



2024

ESG

Sustainability
Report

Sports Gear
Co., Ltd.

TABLE OF CONTENTS

Preface

| | |
|--|----|
| Letter from the Chairman | 01 |
| Letter from the General Manager | 02 |
| About This Report | 03 |
| Annual Sustainability Performance Highlights of SPG (KY) | 05 |
| About Sports Gear Co., Ltd | 06 |

Appendix

| | |
|--|-----|
| Appendix 1 GRI Standards Indicator Index | 149 |
| Appendix 2 SASB Index | 154 |
| Appendix 3 TCFD Index | 155 |
| Appendix 4 Limited Assurance report | 157 |
| Appendix 5 Overview of Data on Each Factory | 158 |
| Appendix 6 Summary Table of Restatements and Revisions | 160 |



Sustainable Development for Shared Prosperity Sustainability Management

| | |
|---|----|
| 1.1 Sustainability Vision and Goals | 09 |
| 1.2 Sustainability Promotion Unit | 11 |
| 1.3 Stakeholders and Materiality Analysis | 12 |



Practicing Sustainability for the Future Corporate Governance

| | |
|--|----|
| 2.1 Governance and Ethical Management | 19 |
| 2.2 Risk Management | 22 |
| 2.3 Operating Performance | 24 |
| 2.4 Regulatory Compliance | 28 |
| 2.5 Information Security Management System | 30 |



Sustainable Value Chain Management Innovation through Partnership

| | |
|--|----|
| 3.1 R&D and Innovative Design | 39 |
| 3.2 Main Materials in Footwear Products | 50 |
| 3.3 Supply Chain Management and Responsible Procurement | 59 |
| 3.4 Product Quality and Customer Relationship Management | 62 |



Green Operations for a Better Planet Environmentally Friendly Operation

| | |
|---|-----|
| 4.1 Environmental Sustainability Management | 73 |
| 4.2 Climate Change Response Strategy | 75 |
| 4.3 Energy Management | 86 |
| 4.4 Water Resources Management | 93 |
| 4.5 Waste Management | 101 |



Genuine Care and Mutual Growth Creating a Happy Workplace

| | |
|---|-----|
| 5.1 Our People at SPG(KY) | 108 |
| 5.2 Labor-Management and Employment Relations | 118 |
| 5.3 Human Rights | 128 |
| 5.4 Occupational Safety and Health | 132 |



Social Engagement

| | |
|--------------------------------------|-----|
| 6.1 Driving Force for Public Welfare | 140 |
|--------------------------------------|-----|

Letter from the Chairman

In accordance with the timeline set forth in the “Sustainable Development Roadmap for TWSE/TPEX Listed Companies” issued by the Financial Supervisory Commission, this year marks the first year that all listed companies are required to prepare and publish ESG sustainability reports. However, for SPG (KY), this is already the fourth consecutive year that we have prepared and published our ESG report on schedule. With the experience accumulated over the past four years, we believe that stakeholders can clearly observe the continuous improvement in our ESG efforts through the evolution of each year’s report.

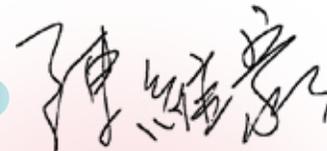
To maintain consistency and comparability, the reporting scope of this year’s report continues to cover all our production sites located in Vietnam and Cambodia, fully encompassing every site with actual production activities during 2024. The disclosures are prepared in accordance with the “Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE/TPEX Listed Companies” and follow the GRI Sustainability Reporting Standards 2021 version. At the same time, we also adopt the disclosure requirements of the Sustainability Accounting Standards Board (SASB), and identify climate-related risks and opportunities based on the framework of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). In other words, we prepare and publish our ESG report with the most rigorous specifications and standards.

To realize sustainable development, we have defined four key sustainability strategic directions: Product, Governance, Environment, and Society. We aim to continuously innovate and make breakthroughs to become a company with sustainable operational value. In 2024, we established the “Sustainability Committee,” a functional committee under the Board of Directors. Members include the Chairman, General Manager, Deputy General Managers of each business unit, and heads of all factories. The committee provides a platform for sharing perspectives, building consensus, and aligning the sustainability

direction across the entire Group. In 2024, our factories in Vietnam and Cambodia were both recognized with external ESG-related awards. At the product level, we continue to increase the use of recycled materials and have adopted raw materials certified under ISCC Plus across the supply chain. Moreover, the Group officially submitted its commitment to the Science Based Targets initiative (SBTi) by the end of 2024. Through obtaining or participating in external ESG-related certifications and initiatives, we strive to drive continuous progress in our ESG practices.

This report discloses SPG (KY)’s 2024 actions and performance in sustainable management, corporate governance, innovation management, environmental friendliness, friendly workplace, and social participation through each respective chapter, aiming to facilitate communication and engagement with our stakeholders. We understand that there is still significant room for improvement in our journey toward becoming a company with sustainable operational value. Under the joint encouragement of our stakeholders and our own high standards, I will continue to lead SPG (KY) on the path of sustainability and sincerely welcome valuable guidance and oversight from external experts.

Chairman



Letter from the General Manager

After the inventory adjustment cycles of major brand clients and distributors came to an end, SPG (KY)'s core business has continued to stabilize and rebound; at the same time, our ESG efforts have never paused. We remain firmly committed to advancing step by step on the path toward sustainability.

In 2024, SPG (KY) made two major decisions in its sustainability efforts and received several honors. First, the Board of Directors established the "Sustainability Committee," chaired by the Chairman, with myself also serving as a committee member. Under the Chairman's leadership, Deputy General Managers of business units, factory heads, and committee members engaged in extensive discussions and exchanged ideas, successfully building consensus to integrate sustainability into the core of our business operations. Second, in response to the impact of greenhouse gases on climate change, the Company officially submitted its commitment to the Science Based Targets initiative (SBTi) at the end of 2024, aiming to adopt a scientific approach in setting appropriate GHG reduction targets and action plans for SPG (KY). On the recognition front, in May 2024, SPG (KY) was selected as a constituent stock of the "Taiwan Index Plus Corporation Taiwan ESG High Dividend Equal Weight Index." In addition, our factories in Vietnam and Cambodia were honored with external ESG awards in recognition of their outstanding performance.

In the 2024 report, we re-identified our material topics and distributed questionnaires to various stakeholders. A total of 144 valid responses were collected. Through these questionnaires, we engaged in meaningful dialogue with stakeholders, ensuring that the results of the materiality assessment are both accurate and representative. This process also enabled us to gain a more concrete understanding of stakeholders' expectations toward SPG (KY), allowing us to respond precisely and appropriately. A total of 11 material topics were identified in 2024. For each of these topics, the report sequentially discloses the corresponding management approaches, goal-setting, and

implementation results of action plans. We also review and adjust these results as needed to ensure that our sustainability direction and strategies are fully implemented, thereby driving steady corporate growth.

In recent years, extreme weather events have consistently ranked among the top global risks, underscoring that climate change mitigation and adaptation are critical issues that businesses must address seriously. To analyze the financial and non-financial impacts of climate-related risks, identify potential business opportunities, and develop appropriate response strategies and measures, our "Sustainability Committee" has collaborated across departments and consulted external experts to comprehensively identify and manage relevant risks. These include physical risks, transition risks, and opportunities. Regular reports are submitted to the governance level to ensure effective oversight and guidance by the Board of Directors, thereby enhancing the company's resilience and adaptability to climate change. Based on the discussions held, SPG (KY) focused in 2024 on one significant physical risk, four key transition risks, and seven major opportunity topics. Mitigation and adaptation measures were developed accordingly to serve as a critical foundation for shaping the company's sustainability strategies and directions. Detailed disclosures and analysis are provided in Chapter 4 of this report.

As part of the global value chain of renowned sports brands, SPG (KY)'s continued commitment to ESG is not only a responsibility and promise to our stakeholders but also a critical cornerstone in realizing our sustainability vision to become the best partner to global sports brands. Going forward, we will continue to disclose our actions and achievements through ESG sustainability reports.

General Manager



About This Report

SPG (KY) International Co., Ltd. (hereinafter referred to as “SPG (KY)” or “the Company”) adheres to the principles of transparency, integrity, and objectivity in disclosing its 2024 sustainability efforts across three key aspects: Environmental, Social, and Governance (ESG). Through this report, the Company communicates with stakeholders regarding its sustainability performance. Since 2022, the Company has published an annual ESG report and began releasing an English version in 2024 to enhance accessibility for a broader range of stakeholders. For more up-to-date sustainability information, please visit the Social Responsibility section of our official website. To ensure the transparency and accuracy of the information disclosed, this Report has been verified by an independent third party, delivering more reliable and specific information to all stakeholders concerned with the Company’s sustainable development.

▶ Appendix 4



Environmental



Social



Governance

Reporting Period and Scope

Reporting Period:

Unless otherwise specified, the data and content of this Report were mainly disclosed based on information collected from January 1 to December 31, 2024. The performance data covered in this report include information from 2022 up to 2025, ensuring the completeness and comparability of the information.

Reporting Boundaries:

The disclosure boundaries encompass the following entities (for detailed contact information of each factory, please refer to our 2023 annual report). Additionally, based on industry relevance and financial materiality, other subsidiary-related data might also be disclosed as necessary.

| Report Abbreviation | Scope of This Report |
|--------------------------------------|---|
| SPG (KY), The Company, We, Us or Our | Sports Gear Co., Ltd. |
| The Group | Sports Gear Co., Ltd., and Subsidiaries |
| Taiwan Headquarters | Sports Gear Co., Ltd. Taiwan Branch (hereinafter referred to as “SPGTW”) |
| Factories in Vietnam | <ul style="list-style-type: none"> • Can Sports Vietnam Co., Ltd. (hereinafter referred to as “VG”) • Chi Hung Co., Ltd. (hereinafter referred to as “SPG”) • All Wells International Co., Ltd. (hereinafter referred to as “AW”) • August Sports Co., Ltd. (hereinafter referred to as “ASP”) • Dai Hoa Co., Ltd. (hereinafter referred to as “DH”) |
| Factory in Cambodia | Can Sports Shoes Co., Ltd. (hereinafter referred to as “SGC”) |

Principles for Compilation

Non-financial Information:

The information in this Report was prepared with reference to «Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and TPEX Listed Companies» and in accordance with the 2021 edition of the Global Reporting Initiative (GRI) GRI Sustainability Reporting Standards (GRI Standards). In addition, the report discloses information in alignment with the) 2021 edition issued by the Global Reporting Initiative (GRI). It also follows the disclosure standards of the Sustainability Accounting Standards Board (SASB) standards developed by the under the IFRS Foundation, and identifies and discloses climate-related risks and opportunities in accordance based on the framework of the Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board (FSB). (For a detailed index of standards referenced in this Report, please refer to the appendix for quick retrieval and reference.)

Financial Information:

▶ Appendix

The Company prepares its financial statements in accordance with the International Financial Reporting Standards (IFRS), as endorsed and issued into effect by the Financial Supervisory Commission (FSC), as well as the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and has them audited and certified accordingly. All figures are presented in New Taiwan Dollars (NTD). The exchange rates for each currency were based on the average exchange rate provided by SPG (KY)' s Finance and Accounting Center for the year ended December 31, 2024.

Independent Assurance

Non-financial Information:

The information and data of this Report provided by each factory of SPG (KY) through their calculation and surveys were compiled by the Sustainability Task Force and issued after being confirmed by our chairman (hereafter referred to as the “Chairman”), the highest management. Some statistical data was acquired from our annual reports and public information published by government bodies and on relevant websites.

Additionally, specific sustainability performance indicators were under limited assurance by Ernst & Young in accordance with TWSAE 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” published by the Accounting Research and Development Foundation of the Republic of China (for details of independent assurance statement, please refer to Appendix 4 Independent Limited Assurance Report by the CPA).

Financial Information:

The financial data was derived from annual financial statements certified by Deloitte.

Contact Information

If you have any suggestions about the contents of this Report or SPG (KY)' s sustainable development, please feel free to contact us to provide your valuable feedback.

Sports Gear Co., Ltd.

- Contact person: Secretary Office of the Board of Directors - Fu-Sheng Ku
- Address: No. 266, Shizheng N. 5th Road, Xitun District, Taichung City, Taiwan
- Tel: (886)4-2258-5388
- Email: Fusheng.ku@spg-sportsgear.com
- Company website: SPG (KY) (sportsgear.com.tw)



▶ Company website

Publication

This Report issued on an annual basis and previous reports are available on the Social Responsibility section of the Company' s website.

- First issue: The Chinese version was release in September 2022.
- Current issue: The Chinese version was released in August, and the 2025; English version was released in September, 2025.
- Next issue: The Chinese version is expected to release in August, 2026, and the 2025; English version is expected to release in September, 2026.



▶ Social Responsibility section

Significant Changes in the Report

There is no significant restatement of information in the Report. If any, notes will be added to Appendix 6: Summary of Restatements and Revisions. or explanation.

Annual Sustainability Performance Highlights of SPG (KY)

SPG (KY) is committed to balancing business performance with sustainable development by integrating Environmental, Social, and Governance (ESG) principles into its management strategies and operational mechanisms.

Environment

- ◆ The Company applied to participate in the **Science Based Targets initiative (SBTi)**.
- ◆ Per capita daily water consumption decreased by **20.73%** compared with 2023.
- ◆ Water withdrawal intensity at the five factories in Vietnam decreased by **20.83%** compared with 2023; the factory in Cambodia decreased by **22.65%** compared with 2023.
- ◆ The five factories in Vietnam have implemented **an annual audit mechanism for all waste disposal contractors**.
- ◆ Honored with **the Gold Award** in the Model Green Factory Program
- ◆ In 2024, SGC **received two awards** from the GFT & TAFTAC, the joint trade union for Cambodia's garment, bag, and footwear industries.



Society

- ◆ Charitable Donations and Sponsorships: The total amount contributed was approximately **NT\$4,387.6 thousand**.
- ◆ Training hours: The average training hours per employee were **10.56 hours**.
- ◆ HRM System: All production sites implemented **the new human resources management (HRM) system**.
- ◆ Awards: Recognized with **the Happiness Enterprise Silver Award** for two consecutive years.
- ◆ Employee Benefits: In 2024, a total of 158 applications for leisure subsidies were approved, with a total subsidy amount of **NT\$315,411**.



Corporate governance

- ◆ In May 2024, the Company was included as a constituent stock in the **" Taiwan Index Plus Corporation Taiwan ESG High Dividend Equal Weight Index. "**
- ◆ The Board of Directors approved **the establishment of the Sustainability Committee**
- ◆ SPG, VG, AW, and SGC have all obtained **ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certifications**.
- ◆ VG and AW received **the Global Health and Safety Award** from the Royal Society for the Prevention of Accidents (RoSPA), UK.
- ◆ On average, **more than 75%** of raw materials, products, and services at production sites are locally sourced.
- ◆ **Developed a new cleat structure**.
- ◆ The annual production yield rate of all factories exceeded **99%**, with the overall average yield reaching **99.73%**.



About Sports Gear Co., Ltd

Company Profile

As a footwear supplier of internationally renowned sports brands, SPG (KY) embraces a deep passion for the sports culture and a unique enthusiasm for the professional soccer shoe field. Through proactive collaborations with internationally renowned sports brands, such as Adidas, NIKE, ASICS, and BROOKS, we have gradually grown into the world’s largest manufacturer of soccer shoes.

We are mainly engaged in Original Equipment Manufacturer (OEM) of footwear products. We continuously devote resources to R&D and innovation in pursuit of our goals of producing high-quality products. We focus on automated production processes, process improvement and footwear material development to meet customers’ diversity demands for products and services.

Additionally, SPG (KY) actively expands the Original Design Manufacturer (ODM). We not only participate in product R&D for brands, but also proactively propose innovative designs and technological improvements. Through deeply understanding market trends and customers’ demands, we are able to provide cooperative brands with more competitive and differentiated product solutions. This allows us to break free from the constraints of traditional OEM models, shifting from passive executors to proactive innovators, and inject new vitality into the future development of athletic footwear industry.

| | |
|-----------------------|---|
| Company name | Sports Gear Co., Ltd. |
| Date of establishment | March 28, 2017 |
| Headquarters | No. 266, Shizheng N. 5th Rd., Xitun |
| Capital | NT\$2,000,951 thousand |
| Operating revenue | NT\$18,443,858 thousand |
| Number of employees | 32,833 people * Total number of employees in the Group as of February 28, 2025 |
| Main service | OEM of footwear products |
| Stock code | TWSE: 6768 |

Business Philosophy

Respectful and happy workplace

SPG (KY) is committed to establishing a workplace of mutual respect and work-life balance, and strives for greater development and achievements through global deployment.

Professional team

SPG (KY) was led by a diverse and professional board of directors and management team, and we value the achievement of our colleagues, encourage innovation, and provide support and training to inspire them to fully realize their potential.

Corporate responsibility

SPG (KY) deeply understands and values the importance of fulfilling Corporate Social Responsibility (CSR), and we believe that the success of a business is inseparable with society and environment. Therefore, we take practical actions to fulfill the responsibility, and actively respond to the expectations of the stakeholders to contribute efforts to sustainable development.

Safe environment

SPG (KY) ensures the healthy development of employees only through a safe environment. Providing a healthy and safe work and living environment is our unwavering commitment and a guarantee to our colleagues and their families.

Satisfactory product service

Chairman, Wei-Chia Chen: “Everything stems from rule of thumb, and understanding and dedication to a product.” SPG (KY) learns from past experiences and continues to cultivate in the soccer shoe field to create infinite possibilities.

Immediate feedback

The crucial factors of SPG (KY) to gain favor from brand partners is “effective management” and “proactive communication” with customers, which make us become a reliable collaborator.

Operating Base

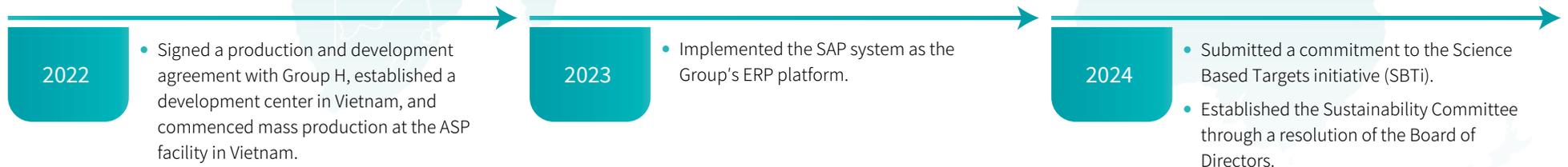
The operational headquarters of SPG (KY) is located in Taichung City, Taiwan, including five production plants in Vietnam and one in Cambodia. We are also expanding our presence in Indonesia and other Southeast Asian countries. The construction of new plant in Indonesia is currently underway, and we will continuously stay close to the market and gradually expand production capacity. (Please refer to page 87 of the 2024 Annual Report for the details on the organizational structure of our company.)

▶ page 87 of the 2024 Annual Report



History and Milestones

The following is a summary of major developments of SPG (KY) over the past three years. For additional details regarding the Company's history, please refer to our annual general meeting reports or past sustainability reports.



01

Sustainability Management

Pursuing Sustainable Development for Shared Prosperity

1.1 Sustainability Vision and Goals

09

1.2 Sustainability Promotion Unit

11

1.3 Stakeholders and Materiality Analysis 12

1.1 Sustainability Vision and Goals

1.1.1 Sustainability Blueprint

Vision

SPG (KY)'s sustainability vision, "The Best Partner for Global Sport Brands", is derived from the corporate vision of "world-class factory, internationalized enterprises", which is founded on the three core business philosophies of "Safety, Satisfaction, and Speed," and the three core values of "Happiness, Growth, and Responsibility." To achieve sustainable development, SPG (KY) has formulated four major sustainability strategic directions, aiming to continuously innovate and make breakthroughs in the four strategic dimensions of Products(P), Governance(G), Environment(E), and Society(S), thereby becoming a company with long-term sustainable operating value.



SPG (KY) adheres to the “Sustainable Development Best Practice Principles” to integrate sustainable development into our operations. Starting from its core business of sporting goods manufacturing, the Company aligns with the United Nations Sustainable Development Goals (SDGs) and has launched 16 sustainability initiatives. Through the formulation, implementation, and monitoring of actionable plans and measurable indicators, the Company continues to expand its positive impact across all ESG dimensions. These diverse sustainability initiatives aim to join hands with stakeholders in creating a better and more sustainable society.

| | | |
|--|--|--|
| <p>Green Policy Promote environmental protection and green innovation</p> | <ul style="list-style-type: none"> Climate change adaptation : Formulate and implement strategies to address climate change, including reducing greenhouse gas emissions and enhancing corporate climate resilience. Renewable energy : Gradually increase the proportion of renewable energy use, adopt green energy, such as solar power, and reduce reliance on fossil fuels. Waste management : Implement waste reduction, promote waste sorting for recycling and reuse, and minimize environmental pollution and resource waste. | |
| <p>Green Supply Chain Create a sustainable supply chain ecosystem</p> | <ul style="list-style-type: none"> Green procurement : Prioritize the use of eco-friendly materials and renewable resources, and procure from local suppliers to reduce carbon emissions of product life cycle. Circular economy : Promote resource recycling, and achieve efficient utilization of resources through recycling, reproducing, and reuse. | |
| <p>Corporate Governance Ensure transparent governance for business growth</p> | <ul style="list-style-type: none"> Transparency and accountability : Regularly disclose financial and non-financial information to establish trust and transparency with shareholders and stakeholders. Risk management : Establish a risk management system to identify, assess, and address various risks, including environmental, social, and governance risks. Ethics and compliance : Ensure our company and employees adhere to high standards of business ethics in all business activities to maintain our company's reputation and credibility. | |
| <p>Happy Workplace Focus on the people</p> | <ul style="list-style-type: none"> Employee health : Provide comprehensive health care and benefits, regularly organize health check-ups and fitness activities to promote physical and mental health of employees. Work environment : Create a safe, comfortable, and inspiring work environment, promote work-life balance, and build a happy workplace. Career development : Establish comprehensive training and development plans, provide diverse career development opportunities, and motivate employees to achieve mutual growth for individuals and company. | |
| <p>Social Inclusion Promote social equity and harmonious development</p> | <ul style="list-style-type: none"> Community engagement : Actively engage in community development plans, support local education and culture, and promote social harmony and prosperity. Eco-friendly Environment : Protect the ecological environment and reduce environmental impacts. Social Care : Care for disadvantaged groups, promote medical and educational assistance, and expand social participation and influence. | |

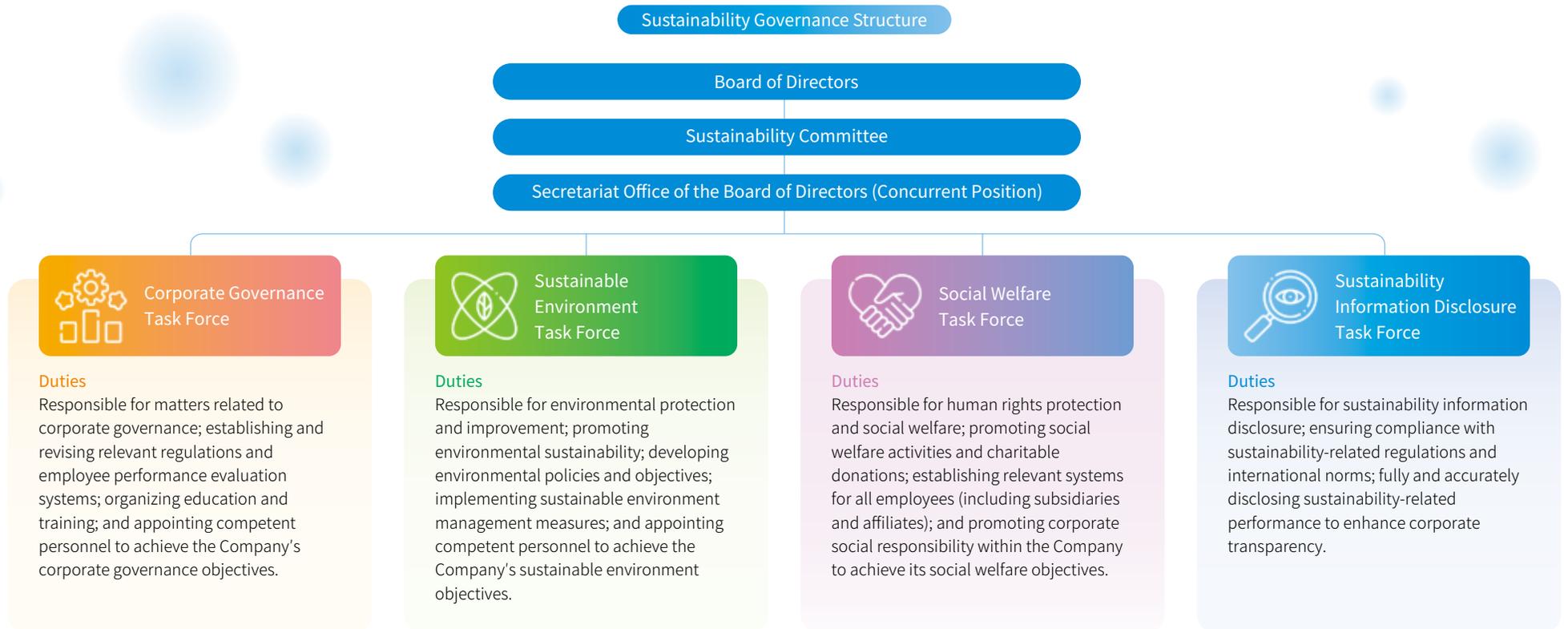
1.2 Sustainability Promotion Unit

1.2.1 Sustainable Management Framework

To achieve its sustainability development goals and strengthen sustainability governance, SPG (KY) established a functional committee at the Board level, the Sustainability Committee, in November 2024, chaired by Wei-Chia Chen, Chairman of the Board. The Committee is responsible for formulating sustainability development policies, annual plans, and strategies; reviewing and monitoring the implementation of sustainability-related initiatives; overseeing sustainability information disclosure; reviewing the sustainability report; and executing other sustainability-related matters as resolved by the Board of Directors. The Committee convenes at least once a year, aiming to incorporate stakeholder priorities into sustainability strategies.

