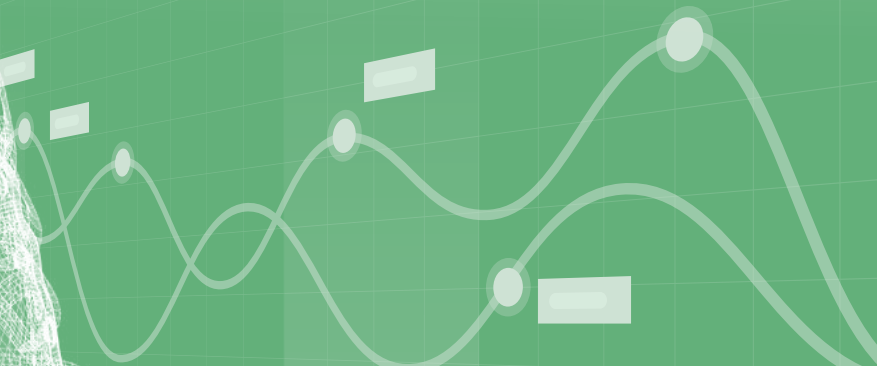
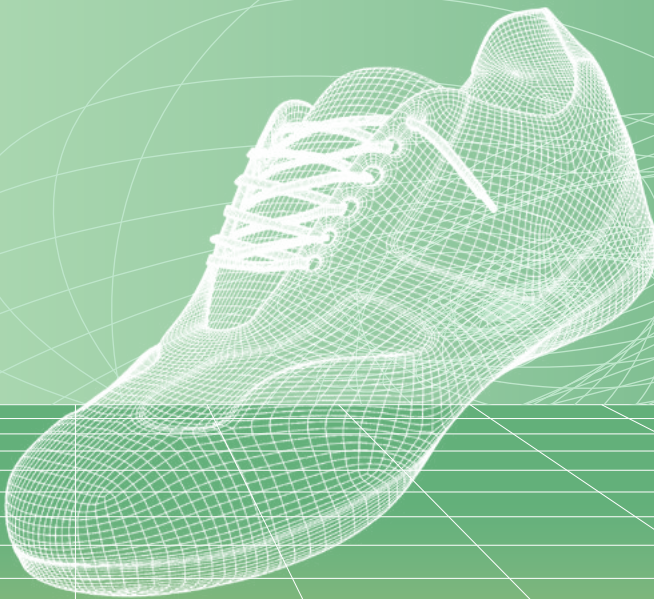


E S G



來億興業  
Since 1987



2024  
永續報告書  
Sustainability Report

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## About This Report GRI 2-2 、 2-3 、 2-5

### ● Writing Guidelines and Standards

This report is the first sustainability report issued by LAI YIH FOOTWEAR CO., LTD (hereinafter referred to as "the Company" or "LAI YIH"), primarily compiled using the GRI Standards 2021 published by the Global Reporting Initiative (GRI) in 2021, and referencing "Climate-related Information for Listed Companies" and the "Task Force on Climate related Financial Disclosures (TCFD)" framework to disclose sustainability-related practices.

### ● Reporting Scope

The information disclosure in this report is inconsistent with the scope of the consolidated financial statements. The report scope only covers LAI YIH's Taiwan headquarters and overseas regional operating subsidiaries, but does not include holding companies, trading companies, and other affiliated enterprises (hereinafter referred to as "the Group" or "LAI YIH Group"). If the disclosure scope in each chapter differs from the aforementioned, it will be explained separately in each chapter. For specific scope, please refer to "[About LAI YIH – Group Investment Structure](#)."

For detailed information about affiliated enterprises, please refer to LAI YIH's 2024 Annual Report to Shareholders. During this reporting period, the Indonesian operation officially began operations, so data collection from the Indonesian facility started in 2024. The scale, structure, ownership, and supply chain of other organizations did not experience any significant changes. All data and statistical figures disclosed in this report, except for annual financial data which are cited from audited financial reports (in thousands of New Taiwan dollars), are compiled by the Group itself. All statistical data are expressed based on internationally accepted indicators, local regulatory requirements, industry standards, or industry practices. When disclosed quantitative indicators contain special meanings, they will be explained through annotations.

### ● Reporting Period

The data and content disclosed in this report are primarily based on 2024 data (January 1, 2024 to December 31, 2024). For completeness and comparability of information, some data will be traced back to 2022 or extended to 2025 to present relevant trends and changes.

### ● Report Management Process and Publication

This report is the first sustainability report issued by LAI YIH Group. In the future, this report will be published annually and made available in the ESG section of LAI YIH's website (<https://www.laiyih.com>) and on the Market Observation Post System for all stakeholders interested in LAI YIH's sustainability practices.

Current report publication date: August 2025

Next report scheduled publication date: August 2026

### ● Report Assurance

This report was commissioned to PricewaterhouseCoopers Taiwan to perform limited assurance on selected indicators in accordance with the Republic of China Assurance Standards Statement No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information." The accountant's limited assurance report is attached in [Appendix 4](#) of this report.

### ● Feedback

If you have any suggestions or questions regarding the "LAI YIH Sustainability Report" or our company's corporate social responsibility practices, please feel free to contact us through the following methods. To fulfill our corporate information disclosure responsibilities, this report has been published on our official website for easy reference.

Responsible Department: Sustainability Development Department

Email Address: [laiyihESG@laiyih.com.tw](mailto:laiyihESG@laiyih.com.tw)

Contact Phone: +886-4-25688746

ESG Website: <https://en.laiyih.com/>

Contact Address: No. 13, Lane 370, Section 4, Yatan Road, Daya District, Taichung City





## Message from Management GRI 2-22

Throughout our journey, LAI YIH has always adhered to the core philosophy of "IN US, YOU TRUST," continuously pursuing excellence in quality and innovative technology to provide customers with safe, reliable, and high-quality products. With years of deep-rooted experience and flexible market response strategies, we continue to adjust and expand our global presence to meet the growing market demands. To date, we have established solid production bases in Asia and built long-term cooperative relationships with numerous international brand customers. During the company's development process, we have gradually realized that our long-term growth is complementary to various stakeholders and the overall advancement of society. Furthermore, the survival of all human life is closely tied to the preservation of the Earth's environment. Therefore, we have positioned sustainable management as our core and developed outward with business strategies of "people-oriented," "safe production," "pursuit of excellence," and "green factory," committed to creating a sustainable enterprise with long-term development that gives all stakeholders peace of mind.

### People-Oriented, Pursuing Excellence

The business that LAI YIH operates is manufacturing shoes for brand customers, with a marketing network spanning the globe. This is an industry highly relevant to people's daily lives, and our products may reach end users across all levels of society, while the company's operations and growth heavily depend on the dedication of our colleagues and the favor of our customers. Therefore, we integrate the principle of "people-oriented" into our business strategy, starting from the perspective of "people," focusing on creating safe, reliable, and high-quality products for all consumers, and actively providing excellent service to customers, while striving to create a safe, inclusive work environment that encourages continuous employee learning. We hope to continuously strengthen relationships with all stakeholders based on mutual trust, working together to achieve excellence and realize win-win outcomes.

### Green Factory, Creating the Future Together

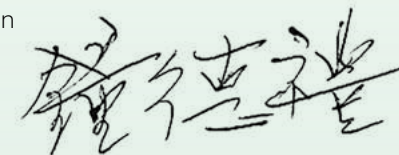
Facing challenges from natural environmental issues such as climate change, LAI YIH stands firmly with all of humanity. In recent years, we have continuously explored ways to integrate environmental sustainability concepts into company operations. Currently, we have established carbon reduction as one of our important goals, set Science Based Targets, and actively promote green production, primarily through optimizing energy and resource efficiency and introducing green electricity to implement emission reduction goals, including the widespread application of renewable energy and energy-saving technologies in production facilities.

At this stage, LAI YIH mainly focuses on establishing low-carbon production models, but in the future, we will also invest more effort in the use of circular materials and expect more exploration in circular economy projects. In the future, we will continue to explore various possibilities, face environmental challenges with a responsible attitude, and hope to find sustainable development models for the footwear industry and the broader business world.

### Moving Forward Together, Achieving Sustainability

In our sustainability journey, we always maintain a responsible attitude, actively building solid and long-term relationships with brand partners, suppliers, and all stakeholders, working together to explore paths for long-term development, ensuring that every step moves toward a sustainable future to achieve common sustainability goals. We believe that collaborative cooperation can create long-term development and lasting value, and this is also the best way to meet future opportunities and challenges. We will walk alongside all stakeholders to create a sustainable future.

Chairman



# IN US, YOU TRUST

## Sustainability Highlights and Performance

### E

#### Environmental Sustainability

3 production sites have ISO 14001 Environmental Management System certification

1 production site has ISO 50001 Energy Management System certification

4 production sites have obtained Higg Index FEM 4.0 verification

Responded to CDP Climate Change Questionnaire

Expanded energy and greenhouse gas data collection scope

5 production sites have installed solar energy systems and use green electricity

Science Based Targets have been established

No environmental violations or non-compliance notifications received

100% compliance with hazardous chemical substance zero discharge regulations

Waste recycling or reuse rate reaches 35%

Water resource recycling and reuse rate has reached 30% for the past three years

Water withdrawal intensity reduced by 12% compared to 2023



### S

#### Social Responsibility

Female management ratio reaches 57.94%

Proportion of local nationals employed as management: Vietnam 91.13%, Indonesia 77.20%

Employment of indigenous/ethnic minorities and people with disabilities as employees, accounting for approximately 3.23% and 0.16% of total group employees respectively

2024 group-wide education and training averaged 18.14 hours per person

No complaints or reports of discrimination or unfair treatment received this year, and no incidents or complaints of child labor or forced/compulsory labor occurred or were received

Various employee benefits provided to employees, regular donations and activities organized, actively assisting disadvantaged employee families, including donation of 30 "Love Houses" to employees from impoverished backgrounds in 2024

100% of security personnel received human rights policy education and training this year

Labor representative seats in occupational safety and health dedicated units at production sites account for nearly 50% or more

Taiwan headquarters has not received any occupational accident incident reports in the past three years

Provides at least one routine health checkup annually, and provides gynecological examinations for female employees

Cumulative charitable donations in 2024 reached NT\$5,159,800

Organized ESG activities including: supporting hospital institution free kitchens, reducing employee cafeteria food waste to donate to orphanages, donating aid to typhoon-affected disaster areas, organizing employee blood donation activities, beach cleanup activities, sports events, etc., to promote ESG knowledge among employees



### G

#### Corporate Governance

Consolidated operating revenue reached NT\$37.69 billion, an increase of 35% compared to the previous year

Average personal attendance rate of Board of Directors, Audit Committee, and Compensation Committee members all reached over 90%

No corruption cases reported this year, no major fines or non-monetary violation sanctions occurred

No violations of health and safety regulations related to products and services, or marketing and labeling regulations occurred

3 major production sites have passed ISO 9001 certification

100% of product materials comply with brand customers' RSL, MRSL, chemical management policies and other regulations

Awarded Global Agile Award at customer supplier conference

LAC TY and TY XUAN received the highest ratings for Human Rights Index and Environmental Index from customers

LAC TY II received the highest Environmental Index rating from customers

YIH QUAN received Quality Gold Medal rating from customers

2024 local procurement product-related and non-product-related expenditure ratios reached 67% and 69% respectively

LAI YIH CDP Supplier Engagement received B- rating





# 1 Sustainable Management

1.1 About LAI YIH

1.2 Operating Performance

1.3 Sustainability Governance Structure

1.4 Development Vision and Management Philosophy

1.5 Material Topic Identification and Analysis

## 1.1 About LAI YIH GRI 2-1、2-6、2-28

### ● Group Introduction

LAI YIH was established in 1987, with its headquarters located in Taichung City, Taiwan. We collaborate with numerous internationally renowned brands, such as Adidas, Converse, HOKA, New Balance, Uniqlo, and others, to professionally produce various types of footwear, including vulcanized shoes, athletic shoes, cold cement shoes, and special function shoes. We continuously innovate technology for self-improvement and have earned the trust and recognition of our customers. As of 2024, we have a total of 10 production bases, including 10 shoe factories and 4 development centers, mainly distributed across Asian regions including China, Vietnam, Indonesia, and Myanmar, with current employee count reaching 60,000 people.

Basic Company Information	
Company Full Name	LAI YIH FOOTWEAR CO., LTD
Corporate Headquarters	No. 13, Lane 370, Section 4, Yatan Road, Daya District, Taichung City
Industry	Footwear Manufacturing Industry
Stock Code	6890
Stock Listing Date	2024/6/12
Capital	NT\$2.494 billion
Main Product Categories	Casual shoes, athletic shoes
Operating Locations	Taiwan, Vietnam, Myanmar, Indonesia

#### Group Mission:

LAI YIH Group upholds  
**"IN US, YOU TRUST."**

When we accomplish our mission, we simultaneously complete our vision, we will not cause problems for others and can take care of others. Create a sustainable production enterprise, foster a sustainable enterprise where both customers and employees can feel at ease.

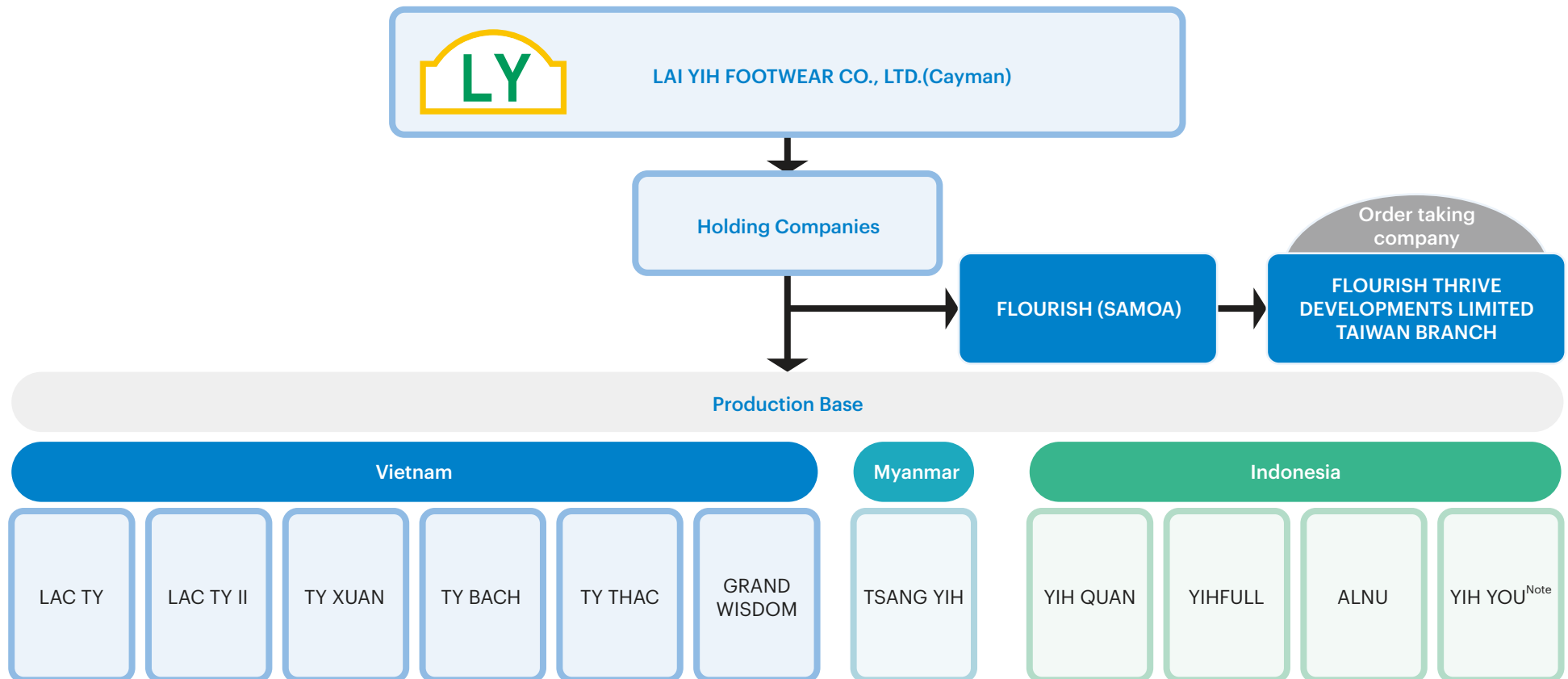
### ▷ Group Development History





## ● Group Investment Structure

To respond to the challenges and opportunities brought by today's rapidly changing business environment, as well as the concept of sustainable development, LAI YIH Group continues to expand production bases overseas in various locations. The Group's investment strategy is not limited to investing capital to expand production, but also combines production strategic thinking and resource integration capabilities. This enables the Group to achieve diversification and reduce operational risks, enhance globalized production operations, overseas markets and customers, to promote enterprise sustainable development and management.

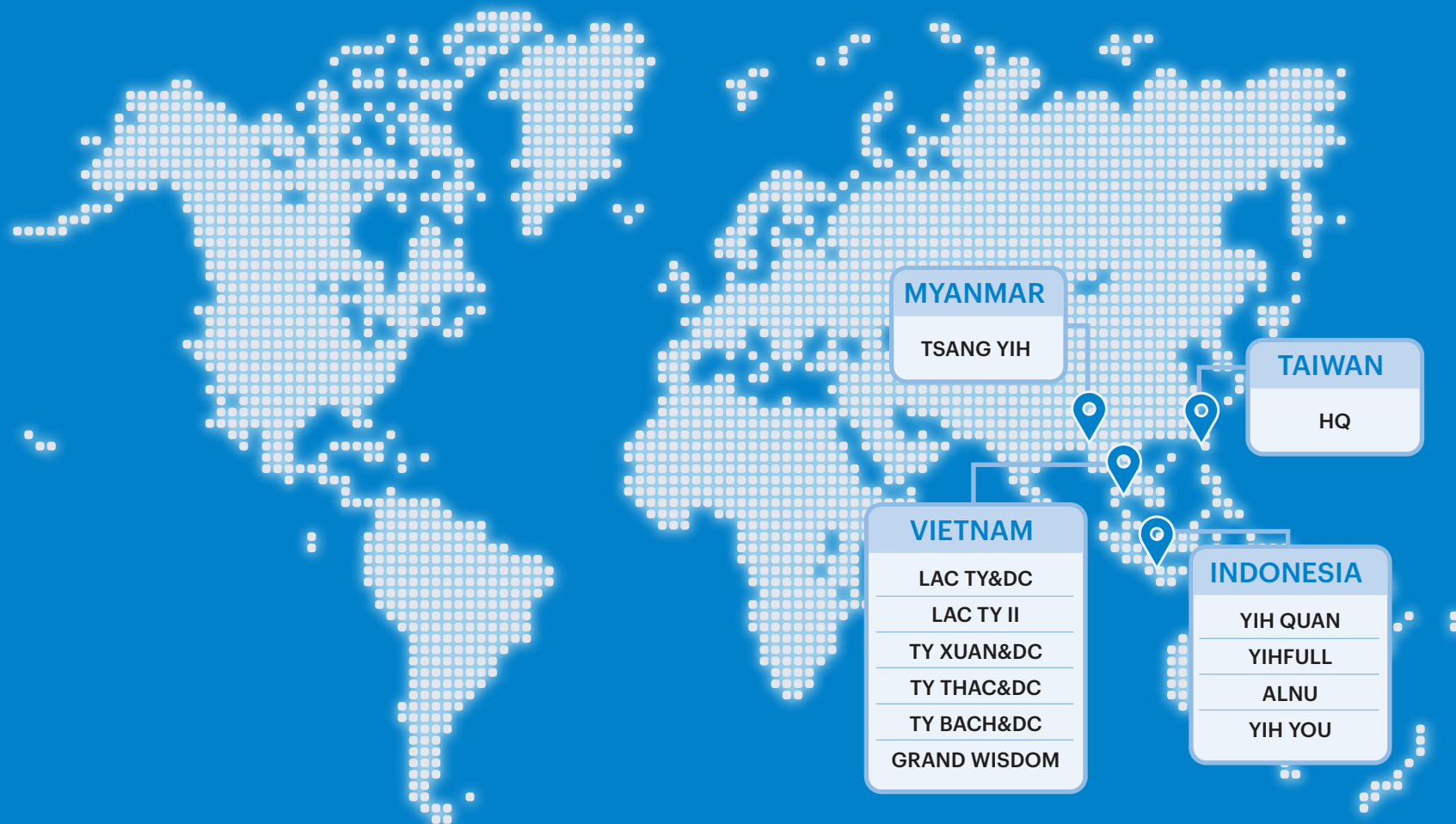


Note: Under construction, not yet officially operational.



## ● Operating Locations

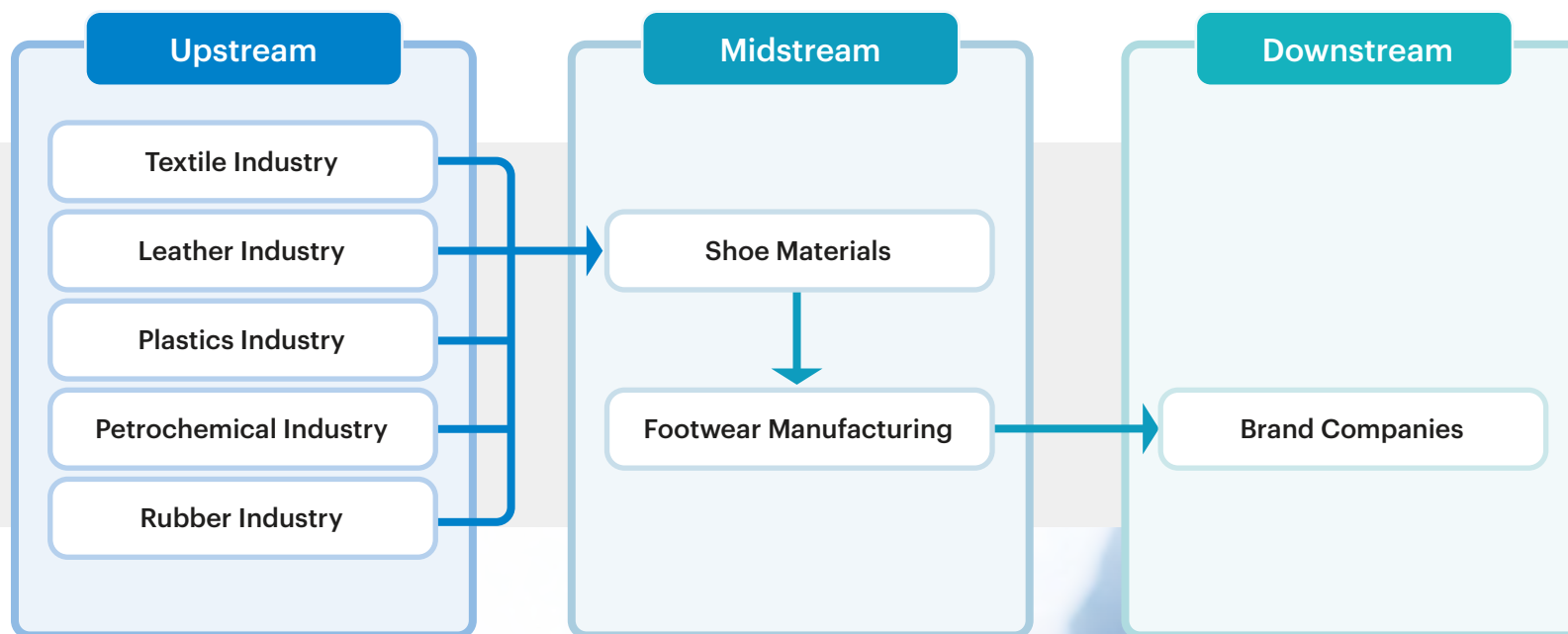
LAI YIH Group actively develops related businesses in the Southeast Asian region to meet production capacity demand. Currently, main production sites and development centers are concentrated in the Vietnam region. In recent years, we have actively expanded business segments in the Indonesia region, and will continue to improve sustainable development in line with market demands in the future.



## ● Industry Value Chain

The business operated by LAI YIH Group is part of the footwear industry value chain. The upstream of this value chain consists of raw material suppliers responsible for supplying raw materials needed for different shoe materials such as textiles, leather, and chemicals. The midstream consists of footwear manufacturers responsible for shoe design development and finished shoe manufacturing. The downstream consists of brand companies responsible for product development and design either independently or jointly with shoe factories, commissioning shoe factories for production, and selling products to consumers through self-built channels or agents.

The Group is positioned in the midstream of the footwear industry value chain, mainly responsible for executing pure Original Equipment Manufacturer (OEM) for international brand customers. In recent years, we have continuously improved shoemaking technology, enhanced production efficiency, and provided dedicated development centers for major brand customers to stabilize customer relationships and establish good competitive advantages.



## ● Association Participation

LAI YIH currently participates in the Taiwan Footwear Manufacturers Association as a director, maintaining information sharing with peers to stay informed of the latest industry trends and developments.

## 1.2 Operating Performance GRI 201-1、201-4、415-1

### ● Management Approach — Operating Performance GRI 3-3

Corresponding GRI	GRI 201、415	
Impact	<p>The company's operating conditions will directly impact the company's survival and will further affect multiple stakeholders including investors, partners, and suppliers.</p> <p>In 2024, the Group did not identify any significant negative impacts in terms of operating performance.</p>	
Commitment / Policy	<p>LAI YIH Group takes operating performance and sustainable development as the core of corporate development, emphasizing the balance of corporate social responsibility during company growth, actively practicing the enhancement and reasonable distribution of economic value to be responsible to all stakeholders.</p>	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>Continue to improve products in response to market trends</li> <li>Optimize development centers and increase capacity to handle different shoe types</li> <li>Expand production capacity to respond to order volume growth</li> <li>Continue to research and develop new shoe technologies and formulas, and introduce automated and semi-automated equipment</li> <li>Enhance IoT applications and visual management of computer rooms and factories</li> </ul>
	Long-term Goals (5+ years)	<ul style="list-style-type: none"> <li>Establish major customer R&amp;D teams and development centers</li> <li>Secure more renowned brand partners for global expansion</li> <li>Build new factories to diversify risks and increase capacity</li> <li>Increase backup material suppliers and processing factories</li> <li>Achieve Industry 4.0 transformation to smart factories</li> </ul>

Action Plans	<ul style="list-style-type: none"> <li>Continue to invest resources in automation, innovative technology, and process improvement to strengthen R&amp;D capabilities and improve production efficiency.</li> <li>Leverage production advantages in various locations to enhance manufacturing flexibility and diversity.</li> <li>Provide quality service to deepen cooperation with brand partners.</li> <li>Strengthen comprehensive operational capabilities to provide diversified shoe development and production services.</li> <li>Without affecting profitability, cooperate with business expansion needs by conducting capital increases or bank loans to support funding requirements for operational capital needs.</li> </ul>	
	Tracking Process	<ul style="list-style-type: none"> <li>Track operating performance and fully grasp operational conditions through monthly consolidated revenue, quarterly consolidated financial statements, and regularly held management meetings.</li> </ul>
Effectiveness Assessment	Current Year Achievements	<ul style="list-style-type: none"> <li>Consolidated revenue reached NT\$37.69 billion, an increase of 35% compared to the previous year</li> <li>Direct economic value distributed to employee salaries and benefits increased by 4% compared to last year</li> </ul>
	Communication Channels	<ul style="list-style-type: none"> <li>Hold annual shareholder meetings and investor conferences to explain company operations to investors and provide two-way communication opportunities</li> <li>Establish spokesperson mechanisms and comprehensive communication channels, providing spokesperson names, phone numbers, and emails on the company website for stakeholder communication and complaints: <ul style="list-style-type: none"> <li>Shareholder/Investor contact email: <a href="mailto:ir@laiyih.com.tw">ir@laiyih.com.tw</a></li> <li>Sustainability Development Department Stakeholder Mailbox: <a href="mailto:laiyihESG@laiyih.com.tw">laiyihESG@laiyih.com.tw</a></li> </ul> </li> </ul>

LAI YIH has been deeply rooted in the footwear industry for more than thirty years. The company's management team has been immersed in the industry for a long time, possessing extensive professional knowledge and rich practical experience, along with a clear organizational structure and keen market observation skills that enable the efficient integration of resources across all departments. From product development and manufacturing to production and sales, everything can proceed according to plan, step by step. The good understanding and management philosophy among the management team has become the core advantage of the Group. The accumulated professional services and technical capabilities have enabled the Group to create competitive advantages different from peers, becoming an indispensable important partner for brand customers.

## ► Competitive Advantages

### Outstanding Technical Expertise and Quality Control

- Continuously accumulate development of diverse shoemaking technologies and possess advanced GORE-TEX waterproof shoe production technology. Vietnam's TY XUAN and TY THAC are GORE-TEX certified factories with comprehensive production capabilities for top-level waterproof and breathable outdoor functional shoes
- Very persistent in product quality inspection and testing to ensure all products meet international renowned brand standards

### Strategic Production Layout

- Plan and expand multi-country production bases to respond to the continuously growing demand in the global outdoor leisure market, while enhancing operational flexibility and efficiency
- Against the backdrop of global production focus gradually shifting to Southeast Asia, the Group has already established presence in Vietnam and Myanmar, and is now actively expanding factories in Indonesia to diversify political and economic risks and expand our production capacity in the Southeast Asia region

### Continuous Technical Innovation and Automation Advancement

- Persist in heavily investing R&D resources in the development and application of new shoe materials, introduction and improvement of manufacturing technologies. Have developed rubber outsole direct injection technology, various computer sewing machines, unmanned automatic transport vehicles, robotic arm automatic glue spraying, and various tools to improve production efficiency
- Continue to invest in automation, innovative technology, process improvement, and shoe material development to meet brand customers' demands for quality product services and rapid market response, deepening cooperation with brand customers

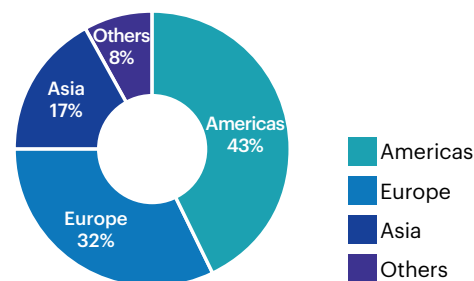
### Solid Global Brand Partnership Relationships

- Deep cooperation with internationally renowned brands, closely collaborating with brand customers from product development to mass production, creating an efficient collaboration model centered on customer needs
- Establish dedicated R&D teams and development centers for brand factories to meet the diversified production needs of brand customers

In 2024, LAI YIH Group's consolidated revenue reached NT\$37.69 billion, an increase of 35% compared to the previous year, with Europe and America as key sales markets, accounting for 70% of total revenue. The increase in 2024 revenue compared to last year was mainly due to increased demand, influenced by trends such as global economic stabilization, improved consumer confidence, the Paris Olympics, and the approaching end of the inventory reduction cycle for sports brand companies.

The Group distributes the generated direct economic value, with part used to give back to stakeholders and part retained for the company's future operations. The direct economic value distributed in 2024 was mainly operating costs (57%) and employee salaries and benefits (24%), of which the amount distributed to employee salaries and benefits increased by 4% compared to last year. As of the end of 2024, LAI YIH's shareholder structure does not include government institutions. In 2024, the Group received government subsidies totaling NT\$17,392 thousand, with no political donations.

## ► 2024 Main Product Service Sales (Provision) Regions



Note: Data sourced from audited consolidated financial statements

## ► Social Contribution

(Unit: NT\$ thousands)

Country	Subsidy Category	2022	2023	2024
Taiwan	Tax Credits	4,837	-	-
Vietnam	Tax Credits	8,819	3,447	17,392
Total		13,656	3,447	17,392

## ► Direct Economic Value Generated and Distributed Over the Past Three Years

(Unit: NT\$ thousands)

Items	2022	2023	2024
Direct Economic Value Generated	31,764,133	28,640,648	38,528,349
Direct Economic Value Distributed	Operating Costs	17,646,196	16,137,463
	Employee Salaries and Benefits	8,729,508	8,888,802
	Payments to Capital Providers	780,667	1,296,675
	Payments to Government	738,356	660,228
	Community Investment	509	364
Retained Economic Value	3,868,897	1,657,116	4,934,220

Notes:

- Data sourced from audited consolidated financial statements
- "Direct Economic Value Generated" includes operating revenue and non-operating income
- "Payments to Capital Providers" includes cash dividends paid and interest expenses
- "Payments to Government" refers to all taxes required to be paid under international and domestic regulations No fines from 2022-2024
- Community investment amounts come from statistics of various social welfare donation amounts. For detailed explanation of 2024 charity types, please refer to [5.4 Social Contribution](#)



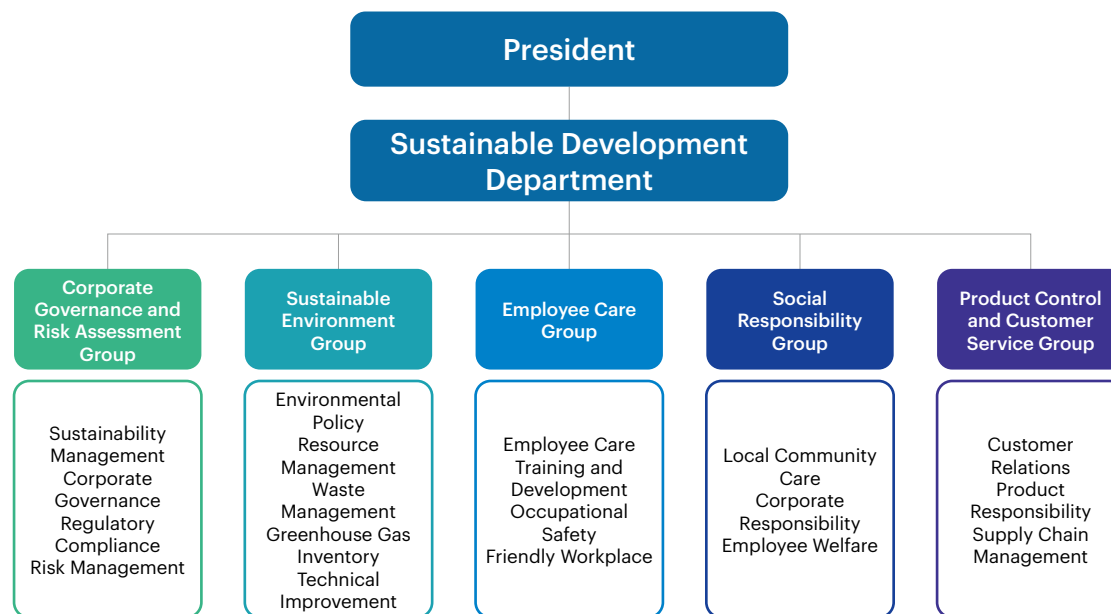
## 1.3 Sustainability Governance Structure GRI 2-12、2-13、2-14、2-22、2-24

As people's expectations for environmental protection, social justice, and economic prosperity continue to rise, practicing corporate development while considering social responsibility has become an important challenge and mission for enterprises. As an international footwear enterprise, the Group also actively assumes its social responsibility by establishing dedicated units within the company focused on promoting sustainable development, and formulating corresponding strategies based on current trends and the company's actual situation. We emphasize thinking and acting with a long-term perspective, integrating sustainable development concepts into the company's core values, business strategies, and the consciousness of all employees, while implementing the Group's core philosophy of "In US, You Trust." We hope to build a sustainable enterprise that employees, customers, investors, and all stakeholders can trust, working hand in hand with all humanity to create a sustainable and prosperous world for future generations.

