*Internal Carbon Pricing*

The Company has not yet employed internal carbon pricing as a planning tool in the current year. In the future, the Company will consider worldwide carbon market prices, GHG-related regulations, and the Company's internal decarbonization costs to establish such price, which will then serve as a reference for carbon reduction management and planning.

*Remuneration*

The Company has incorporated climate-related considerations into the remuneration policy for senior management. Please refer to the section headed "Setting of Targets for Climate-Related Risks and Opportunities, and Linkage to Performance and Remuneration Policies".

**Industry-Based Metrics**

In accordance with its business model, the Company has identified all disclosure topics and related industry-based metrics applicable to the climate context under IFRS S2 Industry-based Guidance Volume 1 "Apparel, Accessories & Footwear". The metrics are described as follows:

*Sustainability Disclosure Topics and Metrics*

Topic	Metric				
	Metric	Category	Unit of Measure	Code	Amount/Description
Raw Material Sourcing	(1) List of priority raw materials; for each priority raw material: (2) the most likely environmental or social factors threatening its availability, (3) discussion of business risks or opportunities related to those environmental or social factors, and (4) management strategies in response to the business risks and opportunities	Discussion and analysis	Not applicable	CG-AA-440a.3	Based on the purchase amount, the priority raw materials for the current year were natural leather, textiles and plush fabrics, and chemical raw materials. For related discussion and analysis, please refer to the section headed "6.1 Raw Materials Procurement".
	(1) Amount of priority raw materials purchased, broken down by raw material type, and (2) amount of each priority raw material purchased that has been certified under third-party environmental or social standards, broken down by standard	Quantitative	Metric ton (t)	CG-AA-440a.4	Please refer to the section headed "6.1 Raw Materials Procurement"

*Activity Metrics*

Metric	Metric			
	Category	Unit of Measure	Code	Amount/Description
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	Number	CG-AA-000.A	2,196

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# Environmental Sustainability

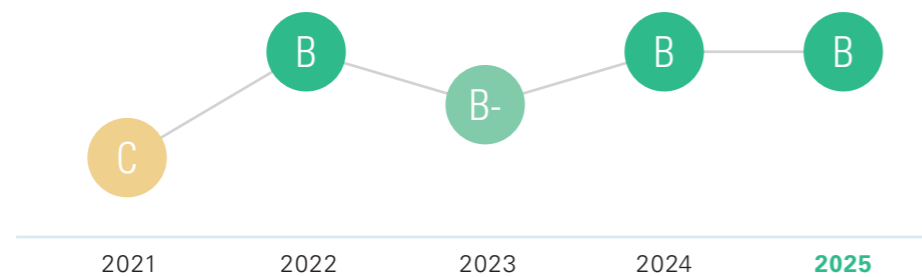
## 5.1.2 GHG Management

As global warming and climate change is accelerating, "Net Zero by 2050" has become a globally agreed goal as the international community actively take actions to adapt to climate change risks. The path to Net Zero is not accomplished in an action. Yue Yuen uses phased tasks and targets to promote "sustainable green manufacturing" and "sustainable green supply chain", pursues sustainable development with low-carbon manufacturing technologies, energy efficiency, GHG emission reduction, and strives for sustainable development toward "Net Zero".

### Phased tasks and targets concerning GHG emission & energy management

Yue Yuen has footwear production bases across seven countries in Asia. It mainly focused on improving energy efficiency and strengthening energy conservation as its main management means until 2016, which was the year that the CDP Climate Change Questionnaire was formerly filled out for the first time among Taiwanese footwear enterprises. Through aligning with the latest standards or initiatives such as the International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures, Climate-related Financial Disclosures (TCFD), and Nature-related Financial Disclosures (TNFD), etc., the Company deepened and widened the disclosed content in the questionnaire, and consistently achieved the recognition of a Level B (Active Management Level) in 2025. This shows that the Company implements proactive environmentally friendly management strategies based on its understanding of its own impact on the environment, and effectively managed its environmental impacts.

CDP Climate Change Questionnaire Levels, 2021-2025

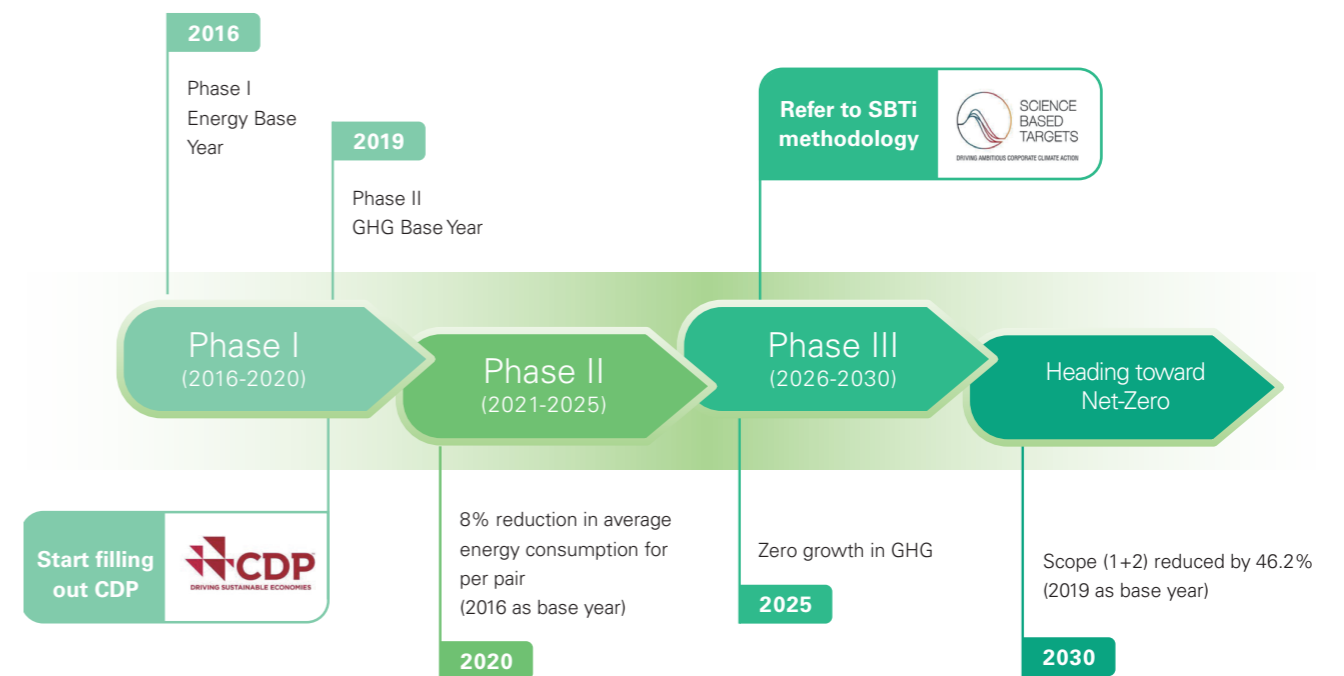


Note: The scope of disclosure for CDP Questionnaire of Yue Yuen aligns with that of its parent company, Pou Chen Group, and follows the same level as per the CDP mechanism.

In response to the trend of sustainable development of international environmental protection, the targets shifted from energy conservation to carbon reduction, and after integrating customer requirements with international trends, through internal discussions in 2020 and with the support of management, the year of 2025 was set as critical year for the five-year target of zero carbon emission growth. In 2021, at the invitation of brand customers, following the principle of the 1.5° C scenario of the Science-Based Target initiative (SBTi), Yue Yuen was committed to reducing absolute GHG emissions by 46.2% by 2030 within the scope of Scope 1 and Scope 2 emissions of manufacturing business, taking 2019 as the base year. The target setting validated by the World Resources Institute (WRI) is consistent with the SBTi target-setting methodology.

From 2024 to the present, a total of 5 subsidiaries of Yue Yuen voluntarily joined the SBTi initiative in response to international trends to strengthen trust of brand customer. The Company completed GHG inventory in accordance with the Greenhouse Gas Protocol (the "GHG Protocol") and set near-term, long-term and net-zero commitment targets for Scope 1, 2, and 3.

With the remote vision of "Net Zero", Yue Yuen has introduced ISO50001 energy management and ISO 14064 GHG inventory to improve product and energy management performance. The Group also asks business partners such as suppliers and joint ventures to pay attention to environmental impact management in the process of production, manufacturing, transportation and services, and work with the industrial supply chain to meet various governments' local regulations specifying GHG carbon management goals.



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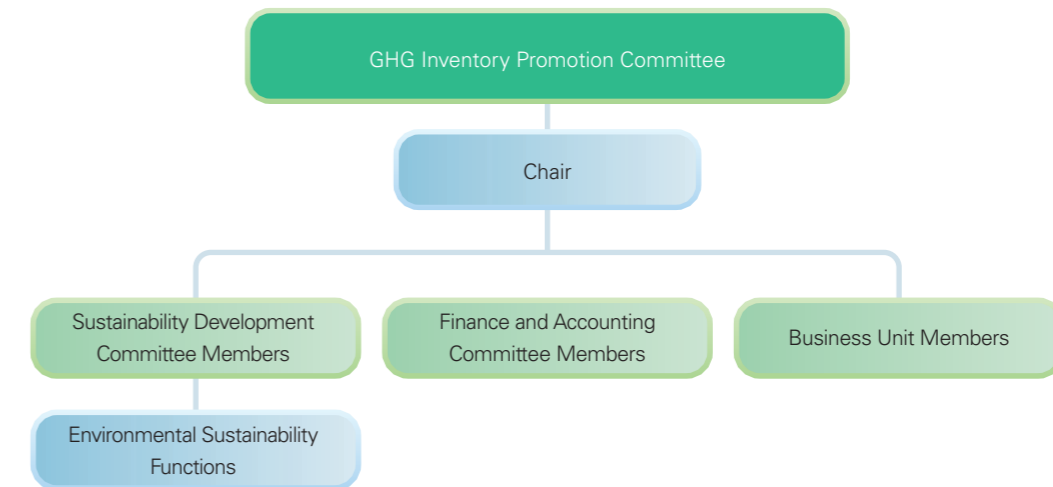
## Progress of management of GHG emissions

Since 2016, Yue Yuen has been conducting its own GHG inventory in accordance with ISO14064-1:2006 standard, and since 2022, it has introduced ISO14064-1:2018 standard for GHG inventory. Qualified third parties that comply with the local countries' inspection regulations were gradually appointed to carry out verifications and inspection certificate were obtained.

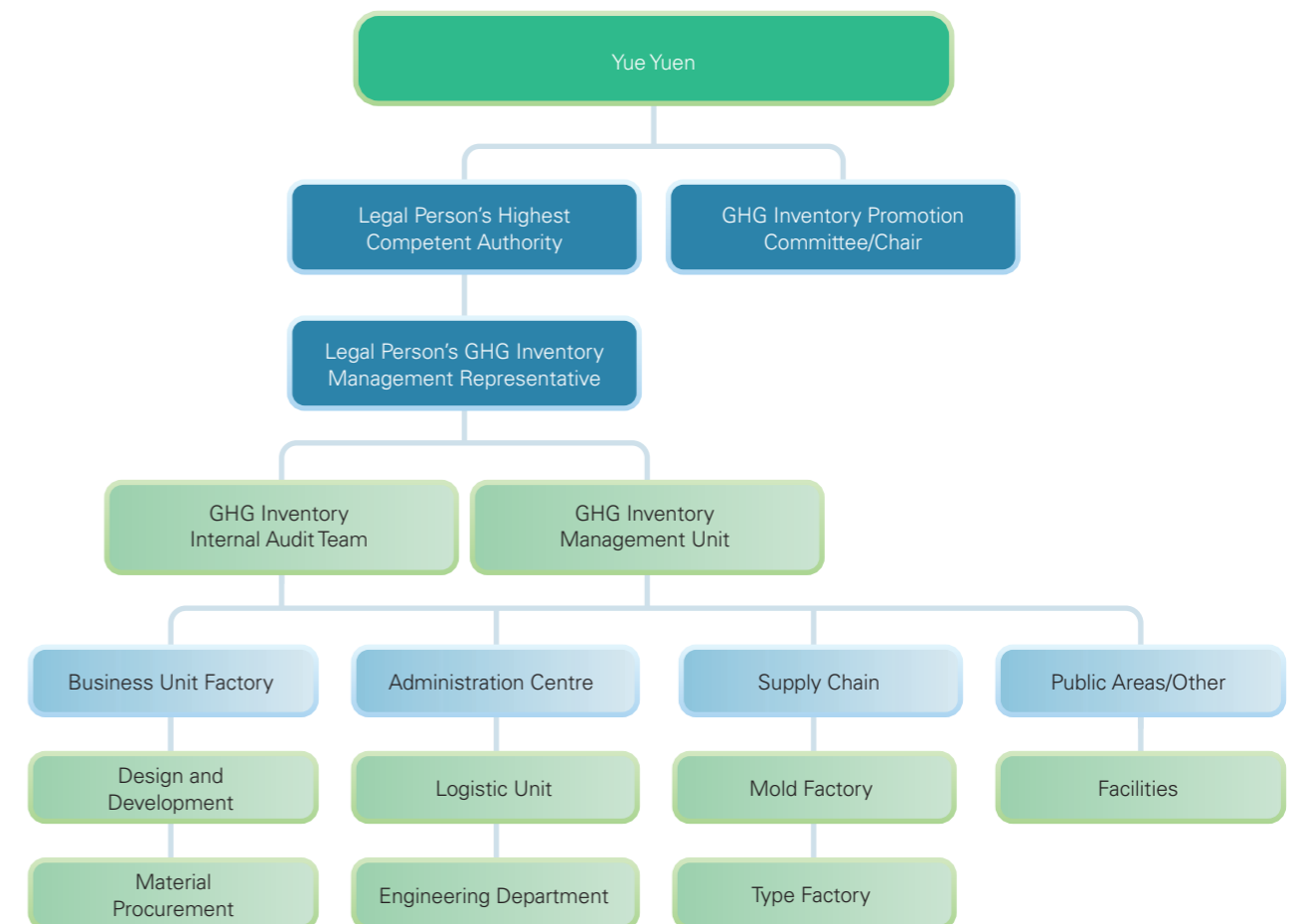
- In 2022, a GHG inventory promotion committee was set up to implement a group-wide cross-border GHG inventory based on the GHG inventory framework.
- In 2022, three legal entities in Vietnam conducted inventories in accordance with ISO 14064-1 standard and completed third-party verification. The verified and certified emissions accounted for approximately 20% of the emissions from their manufacturing operations during the year.
- In 2023, one legal entity in Mainland China completed its own inventory operations and obtained verification certificate.
- In 2024, a subsidiary in Mainland China, Yue Yuen (Anfu) Footwear Co., Ltd. ("Anfu Company"), completed Scope 1, 2 and 3 inventories (data for 2023 activities) in accordance with ISO-14061-1 principles and GHG Protocol, and set base year and reduction targets in full compliance with the SBT methodology, and such target was submitted to the SBT for validation.
- In 2024, seven legal entities in Vietnam carried out inventory operations following the GHG emissions regulation, namely Resolution 06/2022/ND-CP issued by Vietnam government in 2022, and submitted a reduction plan. The regulations aim to reduce gas and GHG emissions (as recommended by the Montreal Protocol) and mandatorily disclose GHG emissions starting from 2025. They will be subject to examination by the unit designated by the government from 2027 onwards.
- In 2025, six legal entities in Vietnam completed 2024 GHG inventory in accordance with regulations. Based on emission levels, projected business growth, and reduction strategies, they establish 2024 as the base year. The companies have committed to achieving emission reduction rates ranging from 0% to 4.65% by the target year of 2030.
- In 2025, a total of five legal entities across Mainland China, Indonesia and Vietnam completed the inventory for Scope 1, 2 and 3, and set the near-term, long-term and Net-Zero commitment targets of SBTi in accordance with the GHG Protocol.

Yue Yuen will promote the GHG inventory in various countries year by year in the future, with an aim of achieving a comprehensive verification by 2026. At this stage, the main direction is to strengthen the verification of inventories, expand the Scope 3 inventory, and actively promote energy conservation and expand the use of green energy. After a complete inventory is carried out in the whole group, the discussion on the setting of the annual carbon reduction target will be held again.

### GHG Inventory Promotion Committee



### Organizational Chart for GHG Inventory



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## GHG Emissions and Carbon Emissions Intensity Per Pair of Shoes

## GHG Inventory

In 2025, the ISO 14064-1:2018 standard for the inventory of GHG was introduced continuously. The total GHG emissions of category 1: direct GHG emission (Scope 1) and category 2: indirect GHG emission from energy input (Scope 2) (location-based) combined were 771,000 tCO<sub>2</sub>e. Category 1 was 107,000 tCO<sub>2</sub>e, accounting for 14%, and category 2 (location-based) was 664,000 tCO<sub>2</sub>e, accounting for 86%. Over 80% of the GHG emissions generated from footwear manufacturing originate from electricity consumption. Therefore, reducing energy consumption, improving energy efficiency, and increasing the proportion of renewable energy adoption are the main measures taken by Yue Yuen to reduce carbon emissions. The total GHG emissions (market-based) in 2025 was 538,000 tCO<sub>2</sub>e, representing a decrease of 9.4% compared with 2019.

## Direct and indirect GHG emission (Location-based and market-based)

GHG Emissions (in 10,000 tCO <sub>2</sub> e)	Direct Emissions Category 1 (Scope 1)	Indirect GHG Emissions from Energy Input		Total Carbon Emissions		Biofuel Purchased Steam and Self-operated Boilers
		Category 2 (Scope 2) Location-based	Category 2 (Scope 2) Market-based	Category 1+ Category 2 (Location-based)	Category 1+ Category 2 (Market-based)	
2019	2.7	56.7	56.7	59.4	59.4	12.4
2020	1.8	53.6	53.6	55.4	55.4	9.1
2021	1.4	44.9	41.4	46.3	42.8	7.0
2022	5.0	70.1	59.3	75.1	64.3	8.0
2023	4.5	61.7	46.9	66.2	51.4	7.1
2024	7.1	63.3	48.6	70.4	55.7	10.6
<b>2025</b>	<b>10.7</b>	<b>66.4</b>	<b>43.1</b>	<b>77.1</b>	<b>53.8</b>	<b>6.8</b>

Note 1: Regarding the principles and coefficient of GHG inventory for 2022, 2023 and 2024, please refer to the 2022, 2023 and 2024 Annual Report. Regarding the GHG inventory principles for the 2025, please refer to Appendix D: 2025 GHG Inventory Principles.

Note 2: 2019 is set as the base year for scientific emission reduction using the SBTi methodology of scientific reduction.

Note 3: Location-based carbon emissions=carbon emissions from electricity consumption; Market-based carbon emissions=carbon emissions from electricity consumption – carbon offset quantity of renewable energy certificates. Renewable Energy Certificates (RECs) include International Renewable Energy Certificates (I-RECs), Tradable Instruments for Global Renewables (TIGRs) of Perusahaan Listrik Negara (PLN) in Indonesia, and China's Green Electricity Certificates (GECs).

## Direct and Indirect GHG Emission

Total Carbon Emissions	Location-based (10,000 tCO <sub>2</sub> e) Category 1 (Scope 1): Direct GHG emissions+ Category 2 (Scope 2): Indirect GHG emissions of input energy		Northeast Asia (Mainland China)	Southeast Asia (Vietnam, Indonesia, Cambodia, Bangladesh and Myanmar)
			2023	2024
		2023	9.1	57.1
		2024	7.8	62.6
		2025	9.6	67.5

## Other Indirect (Scope 3) Emission

In response to international trends and brand customers' demand, with the goal of applying for SBTi, starting from 2024, a total of 5 subsidiaries under Yue Yuen have conducted full Scope 3 (15 categories) inventory in accordance with the GHG Protocol. However, due to the operational model of the footwear industry, which does not generate specific emission sources, no inventory calculation is required.

## Yue Yuen's Significant Indirect GHG Emissions

Scope 3 (tCO <sub>2</sub> e)	2022 The parent company and 2 subsidiaries	2023 The parent company and 1 subsidiary	2024 The parent company and 5 subsidiaries	2025 The parent company
CAT 1 Purchased Goods and Services	247,624.8	13,213.5	362,048.4	0.0
CAT 2 Capital Goods	361.1	42.5	5,123.9	0.0
CAT 3 Fuel- and Energy-Related Activities	39,198.0	3,073.3	69,830.6	1,647.8
CAT 4 Upstream Transportation and Distribution	27,835.7	18,220.3	51,961.3	19,018.8
CAT 5 Waste Generated in Operations	13,392.6	44.6	21,824.2	0.0
CAT 6 Business Travel (Air Travel)	1,686.7	1,552.1	1,405.2	771.2
CAT 7 Employee Commuting	64,269.8	1,249.6	86,539.0	0.0
CAT 9 Downstream Transportation and Distribution	12,327.0	924.2	25,307.3	0.0
CAT 10 Processing of Sold Products	0.0	3,057.8	533.5	0.0
CAT 12 End-of-Life Treatment of Sold Products	3,077.1	2,022.6	106,890.6	0.0
CAT 13 Downstream Leased Assets	16,913.1	0.0	11,993.3	0.0
<b>Total</b>	<b>426,685.9</b>	<b>43,400.5</b>	<b>743,457.3</b>	<b>21,437.8</b>

Note 1: From 2022 to 2025, Pou Chen, the parent company of Yue Yuen, conducted materiality assessments in accordance with ISO14064-1 standards. Scope 3 inspection items covered Business Travel (air travel) and Upstream Transportation and Distribution. In 2025, the scope of inventory was expanded to include Category 3 (activities related to fuel and energy).

Note 2: Given their model of business operation, the five subsidiaries do not lease upstream equipment or facilities, have no franchising operations and make no external investments; products sold are sports shoes, which do not generate emissions during use. Therefore, the calculation and inventory for Category 8 (Upstream leased assets), Category 11 (Use of sold products), Category 14 (Franchises), and Category 15 (Investments) are excluded.

Note 3: Yue Yuen disclosed the inventory data of Yue Yuen (An Fu) Footwear Co., Ltd. for 2024. The actual inventory base year was 2023, which was mistakenly recorded 2024 in the report. The data will be corrected and disclosed in the "2023" column of the 2025 report.

## Chapter 05

## Environmental Sustainability

In response to the commitment of international sustainable Net-Zero commitment and to jointly promote the reduction along the value chain, Yue Yuen has gradually expanded Scope 3 inventory on an ongoing basis. In response to the expectations of brand clients and local regulatory requirements, Yue Yuen has adjusted its Scope 3 inventory plan by shifting from conducting inventory for various categories on an annual basis to a comprehensive inventory of all 15 categories at the subsidiary level. In light of the requirements of the Hong Kong Stock Exchange, manufacturing industry specific inventory roadmap was formulated to progressively refine the inventory process year by year.

#### Carbon emission intensity per pair

The production emission intensity of major production bases in 2025 were in the range of 3.5 kg CO<sub>2</sub>/pair of shoes. When calculating the intensity of carbon emissions, only the GHG emissions of Category 1 and Category 2 were included, while other indirect GHG emissions were not.

#### GHG Reduction Measures in Year 2025

In the production process of footwear industry, more than 80% of the GHG emissions source from the use of electricity. In 2025, Yue Yuen continued to promote energy management to reduce energy-generated GHG emissions, while expanding the use of green energy to increase the proportion of renewable energy.

#### Energy Management

Energy management actions are mainly implemented through “Source Equipment Procurement Management” and “Promotion of Energy-Saving Projects”. In 2025, the cumulative energy savings reached 6,786 MWh, and GHG emissions were reduced by 4,762 tCO<sub>2</sub>e.

#### Expanding the Use of Green Energy

In terms of green energy, the total solar energy consumption reached 10,209.4 MWh in 2025, reducing GHG emissions by 6,365.1 tCO<sub>2</sub>e.

Renewable Energy Certificate (REC) is also one of the measures to reduce GHG emissions. Mainland China, Vietnam and Indonesia continued to purchase REC annually to offset the GHG emissions from electricity consumption. In 2025, the total purchases of renewable energy certificates reached 324,083.6 MWh, offsetting 232,846.4 tCO<sub>2</sub>e of GHG emissions (including Green Electricity Consumption Certificates (GEC) in China).

#### GHG Emissions Offset by Green Energy of Yue Yuen in 2025

Type of Green Energy			Mainland China	Vietnam	Indonesia	Total
Solar Power	RTS	MWh	5,993.2	2,174.8	2,041.4	<b>10,209.4</b>
		tCO <sub>2</sub> e	3,298.3	1,433.7	1,633.1	<b>6,365.1</b>
	REC	MWh	26,444.0	86,976.0	0.0	<b>113,420.0</b>
		tCO <sub>2</sub> e	14,738.2	57,334.6	0.0	<b>72,072.8</b>
Wind Power	REC	MWh	8,750.0	0.0	0.0	<b>8,750.0</b>
		tCO <sub>2</sub> e	4,530.9	0.0	0.0	<b>4,530.9</b>
Hydropower	REC	MWh	0.0	37,559.0	48,092.6	<b>85,651.6</b>
		tCO <sub>2</sub> e	0.0	24,758.9	38,474.1	<b>63,233.0</b>
Geothermal Power	REC	MWh	0.0	0.0	116,262.0	<b>116,262.0</b>
		tCO <sub>2</sub> e	0.0	0.0	93,009.6	<b>93,009.6</b>

Note 1: Refer to Appendix D: GHG Inventory Principle 2025 for the principles in calculating GHG emissions in 2025.

Note 2: The unit of electricity consumption/purchase is MWh, while the unit of GHG offset is tCO<sub>2</sub>e

Note 3: Renewable Energy Certificates (REC) include International Renewable Energy Certificates (I-REC), Tradable Instruments for Global Renewables (TIGR) of Perusahaan Listrik Negara (PLN) in Indonesia, and China's Green Electricity Certificates (GEC).

## Chapter 05

## Environmental Sustainability

## 5.2 Energy Management

## Energy use and energy intensity

The types of energy consumed in the Group's footwear manufacturing business included electricity, fossil fuels (heavy oil/diesel/petrol/other oil products, natural gas, liquefied petroleum gas), biofuels, etc. The use of biofuels involves the fuel for steam thermal energy supplied by external vendors. The total energy consumption of Yue Yuen in 2025 was 4,334.4 TJ, of which the energy consumption ratio of utility power was 78%.

## Electricity usage statistics

Electricity	Electricity Units			Electricity Energy Represented		
	Utility Power	RTS	GEC	Utility Power	RTS	GEC
Unit	MWh	MWh	MWh	TJ	TJ	TJ
<b>2025</b>	<b>897,984.2</b>	<b>10,209.4</b>	<b>35,194.0</b>	<b>3,233.3</b>	<b>36.8</b>	<b>126.7</b>
2024	975,192.1	7,617.6	18,856.0	3,567.8	27.4	67.9
2023	857,799.4	5,036.0	5,541.3	3,088.6	18.1	20.0
2022	911,655.3	2,441.0	0.0	3,282.6	8.8	0.0
2021	824,109.5	1,222.8	0.0	2,967.3	4.4	0.0

Unit description: MWh means Megawatt-hour; TJ means Tera Joule

Note: GEC purchases are included in the utility power of Mainland China. The above utility power consumption is only grey power consumption after deducting the GEC purchases.

## Fuel use statistics

Fuels	Fuels Usage/ Fuels Consumption								
	Fossil Fuels						Biofuels		
	Heavy oil/Diesel/Petrol/Other fuels			Natural gas/Liquefied petroleum gas			Rice husk/Palm shell		
Description	Non-renewable			Non-renewable			Renewable		
Unit	KL	TJ	MWh	10,000 m <sup>3</sup>	TJ	MWh	10,000 metric tons	TJ	MWh
<b>2025</b>	<b>4,888.7</b>	<b>176.8</b>	<b>49,106.9</b>	<b>159.8</b>	<b>173.8</b>	<b>48,607.8</b>	<b>4.0</b>	<b>460.2</b>	<b>148,451.6</b>
2024	4,375.4	152.4	42,334.4	209.0	73.7	20,472.1	2.8	431.7	119,926.1
2023	3,663.7	125.7	34,922.3	178.8	63.7	17,684.0	2.8	417.6	115,994.4
2022	2,337.0	146.4	40,667.0	87.7	87.7	24,361.1	3.6	547.0	151,944.4
2021	4,198.6	79.6	22,111.0	25.1	25.1	6,972.2	5.0	758.2	210,611.1

Unit description: KL means Kilo Litre; TJ means Tera Joule

## Energy intensity

Mainland China, Indonesia, and Vietnam are major footwear production bases of Yue Yuen, accounting for more than 90% of total shipments. The average energy consumption per pair of shoes (i.e., energy intensity) in the table below is estimated based on the three major production bases in Mainland China, Indonesia, and Vietnam, and presented by the scope of each region.

Year	Energy intensity (MJ/pair)
<b>2025</b>	<b>11.5-27.3</b>
2024	11.7-26.6
2023	6.5-22.7
2022	11.6-18.7
2021	10.3-16.9

Unit description: MJ means Mega Joule; Pair means a pair of shoes

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Environmental Sustainability

**Sustainable energy management: energy conservation projects and initiatives**

2025	Mid-term	Long-term
<ul style="list-style-type: none"> <li>Source equipment procurement management: Through purchasing new energy saving equipment to replace old, low-efficiency models, cumulative energy saving benefits reached 15,395,625 MJ (4,277 MWh).</li> <li>Promoting energy saving project: implemented 52 energy-saving projects in 2025, with energy-saving benefit of 9,028,800 MJ (2,508 MWh).</li> <li>Produced energy-saving SOPs and checklists for "Air Pressure System" and "Ice Water System" to provide reference for factories and business units to promote energy conservation.</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of green energy construction: Rooftop solar power generation/green electricity procurement/REC/Use of renewable energy</li> <li>Digitalized management: Energy monitoring/water and sewage monitoring/air pollution monitoring/ GHG inventory data system</li> </ul>	<ul style="list-style-type: none"> <li>Sharing of energy saving and carbon reduction technologies on energy-saving intelligent knowledge management platform</li> <li>Establishment of energy conservation organization culture: communication and learning within the Group and exemplary factory's experience sharing and promotion on energy conservation</li> </ul>

**Expanding the use of green energy – solar energy construction and purchase of REC**

Yue Yuen has actively increased the use of green energy in its factories, with a view to achieving sustainable transformation in energy use. Since 2021, it has started the construction of solar power generation systems in Mainland China, Vietnam, and Indonesia. The cumulative solar energy construction scale in 2025 has reached 16.18 MWh, and the cumulative annual consumption in 2025 is 10,209.4 MWh. In addition, plants in Mainland China, Vietnam and Indonesia have purchased Renewable Energy Certificates (REC) (including GEC), with the cumulative purchase of certificates reaching 324,083.6 MWh in 2025. Driven by proactive efforts, the share of green electricity of the Group increased to 35% in 2025. At the same time, the Company has been actively expanding its sustainable finance presence and strengthening its leading advantages in green energy applications, and has complied relevant key performance indicator (KPI) data and submitted an application to the Hong Kong Monetary Authority for the "Green and Sustainable Finance Grant Scheme" through a bank.

**Green energy generation and purchase volume in 2025**

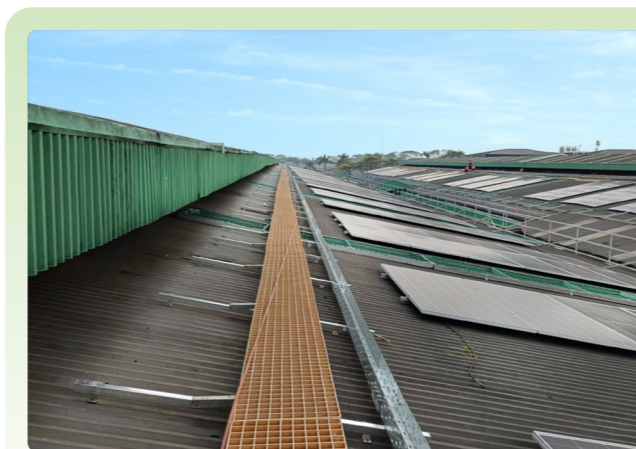
Green energy type	Solar Energy		Wind Power	Hydroelectric Power	Geothermal Energy
	RTS	REC	REC	REC	REC
Energy	MWh	MWh	MWh	MWh	MWh
Mainland China	5,993.2	26,444.0	8,750.0	0.0	0.0
Indonesia	2,041.4	0.0	0.0	48,092.6	116,262.0
Vietnam	2,174.8	86,976.0	0.0	37,559.0	0.0
<b>Total</b>	<b>10,209.4</b>	<b>113,420.0</b>	<b>8,750.0</b>	<b>85,651.6</b>	<b>116,262.0</b>
		<b>324,083.6</b>			

**Yue Yuen green electricity share**

Green Electricity Source	RTS	REC	Green Electricity Share
Unit	MWh	MWh	%
<b>2025</b>	<b>10,209.4</b>	<b>324,083.6</b>	<b>35</b>
2024	7,617.6	266,810.0	27
2023	5,036.0	169,475.0	24
2022	2,441.0	145,075.0	16
2021	1,222.8	73,996.0	9

Note 1: Green electricity share (%) = (rooftop solar energy consumption RTS + renewable energy certificate REC) / (Rooftop solar energy consumption RTS + Utility power). The utility power in Mainland China includes GEC purchases.

**Solar panels on the roof of factories in Vietnam and Indonesia**



Indonesia



Vietnam

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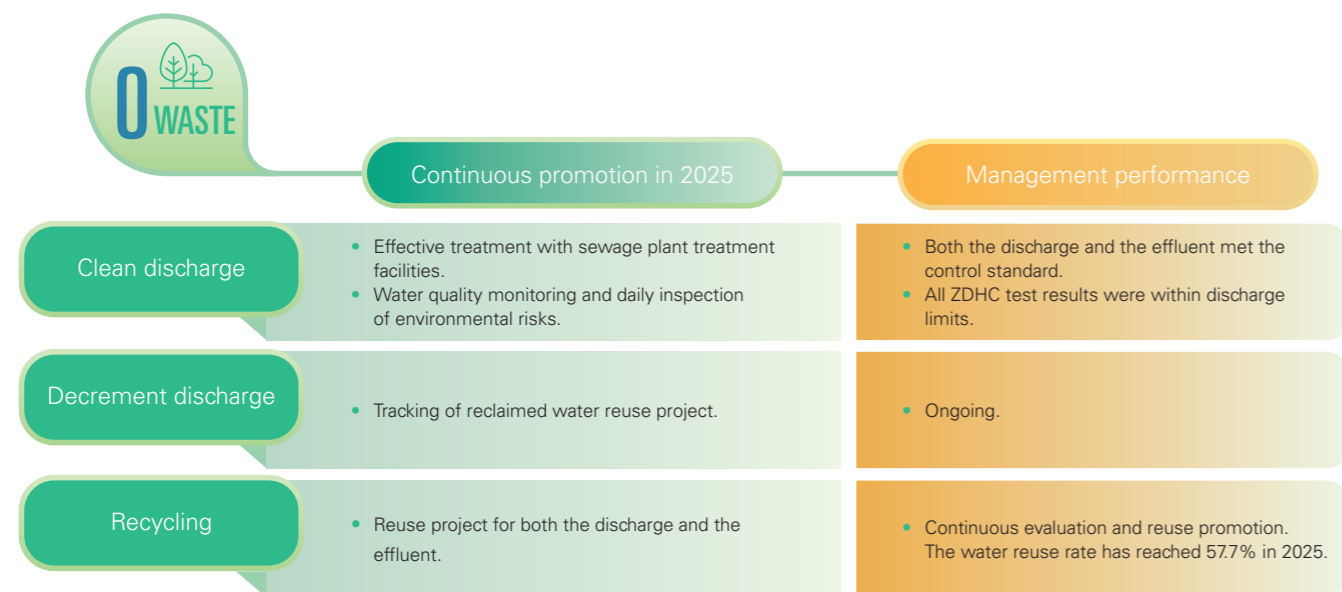
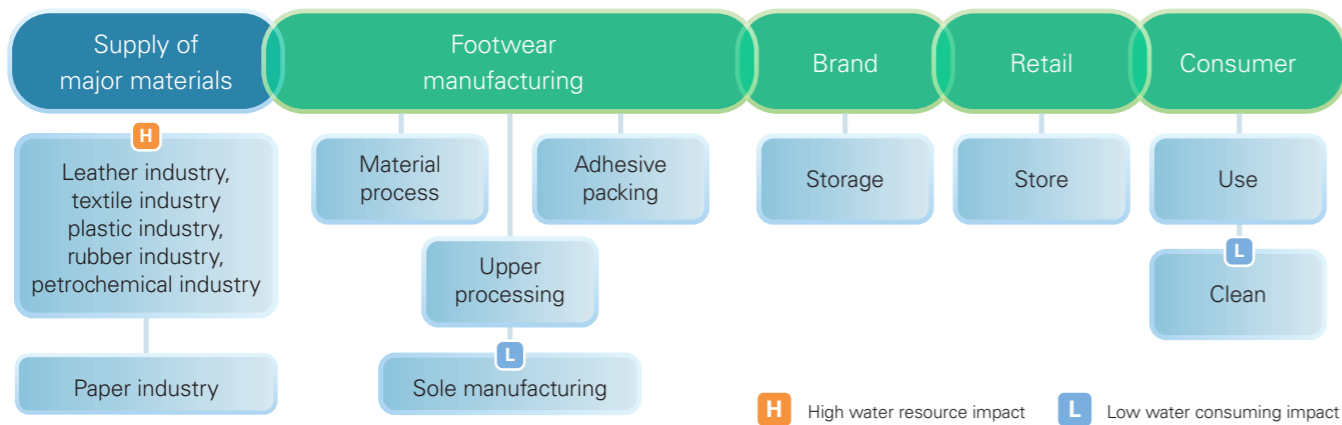
Environmental Sustainability

**5.3 Water Resources Management**

Within the footwear manufacturing value chain, the dyeing and finishing processes of fabric materials, which serve as the source of upper materials, represent a significant water resource impact characterized by high water consumption and high pollution. In contrast, the shoe assembly process itself is a low-water-consumption process; water use within the factories is primarily for employees' daily domestic and sanitary use, with only a small portion required for the shoe sole manufacturing process.

In accordance with the concerns of stakeholders on the safe and sanitary management of drinking water for employees and the international sustainable trend on water resources, the Company complies with the corporate social responsibility policy and international laws and regulations in terms of water resources management, provides safe water that meets the statutory water quality standards and discharges water in conformity with local regulations, and improves water efficiency continuously. The Company has also formulated management measures to achieve the goal of zero discharge for waste (sewage) water management, and strived to reuse water resources within the factory to avoid overconsumption of natural water resources.

**Water resource impact of footwear manufacturing value chain**



Note: Zero Discharge of Hazardous Chemicals ("ZDHC") is an organization promoting zero discharge of hazardous chemicals in the textile, leather, shoe-making and other industries.

**Water resource risk assessment form**

Risk category	Assessment factor	Possible risk/opportunity	Response
Policy and regulation	Regulatory standards	<ul style="list-style-type: none"> <li>Tightening of wastewater quality/quantity discharge regulations.</li> <li>Imposing water consumption charges, sewage charges or environmental protection taxes.</li> <li>Increasing the requirement ratio of effluent recycling.</li> <li>Limiting the amount of water discharge permitted.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the treatment efficiency of sewage treatment plants, and plan for additional advanced treatment technology units where necessary to enhance water treatment capacity and reduce pollutant emissions.</li> <li>Actively evaluate the target processes for reuse of treated water and improve the reuse rate of water resources.</li> </ul>
Technology/Market	Customer requirements	<ul style="list-style-type: none"> <li>Investment in new technologies for sewage treatment.</li> <li>Customers require us to provide green products with low water pollution (including materials using low water pollution processes).</li> </ul>	<ul style="list-style-type: none"> <li>Continue to collect and evaluate new sewage treatment technology solutions and their applicability.</li> <li>Cooperate actively with manufacturers that have passed customer standard verification in line with customer needs.</li> </ul>
Corporate reputation	Major event announcements	<ul style="list-style-type: none"> <li>The effluent quality is non-compliant.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the daily self-monitoring mechanism, detect the risk of exceeding the standard at any time and rectify such risk immediately.</li> </ul>
Immediate loss	<ul style="list-style-type: none"> <li>The frequency of disasters caused by drastic climate change</li> <li>Financial damage and recovery costs</li> </ul>	<ul style="list-style-type: none"> <li>Increasing intensity and frequency of extreme weather conditions (typhoon, heavy rain, snowstorm, flooding, etc.) may result in employee being unable to work, damage to plant facilities and disruption of energy resources and materials supply.</li> <li>The water source is subject to variation due to deteriorating environmental conditions, which results in the increase of water resources treatment costs.</li> </ul>	<ul style="list-style-type: none"> <li>Establish an abnormal event notification and response mechanism, including a response mechanism for abnormal events caused by climate risks.</li> <li>Incorporate climate risk into the consideration of the site selection assessment and construction design of new plants.</li> <li>The water purification/sewage treatment capacity of the water treatment plants has been improved, and advanced treatment technology units are planned to be added when necessary.</li> </ul>
Long term risk	Water Risk Filter	<ul style="list-style-type: none"> <li>Flooding risk and drought risk may result in risks of damage to plant facilities, water resource shortage and poor water quality.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to pay attention to international water resources risks and regional early warning information to provide decision-making reference for operators.</li> </ul>

Based on the Water Risk Filter indicator of World Wide Fund for Nature (WWF), the water risk level in the countries where Yue Yuen's overseas production bases are located is assessed, and identified that most of Yue Yuen's overseas footwear manufacturing bases are currently located in areas with limited risk of water stress. Bangladesh is categorized as having medium risk for drought, flooding and water quality, but the water issues are not affecting production at this time, so ongoing monitoring of local conditions is the current strategy.