To enhance the effectiveness of sustainability promotion, the Company has established a part-time sustainability development unit to coordinate and implement sustainability-related strategies, and to assist the Sustainability Development Committee in advancing various work plans. Based on identified sustainability topics of concern, the Company has further established four dedicated task forces, Corporate Governance Task Force, Sustainable Environment Task Force, Social Welfare Task Force, and Sustainability Information Disclosure Task Force, to enhance specialization and execution efficiency. Each task force is composed of cross-departmental personnel responsible for implementing initiatives related to their respective topics, consolidating action plans and implementation results, and regularly reporting progress to the dedicated sustainability unit or the Sustainability Committee to ensure that all sustainability measures are effectively integrated into operational management.

Sustainability Governance Structure



1.3 Stakeholders and Materiality Analysis

1.3.1 Stakeholder Engagement

Stakeholder Communication

SPG(KY) recognizes that business operations should not only focus on profitability targets or the expectations of a single stakeholder, but must also comprehensively address diverse issues and the needs and concerns of various stakeholders involved in the operational process. Adhering to the core principles of integrity and transparency, the Company establishes ongoing interaction mechanisms with various stakeholders through multiple communication channels and actively gathers information on topics of concern.

The Company regularly reviews the collected topics, incorporating them into the development and adjustment of operational and sustainability strategies, and is committed to providing timely and appropriate responses, with the aim of achieving two-way value creation and sustainable prosperity between the Company and its stakeholders. (For contact units of each stakeholder, please refer to “Stakeholder” section of our official website.)

We have identified eight significant stakeholders with major influence on SPG (KY), including employees, customers, suppliers, regulatory authorities, local communities, shareholders/investors, media, and non-profit organizations from various stakeholders. In addition, stakeholder engagement and communication have been conducted both regularly and irregularly through various channels to understand their expectations of SPG(KY). Stakeholder engagement channels and their issues of concern this year are summarized as follows:

[▶ Stakeholder section](#)

| Stakeholders | Significance to SPG (KY) | Sustainability issue of concern | Engagement channel and frequency | Corresponding section |
|--|--|---|--|--|
|  Employees | Employees, as our heart, create value and drive development and growth for SPG (KY). Their engagement is the foundation of our long-term development. | <ul style="list-style-type: none"> • Human rights • Employee care and benefits • Economic performance | <ul style="list-style-type: none"> • Performance appraisals (annually) • Employee Welfare Committee meetings (at least once quarterly) • Internal management letter (irregular) • Employee suggestion box, whistleblower mailbox, and grievance mailbox (irregular) • Labor-management meetings (quarterly) | 5.3 Human Rights 5.2 Labor-Management and Employment Relations 2.3 Operating Performance |
|  Customers | Employees, as our heart, create value and drive development and growth for SPG (KY). Their engagement is the foundation of our long-term development. | <ul style="list-style-type: none"> • Human rights • Customer privacy • Product quality | <ul style="list-style-type: none"> • Customer meetings (irregular) • Quality satisfaction ratings (quarterly) • E-mails (irregular) • Customer factory and on-site audits (irregular) | 5.3 Human Rights 2.5 Information Security Management System 3.4 Product Quality and Customer Relationship Management |
|  Suppliers | As essential partners in our business success, SPG (KY) implements supply chain management practices to engage in fair transactions and maintain long-term, mutually beneficial relationships with our suppliers | <ul style="list-style-type: none"> • Economic performance • Employee recruitment and management • Employee care and benefits | <ul style="list-style-type: none"> • New supplier assessment (irregular) • E-mail contact (irregular) • Supplier visits and meetings (irregular) | 2.3 Operating Performance 5.1 Our People at SPG(KY) 5.2 Labor-Management and Employment Relations |

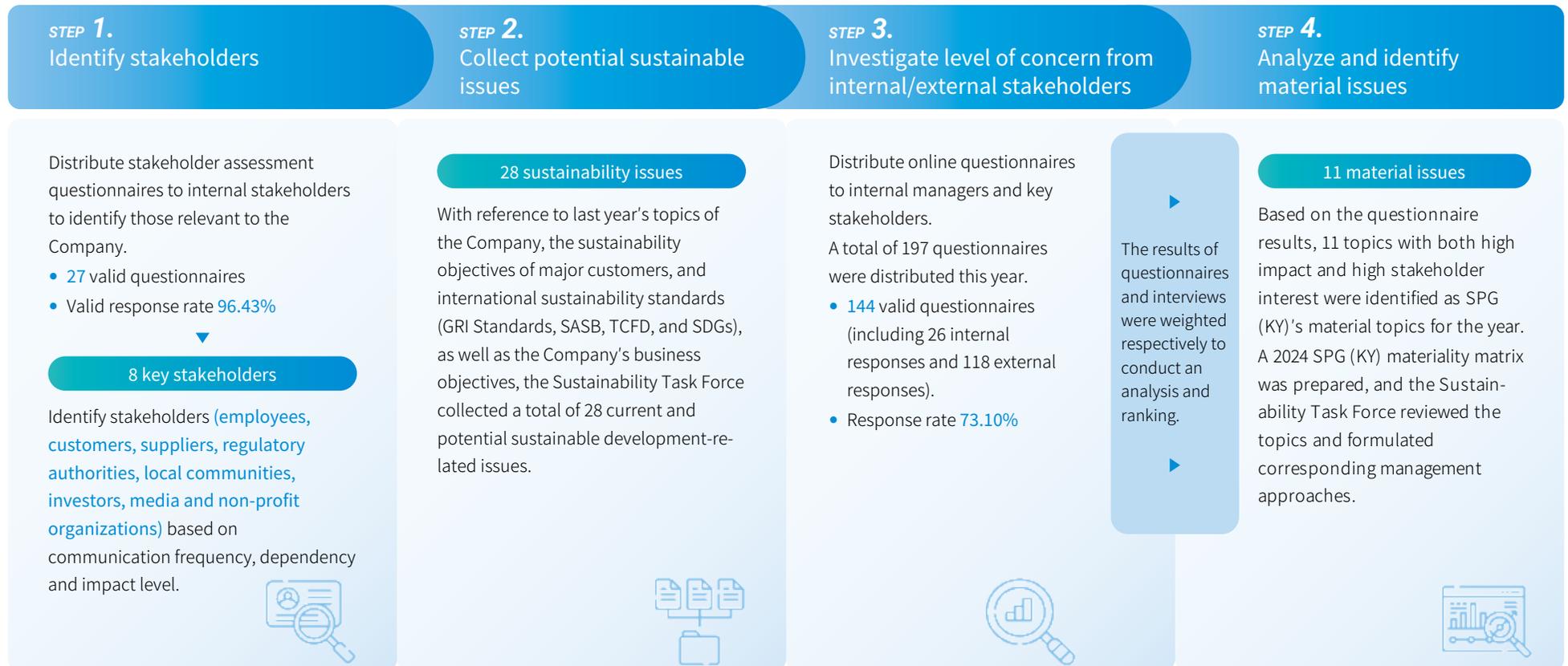
| Stakeholders | Significance to SPG (KY) | Sustainability issue of concern | Engagement channel and frequency | Corresponding section |
|---------------------------------|---|--|--|--|
| <p>Regulatory authorities</p> | SPG (KY) actively complies with government policies and has established a sound corporate governance structure to ensure strict adherence to the latest laws and regulations. | <ul style="list-style-type: none"> Product quality Economic performance Customer privacy | <ul style="list-style-type: none"> Official documents (irregular) Meetings (irregular) | <p>3.4 Product Quality and Customer Relationship Management</p> <p>2.3 Operating Performance</p> <p>2.5 Information Security Management System</p> |
| <p>Local communities</p> | SPG(KY) recognizes that communities are an integral part of our business operations. Hence we strive to give back to local communities and interact with said communities proactively. | <ul style="list-style-type: none"> Economic performance Legal compliance Information security | <ul style="list-style-type: none"> Employees' participation in public welfare activities (irregular) Activities of Sports Gear Social Welfare (irregular) | <p>2.3 Operating Performance</p> <p>2.4 Regulatory Compliance</p> <p>2.5 Information Security Management System</p> |
| <p>Shareholder/ investors</p> | Shareholders/investors that have been growing alongside the business have provided their support and companionship to SPG(KY). Naturally, the business reciprocates by adhering to the principles of transparency, integrity, and the obligation to ensure their interests. | <ul style="list-style-type: none"> Economic performance Waste management Corporate governance | <ul style="list-style-type: none"> Operating revenue announcement (monthly) Unaudited earnings announcement (quarterly) Material information disclosure on the Market Observation Post System (irregular) Annual general meetings (annual) Investor conference (irregular, twice in 2023) | <p>2.3 Operating Performance</p> <p>4.5 Waste Management</p> <p>2.1 Governance and Ethical Management</p> |
| <p>Media</p> | SPG (KY) builds good media relations to provide prompt responses to the public and strengthen corporate image and reputation. | <ul style="list-style-type: none"> Product quality Economic performance Information security | <ul style="list-style-type: none"> Spokesperson communication (irregular) Press releases (irregular) Special interview (irregular) | <p>3.4 Product Quality and Customer Relationship Management</p> <p>2.3 Operating Performance</p> <p>2.5 Information Security Management System</p> |
| <p>Non-profit organizations</p> | Upholding social responsibility, SPG (KY) actively participates in and donates to individuals, groups or organizations relevant to our core business around the globe and continuously supports every partner enthusiastic about sports culture. | <ul style="list-style-type: none"> Human rights Product quality Customer privacy | <ul style="list-style-type: none"> Activities of Sports Gear Social Welfare (irregular) Community care (irregular) Official website (irregular) | <p>5.3 Human Rights</p> <p>3.4 Product Quality and Customer Relationship Management</p> <p>2.5 Information Security Management System</p> |

1.3.2 Management of Material Topics

Materiality Identification

SPG (KY) followed the principles of materiality identification from the GRI Standard and a four-step process of sustainability issue assessment, which included engagement, identification, analysis and examination, to comprehensively evaluate and identify annual material issues that have significant impacts on both SPG (KY) and external economic, environment, and governance factors. To ensure the comprehensiveness of topic identification, the Company conducted a stakeholder questionnaire to collect input on key concerns regarding the three major aspects of Environmental, Social, and Corporate Governance (ESG). An internal-external dual assessment mechanism, involving both internal management and external stakeholders, was established to comprehensively evaluate the significance of each topic.

The Company conducts an annual materiality analysis of sustainability topics and reviews the material topics and their impacts on a two-year cycle. In the first year, the Company extensively gathers changes in externally focused issues and stakeholder feedback, and quantifies the level of impact for each topic. In the second year, in addition to the regular review of material topics, greater emphasis is placed on qualitative research methods (such as interviews and data analysis) to gain deeper insights into stakeholder perspectives.



STEP 1 Collection of Potential Sustainability Issues

With reference to international sustainability standards and trends, and through comprehensive consideration of the Company's industry characteristics, 28 actual and potential sustainability topics encompassing the three ESG dimensions have been identified:

| Environment | |
|---|---|
| <ul style="list-style-type: none"> Greenhouse gas emissions management Air pollution prevention and control Energy management | <ul style="list-style-type: none"> Water resources management Waste management Materials management Product chemical management |
| Society | |
| <ul style="list-style-type: none"> Employee recruitment and management Employee training and development Employee diversity and equality Employee care and benefits Community engagement and social contribution | <ul style="list-style-type: none"> Human rights Occupational health and safety Information security Product quality Customer privacy Customer service |
| Government | |
| <ul style="list-style-type: none"> Economic performance Business ethics Legal compliance Corporate governance Risk management Climate change risk | <ul style="list-style-type: none"> Management of innovation (technology and market strategy) Lifecycle management Procurement practices Supply chain management |

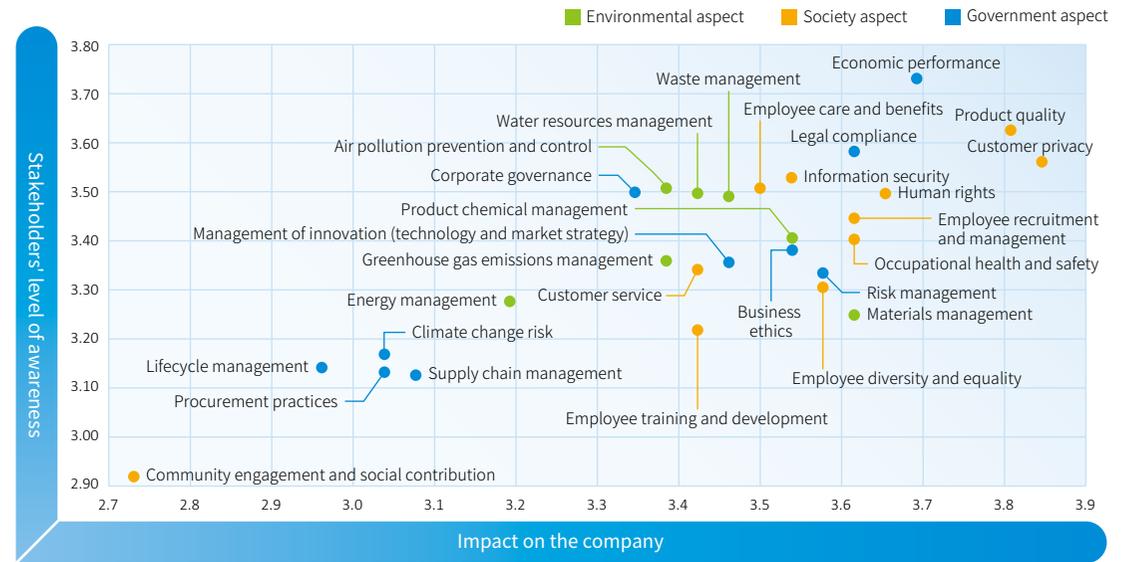
STEP 2 Stakeholder Interest Survey

The Company distributed sustainability topic questionnaires to eight previously identified stakeholder groups and internal senior management to assess the level of concern each stakeholder has regarding these topics. This approach allowed for the broad collection of stakeholder opinions, reflecting diverse perspectives and expectations. After excluding invalid responses, a total of 144 valid questionnaires were collected.

STEP 3 Analysis and Identification of Material Topics

The year 2024 marks the First year of the current materiality analysis cycle. SPG (KY) conducted a weighted assessment based on the level of concern from different stakeholders to understand the changes in the impact of each topic, identifying the potential significance and influence of each issue on the Company. Through internal annual reviews and meeting discussions, the impacts of each topic were examined, leading to the identification of 11 material topics for 2024, namely: product quality, economic performance, customer privacy, legal compliance, human rights, information security, employee recruitment and management, occupational health and safety, employee care and benefits, waste management, and product chemical management.

2024 Material Topics Impact Matrix of SPG(KY)



STEP 4 Reporting and Disclosure

Based on the results of the materiality analysis, SPG (KY) has disclosed the management approaches and planned actions for the aforementioned 11 material topics in accordance with the GRI disclosure standards, in the corresponding sections of this report (for details, please refer to the management approaches in the relevant sections).

1.3.3 Positive and Negative Impact of Material Issues

Material Topics Impact

For each material topic, SPG (KY) has established management guidelines and developed action plans, integrating the outcomes into its ESG policies, implementation strategies, and long-term sustainability objectives. Relevant performance indicators are disclosed to stakeholders to provide transparency regarding the Company’s overall sustainability achievements. This ensures the comprehensive implementation of its sustainability principles and continuously drives steady corporate growth.

Material topics, impact assessment, and changes comparison

| Sustainability aspect | Material issue in 2024 | Impact description | | Changes comparison | | Chapter |
|-----------------------|------------------------|---|---|--------------------------|---|--|
| | | Positive | Negative | Changes | Explanation | |
| S | Product quality | Maintain high and consistent product quality to strengthen customer trust, solidify long-term partnerships, and thereby promote the sustained sales of customers’ products. | If such incidents occur, they could affect customer health and safety, result in business losses and reputational damage, and undermine consumer confidence in the Company’s products and brand. In severe cases, they may also lead to litigation with consumers or fines. | Addition | To achieve continuous growth in business performance, strengthen the management of product quality. | 3.4 Product Quality and Customer Relationship Management |
| G | Economic performance | Effectively formulate short-, medium-, and long-term sustainability strategies, develop business opportunities ahead of competitors, and drive revenue growth. | Decline in investor investment intentions. | Ranked up by 2 positions | In 2023, overall business performance was affected by inventory adjustments of key customers and distributors, leading internal and external stakeholders to pay closer attention to the Company’s performance in 2024. | 2.3 Operating Performance |
| S | Customer privacy | By strengthening privacy management measures, the Company can reduce the risk of data breaches and protect sensitive information. | Unauthorized disclosure of customer personal information | Newly added | As hacking and cyber fraud incidents continue to rise, it is imperative to strengthen the protection of customers’ sensitive information. | 2.5 Information Security Management System |
| G | Legal compliance | Strictly comply with relevant domestic and international laws and regulations to uphold the Company’s positive image and maintain stable market order. | If any legal or regulatory violations occur, the Company may be subject to fines and penalties. In severe cases, it could be prohibited from conducting sales in the affected region, resulting in reputational damage and operational disruption. | Newly added | The introduction and updates of laws and regulations by local governments and Taiwanese authorities have become material topics. | 2.4 Regulatory Compliance |

| Sustainability aspect | Material issue in 2024 | Impact description | | Changes comparison | | Chapter |
|-----------------------|--------------------------------|---|--|----------------------------------|--|--|
| | | Positive | Negative | Changes | Explanation | |
| S | Human right | Properly protect employees' human rights. | Violation of workplace human rights may result in negative perceptions of the Company among customers, investors, and the general public. | Ranked up by 5 positions | In 2024, media coverage of major workplace bullying incidents in public and private sector offices led to a significant rise in the materiality ranking of human rights issues. | 5.3 Human Rights |
| S | Information security | By ensuring comprehensive protection of corporate data and investor/customer information, the Company strengthens the confidence of external stakeholders. | The unauthorized disclosure of employee, customer, or business confidential information could lead to financial losses and legal liabilities. | Ranked up by 1 positions | During the factory's digital transformation, the Company must strengthen information security management and safeguards. | 2.5 Information Security Management System |
| S | Employment and management | Provide employees with a positive work environment to attract and retain talent, promote workplace harmony, and enhance the Company's competitiveness. | Challenges in talent acquisition or retention can result in organizational knowledge gaps and lower productivity, adversely affecting the Company's growth and development. | Declined 4 positions in ranking. | In 2024, there were no significant labor disputes or conflicts. | 5.1 Our People at SPG(KY) |
| S | Occupational health and safety | Providing a safe and healthy work environment safeguards employees and minimizes human resource losses. | Poor workplace conditions and labor environments may lead to occupational accidents or health hazards for employees, which over time could affect service quality. | Declined 7 positions in ranking. | In 2024, there were no significant labor disputes or conflicts. | 5.4 Occupational Safety and Health |
| S | Employee care and benefits | The Company offers a range of employee benefits, care programs, and attractive reward systems to attract top talent from various sources and enhance corporate competitiveness. | If the Company's compensation and benefits packages do not meet industry standards, it may fail to attract talent, potentially leading to employee turnover, higher attrition rates, and a decline in competitiveness. | Newly added | Employees can quickly access and compare information on the Company's care programs, compensation, and benefits online, enabling them to choose a workplace that best meets their needs. | 5.1 Our People at SPG(KY) |
| E | Waste management | Proper waste management can reduce waste generation and disposal costs, while minimizing environmental impact. | Improper handling and management of waste can cause damage to the natural environment or local communities and increase disposal costs. | Declined 2 positions in ranking. | All factories operate in accordance with waste management procedures. In 2024, no significant non-compliance incidents occurred, resulting in a decreased level of concern for this issue. | 4.5 Waste Management |
| E | Product chemical management | Effective management and utilization ensure compliance with product safety standards, fulfill brand customers' green commitments, and reduce environmental impact. | Improper use and management may compromise the health of production line personnel, affect product safety, and cause environmental pollution that impacts biodiversity. | Declined 9 positions in ranking. | All factories implement and comply with customer standards for chemical substance management. | 3.2 Main Materials in Footwear Products |

02 Corporate Governance

Practicing Sustainability for the Future

In response to the growing global emphasis on environmental sustainability, SPG (KY) recognizes that sustainable development is not only a corporate responsibility to meet present needs, but also a long-term commitment to preserving a liveable environment for future generations. This belief is deeply embedded in the Company's core operations and has been transformed into a mission of proactive implementation.

SPG (KY) considers sound corporate governance as fundamental to driving sustainability and has fully integrated it into daily operational management. The Company has established comprehensive internal control and governance mechanisms to ensure the effective implementation of sustainability policies. Through regular risk assessments, institutionalized reviews, and continuous supervision, SPG (KY) ensures that all business activities comply with domestic regulations and international standards related to environmental protection, social responsibility, and human rights, thereby reinforcing the Company's commitment to stable operations and sustainable development.

| | | | |
|---------------------------------------|----|--|----|
| 2.1 Governance and Ethical Management | 19 | 2.4 Regulatory Compliance | 28 |
| 2.2 Risk Management | 22 | 2.5 Information Security Management System | 30 |
| 2.3 Operating Performance | 24 | | |

2.1 Governance and Ethical Management

2.1.1 Corporate Governance Structure

With sustainable operations as its core objective, SPG (KY) continues to enhance its corporate governance framework and actively promote the five key pillars under the “Corporate Governance 3.0” initiative: strengthening Board functions, improving information transparency, enhancing stakeholder communication, aligning with international standards, and fostering a corporate culture of sustainability. Through these strategies, the Company is committed to safeguarding the rights and interests of all shareholders and stakeholders while reinforcing governance resilience as a foundation for long-term and stable corporate development.

