



**2024**

# 利勤實業永續報告書

## Li Cheng Enterprise ESG Report

## **CHAPTER 1 Forewords**

**5**

Principles for the Preparation of this Report

6

Words from the Chairman

7

Words from the Management

8

Organization Summary

9

LC CORE VALUES

11

About Board of Directors

15

About Functional Committees

18

SD Committee

19

## **CHAPTER 2 LI CHENG AND ITS STAKEHOLDERS**

**23**

Shareholders and Investors/Employees

24

Customers/Suppliers / Contractors

25

Government and Competent Authorities/Social Groups

26

# **TABLE OF CONTENTS**





## **CHAPTER 3 Sustainable Management** **27**

Outcomes of 2024 Sustainability Efforts	28
2025 Plans for Promoting Sustainability	29
SUSTAINABLE DEVELOPMENT OF LI CHENG'S CSR GUIDELINES	30
Management Performance	31
Regulations and Risks Control	32

## **CHAPTER 4 Striving for Excellence** **37**

Management of Material Topics: Environment	41
Energy and Water Resources	42
GHG Emission	48

## **CHAPTER 5 Friendly Society** **51**

LI CHENG Partners Framework	52
Manpower Cultivation and Development	56
Salary and Benefits, and Employee Well-being	68
Workplace Health and Safety	80
Social Welfare and Participation	87

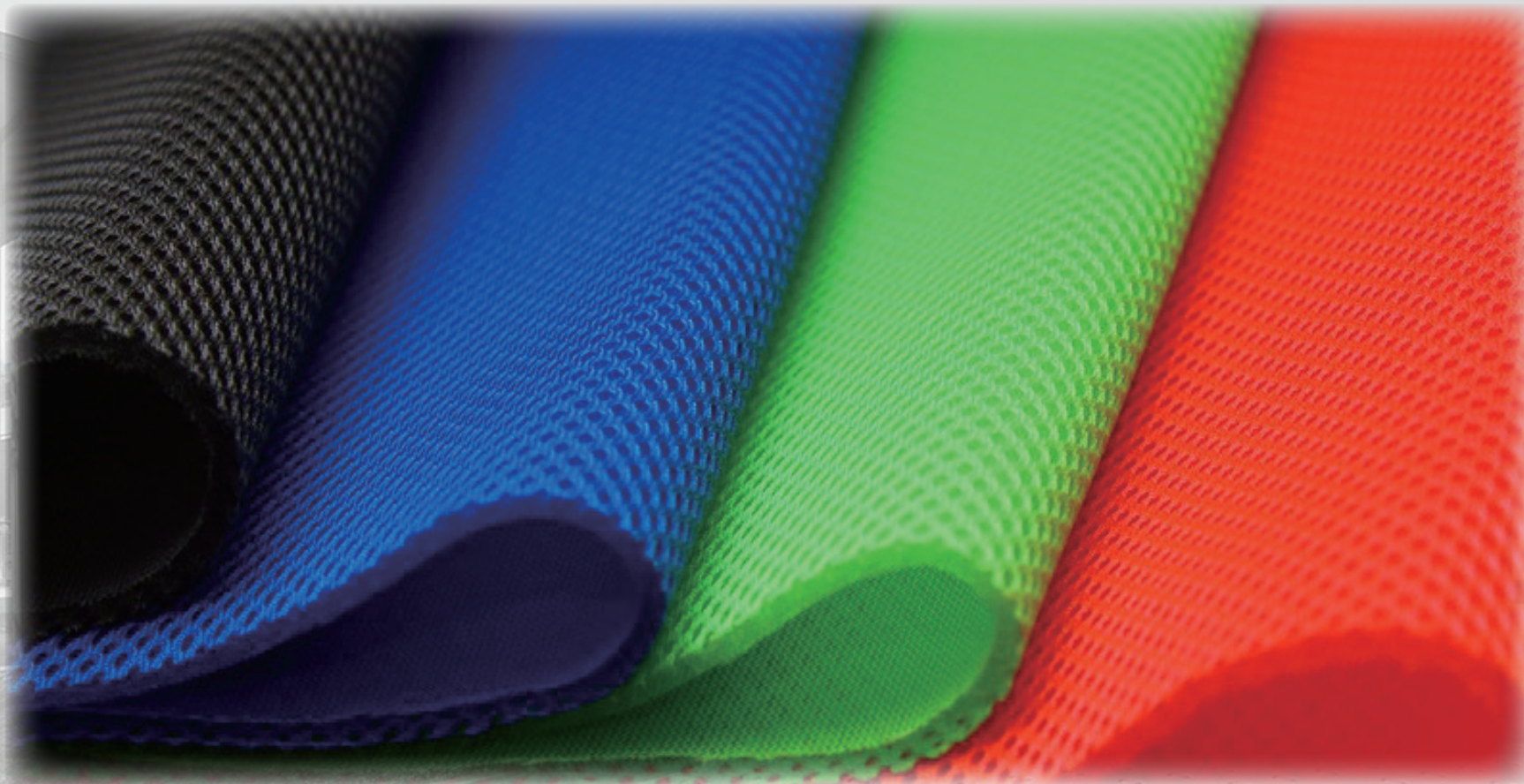
## **CHAPTER 6 Appendices** **91**

Appendix 1: GRI SUSTAINABILITY REPORTING STANDARDS (GRI STANDARDS) CONTENT INDEX	92
Appendix 2: SASB Standards Content Index	101
Appendix 3: Comparison Table for TWSE/TPEX Listed Companies' Climate Information Mandated by Taiwan Stock Exchange	102









# CHAPTER 1

## Forewords





# Principles for the Preparation of this Report

## Scope of Preparation

The data period covered by this Report is from January 1, 2024, to December 31, 2024. To ensure information transparency and the authenticity of the content in the report, the scope of information included in the report encompasses all business locations operated by LI CHENG ENTERPRISE CO., LTD. (hereinafter referred to as LI CHENG ENTERPRISE, the Company, or we), including its facilities in Taiwan and Vietnam.

The data and statistics in this Report were provided by various departments and factory sites and compiled and edited by the Sustainability Report Editorial Team. After review and revision by the heads of the respective promotion centers under the Sustainability Development Committee, the report was finalized and published following administrative procedures and approval by the Chairman.

All statistical data presented in this report are based on LI CHENG ENTERPRISE's own statistics and survey results. Financial data are derived from the Company's annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and are based on audited and publicly disclosed figures. All financial data are presented in New Taiwan Dollars (NT\$).

The Company's operations remained stable during the reporting period, with no significant changes in operations, no restatement of information, and no alterations in reporting. This year's ESG report has not undergone external verification but will be included in the annual plan for future implementation.

## Principles for Preparation

The content structure of this Report references the GRI (Global Reporting Initiative) Universal Standards 2021, announced in 2021, and follows the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEX Listed Companies" issued by the Taiwan Stock Exchange as the primary framework for comprehensive reporting. The report also incorporates the Task Force on Climate-related Financial Disclosures (TCFD) framework and the Sustainability Accounting Standards Board (SASB) standards.

## Date of Publication

◎ Publication Date of Current Report: July 2025

◎ Provisional Publication Date for Next Report: June 2026

## Contacts of Edit Team

We sincerely welcome any questions or suggestions regarding this Report. Feel free to contact us to provide your valued opinion via any of the following methods:

◎ Contact: Mr. Kung of Sustainable Development Division

◎ Phone: 05-5571010 Ext. 1265

◎ E-mail: CSR.ESG@li-cheng.com.tw

◎ Corporate Website: <http://www.li-cheng.com.tw/>





## Words from the Chairman

We are clearer than ever before: **sustainability is no longer just an option—it is a core responsibility that businesses must undertake and the foundation for long-term competitiveness.** In the face of challenges brought about by climate change, resource depletion, and social transformation, companies can no longer rely solely on traditional financial performance as the only business indicator. LI CHENG firmly believes that only by integrating sustainable development into the core strategy and daily operations of the Company can we navigate a volatile global environment with stability and create long-term value for all stakeholders.

Based on this belief, we have established clear and concrete carbon reduction goals: **"Initiating voluntary baseline carbon inventory from 2021 and achieving the goal of reducing carbon emissions by 10% by 2030."** This is not only a challenging commitment but also a concrete manifestation of our responsible attitude toward the environment. To achieve this goal, we actively optimize processes, improve energy efficiency, and begin introducing innovative low-carbon technologies. In 2024, we focused on conducting a Life Cycle Assessment (LCA) of the Low Carbon Dyeing process to verify, through data, its effectiveness in reducing energy use, water consumption, and waste. This transformation not only strengthens our competitiveness in the global market but also marks a significant step forward for LI CHENG toward a low-carbon and sustainable supply chain.

In 2024, LI CHENG officially established the "Sustainable Development Committee (SD Committee)" to further incorporate ESG issues into the corporate governance structure. This committee, composed of senior executives and cross-departmental representatives, is responsible for planning, reviewing, and supervising LI CHENG's sustainability strategies and their implementation progress. We are well aware that sustainability cannot just be a slogan—it must be embedded in corporate governance, operational processes, and corporate culture. Therefore, we have identified sustainable development as a key topic for the Board of Directors, who regularly review related risks and opportunities to ensure the Company's strategies remain aligned with global sustainability trends.

In the same year, we also completed verification under the Responsible Business Alliance (RBA), marking further progress in our supply chain management. Through this internationally recognized certification system, LI CHENG not only reinforced its comprehensive commitment to labor rights, occupational safety, environmental responsibility, and business ethics, but also further implemented responsible supply chain management. We require our suppliers to adhere to the same ethical and sustainability standards, and we jointly build a more resilient and transparent supply chain system through regular audits and performance tracking mechanisms, thereby strengthening our overall risk management and social responsibility performance.

In terms of information disclosure, LI CHENG continues to enhance transparency and adopt higher standards for ESG performance disclosure, covering key areas such as greenhouse gas inventory, water resource management, employee care, and supply chain responsibility. We place great importance on the accuracy of internal data to ensure that all disclosed information is authentic and trustworthy. These efforts are not only to meet the expectations of the market and investors but are also a concrete demonstration of our integrity and sense of responsibility. Every sustainability effort by LI CHENG follows the principles of being "verifiable, measurable, and sustainable" and is implemented in our annual action plans.

Looking ahead, LI CHENG will continue to improve its risk management mechanisms by proactively identifying and responding to potential risks related to climate, regulations, and the supply chain. At the same time, we will keep seeking opportunities for green innovation and low-carbon transformation to ensure the Company remains resilient amid change and leads the industry toward a sustainable future.

This ESG report is not only LI CHENG's response to social and environmental responsibilities but also a clear declaration of our commitment to sustainability for all stakeholders. We will uphold our consistent spirit of integrity, adopt a broader vision, and take more proactive actions to fulfill our commitments to the future and move toward a better tomorrow together with all our partners.





## Words from the Management

As the management team working on the front lines of operations, we deeply understand that “the implementation of strategy comes from daily actions and the commitment of every colleague.” Sustainability is not an infeasible slogan but a concrete way of working and a reflection of culture that is embedded in daily operations and decision-making processes. Every meeting, every project, and every decision is an essential step toward sustainable transformation.

In 2024, we comprehensively adjusted our approach to strategic focus and operational management, emphasizing the practical connection of short- and medium-term goals. Through direction-setting in high-level strategy meetings, we extended a shared mission and execution focus to mid- and frontline teams, reinforcing the solidity and effectiveness of our strategy implementation. This ensures that every sustainability initiative can be continuously advanced, traceable, and evolving.

In the same year, LI CHENG’s production base in Vietnam officially entered a stable mass production phase—undoubtedly a significant test for our operational systems and management capabilities. While building a cross-national management mechanism, we deepened the practice and extension of our core organizational values—how to instill these values beyond geographical and cultural differences into talent management, training, and daily operations within overseas teams. This became a key challenge in localizing our strategies. This implementation also drove us to continuously strengthen the standardization, digitization, and transparency of our management systems, ensuring that our global sites remain agile and efficient under shared values.

We fully understand that the key to sustainable transformation lies not only in systems or technology, but in the deepening of organizational culture and values. Therefore, we are committed to embedding core values in every operational process, ensuring these values are not just slogans on a wall but principles that genuinely drive behavior. A clear, transparent, and trustworthy communication mechanism, combined with teamwork and cross-departmental collaboration, gives our organization the flexibility to respond and fosters natural innovation and efficiency.

At the same time, we recognize that “talent” is the key driving force behind all change. Internally, we continue to invest in internal training, leadership development, and cross-departmental learning programs, encouraging autonomous growth within the organization and enhancing problem-solving and execution capabilities. Externally, we are actively cultivating international talent in alignment with the government’s New Southbound Policy, recruiting Vietnamese international students to join the LI CHENG team and providing solid annual training programs to build a reserve of international professionals. We hope every member of LI CHENG can grow and exert influence in a rapidly changing environment and become a practitioner and creator of corporate values.

In 2024, we also launched the “Core Values in Action” initiative within the organization, inviting every employee to share real-life examples of actions that reflect our values in their daily work. This not only strengthened consensus around our organizational culture but also promoted mutual understanding and trust, making our values a true common language for teamwork and communication.

Looking to the future, the management team will continue to serve as both the drivers of strategic implementation and the guides for deepening our corporate culture. With a more open mindset and forward-looking management capabilities, we will lead LI CHENG toward becoming a globally competitive and sustainably resilient enterprise. The challenges of international operations are ongoing, but we firmly believe that it is precisely these challenges that drive the evolution of our organization. It is the efforts of every LI CHENG member that fuel our steady progress.

We believe that every member of LI CHENG can become a practitioner and creator of our core values, building a trustworthy, innovative, and future-oriented LI CHENG—starting from every single action.

## Organization Summary

LI CHENG ENTERPRISE CO., LTD. (Stock Code: 4426) is a global industry leader in 3D spacer fabrics, distinguished by its fully integrated production processes, advanced equipment, and broad technical expertise. Leveraging various types of highly automated and modernized production machinery, the Company's annual output of spacer fabrics exceeds 1,500 tons.

Spacer fabric is a relatively unique textile product that has emerged in the past decade, with its applications continuing to be actively researched and expanded across multiple fields. The 3D spacer fabrics produced by the Company range in thickness from 1mm to 25mm. In addition to footwear applications, they are also used in bags, hats, bras, general apparel, mattresses, sports equipment, medical products, and automotive materials.

The spacer fabrics woven by LI CHENG offer key features such as breathability, comfort, lightness, and shock absorption—making them ideal for various types of athletic footwear. Whether on the sports field or during casual outdoor activities, the materials provide a comfortable and cooling experience. Currently, these products are widely used by major brands such as Nike, Converse, Reebok, Asics, Brooks, NB (New Balance), and Herman Miller, and have been well received in the market. As a result, 3D spacer fabrics are expected to remain an essential material in the athletic footwear industry.

LI CHENG is also one of the selected suppliers invited to participate in major international material exhibitions designated by the aforementioned global sports brands. Through these biannual showcases, professional sales representatives promote the Company's products directly to brand designers, allowing us to stay aligned with the latest design trends and functional requirements. As a result, we are able to continuously develop innovative products that meet customer expectations, enabling LI CHENG to achieve ongoing improvement and steady growth in the 3D spacer fabric sector.







## About Company

<b>Company Name</b>	LI CHENG ENTERPRISE CO., LTD.
<b>Headquarters Address</b>	No. 5, Dougong 12th Rd., Douliu City, Yunlin County
<b>Established in</b>	1997
<b>Amount of Capital</b>	NT\$1 Billion and 727 Million
<b>Headquarters</b>	Douliu City, Yunlin County
<b>Proportion of Produced Items</b>	knitted mesh fabric: 97%-Others: 3%
<b>No. of Employees</b>	Approx. 678 People (incl. Vietnam facilities)
<b>Operating Revenue</b>	NT\$970 Million (as of December 31, 2024)

# LC CORE VALUES 利勤核心價值

## Be Transparent 誠實透明樂於分享

Share information openly and respectfully.  
誠實、開放且相互尊重的分享。



## Integrity Matters 誠信正直

Be honest. Do the right thing.  
坦承面對。從當下的資訊、情境做最佳的判斷與決策。



## Empower each other 授權與相互支持

Inform, delegate and trust.  
知會、工作委派且信任彼此。



## Customer Excellence. Priority 客戶導向

Make sure they get great value from your products and service!  
確保您的內外部客戶，從您的產品和服務中獲得極大的價值！



## Think Creatively Always 創意思維

Creativity and innovation drive all operation aspects, including process, products, materials, and business opportunities and running.  
推動創新與新想法在所有營運運作上，包括流程、產品、材料、生意機會與營運面等等。



## Sustainability. Protect the Planet 永續發展保護地球

Meet the needs of the future without compromising the present.  
持續朝向未來的發展與需求，不受限且滿足於現狀。



## Teamwork. Together we win! 團隊運作

When groups of people work together toward a common goal.  
一群人共同合作朝著一致的目標前進。



## Be Accountable for your actions 當責

Accept responsibility for your performance and actions toward others.  
接受並承擔自己的結果表現以及對待他人的行動。







# 利勤實業公司沿革

## LI CHENG ENTERPRISE CO., LTD Company History

1992

公司成立  
Established

原名為利冠實業股份有限公司

Formerly known as Li Kuan Enterprise Co., Ltd.



2001

更名利勤實業  
Name changed to Li Cheng  
Enterprise

擴大經營規模及增進經濟效益，與利勤實業股份有限公司合併

For larger operational scale and better economic effects, the Company was merged with the Li Cheng Enterprise Co., Ltd.



1999



入選為 NIKE 之全球少數 QA 供應商

The Company was selected by NIKE as one of its few QA suppliers globally.



2004

登錄興櫃，代號 4426  
The Company became GTSE-listed  
under the code 4426

2004.05 成為 NIKE 全球織品唯一策略夥伴廠商及通過 ADIDAS 實驗室認證。

In May 2004, the Company became the only global strategic partner for global textile fabric and received lab certification by ADIDAS

## About Li Cheng

LI CHENG ENTERPRISE CO., LTD., primarily focused on fabric weaving, was established in 1997. Since its founding, LI CHENG has continuously pursued research and development and maintained strict quality standards, becoming the sole global strategic textile partner of NIKE. In 2005, in collaboration with NIKE, the Company developed and produced the first fully computer-controlled, seamless, 3D-shaped woven fabric for footwear (3D spacer fabric), which was launched in the global market at the end of 2005. Thanks to our continuous commitment to innovation and the introduction of automated machinery and equipment, we have established long-term partnerships with many well-known global brands, positioning ourselves as a professional supplier of 3D spacer fabrics. For more details on the Company's history, please refer to the official website or the annual report presented at the shareholders' meeting.

# 2005

## 全電腦無接縫鞋型圖案立體織物

### Computer-controlled Seamless Upper Pattern Spacer Fabrics

2005.05 彰化線西織廠遷移至雲林斗六工廠。

2005.06 與 NIKE 合作研發，生產之第一塊全電腦無接縫鞋型圖案立體織物，並於 2005 年底在全球市場推出。

In May 2005, the Company's The Changhua Xianxi knitting plant was relocated to Douliu, Yunlin.

In June 2005, the Company collaborated with NIKE to jointly develop and produce its first Computer-controlled Seamless Upper Pattern Spacer Fabrics, which was launched in the global market at the end of 2005.

# 2018

## 投資越南設廠

### Further Investments by Plant Establishment in Vietnam

2018.04 因應營運規模擴充及市場需求，經董事會決議至越南設廠。

In April 2018, resolved by the Board of Directors, the Company established plants in Vietnam in response to upscaled operations and increased market demands.

# 2011

## 正式掛牌上市

### The Company received official registration at the TWSE

因應營運規模擴充，購入斗六擴大工業區土地

The Company purchased lands in the Douliu Expansion Industrial Zone in response to its upscaled operations.



# 2014

## 雲科織廠投入生產

### Yunlin Textile Facilities Entered Production

2014.06 斗六雲科織廠正式加入生產線。

Yunlin Textile Facilities Entered Production  
In June 2014, our textile facilities in Yunlin Technology Industrial Park entered commission.

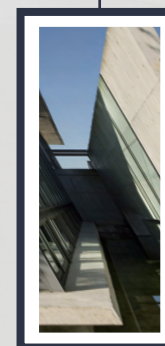
# 2024

## 越南廠正式營運

### Vietnam Plant Entered Production

2023.10 啟用典禮後試營運  
2024 正式營運

In October 2023, the Plant was put to commissioning following inauguration ceremony  
In 2024, the Plant was put into official operations.







## Membership

### Participation in Key Industry Associations and Advocacy Organizations

Item	Name of Organization	Significance of Membership	Membership Status
1	Taiwan Silk & Filament Weaving Industrial Association	By participating in educational training programs and accessing the latest information provided by various industry associations, we continuously expand our knowledge base and foster interaction among members. This engagement enhances mutual benefits and contributes to overall economic development.	Member
2	Changhua County Industrial Association		Member
3	Taiwan Textile Research Institute		Member
4	Charitable Trust Wetec Forensic Accounting Research and Development Fund		Member

## Corporate Governance

LI CHENG ENTERPRISE upholds the principles of honesty and mutual respect in its management approach. With a commitment to operational transparency and the protection of shareholder rights, the Company implements a system of oversight and checks and balances led by the management team. This framework clarifies and rationalizes the rights and responsibilities among shareholders, management, and stakeholders, ensuring the maximization of their interests. It also guarantees that the decisions made by the Corporate Governance team (Board of Directors) align with LI CHENG's business philosophy, encompassing environmental, social, and economic considerations. For more details on the Board of Directors and related meetings or decisions, please refer to the Company's official website or annual report.