**Water risk level in the countries where the Group’s overseas production bases are located**

Water indicators (WRF)	Risk level					
	Mainland China	Indonesia	Vietnam	Bangladesh	Myanmar	Cambodia
Water Availability	2.3	1.7	2.2	2.7	2.0	2.1
Drought	2.4	2.5	2.9	3.8	3.1	2.9
Flooding	2.3	2.2	3.2	4.2	2.9	3.3
Water Quality	2.8	1.9	2.9	3.7	2.5	2.3
Ecosystem Services Status	3.1	2.8	3.3	2.8	2.8	2.9

Source: the Water Risk Filter indicator of World Wide Fund for Nature (WWF) (2024).

Note: WRF risk level descriptions:

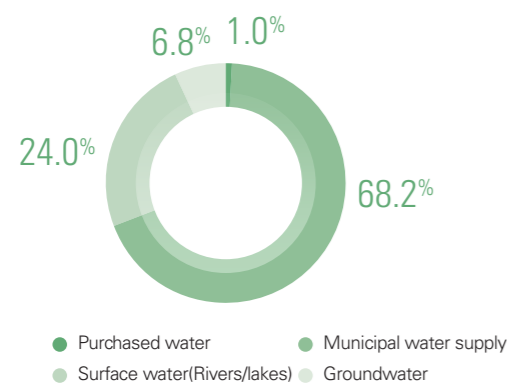
1.0-1.8: No risks or very limited risks; >1.8-2.6: Limited risks (low risk); >2.6-3.4: Contains risks (moderate risk); >3.4-4.2: High risks; >4.2-5.0: Very high risks.

**Water resources information**

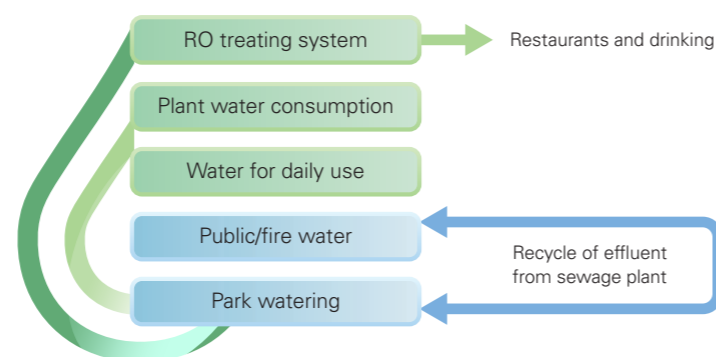
The source of water supply for Yue Yuen’s major footwear production bases is mainly from local municipal water supply, surface water and groundwater, most from the former. The total water withdrawal of the Group’s footwear production bases in 2025 was approximately 8,249.7 million liters. The Group’s water supply source and water withdrawal are within the local government’s permitted range, thus having minimal impact on the local water supply. As groundwater is the primary source of water supply for the Cambodian factory, a large artificial lake has been created to secure water supply for the factory. Under the approval of environmental assessment requirements, treated discharge water was injected into the water resources from the underground reservoir through the natural infiltration replenishment mechanism, thus reducing the impact of use of ground water resources.

For the management of the safe use of water resources, the factory areas are equipped with water purification treatment facilities and reverse osmosis (RO) water purification system equipment as needed; the laboratories at the district administrative centers perform monthly sample testing of water quality every month and release the results of water quality testing to all factories. External parties are also engaged in water quality tests on a regular basis, which will be reported to the local authorities as required by laws to ensure the water in all factories is in compliance with the local water quality standards.

**Water withdrawal in 2025 (by water supply source)**



**Water resource consumption**



**Water withdrawal by footwear manufacturing bases for years 2023 to 2025**

Production sites	Water supply source	Year	Total water withdrawal	Fresh water		Other water	
				Municipal water supply	Surface water (Rivers/lakes)	Groundwater	Purchased water
Mainland China	Jinjiang (Jiangxi) Fuhe (Hubei) South Branch of Dongjiang River (Guangdong)	2025	1,693.0	1,693.0	0.0	0.0	0.0
		2024	1,817.9	1,817.9	0.0	0.0	0.0
		2023	1,950.1	1,950.1	0.0	0.0	0.0
Vietnam	Dong Nai River SONG LA BUONG River Water Supply Company Ho Chi Minh City Dike Water Company	2025	3,172.6	2,398.4	774.2	0.0	0.0
		2024	3,295.4	2,440.9	854.5	0.0	0.0
		2023	3,576.6	3,092.7	483.9	0.0	0.0
Indonesia	Sungai Cikambuy Municipal water supply, well water	2025	2,988.9	1,454.3	1,208.1	245.9	80.6
		2024	3,264.1	634.4	2,245.8	298.2	85.7
		2023	3,181.8	476.8	2,294.1	317.9	93.0
Cambodia, Bangladesh and Myanmar	Water for industry park Groundwater	2025	395.2	83.0	0.0	312.2	0.0
		2024	382.4	64.8	0.0	317.6	0.0
		2023	357.9	64.3	0.0	293.6	0.0
<b>Total</b>		2025	<b>8,249.7</b>	<b>5,628.7</b>	<b>1,982.3</b>	<b>558.1</b>	<b>80.6</b>
		2024	8,759.8	4,958.0	3,100.3	615.8	85.7
		2023	9,066.4	5,583.9	2,778.0	611.5	93.0

Note 1: Zero rainwater is used for direct collection and storage. For wastewater from other organizations, the amount of extraction containing cooling water is zero.

Note 2: To improve data accuracy, the 2024 statistics of factories in mainland China were changed from using master meter reading of industrial zone to individual sub-meter reading of each factory. The 2023 data was revised accordingly to enhance comparability.

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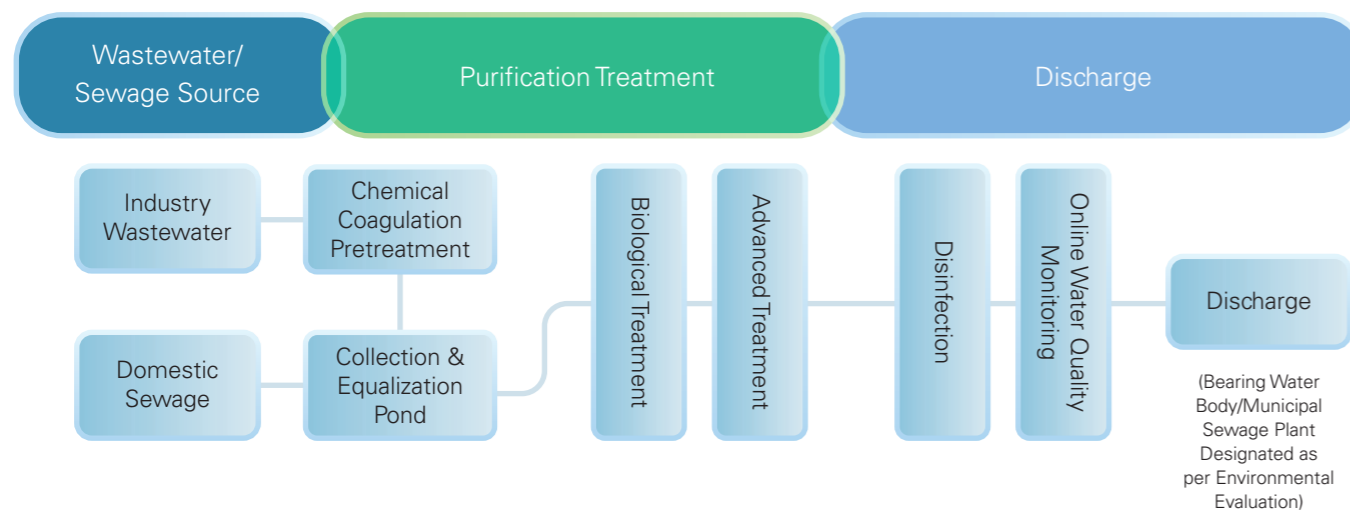
Environmental Sustainability

**Sewage discharge management**

The Company has formulated the internal “Management Measures for Sewage Pollution Prevention and Control”, which takes legal compliance as the first consideration, followed by recycling, and the final management is towards zero emission. In accordance with the Group’s vision of environmental sustainability and zero waste, we set up a phased management plan and strengthen the management of water usage check and digital data management. In respect of compliance management, based on the ZDHC emission limits that are in line with local emission regulations and brand requirements, strengthen the reclaimed of water in the plant to reduce emissions. In the medium to long term, the Company will explore the feasibility of using treated effluent as a potential source of water for factory sites and strive for the vision of zero emission.

**Sewage purification treatment**

Most of the sewage of the footwear factories comes from water used by employees for domestic use, and a small amount of sewage comes from the cleaning, painting and spraying operations of the soles manufacturing process. Chemical coagulation pre-treatment equipment has been set up in all factories especially for the treatment of industrial sewage before it is channeled to a sewage treatment works of the factories for secondary biodegradation and advanced purification treatment.



There is a dedicated water quality laboratory for large scale sewage treatment work to perform the testing and monitoring of water quality. We also regularly entrust inspection agencies approved by competent local authorities to conduct water sampling and testing of the effluent according to laws. The sewage is properly discharged through legally permitted means. Effluent from stand-alone factories is discharged to the receiving water bodies designated by the local authorities specified in the environmental assessment document according to laws and regulations, while those from factories located in industrial development parks are discharged to municipal sewage treatment works or the sewage treatment works in the industrial areas according to laws and regulations. There is no direct discharge into nearby water bodies. Some factories are also equipped with detention ponds to receive the processed water from sewage treatment which works as a water supply source for subsequent reuse in the factories as well as in the parks where employees can relax after work.

	Detection and reporting frequency according to the permit	Standard reaching rate	ZDHC standard reaching rate
Mainland China	2 times/year	100% (online monitoring)	No excess substance
Vietnam	4 times/year	100% (online monitoring)	No excess substance
Indonesia	4 times/year	100% (online monitoring)	No excess substance

Note: The sewage water quality standard follows the discharge water quality standard announced by the local authority. For ZDHC, please refer to: <https://www.roadmaptozero.com/output?locale=en>

**Amount of Water Discharge and Water Consumption**

Unit Million litres	Water Discharge			Water consumption		
	2023	2024	2025	2023	2024	2025
Mainland China	623.6	519.6	<b>368.5</b>	1,326.5	1,298.3	<b>1,324.5</b>
Vietnam	1,815.2	1,855.9	<b>1,742.7</b>	1,761.4	1,439.5	<b>1,429.9</b>
Indonesia	1,218.7	1,033.8	<b>1,091.2</b>	1,963.1	2,230.2	<b>1,897.7</b>
Cambodia, Bangladesh and Myanmar	255.6	180.5	<b>201.9</b>	102.3	202.0	<b>193.2</b>
<b>Total</b>	<b>3,913.1</b>	<b>3,589.8</b>	<b>3,404.3</b>	<b>5,153.3</b>	<b>5,170.0</b>	<b>4,845.3</b>

Note 1: The total amount of water discharge is calculated based on the process wastewater + domestic sewage in factory areas.  
Water consumption = water withdrawal - water discharge

**Water Intensity**

The water intensity of Yue Yuen footwear manufacturing is estimated based on its production bases in Mainland China, Vietnam, Indonesia, and Cambodia, Bangladesh and Myanmar. The water intensity is calculated based on total water consumption. The water intensity for 2025 is approximately 21.7 litres/pair.

**Recycling of Processed Water**

Yue Yuen has effectively increased the amount of sewage collected and treated in factory areas and reduced the risk of leakage and pollution through leak inspection of factory pipelines. Yue Yuen has sought to reuse treated water in factory areas in compliance with the requirements of local laws and regulations in the production bases to enhance the use of water resources. All plants and the newly established plant have continued to reduce river water consumption and increase the use of recycled water. Restricted by the regulations on the use of recycled water in various places, the treated water can only be reused currently for watering green plants, flushing toilets and fire drills, etc. in factory areas. Some factories are also equipped with detention ponds to receive the processed water from sewage treatment for other needs within the factories. The water recycling rate of footwear factories under the Company has reached 57.7%. (Water recycling rate (%) = volume of recycled water/volume of processed water)

**Volume of processed water and recycled water from sewage plants**

(Unit: million litres)	2023		2024		2025	
	Volume of processed water	Volume of recycled water	Volume of processed water	Volume of recycled water	Volume of processed water	Volume of recycled water
Mainland China	981.6	557.1	1,062.3	555.7	<b>957.2</b>	<b>594.0</b>
Vietnam	4,227.1	2,265.5	4,459.9	2,994.0	<b>4,766.7</b>	<b>3,319.7</b>
Indonesia	1,500.7	287.6	1,361.4	300.2	<b>1,567.3</b>	<b>347.7</b>
Cambodia, Bangladesh and Myanmar	602.4	279.9	538.0	293.1	<b>530.7</b>	<b>249.5</b>
<b>Total</b>	<b>7,311.8</b>	<b>3,390.1</b>	<b>7,421.6</b>	<b>4,143.0</b>	<b>7,821.9</b>	<b>4,510.9</b>
<b>Water recycling rate (%)</b>	<b>46.4%</b>		<b>55.8%</b>		<b>57.7%</b>	

Note: To improve data accuracy, the 2024 statistics of factories in mainland China were changed from using master meter reading of industrial zone to individual sub-meter reading of each factory. The 2023 data was revised accordingly to enhance comparability

5.4 Waste Management

Management of Material Topics

What it means to Yue Yuen



The wastes generated from the manufacturing process are divided into hazardous and general wastes. Hazardous wastes that cannot be disposed of through compliance procedures will have a serious impact on the surrounding environment. The storage and disposal of wastes is a matter required by the local competent authorities in various places and must be carried out in accordance with local laws and regulations. Such wastes shall be sorted, stored, removed and treated pursuant to local laws and regulations, and shall be supervised by relevant competent authorities of the local government to ensure legal and compliance operations.

Impact



Positive impact

- **Actual:** Reduction of environmental pollution, which ensures the health and safety of employees and the community.
- **Potential:** Increased affordability of regional pollution treatment, which promotes environmental protection.



Negative impact

- **Actual:** Wastes not properly disposed of by the vendors, which pollutes the environment.
- **Potential:** Risk of violating environmental laws and regulations, which affects operations and corporate image.



Policy and Commitment

- Comply with and conform to regulations on ESH and other requirements, and establish relevant standard operating procedures for implementation.
- Establish waste management and transportation and waste reduction and recycling mechanisms in accordance with local regulations to reduce the environmental impact of wastes.



Indicator and Target

- In accordance with local laws and regulations, the qualified vendors recognized by the government are engaged for waste removal and treatment to reduce the impact of industrial activities on employees and residents around the factories. The Company strives to reduce the impact of wastes on the environment. (In 2025, all waste disposal was in compliance with local regulations, with no violations)
- The focus of implementation in 2023 to 2025 was on the testing and introduction of external technologies to further enhance the recycling of process waste. This included the incorporation of new technologies to effectively treat wastes of various types before converting into valuable resources, such that waste treatment could become a process of resource recycling. The Company worked with technology providers, research institutes and government agencies to ensure that the best practices and solutions were adopted.



Actions

- Plan and establish the waste baseline data and reporting mechanism, through sessions of publicity and communication to ensure that reporting forms are completed in accordance with the requirements, supplemented by a monthly review of reporting contents.
- To enhance the recycling of waste, the composition and treatment of waste in respective regions are confirmed through the review of reporting information. Tests are performed on the application of the most appropriate recycling technologies according to the characteristics of the wastes in respective regions, after which satisfactory ways of treatments will be extended to areas as needed.
- Compliance status of wastes processing providers is confirmed through annual audits.
- Actively pursue waste recycling technologies to achieve the goal of resource sustainability.



Evaluation Methods

- Monthly review of waste declaration and environmental compliance risk check
- Completing the collection and confirmation of waste-related data within the plants
- Evaluation of the digital management mechanism and process
- The Company's semi-annual management review and reporting meetings
- Quarterly Environmental Energy and Safety and Health Committee meetings



Stakeholder Engagement

Regular or irregular communication and interaction in accordance with the stakeholders' engagement mechanism, as well as disclosure of information in the ESG report, relevant platforms or websites



Sustainability Indicators

HKEx KPI A1

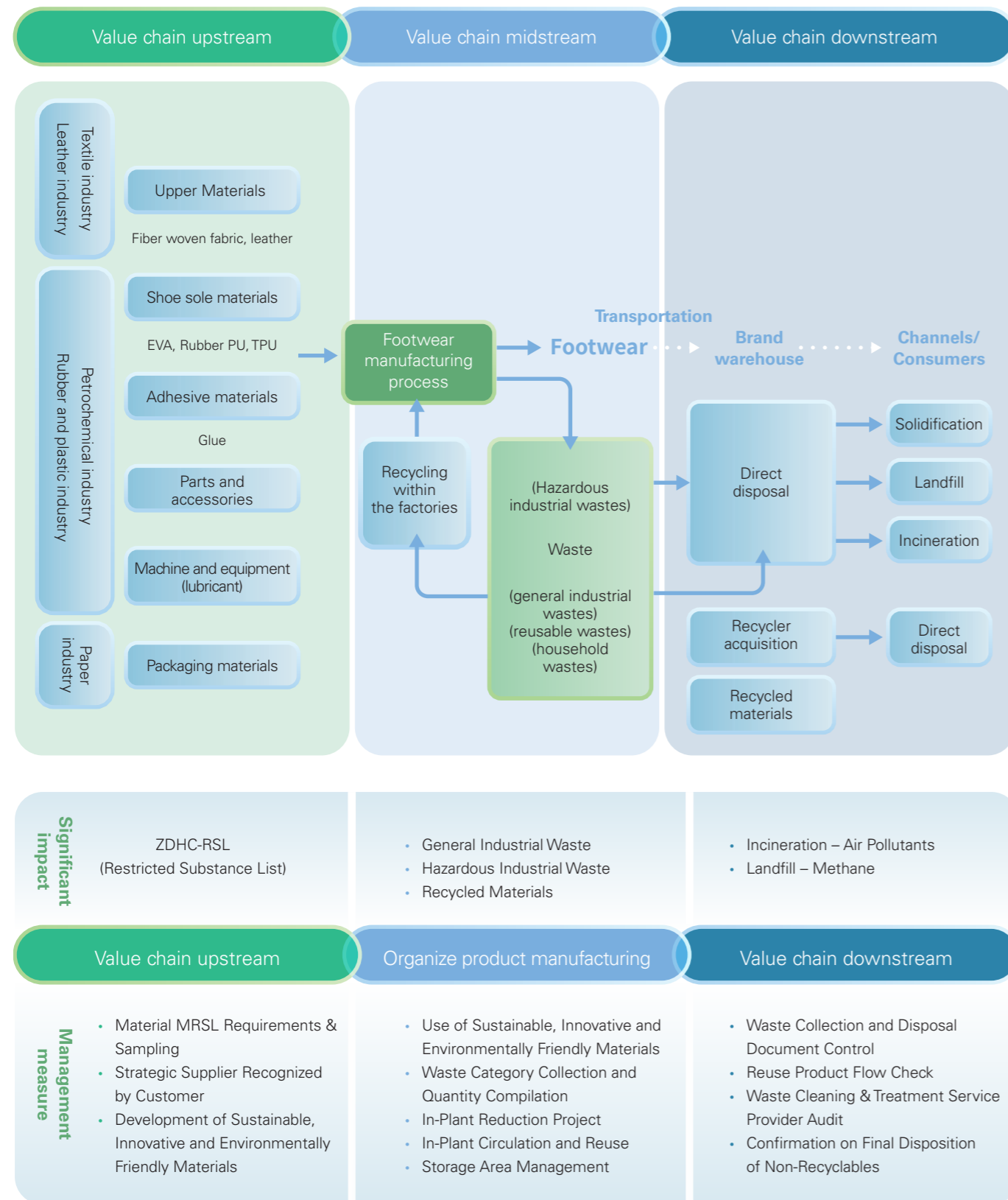
GRI 306

SDG 12

# Chapter 05

# Environmental Sustainability

## Waste Streams of Footwear Value Chain

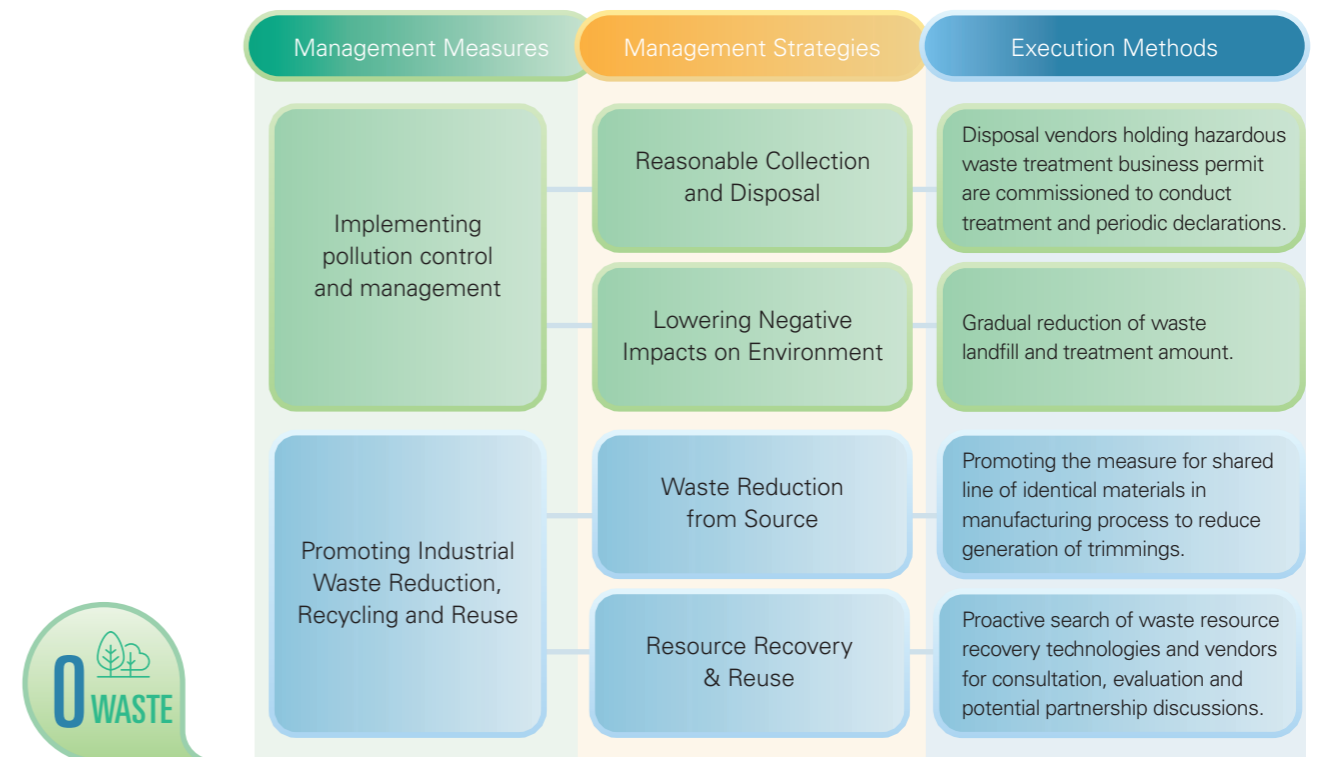


As the waste categories relating to the footwear industry are relatively complex, the Company focuses on waste management objectives, with emphasis on legal removal and treatment and reduction of negative environmental impact, and formulates a long-term management approach for waste reduction at source and reuse of resources.

All wastes in the factories must be transported and treated by qualified vendors certified by the government in accordance with local laws and regulations; reusable wastes are sorted and collected with reference to the classification items of brand customers.

At the same time, the Company is actively exploring ways to recycle the waste shoe materials generated from shoe factories. In 2023, the Company worked with See Green Industrial Co., Ltd and applied for the qualification of waste recycling case. In January 2024, the Company was granted the qualification of recycling case for waste shoe materials from the Ministry of Economic Affairs (MOEA) of Taiwan after numerous technical verifications and on-site factory visits by experts and scholars. This is the first qualification of recycling case for waste shoe materials issued in Taiwan. Other recycling technologies are also under research and testing. Since 2024, See Green Industrial Co., Ltd has been assisting the Group in recycling some of the Group's footwear wastes and together, a joint venture has been established. The collaborative project remains actively underway, while other related reuse technologies continue to be developed and tested, to assess and assist in the treatment of wastes from the Group's overseas production plants in the future.

To promote waste reduction and resource recycling, the Company has established education and training mechanisms that cover waste declaration management as well as on-site implementation. During the product development and process planning stages, waste reduction concepts are incorporated in alignment with customer requirements. Through material optimization and recycling/reuse planning, the amount of waste generated during the production process is reduced. On the institutional level, the Company has implemented an online waste declaration management system to improve the accuracy of waste data collection across all Group factories, while simultaneously verifying the legal qualifications of waste disposal vendors and the validity of waste contracts to ensure the legality of waste management at each site. On the execution level, each business unit develops waste classification principles and reduction directions, with factory-level managers responsible for conducting employee education and promotion to strengthen the implementation of classification and management requirements. The Company will continue to enhance the effectiveness of waste reduction and classification management through ongoing source control and education and training, while also raising employees' awareness of waste reduction.



# Chapter 05

# Environmental Sustainability

## Waste Classification and Treatment

Wastes in the factories are mainly classified into hazardous (toxic, inflammable, corrosive, etc.) and general wastes, and general wastes can be further divided into three types of wastes, namely general industrial wastes, reusable wastes and household wastes. There are six types of wastes disposal methods which include landfill, incineration, incineration-thermal energy recovery, reuse, solidification and chemical treatment. The Recycle Material Control Center ("RMCC") is established within the factory area, where uniform collection, classification, measurement and reporting is performed.

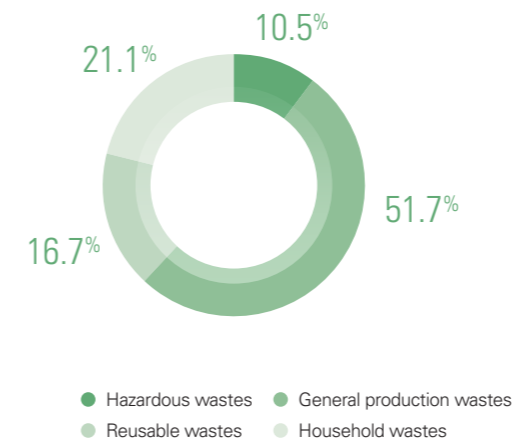
The total volumes of wastes handled by Yue Yuen in 2025 were 95,061.7 metric tons, of which 10,001.1 metric tons were hazardous wastes and 85,060.5 metric tons were non-hazardous wastes. 100% of wastes generated were disposed of in accordance with the local government's regulations on wastes, and assigned to local compliant service providers with regular confirmation of handling process to ensure that the wastes were properly handled.

A local qualified disposal service provider is engaged for general production wastes disposal. As for the hazardous production wastes, the Group follows local laws and regulations of the operation to identify, classify and store such wastes in a dedicated hazardous waste storage area, and appoint dedicated staff to manage. Local recycling companies that have hazardous industrial waste disposal operation licenses are engaged to handle subsequent delivery and processing.

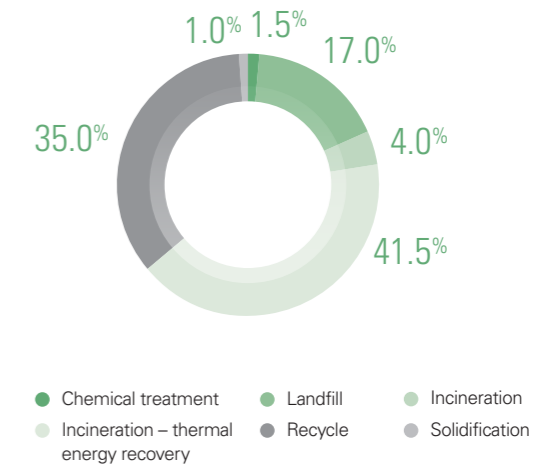
To ensure proper disposal of wastes by disposal service providers, the local administration center, in cooperation with the waste production factories, regularly performs waste removal and disposal follow-up operations, and records information on waste collection and waste delivery on the same day to ensure the effective commissioning of waste removal and disposal.

- ✓ The waste-generating unit is responsible for recording the types and weight of waste produced, and log the data into the "Online Waste Declaration Management System."
- ✓ The BU/ACSD is responsible for reviewing and verifying the waste data declared in the system.
- ✓ The responsible supervisor of the corresponding BU/ACSD unit shall conduct audits to ensure the accuracy of both the regulatory classification and the weight of waste reported by each plant.
- ✓ The Functional Team is responsible for compiling and statistically analyzing the data. Following third-party verification of the data, the waste generation figures are disclosed externally.

Proportion of wastes by categories (%)



Proportion of wastes by waste treatment methods (%)

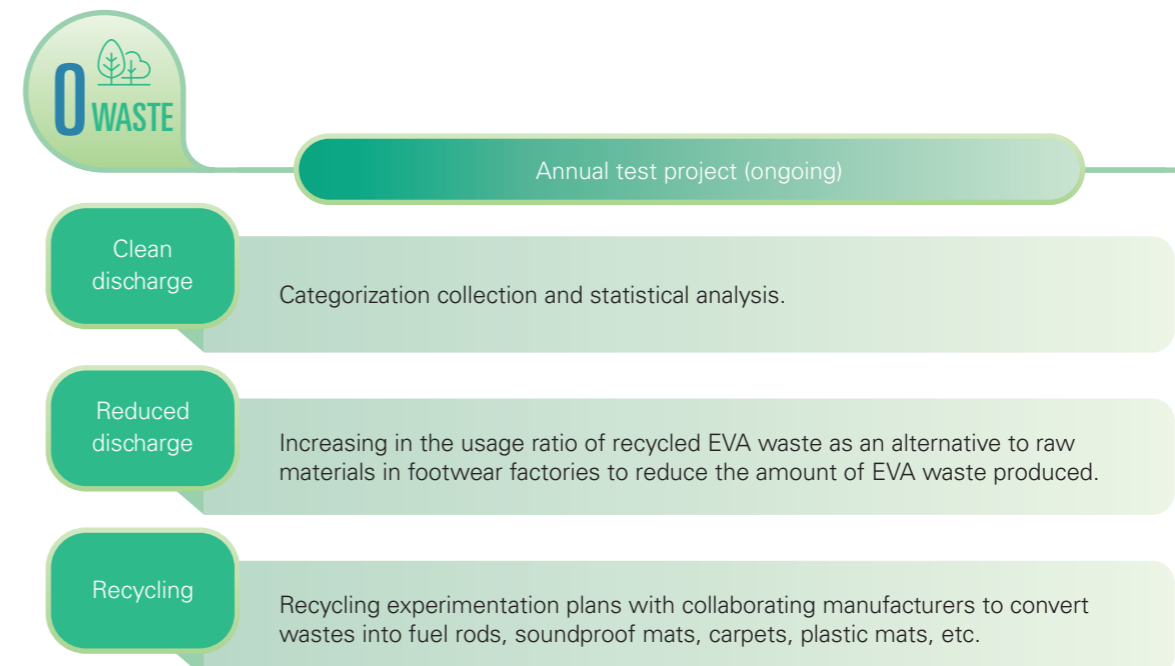


## Waste Intensity

The footwear production bases of Yue Yuen are mainly in Mainland China, Vietnam and Indonesia, accounting for more than 90% of total shipment. Therefore, the waste intensity of footwear production is estimated based on that of Mainland China, Vietnam and Indonesia. Based on the total amount of waste, it was estimated that the density of hazardous waste was approximately 0.04 kg/pair of shoes; the density of general waste was approximately 0.38 kg/pair of shoes.

## Recycling Rate of Process Waste

Yue Yuen continues to commit to developing and introducing recycling technologies for direct process wastes, covering nine categories of direct process wastes, including waste EVA, waste TPU, waste rubber, waste foam, waste trimmings, waste paper, waste shoes, waste uppers and industrial wastes. In 2025, the recycling rate for direct process waste was 34.8%, representing a decrease of 1.4 percentage points from 36.2% in 2024. The decrease was primarily due to adjustments in the treatment structure at our largest production base in Indonesia. The disposal method for certain bulk waste materials, such as waste foam, was shifted from recycling to incineration with heat recovery. In response to this challenge, the Company remains committed to developing new partnerships for circular economy solutions and promoting waste reduction at the source. Our goal is to further increase the recycling rate by 3 percentage points, reinforcing our dedication to advancing the circular transition.



## Chapter 05

## Environmental Sustainability

Weight table of various types of waste treatment in the production areas

Unit: metric tons

Region	Year	Hazardous wastes	Non-hazardous wastes			Total
			General industrial wastes	Reusable wastes	Household wastes	
Mainland China	2025	829.5	5,331.9	1,290.1	483.3	7,934.8
	2024	855.0	5,331.7	1,593.9	291.5	8,072.1
	2023	839.6	3,657.4	1,183.7	279.1	5,959.8
Vietnam	2025	3,642.1	17,225.1	7,572.8	10,460.6	38,900.6
	2024	3,202.2	16,597.2	6,739.3	9,154.3	35,693.0
	2023	1,178.7	15,588.7	3,067.5	5,266.3	25,101.2
Indonesia	2025	4,033.7	24,475.9	6,855.9	8,360.6	43,726.1
	2024	2,871.5	23,033.4	3,702.5	7,226.4	36,833.8
	2023	2,070.4	17,208.4	3,099.7	5,433.5	27,812.0
Cambodia, Bangladesh and Myanmar	2025	1,495.9	2,155.0	112.5	736.8	4,500.2
	2024	1,450.5	1,902.5	142.8	534.2	4,030.0
	2023	1,232.7	1,298.6	273.4	509.4	3,314.1
<b>Total</b>	2025	10,001.2	49,187.9	15,831.3	20,041.3	95,061.7
	2024	8,379.2	46,864.8	12,178.5	17,206.4	84,628.9
	2023	5,321.4	37,753.1	7,624.3	11,488.3	62,187.1

Note 1: The amount of household wastes for employees in Mainland China is estimated based on the number of employees \* 0.25 kg/person.

Note 2: Waste statistics are all off-site treatment statistics.

Weight table of waste treatment by treatment method in the production areas

Unit: metric tons

Type	Region	Year	Landfill	Incineration	Incineration – thermal energy recovery	Recycle	Solidification	Chemical processing	Total
Hazardous waste	Mainland China	2025	0.0	0.0	829.5	0.0	0.0	0.0	829.5
		2024	0.0	36.8	818.2	0.0	0.0	0.0	855.0
		2023	0.0	0.0	818.0	21.6	0.0	0.0	839.6
	Vietnam	2025	8.9	1,034.3	1,822.9	452.2	323.8	0.0	3,642.1
		2024	6.6	2,260.0	475.4	376.1	84.1	0.0	3,202.2
		2023	5.6	576.0	452.4	144.7	0.0	0.0	1,178.7
	Indonesia	2025	726.0	169.5	1,827.5	1,310.7	0.0	0.0	4,033.7
		2024	602.7	174.2	1,081.9	903.7	109.0	0.0	2,871.5
		2023	703.6	1.1	890.6	475.1	0.0	0.0	2,070.4
	Cambodia, Bangladesh and Myanmar	2025	94.8	0.0	28.8	56.2	0.0	1,316.1	1,495.9
		2024	67.6	0.0	27.0	43.3	0.0	1,312.6	1,450.5
		2023	68.2	0.0	12.4	43.0	0.0	1,109.0	1,232.6
Non-hazardous waste	Mainland China	2025	0.0	0.0	4,629.1	2,476.2	0.0	0.0	7,105.3
		2024	0.0	798.6	3,686.3	2,732.2	0.0	0.0	7,217.1
		2023	0.0	0.0	3,239.4	1,880.8	0.0	0.0	5,120.2
	Vietnam	2025	7,109.3	2,211.9	11,570.2	13,693.7	673.4	0.0	35,258.5
		2024	8,375.8	3,739.5	8,945.9	10,769.4	660.2	0.0	32,490.8
		2023	3,393.0	4,123.0	8,256.7	8,149.9	0.0	0.0	23,922.6
	Indonesia	2025	6,991.5	0.0	18,278.0	14,422.9	0.0	0.0	39,692.4
		2024	5,703.1	0.0	15,083.7	13,175.5	0.0	0.0	33,962.3
		2023	4,750.1	0.0	12,533.0	8,458.5	0.0	0.0	25,741.6
	Cambodia, Bangladesh and Myanmar	2025	1,237.7	351.0	508.7	906.9	0.0	0.0	3,004.3
		2024	1,242.5	169.5	447.6	719.9	0.0	0.0	2,579.5
		2023	931.5	162.3	321.3	666.3	0.0	0.0	2,081.4
<b>Total</b>	2025	16,168.2	3,766.7	39,494.7	33,318.8	997.2	1,316.1	95,061.7	
	2024	15,998.3	7,178.6	30,566.0	28,720.1	853.3	1,312.6	84,628.9	
	2023	9,852.0	4,862.4	26,523.8	19,839.9	0.0	1,109.0	62,187.1	

Note: Waste treatment is conducted in accordance with regulations by means of landfill, incineration, incineration-thermal energy recovery, recycling and chemical processing, etc., rather than by on-site storage or composting.

5.5 Air Pollutant Management

Management of Material Topics

What it means to Yue Yuen



Air pollutants include volatile organic compounds VOC, sulfur oxides (“SOx”), nitrogen oxides (“NOx”) and particulate pollutants from biomass fuel boiler gas. Fuel boiler flue gas is discharged through pipes and is regularly inspected to meet emission standards, while the VOCs are treated by establishing pollution prevention facilities in accordance with environmental laws and regulations of each country, and are discharged directly after meeting local emission standards.

Impact



**Positive impact**

- **Actual:** Reduce the impact of pollution on the environment and ensure the health and safety of employees and communities.
- **Potential:** Improve air quality and reduce acid rain.



**Negative impact**

- **Actual:** The production bases fail to properly treat air pollutants, which will pollute the environment.
- **Potential:** Risk of violating environmental laws and regulations, which affects operations and corporate image.



**Policy and Commitment**

- “Guidelines on Management and Control of Air Pollutants”
- Adopt the compliance with local emission standards as the baseline, and strive to reduce the impact of industrial activities on employees and residents in the vicinity of the factories.
- Comply with and conform to regulations on environmental protection, safety and health and other requirements, and formulate and implement operating procedures accordingly



**Indicator and Target**

- Install prevention equipment and conduct air pollution emission testing in accordance with local regulations to ensure compliance with local emission standards and reduce the impact of air pollution emissions on the environment. (In 2025, all air pollutant emissions were in compliance with local regulations, with no violations of emission standards)
- Set up source control mechanism for prevention equipment, and conduct inventory and operation optimization of equipment type and operation parameters to ensure the processing efficiency of equipment already installed. (A total of 31 prevention equipment reviews were completed in 2025)



**Actions**

- Establish equipment design review and control mechanism and factory environmental risk checking mechanism.
- In 2025, 31 pieces of air pollution prevention equipment such as dust treatment systems, activated carbon adsorption facilities were purchased, in accordance with the PRC government’s policies on the renewal and replacement of inefficient processes and technologies.
- In accordance with the factory environmental risk checking mechanism, evaluate the installation requirements of pollution prevention facilities for high-risk events and carry out related improvement projects in advance to ensure that the treatment technology, quantity, and treatment efficiency of the air pollution prevention equipment installed at the factories can meet the requirements of local regulations.