### ● Sustainability Development Department and Strategy

On May 19, 2023, following the Chairman's instructions and announcement, the Group established the Sustainability Development Department. Its main responsibilities include formulating the Group's sustainable development direction and goals, developing related management policies and specific implementation plans, and preparing sustainability reports. The department also establishes various action groups to formulate action plans and implement various measures, hoping to promote the entire LAI YIH Group toward a sustainable future through integrated company-wide resource investment. The Sustainability Development Department regularly reports environmental, social, and corporate governance performance results to the Board of Directors annually. In 2024, it reported to the Board of Directors once on sustainability development implementation progress, covering: sustainability development governance structure; risk assessment of environmental, social, and corporate governance issues related to company operations; greenhouse gas inventory and verification status, reduction targets, strategies, and specific action plans. Each year, the sustainability department completes the preparation of the sustainability report, submits it to the board of directors for discussion and approval, and then uploads the report within the statutory period.

After comprehensive consideration, the Group has refined the practice direction of sustainable development into five strategic aspects: Corporate Governance and Risk Assessment, Sustainable Environment, Employee Care, Social Responsibility, and Product Control and Customer Service. For each strategic aspect, the Group has established corresponding working groups, formulated corresponding action directions, and implemented related action measures.



Implementation Units	Responsible Aspects
Corporate Governance and Risk Assessment Group	Board of Directors and functional committees, company systems and governance mechanisms, Group risk assessment and management, governance impact management
Sustainable Environment Group	Various energy and resource management, waste management, environmental impact management
Employee Care Group	Employee benefits and treatment, employee impact management
Social Responsibility Group	Social contribution and public welfare activities, social impact management
Product Control and Customer Service Group	Product quality, customer service, and related social impact management

## 1.4 Development Vision and Management Philosophy GRI 2-23

To realize the core development vision of "sustainable management," LAI YIH Group has formulated four major management philosophies – "People-Oriented, Safe Production, Pursuing Excellence, and Green Factory" – and uses these philosophies as the foundation for corporate development, formulating corresponding business strategies to create a sustainable enterprise trusted by customers, employees, and all stakeholders.

"People-Oriented" emphasizes the importance of employee welfare and growth, focusing on creating a humanistic work environment; "Safe Production" emphasizes safety and reliability in the production process to protect the well being of employees and all stakeholders; "Pursuing Excellence" highlights the relentless pursuit of product innovation and quality, actively enhancing product quality and corporate competitiveness; "Green Factory" embodies a commitment to environmental protection, dedicated to reducing potential environmental impacts from the production process and promoting sustainable development.

### ► Business Philosophy and Core Values



People-Oriented	<ul style="list-style-type: none"> <li>Starting with people, oriented toward motivating employee growth, sharing results with employees</li> <li>Seeking the best quality, on-time delivery, improving production capacity and competitive advantages to meet customer needs</li> </ul>
Safe Production	<ul style="list-style-type: none"> <li>Production processes comply with safety certifications and standardized procedures (ISO/SEA/HSE)</li> <li>Safeguarding employee physical and mental health</li> </ul>
Pursuing Excellence	<ul style="list-style-type: none"> <li>Streamlined costs, excellent talent, superior technology</li> <li>Continuous innovation to enhance self-competitiveness, continuous review to reduce error rates, emphasis on talent development to maintain company sustainability</li> </ul>
Green Factory	<ul style="list-style-type: none"> <li>Fulfilling corporate responsibility, balancing environment and ecological harmony during development, improving energy efficiency and reducing pollution to achieve sustainable production green factories</li> </ul>

## 1.5 Material Topic Identification and Analysis GRI 3-1

The Group follows the GRI Universal Standards 2021 published by the Global Reporting Initiative (GRI) and references industry sustainability trends, the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD), and important domestic and international regulatory developments. Using materiality principles, we systematically identify material stakeholders and material sustainability topics, manage them and set targets as the foundation for writing sustainability reports and responding to stakeholders. We first identify material stakeholders, then survey opinions from material stakeholders and company management, and reference industry trends and peer characteristics to identify material sustainability topics.

Phase 1 Understanding Organizational Context	
Stakeholder Identification <b>6</b> Categories of Material Stakeholders	Convened material stakeholder identification meetings, referencing the AA1000 Stakeholder Engagement Standard 2015 (AA1000 SES 2015), measuring the degree of relevance and scope of influence between each stakeholder and the Group from five aspects – dependence, responsibility, influence, diverse perspectives, and tension. Defined six categories of material stakeholders: customers, employees/unions, shareholders/investors, suppliers/contractors/subcontractors, regulatory authorities/government agencies, communities/local communities
Sustainability Topic Collection <b>23</b> Sustainability Topics	Based on operational activities and industry characteristics, referencing national policy trends, GRI Standards, SDGs (Sustainable Development Goals), SASB, TCFD, and domestic and international peer information, compiled 23 sustainability topics.
Survey of Stakeholder Attention Level <b>236</b> Stakeholder Attention Questionnaires	Questionnaires were distributed online to survey the attention level of 6 categories of stakeholders on 23 sustainability topics, with 236 valid responses collected.
Sustainability Topic Consolidation <b>18</b> Sustainability Topics	Based on stakeholder questionnaire results and considering topics of concern to peers, consolidated 18 sustainability topics related to corporate operations.

**Phase 2 Impact Identification and Significance Assessment**

## Impact Significance Assessment

**6** Impact Questionnaires

Designed impact questionnaires based on 18 sustainability topics, and surveyed company management, the sustainability development department, or related project members' views on each topic through these questionnaires. This evaluation assessed the degree and possibility of positive or negative impacts the company generates on economic, environmental, and human (including human rights) aspects for each sustainability topic. Collected 6 valid questionnaires.

**Phase 3 Impact Prioritization**

## Ranking Sustainability Topic Impacts and Setting Screening Thresholds

**10** Material Topics

Based on impact questionnaire results, quantified the actual or potential positive or negative impacts caused by the Group on each topic, calculated positive and negative impact scores and total impact scores for each topic in each aspect, then ranked each topic by total impact score, and finally directly included sustainability topics with scores higher than the set threshold as material topics. Ten sustainability topics were prioritized as material topics, including operating performance, integrity management and business ethics practices, product quality and safety, greenhouse gas emission management, sales models and product labeling, energy management, customer rights protection and relationship management, waste management, occupational safety and health, human rights management, and local relations.

**Phase 4 Communication and Disclosure**

## Material Topic Decision

**12** Material Topics

Convened material topic identification meetings to discuss identification results, stakeholder feedback, overall industry trends, and peer conditions. Finally, beyond the 10 identified material topics, included 2 additional material topics – human resource management and talent development, regulatory compliance.


Finally identified 12 material topics, including operating performance, integrity management and business ethics practice, product quality and safety, greenhouse gas emission management, sales models and product labeling, energy management, customer rights protection and relationship management, waste management, occupational safety and health, human rights management and local relations, human resource management and talent development, and regulatory compliance.






This report will be based on each material topic, disclosing the Group's response strategies, objectives, performance results, and management approaches for each topic according to reporting requirements, corresponding to 19 GRI disclosure topics in total.

**1.5.1 Stakeholder Identification and Engagement** GRI 2-26、2-29

The Group references the AA1000 Stakeholder Engagement Standard 2015 (AA1000 SES 2015), measuring the degree of relevance and scope of influence between each stakeholder and the Group from five major aspects, defining six categories of material stakeholders: customers, employees/unions, shareholders/investors, suppliers/contractors/subcontractors, regulatory authorities/government agencies, communities/local communities.

For the identified material stakeholders, the Group not only surveys their topics of concern through attention questionnaires but also establishes diverse two-way communication channels, actively listening to feedback from all stakeholders and engaging in communication.

Stakeholders	Importance to LAI YIH	Communication Channels	Topics of Concern	Communication Frequency and Response Methods
 Customers	Customer-centric business philosophy, prioritizing customer interests as the primary responsibility, committed to providing high-quality products and services. At the same time, the Group strictly adheres to the highest standards of business confidentiality protection, ensuring customer information security, and winning customer trust and long-term support through integrity management.	Sustainability Development Department Stakeholder Mailbox <a href="mailto:laiyhESG@laiyh.com.tw">laiyhESG@laiyh.com.tw</a> Whistleblower Mailbox <a href="mailto:suggest@laiyh.com.tw">suggest@laiyh.com.tw</a>	<ul style="list-style-type: none"> <li>Sales Models and Product Labeling</li> <li>Integrity Management and Business Ethics Practice</li> <li>Product Quality and Safety</li> <li>Information Security</li> <li>Human Resource Management and Talent Development</li> </ul>	<ul style="list-style-type: none"> <li>LAI YIH website has contact information and discloses communication channels with stakeholders on the website</li> <li>The Group has professional business personnel contact information to provide immediate responses to customer questions The Group's whistleblower mailbox is available for customers to report illegal integrity incidents</li> <li>Customer visits or receiving customer factory visits (irregular)</li> </ul>

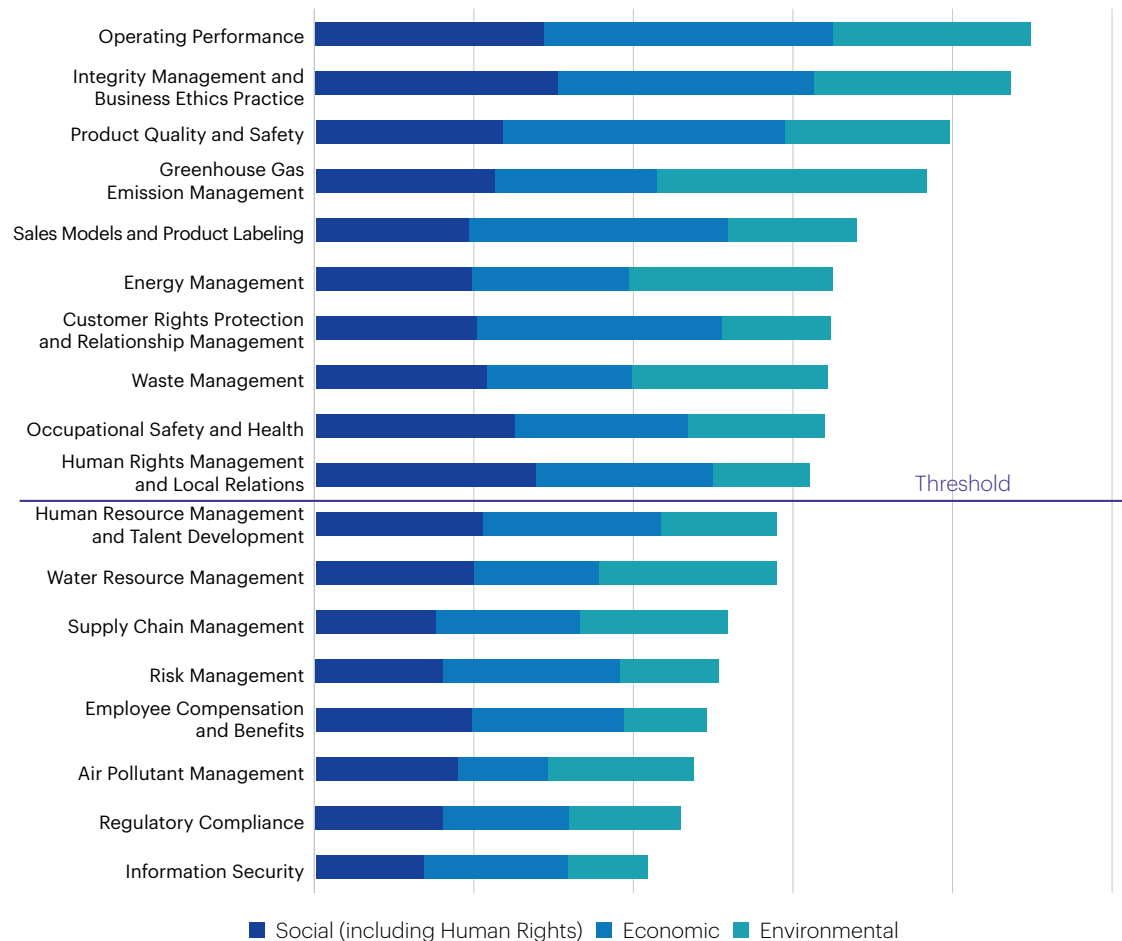
Stakeholders	Importance to LAI YIH	Communication Channels	Topics of Concern	Communication Frequency and Response Methods
 Suppliers/ Contractors/ Subcontractors	Suppliers play an important role in sustainable development, not only affecting the company's production, services, and operations, but also involving potential risks related to social responsibility and corporate reputation. The Group is committed to establishing long-term mutual trust cooperative relationships with suppliers, actively understanding their concerns through diversified communication channels to reduce potential risks and operating costs, and improve product quality and service levels.	Sustainability Development Department Stakeholder Mailbox <a href="mailto:laiyihESG@laiyih.com.tw">laiyihESG@laiyih.com.tw</a>	<ul style="list-style-type: none"> <li>Integrity Management and Business Ethics Practice</li> <li>Product Quality and Safety</li> <li>Customer Rights Protection and Relationship Management</li> <li>Supply Chain Management</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>The Group has professional business personnel contact information to provide immediate responses to supplier questions</li> <li>Communication through stakeholder mailbox</li> </ul>
 Employees/Unions	Employees are the company's most important asset and the key force driving corporate sustainable development. The Group is committed to creating a safe, healthy work environment with diverse development opportunities, values employee opinions and needs, and promotes good labor relations through diversified communication mechanisms to enhance employee job satisfaction and loyalty.	Human Resources Administration Department Complaint and Whistleblower Mailbox <a href="mailto:peggy.chung@laiyih.com.tw">peggy.chung@laiyih.com.tw</a>	<ul style="list-style-type: none"> <li>Employee Compensation and Benefits</li> <li>Human Resource Management and Talent Development</li> <li>Integrity Management and Business Ethics Practice</li> <li>Employee Diversity and Equal Opportunities</li> <li>Operating Performance</li> </ul>	<ul style="list-style-type: none"> <li>Internal email announcements: Irregular announcements of various employee benefit matters (health checkups, group insurance, etc.), employee welfare committee information, important company operational information, education and training information, etc.</li> <li>Employee suggestion mailbox is established to handle employee suggestions promptly, and employee feedback is also addressed in labor-management meetings</li> </ul>
 Shareholders/ Investors	Shareholders and investors are partners in the Group's mutual growth and have direct impact on the company's capital operations. To ensure the interests of shareholders and investors, the Group upholds the principles of information transparency, integrity, and responsibility, committed to stable capital flow and creating long-term investment value.	Investor Communication Mailbox <a href="mailto:ir@laiyih.com.tw">ir@laiyih.com.tw</a>	<ul style="list-style-type: none"> <li>Regulatory Compliance</li> <li>Integrity Management and Business Ethics Practice</li> <li>Operating Performance</li> <li>Information Security</li> <li>Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting of Shareholders (annually)</li> <li>Investor Conference (at least once annually, irregular)</li> <li>Annual Report and Financial Report Disclosure (annually and quarterly)</li> <li>Press release /Material Information (irregular)</li> <li>The Group has appointed spokespersons and deputy spokespersons as channels for handling shareholder suggestions, questions, and dispute matters to ensure shareholder rights</li> </ul>
 Communities/ Local Communities	The Group actively gives back to local communities within its capabilities and establishes good interactive relationships with communities. This is not only fulfilling social responsibility but also contributes to community development and prosperity. We hope to improve the community environment and strengthen the positive impact on communities through various practical actions.	Sustainability Development Department Stakeholder Mailbox <a href="mailto:laiyihESG@laiyih.com.tw">laiyihESG@laiyih.com.tw</a>	<ul style="list-style-type: none"> <li>Occupational Safety and Health</li> <li>Air Pollutant Management</li> <li>Water Resource Management</li> <li>Waste Management</li> <li>Product Quality and Safety</li> </ul>	<ul style="list-style-type: none"> <li>The company actively and continuously cares for local community activities, establishing foundations to care for children and youth welfare and local community issues</li> </ul>
 Regulatory Authorities/ Government Agencies	Actively cooperate with government policies, establish a comprehensive corporate governance structure, and strictly comply with the latest regulatory requirements, hoping to gain trust and support from government units, thereby promoting bilateral cooperation and mutual growth.	Sustainability Development Department Stakeholder Mailbox <a href="mailto:laiyihESG@laiyih.com.tw">laiyihESG@laiyih.com.tw</a>	<ul style="list-style-type: none"> <li>Integrity Management and Business Ethics Practice</li> <li>Operating Performance</li> <li>Regulatory Compliance</li> <li>Information Security</li> <li>Risk Management</li> <li>Waste Management</li> </ul>	<ul style="list-style-type: none"> <li>Irregular participation in policy seminars and forums organized by regulatory authorities</li> <li>Cooperate with regulatory supervision and audits, and irregular visits to regulatory authorities to establish direct communication opportunities</li> </ul>



## ● 1.5.2 Material Topic Identification and Management GRI 3-1、3-2

The Group quantified the impact degree and occurrence probability of each sustainability topic on economic/environmental/human (including human rights) aspects on a scale of 1–5. Subsequently, the Sustainability Development Department compiled the impact questionnaire results, calculated positive and negative impact scores for each topic in each aspect for each questionnaire, then calculated the total impact score and overall impact score for each topic in each aspect. The 18 topics were then ranked by total impact score, and after multi-party consideration and discussion, the following assessment results were obtained:

### ► Material Topic Impact Assessment Results



In addition to the 10 material topics selected through threshold screening, "Human Resource Management and Talent Development" and "Regulatory Compliance" were also included as material topics due to consideration of stakeholder feedback, overall industry trends, and peer conditions.

Finally identified 12 material topics, including operating performance, integrity management and business ethics practice, product quality and safety, greenhouse gas emission management, sales models and product labeling, energy management, customer rights protection and relationship management, waste management, occupational safety and health, human rights management and local relations, human resource management and talent development, and regulatory compliance.



## ► Material Topic List

Aspect	Material Topic	GRI Specific Topic	Management Approach Disclosure Chapter	Value Chain Impact			Stakeholders			
				Upstream	LAI YIH Group	Downstream	Shareholders / Investors	Employees / Unions	Regulatory Authorities / Government Agencies	Communities / Local Communities
				Suppliers / Contractors / Subcontractors		Customers				
Governance	Operating Performance	GRI 201: Economic Performance GRI 415: Public Policy	1.2 Operating Performance		V		V	V	V	V
	Integrity Management and Business Ethics Practice	GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior	2.2 Integrity Management	V	V	V	V	V	V	V
	Regulatory Compliance	-	2.3 Regulatory Compliance	V	V	V	V	V	V	V
Products	Product Quality and Safety	GRI 416: Customer Health and Safety	4.2 Product Quality and Safety	V	V	V	V	V		V
	Sales Models and Product Labeling	GRI 417: Marketing and Labeling	4.3 Sales Models and Marketing Labeling		V	V				
	Customer Rights Protection and Relationship Management	-	4.4 Customer Rights Protection and Relationship Management	V	V	V	V			
Environmental	Greenhouse Gas Emission Management	GRI 305: Emissions	3.2 Energy and Gas Emission Management		V				V	
	Energy Management	GRI 302: Energy	3.2 Energy and Gas Emission Management	V	V	V			V	
	Waste Management	GRI 306: Waste	3.3 Waste Management	V	V				V	V
Social	Occupational Safety and Health	GRI 403: Occupational Health and Safety	5.3 Occupational Safety and Health	V	V	V	V	V	V	V
	Human Resource Management and Talent Development	GRI 401: Employment GRI 402: Labor/Management Relations GRI 404: Training and Education	5.1 Talent Management and Development		V	V	V	V	V	V
	Human Rights Management and Local Relations	GRI 406: Non-discrimination GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labor GRI 409: Forced or Compulsory Labor GRI 410: Security Practices GRI 411: Rights of Indigenous Peoples	5.2 Employment Relations and Human Rights		V			V		V



## 2 Integrity Corporate Governance

- 2.1 Governance Mechanism
- 2.2 Integrity Management
- 2.3 Regulatory Compliance
- 2.4 Information Security
- 2.5 Risk Management

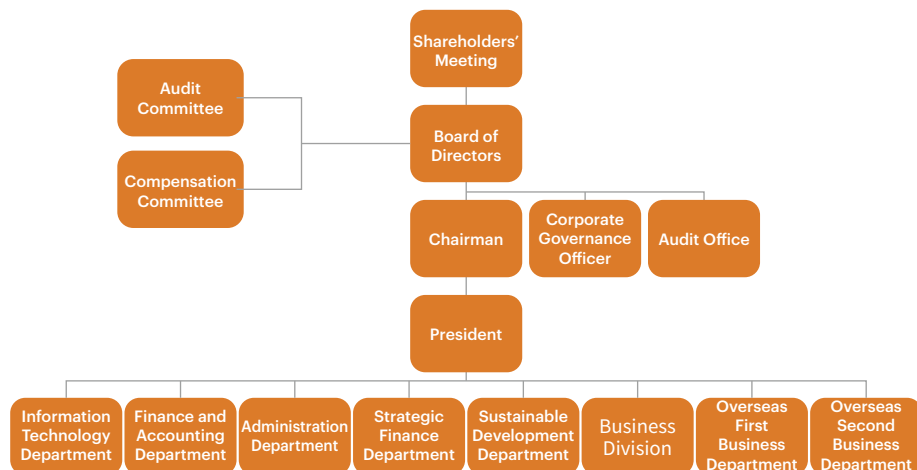
## 2.1 Governance Mechanism

### 2.1.1 Corporate Governance Structure GRI 2-9、2-11

Sound corporate governance mechanisms are indispensable conditions for enterprises to achieve sustainable operations. LAI YIH continuously optimizes and improves its governance structure and systems, aiming to protect shareholder rights, strengthen board structure and operations, enhance information transparency, while actively promoting the company's sustainable development.

The Board of Directors is LAI YIH's highest governance body, responsible for decision-making and approving the company's development strategies, institutional directions, and major actions. It establishes independent directors, functional committees, and audit mechanisms to ensure the company complies with regulations and effectively supervises senior management in executing business activities. The Board of Directors regularly reviews operational risks and strategies, and is accountable to all shareholders, safeguarding the company's long-term sustainable development. Additionally, the company has established an Audit Committee and a Compensation Committee to ensure the sound functional operation of the Board of Directors. Besides various departments, the company also has an Audit Office directly under the Board of Directors as the internal audit dedicated unit, as well as a Corporate Governance Officer. Through a sound governance structure, complete checks and balances mechanisms, and rigorous supervision systems, LAI YIH is committed to achieving effective corporate governance, being responsible to all stakeholders, and accountable for the long-term operation and value growth of the entire Group.

#### ▷ LAI YIH Governance Structure



Note: The above diagram describes LAI YIH's governance structure as of December 31, 2024

#### ▷ Governance Unit Responsibilities, Composition, and Operations

Unit Name	Main Responsibilities	Composition	2024 Operations
Board of Directors	LAI YIH's highest governance body is responsible for convening meetings to discuss, decide, and approve the company's development strategies, institutional directions, and important actions, exercising supervisory responsibilities over management and being accountable to all shareholders.	9 directors, including 3 independent directors	<ul style="list-style-type: none"> <li>Convened 9 times</li> <li>Average personal attendance rate reached 93.8%</li> </ul>
Audit Committee	Assists the Board of Directors in supervising the company's execution quality in accounting, finance, auditing, etc. Responsibilities include supervising the effectiveness of the company's internal control system, proper preparation of financial statements, and the appointment (dismissal) and independence of certified public accountants.	All (3) independent directors serve as committee members	<ul style="list-style-type: none"> <li>Convened 8 times</li> <li>Average personal attendance rate reached 91.0%</li> </ul>
Compensation Committee	Assists the Board of Directors in implementing and evaluating the company's compensation policies, mainly responsible for formulating and regularly reviewing performance evaluation and compensation policies for the company's directors and managers.	All (3) independent directors serve as committee members	<ul style="list-style-type: none"> <li>Convened 5 times</li> <li>Average personal attendance rate reached 93%</li> </ul>
Audit Office	From an independent standpoint, it investigates and evaluates the company's internal control system, measures the efficiency of business operations, and provides improvement recommendations in a timely manner to ensure effective implementation of internal control systems and assist management in fulfilling their responsibilities. Responsibilities include: assisting management in achieving tasks according to established procedures or plans, ensuring accuracy of operational data, detecting and recommending corrections to unsound systems and processes, maintaining asset security and reasonable utilization, strengthening performance evaluation and control assessment, etc.	1 Audit Supervisor and 6 full-time staff	<ul style="list-style-type: none"> <li>Formulated 1 audit plan for each Group location</li> <li>Conducted 1 on-site audit for each item in each location's audit plan</li> </ul>



## 2.1.2 Board Member Nomination and Selection GRI 2-9、2-10、2-11、2-15、405-1

The composition and operation of LAI YIH's Board of Directors comply with regulations and strive for effectiveness, fairness, and diversity in member structure. According to the "Articles of Incorporation," the Board of Directors has 9-13 seats with a three-year term. Board selection adopts a candidate nomination system, where shareholders elect from the director candidate list, and consecutive re-election is permitted. Additionally, Board composition should consider diversity. Besides that directors concurrently serving as company managers should not exceed one-third of director seats, appropriate diversity policies should be formulated based on the company's operations, business model, and development needs, including but not limited to the following two major criteria: 1. Basic conditions and values: gender, age, nationality, and culture, etc.; 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

LAI YIH's third Board of Directors has nine director seats (including three independent directors), and all directors possess the professional knowledge, skills, and cultivation required to fulfill their duties. The company's Board Chairman is Mr. Chung Te-Li, who also serves as Chief Strategy Officer and General Manager of subsidiary TY THAC. LAI YIH Group includes 30 affiliated enterprises (29 subsidiaries), with LAI YIH as the holding company. The Chief Strategy Officer is mainly responsible for formulating and promoting the Group's long-term development strategies. The company's General Manager is responsible for managing all affairs of affiliated enterprises, while General Managers of each affiliated enterprise must follow the Group's strategic objectives as decided by LAI YIH's Board of Directors, coordinating affairs and operational management of each business unit. Therefore, the Chairman's concurrent role as Chief Strategy Officer differs from the General Manager's duties, and only concurrently serves as General Manager of one of the many affiliated enterprises, thus avoiding conflicts of interest.

As of the end of 2024, the current Board members include one female director, with female directors accounting for 11%. To continuously enhance Board member diversity, the company actively promotes gender equality improvement measures. During the 2027 director term expiration re-election, priority consideration will be given to female director candidates to increase the proportion of female directors, promote gender diversity, and thereby enhance Board decision-making quality and corporate governance capabilities. Furthermore, the current Board members' ages are distributed across four ranges: 41-50 years, 51-60 years, 61-70 years, and over 70 years, with a wide age distribution that provides opinions from different generations and perspectives. In 2024, LAI YIH convened 9 Board meetings, with all directors achieving a personal attendance rate of 93.8%. For detailed background, concurrent positions, and operational status of Board members, please refer to LAI YIH's 2024 Annual Report to Shareholders.

### Board Member Composition

Position	Name	Gender Age	Service Status	2024 Personal Attendance Rate <small>Note 1</small>
Chairman	Wide Source Co., Ltd. Legal Representative: Chung Te-Li	Male ( 71-75 )	Elected on May 30, 2024 Term until May 29, 2027	100%
Director	Yuchuan Co., Ltd. Legal Representative: Lin Chang-Yung	Male ( 56-60 )	Elected on May 30, 2024 Term until May 29, 2027	100%
Director	Faith Connect Co., Ltd. Legal Representative: Hsu Sung-Chu	Male ( 66-70 )	Elected on May 30, 2024 Term until May 29, 2027	100%
Director	Save Wealth Co., Ltd. Legal Representative: Chung Chen-Chia	Male ( 41-45 )	Elected on May 30, 2024 Term until May 29, 2027	100%
Director	Top Gather Co., Ltd. Legal Representative: Lin Hsueh-Fen	Female ( 61-65 )	Elected on May 30, 2024 Term until May 29, 2027	78%
Director	Flying Rich Co., Ltd. Legal Representative: Lin Chun-Hsing	Male ( 61-65 )	Elected on May 30, 2024 Term until May 29, 2027	100%
Independent Director	Lin Huo-Teng <sup>Note 2</sup>	Male ( 71-75 )	Elected on May 30, 2024 Term until May 29, 2027	89%
Independent Director	Juan, Chang-Mao	Male ( 71-75 )	Elected on May 30, 2024 Term until May 29, 2027	89%
Independent Director	Hung, Jui-Pin	Male ( 71-75 )	Elected on May 30, 2024 Term until May 29, 2027	89%
Independent Director	Chou Yin-Hsiang <sup>Note 2</sup>	Female ( 51-55 )	Elected on May 27, 2025 Term until May 29, 2027	-

#### Notes

1. Personal attendance rate = Personal attendance / Required attendance

2. Independent Director Lin Huo-Teng passed away on March 4, 2025. His attendance rate is calculated until his last meeting attendance (December 24, 2024). One independent director position was filled through a supplementary election at the Annual General Meeting on May 27, 2025, with Independent Director Chou Yin-Hsiang appointed.

### 2.1.3 Board Member Training GRI 2-17

LAI YIH's Board members possess professional knowledge and rich corporate governance experience, and continuously strengthen their professional capabilities to promptly grasp global risk trends and enhance risk response capabilities, thereby strengthening the company's collective intelligence in environmental, social, and economic fields. In 2024, director training courses covered insider stock trading legal responsibilities and precautions, integrity management guidelines, and an introduction to the Gender Equality in Employment Act. Each director completed 6 hours of professional training, with 100% of directors meeting the recommended training hours specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." In the future, LAI YIH will continue to promote Board participation in more training courses related to sustainable development to further enhance the Board's sustainable governance capabilities.

### 2.1.4 Director and Management Compensation Policy GRI 2-19、2-20

Director and management compensation is established with the aim of fairness and reasonableness. The company's Compensation Committee is responsible for formulating and regularly reviewing performance evaluation and compensation policies, systems, standards, and structures for directors and managers, and regularly evaluating and determining compensation for directors and managers. The compensation policy for directors and managers is based on their positions, contribution value of operational participation degree, and reference to industry levels. When the company is profitable, the Board of Directors decides director compensation and employee compensation amounts according to the Articles of Incorporation. Among directors, only general directors can participate in director compensation distribution. All Compensation Committee resolutions must be approved by more than half of all members, with final decision by the Board of Directors. If conflicts of interest arise during the process, appropriate conflict avoidance measures are implemented. This procedure demonstrates our emphasis on regular review and transparency of the compensation system.

For more detailed information, please refer to the relevant disclosures in the 2024 Annual Report.

### 2.1.5 Board Performance Evaluation Mechanism GRI 2-18

To implement corporate governance and enhance the company's Board functions, the company conducts internal performance evaluations of the Board and functional committees once annually. Every three years, evaluation should be conducted by external professional independent institutions or external expert scholar teams to strengthen governance systems and Board operations. During the evaluation process, individual Board members and functional committee members fill out self-evaluation forms; overall Board evaluation involves the implementing unit collecting Board activity-related information, completing forms, and presenting results to the Chairman for assessment. This year's internal performance evaluation results were all good, and the evaluation results will serve as the basis for LAI YIH's continuous improvement to enhance Board operational efficiency. Related evaluation aspects are described in the table below:

#### ► Performance Assessment Methods and Items

Evaluation Scope	Overall Board of Directors	Individual Board Members	Functional Committees
Evaluation Method	Evaluation implementing unit collects Board activity-related information, completes forms, and presents results to the Chairman for assessment	Self-evaluation by each director	Self-evaluation by each functional committee member
Evaluation Content	1. Degree of participation in company operations 2. Enhancing Board decision-making quality 3. Board composition and structure 4. Director selection and continuing education 5. Internal control	1. Understanding of company goals and missions 2. Recognition of director responsibilities 3. Degree of participation in company operations 4. Internal relationship management and communication 5. Director professionalism and continuing education 6. Internal control	1. Degree of participation in company operations 2. Recognition of functional committee responsibilities 3. Enhancing functional committee decision-making quality 4. Functional committee composition and member selection 5. Internal control

### 2.1.6 Conflict of Interest Management GRI 2-15

To avoid conflicts of interest, the "Board Meeting Rules" clearly stipulate clauses for director conflict avoidance. Directors who have interests in meeting matters, whether personal or representing a legal entity, must explain the important content of their interests at that Board meeting; those with interests must recuse themselves during discussion and voting, and must not exercise voting rights on behalf of other directors.

### Communication of Key Material Events GRI 2-16

The Board of Directors is the company's highest governance body. To ensure material events can be communicated in a timely manner, Board members and senior management maintain smooth communication channels. Beyond major financial business, internal audit business, annual financial reports, and other matters, if there are any key material events, Board members and senior management communicate at any time to ensure information consistency and evaluate and take appropriate action. Any key material events will be announced through material information disclosure on the Market Observation Post System. The Board meets multiple times regularly and irregularly within a year. During 2024, the company convened nine Board meetings for key matter communication. Additionally, the communication between the company's independent directors and the internal audit supervisor and accountants can be found on the [company website](#) >Investor Relations > Corporate Governance > Communication between Independent Directors and Internal Audit Supervisor and Accountants.

## 2.2 Integrity Management

### ● Management Approach – Integrity Management and Business Ethics GRI 3-3

Corresponding GRI	GRI 205 、 206	
Impact	Integrity is the foundation of business operations. Implementing integrity management can create a sound governance environment and protect stakeholder rights. The company's integrity management practices will have positive or negative impacts on economic and social aspects.	
Commitment / Policy	Establish "Integrity Management Guidelines," "Integrity Management Procedures and Behavioral Guidelines," and "Corporate Governance Best-Practice Principles" for compliance, publicly disclosed on internal and external company websites, providing stakeholder communication channels, reporting channels, and case handling procedures for all units.	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>New employees sign employee confidentiality agreements upon hiring</li> <li>Conduct integrity management related training for all employees annually and ensure employees understand the company's integrity principles</li> </ul>
	Long-term Goals (5+ years)	<ul style="list-style-type: none"> <li>Strengthen the company's internal anti-corruption and anti-fraud mechanisms and ensure 100% transparency in related handling processes</li> </ul>
Action Plans	<ul style="list-style-type: none"> <li>Enhance information disclosure transparency: Besides uploading financial and corporate governance related documents to the company website, also establish spokespersons responsible for communicating with media, shareholders, and investors.</li> <li>Enhance employee integrity management awareness by integrating integrity management education into new employee training and irregularly promoting integrity management concepts internally.</li> <li>Encourage reporting of any illegal behavior and violations of integrity management guidelines, and strengthen internal and external reporting channels, reporting handling procedures, whistleblower protection, and reporting investigation recusal systems for more comprehensive supervision and management mechanisms. If the Group discovers any corruption incidents, it will take necessary legal action according to the severity and specific circumstances to protect the Group's and stakeholders' rights.</li> <li>Conduct annual ethical audits of suppliers to ensure all key suppliers meet the company's established social responsibility standards and ensure all business departments' year-end evaluations comply with business ethics requirements.</li> </ul>	
Effectiveness Assessment	Tracking Process	<ul style="list-style-type: none"> <li>Management Department reports to the Board of Directors (at least once annually) on integrity management policies, prevention of dishonest behavior programs, and supervision implementation status.</li> <li>Audit Office reports to the Audit Committee and Board of Directors (at least once annually) on integrity management policies, prevention of dishonest behavior programs, and supervision implementation status.</li> </ul>
	Current Year Achievements	<ul style="list-style-type: none"> <li>All company directors and managers have completed integrity management training for the year</li> <li>Through new employee training, internal meetings, and education training, irregularly promote integrity management concepts and regulations</li> </ul>
Communication Channels	Company website Sustainability Development Department Stakeholder Mailbox: <a href="mailto:laiyihESG@laiyih.com.tw">laiyihESG@laiyih.com.tw</a>	

### ● 2.2.1 Integrity Policies and Systems GRI 2-23 、 2-24

To become an enterprise where employees, customers, investors, and all stakeholders can feel at ease, integrity management is an indispensable prerequisite. Therefore, we firmly believe that upholding integrity wins trust and gives people peace of mind. To achieve integrity management, we use legal regulations as basic standards and universal ethics as behavioral guidelines, establishing "Integrity Management Guidelines" and "Integrity Management Procedures and Behavioral Guidelines" as core principles for the entire Group to practice integrity management, aiming to establish a sound business operational framework and build an integrity management corporate culture. Internally, we establish effective internal control systems in governance, build reporting and complaint systems for disclosure, and implement reasonable and compliant disciplinary systems for punishment. Externally, we carefully evaluate before cooperation to avoid dealing with dishonest parties, and continuously monitor the integrity management situation of business partners after cooperation. If dishonest behavior is involved, we immediately cease business dealings and list them as refused business partners. The "Integrity Management Guidelines" clearly prohibit the company's directors, managers, employees, trustees, or those with substantial control from receiving improper benefits in business activities or engaging in any behavior that violates integrity, law, or fiduciary responsibilities. Prohibited dishonest behaviors include:

- Bribery and corruption
- Providing illegal political donations
- Inappropriate charitable donations or sponsorships
- Providing or accepting unreasonable gifts, entertainment, or other improper benefits
- Infringement of trade secrets, trademark rights, patent rights, copyrights, and other intellectual property rights
- Engaging in unfair competition
- Products and services that directly or indirectly damage the rights, health, and safety of consumers or other stakeholders during research and development, procurement, manufacturing, provision, or sales

## **Integrity Management Education, Training, and Promotion** GRI 205-2

To ensure all internal colleagues possess anti-corruption awareness and can implement anti-corruption in daily operational work, new employees' orientation training includes integrity management related training. Current employees are mainly promoted through email to raise relevant personnel's awareness of integrity management.