## Corporate Governance Framework

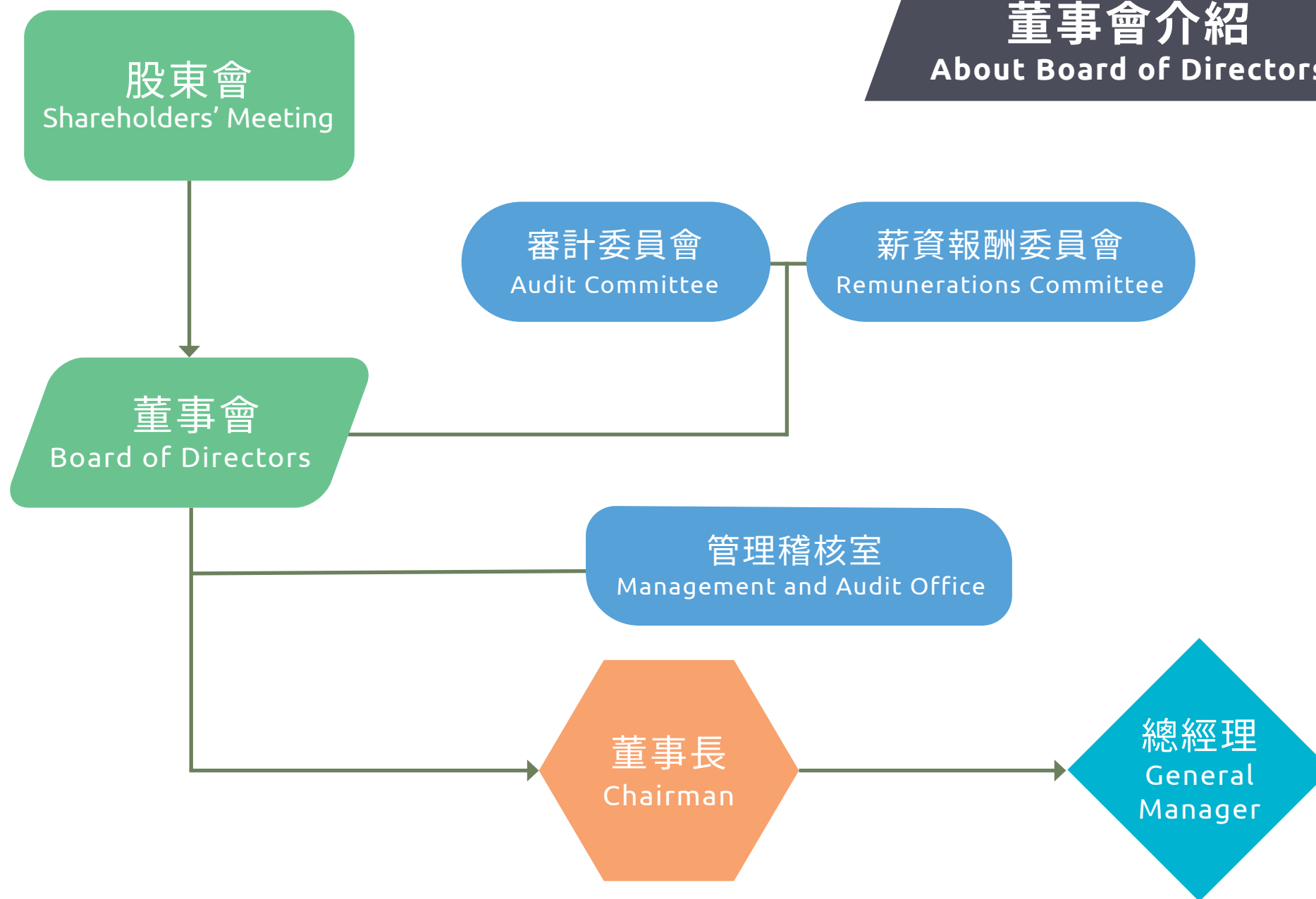
To progressively achieve sustainable development and continuously strengthen its corporate governance structure, LI CHENG ENTERPRISE's Board of Directors has adopted the "Corporate Governance Best Practice Principles", establishing oversight and management functions of the Board and implementing a robust internal control system to safeguard the rights and interests of all stakeholders. These comprehensive systems also enable the Company to adapt effectively to changes in the environment and the market.

To support the execution of Board duties and enhance its effectiveness, LI CHENG ENTERPRISE established a Corporate Governance Officer position in June 2023, who reports directly to the Board of Directors. This officer is responsible for reviewing whether independent directors meet relevant legal and regulatory qualifications during nomination, election, and tenure, as well as handling changes in board composition and other matters stipulated in the Articles of Incorporation or contractual agreements.

#### Key matters include:

- ◎ Matters related to the Board of Directors and shareholders' meetings. ◎ Preparing meeting minutes for the Board and shareholders' meetings.
- ◎ Assisting directors with onboarding and continuing education.
- ◎ Providing directors with necessary information for performing their duties and assisting them in complying with laws and regulations.
- ◎ Reporting to the Board on whether independent directors meet the legal and regulatory qualifications during nomination, election, and tenure.
- ◎ Handling director changes and other matters specified in the Company's Articles of Incorporation or contractual agreements.

## 董事會介紹 About Board of Directors







## Responsibilities and Composition

The Board of Directors is the highest governing body of the Company, primarily responsible for overseeing the Company's long-term business strategies, assessing risks, and evaluating the appointment and remuneration of the management team to ensure proper operation and sustainable growth.

The Board of Directors follows the "Rules of Procedure for the Board of Directors of TWSE/TPEx Companies" to establish the "Rules of Procedure for the Board of Directors," which also regulate the principles of conflict of interest avoidance for directors. The Company's Board of Directors faithfully performs its duties and exercises the duty of care as a good administrator, acting with high self-discipline and prudence, and is accountable to the Company and shareholders. The operations and arrangements of the corporate governance system must ensure that the Board of Directors exercises its powers in accordance with laws, the Company's Articles of Incorporation, or shareholders' resolutions.

The composition of the Board of Directors is determined based on the Company's business nature and development needs, with appropriate board seats and diversity policies formulated. These include fundamental qualifications, professional backgrounds, and industry experience to ensure that the Board as a whole possesses capabilities in business judgment, management, industry knowledge, crisis management, international market perspective, accounting and financial analysis, leadership, and decision-making.

LI CHENG ENTERPRISE stipulates in its Articles of Incorporation that directors are elected through a candidate nomination system. The Board of Directors conducts a prior review of the qualifications of director candidates nominated by shareholders or directors and provides the review results for shareholders' reference.

At the shareholders' meeting held on June 19, 2023, the Company elected the 7th Board of Directors in accordance with the "Regulations governing the Election of the Board of Directors," consisting of 3 directors and 4 independent directors, all serving a three-year term from June 19, 2023, to June 18, 2026. The Board members have diverse backgrounds, rich academic and professional experiences, and consistent leadership and decision-making qualities.

## Members Demonstrating Professionalism and Diversity

To implement corporate governance, the Company has set diversity goals for Board members: among the seven directors, at least one member should have expertise in law, finance, investment, corporate management or operational experience, and familiarity with Western social values (i.e., persons with Western backgrounds or understanding of Western values). Gender equality is also emphasized, with a target of at least two female directors.

The 7<sup>th</sup> Board of Directors consists of seven members, including one with a legal professional background, three with financial or investment expertise, two with experience in managing large enterprises, and one American director familiar with Western social values, fulfilling the diversity and professionalism objectives. Currently, there are two female directors, meeting the originally set gender equality goal.

The Company will continue to promote Board diversity and plans to add one more female director in the eighth Board of Directors to further enhance gender balance. Simultaneously, the Company will continue to recruit members with diverse backgrounds and professional capabilities in accordance with corporate governance guidelines to ensure the Board has broad perspectives and decision-making quality.

The Board of Directors meet at least once per quarter. In 2024, six meetings were convened, with active attendance by Board members. The in-person and virtual attendance rate reached 73%. The agenda covered key topics such as reviewing corporate performance, corporate governance, and major investment projects. The Board also heard reports from the management team and, through dialogue with management, understood operational challenges and urged adjustments when necessary. For details on the Board of Directors' operations and significant resolutions in 2024, please refer to the Company's annual report.

## Basic Information of the Board of Directors

Title	Name	Nationality	Date of Election / Appointment To Current Term	Education and Experience Highlights
President	HUNG, WEN-YAO	Taiwan	2023.06.19	Master, Electrical and Computer Engineering, Bradley University President, LI CHENG ENTERPRISE CO., LTD.
Independent Director	LIN, MIN-KAI	Taiwan	2023.06.19	hD, Social Security Law Program, Institution of Asia-Pacific Studies, National Sun Yat-sen University Practicing Lawyer
Independent Director	FU, LUNG-MING	Taiwan	2023.06.19	PhD. Department of Engineering Science, National Cheng Kung University Distinguished Professor, Department of Engineering Science, National Cheng Kung University
Independent Director	CHANG, CHI-CHI	Taiwan	2024.06.18	LUHAI HOLDING CORP.-GM-ROOM (Assistant) TAISHIN INTERNATIONAL BANK Capital Markets Business Manager
Independent Director	HUNG, CHIANG-CHI	Taiwan	2023.06.19	Responsible Person, Li Ming Ltd.
Independent Director	HUNG, CHIANG-CHUAN	Taiwan	2023.06.19	National Changhua Senior High School of Commerce Director, LI CHENG ENTERPRISE CO., LTD.
Director	Suzanne Anderson	US	2023.06.19	Bachelor of Arts Interdisciplinary Studies - EWU Masters Organizational Leadership- Gonzaga University NIKE, Inc.



## About Functional Committees

To enhance the overall function of the Board of Directors, the Audit Committee and the Remunerations Committee have been established. These committees independently exercise their authority in accordance with relevant laws and regulations and report to the Board of Directors. Proposals made by the committees are submitted to the Board of Directors for resolution.

### Audit Committee

The Audit Committee is established to assist the Board of Directors in supervising the quality and integrity of the Company's accounting, auditing, financial reporting processes, and internal controls. When necessary, the committee holds meetings with the internal audit manager and external auditors and submits the evaluation results to the Board of Directors. Additionally, the Audit Committee is responsible for reviewing the independence of certified public accountants, assessing the reasonableness of material related-party transactions, and ensuring the design and effective implementation of internal control systems. The Company established the Audit Committee in 2020, composed entirely of four independent directors, with one appointed as the convener of meetings. Currently, the Audit Committee has four members and holds at least one meeting each quarter. In 2024, four meetings were held, with an attendance rate of 86%.

### Remunerations Committee

According to Article 14-6, Paragraph 1 of the Securities and Exchange Act, "A company whose stock is listed on the stock exchange or traded over-the-counter shall establish a remuneration committee." Accordingly, the Company has established such a committee.

The Company set up the Remunerations Committee in 2011 to assist the Board of Directors in formulating policies and related measures for evaluating and determining the remuneration of directors and managers. This is done by comprehensively considering factors such as company performance, individual performance, industry standards, and future risks, with regular assessments conducted.

The term of the members of the Company's Remunerations Committee is from June 26, 2023, to June 18, 2025. The committee consists of three members, all of whom are independent directors, with one appointed as the convener. The committee holds at least two meetings per year. In 2024, two meetings were held, with an attendance rate of 83%.

## Sustainability Development (SD) Committee

Upholding the principles of corporate social responsibility and sustainable development, LI CHENG officially established the Sustainability Development (SD) Committee in 2024 in accordance with regulations. The Committee is organized under the Board of Directors, with members comprising selected Board directors and senior executives from relevant departments. Committee member terms align with those of the Board, and the Chief Human Resources Officer serves concurrently as the convener and chair. The Committee holds at least one meeting annually and reports its outcomes to the Board of Directors in the fourth quarter each year to ensure the effective promotion and implementation of corporate sustainability initiatives.

Through a systematic management approach, LI CHENG advances initiatives across Environment, Social, and Corporate Governance (ESG) dimensions. We firmly believe that a company's success is determined not only by business development and financial performance but also by its positive impact on society and the environment. As such, sustainable development is treated as a key element of corporate governance, with a strong commitment to implementing related actions.

The SD Committee is guided by LI CHENG's core vision: "Enhancing people's lives, giving back to society, and cherishing the Earth." This vision shapes the company's development direction and reflects our commitment to the long-term well-being of society and the environment. To ensure effective execution of sustainability strategies, the Committee has established four task forces: Environmental Engineering, Social Activity, Corporate Governance, and ESG Strategy Promotion. Each task force is responsible for planning and promoting ESG policies within its domain, ensuring that LI CHENG comprehensively implements sustainable development goals, from internal governance to external impact.

- The Environmental Engineering Task Force focuses on reducing carbon footprint, promoting green energy, and enhancing resource recycling.
- The Social Activity Task Force is dedicated to employee well-being, community engagement, and charitable initiatives.
- The Corporate Governance Task Force ensures operational transparency and regulatory compliance.
- The ESG Strategy Promotion Task Force formulates the company's long-term sustainability plans and oversees the phased implementation of each initiative.

Corporate sustainable development requires concrete actions and clear objectives. LI CHENG aims to achieve integrated value across environmental, social, and economic dimensions through institutionalized management and strategic planning, thereby laying a solid foundation for long-term corporate growth.



## SD Committee

董事會  
Board of Director

永續發展委員會  
SD Committee

ESG 推動小組  
ESG Task Force

### 環境永續

Environment Engineering

環境工程、減廢減碳、溫室氣體盤查、職業安全衛生管理、能源管理等

Environmental Engineering, Waste and Carbon Reduction, Greenhouse Gas Inventory, Occupational Safety and Health Management, Energy Management, etc.

### 社會責任

Social activity

社會公益  
Social Welfare  
員工福利與關懷  
Employee Benefits and Care  
人權維護  
Human Rights Protection  
訓練培育  
Training and Development  
供應商管理  
Supplier Management

### 公司治理與風險管理

Corporate Governance

公司治理  
Corporate Governance  
風險遵循  
Risk Compliance  
風險控管  
Risk Management  
資訊安全  
Information Security  
合規管理  
Legal Compliance

### ESG 策略小組

ESG Strategy Promotion

ESG 策略規劃與推動執行  
ESG Strategy Planning and Implementation  
ESG 報告書編列  
ESG Report Compilation



## Internal Audit

The Audit Office of LI CHENG ENTERPRISE CO., LTD. is an independent unit that reports directly to the Board of Directors. Upholding a spirit of impartiality and independence, audit personnel perform their duties with objectivity and fairness. In addition to regularly reporting audit activities to the Board of Directors, they must promptly report to the Chairperson and General Manager any matters that may pose operational risks to the company, in order to embody the principles of corporate governance.

## Responsibilities of Internal Audit

Internal audit tasks are conducted based on the annual audit plan approved by the Board of Directors. The scope covers all company operations as well as the oversight of subsidiaries. Audit personnel issue audit reports identifying internal control deficiencies and irregularities and submitting them to the Supervisors for review. Appropriate corrective measures are then implemented to ensure the continued effective operation of the internal control system, which also serves as a basis for reviewing and revising the system.

## Appointment and Dismissal of Internal Audit Supervisors and Personnel

These are conducted in accordance with the Company's "Audit Committee Charter," "Regulations governing the Remunerations Management," and "Procedures for Personnel Evaluation." The appointment or dismissal of the Head of Internal Audit must be approved by the Audit Committee and resolved by the Board of Directors. The Chairperson approves their salary and evaluation; the appointment, evaluation, and compensation of internal audit staff are submitted by the Head of Internal Audit to the Chairperson for approval.

## Communication Between Internal Audit and Independent Directors

In addition to regularly attending Board of Directors meetings and reporting on the implementation of internal audit work, the Head of Internal Audit communicates with Audit Committee members at least once per year. In 2024, four communication meetings were held.

## 內部稽核系統運作流程 Internal Audit System Operation Flow



定期呈報審計委員會及董事會

The report presented to the Audit Committee and the Board of Directors regularly

出具稽核報告書

Issue the Audit Report

依計劃進行例行性稽核

Conduct routine audits in accordance with the plan

提呈審計委員會及董事會核准

Plan(s) presented to the Audit Committee and the Board of Directors for approval

編制年度稽核計劃

Develop Annual Audit Plan(s)

內部檢視各部門循環別風險性

Review the Risk Levels of Each Departmental Cycle







## Performance Evaluation on the Board of Directors and Functional Committees

To implement corporate governance and enhance the effectiveness of the Board of Directors, LI CHENG ENTERPRISE has been conducting performance evaluations of the Board of Directors and its functional committees since 2020. The evaluations are conducted annually and cover the overall Board of Directors, individual board members, and each functional committee.

The evaluation process is conducted through self-assessment questionnaires. The key performance indicators include participation in Company operations, quality of decision-making, composition and structure, director selection and continuing education, and internal controls. The 2024 self-assessment results for the Board of Directors were satisfactory and will be reported to the Board in the first quarter of 2025 as a reference for ongoing improvement of board competencies.

Cycle	Period	Scope	Method	Items
Full Year	2024.01.01   2024.12.31	Inside of the Board of Directors	Self-evaluation by the Board of Directors	1.Participation in the operation of the Company 2.The quality of the Board of Directors' decision making 3. Composition and structure of the Board of Directors 4. Election and continuing education of the directors 5.Internal control
		Self-evaluation by individual directors	Individual Board of Directors members	1. Alignment of the goals and missions of the Company 2. Awareness of the duties of a director 3.Participation in the operation of the Company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6.Internal control
		Functional Committees	Peer evaluations	1. Participation in the operation of the Company 2. Awareness of the duties of the functional committee 3. The quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal control



# CHAPTER 2

## LI CHENG AND ITS STAKEHOLDERS



## Stakeholders Identification and

### Shareholders and Investors

LI CHENG demonstrates its operational performance through sound management and the disclosure of relevant business information, in order to strengthen investor support.

Issues of Priority Concern	<ul style="list-style-type: none"> <li>● Operational Performance</li> <li>● Information Disclosure</li> <li>● Corporate Governance</li> <li>● Risk Management</li> <li>● Sustainable Development</li> </ul>
Communication Channels, Response Manners and Communication Frequencies	<ul style="list-style-type: none"> <li>◆ Monthly revenue information</li> <li>◆ Disclosure of corporate governance information and material announcements on the "Market Observation Post System (MOPS)"</li> <li>◆ Annual shareholders' meeting and publication of the annual report</li> <li>◆ Annual investor conference</li> <li>◆ Establishment of shareholder services and investor relations contact point for two-way communication</li> </ul>

## Communications

### Employees

LI CHENG regards its employees as valuable assets and is committed to creating a safe, equitable, and fulfilling workplace environment. We oppose any form of discrimination or labor-related harassment and strive to enhance workplace safety to reduce the risk of occupational injuries.

Issues of Priority Concern	<ul style="list-style-type: none"> <li>● Employee Benefits</li> <li>● Employee Evaluation Mechanism</li> <li>● Labor-Management Relations</li> <li>● Occupational Safety and Health</li> <li>● On-the-Job Education and Training</li> <li>● Career Development</li> </ul>
Communication Channels, Response Manners and Communication Frequencies	<ul style="list-style-type: none"> <li>◆ Quarterly Welfare Committee meetings</li> <li>◆ General Manager's mailbox, grievance and suggestion systems</li> <li>◆ Regular communication between employees and management</li> <li>◆ Internal announcements</li> <li>◆ Promotion of the "Employee Care and Health Support Program" to provide concrete assistance and care for employees</li> <li>◆ Quarterly labor-management meetings</li> <li>◆ Compliance with labor laws to protect employee rights</li> </ul>



## Customers

Customers are not only a source of revenue for the Company but also important business partners with whom we share a close and inseparable relationship. We aspire to grow together through mutual support and create a win-win outcome.

Issues of Priority Concern	<ul style="list-style-type: none"> <li>● Code of Conduct</li> <li>● R&amp;D Innovation</li> <li>● Human Resource Development</li> <li>● Labor Rights, Safety, and Health</li> <li>● Sustainable Development</li> <li>● Product Pricing, Safety, Quality, and Delivery Schedule</li> </ul>
Communication Channels, Response Manners and Communication Frequencies	<ul style="list-style-type: none"> <li>◆ Maintain contact via email</li> <li>◆ Make improvements based on customer feedback</li> <li>◆ Conduct regular meetings and operational assessments with customers</li> <li>◆ Participate in customer-organized training sessions</li> <li>◆ Cooperate with customer evaluations on product, environmental, and social responsibility indicators, and jointly work on prevention and continuous improvement</li> </ul>

## Suppliers / Contractors

Suppliers are pivotal to LI CHENG as they play a crucial role in production, supply, and overall company operations. They also represent key considerations for the Company's social responsibility and reputational risk; therefore, LI CHENG must collaborate and communicate closely with raw material suppliers and contractors to continuously provide better quality services to customers.

Issues of Priority Concern	<ul style="list-style-type: none"> <li>● Environmental Regulations</li> <li>● Sustainable Development Strategies</li> <li>● Quality and Pricing</li> <li>● Information Security &amp; Transparency</li> <li>● Supplier Management</li> </ul>
Communication Channels, Response Manners and Communication Frequencies	<ul style="list-style-type: none"> <li>◆ Annual supplier audits and evaluations</li> <li>◆ Feedback and support for improvement</li> <li>◆ Supply chain management</li> <li>◆ Waste management</li> <li>◆ Compliance with environmental regulations</li> </ul>



## Government and Competent Authorities

In accordance with regulations, we comply with government laws and standards, actively cooperate with policy implementation, and keep abreast of the latest regulatory trends to avoid violations and ensure stable and sustainable operations.

Issues of Priority Concern	<ul style="list-style-type: none"> <li>● Regulatory Compliance</li> <li>● Corporate Governance</li> <li>● Communication with Competent Authorities</li> <li>● Labor-Management Relations</li> <li>● Sustainable Development</li> </ul>
Communication Channels, Response Manners and Communication Frequencies	<ul style="list-style-type: none"> <li>◆ Correspondence and email communication as required</li> <li>◆ Periodic participation in policy discussion meetings and forums hosted by authorities</li> <li>◆ Establishment of liaison offices to maintain good interaction with regulatory bodies</li> <li>◆ Cooperation with regulatory supervision and audits</li> </ul>

## Social Groups

By participating in social organizations, we enhance communication for social contribution and increase the Company's positive impact on society.

Issues of Priority Concern	<ul style="list-style-type: none"> <li>● Environmental Protection</li> <li>● Social Participation</li> <li>● Talent Development</li> <li>● Employee Diversity and Labor Rights</li> </ul>
Communication Channels, Response Manners and Communication Frequencies	<ul style="list-style-type: none"> <li>◆ Expand communication channels by participating in relevant social organizations</li> <li>◆ Actively participate in various forums and seminars organized by civil and academic groups on an irregular basis</li> <li>◆ Collaborate with multiple universities and colleges across the Yunlin-Chiayi-Tainan region for industry-academia cooperation to cultivate and retain more talent, attracting new talents into the textile industry</li> <li>◆ Compliance with environmental regulations</li> </ul>

## Materiality Analysis and Management

In line with the GRI Sustainability Reporting Standards, LI CHENG emphasizes issues of concern to stakeholders and their potential impact on the company's operations, forming the foundation for managing material topics. Currently, the company has not yet established a formal process for materiality analysis, and related procedures are still in the planning stage. However, through internal discussions and project meetings under the Sustainability Development Committee, a preliminary inventory of potential Environmental, Social, and Governance (ESG) issues has been conducted, which serves as the basis for determining the sustainability topics to be disclosed this year.

Looking forward, LI CHENG will establish a systematic process for identifying and managing material topics in accordance with GRI 3: Material Topics. This process will incorporate internal and external stakeholder surveys, materiality matrices, and risk impact assessments to improve the identification, prioritization, and management of key issues. By doing so, the company aims to enhance disclosure transparency and advance the maturity of its sustainability governance.