**Evaluation Methods**

- Monthly environmental compliance risk check and improvement rate: the annual implementation rate of internal environmental risk assessment in 2025 was 100%. There are 479 incidents of risk management of air pollution, and the completion rate of improvement is 99.8%, which will be continuously tracked and managed.
- The Company’s semi-annual management review and reporting meetings, and quarterly Environmental Energy and Safety and Health Committee meetings.



**Stakeholder Engagement**

Regular or irregular communication and interaction in accordance with the stakeholders’ engagement mechanism, as well as disclosure of information in the ESG Report, relevant platforms or websites.



**Sustainability Indicators**

HKEx KPI A1

GRI 305

SDG 12

Chapter 05

Environmental Sustainability

Air pollutants from footwear include VOC, SOx, NOx and particulate pollutants from fuel boiler gas. With respect to the prevention and management of air pollution, the Company has formulated the “Guidelines on Management and Control of Air Pollutants”, adopted the compliance with the local emission standards as the baseline, and strived to reduce the impact of industrial activities on employees and residents in the vicinity of the factories. The Company has strengthened its daily environmental management efforts in terms of management, carried out complex pollution prevention and control projects and conducted air pollution emission tests in accordance with the requirements of local competent authorities to ensure compliance with the emission standards stipulated by local laws and regulations.

Since the fuel boilers at overseas production bases have gradually been outsourced, the control of Volatile organic compound (VOC) generated from the manufacturing process has also gradually changed from fugitive emissions to pipeline collection and treatment. For the management of VOC emissions, the Group has complied with the environmental assessment requirements stipulated by the competent authorities in every production base and has set up regulatory-compliant and effective collection and treatment facilities. For the production bases in Mainland China, in addition to establishing facilities for comprehensive treatment and purification, the Group has gradually installed online monitoring facilities to tighten its management on air pollutant emission, so as to assume the corporate responsibility of improving air quality in the local areas.

**Air pollutant emission from footwear manufacturing bases through collection and treatment pipes**

Region	Year	Particulate (Kg/year)	SO2 (Kg/year)	NOx (Kg/year)	VOC (Kg/year)
Mainland China	2025	3,799.6	29.4	6,560.1	26,026.5
	2024	4,140.6	15.0	3,133.4	4,969.9
	2023	6,095.0	5.9	2.4	5,940.4
Indonesia	2025	15.5	65.7	240.5	0.0
	2024	365.5	569.3	1,721.9	0.0
	2023	732.3	1,408.5	4,241.3	0.0
Vietnam	2025	28,459.9	2,281.1	49,963.5	0.0
	2024	2,133.0	5,873.5	15,136.8	0.0
	2023	1,860.9	1,559.4	3,788.5	0.0
<b>Total</b>	2025	<b>32,275.0</b>	<b>2,376.2</b>	<b>56,764.1</b>	<b>26,026.5</b>
	2024	6,639.1	6,457.8	19,992.1	4,969.9
	2023	8,688.2	2,973.8	8,032.2	5,940.4

Note: Calculation of air pollution emissions: Mainland China applied the statistics of air pollution fees declared by government authorities; Indonesia applied the data inference from the semi-annual emission test report of boilers. The significant decrease in emissions in 2025 was due to the decommissioning of certain boilers in Indonesia. As required by the government, data for Vietnam up to and including 2024 were compiled from boilers online monitoring. Starting in 2025, emissions are estimated using data from boiler emission test reports.

# Chapter 06

# Responsible Production

Stakeholders are increasingly concerned about whether companies take into account the management of social and environmental issues in their procurement and manufacturing process, so as to reduce cost, prevent damages to reputation and mitigate the risk of supply interruptions. Yue Yuen incorporates the ESG performance of suppliers into the selection and management process, and creates a sustainable and resilient supply chain by establishing a responsible and transparent supply chain management framework. In addition, we follow the chemical management systems of brand customers to ensure safe use of products.

## 6.1 Raw Materials Procurement

### Selection of Raw Materials

The selection of raw materials is an indispensable element in the manufacture of quality products. Yue Yuen provides product manufacturing services for international quality brands and attaches importance to any customer requirements for product quality. From product development and design to manufacturing, raw materials are selected in strict compliance with the specifications of relevant international products and brand customer material, the requirements of relevant organizations such as Restricted Substance List ("RSL") and Zero Discharge of Hazardous Chemicals ("ZDHC"). At the same time, the Group actively adopts materials that conform to the requirements of brand customers for environmentally sustainable materials (including third-party verified sustainable and renewable or recyclable raw materials). For the procurement management of raw materials, the Group not only requires material suppliers to sign commitment documents for zero use of prohibited and restricted substances and provide RSL test reports for materials that meet the brands' specifications, but also conducts sample tests on specific materials to ensure that the quality meets the requirements.

### Establishing a Restricted Substances List ("RSL")

Various chemicals, including but not limited to melt glue, leather treatment agents, accelerators and activators, are used in the process of leather, cloth and sole treatment, sewing and gluing for all kinds of shoes. In order to prevent the negative impact of chemicals on human health and the natural environment, Yue Yuen follows the Restricted Substances List ("RSL") provided by various international brands, the RSL announced by the "Apparel and Footwear International RSL Management ("AFIRM") Group" and the MRSL published by the ZDHC, to control the restricted substances in the raw materials purchased according to the limit of the above regulations, and regularly update the restricted substances lists for companies on an annual basis according to the requirement of the brands.

The procurement department of Yue Yuen strictly requires all raw material suppliers, in cooperation with designated laboratories, to provide samples of all raw materials for testing in accordance with the specified test standards. Only qualified raw materials with test reports would be purchased, and all test reports are valid for one year. Suppliers are required to conduct regular testing to ensure that test results are in compliance with the standards.

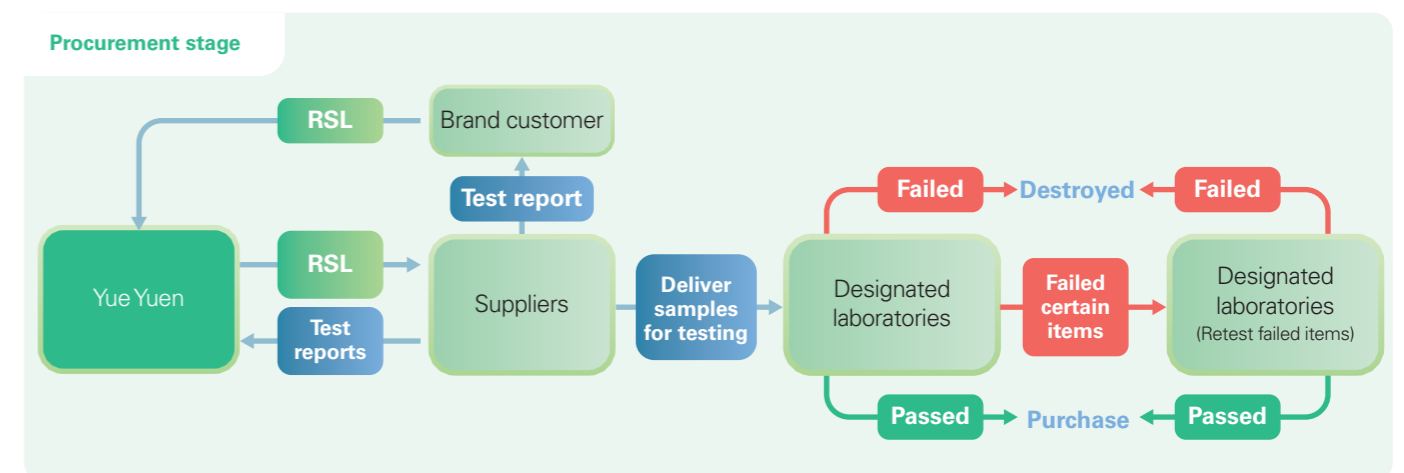
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		Nike	Adidas	VF	Decathlon
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### Prohibited Substances

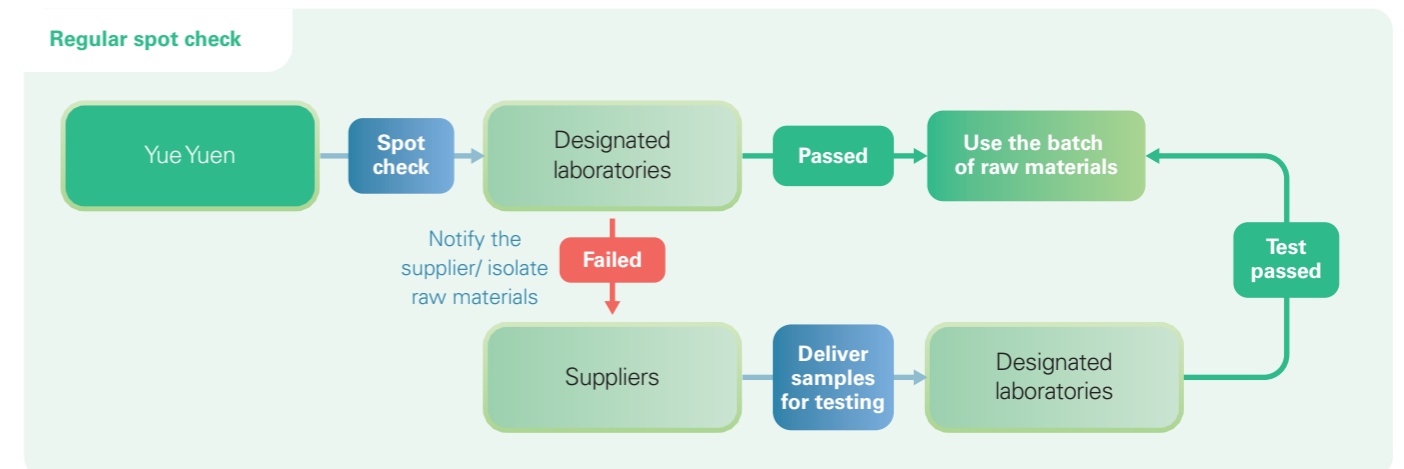
Polyvinyl chloride (PVC), perfluorochemicals (PFCs) and volatile organic compounds (VOCs) are globally recognized hazardous chemicals, and some manufacturers have already complied with the Conflict Minerals Reporting Template ("CMRT") in prohibiting the use of chemicals such as PVC or Hydrocarbon Solvent. Under the guidance of brand customers, Yue Yuen has, in addition to not purchasing substances prohibited by the brands, also initiated projects in chemical reduction and optimization of prohibition target, by reducing the use of specified chemicals or finding alternatives.

### Test Methods (Laboratories Designated by Brand Customers)

In order to ensure that the concentration of restricted substances in samples and products is within the limit of the regulations, Yue Yuen follows the usage proportion limit set by the brand customers and requires raw material suppliers to deliver samples to designated laboratories for testing in accordance with specific testing standards, to ensure that all raw materials do not contain hazardous substances or exceed the limits under the RSL regulations. In addition, Yue Yuen requires that all raw material samples must be delivered to the testing locations (where the laboratory is located) within the country of origin of the raw materials for testing, instead of being delivered to other countries. The test results of all samples will be simultaneously sent to Yue Yuen and the brand customers, and products will only be purchased if the test results are in compliance with the requirements. The test report of each chemical is valid for 12 months, but for the suppliers with any record of failed sample test results, all of their test reports are only valid for 6 months, and Yue Yuen will also conduct spot tests on raw materials on a monthly basis during such periods.



### Raw materials will only be purchased and used on an ongoing basis if the tests are passed



Yue Yuen adopts a two-stage management measure for the control of restricted substances: (1) if failed the pre-purchase test, the batch of raw materials/chemicals will not be purchased; (2) if passed the pre-purchase test, regular spot checks will still be carried out, failing which the factory will immediately isolate the batch of raw materials and deliver to the laboratories designated by the brand customers for re-testing. The raw materials will not be used until they pass the test, and the test report will be kept for 10 years for traceability.

### Management Labeling and Storage of Chemicals

Attaching great importance to the safety of people and environmental protection, Yue Yuen has formulated the “Chemical Management Operation Guidelines” as the basis for chemical processing and storage to reduce the risks of harm caused by chemicals. All suppliers of the chemicals we purchased shall provide Material Safety Data Sheet (SDS) which contains the information of each chemical.

In order to manage all chemicals in a unified manner, a regularly updated inventory list is prepared in each factory of Yue Yuen, which records the name, composition, capacity, supplier name, storage location, production/storage date, shelf life and other information of the chemical. The chemicals are stored in designated warehouses that are dry, ventilated, and free from direct sunlight, and are strictly controlled by dedicated staff. Hazard labels are posted on all chemical containers, and SDS are posted in a conspicuous place within one meter of the storage location of chemicals in the warehouses.

All chemicals are used in accordance with the principle of “first in, first out” to ensure that they are used up before expired or gone bad. The designated warehouses are equipped with fire extinguishers, exhaust fans, lightning protection devices, eye washers and leakage prevention devices.

### Staff Education and Training

Regular education and trainings are necessary for ensuring the safety of chemical users and employees who may be exposed to hazardous chemicals in their workplaces. Yue Yuen conducts chemical leakage drills half yearly and holds chemical education and training courses every year, to improve employees’ basic knowledge of chemicals and emergency response capabilities. We help employees learn more about emergency response measures to reduce the likelihood of disasters that may be caused by hazardous chemicals. At the same time, Yue Yuen also actively follows the online training courses recommended by brand customers to understand the latest RSL list policy and practices, chemical/sample testing methods, review process, chemical management and other information of the brand customers. The relevant courses include brand-integrated ZDHC training, AFIRM chemical materials and toolkits as well as ZDHC online training platform.

### Procurement of Raw Materials for Footwear Manufacturing

The raw materials used in the footwear manufacturing industry can be broadly categorized as upper materials and sole materials. Upper materials consist of knitted fabrics (woven fabrics/non-woven fabrics), chemical raw materials, natural leather, synthetic leather and related accessories. Sole materials (chemicals) primarily include rubber, EVA resin (ethylene/vinyl acetate copolymer), and TPU resin (polyurethane). All relevant materials must conform to the standards set by brand customers, such as passing relevant third-party physical property tests and must not appear on the Manufacturing Restricted Substance List. In recent years, the Group has been actively working with its business partners to explore the application of various environmentally friendly materials in footwear.

Brand customers conduct promotional training every year on their environmental and sustainable materials policies as well as related management requirements, to help suppliers understand the latest regulations and implementation standards. The Company actively cooperates with customer training arrangements by assigning personnel from relevant units to participate in courses and briefings. The Company reviews its internal raw material management and procurement processes according to customers’ policies to ensure that the materials used comply with the environmental and sustainability requirements of the brands. Through continuous participation in brand training and information updates, the Company strengthens its understanding of sustainable materials trends and regulations, and incorporates these requirements into internal management operations, thereby enhancing overall supply chain compliance and sustainability management capabilities.

In 2025, the Group purchased a total of approximately 347,600 tons of raw materials for footwear manufacturing, of which 262,800 tons were non-renewable materials and approximately 84,800 tons were renewable materials.

The weight of each preferred raw material is presented based on the purchase amount as follows:

Preferred raw material	Type	Weight (10,000 tons)	Risk Management and Response Measures
1	Natural leather	1.52	The most significant environmental and social factors likely to affect natural leather production are greenhouse gas emissions from livestock farming, land use change, and animal welfare issues. These may lead to operational risks such as restricted raw material supply, stricter regulatory and brand requirements, while also presenting opportunities arising from the growing demand for low-carbon and responsible leather. The Company addresses these factors by promoting traceable leather sources, adopting certified materials (e.g., LWG), and collaborating with suppliers to improve environmental and animal welfare management.
2	Textiles and plush fabrics	3.02	The most significant environmental and social factors likely to affect textiles and plush fabrics are high water consumption, chemical usage, and labor condition risks. These may impact supply stability and compliance costs, while also presenting market opportunities for recycled fibers and low environmental impact materials. The Company addresses these factors by increasing the proportion of recycled and certified materials used, strengthening environmental and labor audits throughout the supply chain, and implementing technical improvements.
3	Chemical raw material	7.33	The most significant environmental and social factors likely to affect chemical raw materials are the regulation of hazardous chemicals, occupational safety, and environmental pollution risks. These may lead to increased regulatory compliance costs and pressure for supply substitution, while also driving opportunities for the application of green chemistry and low-toxicity alternatives. The Company addresses these factors by establishing a list of regulated substances, introducing alternative material assessment mechanisms, and strengthening supplier chemical management to mitigate risks and capitalize on transition opportunities.

Note 1: Strategic suppliers of natural leather are 100% certified by the Leather Working Group (LWG) and the purchase weight is approximately 12,200 metric tons.

Note 2: Yue Yuen started process improvement and system integration from 2019, and the weight information of purchased materials was disclosed in stages depending on the degree of integration.

Regarding product packaging, the Company pays high regard to resource efficiency and environmental impact of packaging materials, and continuously focuses on the trend of green and environmentally friendly materials. In 2025, the Group procured approximately 214 million units (2024: approximately 246 million units) of shoe boxes, including inner and outer boxes, weighing a total of approximately 62,879 tons (2024: 75,089 tons). A box for each pair of shoes (including the external box) weighs an average of 0.00029 tons (2024: 0.00031 tons).

6.2 Supply Chain Management

Management of Material Topics

What it means to Yue Yuen



The purpose is to provide customers with quick-response services, continuously improve manufacturing processes, enhance capacity of flexible production and build a material supply system that responds quickly and keeps up with the market.

Impact



**Positive impact**

- **Actual:** Control costs, increase revenue, lower operational risks and consolidate commercial competitiveness.
- **Potential:** Stability and speed of material supply, while improving the sustainable management of the Company's overall supply chain.



**Negative impact**

- **Actual:** Unstable supply of raw materials due to supplier's non-compliance with the Group's requirements or regulations.
- **Potential:** The Group's image may be affected indirectly.



**Policy and Commitment**  
Supplier Management Policy

- Improving supplier management
- Supply chain management

**Supplier-Friendly Workplace Guidelines**

- Strengthening the management mechanism for procurement
- Innovation and R&D



**Indicator and Target**

- Strengthening supply chain management/improving manufacturing process/innovative design, to serve manufacturing/customers in the most innovative way. 2025 goals:
- Improving supplier management: (1) rapid response in the supply chain (local for local procurement); (2) multi-country layout of suppliers; (3) procurement trend analysis and response.
- Strengthening the management mechanism for procurement: (1) optimizing the procurement process; (2) improving system management efficiency; (3) refining project contracting.



**Actions**

- Adhere to the procurement principle of "local development and local supply", and actively cooperate with local suppliers.
- Evaluate suppliers' performance regularly and implement hierarchical management.
- Establish an online database for innovative footwear materials and promote innovative and green products internally.
- Launch SAP ERP system.
- Continue to implement supplier contract signing to ensure the rights of both parties and legal compliance.

- Evaluate the overall performance of suppliers according to quantitative indicators such as quality and sustainable development, and hold discussion for improvement plan to intensify the management.
- Through the supplier product exhibition, the Group's R&D staff and suppliers can face to face discuss and share information of innovative materials, automatic production equipment information and environmental protection and energy conservation issues.
- Strengthen the supply chain system of the Group; improve the supplier management mechanism; refine the procurement contracting process.
- Focus on supplier development and expand programmes on supplier carbon management counselling, occupational disaster risk reduction and the development of a grievance mechanism, in order to enhance the competitiveness of the Group's suppliers and increase the value of the overall supply chain.



**Evaluation Methods**

Report at regular meetings, review target achievement rates, and continue to promote material procurement management and supplier management according to established goals.



**Stakeholder Engagement**

Business communication/e-mail and telephone contact, regular assessment and review meetings with suppliers.



**Sustainability Indicators**

HKEx KPI B5.2, B5.3 & B5.4

GRI 308/414

SASB

CG-AA-430a/430b/440a/000.A

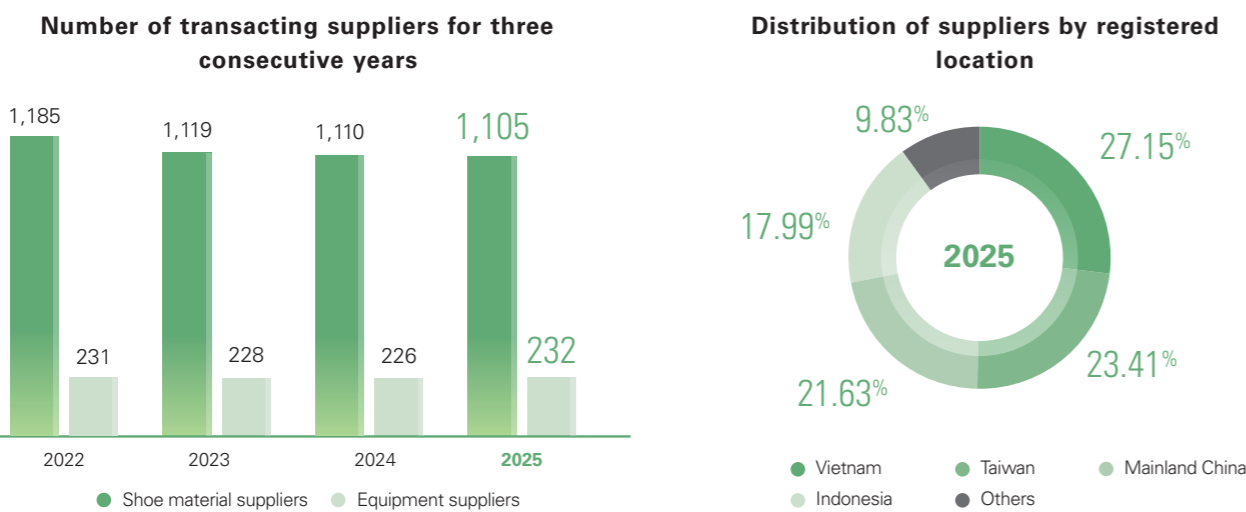
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# Responsible Production

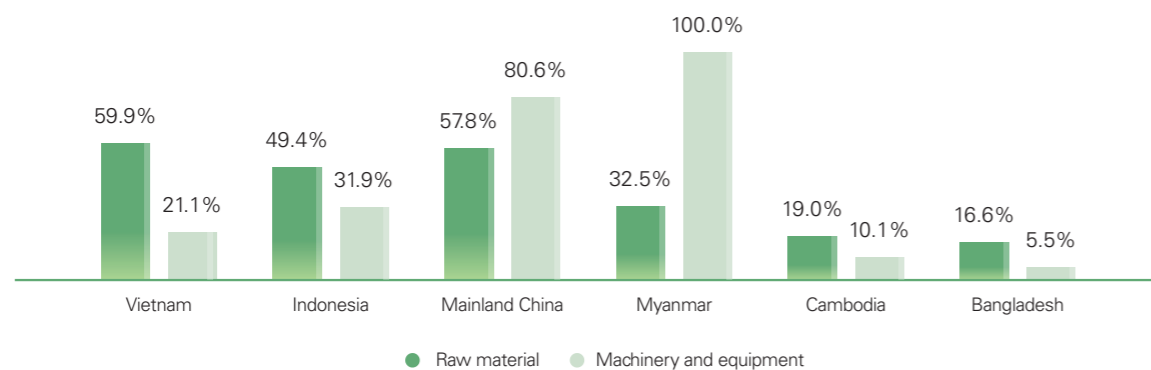
Adhering to the Company’s long-standing business philosophy, the Company understands that mutual growth with suppliers is the key factor in implementation of sustainable supply chain management. In recent years, through integration of resources and cooperation in know-how and technology, the Company connects the upper, middle and lower streams of the footwear manufacturing industry to continuously establish a complete supply chain system of the Company. By focusing on local and flexible supply, we expect to shorten our delivery time and respond quickly to the market demand, thereby enhancing brand customer satisfaction. On the other hand, the Company also works together with our brand customers and business partners on the issues of application of innovative materials and environmental sustainability.

In 2025, the Company had a total of 2,196 Tier 1 suppliers<sup>note</sup>, primarily footwear and equipment suppliers. The chart below shows the number of suppliers who have maintained transactions for three consecutive years under the main categories, demonstrating the stability and quality of the Company’s suppliers. Furthermore, there were no significant changes in the location, supply chain structure or supplier relationships of footwear material and equipment suppliers in 2025 compared to that in the previous year.



### Local Purchase

The Company’s footwear production bases are located in Mainland China, Vietnam, Indonesia, Cambodia, Myanmar and Bangladesh. In line with the brand strategy and to respond quickly to market demand, the Company follows the procurement principle of “local development and local supply”, and actively cooperates with local suppliers in order to reduce supply risks, operating costs and carbon emissions associated with transporting good from remote locations.



Note: Tier 1 suppliers are defined as suppliers with which the Company directly transacts. Suppliers beyond Tier 1 are the primary suppliers of these Tier 1 suppliers. At this stage, the Company has not yet implemented management over suppliers beyond Tier 1.

### Supplier Management Policy

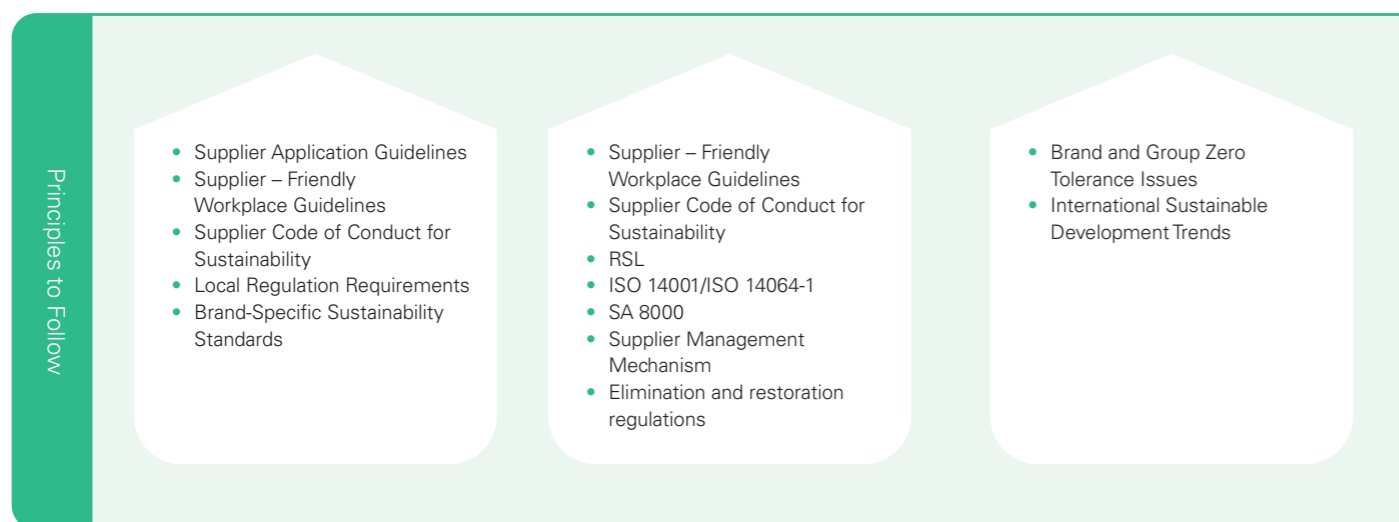
Yue Yuen regards integrity and compliance as the cornerstone of cooperation with its suppliers. All suppliers must abide by local laws and contract commitments, as well as taking labor rights, occupational health and safety, and environmental compliance as one of primary considerations. Through a supplier audit mechanism, we vet and select supplier partners, and regularly evaluate their overall performance. Based on these evaluations, we implement a tiered guidance program and track their improvement progress. This process not only enhances supply chain efficiency but also helps us identify outstanding partners and competitive products, creating sustainable business opportunities for mutual growth and shared success.

Contract Execution	Audit Mechanism	Selection Mechanism
<ul style="list-style-type: none"> <li>Non-Disclosure &amp; Product Security Undertakings</li> <li>Ethical Dealing Agreement</li> <li>Customs Compliance Undertaking</li> </ul>	<ul style="list-style-type: none"> <li>Passing the audit is a prerequisite before becoming a partner supplier</li> <li>New suppliers are subjected to on-line or on-site inspection</li> <li>In accordance with ISO14001, Supplier Sustainable Development Management is driven by 12 audit criteria in 3 categories</li> </ul>	<ul style="list-style-type: none"> <li>Carry out supplier confirmation through a survey system and establish MDA system for rigorously screening the qualifications of new suppliers</li> </ul>
Performance Assessment	Counseling and Communication	Supplier Development
<p>Regularly evaluate and grade supplier’s performance with the quantitative matrix of quality, cost, delivery, service, innovation and R&amp;D, and sustainability</p>	<ul style="list-style-type: none"> <li>Regularly review supplier performance through supplier evaluation</li> <li>Provide guidance and support suppliers on issues such as environmental protection, occupational health and safety, and fire safety to comply with local laws. Roll out energy saving and waste reduction programs</li> <li>Communication and dissemination of Group’s policies</li> </ul>	<ul style="list-style-type: none"> <li>Introduce competitive products from suppliers to brand customers/factories</li> <li>Establish sustainable Supply Chain Management system</li> </ul>

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# Responsible Production

## Supplier Management System and Framework



## Supplier Review

The Company actively implements supply chain management initiatives, setting up dedicated units and personnel, conducting internal and external training to obtain professional qualifications in various fields, as well as performing risk assessment and audit verification on suppliers' environmental, safety and health and human rights management pursuant to local regulations and international standards (RSL, ISO14001, ISO14064, ISO45001, SA8000, etc.), requirements of brand customers, and the code of the Company (Supplier Friendly Workplace Guidelines, Supplier Code of Conduct for Sustainability, etc.), to verify the compliance with laws of suppliers and establish long-term and efficient cooperation relations.

## Compliance with Supplier Code of Conduct for Sustainability

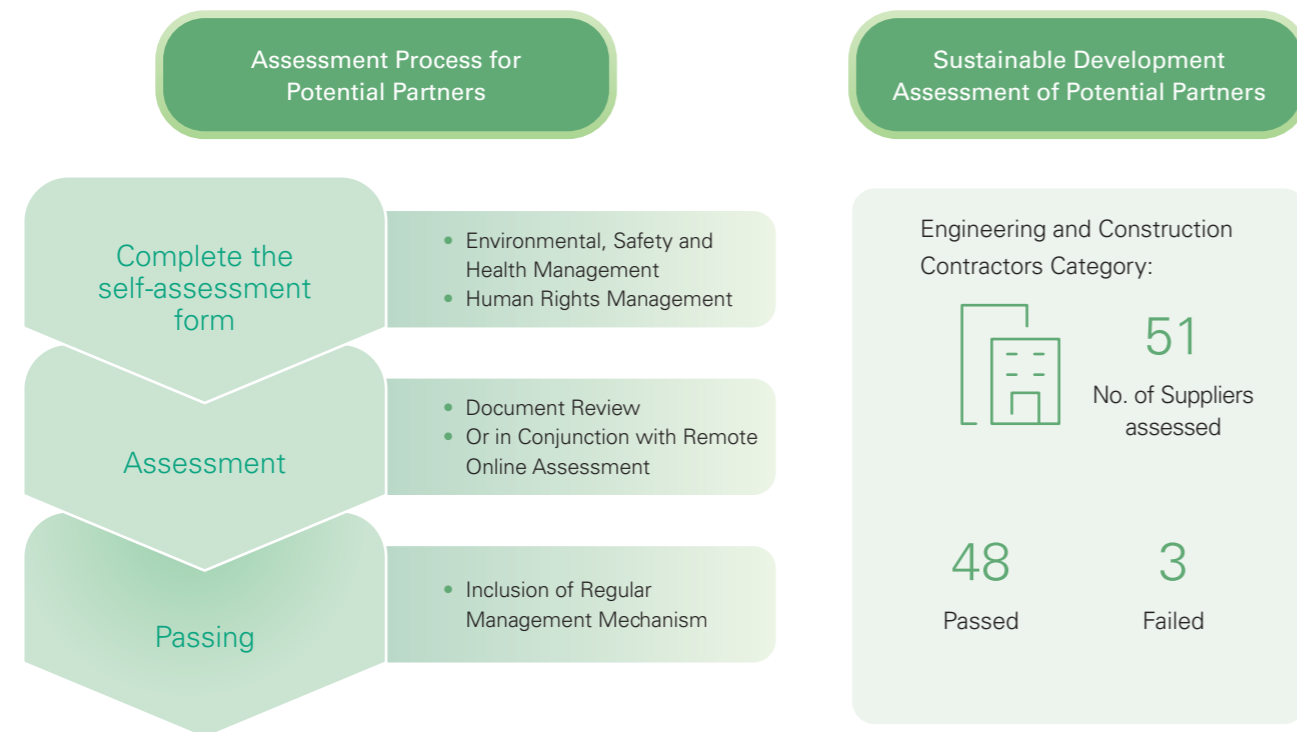
In alignment with international standards and the Company's published codes of conduct, Code of Conduct and Practice Guidelines for Integrity Management, Sustainable Development Code of Practice, Climate Change Policy, and Supplier Friendly Workplace Guidelines, the Company has established the "Supplier Code of Conduct for Sustainability", which covers four key dimensions, being responsible transactions and integrity management, environmental protection and climate action, human rights and labor rights, and health and safety, serving as a critical guideline for sustainable management.

Overview of the Supplier Code of Conduct for Sustainability		
Responsible transactions and integrity management	<ul style="list-style-type: none"> <li>Legal sourcing of raw materials and risk management</li> <li>Continuous improvement and external certification</li> </ul>	
	<ul style="list-style-type: none"> <li>Suppliers shall not, for any reasons, directly or indirectly demand, solicit, promise, pay or accept commissions, kickbacks or any improper benefits, or engage in any other conduct that violates integrity, is unlawful, or breaches fiduciary duties (hereinafter referred to as "Unethical Behaviours"). Upon becoming aware of any personnel engaged in Unethical Behaviours, a supplier shall immediately inform the Company of relevant matters, including the identity of such personnel, the methods of Unethical Behaviours and amounts involved, and shall provide relevant evidence and cooperate with the Group's investigation.</li> </ul>	
Environmental protection and climate action	<ul style="list-style-type: none"> <li>Environmental compliance and regulation</li> </ul>	<ul style="list-style-type: none"> <li>Zero deforestation and biodiversity conservation</li> </ul>
	<ul style="list-style-type: none"> <li>Pollution prevention and waste management</li> </ul>	<ul style="list-style-type: none"> <li>Energy transition</li> </ul>
	<ul style="list-style-type: none"> <li>Water resource management</li> </ul>	<ul style="list-style-type: none"> <li>Scientific carbon reduction and climate governance</li> </ul>
Human rights and labor rights	<ul style="list-style-type: none"> <li>Prohibition of child labor and remedies</li> </ul>	<ul style="list-style-type: none"> <li>Non-discrimination and fair treatment</li> </ul>
	<ul style="list-style-type: none"> <li>Prohibition of forced labor and illegal restriction of freedom of movement</li> </ul>	<ul style="list-style-type: none"> <li>Freedom of association and collective bargaining</li> </ul>
	<ul style="list-style-type: none"> <li>Prevention of violation of laws in the workplace, and prohibition of any form of harassment, discrimination and abuse</li> </ul>	<ul style="list-style-type: none"> <li>Protection of vulnerable workers</li> </ul>
	<ul style="list-style-type: none"> <li>Working hours and wages</li> </ul>	<ul style="list-style-type: none"> <li>Complaint and communication mechanisms</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>Occupational health &amp; safety systems and risk assessment</li> </ul>	<ul style="list-style-type: none"> <li>Medical, First Aid, and Sanitation Facilities</li> </ul>
	<ul style="list-style-type: none"> <li>Chemical and hazardous substance management</li> </ul>	<ul style="list-style-type: none"> <li>Prevention of Occupational Injuries and Illnesses</li> </ul>
	<ul style="list-style-type: none"> <li>Fire safety and emergency response</li> </ul>	

**Sustainable Development Assessment of Potential Partners**

Except for customer designated or specific material suppliers, the Company selects new suppliers in accordance with ISO14001:2015 environmental standards and the Supplier Code of Conduct for Sustainability, and adopts management indicators that comply with local environmental protection, labor and human rights regulations and other preventive measures. 100% of the new suppliers are selected in accordance with these standards. In addition, to ensure that the quality control of incoming materials of each factory meets the requirements of brand standards, all first-tier suppliers must comply 100% with the RSL (Restricted Substances List) standards of the partner brands.

The 2025 potential partner sustainability review targets engineering contractor suppliers. In addition to requiring compliance with the above standards, examines also were conducted on whether their business licenses, environmental, safety and health-related qualifications as well as personnel certificates met the requirements of the laws and regulations, ensuring that 100% of the evaluated suppliers are subject to environmental and social assessment.



Note: The figures in respect of the management and counseling mechanism of the suppliers other than Tier 1 are not available as it is not under control due to the footwear contract manufacturing model industry.

The sustainability review of raw material and machinery equipment suppliers also includes reviewing whether their environmental impact assessments, discharge permits, and pollution prevention measures are functioning properly, and examining their human rights compliance, including: whether contracts, wages, and working hours regulations comply with legal requirements, whether there is a risk of forced labor, and whether a complaint management mechanism has been established. This is combined with remote video audits to verify whether there are comprehensive assessments of safety, hygiene, environmental protection, and fire safety risks at the work site. However, no new raw material and machinery equipment suppliers have been reviewed in 2025. Plans are in place to conduct new supplier reviews in phases in future years.

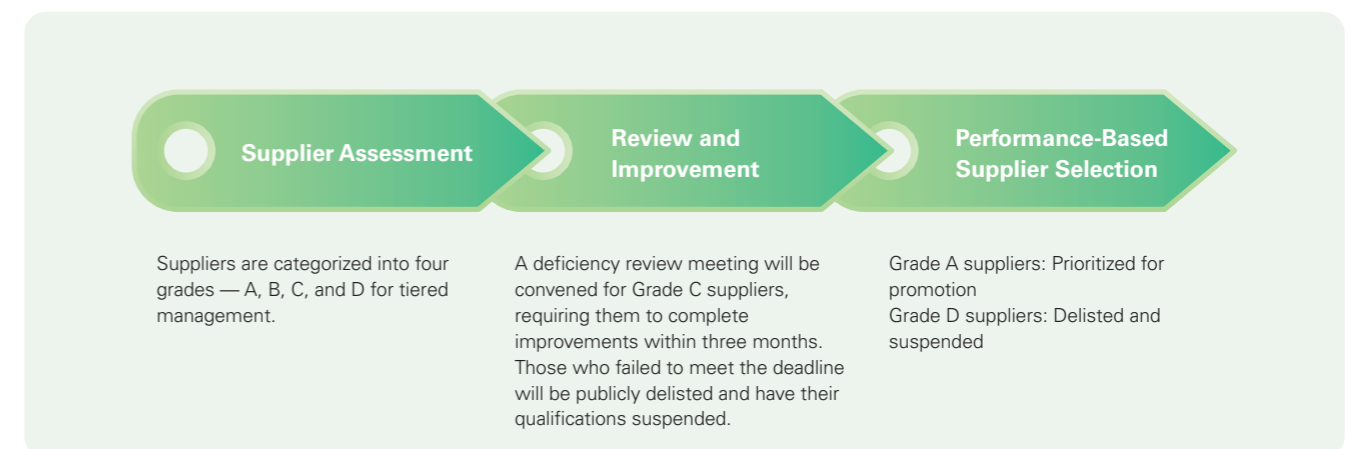
**Supplier Management and Counseling Mechanisms**

In addition to the continuation of the selection criteria in assessing new suppliers, The Company manages existing suppliers regularly according to the brand customers' requirements. In terms of our sustainability management, The Company continuously refines and adjusts our management mechanisms, and among the suppliers which have actual production and direct transaction with us, selects those key suppliers which have strategic cooperation with the Company with large transaction amount as the Tier 1 suppliers for priority management.

Management and counseling methods include regular written assessments, and annual assessment and counseling. The assessment methods cover written confirmation of statutory licenses and permits, environmental, safety and health and human rights related policy documents, labor code of conduct and the derived implementation records, site visits, dormitory inspections, CCTV monitoring, management communication as well as group or individual interviews in non-production areas based on the proportion of the employee count according to the scale of suppliers, in order to gain a comprehensive understanding of the current situation of each supplier and to initiate communication and counseling on non-compliance issues.

Selection of suppliers to be evaluated is based on the Company's procurement strategy, together with the Unified Procurement Management Division or the customer's concern to propose the list of suppliers to be implemented for the current year. As suppliers vary in size, management capability and level of cooperation, the Company will help suppliers who fail to meet our sustainability management standards to improve in this regard. Suppliers who fail to improve within the deadline will be eliminated, in order to establish a quality supply chain management system.