The Composition of the Highest Governance Body



The board (hereafter referred to as the “Board”) of directors (hereafter referred to as “Directors”) is the highest governance body of SPG (KY). We have formulated “Regulations Governing the Election of Directors” to select suitable talents and enhance the diversity of Board members, including their professional knowledge, skills, and literacy necessary for performing their duties. Our current Board consists of seven directors, including four directors and three independent directors, 14.29% of whom are employees (Mr. Wei-Chia Chen, the Chairman of SPG (KY), to maintain his eligibility for labor insurance, is also an employee of the Taiwan branch of the Group’s affiliated companies) and 42.86% are independent directors. (Please refer to page 4 of our 2024 annual report for details of each director’s profile and background.)

[▶ page 4 of our 2024 annual report](#)

The Board members of the Company strictly follow relevant requirements stipulated in “Corporate Governance Best Practice Principles,” “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE and TPEX Listed Companies,” and “Principles of Avoiding Conflicts of Interest,” to perform their governance responsibilities. In addition to overseeing implementation performance and reviewing decisions on significant issues, the Board also actively provides strategic direction and decision-making support for management, thereby strengthening the Board’s role as the core of corporate governance and ensuring the Company operates with transparency, accountability, and regulatory compliance.

In 2024, a total of six board meetings were held. During the meetings, several resolutions were considered and approved to continuously improve our systems and Board effectiveness, including operational strategies, risk management, and internal control assessments.

Note: Please refer to page 16 of our 2024 annual report for the attendance record of directors; Please refer to “Corporate Governance” section of our official website for resolutions each year.

[▶ page 16 of our 2024 annual report](#)

[▶ Corporate Governance section](#)

Ethical Business and Anti-corruption

SPG (KY) fully recognizes that in a highly competitive market environment, only by building a corporate image of transparency and integrity can we gain stakeholders’ trust and support, laying a solid foundation for sustainable business operations. To this end, SPG (KY) upholds a zero-tolerance stance against any form of corruption or misconduct. Through institutionalized management and awareness programs, we fully implement the principle of ethical business conduct, strengthen corporate ethics, and safeguard the Company’s reputation and sound governance.

Code of Conduct

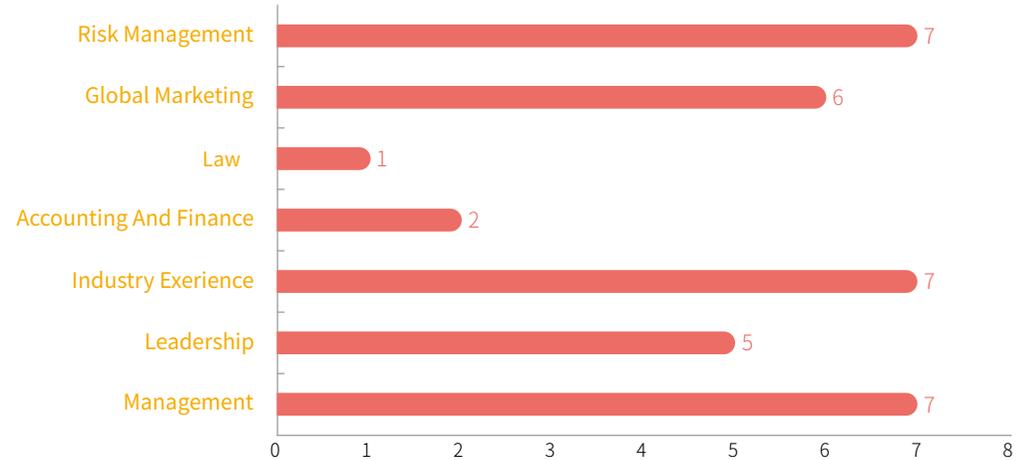
We have established “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, and “Procedures for Prevention of Insider Trading” to implement a sound internal control system and ethical standards, regulate employees’ work behaviors in line with standards and requirements, and build a solid corporate culture of legal compliance.

Advocacy Initiatives

1. Provide integrity education and basic awareness training on personal information protection for employees.
2. Our audit manager has periodically disseminated the latest regulations at the Group’s operations and management meetings.
3. All suppliers involved in frequent transactions have signed the commitment letter of social responsibility and anti-corruption.

Professions of the Board of Directors

Unit : People



Whistleblowing mechanism

We have an internal independent reporting mailbox that allows anonymous whistleblowing and keeps the whistleblower's identity and the report’s content secret. Reports involving directors or senior management must be reported to the audit committee.

Performance of 2024

1. During the Reporting period, SPG (KY) had not experienced any corruption incidents, nor been penalized with respect to any corruption-related breaches.
2. The outcome of the business integrity training of 2024 is as follows:

| Location | Trainees | Training hours |
|---------------------|----------|----------------|
| Taiwan Headquarters | 96 | 240 |

2.1.2 Board of Directors Performance Assessments

SPG (KY) conducts annual performance evaluations of the Board of Directors, individual Board members, and functional committees through self-assessment questionnaires in accordance with the “Rules for Performance Evaluation of Board of Directors.” Additionally, in compliance with regulatory requirements, the Company engages an independent external professional institution every three years to perform external evaluations of the Board and its functional committees.

Internal Assessment

A 5-point system is used in internal assessments, and the self-assessment results of 2024 were all above 4 points. For details of assessments, items and results, please refer to pages 17-18 of our 2024 annual report.

External Assessment

External assessment institution: Ernst & Young Business Advisory Services Inc.

The results of each indicator of 2023 were generally above average, showing that our functional committees operate effectively.



For details of performance assessment, please refer to the “Corporate Governance” section on the Company’s official website.

▶ pages 17-18 of our 2024 annual report

▶ Corporate Governance section

Due Diligence

We have established the “Remuneration Committee” and “Audit Committee” in accordance with the law to assist the Board in performing its supervisory and advisory duties. The Committees regularly convene meetings under the organizational regulations approved by the Board to review and discuss relevant issues and further submit conclusions on these issues to the Board for determination.

To strengthen the sustainability governance framework, SPG (KY) resolved to establish the Sustainability Committee in November 2024, and convened its first meeting in December of the same year. During the meeting, the Committee approved the proposal to commit to the Science Based Targets initiative (SBTi), demonstrating the Company’s determination to actively respond to climate change and pursue a net-zero transition.

Remuneration Committee

The number of meetings in 2024: 3^{Note}

Provide professional evaluations and oversight of our overall remuneration policy, the remunerations for managers and employees along with other employee incentive programs.

Audit Committee

The number of meetings in 2024: 6^{Note}

Supervise and review our corporate governance with integrity, responsibility and respect in accordance with the “Audit Committee Charter” set by the Board.

Note: The above data was compiled up to the publishing of our 2024 annual report on March 31, 2025.

2.2 Risk Management

2024 marked a pivotal period in the rapid advancement of artificial intelligence (AI). Industries worldwide have actively explored the potential applications of AI technologies to drive innovation and promote business growth. However, the potential risks associated with technological applications must not be overlooked. While adopting technological tools to enhance operational efficiency, companies should simultaneously establish forward-looking and flexible risk management mechanisms to strengthen organizational resilience and responsiveness. This serves as a protective framework supporting stable business development and achieving the long-term goal of sustainable operations.

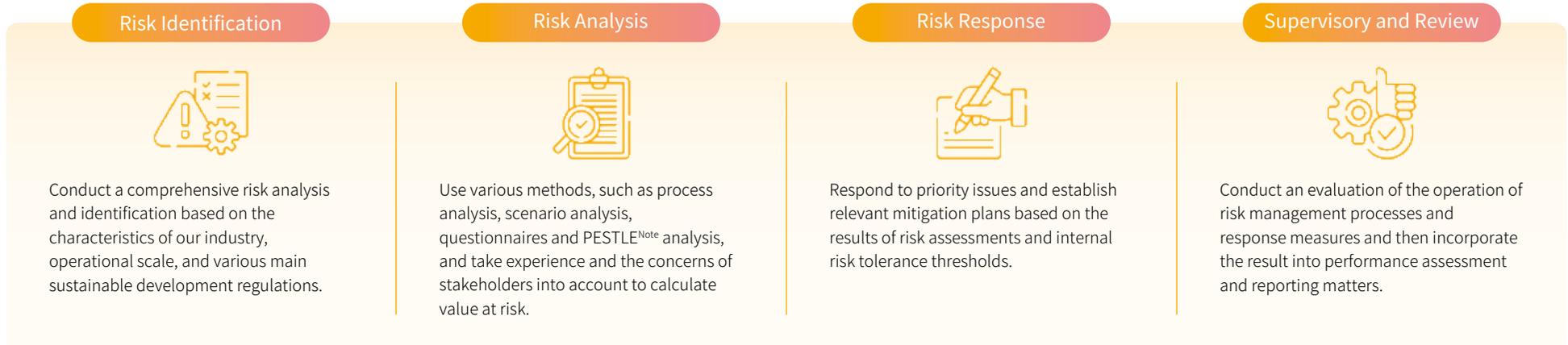
Risk Management

SPG (KY) has established the “Risk Management Best Practice Principles,” focusing on the effective identification, assessment, and management of various risks that may affect the Company’s ability to achieve its business objectives. The Company continues to enhance its risk management framework and processes, strengthen risk awareness among personnel at all organizational levels, and integrate risk management thinking into business activities and daily management processes to reduce potential hazards and enhance business benefits. In addition, through regular review and updates, the Company ensures that its risk management policies remain aligned with the latest business needs and changes in the external environment.

2.2.1 Risk Management Structure



2.2.2 Key Risks and Mitigation Measures



Note: PESTLE analysis: It is a model used for environmental scanning to analyze six factors in macro-environment: political, economic, social, technological, legal and environmental factors, is a part of external environmental analysis in market research and provides an overview of various factors in macro environment for companies.

SPG(KY) identifies potential risk sources and possible risks in the business operations managed by each business unit. For details of each risk item, please refer to the Company's 2024 Annual Report.

[▶ 2024 Annual Report](#)

Risk Identification and Management

| Risk Type | Description of Risk / SPG(KY)'s Response |
|--------------------------|--|
| <p>Financial Risks</p> | <p>Risks arising from changes in interest rates in the financial market, significant fluctuations in exchange rates, and raw material price volatility</p> <ul style="list-style-type: none"> • Changes in interest rates • Significant fluctuations in exchange rates • Inflation |
| <p>Operational Risks</p> | <p>Risks associated with changes in the industry or market, including market competition, industry collaboration, research and development investment, plant expansion, and mergers and acquisitions</p> <ul style="list-style-type: none"> • Intensified market competition affecting the stability of product gross margins • Investment in new technologies, processes, or equipment • Establishment of new plants and expansion of production lines to meet the demand of new customers |

| Risk Type | Description of Risk / SPG(KY)'s Response |
|-----------------------------------|---|
| <p>Information Security Risks</p> | <p>Risks that may harm the confidentiality and sensitivity of the Company's information assets or those of its customers</p> <ul style="list-style-type: none"> • Information and communication control to prevent internal information leakage • Confidentiality maintenance for customer technologies or newly developed products |
| <p>Corporate ESG Risks</p> | <p>Risks arising from environmental, social, and governance issues related to global corporate sustainability trends</p> <ul style="list-style-type: none"> • Changes and updates to local government environmental regulations • Control of greenhouse gas emissions • Sustainability information disclosure |

2.3 Operating Performance

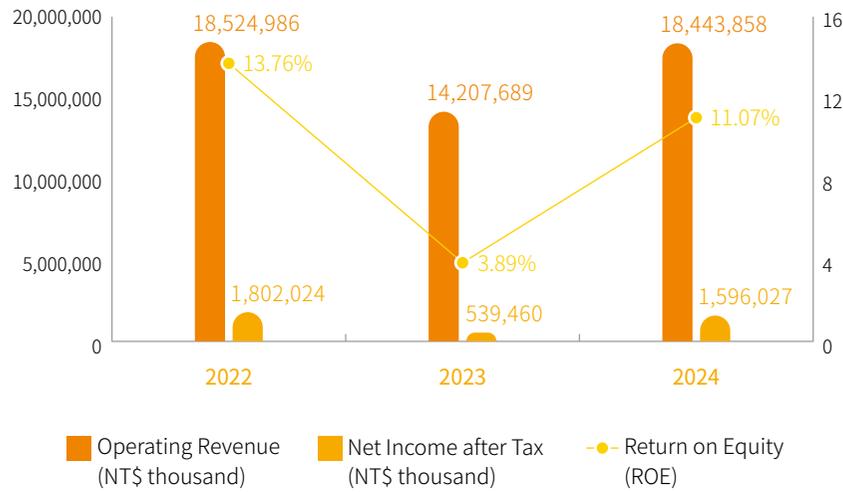
Looking back on 2024, market demand rebounded significantly as international brand customers and distributors completed their inventory adjustments. The momentum was further fueled by the Paris Olympics and a series of major international sporting events.

Looking ahead to 2025, the Company will continue to adhere to uphold the principle of prudent operations, actively seize market opportunities, and promote drive business growth. However, the intensifying rising trend of global trade protectionism and the imposition of tariff measures may lead to uncertainties in the economic uncertainty, thereby, posing challenges to supply chain adjustments and business development. In response to external changes, the Company will continue to strengthen its risk management and resilience and collaborate, while collaborating with customers in the research and development of to develop innovative products to, expand niche markets and solidify niches, and reinforce its competitive advantages.

| Major Topic : Economic Performance | | | | |
|---|---|---|--|-----------|
| Significance to SPG (KY) | Economic performance serves as the key foundation for the Company's sound a company's stable operations and long-term development. SPG (KY) is committed to maintaining stable profitability and continuously enhancing operational efficiency to meet the expectations of shareholders, customers, and other stakeholders. Through prudent business strategies and forward-looking market deployment, the Company drives steady sustainable growth and achieves the goal of sustainable development | | | |
| Policy/ Strategy | The Company strives to create corporate value through steady revenue growth and solid profitability, while taking concrete actions to honor its commitments to environmental protection, employee care, and social welfare. By balancing economic performance with social responsibility, the Company is dedicated to fulfilling the expectations of diverse stakeholders and advancing toward the goal of sustainable and shared prosperity. | | | |
| Goal | Short-term | | Medium to long-term | |
| | Achieve stable annual revenue growth | | Maintain a continuous increase in the average return on equity over the next five years. | |
| Measures | Labor | <ul style="list-style-type: none"> Relevant personnel continue their professional development in pursuit of growth to enhance our performance each year. In addition to regular audits/reviews by auditors, we periodically receive updates on financial information to ensure continuous improvement in compliance with financial regulations and the accuracy of financial information. | | |
| | Systems | <ul style="list-style-type: none"> In response to relevant cyber security issues, we hire professional talents to ensure the maintenance of systems capable of responding to contemporary challenges. | | |
| | Equipment | <ul style="list-style-type: none"> Regularly upgrade equipment to ensure that new equipment meet the demands of the new era. | | |
| 2024 Goals, Key Annual Achievements, and Performance Highlights | 2024 Goals | | Achievement Progress | |
| | Maintain steady annual growth in operating revenue growth. | | ✔ Achieved | |
| | In 2024, operating revenue increased by 30% compared to 2023. | | | |
| | Unit: NT\$ thousand | | | |
| | Item / Year | 2024 | Item / Year | 2024 |
| | Operating revenue | 18,443,858 | Net profit after tax | 1,596,027 |
| | Gross profit | 3,817,104 | Earnings per share (NT\$) | 8.15 |
| Communication Channels | <ul style="list-style-type: none"> The Company holds an annual shareholders' meeting and investor conference to update investors on our company's operational status and provide opportunities for two-way communication. The Company has established a spokesperson mechanism and comprehensive communication channels. The spokesperson's name, phone number, and E-mail are provided on our company's official website to facilitate communication and address concerns from stakeholders. | | | |

2.3.1 Economic Performance

Economic performance over the past three years



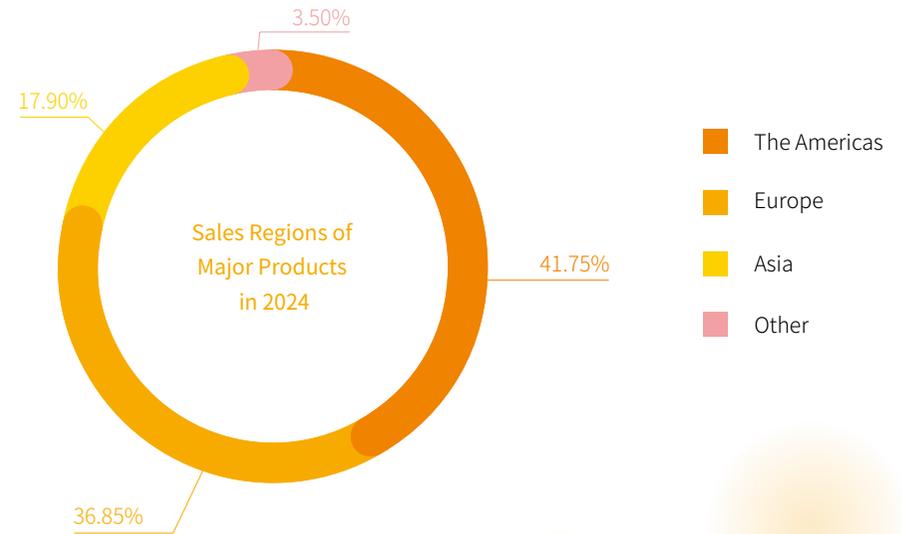
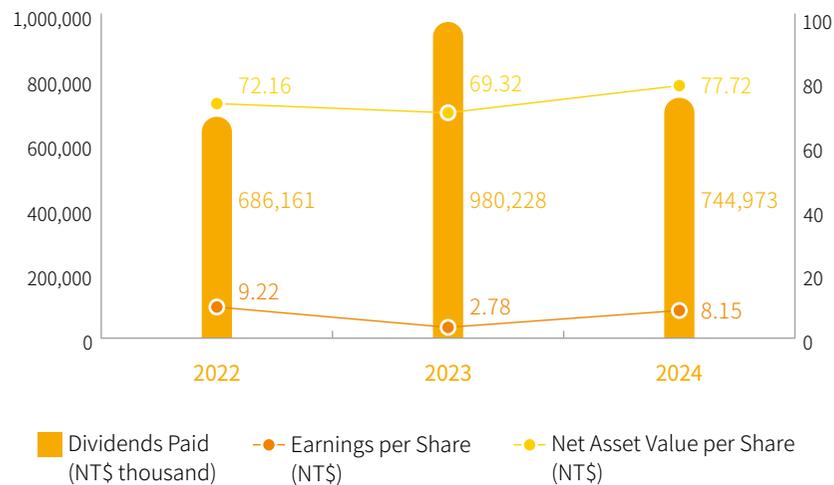
Sales Regions of Main Products

The sales market of SPG (KY) in the last three years has been dominated by Europe and the Americas.

Unit: NT\$ thousand; %

| Regions | 2022 | | 2023 | | 2024 | |
|--------------|------------|---------|------------|---------|------------|---------|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| The Americas | 8,168,117 | 44.09% | 5,810,416 | 40.90% | 7,699,784 | 41.75% |
| Europe | 6,684,492 | 36.09% | 5,152,335 | 36.26% | 6,796,448 | 36.85% |
| Asia | 3,135,093 | 16.92% | 2,661,986 | 18.74% | 3,301,188 | 17.90% |
| Other | 537,284 | 2.90% | 582,952 | 4.10% | 646,438 | 3.50% |
| Total | 18,524,986 | 100.00% | 14,207,689 | 100.00% | 18,443,858 | 100.00% |

Cash dividends over the past three years

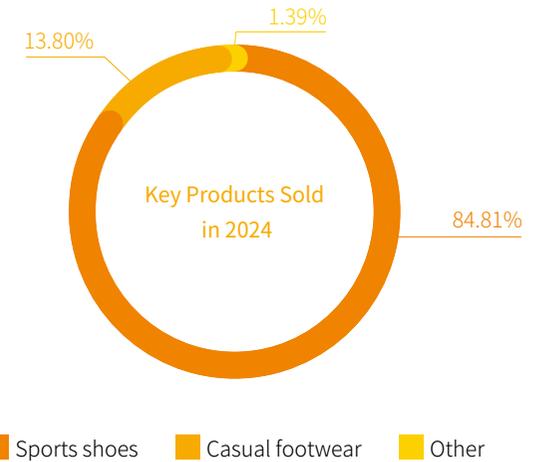


Main Sales Products

SPG (KY)' s OEM footwear products primarily include sports shoes, casual shoes and custom-made shoes. Sports shoes used to be the mainstay of our sales, but in recent years, casual shoes have gradually become equally important owing to changes in consumer preferences.

Unit: NT\$ thousand; %

| Regions | Year | 2022 | | 2023 | | 2024 | |
|-----------------|------|------------|---------|------------|---------|------------|---------|
| | | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Sports shoes | | 11,321,305 | 61.11% | 10,620,143 | 74.75% | 15,642,102 | 84.81% |
| Casual footwear | | 6,929,686 | 37.41% | 3,410,340 | 24.00% | 2,545,948 | 13.80% |
| Other | | 273,995 | 1.48% | 177,206 | 1.25% | 255,808 | 1.39% |
| Total | | 18,524,986 | 100.00% | 14,207,689 | 100.00% | 18,443,858 | 100.00% |



2.3.2 Tax Governance Policy

Tax governance

SPG (KY) is committed to enhancing tax information transparency within the Group. In line with the global trend of combating tax avoidance, the Company proactively keeps abreast of the latest tax developments and engages external professional tax advisors to ensure strict compliance with tax regulations and reporting obligations. The Company' s tax policy is founded on six key principles:

1. Devote attention to regulatory trends

Comply with tax laws and regulations of each operational site and stay informed about any changes.

2. Professional tax assessment

- Internal and external professional tax teams tax-related decisions.
- Consider any impact on taxes when making significant decisions, and approval from senior management is needed.

3. Compliance with laws and regulations

Adhere to "Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations" issued by the Organisation for Economic Cooperation and Development (OECD) and regulations related to Base Erosion and Profit Shifting (BEPS) to conduct transactions with related parties, ensuring pricing policies of related parties aligning with standard practices.

4. Transparency and disclosure

Based on the principle of information transparency, disclosure of tax-related matters in compliance with relevant requirements and regulations, such as submitting the Group' s Master File (MF) and Local File (LF) to tax authorities.

5. Tax planning

Not engage in tax planning in tax havens or low-tax jurisdictions with the purpose of tax avoidance in response to significant regulatory requirements amid the global anti-tax avoidance trend, such as relevant rules applicable to controlled foreign companies and place of effective management and Economic Substance Act.

6. Sincerity and mutual trust

With trust, information transparency, and legal compliance as a fundamental basis, build honest, just, respectful and fair interactions with tax authorities and actively propose significant tax issues to ensure efficient resource utilization.