# CHAPTER 3

## Sustainable Management





## About LI CHENG ENTERPRISE

### Outcomes of 2024 Sustainability Efforts

#### Corporate Governance and Risk Management (Governance)



- Established the LI CHENG Sustainability Development Committee dedicated to formulating sustainability strategies and policies
- Continuously passed the Higg FEM/FSLM annual compliance certifications
- Launched global management operations
- Upgraded the Taiwan HRM system, integrating internal approval processes with over 20 forms digitized
- Vietnam Plant entered mass production ramp-up phase



#### Environmental Sustainability (Environment)



- Conducted LCA assessment at the Low Carbon Dye plant to evaluate actual energy use and carbon emissions compared to traditional water dyeing.
- Launched the Group Solar Power Installation Project
- Initiated a replanning of the greenhouse gas inventory, aiming to reasonably set the Group's 2030 carbon reduction strategic goals
- Continuously passed the RCS annual certification, with ongoing efforts to increase the recyclable content in product materials and ensure material traceability



#### Social Responsibilities (Social)



- Passed RBA certification audits for suppliers
- 44% of managerial positions in the Group are held by women
- Promoted and deepened the LI CHENG core value corporate culture
- Enhanced the use of the UOF platform for internal approval processes, corporate announcements, employee self-service, and communication
- Received the 2024 "Happy Enterprise Silver Award" from 1111 Job Bank
- Continued local school engagement – industry-academia cooperation and scholarship programs
- Obtained Health Promotion Certification from Yunlin County





## 2025 Plans for Promoting Sustainability

### Corporate Governance and Risk Management (Governance)



- To establish the dedicated Sustainable Development Division to promote and implement various sustainability initiatives
- To provide support to cross-border manufacturing operations with the launch and implemented of the Group ERP upgrade
- To gradually adjust the management model following the inauguration of LI CHENG's Taichung headquarters ICC office
- To reposition production strategies and position of operations in Taiwan and Vietnam as the Vietnam Plant's mass production ramp-up proceeds.

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### Environmental Sustainability (Environment)



- To complete a full LCA for Low Carbon Dye and to strengthen its application in production processes
- To implement the self-built solar panel project on parking lot canopies at the Taiwan plant
- To redesign the greenhouse gas inventory preparation and scheduling for all Taiwan plants
- To conduct employee sustainability and environmental awareness training to continuously enhance corporate sustainability consciousness and jointly achieve environmental strategies

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### Social Responsibilities (Social)



- To continue the promotion and deepening of the LI CHENG core value corporate culture
- To collaborate with brands to promote internal corporate sportsmanship and activities
- To execute corporate fabric scrap recycling project in partnership with charitable organizations
- To continue local school engagement and industry-academia cooperation

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## SUSTAINABLE DEVELOPMENT OF LI CHENG'S CSR GUIDELINES

Since its establishment, LI CHENG ENTERPRISE CO., LTD. (hereinafter referred to as LI CHENG ENTERPRISE) has been committed to product improvement and innovation, while also valuing labor rights and health and safety. Environmental protection is an important responsibility and commitment for LI CHENG ENTERPRISE as a global citizen. LI CHENG ENTERPRISE pledges to work together with employees, partners, and other stakeholders to protect the Earth's environment, safeguard stakeholders' rights, fulfill corporate social responsibility, and continuously build sustainable green competitiveness to create environmentally friendly products.

LI CHENG ENTERPRISE complies with laws and international standards dedicated to environmental protection, promotes energy saving, carbon reduction, and sustainable resource use, continuously improves environmental performance, and develops a sustainable environment by establishing energy-saving and carbon reduction strategies. The company continuously optimizes the operational environment of production facilities and imposes the same requirements on suppliers, including integrating sustainable development principles into business decisions, making good use of natural resources, adopting clean and harmless production processes and pollution prevention measures, and designing and developing products, materials, and technologies based on sustainable development principles.

LI CHENG ENTERPRISE pursues a safe working environment where human rights and dignity are respected, practices honest business operations, complies with ethical standards, and is committed to environmental protection. At the same time, the company abides by national and regional laws and regulations and refers to the Responsible Business Alliance Code of Conduct (RBA), the UN Guiding Principles on Business and Human Rights, and other widely adopted international human rights standards including the International Labour Organization Declaration on Fundamental Principles and Rights at Work (ILO Declaration) and the UN Universal Declaration of Human Rights. LI CHENG ENTERPRISE aspires to contribute to the sustainability of businesses, industries, society, and the environment.

### Applied Standards:

The standards ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Health and Safety Management System, and ISO 50001:2018 Energy Management System are applied to this Report. The following common parts are collectively referred to as the "Management Systems."



## Management Performance

The Company upholds integrity in its operations and is currently a professional leader worldwide in 3D spacer fabric production technology, having established an integrated production process, advanced equipment, and extensive technical expertise.

For the full year of 2024, the Company's operating revenue amounted to NT\$969,984 thousand. The overall comprehensive profit and loss details are shown in the condensed consolidated income statement. For more detailed operational and financial information, please visit the Company's website to review the related financial reports.

Item/Year	2024	2023
Operating Revenue (in thousands NT\$)	969,984	1,292,108
Operating Margin (in thousands NT\$)	(34,944)	232,217
Operating Profit (in thousands NT\$)	(274,588)	(22,028)
Non-operating Incomes and Expenses (in thousands NT\$)	51,163	(20,783)
Profit before Tax (in thousands NT\$)	(223,425)	(42,811)
Current Net Profit (in thousands NT\$)	(235,507)	(41,948)
Current Total of Comprehensive Income (in thousands NT\$)	(5,345)	2,715
Earnings per Share (in NT\$)	(1.36)	(0.24)

Condensed Statement of Comprehensive Income



## Regulations and Risks Control

### I. Corporate Governance

#### 1. Ethical Management:

In all business interactions, the highest standards of integrity must be upheld. Any form of bribery, corruption, extortion, or embezzlement is strictly prohibited. The identification and handling of significant violations are governed by the Li Cheng Industrial Corporate Social Responsibility Guidelines. The company has clearly defined criteria and reporting procedures for violations. In cases involving senior executives, substantial fines, or impacts on the company's reputation, immediate reporting to the Internal Audit Department and the Board of Directors is required to ensure integrity in operations and transparency of information.

The company complies with relevant domestic and international laws and regulations and has established internal control systems and audit procedures to ensure that business activities conform to legal requirements. As of the reporting period for this year, no incidents of penalties or sanctions have been imposed by competent authorities due to violations of regulations related to environmental protection, labor and human rights, occupational health and safety, product responsibility, or fair competition.

#### 2. No Improper Benefits:

No promises, offers, approvals, giving, or acceptance of bribes or any other forms of improper benefits are allowed. This prohibition includes direct or indirect actions through third parties involving any valuable items intended to obtain or retain business, transfer business to others, or gain improper benefits.

#### 3. Information Disclosure:

Disclose information related to labor participation, health and safety, environmental protection activities, business operations, organizational structure, financial status, and other relevant data in accordance with applicable laws and common industry practices.

#### 4. Intellectual Property:

Intellectual property rights shall be respected; technology and production knowledge must be transferred through methods that protect intellectual property; and customer and supplier information shall be protected.

#### 5. Privacy:

Protect the personal data and privacy of all business stakeholders (including suppliers, customers, and employees). Comply with privacy and data security laws and regulatory requirements when collecting, storing, processing, transmitting, and sharing personal information.



## II. Social Responsibilities and Human Rights

### 1. Prohibition of Forced Labor:

- (1) No employment of prison labor, contract (indentured) labor, debt bondage labor, or labor obtained through human trafficking.
- (2) Employees shall not be subjected to any form of intimidation or coercion to work or punished for expressing differing political opinions or views.
- (3) Employees' original identity documents (e.g., passports, travel or residence permits, international ID, or academic certificates) must not be retained by the employer, labor agencies, or others as a condition of employment, nor shall "deposits" be required to obtain such documents.
- (4) All costs related to the employment eligibility of foreign workers, including recruitment agency fees, visas, medical exams, work permits, and registration, shall be borne by the employer.
- (5) Workers have the right to freely terminate their employment with reasonable notice according to applicable laws and collective agreements, without undue penalties.

### 2. Prohibition of Child Labor:

- (1) No employment of children under 15 years old. If the mandatory schooling age is higher than 15, children below the age of completing compulsory education shall not be employed.
- (2) Employees under 18 years old must not be assigned work harmful to their physical or mental health. In addition, appropriate procedures must be established to identify potentially hazardous tasks, such as handling hazardous chemicals or working near them, operating dangerous machinery, night work, or other tasks deemed hazardous by national/regional law.

### 3. Prohibition of Household Manual Works:

No arrangement of any form of household manual work or home-based production related to LI CHENG products or services outside formal workplaces.

### 4. Prohibition on Discrimination and Abuse:

- (1) No discrimination or unfair treatment based on gender, race, religion, age, class, language, ideology, political affiliation, place of origin, migrant worker status, birthplace, appearance, facial features, physical or mental disabilities, zodiac sign, blood type, health condition, HIV status, family responsibilities, sexual orientation, pregnancy status, marital status, nationality, political opinions, union membership, social or ethnic background, or any other status protected by national/regional laws. All decisions shall be based solely on employee work ability.
- (2) Equal pay for equal work regardless of gender.
- (3) Effective measures shall be taken to protect foreign workers from discrimination and provide appropriate support for their specific needs.
- (4) Provision of appropriate and reasonable facilities for pregnant, birthing, and breastfeeding female employees and measures to protect pregnant employees from hazardous work.





- (5) Appropriate preventive, corrective, disciplinary, and remedial measures to protect the rights and privacy of affected parties.

## 5. Salary and Remuneration:

- (1) Compensation shall be equal to or exceed the higher of the statutory minimum wage or the prevailing wage standard in the industry, and statutory benefits shall be provided.
- (2) Overtime pay shall be paid at rates prescribed by law.
- (3) Wages must be paid on time and directly, with clear pay statements provided.
- (4) Employees shall be entitled to paid annual leave.

## 6. Benefits:

- (1) Statutory insurances including labor insurance, health insurance (NHI in Taiwan), employment insurance, and pension contributions
- (2) Meal subsidies.
- (3) Regular employee health check-ups.
- (4) Subsidies for marriage, bereavement, injury consolation, and childbirth.
- (5) Regular employee recreational events and domestic travel.
- (6) Motorcycle parking facilities, including designated spaces for pregnant employees.
- (7) Discounts at partner stores.

## 7. Reasonable Working Hours:

- (1) Working hours shall not exceed the maximum prescribed by the local laws, with no more than 12 hours per day.
- (2) Weekly working hours, including overtime, shall not exceed 60 hours, and all overtime must be voluntary.
- (3) At least one rest day (24 hours) every 7 days.

## 8. Freedom of Association:

- (1) Respect employees' rights to join and organize associations and engage in collective bargaining freely.
- (2) No employee or prospective employee shall be dismissed, discriminated against, harassed, intimidated, or retaliated against for participating in lawful union activities or freedom of association, including union formation.
- (3) Establish and enforce mechanisms for resolving labor disputes, provide grievance channels, and respond and adjust promptly.

## 9. Management of Labor Relations:

The company respects employees' legal rights to organize and join labor unions and strives to maintain an open and trusting labor-management relationship. While no formal collective bargaining agreement has been signed, all working conditions comply with the Labor Standards Act and relevant regulations. Internal work rules and HR policies are in place, and regular labor-management meetings and employee forums provide communication channels. Employees may submit feedback through HR or the grievance mailbox, and the company responds transparently.

The company is committed to strengthening labor-management engagement. If a labor union is established in the future and collective bargaining is initiated, the company will participate with respect and integrity to foster a stable and sustainable work environment.

# III. Grievance and Whistleblowing System

## 1. Purpose:

To promote unity and harmony, protect the rights and interests of employees, and assist employees in resolving issues related to personal rights or unfair treatment in the workplace, this System outlines the procedures for accepting and handling related complaints, including investigation and response processes, and also defines the scope and handling process of employee complaints, with the aim of enabling employees to work with peace of mind and fostering a friendly work environment.

## 2. General Scope of Grievance:

Employees of the Company may file a grievance during their employment under any of the following circumstances, provided they can present supporting evidence:

- (1) If the employee's legitimate rights and interests are impaired due to omissions or implementation errors in the Company's existing systems, regulations, procedures, or administrative actions.
- (2) If the employee disagrees with disciplinary or reward decisions and has concrete proof to support the objection.
- (3) If another employee of the Company has engaged in illegal conduct, abuse of power, or improper treatment that infringes upon the applicant's rights or disrupts their work.
- (4) If the employee believes that decisions related to promotion or job reassignment are inappropriate and have negatively impacted their rights.
- (5) If the employee considers that the Company's work environment or policy direction contradicts the principles of sustainable corporate development and may adversely affect compliance or legitimate rights in the workplace.
- (6) Other work-related matters where filing a grievance is deemed necessary and can be substantiated.

## 3. Methods for Grievance Submissions:

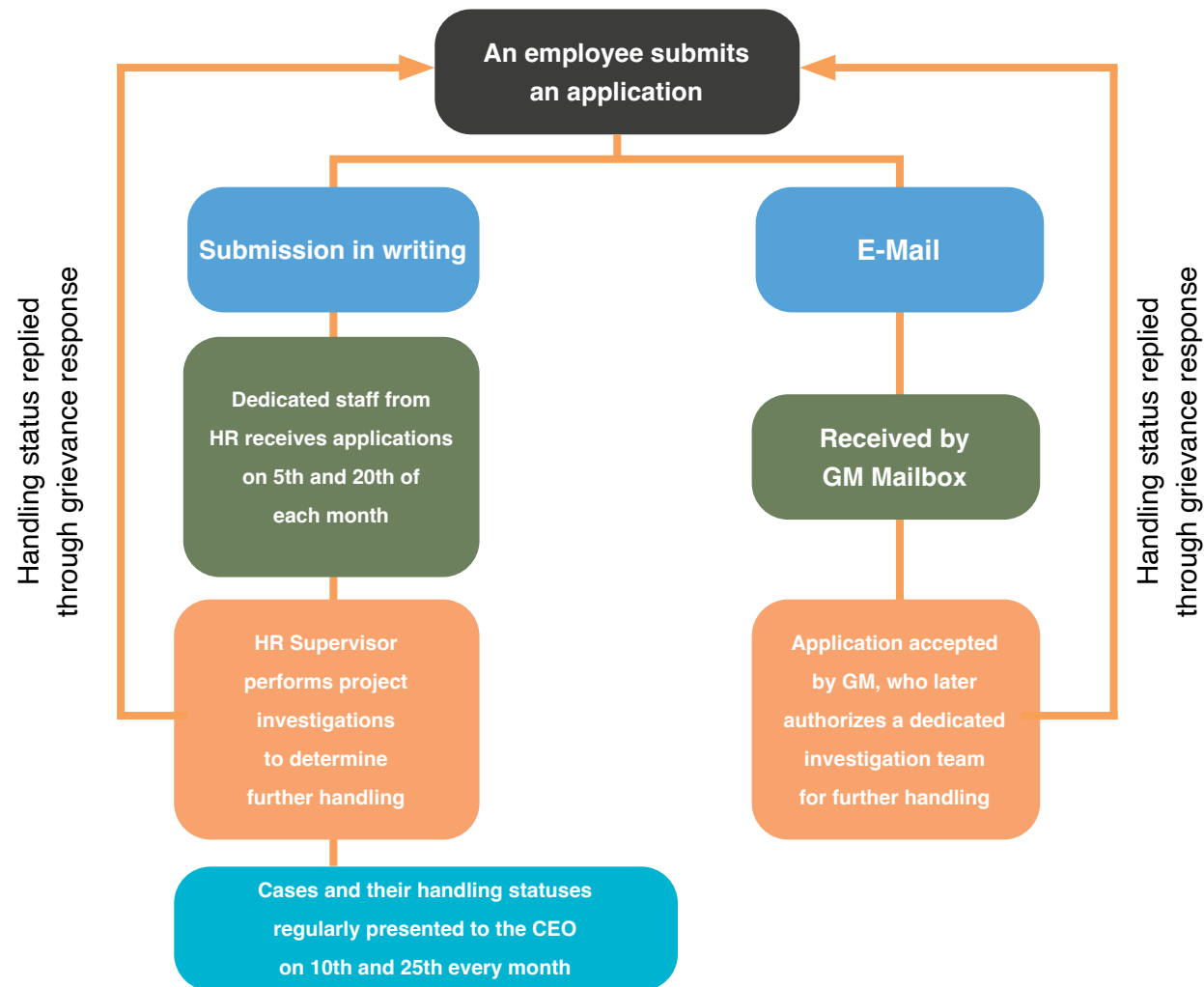
- (1) **Named Grievance:** Grievances can be submitted in writing via the physical grievance mailbox or through email. The applicant should provide supporting evidence and submit the grievance individually or jointly with other employees to the Committee of Employee Grievance Affairs.



- (2) Anonymous Grievance: If the content of the anonymous grievance, upon review, is deemed worthy of further investigation, it may be considered as a reference for action.

#### 4. Designated Units and Channels for Receiving Grievances and Whistleblowing Reports:

- (1) Designated Physical Mailbox: Grievances are accepted and handled by the Human Resources.
- (2) Dedicated E-Mail Addresses: CEO E-mail: james.hung@li-cheng.com.tw  
HR E-mail: hr@li-cheng.com.tw







## CHAPTER 4

# Striving for Excellence



# Climate Change Management and Risk Response

The company actively develops solutions to reduce the operational and financial impacts of climate change while enhancing organizational climate resilience. The company defines short-term as within three years, medium-term as three to five years, and long-term as over five years, using this framework to assess the potential impacts of climate risks and opportunities on operations and finances and to plan corresponding response measures.

## 1. Climate Risk Governance Structure

The Board of Directors serves as the highest decision-making body for risk management across the group, directly overseeing the group's risk governance framework. To strengthen risk assessment and management functions, the **Sustainability Development Committee** is responsible for identifying and managing operational risks, including physical and transition risks related to climate change, and for leading the planning of related mitigation measures.

The Sustainability Development Committee reports to the Board at least once a year on management execution and risk control, supervising and tracking the executive team's risk management performance to enhance the company's resilience. Although scenario analysis cannot predict the future, it provides valuable insights into how climate change may affect operations. Scenario analysis is an important tool for strategic planning, risk management, and assessing the flexibility of company strategies.

## 2. Climate Risks and Opportunities Analysis

Through internal discussions, inventories, and assessments, the company has identified scenarios posing potential risks during production and transportation, such as floods, droughts, changes in precipitation patterns, and extreme climate events, and continues to refine its physical risk scenario analyses.

### Transition Risks

The transition to a low-carbon economy may involve challenges from policy, regulatory, technological, and market changes. Depending on the nature, speed, and focus of these changes, measures such as greenhouse gas caps, carbon pricing, renewable energy policies, and shifts in consumer demand may increase operating costs or reduce sales during the analysis period.

The company has adopted the following measures to mitigate these impacts:

1. Implementing energy-saving and carbon reduction projects to minimize energy, water, and waste usage and reduce climate impacts.
2. Enhancing energy efficiency and investing in green energy equipment.
3. Promoting green product research and innovation to meet market and consumer sustainability demands.

### Physical Risks

Physical risks are categorized as acute and long-term:

- Acute Risks: Increased frequency of extreme climate events such as floods and droughts may disrupt operations and supply chains, leading to revenue losses or financial damage.
- Long-Term Risks: By 2050, anticipated long-term and potentially irreversible changes in climate patterns (e.g., rising average temperatures) may pose greater operational challenges.



### 3. Low-Carbon Transition and Net-Zero Strategy

To achieve net-zero emissions, the company has developed a low-carbon transition plan targeting direct operational emissions (Scope 1), energy-related indirect emissions (Scope 2), and value chain indirect emissions (Scope 3). Key implementation measures include:

1. Proactive Carbon Reduction: Developing advanced technologies and improving energy productivity and efficiency to minimize emissions during production and product use.
2. Renewable Energy Adoption: Increasing the share of renewable energy usage and promoting its application across the value chain to support the transition to low-carbon energy.
3. Investment in Net-Zero Technologies: Investing in net-zero emission technologies and carbon offset projects to mitigate unavoidable or technically limited emissions.





## Management Topics: Energy

Since its establishment, LI CHENG ENTERPRISE has been dedicated to product refinement and innovation, while placing great importance on labor rights, health and safety. Environmental protection is also a key responsibility and commitment of LI CHENG ENTERPRISE as a global citizen. LI CHENG ENTERPRISE is committed to working together with employees, partners, and other stakeholders to protect the global environment, safeguard stakeholder interests, fulfill corporate social responsibilities, and continuously build sustainable green competitiveness to create environmentally friendly products.

LI CHENG ENTERPRISE complies with legal regulations and international standards to actively promote environmental protection, energy conservation, carbon reduction, and sustainable resource utilization. The Company continuously improves environmental performance, develops sustainable practices, and formulates energy-saving and carbon-reduction strategies. Efforts are also made to enhance the operational environment of production facilities and to require suppliers to adopt the same standards, including incorporating sustainability principles in business decisions, efficiently utilizing natural resources, adopting clean and harmless production processes, and implementing pollution prevention measures. Products, materials, and technologies are to be designed and developed in accordance with sustainability principles.

To fulfill these commitments, the Company upholds the following energy policy commitments:

We commit to:



Comply with energy regulations to fulfill social responsibilities;  
Provide information and resources to support goal achievement;  
Improve energy performance and adopt energy-efficient design and procurement; and  
Promote company-wide participation to implement sustainable energy practices.



## Management of Material Topics: Environment

The Company specializes in the production of 3D spacer fabrics. As a global citizen, environmental protection is both an important responsibility and a firm commitment of the Company. To protect the Earth and fulfill its corporate social responsibilities, the Company pledges to all employees, customers, and the general public that every management operation will be conducted in a reliable and environmentally responsible manner. Through the implementation and execution of the ISO 14001 Environmental Management System, the Company aims to enhance its environmental performance and drive continuous improvement.

We commit to:

“  
Comply with environmental regulations;  
Prevent pollution and improving processes;  
Conserve energy, recycle, and reduce waste; and  
Continuously improve environmental performance.”

To ensure that all Employees, Customers, and the general public clearly understand the Company's determination to implement its “Environmental Management System” and achieve waste reduction and energy conservation, the above commitments are expressed in a slogan format.

In addition to the “environmental policy” slogans above, the Company further outlines the following key actions to manage green products and comply with ISO 14001 environmental regulations:

1. Establish and maintain a well-documented system to ensure the effective operation and implementation of the ISO 14001 system;
2. Apply the PDCA cycle to ensure that all Company products, activities, and services meet environmental objectives and targets, in the spirit of continuous improvement; and
3. Comply with relevant environmental laws, regulations, and other environmental management requirements.