### **2024 Integrity Management Training/Promotion Status**

Target	Total Training Person-Times	Total Training Hours	Training Completion Rate <sup>Note</sup>
Director	9	27	100%
Managers	15	45	100%

Note: Actual training completion person-times ÷ Required training person-times

### **2.2.3 Whistleblowing Mechanism and Inappropriate Behavior Reporting Status** GRI 2-26、205-3、206-1

To implement integrity management principles, LAI YIH has established "Integrity Management Procedures and Behavioral Guidelines." When violations are encountered or known, reports can be made with names or anonymously through internal independent reporting mailboxes, hotlines, and other channels announced on the company website or internal website. Dedicated units are responsible for handling reported cases, with written statements to maintain confidentiality of the whistleblower's identity and reported content, and initiate fact-finding with the reported supervisors or personnel. If the reported incident involves directors or senior executives, the case should be reported to independent directors or supervisors. The handling of reports, investigation process, and investigation results must be preserved in written or electronic documents and retained for five years. Before the retention period expires, if litigation related to the reported content occurs, relevant materials should continue to be preserved until the litigation concludes. Additionally, the Group encourages internal and external personnel to report dishonest or inappropriate behavior. Appropriate rewards are given based on the severity of the reported incident. Internal personnel who make false reports or malicious accusations should receive disciplinary action, and those with serious circumstances should be dismissed.

During 2024, LAI YIH received no corruption case reports, had no employees dismissed or disciplined for corruption, had no business partners terminate or not renew contracts due to corruption violations, and had no legal cases related to company or employee corruption behavior. At the same time, there is no anti-competitive, anti-trust or monopoly behavior.

External Reporting	Company official website: Contact Us
Internal Reporting	Independent reporting mailbox: <a href="mailto:suggest@laiyih.com.tw">suggest@laiyih.com.tw</a> Reporting hotline (886)4-25688746
Mail-in reporting	Suggestion box submission

## **2.3 Regulatory Compliance**

### **Management Approach — Regulatory Compliance** GRI 3-3

Corresponding GRI	GRI 2-27	
Impact	Regulatory compliance is a basic requirement. Establishing relevant preventive or improvement measures during operations reduces the risk of violating laws and regulations to enhance corporate image. Serious violations of laws and regulations may trigger negative social perceptions, thereby affecting the company's operational capabilities. The company's regulatory compliance actions will have positive or negative impacts on economic or social aspects.	
Commitment / Policy	Closely track regulatory updates and revise internal company regulations accordingly for compliance.	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>No major violations</li> <li>Regularly review relevant legal changes and update internal company regulations</li> </ul>
	Long-term Goals (5+ years)	<ul style="list-style-type: none"> <li>Maintain non-violation status</li> <li>Internalize regulatory compliance in corporate culture to ensure employee business execution complies with regulatory requirements</li> </ul>
Action Plans	<ul style="list-style-type: none"> <li>Regularly conduct compliance education and promotion to all company personnel and directors, and regularly audit the company's compliance execution status.</li> <li>For potentially illegal or illegal behaviors, improvement plans should be immediately proposed and implemented, with strengthened related education and training.</li> </ul>	
Effectiveness Assessment	Tracking Process	Annual audits include compliance items and review internal audit results and compliance status at year-end management meetings.
	Current Year Achievements	<ul style="list-style-type: none"> <li>No major violations of regulations</li> <li>No related complaints received</li> </ul>
Communication Channels	Contact email: <a href="mailto:suggest@laiyih.com.tw">suggest@laiyih.com.tw</a>	



### ● 2.3.1 Regulatory Compliance Policy and Tracking

Compliance with company regulations is a crucial task in the business environment. It not only represents corporate legal responsibility but is also the cornerstone for establishing corporate reputation and sustainable operations. To ensure company regulatory compliance, the Group has established a dedicated legal affairs unit responsible for supervising and interpreting all regulatory matters. This department works closely with professional legal advisors in various fields to ensure the company follows the latest announced regulatory system. Therefore, LAI YIH regards regulatory compliance as the cornerstone of corporate success and will continue through unremitting efforts and continuous improvement to ensure the company maintains excellent performance in regulatory compliance.

The Group regularly reviews and updates the company's internal policies to ensure they comply with the latest laws and regulations. This includes labor law, tax law, environmental law, and other relevant laws and regulations to ensure the company can properly comply in all areas. Additionally, the Board of Directors has approved the internal control system and ensures operational effectiveness and efficiency through continuous effective management processes. It has established "Integrity Management Procedures and Behavioral Guidelines," "Listed and Over-the-Counter Company Ethical Conduct Guidelines," "Corporate Governance Best-Practice Principles," and various management measures for compliance. At the same time, in specific implementation actions of ethical integrity, employees are required to follow work guidelines. Employee orientation training is strengthened with the promotion and signing of "Employee Confidentiality Agreements" and the establishment of "Employee Complaint Channel Announcements." LAI YIH encourages reporting of any illegal behavior and violations of listed company regulations, internal company rules, or integrity management guidelines, implementing more comprehensive supervision and management mechanisms. Additionally, to implement insider trading prevention, we conduct education and training on relevant Securities and Exchange Act provisions for directors and managers to avoid illegal equity trading situations.

### ● 2.3.2 Regulatory Compliance Action Strategy

To ensure LAI YIH's operations comply with various regulatory requirements, the following measures are adopted:

- Commission external professional institutions to conduct education and training on insider trading prevention for Board of Directors and senior managers and other relevant personnel.
- Irregularly disseminate updates on labor rights-related regulations through internal company mailboxes.
- Distribute work manuals to new employees upon hiring to implement and make labor work regulations transparent.

LAI YIH regularly conducts education and training or promotion on relevant regulations for directors, managers, and employees, allowing personnel in all units to continuously update relevant knowledge. In 2024, courses and promotion related to the Securities and Exchange Act, integrity management, and occupational safety and health were arranged, totaling 121 person-times and 363 hours. Related training or promotion details are shown in the table below:

#### ▷ 2024 Law-Related Training or Promotion Status

Target	Training/Promotion Content	Training/Promotion Person-Times	Total Training/Promotion Hours
Director	Securities and Exchange Act, Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies	17	51
Managers	Securities and Exchange Act, Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies	29	87
Employees	Occupational Safety and Health Act	75	225
Total		121	363

### ● 2.3.3 Regulatory Compliance Status GRI 2-27

In 2024, LAI YIH complied with relevant regulatory requirements in economic, environmental, and social aspects, and did not experience any major or non-major penalty incidents for violations of environmental, social, or economic related regulations.

Major Incident Definition	2024 Major Regulatory Violations	2024 Non-Major Regulatory Violations
Single incident cumulative penalty amount reaching NT\$1 million or more <small>Note</small>	0 incidents (Total penalty amount NT\$0)	0 incidents (Total penalty amount NT\$0)

Note: Defined with reference to Article 2, Paragraph 1, Item 13 requirements of the "Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violations of Financial Legislation"

## 2.4 Information Security

### 2.4.1 Information Security Governance System and Structure

To ensure the confidentiality, integrity, availability, and legality of information and avoid internal and external intentional or accidental threats, LAI YIH's information security protection dedicated unit is the Information Department, with the Group Chief Information Officer concurrently serving as the Information Security Officer, and Information Department specialists serving as Information Security Specialists. Information Security Officer responsibilities include: reviewing the implementation and effectiveness of information security management related operations and improvements; reviewing information security related policies and regulations; coordinating resource allocation and use; and reviewing resources needed for implementing corrective measures, including manpower, time, and expenses. The Group has established "Information Management Measures" and "Information and Communication Security Policies and Objectives" to build an information security management system, clearly defining related policies, management procedures, and regulations. Annual supervision by the Audit Office's information cycle ensures information security and confidentiality, protecting the related rights of customers, suppliers, employees, and stakeholders.

#### Information Security Management Strategy

Management Plan Type	Specific Measures
 Information Asset Security	<ul style="list-style-type: none"> <li>Regularly perform necessary data and software backup and disaster recovery operations.</li> <li>Important information equipment should be installed in independent computer rooms with controlled personnel access to achieve protection, reduce dangers caused by environmental insecurity, and reduce opportunities for unauthorized system access.</li> <li>Regularly conduct information asset inspection operations and system abnormality drills to maintain system reliability.</li> </ul>
 Computer Virus Prevention and Handling	<ul style="list-style-type: none"> <li>All networked computers are installed with legally licensed antivirus systems with automatic virus code updates. Users may not uninstall or terminate the resident and execution functions of antivirus software.</li> </ul>
 System Security Monitoring	<ul style="list-style-type: none"> <li>Establish security control mechanisms for computer network systems to ensure network transmission data security, protect networked operations, and prevent unauthorized system access that could cause confidential data leakage.</li> <li>Install antivirus software internally and set up external network firewalls.</li> </ul>
 Division of Labor and Authority	<ul style="list-style-type: none"> <li>Implement data access control; information can only be accessed by authorized personnel.</li> <li>User password management with scheduled password changes. Set user accounts and permissions according to various business scopes and responsibilities. Once users leave their original positions, their accounts and permissions should be immediately revoked.</li> </ul>
 Information Security Promotion/Training	<ul style="list-style-type: none"> <li>Regularly conduct information security education and training for employees to help them understand the importance of information security and various possible security risks, improving employee information security awareness and promoting compliance with information security regulations.</li> <li>Irregularly issue information security alerts to enhance employee information security awareness.</li> <li>Information security personnel regularly receive refresher training on information security protection to maintain the latest information security knowledge and skills.</li> </ul>

### 2.4.2 Information Security and Personal Data Protection GRI 418-1

Protecting customer privacy and confidential information is a core element for enterprise continued success and maintaining competitiveness. LAI YIH commits to fulfilling this responsibility, continuously improving system support and management structures to ensure information security. In system usage and data processing aspects, whether in process formulation, storage, or privacy settings, we adopt strict access control and hierarchical management. Ensure all data meets security standards during storage and transmission processes, safeguarding information security.

When information security incidents occur, the Information Department supervisor should be immediately notified, and depending on incident severity, report to the General Manager. Quickly eliminate information security problems and supplement protection. Information personnel should fill out "Information Security Incident Report Forms" as incident investigation records and propose improvement plans for occurred information security incidents to prevent future recurrence. There were no complaints regarding infringement of customer privacy or loss of customer information during the year.

### 2.4.3 Information Security Education and Training

LAI YIH continuously improves information personnel's information security awareness and regularly provides relevant education and training courses, keeping pace with the times. 2024 training included listed company information security personnel information and communication security courses, listed and over-the-counter company information and communication security control guidance explanations, information security awareness, essential knowledge and responsibilities, information security incident explanations and preventive measures, and ISO/IEC 27001:2022 Information Security Management System – Internal Auditor Training courses.

## 2.5 Risk Management

### ● 2.5.1 Risk Management Structure and Responsibilities

The Group has not yet established a Risk Management Committee but has planned for the Audit Committee to oversee risk management matters, aiming to further strengthen the company's risk management system, enhance the Board's supervisory functions, and ensure company sustainable operations and steady development. In the future, the company will continuously review the effectiveness of risk management mechanisms and adjust organizational structure as needed to enhance overall risk management capabilities. Current organizational structure and responsibility planning are as follows:

#### ▷ Risk Management Structure and Responsibilities

Organization Name	Scope of Responsibility
Board of Directors	<ul style="list-style-type: none"> <li>The highest management unit for risk assessment control decision-making and supervision.</li> <li>Establish and supervise risk management mechanisms and culture, ensuring risk management effectiveness.</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>Responsible for reviewing the company's overall risk management policies and implementation status, ensuring their effectiveness and compliance.</li> <li>Supervise risk management system implementation effectiveness, providing improvement recommendations when necessary to strengthen risk response capabilities.</li> <li>Regularly submit risk management status to the Board of Directors, including major risk matters, management effectiveness, and improvement recommendations, ensuring the Board can fully grasp the company's risk profile.</li> </ul>
Various Business Units Audit Office	<ul style="list-style-type: none"> <li>Regularly assess major risks faced by the company, covering diverse aspects including finance, operations, compliance, and information security. Propose prevention and response measures for potential risks.</li> <li>Effective implementation of various risk management measures.</li> <li>Regularly report major risk matters and management progress to the Audit Committee.</li> </ul>

### ● 2.5.2 Risk Management Methods and Results

LAI YIH regularly assesses various potential major risks facing the company and proposes prevention and response measures for identified potential risks, ensuring all potential risks are within reasonable control ranges and will not cause serious financial, reputational, and production impacts on the company. The risks identified in 2024 and related response strategies are shown in the table below.

#### ▷ Risk Items and Future Response Strategies

Risk Item	Risk Factors	Management Policies and Response Strategies
Operational Risk	Factory Expansion Investment	To acquire medium/large outsole supercritical foaming technology and increase competitive advantages, the Group invested in 51% equity of ALNU, an Indonesian subsidiary of Advanced Source Industrial Co., Ltd., through 100% shareholding of Heng Yi Investment. The production items are medium/large outsoles. ALNU is a brand-designated supplier. This investment and expansion plan is beneficial for the Group's upstream integration of local Indonesian shoe material supply chains, expected to effectively reduce production costs and increase competitiveness in securing customer orders. Although this is the Group's first investment in establishing a new factory in Indonesia, through external expert professional opinions, we can quickly understand the local investment environment and regulatory requirements, and thereby cooperate with customer supply demands to seize market opportunities.
	Sales Concentration	In 2024, the Group had sales to a single customer exceeding 30% of annual net revenue. Besides maintaining good cooperative relationships with existing customers, LAI YIH also adjusts product lines at various factories in response to global brand trends, causing increases and decreases in orders from various brands, reducing the Group's risk of sales concentration to a single customer.
Financial Risk	Exchange Rate Fluctuation	<ul style="list-style-type: none"> <li>Financial personnel continuously collect real-time foreign exchange market information and provide business units with quotation reference basis based on judgments of future exchange rate trends.</li> <li>Adopt Natural Currency Hedge. The Group's main import and export transactions are denominated in US dollars, using foreign currency receipts and payments generated from exports and foreign purchases to offset each other to reduce foreign currency net asset positions.</li> </ul>
Compliance Risk	Regulatory Violations	See <a href="#">2.3 Regulatory Compliance</a>
Environmental Risk	Climate Change	See <a href="#">3.1 Climate Change Response</a>

### ● 2.5.3 Internal Audit Mechanism

LAI YIH's Audit Office reports to the Board of Directors, with one Audit Supervisor overseeing the Group's internal audit operations and supervising the Audit Office's internal audit work. The appointment and dismissal of the Audit Supervisor requires Board approval. Additionally, five audit personnel are assigned to handle routine audits and special project audits.

Audit personnel select audit items and frequency based on annual risk assessment results, formulate audit plans, and after Board approval, execute business according to the plans. The Audit Office presents internal audit reports and working papers, including evaluations of various regulations and business processes of the internal control system to determine whether current regulations and procedural controls are appropriate, whether management units and business units effectively implement internal controls, and whether benefits are reasonable, while continuously providing improvement recommendations. Internal audit reviews internal control self-inspections executed by various units and subsidiaries to ensure execution quality, and comprehensively reports self-inspection results to the Board of Directors as the basis for issuing internal control statements. Additionally, semi-annual management meetings review audit results from various factories, allowing management to understand the current status of corporate governance and achieve management objectives.





# 3 Environmental Sustainability Management

3.1 Climate Change Response

3.2 Energy and Gas Emission Management

3.3 Waste Management

3.4 Water Resource Management



Facing environmental sustainability issues, LAI YIH adheres to the principles of protecting natural resources and corporate sustainable operations, committed to improving energy and resource utilization efficiency to reduce potential environmental impacts from company development. We integrate concepts of environmental protection, renewable energy use, and material recycling into operational management frameworks, introduce ISO 14001 Environmental Management System, ISO 50001 Energy Management System, respond to international initiatives, and implement various management measures. Additionally, we gradually require all factories to complete the Sustainable Apparel Coalition (SAC) Higg Index Facility Environment Module (FEM) self-assessment and third-party verification. Higg Index FEM covers seven major items including environmental management, energy and greenhouse gases, air emissions, water use, wastewater, waste, and chemical management. Through various management systems and evaluation mechanisms, we quantify and systematize environmental data from each factory, continuously working on greenhouse gas emission reduction, energy and resource efficiency improvement, waste reduction, and water resource reuse. Upholding the spirit of "In US, You Trust," we hope to create an environmentally responsible sustainable enterprise that gives all stakeholders peace of mind.

### ► Environmental Certification Status of Production Sites

Certification Item	Certification Body	Factory	Validity Period
ISO 14001:2015 Environmental Management System	BSI British Standards Institution	LAC TY	2022/11/01-2025/10/31
ISO 14001:2015 Environmental Management System	BSI British Standards Institution	LAC TY II	2022/03/30-2025/02/20
ISO 14001:2015 Environmental Management System	BSI British Standards Institution	TY XUAN	2024/12/05-2027/12/04
ISO 50001:2018 Energy Management System	BSI British Standards Institution	TY XUAN	2022/07/26-2025/07/25
Higg Index FEM 4.0	TÜV Rheinland Vietnam Ltd	TY XUAN	2024
Higg Index FEM 4.0	Leadership & Sustainability Company Limited	TY BACH	2024
Higg Index FEM 4.0	Leadership & Sustainability Company Limited	TY THAC	2024
Higg Index FEM 4.0	ALGI International Inc.	YIH QUAN	2024

## 3.1 Climate Change Response TCFD

To respond to international climate initiatives, address customer supply chain decarbonization plans, and consider the potential impacts of climate issues on company operations and sustainable development of the human world, the Group has established risk management mechanisms to identify and manage potential risks from climate change. We have included energy management, greenhouse gas management, and waste management as material topics to formulate corresponding management approaches for focused management. Besides responding to the international consensus of net-zero carbon emissions by 2050, this also enhances the Group's climate resilience and risk adaptation capabilities, establishing solid and positive cooperative relationships with customers.

The Group references the Task Force on Climate-related Financial Disclosures (TCFD) framework, planning and implementing various actions in four areas: "Governance," "Strategy," "Risk Management," and "Metrics and Targets" to identify and manage climate change-related risks and opportunities, disclosing relevant information in this report.

### ● 3.1.1 Climate Governance

The Group's climate governance uses the Sustainability Development Department as the main driving unit, with the Board of Directors as the highest governance body. The Sustainability Development Department is responsible for implementing the Board's climate risk management policies and objectives, regularly reviewing climate risk response planning and implementation results submitted by various working groups, supervising the implementation effectiveness and goal achievement of companies and factories within the Group, assisting in communicating and integrating the Group's climate governance status, and regularly reporting to the Board of Directors. The Board of Directors is the Group's highest governance body, responsible for convening meetings to discuss, decide, or approve the company's development strategies, institutional directions, and important actions, exercising supervisory responsibilities over management and being accountable to all shareholders.

### ● 3.1.2 Climate Change Response Strategy

The Group's Sustainability Development Department convenes and collects internal Group feedback to identify potential climate-related risks and opportunities in short, medium, and long-term operations, assess the likelihood and impact level of these risks and opportunities, analyze their operational and financial impacts on the company, and plan various management measures and actions to address identified climate-related risks and opportunities.

The Group has identified five major climate-related risks and one major climate-related opportunity. The identification and management process is as follows:

#### ▷ Major Climate-Related Risk and Opportunity Identification and Management Procedures

##### Climate Issue Collection and Risk/Opportunity Identification

Collect the latest domestic and international sustainability trends and regulations, climate-related issues of concern to peers, and compile potential climate-related risks and opportunities relevant to the Group. Finally screened 11 climate-related risks and opportunities, including 5 transition risks, 2 physical risks, and 4 opportunities.

- **Transition risks:** Cap and trade and emission reporting obligations, carbon pricing mechanisms, product and service requirements and regulations, changing customer and consumer preferences, low-carbon and renewable material technology transition
- **Physical risks:** Increased severity and frequency of extreme weather events (typhoons, floods, heavy rainfall, etc.), rising average temperatures
- **Opportunities:** Develop and/or increase low-carbon products and services, improve water or energy efficiency, adopt more efficient transportation methods, establish circular economy models

##### Climate Risk/Opportunity Assessment

The Sustainability Development Department assesses initially screened potential climate-related risks and opportunities, quantitatively evaluating the impact likelihood and degree of various climate-related risks and opportunities on company operations and finances to create materiality assessment matrix diagrams and identify major climate-related risks and opportunity items.

The Group identified 6 major climate-related risk and opportunity items, including 3 transition risks, 2 physical risks, and 1 opportunity:

- **Transition risks:** Cap and trade and emission reporting obligations, carbon pricing mechanisms, changing customer and consumer preferences
- **Physical risks:** Increased severity and frequency of extreme weather events (typhoons, floods, heavy rainfall, etc.), rising average temperatures
- **Opportunities:** Improve water or energy efficiency

##### Response Strategy and Financial Impact Analysis

Conduct internal assessment of major climate-related opportunity items and establish control measures to mitigate risk impacts. For major climate-related opportunity items, actively evaluate feasible plans to maximize the benefits of climate-related opportunities. Based on this foundation, the Group comprehensively considers the impact of risks and opportunities on operations, as well as the time, technology, and human costs required for management measures, comprehensively evaluating climate-related financial impacts.

##### Tracking Management

The Sustainability Development Department continuously tracks the management effectiveness and goal achievement of various issues, making rolling adjustments with reference to the latest peer and international trends, regularly reviewing effectiveness, and continuously improving response measures for climate-related issues.

#### ▷ Major Climate-Related Risk and Opportunity Identification Matrix

Impact Level	High	R7 Low-carbon and renewable material technology transition			
		R5 Product and service requirements and regulations	R1 Increased severity and frequency of extreme weather events (typhoons, floods, heavy rainfall, etc.) R2 Rising average temperatures	R6 Changing customer and consumer preferences	R3 Cap and trade and emission reporting obligations
		O1 Develop and/or increase low-carbon products and services O4 Establish circular economy models	O2 Improve water or energy efficiency		R4 Carbon pricing mechanisms
		O3 Adopt more efficient transportation methods			
	Low				
		Impact Likelihood			
		Low		High	

### **3.1.3 Climate Change Risk Management** GRI 201-2

The Group's climate risk management process first conducts assessment and identification of major climate-related risks, then formulates response strategies, sets related objectives, and tracks subsequent effectiveness for the identified major risks. For detailed explanation, see: [3.1.2 Climate Change Response Strategy](#) The climate risk management process has been integrated into other ESG-related risk management processes, all executed by the Sustainability Development Department responsible for risk identification, assessment, management, and effectiveness tracking, reporting related results to the Board of Directors.

The table below lists the impact timeline, current status description, related financial impacts, and future response strategies for each major climate-related risk and opportunity.

Aspect		Risk / Opportunity Item	Risk/Opportunity Description	Potential Financial Impact	Impact Timeline	Response Strategies and Management Measures
Physical Risk	Immediate Risk	R1 Increased severity and frequency of extreme weather events (typhoons, floods, heavy rainfall, etc.)	The Group's production facilities are mainly located in Southeast Asia. Intensified extreme weather may cause various locations to face different climate risks. In the past, typhoons and heavy rains have caused bridges or roads to be flooded or washed away, affecting employee commuting and supplier transportation. Thunder and lightning weather has also damaged power supply systems, requiring backup solutions. Such climate disasters have increased the company's operational interruption risk and caused substantial financial impact.	Increased operating costs Reduced asset value Reduced operating revenue	Short term (0-3 years)	<ol style="list-style-type: none"> <li>1. Recommend local government improve drainage facilities in industrial zones where factories are located, increase road height, and strengthen fixed protection.</li> <li>2. Regularly inspect factory equipment to ensure all leak-proof and waterproof equipment operates normally.</li> <li>3. Purchase typhoon and flood insurance to disperse losses suffered by disaster-affected factories.</li> <li>4. Increase local procurement ratio and seek diverse suppliers to mitigate possible impacts of transportation interruption caused by extreme weather.</li> <li>5. Strengthen power reserves and drainage/water storage facilities within factories.</li> <li>6. Strengthen emergency response procedures based on each facility's geographical location and focus on natural disasters with higher risk indices.</li> <li>7. Myanmar factory installs meteorological detection equipment according to local requirements to collect climate data for subsequent management use.</li> </ol>
	Long-term Risk	R2 Rising average temperatures	Global average temperatures increase annually. In high-temperature environments, employees easily become fatigued and faint, which may affect employee health and work efficiency in the long term; equipment cannot operate normally in high-temperature environments; raw material properties change due to high temperatures, such as glue and chemicals becoming brittle or elasticity/tensile strength not meeting requirements due to high temperatures, affecting production materials; high temperatures may also cause fires. The above situations require further improvement in factory ventilation and temperature control requirements, increasing energy consumption demands for cooling equipment, air conditioning, and chilled water systems.	Increased operating costs Increased capital expenditure	Medium term (3-10 years)	<ol style="list-style-type: none"> <li>1. Factories adopt green building design, promote tree planting and greening plans within factories, increasing green spaces.</li> <li>2. Install exhaust and cooling equipment at each factory to reduce cargo damage and employee heat stroke risks.</li> <li>3. For high-temperature working environments, provide ice water or physical cooling methods and high-temperature subsidies to increase employee efficiency.</li> <li>4. Establish fire prevention plans and install firefighting, insulation, and heat dissipation equipment to reduce fire risks.</li> </ol>
Transition Risk	Policy and Regulatory Risk	R3 Cap and trade and emission reporting obligations	Taiwan's Financial Supervisory Commission's "Sustainable Development Roadmap for Listed Companies" regulates and strengthens corporate greenhouse gas emission reporting obligations. Additionally, some factories in Vietnam, Myanmar, and Indonesia must regularly provide greenhouse gas emission reports according to local provincial government requirements.	Increased operating costs	Medium term (3-10 years)	<ol style="list-style-type: none"> <li>1. According to FSC sustainable development roadmap requirements, planned Group greenhouse gas inventory and verification timeline plan.</li> <li>2. Regularly submit greenhouse gas emission reports in accordance with requirements from governments where factories are located.</li> <li>3. Establish greenhouse gas data collection systems and mechanisms.</li> <li>4. Continuously evaluate the possibility of installing solar panels at factories, gradually increasing the ratio of solar panel installation at factories.</li> <li>5. Actively improve green electricity usage ratio and explore local green electricity suppliers at operating locations.</li> </ol>

Aspect		Risk / Opportunity Item	Risk/Opportunity Description	Potential Financial Impact	Impact Timeline	Response Strategies and Management Measures
Transition Risk	Policy and Regulatory Risk	R4 Carbon pricing mechanisms	Countries worldwide increasingly implement carbon rights, carbon taxes, or carbon fees. In 2026, Taiwan's Climate Change Response Act will levy carbon fees on the first wave of major carbon emitters with annual emissions exceeding 25,000 tons domestically. However, the Group's production areas are all located overseas and are not targets of the first wave of collection. Production bases are located in Vietnam, Myanmar, and Indonesia, where local governments have not yet established related carbon pricing mechanisms. Although there is no risk at this stage, considering future policy uncertainties, this risk is still evaluated. If affected by carbon pricing mechanisms in the future, additional costs will be incurred.	Increased operating costs	Long term (10+ years)	1. Formulate carbon reduction strategies, adopt related measures, establish Science-Based Targets (SBT), and continuously manage carbon reduction performance. 2. Continuously monitor policy and regulatory progress in operating locations and various countries.
	Market Risk	R6 Changing customer and consumer preferences	With the rise of environmental issues and environmental consumption awareness, most brand companies cooperating with the Group already have autonomous carbon reduction targets and require downstream shoe manufacturers accordingly. To meet various environmental KPI requirements from brand companies, such as green electricity usage rates, eco-friendly material ratios, and product carbon footprint requirements, energy and resource management plans must be established, energy and resource management systems introduced, related equipment invested, Science-Based Targets (SBT) established, and carbon reduction plans formulated.	Increased operating costs Increased capital expenditure	Short term (0–3 years)	1. Monitor customer sustainability trends and incorporate them into operational and R&D strategies. 2. Establish low-carbon material R&D groups to research and develop low-carbon materials to enhance corporate competitiveness. 3. Gradually implement sustainability-related requirements and controls for designated material suppliers. 4. Increase renewable energy usage rates. 5. Increase eco-friendly material usage ratios.
Opportunity	Resource Use Efficiency	O2 Improve water or energy efficiency	Introducing environmental technologies and implementing energy and resource efficiency management plans can not only reduce shoe factory operating costs but also improve production efficiency, reduce regulatory risks, meet customer requirements, and establish a more competitive and sustainable brand image in the market. This will contribute to long-term enterprise development and ensure the Group's stable position in the global supply chain.	Reduced operating costs Increased operating revenue	Short term (0–3 years))	1. Set energy and resource KPI targets for each factory, establish Science-Based Targets (SBT) to effectively manage energy and resource consumption at each factory. 2. Introduce ISO 50001 to optimize energy management systems. 3. Establish process wastewater and rainwater recycling and reuse mechanisms. 4. Introduce ISO 46001 systems to improve water resource management efficiency. 5. Introduce automation equipment to improve production efficiency, including AI automatic spray trajectory identification technology and 3D printing technology applications.

### ● 3.1.4 Metrics and Targets

The Group uses Scope 1, 2, and 3 greenhouse gas emissions as performance evaluation indicators for climate issue management. Based on these indicators, Science-Based Targets (SBT) have been established and emission reduction roadmaps drawn. For the Group's 2024 Scope 1, 2, and 3 greenhouse gas emissions, see: [3.2.3 Greenhouse Gas Emission Status](#). For emission reduction roadmaps, see: [3.2.4 Energy Conservation and Carbon Reduction Actions](#) > Science-Based Targets (SBT) and Reduction Pathway Planning.



## 3.2 Energy and Gas Emission Management

### ● Management Approach – Energy and Greenhouse Gas Emission Management GRI 3-3

Corresponding GRI	GRI 302 、 305	
Impact	Energy and greenhouse gas emission conditions will impact the Earth's environment externally and further impact all stakeholders, the company itself, and the survival of human society as a whole. In 2024, the Group did not identify any major negative impacts in energy and greenhouse gas emissions.	
Commitment / Policy	The Group commits to responding to international society's call for energy management and greenhouse gas emission reduction, cooperating with the world to jointly control global temperature rise within 1.5° C	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>Improve data collection quality and complete data collection platform construction</li> <li>Continue promoting energy efficiency improvement projects</li> <li>Continue introducing renewable energy</li> </ul>
	Long-term Goals (5+ years)	<ul style="list-style-type: none"> <li>Reduce Scope 1 and Scope 2 emissions by 42% by 2030</li> <li>Reduce Scope 1 and Scope 2 emissions by 90% by 2050</li> </ul>
Action Plans	<ul style="list-style-type: none"> <li>Introduce ISO 14001 Environmental Management System and ISO 50001 Energy Management System.</li> <li>Formulate specific energy policies, management processes, and plans that comply with the company according to environmental regulations at operating locations.</li> <li>Establish Science-Based Targets (SBT) and formulate corresponding emission reduction pathways.</li> <li>Participate in Carbon Disclosure Project (CDP) questionnaires.</li> <li>Internally promote energy conservation and carbon reduction awareness.</li> <li>Implement applicable energy conservation and carbon reduction solutions at multiple operating locations, mainly including optimization of factory lighting and equipment, and application of solar green electricity.</li> </ul>	
Effectiveness Assessment	Tracking Process	Use energy consumption and greenhouse gas emissions as main performance evaluation indicators. Additionally, through annual company management technical review meetings to discuss greenhouse gas issue-related proposals, including domestic and international situation changes, stakeholder concerns, greenhouse gas inventory operation implementation status, management policy implementation status, etc.
	Current Year Achievements	<ul style="list-style-type: none"> <li>Responded to CDP Climate Change questionnaire with a score of C</li> <li>Energy and greenhouse gas data collection scope expanded; in 2024, added four factory areas: Jia Zhi, Yih Quan, Yih Fu, ALNU</li> <li>5 major production sites have reduced non-renewable electricity use through green electricity</li> </ul>
Communication Channels	Established spokesperson mechanisms and comprehensive communication channels, providing spokesperson names, phone numbers, and emails on the company website for stakeholder communication and complaints: <ul style="list-style-type: none"> <li>Sustainability Development Department Stakeholder Mailbox: <a href="mailto:laiyihESG@laiyih.com.tw">laiyihESG@laiyih.com.tw</a></li> </ul>	

### ● Energy and Greenhouse Gas Emission Management Strategy

LAI YIH actively responds to international society's call for energy management and greenhouse gas emission reduction. Besides introducing ISO management systems and building internal environmental management mechanisms, we have also established Science-Based Targets (SBT) and formulated corresponding emission reduction pathways, while actively participating in the Carbon Disclosure Project (CDP) questionnaires. LAI YIH's goal is to achieve net-zero emissions by 2050, cooperating with the world to jointly control global temperature rise within 1.5°C. To achieve emission reduction targets, the Group not only promotes energy conservation and carbon reduction awareness internally but also deeply integrates into the company's internal operational mechanisms, implementing applicable energy conservation and carbon reduction solutions at multiple operating locations. These solutions include improving energy use efficiency and using renewable energy, with specific actions including optimization of factory lighting and equipment, and application of solar green electricity.

To understand trends and continuously optimize management approaches, the Group's greenhouse gas inventory promotion team must report the following matters at annual company management technical review meetings: (1) Implementation status and inventory results of greenhouse gas inventory operations (2) Verification results of greenhouse gas inventory operations (3) Domestic and international situation changes regarding greenhouse gas issues and matters of concern to stakeholders. The proposals and resolutions of the review meeting include: (1) Greenhouse gas inventory management system, including the continued applicability of procedures and related operational guidelines, and items that should be revised when necessary (2) Various improvement needs and resources to be invested (3) Other items that should be improved.