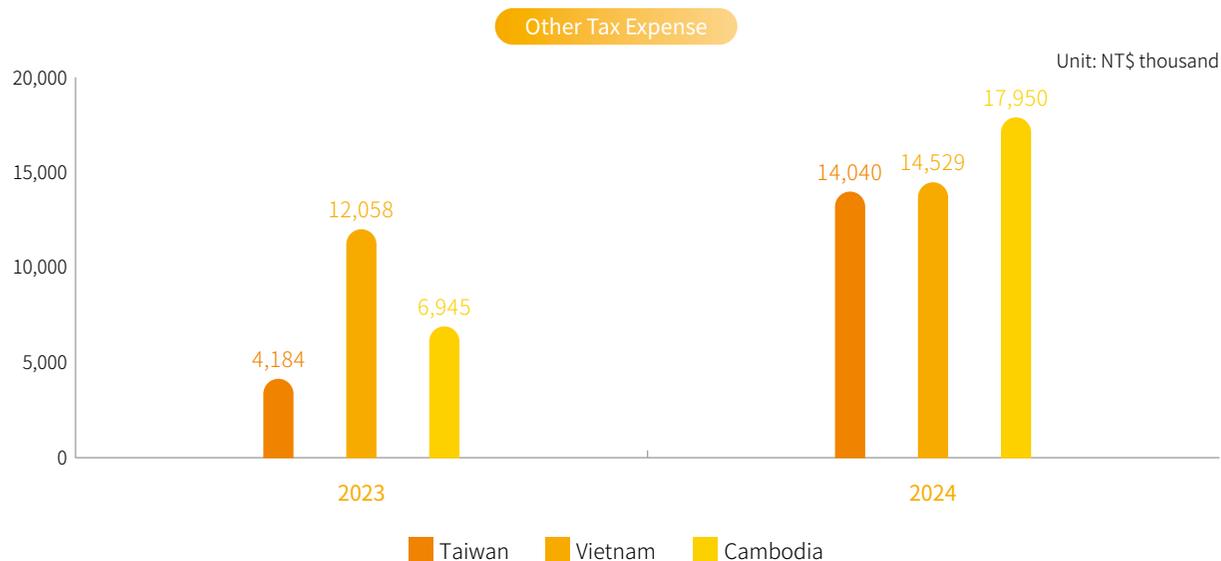
Tax information in the financial statements

With the Group’s ongoing global expansion, SPG (KY)’s operations are no longer confined to the markets in Taiwan and Vietnam. The following outlines the primary business activities and related tax information for each tax jurisdiction of our operating sites in 2024:

Unit: NT\$ thousand

| Item | 2022 | 2023 | 2024 |
|-----------------------------------|-----------|-----------|-----------|
| Net income before tax | 2,363,897 | 764,388 | 2,025,392 |
| Income tax | 561,873 | 224,928 | 429,365 |
| Cumulative translation adjustment | 967,946 | (108,468) | 575,544 |
| Effective tax rate | 23.77% | 29.43% | 21.20% |

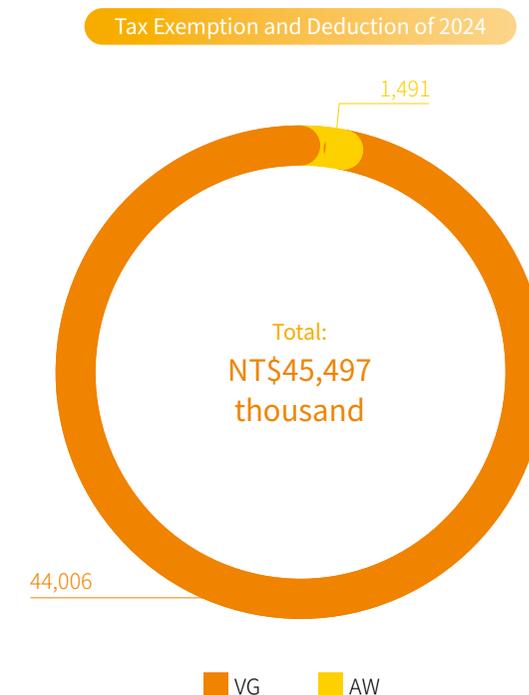
In addition, the Company upholds its corporate citizenship responsibilities by actively fulfilling its tax obligations. In 2024, excluding income tax, the Company paid a total of NT\$46,902 thousand in various taxes. Among these, tax expenditures in Taiwan and overseas regions, including land value tax and other taxes, amounted to NT\$14,040 thousand; in Vietnam, import and export duties and other taxes totaled NT\$14,529 thousand; and in Cambodia, other taxes amounted to NT\$17,950 thousand.



Note: In view of adjustments to the data compilation methodology, the relevant figures for each operating site in 2023 shown in the chart above have been restated accordingly.

Government subsidies & tax exemption and reduction

This year, SPG (KY) was qualified and received a total of NT\$2,700 in subsidy for employers to pay for wages for the periods of pregnancy checkups in accordance with “Gender Equality in Employment Act” and “Guidelines for Subsidy for Employers to Pay for Wages for the Periods of Pregnancy Checkups, Pregnancy Checkup Accompaniment, and Paternity Leaves” published by Taiwan’s Bureau of Labor Insurance, Ministry of Labor. Meanwhile, the governments of Vietnam and Cambodia offer various protections and incentives, including tax exemption and reduction, to encourage and support foreign investors to develop businesses in their countries. As of the end of 2024, SPG (KY) was qualified for a total of NT\$45,497 thousand in various incentives, including preferential income tax rate, land rent exemption.



2.4 Regulatory Compliance

| Major Topic : Regulatory Compliance | | | |
|--|--|--|--|
| Significance to SPG (KY) | The Company is committed to ensuring that all operational activities comply with relevant domestic and international laws and industry standards to maintain sustainable business operations and market competitiveness. By continuously strengthening regulatory compliance mechanisms, the Company not only safeguards stable business management but also contributes to environmental protection and the advancement of human rights, thereby ensuring long-term development in the global market. | | |
| Policy/ Strategy | Economic Aspect | Environmental Aspect | Social and Human Rights Aspect |
| | The Company complies with labor laws, trade regulations, and tax requirements to ensure lawful operations and reduce legal risks and penalties arising from non-compliance. Additionally, it implements supply chain compliance management to ensure partners adhere to environmental and labor standards, thereby enhancing industry competitiveness and safeguarding stable economic development. | The Company complies with environmental regulations and is dedicated to minimizing the environmental impact of its manufacturing processes, including wastewater treatment, carbon emission control, and hazardous substance management. Furthermore, through compliance management, it actively promotes green manufacturing by utilizing eco-friendly materials and energy-saving technologies to align with global sustainable development trends. | The Company strictly complies with international and local labor laws to ensure employees enjoy a safe working environment, fair wages, and reasonable working hours, while prohibiting any form of forced labor and child labor. SPG (KY) also requires its supply chain partners to adhere to human rights standards, ensuring that all workers within the industry chain are respected and protected. Additionally, through internal education, training, and monitoring mechanisms, the Company enhances all employees' awareness and implementation of regulatory compliance. |
| Goal | Short-term | Medium to long-term | |
| | The Company conducts annual self-assessments of regulatory compliance to strengthen adherence and deepen the internal culture of compliance, ensuring that all operational activities meet legal requirements. To date, no major violations of economic, environmental, or social regulations have occurred each year. | The Company continuously promotes regulatory compliance mechanisms by holding annual insider trading prevention awareness sessions to enhance employees' compliance consciousness and foster a culture of integrity within the organization. Additionally, suppliers are required to sign a commitment to ethical business practices, maintaining a signing rate of over 90% to ensure supply chain compliance. As the Company expands in scale and business scope, it actively monitors and studies regulations across various countries to improve the compliance management framework, strengthen operational risk control, and ensure sustainable corporate development. | |
| Measures | The Company has implemented the Ethical Corporate Management Best Practice Principles as well as the Procedures for Ethical Management and Guidelines for Conduct. It conducts annual training for employees on integrity in business operations and insider trading prevention, establishing the cornerstone of a corporate governance culture and consistently promoting robust corporate governance. | | |
| 2024 Goals, Key Achievements, and Performance Highlights | <p>✔ No compliance violation:</p> <p>In 2024, no reports of violations related to financial, accounting regulations, or personal data protection laws were received, nor were there any incidents of customer data loss.</p> | <p>✔ Full employee training completion:</p> <p>100% of Taiwan Headquarters staff completed education on ethical business practices, insider trading prevention, and personal data protection, and passed the online assessments.</p> | <p>✔ Supplier commitment signing rate reaches 100%:</p> <p>All regularly engaged and ongoing suppliers have signed the Corporate Social Responsibility and Anti-Corruption Commitment Letter, strengthening supply chain integrity and sustainable responsibility.</p> |
| Communication Channel | The Company has established both internal and external websites. The external website provides communication channels and reporting avenues for stakeholders of various departments, while the internal website offers platforms for feedback, a whistleblowing mailbox, and a dedicated hotline. Any detected corruption incidents will be addressed according to their severity and specific circumstances, with necessary disciplinary or legal actions taken accordingly. | | |

2.4.1 Mechanisms and Channels for Reporting Regulatory Violations and Anti-Corruption Incidents

Internal Audit

SPG (KY) has established an internal audit function in accordance with regulations, aimed at assisting the Board of Directors and management in examining and reviewing deficiencies in internal systems, as well as evaluating operational effectiveness and efficiency, while providing timely improvement recommendations. The Company’s audit office reports to the Board of Directors and is staffed with seven full-time personnel (including one manager, one chief auditor, three senior auditors, and two auditors). It operates under two audit modes: regular audits conducted by auditors according to a plan, and ad hoc audits performed upon instruction from the Board or its authorized representatives. The audit office head regularly reports audit activities to the Audit Committee and the Board of Directors.

Internal Audit Status for the Past Three Years

| Item | 2022 | 2023 | 2024 |
|----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Audit plans (number) | 43 | 43 | 43 |
| Deficiencies identified (number) | None, all comply with regulations. | None, all comply with regulations. | None, all comply with regulations. |
| Deficiencies improved (number) | - | - | - |
| Completion rate of improvements | - | - | - |

Unit: number; %

Legal Compliance and Operational Integrity

In 2024, SPG (KY) continued to strengthen its regulatory compliance and internal audit mechanisms. Based on the results of the annual audit procedures, no reports of violations of financial or accounting regulations were received during the year, nor were there any incidents involving breaches of personal data protection requirements or loss of customer information. Overall, the results demonstrate the Company’s strict adherence to professional ethics and applicable laws and regulations, reflecting a strong awareness of compliance and a commitment to integrity in operations.

The Company has established the “Ethical Corporate Management Best Practice Principles,” the “Procedures for Ethical Management and Guidelines for Conduct,” and the “Regulations for the Prevention of Insider Trading” as the foundation for fostering a sound workplace ethics culture. In 2024, all employees in the Taiwan Headquarters completed training on integrity management and a basic course on personal data protection, with learning effectiveness reinforced through online assessments. In addition, the Audit Supervisor periodically promoted the latest regulatory trends during the Group’s management meetings to enhance employees’ sensitivity to regulatory changes and their ability to identify potential risks.

In supply chain management, the Company has fully promoted the signing of the “Corporate Social Responsibility and Anti-Corruption Commitment” among suppliers with whom it maintains regular and ongoing cooperation, achieving a 100% signing rate in 2024. This initiative reinforces integrity awareness and a shared commitment to social responsibility among partners, and continues to drive the implementation of sustainable supply chain management.



2.5 Information Security Management System

| Major Topic : Information Security Management | | | |
|---|--|--|---|
| Significance to SPG (KY) | Establish a comprehensive information security protection mechanism to mitigate intentional or accidental internal and external threats, and effectively reduce the risks of information assets being stolen, misused, leaked, tampered with, or destroyed due to human error, malicious acts, or natural disasters. | | |
| Policy/Strategy | Strengthen information security management to ensure the confidentiality, integrity, and availability of the information assets of the Company and its clients. | | |
| Goal | Short-term goal | Medium-term goal | Long-term goal |
| | <p>Strengthen employees' awareness of information security, and regularly review and monitor existing information security policies and regulations.</p> <ul style="list-style-type: none"> • Social engineering drills: Conducted once a year in July. • Establish rules for information security audits: Formulate internal audit principles in Q3 2025 and initiate internal audit operations in Q4 2025. Thereafter, conduct audits semiannually to ensure compliance with information security policies. • Enhance Single Sign-On security: Add defenses against bot attacks (to be completed in Q4 2025). | <p>Promote the importance of information security and strengthen information security education and training.</p> <ul style="list-style-type: none"> • Promote the importance of information security: Strengthen awareness through courses, briefing presentations, and emails, with course sessions held semiannually and email notifications issued as needed. • Strengthen awareness through courses, briefing presentations, and emails, with course sessions held semiannually and email notifications issued as needed. • Vulnerability scanning operations: To enhance information security within the Group, scans are conducted quarterly. <ol style="list-style-type: none"> (1) Server equipment scan coverage rate > 95% (2) High-risk vulnerability remediation rate reaches 100% | <p>Strengthen and update information security equipment to enable effective security control and reduce risks.</p> <ul style="list-style-type: none"> • Establish disaster recovery and information security drill mechanisms: Including simulated information security incidents and backup plan exercises, planned for implementation in 2026, with at least one drill conducted annually. • Company firewall replacement plan: Upgrade to next-generation firewalls to enhance overall information security protection capabilities, with a replacement rate target of 90% by Q4 2027. |
| Measures | Information security weekly meeting mechanism | Regular information security audit operations | Daily information security management and communication measures |
| | <p>The IT Center hosts a weekly hardware information security meeting to review hardware anomalies, security incidents, and potential risks detected in plant operations. The meeting also covers updates and explanations of information security policies and procedures to improve the security awareness and incident response skills of on-site personnel.</p> | <p>At least four information security audits are conducted annually, including two internal audits and two audits performed by an external professional firm (Deloitte), in addition to project-specific audits conducted by brand clients. The IT Center leads the audit process and collaborates with relevant departments at headquarters and plant sites to collect data and conduct interviews, thereby strengthening information security control practices.</p> | <p>In addition to formal meetings and audits, information security awareness and enforcement are strengthened through diverse daily communication mechanisms, including:</p> <ul style="list-style-type: none"> • Regular notifications and implementation of operating system updates • Password change reminders every 90 days • Periodic release of case studies and prevention announcements addressing security threats such as phishing emails |

| | Company Goals for 2024 | Achievement Progress |
|---|--|---|
| <p>2024 Goals, Key Achievements, and Performance Highlights</p> | <p>Strengthen employees' information security awareness and regularly review and track existing information security policies and regulations.</p> <ul style="list-style-type: none"> In 2024, the Company completed revisions to the following two information security management procedures, covering control measures related to information equipment and account management, thereby enhancing overall information security protection: the "Information Equipment Maintenance and Management Procedure," revised to Version 2, and the "Information System Account and Password Management Procedure," revised to Version 3. The information security team continuously strengthens its professional capabilities. Team members have successfully obtained the internationally recognized CompTIA Security+ certification, one of the authoritative foundational certifications in the global cybersecurity field. This certification covers core areas including network security, risk management, identity verification, system protection, and incident response. | <p>✓ Achieved</p> <ul style="list-style-type: none"> The Company proactively engaged a professional third-party cybersecurity vendor to conduct comprehensive vulnerability scanning operations at SPG and SGC. Through an external and objective perspective, systematic security assessments and risk analyses were performed to strengthen cybersecurity monitoring capabilities at operational sites and implement preventive security management. |
| <p>Communication Channel</p> | <p>The Company's official website provides a "Contact Us" section listing relevant contact points and their respective contact information.</p> | |

2.5.1 Information Security Policy

Information Security Risk Management Framework

The Company's information security management is overseen by the Information Security Department under the Hardware and Network Security Division of the IT Center, which serves as the designated authority responsible for information security. An Information Security Officer is appointed, along with professional IT engineers, to formulate and implement the Company's overall information security policies and related procedures. Regular reports are submitted to the highest-level executive of the IT Center to ensure that management remains informed of security risks and the effectiveness of control measures. In 2024, to strengthen professional capabilities and audit quality in the field of information security, the Company sponsored one information security staff member to obtain the internationally recognized CompTIA Security+ certification. This certification enhances the department's professionalism and effectiveness in areas such as system protection, risk identification, and information security auditing, thereby reinforcing the overall robustness of the Company's cybersecurity framework.



▲ CompTIA Security+ Certificate

SPG (KY) Information Security Policy

Enhance employee awareness of information security

- Conduct regular information security training sessions and drills
- Promote cybersecurity awareness during meetings
- Share case studies during weekly IT meetings

Prevent the leakage of sensitive information

- Implement strict access control, including card access and fingerprint authentication
- Restrict smartphone use to designated areas only
- Install antivirus software and firewalls
- Use VPN encryption for remote connections

Ensure effective daily maintenance and operations

- Conduct regular vulnerability scans and updates to patch security flaws in systems and software
- Establish routine backup and rapid recovery mechanisms to ensure timely data restoration

Ensure sustainable business operations

- Conduct regular information security risk assessments and audits to identify and analyze potential risks, and develop corresponding mitigation strategies
- Develop and drill information security incident response plans to ensure rapid reaction in the event of a security breach
- Establish disaster recovery plans to guarantee swift business resumption following major incidents

Information Security Incident Response Process

To strengthen information security management and ensure the security of customers' data, systems, equipment, and networks, SPG (KY) has formulated "Rules of Information Security Management" and the IT department of our Taiwan Headquarters is responsible for coordinating and setting up physical equipment at each factory. With mutual collaboration, a reliable operational environment was built to ensure adequate information protection for customers and SPG (KY). In the event of an information security incident, we would follow the internal response process to take response measures immediately to minimize the damages. In 2024, no major information security incident occurred, showing the usefulness of our efforts and effective measures in information security management

information security incident response process



Information Security Policy and Structure

The information security control measures implemented by SPG (KY) include as follows

- 1 Uninterruptible power supply:**
The host in the server room is equipped with uninterruptible power supply and voltage stabilizer to ensure that the operation of computer applications will not be affected during temporary power outages.
- 2 Network protection and secure communication:**
The portal to the external network is equipped with an enterprise level firewall to stop hackers from illegal intrusion. Exclusive MPLS lines are used for site-to-site connection between external units and the Taichung headquarters. Data encryption is used to avoid illegal data extraction.
- 3 Network redundancy:**
We use more than two network services provided by different telecommunications companies to prevent disconnection from ending the service.
- 4 VPN access:**
Employees must apply for a VPN account to access our intranet, and all usage records must be kept for audit.
- 5 Email virus protection:**
The email server is equipped with an anti-virus and spam filtering mechanism. The anti-virus system quarantines or deletes the virus immediately and issues risk reports accordingly.
- 6 System access permissions:**
Employees must follow the internal authorization procedures to gain access to application systems. Upon approval by their supervisors, the IT Center is responsible for creating user accounts and granting appropriate access rights.
- 7 Backup and access control:**
The Company adopts an off-site data backup strategy, storing data in secure facilities with strict access control and 24/7 monitoring to ensure the integrity and confidentiality of critical information.

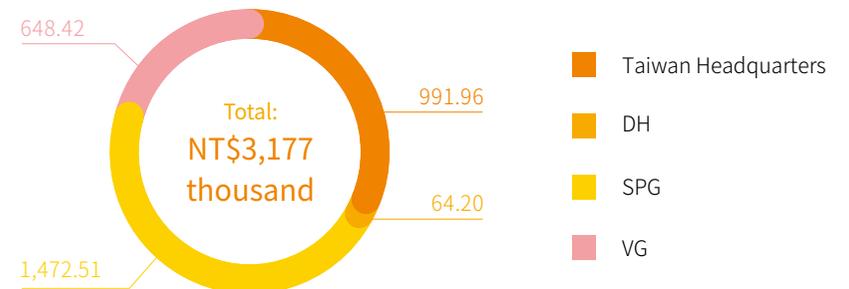
Information Security Management Outcome of 2024

As of the end of 2024, SPG (KY)'s total expenditure on information security systems amounted to NT\$3,177 thousand, primarily covering the following items:

1. Network hardware equipment, such as firewalls, email antivirus systems, spam filters, web usage analysis tools, and managed network switches.
2. Software systems, such as endpoint protection systems, backup management software, VPN authentication, and encryption software.
3. Telecommunication services, such as multiple lines, backup services, and intrusion prevention services.
4. Storage devices and virtual machine systems utilizing a Redundancy architecture to reduce the risk of single points of failure.
5. Manpower input, such as daily system status checks; weekly scheduled backups and offsite storage of backup media; at least two information security awareness training sessions per year; annual disaster recovery drills; and annual internal audits and CPA audits of the information cycle.
6. Information security personnel: One information security supervisor and information security staff, responsible for security architecture design, security operations and monitoring, incident response and investigation, and the review and revision of security policies. The Information Security Supervisor reports to the highest-ranking officer of the information center at least once a year.

Investment in Information Systems of 2024

Unit: NT\$ thousand





2024
Highlights of
Each Plant

【External Vulnerability Scanning】

To strengthen the cybersecurity protection of its operational sites, in 2024 the Company engaged a professional third-party cybersecurity service provider to conduct vulnerability scanning for SPG and SGC and to provide comprehensive inspection reports along with improvement recommendations. Vulnerability scanning is an automated cybersecurity assessment technique that systematically examines operating systems, network devices, applications, and other key components to identify potential security vulnerabilities, classifying and assessing them according to risk level. In addition to listing potential vulnerabilities, the reports provided specific remediation recommendations to help the Company effectively manage system risks, take early preventive and corrective actions, and enhance both cybersecurity resilience and operational stability.

Information Security Training

To ensure all our employees have basic knowledge of information security and protection, new employees have been required to attend training on information and product security before entering factories, and current employees would attend training in turn to ensure they stay updated with the latest security knowledge and skills.

The education and trainings outcome of 2024:

| Location | Trainees (Number of trainees) | Training hours (hours) |
|----------------------|-------------------------------|------------------------|
| Taiwan Headquarters | 19 | 19 |
| Factories in Vietnam | 37 | 37 |
| Factory in Cambodia | 35 | 35 |



▲ SPG (KY) Information Security Training

Regular Audit

The Company cooperates with client brands and accounting firms to conduct information system audits annually. If deficiencies are identified, corresponding improvement plans are developed and reported, with regular follow-up to track implementation progress, thereby reducing internal information security risks.

2024 audit result

| Location | Number of audits (times) |
|----------------------|--------------------------|
| Taiwan Headquarters | 2 |
| Factories in Vietnam | 16 |
| Factory in Cambodia | 4 |

| Major Topic : Customer Privacy | | | |
|--------------------------------|--|---|---|
| Significance to SPG (KY) | The Company collaborates with international sports brands on product development and research, and therefore deeply understands the importance of protecting its own trade secrets as well as customer privacy. This responsibility is not only a legal obligation but also a moral duty. SPG (KY) is committed to ensuring that customer data and business confidential information are properly managed and securely protected. Through mutual trust, SPG (KY) and its brand partners are able to continuously advance business development, achieve progress in product innovation, and build long-term, stable business relationships. | | |
| Policy/ Strategy | Information security management system: The Company's information security management system covers access rights management, network security protection, and internal confidentiality mechanisms to prevent the leakage or unauthorized access of customer confidential information. | Customer data protection All employees are required to sign non-disclosure agreements to ensure that information handled during development and production is not disclosed. An internal tiered management system is in place, assigning access rights based on the sensitivity of information to ensure that only authorized personnel can access relevant data. | Training and continuous improvement Employees regularly participate in information security and data privacy training to enhance their awareness of confidential information protection and strengthen their response capabilities, ensuring the effective implementation of privacy protection measures. |
| Goal | Short-term <ul style="list-style-type: none"> Zero non-conformities in customer audits, with continuous optimization of information security management measures based on customer recommendations. 100% of relevant personnel complete annual training on personal data and confidential information protection, reinforcing company-wide information security awareness. No incidents of data leakage or loss occurred throughout the year. Strengthen access control for personnel and equipment entering critical areas, along with enhanced oversight of data transmission. | Medium to long-term <ul style="list-style-type: none"> Implement AI-based monitoring and anomaly detection systems to enhance real-time surveillance of confidential information access and abnormal activities, further preventing potential data breaches. | |

| | | | |
|--|--|--|--|
| Measures | <p>Access control system</p> <p>The development center employs a dual-authentication access control system using facial and fingerprint recognition. Entry is restricted to authorized personnel during designated working hours, effectively preventing unauthorized access.</p> | <p>Elevator access control</p> <p>Only development center employees and security personnel are granted elevator activation rights. Time-based access restrictions are also in place to strengthen the security of vertical movement within the facility.</p> | <p>Control of photography and recording devices</p> <p>All devices with photo or video recording capabilities must be registered and authorized in advance. Unauthorized devices are strictly prohibited from being brought into the development center to prevent the leakage of technical or product-related information.</p> |
| | <p>Visitor control measures</p> <p>All visitors must complete the application process in advance. All receptions and meetings are limited to designated meeting areas located outside the development center (three meeting rooms and five reception desks). Visitors are strictly prohibited from entering R&D operational areas.</p> | <p>Security and item inspection</p> <p>Security personnel are stationed at all external entrances and exits of the development center. In addition to requiring all personal belongings (including backpacks) to undergo metal detector screening, any items related to sample shoe development must be recorded in the item entry/exit log to enhance access control and traceability.</p> | <p>Visitor Locker Provision</p> <p>Independent visitor lockers are installed outside the Development Center for visitors to store personal belongings, ensuring both convenience and the implementation of information security policies.</p> |
| 2024 Goals, Key Achievements, and Performance Highlights | <ul style="list-style-type: none"> • Annual social engineering drills and training sessions conducted every June to raise awareness and reinforce defensive capabilities. • Obtained information security certifications to enhance employees' cybersecurity knowledge. • Implementation of TrustView file encryption system and integration of the Group's Microsoft Teams platform. • Consolidation of domain and email systems into a unified infrastructure. • Deployment of centralized updates through Group WSUS (Windows Server Update Services) management. | | |
| Communication Channel | <p>In addition to signing and strictly enforcing confidentiality agreements with employees, the Company regularly promotes the importance of information confidentiality and conducts related training sessions for relevant personnel and departments to strengthen overall awareness of data protection. Furthermore, mutual non-disclosure agreements are signed with brand clients, and regular training and reminders are provided to R&D teams on the protection of customer confidential information. These measures ensure that information security principles are upheld throughout the product development and technical collaboration processes, thereby safeguarding customer trust and business confidentiality.</p> | | |

2.5.2 Customer Information Document Control Procedure

The Company has established comprehensive protection measures from both a systematic and technical perspective, including the encryption of sensitive data, access control management, and regular security audits, in order to minimize the risk of customer privacy breaches to the greatest extent possible. SPG (KY) has formulated relevant policies and measures and requires all personnel at its facilities to strictly comply with these regulations.