# Energy and Water Resources

## I. Energy

### 1. Objective:

The Company primarily uses vehicle fuel energy, thermal energy, and electric energy. Thermal energy is mainly generated by burning natural gas, vehicle energy is mainly generated by using diesel and petroleum, and all electricity is purchased externally; therefore, the main energy targets are natural gas, diesel, petroleum, and electricity.

### 2. Strategies:

As the Company has been certified with ISO 50001:2018, energy-saving strategies for gas and electricity are carried out through the operation of the ISO 50001 system, by proposing energy-saving improvement action plans to achieve the set targets. The following strategies are planned to achieve the annual energy-saving goals for diesel and petroleum:

- ◎ **Energy-saving Strategy 1:** Through the planning of the Warehouse Management Section, optimize truck routes and consolidate shipment plans to achieve an annual diesel savings of 1–2.5%.
- ◎ **Energy-saving Strategy 2:** Through the planning of the Administration Department, optimize official vehicle routes and implement ride-sharing plans for personnel. Pre-trip inspections must be properly conducted to ensure vehicles are in optimal condition, aiming for an annual petroleum savings of 1–3%.

Measurement Year	2024			
Facilities/Unit	Electricity/kWh	Natural Gas/m <sup>3</sup>	Petroleum/L	Diesel/L
Shiliu Plant	9,092,400	2,541,943	7,705	19,320
YTIP Plant	6,102,000	164,632	0	0
Yuanlin Plant	811,400	0	0	0
Vietnam Plant	3,179,616	207,497	0	200
Total	19,185,416	2,914,072	7,705	19,520

## II. Water Consumption

### 1. Objective:

The Company uses three types of water resources: tap water, groundwater, and soft water used in manufacturing processes; therefore, water conservation efforts focus on reducing the consumption of tap water, groundwater, and soft water.

### 2. Strategies:

As the Company uses a combination of tap water and groundwater, which is blended and supplied to the plant as purified water, and as the majority of purified water is processed into soft water for production use, the water-saving strategy focuses primarily on reducing soft water consumption, which in turn reduces the use of tap water and groundwater indirectly. The following strategy has been formulated to achieve the annual water-saving target:

© **Water-saving Strategy:** Water-Saving Strategy: Through collaboration between the Production Management Department and the Dyeing Plant, a process optimization and improvement plan has been proposed, aiming to achieve an annual soft water saving of 0.0208 tons/kg i.e. saving 20.8 kilograms of soft water for every kilogram of fabric produced, thereby indirectly reducing the consumption of tap water and groundwater.

Measurement Year	2024		
Plant / Unit	Tap Water*cubic meter / m <sup>3</sup>	Groundwater*cubic meter / m <sup>3</sup>	Soft Water*cubic meter / m <sup>3</sup>
DIP Plant	69,834	444,836	683,805
YTIP Plant	19,876	0	5,559
Yuanlin Plant	3,282	0	0
Vietnam Plant	55,897	0	0
Total	92,992	444,836	689,364





### III. Wastewater

#### 1. Objective:

The Company has established a wastewater treatment plant and is connected to the Douliu Industrial Park Wastewater Treatment Operations Center. Due to long-term efforts in improving wastewater quality, the Company's wastewater quality is significantly better than the regulatory standards. In 2021, testing by the Wastewater Treatment Operations Center showed that the Company's wastewater had a SS level of 31.6 mg/L, COD of 68.2 mg/L, and a pH value of 7.5—already meeting the standard for effluent discharge. In addition, the Company conducts ZDHC wastewater testing every six months to ensure that the discharge quality complies with international standards. Given that the wastewater quality exceeds both national and international standards, the Company continues to implement wastewater reduction strategies.

#### 2. Strategies:

The following wastewater reduction strategies are adopted to maintain the discharge quality within the target range for the year and to ensure it remains superior to current regulations:

◎ **Waste Reduction Strategy 1:** Strictly implement relevant water pollution prevention measures to reduce SS and COD levels in wastewater, and maintain the pH value between 7 and 9.

◎ **Waste Reduction Strategy 2:** Propose a reduction plan for dyeing auxiliary formulations to lower the total amount of dyeing auxiliaries used in the process, thereby reducing SS and COD levels in wastewater, while keeping the pH value between 7 and 9.

◎ **Waste Reduction Strategy 3:** Reduce oil content in raw wastewater through discussions and research workshops with suppliers, in order to improve the efficiency of biological treatment ponds and prolong the survival of microorganisms.

Measurement Year	2024
Facilities/Unit	Total Wastewater-cubic meter / m <sup>3</sup>
Douliu Industrial Park	534,635
Yulin Technology Industrial Park	5,993
Vietnam Plant	50,309
Total	590,937

## IV. Air Emissions

### 1. Objective:

The Company's air emissions mainly come from boiler emissions and process exhaust. The current regulatory limits for air pollutant concentrations are: particulate matter (PM) = 30 mg/Nm<sup>3</sup>, SOx = 50 ppm, and NOx = 100 ppm. In order to exceed the regulatory limits and further maintain air emission quality, the Company has established three emission levels, as described below:

Level 1: Emission concentration is less than 50% of the regulatory standard, i.e.:

PM < 15mg / Nm<sup>3</sup>,

SOx < 25ppm,

NOx < 50ppm.

Level 2: Emission concentration is between 50% and 80% of the regulatory standard, i.e.:

15mg / Nm<sup>3</sup> < PM < 24mg / Nm<sup>3</sup>,

25ppm < SOx < 40ppm,

50ppm < NOx < 80ppm.

Level 3: Emission concentration exceeds 80% of the regulatory standard, i.e.:

PM > 24mg / Nm<sup>3</sup>,

SOx > 40ppm,

NOx > 80ppm. °

### 2. Strategies:

With the goal of achieving Level 1 emission concentrations, test reports show that in 2021, third-party testing results for the Company were: PM = 1.2 mg/Nm<sup>3</sup>, SOx = 4.2 ppm, and NOx = 25.8 ppm, which all meet the self-defined Level 1 standard and are far below the current regulatory limits. The following emission reduction strategies are used to maintain air emission quality within the Level 1 standard and ensure emissions remain more preferable than current legal requirements.

◎ **Emission Reduction Strategy 1:** Strictly implement the air pollution control plan and maintain a high operational efficiency of pollution control equipment to reduce PM, SOx, and NOx emissions from the boilers.

◎ **Emission Reduction Strategy 2:** Propose process optimization improvements to reduce the oil content in process exhaust, thereby lowering PM, SOx, and NOx emissions from the process.



Plant	Douliu Industrial Park			Yulin Technology Industrial Park		
Inspection Item	Emission Standard	Total	Annual Average Monitoring Value (ppm)	Emission Standard	Total	Annual Average Monitoring Value (ppm)
Volatile Organic Compounds VOCs-P002	X	95	23.75	X	0	0
Volatile Organic Compounds VOCs-P001	X	122	30.50	X	275.37	68.84
Particulate Matters TSP-P002	X	9	2.25	X	4.34	1.09
Particulate Matters TSP-P001	X	0	0.00	X	2.45	0.61
Sulfur Oxides SOx-P002	50	0.71	0.18	50	0	0
Sulfur Oxides SOx-P001	50	0.09	0.02	50	0	0
Nitrogen Oxides NOx-P002	100	214.5	53.70	100	133.31	33.33
Nitrogen Oxides NOx-P001	100	1.43	0.36	100	123.5	30.88

## V. Wastes

### 1. Objective:

The Company primarily generates four types of waste: domestic waste, fabric and fiber scraps, sludge, and paper. In accordance with the Waste Disposal Plan, these wastes are properly handled. Therefore, the waste reduction objective is focused on minimizing the generation of these four major waste categories.

### 2. Strategies:

- (1) Waste Reduction Strategy 1: By classifying industrial waste at each production and management unit before disposal, valuable resources are recovered and processed, thereby reducing the amount of domestic waste and fabric/fiber scraps. This strategy aims to achieve the annual reduction target of 0.0005 kg/kg of product.
- (2) Waste Reduction Strategy 2: Administrative and production departments implement paperless approval procedures and optimize systems to reduce paper printing, aiming to achieve the annual paper waste reduction target of 0.0004 kg/kg of product.
- (3) Waste Reduction Strategy 3: Through research conducted by the Energy Section of the Power Department, the water content in waste sludge is reduced to decrease sludge volume, with the goal of achieving an annual sludge reduction target of 0.0088 kg per kg of product.

Measurement Year	2024			
Plant / Unit	Reclaimed Fabric/kg	Sludge/kg	Fabric Scrap/kg	Domestic Waste/kg
DIP Plant	410,620	333,290	44,822	10,285
YTIP Plant	58,170	63,620	7,719	6,110
Vietnam Plant	0	0	3,096	5,660
Total	468,790	396,910	55,637	22,055





## GHG Emission

### 1. Objective:

Greenhouse gas (GHG) emissions have become one of the most pressing global risk issues, encompassing seven major categories: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, and NF<sub>3</sub>. In response to global consensus, Taiwan officially announced its “2050 Net Zero Emissions Goal” during the 2021 National Day speech. To align with this goal, the Company intends to adopt a phased approach to progressively achieve carbon reduction targets, beginning with its Taiwan facilities. These targets will primarily be met through energy and water conservation.

The Company’s GHG emissions are categorized into two major types: Internal and External GHG emissions, described as follows:

#### (1) Internal GHG Emissions:

- 1.Direct GHG Emissions: Emissions directly resulting from energy use, such as diesel used by vehicles and combustion of natural gas.
2. Indirect GHG Emissions: Emissions indirectly generated from utilities purchased from the external such as electricity and water.

**(2) External GHG Emissions: These include all indirect GHG emissions associated with operational needs and upstream/downstream supply chain activities, defined as Scope 3 GHG emissions, typically comprising:**

1. Indirect emissions from transportation and logistics;
- 2.Indirect emissions from product (upstream) usage;
- 3.Indirect emissions from product (downstream) usage; and
- 4.Other sources of indirect GHG emissions.

Among these, transportation-related emissions are the most practical to manage at this stage (e.g., employee commuting and business travel, raw material and waste transport, and auctioned fabric shipment). Therefore, the current strategic focus is to reduce Scope 3 GHG emissions related to logistics and transport. By aggregating both internal and external emissions, the Company can more objectively evaluate its carbon reduction performance and set strategic GHG reduction targets.

#### (3) Internal GHG Emissions (Scope 1 and Scope 2):

Currently, there are no feasible direct carbon reduction plans for internal operations; however, energy-saving measures significantly contribute to GHG reduction. Emissions are calculated in two categories — energy and resources — as follows:

- 1.Energy: Emissions are calculated based on usage of natural gas, diesel, petroleum, and electricity, using the “GHG Emission Factors” provided by the Ministry of Environment.
2. Resources: Emissions from tap water consumption are calculated using emission coefficients published by the Taiwan Water Corporation.

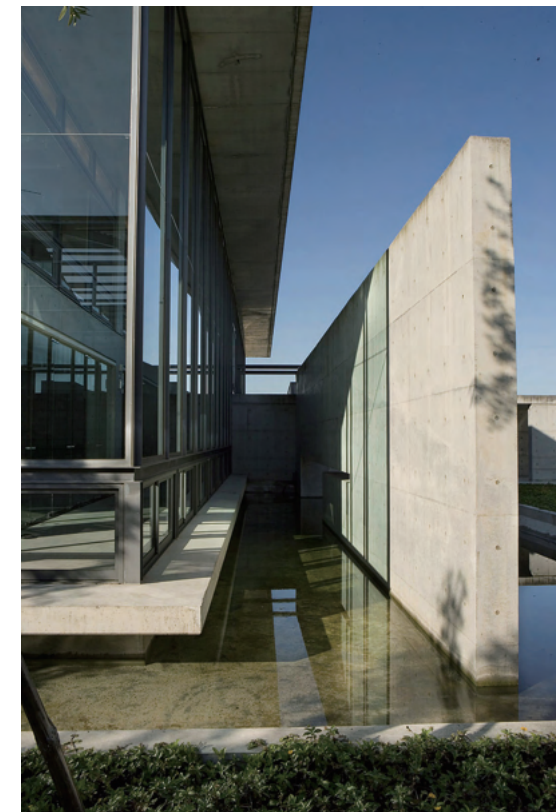
#### (4) External GHG Emission (Scope 3) :

To support Company operations, all GHG emissions from goods transport and employee commuting/business travel are recorded in the document OP-A-SH-014-B "Scope 3 GHG Emission Inventory"; emissions are calculated by converting mileage to fuel consumption, then applying the "GHG Emission Factors" formulated by the Ministry of Environment.

#### 2. Strategies: The Company evaluates its carbon reduction effectiveness using the following methods:

1. Carbon Emissions from Energy: Energy-related emissions are calculated based on consumption of electricity, natural gas, and diesel fuel, using the "GHG Emission Factors" formulated by the Ministry of Environment.

2. Carbon Emissions from Resources: Resource-related emissions are calculated using the emission coefficient announced by the Taiwan Water Corporation for tap water consumption.





3.Total carbon emissions = Energy emissions + Resource emissions

4.In addition to existing energy and water conservation strategies, the Company has developed the following measures to further achieve annual GHG reduction targets:

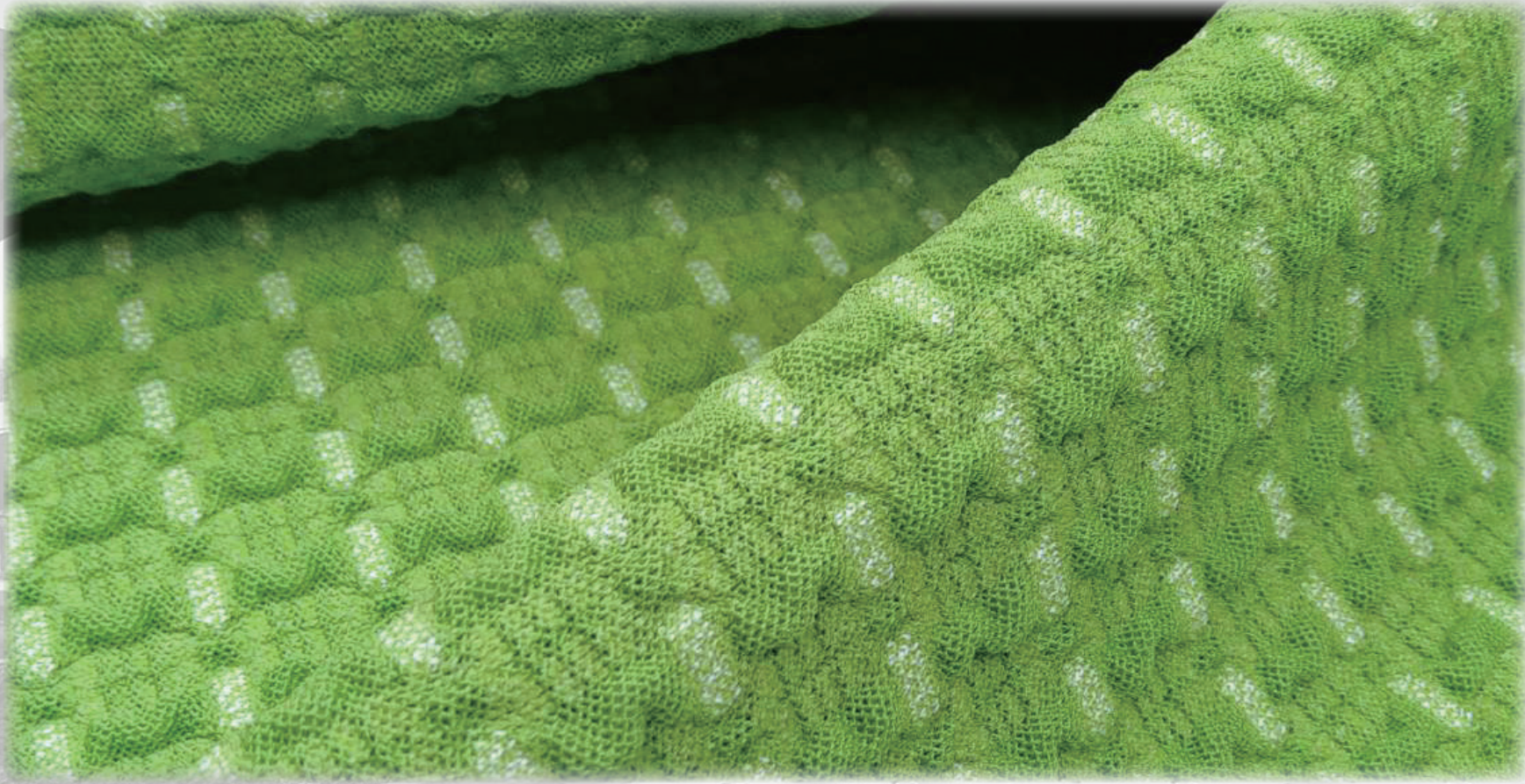
◎ Carbon Reduction Strategy 1: Coordinate with upstream and downstream suppliers to consolidate shipments, reducing the number of delivery trips for different product categories.

◎ Carbon Reduction Strategy 2: Optimize internal logistics among production sites to centralize deliveries and then distribute internally, reducing redundant shipments of the same product type.

Items	Emission
Scope 1: Direct GHG Emission (Tons CO2e)	5,570.38
Scope 2: Indirect GHG Emission (Tons CO2e)	7,711.62
Total Emission= Scope 1+ Scope 2 (Tons CO2e)	13,282.00
Organization-specific Metrics (Annual Shipment: kg)	2,236,587.01
GHG Emission Intensity (Tons CO2e/ Annual Shipment: kg)	0.01
Organization-specific Metrics (Annual Revenue: 10000 NT\$)	95,223.00
GHG Emission Intensity (Tons CO2e/ Annual Revenue: 10000 NT\$)	0.14

Note: GHG emission calculations cover only LI CHENG facilities in Taiwan.





## CHAPTER 5

# Friendly Society





## LI CHENG Partners Framework

### Human Resources Management

#### Company Workforce Overview

As of the end of 2024, LI CHENG employed a total of 678 people domestically and overseas, with 579 in Taiwan and 99 in Vietnam. The workforce includes full-time employees, part-time staff, interns, and student workers. Additionally, LI CHENG also tracks non-employee workers, such as engineering contractors, outsourced cleaning staff, and contracted security personnel. In 2024, there were approximately 23 such workers globally-10 in Taiwan and 13 in Vietnam.

The overall average age at LI CHENG is 35.5 years in Taiwan and 33.7 years in Vietnam. For managerial positions, over 80% of the age distribution in both Taiwan and Vietnam falls within the 31–50 age group. Regarding educational background, more than half of managers hold a university degree or higher — 59% in Taiwan in 2024 (a slight decrease compared to 2023) and 44% in Vietnam.

Age Distribution for Managerial Positions \ Year	Taiwan		Vietnam	
	2023	2024	2023	2024
Under 30 yr	6.38%	0.00%	8.00%	11.76%
31-50 yr	80.85%	82.93%	80.00%	85.29%
51 yr and Over	12.77%	17.07%	12.00%	2.94%

Education Background of Managerial Positions \ Year	Taiwan		Vietnam	
	2023	2024	2023	2024
PhD	4.26%	4.88%	0.00%	0.00%
Master's Degree	12.77%	14.63%	0.00%	0.00%
Bachelor's Degree	46.81%	39.02%	48.00%	44.12%
Associate Degree (Junior College)	12.77%	17.07%	32.00%	35.29%
High School/Vocational High School and Under	23.40%	24.39%	20.00%	20.59%

## Job Group and Functions

LI CHENG is committed to fulfilling its mission and vision, continuously promoting and valuing humanistic development within the Company. The goal is to ensure every team member clearly understands their work role and contribution value. Employee career development, organizational hierarchy, and management responsibilities at LI CHENG are defined by four major job function categories:

- (1) ST (Strategic-Tao Lue): Roles focused on setting the organization's long-term goals and development directions, carried out by members with strong foresight and imagination.
- (2) DE (Developer-Chung Xie): Roles involving analysis of the organization's current state and evaluation of its development, who possess broad knowledge and imagination, directly influencing organizational growth, and assisting in shaping strategic direction and high-level planning.
- (3) CO (Coordinator-Zhih Yin): Roles assisting with documentation and planning, while overseeing the OP group to ensure daily operations align with rules and procedures without issues.
- (4) OP (Operator-Chang Cun): Roles responsible for fundamental tasks that are closely tied to the Company's day-to-day operations, contributing primarily through professional knowledge and skills.



These four job groups are linked to organizational levels and functional roles, and are closely tied to performance evaluation, contribution value assessment, and continuous career advancement. In 2024, LI CHENG further established a dual-track career progression framework, giving employees a clearer pathway for development within the organizational system.

## New Hire and Turnover Status

Since 2023, to gain a deeper understanding of the reasons employees choose to leave and to effectively manage staff turnover, every departing employee has been interviewed separately by both their direct supervisor and the Human Resources Department. These discussions aim to assess the employee's situation and identify key areas where the Company can make adjustments and improvements. In Taiwan, the new hire and turnover rates have remained stable; at the Vietnam plant, mass production began in H2 2024, and additional staff have been gradually recruited to support production plans. However, ongoing monitoring of employee turnover trends and the local labor market conditions remains necessary.

(2024 Data)

Age \ Gender	Taiwan				Vietnam			
Age Group	Female		Male		Female		Male	
	Turnover	New Hire	Turnover	New Hire	Turnover	New Hire	Turnover	New Hire
<31yr	28	47	38	50	8	16	16	24
31-50yr	57	21	40	25	10	27	21	27
>51yr and Over	2	1	4	0	1	0	1	0

Total	87	69	82	75	19	43	38	51
Proportion	51.48%	47.92%	48.52%	52.08%	33.33%	45.74%	66.67%	54.26%
Total Employees	748				156			
New Hire Rate	19.3%				60.3%			
Turnover Rate	22.6%				36.5%			

Employee Absence Rate

LI CHENG continuously monitors the status of employees in the workplace. Besides providing work-related support and understanding their difficulties and needs, the Company also pays attention to employee absence rates. In 2024, the absence rate in Taiwan showed a slight decrease. In Vietnam, employee turnover is relatively higher, with the absence rate controlled at around 10%.