**Supplier Management and Counseling Process**



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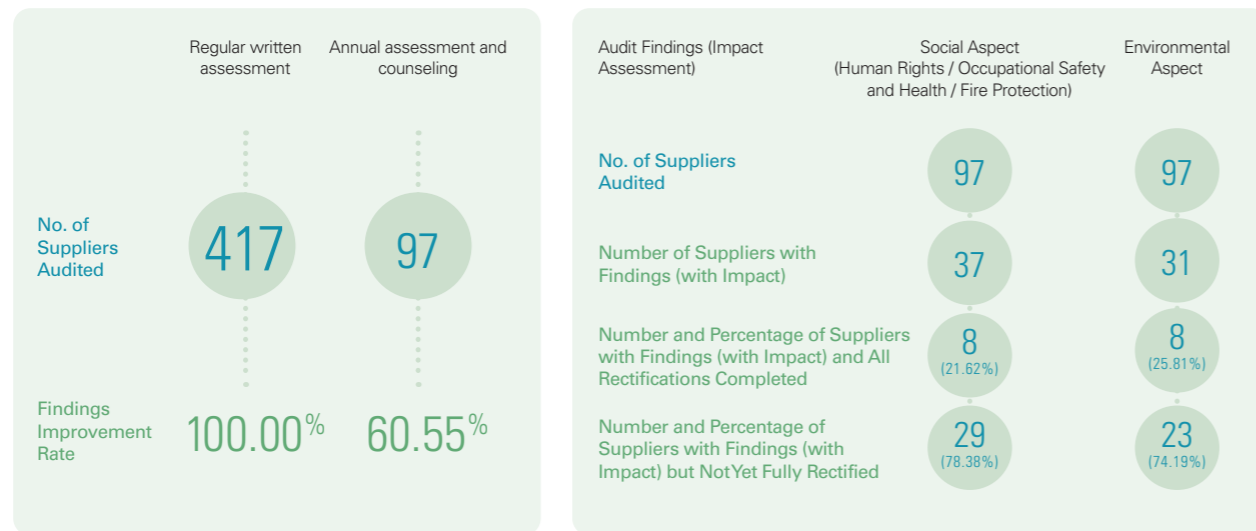
Responsible Production

Despite the inability to intervene in the supply chain mechanisms managed by the brand customers, the Company continues to commit to the compliance risk identification and counseling programs of our Tier 1 suppliers (within the scope of the Company). We require all Tier 1 suppliers to obtain environmental protection related permits and establish a regular inspection mechanism in accordance with the law. A total of 46.04% of the assessed suppliers have manufacturing processes involving generating sewage, and 100% of them obtained statutory permits and installed effective sewage treatment facilities. No abnormalities were reported from regular inspections.

In addition, in 2025, the Company adjusted its regular management indicators for suppliers and added human rights due diligence items to continuously monitor human rights issues related to Tier 1 suppliers.

During the 2025 assessment and counseling, the deficiencies of the suppliers assessed were primarily concentrated in occupational safety and health under the social aspect, followed by human rights-related deficiencies. These human rights deficiencies primarily involved omission of documents and salary and benefits calculations. No material risks of child labor, discrimination, forced labor or prohibition of employees' freedom of association were found among the suppliers assessed. Moreover, 61.86% of the suppliers assessed had already engaged in negotiations of collective labor agreements. Following the assessment, the Company continued to track and guide suppliers to make improvements.

**2025 Supplier Sustainability Audit Results**



In addition to following the Regular Supplier Management and Counseling Mechanisms to conduct the supplier management, the Company also encourages Tier 1 major suppliers to move towards the international trend with sustainable development, such as the Higg Facility Environmental Module (Higg FEM) of the Sustainable Apparel Coalition (SAC), Leather Working Group (LWG), Forest Stewardship Council (FSC) Certification and Global Recycled Standard (GRS). During the Year, a total of 25.90% of the suppliers have been assessed for the Higg FEM or have obtained certification. 20.31% of the suppliers that undergo regular written evaluations have achieved GRS certification, further contributing to the circular economy and the reuse of green materials.

**Supplier Green Management**

To encourage outstanding suppliers to promote green management, the Company collects and recognizes highlight projects from suppliers, including but not limited to green products, circular economy initiatives, green energy usage and carbon footprint management. Through the periodic sustainability self-assessment questionnaires as part of the regular management, the Company gathers information on suppliers' excellent practices in green management. Suppliers are required to submit green product information. After further verification of certifications/green labels and confirmation of details of green material, such information is uploaded to the Company's footwear material innovation product database to promote innovation and green products internally.

In 2025, the Company also continued to focus our brand customers' attention on circular economy and the goals of Net-Zero carbon emissions, promoted such goals to suppliers and invited them to work toward the brand's initiative.

**Standards for Regular Supplier Management and Counseling Mechanisms**

Business Relationship Management	Sustainable Development Management	
	ESH Management	Human Rights Management
Conducting half-yearly scoring assessment to examine quality, costs, delivery time, services, innovation and R&D, and legal compliance.	<b>Environmental Management</b> <ol style="list-style-type: none"> <li>1. Environmental Protection Management System</li> <li>2. Stationary Pollution Source Operation Permit</li> <li>3. Water Pollution Control Compliance Management</li> <li>4. Hazardous Waste Disposal</li> </ol> <b>Fire Safety</b> <ol style="list-style-type: none"> <li>5. Fire Safety Inspection</li> <li>6. Fire Safety Equipment Maintenance and Repairs</li> <li>7. Inspection of Fire Safety Facilities</li> <li>8. Fire Evacuation Drill</li> </ol> <b>Safety and Health</b> <ol style="list-style-type: none"> <li>9. Occupational Safety and Health Management System</li> <li>10. Operation Environment Monitoring</li> <li>11. Personnel in Safety and Health, First Aid, Dangerous Machinery and Equipment Operators</li> <li>12. Management of Dangerous Machinery and Facilities</li> </ol>	<b>Compliance Practice</b> <ol style="list-style-type: none"> <li>1. Recruitment and Hiring</li> <li>2. Working Hours</li> <li>3. Remuneration and Benefits</li> <li>4. Complaint Mechanism</li> <li>5. Forced Labor</li> <li>6. Non-discrimination</li> </ol> <b>Management Attitude</b> <ol style="list-style-type: none"> <li>7. Freedom of Association</li> <li>8. Prohibition of Forced Labor</li> <li>9. Protection of Employees with Special Needs</li> <li>10. Migrant Worker Management</li> </ol> <b>Other Support</b> <ol style="list-style-type: none"> <li>11. Dormitory Inspection</li> <li>12. Employee Interviews</li> </ol>

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## Supplier Development Project

The Company considers its suppliers as partners and values the interaction and communication with them. It assists and provides guidance to the suppliers in strengthening product qualities and sustainable development management, so as to improve the suppliers' competitiveness and increase the value of the overall supply chain.

In the area of sustainable development management, we have proposed different levels of projects based on partnerships with suppliers, in addition to co-hosting supplier meetings and compliance training sessions with brand customers, promoting the Supplier-Friendly Workplace Guidelines, and inviting commitments to sign, the Company has introduced a supplier carbon management counseling program in line with global sustainability trends. In terms of key suppliers with high levels of cooperation, we have introduced projects such as occupational risk reduction and expansion and establishment of complaint mechanism.

## Supplier – Friendly Workplace Guidelines

To gradually enhance the sustainable management of our partner suppliers, the Company has developed, and published on its company website, the Supplier – Friendly Workplace Guidelines with reference to the Fair Labor Association (FLA), international standards and specifications of brand customers, including areas such as forced labor, child labor, discrimination, remuneration and benefits, working hours, freedom of association and collective bargaining, disciplinary action, recruitment and employment. The Guidelines in Traditional Chinese, Simplified Chinese, English, Vietnamese and Indonesian were promoted to suppliers, who were required to follow the guidelines and commit to respecting relevant labor standards and eliminating human trafficking, so as to protect and promote the basic rights of suppliers' employees at work, and to share the guidelines to their sub-tier suppliers at the same time. Every year, we continue to promote to Tier 1 suppliers and invite suppliers to commit to abide by the Supplier – Friendly Workplace Guidelines.

## Supplier Compliance Conference

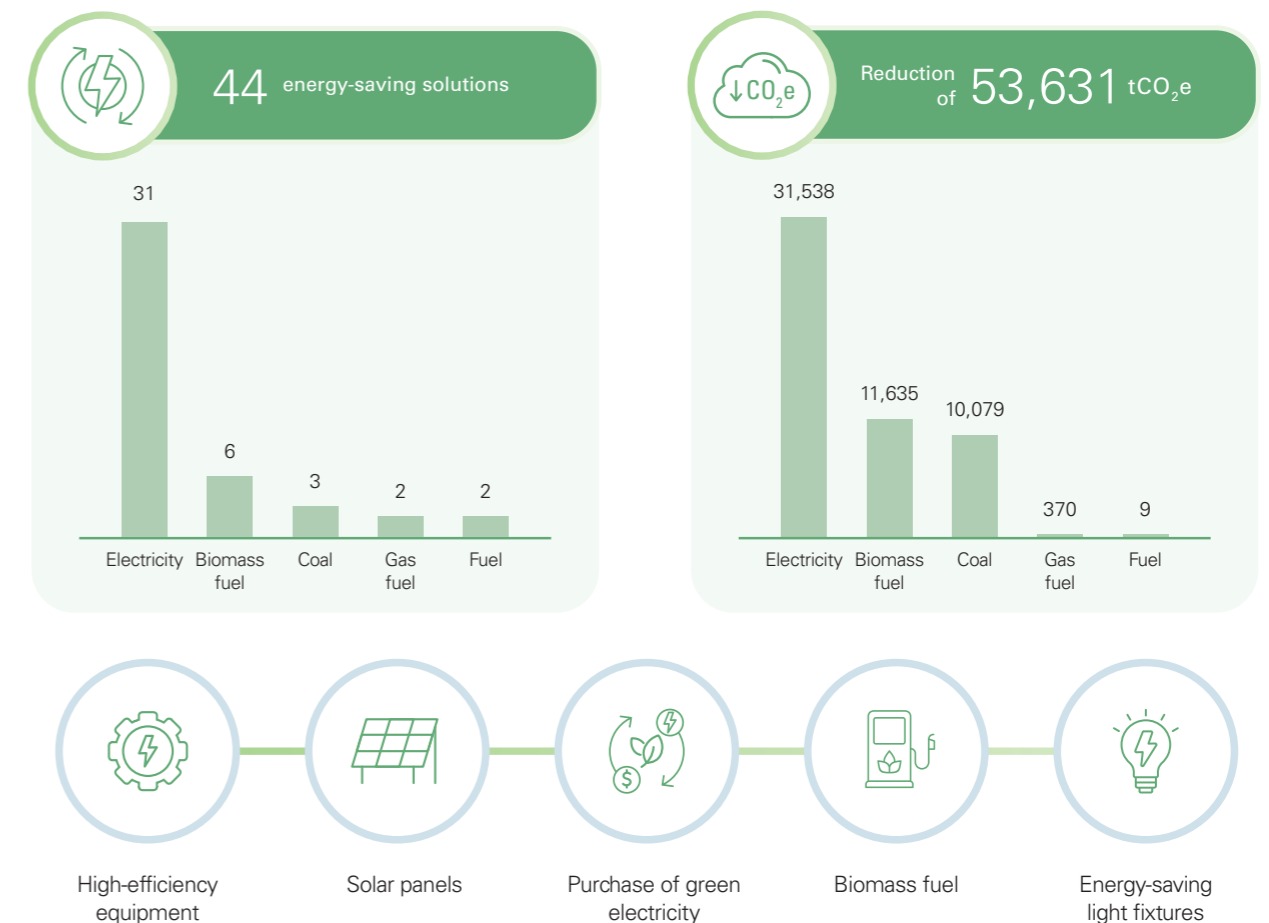
The Company has spared no effort in enhancing suppliers' sustainable development capabilities. In conjunction with the influence of brand customers, we jointly organized supplier summits and convened supplier meetings to promote compliance concepts. The 2025 Supplier Summit was organized by the Brand Compliance Team and co-organized by the Business Unit Compliance Departments of the Company. The summit aimed to share brand compliance standards, conduct root cause analysis of deficiencies and provide guidance on improvement plans. During the summit, the Compliance Department of the Company also shared preventive measures concerning zero-tolerance issues. Two sessions were held in 2025, with 93 supplier project representatives in attendance.

## Carbon Management among Suppliers

In view of the global climate change issue, the Company promoted the global climate change issue to suppliers in 2025 and recognized that the management mechanisms for carbon emissions had become an important management issue for all countries and enterprises. The transparency of carbon management information disclosure in the supply chain not only can enhance its own management, but also assist the industrial supply chain in fulfilling their corporate social responsibilities and carbon management practices, at the same time serving the customers' low-carbon vision and strengthen the suppliers' carbon management knowledge.

The Company selected 39 cooperating suppliers with high transaction volume and strong cooperation levels, and provided them with GHG inventory tools and inventory training, and conducted individual counselling and discussion on reduction plans/effectiveness calculation. Through these actions, Yue Yuen completed the 2024 initiative of organizational GHG emissions inventory, of which 22 suppliers implemented a total of 44 reduction programs, reducing GHG emissions by 53,631 tCO<sub>2</sub>e in 2025. The main improvement programs covers the following five categories: high-efficiency equipment, solar panels, purchase of green electricity, biomass fuel and energy-saving light fixtures. The Company will continue to encourage its suppliers to utilize renewable energy or procure International Renewable Energy Certificates (I-RECs) in order to reduce Scope 2 carbon emissions, with a view to meeting the international goal of achieving Net-Zero carbon emissions by 2050.

The effectiveness of GHG reductions by suppliers in 2025



Note: GHG carbon reduction from suppliers are only disclosed through suppliers' own inventory results.

**Occupational Hazards Risk Reduction**

Leveraging on the Yue Yuen team experience and expertise, the Group has continued to assist key suppliers in introducing high-risk machineries protection projects centered on the intrinsic safety of the machineries since 2020. In view of the common types of occupational risks (e.g. mechanical cutting, slicing rolling and clipping), the first to eighth batches, a total of 32 types of high-risk machineries and their corresponding safety protection device standards were announced at present, and 10 suppliers were instructed to take inventory and update the existing equipment. Suppliers were required to include all safety protection devices in the acceptance criteria for newly purchased equipment.

10 key suppliers were given guidance on the actual causes of occupational hazards. The supplier’s sustainability project personnel assisted in the analysis of occupational hazards, investigation of the actual causes, provision of hardware and proposed recommendation of management measures and the progress of proposed measures was tracked until parallel expansion. During the year of 2025, there were a total of 8 cases of occupational injuries, and 100% of the cases were tracked and improved.

2025



FR



SR



FSI

Note 1: Disabling Frequency rate (FR) = number of disabling injuries \*1,000,000/total working hours  
 Note 2: Disabling severity rate (SR) =total working days lost \*1,000,000 /total working hours  
 Note 3: Frequency-severity indicator (FSI) =  $\sqrt{FR*SR/1,000}$



No. of cases

Object falling or collapsing



No. of cases

Falls/slips in the workplace



No. of cases

Struck or stepped on by machinery/personnel/objects



No. of cases

Exposure to high and low temperatures



No. of cases

Ejection of fragmented objects



No. of cases

Exposure to chemicals/toxic substances

**Enhancement of Complaint Mechanism**

In addition to disclosing on the official website the direct contact channel for the stakeholders, since the establishment of the advanced complaint mechanism in 2019, we counseled 10 key suppliers during the year of 2025, covering original case handling personnel capability enhancement, diversified complaint channels, complaint handling procedures and non-retaliation policies, and we even directly opened an online channel for independent complaint consultation, which facilitates the collection of opinions with supplier partners in a faster speed.

In order to deepen the connection with suppliers and confirm the implementation of complaint mechanism, internal employee forums are held monthly by each key supplier. Furthermore, supplier’s sustainability project personnel regularly monitor, track and calibrate the measures and efficiency of supplier partner in relation to the complaint cases. A total of 20 sessions were carried out in 2025. Together with the existing complaint mechanism, a total of 201 appeals/complaints/suggestions/consultations/appreciation/compliance deficiencies were received from employees of key suppliers during the Year, covering issues such as catering, living environment, health consultation, working environment improvement, transportation vehicles and compliance of corporate system etc., and 100% of the cases have been handled and settled, among which the more representative counseling cases are as follows:

Date of case	Description of complaint and consultation	Counseling advice	Results
May 2025	Staff of a supplier complained that the staff suggestion box was placed within the visible range of surveillance cameras, which deterred them from providing feedback.	It is recommended that suppliers establish multiple channels for employees to voice their opinions, which should include an anonymous channel to ensure confidential reporting without fear of retaliation.	After assessment and confirmation of an appropriate location by the supplier’s product safety department, the staff suggestion box has been relocated and reinstalled in an area without surveillance camera coverage, thereby enabling employees to submit feedback freely.
August 2025	Staff of a supplier complained that during commuting hours, staff frequently linger at the parking lot ramp intersections within the parking facility, resulting in restricted passage and posing a potential safety hazard. They urge the company to address this matter with due attention and take necessary measures.	It is recommended that suppliers implement segregation of pedestrian and vehicle traffic, arrange for traffic control measures, and conduct appropriate workplace safety education and training.	Human resources department of the supplier has communicated to all departments, instructing employees to use pedestrian walkways and avoid lingering at the parking lot ramp intersections. Employees are also reminded to adhere to the designated vehicle speed limits within the premises to ensure safety. Furthermore, the supplier will arrange for security personnel to enhance monitoring at the parking lot ramp intersections, thereby safeguarding the safety of employees when entering and exiting the parking facility.

**6.3 Products and Services**

**Customer Service**

Yue Yuen has long-term cooperation relations with multiple international eminent brands, and is an indispensable business partner for the sustainable operation of brand customers. By continuously strengthening the R&D of key technologies for green footwear manufacturing and the manufacturing process modular development of the production process, we can flexibly adjust the production mode according to different needs, and strive to provide brand customers with fast, flexible and value-added manufacturing services. At the same time, under the trend of consumers pursuing green and sustainable low-carbon products, Yue Yuen is also actively developing carbon reduction production strategies, in line with customers’ environmental protection and sustainable goals, and with comprehensive value planning and strong execution to grow steadily on the journey to sustainable operation.

Yue Yuen places great importance on the protection of customers’ trade secrets, and provides comprehensive protection for the privacy and trade secrets of brand customers. According to the needs of individual customers, a dedicated independent development center was set up, with strictly separated production areas and zoned processing operation areas according to different customers. From product development stages to product production stages, we work closely with brand customers. Internal product safety management standards for the development center and mass production unit are formulated to ensure the Group’s operation secrets, product safety and information security, and to protect the interests of the Group and customers. In 2025, there were no complaint cases of customer privacy infringement.

**Product Quality and Safety Management**

The Company provides high-quality product manufacturing services for international well-known brands. All footwear products on the production lines at the footwear model development stage, including material selection, manufacturing process execution, use of adhesive and packaging materials, etc., will only be scheduled for formal production on the production lines after they have undergone the health and safety hazard assessment and met the MRSL specifications of the brands development center.

All materials on the production lines must pass strict physical and chemical testing standards, and will go through sampling tests before warehousing to prevent inappropriate materials from being used in footwear production. After a standardized production process and full-process control of production and manufacturing, it can be ensured that 100% of the manufactured and shipped footwear products can meet the principles of friendly environment and human health. It also can be ensured that footwear products are safe for customers to use and comply with laws and regulations. There is no harmful impact on the environment when footwear products are disposed of at the end of its useful life.

All finished shoes must, before packaging, go through inspection by specialists or metal detection devices scanning to ensure there is no metal scrap or sharp objects remaining. The packaging for all qualified finished shoes is carried out under the supervision of trained staff and CCTV with the employment of seals to record shipments so as to prevent any placing of dangerous items into the packages during delivery.

In response to the brand safety policy and trade secret management requirements, the Company strictly distinguishes and controls the production plants of each brand customer, and also strictly implements product safety management guidelines and process management. The Company conducts regular educational training on trade secrets, product safety, information security or competition prohibitions every year to strengthen the behavioral awareness of all personnel. At the same time, in order to prevent the leakage of digital data, CCTV was set up in each of the development centers, the production plants, the entrances and exits and the confidential work rooms. Video recording devices (including camera phones) are strictly controlled. Regular factory production safety audits are launched to ensure that information security risks in the factory area are minimized.

Cooperating suppliers are required to sign confidentiality agreements or confidentiality terms and the appended product safety undertakings with the legal person of the development center, and strictly abide by the confidentiality provisions and provisions of the undertakings, the development center’s regulations on product and information security, and legal requirements. The development center conducts educational trainings for suppliers on issues such as product safety, trade secret protection and information security. The development center has the right to conduct audits on the suppliers from time to time and audit results are one of the evaluation criteria of suppliers.

As the products manufactured and supplied by the Company are not directly sold to consumers, there are no products sold or shipped subject to recalls for safety and health reasons. For products returned by brand customers, the Company will handle the products properly in accordance with the brand’s guidelines to ensure that the products will not enter the market or be misused. Firstly, returned products will be crushed, and then sorted and processed according to the waste management standards of our factories. If the materials of the products can be recycled, the Company will give priority to in-house recycling and reintroduce the usable material back into the production cycle to enhance resource efficiency and reduce waste. For parts that cannot be recycled in our factories, the Company will engage qualified external recycling companies to carry out resource recycling, such as for reprocessing into other products or heat recovery. For waste that cannot be recycled or reused, the Company will engage qualified waste treatment companies to carry out harmless treatment in accordance with environmental laws and regulations and the management standards of our factories to ensure that there is no impact on the environment. The Company is committed to optimizing waste management processes to enhance the recycling rate, and working closely with brands to ensure that the returned products are handled in compliance with the requirements of sustainable development and environmental responsibility.

The Company has kept close business relationship with our brand customers and all of our products need to pass high product quality standards required by the customers, and followed the customers’ requirements and the exporting countries’ specifications to provide a reasonable packaging and detailed product information label which includes product size, material, ingredients, instructions, etc. As such, not only can the consumers obtain related product information and service through the brand customers, but also identify the production plant through the factory code on the product information label, and contact the relevant production plant to inquire about product related issues.

In 2025, there were no incidents of non-compliance of product standards in the footwear products manufactured by the Company, and no complaints or fines were received due to safety and health hazards posed to consumers.

**Product Label and Service Information**

Label matters	Label Information Description
Source of product components/ingredients or supplier of services	Product components are supplied by suppliers that meet the customer’s product requirements and standards, and are not otherwise marked on the product label.
Product content ingredients	Main material label.
Safe use of product or service	Instruction label.
Subsequent disposal of the product and its environmental/social impact	The Company’s OEM product is not directly sold to consumers, so there is no impact assessment of product waste and subsequent disposal measure in place.

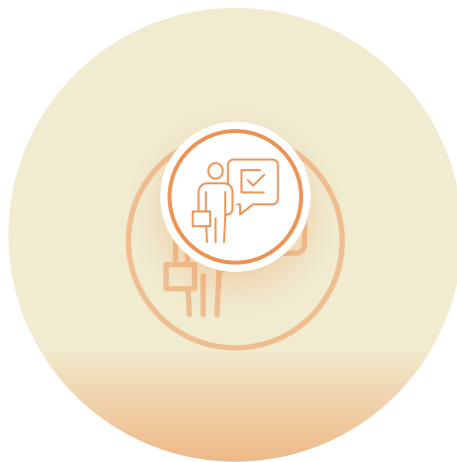
Upholding the idea of “Focus on People, for the People”, Yue Yuen believes that employees are important assets, and has planned a holistic approach of recruitment, employment, training and retention of employees. Various team events were organized to build the employees’ sense of belonging, as well as to increase the employees’ understanding of the Company and recognition of the Group’s core values of “Professionalism, Dedication, Innovation and Service”. To attract talents, we actively develop diversified recruitment channels and provide competitive compensation and benefits, comprehensive training system and clear promotion paths with an aim to improve the employees’ professionalism and enthusiasm at work. We also introduce the performance management system to motivate the employees to engage in continuous development, help the employees in career planning, and achieve succession of talents. Efforts are committed to providing the best workplace with respect for human rights, healthy and safe work environment to achieve the Company’s objective of sustainable operation.

The proportion of footwear production plants in 2025 certified by Social & Labor Convergence Program (“SLCP”) was 36%.

## 7.1 Manpower and Talent

### Management of Material Topics — Labor Relations

#### What it means to Yue Yuen



Creating a good foundation for mutual trust and smooth communication between the employer and employees, and maintaining good labor relations as well as competitive benefits system not only have significant positive effect on factories’ smooth production operations, but also improve the recognition and sense of belonging of employees and local communities to the Company.

#### Impact



##### Positive impact

- **Actual:** Improve business competitiveness, talent quality and employee functions.
- **Potential:** Sound labor management, which can help the Company recruit excellent talents and create employment opportunities.



##### Negative impact

- **Actual:** Affect human resource in talents’ recruitment and retention, which in turn has impact on operations and production.
- **Potential:** Damage to corporate image



##### Policy and Commitment

Design remuneration systems compatible to the local markets with reference to the local government decree, the salary levels in the industry as well as market conditions in production and operation bases, so as to encourage overseas employees to work long-term and grow together with the Company.



##### Indicator and Target

Review the remuneration policies regularly to make sure our salary standards are competitive, and are linked to performance management for reward differentiation to facilitate the recruitment and retention of talents, with the principle of compliance with the local laws and regulations of its global production sites.



##### Actions

- Follow the long-term regular practices, no specific actions in project management are implemented.
- Regularly review the personnel recruitment and turnover status, salary structure and implementation status of performance appraisal system, adjust salary and bonus based on the performance of the Company and employees.
- Continuous personnel recruitment, turnover rate analysis and salary structure review to ensure adequate supply of talents required for operational needs by each unit.



##### Evaluation Methods

- Understand the reason for resignation according to the analysis of turnover rate and discuss the countermeasures with business units so as to improve and follow up such issue.
- Regularly review and adjust in conjunction with performance management and reward system and their results.



##### Stakeholder Engagement

Provide a variety of channels, including but not limited to telephones hotlines, social media, suggestion boxes, employee forums, internal referrals, direct communication and interviews, for internal and external person to raise problems and complaints.



##### Sustainability Indicators

HKEx KPI B1.1/B1.2/B3.2

GRI 201/202/401/402/404/405/406

SDG 3/5/8

# Chapter 07

# Best Workplace

## 7.1.1 Bring Together Diverse Talents

Yue Yuen is a leading manufacturer of global sports shoes / outdoor shoes and leisure shoes. It has a diversified portfolio of world-renowned brand customers and production bases, and operates in the retail distribution business of sports products in Greater China through its subsidiaries, which together provides end-to-end solutions for numerous premium brand customers. In the manufacturing business, we continue to refine our production technology and research and development capabilities, optimize our production efficiency, and work closely with various international brands to provide high value-added products and innovative services, so as to continue to strengthen our core competitiveness and maximize value for the Group.

Global production sites of Yue Yuen are located in Mainland China, Vietnam, Indonesia, Bangladesh, Cambodia and Myanmar etc., and the main sites are in Vietnam, Indonesia and Mainland China. Talent analyses are conducted according to age, gender and region, etc.

As at December 31, 2025, the total number of regular employees of the manufacturing business was 276,800 (2024: 265,500), increased by 11,300 compared to the end of 2024, representing a growth rate of 4.3%. This increase primarily reflects the implementation of Yue Yuen’s strategy of diversifying its manufacturing capacity, as well as its continued investment in long-term development. Employees in Mainland China accounted for 8.3% (2024: 9.4%), employees in Vietnam accounted for 36.8% (2024: 37.5%), and employees in Indonesia accounted for 48.8% (2024: 47.3%), while employees in Cambodia, Bangladesh and Myanmar and other regions accounted for 6.1% (2024: 5.8%). All employees are full-time staff, with no part-time, hourly, or dispatched workers.

Non-employee workers at Yue Yuen mainly include outsourced and contracted personnel required for factory maintenance, as well as security, cleaning, and catering staff. In 2025, the total working hours of non-employees workers were 11,168,029 hours, where the number of persons estimated using the full-time equivalent method (FTE) (Note) was 5,030.

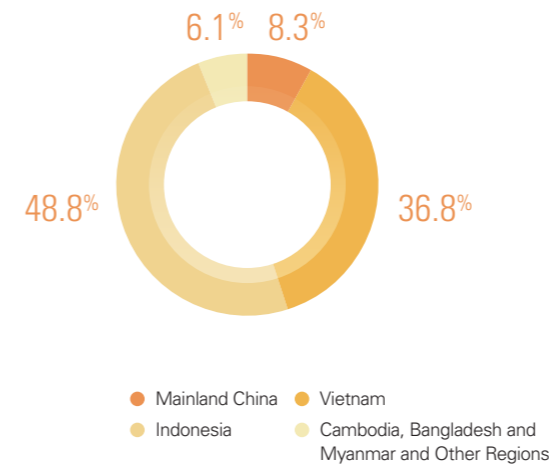
The Company sincerely welcomes talents from all industries to join our team to continuously enhance our professional talent pool. The process in talent recruitment strictly abides by local laws and upholds the principle of openness and transparency with an aim to bring in new talents from different industries and select appropriate personnel to stimulate innovative ideas.

Yue Yuen has all along upheld the employment philosophy of “talents without borders,” and integrated multiple cultures; its promotion pathways are transparent and fair with no bias on gender or nationality. The male to female employee ratio was about 22.5%:77.5%. In the major production sites, overall proportion of local employees (local nationality) in senior management was 26.9%, and female management staff accounted for 56.6% in total, with an aim to ensure the localization and diversity of human capital.

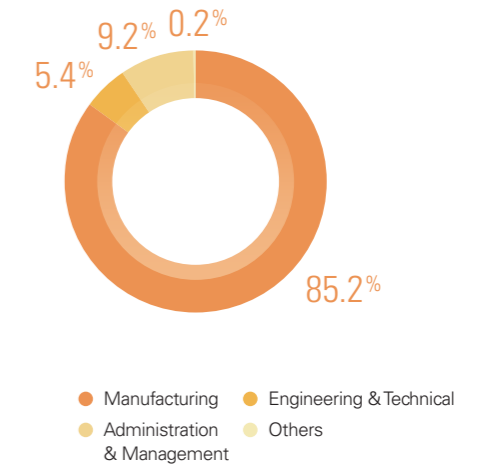
The Company firmly believes that human capital is not only the cornerstone for a company’s success in addressing market challenges, but also a vital force supporting sustainable development. Moving forward, the Company will continue to uphold our core value of “People-oriented,” actively investing in employee development, creating an inclusive and resilient workplace, and collaborating with our global partners to create greater value.

Note: The number of non-employees is estimated using the full-time equivalent method (FTE). Number of non-employees (persons) = working hours (hours)/working hours per day (8 hours)/working hours throughout the year in the region where they are located. In case of less than 1 person, it is calculated as 1 person.

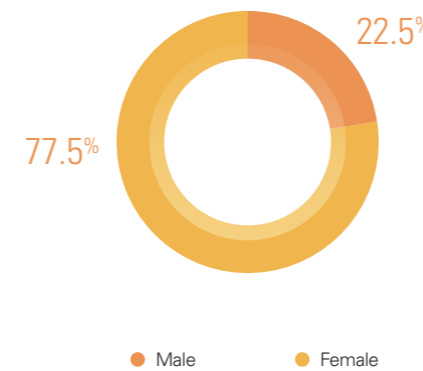
Manpower Statistics by Region



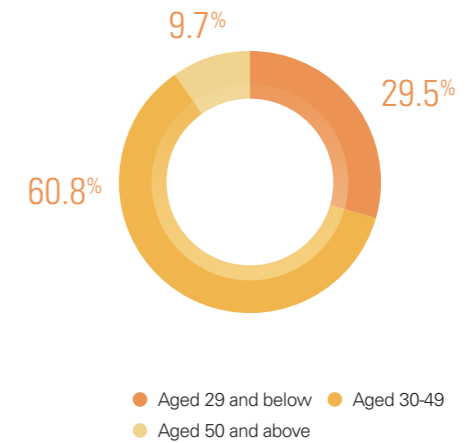
Manpower Statistics by Job Function



Manpower Statistics by Gender



Manpower Statistics by Age



**Percentage of local management**

Regions	Percentage of senior management <sup>†Note 1</sup>		Overall percentage of management <sup>†Note 2</sup>	
	2024	2025	2024	2025
Hong Kong, Macau and Taiwan	100%	<b>90.9%</b>	95.5%	<b>95.9%</b>
Mainland China	9.5%	<b>11.8%</b>	93.3%	<b>94.5%</b>
Vietnam	10.2%	<b>8.7%</b>	80.2%	<b>80.8%</b>
Indonesia	45.1%	<b>43.5%</b>	87.4%	<b>87.7%</b>
<b>Total in the Company</b>	<b>28.1%</b>	<b>26.9%</b>	<b>85.9%</b>	<b>86.5%</b>

Note 1: Definition of senior management: Staff serving as manager or roles of higher hierarchy in Vietnam and Indonesia, and deputy manager or roles of higher hierarchy in other regions.

Note 2: Definition of management: Staff members serving as management personnel on grade 5 or above.

**Proper Assignment of Roles and Responsibilities**

The Company actively invites talents and recruits personnel with different nationalities, genders, ages, and religious backgrounds in a fair and equal manner, and carries out strategic human resources planning. In addition to recruitment via job banks, professional training institutions, community websites, group visits and consulting firms, we also promote internal employee referrals with the principle of conveying "finding the best partner", and we encourage employees jointly discovering talented co-workers. The Company also participates in annual campus recruitment activities. Through campus fairs, induction meetings, internships, management trainee programs and more, students will be able to integrate with the industry more quickly.

In addition, the Company also continues to maintain the social media for recruitment by posting latest vacancies and professional footwear manufacturing training information and organizes activities to enhance and interact with external job applicants from time to time. Also, through diversified recruitment channels and community platforms, the Group hopes to attract more talents from different fields in the era of rapid information exchange to let them understand more on the footwear manufacturing industry, so that more talents will be interested in this industry and join Yue Yuen.

The number of overall new recruits in 2025 was 47,289 in total, and the recruitment rate was 17.1%. The number of leavers was 36,067, and the turnover rate was 13.0%.

	Recruitment rate <sup>Note 1/Note 2</sup>		Turnover rate <sup>Note 3</sup>	
	2024	2025	2024	2025
<b>By gender</b>				
Female	21.2%	<b>17.1%</b>	9.5%	<b>12.6%</b>
Male	23.2%	<b>17.1%</b>	11.7%	<b>14.4%</b>
<b>By age</b>				
Aged 29 and below	40.7%	<b>34.3%</b>	14.3%	<b>23.7%</b>
Aged 30~49	12.7%	<b>9.2%</b>	7.4%	<b>7.2%</b>
Aged 50 and above	22.0%	<b>14.2%</b>	13.5%	<b>17.0%</b>
<b>By region</b>				
Mainland China	35.5%	<b>22.3%</b>	18.4%	<b>31.2%</b>
Vietnam	19.0%	<b>15.6%</b>	13.3%	<b>13.5%</b>
Indonesia	16.8%	<b>13.3%</b>	2.5%	<b>6.3%</b>
Other regions <sup>Note 4</sup>	56.3%	<b>49.0%</b>	36.3%	<b>38.9%</b>
<b>Total in the Company</b>	<b>21.7%</b>	<b>17.1%</b>	<b>10.0%</b>	<b>13.0%</b>

Note 1: New recruits refer to staff with seniority less than one year by the end of 2025.

Note 2: Recruitment rate = no. of new recruits in the respective category/No. of employees in the respective category in the end of the year.

Note 3: Turnover rate = no. of leavers in the respective category/no. of employees in the respective category in the end of the year.

Note 4: Other regions: Hong Kong, Macau and Taiwan, Cambodia, Bangladesh and Myanmar, the United States, Mexico, Israel and Brazil etc.

The turnover rate increased by 3%, primarily due to heightened labor market mobility in the region, adjustments in operational deployment, and natural attrition (including retirements). These are normal workforce fluctuations within the prevailing market and industry environment, rather than resulting from any significant changes in the Company's management policies or labor conditions. We continue to strengthen our talent retention and organizational stability through initiatives such as employee engagement, talent development, and career advancement programs.

# Chapter 07

# Best Workplace

## 7.1.2 Employee Care

Yue Yuen provides a comprehensive and sound welfare system for all employees, covering insurance plans, maternity care, retirement system and other benefits. In addition to the basic rights and interests as required by laws and regulations, the Company has tailored welfare plans according to the cultural customs and needs in different regions, and elaborately developed diversified welfare measures, such as club activities, kindergartens, breastfeeding rooms, and etc. The Company has consistently improved the well-being of its employees, and launched exclusive benefits and activities according to local cultures, in an effort to build up the best working environment, so that each employee feels deep care and all-round support.

Yue Yuen provides the localized insurance plans for all employees in accordance with the laws and regulations in each production location. In Mainland China, employees are entitled to the Pension, Unemployment, Work Injury, Maternity and Medical Insurance; in Vietnam, employees are entitled to the Social, Unemployment, Accident and Medical Insurance; in Indonesia, employees are entitled to the Insurance for elderly, and the Death, Retirement, Work Injury and Medical Insurance; and in Cambodia, Bangladesh and Myanmar, employees are entitled to the Work Injury Insurance or Medical Insurance. Leveraging on the insurance programs, we are able to protect the livelihood of our employees and ease their healthcare burden.

### Diversified welfare

The Company attaches great importance to the physical and mental health and welfare of employees, and provides diversified and flexible welfare measures in accordance with the actual local situation to ensure the quality of life of employees and promote work-life balance.

Employees who are despatched to overseas enjoy benefits such as health care, recreation and entertainment, festival benefits and family care. The actual welfare system of each factory slightly differs due to local laws and regulations and operating environment:

- **Various Sports Facilities:** basketball courts, football courts, gyms, tennis courts and employee activity centers.
- **Recreation Centers:** employee reading rooms with free lending service of books and magazines.
- On-site kindergartens in major production sites.
- On-site clinics in some production sites providing suitable medical services.
- Free lunch is provided.
- For pregnant female workers, Vietnam and Indonesia plants can reduce their working hours by one hour per day, while allowing them to receive full salaries, so that they can work with peace of mind. Pregnant women in the factories in each region have benefits that are better than those stipulated in the law, such as early meals, provision of pregnant women’s meals, separate toilets and dedicated walkways, etc. According to the arrangements of different factories, a variety of nutritional supplements, such as milk and bread, are provided on a regular monthly basis to provide pregnant women with complete nutrition and vitality. To avoid congestion during peak commuting hours, the Indonesian factories provide dedicated access lane for pregnant employees during their commute to protect their safety.

## Diverse and Extensive Club Activities

To achieve work-life balance, the Company frequently hosts off-work clubs (e.g. basketball club) and various activities in cooperation with labor unions, in combination with various local cultural festivities. Activities include yoga courses, Christmas party and employee Olympics, enriching the life of employees after work.

The internal employee activities include cultural integration of festival celebration, sports contests that strengthen interactions and cohesion, and the Company’s community engagement focusing on education and health. In addition, local officials and labor unions are also invited to internal activities, and through these activities, employee cohesion and recognition are enhanced. A total of 251 internal employee activities were held overseas, with 176,758 employee participations in 2025.



Vietnam – Ba Den Mountain Tour



Myanmar – Improvement Proposal Campaign



Indonesia – Volleyball Match Activity



Mainland China – Basketball Match Activity



Vietnam – Women’s Day Event



Indonesia – Football Match Activity

## Chapter 07

## Best Workplace

### Maternity Care

The Company ensures that the maternity and parental leaves of employees at the operation sites in various countries comply with local laws and regulations. At the main operation sites overseas, we have actively improved maternity protection. In particular, full-paid parental leave (maternity leave) is provided in Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh and Myanmar in accordance with the law. In addition, in Mainland China, maternity examination leave, paternity leave and parental leave are provided; in Vietnam, maternity examination leave and paternity leave are provided; in Indonesia and Myanmar, paternity leave is provided; in Cambodia, maternity examination leave is provided, so as to ensure that employees have sufficient support and flexibility during pregnancy and childcare, thus further improving the balanced environment between work and family. For the childcare welfare measures, please refer to the "Gender Friendliness" in the section headed "7.2.3 Management and Mitigation of Human Rights Issues".