Protection Measures for Customer Confidential Information and Samples

Institutional measures

1. Sample management: During the sample shipment and development stages, all finished shoe samples borrowed must be registered with relevant documentation, including the borrower’s identity, purpose, borrowing time, and location. In addition, retained sample shoes at the factory are stored in a dedicated sample warehouse and are strictly managed through an RFID control system.
2. Data access protection: All universal interface ports and external storage connection ports (such as USB) are disabled to prevent unauthorized access.
3. Facility security control: Access to the development center is managed through facial and fingerprint recognition systems, along with elevator access authorization controls.
4. Security control: All external exits of the development center are guarded by security personnel. Personal belongings are subject to inspection, and no photography or recording equipment may be brought into the facility unless properly registered and authorized.
5. Awareness training: All new employees must complete 100% of the required training on information security and product safety before entering the factory. In-service employees are required to undergo periodic refresher training on a rotating basis each year.

Technical measures

1. Data access protection: A file server has been established by the Company’s IT department, with access restricted exclusively to authorized personnel from relevant departments.
2. Independent network domain: The development and R&D centers operate on an independent, monitored network. All computers used by relevant personnel are equipped with the Trust View encryption system, which ensures that any files leaked without authorization cannot be opened.
3. Teleconference protocol: To ensure customer privacy and enhance management efficiency, the Dahua Development Center uses only TEAMS links provided by the client for meetings with brand customers. All meetings are recorded and archived for reference.
4. Web access restrictions: Internet access is limited to approved websites based on specific job requirements.
5. Printed document control: All hardcopy documents at the development center must be marked with the word “Confidential.” These documents are not permitted to be taken off-site and must be disposed of according to established procedures, either through individual shredding or centralized destruction.

2.5.3 Information Security Incident Response

In 2024, the Company continued to strengthen its information security protection and monitoring mechanisms by establishing real-time reporting and handling procedures for information security incidents. Regular vulnerability scans and employee training sessions were conducted to effectively prevent potential risks. No customer privacy breaches or major information security incidents occurred during the reporting period, demonstrating the effectiveness of the Company’s information security governance policies and internal control measures in addressing increasingly complex information security challenges.

Overview of Investments in Customer Privacy Systems and Equipment

As of the end of 2024, the Company had cumulatively invested NT\$2.808 million in systems and equipment related to customer privacy protection. The investments covered areas such as information access control, data encryption, security system optimization, enterprise communication software implementation, sample management equipment upgrades, and user access rights management. These efforts comprehensively enhanced the security of customer information throughout the development, production, and communication processes, continuously strengthening the Company’s information security capabilities and demonstrating its commitment to protecting customer privacy.

Investments in Customer Privacy Protection at Each Operating Site in 2024

Unit: NT\$ thousand

| Location | Investment amount |
|----------------------|-------------------|
| Taiwan Headquarters | 1,415 |
| Factories in Vietnam | 1,393 |

03

Innovation through Partnership

Sustainable Value Chain Management

While OEM manufacturing remains the core of the Company's business model, enhancing product sustainability is regarded as a fundamental value. The Company actively builds research and development capabilities by establishing dedicated development centers, enabling close collaboration with clients throughout the entire process, from prototype design to mass production. By adopting innovative technologies and automated equipment, the Company continuously improves footwear production efficiency and quality. Furthermore, it leverages data-driven processes to offer sustainable solutions, working hand in hand with brand clients to achieve innovation and sustainability goals.

Note: The data in this chapter primarily pertains to VG, SPG, ASP, and DH, of which have development centers.

| | | | |
|---|----|--|----|
| 3.1 R&D and Innovative Design | 39 | 3.3 Supply Chain Management and Responsible Procurement | 59 |
| 3.2 Main Materials in Footwear Products | 50 | 3.4 Product Quality and Customer Relationship Management | 62 |

3.1 R&D and Innovative Design

3.1.1 Development and R&D Strategy

Footwear Industry Trends and Opportunities for SPG (KY).

Footwear is categorized as a consumer necessity; however, with ongoing global population growth, rising disposable incomes, increasing health awareness, and the growing popularity of sports, the overall market demand has evolved. It now generally falls into two segments: high-performance athletic footwear and lifestyle footwear, the latter driven by the influence of professional sports events and fashion trends that have expanded the use of sports shoes from professional functions to everyday wear.

In response to these market dynamics and consumer trends, SPG (KY) transitioned from a trading company to an OEM footwear manufacturer in 2000. Leveraging over two decades of industry experience and technical expertise, the company has continuously strengthened its footwear manufacturing capabilities while actively investing in product innovation and diversification. Today, OEM manufacturing of footwear is SPG (KY)'s core business, primarily focused on athletic and lifestyle footwear, with some customized product lines. (For more information about the company, please refer to About SPG (KY).)

Note: For the Group's short- and long-term business development plans, please refer to pages 58-61 of the 2024 Annual Shareholders' Meeting Report.

[▶ About SPG \(KY\)](#)

[▶ pages 58-61 of the 2024 Annual Shareholders' Meeting Report](#)

Innovation Strategy and R&D Responsibilities

Although consumer preferences and style trends evolve rapidly, innovation remains the most fundamental source of competitive advantage and lies at the heart of SPG (KY)'s core philosophy. Since its establishment, the Company has consistently pursued high-quality products through ongoing research and development. Grounded in the principles of "continuously monitoring global trends," "studying the ESG goals and practices of brand customers," and "ensuring internal ESG implementation," SPG (KY) has established dedicated development teams and centers for each major brand partner. Additionally, the Group established the SGP R&D Center in Portugal and later acquired FiL in Germany to jointly specialize in direct injection and automated manufacturing processes. These efforts reflect the Group's proactive approach to both supporting customer needs and developing independent capabilities, enabling SPG (KY) to deliver enhanced services and solutions aligned with sustainable development trends. In 2024, the Group invested NT\$503,860 thousand in R&D (accounting for 2.73% of consolidated net revenue), supported by 1,078 research and development professionals. This substantial resource allocation underscores SPG (KY)'s strong commitment to driving innovation and sustainable growth.

Note: For details on the academic background and experience of R&D personnel, as well as the Group's annual R&D expenditures, please refer to page 58 of the 2024 Annual Shareholders' Meeting Report.

[▶ page 58 of the 2024 Annual Shareholders' Meeting Report](#)



• SPG (KY)’ s R&D Teams and Development Capabilities

To ensure the effective execution and documentation of technological innovation, SPG (KY) engages in two primary modes of collaboration with brand customers: development partnerships and research partnerships. Through well-established internal processes and cross-functional coordination, the Company is able to respond swiftly to market changes. These capabilities enable SPG (KY) to stand out amid intense industry competition and become a trusted long-term partner to leading international brands.



Development Collaboration

Based on the product concepts and timelines proposed by brand customers, SPG (KY) is responsible for the development of new shoe models, mold design, and prototype testing. From the early stages of development, the Company identifies the key seasonal features and proactively searches for suitable materials and manufacturing technologies to meet the requirements of new structural designs, color schemes, or specific marketing campaigns. To mitigate risks that may arise in the later stages of development due to special materials or supply chain constraints, SPG (KY)’ s technology transfer unit has, since 2023, initiated trial production earlier in the process, providing real-time feedback and testing results to customers. This has effectively enhanced development efficiency and improved controllability over product launch schedules.



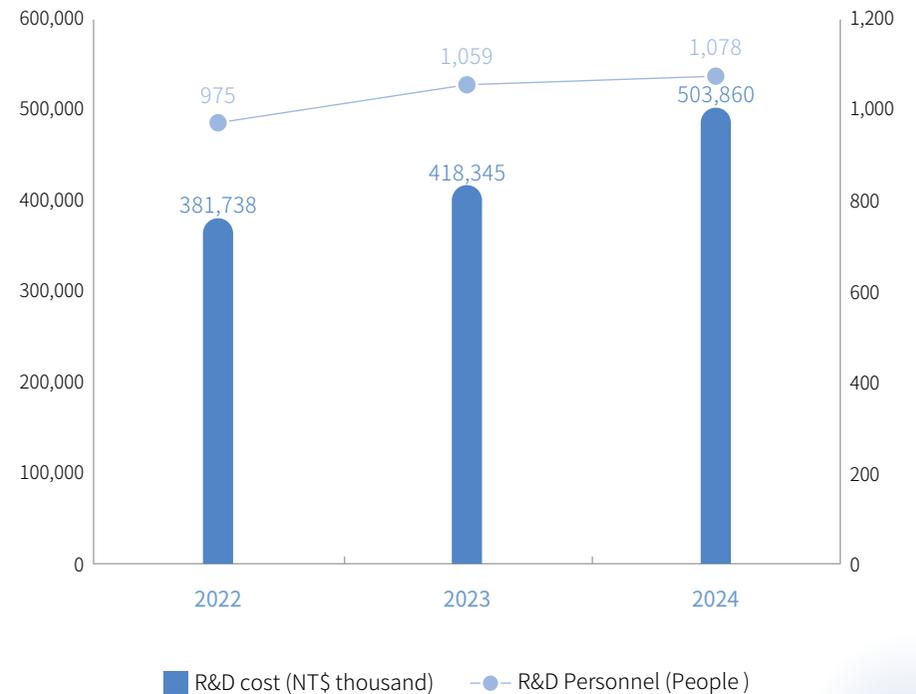
R&D Collaboration

In addition to its expertise in OEM manufacturing, SPG (KY) leverages its extensive development experience to explore innovative possibilities. With the goal of “challenging conventional thinking to turn the impossible into possible,” the Company takes a proactive role in enhancing production processes, molds, or tooling fixtures. It actively experiments with new materials and processing methods, pushing the boundaries of existing technical frameworks. Anchored in a customer-oriented mindset, SPG (KY) also proposes forward-looking product and service solutions to meet evolving brand demands.

• R&D Expenditures and Personnel Over the Past Three Years

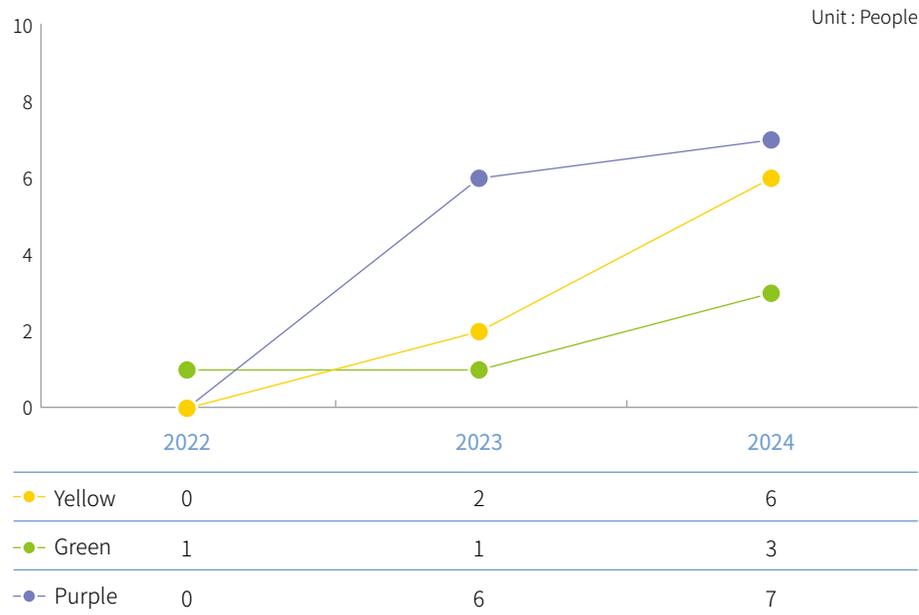
SPG (KY) continues to dedicate substantial resources annually to material research and process enhancement, aiming to deliver high-quality products that meet brand customers’ expectations and to strengthen the Company’ s position within the footwear manufacturing industry. Following the implementation of the IoT simulation and predictive scheduling system in 2023, the focus for the current year remains on ongoing R&D initiatives. Most R&D expenditures were allocated toward advancing direct injection technologies and improving various production processes. For details on innovation outcomes and optimization results, please refer to 3.1.2, “Technological Advancements from Process Optimization to Low-Carbon Applications,” of this Report.

▶ 3.1.2 Technological Advancements from Process Optimization to Low-Carbon Applications



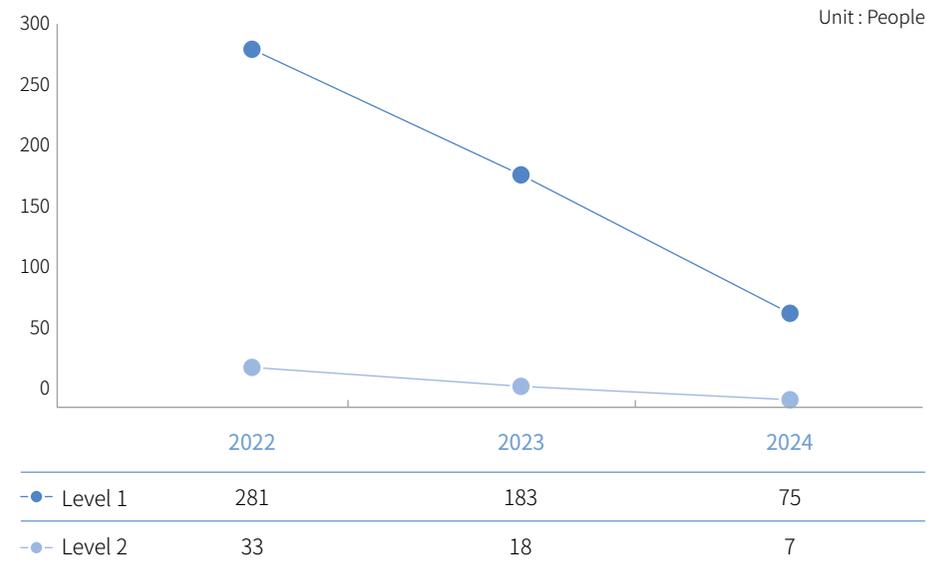
Robust innovation and R&D capabilities are not only a key competitive advantage for SPG (KY) but also the foundation upon which the Company was established. To demonstrate its long-term commitment to local development and the cultivation of technical talent, as well as to foster effective collaboration with brand representatives stationed at the factories, the Company empowers its teams with appropriate authority and autonomy, thereby enhancing creativity and employee engagement. In 2024, local (Vietnamese) developers accounted for an average of 87.04% of the R&D personnel at the factory level. In addition to participating in regular internal training programs to strengthen their technical knowledge and skills, R&D staff at VG and SPG also underwent professional evaluations organized by brand clients, demonstrating both internal growth and external recognition of their capabilities. Specifically, in 2024, 16 employees at VG were certified under the Nike GDE developer program, including 6 at the Yellow level, 3 at the Green level, and 7 at the Purple level. At SPG, 82 employees completed the Adidas developer training program, with 75 certified at Level 1 and 7 at Level 2.

Number of VG employees certified through Nike GDE developer program



Note: The Nike GDE certification consists of three levels, Yellow, Green, and Purple, ranked from basic to advanced, each corresponding to specific levels of development experience and skill requirements. Yellow Level: Requires a minimum of six months of footwear development experience. Candidates are expected to have a basic understanding of product development, mass production processes, materials, cost structures, chemical compliance, as well as upper and outsole manufacturing processes; Green Level: Typically requires two to three years of development experience. Individuals at this level are capable of independently addressing technical issues and completing complex tasks or projects under the guidance of a Purple-level developer. Strong written and verbal communication skills are also required; Purple Level: Requires over five years of development experience. Developers at this level are expected to demonstrate innovative problem-solving abilities and strong cross-functional collaboration skills. Purple-level developers are capable of leading projects or teams and of communicating and coordinating effectively with brand clients.

Number of SPG employees trained through Adidas developer program



In recent years, the number of participants in development training has shown a downward trend, primarily due to the increasingly stable structure of the Company's overall workforce, resulting in fewer new employees and consequently affecting the scale of annual training sessions.

Note: The Adidas developer training program consists of two levels. Level 1: Requires participation in and passing of regular internal training and evaluations (including football, American football, baseball, and outdoor casual shoes) conducted by team leads across different footwear categories. Level 2: Requires completion of a series of fundamental shoemaking process training modules and the ability to independently carry out the full development process of a single pair of shoes.

In 2024, SPG (KY)'s manufacturing sites continued to demonstrate outstanding development capabilities, achieving exceptional results in product development. The number of development requests received and successfully completed is summarized as follows:

| Year | VG | SPG | ASP | DH |
|------|-----|-------|--------------------|--------|
| 2022 | 162 | 1,111 | 46 | _Note2 |
| 2023 | 167 | 1,268 | 4 ^{Note3} | 23 |
| 2024 | 157 | 1,422 | 6 ^{Note3} | 46 |

Note:

1. The above data represents the total number of development requests received and approved regardless of shoe models.
2. There is no relevant data of 2022 for DH.
3. ASP revised its data compilation method starting in 2023, resulting in slight discrepancies compared to previous years. Additionally, some 2024 development projects were discontinued due to brand strategy adjustments and did not proceed to mass production, leading to an overall development approval rate of less than 100%.

Innovation Strategy

SPG (KY)'s R&D strategy is closely aligned with the sustainability goals of its brand clients. The Company is committed to increasing the proportion of recycled and eco-friendly materials used in finished footwear by 2025, based on varying brand and product specifications. At the same time, it aims to reduce the use of adhesives and solvents and promote water-saving manufacturing processes to minimize environmental impact. To achieve these objectives, the Company focuses on exploring new materials and adopting innovative processes, extensively utilizing certified recycled materials and prioritizing local sourcing to reduce carbon emissions from transportation within the supply chain. SPG (KY) continues to prioritize “eco-friendly and low-carbon” and “lightweight design” as its main innovation directions. It is expanding the application of low-carbon materials and integrating lightweight injection-molding technologies to develop innovative products with both market potential and sustainability value.

In 2024, SPG (KY) successfully developed a new cleat structure and has filed for patents in multiple countries. The breakthrough has earned strong recognition from brand clients and showcases the Company's robust capabilities in functional structural innovation. Looking ahead, the Company's R&D efforts will remain focused on upgrading direct injection manufacturing technology, developing new products, automating production processes, introducing real-time online inspection record systems, implementing high-speed cloud-based visual defect recognition, and building a cloud-based control and management platform—all aimed at enhancing smart manufacturing efficiency and product quality.

Note: For details on the Group's future R&D plans and projected R&D expenditures, please refer to page 84 of the 2024 Annual Shareholders' Meeting Report.

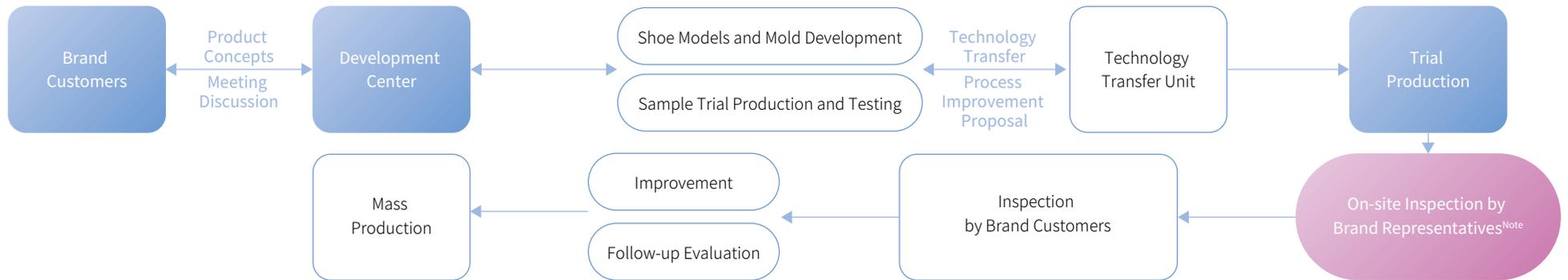
[▶ page 84 of the 2024 Annual Shareholders' Meeting Report](#)



Innovation and R&D Process

SPG (KY) adopts a rigorous R&D process to ensure that product development precisely meets the needs of brand clients. The entire process is driven by cross-functional collaboration. It begins with product developers, cost estimators, and procurement personnel working together to transform client-provided concepts into tangible prototypes, while also preparing a preliminary cost estimate. Next, experienced engineers conduct structural development and process design based on the technical drawings, considering both manufacturability and design integrity to ensure a balance between functionality and production efficiency. Finally, skilled sample makers craft precise prototypes according to the specifications, with full support from the back-end team to meet clients' high expectations for quality and delivery schedules.

To enhance technical communication and development consistency, SPG (KY) assigns a dedicated team from a designated factory to handle the development activities for each brand. This ensures communication efficiency and technical alignment. At the same time, recognizing variations in production capacity across facilities, SPG (KY) follows a standardized technology transfer process to disseminate technical outcomes to its AW and SGC production bases. This approach ensures a smooth transition from development to stable mass production. Additionally, a real-time feedback mechanism is established to continuously optimize production efficiency and product quality.



Note: This non-standard process is executed only under specific circumstances. In 2024, due to development needs, brand representatives stationed in Vietnam temporarily traveled to the SGC plant to assist in clarifying requirements and enhancing the understanding of form development-related matters.

Agile Culture Promotion

Given the rapid changes in the industry environment and ongoing breakthroughs in technology and business models, we have introduced an internal proposal incentive mechanism in VG and SPG factories to encourage employees to review existing operations thoroughly and identify potential areas for improvement, leading to their active participation in process innovation and improvement. SPG (KY) then rewards employees based on the contribution of their proposals to our profit to raise their participation, engagement, and efficiency. In 2024, employees at VG submitted a total of 410 improvement proposals, of which 357 were approved (an approval rate of 87.07%). The most impactful proposal involved adjusting the rotation speed and voltage parameters of the Corona Treater^{note}, significantly improving equipment performance and nearly doubling production output.