Absence Rate \ Year	Taiwan		Vietnam	
	2023	2024	2023	2024
Absence Rate	8.89%	8.36%	9.75%	11.56%





# Manpower Cultivation and Development

## Education and Training System

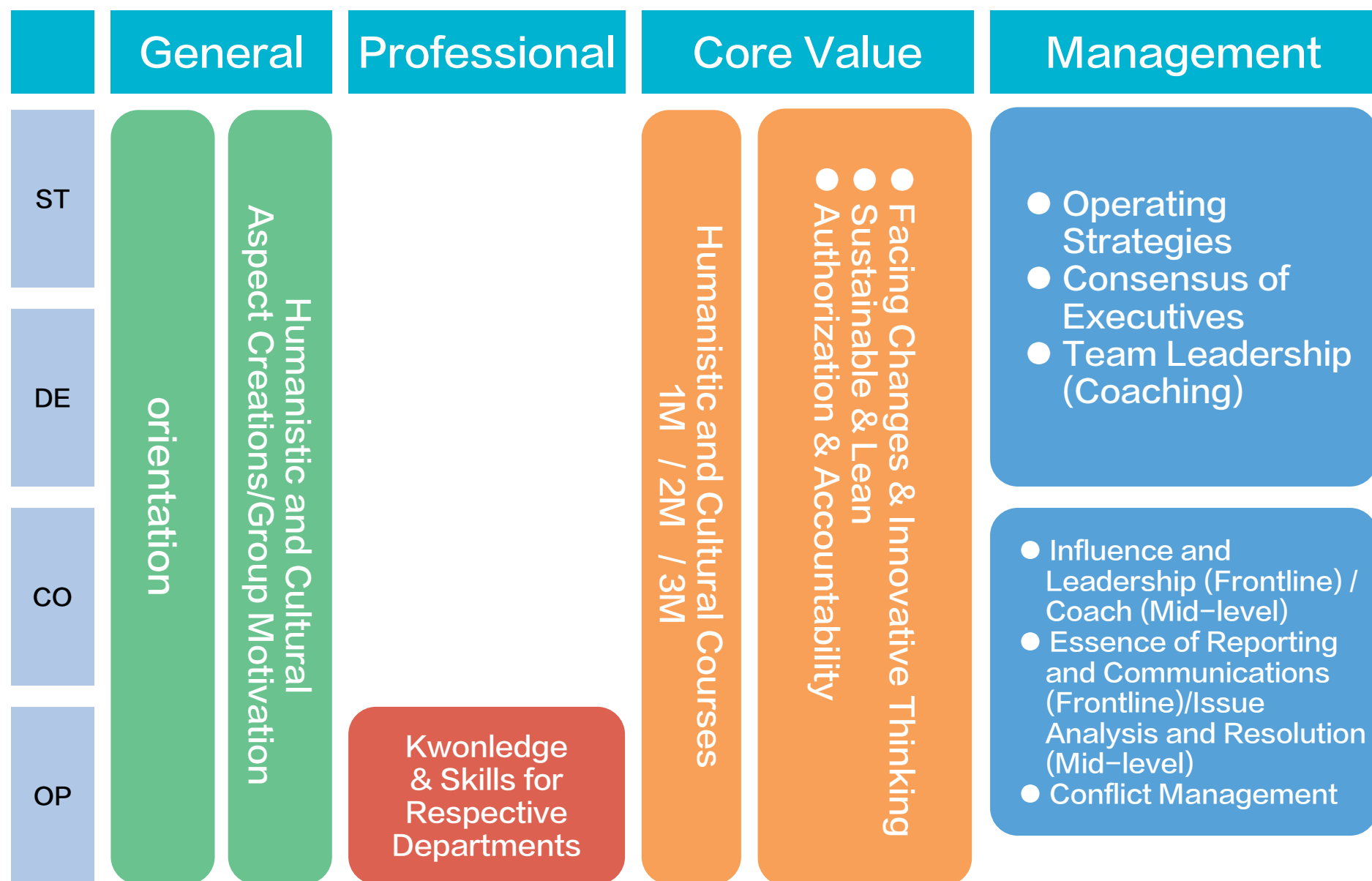
To align with organizational development needs and systematically enhance workforce quality and capability, LI CHENG has established an education and training framework, policies, and annual training plans based on its mission, vision, core values, and strategic objectives. Training needs are addressed at three levels:

- (1) Organizational level: Courses designed to support strategic development in line with annual business goals, enhancing strategic execution capabilities.
- (2) Departmental level: Courses tailored to meet the overall needs of each department.
- (3) Individual level: Based on regular performance evaluations, annual competency assessments, or probation reviews, gaps in employees' core, managerial, and professional competencies are identified to plan targeted courses, strengthening management skills, cultural awareness, professional knowledge, and technical abilities.

Based on business objectives and training needs at all levels, LI CHENG has structured its training system into four main programs:

- (1) New Hire Program – Provides general orientation and pre-employment professional training for new employees.
- (2) Core Program – Offers training derived from the Company's defined core competencies.
- (3) Management Program – Designed for junior, mid-level, and senior managers to improve leadership and managerial capabilities while establishing a unified management language.
- (4) Professional Program – Includes practical courses on specialized knowledge, skills, and concepts relevant to employees' functional areas, as well as courses required to comply with regulations.

□ Each year, employees' learning progress is reviewed, and an annual training plan is developed. This includes external institution training, outsourced internal training, in-house departmental training, and OJT (on-the-job training), with allocated budgets for implementation. Meanwhile, IDPs (Individual Development Plans) are created for high-potential talents, integrating job requirements with future career aspirations. Through annual performance reviews and supervisor evaluations, gaps in employees' capabilities are identified, enabling targeted training, project-based learning, and task assignments within departments. Such staged approach ensures that employees' skill development aligns with both their current roles and the organization's future needs.





## New Employee Training

To help new employees quickly adapt to their work environment and understand the Company structure, LI CHENG provides onboarding training immediately after reporting for duty. In addition to shared training sessions, each department offers role-specific professional training. Shared training topics include: Organization Summary, HR Policies and Regulations, General Safety and Health Management, Hazard Awareness Courses, Safety and Emergency Response Training, Energy Management Policy, Mobile Phone Usage Restrictions, etc. Classroom quizzes are incorporated to ensure trainees fully understand the Company's structure and can transition smoothly into their roles.

## 1M-3M Humanistic and Cultural Training

LI CHENG places strong emphasis on embedding its core values and corporate culture through staged humanistic and cultural training and employee care programs during the first three months of employment.

1M: Focus on team introductions, understanding the Company's key processes, the four job categories, and fundamental traits such as honesty and mutual respect.

2M: Employees share their two-month onboarding experiences, with further focus on the importance of teamwork and how to apply it in daily work.

3M: After nearly three months of learning and adjustment, training shifts to a deeper understanding of LI CHENG's mission, vision, and core values, linking these to employees' long-term development, work performance expectations, and behavioral standards.

This progressive three-month training program allows supervisors to better observe and support new hires, while also enabling employees to connect with cross-functional colleagues through diverse and interactive learning methods including group discussions, case studies, presentations, and videos, thereby internalizing Company culture and values more deeply.

## Executive Offsite Strategy Meetings

In 2024, LI CHENG planned two offsite strategy meetings for senior executives, involving the ELT and LTSD teams. These meetings provide a platform for reviewing business performance and incorporating mid-level managers into strategy discussions, enabling dynamic adjustments to annual strategic goals. The goal is to accelerate policy communication and execution, ensuring operations progress as planned. For senior leadership, these sessions are vital as they may foster cross-functional collaboration, encourage focused information sharing, and strengthen managerial knowledge and decision-making capabilities.

## ELT (Executive Leadership Team) offsite Strategy Meetings

During the 2024 ELT offsite sessions, the team first reviewed 2023 priorities and achievements, and confirmed 2024 strategic focus areas, including financial outlook, sales trends, and market analysis. Furthermore, the Team discussed annual production preparations and Vietnam production plans to ensure smooth operations and supply chain performance. After reviewing the current state, the Team developed 2024 action plans, translating strategies into concrete goals. Through group discussions, the Team refined action items, identified key success factors, and confirmed execution steps to ensure strategies are effectively implemented. The sessions concluded with an in-depth focus on corporate culture and governance, emphasizing core values, policy implementation, positive behaviors, and areas for improvement. The meeting also explored talent development expectations, ensuring that cultural alignment continues to support LI CHENG's long-term growth.







In H2 2024, LI CHENG further deepened the involvement of the LTSD team in the rollout of strategic initiatives. With the active participation of the LTSD members, six major strategic directions were identified: Customer Service – Shortening Delivery Lead Time; Taiwan Capacity and New Business Opportunities; Establishing Vietnam BD and R&D Teams; Enhancing Vietnam Production Capacity; New Business Development (Medical, Automotive Materials, Home Furnishings, and Apparel); and Succession Planning for High-Potential Talent — designated as a key focus for 2025 execution. Throughout this period, the LTSD meetings played an essential role in transforming strategic goals into actionable daily operations. The team ensured consistent monitoring, follow-up, and progress reviews.

## 2024 Education and Training Plan and Key Focus Areas:


As the Company actively expands into international markets, the 2024 training initiatives focused on cultivating high-potential frontline talent and enhancing the management team's adaptability, leadership skills, and global perspective. Training programs were designed to progressively strengthen the following areas:

**Management Skills Development:** Coaching techniques for senior leaders, and daily operational leadership training for mid- and frontline managers

**Fundamental Operational Mechanism Enhancement:** Training employees in effective reporting and communication skills, meanwhile providing foundational knowledge of international business operations to gradually instill a global mindset across the workforce.

**Continuous Optimization of Internal Systems and Corporate Culture Communication:** Refining performance management processes and promoting the Company's core values to align employees' work ethics and value systems, thereby enhancing overall organizational competitiveness.

Training Topics	Training Objectives
1. Coaching Skills	To enhance senior supervisors' ability to coach high-potential talent and motivate teams, allowing the Company to foster a culture of talent development.
2. Middle and Frontline Manager Training	To strengthen foundational management skills for new and current supervisors to improve decision-making quality and execution.
3. Reporting and Communication Skills	To develop clear reporting and effective communication skills, and therefore ensure smooth cross-departmental and international interactions.
4. Overseas Operations of International Enterprises	To allow participants to understand international market operation models and address multicultural and cross-border business challenges.
5. Performance System Optimization and Implementation	To allow the related roles optimize the performance appraisal system to fairly assess employee performance and alignment with organizational goals.
6. Core Values Practical Workshop	To deepen employees' understanding and application of core corporate values through case discussions and experience sharing.



Aligned with LI CHENG's defined training blueprint, in 2024 our focus centered on leadership development and performance enhancement. The following initiatives were implemented across the ST, DE, CO, and potential OP job categories:

## Coaching

Building on the 2023 Coaching training, LI CHENG continued to deepen leaders' ability to apply coaching techniques in 2024, linking these skills to feedback and performance communication mechanisms. The goal is to nurture leaders into inspirational coaches who use appreciative inquiry and constructive feedback to unlock employees' strengths and potential — creating greater value for the organization and improving overall job satisfaction.

## Middle and Frontline Manager Training

The 2023 program for middle and frontline managers covered key topics such as conflict resolution, influence, and delegation. In 2024, the training evolved with scenario-based simulations and gamified exercises to help managers recognize the blind spots employees may encounter when receiving and executing instructions. Furthermore, by reinforcing the Company's available management resources and support systems, managers are better equipped to handle challenges. We expect that the cultivation of middle and frontline managers allows aligned management development with real-world operational needs, further strengthening team collaboration and communication.

## Course on Essence of Reporting and Communication Skills

This Course aimed to establish a communication mindset built on trust, emphasizing thorough preparation before engaging in dialogue. Employees were trained to deliver accurate and precise information to supervisors for better decision-making. Through rich case studies and practical exercises, participants practiced communication in various contexts such as upward reporting, peer-to-peer discussions, cross-department coordination, domestic and international collaboration, and external partner interactions to lay the foundation for LI CHENG's evolving global communication practices as the Company transitions into a more international operation.

## Overseas Operations as an International Enterprise

By leveraging leaders' overseas experiences, LI CHENG provided employees with insight into the core elements of global market operations. Topics included roles and responsibilities in international trade, customs and import/export compliance, international payments and cash flows, tax planning, practices for commercial activities, and key considerations in contract terms. Through real-life cases and discussions, employees gained awareness of the challenges and strategies of cross-border operations, equipping them with foundational concepts to make better-informed decisions when handling future international business matters.

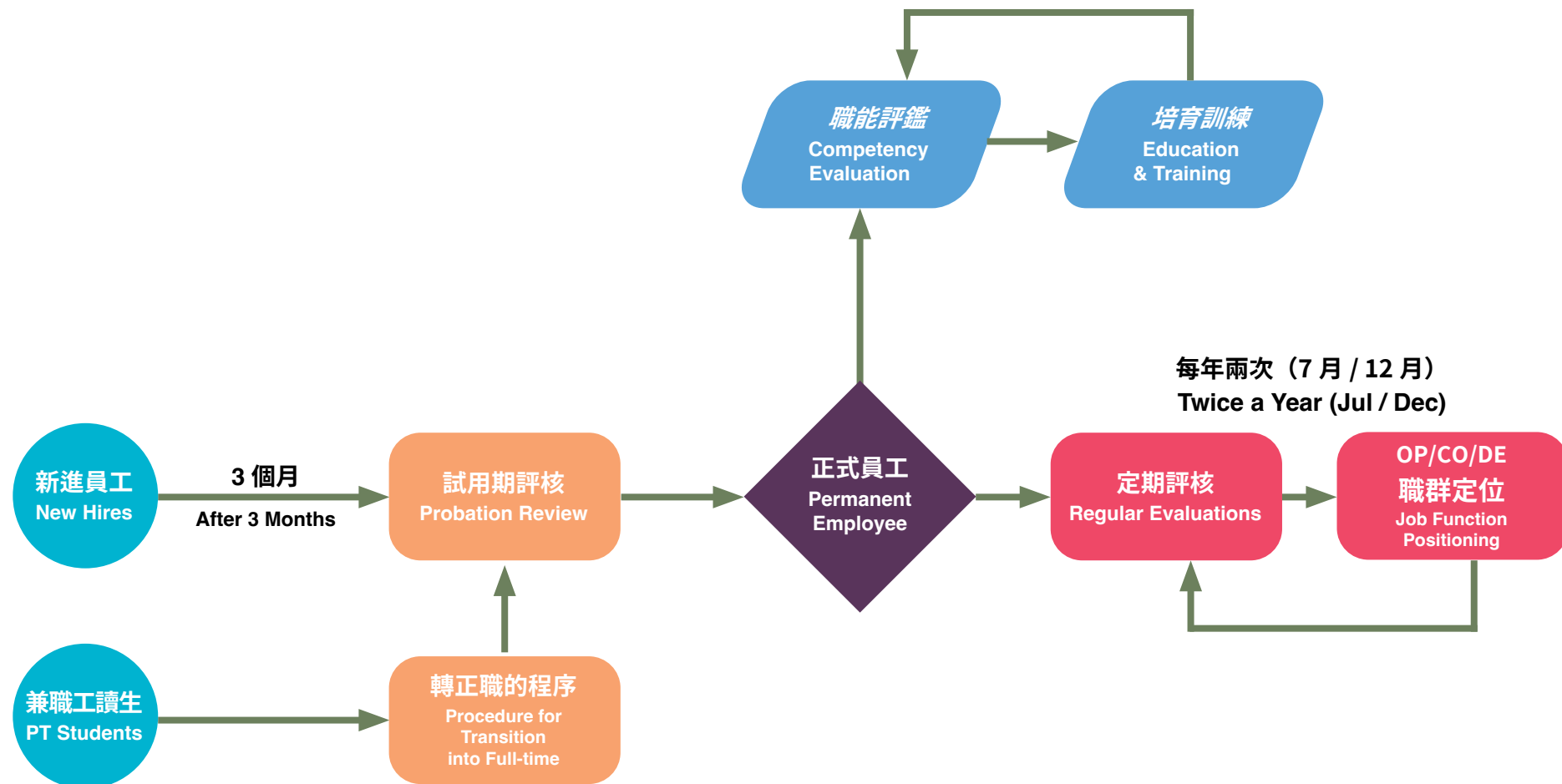
## LI CHENG Compact Workshop on Core Value Applications

In 2024, LI CHENG introduced Core Value Workshops to deepen employees' understanding of the Company's eight core values and encourage their practical application in daily work. The Workshop covered reviewing and redefining the core values, discussing real-life behavioral examples, and group exchanges on how core values manifest in daily tasks. The Workshop is accompanied by an interactive Q&A activities with incentives allowing employees to apply values in real scenarios while enabling the Company to observe and collect behavioral insights across departments. This feedback serves as an important foundation for future culture-building initiatives and informs the design of policies and measures that support LI CHENG's sustainable development.



## Professional Training

Each functional area has defined baseline competencies (including professional knowledge and skills) required for specific positions. After the three-month probation period, employees undergo an initial competency assessment to ensure they meet job requirements. If gaps are identified, an annual training plan will be immediately launched, assisting employees in enhancing capabilities through On-the-Job Training (OJT), internal workshops, job adjustments, external courses, and project-based assignments. Employee progress is reassessed every September–October. The identified competency gaps form the basis for training needs and inform the design of the next year's training plan, ensuring ongoing development and alignment with organizational goals.



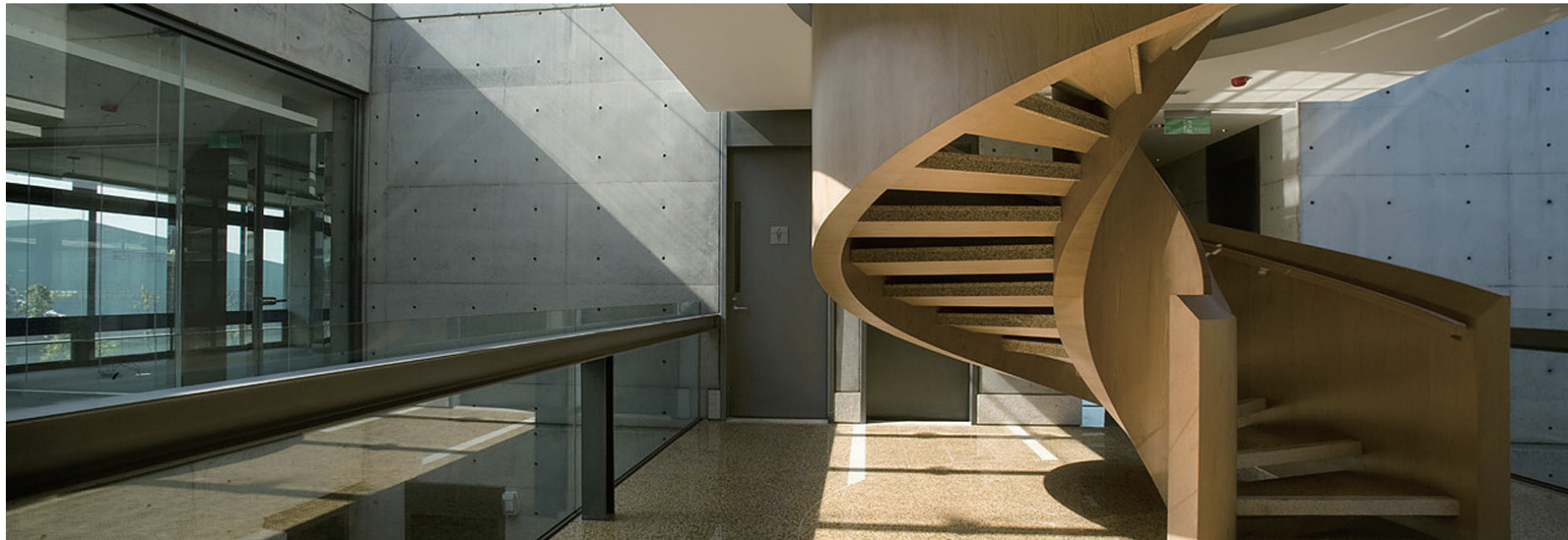
## Overall Training Participation and Hours

We provide a comprehensive training program to ensure that all employees, regardless of position or gender, have equal access to learning resources. Over the past year, we compiled Company-wide training hour statistics, breaking them down by managerial vs. non-managerial positions and by gender. The data shows that the average training hours per participant are similar across all groups. Through these training efforts, we foster an equal, diverse, and inclusive workplace environment, enabling every employee to fully realize their potential and achieve shared success with the Company.

For employees in managerial positions, we deliver targeted training on leadership and management skills, supporting their growth and development needs in the workplace. At the same time, non-managerial employees focus on training relevant to their roles, with senior staff sharing critical knowledge, ensuring they have the skills and information needed to perform their duties effectively.

In addition, this Report includes an analysis of Vietnam's 2024 training hours. Regardless of whether employees are in managerial or non-managerial positions, the training hours reflect steady learning engagement. Employees in managerial roles in Vietnam recorded higher average training hours — not only to meet local regulatory requirements, but also reflecting the Company's commitment to strengthening leadership and decision-making skills during the plant construction phase.

We are committed to building a continuous learning environment, ensuring employees at all levels and positions have access to essential skills development. This approach not only enhances individual competitiveness but also lays a solid foundation for the Company's long-term growth. Through these training programs, we encourage employees to unlock their potential, creating greater value for both themselves and the Company.







Numbers of Training Participants and Hours in 2024

Country	Taiwan					Vietnam				
Type	Managerial Position		Non-managerial Position		Total	Managerial Position		Non-managerial Position		Total
	Male	Female	Male	Female		Male	Female	Male	Female	
Total Training Participants	255	196	1,865	2,149	4,465	21	8	83	78	190
Total Training Hours	562.5	395	3,841.5	5,009.5	9,808.5	170	44	551	450	1,215
Average Total Training Hours (Hour/Participant)	2.21	2.02	2.06	2.33	2.20	8.1	5.5	6.6	5.8	6.4

Note: Average Total Training Hours = Total Training Hours / Total Participants.

## Performance Management System

LI CHENG assigns suitable roles to every new employee based on their educational background, work experience, and demonstrated potential. To help new employees integrate into the team quickly, we conduct regular and ad-hoc reviews and performance evaluations to assess their adaptation, job performance, and development potential, and arrange appropriate training accordingly. When there are vacancies in managerial positions, internal employees are prioritized for promotion, with job performance as the key criterion for advancement.

The LI CHENG Performance Management System is divided into four job categories, with performance indicators and core competency standards tailored to each. We conduct two performance reviews annually, combined with one-on-one discussions with employees. Excluding new hires with less than three months of service and those who have already resigned, 100% of employees are evaluated. To ensure fairness, we adopt a “360-degree” feedback mechanism—in addition to supervisors’ assessments, each employee receives feedback from at least 2–3 colleagues. This multi-perspective evaluation provides a more comprehensive view of performance and work interactions.