Strategy	Actions
Respond to International Calls	<ul style="list-style-type: none"> <li>Committed to establishing Science-Based Targets to the Science Based Targets initiative (SBTi) in 2023, and has set targets of 42% emission reduction by 2030 and net-zero emissions by 2050</li> <li>Planned emission reduction pathway to 2030, currently planning emission reduction pathway from 2030 to 2050</li> <li>Responded to CDP, completed Climate Change questionnaire in 2024 with a score of C</li> </ul>
Improve Energy Use Efficiency	<ul style="list-style-type: none"> <li>Optimized or replaced lighting and production facilities at multiple locations to improve energy use efficiency during factory operations</li> </ul>
Implement Renewable Energy Use	<ul style="list-style-type: none"> <li>Some factories in Vietnam cooperate with solar energy companies, providing rooftops for companies to build solar power generation systems, then purchasing solar green electricity from companies to meet partial electricity needs</li> </ul>
Promote Environmental Awareness	<ul style="list-style-type: none"> <li>Continue promoting employee environmental sustainability concepts to achieve reduction consensus throughout the company</li> <li>Promote basic concepts such as turning off lights and conserving electricity</li> </ul>
Strengthen Management Mechanisms	<ul style="list-style-type: none"> <li>Introduce ISO 14001 Environmental Management System and ISO 50001 Energy Management System</li> <li>Formulate specific energy policies, management processes, and plans that comply with the company according to environmental regulations at operating locations</li> <li>Regularly conduct internal verification of compliance performance and accept third-party assurance</li> <li>Hold annual meetings to discuss greenhouse gas issue-related proposals, including domestic and international situation changes, stakeholder concerns, greenhouse gas inventory operation implementation status, management policy implementation status, etc.</li> </ul>



### ● 3.2.2 Energy Usage Status GRI 2-4、302-1、302-3

In 2024, non-renewable energy used by LAI YIH's main locations accounted for 87% of total energy consumption, while renewable energy accounted for 13%. Non-renewable energy use was primarily external non-renewable electricity (83%), followed by diesel (3%). Renewable energy use was entirely from green electricity generated by solar power generation systems installed on factory rooftops, with each location purchasing back through agreements with solar energy companies. Electricity consumption is mainly used for production and operations at each location. The main reasons for the increase in total energy consumption in 2024 compared to 2023 are two-fold: first, expanded data collection scope, and second, factory expansion and production line increases within the Group.

#### ▷ Energy Consumption Statistics

Energy Type	2022	2023	2024
Non-renewable Energy (GJ)	445,248	411,127	593,989
Diesel	45,231	14,417	19,993
Gasoline	4,338	3,942	6,198
Liquefied Petroleum Gas	6,950	1,255	1,441
Liquefied Natural Gas	-	-	47
External Non-renewable Electricity	388,729	391,513	566,310
Renewable Energy (GJ)	77,837	84,475	88,124
External Green Electricity	77,837	84,475	88,124
Total Energy Consumption (GJ)	523,085	495,602	682,113
Energy Intensity (GJ/thousand pairs)	7.81	6.11	6.70

Notes:

- 2022 and 2023 data statistics scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH
- 2024 data statistics scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH, GRAND WISDOM, YIH QUAN, YIHFULL, ALNU
- 2024 gasoline and diesel heating values are sourced from the Ministry of Environment's announced 2024 automotive gasoline and diesel heating values, other heating values are sourced from the Ministry of Economic Affairs Energy Administration's announced energy product unit heating value table
- 2023 data was restated because a factory mistakenly reported diesel as biodiesel
- Energy intensity = Total energy consumption (Gigajoules, GJ) ÷ Product production volume (thousand pairs)

### ● 3.2.3 Greenhouse Gas Emission Status GRI 305-1、305-2、305-3、305-4

LAI YIH conducts greenhouse gas self-inventory using GHG Protocol standards. Scope 1 greenhouse gas emissions mainly originate from the use of forklifts, official vehicles, refrigerants, and gas. Scope 2 greenhouse gas emissions originate from electricity use. In 2024, because the Group's energy structure is primarily electricity consumption, Scope 2's proportion (89%) is higher than Scope 1's proportion (11%). Total greenhouse gas emissions in 2024 were 118,753 metric ton CO<sub>2</sub>e, with emission intensity of 1.17 tonCO<sub>2</sub>e/thousand pairs. The increase compared to 2023 has two main causes: first, expanded data collection scope, and second, factory expansion and production line increases within the Group. Scope 3 greenhouse gas emissions mainly originate from Category 1: Purchased products and services. The increase compared to 2023 is mainly due to expanded data collection scope and increased production volume.

#### ▷ Scope 1 and Scope 2 Greenhouse Gas Emissions and Emission Intensity

	2022	2023	2024
Scope 1 (tonCO <sub>2</sub> e)	16,610	10,131	13,069
Scope 2 (tonCO <sub>2</sub> e)	69,146	74,023	105,684
Scope 1 & 2 Total	85,756	84,154	118,753
Emission Intensity (tonCO <sub>2</sub> e/thousand pairs)	1.28	1.04	1.17

#### Notes:

- 2022 and 2023 data statistics scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH
- 2024 data statistics scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH, GRAND WISDOM, YIH QUAN, YIHFULL, ALNU
- Data is obtained through operational control approach self-inventory and calculation, not verified by third parties
- Emission factors are sourced from conversion factors 2021 published by the UK Department for Environment, Food and Rural Affairs (DEFRA)
- Emission intensity = Scope 1 and Scope 2 total emissions (tonCO<sub>2</sub>e) ÷ Product production volume (thousand pairs)

#### ▷ Scope 3 Greenhouse Gas Emissions

(Unit: tonCO<sub>2</sub>e)

Category	Items	2022	2023	2024
Category 1	Purchased products and services	422,789	468,628	762,551
Category 2	Capital goods	46,850	20,760	84,557
Category 3	Fuel and energy-related activities	21,089	20,322	27,923
Category 4	Upstream transportation and distribution	12,139	11,461	9,209
Category 5	Waste generated in operations	1,091	1,177	1,425
Category 6	Business travel	304	2,342	48,873
Category 7	Employee commuting	82,916	90,372	105,736
Category 12	End-of-life treatment of sold products and services	20,242	16,241	26,193
Total		607,419	631,304	1,066,467

#### Notes:

- 2022 and 2023 data statistics scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH
- 2024 data statistics scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH, YIH QUAN, GRAND WISDOM
- Data is obtained through self-inventory and calculation, not verified by third parties
- Emission factors are sourced from conversion factors 2021 published by the UK Department for Environment, Food and Rural Affairs (DEFRA)



### ● 3.2.4 Energy Conservation and Carbon Reduction Actions GRI 302-4、305-5

The Group has established Science Based Targets and reduction pathways in energy conservation and greenhouse gas emissions reduction, implementing multiple energy conservation and carbon reduction measures. The main strategic directions are improving energy use efficiency, reducing demand, and using green electricity.

#### ▷ Performance of Main Energy Conservation and Carbon Reduction Solutions Implemented at Major Operating Locations Over the Past Three Years

Aspect	Items	Solution Overview	Estimated Annual Energy Saving Performance		Estimated Annual Emission Reduction Performance
			Energy Saving Category	Annual Energy Savings (GJ/year)	Annual Emission Reduction (tonCO <sub>2</sub> e/year)
Improve Energy Use Efficiency	Lighting Replacement	Replace traditional lighting in partial areas of Vietnam LAC TY, LAC TY II, TY THAC, and Myanmar TSANG YIH with high-efficiency LED lighting	Electricity	43,709	8,004
	Compression Facility Optimization	Optimize compression facilities at Vietnam LAC TY and LAC TY II through installing loop piping, reducing intake temperature, compressed air leak inspection and repair to improve energy use efficiency	Electricity	155	28
	Sole Pressing Equipment Optimization/Replacement	Replace manual sole pressing machines at Vietnam TY XUAN with fully automatic sole pressing machines with higher production efficiency, and install thermal barriers to reduce heat loss from sole pressing machines	Electricity	1,168	214
	Motor Replacement	Vietnam TY XUAN replaced motors with more efficient IE3 motors	Electricity	2,533	464
Reduce Energy Demand	Work Process Changes	Myanmar TSANG YIH changed work processes so that some conveyor belt transport processes can operate without electricity; Vietnam LAC TY evaluated optimal lighting brightness for each production line and appropriately reduced the number of light bulbs to reduce electricity demand	Electricity	68	12
Use Renewable Energy	Solar Energy Use	Vietnam TY XUAN expanded solar power generation systems, and TY THAC also began construction. Through cooperation with solar energy companies, providing rooftops for companies to build solar power generation systems, subsequently purchasing solar green electricity generated by the systems from companies to meet partial electricity needs during production processes			3,142

Over the past 3 years, the energy conservation and carbon reduction solutions that LAI YIH has mainly begun implementing are estimated to bring annual. Energy savings of 47,633 GJ/year and emission reductions of 11,864 tonCO<sub>2</sub>e/year



## Enhancing Green Electricity Use

Since 2020, as the Vietnamese government actively promotes solar energy construction plans and environmental awareness continues to increase, the Group has also cooperated with solar energy companies, successively installing solar energy systems on the rooftops of LAC TY, LAC TY II, TY XUAN, TY BACH, and TY THAC factories, reaching agreements with companies to repurchase solar green electricity. By 2024, all factories had achieved their original usage targets. The decrease in TY BACH's green electricity usage rate in 2024 was mainly due to sole factory expansion and partial order transfers to factories that have not yet installed solar power generation equipment.

### ▷ Green Electricity Usage Rates at Various Production Locations in Recent Years

Year \ Location	LAC TY	LAC TY II	TY XUAN	TY BACH	TY THAC
2024	14%	14%	19%	13%	4%
2023	10%	15%	21%	23%	Not yet in use
2022	8%	10%	20%	33%	Not yet in use

Note: Green electricity usage rate = Green electricity usage ÷ Total electricity consumption



## Science-Based Targets (SBT) and Reduction Pathway Planning

To achieve the global climate goals set by the Paris Agreement, controlling global average temperature rise to no more than 2° C and seeking to limit it to within 1.5° C, the Group submitted a commitment to the Science Based Targets initiative (SBTi) in 2023, demonstrating determination to establish Science Based Targets, and submitted specific targets to SBTi by the end of 2023.

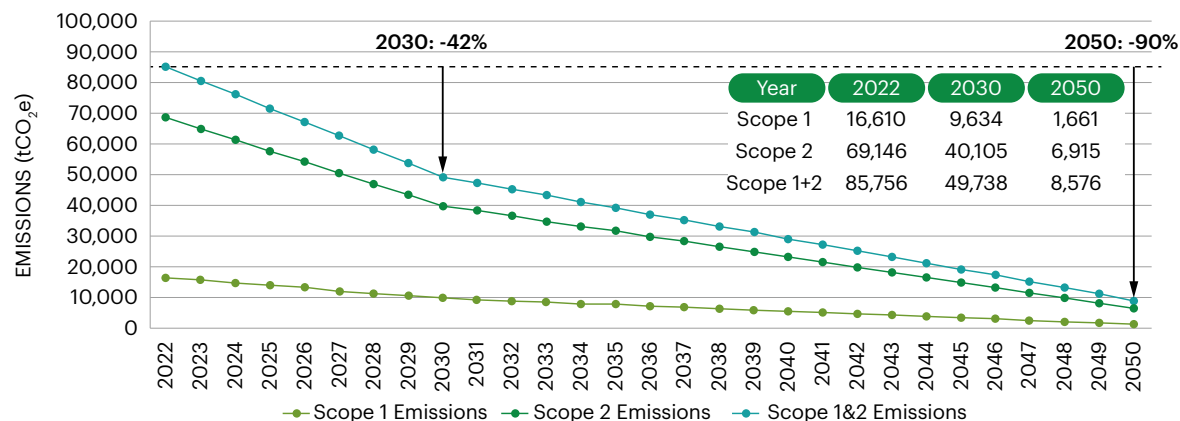
Currently, the Group has adopted the absolute-based approach, establishing medium to long-term targets of a 42% reduction in Scope 1 and Scope 2 emissions by 2030 and a 90% reduction by 2050. The emission reduction pathway planning from 2022 to 2030 has been completed. Besides further allocating emission reduction targets for each major location under the overall reduction target, the main strategies and measures each location should adopt have also been planned. The Group will further formulate emission reduction pathways from 2030 to 2050 to clarify long-term phased targets and strategic directions for each location.

In the reduction pathway submitted to SBTi, the Group plans to achieve Scope 1 and Scope 2 emission reduction targets mainly through energy structure optimization measures. Using 2022 as the baseline year, planning 42% reduction by 2030 and 90% reduction by 2050, the main strategies are:

1. Improve energy use efficiency in production and operational processes, including equipment and production process optimization.
2. Increase the proportion of renewable energy use.
3. Purchase green electricity certificates.

Additionally, the Group will continue planning Scope 3 carbon reduction pathways, incorporating greenhouse gas emissions from upstream and downstream supply chains into management scope, striving to work with suppliers and customers to achieve emission reduction targets. The Group hopes to become a leading international green factory in the footwear industry, therefore will continue advancing toward net-zero carbon emissions as the goal, shouldering corporate responsibility for environmental sustainability.

### ▷ LAI YIH Carbon Reduction Pathway



### ▷ 2022 to 2030 Reduction Pathway Planning

Year	Core Actions	Scope	Estimated Carbon Reduction	Notes
2025	GHG inventory hotspot completion, energy diagnosis	Scope 1, 2, 3	0%	Inventory transportation equipment, diesel generators, electrical equipment, and raw material procurement carbon emission hotspots
2025-2026	Energy efficiency improvement projects: air compressors, LED lighting, energy-saving motors, air conditioning system optimization	Scope 2	10%	Improve data collection quality and complete data collection platform construction
2026-2027	Renewable energy introduction: rooftop solar energy, green electricity certificate purchases	Scope 2	25%	Molding, cutting, sewing electricity conservation projects with real-time electricity monitoring
2026-2028	Vehicle electrification	Scope 1	7%	Adopt self-generation and self-use or green electricity certificate methods based on each factory's rooftop conditions and local regulations
2030	Achieve 42% reduction in Scope 1 and 2	Scope 1, 2	42%	Prioritize replacing internal fuel vehicles, plan electrification of company transportation (forklifts, company shuttle buses, etc.)
2026-2030	Supply chain raw materials and equipment carbon inventory (Scope 3 Categories 1, 2), establish raw material carbon emission database	Scope 3 Categories 1, 2	25%	DPP implementation preparation: inventory material carbon footprint data, establish product carbon emission database, confirm raw material carbon emission standards, formulate procurement carbon emission thresholds
	Raw material carbon reduction projects: introduce low-carbon EVA, recycled PU, artificial leather, recycled fiber fabrics	Scope 3 Category 1		Coordinate with DPP database, set material procurement carbon emission thresholds, sign carbon reduction agreements with suppliers, gradually increase low-carbon/recycled material usage ratio, DPP simultaneous launch with product label carbon footprint disclosure
2029-2030	Employee commuting carbon reduction optimization	Scope 3 Category 7	2%	Promote short-distance shuttles, employee carpooling incentives, and electric shuttle bus services, combined with surrounding rural factory area conditions
2030	Achieve 25% reduction in Scope 3 Category 1	Scope 3 Category 1	25%	Comply with SBTi commitment, pass verification, public disclosure

### ● **Ozone-Depleting Substance Emission Management** GRI 305-6

The Group's ozone-depleting substance (ODS) emissions mainly originate from the use of R22 refrigerant in refrigeration equipment. To reduce negative environmental impacts, the Group has adopted corresponding management measures. Besides regularly maintaining air conditioning equipment, we also plan to gradually phase out equipment using R22 refrigerant, prioritizing other equipment during procurement to mitigate ODS emissions.

### ▷ **Recent Ozone-Depleting Substance Emission Statistics**

(Unit: CFC-11 equivalent metric tons)

ODS Type	2022	2023	2024
HCFC-22	0.10	0.12	0.14

Notes:

1. 2022 and 2023 data statistics scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH

2. 2024 data statistics scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, GRAND WISDOM, TSANG YIH, YIH QUAN, YIHFULL, ALNU

3. ODS emissions mainly originate from air conditioning and refrigeration equipment leakage

4. Ozone Depletion Potential (ODP) references Montreal Protocol announcements, HCFC-22 refrigerant ODP value is 0.055



## 3.3 Waste Management

### ● Management Approach – Waste Management GRI 3-3

Corresponding GRI	GRI 306	
Impact	Waste generated during operations may impact both inside and outside the company. Externally, it may impact all stakeholders, the Earth's environment, and human society as a whole. Internally, it may impact the company's reputation, customer cooperation relationships, business performance, and future growth. In 2024, the Group did not identify any major negative impacts in waste management.	
Commitment / Policy	The Group commits to considering local regulatory requirements, customer needs, and other stakeholder rights as primary considerations, implementing effective waste management to reduce possible environmental impacts from company operations and practice sustainable development for both the company and environment.	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>Actively promote green packaging, waste reduction, and recycling programs</li> <li>Actively reduce landfill volumes</li> <li>Maintain 0 incidents of violating local waste-related regulations</li> <li>Maintain 100% compliance with hazardous chemical substance zero discharge regulations</li> </ul>
	Long-term Goals (5+ years)	Continue improving waste recycling and reuse technologies and ratios, and continue implementing source reduction related actions to gradually reduce waste volumes and advance toward green factories
Action Plans	<ul style="list-style-type: none"> <li>Formulate related company policies and handling procedures for hazardous and non-hazardous waste, and regularly update them.</li> <li>All major production sites have dedicated or part-time personnel for waste quantity management and record waste data in waste management systems.</li> <li>Provide education and training to employees on waste classification and storage.</li> <li>Continuous process improvement to reduce process losses and thereby reduce waste generation.</li> <li>Based on different waste categories and properties, conduct proper classification, collection, storage, and treatment after generation, ensuring compliance with local and national regulations and customer standards, with all waste disposal handled by professional and qualified waste collection companies.</li> <li>Properly manage chemicals used in processes and regularly send for third-party testing to ensure compliance with Zero Discharge of Hazardous Chemicals (ZDHC) regulations.</li> </ul>	

Corresponding GRI	GRI 306	
Effectiveness Assessment	Tracking Process	Use waste generation data, handling conditions, and compliance status as main performance evaluation indicators, and track management approach implementation through meetings and reports.
	Current Year Achievements	<ul style="list-style-type: none"> <li>0 incidents of violating local waste-related regulations</li> <li>100% compliance with hazardous chemical substance zero discharge regulations</li> <li>Waste recycling or reuse rate reaches 35%</li> </ul>
Communication Channels	Established spokesperson mechanisms and comprehensive communication channels, providing spokesperson names, phone numbers, and emails on the company website for stakeholder communication and complaints: <ul style="list-style-type: none"> <li>Sustainability Development Department Stakeholder Mailbox: <a href="mailto:laiyihESG@laiyih.com.tw">laiyihESG@laiyih.com.tw</a></li> </ul>	

### ● 3.3.1 Waste Management Strategy GRI 306-1、306-2

The Group has established qualified waste management strategies with local regulatory requirements, customer needs, and other stakeholder rights as primary considerations, hoping to practice effective management of various wastes to reduce possible environmental impacts from company operations and practice sustainable development for both the company and environment.

To implement effective waste management, the Group evaluates relevant local legal regulations and reviews its own compliance status to ensure waste management complies with regulations. Additionally, the Group listens to customer needs and adjusts management strategies based on their feedback to ensure waste management aligns with customer expectations.

For waste already generated, the Group ensures proper handling, adopting corresponding classification, collection, storage, and treatment measures based on different waste categories and properties. All waste collection work is commissioned to professional and qualified companies to ensure all waste treatment is compliant, legal, and serves stakeholders' interests.



For hazardous waste, the Group adopts stricter management measures. Internally, adopt the safest and most appropriate collection and storage methods based on waste categories; externally, use stricter standards to screen compliant waste collection companies with hazardous waste treatment permits. For chemical substances, the Group regularly sends them for third-party testing to review whether we comply with Zero Discharge of Hazardous Chemicals (ZDHC) regulations. In 2024, the Group complied with hazardous chemical substance zero discharge regulations and had no incidents of violating local waste-related regulations.

Strategy	Actions
Establish Internal Management Rules and Systems	<ul style="list-style-type: none"> <li>Formulate related company policies and handling procedures for hazardous and non-hazardous waste, and regularly update them</li> <li>Some factories set waste management targets based on their own conditions and customer requirements</li> <li>All major production sites have dedicated or part-time personnel for waste quantity management and recording</li> <li>Provide education and training to employees on waste classification and storage</li> <li>Store data through waste management systems</li> </ul>
Reduce Generation of Various Wastes from Source	<ul style="list-style-type: none"> <li>Reduce process waste</li> <li>Improve yield rates to reduce probability of defective product generation</li> </ul>
Properly Handle Generated Waste	<ul style="list-style-type: none"> <li>Waste is mainly handled by professional and qualified waste collection companies</li> <li>Based on different waste categories and properties, conduct proper classification, collection, storage, and treatment after generation, ensuring compliance with local national regulations and customer standards</li> <li>Properly manage chemicals used in processes and regularly send for third-party testing to ensure compliance with Zero Discharge of Hazardous Chemicals (ZDHC) regulations</li> <li>For hazardous waste, adopt stricter management measures</li> </ul>
Promote Recycling and Reuse Work	<ul style="list-style-type: none"> <li>For recyclable or reusable waste items, all are sent to qualified companies for recycling or reuse</li> <li>Some waste is sent to qualified companies, using co-processing methods to use waste as alternative fuel or alternative raw materials</li> </ul>

### 3.3.2 Waste Generation and Treatment GRI 2-4、306-3、306-4、306-5

In 2024, the Group's total waste generation was 15,760 metric tons, with non-hazardous waste accounting for 93% and hazardous waste accounting for 7%. The generated waste was primarily industrial waste. The increase in total waste generation in 2024 compared to 2023 was mainly due to factory expansion, production line increases, and expanded data collection scope. Waste treatment in 2024 was primarily outsourced (99%), with incineration (energy recovery) being the majority, accounting for 43% of total treatment volume. All outsourced waste is handled by professional and qualified companies.

#### Waste Collection and Storage Process





### ▷ Waste Generation Over the Past Three Years

Waste Type	2022	2023	2024
Non-hazardous Waste (metric tons)	11,435	10,344	14,582
Hazardous Waste (metric tons)	1,002	851	1,178
Total Waste Generation (metric tons)	12,437	11,195	15,760
Waste Generation Intensity (metric tons/ thousand pairs)	0.19	0.14	0.15

Notes:

1. 2022 and 2023 data collection scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH
2. 2024 data collection scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH, GRAND WISDOM, YIH QUAN, YIHFULL, ALNU
3. 2022 and 2023 data was restated due to (1) office waste estimation statistics, calculation method detailed in Note 4; (2) incomplete waste statistics disclosed by some factories in 2023, which were completed before this report's publication, hence corrected
4. Taiwan headquarters and YIHFULL are offices with general household waste. Since waste collectors do not weigh during collection, estimates are based on year-end employee count × daily waste generation per person × working days Daily waste generation per person references Taiwan Ministry of Environment's Environmental Data Open Platform national general waste generation calculations: 1.32 kg in 2022, 1.359 kg in 2023, 1.382 kg in 2024
5. Waste generation intensity = Total waste generation (metric tons) ÷ Product production volume (thousand pairs)

### ▷ 2024 Waste Treatment Methods and Treatment Volume

Waste Type	Treatment Method	Outsourced Third-party Treatment Volume (metric tons)	On-site Treatment Volume (metric tons)	Total
(metric tons)	Incineration (energy recovery)	6,286	-	6,286
	Incineration (non-energy recovery)	121	-	121
	Landfill	2,668	-	2,668
	Recycling or reuse	5,068	132	5,200
	Others	207	1	208
	Subtotal	14,350	133	14,483

Waste Type	Treatment Method	Outsourced Third-party Treatment Volume (metric tons)	On-site Treatment Volume (metric tons)	Total
Hazardous Waste	Incineration (energy recovery)	600	-	600
	Incineration (non-energy recovery)	212	-	212
	Landfill	15	-	15
	Recycling or reuse	337	-	337
	Others	-	-	-
	Subtotal	1,164	-	1,164
Total Waste Treatment Volume	Total	15,514	133	15,647

Notes:

1. Data collection scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH, GRAND WISDOM, YIH QUAN, YIHFULL, ALNU
2. Other treatment methods include co-processing, solidification treatment, etc.
3. Treatment volume is less than generation volume mainly due to some waste having cross-period treatment situations

### ● 3.3.3 Waste Source Reduction and Recycling Reuse

In reducing waste generation, the Group focuses on two core strategies: "source reduction" and "recycling and reuse" to improve resource use efficiency and reduce resource waste. Source reduction emphasizes minimizing waste generation during production processes; while recycling and reuse converts generated waste into reusable resources.

In 2024, the Group's waste recycling or reuse rate was 35%, with 98% handled by contractors for recycling or reuse, and 2% processed on site, mainly used as soil covering material for factory tree planting.

In the future, the Group will continue implementing source reduction related policies and constantly explore optimization opportunities to minimize waste generation as much as possible. At the same time, the Group will strengthen waste classification and treatment work, reintegrating reusable resources into production processes to achieve resource circulation. Through continuous implementation of source reduction and recycling reuse strategies, we hope to further improve waste recycling and reuse efficiency, continuing to advance toward the goal of green factories.

## Source Reduction

- Improve process methods to reduce process waste
- Improve product quality to reduce defective product waste

## Recycling and Reuse

- 100% recyclable waste sent to qualified companies for recycling or reuse
- Some industrial waste and hazardous waste sent to qualified companies, using co-processing methods to use waste as alternative fuel or alternative raw materials
- Sludge filtered from wastewater, mostly reused for on-site plant irrigation
- Some domestic waste sent to contractors for composting

## ► Recycling and Reuse Status Over the Past Three Years

	2022		2023		2024	
	Recycling or Reuse Total Volume (metric tons)	Recycling or Reuse Rate	Recycling or Reuse Total Volume (metric tons)	Recycling or Reuse Rate	Recycling or Reuse Total Volume (metric tons)	Recycling or Reuse Rate
Non-hazardous Waste	4,676	41%	4,166	40%	5,200	36%
Hazardous Waste	106	100%	182	21%	337	29%
Total	4,782	41%	4,348	39%	5,537	35%

Notes:

1. 2022 and 2023 data collection scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH
2. 2024 data collection scope covers Taiwan headquarters, LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, TSANG YIH, GRAND WISDOM, YIH QUAN, YIHFULL, ALNU
3. 2023 incomplete waste statistics disclosed by some factories were completed before this report's publication, hence corrected
4. Recycling or reuse rate = Total waste recycling or reuse volume ÷ Total waste treatment volume

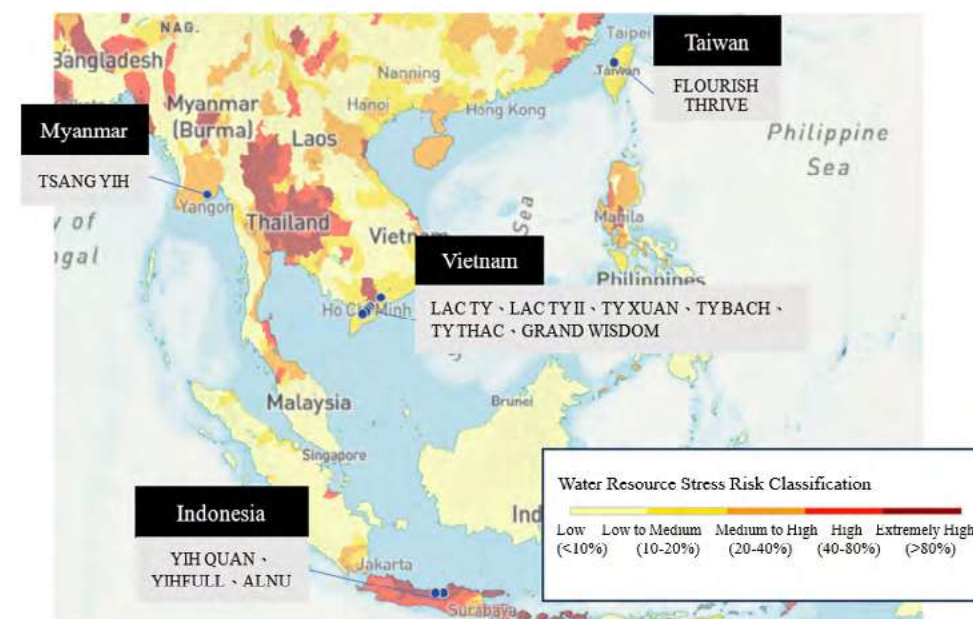
## 3.4 Water Resource Management

## ● 3.4.1 Water Resource Risks and Management Measures

GRI 303-1、303-2

LAI YIH's main production sites are mostly located in footwear industrial zones in Vietnam, Myanmar, and Indonesia. We use the World Resources Institute (WRI)'s Aqueduct Water Risk Atlas to assess water resource stress at each location. Reviewing database results, Taiwan headquarters and Vietnam factories are located in low-medium risk areas (10%–20%), Myanmar factory is in medium-high risk (20%–40%), and Indonesian factory is in extremely high risk (>80%). The Group defines water stress areas as high risk (40–80%) or extremely high risk (>80%), so Indonesian factories belong to water stress areas.

Although Indonesian factories are located in water stress areas, Indonesian factory water withdrawal only accounts for 2.9% of the Group's total water withdrawal. Due to the characteristics of the footwear industry, water resource usage has a relatively low proportion among the energy and resources needed in the shoemaking process, so the impact is not significant. However, out of responsibility to the external environment and all stakeholders, the Group still actively promotes various water resource management measures, hoping to become a benchmark enterprise for sustainable operations in the footwear industry.



Note: This is the result of water resource stress risk assessment for each factory using the World Resources Institute (WRI)'s Aqueduct Water Risk Atlas. Query date was May 22, 2025

In water resource management, each factory in the Group has dedicated personnel regularly recording water resource usage and adopts PDCA management mode, analyzing water usage during operations to formulate related improvement policies and objectives, continuously optimizing management mechanisms. In water resource usage, the Group improves water resource efficiency through water source development and conservation measures, actively promoting water resource recycling and conservation policies. In water resource treatment and discharge, the Group adheres to the basic principles of proper treatment and compliant discharge, minimizing potential harm to the external environment or all stakeholders as much as possible.

In 2024, the Group had no incidents of causing major environmental impact due to poor discharge, nor did it discharge substandard wastewater. In the future, the Group will continue to comply with water resource-related regulations, plan and implement water source development and conservation programs to increase recycling rates, reduce domestic water consumption, reduce water resource waste, and use water resources in ways that achieve both economic and environmental benefits.

Strategy	Actions
Continuously Optimize Management Approaches	<ul style="list-style-type: none"> <li>Conduct water resource data tracking, recording, management, and analysis</li> <li>Set internal management targets</li> <li>Conduct internal and external water audits to identify key water usage areas and equipment</li> </ul>
Improve Water Resource Use Efficiency	<ul style="list-style-type: none"> <li>Increase water resource recycling and reuse rates</li> <li>Some treated wastewater is reused for plant irrigation or toilet water</li> <li>Regularly inspect faucets and water pipes, repair leaking or damaged pipelines, gradually replace water-saving faucets</li> <li>Increase surface water use for plant irrigation to reduce tap water consumption</li> </ul>
Appropriate Wastewater Treatment	<ul style="list-style-type: none"> <li>Wastewater is collected and sent to pollution treatment systems meeting prescribed standards, then recycled or discharged into industrial park centralized wastewater treatment systems</li> <li>Wastewater requiring discharge is treated before discharge, ensuring treated wastewater meets discharge standards</li> <li>Process-generated wastewater is regularly sent for third-party testing to ensure compliance with Zero Discharge of Hazardous Chemicals (ZDHC) regulations</li> </ul>
Water Conservation Awareness Promotion	<ul style="list-style-type: none"> <li>Improve employee water use awareness, promote water conservation concepts to employees, post water-saving posters and signs in water use areas, or regularly promote to employees in meetings</li> <li>Guide restaurant staff in cleaning operations to avoid water resource waste</li> </ul>

## 3.4.2 Water Resource Withdrawal and Discharge

GRI 2-4、303-2、303-3、303-4、303-5

Water resources needed for the Group's daily operations and processes mainly come from tap water (92.6%) and surface water (6.8%). Tap water is primarily provided by third-party suppliers after strict water quality control to ensure quality standards meet process requirements. Surface water mainly comes from rivers and canals. Additionally, the Group has internal mechanisms for water resource recycling and reuse, treating wastewater for reuse to reduce dependence on external water resources while reducing water resource waste and environmental burden.

The Group's production sites are primarily in Vietnam, followed by Myanmar, and third in Indonesia (Indonesian factory officially began operations in 2024). In 2024, water withdrawal accounted for 89.8%, 7.0%, and 2.9% respectively. LAI YIH Group's 2024 water withdrawal increased 10% compared to 2023, while water withdrawal intensity decreased 12% compared to 2023. The former was mainly due to increased water demand from hiring more employees due to increased production demand, while the latter was mainly due to improved water use efficiency.

For wastewater management, the Group prioritizes appropriate treatment followed by self-recycling and reuse, such as TSANG YIH's 100% wastewater treatment and recycling for plant irrigation and restroom flushing. For wastewater that cannot be recycled and reused, the Group will discharge it according to regulations after appropriate treatment and confirming water quality meets legal standards. There were no cases of substandard wastewater discharge in 2024.

### 2024 Water Withdrawal by Location

(Unit: Million liters)

Source	Region				
	Taiwan	Vietnam	Myanmar	Indonesia	Total
Surface water	-	3.72	52.82	-	56.54
Groundwater	-	-	4.71	-	4.71
Tap water	2.99	737.95	-	23.93	764.87
Total	2.99	741.67	57.53	23.93	826.12

Notes:

- Data collection scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, GRAND WISDOM), Myanmar factory (TSANG YIH), and Indonesian factories (ALNU, YIH QUAN, YIHFULL)
- All water withdrawal sources are freshwater (<=1,000 mg/L total dissolved solids)

### ▷ Water Withdrawal, Discharge, and Consumption Over the Past Three Years

	2022	2023	2024
Water Withdrawal (million liters)	845.59	749.18	826.12
Water Discharge (million liters)	261.55	245.35	288.22
Water Consumption (million liters)	584.04	503.83	537.90
Water Withdrawal Intensity (million liters/ thousand pairs)	0.0126	0.0092	0.0081
Water Withdrawal Intensity (million liters/ person)	0.0151	0.0141	0.0134

#### Notes:

- 2022 and 2023 data collection scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), and Myanmar factory (TSANG YIH)
- 2024 data collection scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, GRAND WISDOM), Myanmar factory (TSANG YIH), and Indonesian factories (ALNU, YIH QUAN, YIHFULL)
- 2022 and 2023 data was restated because some factories had incomplete statistics during disclosure, which were completed before this report's publication, hence corrected
- Water consumption = Water withdrawal - Water discharge YIH QUAN has not yet installed flow meters. Considering water withdrawal proportion is not yet significant, statistics use water consumption = water withdrawal
- Water discharge includes: direct discharge to government-established wastewater treatment plants for treatment, discharge to government-established wastewater treatment plants after treatment, and wastewater discharged to surface or groundwater bodies after treatment by factory-established wastewater treatment plants
- Water withdrawal intensity = Water withdrawal (million liters) ÷ Product production volume (thousand pairs); Water withdrawal (million liters) ÷ Year-end employee count (persons)

### ▷ Water Quality Status of Discharged Wastewater at Major Factories

Region	Factory	Discharged Wastewater Quality Compliance Status
Vietnam	LAC TY	100% compliant
	LAC TY II	100% compliant
	TY XUAN	100% compliant
	TY BACH	100% compliant
	TY THAC	100% compliant
Indonesia	YIH QUAN	100% compliant

### ● 3.4.3 Water Resource Development and Conservation

The Group deeply understands the importance of water resources for environmental protection and company sustainable operations, therefore is committed to building various wastewater recycling equipment and optimizing pipeline configurations, aiming to promote wastewater recycling and reuse. Wastewater reuse scenarios mainly include plant irrigation and restroom flushing at operating bases and other locations where recycled water can be utilized. Reusing wastewater can effectively reduce tap water consumption to achieve water resource conservation. Over the past three years, water resource recycling and reuse rates have all reached 30%. The decrease in 2024 ratio was mainly due to new factory operations.