Note: A corona treater is a type of surface treatment equipment that operates by generating a corona discharge through high voltage, thereby altering the physical and chemical properties of the material's surface to enhance surface energy and adhesion. The Company uses this equipment to treat the surfaces of eco-friendly shoe uppers and outsoles.

Internal Proposal Management and Incentive Guidelines – VG

- Proposal Submission Incentive:**
 A reward of VND 50,000 per approved proposal. Employees who accumulate five approved proposals within a year are eligible for a merit record (minor merit) as additional encouragement.

- Efficiency Incentive:**
 A one-time bonus is granted based on a set percentage of the estimated monthly cost savings generated by the approved improvement.

- General Manager's Annual Special Contribution Award:**
 VND 10 million / 5 million / 3 million, depending on the impact level of the individual case; each proposal is eligible for this award only once.

3.1.2 From Process Optimization to Low-Carbon Applications: Technological Advancements

Moving Toward Automation and Smart Manufacturing

In the past, the footwear industry faced significant technical and craftsmanship challenges in implementing standardized processes. The manufacturing workflow heavily relied on manual real-time adjustments, and the time required for mold transitions often led to delivery delays. As a result, the industry has long been regarded as highly labor-intensive. In recent years, the rise of retro fashion trends has further complicated shoe designs, intensifying dependence on manual operations. In light of the global impact of the COVID-19 pandemic, the continuous rise in labor costs across Southeast Asia, and increasing brand client expectations for production transparency, SPG (KY) began to reevaluate its production model, seeking ways to enhance product added value and exercise greater control over cost structures. In response, the Company introduced automation and digital technologies to advance toward “smart shoemaking” and drive upgrades in footwear craftsmanship. As of 2024, SPG (KY) has implemented Real-Time Systems across its operational factories to collect production data. By leveraging big data analytics and cloud computing, the Company enhances production stability, speed, and flexibility. Continuous investment in automation, innovative technologies, process optimization, and footwear material development enables SPG (KY) to meet client expectations for high-quality products and rapid market responsiveness, thereby deepening partnerships with brand clients and solidifying its leading position in the industry.

Note: Smart shoemaking begins with data digitization, collecting big data across all production processes through information systems. This data is then used to set design parameters, improve production efficiency, reduce costs, and enhance product quality. Automated control systems, such as cutting machines that calculate cutting positions to optimize material usage and QR code-enabled cartons for centralized shipping, help ensure more consistent product quality. These systems also reduce labor requirements, enable more efficient factory management, and lower manufacturing costs. Product standardization allows for faster production with consistent output, increasing customer trust. These capabilities are key for standing out in the highly competitive footwear industry.

Leading Technologies

SPG (KY) is actively advancing process optimization and low-carbon applications through a multifaceted approach encompassing material selection, process improvements, and jig development. The Company is committed to enhancing product performance while achieving the goal of sustainable manufacturing. The following highlights represent SPG (KY)’s continued investment and innovation in the footwear industry. For additional information on the Group’s successfully developed technologies and products, please refer to page 59 of the Company’s 2024 Shareholders’ Meeting Annual Report.

[▶ page 59 of the Company’s 2024 Shareholders’ Meeting Annual Report](#)

Material Technology

- Percentage of recycled shoe materials

In response to rising environmental awareness, the Company actively promotes the use of recycled materials. At present, all virgin polyester fibers have been fully replaced with non-virgin, recycled polyester fibers, thereby reducing reliance on fossil-based resources. In the short term, the Company aims to achieve a 20% to 50% usage rate of recycled materials in finished footwear products by 2025, with actual proportions adjusted based on the specific requirements of brand clients.

2024 Highlights by Facility

- ✦ VG used a total of 40,105 kg of recycled outsole rubber powder (a 58.42% increase from the previous year), with the proportion of recycled rubber powder added varying slightly by shoe model and averaging between 3% and 9%.
- ✦ SPG continued to manage classifications based on brand client requirements for EPM grades and selected qualified eco-friendly materials accordingly, maintaining approximately 85% of products using varying proportions of recycled materials, covering PU synthetic leather, textiles, outsoles, and EVA.

• The Usage Strategy of Green Water-based adhesives

The Company continues to strictly comply with brand clients’ certified chemical adhesive lists to ensure that all chemicals used are free from prohibited substances and meet the required reductions in volatile organic compound (VOC) content. Water-based adhesive testing has been proactively implemented, and if performance and appearance are comparable to traditional solvent-based products, water-based chemicals are prioritized. Currently, over 90% of the inks used in the printing process are water-based eco-friendly inks, and the proportion of water-based paints used in outsole treatment processes is also maintained at over 85% (for details, please refer to Section 3.2.3 Hazardous Substances and Chemical Management of this Report).

2024 Highlights by Facility

- ✦ VG has launched a Low Carbon (LC) chemical implementation program required for International Sustainability and Carbon Certification (ISCC), with certification expected in 2025 to enhance sustainable supply chain management and product carbon footprint transparency.
- ✦ ASP, while ensuring product quality stability, has introduced a single-side adhesive application process to effectively reduce adhesive usage and lower VOC emissions.

• Development and Mass Production of New Low-Carbon Eco-Friendly Injection Molded Outsoles

2024 Highlights by Facility

- ✦ In 2022, VG developed an injection molded outsole made from a new green material and applied it to a mass-produced shoe model successfully, and the product was produced and launched in the first quarter of 2024 successfully. It became the first factory using the new material and manufacturing process for mass production among NIKE’ partners in Vietnam. The adoption of this new green material for the shoe upper and outsole offers athletes with a lightweight and comfortable wearing experience and a significant reduction in environmental impact during the manufacturing process. Compared to traditional materials, the application of this green material may result in a reduction of approximately 2.5 kilograms of carbon emissions per pair of shoes.
- ✦ The Company will continue to maintain strong partnerships with brand clients and actively promote the application of this technology across more product lines, demonstrating its commitment to sustainable innovation and market leadership.

Note: For more information and images of the shoe model, please refer to NIKE official website.

▶ 3.2.3 Hazardous Substances and Chemical Management

▶ NIKE official website



Manufacturing Process Technology Innovation

- Automated Equipment Investment

A higher production efficiency and a faster shoe model changing could be achieved by installing machinery and automated equipment. Although the footwear manufacturing process still heavily relies on manual operations, making some automation procedures difficult to fully replace human labor, SPG (KY) continues to actively introduce diverse systems and equipment to mitigate the operational impact of labor fluctuations and to align with the future trend toward industry intelligence. These efforts include the adoption of simulation and predictive scheduling systems (IoT), real-time production data collection systems (Quality Information Platform, QIP), and integrated automation information systems (Manufacturing Execution System, MES).

2024 Highlights by Facility

- ❖ To enhance transparency and operational efficiency in the development process, VG has independently developed a Product Lifecycle Management (PLM) system. This system digitally tracks all key records during the development phase, strengthening data integration and process control. It is scheduled for implementation on production lines in 2025, and related results and benefits will be disclosed in detail in the following year's ESG report.
- ❖ To meet brand clients' diverse NOSEW design requirements and improve efficiency, SPG invested approximately NT\$552,091 in the purchase of a vacuum NOSEW (seamless bonding technology) machine. The new equipment is expected to reduce NOSEW processing time by approximately 29% and improve efficiency by around 190%.

- Smart Footwear Development Equipment Investment

Traditional athletic footwear not only enhances sports performance but also plays a crucial role in reducing the risk of injuries. With advancements in sports science and technology, recent years have seen the integration of data analytics to help athletes perform at their best under optimal load conditions, while placing greater emphasis on load management during training and post-exercise recovery. As a result, performance requirements for athletic footwear have significantly increased in areas such as protection, shock absorption, slip resistance, comfort, weight reduction, and elasticity.

To promote smart manufacturing and industrial upgrading, the rapid development of 3D printing technology has revolutionized footwear development. By applying this technology in the early stages of product design, shoe components can be produced with speed and precision using proprietary layer-by-layer techniques that eliminate the need for traditional molds. This not only significantly reduces development costs but also shortens development cycles, enabling brands to respond swiftly to fast-changing trends in the fashion market.

2024 Highlights by Facility

- ❖ To accelerate the transformation of creative concepts into physical products, VG invested approximately NT\$48,148 this year in the purchase of 3D printing equipment for the production of simple fixture and outsoles, which has been successfully applied in the trial sample development process.
- ❖ To enhance design flexibility and technical capability in upper manufacturing processes, SPG invested approximately NT\$96,295 this year in the acquisition of a new 3D NoSew machine. This equipment enables NoSew processing on three-dimensional sections of the shoe upper, overcoming the limitations of traditional NoSew techniques that could only be applied to flat surfaces.

Fixture Innovation

- Self-Developed Shoelace Tying Fixture

In response to brand customers' demands for process improvement, VG introduced a self-developed fixture for shoelace tying in its production process. (For details, please refer to the Company's 2023 ESG Report, page 50)

▶ the Company's 2023 ESG Report, page 50

3.1.3 Product Lifecycle Extension

Integrated Sustainability Strategies Across the Product Lifecycle

With the growing occurrence of extreme climate events and rising demand for sustainability, global attention to ESG has become a central issue. As more industries undergo green transformation and as information becomes more accessible and widespread, environmental concerns are poised to become a leading global agenda. Although the overall pollution level of the footwear industry is relatively low, the global athletic footwear industry still emits approximately 700 million tons of carbon dioxide annually. Moreover, with the rapid turnover of fashion trends in recent years, consumers are replacing their shoes more frequently, leading to a significant increase in waste. In response to this global wave of environmental awareness, SPG (KY) adheres to the philosophy of “challenging conventional thinking” by comprehensively evaluating the impact of product sustainability and deeply integrating sustainability principles across all stages of the product lifecycle.

| Stage | Item | SPG (KY)' s measures | 2024 Highlights by Facility |
|--------------------------|---|---|---|
| Raw material procurement | Local Procurement | <ul style="list-style-type: none"> • Prioritize selecting local suppliers located closer to the factory to reduce carbon emissions from transportation. • Give priority to collaborating with certified suppliers that offer recyclable materials | ASP <ul style="list-style-type: none"> • The proportion of materials procured locally in Vietnam has reached 90% of the total usage. |
| | Choose environmentally friendly materials | <ul style="list-style-type: none"> • Ensure 100% use of materials that meet customer-certified standards. • Actively collaborate with suppliers that produce recyclable materials, prioritizing the use of renewable, recyclable, and environmentally friendly materials to reduce dependence on natural resources. • Adjust the usage ratio of water-based and solvent-based inks by having the development center proactively test the performance of water-based inks and regularly provide samples for customer evaluation. | VG & AW <ul style="list-style-type: none"> • In response to NIKE' s net-zero sustainability goals, recycled materials are used in specified footwear models at proportions ranging from 20% to 50%. • Outsoles that meet recycling criteria are sent to brand-designated partner facilities for recycling. The recycled material, processed into powder, is then reintroduced into the new outsole production according to formula proportions, achieving resource circularity and reducing the use of virgin materials. |
| Product design | Selection of footwear materials | <ul style="list-style-type: none"> • Through continuous trials and improvements, the proportion of recycled materials used is steadily increased. Clear targets for recycled material content in footwear are established to meet brand client requirements, with specific ratios varying slightly across factories depending on the brand. • Ensure 100% use of chemicals that comply with national regulations and are certified to MRSL Level 3 standards, while gradually replacing solvent-based chemicals with water-based alternatives. • Fully replace virgin polyester materials with non-virgin, recycled polyester fibers to reduce reliance on fossil-based resources. | SPG & SGC <ul style="list-style-type: none"> • All certified materials are managed through the EPM system with a tiered classification based on their recycled content ratio. Materials are categorized into five levels, and their respective grades are clearly indicated in the material names within the bill of materials to enhance identification and traceability efficiency. • Since 2022, the sustainable product standard has been officially implemented, requiring that environmentally friendly materials account for a certain proportion of the total product weight— with footwear products containing at least 20%. • The VOC content of adhesive used in each finished pair of shoes is below 11g/pair. DH <ul style="list-style-type: none"> • All mesh materials currently in use are now made from 100% recycled content. |
| | Packaging reduction | <ul style="list-style-type: none"> • Reduce the use of paper shoe supports and tissue paper in both samples and finished products to achieve lighter packaging and lower carbon emissions during transportation. • Loosen the packaging requirements for shipping sample shoes. | SPG <ul style="list-style-type: none"> • Currently, only confirmed shoe (CFM) samples still use inner box packaging; all other samples are packaged using dismantled cardboard dividers. • Starting in 2023, paper stuffing has been completely eliminated from American football and baseball footwear models to align with customers' product positioning, marketing strategies, and sales plans for the U.S. market. DH <ul style="list-style-type: none"> • Insert tissue paper has been completely eliminated from all running shoe models. ASP <ul style="list-style-type: none"> • All shoe models completely eliminate the use of shoe trees and paper stuffing. |

| Stage | Item | SPG (KY)' s measures | 2024 Highlights by Facility |
|-----------------------------|----------------------------|--|--|
| Product Production | | <ul style="list-style-type: none"> Continuously optimize design and manufacturing processes by using optimized cutting layouts to reduce raw material waste effectively. Integrate structural design by combining components to reduce fabric consumption and enhance material utilization. In response to rising labor costs, automated production lines are being gradually introduced to enhance operational efficiency and production stability. Introduce intelligent footwear development equipment to accelerate the design verification process and enhance development efficiency and accuracy. | <p>VG</p> <ul style="list-style-type: none"> By adopting lightweight outsole and upper designs combined with eco-friendly materials, the product's carbon footprint has been effectively reduced. This year, the carbon emissions per pair of shoes are approximately 1.15 kgCO₂/pair. <p>SPG</p> <ul style="list-style-type: none"> Most production processes are completed in-house, minimizing the need for outsourced reprocessing. This approach not only reduces resource waste but also helps prevent the leakage of information related to customers' new products. |
| | | <p>Transportation</p> <ul style="list-style-type: none"> Reduce carbon emissions through packaging reduction and efficient. | <p>SPG & SGC</p> <ul style="list-style-type: none"> Adidas has proposed the use of green energy and electric transportation; however, due to infrastructure and local limitations in Vietnam and Cambodia, this initiative has not yet been implemented. Currently, only certain warehouses at SPG have adopted electric vehicles for material preparation and delivery operations. |
| Product marketing and usage | | <ul style="list-style-type: none"> Clearly label the recycling rate on shoe boxes to strengthen consumers' trust in products and attract like-minded consumers. | <p>VG & AW</p> <ul style="list-style-type: none"> In alignment with NIKE's net-zero sustainability goals, selected footwear models incorporate 20% to 50% recycled materials. Each shipment includes an MTZ (Move to Zero) eco-material hangtag to help consumers identify the product as a sustainably designed model. <p>Note: Based on the proportion of recycled materials used in finished shoes, two types of eco-material hangtags are issued: a "20% Eco-Material Hangtag" is attached when recycled content ranges from 20% to 49%, and a "50% Eco-Material Hangtag" is used when the recycled content reaches 50% or higher.</p> |
| | |  <p>(MTZ tag will be attached to shoes when delivery.)</p> | <p>SPG & SGC & DH</p> <ul style="list-style-type: none"> According to the design and manufacturing process requirements of different shoe models, products are equipped with corresponding specialized hangtags—such as GORE-TEX® or PRIMALOFT® functional material tags—to highlight product features and technological advantages. |
| Disposal and recycling | Recycling and regeneration | <ul style="list-style-type: none"> Implement plastic-free packaging and adopt a single-material design to simplify our supply chain and recycling process. | <p>VG & AW</p> <ul style="list-style-type: none"> Reduce shoe box printing processes by adopting unbleached packaging. <p>DH</p> <ul style="list-style-type: none"> Collaborate with mesh suppliers to carefully sort leftover mesh scraps after cutting, encouraging suppliers to recycle and reuse these materials. |

R&D Achievements of 2024

With years of professional research and continuous attention to customers' demands and industry trends, SPG (KY) has constantly invested in the development of innovative products and technologies. The R&D achievements of 2023 are summarized as follows:

NIKE TERRA MANTA

VG continues to expand its development capabilities and has successfully launched two casual footwear models—NIKE TERRA MANTA and NIKE PACIFIC. These releases demonstrate the company's diverse expertise beyond the football footwear sector and highlight its strong capabilities in developing high-quality casual shoes. The Terra Manta features a minimalist low-cut design combined with a classic retro style. Its upper blends fabric and leather to enhance texture and durability, while the outsole is reinforced for improved traction, offering both abrasion resistance and flexibility. The shoe is constructed with at least 20% recycled materials.

For more information and images of the shoe model, please refer to NIKE official website.

[▶ NIKE official website](#)



Adidas F50+

The Adidas F50+ stands as the flagship model of the F50 series, engineered for ultimate speed. It features the Sprintframe360+ outsole, delivering exceptional acceleration and responsiveness. The Fiber touch upper is paired with a Lightstrike Pro midsole insert, offering a lightweight yet supportive fit. Additionally, the Sprintweb3D structure on the upper enhances ball control at high speeds. This ultra-lightweight football boot also incorporates sustainable design elements, with at least 20% recycled materials, balancing top-tier performance with environmental responsibility.

For more information and images of the shoe model, please refer to Adidas official website.

[▶ Adidas official website](#)



NIKE PACIFIC

The Nike Pacific draws inspiration from retro aesthetics to create a lightweight, modern silhouette. Featuring a combination of mesh and suede materials, the design is accentuated by a plush Swoosh logo and a flexible herringbone-patterned outsole, playfully capturing the spirit of 1970s style.

For more information and images of the shoe model, please refer to NIKE official website.

[▶ NIKE official website](#)



ASICS MENACE 5

The MENACE5 marks a departure from ASICS' traditional football and rugby footwear craftsmanship, introducing the KINT construction for the first time to enhance foot lockdown and support. Designed to perform at its best during both training and game days, this model incorporates advanced features—such as heel lift technology—to help reduce pressure on the legs. Its silhouette also breaks away from ASICS' classic shape, leaning more toward a sleek, speed-oriented profile. Visually, it features a bold and dynamic appearance, making it a standout model.

For more information and images of the shoe model, please refer to ASICS official website.

[▶ ASICS official website](#)



3.2 Main Materials in Footwear Products

3.2.1 Raw Material Management

Policy on Stable Supply and Quality Control of Raw Materials

Raw materials commonly used in the footwear industry include synthetic leather, outsoles, packaging materials, glues, and textiles. SPG (KY) has established a strict evaluation mechanism for each type of material. All procurement sources must be approved by brand customers to ensure quality and compliance. To reduce operational risks caused by sourcing concentration, the company not only continues to expand its raw material supply base and proactively assesses future demand for bulk chemical materials, but also closely monitors price trends to manage inventory effectively. Moreover, the company actively develops a diversified supplier network to mitigate the impact of supply chain risks, decrease delays or cost pressures caused by difficulties in obtaining specialty materials during late-stage development, and enhance the overall resilience and stability of the supply chain. (For further details, please refer to 3.3.1 "Supplier Management Policy" in this Report.)

[▶ 3.3.1 Supplier Management Policy](#)

3.2.2 Material Composition and Sustainability Considerations

Accurate Monitoring of Key Material Usage

To uphold high standards of data integrity, the current raw material procurement data collected only covers five operating sites: SPGTW, VG, SPG, AW and SGC. The Company is committed to continuously optimizing its data collection procedures by strengthening supervision, recording, and archiving mechanisms. These efforts aim to expand coverage to additional facilities over time, thereby enhancing the completeness and transparency of material usage disclosures and fulfilling stakeholders' expectations for reliable information. Furthermore, in response to sustainability requirements from brand clients and to extend product lifecycles, several production sites have introduced recycled materials into their manufacturing processes—particularly for footwear uppers and outsoles. This initiative not only reduces the environmental impact of production but also exemplifies the Company's proactive commitment to sustainable operations.

| Category | Raw Material | Renewable/ Non-Renewable Materials | Unit | Procurement Volume in 2024 | Actions to Minimize Environmental Impact |
|------------------------|---------------------|---------------------------------------|--------------|-------------------------------|--|
| Synthetical Leather | Synthetical leather | ● Non-Renewable Materials | Meter | 679,964.30 | <ul style="list-style-type: none"> • Purchase from local suppliers to lower carbon emission during transportation. • Collaborate with verified suppliers providing recyclable materials. |
| | | ● Renewable Materials | Meter | 50,612.21 | |
| | PU leather | ● Non-Renewable Materials | Meter | 709,033.42 | |
| | | ● Renewable Materials | Meter | 2,923,254.32 | |
| | | ● Renewable Materials | Square meter | 19,921.00 | |
| Textiles | Shoelace | ● Renewable Materials | Metric ton | 1,151.02 | |
| | | ● Non-Renewable Materials | Pair | 10,634,247.00 | <ul style="list-style-type: none"> • Use low-pollution dyes, establish processes that is socially responsible and work with suppliers to ensure its compliance with the principle. |
| | | ● Non-Renewable Materials | Metric ton | 96.96 | |
| | | ● Renewable Materials | Pair | 1,814,198.00 | |

| Category | Raw Material | Renewable/ Non-Renewable Materials | Unit | Procurement Volume in 2024 | Actions to Minimize Environmental Impact |
|---|---------------------------|---------------------------------------|--------------|-------------------------------|---|
| Textiles | Textiles (Mesh) | ● Non-Renewable Materials | Meter | 4,112,213.98 | <ul style="list-style-type: none"> • Use low-pollution dyes, establish processes that is socially responsible and work with suppliers to ensure its compliance with the principle. |
| | | ● Non-Renewable Materials | Pair | 2,238.00 | |
| | | ● Non-Renewable Materials | Meter | 312.00 | |
| | | ● Non-Renewable Materials | Metric ton | 1,156.29 | |
| | | ● Renewable Materials | Meter | 2,468,241.84 | |
| | | ● Renewable Materials | Pair | 9,857.00 | |
| | Textile | ● Non-Renewable Materials | Meter | 16,100.00 | |
| | | ● Renewable Materials | Meter | 15,347.23 | |
| | | ● Renewable Materials | PCS | 74,086.00 | |
| | Sock knitting | ● Non-Renewable Materials | Metric ton | 23.12 | |
| | | ● Renewable Materials | Pair | 4,047,946.00 | |
| | | ● Renewable Materials | PCS | 369,033.00 | |
| | Webbing | ● Non-Renewable Materials | Meter | 3,069,088.68 | |
| | | ● Non-Renewable Materials | Square meter | 32,774.00 | |
| | | ● Non-Renewable Materials | Ton | 13.24 | |
| | | ● Renewable Materials | Meter | 95,454.25 | |
| | | ● Renewable Materials | Square meter | 11,180.00 | |
| Sewing Threads | ● Non-Renewable Materials | CON | 259.00 | | |
| | ● Non-Renewable Materials | PCS | 177,821.00 | | |
| | ● Non-Renewable Materials | Ton | 41.78 | | |
| | ● Renewable Materials | Meter | 6,194.00 | | |
| | ● Renewable Materials | CON | 40,576.00 | | |
| Others (Non-woven Fabric, Canvas and Nylon) | ● Non-Renewable Materials | Ton | 138.10 | | |
| Outsole | TPU Outsole | ● Non-Renewable Materials | Pair | 2,182,839.00 | <ul style="list-style-type: none"> • Grind recyclable outsole into powder and reuse the powder during the production of outsole. • Use recycled rubber, decrease the usage of new material. |
| | | ● Non-Renewable Materials | Ton | 1,205.31 | |
| | | ● Renewable Materials | Pair | 945,933.00 | |

| Category | Raw Material | Renewable/ Non-Renewable Materials | Unit | Procurement Volume in 2024 | Actions to Minimize Environmental Impact |
|-----------------------|-----------------------------------|---------------------------------------|------------|-------------------------------|---|
| Outsole | Sole | ● Non-Renewable Materials | Pair | 5,037,486.00 | <ul style="list-style-type: none"> Grind recyclable outsole into powder and reuse the powder during the production of outsole. Use recycled rubber, decrease the usage of new material. |
| | | ● Renewable Materials | Pair | 3,736,325.00 | |
| | | ● Renewable Materials | PCS | 38,199.00 | |
| | IP sole (self-produced) | ● Non-Renewable Materials | Pair | 2,635,201.00 | |
| | | ● Renewable Materials | Pair | 2,924.00 | |
| | Rubber sole (self-produced) | ● Non-Renewable Materials | Pair | 4,173,207.00 | |
| | | ● Non-Renewable Materials | Ton | 292.66 | |
| | | ● Renewable Materials | Pair | 48,239.00 | |
| | Others (EVA outsole, rubber) | ● Non-Renewable Materials | Ton | 78.93 | |
| | | ● Non-Renewable Materials | Ton | 1,176.35 | |
| Glue | Primer/ Hot melting adhesive film | ● Non-Renewable Materials | Metric ton | 587,615.01 | <ul style="list-style-type: none"> Use water based adhesive or low VOC (Volatile Organic Compounds) adhesive. |
| | | ● Non-Renewable Materials | Meter | 53,035.20 | |
| | | ● Non-Renewable Materials | GAL | 520.00 | |
| | | ● Renewable Materials | Meter | 456.29 | |
| Packaging Material | Internal/External box | ● Non-Renewable Materials | PCS | 8,213,238.00 | <ul style="list-style-type: none"> Use recyclable material, decrease usage of package, and advocate the Green Package Standards. |
| | | ● Renewable Materials | PCS | 5,266,928.00 | |
| | | ● Renewable Materials | PCS | 10,647.00 | |
| | | ● Renewable Materials | Ton | 245.41 | |
| | Wrapping paper | ● Non-Renewable Materials | PCS | 3,426,800.00 | |
| | | ● Renewable Materials | PCS | 24,761,457.00 | |
| | | ● Renewable Materials | Ton | 78.74 | |
| | Hang tag/Hang tag string/Sticker | ● Non-Renewable Materials | Pair | 2,573,509.00 | |
| | | ● Non-Renewable Materials | PCS | 5,043,424.00 | |
| | | ● Renewable Materials | PCS | 3,996,510.00 | |
| ● Renewable Materials | | Ton | 0.17 | | |

Recycled Material Reuse

The Company’s current measures include adding recycled rubber powder during the outsole manufacturing process, adopting varying proportions of recycled materials based on different product characteristics, and collaborating with mesh fabric suppliers to carefully sort mesh offcuts generated during cutting. This helps suppliers effectively recycle the materials and reintegrate them into the production process, thereby achieving circular material management. (For details, please refer to 3.1.3 Product Lifecycle Extension of this Report.)