In 2025, at the major operation locations, a total of 8,467 female employees applied for parental leave (maternity leave). The expected number of employees returning to work is 7,100, with 6,994 of them resuming work after the end of the leave, representing a return rate of 99%. 8,496 female employees stayed in their jobs for one year after returning to work, resulting in a retention rate of 87%. Particulars on the reinstatement and retention at the Company's major production sites are as follows: in Mainland China, the reinstatement rate was 94%, and the retention rate was 86%; in Indonesia, the reinstatement rate was 100%, and the retention rate was 98%; and in Vietnam, the reinstatement rate was 100%, and the retention rate was 74%.

In Indonesia, both the reinstatement rate and retention rate were high, showing that the working environment and support measures provided by the Company were helpful for employees to return smoothly to and stay for work. It also demonstrated that the Company continued to optimize relevant policies in order to improve employees' workplace stability and family care supportive measures, and actively created a friendly working environment, to ensure that employees are fully protected during childcare and that they are able to develop steadily after returning to the workplace.

#### Statistics on parental leave (maternity leave) at major operation sites

Country	Number of Applicants in 2025	Expected Number of Returnees in 2025 (A)	Actual Number of Returnees in 2025 (B)	Reinstatement Rate (C=B/A)	Number of Employees Returning for 12 Months in 2024 (D)	Number of Employees Returning in 2024 (E)	Retention Rate (F=E/D)
Mainland China <sup>Note</sup>	134	101	95	94%	115	99	86%
Indonesia	3,830	3,823	3,821	100%	5,320	5,190	98%
Vietnam	3,982	2,813	2,813	100%	3,957	2,927	74%
Cambodia	354	266	197	74%	262	210	80%
Bangladesh	82	46	45	98%	64	49	77%
Myanmar	85	51	23	45%	42	21	50%
<b>Total</b>	<b>8,467</b>	<b>7,100</b>	<b>6,994</b>	<b>99%</b>	<b>9,760</b>	<b>8,496</b>	<b>87%</b>

Note: Mainland China includes Hong Kong and Macau

### Employee Retirement Plans

A sound and appropriate pension plan provides value and protection for both enterprises and employees in the long run. A stable pension system not only attracts and retains outstanding talents, but also enhances the stability of the team, thus further supporting the long-term financial planning and strategic development of enterprises. The Company's operation sites globally implement retirement plans in accordance with local laws and regulations, and make contributions to pension/pension insurance according to law, to ensure that the retirement rights and interests of all employees are fully protected. By implementing such systems, the Company ensures that its employees around the world are entitled to a stable retirement plan, reflecting our commitment to the well-being of employees. In the future, we will continue to optimize the policies on pension, and enhance our corporate social responsibility, ensuring that every employee enjoys a stable and worry-free retirement life.

A summary of contributions to and payments from the pensions at major operation sites around the world for 2025 is as follows:

#### Pension Contribution Ratio at Major Operation Sites around the World

Region		Mainland China	Vietnam	Indonesia		Cambodia
Retirement System		Social Insurance (Pension)	Social Insurance (Pension)	Insurance for Elderly	Retirement Insurance	Social Insurance (Pension System)
Contribution Ratio	Employers	15%~16%	14%	3.7%	2.0%	2.0%
	Employees	8%	8%	2.0%	1.0%	2.0%

Note: There is no statutory retirement system in Bangladesh and Myanmar.

#### Summary of Contributions to and Payments from the Pensions at Major Operation Sites around the World (US\$)

Region	Mainland China	Vietnam	Indonesia	Cambodia
Contribution amount	26,549,752	60,347,889	18,162,904	507,551
Number of persons applying for retirement	671	263	182	0

Note: In Indonesia, a separate severance pay for retirees amounting to USD1,610,717 was paid. Contributions and pension payments are converted to U.S. dollars at the exchange rate as at December 31, 2025.

# Chapter 07

# Best Workplace

## Employee Care

Since 1999, Yue Yuen has been actively developing the employee life counseling system, a humanized management initiative in the footwear industry, by setting up a “life counseling room” in the factory, training professional psychological counselors and counseling skills through the use of professional psychological counselors and systems, and holding employee seminars in the factory to provide employees with psychological counseling and grievance counseling on life and work, which effectively relieves employees’ physical and mental stress and problems, thus not only gaining their trust, but also significantly improving production efficiency and stability. The factory also collects complaints and suggestions from employees to adjust and improve the operating environment and management behavior for mutual benefits.

## Employee Home Visits

Yue Yuen attaches great importance to the practice of sustainable service and conducts home visits from the perspective of all-rounded care. Through home visits, the Company connects with local employees and communities. The employees’ direct supervisors and factory management have an opportunity to show their care through a closer interaction with the families of employees. Through understanding the local culture and living environment, they can provide the necessary assistance according to actual needs.

Since 2017, in line with the Company’s promotion of employee care activities, home visits have been carried out. The visits not only strengthen and promote relationship between management and employees, but also enhance understanding of employees’ living conditions. The activities allow employees’ families to gain insight into their work status, fostering pride in high-performing employees and boosting their motivation at work.

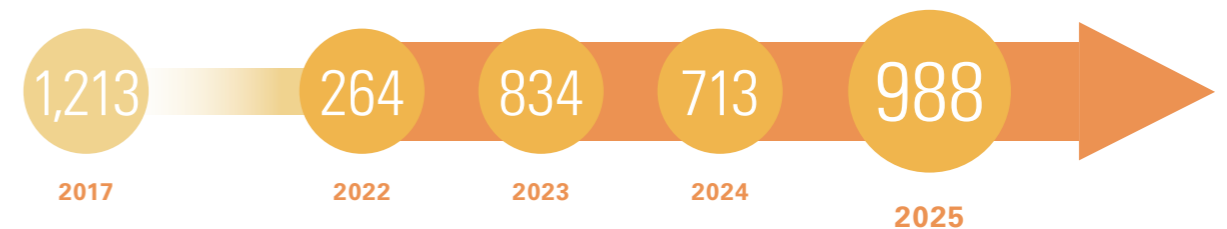
Employee home visits have been a long-standing project of the Company. Through active employee home visits, the Company understands the needs of the employees’ families and the communities in which they live, and brings in community-friendly actions such as medical and health clinics, health education and promotion, housing renovation, and educational assistance programs in the hope of bringing about an overall improvement in the community’s quality of life and sustainable development.

The home visit program has two main target groups:

- Encouragement home visit: to visit outstanding, enthusiastic and experienced employees/managers, the selection of which is determined by the factory itself, for outstanding and enthusiastic employees who want to be nurtured or have potentials.
- Assistance home visit: to visit employees/managers who are poor or with urgent needs, such as those facing surgeries without health insurance coverage, or condolences to family members of employees who have passed away, primarily consisting of one-time care activities.

At the end of 2024, the Company added project-based home visits to provide flexible home visit care for employees who need long-term care due to sudden natural or human-induced disasters or work-related injuries, and for those who suffer from sudden illnesses. The candidates are selected by the factory itself or reported by an executive and approved by the factory supervisor. Encouraging home visits are conducted at least once every two months, with at least two or more employees visited each time, while other types of home visits are conducted by each factory according to actual needs.

In 2025, Yue Yuen visited the families of 988 employees, including outstanding employees, poor employees, pregnant employees, injured and sick employees, etc. The total number of home visits made by the visitors and the respondents was 9,644 person-hours.



Mainland China – Employee Home Visit



Indonesia – Employee Home Visit



Vietnam – Employee Home Visit

**7.1.3 Talent Development and Training**

**Competitive and Fair Remuneration Policy**

The Company recognizes its employees as the Company’s greatest assets. In order to attract, motivate and retain talents, the Company offers attractive and competitive remuneration packages, and upholds the principle of equal pay for the same position regardless of gender, race, religion, political affiliation, sexual orientation or marital status of the employees. In terms of remuneration, in accordance with the common principle of equal pay for equal work, the remuneration of an employee will be determined with reference to his/her educational background, experience, job duties as well as professional skills and technical capacities. The basis of reward depends on an employee’s work attitude, demonstration of professional ability and overall performance. The Company also reviews the remuneration policies and system regularly to make sure our salary standards are competitive and are linked to performance management for reward differentiation to facilitate the recruitment and retention of talents.

As a multinational corporation, the Company will design remuneration policies compatible with the local management conditions for its overseas production sites with reference to the local government decree, the salary levels in the industry as well as market conditions, in order to encourage local employees to work long-term and grow together with the Company. In addition to monthly work performance bonuses based on performance, we allocate a certain percentage of profits according to the annual performance of the Company as year-end bonus to reward the employees’ contributions and passion for work, so that all employees can benefit from the operating results of the Company.

**Ratios of Standard Entry Level Wage Compared to Local Minimum Wage in Major Production Sites**



**Ratio of Basic Wage Plus Compensation for Female Employees Compared to Male Employees**

Region	Type	Overall average basic wage ratio of female employees to male employees	Overall average annual remuneration ratio of female employees to male employees
Mainland China	Direct Staff	0.94:1	0.77:1
	Entry-Level	0.92:1	0.82:1
	Mid-Level	1.04:1	0.94:1
	Senior-Level	0.83:1	0.79:1
Vietnam	Direct Staff	1.09:1	1.11:1
	Entry-Level	0.99:1	1:1
	Mid-Level	1:1	1.01:1
	Senior-Level	–	–
Indonesia	Direct Staff	1.04:1	1.08:1
	Entry-Level	1.07:1	1.01:1
	Mid-Level	0.96:1	0.98:1
	Senior-Level	–	–
<b>Total</b>	<b>Direct Staff</b>	<b>1.07:1</b>	<b>1.06:1</b>
	<b>Entry-Level</b>	<b>1.08:1</b>	<b>1.02:1</b>
	<b>Mid-Level</b>	<b>1.02:1</b>	<b>0.90:1</b>
	<b>Senior-Level</b>	<b>0.83:1</b>	<b>0.79:1</b>

Note: The wage statistics in this table are for regular employees in Mainland China, Indonesia and Vietnam who have been employed for at least one year as at December 31, 2025.

# Chapter 07

# Best Workplace

## Remuneration Policy and Process for Senior Managers

The remuneration of the Directors shall be decided by the Board as recommended by the remuneration committee of the Company (the "Remuneration Committee") having regard to a written remuneration policy (which ensures a clear link to business strategy and a close alignment with the Shareholders' interest and current market best practice). Remuneration should be paid with reference to the Board's corporate goals and objectives, the salaries paid by comparable companies, time commitment and responsibilities of the executive Directors and INEDs, internal equity of employment conditions across the Group and applicability of performance-based remuneration. The Directors' fees are paid in line with market practice. No individual may determine his or her own remuneration.

The remuneration structure for the Company's managers comprises a fixed monthly salary, variable compensation (including performance bonuses, employee compensation, year-end bonuses, and other incentives), retirement benefits calculated and paid in accordance with law, and employee welfare benefits. The fixed monthly salary is determined with reference to the job responsibilities, authority and decision-making risks, and the market salary levels within the industry. Variable compensation is determined based on the Company's operating performance and the individual performance of the manager, including the achievement of key performance indicators (KPIs). KPIs are established with short, medium, and long-term goals tailored to each manager's department, encompassing not only job-related metrics but also environmental, social, and governance (ESG) objectives. Furthermore, in determining the remuneration for the Company's directors and managers, in addition to referring to past operating performance, the strategic performance objectives, as well as the standards, structure, and system for compensation payouts, are also adjusted to take into account future risk factors.

Key Performance Indicators (KPIs) established by managers in 2025 (such as authorized responsible supervisors of business units, responsible supervisors of functional units, etc.)	
Linkage to ESG Topics	Description
Corporate Governance Aspect (Approximately 50%)	<ul style="list-style-type: none"> <li>• <b>Strengthening Business Unit Operations and Project Management:</b> Facilitate communication on business and operational matters across business units, promote the construction of production bases, and ensure that project progress, workforce training, and production ramp-up preparations align with strategic objectives.</li> <li>• <b>Enhancing Financial and Operational Performance:</b> Drive each business unit to achieve revenue, profitability, and gross margin targets; improve development efficiency and profit margins; and ensure that resource utilization and value creation align with the long-term sustainability direction.</li> <li>• <b>Strengthening Governance and Transparency:</b> Ensure decision-making transparency, risk control, and the robustness of global expansion through cross-departmental coordination and project tracking, demonstrating the Company's commitment to governance structure and sustainable operations.</li> </ul>
Environmental Aspect (At least 5%)	<ul style="list-style-type: none"> <li>• <b>Promoting Energy Conservation, Carbon Reduction, and Green Energy Utilization:</b> Introduce energy-saving technologies, increase green energy procurement, expand the use of green electricity at plant sites, and promote energy recovery and carbon emission reduction, demonstrating the Company's commitment to carbon reduction.</li> <li>• <b>Strengthening Resource Recycling and Waste Management:</b> Increase the recycling rate of process waste, implement circular economy projects, and build a green supply chain.</li> <li>• <b>Adopting International Standards and Capacity Building:</b> Complete the SBTi target validation, promote ESG specialist training, and establish a green supplier map to ensure environmental management aligns with international trends and sustainability standards.</li> </ul>
Social Aspect (At least 5%)	<ul style="list-style-type: none"> <li>• <b>Employee Safety and Legal Compliance Management:</b> Continuously promote production safety education and training, cross-audits, and the development of a safety culture; ensure zero major occupational injuries and zero fire incidents; and implement working hour regulations and product safety standards to safeguard employee health and a safe working environment.</li> <li>• <b>Employee Relations and Diversity and Inclusion:</b> Promote employee motivation and care initiatives, union communication, and workplace-friendly projects; establish long-term talent development programs and management succession pipelines to strengthen organizational resilience and employee engagement.</li> <li>• <b>Social Responsibility and International Standards:</b> Ensure legal and compliant operations in all regions, promote international certifications, reduce external penalties, and demonstrate the Company's commitment to human rights protection and supply chain responsibility.</li> </ul>

The Company adopted the Yue Yuen Share Option Scheme and the Yue Yuen Share Award Scheme to provide its Directors and eligible employees and participants with incentives and rewards to recognize their contributions and to align their interest with the Group.

### Annual Total Compensation Ratio

	2025	2024 <sup>note3</sup>
Ratio of the annual total compensation for the highest-paid individual in the organization to the median annual total compensation for other employees in the organization (excluding the highest-paid individual) <sup>Note 1</sup>	18.11	20.35
Ratio of the percentage increase in annual total compensation of the highest-paid individual in the organization to the median average percentage increase in annual total compensation for other employees in the organization (excluding the highest-paid individual) <sup>Note 2</sup>	-2.14	0.77

Note 1: Annual total compensation ratio = Ratio of the annual total compensation for the highest-paid individual in the organization (authorized responsible supervisor of business unit) / median annual total compensation for other employees in the organization

Note 2: Percentage change in annual total compensation ratio = ratio of change in annual total compensation of the highest paid individual (head of the business unit) / ratio of change in median annual total compensation for other employees in the organization (excluding the highest paid individual)

Note 3: In the 2024 data, year-end bonuses for 2024 (actually distributed in 2025) were previously included in the calculation of director remuneration. To ensure accuracy, this amount has been removed and the relevant data has been restated.

Note 4: The total compensation ratio was 18.11 in 2025, a decrease from 20.35 in 2024. In addition, the total compensation change rate decreased from 0.77% in 2024 to -2.14% in 2025. This was primarily due to a reduction in the annual variable bonus for the highest-paid individual within the organization (impacted by exchange rate and share price fluctuations), while overall compensation for general employees saw a slight increase in 2025.

### Talent Development and Performance Management

The Company has implemented performance management system to achieve operational goals and enhance employees' capabilities. The targets cover all employees in major operating locations including Mainland China, Hong Kong, Macau, Vietnam, Indonesia, Myanmar, Cambodia and Bangladesh, regardless of gender or age. During the performance assessment, all employees who have worked over three months participated in the performance assessments. The entry level employees are assisted to improve their day-to-day work performance primarily through a monthly assessment mechanism, while the performance assessments of management personnel (mid-level and above) are carried out in the middle and the end of each year based on individual and organizational goal setting and implementation. Formal performance interviews are conducted to help the supervisors and employees understand the organizational goals and personal expectations on development, so that work directions of the organization and the individuals are clearer and aligned.

In addition, performance management training sessions are arranged for supervisors to enhance the effectiveness of performance interviews with their subordinates, integrating internal trainer training with online courses to share both theoretical knowledge and practical experience in performance management. Several experiential learning activities are embedded within the curriculum, enabling supervisors to observe, analyze, and share their reflections, thereby gaining both knowledge and practical insights.

The implementation of performance management is primarily used to measure employees' overall progress in the achievement of goals and performance, the final results of which are one of the bases for employees' promotions, rewards, training and personal development plans. With a comprehensive performance management system, we create a performance-oriented corporate culture, incentivize employees' performance and functional results and further nurture and develop employees' personal capabilities. Besides, for employees requiring transfer or development, internal job matching and performance counseling are provided to promote the transition assistance of employees' ability to continue employment and career planning. Ongoing attention has been given to the transition assistance practices for potential retirees and in-principle internal discussions have been held in this regard to guide future human resource planning. Going forward, we will evaluate such practices in a timely manner based on organizational operations and actual needs, in order to facilitate employees' seamless transitions across various career stages.

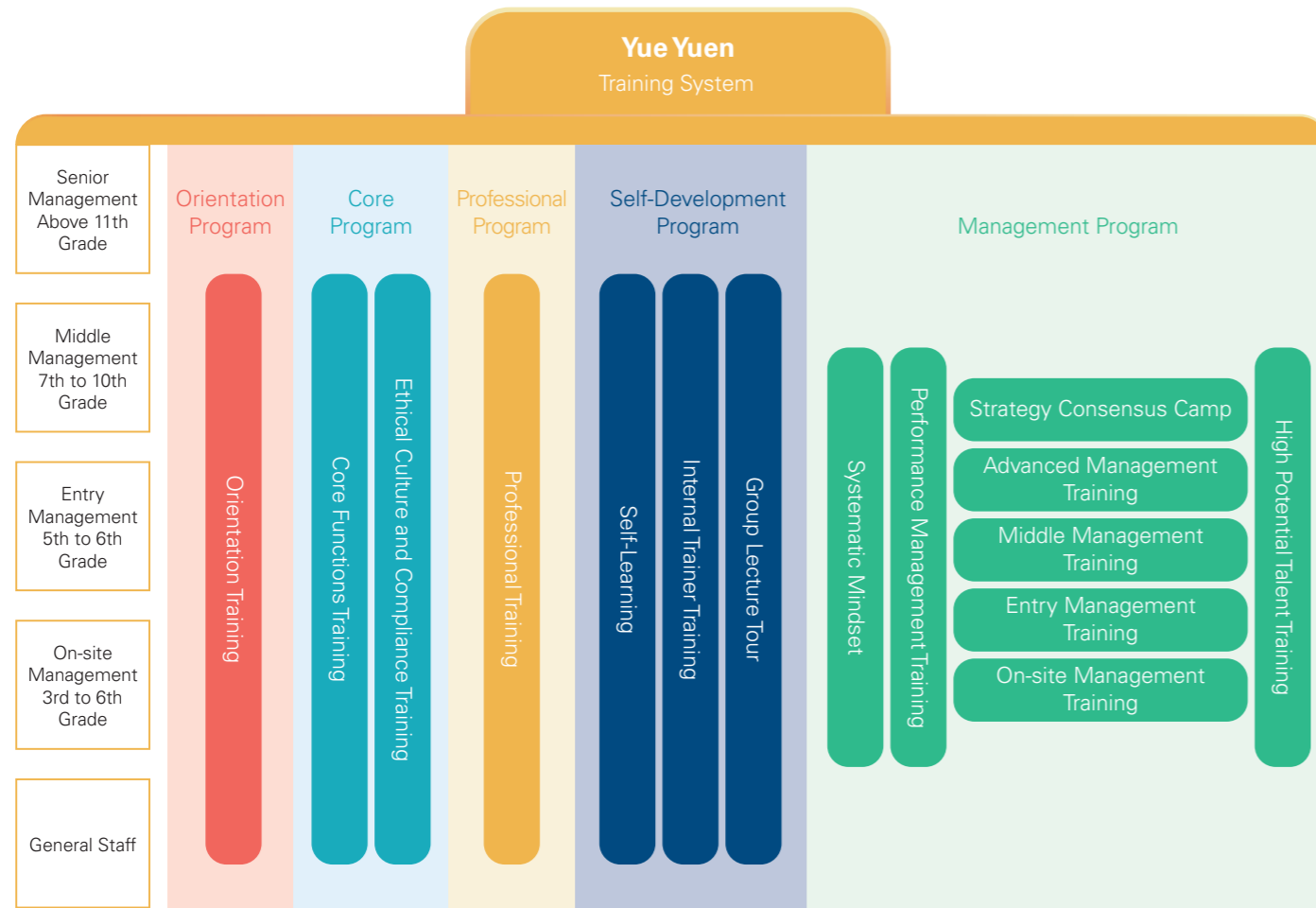
### Complete Education and Training Mechanism

#### Policy and Commitment

Talent is a cornerstone of corporate sustainability. The Company is the best strategic partner of the world's renowned sports brands and is committed to being the company of choice for talents. We actively nurture core talents through a systematic, diversified and comprehensive talent development mechanism, broadening our talents' international horizons, deepening their professional skills and knowledge, fostering corporate culture, building a competitive edge in talent and laying a solid foundation for the Company's sustainable development.

- Align corporate mission, vision, business strategies and objectives, formulate talent development strategies, actively nurture leaders and professionals for the Company, and enhance talent availability.
- Broaden the Company's talent pool, identify talents through systematic and professional evaluations, and set up a comprehensive talent development plan and training blueprint tailored to organizational and individual development needs.
- Strengthen corporate vision and shape culture and values to create irreplaceable soft power for the enterprise.
- Introduce innovations, new technologies, ideas or tools to improve personal growth and organizational learning and assist the Company and its employees in achieving their objectives.
- Value the employees' self-development, provide diverse learning channels, and encourage self-initiated learning to bring out the employees' potentials and realize personal achievement.

**Blueprint of the Group’s Training System**



**Education and Training Development Planning**

Through a systematic structure and method to achieve the purpose of training and development, we continuously improve the quality of human resources and work skills, motivate employees to work and meet challenges, and create higher corporate value to achieve operational goals and future development planning.

In order to achieve the Company’s strategies and goals, the training and development plan not only takes into consideration the management vision and target needs, but also evaluates the performance results and functional gaps of employees, and establishes an education and training framework in line with its training system, planning orientation training, core program, management program, professional program, self-development program, etc.. In addition, we use physical or digital learning methods to provide employees with comprehensive training so that Yue Yuen employees can continuously improve their professional and managerial skills, and at the same time find a stage for their own career development, so that they can grow with the Company and become long-term and stable partners. To strive for excellence, education and training are introduced into the Talent Development Quality Management System (“TTQS”), and the effectiveness of training is self-checked by reference to international ISO standards. It was formally applied to the Ministry of Labor for evaluation, and was recognized with a gold medal in the Enterprise & Organization Edition.

**Training System Programs**

The Company’s annual talent development training planning combines the Company’s missions, vision, and management strategy and goals, collects and understands development points and training requirements of each business division, continuously innovating and introducing new technology, concepts and tools, facilitating personal growth and organization learning, providing diverse learning channels, encouraging self-paced learning. Simultaneously, considering the personal development plan of employees, the training system of each level of function and professional skills certification courses required by relevant laws and regulations, we formulate the “Education and Training Management Measures (教育訓練管理辦法)” to serve as a guideline for implementation.

To deepen the facilitation on working skills for employees at each position and to fulfill the vision of lifelong learning, we plan various series of training programs for different stages according to the Company’s core values and employee competencies. From an employee’s employment to his/her expected retirement, we provide ongoing training for skills required by the employee in performing their tasks, with an objective to reinforce the employee’s capabilities for continued employment. By means of employee training programs, we expect to reach an internal consensus among employees, enabling employees to recognize the organization value to achieve the Company’s best business performance.

- **Orientation Program:** The Company organizes induction training program for new employees, and organizes orientation forums for new employees who have been employed for one month to enhance their recognition to the Group.
- **Core Program:** The Company develops a series of core program trainings based on the Company’s core functions to establish a common language of the Group, such as the accountability course, so that employees are willing to assume responsibility and have a responsible attitude.
- **Management Program:** According to the management functions required by all levels of managers, the corresponding learning and development projects are planned to strengthen the knowledge and skills, role positioning and necessary capabilities for management of the Group’s managerial personnel.
- **Professional Program:** Various learning and development projects such as R&D, quality control, engineering, manufacturing, business, procurement, supplier management, employee functions, etc., are planned to strengthen the professional and technical capabilities of employees.
- **Self-development Program:** To encourage a diverse development of employees, the Company has established a series of soft skills program to increase the added value of learning for employees in addition to work. In addition to language training, internal trainer training is also planned to motivate employees’ energy and potential, thus expanding the meaning and continuation of learning.



Management Program  
ART Program



Management Program  
Systematic Mindset



Management Program  
TTUP – Local Management Training

## Education and Training: Breaking the limits of time, space and number of people, boundaryless learning

### Digital learning: Management program digital seminars

In response to the digital transformation and the impact of the pandemic, the workplace learning style has changed significantly. Remote learning has become the new normal, enabling more and more people to develop new skills through learning online. In order to follow this trend, the Company has been constantly moving towards digital learning, paid special attention to the needs of supervisors for management and leadership, and actively introduced high-quality digital courses to provide supervisors with rich digital learning resources.

The topics of digital course included problem analysis and solution, planning and organization, coordination and integration, and execution. Each course was designed with the concept of micro-learning and coupled with rich visual effects, enabling knowledge, trainers, and presentation methods to unite seamlessly.

Through digital courses, supervisors could learn and use immediately without limitations of time, space and number of people, which promoted their professional growth. In 2025, learning resources were further extended to entry management, establishing a foundational understanding of management for them. As of the end of 2025, 5,870 supervisors had benefited from these digital learning resources, which not only broadly conveyed the Company's management functions, but also built the management awareness and leadership skills for the management at all levels, laying the foundation for the consolidation of the internal learning culture. This proactive promotion not only contributed to the improvement of the Company's overall management level, but also demonstrated a commitment to the professional development of employees.

### Digital Capabilities Development Program

In addition to the above-mentioned management program digital seminars, the Company has also repeatedly disclosed the Group's digital progress and discussed the topic of digital transformation in the Group's senior management consensus camp, hoping to spread the digital transformation mindset from the Group level and gradually extending its influence throughout the entire organization.

In order to promote and accelerate the digital capabilities of talents in line with the Group's digital strategy, and then accumulate the phased process of digitalization, the Company launched its first digital capabilities development training program in 2023, hoping to identify the seed candidates for digital promotion in each organization through the selection mechanism, and strengthen the digital thinking and digital project implementation capabilities through structured training.

The course was planned based on the five main axes of digital culture and thinking, digital strategy and execution, digital capabilities, digital manufacturing and technology and tools. The Group's internal consultants, external partners and internal experts in various fields were invited to serve as lecturers to share practical experience, establish a common language, and promote cross-team collaboration. After the training, the Group organized the business divisions to carry out digital tasks and exchange the status of task implementation through sharing sessions, hoping to continue to deepen the Group's digital transformation and promote digitalization through a two-pronged approach of courses and practices. As of the end of 2025, 176 trainees were benefited from this learning resource.

## Continue to Cultivate High Potential Talents as the Cornerstone of the Organization's Long-term Development

### The Leadership Pipeline Program ("P Program")

The P Program has been in operation for many years, and it is an important plan for Yue Yuen to cultivate and expand the base of senior management talents and to undertake the strategic layout of the Group. The Company expects the trainees to carry forward the spirit of Yue Yuen, not only in the areas of leadership, decision-making and talent cultivation, but also in continuously broadening their management vision and expanding their management mindset. Especially the higher the position, the more multidimensional, complex and uncertain management situations they will be confronted with. As of the end of 2025, 258 high-potential executives were benefited from this learning resource.

In order to assist our partners in overcoming challenges, the P Program is continuously refined and optimized. For example, the Critical Thinking and Business Problem Solving courses directed trainees to tackle the challenges of solving unfamiliar problems, and the Company has also strengthened the Trust Building and Coaching courses so that we could achieve our goals together through good communication and fill the gap in customer relationship response through the program.

The Group, as a global enterprise, has presences in different countries and regions. The Company expects that instead of stationing at one fixed location, good talents can follow the Group's development and rotate to different posts whenever the task demands. Therefore, cross-cultural management is also a skill that Yue Yuen's leaders should possess. They should be able to quickly integrate into the local culture and customs, and bring their own professionalism and enthusiasm to the tasks given by the organization. Despite the constant changes in the environment, the Group's vision of talent development remains unchanged, and the Company will continue to be people-oriented.

### Senior Factory Operations Management Talent Development Program (the "Program")

The Group has factories in six countries, including Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh and Myanmar. Profits of each factory come from the contribution of dedicated employees and factory managers who implemented effective strategies. It is the task and mission of each factory manager to produce high quality products, to obtain continuous customer satisfaction and orders, and to generate higher revenue for the Company.

Recognizing the importance of factory management talent cultivation and experience inheritance, the Company started to launch the Program in 2021. The composition of trainees also reflected its global and diversified layout, enabling the Company to leverage its core strengths and competitive advantages, and continuously strengthen its operational efficiency and profitability, striving to achieve quality and solid growth in long term. As of the end of 2025, 160 factory management personnel were benefited from this learning resource.

The training covers a number of internal and external management issues that senior factory managers may encounter in practice. By analyzing international political and economic situations effectively, trainees can gain an understanding of different cultures and work routines, which helps them prepare for and prevent factory management issues. Trainees could further contemplate through the perspective of brand customers, on how the factory can effectively negotiate with customers, improve customer relationships to continuously secure orders, stabilize production capacity and profits, and creating win-win opportunities.

The lecturers hired in this Program are leaders in Yue Yuen who are excellent in factory management, and have profound practical experience in factory management. Through the teaching and support of our seniors, senior factory managers can be prepared to accept the challenges of factory management at any time.

## Nurturing Talents Locally to Ensure Continuous Supply of Management and Technological Expertise

### Total Talent Upgrading Program (“TTUP”) – Local Management Training

In the face of intensifying competition in the global footwear industry and the ongoing shift from highly globalized to regionalized supply chains, the Company has come to a profound recognition that talent capabilities have become the critical core underpinning sustainable competitiveness and operational resilience. To further consolidate the Company’s niche and leading position in the industry, we promoted the “Total Talent Upgrading Program (TTUP)” in a sustained and structured manner, positioning it as one of the key strategies for the Company’s medium- to long-term human capital development and sustainable governance.

TTUP is guided by the core principles of “equalizing learning opportunities, diversifying development pathways, and localizing talent cultivation.” Through an institutionalized training framework and clearly defined promotion and development paths, it encourages employees to proactively pursue learning and enhance their capabilities. Any colleague who demonstrates a willingness to learn, along with strong performance and potential, has the opportunity to grow continuously in the Company, progressively advancing to higher levels and broader career stages. This fosters a positive cycle of upward talent mobility.

In terms of local managerial talent development, the Company focuses on building solid foundational management competencies. The training covers a range of essential core skills required for managers, including but not limited to basic supervisor practices, team cohesion, communication and collaboration, subordinate cultivation and work guidance, problem analysis, and improvement mindset. A systematic and progressive learning approach is designed to help local high-potential cadres and reserve talents steadily build up management capabilities, enhancing their abilities in people management, task execution, and problem-solving.

By continuously promoting the TTUP, the Company not only effectively strengthens the stability and execution capabilities of its local management teams but also gradually builds a talent reserve pool capable of meeting overseas operational needs. This lays a solid foundation for future cross-regional development and sustainable succession, demonstrating the Company’s commitment and actions in talent sustainability, organizational governance, and long-term operations.

As of the end of 2025, 235 local reserve talents completed the local management beginner class (L1) designed and planned by the headquarters. To further expand talent training resources and internal teaching capacity, the Company simultaneously rolled out theme program in intermediate class (L2), systematically cultivating internal seed instructors. Currently, 113 colleagues have finished their courses and obtained their certificates. In the future, these seed instructors will continue to deliver internal courses, establishing a self-replicating talent cultivation mechanism that stably expands the local management talent reserve. In addition, another 81 local reserve talents have completed the advanced course on project improvement and mapped out practical plans for production line improvements.

## Rooting Technology: Cultivating Talents through Specialized Programs to Ensure Technical Continuity

To nurture technology locally and to enhance the management and technical expertise of the local managers, training programs on the operation and management of shoe factories were provided by the Company to cultivate professional knowledge in overall operation and production management of shoe factories. The target group included both overseas and local managers. Overseas managers are currently playing a crucial role in management and technology of the existing shoe factories. It is expected that local managers will take over the responsibilities of the overseas managers in the future, and thus both overseas and local managers are regarded as important candidates for training. This not only supports the current management mode, but also serves as a foundation training plan for the localized development of shoe factories in the future. To adapt to the advent of the digital age, in 2025, previous in-person courses were presented in digital form with accompanying content explanations and audio recordings. This enables cadres to receive voice explanations alongside reading the content, allowing them to comprehend the implications of the material. It effectively expands the number of trainees reached.

Professional training on footwear manufacturing technology includes factory operation and production management, paper template production principles, mold production principles, overview of footwear manufacturing materials and footwear factory order acceptance process. Factories nominated local and overseas cadres to attend these training courses. Through digital learning, footwear manufacturing expertise can be rapidly and effectively disseminated to relevant cadres of footwear factories, thereby elevating the overall professional level of footwear manufacturing in the factories. In 2025, a total of 2,661 employee attendances were recorded in the training in professional footwear manufacturing technology.

### Implementation of Education and Training

All employees of Yue Yuen receive annual training (100% of employees are trained). In 2025, the Group invested 2,713,550 training hours for education and training, with a total of 1,308,433 employee attendances in these trainings, and average training hours of approximately 9.8 hours per employee <sup>Note 1</sup>. In addition, a new online training system was introduced in 2017, so that employees can make full use of their time to learn on the online platform without being restricted by country, environment and time, and can achieve the all-around sharing of the Group’s learning resources.

In the future, we will continue to optimize this platform and develop more digital programs and tools for online platform, so that employees can make use of more improved learning resources.

Average training hours of employees

Unit: hours	2024	2025
<b>By gender</b>		
Male	17.9	<b>9.8</b>
Female	27.9	<b>9.8</b>
<b>By employee category</b>		
Entry-Level	25.3	<b>9.7</b>
Mid-Level	47.5	<b>14.9</b>
Senior-Level	14.7	<b>7.7</b>

Note 1: Average training hours of employees = Total training hours/Total number of employees at the end of the current year.

Note 2: Average training hours of employees of the team = Total training hours of employees of the team/Total number of employees of the team at the end of the current year.

7.2 Human Rights Management

Management of Material Topics

What it means to Yue Yuen



Human capital is the basis of business operation. We create a friendly workplace and ensure labor's human rights, and improve the system to protect the rights of employees.

Impact



Positive impact

- **Actual:** Help to create a friendly workplace and ensure labor rights, improve the system to protect employees' rights and interests, and consolidate human capital.
- **Potential:** Enhance corporate image, which is positive for attracting employees in the community.



Negative impact

- **Actual:** Imbalanced management undermines employee rights and retention, which in turn affects operations and production.
- **Potential:** Imbalanced management will affect the Group's image and order stability.



Policy and Commitment

On the premise of complying with the laws and regulations of the countries in which we operate, the Group supports and respects the "United Nations Universal Declaration of Human Rights", the principles of Articles 1 and 2 of the "United Nations Global Compact", the three principles of the "United Nations Guiding Principles on Enterprises and Human Rights": Protection, Respect and Remedy, as well as the international human rights norms set out in the "Declaration on Fundamental Principles and Rights at Work" of the International Labor Organization (ILO). We adhere to the Group's Code of Conduct to conduct internal human rights management, and take actions consistent with the FLA Workplace Code of Conduct, while treating all employees with dignity and protecting their rights.



Indicator and Target

- Reduce operational risks and foster a contented enterprise by minimizing possible hazards at work and providing labor rights protection to maintain good communication based on mutual trust, creating a win-win partnership between labor and management.
- Comply with the regulations of global operating locations, the Group's Code of Conduct, and international human rights standards and implement legal compliance in our daily operations, as well as align with international trends through external third-party verifications/certifications.
- Objectives in 2025
  - Rate of participation in the friendly workplace course: 100% (2025: 100%)
  - Non-discrimination: 0 case (no case in 2025)
  - Responsible recruitment: no compliance violation case (no case in 2025)



Actions

- Conducted annual compliance KPI assessment – social responsibility assessment for all wholly-owned footwear factories under the Group in 2025 as scheduled, accounting for 100% of the total.
- Promote the infrastructure project to review and understand the daily compliance of factories through daily risk monitoring. In 2025, such measures were extended to all wholly-owned factories, accounting for 100% of the total.



Evaluation Methods

- Internal – Based on the internal SD-KPI assessment, the Company's wholly-owned footwear factories and wholly-owned suppliers are subject to annual internal audits and graded according to their compliance performance to effectively review and manage their overall compliance. (Note: "wholly-owned" is defined as the Company directly or indirectly owning 100% of a company's entire issued share capital)
- External – Through regular or irregular audits by customers and third-party organizations, continuous improvement and follow-up are carried out.



Stakeholder Engagement

Hotline telephone, social media or mobile APP, SMS, suggestion box, emails, employee seminars, cadre communication meetings, labor-management meetings, internal and external referrals, direct communication/interviews, employee consultation room/life counseling room.



Sustainability Indicators

HKEx KPI B4.1/B4.2    GRI 407/408/409    SDG 5/8/10

**7.2.1 Human Rights Management**

To achieve sustainable corporate development, Yue Yuen has always complied with the laws and regulations of the countries in which it operates in a rigorous, open and transparent manner, and in case of discrepancies or conflicts between different standards, the higher standard will be followed. The Group also makes reference to the codes of conduct established by major NGOs and many brand-name customers as the core standards for promoting the work of human rights protection among all staff. Through internal and external audits, potential problems are identified and addressed to continuously improve the working environment, control risks, and foster a more harmonious labor-management relationship, ultimately creating an enterprise with a positive workplace culture.

Code of Conduct	Human Rights Management Measures
1. Employment Relationship	Human rights issues and management measures applicable to all employees: 1. Responsible recruitment 2. Fair remuneration 3. Prohibition of child labor 4. No forced and compulsory labor 5. Minimum notice period for major operations 6. Freedom of association 7. Collective bargaining 8. Voice of employees 9. Staff grievance mechanism 10. Diversity and inclusiveness
2. No Discrimination	
3. Harassment or Abuse	
4. Forced Labor	
5. Child Labor	
6. Freedom of Association and Collective Bargaining	
7. Health, Safety and Environment	
8. Working Hours	
9. Remuneration	
10. Community Connectivity	

**Human Rights Training**

Yue Yuen is committed to building a friendly and harmonious workplace, hoping to create a warm image of workplace, where colleagues can interact with each other with warmth, respect, care and mutual assistance. We have set up a unified code of conduct and standards for the Group, so that colleagues of the Group from all locations can share the same values and behavioral standards.

In 2019, Yue Yuen has set up a Friendly Workplace Program, which focused on mutual respect in workplace interactions, message transmission, behavior boundaries, and other related concepts to achieve respect and friendliness in the workplace. Since then, it has conducted online or on-site training every year. From 2024, we have re-regulated the friendly workplace learning structure and designed new teaching materials, emphasizing the consistency of internal and external standards, including local regulations (in the country of production base) and international organization regulations, as well as promoting the awareness of employees by focusing on violation of laws and regulations in the workplace. In 2025, online training was conducted for Taiwanese personnel and foreign cadres, with a total of 3,290 employees participating, achieving a participation completion rate of 100% and a pass rate as high as 92%.

In addition to the above friendly workplace training, there are different human rights training and publicity initiatives across the factories of Yue Yuen and regional plants. Through meeting announcements, lunch break broadcast, irregular on-site training, distribution of small information cards, poster displays and others, personnel at all levels can understand and foster a friendly and harmonious workplace, ensuring mutual respect and interaction among colleagues.

**Friendly Workplace Program**

Main contents:

- The Group’s regulations (including the Group’s Code of Conduct)
- The Group’s Discipline and Engagement Committee Measures
- Management Measures of Complaints and Punishments for Prevention and Treatment of Sexual Assault and Sexual Harassment
- National sexual harassment and abuse laws
- Practical cases sharing
- The Group’s channels of grievance and consultation
- Management Measures for Complaints of the Group’s Employees
- The internal communication flow chart for general appeal cases
- Workplace emotional control help

In 2025, the Group engaged professional legal experts to conduct seminar training for senior management and relevant case-handling units. The seminars covered fundamental concepts of workplace harassment and bullying, prevention mechanisms, practical case sharing and handling principles. These initiatives aimed to strengthen legal compliance awareness and response capabilities among management and key personnel, ensuring a consistent and accurate organizational approach to such matters.