## Employees Referral Bonus

LI CHENG firmly believes that a strong team is critical to the Company's success. To encourage the recruitment of high-quality talent, we established an Employee Referral Bonus Program. Both the referrer and the referred hire receive tangible rewards when the new hire successfully stays with the Company. In 2024 alone, seven participants received bonuses for successful referrals.

This program highlights the Company's recognition of employees' contributions to team expansion. Through referrals, LI CHENG can quickly identify outstanding talent, enhance team diversity, and strengthen overall capabilities. The program denotes an embodiment of our emphasis on employee contributions and fosters greater collaboration and trust within the organization.

## Employee Exit Interviews

When employees decide to pursue other career opportunities, LI CHENG values the exit interview process as an integral part of sustainable organizational development. Through open and sincere conversations, we actively listen to departing employees' feedback to understand their reasons for leaving. This helps us enhance our workplace culture, respond swiftly to concerns, and improve the work environment—ensuring that every employee feels respected during their time with LI CHENG. We remain committed to continuously improving the quality of exit interviews to foster a culture of mutual respect and transparent communication, ensuring that every employee's journey with the Company is both meaningful and valued.

## Talent Pipeline

LI CHENG strongly believes that talent is the foundation of sustainable growth. In 2024, we actively advanced our Talent Development Program, focusing on four major initiatives:

### 1. Reserve Management Program – Building Internal Talent Pipelines

We invest heavily in the development of internal talent. Beyond providing leadership training for current supervisors, we focus on potential employees with leadership promise. Through rotational assignments across weaving and dyeing facilities, we cultivate multi-skilled managers who gain valuable experience in different operational settings. This strengthens their capabilities and promotes cross-functional collaboration within the Company.

### 2. Internship Program – Collaborating with Local Schools:

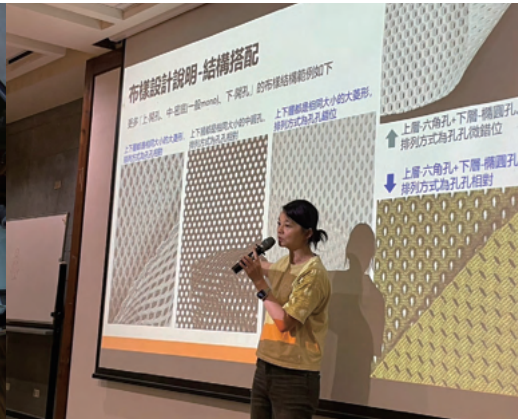
LI CHENG partners with schools in southern Taiwan and actively participates in Ministry of Education talent programs, bridging industry, government, and academia. We recruit interns from diverse disciplines—textiles, machinery, chemical engineering, industrial design, and more—offering internships ranging from six months to two years. Attractive retention packages and seniority benefits are provided to graduates, enabling LI CHENG to nurture future talent early while strengthening ties between industry and academia for mutual success.

### 3. Industry-Academia Collaboration with Department of Industrial Design, Tung Hai University

To cultivate next-generation design talent, LI CHENG collaborated with Tung Hai University's Department of Industrial Design through the "Product Development" course. Students gained in-depth knowledge of 3D warp-knitted fabrics, enhancing their product development and design expertise while fostering innovative thinking.



Department of Industrial Design,  
Tung Hai University Visit to LI CHENG



Design Concept Presentation



Design Concept Presentation Feedback Note



Portfolio

Gold-Medalist Work

Gold-Medalist  
Work-Main Visual

Silver-Medalist Work

Silver-Medalist  
Work-Main Visual

## Contents and Implementation

Under an industry-academia model, three full-time professors guided students through the design thinking process (empathize, define, ideate, prototype, and validate) starting from market analysis, brand positioning, and consumer needs. LI CHENG provided lectures, technical consulting, and textile resources to help students integrate business models and textile design into practical solutions.

## Challenges in Design and Results

Students developed at least one product using 50% or more 3D spacer fabric, showcasing its functionality and application potential. The program inspired the university to invest in industrial sewing machines to enhance hands-on learning. Final designs were showcased in exhibitions, receiving strong industry recognition and demonstrating students' creativity and market relevance.

### 4. Taiwan–Vietnam Elite Talent Scholarship Program – Jointly Cultivating Future Industry Elites:

LI CHENG partnered with National Cheng Kung University (NCKU) in Taiwan to launch the Taiwan–Vietnam Elite Talent Scholarship Program, aimed at rewarding outstanding students and fostering the next generation of industry professionals. This program not only nurtures future talent for the textile and manufacturing sectors but also provides career opportunities at LI CHENG's overseas operations in Vietnam. A key focus is on Vietnamese students studying in Taiwan, helping them immerse in local culture while developing strong professional expertise, thereby promoting cross-cultural understanding and integration.

[Number of Taiwan–Vietnam Elite Talent Scholarship Recipients by Nationality]

Year \ Nationality	Taiwanese	Vietnamese	Total
2024	3	1	4
2023	3	1	4

### 5. New Southbound International Industry–Academia Program – Developing Vietnam’s Next Generation of Talent

The program recruits high-performing Vietnamese high school graduates with at least A2 level Mandarin proficiency. LI CHENG provides 12 program slots annually, with a comprehensive curriculum + industry internship structure. Students complete a mandatory four-day-per-week internship in their third year, followed by optional extended placements in their fourth year, ensuring graduates leave with strong hands-on capabilities and a shortened school-to-work gap.

Through this program, we actively cultivate international technology talents, whilst the graduates are encouraged to stay and work in Taiwan or return to Vietnam to join LI CHENG's growing operations. This initiative not only fosters industry-academia integration and cross-border talent mobility but also strengthens the Company's global competitiveness.





# Salary and Benefits, and Employee Well-being

## 1. Employee Compensation Overview

In 2024, the average employee salary was NTD 42,322, and the annual median salary was NTD 485,000, representing a change of -NTD 3,000 compared to the previous year. The proportion of total annual compensation for the highest-paid employee(s) (A) decreased by 1.60%, while the annual “median total compensation (B)” for all other employees decreased by 3.22%. The company reviews its operational performance, market benchmarks, and salary adjustment trends annually to ensure that compensation and benefits are fair and reasonable.

## 2. Comprehensive Allowances & Financial Assistance

### (1) Wedding Gifts and Condolence Allowances for Bereavement, Holiday Bonuses, and Retirement Gifts

LI CHENG understands that life's important milestones deserve extra care and support. We provide wedding gifts, condolence allowances for bereavement, and holiday bonuses. These benefits allow employees to feel the Company's care and support during significant personal events.

### (2) Injury Assistance, Workplace Accident Compensation & Survivor Benefit


To ensure employees feel secure in their work, LI CHENG offers injury condolence payments, workplace accident compensation and survivor benefits. These measures provide peace of mind, allowing employees to focus on their careers knowing they and their families are supported.

## 3. Group Insurance & Travel Insurance

### (1) LI CHENG is committed to comprehensive protection for all employees to make them feel assured and supported. The group insurance includes:

1. Accident Insurance
2. Fire or Drowning Death Benefit
3. Aviation Accident Death Benefit
4. Medical Insurance
5. Hospitalization Allowance
6. Major Burn Coverage
7. Intensive Care Allowance
8. Hospitalization Consolation Allowance
9. Burn Unit Allowance

### (2) To ensure peace of mind for employees on assignment or business trips abroad, LI CHENG provides additional travel insurance, including:

- 
1. Accidental Death or Funeral Expense Coverage
  2. Accidental Death Compassion Benefit
  3. Permanent Disability Benefit
  4. Land & Sea Public Transport Accident Death or Funeral Expense Coverage
  5. Air Transport Accident Death or Funeral Expense Coverage
  6. Major Burn Benefit
  7. Injury Medical Coverage
  8. Overseas Sudden Illness Hospitalization Medical Coverage
  9. Overseas Sudden Illness Hospitalization Allowance
  10. Overseas Sudden Illness Outpatient Medical Coverage
  11. Overseas Sudden Illness Emergency Medical Coverage
  12. Overseas Air Ambulance Transport Service

## 4. Comprehensive Retirement System

LI CHENG ENTERPRISE not only complies with regulations to assist employees in applying for Labor Insurance and Labor Pension benefits but also goes beyond legal requirements by offering a special retirement farewell program. Upon retirement, employees are honored with a farewell gathering, and a commemorative gift and a personalized greeting card. This reflects the Company's deep appreciation for long-serving employees, recognizing their decades of dedication and contribution to LI CHENG.

## 5. Flexible Late-Arrival Policy featuring a 29-Minute Grace Period without Mandate Salary Deduction or Leaves

In today's fast-paced world, unexpected circumstances such as traffic congestion can occur. LI CHENG ENTERPRISE acknowledges these realities and supports employees by allowing a 29-minute grace period for late arrivals, amongst such there is no salary deduction if employees arrive within 29 minutes of their scheduled time, and no leave application will be required for such minor delays; this policy ensures that employees do not have to risk their safety during commutation rushing to work.

## 6. Employee Welfare Committee (Activities, Year-end Banquet, and Partner Stores)

At LI CHENG ENTERPRISE, we firmly believe that employee well-being is the foundation of corporate success. Therefore, to enhance quality of life and workplace satisfaction, the Employee Welfare Committee offers a diverse range of activities and benefits, dedicated to bringing a more enriched and wonderful experience working with LI CHENG.

### Partner Store Program Covering Daily Necessities



To offer practical benefits to employees, we build partnerships with over 60 partner stores across categories such as food, clothing, housing, transportation, education, and entertainment, which includes both national retail brands and local specialty shops, allowing our employees to get exclusive employee discounts in daily lives. Furthermore, we secure special promotions for employees, such as Starbucks tasting events, to bring surprise and welfare to employees.

For foreign employees, we offer translation support and online map links for the above-mentioned offers, ensuring all team members—regardless of nationality—can access and enjoy these perks whilst learning the thoughtful and caring nature of LI CHENG.

### Annual Banquet to Share Honor and Hours of Joy

Year-end Banquet & Spring Banquet are held annually to gather all employees for cuisine and great times. Our year-end banquet at the Sun Hao International Hotel serves as a joyous conclusion to the year, expressing gratitude for hard work and building stronger bonds among colleagues. The event, known for its electric vibes and laughter, features performances, lucky draws, and photo sessions to commemorate the efforts of the previous year. Last year, over 100 employees won additional cash prizes and gifts.

## 7. Occupational Physician Healthcare

In compliance with the “Regulations of the Labor Health Protection”, LI CHENG ENTERPRISE has appointed full-time occupational health nurses to oversee employee



health protection measures. These professionals work hand-in-hand with contracted on-site occupational physicians, collectively advancing a comprehensive health management framework across three major dimensions-Special Protection, Health Care, and Health Promotion. 2024 key initiatives and achievements include 12 on-site occupational physician visits, among which include 4 workplace health and environment assessments, 1 internal training session for emergency response personnel, and 65 individual health consultations, detailed as follows:

2024 Taiwan Occupational Physician and Occupational Health Nurse Consultation Statistics Table	
Type	No of Employees
Abnormal Workload Assessment	20
Maternity Protection & Care (Pregnancy through Postnatal Return-to-work)	5
Human Factor Hazard Assessment	5
Health Consultations	10
Hearing Protection Counseling	10
Chromium Exposure Follow-up Interviews	1
Middle-aged & Senior Worker Assessments	21

Employee Health

To protect the physical and mental health of employees and to fulfill the Company’s commitment to social responsibilities, we have planned physical examinations for employees with frequencies and benefits exceeding regulatory requirements. On the basis of legal mandates, we have further enhanced the





flexibility of the check-up arrangements. The specific measures are as follows:

The Company has planned physical examination frequencies better than those required by regulations: employees aged 65 receive annual check-ups; employees under 65 undergo general physical examinations every three years. Regular monitoring of employees' health status is conducted. In 2024, a total of 331 people participated, as detailed in the table below.

Summary Table of Employee Physical Examination Numbers and Costs		
General Physical Examination		
Type	General Employees	Supervisors
Items	Basic physical examination; vision test; hearing test; physician's physical inquiry; urinalysis (10 items); routine blood test; white blood cell classification; red blood cell classification; platelet classification; liver function test; kidney function test; diabetes test; blood lipid test; cholesterol screening; risk factor index; chest X-ray; CEA cancer screening.	Basic physical examination; vision test; hearing test; physician's physical inquiry; urinalysis (10 items); routine blood test; white blood cell classification; red blood cell classification; platelet classification; liver function test; kidney function test; diabetes test; blood lipid test; cholesterol screening; risk factor index; chest X-ray; CEA cancer screening; abdominal ultrasound; thyroid ultrasound; carotid artery ultrasound; gastric ulcer examination; non-invasive C13 breath test for Helicobacter pylori.
No. of Examinees	314	17
Examination Fee (NTD)	157,000	51,000

- Mobile Medical Team Physical Examinations: To enhance the convenience of health management for employees, the Company arranges for medical teams to circuit among major plants, providing employees with accessible physical examination services.
- Physical examination Arrangements for Employees in Overseas Production Departments: For employees stationed in overseas production departments, the Company offers flexible physical examination arrangements to reduce the need for employees to return to Taiwan and maintain work flexibility. Employees can choose medical institutions and examination times that meet their needs. The Company fully covers the physical examination costs and provides relevant information in advance via email, including references for domestic medical institutions and examination items, ensuring employees can complete their check-ups at convenient times and minimize operational

disruptions.

- Special Physical examinations Based on Statutory Special Operations and Company Environmental Monitoring Data: The Company identifies risks of potential health hazards and arranges special health examinations annually. Special operations covered include noise and chronic acid exposure. The Company monitors employees' health status, implements a hearing protection plan, conducts annual hearing protection promotion, provides protective equipment, and performs tiered management interviews. In 2024, a total of 140 employees participated in these special physical examinations.

New Hires: According to regulations and assigned work areas, health examination items are arranged and subsidized. Reports are managed and stored by occupational health nursing. Health management grading and follow-up interviews are conducted according to the Company's health protection procedures. In 2024, there were 99 new hires, with 5 requiring interviews, all of which have been completed.

The Company collaborates with nearby medical institutions to hold screenings for the four major cancers each year. Related health education leaflets are displayed in the Company system and cafeteria to promote the concept of prevention over treatment. In 2024, a total of 39 employees participated.

To raise health awareness and encourage proactive participation in vaccinations, the Company annually cooperates with nearby medical institutions to host influenza vaccination campaigns. In 2024, we further combined government resources to launch the "Take Flu and Covid Shots for Health Assurance" vaccination campaign, among which employees receiving the COVID-19 vaccine were rewarded with a NT\$100 FamilyMart gift voucher to encourage active participation. Besides vaccination events, health education leaflets were posted in the Company system and cafeteria to spread health knowledge and strengthen the concept that prevention is better than cure. In 2024, a total of 44 employees participated in this health promotion activity, reflecting their strong concern for and active engagement in health management.

Based on physical examination reports and the Labor Four Major Prevention Plans, health management grading is conducted, with individualized interviews and care arranged accordingly.



## Mobile Special Physical Examination Service



## Hearing Protection Advocacy





# 2024 Flu Vaccine Injection Campaign-Checkpoint

Checkpoint 1:  
Registration



Checkpoint 2:  
Physician Assessment



Checkpoint 3: Injection



Proof of Campaign:  
Photo of Injection in  
Process







## Parental Leave

LI CHENG ENTERPRISE understands that the arrival of a new life in the family requires dedicated time and care. Therefore, we provide generous parental leave to ensure employees have ample time to accompany their baby's growth while also safeguarding their right to return to their original position. We recognize that every employee's situation is unique, and we hope our employees can achieve a balance between career and family in an easier manner. In 2024, the average proportion of eligible employees who applied for and took parental leave was approximately 69.44%, and about 50% of them applied for reinstatement.

Number of Parental Leave of Absence Applicants in 2024

Item	2024		2023	
	Female	Male	Female	Male
Applicants Eligible	20	16	27	15
No. of Applicants	20	5	10	3
Application Rate	100%	31.25%	37.04%	20.00%
Number of Employees Eligible for Reinstatement	15	5	7	3
No. of Reinstatement Applicants	7	3	5	2
Reinstatement Rate	46.67%	60.00%	71.43%	66.67%
No. of Reinstatements from the Previous Year	6	3	1	0
No. of Employees Who Reinstated from Leave and Completed One Full Year of Service in the Previous Year	4	2	0	0

## Diverse Employee Recruitment (Foreign Workers / Employees with Disabilities)

LI CHENG ENTERPRISE embraces diverse cultures and welcomes employees from around the world with an attitude of equality and inclusion. The Company currently employs several outstanding Vietnamese and Indonesian employees. At the same time, we are committed to creating fair employment opportunities and warmly welcome employees with disabilities to join us.

## Labor-Management Meetings

We understand that open communication with employees is a key element in building a foundation of mutual trust and cooperation. LI CHENG holds regular labor-management meetings every month, ensuring employees' voices are heard and responded to promptly, fostering a harmonious and inclusive work environment.

## Foreign Employee Forums

Overseas employees are an indispensable part of our big family. Regular forums serve as a platform for communication, aiming to better understand and meet employees' needs, ensuring that their lives at the Company are more enjoyable and seamless.





## Healthy and Safe Working Environment

### Care for Employees with Disabilities-Golden Wingspan Award

LI CHENG is deeply committed to supporting and caring for persons with disabilities. Within our HR Policies and Regulations, we have established detailed processes and guidelines for hiring employees with disabilities. After conducting job suitability assessments, we assign appropriate roles and assist new employees with career planning and training. At the same time, we help employees apply for necessary assistive devices to remove employment barriers, and we develop annual training plans to enhance their work skills and provide diverse career development opportunities.

We are especially honored that in 2023, LI CHENG stood out among 40 organizations nationwide to receive the 21st Golden Wingspan Award for Outstanding Employers of Persons with Disabilities from the Ministry of Labor, with Yunlin County Magistrate Chang Li-Shan personally posted a congratulatory red announcement. This recognition is a significant affirmation and encouragement for the LI CHENG team, and we will continue to dedicate ourselves to the mission of supporting and caring for employees with disabilities.

#### 2024Status of LI CHENG's Diverse Employment

Item/Gender		Age	No. of Employees
Minorities or Vulnerable Groups	Male	Under 30 yr	1
		30-50 yr	3
		Over 50 yr	1
	Female	Under 30 yr	0
		30-50 yr	0
		Over 50 yr	0

**Remarks:**

Minorities or Vulnerable Groups: Groups with certain specific conditions or characteristics (e.g., economic, physical, political, or social) whose negative impacts from organizational activities may be more severe than those experienced by the general population.

## Yunlin County Health Promotion Certification

LI CHENG has established 10 health-related standard operating procedures (SOPs) and health policies exceeding regulatory requirements, which include providing adequate medical equipment and supplies, breastfeeding rooms, maternity-friendly motorcycle parking spaces, a smoke-free environment, designated health zones, health consultation appointments, a pregnancy reporting system, health seminars, and cancer screening activities with a view to enhance employees' awareness and behaviors regarding health promotion. LI CHENG was proudly awarded the 2024 Healthy Workplace Certification by the Health Promotion Administration, MoHW and the Yunlin County Healthy Workplace Certification, with the certificate personally presented by Xie Shu-ya, the Deputy Magistrate of Yunlin County.

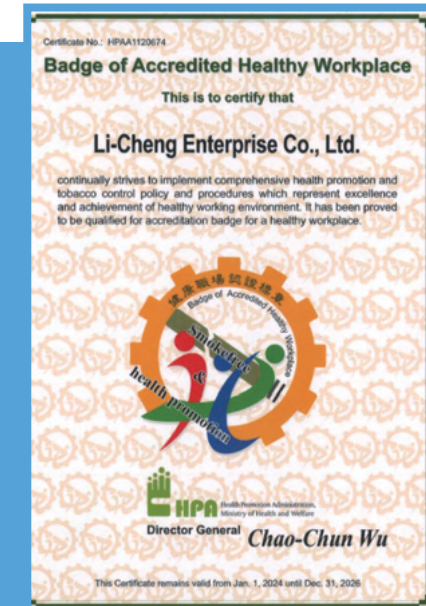
## RBA-Certified Vendor

In December 2024, LI CHENG successfully passed the Responsible Business Alliance (RBA) third-party audit, becoming a model demonstration factory for RBA compliance. The Company has consistently been committed to safeguarding labor rights, with a particular focus on the protection and care of foreign workers. We actively follow International Labour Organization (ILO) standards to ensure that all workers, regardless of nationality, enjoy a safe, fair, and dignified work environment. Recognizing the challenges foreign workers may face in terms of language, culture, and understanding regulations, we have implemented dedicated support programs, including language assistance, legal consultations, and cultural integration activities—to help them adapt smoothly to both work and life.

Furthermore, since 2018, LI CHENG has been a pioneer in implementing a “Zero Recruitment Fee Policy,” going well beyond local legal requirements, demonstrating our commitment to show responsibilities to brand customers and the society. This policy aims to completely eliminate any financial burden workers might face during the recruitment process, ensuring they do not pay any form of recruitment fee. We believe that only when workers are fully protected and respected can a sustainable and responsible supply chain be built, ultimately creating long-term value for customers, employees, and society.



Badge of Accredited Healthy Workplace







## Workplace Health and Safety

### Occupational Safety and Health Policy

LI CHENG ENTERPRISE CO., LTD., primarily engaged in the textile and dyeing industry, upholds the philosophy of “Safety First” and Sustainable Management. All members of the organization work together to promote the ISO 45001 Occupational Safety and Health Management System, establishing an environment that ensures safety and health for everyone.

We commit to:

- 1. Respect Lives:** All levels of management and employees are responsible for ensuring the safety and health of equipment and personnel within their areas of responsibility. This aims to reduce risks of injuries, fires, electric shocks, falls, traffic accidents, and property loss involving contractors, suppliers, contract workers, temporary staff, and outsourced personnel. Our goal is to achieve “Zero Accidents, Zero Injuries, Zero Pollution.” We have also established a comprehensive health check-up system to promote health management and employee welfare.
- 2. Comply with Legal Requirements:** We adhere to applicable occupational safety and health laws, regulations, and any other requirements the Company is obligated to observe.
- 3. Fulfill Education and Training:** We actively promote training and activities related to occupational safety and health management so that all employees are fully aware of the Company’s occupational safety and health policy and their individual responsibilities. This policy will be publicly available and reviewed regularly to ensure its continued relevance.
- 4. Satisfy Customers’ Needs:** We guarantee that products shipped by the Company are of high quality, and that the workplace environment and occupational safety and health comply with legal standards, ensuring that all employees work in a safe operational setting.
- 5. Promote Occupational Safety and Health Policies in an Ongoing Manner:** We are committed to ongoing improvements in occupational safety and health management and performance, preventing injuries and illnesses, and reducing occupational accidents and property loss for all employees. We will also strengthen contractor management to prevent hazards caused by contracted operations. This policy will be reviewed periodically or as needed through internal and external audits, and disclosed to stakeholders to ensure its suitability and enforceability.