Besides water resource recycling and reuse, the Group actively implements water resource conservation measures, including installing flow control devices on workshop faucets to reduce water consumption. Additionally, the Group continues promoting water conservation awareness among employees to encourage integrating water-saving concepts into daily life and work. Through multiple water resource development and conservation measures, we hope to effectively reduce wastewater discharge and contribute to environmental protection.

### ▷ Water Resource Recycling and Reuse Over the Past Three Years

	2022	2023	2024
Recycled and Reused Water Volume (million liters)	450.37	442.63	425.85
Water Withdrawal (million liters)	845.59	749.18	826.12
Water Usage (Recycled and Reused Water Volume + Water Withdrawal) (million liters)	1,295.96	1,191.81	1,251.97
Recycling and Reuse Rate	35%	37%	34%

#### Notes:

- 2022 and 2023 data collection scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), and Myanmar factory (TSANG YIH)
- 2024 data collection scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, GRAND WISDOM), Myanmar factory (TSANG YIH), and Indonesian factories (ALNU, YIH QUAN, YIHFULL)
- Recycling and reuse rate = Recycled and reused water volume ÷ (Water withdrawal + Recycled and reused water volume)
- Water withdrawal refers to water taken from external sources, mainly from supplier tap water, rivers, and canals







# **4 Innovative Products and Customer Relations**

- 4.1 Products and Services
- 4.2 Product Quality and Safety
- 4.3 Sales Models and Marketing Labeling
- 4.4 Customer Rights Protection and Relationship Management
- 4.5 Supply Chain Management

## 4.1 Products and Services

The Group's main business is contract manufacturing of footwear products, including casual shoes (vulcanized shoes) and athletic shoes (cold cement shoes), manufacturing casual shoes, athletic shoes, and other footwear products for renowned international brands such as Adidas, Converse, HOKA, New Balance, Uniqlo, and other customers.

### ► 2024 Main Products and Their Business Proportions

Main Products	Sales Amount (NT\$ thousands)	Proportion of Operating Revenue (%)
Casual Shoes	6,391,550	16.96
Athletic Shoes	31,267,906	82.96
Others	30,443	0.08
Total	37,689,899	100

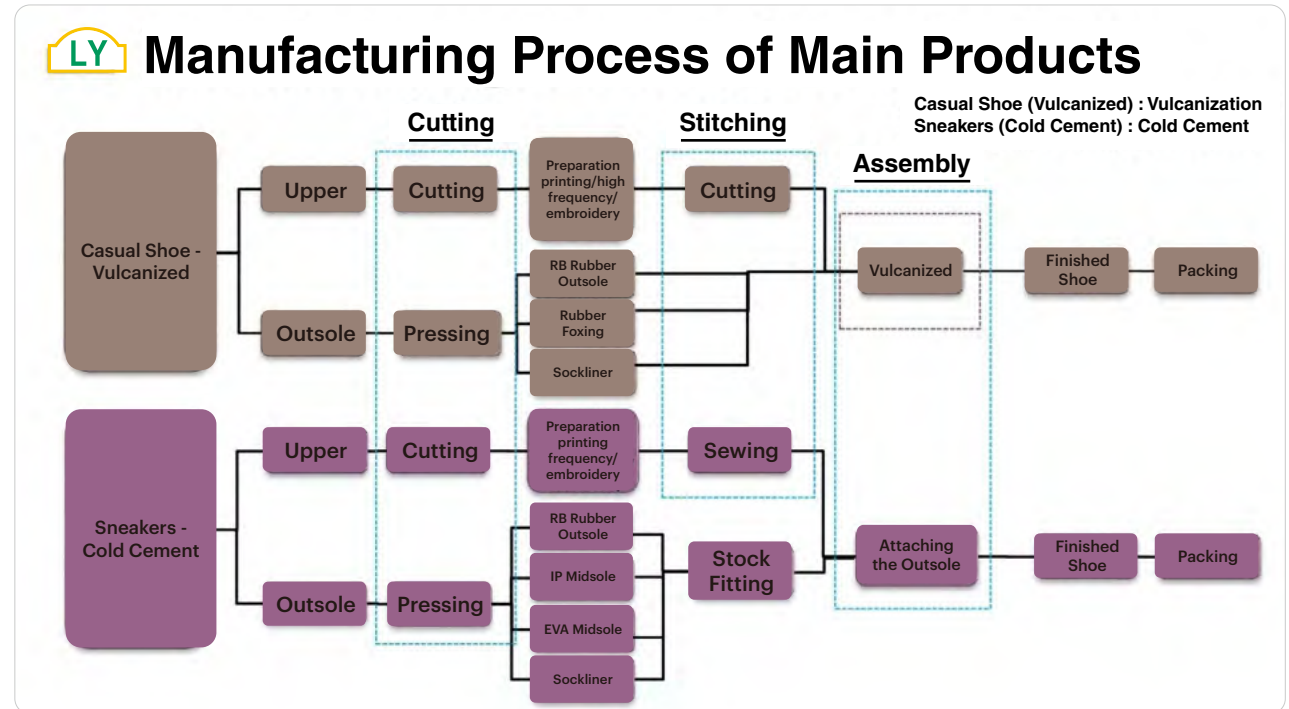




### 4.1.1 Shoemaking Technology

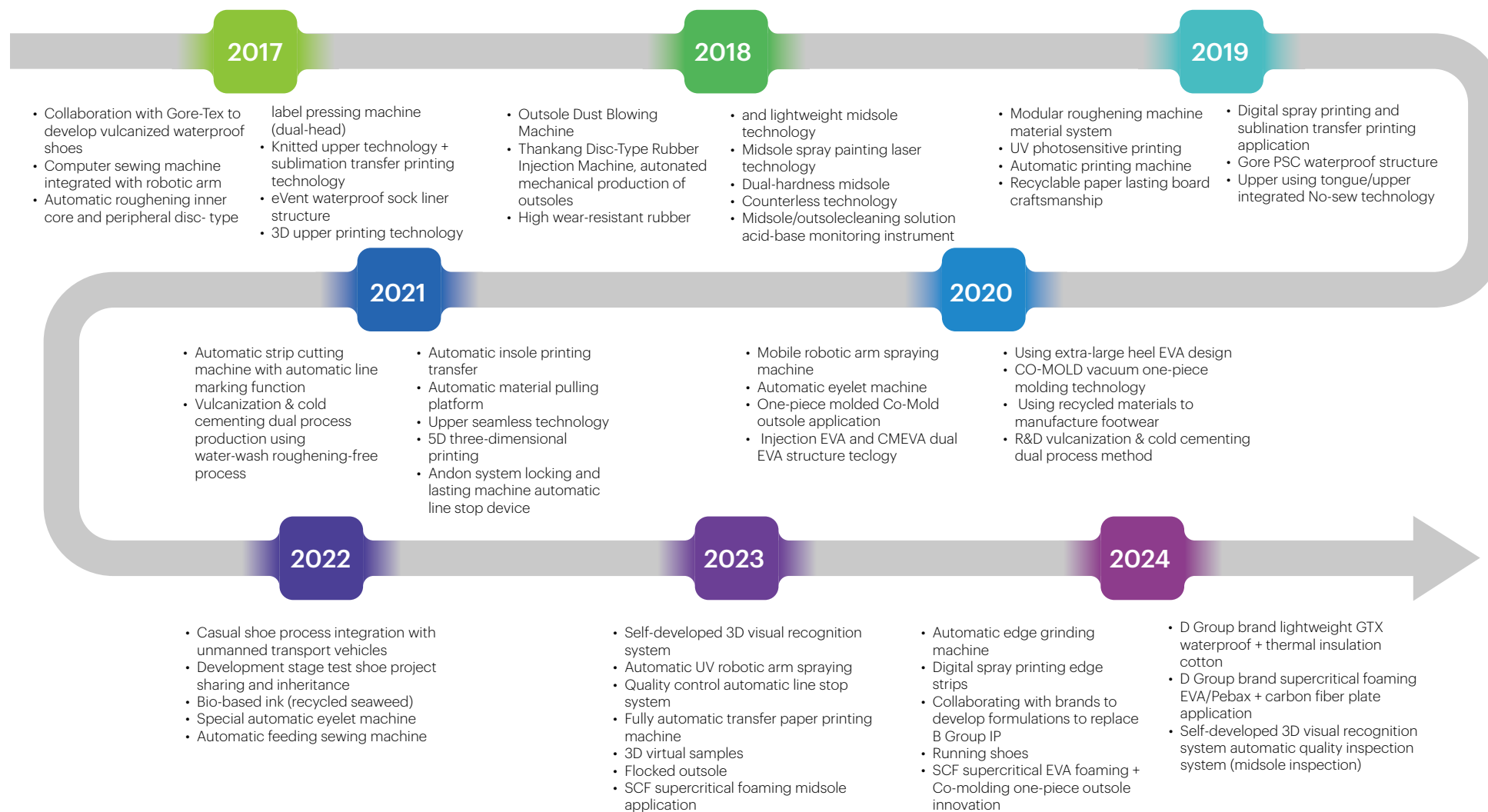
The footwear manufacturing process is a complex and precise procedure that encompasses many steps and technologies. From initial raw material selection to final product packaging, each step requires careful planning and meticulous operation.

First, the first step in footwear manufacturing is design and development, where designers and engineers collaborate to create new shoe designs and determine the materials and processes needed for production. Next is the selection and preparation of raw materials. The quality and appearance of shoes depend on the materials used. Besides carefully selecting leather, fabrics, rubber, and other related materials, they must undergo processing and preparatory work before manufacturing shoe uppers and soles can proceed. The main shoe upper production usually includes cutting, sewing, and ironing, while sole production involves rubber injection molding, acrylic molding, or other manufacturing technologies to create durable and comfortable soles. After both are completed comes shoe assembly and fine processing, with necessary modifications and adjustments to ensure each pair of shoes meets standards and design requirements. Finally comes quality inspection and packaging to ensure appearance, quality, and comfort. After passing inspection, finished shoes are packaged and shipped to customers. In summary, the footwear production process is a detailed and complex procedure. Manufacturers need to invest significant time and effort in each step to ensure the quality and satisfaction of the final product.



### ● 4.1.2 Innovation and Research & Development

The Group continues to improve in shoemaking processes, investing substantial R&D resources annually. R&D projects include eco-friendly materials, development and application of new shoe materials, introduction of manufacturing technologies and efficiency improvements, etc. We continue investing in process automation, equipment improvement, process refinement, and development and application of various shoe materials, committed to comprehensively optimizing footwear craft-related products and services to meet brand companies' demands for high-quality products and services and rapid market response, deepening cooperation with brand companies, and consolidating the Group's position in the footwear industry.





## 4.2 Product Quality and Safety GRI 416-1、416-2

### ● Management Approach — Product Quality and Safety GRI 3-3

Corresponding GRI	GRI 416	
Impact	Footwear manufacturing involves multiple chemicals, raw materials, and production processes, which means the Group's product quality and safety may impact consumer health and safety, brand company image, employee work safety, and ecological environment stability, thereby affecting the operational stability of the Group and brand companies, as well as the stability of other stakeholders' daily lives. If managed properly, this may help improve the Group's customer trust and competitiveness, enhance brand companies' brand value, and improve other stakeholders' quality of life. In 2024, the Group did not identify any major negative impacts in product quality and safety.	
Commitment / Policy	LAI YIH commits to following various quality standards and regulations proposed by stakeholders and making product safety and health the priority consideration in management, striving to achieve the goal that every pair of shoes can be worn with confidence by consumers.	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>0 incidents of violating health and safety regulations related to products and services</li> <li>Group product yield rate reaches 97%</li> <li>100% compliance of product materials</li> </ul>
	Long-term Goals (5+ years)	<ul style="list-style-type: none"> <li>0 incidents of violating health and safety regulations related to products and services</li> <li>100% compliance of product materials</li> <li>Group product yield rate reaches 98%</li> <li>0 incidents of product recalls due to product safety issues</li> </ul>
Action Plans	<ul style="list-style-type: none"> <li>Establish internal quality control policies and related organizational structures, promote introduction of ISO 9001 certification at all factories.</li> <li>Closely cooperate with brand companies' quality requirements and strictly follow brand companies' related regulations, such as RSL (Restricted Substances List), MRSL (Manufacturing Restricted Substances List), chemical management policies, etc., and regularly update restricted substances lists.</li> <li>Maintain good communication and cooperation with brand companies, enabling timely feedback on needs and issues.</li> <li>Promote supply chain transparency, requiring all raw material suppliers to sign product safety commitment letters and regularly conduct third-party testing and audits.</li> <li>If supplier materials are found non-compliant and suppliers cannot immediately improve, immediately prohibit use of such materials.</li> <li>Regularly provide employees with training on quality management and inspection standards to enhance overall quality awareness.</li> <li>Establish regular or irregular quality inspection points at multiple stages including incoming materials, development, mass production, and pre-shipment, and provide timely feedback on abnormal situations according to brand company requirements.</li> <li>If product safety issues occur, activate product recall SOPs, simultaneously establish incident investigation teams for investigation, and optimize related measures.</li> </ul>	
Effectiveness Assessment	Tracking Process	Confirm product quality safety and compliance through regular or irregular quality inspection results, brand company feedback, and regulatory compliance status.
	Current Year Achievements	<ul style="list-style-type: none"> <li>No incidents of violating health and safety regulations related to products and services occurred</li> <li>LAC TY, LAC TY II, and TY XUAN have passed ISO 9001 certification</li> <li>100% of product materials comply with brand customers' RSL, MRSL, chemical management policies and other regulations</li> </ul>
Communication Channels	<ol style="list-style-type: none"> <li>Maintain smooth communication channels with brand companies for timely communication on product quality and safety issues</li> <li>Established spokesperson mechanisms and comprehensive communication channels, providing spokesperson names, phone numbers, and emails on the company website for stakeholder communication and complaints:</li> </ol> <ul style="list-style-type: none"> <li>Sustainability Development Department Stakeholder Mailbox: <a href="mailto:laiyihESG@laiyih.com.tw">laiyihESG@laiyih.com.tw</a></li> </ul>	

As an important partner of international brand companies, the Group considers product safety and health as priority considerations. Besides establishing quality management systems and supplier management policies, we strictly follow various brand company regulations, including RSL (Restricted Substances List), MRSL (Manufacturing Restricted Substances List), chemical management policies, and environmental health and safety requirements, and comprehensively implement quality inspection of materials and finished products to ensure compliance with international standards such as EU REACH, CPSIA (Consumer Product Safety Improvement Act), GB, and ZDHC (Zero Discharge of Hazardous Chemicals), striving to achieve the goal that every pair of shoes can be worn with confidence by consumers.

#### ▷ No incidents of Violating Health and Safety Regulations Related to Products and Services Occurred in 2024.

##### Collaborate with Brand Companies to Create Safe, Secure, and Sustainable Products

Cooperatively develop non-toxic eco-friendly materials, such as bio-based materials and PFC-free waterproof technology, to enhance product competitiveness

Cooperatively promote green manufacturing and join ZDHC programs to strengthen supply chain sustainability

### ● Quality Management System

The Group has established a complete and appropriate quality management system, and based on management systems, customer requirements, product complexity, and departmental responsibilities, has established the organizational structure for factory quality control. Factory quality control uses the Quality Control Department as the main management unit, with responsibilities covering establishing quality management systems, quality control, quality statistics, exception handling, training and evaluation, personnel assessment, measuring instrument calibration, as well as statistical customer complaints and tracking processing progress, testing product physical properties, compiling quality daily/weekly reports, implementing QIP quality systems, and investigating quality incidents.

#### ▷ Quality Control Strategy

##### Prevention Priority

- Focus on preventive measures during production and inspection processes to avoid quality problems rather than only making corrections afterward

##### Continuous Improvement

- Maintain a continuous improvement mindset, regularly evaluate existing quality management processes, and seek areas for optimization

##### Customer Orientation

- Maintain good communication and cooperation with brand companies, provide timely feedback on needs and issues, and ensure joint achievement of quality goals
- Orient toward brand company needs and expectations to ensure final products meet end customer usage requirements and satisfaction

Besides establishing internal quality control policies according to stakeholder requirements, the Group also actively optimizes related mechanisms. LAC TY, LAC TY II, and TY XUAN factories have passed ISO 9001 certification, demonstrating that the Group's production quality not only complies with regulations but has also reached international standards.

#### ▷ Quality Certification Status

Certification Item	Certification Body	Factory	Validity Period
ISO 9001:2015 Quality Management System	BSI British Standards Institution	LAC TY	2024/12/21-2027/12/20
ISO 9001:2015 Quality Management System	BSI British Standards Institution	LAC TY II	2022/03/30-2025/02/20
ISO 9001:2015 Quality Management System	BSI British Standards Institution	TY XUAN	2024/12/05-2027/12/04

#### Restricted Substances Management

Different parts of shoes require different raw materials for production, including various textiles, leather, chemicals, etc. Since the footwear industry has developed for a long time, the types of shoe materials available in the market today are not only very diverse but continue to innovate. Therefore, raw material management has become an important part of footwear product quality control.

In raw material management, the Group strictly follows brand companies' related regulations, such as RSL (Restricted Substances List), MRSL (Manufacturing Restricted Substances List), chemical management policies, etc., and regularly updates restricted substances lists in accordance with various brand regulations to ensure quality compliance.

#### ▷ Main Management Measures for Restricted Substances

##### Regulatory Compliance

- All raw materials must comply with brand companies' RSL and MRSL regulations and be traceable to their sources
- Maintain strict compliance with chemical management, from chemical procurement, handling, storage to use, all must meet standards

##### Supplier Management

- If new materials need to be used due to special conditions, suppliers are required to provide RSL compliance certificates and SDS data during the material development stage, ensuring their validity within the past year
- If materials are found non-compliant and suppliers cannot immediately improve, immediately prohibit use of such materials

##### Regular Sampling Inspection

- Regularly sample mass production materials for testing to ensure all materials comply with regulations during production, and provide timely feedback on abnormal situations according to brand company requirements

## Quality Management at Various Stages

The Group has adopted corresponding quality management measures at all stages from material procurement to finished product delivery to ensure product quality and safety. The procurement stage emphasizes raw material compliance, ensuring no harmful substances are used. The production stage emphasizes production process safety, protecting worker health and product quality. Pre-delivery emphasizes product acceptance, ensuring goods meet brand company expectations. Additionally, after finished product delivery, if product

safety issues occur, the Group will activate product recall SOPs, immediately sealing products, tracing sources, notifying brand companies, and implementing improvements, while establishing incident investigation teams to complete investigations within 30 days and optimize related measures, responding as quickly as possible to any sudden safety incidents, ensuring investigations are completed at the first opportunity and improvement operations are launched to reduce negative impacts and prevent future negative incidents.

Stage	Aspect	Measures	Purpose
Procurement	Raw Material Management	<ul style="list-style-type: none"> <li>Ensure all raw materials comply with brand companies' Restricted Substances List (RSL) and Manufacturing Restricted Substances List (MRSL) requirements and are traceable</li> <li>Insist on not using harmful substance materials, ensuring no harm to environment and consumers</li> </ul>	Prevent use of restricted substances, safeguarding basic product safety
	Supplier Management	<ul style="list-style-type: none"> <li>Assess compliance for new suppliers or new materials, requiring provision of compliance certificates and other information</li> <li>Supplier review system, strengthening supervision of high-risk suppliers to ensure they meet safety and environmental standards</li> <li>Require raw material suppliers to sign product safety commitment letters and regularly conduct third-party testing and audits</li> </ul>	Maintain reliable supply chain, ensuring supplier product safety
	Inspection	<ul style="list-style-type: none"> <li>All incoming materials must pass testing before use</li> <li>Raw materials purchased locally or through triangular trade must be sampled and inspected monthly by factory quality control, with results reported back to Group headquarters</li> </ul>	Ensure materials comply with international standards and brand company regulations
Production	Chemical Management	<ul style="list-style-type: none"> <li>Properly manage chemical use and storage</li> </ul>	Avoid chemical misuse, protect worker health, production safety, and product quality
	Employee Training	<ul style="list-style-type: none"> <li>Regularly provide employees with training on quality management and inspection standards to enhance overall quality awareness</li> </ul>	Improve production quality and reduce risks that may be caused by improper operations
	Process Control	<ul style="list-style-type: none"> <li>Strictly follow quality standards given by brand companies and technical specifications in contracts</li> <li>During production processes, strict process monitoring must be conducted to ensure processes at different stages meet design standards</li> </ul>	Guarantee product quality and prevent further production of products that do not meet standards
Finished Product Delivery	Finished Product Testing	<ul style="list-style-type: none"> <li>Finished products must pass final inspection, including appearance and functional testing, to ensure quality</li> <li>Inspect container interiors before loading to confirm if there are any leaks, and record the entire packing process to ensure products are not damaged during transportation</li> </ul>	Ensure products meet brand company standards while safeguarding consumer safety
	Quality Acceptance	<ul style="list-style-type: none"> <li>Inspection and final acceptance conducted by brand company certified inspectors</li> </ul>	Ensure product quality meets brand requirements and enhance market trust
	Traceability Management	<ul style="list-style-type: none"> <li>Preserve testing results, establish compliant testing processes, ensure product safety and traceability</li> </ul>	Strengthen supply chain transparency, support rapid response to quality issues

## Quality Testing

The Group has established regular or irregular quality testing points at multiple stages including incoming materials, development, mass production, and pre-shipment, hoping to ensure product safety, compliance, and customer satisfaction through systematic strict procedures.

### ▷ Raw Material Testing Timing and Methods

Material Testing Timing	Methods
Development Stage/Trial Production Stage/New	Suppliers/New Materials/Special Material Testing Require suppliers to provide qualified RSL testing reports and SDS safety data sheets for the raw materials, ensuring validity within one year. If expired, require suppliers to provide updated testing reports. If unable to provide, prohibit use of the raw materials.
Mass Production Raw Material Testing	Sample at least a certain number and different categories of incoming raw materials monthly for mass production footwear. If raw materials are found to be non-compliant or fail third-party testing, that batch of raw materials and any related semi-finished or finished shoes will be prohibited from shipment. We will investigate any abnormal conditions in products that have already been produced and shipped, require suppliers to replace them with qualified materials, and report to customers promptly.
Judgment of Potential Safety Hazards	Random sampling of raw materials sent to third-party testing. If testing results are qualified, materials can be used for production line production. If problems exist, return raw materials to suppliers.

### ▷ Main Quality Inspection Timing and Methods

Timing	Quality Inspection Focus
Pre-production	Pre-production raw materials, fabrics, sole materials, and component inspection
During Production	Mainly confirm whether quality of finished shoes from each production line (cutting, sewing, molding) has defects (such as bonding, structure, appearance).
Post-production	Executed by brand company certified inspectors to confirm whether product quality meets brand company standards





## 4.3 Sales Models and Marketing Labeling

### ● Management Approach—Sales Models and Product Labeling GRI 3-3

Corresponding GRI	GRI 417	
Impact	<p>The company's sales models and product marketing labeling behaviors will directly affect product information transparency, thereby impacting brand companies, consumers, ecological environment, and other stakeholders. If improperly managed, this may cause errors in consumer decision-making regarding shopping, usage, and product disposal, thereby causing negative impacts on their personal health, family daily life, and ecological environment. Additionally, it may cause brand companies to face negative impacts such as product recalls, fines, and brand image damage. All these situations may negatively impact the Group's customer trust and operational stability. If properly managed, this may enable consumers to make correct behavioral decisions, obtain good shopping experiences, and improve quality of life. It may also enable brand companies' marketing strategies to be smoothly executed, bringing positive impacts to brand companies' and the Group's operational performance.</p> <p>In 2024, the Group did not identify any major negative impacts in product sales or labeling.</p>	
Commitment / Policy	<p>The Group commits to maintaining excellent cooperative relationships with brand companies and strictly following legal regulations, actively cooperating with brand company requirements and local regulations in sales markets for product marketing and labeling.</p>	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>0 incidents of violating regulations related to product and service information labeling, marketing, and communication</li> <li>Actively develop new customers based on consolidating existing customers</li> </ul>
	Long-term Goals (5+ years)	<ul style="list-style-type: none"> <li>0 incidents of violating regulations related to product and service information labeling, marketing, and communication</li> <li>Maintain and increase market share</li> </ul>
Action Plans	<ul style="list-style-type: none"> <li>Provide high-quality and competitive products and services for brand companies, and actively develop high-end, high value-added footwear.</li> <li>Ensure product delivery, quality, price, and service meet brand companies' high standards through continuous improvement of shoemaking technology and production efficiency.</li> <li>Product information labeling strictly follows brand company requirements and sales market legal regulations to ensure disclosure of sufficient product information, including basic information such as safety, materials, and origin. When product safe use may cause concerns, add warning labels on external packaging.</li> <li>Establish labeling review processes and implement internal audits.</li> <li>Regularly train employees to ensure teams master the latest labeling regulations and compliance requirements.</li> <li>Conduct related labeling for environmental sustainability of sustainable products.</li> <li>For any safety issues caused by product labeling, establish related management mechanisms to ensure labeling errors involving consumer safety can be resolved.</li> </ul>	

Effectiveness Assessment	Tracking Process	Review implementation of various measures through brand company feedback, legal compliance status, and sales-related data
	Current Year Achievements	<ul style="list-style-type: none"> <li>No incidents of violating regulations related to product and service information labeling, marketing, and communication occurred</li> <li>Have established deep cooperative relationships with many renowned brands, with main customers showing no major changes compared to last year</li> </ul>
Communication Channels	<ul style="list-style-type: none"> <li>Maintain smooth communication channels with brand companies for timely communication on product labeling issues</li> <li>Established spokesperson mechanisms and comprehensive communication channels, providing spokesperson names, phone numbers, and emails on the company website for stakeholder communication and complaints:</li> <li>Sustainability Development Department Stakeholder Mailbox: <a href="mailto:laiyhESG@laiyh.com.tw">laiyhESG@laiyh.com.tw</a></li> </ul>	

#### ● 4.3.1 Product Sales

The Group is a footwear manufacturer specializing in athletic shoes and casual shoes production, mainly responsible for providing Original Equipment Manufacturing (OEM) services to brand companies, with customers primarily being international major brands in Europe and America. Brand companies mainly prioritize brand maintenance and management, focusing on brand value enhancement and market promotion. Utilizing their advantages in accurately grasping international fashion trends and brand management capabilities, they conduct product design and research & development, then commission the Group for production in OEM form, followed by sales through their own marketing networks, selling products globally.

The Group maintains close cooperative relationships with brand companies, providing high-quality, competitive products and services to brand companies. Through continuous improvement of shoemaking technology and production efficiency, we ensure product delivery, quality, price, and service meet brand companies' high standards, while closely monitoring market trends and continuously consolidating our own advantages. To respond to current consumers' ever-changing preferences and brand companies' needs for product innovation, besides continuing to invest in automation, innovative technology, process improvement, and shoe material development, the Group also provides customer-exclusive services and actively develops high-end, high value-added footwear, hoping to increase the number of contract manufacturing brands and shoe types to maintain and increase market share.

Sales Model	<ul style="list-style-type: none"> <li>Brand companies commission the Group for contract manufacturing of products, then brand companies sell through their own marketing networks</li> </ul>
Company Advantages	<ul style="list-style-type: none"> <li>Capability to manufacture diverse and high-quality products for multiple international brands: flexible production methods, providing both large-scale production and customized diversified production services</li> <li>Capability to establish dedicated R&amp;D teams and development centers for brand companies: can conduct close cooperation from product development to product prototype stages, helping customers create high-quality innovative products</li> </ul>

According to statistics compiled by Sporting Goods Intelligence and Prospective Industry Research Institute, in the 2024 global athletic footwear market, the top five athletic footwear brand companies (Nike, Adidas, Puma, New Balance, and Skechers) hold approximately 60% global market share, with Nike and Adidas athletic footwear revenue accounting for 27% and 15% respectively, maintaining absolute leading positions. The Group has established deep cooperative relationships with some of the aforementioned renowned brands. Main customers in 2024 showed no major changes compared to last year. In the future, we will actively develop new customers based on consolidating existing customers to reduce the risk of a single brand company having major impact on company operations.

#### ▷ 2024 Customer Sales Overview

Customers	Net Sales (NT\$ thousands)	Proportion of Annual Net Sales (%)
Group A	22,087,963	58.60
Group B	6,712,856	17.81
Group C	8,467,655	22.47
Others	421,425	1.12
Total	37,689,899	100

### ● 4.3.2 Product Labeling GRI 417-1、417-2、417-3

Transparent disclosure of product information is an important way to ensure customers and consumers obtain correct product information. The Group's disclosure of product information strictly follows brand company requirements and sales market legal regulations to ensure disclosure of sufficient product information, including product dimensions, materials, components, usage instructions, etc. No incidents of violating regulations related to product and service information labeling, marketing, and communication occurred in 2024.

The Group has taken a series of actions to ensure product labeling accuracy and compliance, including:

1. Comprehensive product labeling, including basic information such as safety, materials, origin, etc. When product safe use may cause concerns, add warning labels on external packaging
2. Strictly manage labeling processes, introduce RSL management mechanisms, ensure materials comply with restricted substances lists, avoid fines or product recalls due to improper labeling
3. Establish labeling review processes and implement internal audits
4. Regularly train employees to ensure teams master the latest labeling regulations and compliance requirements
5. Conduct sustainability labeling for sustainable products, such as introducing environmental labels (such as Global Recycled Standard, FSC), labeling recyclable material proportions

For any safety issues caused by product labeling, the Group has also established related management mechanisms to ensure any labeling errors involving consumer safety can be quickly resolved. Main measures include:

1. Establish rapid response mechanisms: When labeling errors occur, immediately establish cross-departmental response teams (Labeling Compliance Taskforce) and activate correction plans within 24 hours to ensure supply chain losses are minimized
2. Establish product recall SOPs: If labeling errors involve consumer safety risks, execute product recalls according to market regulations and provide transparent consumer compensation mechanisms

#### ▷ Product and Service Information and Labeling

Labeling Items	Labeling Information Description
Product Component Sources or Service Providers	Brand companies complete control of product component sources and suppliers at the initial design stage. Therefore, no special reporting to brand companies or separate labeling in products
Product Content Components	Product components are disclosed to brand companies according to their requirements, and main components are labeled in products
Product or Service Usage Safety	Products are labeled with usage instructions and safety descriptions
Product Disposal and Environmental/Social Impacts	Products do not specifically label related information

## 4.4 Customer Rights Protection and Relationship Management

### ● Management Approach — Customer Rights Protection and Relationship Management GRI 3-3

Corresponding GRI	-	
Impact	<p>Customer rights and customer relationship management conditions may impact brand companies' and the Group's operations, and further bring impacts to other stakeholders. If properly managed, this benefits the stable operations of brand companies and the Group, and further brings positive benefits to the stable lives of stakeholders such as investors, employees, and their families. Conversely, if improperly managed, this may cause customer losses, leading to the Group's customer loss, decreased operational stability, and reputational damage, and further bring negative impacts to other stakeholders.</p> <p>In 2024, the Group did not identify any major negative impacts in customer rights protection and relationship management.</p>	
Commitment / Policy	<p>The Group commits to maintaining excellent cooperative relationships with brand companies, values customer rights protection and satisfaction of their needs, and strives to provide customers with products and services that give them peace of mind, confidence, and satisfaction.</p>	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>0 customer complaint incidents</li> </ul>
	Long-term Goals (5+ years)	<ul style="list-style-type: none"> <li>0 customer complaint incidents</li> </ul>
Action Plans	<ul style="list-style-type: none"> <li>Actively cooperate with customer opinions in internal company operations, production and sales activities, and supply chain management, considering customer needs as important considerations when formulating management policies.</li> <li>Establish related internal regulations and management mechanisms for information security management and trade secret security management to ensure customer privacy and business secrets are not violated.</li> <li>Regularly report to customers on product quality and production progress, and communicate irregularly based on order situations.</li> <li>Establish smooth communication channels and set up dedicated departments responsible for handling customer inquiries and complaints.</li> <li>Establish customer complaint handling mechanisms to ensure immediate processing upon receiving customer complaints, and continuously track processing status and subsequent improvement situations.</li> </ul>	
Effectiveness Assessment	Tracking Process	<ul style="list-style-type: none"> <li>Review implementation performance of various measures through brand company complaint situations and their regular or irregular feedback</li> </ul>
	Current Year Achievements	<ul style="list-style-type: none"> <li>Received Global Agile Award at Customer A's supplier conference</li> <li>LAC TY and TY XUAN factories received highest ratings from customers for Human Rights Index and Environmental Index</li> <li>LAC TY II factory received highest Environmental Index rating from customers</li> <li>YIH QUAN factory received Quality Gold Medal rating from customers</li> </ul>
Communication Channels	<ol style="list-style-type: none"> <li>Maintain smooth communication channels with brand companies, enabling communication through email, phone, and face-to-face meetings</li> <li>Established spokesperson mechanisms and comprehensive communication channels, providing spokesperson names, phone numbers, and emails on the company website for stakeholder communication and complaints: <ul style="list-style-type: none"> <li>ustainability Development Department Stakeholder Mailbox: <a href="mailto:laiyihESG@laiyih.com.tw">laiyihESG@laiyih.com.tw</a></li> </ul> </li> </ol>	

## ● 4.4.1 Customer Rights Protection

### Customer-Oriented Services

The Group is mainly responsible for contract shoe manufacturing for brand companies. The business characteristics make the Group highly value satisfying customer needs and protecting their rights, striving to provide customers with products and services that give them peace of mind, confidence, and satisfaction. To fulfill this commitment, the Group actively cooperates with customer opinions in internal company operations, production and sales activities, and supply chain management, considering customer needs as important considerations when formulating management policies.

#### ▷ Customer-Oriented Action Guidelines

Operations Management	<ul style="list-style-type: none"> <li>Cooperate with brand companies' supply chain management goals and regulations, integrating environmental and human rights management concepts into operations, including management of carbon reduction and occupational safety aspects</li> <li>Cooperate with brand companies' scoring and supervisory management mechanisms, including evaluation and audit regulatory requirements</li> <li>Cooperate with brand companies' management needs, using their designated management systems to regularly upload required data or reports, and comply with their proposed requirements or improvement plans</li> </ul>
Production Management	<ul style="list-style-type: none"> <li>Strictly follow brand companies' quality standards and technical specifications in contracts, and cooperate with quality inspection and other related requirements</li> <li>Continue investing in automation, innovative technology, and process improvement to meet customer demands for high-quality products and rapid market response</li> <li>Provide customer-exclusive services, establish dedicated R&amp;D teams and development centers, and cooperate closely with brand companies</li> <li>Strengthen R&amp;D investment in eco-friendly materials, develop customized process capabilities, and actively establish rapid prototyping centers to maximize customer value</li> </ul>
Production and Sales Management	<ul style="list-style-type: none"> <li>Follow brand companies' regulations on product marketing labeling, including basic product information and environmental sustainability-related labeling</li> </ul>
Supply Chain Management	<ul style="list-style-type: none"> <li>Purchased raw materials strictly follow customers' restricted substances lists and other related regulations, and purchase from customer-approved suppliers to ensure quality and safety meet standards</li> <li>Cooperate with customer needs using Sustainable Material Tracing Tool (SMTT) to make sustainable materials in products traceable and verify their sources and usage, strengthening supply chain transparency</li> <li>Cooperate with brand companies' supply chain social management goals and regulations, understand material sources provided by suppliers, avoid using materials with human rights violation concerns such as conflict minerals and Xinjiang cotton</li> </ul>

### Customer Privacy Protection

Since the Group provides production services for multiple major brand companies, we particularly emphasize the protection of customer privacy. We have established related internal regulations and management mechanisms for information security management and trade secret security management, including: strictly separating and controlling production facilities and development centers for each brand company, providing relevant education and training to employees, and striving to ensure that customer privacy and business secrets are not violated.