A total of 349 managers (at the manager level and above) and relevant personnel participated in the seminar, with a post-training satisfaction score of 4.9 points.

Following the seminar, the Group continued to provide e-learning platform access for managers who were unable to attend the session, enabling them to complete supplementary training. A post-training assessment mechanism was also implemented to facilitate ongoing review for participants. A total of 652 managers (at the manager level and above) took part in the post-training assessment, with 79% of participants achieving scores between 80 and 100 points. This served as a basis for evaluating management’s understanding of concepts related to workplace harassment and bullying, as well as prevention and handling principles.

**7.2.2 Human Rights Due Diligence**

**Purpose of promotion**

In order to implement the human rights policy and ensure its effectiveness, the Company has initiated a human rights due diligence since 2022 and conducts a human rights survey every three years. Through systematic identification of actual or potential human rights risks, and in conjunction with an annual assessment mechanism, we gain in-depth understanding of employees' awareness and implementation of human rights policies. We continuously refine our management practices and are committed to fostering a supportive, friendly, and healthy work environment.

**Human Rights Due Diligence Process**



**Risk Identification**

Yue Yuen commits to abiding by international human rights standards, such as the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the United Nations Convention on the Elimination of All Forms of Discrimination against Women, the United Nations Convention on the Rights of the Child, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the FLA Code of Conduct and Standards of Compliance for the Workplace, establishing a list of potential human rights issues based on the human rights concerns of stakeholders, and conducting human rights due diligence accordingly.

Human Rights Issue	Areas of Focus
Responsible recruitment	We shall adopt and adhere to rules and conditions of employment that respect their employees and provide basic rights protection for their employees under national and international labor and social security laws and regulations.
Non-discrimination	No employee shall be subject to any employment discrimination including employment, wages, benefits, promotion, discipline, termination or retirement, etc., due to gender, race, religion, age, physical and mental disability, sexual orientation, nationality, political opinion, social status or minority status.
Respect for religious diversity	
Harassment or Abuse	Each employee shall be treated with respect. No employee shall be subject to physical, sexual, psychological or verbal harassment or abuse.
Forced Labor	Any form of forced labor and human trafficking, including the use of prison labor, indentured labor, bonded labor, or involuntary labor through any penalty, is prohibited. Restrictions on freedom of movement or withholding of personal documents are prohibited in the workplace or through employment agencies, and employees are required and ensured to understand their terms and rights in recruitment and employment. We must sign employment contracts in the employee's native language and ensure that agencies do not use forced labor and do not charge employees recruitment fees.
Prohibition of Child Labor	No individuals aged below 15 or under the age of completing the statutory compulsory education in this area shall be employed, or the other stakeholders' higher standards shall prevail.
Freedom of Association and Collective Bargaining	We shall recognize and respect the right of employees to freedom of association and collective bargaining.
Occupational Health and Safety	We shall provide a safe and healthy workplace setting to prevent accidents and injury jeopardizing health when employees engage in work-related tasks or the operation of the employers' facilities. Employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.
Reasonable Work Hours	We shall not require employees to work more than normal working hours and overtime hours prescribed by the laws of the country where the factory is located.
Fair Remuneration	Each employee has the right to be paid for any normal work week that meets his/her basic needs and generates some discretionary income.
Privacy/Personal Data Protection	We are responsible for protecting the privacy of our employees and preventing the leakage of their personal information.



Chapter 07

Best Workplace

**7.2.3 Management and Mitigation of Human Rights Issues  
FLA Engagement and Accreditation**

Item 8 of the United Nations SDGs aims to promote persistent, inclusive and sustainable economic growth, as well as full employment opportunities and dignified work. Yue Yuen strongly believes that every employee has the right to work at a safe and equal environment. Through participation in the FLA, Pou Chen Group, the parent company of Yue Yuen, conducts annual independent assessments on the global production sites in conjunction with the FLA SCI audit and continuously works with the FLA on international human rights issues in order to maintain compliance with human rights and labor standards.

Pou Chen Group actively joined the FLA in 2011. As a supplier member of the FLA, Pou Chen Group is committed to abiding by the “FLA Workplace Code of Conduct” and the “Principles of Fair Labor & Responsible Production” and its corresponding KPI. Through FLA’s annual SCI audit, on-site observations at production sites and head office visits, Pou Chen Group is unanimously agreed by the FLA board of directors to be qualified for FLA certification and Pou Chen Group has become the only footwear manufacturer in the world accredited by the FLA.

**Becoming a member of the international human rights organization FLA and obtaining FLA accreditation is of great significance,** manifesting Yue Yuen’s commitment to supporting the United Nations’ Sustainable Development Goals

Principles of Fair Labor & Responsible Production of the FLA The Company is committed to voluntarily abiding by the “FLA Workplace Code of Conduct” and the “Principles of Fair Labor & Responsible Production”	
Top Management Commitment and Workplace Standards	Member company is committed to achieving transparency and accountability according to the established workplace standards.
Responsible Production Practices	Member company conducts sales, planning and production practices based on its commitment to workplace standards.
Responsibility and Head Office Training	Member company identifies and trains employees who are responsible for implementing workplace standards and responsible manufacturing practices, and provides trainings to all head office employees.
Production Staff Training	Member company provides trainings on workplace standards to all management and employees at its own production facilities and tracks the effectiveness of the training.
Monitoring	Member company conducts compliance monitoring of workplace standards.
Functioning Grievance Mechanisms	Member company provides effective grievance mechanisms for employees, including multiple communication channels, at least one of which is confidential.
Collection and Management of Compliance Information	Member company collects, manages and analyzes compliance information on workplace standards.
Timely and Preventative Remediation	Member company conducts timely and preventive remediation.
Consultation with Civil Society	Member company identifies, researches, and collaborates with relevant non-governmental labor organizations, labor unions, and other civil society.
Verification Requirements	Member company meets FLA’s verification and project requirements.

**FLA has conducted audits and published qualified public reports for 15 consecutive years**

Yue Yuen continues to enhance the transparency of its manufacturing conditions and has been proactively conducting the annual assessment and compliance review under the Sustainable Compliance Initiatives (SCI) at FLA-selected factories under Yue Yuen since 2011. It makes improvements and gives regular feedback on the action plan every year according to the recommended actions given in the audit report, and systematically and regularly accepts human rights review and evaluation/supervision of NGO groups.

The FLA SCI assessment covers the main production and operation sites of Yue Yuen worldwide. All inspection reports on working conditions are published on the official FLA website: <https://live-flarebuild.pantheonsite.io/member/pou-chen-group/>.

Production base	Indonesia	Mainland China	Vietnam	Cambodia	Bangladesh	Myanmar
Audit date	2011/12/20-22 2021/9/27-29	2012/11/5-9 2013/08/27-30 2014/11/2-7 2020/9/9-10	2015/10/12-16 2017/9/26-29 2022/08/22-24 2023/09/20-22 2025/08/20-22	2019/9/5-6	2016/11/1-3	2018/9/5-7 2024/08/14-16

Note: The review report of the VP Factory in Vietnam for 2017 is available on the internal member website of the FLA

In August 2025, FLA entrusted a third-party audit unit to conduct a three-day compliance assessment at the Company’s Pou Li Factory in Tây Ninh Province, Vietnam. Through document review, onsite visits and observations and interviews with employees and management, recommendations on legal and compliance were provided to the factory. FLA regularly tracked the progress of improvement, carried out factory-wide inspections through insignificant discoveries, and continued to revise improvement measures, which had actively and continuously improved the working conditions and working environment.

Pou Li Factory in Tây Ninh Province commenced mass production in 2012, creating nearly 4,000 local job opportunities. Amid the local infrastructure under development, employee weak awareness of occupational safety and limited understanding of labor laws and regulations, the Company has established management standards and focused on employee education and training, thus creating a safe, inclusive and respecting-women working environment. We also accept the assessment by FLA SCI, a third-party labor inspection agency, to review labor safety risks in the factory. Through on-site compliance inspection of the production factory, no major emergency deficiency as defined by FLA was identified.

# Chapter 07

# Best Workplace

## Internal Evaluation Mechanism: SD-KPI

Since 2012, Yue Yuen has established an internal evaluation mechanism, the content of which can be divided into Social Responsibility Evaluation (“ERC”) and Environment, Safety and Health (“ESH”). Yue Yuen has established inspection projects with reference to FLA compliance standards, requirements of the brands and local laws and regulations, the scope of which covers its production sites in Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh and Myanmar, and annual compliance assessments are conducted on the production units of the Company’s wholly-owned footwear factories. The assessment criteria include the implementation status of human rights, environment and safety management. Factories will then be classified in a hierarchical manner based on their compliance performance, so that the overall compliance status can be actively and effectively reviewed and managed.

### Yue Yuen Internal Evaluation Mechanism: SD-KPI



Social Responsibility Evaluation  
(human rights risks management)



Environment,  
Safety and Health

- No harassment and discrimination
- Forced labor
- Recruitment and appointment
- Education and training
- Working hours management, salaries and benefits
- Employee development and promotion
- Termination/release of contract
- Rewards, penalties and workplace conduct
- Grievance mechanism
- Slacking and strike
- Internal communication (employee involvement/community feedback)
- Protection for special employees
- Freedom of association and collective bargaining

- Safety and health
- Fire safety
- Environmental management
- Energy management

For human and labor rights management, the SD-KPI inspection of the Group’s wholly-owned footwear factories has been completed on schedule in 2025. The Company conducted the evaluation in accordance with the provisions on labor rights and human rights protection measures listed in the Code of Conduct, the FLA Workplace Code of Conduct and the Principles of Fair Labor and Responsible Production, including no harassment and discrimination, forced labor, recruitment and appointment, education and training, salaries and benefits, working hours management, employee development and promotion, termination/release of labor contract, foreign employee management, contractors management, rewards, penalties and workplace conduct, grievance mechanism, freedom of association and collective bargaining, protection for special employees, slacking and strike and internal communication (employee involvement/community feedback), etc. The evaluation method includes detailed review of relevant documents, spot checks on Closed Circuit Television (“CCTV”) footages in factory and employee interviews to achieve an objective, fair and comprehensive review.

In 2025, the Company continued to improve the Group’s standards of labor rights and human rights in our factories. At present, all the factories have implemented policies to protect child labor, underage workers and female employees, and there were no cases of forced labor or human trafficking. Meanwhile, factories also actively advocated on no harassment, no discrimination, no heavy and toxic work for special employees, prohibition of forced labor and freedom of association and relevant training. The Group utilizes the internal platform Master Action Plan (“MAP”) to track the improvements of issues identified during the audits. Through root cause analysis, improvement plans and discussion with factories, immediate rectification and reviews are carried out. All 185 issues to be improved from the previous year (i.e. 2024) have been followed up and settled in 2025.

Going forward, Yue Yuen will continue to dedicate in implementing relevant regulations and spirits of the international standards advocated by the International Labor Organization (“ILO”) and the Fair Labor Association (“FLA”), and providing a friendly working environment and a better relationship between employers and employees.

### Examples of improvements in human rights risk issues in 2025:

Audit Date	Human Rights Risk Aspect	Audit Date	Human Rights Risk Aspect	Audit Date	Human Rights Risk Aspect	Audit Date	Human Rights Risk Aspect
2025.9.21	Document review	2025.09.21	Labor contractor management	2025.11.13	Complaint mechanism	2025.11.20	Internal regulations
<b>Findings</b>		<b>Findings</b>		<b>Findings</b>		<b>Findings</b>	
After the spot-check of factory management regulations in Mainland China, it was found that certain contents in the labor agreement templates and related labor contract annexes attached to the Termination Management Measures were not fully consistent with current laws and regulations. Upon review, these documents were found to be dated 2019, making them outdated. It is recommended to establish a regular (annual) review and update process, modeled after the labor contract management mechanism, to ensure that document contents remain continuously compliant with the latest legal requirements.		After reviewing the new staff training materials of the labor contractor, it was found that training and examination materials and payroll register were signed by others on behalf of the recipient.		Employee Complaints and Consultations Management Procedures require that the mailbox be checked once every 3 days, but the factory’s ER check the mailbox daily. The provisions in the management measures were not in line with actual practice. The factory should confirm and standardize the practice.		After conducting an employee interview, it was found that more than 50% of the employees interviewed in a factory in Indonesia were not aware of the Company’s core values and code of conduct.	
<b>Corrective Actions</b>		<b>Corrective Actions</b>		<b>Corrective Actions</b>		<b>Corrective Actions</b>	
<ol style="list-style-type: none"> <li>After the audit, the factory has reviewed and revised its factory management measures and implemented corrections.</li> <li>Going forward, the factory will strengthen document review and regularly collect updates on legal and regulatory information to prevent any discrepancies with applicable laws and regulations</li> </ol>		<ol style="list-style-type: none"> <li>After the audit, the factory re-examined the relevant training records and conducted supplementary training sessions.</li> <li>The responsible contact personnel at the labor contractor were provided with additional education and training to ensure they fully understand/ are familiar with payroll record-keeping and training requirements, thereby preventing the recurrence of similar issues.</li> </ol>		<ol style="list-style-type: none"> <li>After the audit, the factory adjusted the actual frequency of practice to be consistent with the provision (once every 3 days).</li> <li>In addition to this document, the factory conducted a comprehensive review of all internal management documents and disseminated the updated information to all personnel. Going forward, the factory will strengthen its self-inspection procedures and regularly review internal operational procedure documents as well as internal publicity materials.</li> </ol>		<ol style="list-style-type: none"> <li>The factory has produced and posted posters at various prominent locations in respective buildings, such as bulletin boards, and spots next to inspection stations or that can be easily seen on the production line.</li> <li>After posting the posters, the factory has conducted further training for entire personnel to explain the Company’s core values/code of conduct.</li> </ol>	

### Management Practices on Human Rights Issues

Yue Yuen complies with local laws and regulations, and follows the Universal Declaration of Human Rights and the FLA Workplace Code of Conduct to formulate the "Code of Conduct." Work Rules also contains corresponding provisions, such as prohibition of employing child labor, no harassment and discrimination, no forced labor, freedom of association, health, safety and environment, salaries and benefits, working hours regulations, protection for special employees, etc. Yue Yuen is committed to implementing the principle of fairness and human rights policies.

### Responsible Recruitment

Yue Yuen upholds the principle of equal opportunity, values the diverse talent development, and provides job seekers and employees an equal chance of employment regardless of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social status or ethnic minority. Relevant management principles are also demonstrated in the aspects including employment, wages, benefits, promotion, discipline, termination and retirement, etc.

Yue Yuen's factories utilize diversified channels for recruitment, and verifies during the interview to confirm the job applicants' willingness to apply and the documents provided are correct, ensuring compliance with the age requirements of local laws and regulations. Only those who meet the requirements will be recruited. Every new employee is required to sign an employment contract when hired, clearly defining the rights, responsibilities and obligations of both employers and employees, and all employees have the right to terminate their employment with the factory. The conclusion, modification, dissolution and termination of relevant employment contracts all strictly abide by the relevant laws and policies.

Meanwhile, adhering to the spirit of human rights as advocated by the international organization for the purpose of effectively terminating forced labor, Yue Yuen signed the commitment to "Responsible Recruitment" jointly developed by the Fair Labor Association ("FLA") and American Apparel & Footwear Association ("AAFA") in November 2019 for the continuous day-to-day promotion and advocacy of human rights, which sets out that:

1. Employees are not required to pay agency fees.
2. Employees receive timely reimbursement for expenses incurred in obtaining or retaining employment;
3. Workers retain control of their travel documents and have full freedom of movement.
4. Employees are informed of the basic conditions of employment before leaving home for work.

Based on such principles, Yue Yuen will implement responsible recruitment in its daily operations and take into account the recommendations of NGOs/stakeholders, Yue Yuen has also prepared a responsible recruitment commitment letter and, in case of recruiting by appointing external agencies, it will invite the cooperative agency or recruiting unit to sign the same, to effectively eliminate the risks of forced labor and human trafficking. In 2025, after checking the internal labor dispatching status of the Company, all factories in the production sites recruited employees directly and did not recruit or enter into labor contracts with employees through labor agencies; if there is any relevant cooperation in the future, such company will be invited to sign such responsible recruitment commitment letter, with annual internal audits ensuring legal compliance.

### Fair remuneration

The definition and standard of the Global Living Wage Coalition ("GLWC") on living wage/fair remuneration:

The remuneration received by employees during a standard working week in a given location should be sufficient to maintain a satisfactory living standard for employees and their families. Elements of satisfactory standard of living include food, water, housing, education, medical care, transportation, clothing and other basic needs, and response to emergencies.

As a responsible member of the Fair Labor Association (FLA), the Company is committed to the ongoing development of fair compensation to support the livelihood of our employees and their families by conducting a survey on the Group's remuneration in line with the FLA Code of Conduct and the GLWC's definition of fair compensation, and following the FLA's fair compensation research methodology.

In addition to reviewing the compliance status of Yue Yuen in respect of working hours and remuneration in production plants through the audit mechanism, the Group also utilizes the FLA compensation data collection tool and online platform, Fair Compensation Dashboard, to proactively monitor the remuneration structure of the Group's factories. Spot checks were conducted on 60% of the footwear production plants<sup>Note</sup> in 2025, which included factories in Vietnam, Indonesia and Cambodia, confirming that 100% of the sampled factories conform to the local basic salary and fair compensation standard.



Note: "footwear production plants" here is based on the number of factories in the FLA Member Factory List.

### Prohibition of Child Labor

No person shall be employed by the Company under the age of 15 or under the age for completion of compulsory education, whichever is stricter, in accordance with the Code of Conduct of Yue Yuen, the International Labor Organization ("ILO") Convention No. 138 and government regulations. Relevant young labors (underage employees) shall be documented and reported according to regulations (subject to legal requirements), and the Company has formulated relevant protection policies to ensure that their working hours and job positions comply with the laws and regulations.

At the time of interview, the Company will request the job applicants to produce valid identification document to verify their actual age. Once a mistakenly-employment case is discovered, the person in question will be suspended from work immediately and sent to the original residing address for the supervision by the parents or guardians, and the Company will be responsible for paying the necessary transportation and accommodation expenses, as well as the wages for the actual work period. According to the internal compliance mechanism, there was no incident of use of child labor at the Company's production sites in 2025.

**No Incidents of Forced or Compulsory Labor**

Yue Yuen does not employ any forced, imprisoned or illegal indentured labor, including prison laborers, indentured labor, bonded labor or other forms of forced labor, and shall not employ any labors who are involved in any form of human trafficking, whether by way of force, fraud, coercion or any form of involuntary labor or slavery. Meanwhile, Yue Yuen does not require the employees to pay any recruitment fees to ensure that employees have freedom of movement, keeping their own identity or immigration documents. The contracts signed by employees are written in their mother tongue to clearly inform employees of their basic terms and conditions of employment. The day-to-day management mechanism of Yue Yuen ensures that all work is voluntarily done by employees and that employees have the right to work overtime and to leave their positions freely with reasonable notice given. According to the internal compliance mechanism, there was no incident of use of forced or compulsory labor in 2025.

The Company strictly abides by the relevant laws and regulations of the countries where its factories are located as well as the regulations of the Company and requirements under brand agreements. Employees are paid on time and properly, and pay slips are provided in the local language, so that employees can understand the comprehensive information of the pay slips, where all lawful deductions are clearly stated. If overtime work is required, the Group must obtain the employee’s consent, and overtime work and overtime payment shall be both in compliance with local laws and regulations. The Company also respects the rest time of its employees and grants rest days in accordance with local laws and regulations. Also, computerized attendance systems are put in place to effectively manage the working hours and resting dates of the employees to maintain the physical and mental balance of the employees. During working hours, employees are allowed to move freely within the factory areas except for certain controlled areas.

**Minimum Notice Period Regarding Major Operational Changes**

The Company strives to build a harmonious labor relation, and the minimum notice period regarding major operational changes is given according to the Collective Bargaining Agreements (“CBA(s)”) or local labor laws.

In the operation and production bases where the CBAs have been signed, such agreements are signed by the local labor unions and the Company under the approval of the local competent authority, clearly specifying the minimum notice periods regarding the relevant employment conditions, rights or major operational changes. All the signed documentation of CBAs shall be submitted to the competent local authority for filing. The operation and production bases that are not yet a party to a CBA or are not specifically covered by a CBA will follow the minimum notice periods regarding major operational changes governed by local labor laws.

Regulations on minimum notice period regarding major operational changes

<b>Indonesia</b>	Local labor regulations: 14 working days	<b>Bangladesh</b>	Local labor regulations: more than 30 days before notification
<b>Cambodia</b>	Local labor regulations: – 7 days for employment of no more than 6 months – 15 days for employment between 6 months to 2 years – 1 month for employment between 2 years and 5 years – 2 months for employment between 5 years and 10 years – 3 months for employment more than 10 years	<b>Myanmar</b>	Local labor regulations: more than 30 days before notification
<b>Mainland China</b>	CBA: more than 30 days before notification	<b>Vietnam</b>	CBA: more than 30 days before notification

**Freedom of Association**

Yue Yuen upholds respect for employees’ right of freedom of association and collective bargaining. The Company recognizes the legal labor unions established by employees themselves, support employees to form labor unions freely, respect their right to negotiate with the management and actively communicate and interact with labor unions pursuant to the “Code of Conduct”.

The factories of Yue Yuen in Taiwan, Mainland China, Indonesia, Vietnam and Cambodia have all set up labor unions of the employees’ free will to assist them in communicating with the Company on labor issues, including reviewing labor rights stated in the employee handbooks, stipulating relevant labor standards and engaging labor negotiation or events on delegation, etc.. The factories in Bangladesh and Myanmar have also set up employee representative committees through elections by employees at liberty according to local laws and regulations. The Worker Coordination Committee (“WCC”) was established at the Myanmar factory, and the Worker Participation Committee (“WPC”) was established at the Bangladesh factory.

**Collective Bargaining Agreements**

As a consensus between the employer and employees, the labor union of each region may sign CBAs with local branches of the Company in each region. The union also holds relevant employee caring events and activities jointly with the Company, enhancing the communications between the Company and employees and the employees’ sense of identity. CBAs were made under agreement between the employer and employees at the factories of Yue Yuen in Mainland China, Indonesia and Vietnam. The number of employees protected by the CBAs is 250,708 in total, representing approximately 92.78% of the total number of employees in the manufacturing business.

According to the Company’s internal regulations, the factory and the labor union shall convene a meeting for communication between the management and the labor union at least once every quarter; and the factory shall take the initiative to discuss with the labor union on issues regarding employees’ welfare and rights to obtain consensus and approval from the labor union.

**Percentage (Average) and number of employees covered by the CBAs of major production sites**

Production sites	Vietnam	Indonesia	Mainland China
Number of employees covered by the CBAs (person)	99,859	135,001	21,980
Percentage of employees covered by the CBAs (%)	100% <sup>note 1</sup>	100% <sup>note 1</sup>	98.92% <sup>note 2</sup>

Note 1: The CBAs signed in Vietnam and Indonesia cover the rights and obligations of all employees and employers of the factories under the corporate title.

Note 2: Only employees in the “footwear manufacturing” business units in Mainland China participate in the labor union; the membership mechanism is promoted on a voluntary basis, with employees’ willingness confirmed through written application forms, and statistics are compiled and disclosed based on the actual number of applicants.

Note 3: The employers and employees in Cambodia, Bangladesh and Myanmar have not yet entered into any CBAs by mutual agreement.

### Voice of the Employee

*Employee Care "Voice": Smooth Communication Channel for Employees – Face-to-Face Conversation/ Complaint Communication Mechanism*

Yue Yuen encourages communication between the management and the employees. We have established various channels to collect the feedback of the employees based on their usage behavior in different areas. By consolidating the inputs from complaint channels of various regions, we establish a systematic record-keeping system and analyze the issues enquired by employees of each unit. Through continuous annual internal and external employee relationship activities, it is expected that internal cohesiveness and organizational identification can be gradually enhanced to ensure a harmonious labor relation.

With the intention of increasing communication between management and employees, the Company has provided a variety of employee interaction channels since it was listed on the Main Board of the Hong Kong Stock Exchange, including telephones/hotlines, social media or mobile app, short message service (SMS), suggestion boxes, emails, employee forums/heart bridge communication meetings/management communication meetings, internal and external referrals, direct communication/interviews, counseling/life guidance office and factory self-inspections.

Since 2012, Yue Yuen has included employee forums in the necessary implementation of internal compliance management. In 2025, 513 employee forums were held, with a total of 20,002 participants.

During the employee forum held at each factory, employees are free to express their opinions and propose suggestions. Factory supervisors are required to attend all of the meetings. At the forum, in addition to expressing their appreciation for the employees' hard work, and spreading important information of the Company, they also have to listen and immediately handle the problems raised by employees. By doing so, the supervisors not only set themselves as an example to other managerial staff of the factory and mark the significance of the opinions of employees, but also help bridge the gap of trust and communication between the management and employees.

### Voice of the Employee

Source of Cases	Subtotal
Group Employee Voice Collection Platform VoE	5
Labor Union	54
Factory Self-inspections	216
Internal Referrals (Supervisors, Management, Factory Personnel, HQ/AC)	70
Short Message Service (SMS)	5
External Referrals (Brand Customers, Government, Third-Party Referrals)	9
Direct Communication/Interviews	182
Social Media or Mobile App	1,388
Employee Forums/Heart Bridge Communication Meetings/Management Communication Meetings	1,833
Suggestion Boxes	238
Emails	18
Telephones/Hotlines	201
Counseling/Life Guidance Office	212
<b>Total</b>	<b>4,430</b>

In 2025, the Employee Relationship Management System ("ERMS") recorded a total of 4,430 cases of complaint and consultation. Among the closed cases, 91.0% were resolved within 10 working days, and 99.6% were resolved within two months. As of February 26, 2026, there were 23 cases remained opened, primarily due to the nature of the cases involving improvements to the living/working environment and equipment, which require longer-term feasibility assessments and coordination across multiple departments. All outstanding cases continue to be closely monitored and followed up. During the Year, the majority of employee concerns across regions centered on issues related to living conditions, workplace facilities, and internal communication.

## Chapter 07

## Best Workplace

## Annual Employee Satisfaction Survey Results and Improvement Plans

To continuously enhance the employee work experience and overall well-being, the Sustainable Development Departments at the Group's various regional factories conducted an employee satisfaction survey in 2025, extensively gathering genuine feedback from frontline employees. The total score is 5, with an average satisfaction score of 4.2 points. A total of 13,296 employees participated in the survey, representing a coverage rate of 6%.

Scope	Average Total Employees	Number of Survey Participants	Coverage Rate	Average Satisfaction Score
All Regions	235,536	13,296	6%	4.2
Mainland China	23,684	2,123	9%	4.1
Indonesia	95,988	4,653	5%	4.3
Vietnam	96,539	2,970	3%	4.6
Other (Cambodia, Bangladesh and Myanmar)	15,177	260	2%	4.1

During the Year, surveys among Taiwanese employees and overseas Taiwanese employees focused on workplace friendliness, as reflected through employee feedback and self-assessments.

Scope	Average Total Employees	Number of Survey Participants	Coverage Rate	Average Satisfaction Score
Taiwanese employees and overseas Taiwanese employees	4,148	3,290	79%	4.1

The survey results also serve as a crucial basis for continuous improvement in each region:

- Mainland China Region Improvement Priorities:** In terms of catering, improve food quality, optimize dinner order and strengthen hygiene management in restaurants and public areas; in terms of working environment, continuously improve working conditions, regularly replace personal protective equipment and address commuting issues.
- Indonesia Region Improvement Priorities:** Actively implement various improvement measures, such as strengthening food hygiene and restaurant cleaning management in terms of catering, maintaining consistent cleanliness, and optimizing dining flow to reduce queuing time. Menu content was also adjusted to provide more diverse meal options, including supplementary menus and the addition of fruit, while enhancing the service quality of canteen staff. In terms of working environment, the factory also raised employee awareness regarding workplace violence, harassment and gender-based violence, establishing safe and confidential reporting channels.
- Vietnam Region Improvement Priorities:** Ensure the implementation of statutory benefits to support employees' living needs. Simultaneously, the quality of the employee canteen and working environment was enhanced, with regular replacement and replenishment of personal protective equipment to ensure operational safety. Furthermore, in response to employee queries regarding adjustments to the Vietnam social insurance system in 2025 and how to access electronic pay slips, the factory strengthened communication and explanations to improve information transparency and employee understanding.
- Taiwan Region focus on workplace friendliness:** promote workplace friendliness across different business units, including multi-faceted employee interviews to gather employee voices, convening employee forums for dialogue with management, and conducting individual interviews with overseas assigned personnel to show concern for their expatriate lives.

**Handling Mechanism for Complaints of Employees**

According to the Company’s Complaints and Consultations Management Procedures, the processing results shall be reported to the complainants and relevant reporting units in a timely manner, in any event not exceeding 10 working days. If the case involves management misconduct or violation of work standards including a sensitive issue such as sexual harassment, inappropriate language and discrimination, it may be delayed depending on the processing situation, but in any event not exceeding two months.

Since the Group operates globally, it is never easy to understand or communicate in different cultural contexts. To ensure fair and impartial handling of cases at the production sites, an internal document, “Discipline/Engagement Committee Measures”, was duly passed in 2017, and since 2018, the Discipline/Engagement Committee mechanism had been launched regularly or from time to time on a case-by-case basis.

When a controversial case is received, a meeting convened by the Discipline/Engagement Committee will be called according to the nature of the case, and an investigation team and a convening committee will be established for the case. The members of these two teams should not be duplicated unless it is necessary. In 2019, the management measures for the Engagement Committee were further revised, with emphasis on the cultural perspectives of local employees and the perspective of the Group’s local sustainable operation, and local employees were appointed as chairman of the committee. Meetings are conducted on a monthly basis, to discuss and decide on controversial cases as well as to review the handling status of internal complaint cases, with the aim of settling complaints in a fair and impartial manner. Meanwhile, the Company adheres to the anti-retaliation principle. Any acts of retaliation by any departments or individuals for whatever reason will not be tolerated, and it can be reflected and reported through various channels in case of such occurrence.

**Handling of Major Management Attitude and Workplace Misconduct Cases**

In 2025, the ERMS recorded a total of 4,430 cases of complaint and consultation, with 47 cases of major management attitudes and workplace misconduct, including 18 cases of speech and behavioral misconduct caused by emotional agitation of the management during production, and 29 cases of conflicts among employees, all of which were properly handled and settled. 8 of the cases were sexual harassment cases, for which after investigation, appropriate adjustments were made to the work and related punishments were imposed, and we had continuously showed care for the victims. The above data on major management attitude and workplace misconduct have been included in the statistics after being confirmed to be true through the Company’s investigation procedures, ensuring the accuracy and completeness of the information. In addition, no discrimination-related cases occurred in 2025.

Compared to 2024, the number of cases involving major management attitude and workplace misconducts in 2025 was reduced by 19%. According to the audit of internal compliance mechanism, there have been no reprisals concerning the complaints in 2025.

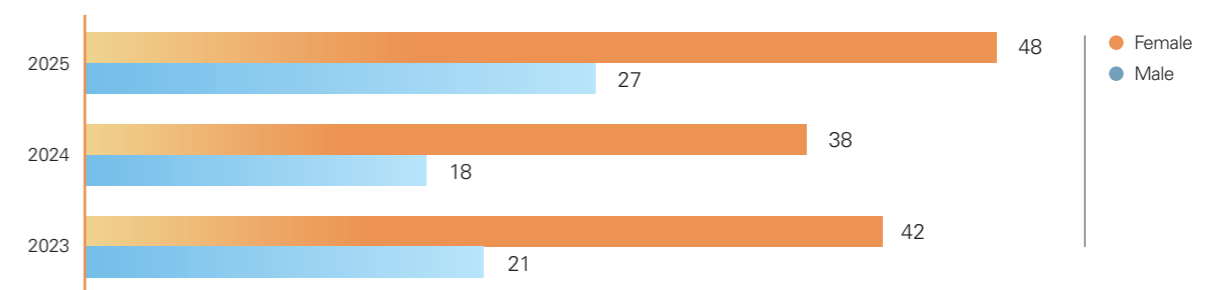
For cases of major management attitude and workplace misconduct, in addition to duly handling of complaints, factories must formulate improvement plans, including the plans for training violators, promoting a friendly workplace against harassment and abuse, and evaluating and strengthening the understanding of local culture among expatriate management as well as other preventive measures. The plans shall be signed and approved by the production supervisor and the general factory supervisor to declare the determination to improve. In addition, the factory, along with the local administrative center and even headquarters, conducts regular follow-up visits with the parties involved, aiming to provide victims with a more comfortable working environment and psychological counseling, as well as to offer care and support to offenders regarding their work status, so that both parties can continue to focus on their work with peace of mind.

**Diversity and Inclusion**

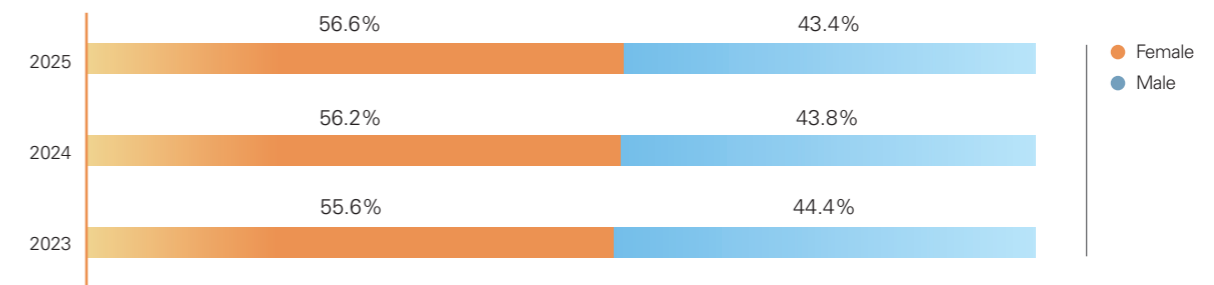
• **Woman Empowerment**

According to social expectations and international trends, Yue Yuen is committed to creating an equal and inclusive workplace. In recent years, Yue Yuen continues to strengthen the influence of women in leadership, decision-making, talent cultivation and management vision. The proportion of female colleagues serving as key positions and management is increasing. In the future, the Group will continue to develop more assistance programs and digital competency training to help female employees to enhance their professional capabilities and develop their leadership skills, so as to achieve substantive equality.

**Transforming the Attitude of Entry Level Management – Interactive Management Workshop Seed Lecturer Training (Unit: Person)**



**Gender ratio of management in the last three years (Unit: %)**



# Chapter 07

# Best Workplace

- **Talents without Borders**

Yue Yuen has all along upheld the employment philosophy of “talents without borders”; has integrated multiple cultures with transparent and fair promotion channels with no bias on gender or nationality. Global production sites of Yue Yuen are located in Mainland China, Vietnam, Indonesia, Bangladesh, Cambodia and Myanmar etc., and the footwear manufacturing bases are mainly located in Indonesia, Vietnam and Mainland China. We conduct talent analysis of our employees according to age, gender and geographical region, etc. annually. (Please refer to Chapter 7.1.1 for details)

- **Respect for Religious Diversity**

There are thousands of religious beliefs in the world that provide spiritual support and solace, while also regulating the moral order of believers. Yue Yuen supports and protects the freedom of religious belief of its employees and flexibly adjusts its management system to support employees to follow the rituals of their faith during working hours. At our Myanmar factory, for example, the employees there are devout Buddhists, so large Buddha statues are placed in the factory sites for the staff to find spiritual sustenance in faith.

Over approximately 90% of the employees at the Indonesia and Bangladesh factories believe in Islam. According to the Islamic scripture “Koran”, Muslims must worship five times a day in the direction of Mecca, Saudi Arabia, to show that they remember Allah every day. Yue Yuen respects the religious beliefs of its employees, and has built several prayer rooms, also called musalla, in the factories, which can be freely used by the employees. Separate small prayer rooms are also provided in the working areas for the employees’ free use. In 2025, the Group has 111 religious building facilities in its premises.

Islam fasting requires Muslim not to eat or drink from dawn to sunset during Ramadan, and the Company is considerate towards the physical well-being of employees. Should any employee feel unwell, there are ambulances in place in the factories and medical rooms have been set up to provide immediate care services for them. The annual Eid al-Fitr equals to the Indonesian New Year, when Muslims cheerfully dress up in festive clothes to celebrate the festival, listen to the Koran at the mosque, and worship collectively in the direction of Mecca, thanking Allah for strengthening their faith and restoring the ties between friends and relatives.

Yue Yuen’s factories in Indonesia and Bangladesh hold Iftar Communion, while those in Indonesia factories also organize Iftar ceremonies at local orphanages together with the residents of the local community. Free buses are arranged for employees to go back to hometown while working hours are flexibly adjusted, such that employees can pack their luggage to return home earlier to enjoy the Indonesian New Year together.



Indonesia – Eid al-Adha Events



Indonesia – Indonesian National Day Events



Mainland China – Dragon Boat Festival Events

- **Gender Friendliness**

- **Equal Pay**

The Company recognizes its employees as its greatest assets. In order to attract, motivate and retain talents, the Company offers attractive and competitive remuneration packages, and upholds the principle of equal pay for the same position regardless of gender, race, religion, political affiliation, sexual orientation or marital status of the employees. (Please refer to Chapter 7.1.3 for details)

- **Elimination of Discrimination**

In order to eliminate discrimination, in addition to the principle of non-discrimination as specified in the Code of Conduct, the Group also provides a comprehensive and transparent channel and process for the grievance and consultation, and an internal document, "Discipline/Engagement Committee Measures" was duly passed in 2017. With emphasis on the cultural perspectives of local employees and the perspective of the Company's local sustainable operation, local employees were appointed as chairman of the committee. Monthly regular meetings are held not only to review controversial cases but also to examine the handling status of internal complaint cases, with the aim of settling complaints in a fair and impartial manner. Meanwhile, the Group adheres to the anti-retaliation principle. Any acts of retaliation by any departments or individuals for whatever reason are not tolerated, and can be reflected and reported through various channels. In 2025, there were no incidents related to discrimination.

- **Good Maternity Arrangement and Benefits**

Raising healthy children not only benefits the family, but also contributes to the Group's sustainable operation and the country's social progress and development. In order to create a friendly workplace environment, the Group is committed to implementing breastfeeding-related measures and setting up a good breastfeeding room to provide a private and safe space for female employees, so as to meet the needs of employees in taking care of their children in a more comprehensive and considerate manner.

In accordance with national laws and regulations and the expectations of our brand, the Group shall transfer pregnant women engaged in strenuous work to lighter duty positions. In the Mainland China region, maternity leave is six months, and numerous exclusive welfare measures for pregnant employees are provided. For details, please refer to "7.1.2 Employee Care – Diversified welfare".



Breastfeeding room in Vietnam



Home visits to breastfeeding employees in Mainland China

Management of Material Topics

What it means to Yue Yuen



To provide a safe and healthy workplace setting to prevent accidents and injuries jeopardizing to health when employees engage in work-related tasks or the operation of the employer’s facilities.

Impact



**Positive impact**

- **Actual:** To establish a friendly working environment to protect the physical and mental health of employees and increase their sense of security.
- **Potential:** To reduce potential hazards and build employee cohesion.



**Negative impact**

- **Actual:** Occupational safety and health risks affect the health, attendance and quality of life of employees, and indirectly affect the staffing schedule of production lines.
- **Potential:** The long-term health and life quality of employees are affected.



**Policy and Commitment**

- The basis for the occupational safety and health management policy is found in the Code of Conduct, which states, “provide a safe and healthy workplace setting to prevent accidents and injury jeopardizing to health when employees engage in work-related tasks or the operation of the Group’s facilities”.
- The commitment of providing a safe and healthy working environment to the employees, with the establishment of organizations, horizontal cross-department cooperation and top-down execution.



**Indicator and Target**

- Gradually establish a standardized management system with the establishment of organizations, horizontal cross-department cooperation and top-down execution. In the event that an employee suffers a major illness, the medical rescue mechanism and emergency rescue measures in the factories will be activated to handle.
- Based on the law, Yue Yuen continues to operate the epidemic prevention guidelines so as to reduce the impact of the pandemic on operations.
- 2025 management objective: 10% reduction in the number of occupational hazards and fire disaster (the number of incidents increased in 2025, target not achieved); zero occupational fatalities (zero occupational fatalities in 2025, target achieved).