In addition, during regular onboarding training for new employees, SPG (KY) prioritizes the use of scrapped main and auxiliary materials, as well as leftover raw materials from the production floor—materials that have been confirmed as usable by the Quality Control Department and suppliers—as training materials for hands-on practice. This approach not only enhances trainees’ practical experience but also effectively reduces material waste and improves the reuse rate of raw materials. In 2024, this initiative demonstrated significant energy-saving and waste-reduction results at SGC, especially as the number of new hires more than doubled in response to growing order volumes. It successfully supported large-scale new employee training needs while aligning with the Company’s commitment to sustainable operations.

[▶ 3.1.3 Product Lifecycle Extension](#)

2024 Highlights by Facility

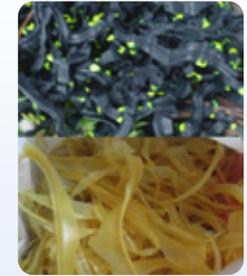
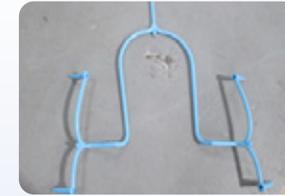
The types and proportions of recycled materials used by SPG this year are as follows:



Column of Sustainability

• Sustainable Transformation of Recycled Footwear Manufacturing Waste

As a commonly seen plastic material, thermoplastic can be pliable or moldable at a certain elevated temperature and solidifies upon cooling; thus, it is widely used in product production. Rubber is the prime material used during the production of rubber soles. To protect our Earth, SPG (KY) and our brand partners adhere to the principles of sustainable recycling. We actively collaborate on developing solutions that maintain the functionality of soles while recycling plastic waste into plastic pellets and collecting, sorting, and grinding rubber waste into powder. Portions of both types of recycled materials are reintegrated into the manufacturing process without compromising the functionality of the soles. We are actively collaborating to develop solutions that maintain the functionality of shoe soles. This involves recycling plastic waste into plastic pellets and collecting, sorting, and grinding rubber waste into powder, with portions of both types of recycled materials reintegrated into the manufacturing process. This approach effectively reduces the proportion of new shoe sole materials used, minimizes the negative environmental impact of waste, and achieves efficient resource reuse, promoting the practice of a circular economy.



▲ Thermoplastic reprocess into plastic pellets.

▲ Rubber sole trimmings were reprocessed into rubber powder.

Measures and Effects of Leftover Material Reduction

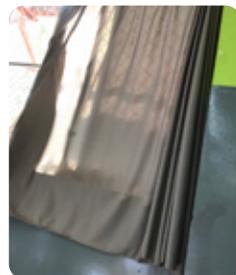
SPG (KY) aims to reduce resource waste, lower costs, and maximize resource utilization. Therefore each division must plan relevant measures for reducing leftover material, taking practical actions to lessen environmental impact. The related implementation measures include:

1. By Adopting improved cutting die and investing in automated equipment such as computer-aided laser cutting machines, the Company integrates all order dimensions and quantities through a centralized system to perform optimized layout calculations. This enhances material utilization and enables simultaneous automatic cutting operations, thereby maximizing production efficiency and effectively reducing material waste.
2. Conduct regular employee training to improve job skills and enhance process yield.
3. Repurpose leftover material into factory tablecloths, curtains, chair covers, office supplies, and installation art within the facility to give it a second life.

Continuously monitor the production process and implement improvements and optimizations to enhance material utilization efficiency.



▲ Seating and tables for a rest area made from recycled metal drums



▲ Curtains made from scrap fabric



▲ Creating a pen holder from shoelaces



▲ Installation art made from EVA, discarded pallets and cutting die.



3.2.3 Hazardous Substances and Chemical Management

| Major Topic : Product Chemical Management | | | | | |
|--|---|---------------------------|---------------------------|--|---|
| Significance to SPG (KY) | In line with our commitment to protecting the planet and human well-being, the Company places equal emphasis on business growth and environmental sustainability. We strictly adhere to brand requirements and local regulations by using certified chemicals that meet eco-friendly and non-toxic standards. A systematic chemical management mechanism has been established to cover all stages—procurement, transportation, storage, and usage. Through effective control measures, we not only reduce the risk of employee exposure to hazardous chemicals and ensure a healthy and safe working environment, but also prevent potential environmental harm caused by the leakage or improper disposal of chemical waste. | | | | |
| Policy/ Commitment | The Company is committed to full compliance with the standards of the Restricted Substances List (RSL) and Manufacturing Restricted Substance List (MRSL). We conduct standard promotion and training for all employees to raise awareness of compliant chemical usage. When purchasing chemicals, strict adherence to the company’s established procurement procedures is required. Suppliers must provide test reports verifying conformity with RSL and MRSL standards. In accordance with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), suppliers are also required to submit Safety Data Sheets (SDS) or Material Safety Data Sheets (MSDS). These measures ensure transparency, safety, and compliance in chemical usage. | | | | |
| Goal | <table border="1"> <thead> <tr> <th>Short-term Goals</th> <th>Medium to Long Term Goals</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Adherence to legal requirements and fulfillment of customer expectations. Achieve zero incidents of chemical spills or major environmental pollution. </td> <td> <ul style="list-style-type: none"> Adopt safer and more environmentally friendly chemicals. Regulatory compliance and customer requirement fulfillment. </td> </tr> </tbody> </table> | Short-term Goals | Medium to Long Term Goals | <ul style="list-style-type: none"> Adherence to legal requirements and fulfillment of customer expectations. Achieve zero incidents of chemical spills or major environmental pollution. | <ul style="list-style-type: none"> Adopt safer and more environmentally friendly chemicals. Regulatory compliance and customer requirement fulfillment. |
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| Measure | <ul style="list-style-type: none"> Ensure that all chemicals used are accompanied by complete Material Safety Data Sheets (MSDS) and relevant international certifications, in full compliance with brand customer requirements and applicable regulations. To reinforce safety awareness among all employees, the Company clearly communicates chemical management requirements through regular training programs and standardized operating procedures (SOPs). Establish and implement the “Chemical Safety Management Procedure,” “Emergency Response Procedure,” and chemical warehouse access control guidelines to fully enforce the management requirements of the Restricted Substances List (RSL/MRSL). In accordance with brand customer requirements and local regulations, the Company conducts regular chemical safety training and chemical spill response drills to enhance employees’ ability to respond to emergency situations. | | | | |
| 2024 Company Goals and Performance Highlights | <table border="1"> <thead> <tr> <th>Company Goal for 2024</th> <th>Achievement Progress</th> </tr> </thead> <tbody> <tr> <td>Regulatory compliance and fulfillment of customer requirements</td> <td>✓ Achieved</td> </tr> </tbody> </table> | Company Goal for 2024 | Achievement Progress | Regulatory compliance and fulfillment of customer requirements | ✓ Achieved |
| | Company Goal for 2024 | Achievement Progress | | | |
| Regulatory compliance and fulfillment of customer requirements | ✓ Achieved | | | | |
| | <ul style="list-style-type: none"> ✓ Use of ZDHC-Compliant Chemicals: The proportion of chemicals used in the production process that comply with the Manufacturing Restricted Substances List (ZDHC MRSL) requirements has met the standards required by each brand customer. ✓ Implementation of Chemical Spill Drills: All five factories in Vietnam and the factory in Cambodia conduct chemical spill response drills twice a year. Through on-site simulations, employees’ emergency response capabilities and chemical safety handling skills are reinforced, ensuring a prompt and effective reaction in the event of unexpected incidents. | | | | |
| Communication Channel | <ul style="list-style-type: none"> The Company closely monitor the latest developments in environmental regulations and periodically assign personnel to participate in environmental protection seminars organized by government agencies. This allows us to stay informed of policy trends and transform the knowledge gained into internal training resources for our facilities. A dedicated hotline is posted on the bulletin boards of each department, enabling employees to promptly report any irregularities in chemical management. This supports timely corrective actions and effective risk control. The Company cooperates with brand customers in regularly conducting chemical management audits and evaluations. Through external reviews and recommendations, we continuously optimize our chemical management system. | | | | |

Zero Discharge of Hazardous Chemicals Policy

The footwear manufacturing process involves a diverse range of chemicals. To ensure the health and safety of end users and to reduce the potential environmental impact of its products, SPG (KY) has established a chemical management procedure in line with the latest international regulations on hazardous substances and customer requirements. This procedure clearly defines the content of environmentally regulated substances in all product materials and sets out the operational guidelines for employees handling hazardous chemicals within the factories.



Work Guidelines

| | |
|-------------|--|
| <p>Plan</p> | <p>Identification and Implementation of Regulatory and Brand Requirements</p> <ul style="list-style-type: none"> Seek safer sources of chemicals and notify suppliers of corresponding measures: regularly review and update management policies and restricted substance lists based on hazardous substance regulations and brand customer requirements. <p>Concrete Measures Taken in 2024 : Achieved full compliance</p> <p>SGC updates and uploads the factory-wide Chemical Inventory List (CIL) to the BVE3 system interface monthly for monitoring and management. It also cooperates with the Ministry of Industry (MOI) of Cambodia during the annual audit to obtain and maintain chemical compliance permits.</p> |
| <p>Do</p> | <p>Chemical Risk Assessment</p> <ul style="list-style-type: none"> New Suppliers, Materials, and Specifications Must Undergo Standard Verification: In accordance with the “Hazard Identification and Risk Assessment Management Procedure,” purchasers are required to follow the internal chemical procurement process, which mandates that suppliers provide an RSL or MRSL report prior to sample submission. Additionally, suppliers must submit a compliant Safety Data Sheet (SDS) or Material Safety Data Sheet (MSDS) in accordance with the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) standards. Process from Internal Audit Record to Material Order Submission: To ensure chemical compliance, procurement personnel collaborate with the Environment, Health, and Safety department to review chemical documentation. Based on the review results, relevant information is simultaneously updated in the Hazard Identification and Risk Assessment Form. Only after confirming compliance with applicable restricted substance regulations can the chemical be approved for bulk procurement and use. Departmental Information Sharing: Execution results and regulatory information are updated and shared with relevant departments on an annual basis to promote cross-departmental collaboration and ensure information transparency. <p>Concrete Measures Taken in 2024 : Achieved full compliance</p> <p>VG is working in collaboration with NIKE to implement ISCC certification and conduct LC chemical testing</p> |

Check

Hazardous Substance Testing

- Incoming Material Monitoring and Nonconformity Handling Mechanism: Random sampling inspections of incoming materials are conducted according to batch sampling guidelines to monitor whether material specifications comply with the requirements of the Restricted Substances List. If a material is deemed non-compliant, it will be returned to the supplier, who is then required to implement corrective and preventive measures.
- Safety Implementation Measures: Chemicals should be stored in well-ventilated areas that are protected from direct sunlight. Storage zones must be equipped with proper fire alarm systems and automatic fire extinguishing devices. In addition, all related equipment—such as lighting, switches, negative-pressure ventilation systems, wiring, and connectors—must be fitted with fire- and explosion-proof insulation to ensure overall storage safety.

Note: When the chemical storage area exceeds 2,000 square meters, a 50-kilogram wheeled fire extinguisher must be installed.

Concrete Measures Taken in 2024 : Achieved full compliance

Action

Chemical Labeling and Handling Management

- Clear hazard warning signs must be displayed on all chemicals and their storage equipment. Pregnant employees are strictly prohibited from entering or working in areas where chemicals are used. In accordance with SDS/MSDS requirements, adequate personal protective equipment (PPE) must be provided to employees. In addition, chemical containment trays, ventilation systems, eye wash stations, safety showers, and fire-fighting equipment must be properly installed.
- Warehouse Management: Warehouse personnel are required to strictly follow operational procedures for managing the inbound and outbound movement of chemicals. During each receipt or dispatch process, the condition of industrial precursor chemicals must be inspected and accurately recorded in the Industrial Precursor Chemical Record Form to strengthen control and traceability. Based on material requisition forms, required items are prepared in advance and physically verified on-site by warehouse staff together with production personnel, followed by signature confirmation. Designated ERP system operators then complete the outbound inventory transaction in accordance with the requisition form to ensure complete material traceability and accounting consistency.
- Chemical Spill Response Drills and Training: The Company conducts safety training on hazardous chemicals every three months. In compliance with fire safety and environmental protection regulations, internal audits and emergency drills are carried out every six months to thoroughly review and ensure the adequacy of emergency supplies and equipment required for responding to chemical spill incidents. In the event of a spill, the Company follows the “Emergency Preparedness and Response Management” and the “Corrective and Preventive Action Management Procedure” to ensure proper handling, mitigate risks, and prevent escalation.
- Final Disposal of Chemical Waste: In accordance with the “Waste Disposal Procedure,” all chemical waste—including packaging bags, tools, and materials contaminated with chemicals—must be properly collected, sorted, and stored in designated waste storage areas. Qualified contractors are then commissioned to transport and dispose of the waste safely, in compliance with both internal company regulations and local laws.

Concrete Measures Taken in 2024 : Achieved full compliance

Chemical Container Usage Instructions



Cover the storage container with a lid.

Legible labels



secondary containment sump

Chemical Spill Drill

Two chemical spill response drills are conducted annually at all five factories in Vietnam and at the Cambodia factory. The drills cover several critical topics, including common types of chemicals and their potential hazards to human health, proper storage methods, safe handling practices, and emergency response procedures in the event of a spill. These drills aim to enhance employees' emergency response capabilities and safety awareness when facing chemical incidents. To evaluate the effectiveness of both learning and practice, assessments are conducted following each drill. The results are used to reinforce training outcomes and serve as a basis for optimizing future course content and response procedures, thereby ensuring a healthy and safe workplace environment.



▲ Photo of SPG's chemical spill response drill



▲ Photo of AW's chemical spill response drill

3.3 Supply Chain Management and Responsible Procurement

3.3.1 Supplier Management Policy

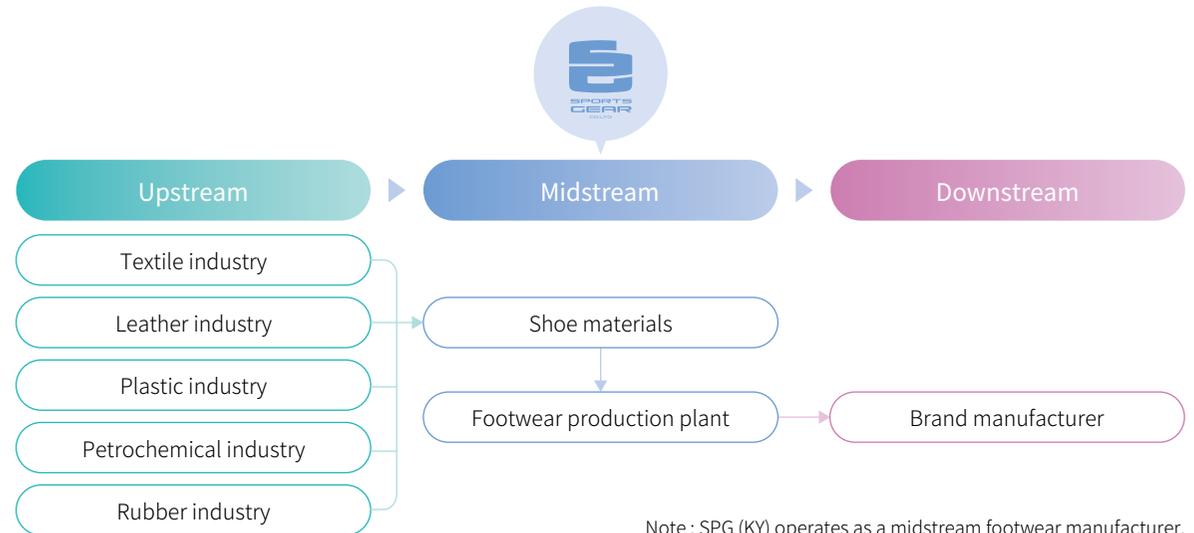
Partnership with Suppliers

Suppliers are essential partners in achieving sustainable development. Leveraging its corporate influence, SPG (KY) recognizes its responsibility as part of the global footwear supply chain to uphold social responsibility. The Company fosters close and collaborative relationships with its supplier partners, upholding the principles of integrity and fairness in all business dealings. Suppliers are encouraged and urged to adhere to ethical business practices, respect labor and human rights, and provide safe, respectful, and inclusive working environments. Through mutual growth and shared values, SPG (KY) strives to maintain long-term, stable partnerships that generate positive impacts across economic, environmental, and social dimensions.

Supply Chain Overview

The footwear supply chain can be divided into three main segments: upstream, midstream, and downstream. The upstream segment primarily provides raw materials required for shoe manufacturing, including textiles, leather, chemicals, and more. Different shoe components require various types of raw materials for processing and production. The midstream segment encompasses material suppliers and footwear manufacturers, where SPG (KY) operates. This segment is responsible for shoe last development and the production of finished footwear. The downstream segment is led by brand owners who handle product design and development, and may collaborate with contract manufacturers to complete production. Finished products are ultimately sold to end consumers through the brands' own sales channels or authorized distributors. As of the end of 2024, SPG (KY) collaborates with a total of 173 Tier 1 (T1) suppliers worldwide.

Note: For more information regarding the Group's upstream, midstream, and downstream industry relationships, please refer to p.56 of the Company's 2024 Annual Shareholders' Meeting Report.



Note : SPG (KY) operates as a midstream footwear manufacturer.

[p.56 of the Company's 2024 Annual Shareholders' Meeting Report](#)

Supplier Management

All raw materials used by SPG (KY) are sourced from qualified suppliers approved by our customers. To mitigate supply risks arising from factors such as supplier concentration, geopolitical tensions, and natural disasters—and to enhance overall supply chain resilience—the Company actively develops a diversified supplier base to establish a flexible and robust supply network. To ensure that supplier practices align with the Company's principles of sustainable operations and business requirements, SPG (KY) has established the Supplier and Contractor Management Procedure and the Qualified Supplier/Contractor Management Register as foundational guidelines for supplier compliance. Relevant requirements are also incorporated into contractual agreements as mandatory clauses. Should a supplier violate any of these provisions, engage in bribery or other unethical business conduct, or cause significant negative impacts on the environment or society, the Company reserves the right to immediately terminate or rescind the contract.

Supplier Selection and Evaluation

Supplier Selection

SPG (KY) gives priority to suppliers designated by its customers. If no specific supplier is designated, the procurement department, in coordination with relevant supporting units, evaluates actual needs and identifies suitable suppliers. For first-time suppliers providing raw materials or processing services, a comprehensive qualification review must be completed before any transaction can proceed. This review includes verification of the supplier’s business registration, tax documentation, production capacity, quality assurance, environmental and human rights policies, financial status, contract conditions, trading terms, and whether an anti-bribery declaration has been signed. In addition, new suppliers are required to sign the Integrity and Corporate Social Responsibility Commitment and the Environmental Protection and Safety Commitment for Contractors. Only after passing the evaluation will the supplier be assigned a unique identification code and included in the Company’s supplier management system for ongoing monitoring and management.

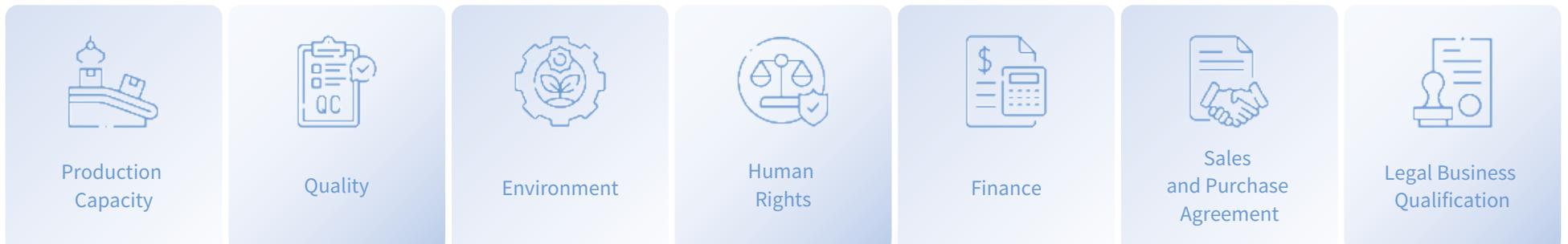
SPG (KY)- 【Integrity and Corporate Social Responsibility Commitment】

Business partners involved in activities such as negotiations, supply of goods, service provision, contracting, technical collaboration, logistics, payments, or any other aspects of contract execution that require interaction with the Group personnel or access to related information are required to sign this commitment. This measure is intended to ensure alignment with the Group’s values on business ethics and social responsibility, fostering a shared commitment to sustainable development.