To maintain the independence of confidential information and operational processes for each brand company, the Group has adopted clear and strict measures for managing production facilities and development centers. First, regarding production facilities, the company clearly separates facilities belonging to different brand companies, including using physical walls to divide areas to avoid crossover and confusion between personnel or operational processes. This design helps ensure that each brand's product confidentiality and technology will not be leaked or misused due to overlapping venues.

In development center management, the Group implements access control systems, restricting entry to only approved personnel or those holding access cards. To further strengthen confidentiality measures, all visitors or non-departmental personnel entering development centers must be accompanied by designated personnel throughout their visit. Additionally, based on intellectual property protection considerations, carrying any form of photography and recording equipment is strictly prohibited in development centers, and corresponding security inspection mechanisms should be established to prevent violations.

For related information security management explanations, please see: [2.4 Information Security](#)

## ● 4.4.2 Customer Relationship Management

### Customer Communication

Two-way communication is the foundation for solid customer relationships, beneficial for brand companies to understand order status and provide timely feedback, while the Group can understand specific customer needs from customer feedback to facilitate providing more targeted services in the future.

In proactive communication, the Group regularly provides main customers with reports on product quality and production progress, holds routine meetings with brand companies to track deficiencies, improvement items, and progress identified by brand companies, and communicates irregularly based on order situations. In reactive communication, the Group has established smooth communication channels and dedicated departments responsible for handling customer inquiries and complaints. Additionally, the Group accepts customer audits.



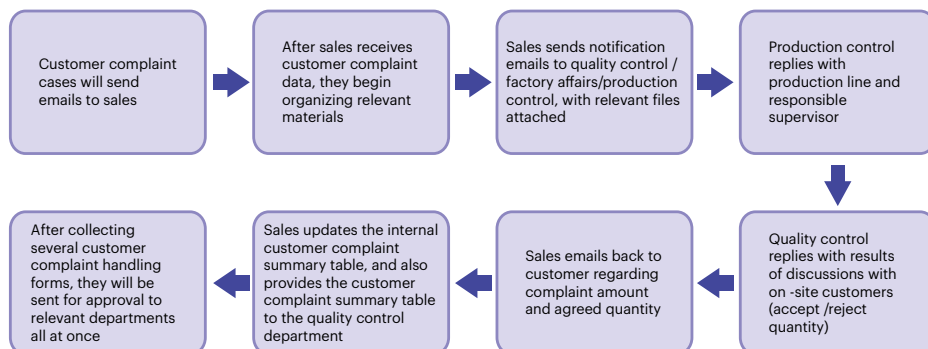
## Customer Complaint Handling

For customer complaint handling, the Group has established related management procedures. When receiving customer complaints, the Group immediately convenes emergency meetings to analyze and discuss issues raised by brand companies, formulate feasible solutions, and respond to brand companies after meetings, reaching consensus on improvement methods and explaining how to prevent similar incidents from recurring.

### Handling and Follow-up Tracking of Quality Issue Customer Complaints

Whether at Group headquarters or factories, when receiving customer complaints about quality issues, the highest supervisor of the quality control unit must be notified immediately, and tracking reports must be prepared detailing complaint causes, incident process, aftermath handling, and responsibility attribution, reported to senior management and customers until improvement is completed.

### Customer Complaint Handling Process



### 2024 Customer Complaint Issues and Subsequent Improvement Actions

Complaint Aspect	Company Improvement and Solution Methods
Product Contamination and Cleanliness Issues	<ul style="list-style-type: none"> <li>Strengthen cleaning procedures and regularly clean work areas</li> <li>Require workers to wear gloves during operations, especially for white products</li> <li>Quality control strengthens final inspection execution</li> </ul>
Product Bonding Issues	<ul style="list-style-type: none"> <li>Emphasize and strengthen standard handling procedures for bonding processes</li> <li>Supervisors regularly check worker operations and strengthen supervision of worker compliance with operating standards and "three no" procedures</li> </ul>
Product Appearance and Related Issues	<ul style="list-style-type: none"> <li>Improve packaging box design and cutting processes, and change sewing processes</li> <li>Strengthen quality inspection procedures</li> </ul>

## Customer Satisfaction

Customer satisfaction-related feedback is an important basis for the Group's self-review and helps with subsequent optimization of the Group's products and services. The Group understands customer satisfaction through two main channels: proactive feedback from brand companies and surveys conducted by the Group.

Some of the Group's brand companies conduct regular supplier performance evaluations and hold award ceremonies for suppliers, such as supplier recognition sessions at supplier conferences. These mechanisms enable the Group to review brand company satisfaction levels. In 2024, the Group received the Global Agile Award at Customer A's supplier conference. LAC TY and TY XUAN have received the highest rating for Customer A's Human Rights Index for 3 consecutive years, while LAC TY, LAC TY II, and TY XUAN have also received the highest rating for Customer A's Environmental Index for 3 consecutive years.

Some Group factories regularly distribute satisfaction survey questionnaires to brand companies they serve, or understand customer satisfaction through irregular interviews. Satisfaction survey aspects cover: email response speed and data accuracy and completeness, delivery schedules, quality status, speed and execution of problem-solving, and cooperation in new product development periods.

### 2024 Brand Company Performance Evaluation Results

Evaluated Factory	Performance Evaluation Results
TY XUAN	<ul style="list-style-type: none"> <li>Rated Bronze Medal by Customer B</li> <li>Recognized as 5S (highest Human Rights Index rating) by Customer A</li> <li>Recognized as 5E (highest Environmental Index rating) by Customer A</li> </ul>
LAC TY	<ul style="list-style-type: none"> <li>Recognized as 5S (highest Human Rights Index rating) by Customer A</li> <li>Recognized as 5E (highest Environmental Index rating) by Customer A</li> </ul>
LAC TY II	<ul style="list-style-type: none"> <li>Recognized as 5E (highest Environmental Index rating) by Customer A</li> </ul>
YIH QUAN	<ul style="list-style-type: none"> <li>Rated Quality Gold Medal by Customer B</li> </ul>



## 4.5 Supply Chain Management GRI 204-1、403-7

To select qualified suppliers and ensure the quality and supply source stability of purchased services and products, the Group has established internal regulations for supplier management operations as important guidance for management mechanisms, committed to ensuring supply chain stability and efficiency through comprehensive supplier management policies, providing customers with high-quality products and services that give them peace of mind and confidence.

Responding to CDP, conducted supplier engagement assessment in 2024. Overall received "B-" management level rating, with "A-level" ratings for "Risk Management Process" and "Governance and Corporate Strategy," and "A-" leadership level rating for Scope 3 emissions (including verification), demonstrating LAI YIH's active performance in promoting environmental management in the supply chain.

### Supplier Selection

In supplier selection, due to the Group's close relationships with brand customers based on business characteristics, and each brand customer having related requirements for their brand products' quality, safety, and sustainability, the Group often has limited flexibility in supplier selection, primarily based on brand customer requirements while considering the Group's needs for screening. Especially in raw material procurement, selected suppliers must be approved by brand customers and comply with customers' restricted substances lists and other related regulations.

Despite limited selection flexibility, the Group still conducts data collection or field visits before cooperating with suppliers to confirm that suppliers meet brand customer and Group needs. The Group's main review and evaluation items primarily stem from brand customer standards, such as understanding and evaluating suppliers' manufacturing quality, compliance, employee welfare and occupational safety, factory environment and safety measures, etc.

### Supplier Management

In supplier management, the Group establishes related mechanisms based on brand customer needs and standards while considering its own situation.

Management Aspect	Important Actions
Daily Operations	<ul style="list-style-type: none"> <li>Conduct quality inspection of products provided by suppliers</li> <li>Understand material sources provided by related suppliers according to brand customer needs, especially investigating and avoiding conflict minerals and Xinjiang cotton with human rights violation concerns</li> <li>Use Sustainable Material Tracing Tool (SMTT) according to brand customer needs to make sustainable materials in products traceable and verify their sources and usage, strengthening supply chain transparency</li> </ul>
Performance Evaluation	<ul style="list-style-type: none"> <li>Responsible units evaluate suppliers monthly, compiling statistics on each supplier's delivery batches, qualified batches, and on-time batches, and scoring based on this, with evaluation aspects including quality, delivery, and cooperation</li> <li>Conduct root cause analysis of supplier quality and delivery issues, maintaining detailed records and cause analysis for suppliers with quality or delivery problems to identify and resolve delivery and quality issues</li> </ul>
Communication and Engagement	<ul style="list-style-type: none"> <li>Communicate regarding supplier certificate expiration or quality testing failures, requiring suppliers to improve promptly</li> <li>If suppliers experience (1) prices for same items or services higher than other suppliers (2) high frequency of delayed delivery (3) poor delivery quality (4) other matters sufficient to damage company interests, negotiate improvements with suppliers, and only consider terminating cooperation if coordination fails</li> <li>Hold supplier conferences aimed at expressing needs to suppliers and recognizing suppliers with excellent quality and delivery performance</li> </ul>



## ● Local Procurement

To diversify supply risks caused by overseas suppliers being affected by unstable factors such as politics or transportation, while reducing transportation and inventory costs, decreasing carbon footprints from procurement, and promoting local economic development, the Group actively promotes localized procurement. In 2024, local procurement product-related and non-product-related expenditure ratios reached 67% and 69%, respectively.

### ▷ 2024 Local Procurement Expenditure Ratio

Region	Product-related (raw materials, semi-finished products, finished products)	Non-product-related
Taiwan	NA	100%
Vietnam	71%	53%
Myanmar	16%	43%
Indonesia	16%	85%
Group	67%	69%

#### Notes:

1. Data scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC, GRAND WISDOM), Myanmar factory (TSANG YIH), and Indonesian factory (YIH QUAN)
2. Local procurement expenditure ratio = Local procurement amount / Total procurement amount
3. Taiwan headquarters is an administrative office with no production activities, therefore no product-related procurement
4. Local procurement is defined as: situations where the shipping location of purchased products or services and the business registration location of the company location conducting procurement belong to the same country







# 5 Friendly Workplace and Social Prosperity

5.1 Talent Management and Development

5.2 Employment Relations and Human Rights

5.3 Occupational Safety and Health

5.4 Social Contribution



## 5.1 Talent Management and Development

### ● Management Approach — Human Resource Management and Development GRI 3-3

Corresponding GRI	GRI 401 、 402 、 404	
Impact	<p>Advantageous recruitment strategies and benefit systems can help companies attract and retain excellent talent, enhancing overall organizational competitiveness. Comprehensive education and training and promotion channels help improve employee identification and loyalty to the company. Without advantageous recruitment strategies and benefit systems, it may be difficult to recruit excellent employees. Incomplete promotion channels will reduce employees' overall identification with the company, creating uncertainty about the future and causing increased employee turnover, reducing corporate competitiveness.</p>	
Commitment / Policy	<p>Provide employees with comprehensive and secure work environments, establish good company culture; committed to improving labor rights, employing employees on equal principles, committed to people-oriented approach – starting with people, oriented toward motivating employee growth, ensuring standardized operations and clear company systems, and sharing results with employees</p>	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>• Increase talent development, achieving 20 hours of training per person</li> <li>• Continue planning and implementing management talent programs for frontline supervisors and middle to senior management, extending to LAI YIH's overseas locations, cultivating key management talent for the Group</li> <li>• Establish consistent and comprehensive performance evaluation systems at all factories</li> </ul>
	Long-term Goals (5+ years)	<ul style="list-style-type: none"> <li>• Respond to trends by promoting digitalization of various internal and external management systems, integrating digital resources and establishing internal instructor development programs, with internal experts sharing important operational information and employee care issues.</li> <li>• Collect employee opinions through diverse channels, continuously focus on employee welfare and actively implement related measures, hoping to create workplace environments where employees feel happy.</li> </ul>

Action Plans	<ul style="list-style-type: none"> <li>• Regularly hold labor-management meetings to provide employees with channels to express opinions</li> <li>• Conduct questionnaire interviews with new/departing employees to collect employee opinions</li> <li>• Regularly review whether employee benefits are competitive within the same industry</li> <li>• Annual regular evaluations, promoting excellent employees through promotion channels</li> <li>• Encourage employees to pursue further education during employment, providing annual continuing education subsidies</li> </ul>	
	Effectiveness Assessment	<p>Tracking Process</p> <ul style="list-style-type: none"> <li>• Hold labor-management meetings quarterly to give employees opportunities to propose benefits</li> <li>• Education and training management: Based on annual departmental training needs, submit education and training plan tables, execute according to plans and conduct training result verification</li> </ul>
Effectiveness Assessment	Current Year Achievements	No complaints received this year
Communication Channels	<p>HR departments at all factories</p> <p>Physical suggestion boxes in factories and offices</p> <p>Complaint mailbox: <a href="mailto:suggest@laiyih.com.tw">suggest@laiyih.com.tw</a></p>	

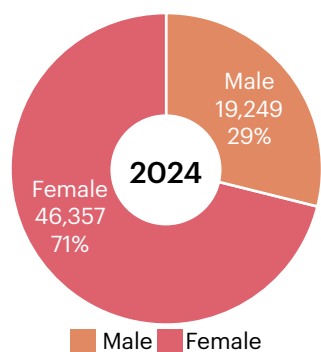
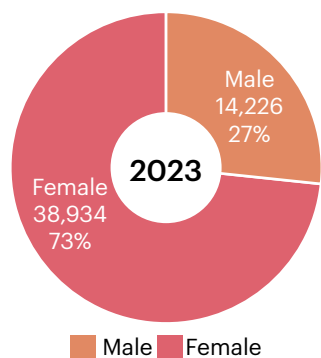
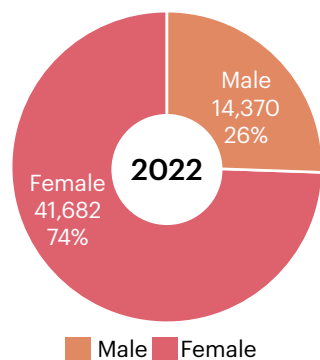
### ● 5.1.1 Human Resource Management GRI 2-7 、 2-8 、 202-2 、 401-1 、 405-1

As employees are the cornerstone of corporate sustainability, LAI YIH Group values employees and strives to practice mutual growth. In the process of corporate sustainable development, gender equality is a major focus for LAI YIH. The proportion of female employees maintains a high percentage, with active policies and practices in gender equality showing progressive improvement year by year. LAI YIH is committed to establishing an equal, friendly, and inclusive workplace environment. This is not only a commitment to employees but also the self-awareness of being a sustainable development enterprise. We focus on labor rights and welfare, equipped with a comprehensive and competitive salary structure. Through reasonable and attractive salary and benefits, we ensure employees receive fair compensation, thereby improving overall job satisfaction. LAI YIH deeply understands that only by providing a safe, healthy, equal work environment with comprehensive compensation and benefits can employees fully realize their potential and achieve mutual prosperity for both labor and management.

#### Human Resource Structure

As of the end of 2024, the total number of employees at LAI YIH Group's main operational and production sites reached 65,606, including 97 in Taiwan, 53,133 in Vietnam, 6,617 in Myanmar, and 5,759 in Indonesia, with no non-employee workers. Due to the operational characteristics of production sites, in terms of gender distribution, female employees constitute the majority at approximately 71%, while male employees account for approximately 29%.

### ▷ LAI YIH Group Employee Gender Ratio



### ▷ LAI YIH Group Human Resource Statistics

Category	Employee Information										
Year	Male					Female					Total
	Full-time		Temporary		Subtotal	Full-time		Temporary		Subtotal	
	Full-time	Part-time	Full-time	Part-time		Full-time	Part-time	Full-time	Part-time		
Taiwan											
2022	18	-	-	-	18	66	-	-	-	66	84
2023	24	-	-	-	24	69	-	-	-	69	93
2024	24	-	-	-	24	72	1	-	-	73	97
Vietnam											
2022	13,139	-	1	-	13,140	35,503	-	-	-	35,503	48,643
2023	13,294	-	3	-	13,297	34,548	-	6	-	34,554	47,851
2024	15,235	-	15	-	15,250	37,850	-	33	-	37,883	53,133
Myanmar											
2022	1,212	-	-	-	1,212	6,113	-	-	-	6,113	7,325
2023	905	-	-	-	905	4,311	-	-	-	4,311	5,216
2024	1,635	-	-	-	1,635	4,982	-	-	-	4,982	6,617
Indonesia											
2024	2,340	-	-	-	2,340	3,419	-	-	-	3,419	5,759
Total											
2022	14,369	-	1	-	14,370	41,682	-	-	-	41,682	56,052
2023	14,223	-	3	-	14,226	38,928	-	6	-	38,934	53,160
2024	19,234	-	15	-	19,249	46,323	1	33	-	46,357	65,606

#### Notes:

1. This table shows LAI YIH Group's employee statistics as of December 31 each year. Disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factories (YIH QUAN, YIHFULL, ALNU). Indonesian factories began operations in 2024, so only 2024 personnel data is disclosed.
2. Categorized by labor contract as "fixed-term contract" and "indefinite-term contract." Those with specified contract periods are "temporary employees," while those without specification are "full-time employees." Based on whether working hours reach weekly legal working hours, contract types can be categorized as "full-time employees" and "part-time employees."

## Employee Diversity

The Group is committed to building excellent teams with diversity and professional capabilities. Our recruitment, retention, and promotion systems strictly prohibit any form of discrimination. Our talent management is based on internal regulations and external laws, following fair and just principles in selection, appointment, and performance evaluation processes, regardless of race, class, language, thought, religion, political party, origin, gender, marital status, appearance, or looks.

As of the end of 2024, in age distribution, Taiwan headquarters has approximately 53.61% of employees in the 30–50 age range and 19.59% of employees over 50. Overseas locations, being production and manufacturing centers, have younger employee ages, with approximately 44.61% of overseas employees under 30 and 53.71% between 30–50 years old. LAI YIH also respects gender equality, with women accounting for 57.94% of management positions. In employee education distribution, Taiwan headquarters has approximately 6.2% of employees with graduate or doctoral degrees and 77.3% with bachelor's (associate) degrees. Overseas locations mainly concentrate on high school (and below) education, accounting for approximately 90.6% of overseas employees. Meanwhile, LAI YIH has always been committed to localizing management levels, actively promoting and appointing local employees at overseas production sites to management positions. In 2024, 91.13% of management in Vietnam were Vietnamese nationals, while 77.20% of management in Indonesia were Indonesian nationals. Additionally, we employ indigenous/ethnic minorities and people with disabilities as employees, totaling 2,121 and 106 people respectively, accounting for 3.23% and 0.16% of total Group employees, demonstrating LAI YIH Group's diverse and inclusive employment of various ethnic groups.

### ▷ 2024 Employee Count and Proportion by Gender, Age Group, and Position

Type \ Region			Taiwan		Vietnam		Myanmar		Indonesia		Group Total	
			Count	Proportion	Count	Proportion	Count	Proportion	Count	Proportion	Count	Proportion
Male	Management Positions <sup>Note</sup>	<30 years old (not including 30)	-	0.00%	257	0.48%	-	0.00%	29	0.50%	286	0.44%
		30–50 years old	2	2.06%	702	1.32%	10	0.15%	152	2.64%	866	1.32%
		50 years old (not including 50)	7	7.22%	40	0.08%	8	0.12%	17	0.30%	72	0.11%
		Subtotal	9	9.28%	999	1.88%	18	0.27%	198	3.44%	1,224	1.87%
	Non-management Positions	<30 years old (not including 30)	5	5.15%	7,634	14.37%	1,267	19.15%	1,801	31.27%	10,707	16.32%
		30–50 years old	7	7.22%	6,517	12.26%	338	5.11%	339	5.89%	7,201	10.98%
		50 years old (not including 50)	3	3.09%	100	0.19%	12	0.18%	2	0.04%	117	0.17%
		Subtotal	15	15.46%	14,251	26.82%	1,617	24.44%	2,142	37.19%	18,025	27.47%
Female	Management Positions <sup>Note</sup>	<30 years old (not including 30)	-	0.00%	371	0.70%	1	0.02%	36	0.63%	408	0.62%
		30–50 years old	2	2.06%	1,161	2.19%	12	0.18%	63	1.09%	1,238	1.89%
		50 years old (not including 50)	1	1.03%	29	0.05%	-	0.00%	10	0.17%	40	0.06%
		Subtotal	3	3.09%	1,561	2.94%	13	0.20%	109	1.89%	1,686	2.57%
	Non-management Positions	<30 years old (not including 30)	21	21.65%	11,802	22.21%	3,195	48.28%	2,875	49.92%	17,893	27.27%
		30–50 years old	41	42.27%	23,755	44.71%	1,759	26.58%	432	7.50%	25,987	39.61%
		50 years old (not including 50)	8	8.25%	765	1.44%	15	0.23%	3	0.05%	791	1.21%
		Subtotal	70	72.17%	36,322	68.36%	4,969	75.09%	3,310	57.47%	44,671	68.09%

## 5.1 Talent Management and Development | 5.2 Employment Relations and Human Rights | 5.3 Occupational Safety and Health | 5.4 Social Contribution

Type \ Region			Taiwan		Vietnam		Myanmar		Indonesia		Group Total	
			Count	Proportion	Count	Proportion	Count	Proportion	Count	Proportion	Count	Proportion
Total	Management Positions <sup>Note</sup>	<30 years old (not including 30)	-	0.00%	628	1.18%	1	0.02%	65	1.13%	694	1.06%
		30-50 years old	4	4.12%	1,863	3.51%	22	0.33%	215	3.73%	2,104	3.21%
		50 years old (not including 50)	8	8.25%	69	0.13%	8	0.12%	27	0.47%	112	0.17%
		Subtotal	12	12.37%	2,560	4.82%	31	0.47%	307	5.33%	2,910	4.44%
	Non-management Positions	<30 years old (not including 30)	26	26.80%	19,436	36.58%	4,462	67.43%	4,676	81.19%	28,600	43.59%
		30-50 years old	48	49.49%	30,272	56.97%	2,097	31.69%	771	13.39%	33,188	50.59%
		50 years old (not including 50)	11	11.34%	865	1.63%	27	0.41%	5	0.10%	908	1.38%
		Subtotal	85	87.63%	50,573	95.18%	6,586	99.53%	5,452	94.67%	62,696	95.56%
	Total		97	100.00%	53,133	100.00%	6,617	100.00%	5,759	100.00%	65,606	100.00%

Notes:

1. This table shows LAI YIH Group's employee statistics as of December 31, 2024. Disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factories (YIH QUAN, YIHFULL, ALNU)

2. Management position definition: Taiwan headquarters includes manager-level and above personnel; at overseas factories includes Executive General Manager, General Manager, Deputy General Manager, and personnel with management responsibilities and signing authority

### ► 2024 Employee Education Distribution

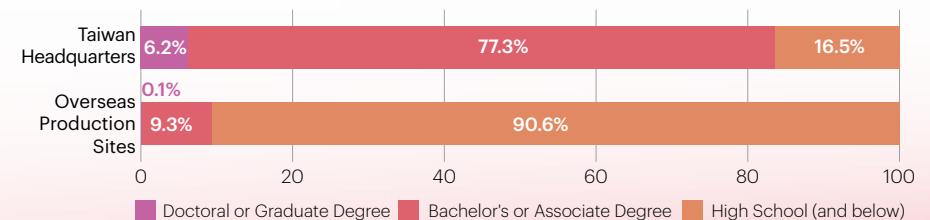
Region	Category	Education Level				
		Doctorate	Graduate	Bachelor's	Associate	High School (and below)
Taiwan	Management Positions	-	25.0%	50.0%	8.3%	16.7%
	Non-management Positions	-	3.5%	70.6%	9.4%	16.5%
Vietnam	Management Positions	0.2%	0.3%	16.0%	8.1%	75.4%
	Non-management Positions	-	0.0%	3.9%	3.9%	92.1%
Myanmar	Management Positions	-	-	64.5%	6.5%	29.0%
	Non-management Positions	-	0.0%	13.9%	0.0%	86.1%
Indonesia	Management Positions	-	2.3%	40.7%	14.7%	42.3%
	Non-management Positions	-	0.0%	6.1%	1.3%	92.6%

Region	Category	Education Level				
		Doctorate	Graduate	Bachelor's	Associate	High School (and below)
Group Total	Management Positions	0.2%	0.6%	19.2%	8.8%	71.2%
	Non-management Positions	-	0.0%	5.3%	3.3%	91.4%

Notes:

1. This table shows LAI YIH Group's employee statistics as of December 31, 2024. Disclosure scope covers: Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factories (YIH QUAN, YIHFULL, ALNU)

2. Management position definition: Taiwan headquarters includes manager-level and above personnel; at overseas factories includes Executive General Manager, General Manager, Deputy General Manager, and personnel with management responsibilities and signing authority





### ▷ 2024 Proportion of Local Nationals Employed in Management Positions

	Taiwan	Vietnam	Myanmar	Indonesia
Local Nationals Employed in Management Positions	100.00%	91.13%	29.03%	77.20%

Notes:

1. This table shows employee statistics as of December 31, 2024. Disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factories (YIH QUAN, YIHFULL, ALNU)
2. Management positions at Taiwan headquarters include manager-level and above personnel; at overseas factories include: Executive General Manager, General Manager, Deputy General Manager, and personnel with management responsibilities and signing authority

### ▷ 2024 Employment of Indigenous/Ethnic Minorities and People with Disabilities

Category	Items		Taiwan	Vietnam	Myanmar	Indonesia	Entire Group
Indigenous/Ethnic Minorities	Management Positions	Count	-	82	-	6	88
		Proportion	-	0.15%	-	0.10%	0.13%
	Non-management Positions	Count	-	1,999	-	34	2,033
		Proportion	-	3.76%	-	0.59%	3.10%
	Subtotal	Count	-	2,081	-	40	2,121
		Proportion	-	3.92%	-	0.69%	3.23%
People with Disabilities	Management Positions	Count	-	-	-	1	1
		Proportion	-	-	-	0.02%	0.00%
	Non-management Positions	Count	-	-	-	105	105
		Proportion	-	-	-	1.82%	0.16%
	Subtotal	Count	-	-	-	106	106
		Proportion	-	-	-	1.84%	0.16%

Notes:

1. This table shows LAI YIH Group's employee statistics as of December 31, 2024. Disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factories (YIH QUAN, YIHFULL, ALNU)
2. Management position definition: Taiwan headquarters includes manager-level and above personnel; at overseas factories includes Executive General Manager, General Manager, Deputy General Manager, and personnel with management responsibilities and signing authority
3. Ethnic minority definition: At overseas factories, refers to ethnic groups other than the main ethnic group with lower population proportions. Vietnam: Ethnic groups other than Kinh, Myanmar: Ethnic groups other than Bamar, Indonesia: Ethnic groups other than Javanese

## New Hires and Employee Turnover

In 2024, LAI YIH Group recruited a total of 36,837 new employees, with a hiring rate of approximately 56.15% and a turnover rate of approximately 40.48%. Taiwan headquarters had hiring and turnover rates of 27.84% and 23.71% respectively, with hiring and turnover rates roughly similar. For overseas factories, Myanmar has experienced increasingly severe inflation since 2022 due to local political and economic factors (2021 inflation rate: 9.6, 2022: 28, 2024: 26.5), making Myanmar factory turnover rates higher compared to other factories. Indonesian factories had high hiring rates because they officially began operations and recruited personnel in 2024. LAI YIH Group follows local labor-related regulations at each factory for salary and related benefits, and provides diverse employee benefits and support to retain and attract excellent talent. For departing employees, LAI YIH Group investigates departure reasons through human resources units and actively provides retention efforts and care.

### ► 2024 New Hire/Departure Employee Count and Proportion

Employee Category		New Hires						Departures					
		Region				Total New Hires	Hiring Rate	Region				Total Departures	Turnover Rate
		Taiwan	Vietnam	Myanmar	Indonesia			Taiwan	Vietnam	Myanmar	Indonesia		
Gender	Male	6	9,036	5,437	1,872	16,351	24.92%	6	7,080	4,765	352	12,203	18.60%
	Female	21	16,049	1,752	2,664	20,486	31.23%	17	12,723	1,023	593	14,356	21.88%
Age	<30 years old	17	13,971	5,820	3,880	23,688	36.11%	9	10,969	4,607	764	16,349	24.92%
	30–50 years old	9	11,001	1,355	645	13,010	19.83%	13	8,710	1,172	175	10,070	15.35%
	> 50 years old	1	113	14	11	139	0.21%	1	124	9	6	140	0.21%
New Hire/Departure Count by Region		27	25,085	7,189	4,536	36,837		23	19,803	5,788	945	26,559	
New Hire/Departure Rate by Region		27.84%	47.21%	108.64%	78.76%	56.15%		23.71%	37.27%	87.47%	16.41%	40.48%	

Notes:

1. This table's disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factories (YIH QUAN, YIHFULL, ALNU)

2. Hiring rate = Number of new hires in each group ÷ Total number of employees in each group at year-end

3. Turnover rate = Number of departing employees in each group ÷ Total number of employees in each group at year-end

## ● 5.1.2 Talent Development and Growth GRI 404-1、404-2、404-3

### Education and Training Programs

To enhance employee professional capabilities, improve management abilities, and strengthen corporate competitiveness, LAI YIH Group has established "Education and Training Operation Procedures." Each year, human resources units at various operational and production sites plan annual education and training programs and objectives, allocating dedicated education and training budgets, with key training items for employees at all levels. The Group trains employees through diverse methods including external consultant guidance, internal instructor teaching, and participation in external seminars and courses, focusing on new employee orientation, professional training for current employees, and management competency training for supervisors, hoping to cultivate multi-faceted professional talent. In 2024, Taiwan headquarters had a total of 423 training hours with an average of 4.36 hours per person; Vietnam factories totaled 931,172 hours with an average of 17.19 hours per person; Myanmar factories totaled 3,811 hours with an average of 0.58 hours per person; Indonesian factories totaled 140,235 hours with an average of 47.36 hours per person.

### ▷ 2024 Education and Training Blueprint

Senior Management	Executive leadership training programs, strategic objective consensus camps
Frontline Supervisors	Frontline management capability programs
General Employees	Specific professional training for competencies



### ▷ 2024 Average Employee Education and Training Hours

Region		Taiwan	Vietnam	Myanmar	Indonesia	Group
Management Positions	Male	15.72	26.19	11.50	1.19	21.85
	Female	29.33	28.78	14.15	3.17	27.01
Non-management Positions	Male	7.43	13.72	1.05	34.22	15.02
	Female	1.17	17.80	0.35	60.08	18.97
Average Training Hours per Person		4.36	17.19	0.58	47.36	18.14

Notes:

1. This table's disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factories (YIH QUAN, YIHFULL, ALNU)
2. Values in the table are average education and training hours for each category of employees
3. Average education and training hours = Total education and training hours for each group for the entire year ÷ Total number of employees in each group still employed at year-end
4. Management positions at Taiwan headquarters include manager-level and above personnel; at overseas factories include: Executive General Manager, General Manager, Deputy General Manager, and personnel with management responsibilities and signing authority





## Highlight Column

## Management Competency Growth Program – Operations Elevation Plan

Given that many supervisors within the Group have been promoted from frontline positions and previously lacked systematic management training, resulting in lack of unified management methods. To address this situation, LAI YIH conducted the "Management Competency Growth Program – Operations Elevation Plan" at the Overseas First Business Division in 2024, aiming to promote collaboration among middle and senior management through this program, establish common language and standardized tools and methods, and improve overall operational efficiency. This program uses guided discussions and practical scenario exercises as core elements, helping supervisors learn and internalize modern management knowledge and skills, ultimately producing solutions that can be practically applied to daily management work. Course content includes: executive leadership development programs, frontline supervisor management training, foreign internal instructor training, and vision consensus camp activities. Expected benefits include improving teamwork, optimizing decision-making processes, strengthening problem-solving capabilities, and creating an organizational atmosphere of continuous learning and evolution for the company.

- This year's executive leadership development program was participated in by middle and senior management personnel from various production sites of LAI YIH Group's Overseas First Business Division, totaling 36 people. Cultivate unified management language and collaborative consensus, strengthen leadership skills and cross-departmental cooperation, create positive and efficient teams, and drive organizational goal achievement

- Held "2025 Strategic Objective Consensus Camp" with 42 participants, arranging key supervisors to learn strategy management and objective setting tools, with external instructors and supervisors practicing objective deployment once for their respective responsible units
- Course satisfaction averaged 4.88 (out of 5), receiving much positive feedback from participating colleagues after instruction



## Performance Evaluation Mechanism

The Group is committed to creating an equal, diverse, and mutually respectful friendly workplace. LAI YIH Group's various locations implement employee incentive systems and provide fair and consistent promotion opportunities for every employee. The Group has implemented performance evaluation systems according to various functions at some overseas production sites. Specific circumstances where employees are not subject to performance evaluation systems include new employees who have not completed/passed probation periods, employees on maternity leave, employees under salary contracting/task contracting systems, a few positions unrelated to administrative operations that do not require performance evaluation, and associate level and above positions directly reviewed by the Chairman or General Manager for work performance, not included in the aforementioned performance evaluation systems. Except for the above circumstances, all other employees and overseas Taiwanese executives undergo regular performance evaluations at least once annually according to each location's performance evaluation regulations. All employees subject to performance evaluations this year have completed their assessments, and no complaints or reports of discrimination or unfair treatment were received this year.

### 5.1.3 Employee Compensation and Benefit Systems

GRI 2-21、201-3、202-1、401-2、401-3

#### Compensation System

LAI YIH Group is committed to providing transparent and fair compensation systems. All employee salaries are determined based on education and experience, professional knowledge and skills, years of experience, and individual performance, unaffected by gender, age, ethnicity, nationality, religion, political stance, or sexual orientation. The Group has established competitive compensation packages. Besides monthly base salary, there are also year-end bonuses and performance bonuses distributed twice annually. LAI YIH's overseas production sites establish reasonable and attractive salary systems based on local government laws and human resources market conditions and industry standards. In 2024, starting salaries at all overseas factories met or exceeded local minimum wages, with no salary differences based on gender.

#### 2024 Standard Salary to Local Minimum Wage Ratio for Entry-level Personnel by Region

Region	Male	Female
Taiwan	1.53	1.46
Vietnam	1~1.23	1~1.23
Myanmar	1.08	1.08
Indonesia	1.00	1.00

Notes:

- This table's disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factories (YIH QUAN, YIHFULL)
- Local minimum wages are sourced from local government requirements at each location. Taiwan follows the Ministry of Labor's announced 2024 minimum wage of NT\$27,470; Vietnam follows the basic wage announced by the Vietnamese government on July 1, 2024, with different basic wages applied according to factory locations; Myanmar follows the local minimum wage committee's minimum daily wage of 4,800 Myanmar kyat converted to monthly salary of 144,000 Myanmar kyat; besides daily wages, LAI YIH Group legally provides all employees with 2,000 Myanmar kyat/day living allowance; Indonesia follows minimum wage standards for each county: Batang County, Central Java Province 2,379,702 Indonesian rupiah, Semarang City 3,243,969 Indonesian rupiah, Kendal County 2,613,573 Indonesian rupiah

The highest annual total compensation individual at Taiwan headquarters holds the position of Chief Strategy Officer (concurrently Chairman), with a ratio to the 2024 annual total compensation median of other full-time employees at Group headquarters of 23.55:1, mainly due to diversified compensation sources causing large compensation ratio differences. As LAI YIH is a KY company, it is not subject to "Employee Count, Benefit Costs and Average Information Declaration Operations," therefore does not need to disclose average salaries of full-time employees not in management positions or median salaries of full-time employees not in management positions.