**Actions**

- Promotion of Corporate Safety Culture: gradually promotes corporate safety culture through the three-in-one chain of fundamental development, ESH partners and a top-down system.
- Promotion of ESH Restricted Equipment Safety Management.
- Training for Professional Safety and Health Management Personnel.



**Evaluation Methods**

Through the implementation of SD common alignment system, ESH partner system and occupational hazard risk map, the results verify their implementation, gradually building a complete safety culture in the Company.



**Stakeholder Engagement**

The ESH Committee members keep monitoring and follow up on related topics on a monthly basis.



**Sustainability Indicators**

HKEx KPI B2.1

GRI 403

SDG 3/8/12

**8.1 Occupational Safety and Health Management**

With respect to occupational safety and health management policies, Yue Yuen complies the corresponding local laws and regulations in countries where the Company’s factories are located, and customers’ requirements. Based on international standards of the occupational safety and health management system (ISO 45001), and the FLA Workplace Standards, Yue Yuen has established and improved its three-in-one ESH management system that integrates fundamental development, ESH partners, and top-down management. The aim is to prevent accidents, reduce the risk of occupational hazards and diseases, and jointly maintain a good and safe working environment through effective system management with the participation of all employees.

In 2025, Yue Yuen’s footwear manufacturing factories implemented the occupational safety and health management system ISO 45001, with 69% of the total number of plants promoting and passing the external inspections, and the number of factory staff passing the inspections accounting for 83% of the total number of employees of the wholly-owned footwear factories. The Occupational Safety and Health Management System covers regular employees and non-employee staff. We have a total of 9,727 personnel dedicated to supervision and maintenance of the Company’s daily operations, including 351 dedicated occupational safety and health management personnel and 9,376 ESH partners.

In compliance with customers’ requirements and occupational safety and health management system, the footwear factories at the Company’s production sites have established relevant management measures to conduct hazard identification and risk assessment control procedures to effectively identify workplace hazards (including related workplace potential risks such as human factors hazard, abnormal workload and maternity health issue) and reduce the employee health hazards and avoid the occurrence of accidents. According to the local laws and regulations, the Company determines the risk level of high-risk hazards, the hazards identified in the factories, and the risks raised by employees through complaint channels or proposed improvement plans, and draws up relevant risk control plans for unacceptable risk issues, as well as takes them as the axis of the Company’s occupational safety and health implementation project, such as machinery safety, fire control, and environmental protection and energy saving policies. The occupational safety and health issues raised by employees by making complaints and proposing improvement plans through various communication channels established internally will be recorded and tracked, and the Factory ESH Committee (Environmental Energy and Safety and Health Committee) will conduct improvement tracking at its monthly meeting. The Company adheres to the anti-retaliation principle to protect the rights of the complainants; when an employee takes the initiative to report or discover workplace safety concerns, he/she can immediately withdraw based on the emergency evacuation training experience acquired through regular drills.

For the management of occupational disasters, the management procedures of occupational hazard investigation are standardized according to the existing regulations of the Company’s “Abnormal Incident Management Regulations” and managed with the “Abnormal Incident Management System” to ensure that incident reporting, tracking and confirmation are put into effect. By systematically analyzing the data, we evaluate the risk matrix of occupational hazards in respect of the disasters occurred and the production-related machines at each location, list the types of machines with higher risk of disasters in the factory production, and carry out safety control at the source of procurement and the rectification project of the idle machines in the factory to create a safe environment where employees can be assured of production.

In June 2020, we have initiated the “Accident Investigation and Handling Mechanism” to formulate an investigation and handling system for moderate and serious occupational accidents in the Company. Through instant discussion meetings among the incident unit, the administration center, the business department and the safety and health management personnel of the head office, we consolidate the accident investigation and reporting mechanism, identify the incident causes, and clarify the segregation of powers and responsibilities between the incident units and the relevant units to enable them to perform their respective duties. The information of the instant discussion meetings are transmitted to the safety and health management personnel of each production site via the internal SD PUBLIC mailbox and ESH Committee. Assistance is provided by safety and health management personnel from various regions to confirm the effect and level of rectifications and to push forward the hardware improvement and software management measures in accordance with the hazard indicators analysis of respective regions, after which the implementation progress and the effectiveness of improvement are subsequently followed up by holding regular meetings by factories monthly, the administration center and the ESH Committee of the head office quarterly.

**Statistics for the Cases of the Accident Investigation and Handling Mechanism in 2025:**

Region	Cases of Accident Investigation		
	Occupational hazard	Fire disaster	Sub-total
Mainland China	3 moderate	1 moderate	4
Indonesia	1 moderate 3 severe	11 moderate	15
Vietnam	9 moderate 4 severe	5 mild 3 moderate	21
Bangladesh	0	1 mild	1
<b>Total</b>	<b>20</b>	<b>21</b>	<b>41</b>

- Note 1: Classification of occupational hazard:  
 Mild: Causing  $\geq 1$  persons to recuperate at home for more than 1 day due to work-related temporary disability injury or medical treatment.  
 Moderate: Causing  $\geq 1$  persons to be subject to medical treatment by an external medical institution and to stay in hospital for observation for more than 1 day due to work-related temporary disability injury.  
 Severe: Causing  $\geq 1$  fatalities, permanent total disability or permanent partial disability disaster (amputated limb injury), coma and unconsciousness.
- Note 2: Classification of fire disaster:  
 Mild: Smoke only.  
 Moderate: Smolder and smoke or open flame, causing property damage (direct and indirect) of < US\$25,000.  
 Severe: Smoke and smolder or open flame, causing property damage (direct and indirect) of  $\geq$  US\$25,000
- Note 3: An accident investigation meeting is held for: moderate occupational hazard or above, and mild fire disasters or above.
- Note 4: The statistics on the number of persons source from the Abnormal Incident Management System, covering the employees of the wholly-owned footwear factories of the Company.

### Statistics for the Cases of Occupational hazard for the Past 3 years:

Affected Individuals	2023	2024		2025	
	Employees	Employees	Non-employees	Employees	Non-employees
Number of Disabling Injuries	89	60	0	96	0
Days Lost due to Disabling Injury	2,266	1,999	0	4,433	0
Total Number of Individuals	221,243	224,053	4,561	236,456	5,370
Working Hours	464,141,788	518,492,553	9,956,643	560,054,931	11,884,189
Major Types of Occupational Hazard	Cutting/ clipping/ puncturing/ abrasion caused by machinery and the workplace	Pinch injury or getting caught by machinery	n/a	Cutting/clipping/ puncturing/ abrasion caused by machinery and the workplace	n/a
Recordable Occupational Injury Rate	0.19	0.12	0.00	0.17	0.00
Injury Severity Rate (SR)	4.00	3.00	0.00	7.00	0.00
Number of Individuals in Severe Occupational Hazard	1	3	0	7	0
Severe Occupational Injury Rate	0.00	0.00	0.00	0.01	0.00
Number of Fatalities	0	0	0	0	0
Fatality Rate	0.00	0.00	0.00	0.00	0.00

Note 1: The total working hours are calculated based on the monthly number of employees provided by factories.

Note 2: Disabling injuries refer to occupational hazard with more than one day lost.

Note 3: The statistics on the recordable occupational injury rate are calculated as the number of disabling injuries per million total experienced working hours (i.e., the Disabling Frequency Rate, FR). The number of disabling injuries refer to injuries resulting from occupational hazards that cause death, permanent total disability, permanent partial disability or temporary total disability.

Note 4: Disabling injury severity rate (SR) = total working days lost x 1,000,000/total working hours.

Note 5: Non-employee workers mainly include outsourced and contracted personnel required for factory maintenance, as well as security, cleaning, and catering staff etc.

Note 6: Severe occupational hazard: fatality, permanent total disability, or permanent partial disability

Note 7: Severe Occupational Injury Rate (excluding fatalities) = Number of severe occupational injuries (excluding fatalities) × 1,000,000/Working hours

Note 8: Fatality rate = Number of fatalities/total number of people

## 8.2 Occupational Safety and Health Measures

### ESH Self-management

#### Promotion of Corporate Safety Culture – Safety Three-in-one (fundamental development, ESH partners and a top-down system)

The Company regards employees as our most valuable asset. By managing safety risks, we are committed to providing a safe, healthy, and supportive workplace that fosters the physical and mental well-being of employees. Based on the internal occupational safety and health management procedures, which are derived from the Code of Conduct, we have been promoting safety culture initiatives since 2022. These initiatives are progressively advanced through the integration of three-in-one system: fundamental development, ESH partners, and a top-down system, encouraging all employees to participate in hazard identification and improvement, thereby enhancing their safety awareness in identifying hazards and fostering proactive safety habits.

- Fundamental Development:** In terms of the ESH self-management system, our factories have established a dedicated ESH unit and personnel (or ESH staff) to implement ESH management on a day-to-day basis by adopting the five principles of standardized operation, i.e., standardization of organization, standardization of work, standardization of process, standardization of tools, standardization of competence. By regularly inspecting the implementation of fire prevention and safety and health protection in the production plant, we immediately inform the authorized personnel of the relevant violations for timely handling. The ESH specialists of each business unit and the ESH unit of each regional administration center supervise the implementation of the issues required by customers or local regulations and the Company's internal management rules through projects. The head office also arranges annual project audits as needed from time to time, and systematically tracks deficiencies in order to effectively implement relevant improvement measures to continuously improve various safety and health management issues.
- ESH Partners:** In addition to the dedicated ESH personnel in the factories and the total public works system, ESH Partners are selected according to the types of production lines in accordance with five elements: selection method, job responsibilities, capacity building, problem solving, and incentive measures. ESH Partners are selected from each production line to establish foundational ESH capabilities supported by incentive measures. ESH Partners are responsible for conducting routine and/or specific ESH inspections, working directly on the shop floor to enhance safety awareness among frontline colleagues, identify and control potential risk exposures, and thereby reduce the likelihood of incidents. The ESH Partnership has been launched in Indonesia in 2020, parallel to the promotion of effectiveness sharing in Indonesia. Being expanded to the world in 2021, the number of ESH partners increased to 4% in 2025, strengthening the correct hazard awareness and safety attitude of all employees. Starting with ESH partners, we aim to imperceptibly influence on-site staffs, encouraging them to actively raise safety concerns whenever they identify unsafe conditions in the production environment, as this is the correct safety behaviour that safeguards the well-being of other colleagues. The establishment of safety concepts can strengthen the staff's safety awareness of their own operating environment, and timely detect safety problems to exercise the right of avoidance to protect themselves, so that they will not be subject to unfair treatment and punishment by the Company. We timely solve safety hazards, create a safe environment and establish safety awareness.
- Top-down system:** It demonstrates senior management's attention and commitment to ESH work, showing their concerns for the health of the employees and enhancing employees' sense of security. In 2021, the superior supervisor conducted inspection, and the deficiencies discovered on site could be more effectively improved. Through one-to-many safety promotions and accident reminders, the Company has reduced the occurrence of the same accidents. We have been effectively utilizing the purpose of upward and downward actions, diversifying the safety management in the workshop, and gradually constructing our safety culture by investing resources in both hardware and software at the same time.

**Sustainability Management Measures in 2025**

1. **Training for Professional Safety and Health Management Personnel:** In addition to the dedicated safety and health management personnel in our factories according to local laws and regulations, we also provide education and training for non-employees by way of hazard notification before they enter our factories, and have established a preservice training system for high-risk machines, requiring operators and maintenance personnel to receive training with specified materials. As of 2025, a total of 22 types of high-risk machines have been designated for training, and 121,239 high-risk machine operators/maintenance employees have received training and passed the test, representing a 100% completion rate of training for designated personnel.

Since 2025, the Company has conducted a total of 9 courses of “online training on occupational safety and health management” (eSchool of Safety Culture) on the internet, covering Parts 2 and 3 of the High-Risk Operations Guidelines. These sessions are offered in Chinese, Vietnamese and Indonesian. The trainees were highest-ranking operational managers, facility managers, production managers, building managers, general affairs managers, engineering managers and sustainability unit managers at each factory. The sustainability unit offices at each factory assisted in providing the participant lists before the course commencement. A total of 1,021 training attendances were recorded, with 964 participants successfully passing the assessment, resulting in a pass rate of 94.42%. This initiative enabled relevant colleagues to pursue continuous learning and further education.

Targets	Necessary training subjects
New employees	General safety and health knowledge (including common hazards, introduction and use of personal protective equipment, prevention of occupational hazards and occupational diseases, fire safety and emergency response and other safety and health knowledge)
Current employees	General knowledge of chemical use, use of personal protective equipment, description of mechanical equipment hazards, emergency response drills for hazardous situations, fire rescue drills and exercises and first aid training
Special operations employees	Legal special equipment/machinery operation, chemical use and exposure hazards, production environment physical hazards and prevention and personal protective equipment types and use
Safety and health related business employees	High-risk machine types and hazard prevention, chemical hazard prevention, physical hazard prevention, high risk operation types and hazard prevention and human engineering hazard prevention

2. **ESH Restricted Equipment Safety Management:** According to the results of the Company’s hazard identification and risk assessment, the hazards caused by machinery and equipment are the primary and unacceptable risk to the Company. Therefore, machinery safety management is the primary objective of the Company’s risk management, and the source management of key machinery and equipment procurement and acceptance mechanism management are increased year by year according to the risk classification of machinery and equipment every year to continuously improve the safety of existing machines.

Since 2020, the key task of occupational safety and health has been to enhance “machine safety” and “management measures”. As for “machine safety”, the first batch of newly purchased machinery and equipment source and acceptance control was implemented by the Company in 2015. In 2021, the eighth batch of controlled equipment included 3 types of machinery, and a total of 42 types of controlled machinery and equipment (including shoe-making and chemical equipment: cutting machine, thermal media oil machine, shaping/bottom/hot press machine, kneader/intensive mixer, oil press machine, heel-lasting machine, etc.) were accumulated from 2015 to 2025. In terms of the improvement of existing machines, the Company had pushed forward the rectification of existing machinery and equipment in 2018, which lasted until 2025, and 20 types of existing equipment safety improvements had been completed, and the improvement had been remarkable. In 2025, a total of 54 occupational injuries were caused by machinery and equipment. The root cause of these incidents was primarily attributed to unsafe behaviors by employees. Accordingly, there are corresponding promotional activities and projects to improve employees’ safety awareness. As for “management measures”, we have promoted a training and certification system for machine and equipment operators and maintenance personnel, launched safety and health inspections by on-site supervisors, and implemented a campaign to accumulate occupational disaster-free days. We will continue to enhance our corporate safety culture through ESH partners and top-down projects by investing resources in both hardware and software.

3. **Audit Management Mechanism:** Our internal safety and health audits are conducted through annual KPI audits, which include safety and health, fire safety, environmental management, energy management and human rights risk management, etc., with on-site inspections and audits of relevant activities and documents of each factory. The audited factories are selected wholly-owned footwear factories that have started production. It covers both formal employees and non-employees. In 2025, 35 factories underwent audit. The number of the personnel of the audited factories is 231,516 in total, accounting for approximately 100% of the total personnel of the wholly-owned footwear factories.

The audit results will be based on the risk items in each region, and the response will be prepared in advance and an overall project action will be set. For example, as a result of the 2018 SD-KPI assessment, the top priority in occupational safety and health concerns was given to the daily maintenance and operation of machine/equipment. Therefore, in 2019, the safety and health-related plan is to develop a safety labeling and operation certification system for high-risk machines, and to focus on machine safety issues from both the hardware and software perspectives. In addition, through the evaluation mechanism, it is found that the factory’s daily operation of ESH has entered a mature stage. The internal training mechanism of ESH has been carried out since 2014, achieving remarkable results over the years. Further in 2023, we have promoted occupational safety and health risk assessment, conducted risk assessment based on the number of factory incidents and risk self-inspections, and monitored the factories with high risk to assist them in formulating plans and making improvement. Starting from 2024, the scope of risk assessment is no longer limited to points of machine and fire risk, but had been expanded to cover all occupational safety and health risks, making the assessment more complete and more accurate in identifying risks in factories for counselling and improvement.

**Worker Engagement**

Each of the factories and administrative centers of the Company has set up an ESH Committee and holds regular meetings to review relevant management issues related to safety and health in a fixed organizational structure. By formulating various safety and health management regulations, to enable each unit to implement ESH business smoothly and to continuously improve performance, we review ESH related management matters regularly, set up a safety and health management performance system to track management performance, and establish an abnormal incident management system to help focus on the prevention mechanism of major occupational safety risks with data analysis.

According to the Administrative Measures for the Environmental Energy and Safety and Health Committee of the Company, the committee shall comprise of at least seven members, of which include the chairman, a director general, a director and at least four committee members. The chairman shall be the highest supervisor of each unit or an agent appointed by the highest supervisor. As a permanent position, no change is allowed without special reasons. The director general shall be the head of Sustainable Development (the SD) and the director shall be the person in charge of Environmental, Safety and Health (“ESH”) or, if there is no ESH staffing, the person who performs the relevant ESH duties shall serve as the director. Both the director general and the director are permanent and shall not be replaced without special reasons.

The ESH Committee of the factories shall be composed of at least four members appointed or selected from the officers and employees of each unit, with at least 50% being local employees. Members shall be reappointed or re-elected at least once every two years. If a vacancy arises due to the departure or transfer of a member, the vacancy must be filled within one month. On behalf of the unit, the committee members participate in the operation of the committee, discuss and provide suggestions for improvement on ESH related issues in a timely manner. The ESH Committee is composed of onsite representatives, except for the management and the dedicated person, and the majority of the ESH Committee of factories in each region are onsite employees, which reflects the participation of employees and the representativeness of the ESH Committee. Management continues to monitor and follow up on relevant issues through the ESH Committee.

**ESH Committee**

The ESH Committee of each of the factories meets monthly and the ESH Committee of each of administrative centers meets quarterly (in January, April, July, October), and an extraordinary meeting will be held when necessary. The matters to be discussed at ESH Committee meetings are prioritized as required by the local government, including the following 12 topics. All members of the Committee shall attend the meeting and provide their opinions in relation to the topics. If there is any issue that requires consensus of the members, it will be resolved by voting at the meeting, considering the opinion of the unit represented by each member. The participation of ESH Committee members, the 12 topics discussed at the meeting, the implementation of the meeting, the sign-in sheet and the provision of minutes of the completed sign-in sheet are all included in the evaluation of the annual audit management mechanism. Each unit should implement the resolutions of the ESH Committee meetings and the SD-ESH at each level is in charge of the supervision.

Topics at ESH Committee meeting	
1. Government laws and regulations, customer requirements, additions/amendments to Company's policies.	6. Health management and promotion matters.
2. ESH inspection/risk inventory/audit results (including project inspection, on-site supervisor safety inspection, ESH-MPA assessment, external audits, etc.).	7. Contractor safety and health issues.
3. ESH education and training plan and execution status.	8. Environmental and energy issues.
4. Preventive measures for electrical, equipment and chemical hazards.	9. ESH incident review.
5. Results of the work environment and pollution emission testing and countermeasures.	10. ESH improvement proposals/grievances/ disputes/conflicts.
	11. ESH project plan.
	12. Other ESH related matters.

**Occupational Health Service and Promotion**

The Company is committed to promoting a healthy life to employees and helping employees to change their living habits to achieve an ideal state of health. In addition to regular employee health checkups and hierarchical management in accordance with laws and regulations, we also provide general health checkups to cadres in Mainland China that is better than the laws and regulations. Although there are no relevant laws and regulations in Myanmar, the Company still provides hazardous operations special health checkups for special workers. According to the results of health checkups, in case of abnormalities, we will arrange other irrelevant jobs that may not cause abnormalities through the production and personnel operation mechanism, and enable him to serve the Company continuously, so that employees' work rights and interests will not be compromised due to abnormal medical examination results. Furthermore, we will conduct a re-examination to confirm whether occupational diseases are caused by work-related factors in accordance with the laws and regulations where the employee works and take appropriate cares of the employee's health while serving our Company. The information of employee health examination is kept confidential and is not readily available to anyone other than the employee himself, the SD of his unit and the human resources of his unit.

In addition to health checkups, the Company also organizes annual health promotion activities, in which Taiwanese colleagues working at overseas factories are also eligible to participate. The Company actively addresses workplace-related health risks through various stress-relieving methods such as drawing, lectures and massage as well as health screenings and medical consultations. Furthermore, large-scale employee sports events are held annually, such as football matches, road races, and tug-of-war competitions, to enhance employee workplace health.

### Analysis of the Company's Employee Health Checkup Participation by Region in 2025

Region	General Health Checkup	Special Hazardous Operations Health Checkup	Total Checkups
Mainland China <sup>Note 1</sup>	6,320	10,770	17,090
Indonesia <sup>Note 2</sup>	49,663	53,724	103,387
Vietnam <sup>Note 3</sup>	78,544	65,500	144,044
Cambodia, Bangladesh and Myanmar <sup>Note 4</sup>	4,289	2,263	6,552
<b>Total</b>	<b>138,798</b>	<b>132,257</b>	<b>271,055</b>

Note 1: General health checkup in Mainland China: The Company's welfare available for supervisors. Health checkup for special hazardous operations in Mainland China: According to laws and regulations, such checkup shall cover new, current and resigned employees.

Note 2: The Indonesian laws and regulations stipulate that health checkup shall be performed once every year.

Note 3: Vietnamese laws and regulations stipulate that health checkup shall be performed once every 6 months.

Note 4: Cambodia, Bangladesh and Myanmar Governments do not have laws and regulations related to employee health checkup.

To strengthen the health management of our employees, the Company has set up medical facilities in each of our overseas operation sites to service our employees. In addition to the stationing of a professional medical team, it also has basic medical facilities and equipment to provide timely and light treatment of injuries and professional medical consultation to keep our employees healthy. The "Health eGO" service platform has been set up on the Company's internal website, covering information on health promotion activities, health education information sharing (self-care, special health education, workplace maternal health, etc.), medical office service and doctor's on-site service information, employee health Q&A, etc. The content covers a wide range of topics aiming at caring employee health in all respects.

### Safety and Health Indicators

The Company has established the "Abnormal Incident Management System" for internal information occupational hazard management, and the tracking of safety and health management performance indicators, including the number of occupational hazards, total days lost, Disabling Frequency Rate (FR) and Disabling Severity Rate (SR) and so on. According to the 2025 statistics for occupational hazards management, the total number of occupational hazards was 96. Total days lost due to work-related injury were 4,433 calculated based on the days lost due to disabling injury (excluding traffic accidents).

The Company had zero occupational fatality and a fatality rate of 0% for the Year. The number of severe occupational hazards involving amputation was 7, with a severe occupational injury rate of 0.01, and a recordable occupational injury rate of 0.17. Although the total number of occupational hazards did not decrease compared to 2024, and we did not achieve our original target set for 2025: a 10% reduction in occupational hazards, we maintained our record of zero occupational fatalities. For the severe occupational hazards that occurred this year, the analysis of the occupational hazards discussion meeting showed that the main disaster was caused by unsafe behavior by the affected employees. The incidents occurred when personnel failed to shut down machinery during clearing jams or troubleshooting abnormalities, resulting in being caught or crushed by equipment. To address the root causes of serious occupational hazards, the Company has implemented hazard isolation and guarding measures for machinery and equipment and enhanced the safety awareness training for employees using the machine, and held safety committee meetings in each factory to promote and prevent the recurrence of the incidents. The Company will also continue to be committed to creating a safe and healthy workplace.

With a further view to the statistics, excluding fatalities due to occupational hazards, there is a significant upward trend from the overall and regional FR and SR. The number of occupational injuries caused by machinery and equipment increased by 14 as compared with 2024. The Company continues to enhance safety awareness among all employees through the continuous promotion of the "ESH Restricted Equipment and Safety Management" and related safety culture programs, while strengthening the accountability of machinery maintenance units. The number of occupational injuries caused by machinery and equipment is always the primary target of the Company's continuous improvement. In order to reduce the risk of the reoccurrence of occupational accidents, the Company will continue to strengthen its investigation and analysis of the cause of occupational hazards, improving from the root causes, driving the machine safety management and implementing day-to-day safety and health management based on the Company's policies. After the causes of the incidents identified, the incident unit should propose improvement measures to prevent the recurrence. Improvement measures should prioritize engineering improvement and be supplemented by strengthening administrative management and training.

### The Statistics of Safety and Health Indicators for 2025 in Footwear Factories:

Items	Number of occupational hazards			Rate of days lost (%)		FR			SR			
	Category	Total	Male	Female	Male	Female	Total	Male	Female	Total	Male	Female
Total		96	38	58	50.48%	49.52%	0.17	0.29	0.13	7	17	5
Mainland China		10	4	6	28.38%	71.62%	0.16	0.26	0.13	8	9	8
Indonesia		13	7	6	62.23%	37.77%	0.05	0.13	0.03	3	10	1
Vietnam		70	25	45	51.25%	48.75%	0.29	0.49	0.23	12	30	7
Cambodia, Bangladesh and Myanmar		3	2	1	37.25%	62.74%	0.07	0.15	0.03	1	1	1

Note 1 Statistical data on occupational hazards are sourced from the Company's internal abnormal incident management system. Occupational hazards are defined as incidents involving one or more lost workdays. Working hours are calculated as the sum of the products of the attendance days, working hours, and number of employees present for each unit.

Note 2 As there were no workplace safety incidents involving non-employees in 2025, the data on occupational hazards indicators in this report does not include data on non-employees (contractors, dispatched workers, security and cleaning staff).

Note 3 Disabling Frequency Rate (FR) = Number of disabling injuries/Working hours (Male) × 1,000,000.  
 Disabling Frequency Rate (Male) = Number of disabling injuries (Male)/Working hours (Male) × 1,000,000  
 Disabling Frequency Rate (Female) = Number of disabling injuries (Female)/Working hours (Female) × 1,000,000

Note 4 Disabling severity rate (SR) = total working days lost x 1,000,000 working hours.  
 Disabling severity rate (male) = total working days lost (male) x 1,000,000 working hours (male).  
 Disabling severity rate (female) = total working days lost (female) x 1,000,000 working hours (female).

Note 5 Working hours = 560,054,931 hours.

### Occupational Disease Risk Prevention

For the occupational disease risk prevention management, the Company adopts the principle of prior management of high-risk job positions. The assessment of high-risk positions is carried out in two aspects, including the identification of relevant high-risk job types and positions defined by the national laws and regulations in the area where the factory is located, and the hazard assessment with the exposure factors (both physical and chemical) of the operation process, so as to identify the high-risk work group that need special attention, such as high-noise operation area – roughing area, organic solvent operation area – screen printing area, etc.

As for internal management, we place top priorities on the publicity of pre-employment hazard factors, workplace environmental management, and employee occupational health checkups. In order to provide employees with a safe, hygienic and healthy working environment, the Company conducts regular environmental monitoring of the workplace in accordance with local laws and regulations, including chemical exposure, hearing, lighting, etc. The Company carries out engineering improvements in areas with abnormal measurement results and provides appropriate personal protective equipment. At the same time, an annual plan is prepared every year for internal measurement, and internal measurement training courses are provided to strengthen the professional ability of inspector, enhancing the prevention management performance in respect of early detection of abnormal areas and reasonable improvement.

According to the internal management and control mechanism, the Company had no fatalities of employees and non-employees due to occupational disease in 2025, and there were three cases of occupational disease in Vietnam related to occupational hearing loss. The Company has conducted job transfers in accordance with local laws and regulations, and continues to track and interview the related employees from time to time to show its concern for their adaptation situation after job transfers. For employees in the same job positions, the Company will continue to provide personal protective equipment and enhance training, and will adopt the concept of area-based prevention and control to limit the areas of high noise exposure.

On the other hand, in 2025, the Company also arranged knowledge publicity on the prevention of occupational hazards in high-risk positions as it has previously done to reinforce employees' understanding of preventive management measures, such as the use of personal protective equipment. The Company also set up medical units or collaborated with local hospitals in major production areas to hold regular health seminar or publicize general health knowledge.

Occupational disease prevention adheres to the principle of prior prevention and continuous care, and gradually implements the tracking mechanism. The Company will arrange occupational health checks and other measures for workers in job positions with high risks. If abnormal health check results are found, the Company will arrange follow-up medical examinations and keep track of the case in accordance with the management procedure. The performance of relevant medical examinations and the results of follow-up medical examinations for those with abnormal health check results will be tracked every month, so that abnormal cases can be detected early and appropriate assistance can be given. If the results of the follow-up medical examinations are still abnormal and involve employees in occupational disease identification, those employees will first be transferred to positions without any risk exposure, and the final confirmation of the position will be made after the occupational disease identification result is available. The application process for the relevant occupational disease identification is compliant with the law, and if employees themselves apply for identification to their local government agencies, necessary employment information of employee will also be provided in accordance with local laws and regulations. According to the control methods of occupational diseases in various regions, the filing and closing of cases are tracked, and the tracking of job transfer is implemented, and the inspection of the operating environment and the provision of personal protective equipment for high occupational risk positions are carried out.

# Chapter 09

# Community Relations

## 9.1 Community Involvement

### Collaborating with Local Governments and NGOs to Promote Community Participation

Yue Yuen has been established for over 50 years. Each of production base has been actively communicating with local governments and organizations in order to localize and sustain the operation of the factories, and each factory has been organizing various external activities. Following the expansion of overseas operation and production bases, the Group is dedicated to meeting the demands of local living environmental conditions and the needs of the communities, actively devoting the Company's resources for community-friendly activities, thus enhancing local communities' living standard and strengthening the relationship of interdependence and co-prosperity between the Group and the communities.

Since 2016, Yue Yuen has had an in-depth understanding and participation in the activities of the Civil Society Organization (CSO) of various factories. Through regular and ad-hoc communication channels, each operating location collects stakeholder opinions and conducts social impact assessments covering aspects such as environmental impact, employment opportunities and community engagement. In line with the vision of the Company's core value of service for respect, care and creation of a harmonious enterprise, we formulate the Group's aspect and principle of participation in the community, with an expectation of achieving a sustainable development and promotion of the co-operation with CSO.

Through daily operations and local interactions, the Company identifies key stakeholders including employees, local communities, government federations and civil organizations, and has established multiple engagement channels, including monthly and quarterly union meetings, the annual Workers' Assembly in Vietnam (with participation from government federations) and daily communication mechanisms (such as employee voice collection channels and routine union interactions), enabling the continuous collection of stakeholder needs and feedback. Labor union also assists in consolidating needs related to employees and their residential areas, including assistance for special events (such as disaster-affected regions), which serve as the basis for assessment. Additionally, through the above channels, disadvantaged groups, such as those facing economic hardship or affected by sudden events, are identified and included in the scope of care and support.

In order to demonstrate the core corporate value of the service spirit and to actively contribute back to employees, in addition to internal employee activities, the Company continues to participate in external community activities focusing on education, health care and local relations. Adhering to a diverse and inclusive service spirit, the Group has different key development goals in different regions. In 2025, Yue Yuen invested a total of USD254,000 in community activities.

In 2025, community activities in Vietnam, Indonesia, and Mainland China were as follows: 147 participants in a total of 3 educational activities (e.g., school visits and donations); 1,200 participants in a total of 6 medical care and health activities (e.g., blood donation); and 2,082 participants in a total of 54 local relations activities (e.g., gift-giving to the underprivileged and orphans, donations to the people affected by natural disasters/floods, and visits to homes for the elderly).

The Principles of Activities of Yue Yuen and Civil Society Organization (CSO)	
Compliance Management	Actively liaise with local civic groups advocating labor and environmental regulations to understand the requirements of local labor and environmental regulations and the direction of government policies, so as to timely adopt responsive measures to reduce the risk and impact on the Company.
Medical Care and Health	Footwear manufacturing is a labor-intensive industry. Most of the Company's overseas production bases are located in developing or low-developing countries, where medical resources are relatively scarce. Epidemics such as typhoid and dengue fever have a great impact on employees' health. It is necessary to actively promote the knowledge of environmental hygiene and disease prevention to employees. At the same time, majority of the employees employed by the Group are female, so it is particularly important to nurture employees with the correct concepts of reproductive health and fertility planning. Each unit should cooperate with local civic organizations engaged in relevant health education to obtain information for employees in order to promote the health of employees.
Education	Due to the industrial characteristics, the countries where the overseas production bases are located are relatively underdeveloped in economic development, where people there are in a relatively vulnerable condition, and education is less common. Factories of the Company have been deeply involved in local communities for a long time, and they shall cooperate with local CSOs to provide various scholarships to encourage local vulnerable groups to attend schools, and train talents to lay the foundation for future talent cultivation.
Local Relationships	Each production base employs a large number of local employees. In order to understand the culture and customs and to be integrated into local community, the Group should actively engage in dialogue with local authorities to understand the needs of local communities, to assist the development of local communities and to care for local residents, so as to develop harmonious and mutually beneficial relationships with local communities.

Since 2013, Yue Yuen has built kindergartens in Dong Nai and Binh Chanh of Vietnam, and in 2025, a total of 251 children benefited from this. Among the kindergartens, the Little Flower Kindergarten in Bien Hoa, Dong Nai Province, is a green building that combines natural landscape with environmental protection and energy conservation, which not only demonstrates Yue Yuen's corporate value of sustainable development, but also enables the children of our employees to learn and grow happily in the kindergartens.



Vietnam – Free Medical Consultation



Vietnam – Donation for Natural Disasters



Indonesia – Road Repair

# Chapter 09

# Community Relations

## Provide Quality Education

In response to the SDGs goal 4 of United Nations, Yue Yuen provides inclusive and equal quality education so that children in the key operating regions have access to learning. In 2025, Yue Yuen invested a total of approximately USD196,000 in this regard.

In addition to the abovementioned school visits and donations, Yue Yuen has provided the long-term “Scholarship for Children of Employees” scheme and “Seeds of Hope Scholarship” plan in Vietnam since 2012 to support the education of school age children.

In 2025, there were a total of 12,142 students who benefited from the Group’s contribution of around USD164,000 to the Scholarship for Children of Employees (in Binh Chanh District, Dong Nai Province and Tay Ninh Province); and a total of 517 students who benefited from the Group’s contribution of around USD26,000 to the Seeds of Hope Scholarship (in Binh Chanh District, Dong Nai Province, Tien Giang Province and Tay Ninh Province) in Vietnam. Total investment was nearly USD191,000, benefiting a total of 12,659 children.

Since 2016, Yue Yuen has also promoted the “Scholarship for Children of Employees” (in Cianjur, Serang and Sukabumi)scheme in Indonesia. In 2025, there were a total of 185 students who benefited from the Group’s contribution of around USD5,113.



Vietnam – Award Scholarship



Indonesia – Award Scholarship



Mainland China –Summer Camp

## Ensuring a Healthy Life and Promoting Well-being for People of All Age Groups

In response to the SDGs goal 3 of United Nations, Yue Yuen provides a healthy life for community employees and promotes well-being for people of all ages in the communities of important operation bases.

In view of the relative lack of medical resources in some areas, Yue Yuen collaborates with professional medical organizations to provide free medical consultation in rural areas, provide Regularly health education and promotes health knowledge, as well as takes concrete actions such as donation of materials and visit of the underprivileged to enhance a closer connection between Yue Yuen and the local community. In 2025, there were 6 medical health related activities organized with a total of 1,200 participants (including employees, external volunteers and locals).

### Set up medical station that meets international standard

Since 2017, Yue Yuen has launched the “Enterprise and Medical Co-operation” project at Vietnam factory sites, and set up medical station conforming to international standards of Marie Stopes International. By providing high-quality and essential maternity health and family planning services as well as education campaigns, female employees’ awareness of maternity health can be increased. At the same time, female employees can also save time and expenses needed for outpatient visits.

## Eliminate Poverty among Vulnerable Groups

In response to the SDGs goal 1 of United Nations, Yue Yuen is devoted to eliminating poverty in local communities of major production sites, particularly among the poverty-stricken and vulnerable groups, and to ensure that they have equal access to economic resources. The Group also helps to increase the resilience of the poverty-stricken and vulnerable groups to natural disasters and reduce the likelihood of and impact on their exposure to extreme weather conditions, other economic, social and environmental disruption and natural disasters.

In our Vietnam factories, which account for the largest proportion of employees among our factories, Yue Yuen listens to the voices of employees and expands the implementation of the “Employee Home Visit” project, receiving urgent assistance needs from employee families. The “Charity Housing Construction” Scheme has been officially launched in Vietnam by Yue Yuen since 2009, and by 2025, the Group made a total contribution of USD618,000 and a total of 327 houses were built and renovated.



Vietnam – Charity Housing Construction and Donation



## We have continued to develop local communities in our overseas and domestic operation sites since 1988

Mainland China	Indonesia	Vietnam
<p><b>1999 to date</b> Exclusive Medical Center Construction for Employees, Dongguan Gaobu Hospital (東莞高埗醫院) Donation, Adult High School Set Up for Employees, Factory Kindergarten Set Up, Local Nursing Center/Children Center Visit and Donation</p> <p><b>2010~2019</b> Left-behind Children Care Program (Summer Camp/Winter Camp for Employees’ Children)</p>	<p><b>1988 to date</b> Employee Adult High School, Orphanage Visit and Donation, Community Free Medical Consultation, Eid al-Adha Donation</p> <p><b>2016 to date</b> Children Scholarship Scheme</p>	<p><b>1988 to date</b> Community Free Medical Consultation</p> <p><b>2009 to date</b> Charity Housing Donation</p> <p><b>2012 to date</b> Vietnam Pou Chen “Seeds of Hope Scholarship (希望種子獎助學金)”</p> <p><b>2013</b> Green Building Little Flower Kindergarten (綠建築小花朵幼兒園) Construction</p> <p><b>2017~2020</b> “Enterprise and Medical Co-operation” Project</p> <p><b>2018</b> International Medical Program Participation</p>

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## Appendix A. HKEs ESG Code Index

## - Part C: "Comply or explain" Provisions — Subject Areas, Aspects, General Disclosures and KPIs

A. Environmental			
Aspects	Key performance indicators		Chapter(s)
A1 Emissions	A 1.1	The types of emissions and respective emissions data	5.3 Water Resources Management 5.4 Waste Management 5.5 Air Pollutant Management
	A 1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.4 Waste Management
	A 1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.4 Waste Management
	A 1.5	Description of emissions target(s) set and steps taken to achieve them.	5.3 Water Resources Management 5.4 Waste Management 5.5 Air Pollutant Management
	A 1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.4 Waste Management
	A2 Use of Resources	A 2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).
A 2.2		Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.3 Water Resources Management
A 2.3		Description of energy use efficiency target(s) set and steps taken to achieve them.	5.2 Energy Management
A 2.4		Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.3 Water Resources Management
A 2.5		Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	6.1 Raw Materials Procurement
A3 Environment and Natural Resources	A 3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Chapter 5 Environmental Sustainability

B. Social			
Aspects	Key performance indicators		Chapter(s)
<b>Employment and Labor Practices</b>			
B1 Employment	B 1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	7.1 Manpower and Talent
	B 1.2	Employee turnover rate by gender, age group and geographical region.	7.1 Manpower and Talent
B2 Health and Safety	B 2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	8.1 Occupational Safety and Health Management
	B 2.2	Lost days due to work injury.	8.1 Occupational Safety and Health Management
	B 2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	8.1 Occupational Safety and Health Management 8.2 Occupational Safety and Health Measures
B3 Development and Training	B 3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	7.1 Manpower and Talent
	B 3.2	The average training hours completed per employee by gender and employee category.	7.1 Manpower and Talent
B4 Labor Standards	B 4.1	Description of measures to review employment practices to avoid child and forced labor.	7.2 Human Rights Management
	B 4.2	Description of steps taken to eliminate such practices when discovered.	7.2 Human Rights Management

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B. Social			
Operating practices			
B5 Supply Chain Management	B 5.1	Number of suppliers by geographical region.	6.2 Supply Chain Management
	B 5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	6.2 Supply Chain Management
	B 5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.2 Supply Chain Management
	B 5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.2 Supply Chain Management
B6 Product Responsibility	B 6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	6.3 Product Quality and Safety Management
	B 6.2	Number of products and services related complaints received and how they are dealt with.	6.3 Product Quality and Safety Management
	B 6.3	Description of practices relating to observing and protecting intellectual property rights.	3.3 Implementation of Regulatory Compliance and Intellectual Property Protection
	B 6.4	Description of quality assurance process and recall procedures.	6.3 Product Quality and Safety Management
	B 6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Appendix E: Compliance Management 6.3 Product Quality and Safety Management
B7 Anti-corruption	B 7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	3.2 Integrity Management and Anti-corruption
	B 7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	3.2 Integrity Management and Anti-corruption
	B 7.3	Description of anti-corruption training provided to directors and staff.	3.2 Integrity Management and Anti-corruption
Community			
B8 Community Investment	B 8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	9.1 Community Involvement
	B 8.2	Resources contributed (e.g. money or time) to the focus area.	