### LI CHENG Occupational Safety and Health Management System

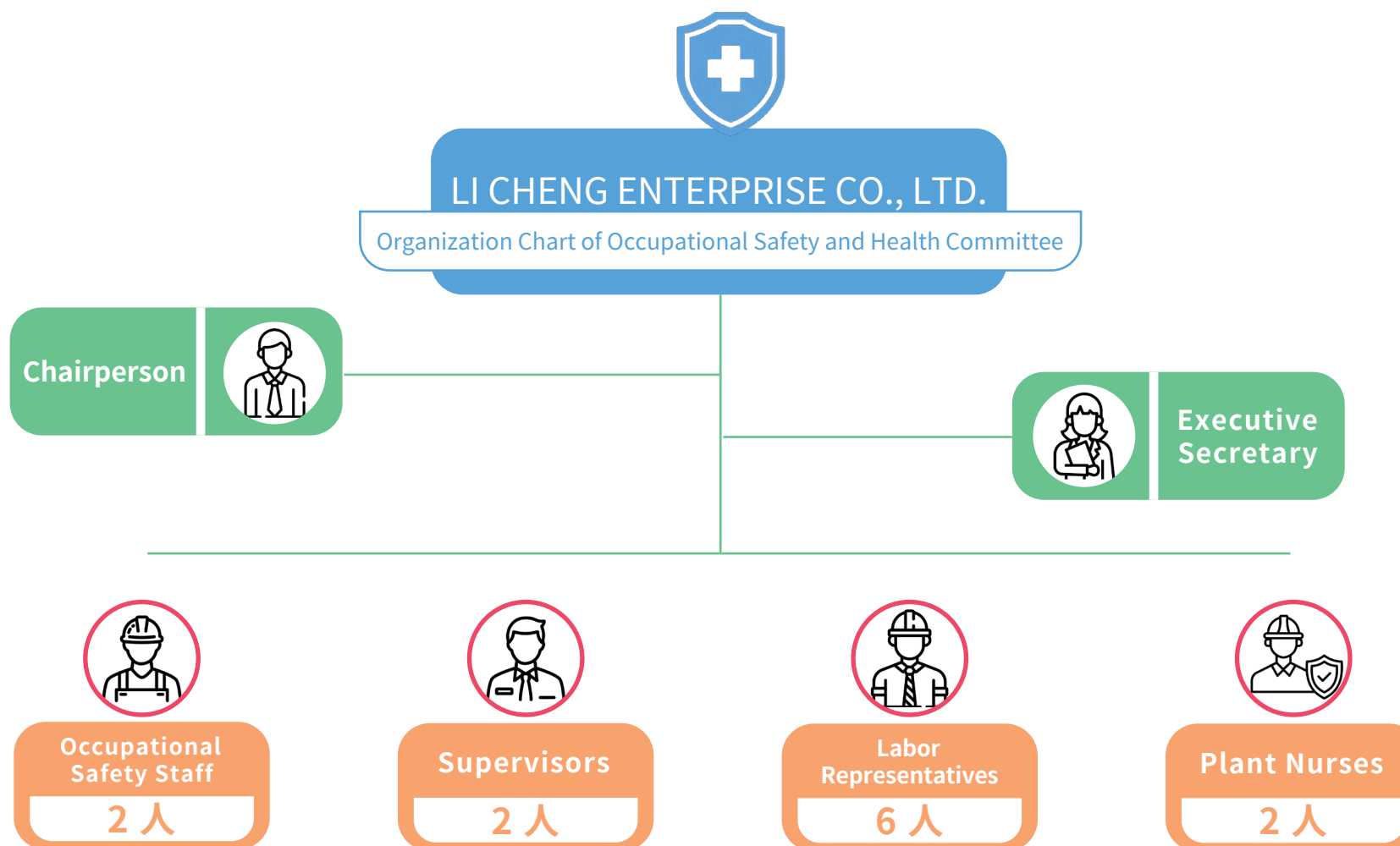
LI CHENG prioritizes employees’ health and workplace safety. To provide a safe working environment and further enhance safety and well-being, the Company implemented the Taiwan Occupational Health and Safety Management System OHSAS 18001:2007 in 2011, and transitioned to obtain the ISO 45001:2018 certification in 2020; through the adoption of a systematic safety and health management framework, LI CHENG establishes a safer workplace by reducing occupational hazards; meanwhile, by integrating the PDCA cycle into planning and operations, along with conducting regular internal and external audits, we drive overall management effectiveness and continuously raise the level of safety and health.

Beyond the occupational safety management system, LI CHENG has also established the “Regulations governing the Management of Occupational Safety and Health Hazard Risk Assessment and Identification” mandating incorporation of processes for work hazard identification, risk assessment, and incident investigation across all LI CHENG facilities in order to comprehensively identify hazards and opportunities related to tasks that could cause injuries or accidents, review and evaluate the effectiveness of control measures, and provide a clear direction for planning and improving the occupational safety management system, thereby reducing the risk levels of various operations.

## Safety and Health Committee

In accordance with the Regulations governing the Occupational Safety and Health Management, the Company has established an Occupational Safety and Health Committee. The committee provides recommendations on the Company's safety and health policies and management systems, reviews and coordinates safety and health-related matters. The committee consists of a Chairperson, Executive Secretary, and members (including department heads, labor representatives, occupational safety officers, and occupational health nurses), totaling 16 members. Among them, 6 are labor representatives, accounting for 37.5% of the Committee.

The Committee meets two times each quarter, collaborating with management to discuss, coordinate, plan, and decide on occupational safety and health issues.





## Occupational Safety and Health Management Review

LI CHENG has implemented the ISO 45001 Occupational Safety and Health Management System as the foundation for enhancing employee safety. The management review process is crucial to ensuring the effectiveness of the Company's management system. Based on the PDCA (Plan-Do-Check-Act) cycle, the system's effectiveness is evaluated during the annual management review meetings, where related measures and yearly objectives are reviewed. Additionally, the Company undergoes annual external audits by third-party organizations to verify and certify the management system's effectiveness.

Through processes such as hazard identification and risk assessment, internal audits, regulatory compliance checks, and regular inspections, the Company has proposed a total of 5 occupational safety and health improvement plans and 33 corrective actions. Upon closure of these cases, their outcomes are assessed. This information is then used to identify opportunities for continuous improvement in the management system's applicability, suitability, and effectiveness, ensuring ongoing enhancement and adaptation in occupational safety and health management.

## Hazard Identification, Risk Assessment, and Accident Investigation (Statistics)

Over the years, the Company has conducted hazard identification and risk assessments, identifying a total of 763 occupational safety and health-related hazards. In 2024, there were 15 accident investigations conducted. From these investigations, 10 new risks requiring improvement were identified, and all have been addressed with corrective measures completed in collaboration with relevant departments, effectively controlling hazards within an acceptable low-risk range.



## Work Injury Cases & Accident Type Statistics

To effectively prevent occupational diseases and workplace accidents, management personnel conduct irregular safety inspections across departments. Safety-related work procedures, occupational safety and health management system regulations, and safety data sheets are posted at workplaces and regularly promoted.

When employees have concerns about unsafe conditions at the workplace, the Company's "Regulations governing the Emergency Preparedness and Response Management" clearly state that "if an imminent danger is detected during operations, employees may stop work and retreat to a safe area without endangering others." Plus, a reporting procedure for unsafe conditions is established, enabling workers to report hazards immediately.

2024 Statistics of Employee Work-related injuries at Operation Sites	
Total Working Hours	1,279,152
Number of Work-related injury-Related Fatalities	0
Number of Serious Work-related Injuries (Excluding Fatalities)	0
Number of Recordable Work-related Injuries (Including Fatalities and Serious Work-related Injuries)	0
Work-related injury Fatality Rate (%)	0.00
Serious Work-related Injury Rate (%)	0.00
Recordable Work-related Injury Rate (%)	0.00
Notes: 1. Work-related injury Fatality Rate= (Number of Work-related injury-Related Fatalities/Working Hours)*1,000,000. 2. Serious Work-related Injury Rate=□Number of Serious Work-related Injuries (Excluding Fatalities)/Working Hours□*1,000,000. 3. Recordable Work-related Injury Rate=□Number of Recordable Work-related Injuries (Including Fatalities and Serious Work-related Injuries)/Working Hours)*1,000,000. 4. Serious Work-related Injuries refer to work-related injuries in which the individual cannot regain health within six months. 5. Recordable Work-related Injuries do not include work-related injuries resulting from commuting to and from work.	





## Occupational Safety and Health Education and Training

In 2024, a total of 8 occupational safety and health training sessions were held, with 1,618 participants in total. These sessions aimed to deepen employees' understanding of safety and health concepts and help integrate this knowledge into their daily lives.

Fire Safety and Building Safety –  
Fire Drill (Fire Extinguisher Practical  
Training)



CPR and AED Operation Training



# Contractor Management

Contractors are essential partners in business operations. To ensure that every contractor working with LI CHENG can complete their tasks safely and with proper protection, we have established the “Management Guidelines for Contractor Safety Operation” and implemented a Contractor Occupational Safety, Health, and Environmental Management System to safeguard the safety of both Company and contractor personnel and property, while also fulfilling environmental protection objectives. In 2024, a total of 268 contractor work entries for equipment repairs and other relevant matters were recorded. LI CHENG conducted 255 contractor safety training sessions, with a total of 1,522 participants involved.

## 2024 Statistics of Non-Employee Work-related injuries at Operation Sites

Total Working Hours	6,088
Number of Work-related injury-Related Fatalities	0
Number of Serious Work-related Injuries (Excluding Fatalities)	0
Number of Recordable Work-related Injuries (Including Fatalities and Serious Work-related Injuries)	0
Work-related injury Fatality Rate (%)	0.00%
Serious Work-related Injury Rate (%)	0.00%
Recordable Work-related Injury Rate (%)	0.00%

### Notes:

1. Work-related injury Fatality Rate=(Number of Work-related injury-Related Fatalities/Working Hours)\*1,000,000.
2. Serious Work-related Injury Rate=(Number of Serious Work-related Injuries (Excluding Fatalities)/Working Hours)\*1,000,000.
3. Recordable Work-related Injury Rate=(Number of Recordable Work-related Injuries (Including Fatalities and Serious Work-related Injuries)/Working Hours)\*1,000,000.
4. Serious Work-related Injuries refer to work-related injuries in which the individual cannot regain health within six months.
5. Recordable Work-related Injuries do not include work-related injuries resulting from commuting to and from work.



## Chemical Management (Restricted Substances Management / Training)

From procurement to production, and through to the disposal of chemical waste, the Company systematically manages chemicals and is committed to reducing the use of hazardous substances, fulfilling its corporate social responsibility while ensuring employee safety when handling chemicals and minimizing environmental harm.

To achieve such, the Company has formulated the “Management Guidelines for Chemical Operation,” outlining clear procedures for chemical purchasing, storage, use, and disposal. These guidelines serve as operational standards for all employees, ensuring their safety, protecting equipment, reducing environmental pollution risks, and lowering waste treatment costs.

Furthermore, to help employees avoid accidents during operations, protect the environment, safeguard their health, and strengthen their awareness of hazards and protective measures, the Company conducts training drills to instill hazard awareness and essential occupational safety and health knowledge for disaster prevention.

Training and Drill Content Includes:

© Promotion of the Restricted Substances List. © Understanding SDS (Safety Data Sheets) and hazard labeling. © Proper use of chemicals and PPE (Personal Protective Equipment). © Emergency response procedures and various drills.



Chemical Spill Drill



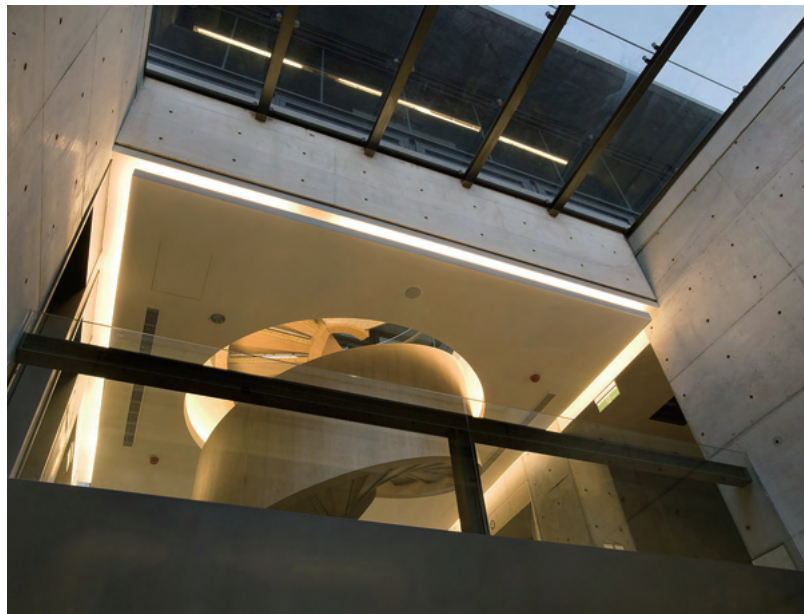


## Social Welfare and Participation

LI CHENG upholds the philosophy of “taking from society and giving back to society.” The Company’s existence and development depend on the support and cooperation of the broader community. To fulfill its corporate social responsibilities and achieve sustainable management, LI CHENG consistently engages in public welfare, community initiatives, and environmental protection efforts as part of its commitment to giving back to society.

Since the Company’s main operations are carried out internally, and its production plants are located in industrial zones with complete environmental protection equipment and systems, its operations pose no negative impact on the local community.

In 2024, LI CHENG provided support and donations to several social welfare organizations, including Yi Xin Children’s Home, World Peace Association Yunlin Chapter, and Genesis Social Welfare Foundation’s Care Centers for People in a Vegetative State, continuing its long-term care for vulnerable groups.



Yi Xin Children's Home  
Certificate of Appreciation

★112年服務績效★

全台17所清寒植物人安養院、3處分會，前後安養2,744位植物人，歷年到宅服務13,842位植物人及重度臥床老人，減輕超過16,000多個家庭負擔。

「植愛」

植物人照護是一條漫長而艱辛的路，創世提供專業照護，也邀請您植下愛的種子，溫暖每個傷心的植物人家庭。

救一個植物人  
等於救一個家庭

★[新建第18家-花蓮分院]

花蓮地區目前有1,061位植物人及重度失能者，為紓解這些家庭困境，籌建創世花蓮分院，預計服務90床，落實「在地安養」。

郵撥22322998(備註:愛回來)  
電話:(05)537-7855 撐舟小組

財團法人  
創世社會福利基金會  
雲林縣斗六市公正街39號

電話: 05-5377855 傳真: 05-5377822  
郵撥: 22322998 戶名: 創世基金會(簡稱)  
網址: <http://www.genesis.org.tw>

640  
雲林縣斗六市斗工十二路5號

利勤實業股份有限公司 君

附言:

謝卡(收據)

其實您也能諒解  
我雖有口  
卻不能說一聲謝謝  
—植物人—

衛部教字第1121364733號

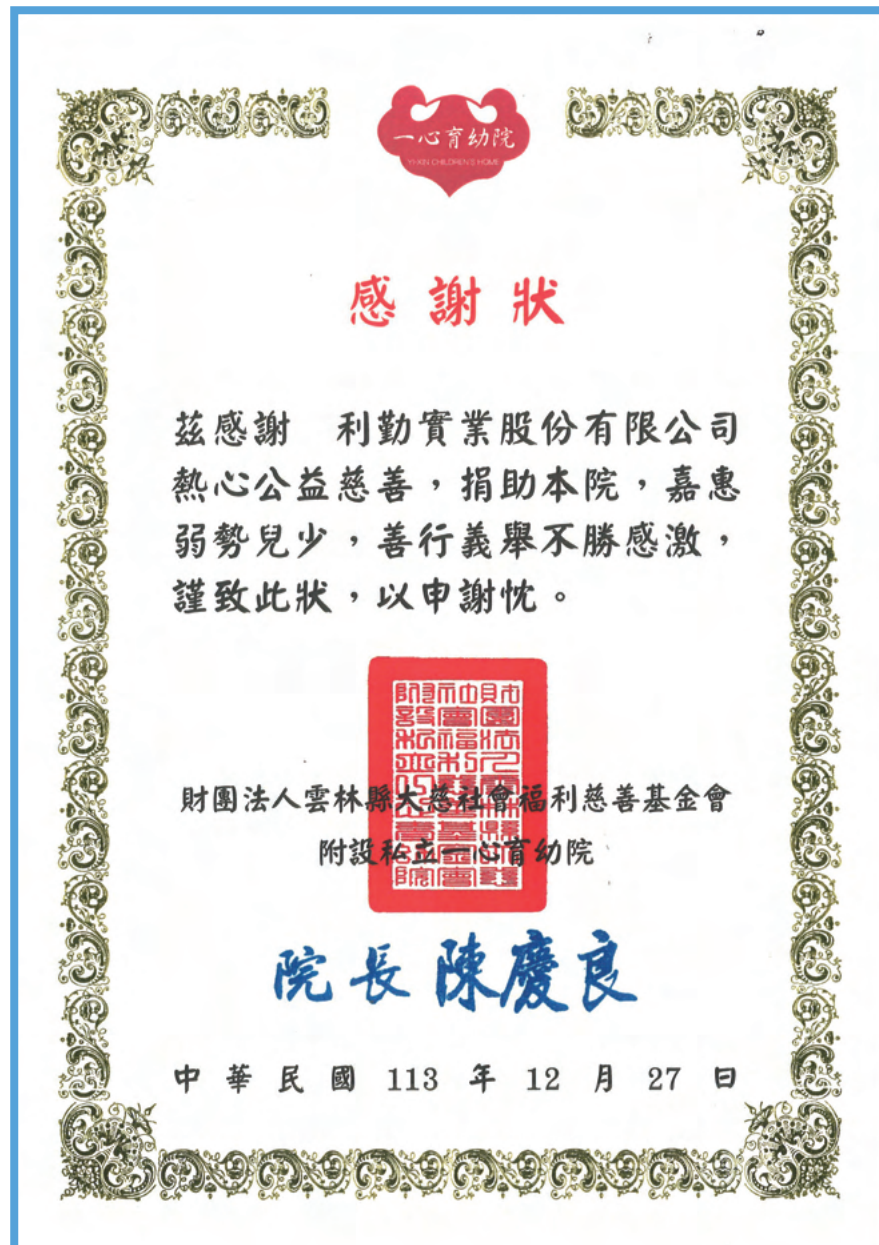
政府立案文件:  
財團法人登記證書: 台北地方法院登記簿第五四冊第廿五頁第一二九一號  
原係台北市社會局核准設立: 77年6月3日北市社三字18935號  
現為內政部改隸衛生福利部核准設立: 83年2月16日台(83)內社字第8378535號  
台北市國稅局扣繳單統一編號00969129(捐贈善款可減免所得稅)

財團法人創世社會福利基金會捐助收據

捐助人	利勤實業股份有限公司						
編號	1364001002994	日期	2024/12/27	方式	現金	用途	植愛-寒士吃飽30
住址	雲林縣斗六市斗工十二路5號						
金額	新台幣參萬元整 (NT\$30,000)						
統編	16229261						

董事長: 會計: 孫雅萍 出納: 沈玉嫻





Genesis Foundation Care Center for People in a Vegetative State Certificate of Appreciation

## Love Red Envelope Tree Campaign

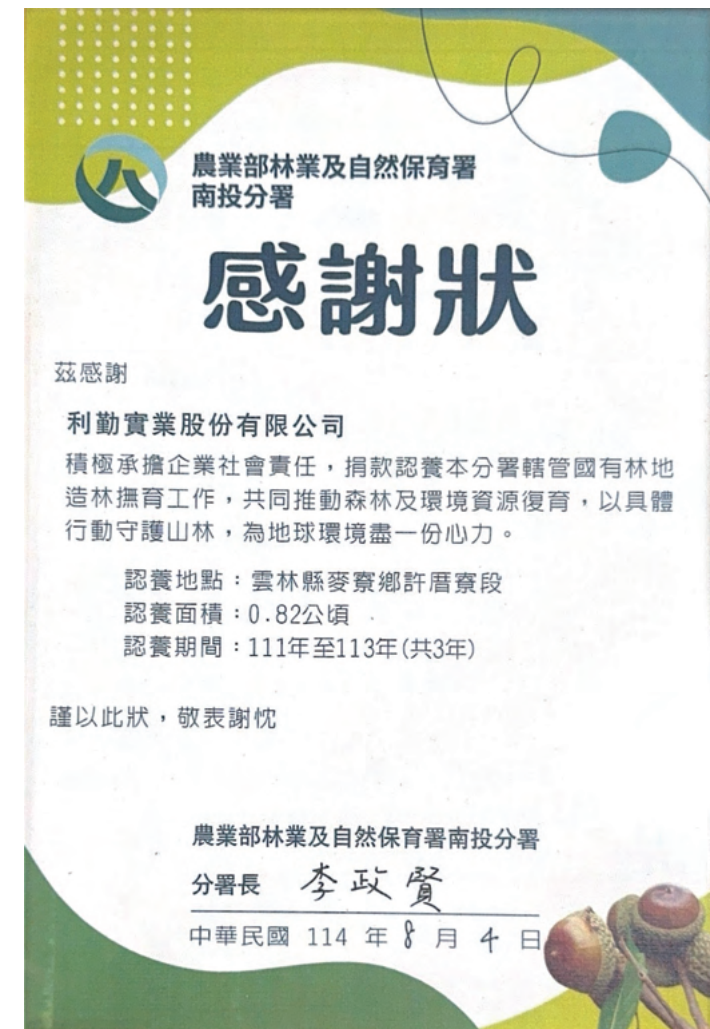
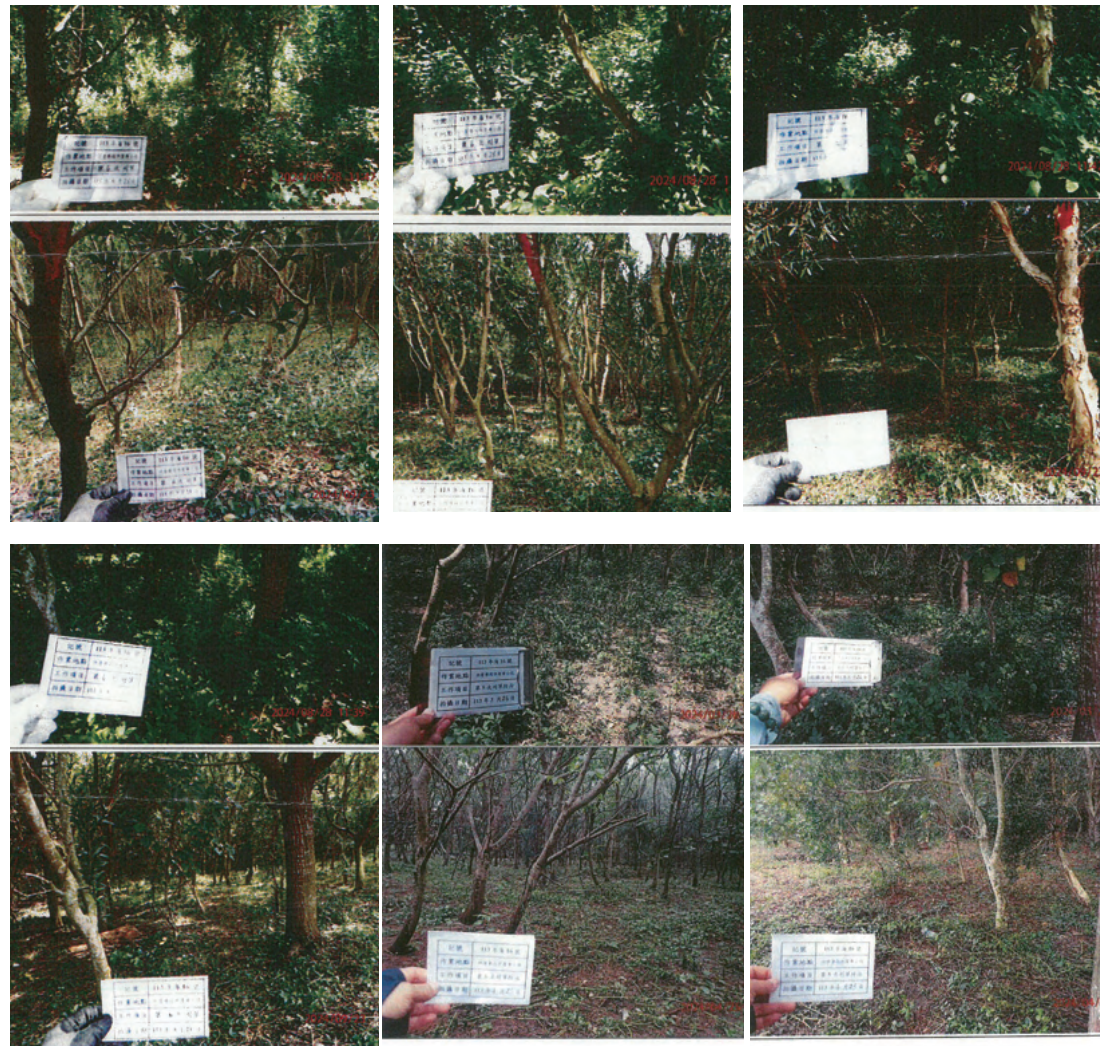
In support of the “Love Red Envelope Tree” charity campaign initiated by the World Peace Association, LI CHENG invited employees to donate red envelopes or receipts, delivering Lunar New Year blessings and tangible support to children from poor families. This initiative not only brought warmth and hope to these children but also strengthened LI CHENG’s internal culture of giving, enhanced employees’ awareness of social participation, and expanded the Company’s charitable impact.