#### 2024 Highest Compensation to Other Employee Annual Total Compensation Ratio

Annual Total Compensation Ratio <sup>Notes 1, 3, 4</sup>	23.55 : 1
Annual Total Compensation Growth Ratio <sup>Notes 2, 3, 4, 5</sup>	3.98

Notes:

- This table's statistics include only Taiwan headquarters
- Annual total compensation ratio = Ratio of highest compensated individual's annual total compensation ÷ median annual total compensation of all employees (excluding that highest compensated individual)
- Annual total compensation growth ratio = Growth rate of highest annual total compensated individual's compensation ÷ growth rate of median annual total compensation of all employees (excluding that highest compensated individual)
- Annual total compensation refers to employee salaries attributable to the current year, using accrual basis, including regular salaries (base salary and monthly fixed allowances and bonuses), overtime pay (whether taxable or tax-exempt), and non-regular salaries (non-monthly allowances, bonuses, employee compensation, etc.)
- When calculating annual total compensation, excludes employees who joined after December 1 of the current year and employees not employed on December 31 of that year



## Benefit System

To enhance employee loyalty and create a happy workplace environment, LAI YIH Group provides employees with diverse and comprehensive benefit programs and complete insurance plans, with slight variations at each operating location based on local regulations. Benefit programs include: incentive bonuses, holiday bonuses, subsidy distributions, physical and mental health services, etc. In response to cultural customs in different regions, employee benefits and activities at each production site vary slightly, regularly holding basketball games, football matches, sports meets, annual parties, club activities, and other diverse activities to unite colleague loyalty, enhance employee sense of belonging to the company and fulfillment in life, working together to create a happy and beautiful future.

### ► Diverse Benefit Programs

#### Insurance System

##### Taiwan Region

- Legally provide all employees with labor insurance, national health insurance, and labor pension
- Taiwan headquarters employees are covered by NT\$5 million accident insurance

##### Vietnam Region

- Legally all employees enjoy social, unemployment, accident, and medical insurance

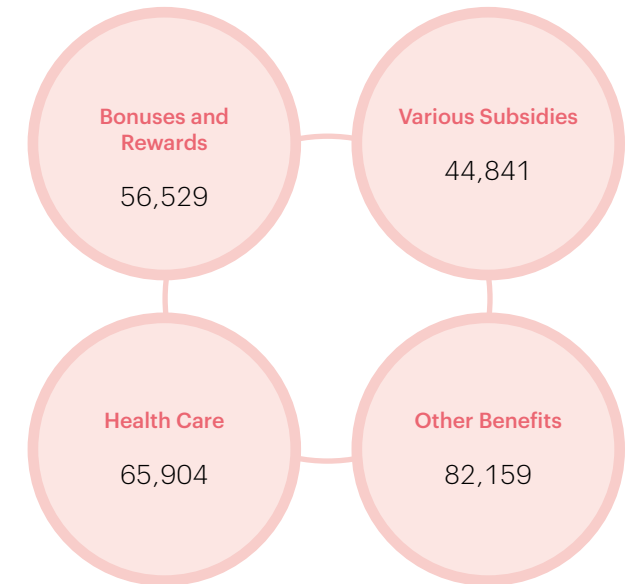
##### Myanmar Region

- Legally LAI YIH Group contributes 3% of each employee's monthly salary to social security plans, covering medical insurance costs and work injury allowances

##### Indonesia Region

- Legally all employees enjoy old age, death, retirement, work injury accident, and medical insurance

### ► 2024 Group-wide Employee Benefit Usag



#### Notes:

1. Disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factory (YIH QUAN)
2. Some benefit usage statistics are not yet complete, so only countable items are included in usage statistics

#### Bonuses and Rewards

- Profit sharing, mid-year, year-end, holiday bonuses
- Year-end party awards
- Production bonuses
- Education bonuses (language skills/various education)
- Perfect attendance bonuses
- New employee referral fees
- Improvement suggestion bonuses
- Performance evaluation bonuses

#### Various Subsidies

- Wedding and funeral subsidies
- Children's education subsidies
- Travel subsidies
- Employee continuing education subsidies
- Dining, snacks, afternoon tea subsidies
- Education and sports subsidies
- Additional subsidies for impoverished employees (e.g. housing subsidies)
- Self-paid vaccination subsidies
- Hospitalization consolation money
- Emergency relief funds

#### Health Care

- On-site medical services
- Employee health checkups (general employees once/year, hazardous workers twice/year, subsidiary female workers additional checkups)
- Gym and fitness facilities
- Protective equipment (provided to high-risk workers)

#### Other Benefits

- Mid-Autumn Festival, New Year gifts
- Birthday money and birthday vouchers
- Birthday celebration parties
- Overtime subsidies (meals and transportation)
- Free lunch
- Job transfers for pregnant workers maintaining original salary
- Holiday transportation subsidies for returning home





## ▷ Incentive Rewards



▲ Patent invention creativity award bonuses



▲ International Women's Day gift giving



## ▷ Sports Competitions



▲ LAC TY II hosted women's volleyball friendship match



▲ LAC TY II participated in Adidas sports festival in Ho Chi Minh City



▲ TY THAC led colleagues to participate in Tame County women's football championship, celebrating the 95th anniversary of Vietnam General Confederation of Labour (VGCL)



▲ PCC basketball tournament



▲ Community basketball tournament



▲ LAC TY – Community football match



▲ LAC TY – running activity



▲ TSANG YIH – football tournament



## ▷ Group Activities



▲ TY THAC organized karaoke singing competition to welcome Spring Festival, with 100 participants



▲ Y BACH holds quarterly employee birthday parties, giving birthday gifts to employees



▲ LAC TY II responded to Vietnam Women's Day by holding "Back to Roots Program" activity, taking employees to visit two temples in Ben Tre Province

## ▷ Employee Care

### Donating "Love Houses" to employees from impoverished backgrounds

LAI YIH Group continues to pay attention to employee conditions, providing stable housing for employee families, bringing hope and peace of mind, making them feel the company's care and support. This warmth enhances employee sense of belonging and happiness, further motivating their dedication and effort at work.

- ▶ Total donation of 30 "Love Houses" in 2024, with total housing donation value of approximately 1.5 billion Vietnamese dong



▲ LAC TY II donated 7 houses in 2024



▲ TY XUAN donated 23 houses in 2024

### Organizing collective weddings for employees to fulfill wedding dreams

Sponsored married employee couples who could not hold weddings due to economic reasons, carefully preparing spectacular weddings that combined modern and traditional elements. Although weddings were company-sponsored, every detail was exquisite and thoughtful. Additionally, the company thoughtfully gave each couple a pair of wedding rings and actively encouraged employees and caring people from all walks of life to donate wedding dresses, makeup services, wedding photography, and wedding gifts at no cost. This program is a popular annual company activity, and this heartwarming event is expected to continue next year.

- ▶ In 2024, TY XUAN and TY THAC each held one event, sponsoring 13 couples total



▲ TY XUAN



▲ TY THAC



▲ TY XUAN routinely cares for employees with cancer, conveying warmth and encouragement through supplies and consolation money

### Retirement System

To secure employees' post-retirement lives, LAI YIH Group contributes retirement funds and provides retirement benefits according to local labor regulations in each region. Regional retirement systems are detailed below. For detailed retirement fund contribution status, please refer to the 2024 Consolidated Financial Report.

Taiwan	Vietnam
According to "Labor Pension Act," company contributes 6% of salary monthly for labor retirement pension Welfare committee provides retirement consolation money for retiring colleagues with 15+ years of service	According to Vietnam "Law on Social Insurance," company contributes 17.5% of total wages monthly for employee retirement pension
Myanmar	Indonesia
Currently Myanmar government has no statutory retirement system for private enterprises	Old age and retirement insurance under social insurance, company contributes 3.7% of employee salary monthly for pension, 2% for old age insurance

### Parental Leave System

The Group is committed to creating enterprise culture friendly to childcare and reproductive care, following regional regulations to provide employees with parental leave without pay, maternity/paternity leave, and other related rights. Using Taiwan headquarters as an example, employees may apply for up to two years of parental leave according to their needs. Regional systems are detailed in the parental leave system table. In 2024, LAI YIH Group had 4,095 employees take parental leave or post-birth maternity leave (3,134 females, 961 males), with application rate of 61%, return-to-work rate of 57%, retention rate of 68%. Generally, female application rates are relatively higher than males.

#### ▶ Parental Leave System

Taiwan	According to "Gender Equality in Employment Act," employees who have worked for 6 months or more may apply for parental leave without pay before each child reaches 3 years old, until the child reaches 3 years old, but not exceeding 2 years. For those caring for 2 or more children simultaneously, parental leave periods should be calculated together, with maximum limit of 2 years for caring for the youngest child.
Vietnam	Local government has no regulations for parental leave without pay, so employees needing to care for children are considered to be on unpaid leave. Article 139 of "Labor Code of Vietnam 2019," states that female employees enjoy a total of 6 months of maternity leave, with a maximum of 2 months before birth and 4 months after birth, and those having twins receive an additional month per child for the second child onward. According to Article 39 of 2014 "Law on Social Insurance," maternity allowance standard is 100% of average monthly salary for 6 months before childbirth when paying social insurance. If social insurance contributions are less than 6 months, maternity allowance is the monthly average salary for months with social insurance contributions.
Myanmar	Local government has no regulations for parental leave without pay, so employees needing to care for children are considered unpaid leave; female employees taking maternity leave, company only pays "basic salary" and "living allowance," maximum 42 days before birth, maximum 56 days after birth, and maximum 84 days for twins after birth. Male employees who have worked for 1 year may take maximum 15 days paternity leave after wife gives birth.
Indonesia	Local government has no regulations for parental leave without pay, so employees needing to care for children are considered unpaid leave; according to "Indonesian Labor Law" Decree No. 13/2003, female employees enjoy 1.5 months of maternity leave before and after childbirth respectively, totaling 3 months of full-pay maternity leave. Male employees receive 2 days full-pay paternity leave when their wife gives birth/miscarries.



### ▷ 2024 Parental Leave Usage Status

Region	Taiwan Headquarters			Vietnam Region			Myanmar Region			Indonesia Region			Group Total		
Items	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
2024 total number of employees entitled to parental leave (A)	11	14	25	1,598	4,877	6,475	70	157	227	-	-	-	1,679	5,048	6,727
2024 total number of employees who actually used parental leave (B)	3	11	14	931	2,977	3,908	27	146	173	-	-	-	961	3,134	4,095
2024 total number of employees who should return to work after completing parental leave (C)	2	4	6	925	2,387	3,312	23	29	52	-	-	-	950	2,420	3,370
2024 total number of employees who returned to work during the reporting period after completing parental leave (D)	2	4	6	690	1,222	1,912	-	-	-	-	-	-	692	1,226	1,918
2023 total number of employees who returned to work during the reporting period after completing parental leave (E)	-	1	1	821	1,869	2,690	37	305	342	-	-	-	858	2,175	3,033
2023 total number of employees who returned to work after completing parental leave and remained employed 12 months later (F)	-	1	1	579	1,426	2,005	23	47	70	-	-	-	602	1,474	2,076
Parental leave application rate (B/A)	27%	79%	56%	58%	61%	60%	39%	93%	76%	N/A	N/A	N/A	57%	62%	61%
Return-to-work rate (D/C)	100%	100%	100%	75%	51%	58%	0%	0%	0%	N/A	N/A	N/A	73%	51%	57%
Retention rate (F/E)	N/A	100%	100%	71%	76%	75%	62%	15%	20%	N/A	N/A	N/A	70%	68%	68%

Note: This table's disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factories (YIH QUAN, YIHFULL, ALNU)



## 5.2 Employment Relations and Human Rights

### ● Management Approach– Human Rights Management and Local Relations GRI 3-3

Corresponding GRI	GRI 406-411	
Impact	Diverse and inclusive work environments enable workers to perform work tasks with greater peace of mind, thereby creating better revenue and enhancing company image. The company's actions regarding diversity, equality, and inclusion will have positive or negative impacts on economic and social aspects.	
Commitment / Policy	Fulfill corporate responsibility, regularly donate and organize social welfare activities to give back to local communities, balance environment and ecology during development, improve energy efficiency and reduce energy consumption, and reduce pollution to achieve sustainable production in green factories.	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>Continue conducting annual education and training for all employees at all locations on anti-workplace harassment, equality, and communication</li> <li>Maintain 0 incidents annually of child labor, forced or compulsory labor, harassment, or discrimination incidents or complaints</li> <li>Company conducts annual reviews of related human rights policies and procedures to ensure compliance with regulations and international trends</li> </ul>
	Long-term Goals (5+ years)	<ul style="list-style-type: none"> <li>Committed to implementing human rights and compliance management in operations, following global regulations, Group codes of conduct, and international human rights standards. Through regular third-party audits/certifications, continuously review and improve human rights management effectiveness, ensuring compliance with international trend requirements.</li> <li>Maintain 0 incidents of child labor, forced or compulsory labor, harassment, or discrimination incidents or complaints</li> </ul>
Action Plans	<ul style="list-style-type: none"> <li>Conduct annual education and training on anti-workplace harassment, equality, and communication</li> <li>Establish identity verification hiring mechanisms to prevent misuse of child labor</li> <li>Conduct monthly/quarterly labor-management communication meetings to ensure employee freedom of expression and respond to related opinions, maintaining good mutual trust between labor and management</li> </ul>	
Effectiveness Assessment	Tracking Process	<ul style="list-style-type: none"> <li>Hold labor-management meetings quarterly to ensure good and smooth communication between labor and management</li> <li>Regularly review and track complaint cases through diverse complaint channels</li> </ul>
	Current Year Achievements	<ul style="list-style-type: none"> <li>No incidents or complaints of child labor, forced or compulsory labor occurred or were received this year.</li> <li>100% of security personnel received human rights policy education and training this year</li> </ul>
Communication Channels	<p>In-person complaints: Through Corporate Social Responsibility/Human Resources Department, unions, Board of Directors, labor-management meetings, local brand representatives, or external institutions</p> <p>Phone complaints: Call Corporate Social Responsibility/Human Resources Department or unions using internal phone numbers</p> <p>Written complaints: Physical suggestion boxes or online platforms Zalo, Facebook, official website, Google forms</p>	



### ● 5.2.1 Protecting Labor Rights

GRI 2-23、2-24、406-1、407-1、408-1、409-1、410-1、411-1

To protect labor rights, LAI YIH strictly follows local labor laws at production locations, complying with the "International Bill of Human Rights," "Core Labor Standards Conventions," and "UN Global Compact." LAI YIH responds to the "Convention on the Elimination of All Forms of Discrimination Against Women" and "Convention on the Rights of the Child" in International Human Rights Conventions by establishing human rights protection policies and formulating a series of related internal policies, including: freedom of association policy, grievance procedure policy, prohibition of forced labor policy, anti-discrimination policy, anti-harassment policy, prohibition of child labor policy, and problem and complaint resolution procedures. LAI YIH Group had no incidents or complaints of child labor, forced or compulsory labor, or violations of indigenous rights in 2024, nor did it face risks to freedom of association and collective bargaining.

Aspect	Actions
Anti-discrimination, Anti-harassment	<ul style="list-style-type: none"> <li>Hold monthly basic occupational safety training for employees, conduct annual education and training on anti-workplace harassment, equality, and communication, providing employees with substantial protection regarding gender equality, prevention of sexual harassment, and gender discrimination</li> <li>Strictly prohibit any form of harassment, not expressing obvious or implied disgust through words or actions based on identity, race, cultural or ethnic background, religion, political party, place of birth, language, thought, physical characteristics, appearance, gender, sexual orientation, marital status, caregiving situation, economic status, age, ability or disability, and other illegal reasons</li> <li>Strictly prohibit any sexual harassment behaviors, such as not implementing actions or words related to sex or gender against others' will, not using sexual demands, sexually suggestive or gender discriminatory words or behaviors to create hostile, coercive, or offensive work environments that violate or interfere with personal dignity, personal freedom, or affect work performance</li> <li>Protect gender work equality and equality between local and foreign workers</li> </ul>
Prohibition of Child Labor	<p>LAI YIH Group will not employ child labor in any position. The company strictly implements control measures to verify job applicants' ages. Procedures to ensure no child labor:</p> <ul style="list-style-type: none"> <li>Interview applicants: Conduct age verification based on identity documents and interviews</li> <li>Maintain files: Preserve files to prove regulatory compliance and conduct random checks to ensure proper document preservation</li> <li>If children are found working in the workplace: Remove them from the workplace, contact their guardians/representatives, and cooperate with authorities for handling</li> </ul>
No Forced or Compulsory Labor	<p>The Group and cooperating manufacturers or upstream suppliers will never use any form of forced labor. Related commitments and policies:</p> <ul style="list-style-type: none"> <li>Do not use prison labor or subcontract work to prisons</li> <li>Do not use force, fraud, or coercion when recruiting or hiring employees</li> <li>Do not require employees to pay deposits or fees for work</li> <li>Right to free movement within the company (ensuring safety and order)</li> </ul>

### Grievance Channels

If employees discover or face inappropriate incidents, they can report through the following diverse grievance channels:

#### [In-person complaints]

- Report to department supervisors and managers
- Meet with Corporate Social Responsibility/Human Resources Department, unions, Board of Directors
- Raise opinions in labor-management meetings
- File complaints with local brand representatives or external institutions

#### [Phone complaints]

- Call Corporate Social Responsibility/Human Resources Department or unions using internal phone numbers

#### [Written complaints]

- File complaints through physical suggestion boxes
- Submit opinions through online platforms: Zalo, Facebook, official website, Google forms

### Security Personnel Human Rights Policy Education and Training

Besides company employees receiving human rights-related education and training upon hiring, the Group also arranges training for security personnel. In 2024, 100% of security personnel received human rights policy education and training.



## ● 5.2.2 Employee Rights and Communication GRI 2-30、402-1

### Labor-Management Communication

LAI YIH Taiwan headquarters does not currently have a union, but labor and management hold regular quarterly labor-management meetings and have established an Employee Welfare Committee to maintain various employee rights and benefits. Overseas production bases in Vietnam, Myanmar, and Indonesia have completed establishing unions according to local laws. Union participation is based on employees' voluntary will, and no one is refused membership because of specific personnel. As of the end of 2024, union participation rates in Vietnam, Myanmar, and Indonesia regions were 97%, 15%, and 62% respectively.

### ▷ Union Participation by Location

Region	Vietnam	Myanmar	Indonesia
Participants	51,712	963	3,519
Total Employees	53,133	6,617	5,704
Union Participation Rate	97%	15%	61%

#### Notes:

1. This table's disclosure scope covers Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factory (YIH QUAN)
2. Taiwan headquarters has no union; one Indonesian location – YIHFULL is office-type with fewer than 20 people, temporarily no union ALNU was just established, union establishment procedures were still in progress as of December 31, 2024
3. Employee union participation rate = Number of employees participating in union ÷ Total number of employees at year-end for companies with established unions
4. Myanmar union is voluntary; not joining the union does not affect the validity of all terms negotiated between the union and company

### Minimum Notice Period for Significant Operational Changes

During significant operational changes, following local regulatory requirements at each location, provide employees and their representatives with appropriate advance notice to achieve transparency and trust between labor and management.

Taiwan headquarters: Following Article 16 of the "Labor Standards Act," Taiwan headquarters ensures relevant regulations as follows: For those who have worked continuously for three months to less than one year, give 10 days' advance notice; for those who have worked continuously for one year to less than three years, give 20 days' advance notice. For those who have worked continuously for three years or more, give 30 days' advance notice. Those dismissed without following the above notice periods must be paid wages for the notice period.

Related regulations at overseas locations vary slightly according to local laws and agreements signed with unions at each location. In Vietnam, according to the "Labor Code of Vietnam 2019," when significant operational changes occur, employers must notify employees with indefinite-term labor contracts at least 45 days in advance and those with fixed-term labor contracts of 12 to 36 months at least 30 days in advance; in Indonesia, according to local employment law and government regulations, if companies undergo significant operational changes requiring employee dismissals, written notice including compensation plans must be provided, and negotiations with union representatives and affected employees must be conducted to obtain agreement, with a two-week notice period; Myanmar currently has no related regulations, with such matters determined through negotiations between employers, employees, and unions.



## 5.3 Occupational Safety and Health

### ● Management Approach– Occupational Safety and Health GRI 3-3

Corresponding GRI	GRI 403	
Impact	Establishing safe work environments and caring for worker health is a corporate responsibility. Enabling workers to work with peace of mind will help improve operational performance; conversely, it may cause talent shortages and inability to continuously provide high-quality products. The company's actions regarding occupational safety and health will have positive or negative impacts on social or economic aspects.	
Commitment / Policy	The Group is committed to following local regulatory requirements for regional factories and customer needs, referencing ISO 45001 occupational safety and health management systems to establish related internal procedures and policies. This commitment aims to ensure management professionalism and effectiveness, reduce potential occupational safety risks, and strive to create a safe and secure workplace.	
Objectives	Short to Medium-term Goals (1-5 years)	<ul style="list-style-type: none"> <li>Recordable workplace accident rate per million work hours decreased 3% compared to previous year</li> <li>Continue increasing occupational safety and health education and training hours at production sites</li> </ul>
	Long-term Goals (5+ years)	<ul style="list-style-type: none"> <li>Establish consistent standardized management systems across overseas factories</li> <li>Strive for 0 major occupational injury incidents, 0 fatal workplace accidents</li> </ul>
Action Plans	<ul style="list-style-type: none"> <li>Conduct corresponding occupational safety education and training for new employees, general employees, and special function employees</li> <li>Conduct health checkups every six months to one year, providing specific respiratory and hearing examinations for employees exposed to chemicals or noise</li> <li>One factory in Vietnam is expected to obtain ISO 45001 certification in 2025</li> </ul>	
Effectiveness Assessment	Tracking Process	<ul style="list-style-type: none"> <li>Production sites hold regular occupational safety and health committees to ensure each production site follows local government regulations and customer requirements</li> <li>Production site-related machinery and equipment undergo regular maintenance and safety inspections</li> </ul>
	Current Year Achievements	<ul style="list-style-type: none"> <li>This year's recordable occupational injury rate for the entire Group decreased compared to the previous year</li> <li>0 serious occupational injury incidents this year</li> <li>3 overseas production factories obtained ISO 45001 certification and passed third-party verification</li> </ul>
Communication Channels	File complaints through occupational safety and health committees and employee unions	

### ● 5.3.1 Occupational Safety and Health Management System

GRI 403-1、403-2、403-4、403-8

To provide safe and healthy work environments and comprehensively implement occupational safety and health policies, LAI YIH Group follows regulatory requirements for regional factories in occupational safety and health management, such as: Vietnam's local Decree No. 39/2016/NĐ-CP (Occupational Safety and Health Implementation Regulations) and Occupational Safety and Health Law, while referencing ISO 45001 occupational safety and health management systems to establish related internal procedures and policies to ensure management professionalism and effectiveness. Each production site has established: Environmental Health Safety System Management Procedures, Occupational Accident Investigation Policy, Health and Environmental Policy, Occupational Accident Investigation Report Management Procedures, Chemical Safety Management Policy, Fire Safety Policy, Electrical Safety Policy, Machine Safety Policy, First Aid Policy, Risk Assessment Policy, etc.

In 2024, all locations have introduced occupational safety and health management systems covering 100% of all workers, activities, and workplaces at those locations. Vietnam factories LAC TY and LAC TY II, and Myanmar's TSANG YIH obtained ISO 45001:2018 certification and undergo regular external third-party verification. Additionally, TSANG YIH also received local government occupational safety and health recognition for footwear factories and rubber factories. Other locations have not yet obtained certification temporarily due to lower risks and no customer requirements. At the same time, all locations have established dedicated occupational safety and health units, mainly responsible for convening meetings and formulating related policies, regularly tracking and inspecting occupational safety and health implementation.

#### ▷ Production Site Occupational Safety and Health Related ISO Certification Status

Certification Item	Certification Body	Factory	Validity Period
ISO 45001:2018 Occupational Safety and Health Management System	SGS (Thailand) Limited	LAC TY	2024/12/21-2027/12/20
ISO 45001:2018 Occupational Safety and Health Management System	BSI British Standards Institution	LAC TY II	2022/03/30-2025/02/20
ISO 45001:2018 Occupational Safety and Health Management System	BSI British Standards Institution	TSANG YIH	2024/10/29-2027/10/29

### Occupational Safety and Health Dedicated Units

Occupational safety and health committees at each location are composed of labor and management representatives, with labor representatives occupying nearly 50% or more of the seats. In 2024, the regular meeting frequency of occupational safety and health committees/departments at major production sites was approximately once monthly. Meetings mainly discuss occupational safety policies, environmental monitoring management, safety, occupational safety risks, human rights issues, etc., and track various occupational safety performance indicators.

#### ▷ 2024 Production Site Occupational Safety and Health Dedicated Units

	Vietnam	Myanmar	Indonesia	Group Total
Participants (Management + Labor)	207	47	54	308
Labor Representative Proportion	91%	62%	48%	79%

### Hazard Identification and Risk Assessment Management Operations

The company's operational locations have established comprehensive hazard identification and risk assessment management procedures. Once annually, risk assessments, environmental impact assessments, occupational disease hazard monitoring, and environmental monitoring are conducted for all departments, processes, machines, and equipment. Through risk identification, potential hazards are identified, risk levels are assessed, and classifications are made according to different risks (unacceptable risk, high risk, medium risk, and low risk). Control measures are then formulated accordingly, while continuously tracking the effectiveness of various preventive measures and optimizing them. Additionally, all production sites regularly conduct fire inspections, monthly equipment maintenance, weekly checks to ensure production lines comply with safety standards, and monthly morning meetings for safety promotion, hoping to maximize the effectiveness of advance prevention.

All production sites have implemented related safety measures, such as safety protection for machinery and equipment, and personal protective equipment (PPE). If employees assess that there may be concerns about injury or health damage when performing work, they have the right to immediately refuse or stop potentially dangerous work and will not be punished for such actions. Following established company regulations, unsafe conditions in factories are notified and reported according to regulations.

### ▷ Occupational Hazard Identification and Risk Assessment Process



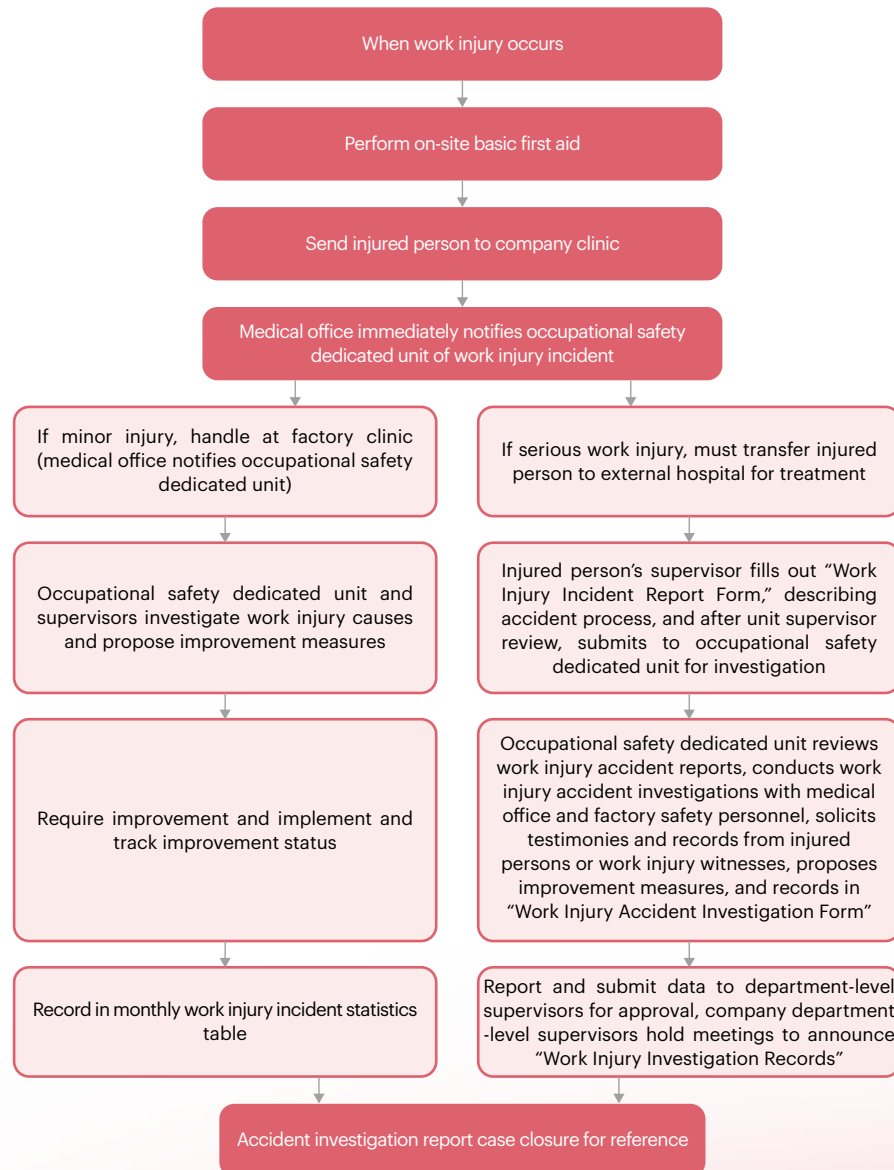
Note: Risk level = Likelihood × Severity. Likelihood refers to the possibility of accidents caused by risk, severity refers to the degree of seriousness of accidents on affected subjects

### Occupational Accident Investigation Procedures

Although the Group actively adopts various occupational disaster prevention and control measures, to respond to unexpected occurrences of work injury accidents, in occupational disaster management, the company systematically manages abnormal accident reports and tracking according to "Work Injury Investigation Report Management Procedures." For accidents that occur, emergency treatment is immediately conducted according to company first aid procedures at the moment of occurrence, and after reporting the incident upward, accident investigations are conducted to determine accident causes, appropriate corrective plans are implemented, reasonable compensation is provided based on work injury conditions, work injury accidents are included in monthly occupational accident statistical data, and subsequently unified data and comprehensive explanations of work injury conditions are provided to competent authorities.



## ▷ Work Injury Handling Process

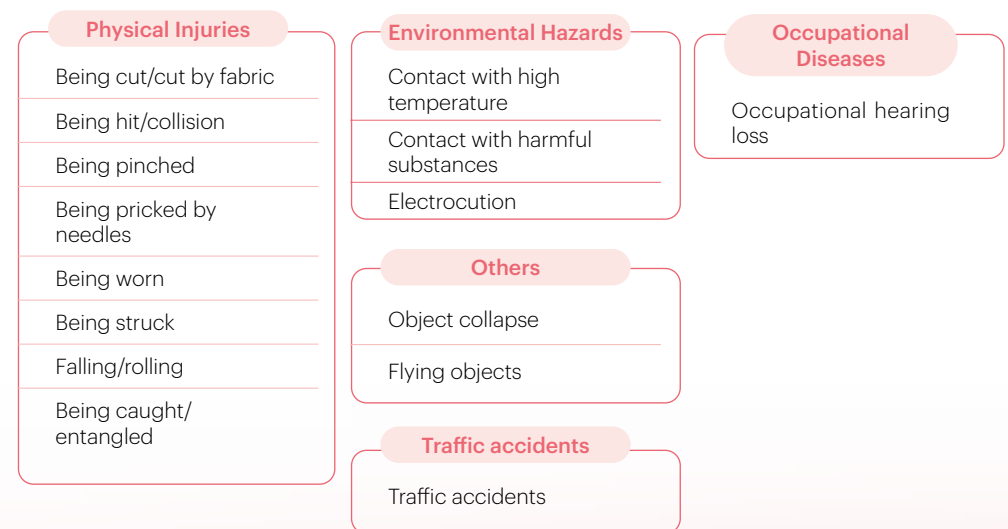


## ◎ 5.3.2 Occupational Injuries and Occupational Diseases

GRI 403-7、403-9、403-10

Taiwan headquarters has not received any occupational accident incident reports in the past three years. Overseas production sites have higher occupational injury rates when newly starting production, but the Group's emphasis on employee occupational safety and related preventive measures, and education and training are showing gradual effectiveness. The main categories of occupational accidents at overseas production sites are shown in the table below. When accidents occur, LAI YIH Group follows handling procedures, prioritizing clarification of accident causes, then immediately adopts corresponding measures for promotional education and training for subsequent prevention. Besides employee training, machinery and equipment are also regularly maintained to ensure safety, such as adjustment and maintenance of machinery and equipment, formulation and promotion of safe operating rules, installation of machine protective devices, establishment of safety warnings, regular tracking of personal protective equipment, increase in safety training, etc., hoping to prevent accidents at the source, eliminate the possibility of occupational accidents, and create zero-accident workplaces.