## Appendix A. HKEx ESG Code Index

### - Part D: Climate-related Disclosures

Aspect	Relevant Paragraph of the Code	Chapter(s)	
Governance	19(a)(i) – (iv)	5.1.1 Risks and opportunities arising from climate change – Climate Governance	
	19(b)(i) – (ii)		
Strategy	Climate-related risks and opportunities	20(a) – (d)	5.1.1 Risks and opportunities arising from climate change – Climate Strategy
	Business model and value chain	21(a) – (b)	
	Strategy and decision-making	22(a) – (b); 23	
	Financial position, financial performance and cash flows	24(a) – (b) 25(a) – (b)	
	Climate resilience	26(a) – (b)	
Risk Management	27(a) – (c)	5.1.1 Risks and opportunities arising from climate change – Risk Management	
Metrics and Targets	Greenhouse gas emissions	28(a) – (c) 29(a) – (d)	5.1.1 Risks and opportunities arising from climate change – Metrics and Targets
	Climate-related transition risks	30	
	Climate-related physical risks	31	
	Climate-related opportunities	32	
	Capital deployment	33	
	Internal carbon prices	34(a) – (b)	
	Remuneration	35	
	Industry-based metrics	36	
	Climate-related targets	37(a) – (b) 38(a) – (d) 39 40(a) – (e)	
	Applicability of cross-industry metrics and industry-based metrics	41	

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## Appendix B. GRI Standards (2021) Index

Statement of use	From 1 January 2025 to 31 December 2025, Yue Yuen refers to (quotes) GRI Standards for reporting.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Nil

GRI Indicators	Disclosure Requirement(s)	Chapters
2-1	Organizational details	Chapter 1 About This Report
2-2	Entities included in the organization's sustainability reporting	Chapter 1 About This Report
2-3	Reporting period, frequency and contact point	Chapter 1 About This Report
2-4	Restatements of information	Chapter 1 About This Report
2-5	External assurance/verification	No external assurance/verification
2-6	Activities, value chain and other business relationships	Chapter 1 About This Report 6.2 Supply Chain Management
2-7	Employees	7.1 Manpower and Talent
2-8	Workers who are not employees	7.1 Manpower and Talent
2-9	Governance structure and composition	3.1 Corporate Governance
2-10	Nomination and selection of the highest governance body	Please refer to the Annual Report (Corporate Governance Report)
2-11	Chair of the highest governance body	Chapter 1 About This Report
2-12	Role of the highest governance body in overseeing the management of impacts	3.1 Corporate Governance
2-13	Delegation of responsibility for managing impacts	Chapter 3 Corporate Governance
2-14	Role of the highest governance body in sustainability reporting	Chapter 4 Stakeholder Engagement
2-15	Conflicts of interest	3.2 Integrity Management and Anti-corruption
2-16	Communication of critical concerns	Chapter 4 Stakeholder Engagement
2-19	Remuneration policies	5.1.1 Risks and opportunities arising from climate change: Setting of Targets for Climate-Related Risks and Opportunities, and Linkage to Performance and Remuneration Policies 7.1.3 Talent Development and Training
2-20	Process to determine remuneration	Please refer to the Annual Report (Corporate Governance Report)

GRI Indicators	Disclosure Requirement(s)	Chapters
2-21	Annual total compensation ratio	Please refer to the Annual Report (Notes to the Consolidated Financial Statements: Directors' and Employees' Emoluments)
2-22	Statement on sustainable development strategy	Introduction
2-23	Policy commitments	7.2 Human Rights Management
2-24	Embedding policy commitments	7.2 Human Rights Management
2-25	Processes to remediate negative impacts	7.2 Human Rights Management
2-26	Mechanisms for seeking advice and raising concerns	3.2 Integrity Management and Anti-corruption
2-27	Compliance with laws and regulations	3.3 Implementation of Regulatory Compliance and Intellectual Property Protection
2-28	Membership associations	Chapter 2 2025 Highlights
2-29	Approach to stakeholder engagement	Chapter 4 Stakeholder Engagement
2-30	Collective bargaining agreements	7.2 Human Rights Management
3-1	Process to determine material topics	Chapter 4 Stakeholder Engagement
3-2	List of material topics	Chapter 4 Stakeholder Engagement

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GRI Indicators	Disclosure Requirement(s)		Chapters
3-3 Management of material topics (Operational performance)			
GRI 201 2016	201-1	Direct economic value generated and distributed	Chapter 2 2025 Highlights
	201-4	Financial assistance received from government	Please refer to the Annual Report (Notes to the Consolidated Financial Statements: Other Income)
3-3 Management of material topics (Integrity management and anti-corruption)			
GRI 205 2016	205-1	Operations assessed for risks related to corruption	3.2 Integrity Management and Anti-Corruption
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
3-3 Management of material topics (Response to climate change-related risks)			
GRI 201 2016	201-2	Financial implications and other risks and opportunities arising from climate change	5.1 Response to Climate Change-Related Risks
GRI 305 2016	305-1	Direct (Scope 1) GHG emissions	
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	
	305-4	GHG emissions intensity	
	305-5	Reduction of GHG emissions	
305-6	Emissions of ozone-depleting substances (ODS)		

GRI Indicators	Disclosure Requirement(s)		Chapters
3-3 Management of material topics (Waste management)			
GRI 306 2020	306-1	Waste generation and significant waste-related impacts	5.4 Waste Management
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directly disposed	
3-3 Management of material topics (Air pollutant management)			
GRI 305 2016	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	5.5 Air Pollutant Management
3-3 Management of material topics (Supply chain management)			
GRI 308 2016	308-1	New suppliers that were screened using environmental criteria	6.2 Supply Chain Management
	308-2	Negative environmental impacts in the supply chain and actions taken	
GRI 414 2016	414-1	New suppliers that were screened using social criteria	
	414-2	Negative social impacts in the supply chain and actions taken	

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GRI Indicators	Disclosure Requirement(s)	Chapters
3-3 Management of material topics (Manpower and talent)		
GRI 201 2016	201-3 Defined benefit plan obligations and other retirement plans	7.1 Manpower and Talent
GRI 202 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	
	202-2 Proportion of senior management hired from the local community	
GRI 401 2016	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
GRI 404 2016	404-1 Average hours of training per year per employee	
	404-2 Programs for upgrading employee skills and transition assistance Programs for upgrading employee skills and transition assistance	
	404-3 Percentage of employees receiving regular performance and career development reviews	
GRI 405 2016	405-2 Ratio of basic salary and remuneration of women to men	
GRI 406 2016	406-1 Incidents of discrimination and corrective actions taken	
3-3 Management of material topics (Human rights management)		
GRI 408 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	7.2 Human Rights Management
GRI 409 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	
GRI 402 2016	402-1 Minimum notice periods regarding operational changes	
GRI 40 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	

GRI Indicators	Disclosure Requirement(s)	Chapters
3-3 Management of material topics (Occupational safety and health measures)		
GRI 403 2018	403-1 Occupational safety and health management system	Chapter 8 Safety Culture
	403-2 Hazard identification, risk assessment and incident investigation	
	403-3 Occupational health services	
	403-4 Worker participation, consultation, and communication on occupational health and safety	
	403-5 Worker training on occupational health and safety	
	405-6 Promotion of worker health	
	403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relationships	
	403-8 Workers covered by an occupational health and safety management system	
	403-9 Work-related injuries	
	403-10 Work-related ill health	
General Topics		
GRI 405 2016	405-1 Diversity of governance bodies and employees	3.1 Corporate Governance 7.1 Manpower and Talent
GRI 302 2016	302-1 Energy consumption within the organization	5.2 Energy Management
	302-2 Energy consumption outside the organization	
	302-3 Energy intensity	
	302-4 Reduction of energy consumption	
	302-5 Reductions in energy requirements of products and services	
GRI 303 2018	303-1 Interactions with water as a shared resource	5.3 Water Resources Management
	303-2 Management of water discharge-related impacts	
	303-3 Water withdrawal	
	303-4 Water discharge	
	303-5 Water consumption	
GRI 204 2016	204-1 Proportion of spending on local suppliers	6.2 Supply Chain Management
GRI 301 2016	301-1 Materials used by weight or volume	6.1 Raw Materials Procurement

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GRI Indicators	Disclosure Requirement(s)	Chapters
GRI 416 2016	416-2 Incidents of non-compliance with laws and regulations related to the health and safety of products and services	6.3 Products and Services
GRI 417 2016	417-1 Requirements for products and services information and labeling	
	417-2 Incidents of non-compliance with laws and regulations related to products and services information and labeling	
GRI 418 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	9.1 Community Involvement
GRI 413 2016	413-1 Operations with local community engagement, impact assessments, and development programs	

## Appendix C. SASB Standards Index

SASB Index: Industry Standards for Apparel, Accessories & Footwear				
Disclosure Topics	Code	Metric Description	Category	Chapter(s)
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Qualitative	6.1 Raw Materials Procurement
	CG-AA-250a.2	Description of discussion, assessment and management of risks and/or hazards associated with chemicals in products	Qualitative	6.1 Raw Materials Procurement
Raw Materials Procurement	CG-AA-440a.3	Describe the environmental and social risks related to raw materials (materials used in main products)	Qualitative	6.1 Raw Materials Procurement
	CG-AA-440a.4	Describe the amount of priority raw materials purchased, and the amount of each priority raw material that is certified according to a third-party environmental and/or social standard, by standard	Quantitative	6.1 Raw Materials Procurement
–	CG-AA-000.A	Describe the number of Tier 1 suppliers and suppliers beyond Tier 1	Quantitative	6.1 Raw Materials Procurement
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of suppliers in compliance with wastewater discharge permits or contractual agreement	Quantitative	6.2 Supply Chain Management
	CG-AA-430a.2	Describe the percentage of Sustainable Apparel Coalition (SAC) Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	6.2 Supply Chain Management
Labor Conditions in the Supply Chain	CG-AA-430b.1	Audit the percentage of suppliers' labor code of conduct	Quantitative	6.2 Supply Chain Management
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	6.2 Supply Chain Management
	CG-AA-430b.3	Describe the greatest labor and environmental, health and safety risks in the supply chain	Qualitative	6.2 Supply Chain Management

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## Appendix D. GHG Inventory Principle 2025

Inventory Principle	<ul style="list-style-type: none"> <li>➤ Scope 1&amp;2: Data collection is based on the operation control method in accordance with the ISO 14064-1 (2018) Guidelines for Quantification and Reporting of Greenhouse Gas Emissions and Removals at the organizational level.</li> <li>➤ Scope 3: Refer to Green House Gas Protocol, Calculation Guidance, Supporting Documents.</li> </ul>
Inventory Scope	Manufacturing areas: Mainland China, Indonesia, Vietnam, Cambodia, Bangladesh and Myanmar.
GHG	Carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF <sub>6</sub> ), and nitrogen trifluoride (NF <sub>3</sub> ).
Inventory Items	1. Scope 1 (Category 1: Direct GHG emissions): total direct GHG emission.
	1. The GHG does not include hydrofluorocarbons that have been included in the Montreal Protocol specifications, such as R-22, etc.
	2. Refrigerant R-600a is excluded from the inventory as IPCC has not announced the corresponding GWP value.
	3. CO <sub>2</sub> generated from biomass fuels is calculated separately and is not included in the total emission items (purchased steam and self-run boiler biomass fuel), and only CH <sub>4</sub> and N <sub>2</sub> O are calculated.
	4. Boiler discharge calculation method:
	(1). Purchased steam: POU HUNG VIETNAM COMPANY LIMITED (越南寶宏)
	A. Other solid biomass material is wood, with 3,205 kcal/kg higher calorific value according to a local test report in Vietnam, and $3,205 \text{ kcal/kg} * 0.95 = 3,044.75 \text{ kcal/kg}$ net calorific value
	B. Emission factor = IPCC original factor x fuel calorific value x carbon oxidation rate
	C. Greenhouse Gas Emission Coefficients Management Table (溫室氣體排放係數管理表) of IPCC (version 6.0.4, June, R.O.C. 108)
	D. Assuming the boiler produces steam at a pressure of 10.0kgf/cm <sup>3</sup> , the boiler efficiency is 85.0%, and rice husks are used as solid biomass fuel, the ratio of steam to biomass fuel from thermodynamics calculations is 0.2173.
	(2). Purchased steam: POUYUEN VIETNAM COMPANY LIMITED (越南寶元)
	A. Rice husks are used as solid biomass fuel with 3,890 kcal/kg cross calorific value, and $3890 * 95\% = 3,695.5 \text{ kcal/kg}$ net calorific value
	B. Emission factor = IPCC original factor x fuel calorific value x carbon oxidation rate
	C. Greenhouse Gas Emission Coefficients Management Table (溫室氣體排放係數管理表) of IPCC (version 6.0.4, June, R.O.C. 108)
	D. Assuming the boiler produces steam at a pressure of 10.0 kgf/cm <sup>3</sup> , the boiler efficiency is 85.0%, and rice husks are used as solid biomass fuel, the ratio of steam to biomass fuel from thermodynamics calculations is 0.2173.

(3). Purchased steam: Vietnam PAV
A. Rice husks are used as solid biomass fuel with 3,890 kcal/kg cross calorific value, and $3,890 * 95\% = 3,695.5 \text{ kcal/kg}$ net calorific value
B. Emission factor = IPCC original factor x fuel calorific value x carbon oxidation rate
C. Greenhouse Gas Emission Coefficients Management Table (溫室氣體排放係數管理表) of IPCC (version 6.0.4, June, R.O.C. 108)
D. Assuming the boiler produces steam at a pressure of 10.0 kgf/cm <sup>3</sup> , the boiler efficiency is 85.0%, and rice husks are used as solid biomass fuel, the ratio of steam to biomass fuel from thermodynamics calculations is 0.2173.
(4). Purchased steam: PT. POU CHEN INDONESIA (印尼寶成)
A. Rice husks are used as solid biomass fuel with 4,452kcal/kg cross calorific value, and $4,452 * 95\% = 4,229.4 \text{ kcal/kg}$ net calorific value
B. Emission factor = IPCC original factor x fuel calorific value x carbon oxidation rate
C. Greenhouse Gas Emission Coefficients Management Table (溫室氣體排放係數管理表) of IPCC (version 6.0.4, June, R.O.C. 108)
D. Assuming the boiler produces steam at a pressure of 10.0 kgf/cm <sup>3</sup> , the boiler efficiency is 85.0%, and rice husks are used as solid biomass fuel, the ratio of steam to biomass fuel from thermodynamics calculations is 0.2173.
(5). Purchased steam: Shanggao Yisen Industry Co., Ltd. (中國裕盛)
A. The calculation method for CO <sub>2</sub> emissions implied in net purchased electricity and heat under the Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industrial Enterprises announced by China's Climate NDRC in 2015 was applied
B. $ECO_2\_net \text{ heat} = AD \text{ heat} * E; AD \text{ steam} = Mast * (ENst - 83.74) * (10^{-3})$
C. The CO <sub>2</sub> emission factor for heat supply is temporarily set at 0.11 tons CO <sub>2</sub> /GJ.
D. The actual measured boiler steam enthalpy value is 2,755.94 KJ/KG
(6). Self-run boilers: POU PHONG VIETNAM COMPANY LTD. (越南寶豐)
A. Wood pellet are used as solid biomass fuel with 3960 kcal/kg cross calorific value and $3,960 * 95\% = 3,762 \text{ kcal/kg}$ net calorific value
B. Emission factor = IPCC original factor x fuel calorific value x carbon oxidation rate
C. Greenhouse Gas Emission Coefficients Management Table (溫室氣體排放係數管理表) of IPCC (version 6.0.4, June, R.O.C. 108)

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(7).	Self-run boilers: Indonesia GSI
A.	Palm kernel shell are used as solid biomass fuel with 4,312kcal/kg higher calorific value and $4,312 \times 0.95 = 4098.3$ kcal/kg GCV (ratio of coal (solid) and oil (liquid) fuel) is 95%)
B.	Emission factor = IPCC original factor x fuel calorific value x carbon oxidation rate
C.	Greenhouse Gas Emission Coefficients Management Table (溫室氣體排放係數管理表) of IPCC (version 6.0.4, June, R.O.C. 108)
(8).	Self-run boilers: POU SUNG VIETNAM CO., LTD. (越南寶崧)
A.	Palm kernel shell are used as solid biomass fuel with 3,970kcal/kg higher calorific value and $3,970 \times 0.95 = 3,771.5$ kcal/kg GCV (ratio of coal (solid) and oil (liquid) fuel) is 95%)
B.	Emission factor = IPCC original factor x fuel calorific value x carbon oxidation rate
C.	Greenhouse Gas Emission Coefficients Management Table (溫室氣體排放係數管理表) of IPCC (version 6.0.4, June, R.O.C. 108)
5.	Methane emissions from septic tanks are calculated using fugitive staff time.
6.	As for refrigerant/other hydrofluorocarbon (HFC), perfluorocarbon (PFC) and sulfur hexafluoride (SF6), a small amount of SF6 are only used as an insulation filler for high-voltage distribution equipment and its daily leakage rate is very low according to the supplier's data. The carbon emission resulted by evaporation will be included in calculation when equipment is filled (as per its purchase volume) and regarded zero when it is not filled.
II.	Scope 2 (Category 2: Indirect GHG emissions from energy inputs) total indirect GHG emissions from energy sources.
III.	Scope 3 (Category 3: Indirect GHG emissions from transportation (upstream transportation of products)) the total GHG emission of the upstream transportation of the Group's finished shoes of the Group is calculated using the Distance-Based method.
	Scope 3 (Category 3: Indirect GHG emissions from transportation (business travel – air travel): total GHG emissions from air travel is calculated using the Distance-Based method.

Basis for Calculation	I.	The GHG emissions of Scope 1&2 are calculated using the emission coefficients as follows: Activity data × emission coefficient × global warming potential (GWP) = CO <sub>2</sub> e in metric tons/year.
	1.	The emission coefficient for septic tank evaporation was not developed, nor was it developed by local studies, but was obtained by converting international coefficients of similar backgrounds with reference to typical values of effluent water quality and quantity.
	(1).	CH <sub>4</sub> emission coefficient = BOD emission factor × average effluent concentration × wastewater per person hour (liters per hour) × septic tank treatment efficiency
	(2).	CH <sub>4</sub> emission factor = 0.3 metric tons of CH <sub>4</sub> /metric ton - BOD × 200 mg/L × 15.625 (liters/hour) × 85% = 0.0000007969 metric tons/person hour
	(3).	(1-3) CH <sub>4</sub> emission coefficient (kg CH <sub>4</sub> /kg BOD) = maximum CH <sub>4</sub> yield (0.6 kg CH <sub>4</sub> /kg BOD) × methane correction factor (septic tank system 0.5) = 0.3 kg CH <sub>4</sub> /kg BOD
	2.	CO <sub>2</sub> emission coefficient for acetylene adopts mass balance: CH <sub>2</sub> CH <sub>2</sub> +2.5O <sub>2</sub> → 2CO <sub>2</sub> +H <sub>2</sub> O; For every 1 mole of C <sub>2</sub> H <sub>2</sub> (molecular mass: 26) burned, 2 mole of CO <sub>2</sub> (molecular mass: 44) are produced; CO <sub>2</sub> emission coefficient = $44 \times 2/26 = 3.385$ metric ton/metric ton
	3.	CO <sub>2</sub> emission coefficient for welding electrode adopts mass balance: C+O <sub>2</sub> → CO <sub>2</sub> ; For every 1 mole of C (molecular mass: 12) burned, 1 mole of CO <sub>2</sub> (molecular mass: 44) are produced with mole ratio of 1:1; CO <sub>2</sub> emission coefficient of welding electrode burned = $44/12 = 3.6$ metric ton/metric ton
	II.	The calculation of purchased electricity in Scope 2 is divided into:
	1.	Location based carbon emissions are calculated based on the average energy production emission coefficients for a geographic area, which may be regional or national level coefficients. Location-based carbon emissions = electricity consumption carbon emissions
	2.	Market based carbon emissions are based on electricity purchased under a contract or bundled with contractual instruments and are calculated from the greenhouse gas emissions in the contract. Market based carbon emissions = electricity consumption carbon emissions – Renewable Energy Certificate (REC) carbon emissions – Green Energy Certificate (GEC) carbon emissions

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	<p>III. Scope 3: The total greenhouse gas emission from upstream transportation of the Group's finished shoes shipments is calculated using the Distance-Based method:</p> <p>1. The total greenhouse gas emission from upstream transportation of the Group's finished shoes shipments = cargo gross weight (tons) × cargo transportation distance (km) × emission factors of transportation vehicles (kg CO<sub>2</sub>e/ton-km)</p> <p>2. The total greenhouse gas emission from air travel of the Group's headquarter annually is calculated using the Distance-Based method:</p> <p>(1). The total greenhouse gas emission from air travel (tonne CO<sub>2</sub>e) = aerial navigation distance (passenger-km) x emission factors of aerial navigation (kg CO<sub>2</sub>e/ passenger-km).</p> <p>(2). The aerial navigation distance between international cities is mainly calculated based on ICAO, Carbon Emission Calculator: the total greenhouse gas emission from air travel (tonne CO<sub>2</sub>e) = aerial navigation distance (passenger-km) x emission factors of aerial navigation (kgCO<sub>2</sub>e/ passenger-km).</p> <p>(3). The aerial navigation distance between international cities is subject to those released by ICAO, Carbon Emission Calculator:</p> <p><a href="https://www.icao.int/environmental-protection/Carbonoffset/Pages/default.aspx">https://www.icao.int/environmental-protection/Carbonoffset/Pages/default.aspx</a></p>												
Data of activities	Direct measurement or verification of data.												
Coefficient	<p>1. The 4th IPCC assessment announcement 2006 was adopted for the global warming potential (GWP) before 2021; while the 6th IPCC assessment announcement 2021 was adopted for the global warming potential (GWP) in 2022.</p> <table border="1" data-bbox="371 1176 1436 1425"> <thead> <tr> <th>GHG</th> <th>GWP</th> <th>Source</th> </tr> </thead> <tbody> <tr> <td>CO<sub>2</sub></td> <td>1</td> <td rowspan="4">IPCC's 2021 Sixth Assessment Report. CH<sub>4</sub>-(fossil – combustion)-GWP 100 of 27 CH<sub>4</sub>-(fossil – fugitive and process)-GWP 100 of 29.8</td> </tr> <tr> <td>CH<sub>4</sub></td> <td>27</td> </tr> <tr> <td>CH<sub>4</sub></td> <td>29.8</td> </tr> <tr> <td>N<sub>2</sub>O</td> <td>273</td> </tr> </tbody> </table>	GHG	GWP	Source	CO <sub>2</sub>	1	IPCC's 2021 Sixth Assessment Report. CH <sub>4</sub> -(fossil – combustion)-GWP 100 of 27 CH <sub>4</sub> -(fossil – fugitive and process)-GWP 100 of 29.8	CH <sub>4</sub>	27	CH <sub>4</sub>	29.8	N <sub>2</sub> O	273
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CH <sub>4</sub>	29.8												
N <sub>2</sub> O	273												

	<p>2. The coefficients of different emission sources are mainly based on the emission coefficients announced by "Intergovernmental Panel on Climate Change" (IPCC) in 2006, which are calculated by incorporating the emission coefficients for different fuels as announced by various countries, along with the calorific values of those fuels; the auxiliary tools include the "Greenhouse Gas Emission Coefficient" (溫室氣體排放係數) released by the Taiwan Environmental Protection Administration, and the coefficients of various emission sources are then calculated according to the "Greenhouse Gas Emissions Inventory Operation Guidelines" (溫室氣體排放量盤查作業指引) of the Ministry of Environment (環境部).</p> <table border="1" data-bbox="1808 586 2875 1585"> <thead> <tr> <th>Country/Region</th> <th>Source of calorific value</th> </tr> </thead> <tbody> <tr> <td>China</td> <td>National Standard of the People's Republic of China (2020) GBT 2589-2020: General Rules for Calculation of the Comprehensive Energy Consumption</td> </tr> <tr> <td>Indonesia</td> <td>Emission Factors Announced by the Ministry of Energy and Mineral Resources of Indonesia (Faktor Emisi Bahan Bakar Minyak (BBM) dan Batubara)</td> </tr> <tr> <td>Vietnam</td> <td>MOIT Circular 20/2016/TT-BCT on Energy Consumption Quota in the Steel Industry</td> </tr> <tr> <td>Cambodia</td> <td>IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)</td> </tr> <tr> <td>Bangladesh</td> <td>IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)</td> </tr> <tr> <td>Myanmar</td> <td>IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)</td> </tr> <tr> <td>Hong Kong</td> <td>User Guide on the Greenhouse Gas Emissions Calculator published by the Green and Sustainable Finance Cross-Agency Steering Group under the Securities and Futures Commission of Hong Kong and the Hong Kong Monetary Authority</td> </tr> <tr> <td>Macau</td> <td>IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)</td> </tr> <tr> <td>Brazil</td> <td>IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)</td> </tr> <tr> <td>Israel</td> <td>IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)</td> </tr> <tr> <td>US</td> <td>US EPA Emission Factors for Greenhouse Gas Inventories (2024)</td> </tr> <tr> <td>Fuel Density Conversion</td> <td>                     1. British Petroleum - Approximate conversion factors                      2. Energy Administration, Ministry of Economic Affairs, Taiwan - Weight-volume Interconversion Chart for Petroleum Products                 </td> </tr> </tbody> </table>	Country/Region	Source of calorific value	China	National Standard of the People's Republic of China (2020) GBT 2589-2020: General Rules for Calculation of the Comprehensive Energy Consumption	Indonesia	Emission Factors Announced by the Ministry of Energy and Mineral Resources of Indonesia (Faktor Emisi Bahan Bakar Minyak (BBM) dan Batubara)	Vietnam	MOIT Circular 20/2016/TT-BCT on Energy Consumption Quota in the Steel Industry	Cambodia	IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)	Bangladesh	IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)	Myanmar	IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)	Hong Kong	User Guide on the Greenhouse Gas Emissions Calculator published by the Green and Sustainable Finance Cross-Agency Steering Group under the Securities and Futures Commission of Hong Kong and the Hong Kong Monetary Authority	Macau	IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)	Brazil	IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)	Israel	IPCC 2006 Guidelines Volume 2: Energy. TABLE 1.2. DEFAULT NET CALORIFIC VALUES (NCVs)	US	US EPA Emission Factors for Greenhouse Gas Inventories (2024)	Fuel Density Conversion	1. British Petroleum - Approximate conversion factors 2. Energy Administration, Ministry of Economic Affairs, Taiwan - Weight-volume Interconversion Chart for Petroleum Products
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3. Electricity emission coefficients are calculated according to the latest data provided by each country. For countries with no announced coefficients, the latest emission coefficients are calculated using data from the IEA (International Energy Agency) or as provided by brands.

Country/Region	Electricity coefficients	Unit	Year	Source
Taiwan	0.4740	kgCO <sub>2</sub> e/kWh	2024	Energy Administration, Ministry of Economic Affairs
Jiangsu, China	0.5978	kgCO <sub>2</sub> /kWh	2022	2024 Announcement of the Ministry of Ecology and Environment of the People's Republic of China
Jiangxi, China	0.5752	kgCO <sub>2</sub> /kWh	2022	2024 Announcement of the Ministry of Ecology and Environment of the People's Republic of China
Hubei, China	0.4364	kgCO <sub>2</sub> /kWh	2022	2024 Announcement of the Ministry of Ecology and Environment of the People's Republic of China
Guangdong, China	0.4403	kgCO <sub>2</sub> /kWh	2022	2024 Announcement of the Ministry of Ecology and Environment of the People's Republic of China
Vietnam	0.6592	t CO <sub>2</sub> /MWh	2023	2024 Announcement of the Department of Climate Change of Vietnam (越南氣候變遷司)
Indonesia	0.8000	t CO <sub>2</sub> /MWh	2019	General Electricity Bureau of Ministry of Energy and Mineral Resources of Indonesia (印尼能源礦產資源部電力總局)
Cambodia	0.3973	t CO <sub>2</sub> /MWh	2023	IEA Emission Factors - 2023 editions
Bangladesh	0.6200	t CO <sub>2</sub> /MWh	2022	2025 Announcement of the Ministry of Environment of Bangladesh (孟加拉環境部)
Myanmar	0.4423	t CO <sub>2</sub> /MWh	2023	IEA Emission Factors - 2023 editions
Hong Kong	0.5300	kgCO <sub>2</sub> /kWh	2024	2024 Announcement of HK Electric Investments Limited (ESG Report)
Macau	0.8200	kgCO <sub>2</sub> /kWh	2022	2024 Announcement of Companhia de Electricidade de Macau - CEM, S.A. (ESG Report)
Brazil	0.1339	kgCO <sub>2</sub> /kWh	2021	IEA Emission Factors - 2023 editions
Israel	0.4413	kgCO <sub>2</sub> /kWh	2021	IEA Emission Factors - 2023 editions
US	0.2455	kgCO <sub>2</sub> /kWh	2024	US EPA Emission Factors for Greenhouse Gas Inventories

## Appendix E. Compliance Management

The Group has generally complied with the following applicable laws and regulations which have a significant impact on the Company, including but not limited to:

ESG Indicators	Region	Laws and Regulations	Internal System
A. Environment	Mainland China	<ul style="list-style-type: none"> <li>Environmental Protection Law of the People's Republic of China</li> <li>Environmental Protection Tax Law of the People's Republic of China</li> <li>Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China</li> <li>Law on the Prevention and Control of Water Pollution of the People's Republic of China</li> <li>Law on Appraising of Environment Impacts of the People's Republic of China</li> <li>Law on the Prevention and Control of Environment Pollution by Solid Wastes of the People's Republic of China</li> <li>Law on the Prevention and Control of Noise Pollution of the People's Republic of China</li> </ul>	<ul style="list-style-type: none"> <li>Administration Standards on Environment, Energy, Safety and Hygiene</li> <li>Guidelines on soil and groundwater pollution management</li> <li>Guidelines on waste management</li> <li>Guidelines on sewage discharge management</li> <li>Guidelines on management and control of air pollutants</li> <li>Guidelines on environmental, safety and hygiene index management</li> <li>Guidelines on energy management</li> <li>Guidelines on greenhouse gas management</li> <li>Climate change policy</li> <li>Sustainable Development Code of Practice</li> </ul>
	Myanmar	<ul style="list-style-type: none"> <li>Environmental Conservation Law (2012)</li> <li>Environmental Conservation Rules (2013)</li> <li>National Environmental Quality (Emission) Guidelines (2015)</li> <li>Prevention of Hazard from Chemical and Related Substances Law (2013)</li> <li>Prevention of Hazard from Chemical and Related Substances Rules (2016)</li> </ul>	
	Vietnam	<ul style="list-style-type: none"> <li>Environmental Protection Law</li> <li>Water Resources Law</li> </ul>	
	Indonesia	<ul style="list-style-type: none"> <li>Environmental Protection and Management Law</li> </ul>	
	Cambodia	<ul style="list-style-type: none"> <li>Law on Environmental Protection and Natural Resources Management of Cambodia</li> </ul>	
	Bangladesh	<ul style="list-style-type: none"> <li>Environment Conservation Rules, 1997</li> </ul>	

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ESG Indicators	Region	Laws and Regulations	Internal System
B1 Employment B4 Labor Standards	Mainland China	<ul style="list-style-type: none"> <li>Labor Law of the People's Republic of China</li> <li>Labor Contract Law of the People's Republic of China</li> <li>Labor Dispute Mediation and Arbitration Law of the People's Republic of China</li> <li>Employment Promotion Law of the People's Republic of China</li> <li>Social Insurance Law of the People's Republic of China</li> <li>Regulations on Prohibition of Child Labor of the People's Republic of China</li> <li>Regulation on Special Protection for Underage Workers of the People's Republic of China</li> </ul>	<ul style="list-style-type: none"> <li>Code of conduct</li> <li>Fair remuneration commitment</li> <li>Policies and Guidelines on sexual harassment prevention</li> <li>Discipline/Engagement Committee Measures</li> <li>Employee Diversity Policy</li> <li>Sustainable Development Code of Practice</li> <li>Employee manuals and labor regulations of regional administrative centers</li> </ul>
	Hong Kong	<ul style="list-style-type: none"> <li>Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)</li> <li>Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)</li> <li>Employment Ordinance (Chapter 57 of the Laws of Hong Kong)</li> <li>Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)</li> <li>Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong)</li> <li>Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong)</li> <li>Family Status Discrimination Ordinance (Chapter 527)</li> <li>Race Discrimination Ordinance (Chapter 602)</li> </ul>	
	Myanmar	<ul style="list-style-type: none"> <li>Labor Law</li> <li>Social Insurance Law</li> <li>Factory Act</li> <li>Syndical Law</li> <li>Employment Law</li> <li>Labor Safety and Health Law 2020</li> <li>Minimum Wage Law</li> </ul>	
	Vietnam	<ul style="list-style-type: none"> <li>Labor Law</li> <li>Social Insurance Law</li> <li>Medical Insurance Law</li> <li>Syndical Law</li> <li>Employment Law</li> <li>Labor Safety and Health Law</li> </ul>	
	Indonesia	<ul style="list-style-type: none"> <li>Labor Law</li> <li>Social Insurance Law</li> </ul>	

ESG Indicators	Region	Laws and Regulations	Internal System
B1 Employment B4 Labor Standards	Cambodia	<ul style="list-style-type: none"> <li>Labor Law</li> <li>Law on Social Security Schemes</li> <li>Trade Union Law</li> <li>Law on the Protection and the Promotion of the Rights of Persons with Disabilities</li> </ul>	<ul style="list-style-type: none"> <li>Code of conduct</li> <li>Fair remuneration commitment</li> <li>Policies and Guidelines on sexual harassment prevention</li> <li>Discipline/Engagement Committee Measures</li> <li>Employee Diversity Policy</li> <li>Sustainable Development Code of Practice</li> <li>Employee manuals and labor regulations of regional administrative centers</li> </ul>
	Bangladesh	<ul style="list-style-type: none"> <li>Bangladesh EPZ Labor Act (2019)</li> <li>Bangladesh Labor Act (2006)</li> </ul>	
	Macau	<ul style="list-style-type: none"> <li>Labor Relations Law</li> <li>Minimum Wage for Employees</li> <li>Law on Employment of Non-Resident Workers</li> <li>Social Security System</li> </ul>	
	Taiwan	<ul style="list-style-type: none"> <li>Labor Standards Act</li> <li>Employment Services Act</li> <li>Labor Pension Act</li> <li>Act for Protection of Labor in Mass Dismissal</li> <li>Labor Incident Act</li> </ul>	
	US	<ul style="list-style-type: none"> <li>Fair Labor Standards Act</li> <li>National Labor Relations Act</li> <li>Employee Retirement Income Security Act</li> <li>Family and Medical Leave Act</li> <li>Title VII of the Civil Rights Act of 1964</li> <li>Pregnancy Discrimination Act</li> <li>Equal Pay Act</li> <li>Age Discrimination in Employment Act</li> <li>Americans with Disabilities Act</li> </ul>	
Mexico	<ul style="list-style-type: none"> <li>Constitution of the United Mexican States</li> <li>Federal Labor Law</li> </ul>		

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ESG Indicators	Region	Laws and Regulations	Internal System
B2 Health and Safety	Mainland China	<ul style="list-style-type: none"> <li>Prevention and Control of Occupational Diseases Law of the People's Republic of China</li> <li>Production Safety Law of the People's Republic of China</li> </ul>	<ul style="list-style-type: none"> <li>Administration Standards on Environment, Energy, Safety and Hygiene</li> <li>Guidelines on safety, environment and energy of boiler equipment</li> <li>Guidelines on the supervision and measurement of Environmental, Safety and Hygiene</li> <li>Guidelines on operations control</li> <li>Guidelines on the construction of Contractor</li> <li>Guidelines on employees' health</li> <li>Guidelines on personal protective equipment</li> <li>Abnormal Incident Management Regulations</li> <li>Human Factors Engineering guidelines</li> <li>Guidelines on chemicals management</li> <li>Guidelines on the management of mechanical equipment safety</li> <li>Guidelines on the management of electrical safety</li> <li>Sustainable development code of practice</li> <li>Code of conduct</li> </ul>
	Hong Kong	<ul style="list-style-type: none"> <li>Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)</li> </ul>	
	Myanmar	<ul style="list-style-type: none"> <li>Labor Safety and Health Law 2020</li> <li>Labor Law</li> <li>Factory Act</li> </ul>	
	Vietnam	<ul style="list-style-type: none"> <li>Labor Safety and Health Law</li> <li>Labor Law</li> </ul>	
	Cambodia	<ul style="list-style-type: none"> <li>Labor Law</li> </ul>	
	Bangladesh	<ul style="list-style-type: none"> <li>Bangladesh EPZ Labor Act (2019)</li> <li>Bangladesh Labor Act (2006)</li> </ul>	
	Taiwan	<ul style="list-style-type: none"> <li>Occupational Safety and Health Act</li> </ul>	
	US	<ul style="list-style-type: none"> <li>Occupational Safety and Health Act</li> </ul>	
	Mexico	<ul style="list-style-type: none"> <li>Constitution of the United Mexican States</li> <li>Federal Labor Law</li> </ul>	
B3 Development and Training	Nil	Nil	<ul style="list-style-type: none"> <li>Operation process of education, training and internal lecturer management</li> <li>Operation process of education, training and internal lecturer management</li> <li>Individual development plan (IDP)</li> </ul>
B5 Supply Chain Management	Nil	Nil	<ul style="list-style-type: none"> <li>Supplier-friendly workplace guidelines</li> <li>Supplier sustainability code of conduct</li> <li>Guidelines on equipment general service supplier</li> </ul>

ESG Indicators	Region	Laws and Regulations	Internal System		
B6 Products Liability	Mainland China	<ul style="list-style-type: none"> <li>Constitution of the People's Republic of China</li> <li>Civil Code of the People's Republic of China</li> <li>Public Security Administration Punishments Law of the People's Republic of China</li> <li>Criminal Law of the People's Republic of China</li> <li>Product Quality Law of the People's Republic of China</li> <li>Law on the Safety of Special Equipment of the People's Republic of China</li> <li>Advertising Law of the People's Republic of China</li> <li>Law on the Protection of Consumer Rights and Interests of the People's Republic of China</li> </ul>	<ul style="list-style-type: none"> <li>Guidelines on chemicals</li> <li>Intellectual Property Manual</li> <li>Guidelines on Intellectual Property contract of the legal department</li> <li>Administration standards on innovative research and development protection</li> <li>Administration standards on patent application and maintenance</li> <li>Quality management guidelines for each brand business division</li> </ul>		
	Myanmar	<ul style="list-style-type: none"> <li>Product Safety Law</li> </ul>			
	Vietnam	<ul style="list-style-type: none"> <li>Intellectual Property Law</li> <li>Cyber Information Security Law</li> </ul>			
	Cambodia	<ul style="list-style-type: none"> <li>Trademark Law</li> <li>Law on Copyright and Related Rights</li> <li>Patent Law</li> </ul>			
	Bangladesh	<ul style="list-style-type: none"> <li>Bangladesh EPZ Labor Act (2019)</li> <li>Bangladesh Labor Act (2006)</li> </ul>			
	B7 Anti-corruption	Mainland China		<ul style="list-style-type: none"> <li>Anti-Unfair Competition Law of the People's Republic of China</li> <li>Criminal Law of the People's Republic of China</li> <li>Civil Code of the People's Republic of China</li> <li>Anti-money Laundering Law of the People's Republic of China</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance Policy Declaration</li> <li>Code of Conduct and Practice Guidelines for Integrity Management</li> <li>Prevention of bribery policy</li> <li>Whistleblowing policy</li> </ul>
		Hong Kong		<ul style="list-style-type: none"> <li>Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong)</li> </ul>	
		Myanmar		<ul style="list-style-type: none"> <li>Prevention of Corruption Law</li> <li>Criminal Law</li> </ul>	
Vietnam		<ul style="list-style-type: none"> <li>Prevention of Corruption Law</li> <li>Criminal Law</li> </ul>			
Indonesia		<ul style="list-style-type: none"> <li>Money Laundering Control Law</li> <li>Criminal Law</li> </ul>			
Cambodia		<ul style="list-style-type: none"> <li>Anti-Corruption Law</li> <li>Criminal Law</li> <li>Anti-Money Laundering and Combating the Financing of Terrorism Law</li> </ul>			
B8 Community Investment	Nil	Nil	<ul style="list-style-type: none"> <li>Code of conduct</li> <li>Sustainable development code of practice</li> </ul>		