## Environmentally Friendly Activities

Since 2022, LI CHENG has actively participated in tree-planting projects in Mailiao Township, Yunlin County, cultivating native and coastal species such as Horsetail Trees, Hibiscus, Beach naupaka, Formosa acacia, Paperbarks (Melaleuca), and Chinaberry trees. In 2024, the planting area reached 0.82 hectares with over 2,700 trees planted.

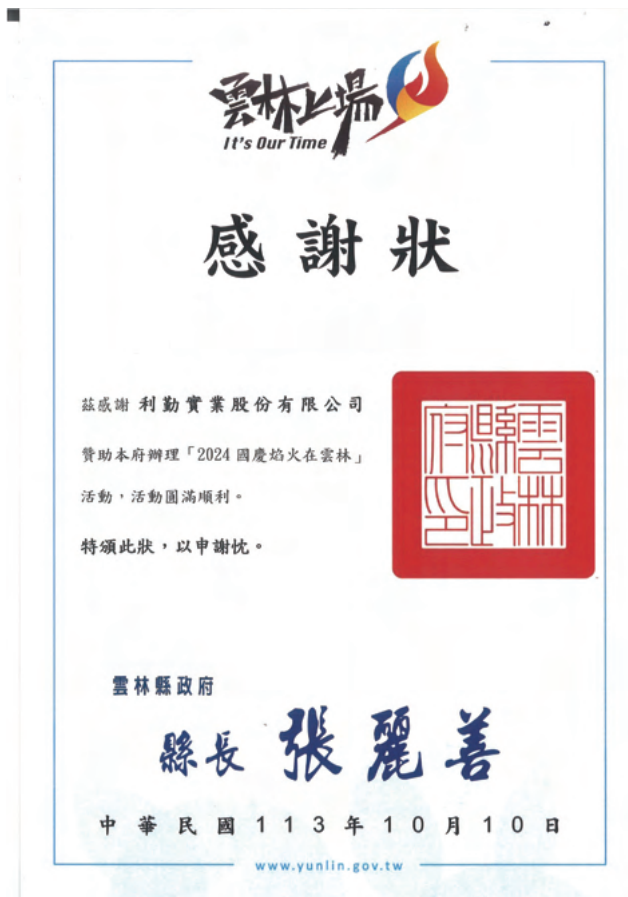




## Public Event – National Day Fireworks in Yunlin

To fulfill its corporate social responsibility and promote local cultural development, LI CHENG sponsored the 2024 National Day Fireworks in Yunlin event, supporting this national-level celebration. By participating in public events, LI CHENG strengthened its collaboration with the government and community, demonstrating its commitment to promoting local culture and social connection. Guided by the principle of mutual good and prosperity, LI CHENG will continue to invest in community development and cultural sustainability through various initiatives.

Note: This event was coordinated by government agencies and conducted in compliance with relevant safety and environmental regulations.





The background of the slide features a large, semi-transparent image of a building with a glass facade. Overlaid on this is a prominent red mesh pattern that appears to be a close-up of a woven fabric or a digital grid. The mesh is darker in some areas and lighter in others, creating a sense of depth and texture. The overall color scheme is dominated by purples, reds, and greys.

# CHAPTER 6

## Appendices





## Appendix 1: GRI SUSTAINABILITY REPORTING STANDARDS (GRI STANDARDS) CONTENT INDEX

Statement of Use	LI CHENG ENTERPRISE CO., LTD. reports in accordance with the GRI Standards for the period from January 1, 2024, to December 31, 2024, referencing the information cited in the GRI Content Index.
Use of GRI 1	GRI 1: Foundation 2021
Applicable GRI Sector Standard	N/A

GSI Standard Type/Topic	No.	GRI Disclosure	Corresponding Chapter	Page	Remarks
1.Organization and Reporting Practices					
GRI 2 General Disclosure 2021	2-1	Organizational details	About LI CHENG ENTERPRISE	30	
	2-2	Entities included in the organization's sustainability reporting	Principles for the Preparation of this Report	5	
	2-3	Reporting period, frequency and contact point	Principles for the Preparation of this Report	5	
	2-4	Restatements of information	Principles for the Preparation of this Report	5	
	2-5	External assurance	Principles for the Preparation of this Report	5	
2.Activities and Workers					
GRI 2 General Disclosure 2021	2-6	Activities, value chain and other business relationships	About LI CHENG ENTERPRISE	30	
	2-7	Employees	Human Resources Management	52	
	2-8	Workers who are not employees	LI CHENG Partners Framework	51	
3. Governance					



GRI 2 General Disclosure 2021	2-9	Governance structure and composition	Corporate Governance Framework	12	
	2-10	Nomination and selection of the highest governance body	Corporate Governance Framework	12	
	2-11	Chair of the highest governance body	About Board of Directors	13	
	2-12	Role of the highest governance body in overseeing the management of impacts	About Board of Directors	13	
	2-13	Delegation of responsibility for managing impacts	About Board of Directors	13	
	2-14	Role of the highest governance body in sustainability reporting	About Board of Directors	13	
	2-15	Conflicts of interest	About Functional Committees	16	
	2-16	Communication of critical concerns	About Functional Committees	16	
	2-17	Collective knowledge of the highest governance body	About Functional Committees	16	
	2-18	Evaluation of the performance of the highest governance body	About Functional Committees	16	
	2-19	Remuneration policies	About Functional Committees	16	
	2-20	Process to determine remuneration	About Functional Committees	16	
	2-21	Annual total compensation ratio	About Functional Committees	16	
4.Strategy, Policies, and Practices					
GRI 2 General Disclosure 2021	2-22	Statement on sustainable development	Words from the Management	8	
	2-23	strategy	Words from the Management	8	
	2-24	Policy commitments	Words from the Management	8	
	2-25	Embedding policy commitments	Words from the Management	8	
	2-26	Processes to remediate negative impacts	Grievance and Whistleblowing System	36	
	2-27	Mechanisms for seeking advice and raising concerns	Grievance and Whistleblowing System	36	
	2-28	Compliance with laws and regulations	Participation in Key Industry Associations and Advocacy Organizations	14	
5.Stakeholder Engagement					
GRI 2 General Disclosure 2021	2-29	Approach to stakeholder engagement	Stakeholders Identification and Communications	24	
	2-30	Collective bargaining agreements	LI CHENG Partners Framework	50	



GSI Standard Type/Topic	No.	GRI Disclosure	Corresponding Chapter	Page	Remarks
Specific Topic Standards: 200 Series (Economic Topics)					
Economic Performance	201-1	Direct economic value generated and distributed	About LI CHENG ENTERPRISE	30	
GRI 201 Economic Performance Topic Disclosures 2016	201-2	Financial implications and other risks and opportunities due to climate change	GHG Emission	48	
	201-3	Defined benefit plan obligations and	Salary and Benefits, and Employee Well-being	67	
	201-4	other retirement plans	Not Applicable		
Market Presence					
GRI 202 Market Presence Topic Disclosures 2016	201-1	Ratios of standard entry level wage by gender compared to local minimum wage	Not Applicable		
	201-2	Proportion of senior management hired from the local community	LI CHENG Partners Framework	51	
Indirect Economic Impacts					
RI203 Indirect Economic Impacts Topic Disclosures 2016	203-1	Infrastructure investments and services supported	Social Welfare and Participation	88	
	203-2	Significant indirect economic impacts	Social Welfare and Participation	88	
Procurement Practices					
GRI204 Procurement Practices Topic Disclosures 2016	204-1	Proportion of spending on local suppliers	Not Applicable		
Anti-corruption					
GRI205 Anti-corruption Topic Disclosures 2016	205-1	Operations assessed for risks related to corruption	Regulations and Risks Control	34	
	205-2	Communication and training about anti-corruption policies and procedures	Regulations and Risks Control	34	
	205-3	Confirmed incidents of corruption and actions taken	Regulations and Risks Control	34	
Anti-competitive Behavior					
GRI206 Anti-competitive Behavior Topic Disclosures 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not Applicable		



Tax					
GRI207 Tax Topic Management Disclosures 2019	207-1	Approach to tax	Sustainable Management	29	
	207-2	Tax governance, control, and risk management	Regulations and Risks Control	34	
	207-3	Stakeholder engagement and management of concerns related to tax	Sustainable Management	29	
	207-4	Country-by-country reporting	Not Applicable		

GSI Standard Type/Topic	No.	GRI Disclosure	Corresponding Chapter	Page	Remarks
Specific Topic Standards: 300 Series (Environmental Topics)					
Energy					
GRI 302 Energy Topic Disclosures 2016	302-1	Energy consumption within the organization	Energy and Water Resources	42	
	302-2	Energy consumption outside of the organization	Energy and Water Resources	42	
	302-3	Energy intensity	Energy and Water Resources	42	
	302-4	Reduction of energy consumption	Striving for Excellence	39	
	302-5	Reductions in energy requirements of products and services	Striving for Excellence	39	
Water and Effluents					
GRI 303 Water and Effluents Topic Disclosures 2018	303-1	Interactions with water as a shared resource	Energy and Water Resources	42	
	303-2	Management of water discharge related impacts	Energy and Water Resources	42	
	303-3	Water withdrawal	Energy and Water Resources	42	
	303-4	Water discharge	Energy and Water Resources	42	





Biodiversity					
GRI 304 Biodiversity Topic Disclosures 2018	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Applicable		
	304-2	Significant impacts of activities, products and services on biodiversity	Not Applicable		
	304-3	Habitats protected or restored	Social Welfare and Participation	88	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Applicable		
Waste					
GRI 306 Waste Topic Management Disclosures 2020	306-1	Waste generation and significant waste-related impacts	Wastes	45	
	306-2	Management of significant waste-related impacts	Wastes	45	
GRI 306 Waste Topic Management Disclosures 2020	306-3	Waste generated	Wastes	45	
	306-4	Waste diverted from disposal	Wastes	45	
	306-5	Waste directed to disposal	Wastes	45	
GRI 306 Effluents and Waste Topic Disclosures 2016	306-3	Significant spills	Not Applicable		

GSI Standard Type/Topic	No.	GRI Disclosure	Corresponding Chapter	Page	Remarks
Specific Topic Standards: 400 Series (Social Topics)					
Diversity and Equal Opportunity					
GRI 405 Diversity and Equal Opportunity Topic Disclosures 2016	405-1	Diversity of governance bodies and employees	LI CHENG Partners Framework	51	
	405-2	Ratio of basic salary and remuneration of women to men	Not Applicable		
Non-discrimination					
GRI 406 Non-discrimination Topic Disclosures 2016	406-1	Incidents of discrimination and corrective actions taken	Regulations and Risks Control	34	
Freedom of Association and Collective Bargaining					



GRI 407 Freedom of Association and Collective Bargaining Topic Disclosures 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable		
Child Labor					
GRI 408 Child Labor Topic Disclosures 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Not Applicable		
Forced or Compulsory Labor					
GRI 409 Forced or Compulsory Labor Topic Disclosures 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not Applicable		
Security Practices					
GRI 410 Security Practices Topic Disclosures 2016	410-1	Security personnel trained in human rights policies or procedures	Not Applicable		
Rights of Indigenous Peoples					
GRI 411 Rights of Indigenous Peoples Topic Disclosures 2016	411-1	Incidents of violations involving rights of indigenous peoples	Not Applicable		
Local Communities					
GRI 413 Local Communities Topic Disclosures 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Not Applicable		
	413-2	Operations with significant actual and potential negative impacts on local communities			
Public Policy					
GRI 415 Public Policy Topic Disclosures 2016	415-1	Political contributions	Not Applicable		
Customer Privacy					
GRI 418 Customer Privacy Topic Disclosures 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not Applicable		



## Material Topic Disclosures

GRI No.	Issue	Sector Standard No.	No.	GRI Standard Disclosure	Corresponding Chapter	Page	Omitted/ Remarks
GRI 3: Material Topic 2021	Management Approach	-	3-1	Process to determine material topics	About Functional Committees	16	
GRI 3: Material Topic 2021	Management Approach	-	3-2	List of material topics	Not Applicable		
Material Topic: Product Chemicals Management & Occupational Safety and Health (Occupational Safety and Health GRI 403)							
GRI 3: Material Topic 2021	Product Chemicals Management & Occupational Safety and Health Management Approach	-	3-3	Management of material topics	Friendly Society	49	
GRI 403	Occupational Safety and Health Topic Management Disclosures 2018	-	403-1	Occupational health and safety management system	Workplace Health and Safety	80	
			403-2	Hazard identification, risk assessment, and incident investigation	Workplace Health and Safety	80	
			403-3	Occupational health services	Workplace Health and Safety	80	
			403-4	Worker participation, consultation, and communication on	Workplace Health and Safety	80	
			403-5	occupational health and safety	Workplace Health and Safety	80	
			403-6	Worker training on occupational health and safety	Workplace Health and Safety	80	
			403-7	Promotion of worker health	Workplace Health and Safety	80	
	Occupational Safety and Health Topic Disclosures 2018		403-8	Prevention and mitigation of occupational health and safety	Workplace Health and Safety	80	
			403-9	impacts directly linked by business relationships	Workplace Health and Safety	80	
			403-10	Workers covered by an occupational health and safety	Workplace Health and Safety	80	
Material Topic: Risk Management							
GRI 3 Material Topics 2021	Risk Management Management Approach		3-3	Management of material topics	Regulations and Risks Control	34	
Material Topic: Emissions (Emissions GRI 305)							
GRI 3 Material Topics 2021	Emissions Management Approach		3-3	Management of material topics	Striving for Excellence	39	



GRI 305	Emissions Topic Disclosures 2016		305-1	Direct (Scope 1) GHG emissions	GHG Emission	48	
			305-2	Energy indirect (Scope 2) GHG emissions	GHG Emission	48	
			305-3	Other indirect (Scope 3) GHG emissions	GHG Emission	48	
			305-4	GHG emissions intensity	GHG Emission	48	
			305-5	Reduction of GHG emissions	GHG Emission	48	
			305-6	Emissions of ozone-depleting substances (ODS)	GHG Emission	48	
			305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	GHG Emission	48	
Material Topic: Customer Health and Safety & Marketing and Labeling (Customer Health and Safety GRI416, Marketing and Labeling GRI 417)							
GRI 3 Material Topics 2021	Customer Health and Safety & Marketing and Labeling Management Approach		3-3	Management of material topics	Sustainable Management	29	
GRI 416	Customer Health and Safety Topic Disclosures 2016		416-1	Assessment of the health and safety impacts of product and service categories	Sustainable Management	29	
			416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Regulations and Risks Control	34	
GRI 417	Marketing and Labeling Topic Disclosures 2016		417-1	Requirements for product and service information and labeling	Regulations and Risks Control	34	
			417-2	Incidents of non-compliance concerning product and service information and labeling	Regulations and Risks Control	34	
			417-3	Incidents of non-compliance concerning marketing communications	Regulations and Risks Control	34	
Material Topic: Materials (GRI 301)							
GRI 3: Material Topics 2021	Materials Management Approach		3-3	Management of material topics	Striving for Excellence	39	
GRI 301	Materials Topic Disclosures 2016		301-1	Materials used by weight or volume	Wastes	47	
			301-2	Recycled input materials used	Wastes	47	
			301-3	Reclaimed products and their packaging materials	Wastes	47	





Material Topic: Supplier Environmental Assessment & Supplier Social Assessment (Supplier Environmental Assessment GRI 308, Supplier Social Assessment GRI414)							
GRI 3: Material Topics 2021	Supplier Environmental Assessment & Supplier Social Assessment Management Approach		3-3	Management of material topics	Not Applicable		
	Supplier Environmental Assessment Topic Disclosures 2016		308-1	New suppliers that were screened using environmental criteria	Not Applicable		
			308-2	Negative environmental impacts in the supply chain and actions taken	Not Applicable		
	Supplier Social Assessment Topic Disclosures 2016		414-1	New suppliers that were screened using social criteria	Not Applicable		
			414-2	Negative social impacts in the supply chain and actions taken	Not Applicable		
Material Topic: Employment, Labor/Management Relations & Training and Education (Employment GRI 401, Labor/Management Relations GRI 402, Training and Education GRI 404)							
GRI 3: Material Topic 2021	Employment, Labor/Management Relations & Training and Education Management Approach		3-3	Management of material topics	Friendly Society	50	
GRI 401	Employment Topic Disclosures 2016		401-1	New employee hires and employee turnover	LI CHENG Partners Framework	51	
			401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	LI CHENG Partners Framework	51	
			401-3	Parental leave	LI CHENG Partners Framework	51	
GRI 402	Labor/Management Relations Topic Disclosures 2016		402-1	Minimum notice periods regarding operational changes	LI CHENG Partners Framework	51	
GRI 404	Training and Education Topic Disclosures 2016		404-1	Average hours of training per year per employee	LI CHENG Partners Framework	51	
			404-2	Programs for upgrading employee skills and transition assistance programs	LI CHENG Partners Framework	51	
			404-3	Percentage of employees receiving regular performance and career development reviews	LI CHENG Partners Framework	51	

## Appendix 2: SASB Standards Content Index

Sector: APPAREL, ACCESSORIES & FOOTWEAR					
Disclosure Topic	Metric No. (SASB Code)	Disclosure Metric	Nature	Corresponding Chapter in this Report	Page
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Description & Analysis	Energy and Water Resources	42
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in product	Description & Analysis	Energy and Water Resources	42
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of Tier 1 supplier facilities and supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	Quantification	Not Applicable	
	CG-AA-430a.2	Percentage of Tier 1 supplier facilities and supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantification	Not Applicable	
Labor Conditions in the Supply Chain	CG-AA-430b.1	Percentage of Tier 1 supplier facilities and supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, percentage of total audits conducted by a third-party auditor	Quantification	Not Applicable	
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantification	Not Applicable	
	CG-AA-430b.3	Description of the greatest labor and environmental, health, and safety risks in the supply chain	Description & Analysis	Not Applicable	
Raw Materials Sourcing	CG-AA-440a.1	Description of environmental and social risks associated with sourcing priority raw materials	Description & Analysis	Not Applicable	
	CG-AA-440a.2	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	Quantification	Not Applicable	
N / A	CG-AA-000.A	Number of Tier 1 suppliers and suppliers beyond Tier 1	Quantification	Not Applicable	



## Appendix 3: Comparison Table for TWSE/TPEX Listed Companies' Climate Information Mandated by Taiwan Stock Exchange

Risks and Opportunities Posed by Climate Change to the Company and Related Response Measures	Corresponding Chapter in this Report	Page
1. Describe the oversight and governance by the Board of Directors and management regarding climate-related risks and opportunities.	Regulations and Risks Control	34
2. Describe how the identified climate-related risks and opportunities impact the Company's business, strategy, and financial planning over the short, medium, and long term.	Regulations and Risks Control	34
3. Describe how extreme climate events and transition-related actions affect the Company's financial performance.	Regulations and Risks Control	34
4. Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management framework.	Regulations and Risks Control	34
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and key financial impacts used should be disclosed.	Regulations and Risks Control	34
6. If there is a transition plan in place to manage climate-related risks, describe the content of the plan, as well as the indicators and targets used to identify and manage both physical and transition risks.	Regulations and Risks Control	34
7. If internal carbon pricing is used as a planning tool, the basis for determining the price should be disclosed.	Not Applicable	
8. If climate-related targets have been set, information should be provided on the activities covered, the scopes of greenhouse gas emissions, the target timeframe, and the annual progress toward achieving the targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these targets, the source and amount of carbon reductions offset, or the number of RECs used, should also be disclosed.	Energy and Water Resources	42
9. Greenhouse gas inventory and assurance status.	Energy and Water Resources	42