### ▷ Overseas Production Sites – Main Types of Occupational Injuries/Diseases



### ▷ Three-Year Occupational Injury and Occupational Disease Statistics

Items		Taiwan Headquarters			Vietnam Region			Myanmar Region			Indonesia Region	Entire Group		
Year		2022	2023	2024	2022	2023	2024	2022	2023	2024	2024	2022	2023	2024
Total Working Hours		162,624	180,792	196,768	111,996,553	103,074,126	122,729,107	17,796,882	10,576,491	13,497,855	5,232,582	129,956,059	113,831,409	141,656,312
Occupational Injuries	General Occupational Injury Count <sup>Note 3</sup>	-	-	-	128	99	99	44	18	26	33	172	117	158
	Serious Occupational Injury Count <sup>Note 3</sup>	-	-	-	1	-	-	-	-	-	-	1	-	-
	Occupational Injury Deaths	-	-	-	-	-	1	-	-	-	-	-	-	1
	Recordable Occupational Injury Count	-	-	-	129	99	100	44	18	26	33	173	117	159
	Serious Occupational Injury Rate <sup>Note 4</sup>	-	-	-	0.00	-	-	-	-	-	-	0.00	-	-
	Recordable Occupational Injury Rate <sup>Note 5</sup>	-	-	-	1.15	0.96	0.81	2.47	1.70	1.92	6.30	1.33	1.02	1.12
	Occupational Injury Death Rate <sup>Note 6</sup>	-	-	-	-	-	0.00	-	-	-	-	-	-	0.00
Occupational Diseases	Occupational Disease Count	-	-	-	2	2	2	-	-	-	-	2	2	2
	Occupational Disease Deaths	-	-	-	-	-	-	-	-	-	-	-	-	-
	Occupational Disease Death Rate <sup>Note 7</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-

#### Notes:

1. This table's disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factories (YIH QUAN, YIHFULL). Indonesian factories began operations in 2024, so only 2024 data is included.
2. Occupational injury statistics include commuting traffic accidents. The Group's 2024 fatal workplace accident was an employee commuting traffic accident.
3. General occupational accidents are defined as those with lost workdays within 180 days; serious occupational accidents are defined as those with lost workdays exceeding 180 days.
4. Serious occupational injury rate = (Serious occupational injury count (excluding deaths) × 1 million working hours) ÷ Total working hours
5. Recordable occupational injury rate = (Recordable occupational injury count × 1 million working hours) ÷ Total working hours
6. Occupational injury death rate = (Occupational injury deaths × 1 million working hours) ÷ Total working hours
7. Occupational disease death rate = (Occupational disease deaths × 1 million working hours) ÷ Total working hours

## ▷ Occupational Injury Prevention Measures

Occupational Injuries	Occupational Diseases
<ol style="list-style-type: none"> <li>Traffic accidents (outside factory) <ul style="list-style-type: none"> <li>Remind workers through broadcasts to follow traffic regulations and remain alert and cautious when participating in traffic</li> </ul> </li> <li>Being crushed or caught (trapped or stuck by machinery) <ul style="list-style-type: none"> <li>Install machine guards and emergency stop buttons</li> <li>Provide appropriate personal protective equipment (PPE), prohibit loose clothing</li> <li>Regular maintenance and safety inspections</li> <li>Conduct machinery safety and hazardous area operation training</li> </ul> </li> <li>Contact with high/low temperatures <ul style="list-style-type: none"> <li>Provide thermal protection personal protective equipment (gloves, aprons, etc.)</li> <li>Install insulation or barriers around hot/cold surfaces</li> <li>Set warning signs and restrict access to high-risk areas</li> <li>Provide temperature hazard awareness training</li> <li>Set up emergency first aid kits for burns or frostbite</li> </ul> </li> </ol>	<ul style="list-style-type: none"> <li>Maintain machines annually</li> <li>Provide appropriate personal protective equipment (PPE)</li> <li>Provide annual occupational disease health checkups for relevant employees</li> </ul>

Production sites implement control measures to prevent and reduce risks leading to occupational injury incidents, such as:

- Provide occupational safety and health, machinery safety operation, and training to identify dangers and risks that may cause injury to all workers
- Regularly inspect and remind employees to follow safety control measures, especially when operating chemicals, using electricity, and operating machinery
- Establish safe operating procedures, install machine protective devices and safety warnings for all machines
- Provide personal protective equipment (PPE) to employees and regularly track whether employees use appropriate PPE
- Guidelines and requirements for machinery operation: Turn off machines before adjusting machines or materials located in transmission/movement areas
- Improve safety protection for heat presses
- Maintenance personnel and technicians must regularly inspect, maintain, and service mechanical and electrical systems
- Increase distance between heat press mold handles and locking mechanisms
- Reiterate chemical safety guidelines and place adhesive containers at appropriate heights
- Promote and remind about safety when using sharp tools
- Advocate and remind workers to strictly follow traffic safety laws

## ● 5.3.3 Occupational Safety Training GRI 403-5、403-7

LAI YIH Group values employee workplace safety, planning fixed occupational safety and health training annually, and regularly holding related seminars and internal/external education and training to ensure every employee understands the procedures and regulations to follow at work sites. General safety and health education and training is implemented for all employees, covering regulatory overviews related to operational safety and health, occupational safety and health concepts, safety and health work guidelines, automatic inspections before, during, and after operations, standard operating procedures, emergency response handling, fire prevention and first aid knowledge, and other safety and health knowledge related to worker operations. Special training is also provided for specific work personnel, including forklift safety operation training, orientation training for new employees, and safety, health, and environmental awareness training. Various education and training sessions are concluded with feedback forms or tests to verify training results. Regular training and drills will enhance employee occupational safety awareness to reduce the harm caused by occupational safety accidents. The following is information on occupational safety participation and hours for 2024.

### ▷ 2024 Occupational Safety Education and Training Status

Region	Total Training Person-Times	Total Training Hours	Average Training Hours per Person
Taiwan Headquarters	75	225	2.32
Vietnam	230,452	1,249,436	23.52
Myanmar	9,500	15,816	2.39
Indonesia	11,114	95,748	16.63

Notes:

- This table's disclosure scope covers Taiwan headquarters, Vietnam factories (LAC TY, LAC TY II, TY XUAN, TY BACH, TY THAC), Myanmar factory (TSANG YIH), and Indonesian factory (YIH QUAN)
- Total training hours are the sum of employee training hours (unit: hours)
- Average training hours per person = Total training hours ÷ Number of employees
- Number of employees refers to full-time employees still employed as of December 31, 2024 (excluding directors) who participated in occupational safety and health education and training during the year. A small number of employees did not participate in training due to personal leave, sick leave, and other reasons for absence

### ► Overseas Production Sites – 2024 Occupational Safety and Health Education and Training Courses

Target	Main Course Content
New Employees	Occupational health and safety for new employees
General Employees	Waste classification, injury/illness and accident handling procedures, fire safety, electrical safety, hazard identification and risk assessment, occupational health definition and personal protective equipment training, ergonomics, infectious disease recognition and protection, proper nutrition and rest, awareness raising and maintaining workplace hygiene, environmental awareness and environmental management plans, training on environmental protection and occupational safety and health, occupational safety and health for each group, etc.
Special Operations Employees	Electrical safety and lockout/tagout (LOTO) training, forklift safety operation training, machine guard training, electrical safety training, powered vehicle operation training, high-altitude work safety training, chemical spill handling training, personal protective equipment use training, waste management supervisor training, chemical management supervisor training, chemical safety training, etc.
Medical-Related Employees	Medical emergency response, factory clinic personnel training, first aid personnel training

TY THAC – Environmental Awareness Environmental Management



TY THAC – Occupational Safety and Health Education and Training



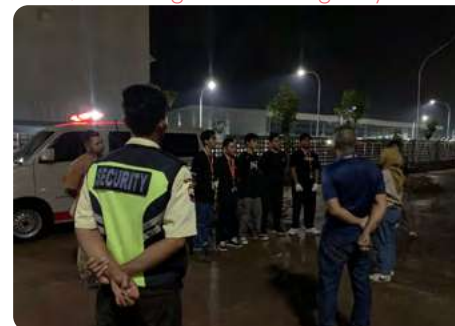
YIH QUAN – Chemical Management



YIH QUAN – Fire Training



YIH QUAN – Nighttime Emergency Drill



ALNU – Waste Treatment





### ● 5.3.4 Occupational Health Promotion

GRI 403-3 、 403-6

LAI YIH Group is committed to creating a friendly, healthy, and safe work environment, providing comprehensive occupational health services including health checkups, health consultations, and mental health support, open to all employees regardless of their position, status, or other personal characteristics. Meanwhile, although the Taiwan headquarters has fewer than 100 total employees, it voluntarily establishes plans that comply with the four major labor health management programs: ergonomic hazard prevention, prevention of abnormal workload-induced diseases, maternal health protection plans, prevention of unlawful harm during job performance, as well as safety protection plans for middle-aged and elderly workers, infectious disease prevention plans, and worker selection, placement, and return-to-work plans, among others. At the same time, headquarters also provides related voluntary health promotion plans and activities including annual fixed education/sports subsidies for each person, company green area autonomous walking activities, daily blood pressure and weight measurement activities, annual health seminars, quarterly updates and maintenance of health promotion posters, and monthly provision of health information coordinated with medical trends and common employee issues.

All production sites have established clinic centers, first aid kits, and first aid personnel, providing first aid, medical examinations, and treatment, and distributing medical tool kits to departments and holding health exchange activities including prevention of heat stroke, dengue fever, hand-foot-mouth disease, monkeypox, etc., and daily provision of supplements suitable for specific work environments (such as bananas). Health services cover all employees, including probationary employees. New employees receive health and safety training and complete health checkups before starting work.

#### Production Sites – Health Checkups

- At least one routine health checkup annually, providing gynecological examinations for female employees
- Employees engaged in heavy, toxic, dangerous work, disabled employees, minor employees, and elderly employees undergo health checkups every six months; specific respiratory and hearing examinations are provided for employees exposed to chemicals or noise
- High-risk employees must undergo annual third-party health checkups for high noise, dust, and chemical odors
- Employees will also undergo necessary health checkups before being assigned or transferred to higher-risk work

### ▷ Production Sites – Other Health Promotion Services and Activities

#### Vietnam

- Coordinate with Mekong University to organize free pregnancy checkups
- Exercise broadcast programs during break times
- Union organizes diphtheria and hepatitis B vaccinations for workers
- Clinic staff provide department supervisors with knowledge on topics such as "nutrition and pregnancy health care," "infectious diseases," and "nutrition and rest"
- Cooperate with external doctors to guide health knowledge on "reproductive health care and sexually transmitted diseases" and "prevention and early identification of cervical and breast cancer"
- Various internal seminars and courses: reproductive health awareness courses, seasonal disease awareness courses, reproductive health care for pre- and post-natal female workers, harmful effects of alcohol and stimulants

#### Indonesia

- Cooperate with local government health departments to hold free health checkups (e.g. free colorectal cancer screening)
- Provide employees with free on-site clinic health checkups anytime (during working hours)
- Post health promotion posters (such as smoking hazards, healthy foods, hygiene habits, flu, monkeypox, HIV/AIDS, etc.) and conduct training
- Provide yoga classes for pregnant employees

#### Myanmar

- Government health officials come to the factory to share important health knowledge topics with all employees via broadcast
- Provide eggs and milk three days a week for pregnant women to promote health

### ▷ 2024 Health Promotion Activities

TY BACH – Organized employee vaccination activities



TY THAC – Health checkups



TY XUAN – Gender health seminars



TY THAC – Gender health care and infectious disease prevention seminars



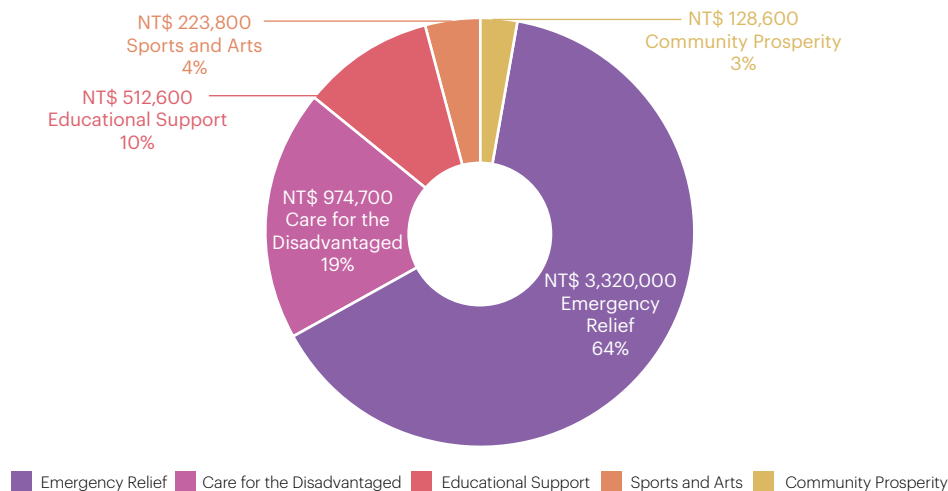
TY THAC – Parenting seminars



## 5.4 Social Contribution

LAI YIH upholds the philosophy of positive cycles, committed to social welfare and actively giving back to society. In Taiwan, we established the Taichung City Private LAI YIH Wen Hua Social Welfare and Charity Foundation. The foundation's mission is to help groups in need through education support, medical assistance, social care, and environmental protection, such as: funding children from impoverished families to complete their education, providing medical resources for patients in need, caring for elderly widows, disadvantaged groups, and people with disabilities, and promoting environmental public welfare activities. Besides the foundation, all factories actively participate in social welfare. Overseas production sites are located in economically developing or underdeveloped regions. LAI YIH Group works with factory unions, local government units, and other non-profit organizations to independently initiate various public welfare actions, such as TSANG YIH's ESG Program "Sharing is Caring" plan, to help those in crisis and assist various disadvantaged groups, developing community prosperity where factories are located. LAI YIH hopes these efforts can achieve mutual prosperity with society and sincerely calls on all sectors of society to support public welfare causes and jointly build a harmonious and beautiful society. In 2024, LAI YIH's cumulative donations reached NT\$5,159,800, with emergency assistance and disadvantaged care as the main investment areas.

### ▷ 2024 Social Care Investment Status



### ▷ LAI YIH Wen Hua Social Welfare and Charity Foundation

#### Public Welfare Category

##### Educational Support

#### Implementation Content

Sponsored Puli Center of Boyo Social Welfare Foundation, graduate scholarship program "Education is the Path to Poverty Alleviation."

#### Related Photos



##### Educational Support

Sponsored Tsu Kung's Mercy's affiliated Children's Home "2024 Summer Journey Program," learning independence and autonomy through situational experiential education.



##### Educational Support

XisHui Art Care Development Association's 2024 program, providing tribal children in remote areas with professional music and art growth through piano examinations and competitions, and holding achievement presentations.





## ► Overseas Factory Social Welfare Activities

### [Disadvantaged Care]

#### Public Welfare Category

##### Care for the Disadvantaged

#### Implementation Content

Sponsored Hsiang Shang Social Welfare Foundation's affiliated Taichung Christian Herald Children's Home "Guitar and Hand-kneaded Pottery Course Program," providing children's home children with pottery courses and guitar learning performance courses, using art for non-verbal psychological therapy.

#### Related Photos



##### Youth Welfare/ Disadvantaged Care

Donated to Taichung Center of Taiwan Fund for Children and Families, implementing "Good Reading Public Welfare Education Support Program," helping disadvantaged families and children purchase eye-protection desk lamps and home lighting equipment replacement, committed to providing disadvantaged youth with good reading environments.



##### Care for the Disadvantaged

Donated to Down Syndrome Great Orchestra's Lin Chi-Tung, leading the world's first "Down Syndrome Great Orchestra" life warriors to complete public welfare performances at four elementary and middle schools in Penghu.



##### Care for the Disadvantaged

Donated to Taichung Spinal Cord Injury Association, providing severely injured friends with oil painting course training and art exhibition participation to build student confidence.



[TY XUAN] Donated to support children from impoverished families in communities near the factory, providing Spring Festival gifts



[TSANG YIH] Donated supplies to children's home Through funds saved from reducing employee cafeteria food waste and employee voluntary donations of caring supplies, jointly donated to children's home



[TY XUAN] Donated to Vinh Long Province "Agent Orange Victims Association" to help Agent Orange (defoliant) victims



[TY XUAN] Monthly support for free kitchens at Vinh Long Province General Hospital and Vinh Long Province Lung and Psychiatric Hospital



[TY XUAN] Donated to Social Security Center to give Spring Festival gifts to poor households, near-poor households, children, disabled persons, and lonely elderly

### [Emergency Assistance]

Vietnam factories donated to support disaster victims in northern Vietnam affected by Typhoon Yagi, total donation amount approximately NT\$3.25 million

[TSANG YIH] Assisted flood victims in Vietnam's Bago region, total donation amount approximately NT\$62,000



[TY BACH] Participated in Red Cross blood donation activities, with nearly 250 employees rolling up sleeves to respond



### [Sports and Arts]

[LAC TY II] Sponsored 2024 Hau Giang Province International Marathon (Mekong Delta Marathon)



[TY THAC] Union shelter 2024 sports donation



### [Community Prosperity]

[TY XUAN] Donated to assist with street lamp installation costs



[YIH QUAN] Organized beach cleanup activities to protect ecology and jointly maintain coastal balance



[TY THAC] Donated to purchase 200 trees for donation to national parks



### [Education Support]

- [TY XUAN, LAC TY II] Sponsored learning supplies for impoverished students

### Highlight Column

## Responding to Myanmar's Kahtain Festival, Working Together with Employees

Kahtain Festival is one of Myanmar's important traditional holidays, so TSANG YIH coordinated this donation activity, inviting employees and department supervisors to voluntarily donate, preparing donation materials in department names, and setting up donation boxes at the factory front and back doors. The activity was not mandatory, with employees participating in donations and material donations according to their wishes. This activity had enthusiastic employees voluntarily join the coordinating unit and assist in delivering materials to various temples. Through this activity, employee unity and cooperation spirit was demonstrated, highlighting the factory's respect and support for local culture and traditions.

► Company donations included 2 barrels of cooking oil, 3 bags of rice, and cash donations





## Highlight Column

## University of Oregon Sports Product Management (UOSPM) Summer Internship Program and Faculty-Student Visiting Group

LAI YIH Group's Overseas First Business Division cooperated with the University of Oregon Sports Product Management (UOSPM) for a summer internship program. In 2024, 2 interns were recruited to participate in nearly 10 weeks of learning programs at LAI YIH Group's Vietnam factories, with rich and solid visiting schedules and hands-on operations arranged, from end-to-end innovative shoemaking process introductions, supplier/shipping port transportation visits, and smart & digital manufacturing solutions, finally actually making their own pair of athletic shoes! Rich factory activities, cultural exchanges, and other related life experiences were also provided to interns. The Group also held a University of Oregon faculty-student visiting group at LAC TY factory, with approximately 70 participants in 2024. In 2025, the Group will continue recruiting 2 summer interns and continue holding visiting activities.

Internship program



Laboratory introduction



shoe school



Faculty-student visiting group





# 6 Appendix

Appendix 1: Global Reporting Initiative (GRI) Standards Index

Appendix 2: Climate-Related Information Disclosure Index

Appendix 3: Assurance Items Summary Table

Appendix 4: Accountant's Limited Assurance Report

## Appendix 1: Global Reporting Initiative (GRI) Standards Index

Usage Statement	LAI YIH Group has reported content for the period from January 1, 2024 to December 31, 2024 in accordance with GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	Not applicable

### ▷ General Disclosures

GRI Standard	Disclosure Item		Chapter	Page	Notes/Omission Reasons
GRI 2: General Disclosures 2021	2-1	Organizational details	1.1 About LAI YIH	7-9	
	2-2	Entities included in the organization's sustainability reporting	About This Report	3	
	2-3	Reporting period, frequency and contact point	About This Report	3	
	2-4	Restatements of information	3.2.2 Energy Usage Status	34	
			3.3.2 Waste Generation and Treatment	41	
			3.4.2 Water Resource Withdrawal and Discharge	44	
	2-5	External assurance	About This Report Appendix 4: Accountant's Limited Assurance Report	3 101-102	
	2-6	Activities, value chain and other business relationships	1.1 About LAI YIH	7 - 10	
	2-7	Employees	5.1.1 Human Resource Management	61-62	
	2-8	Non-employee workers	5.1.1 Human Resource Management	61	
	2-9	Governance structure and composition	2.1.1 Corporate Governance Structure	20	
			2.1.2 Board Member Nomination and Selection	21	
	2-10	Nomination and selection of the highest governance body	2.1.2 Board Member Nomination and Selection	21	

GRI Standard	Disclosure Item		Chapter	Page	Notes/Omission Reasons
GRI 2: General Disclosures 2021	2-14	Role of highest governance body in sustainability reporting	1.3 Sustainability Governance Structure	13	
	2-15	Conflicts of interest	2.1.2 Board Member Nomination and Selection 2.1.6 Conflict of Interest Management	21 22	
	2-16	Communication of Key Material Events	2.1.7 Communication of Key Material Events	22	
	2-17	Collective knowledge of highest governance body	2.1.3 Board Member Training	22	
	2-18	Evaluation of the performance of highest governance body	2.1.5 Board Performance Evaluation Mechanism	22	
	2-19	Remuneration policies	2.1.4 Director and Management Compensation Policy	22	
	2-20	Process to determine remuneration	2.1.4 Director and Management Compensation Policy	22	
	2-21	Annual total compensation ratio	5.1.3 Employee Compensation and Benefit Systems	70	
	2-22	Statement on sustainable development strategy	Message from Management 1.3 Sustainability Governance Structure	4 13	
	2-23	Policy commitments	1.4 Development Vision and Management Philosophy 2.2.1 Integrity Policies and Systems 5.2.1 Protecting Labor Rights Management Approaches for Material Topics	14 23 77 See Respective Management Approach	
	2-24	Embedding policy commitments	1.3 Sustainability Governance Structure 2.2.1 Integrity Policies and Systems 5.2.1 Protecting Labor Rights Management Approaches for Material Topics	13 23 77 See Respective Management Approaches	
	2-25	Processes to remediate negative impacts	Management Approaches for Material Topics	See Respective Management Approaches	
	2-26	Mechanisms for seeking advice and raising concerns	1.5.1 Stakeholder Identification and Engagement 2.2.3 Whistleblowing Mechanism and Inappropriate Behavior Reporting Status Management Approaches for Material Topics	15-16 24 See Respective Management Approaches	
	2-27	Regulatory Compliance	2.3.3 Regulatory Compliance Status	25	
	2-28	Membership associations	1.1 About LAI YIH	10	
	2-29	Approach to stakeholder engagement	1.5.1 Stakeholder Identification and Engagement	15-16	
	2-30	Collective bargaining agreements	5.2.2 Employee Rights and Communication	78	



## ▷ Material Topic

GRI Standard	Disclosure Item		Chapter	Page	Notes/Omission Reasons
GRI 3: Material Topics 2021	3-1	Process to determine material topics	1.5 Material Topic Identification and Analysis 1.5.2 Material Topic Identification and Management	14~15 17	
	3-2	Material Topic List	1.5.2 Material Topic Identification and Management	18	
Material Topic: Operating Performance					
GRI 3: Material Topics 2021	3-3	Management of material topics	1.2 Operating Performance	11	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	1.2 Operating Performance	12	
	201-4	Financial assistance received from government	1.2 Operating Performance	12	
GRI 415: Public Policy 2016	415-1	Political contributions	1.2 Operating Performance	12	
Material Topic: Integrity Management and Business Ethics					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.2 Integrity Management	23	
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	2.2.2 Integrity Management Education, Training, and Promotion	24	
	205-3	Confirmed incidents of corruption and actions taken	2.2.3 Whistleblowing Mechanism and Inappropriate Behavior Reporting Status	24	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2.3 Whistleblowing Mechanism and Inappropriate Behavior Reporting Status	24	
Material Topic: Regulatory Compliance					
GRI 3: Material Topics 2021	3-3	Management of material topics	2.3 Regulatory Compliance	24	
Material Topic: Energy Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.2 Energy and Gas Emission Management	33	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	3.2.2 Energy Usage Status	34	
	302-3	Energy intensity	3.2.2 Energy Usage Status	34	
	302-4	Reduction of energy consumption	3.2.4 Energy Conservation and Carbon Reduction Actions	36	

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Material Topic: Greenhouse Gas Emission Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.2 Energy and Gas Emission Management	33	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	3.2.3 Greenhouse Gas Emission Status	35	
	305-2	Energy indirect (Scope 2) GHG emissions	3.2.3 Greenhouse Gas Emission Status	35	
	305-3	Other indirect (Scope 3) GHG emissions	3.2.3 Greenhouse Gas Emission Status	35	
	305-4	GHG emissions intensity	3.2.3 Greenhouse Gas Emission Status	35	
	305-5	Reduction of GHG emissions	3.2.4 Energy Conservation and Carbon Reduction Actions	36	
Material Topic: Waste Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	3.3 Waste Management	39	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	3.3.1 Waste Management Strategy	39-40	
	306-2	Management of significant waste-related impacts	3.3.1 Waste Management Strategy	39-40	
	306-3	Waste generated	3.3.2 Waste Generation and Treatment	41	
	306-4	Waste diverted from disposal	3.3.2 Waste Generation and Treatment	41	
	306-5	Waste directed to disposal	3.3.2 Waste Generation and Treatment	41	
Material Topic: Occupational Safety and Health					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.3 Occupational Safety and Health	79	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.3.1 Occupational Safety and Health Management System	79	
	403-2	Hazard identification, risk assessment, and incident investigation	5.3.1 Occupational Safety and Health Management System	80-81	
	403-3	Worker health services	5.3.4 Occupational Health Promotion	85	
	403-4	Worker participation, consultation and communication on occupational health and safety	5.3.1 Occupational Safety and Health Management System	80	
	403-5	Worker training on occupational health and safety	5.3.3 Occupational Safety Training	83-84	

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GRI Standard	Disclosure Item		Chapter	Page	Notes/Omission Reasons
GRI 403: Occupational Health and Safety 2018	403-6	Promotion of worker health	5.3.4 Occupational Health Promotion	85	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.5 Supply Chain Management 5.3.2 Occupational Injuries and Occupational Diseases 5.3.3 Occupational Safety Training	58 83 83-84	
	403-8	Workers covered by an occupational health and safety management system	5.3.1 Occupational Safety and Health Management System	79	
	403-9	Occupational Injuries	5.3.2 Occupational Injuries and Occupational Diseases	82	
	403-10	Occupational Diseases	5.3.2 Occupational Injuries and Occupational Diseases	82	
Material Topic: Human Resource Management and Development					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.1 Talent Management and Development	61	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	5.1.1 Human Resource Management	66	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1.3 Employee Compensation and Benefit Systems	71~74	
	401-3	Parental leave	5.1.3 Employee Compensation and Benefit Systems	74~75	
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.2.2 Employee Rights and Communication	78	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	5.1.2 Talent Development and Growth	67	
	404-2	Programs for upgrading employee skills and transition assistance programs	5.1.2 Talent Development and Growth	67~69	
	404-3	Percentage of employees receiving regular performance and career development reviews	5.1.2 Talent Development and Growth	70	
Material Topic: Human Rights Management and Local Relations					
GRI 3: Material Topics 2021	3-3	Management of material topics	5.2 Employment Relations and Human Rights	76	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5.2.1 Protecting Labor Rights	77	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	5.2.1 Protecting Labor Rights	77	

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GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	5.2.1 Protecting Labor Rights	77	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	5.2.1 Protecting Labor Rights	77	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	5.2.1 Protecting Labor Rights	77	
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	5.2.1 Protecting Labor Rights	77	
Material Topic: Product Quality and Safety					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.2 Product Quality and Safety	49	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	4.2 Product Quality and Safety	50	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.2 Product Quality and Safety	50	
Material Topic: Sales Models and Product Labeling					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.3 Sales Models and Product Labeling	53	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	4.3.2 Product Labeling	54	
	417-2	Incidents of non-compliance concerning product and service information and labeling	4.3.2 Product Labeling	53	
	417-3	Incidents of non-compliance concerning marketing communications	4.3.2 Product Labeling	53	
Material Topic: Customer Rights Protection and Relationship Management					
GRI 3: Material Topics 2021	3-3	Management of material topics	4.4 Customer Rights Protection and Relationship Management	55	



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**▷ Other Non-Material Topics**

GRI Standard	Disclosure Item		Chapter	Page	Notes/Omission Reasons
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	3.1.3 Climate Change Risk Management	31~32	
	201-3	Defined benefit plan obligations and other retirement plans	5.1.3 Employee Compensation and Benefit Systems	74	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	5.1.3 Employee Compensation and Benefit Systems	70	
	202-2	Proportion of senior management hired from the local community	5.1.1 Human Resource Management	63 ~ 65	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	4.5 Supply Chain Management	59	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	3.4.1 Water Resource Risks and Management Measures	42~43	
	303-2	Management of water discharge-related impacts	3.4.1 Water Resource Risks and Management Measures 3.4.2 Water Resource Withdrawal and Discharge	43 44	
	303-3	Water withdrawal	3.4.2 Water Resource Withdrawal and Discharge	44	
	303-4	Water discharge	3.4.2 Water Resource Withdrawal and Discharge	44	
	303-5	Water consumption	3.4.2 Water Resource Withdrawal and Discharge	44	
GRI 305: Emissions 2016	305-6	Emissions of ozone-depleting substances (ODS)	3.2.5 Ozone-Depleting Substance Emission Management	38	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	2.1.2 Board Member Nomination and Selection 5.1.1 Human Resource Management	21 63-65	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4.2 Information Security and Personal Data Protection	26	

## Appendix 2: Climate-Related Information Disclosure Index

### ▷ Climate-Related Information Disclosure Index for TWSE/TPEX listed Companies

Item	Items	Description	Page
1	Describe the board's and management's oversight and governance of climate-related risks and opportunities	See 3.1.1 Climate Governance	29
2	Describe how the identified climate risks and opportunities affect the enterprise's business, strategy, and finances (short term, medium term, long term)	See 3.1.3 Climate Change Risk Management	31~32
3	Describe the financial impact of extreme weather events and transition actions	See 3.1.3 Climate Change Risk Management	31~32
4	Describe how processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system	See 3.1.2 Climate Risk Response Strategy 3.1.3 Climate Change Risk Management	30 31
5	If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and major financial impacts used	Scenario analysis is not implemented	-
6	If there are transition plans for managing climate-related risks, explain the content of such plans and the metrics and targets used to identify and manage physical and transition risks	See 3.2.4 Energy Conservation and Carbon Reduction Actions	37~38
7	If internal carbon pricing is used as a planning tool, explain the pricing basis	Internal carbon pricing has not used as a planning tool	-
8	If climate-related targets are set, explain information including covered activities, greenhouse gas emission scopes, planning periods, annual progress, etc.; if carbon offsets or renewable energy certificates (RECs) are used to achieve related targets, explain the source and quantity of offset carbon reduction credits or RECs	See 3.2.4 Energy Conservation and Carbon Reduction Actions	37~38
9	Greenhouse gas inventory, verification status, reduction targets, strategies, and action plans	See 3.2.3 Greenhouse Gas Emission Status 3.2.4 Energy Conservation and Carbon Reduction Actions	35 36~38

## ▷ Task Force on Climate-Related Financial Disclosures (TCFD) Disclosure Index

Aspect	Disclosure Requirements	Disclosure Chapter or Description	Page
Governance	(a) Describe how the board oversees climate-related risks and opportunities	3.1.1 Climate Governance	29
	(b) Describe how management assesses and manages climate-related risks and opportunities	3.1.2 Climate Risk Response Strategy	30
Strategy	(a) Describe the short-, medium-, and long-term climate-related risks and opportunities the company has identified	3.1.3 Climate Change Risk Management	31-32
	(b) Describe the impact of climate-related risks and opportunities on the company's business model, strategy, and financial planning	3.1.3 Climate Change Risk Management	31-32
	(c) Describe the resilience of strategy considering different climate-related scenario analyses, including 2° C or lower scenarios	Scenario analysis is not implemented	-
Risk Management	(a) Describe the processes for identifying and assessing climate-related risks	3.1.2 Climate Risk Response Strategy	30
	(b) Describe the processes for managing climate-related risks	3.1.2 Climate Risk Response Strategy	30
	(c) Describe how the above risk identification and management processes are integrated into the company's overall risk management	3.1.3 Climate Change Risk Management	31
Metrics and Targets	(a) Disclose metrics used by the organization to assess climate-related risks and opportunities in line with strategy and risk management processes	3.1.4 Metrics and Targets	32
	(b) Disclose Scope 1, 2, and 3 (if applicable) greenhouse gas emissions and related risks	3.2.3 Greenhouse Gas Emission Status	35
	(c) Describe targets for managing climate risks and opportunities and related performance	3.1.4 Metrics and Targets	32

## Appendix 3: Assurance Items Summary Table

Number	Type	Sustainability Indicator	2024			Corresponding Chapter	Page	Assurance Subject Information	Applicable Criteria for Assurance Subject
			Taiwan Headquarters	Overseas Locations	Group Total				
1	Energy	Total Energy Consumption (GJ)	1,068	681,045	682,113	3.2.2 Energy Usage Status	34	Total energy consumption in Taiwan in 2024 was 1,068 gigajoules (GJ)	"Total energy consumption" refers to the total of all direct and indirect energy consumption internally compiled by Taiwan region organizations from January 1, 2024 to December 31, 2024.
2	Water Resources	Total water withdrawal (million liters)	2.99	823.13	826.12	3.4.2 Water Resource Withdrawal and Discharge	43	Total water withdrawal in Taiwan in 2024 was 2.99 million liters	"Total water withdrawal" refers to the total amount of water withdrawn internally compiled by Taiwan region organizations from January 1, 2024 to December 31, 2024.
3	Waste	Hazardous waste generation (metric tons)	0	1,178	1,178	3.3.2 Waste Generation and Treatment	41	Total weight of hazardous waste generated in Taiwan in 2024 was 0 metric tons	"Total weight of hazardous waste generated" refers to the total amount of hazardous waste generated internally compiled by Taiwan region organizations from January 1, 2024 to December 31, 2024; hazardous waste category definitions refer to hazardous industrial waste identification standards and waste codes listed in the Ministry of Environment's Industrial Waste Declaration and Management System.
4	Occupational Injuries and Illnesses	Number of serious occupational injuries	0	0	0	5.3.2 Occupational Injuries and Occupational Diseases	82	2024 Taiwan region occupational disaster categories, numbers, and rates (1) Serious occupational injuries: 0 people, 0.00 (2) Recordable occupational injuries: 0 people, 0.00 (3) Deaths: 0 people, 0.00	"Occupational disaster categories, numbers, and rates" refers to occupational disaster content and statistical table content reported by Taiwan region organizations from January 1, 2024 to December 31, 2024 in accordance with Article 38 of the Occupational Safety and Health Act.
		Serious occupational injury rate	0.00	0.00	0.00				
		Number of recordable occupational injuries	0	159	159				
		Recordable occupational injury rate	0.00	1.12	1.12				
		Occupational Injury Deaths	0	1	1				
		Occupational injury fatality rate	0.00	0.00	0.00				

Note: "Taiwan region" refers to the scope covered by (SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH, a subsidiary of the parent company.



## Appendix 4: Accountant's Limited Assurance Report

### Independent Limited Assurance Report

To (SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH

We have been engaged by (SAMOA) FLOURISH THRIVE DEVELOPMENTS LIMITED TAIWAN BRANCH ("Company") to perform assurance procedures in respect of the key performance indicators identified by the Company and reported in the 2024 Sustainability Report (hereinafter referred to as the "Identified Key Performance Indicators") and have issued a limited assurance report based on the result of our work performed.

#### Subject Matter Information and Applicable Criteria

The subject matter information is the Identified Key Performance Indicators of the Company. The Identified Key Performance Indicators and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" of the Sustainability Report. The scope of the aforementioned Identified Key Performance Indicators is set out in the "Scope and Boundary" of the Sustainability Report.

#### Management's Responsibility

The Management of the Company is responsible for the preparation of the Identified Key Performance Indicators disclosed in the Sustainability Report in accordance with the respective applicable criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Identified Key Performance Indicators that are free from material misstatement, whether due to fraud or error.

#### Inherent Limitations

Certain subject matter information assured involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are more dependent on individual assumptions and judgments.

#### Compliance of Independence and Quality Management Requirement

We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies the Standard on Quality Management 1, "Quality Management for Public Accounting Firms" of the Republic of China, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Key Performance Indicators based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" of the Republic of China. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Identified Key Performance Indicators are free from material misstatement.

Under the requirements of the aforementioned standards, our limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the criteria as the basis for the preparation of the Identified Key Performance Indicators, assessing the risks of material misstatement of the Identified Key Performance Indicators whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the Identified Key Performance Indicators. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Made inquiries of the persons responsible for the Identified Key Performance Indicators to obtain an understanding of the processes, and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed analytical procedures on the Identified Key Performance Indicators and performed substantive testing on a selective basis, including inquiries and inspection to obtain evidence for limited assurance.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Key Performance Indicators have been prepared, in all material respects, in accordance with the respective applicable criteria.

We also do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls. Furthermore, our assurance does not extend to information disclosed in the Sustainability Report for the period ended December 31, 2023 or prior periods.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Identified Key Performance Indicators in the Sustainability Report are not prepared, in all material respects, in accordance with the applicable criteria.

### Other Matter

The Management of the Company is responsible for maintaining the Company's website. We have no responsibility to re-perform any procedures regarding the Identified Key Performance Indicators after the date of our assurance report, even if the Identified Key Performance Indicators or the applicable criteria have been subsequently modified.

Wu, Sung-Yun

For and on behalf of PricewaterhouseCoopers, Taiwan



August 26, 2025

For the convenience of readers and for information purpose only, the independent practitioner's report has been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent practitioner's report shall prevail.



來億興業

Since 1987