Supplier Evaluation and Audits

SPG (KY)’s suppliers maintain high standards in health, safety, and environmental performance. The Company conducts continuous oversight and improvement through institutionalized mechanisms, including periodic evaluations and annual audits. Our suppliers are required to comply with internal protocols such as the Supplier Audit Procedure, Supplier Statistics Form, and Supplier Periodic Evaluation Summary Form. Each year, the Company selects its top 25 suppliers based on transaction volume during a designated period. These suppliers undergo two rounds of joint interdepartmental evaluations, based on seven core criteria established in the supplier certification standards issued by brand clients. In addition, annual audits are conducted to assess compliance in areas including labor conditions, environmental, health and safety (EHS), and anti-terrorism security measures. In the current reporting year, suppliers associated with VG and AW have successfully completed third-party audits and obtained certifications including SGS, ISO 9001, and ISCC PLUS. Meanwhile, supplier factories working with DH are actively pursuing environmental permit applications. These efforts reflect the joint commitment of SPG (KY) and its partners to continuous improvement in quality management and environmental sustainability.

Seven Key Dimensions of Supplier Certification Standards



For suppliers whose evaluation results do not meet the standards set by each facility, the procurement unit will proactively intervene to provide guidance and urge the supplier to propose concrete improvement measures. In cases where deficiencies are identified during audits, the supplier must complete corrective actions within the specified timeframe to ensure compliance with the Company’s management requirements. If the same supplier receives an evaluation score below 75 points for two consecutive assessments, the procurement unit will continue to provide support and oversight. In addition, SPG (KY) will escalate the matter to the General Manager for further review and determination of appropriate actions. However, in cases where significant deficiencies are identified and such issues severely impact product quality, the Company reserves the right to immediately terminate its cooperation with the supplier in order to safeguard supply chain stability and maintain overall product quality standards.

According to the audit results for 2024, all identified deficiencies were rectified within the designated timeframe and met the required audit standards. This outcome demonstrates the proactive commitment of suppliers to improvement and compliance, as well as the effectiveness of the Company’s oversight and management mechanisms.

3.3.2 Responsible Procurement

Procurement Policy

SPG (KY)’s procurement policy is guided by the core principles of compliance, localization, and sustainability. All raw materials are sourced from qualified suppliers approved by brand clients. The Company prioritizes suppliers within the same region as its factories to reduce carbon emissions generated during transportation. SPG (KY) actively collaborates with suppliers that hold international or industry-recognized certifications and, in alignment with client requirements, procures materials that are recyclable or contain recycled content. Through green procurement practices, the Company fulfills its corporate social responsibility and enhances environmental friendliness and resource circularity throughout the supply chain.

- Procurement Capacity of VG &AW

To enhance the professional capabilities of the procurement teams at our manufacturing sites in material management and problem-solving, the Company has collaborated with brand clients to establish an evaluation and training program. This program is structured around three key dimensions: process knowledge, soft skills, and technical competence. It aims to build core competencies in procurement personnel related to critical materials and production processes. A tiered certification system—Yellow, Green, and Purple—has been developed based on the depth of knowledge and skills, serving as benchmarks for capability assessment and promotion. This framework not only helps team members clearly identify their learning goals and development paths but also enables them to respond more effectively to the complex and ever-changing challenges of material management.

Local Procurement

While building a flexible supply chain, SPG (KY) also aims to contribute to local economic development through procurement activities at each of its operational sites. By actively collaborating with local suppliers, the Company reduces overall supply chain carbon emissions and creates local employment opportunities. On average, over 75% of the Company’s procurement of raw materials, products, and services is sourced locally. These are primarily produced by factories established in the region by internationally renowned suppliers designated by brand clients. With guidance from global experts, these facilities ensure compliance with international environmental standards, sustainable operations, and consistent quality assurance.

Unit: Number of companies; Percentage (%)

| Item | No. of Company | Percentage |
|---------------|----------------|------------|
| Compliant | 29 | 100.00% |
| Non-compliant | - | -% |
| Total | 29 | 100.00% |

over 75%
of the Company’s procurement
of raw materials, products, and services
is sourced locally.

3.4 Product Quality and Customer Relationship Management

Excellence in quality is a fundamental cornerstone of SPG (KY)'s position as a world-class manufacturer of sporting goods. The Company is committed to delivering high-quality products as its most basic promise to clients. Through rigorous production management and quality control systems, each product undergoes multiple layers of inspection and testing before delivery to ensure consistent product quality, minimize customer complaints, and strengthen client trust and satisfaction. In addition, the Company continues to invest in technological innovation to enhance product performance and durability, thereby meeting consumer expectations for high-quality products.

3.4.1 Quality Management

| Major Topic : Product Quality | | | | | | | |
|--|--|---------------------------|---------------------------|--|--|--|------------|
| Significance to SPG (KY) | Only by delivering high-quality products can we achieve high levels of satisfaction from brand clients and end consumers, create a win-win situation, enhance the overall value of the factory, and strengthen the Company's competitiveness in the global market. | | | | | | |
| Policy/Strategy | The Company implements a Total Quality Management (TQM) system and actively adopts systematic and automated technologies. Through data-driven management, we enhance product stability and production efficiency, reduce quality risks, and ensure product consistency. At the same time, we continuously promote a quality-oriented culture, fostering employees' sense of responsibility and professional competence in quality, thereby strengthening the overall quality system. | | | | | | |
| Goal | <table border="1"> <thead> <tr> <th>Short-term Goals</th> <th>Medium to Long Term Goals</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Continue to strengthen employees' awareness of teamwork and enhance their understanding of the importance of systematic management and record-keeping, ensuring that every step of the operation is fully documented and traceable. Implement the daily Right First Time (RFT) program to continuously reduce defect rates at all stages of production, thereby improving overall yield and process stability. Implement the Product Lifecycle Management (PLM) system to ensure that all data from product development through to mass production is systematically recorded and managed. Reduce the rate of general customer complaints and prevent the occurrence of major complaint cases </td> <td> <ul style="list-style-type: none"> Optimize the integration of the Product Lifecycle Management (PLM) system and the Quality Management System (QMS) to enhance data interoperability and management efficiency across systems, thereby strengthening information flow and decision support capabilities. Establish factory-specific data standards and data language models to enable intelligent manufacturing and precise decision-making. Continue to drive quality improvement initiatives, aiming to achieve zero customer complaints and eliminate bulk returns throughout the year. </td> </tr> </tbody> </table> | Short-term Goals | Medium to Long Term Goals | <ul style="list-style-type: none"> Continue to strengthen employees' awareness of teamwork and enhance their understanding of the importance of systematic management and record-keeping, ensuring that every step of the operation is fully documented and traceable. Implement the daily Right First Time (RFT) program to continuously reduce defect rates at all stages of production, thereby improving overall yield and process stability. Implement the Product Lifecycle Management (PLM) system to ensure that all data from product development through to mass production is systematically recorded and managed. Reduce the rate of general customer complaints and prevent the occurrence of major complaint cases | <ul style="list-style-type: none"> Optimize the integration of the Product Lifecycle Management (PLM) system and the Quality Management System (QMS) to enhance data interoperability and management efficiency across systems, thereby strengthening information flow and decision support capabilities. Establish factory-specific data standards and data language models to enable intelligent manufacturing and precise decision-making. Continue to drive quality improvement initiatives, aiming to achieve zero customer complaints and eliminate bulk returns throughout the year. | | |
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| Measures | <ul style="list-style-type: none"> Building on existing practices in safety, durability, and hazardous substance control, the Company has adopted more stringent management standards to strengthen five key indicators: product safety margin, durability, hazardous substance compliance, customer usage safety, and out-of-box defect rate—thereby comprehensively enhancing product quality. In accordance with brand client standards and local regulatory requirements, the Company rigorously controls the quality of raw material and product testing by leveraging in-house professional laboratories and third-party testing agencies. | | | | | | |
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| Shorten the lead-time in shoe prototyping and trial producing process. | ✓ Achieved | | | | | | |
| Maintain reliable delivery times and superior quality standards. | ✓ Achieved | | | | | | |

| | | |
|--|--|---|
| <p>2024 Company Goals and Performance Highlights</p> | <ul style="list-style-type: none"> ✔ Efficient Delivery Management Results: The sample on-time delivery rate reached 100%, demonstrating the Company's strong integration capabilities in supply chain collaboration, schedule management, and quality stability. This continuously reinforces customer trust in delivery performance and product quality. ✔ Quality Control Team Recognition: The quality inspection teams have successfully passed qualification certifications from brand clients. For example, the SPG inspection team achieved Adidas's highest-level quality testing certification, and DH has 17 quality management personnel who obtained certified qualifications from ASICS. | <ul style="list-style-type: none"> ✔ Stable Growth in Product Quality and Customer Satisfaction: Consumer return rates have continuously decreased compared to the same period in 2023. ✔ Stable production with high quality: The overall average yield of the five factories in Vietnam and the factory in Cambodia reached 99.73% throughout the year. |
| <p>Communication Channel</p> | <ul style="list-style-type: none"> • Regular product introduction sessions and quality review meetings are held to facilitate cross-departmental communication and enhance brand clients' understanding of product features, while also reviewing quality issues and formulating improvement measures. • On a monthly basis, the Company collaborates with brand clients to review Q-KPI, evaluating relevant data and tracking progress toward target achievement. | |

Rigorous Quality Control

SPG (KY) has consistently upheld high standards in product inspection and testing. In terms of quality management, the Company follows internally established guidelines such as the High-Frequency Product Audit (HFPA) protocol and the Acceptable Quality Limit (AQL) sampling inspection standards. These are further integrated with global quality management standards specified by brand clients to form a systematic and practical quality management process. The Company also undergoes regular quality audits conducted by brand clients at its various production sites to continuously strengthen quality control and ensure stable product performance. Currently, the VG, SPG, AW, and SGC manufacturing sites have all obtained ISO9001 Quality Management System certification, demonstrating SPG (KY)'s strong commitment to building and continuously improving its quality management system.

Customer Quality Audit

To ensure products adhering to high-quality standards, our brand customers irregularly assign personnels to our factories to conduct an overall assessment on production process and product quality. Random inspections are also performed at different production stages, including raw material inspection, production line process control, inspection pass rate, warehouse complaint handling effectiveness and most importantly, finished product warehouse inspection.



▲ VG's certification of ISO 9001 (Validity Period: 2023/2/24-2026/2/23)



▲ SPG's certification of ISO 9001 (Validity Period: 2022/9/28-2025/9/27)



▲ AW's certification of ISO 9001 (Validity Period: 2024/3/6-2027/3/5)



▲ SGC's certification of ISO 9001 (Validity Period: 2023/4/9-2026/4/8)



▲ ASP's certification of FHI

ASP's Quality Assurance

In addition to the aforementioned sites being certified under the ISO 9001 Quality Management System, ASP has established stringent qualification review standards and a professional certification system for quality inspection personnel, in accordance with brand client requirements.

Quality inspection personnel at the plant are required to have at least six months of work experience in the finished goods warehouse inspection room. After completing the required training programs, candidates must pass multiple interviews and assessments to obtain the FHI certificate. (This certificate does not have a specified validity period; however, it is only valid within the issuing plant and becomes void if the personnel resign or are transferred to another facility.)

Product Quality Requirements and Comprehensive Inspection

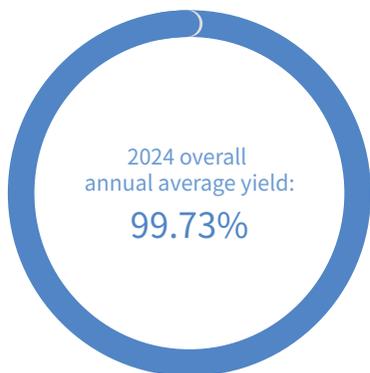
Although the Company has widely adopted machinery and automated equipment in its production processes to enhance efficiency and stability, many products still involve labor-intensive manual operations. As a result, quality inspection remains an indispensable and critical part of production. While the specific quality standards set by each brand may vary slightly in detail, the inspection process can generally be categorized into three main stages: incoming material inspection, in-process inspection, and final product inspection. Through the integration of real-time defect reporting mechanisms and the Quality Management System (QMS), SPG (KY) is able to closely monitor the quality status of each shoe model during production, promptly identify and address potential issues in key processes, and uphold the “Three No's Quality Policy”: do not accept defective products, do not produce defective products, and do not release defective products.

| Checkpoint | Item | Explanation | Purpose |
|-----------------------|--|--|--|
| Material incoming | Appearance inspection and physical testing | <ul style="list-style-type: none"> Quality inspectors conduct appearance inspections based on material types and perform 100% inspections on fabrics and 30% random inspections on attachments. Send materials to laboratories for physical property testing, including chemicals. Require chemical suppliers to provide their certificates of analysis (COA). | Implement strict source control and only materials passing both appearance inspection and testing are distributed for production |
| Production | Online patrol inspection | <p>Environment</p> <ul style="list-style-type: none"> Check the correct settings of the temperature, speed, pressure and the washing water pH value of online machines; meanwhile, check working procedures to make sure employees operate in accordance with operational manuals <p>Product</p> <ul style="list-style-type: none"> When a defect is identified on the production line, quality control personnel immediately record the issue in written or electronic form and notify the production supervisor at once. Necessary actions—such as suspending the production line—are taken until the issue is resolved. In addition, any quality abnormalities are reported to the Quality Control Department manager for further analysis and resolution of potential quality issues Each of our factory has established real-time yield reporting systems to timely record the status of inspected products (both qualified and defective), allowing supervisors to observe the results in time and require improvements as needed | Ensure abnormal quality is handled immediately and prevent defective products from further production and release. |

| Checkpoint | Item | Explanation | Purpose |
|----------------------|---|---|---|
| Production | 100% inspection of finished products | <p>Perform the inspections according to finished shoe inspection standards. If any defective products are found, record problems in logbooks, mark them with labels and categorize them based on problem types.</p> | Prevent products of different grades from being misused or release. |
| | HFPA | The HFPA is another critical checkpoint. During the manufacturing process, products from each order are inspected based on random inspection standards specified by brands to ensure every batch of products follows quality requirements. | Help identify potential quality issues and implement corrections promptly. |
| | Customer On-site Sampling Inspection | Customer representatives stationed at the factory conduct daily sampling inspections in the inspection room. Quality assurance personnel from the shoe manufacturer assist with unboxing and organizing the shoes to be inspected. The brand's on-site staff then perform sampling based on the order size to ensure that product quality meets customer standards. | Ensure the quality of footwear and packaging produced by the factory meets customer requirements and standards. |
| Finished product | Random inspection of finished products in storage | Inspection is conducted based on the order quantity using the AQL standard to determine the appropriate sample size. | Conduct final random inspections before shipment to prevent defective products from being released. |
| | Laboratory Inspection and Testing | Sampling inspections for hydrolysis, flexing, light exposure, tear strength, tensile, chemical substance analysis, and ozone resistance tests are conducted by either the in-house laboratory or certified third-party laboratories. These tests are performed to verify that the finished products from the production line comply with the functional specifications required by brand clients. | Ensure product safety and eliminate potential risks during use. |
| | Outgoing quality control | Perform final inspections before shipping. All boxed products are subject to a metal detector inspection and a random inspection once again. | Ensure the safety, durability and consistent quality of every product delivered to customers. |

Product Yield Rate

“Yield Comes First, Quality Prevails” has always been the core quality philosophy upheld by SPG (KY). In 2024, the Company produced a total of 35,595 thousand pairs of finished shoes, representing a 19.7% increase compared to 2023. Among them, 21,837 thousand pairs (61.3%) were manufactured in Vietnam, while 13,758 thousand pairs (38.7%) were produced in Cambodia. The product yield rate across all factories consistently remained above 99%, with an overall annual average yield rate of 99.73%, demonstrating the Company’s outstanding performance in both production efficiency and quality management.



• Product Yield Rates for the Last Three Years

Unit: %

| Location | | 2022 | 2023 | 2024 |
|----------------------|-----|--------|--------|--------|
| Factories in Vietnam | VG | 99.25% | 99.20% | 99.19% |
| | SPG | 99.92% | 99.91% | 99.85% |
| | AW | 99.86% | 99.87% | 99.88% |
| | ASP | - | 99.76% | 99.81% |
| | DH | 99.87% | 99.51% | 99.68% |
| Factory in Cambodia | SGC | 99.95% | 99.94% | 99.95% |
| Overall Average | | 99.77% | 99.70% | 99.73% |

Note:

1. Product yield rate = Number of qualified products/Total number of products (pair of shoes)
2. Since ASP did not start mass production until 2022, only 2023 data is available.

Defective Product Management:

With regards to the defective products identified from the quality control process mentioned above, SPG (KY) grades the types, analyzes the causes, stores them separately and takes response measures based on their types. In addition, we strictly purchase labels based on the exact quantity required for each order, ensuring label accuracy and consistency, and effectively preventing non-conforming products from entering the market. The classification and treatments of defective products are as follows:

| Category | Product Grade | Treatment |
|----------------------------------|-----------------|--|
| Repairable defective product | B | Repair for sale/ Dispose <ul style="list-style-type: none"> • Store the defective products separately in a single area. Then, assign professional technicians for repairs. Finally, customers purchase them back at discounted prices. • If stored more than one year, the defective products will be scrapped with a confirmation that customers have no intention to buy back. |
| Non-repairable defective product | C | Dispose <ul style="list-style-type: none"> • Store the defective products in the C-grade warehouse due to the impossibility of resale or recycling. Monthly, confirm, scrap and dispose them regularly with in-plant customers’ collaboration. |
| | Work-in-process | Dispose <ul style="list-style-type: none"> • Claim compensation from suppliers directly after determining the responsibility. |

Build up the Company’s product quality capabilities

Building on the strict adherence to HFPA, AQL, and customer standards in 2023, in 2024 the Company will focus on the continuous improvement of its quality culture. In addition to regularly undergoing customer audits, SPG (KY) implements a standardized quality improvement proposal mechanism (Kaizen)note and improvement cycles (PDCA), alongside comprehensive training programs. These initiatives aim to enable all employees to effectively carry out quality management tasks, strengthen cross-departmental collaboration, and enhance the ability to promptly resolve quality issues.

Note: The regularized quality improvement proposal mechanism (Kaizen) is a continuous, incremental improvement practice. It encourages employees to proactively observe daily operations and participate by proposing suggestions to enhance product quality, operational efficiency, and the work environment.

Every employee is accountable for conducting product self-inspections.

Actively promoting the online ISQ (In-Station Quality) self-inspection system to strengthen employees’ quality awareness and sense of responsibility, thereby implementing the management philosophy of “Quality Is Everyone’s Responsibility” and comprehensively enhancing process quality and product consistency.

Execution: Production staff autonomously perform product inspections at their workstations, embodying the quality management principle of “self-inspection as quality inspection.” This ensures that each process step meets quality requirements and prevents defective products from progressing to subsequent stages.

• The Outcome of Quality Control Trainings of 2024

| Training venue | Trainee (person-times) | Training hour (hours) | Average post-training test pass rate (percentage %) |
|----------------------|------------------------|-----------------------|---|
| Factories in Vietnam | 2,358 | 4,089 | 97.00% |
| Factory in Cambodia | 221 | 129 | 100.00% |
| Total | 2,579 | 4,218 | 98.49% |

Implementation process

Quality inspection staff first communicate key quality control points at each workstation to production personnel.

During operations, production staff conduct self-inspections in accordance with standard operating procedures (SOPs).

Quality assurance personnel then perform regular on-site audits and follow-up inspections to verify the accuracy and consistency of the self-inspection process.

Results achieved

Followed by the implementation, employees at VG demonstrated significantly improved quality awareness. The self-inspection execution rate increased month by month, effectively reducing the defective rate at the end of the assembly line.

2024 Factory Highlights

The SPG quality inspection team successfully obtained the highest-level certification in the Adidas quality inspection accreditation (valid through 2026), demonstrating the team’s excellence in quality management and the strong trust from international clients. A total of 30 team members have acquired quality inspection skills covering up to 225 quality testing processes, providing a robust assurance for product consistency and high-standard delivery.

The Quality Threshold for a Top Soccer Shoes Brand

Chairman Wei-Chia Chen once noted in an interview that football matches in Europe continue as scheduled regardless of extreme heat or severe cold conditions. He also mentioned that players often shower while wearing their football shoes, highlighting the sport’s exposure to highly variable and extreme environmental challenges. This underscores the necessity for football shoes to possess excellent cold resistance and moisture durability in their design. Due to the highly specialized and unique demands of football, the quality requirements for shoe design and manufacturing are correspondingly stringent. To ensure that products meet the high standards required in actual sporting environments, SPG (KY) not only commissions external laboratories for testing but has also established a professional in-house laboratory at its factory. This facility conducts comprehensive performance tests on shoe materials and finished products to thoroughly evaluate durability and environmental adaptability. The Company continuously invests in related systems and testing equipment to more accurately simulate real-world usage scenarios under various extreme conditions, thereby ensuring product quality stability and satisfying the rigorous performance expectations of elite athletes.

Laboratory Quality Testing and Outsourced Testing Items

For product design and manufacturing, SPG (KY) has established a range of scenario-based simulation testing items. These include physical tests conducted in the in-house laboratory, such as hydrolysis, flex, light exposure, tear strength, tensile, water washing, waterproof testing, and treadmill testing. In addition, various advanced tests are performed by outsourced laboratories, including chemical inspection, ozone resistance test, GTX breathability test, cold test, CPSIA (lead test) and tensile test.

In 2024, all of the Company’s products successfully passed the aforementioned testing verifications.

| | | | |
|-----------------------------|--|-------------------------|--|
| | | | |
| High temperature | High humidity | Color fastness to light | Water washing |
| | | | |
| Flex/tear strength/ tensile | Various ground surface material conditions | Chemical inspection | Waterproof testing / cold resistance testing |

Note: Waterproof and cold resistance tests are conducted only on products with specific functional requirements, such as those equipped with waterproof sock liners or requiring thermal performance evaluation. The remaining products and raw materials are subjected to quality inspections based on standard testing protocols.

Testing Requirements for Export to Specific Countries

The United States & Japan

- Children's footwear is required to undergo lead content testing by third-party laboratories in accordance with the U.S. Consumer Product Safety Improvement Act (CPSIA), to ensure that the finished products are free from lead.

China

- Additional flexural strength testing is conducted.
- Compliance with China’s mandatory GB standards (particularly those related to safety and labeling) is required, along with meeting internal quality, performance, and chemical standards set by brand clients, which are often more stringent than global benchmarks.

India

- Testing is conducted in accordance with BIS

3.4.2 Extension of Customer Satisfaction and Trust

Customer Relationship Management

Customer relationship management is a core component of SPG (KY)'s overall business strategy. Leveraging over 20 years of deep-rooted experience in the footwear industry, the Company has cultivated strong technical capabilities and service capacity, successfully positioning itself as a key strategic partner to brand clients. Led by a management team with extensive industry knowledge and hands-on expertise, SPG (KY) maintains a keen understanding of market dynamics. Through a well-defined organizational structure and effective resource integration, the Company fosters close collaboration across departments—including product development, process control, production scheduling, and sales support—forming a resilient and efficient operational chain. From the early stages of product development, SPG (KY) maintains close engagement with brand customers, incorporating client requirements from the design phase onward. This approach ensures that final products strike a balance between innovation, quality, and market competitiveness, thereby reinforcing long-term partnerships and contributing to sustained business growth.

In addition, the Company's product sales and services adhere to relevant regulations and international standards concerning customer health and safety, customer privacy, marketing, and labeling. To ensure the protection of customer information, the Company has established the "Information Security Management Guidelines," which aim to safeguard customer data appropriately. (For more details, please refer to Section 2.5 Information Security Management of this report.)

[▶ 2.5 Information Security Management](#)

Customer Satisfaction

SPG (KY) values customer feedback and considers them as a key to continuous improvements and the delivery of high-quality products and services. As a result, the Company has established a dedicated department to oversee customer inquiries and complaints, ensuring open channels and prompt responses to customer needs. Given the differences in collaboration models and management requirements across brand customers, the frequency and methodology of satisfaction evaluations are adapted accordingly. Detailed implementation is outlined as follows:

NIKE

While working with NIKE to develop a new shoe model, from transferring to initial production, NIKE would designate personnels to our factories to conduct an overall evaluation regularly to ensure the manufacturing process and product quality in line with NIKE's requirements and standards

Unit: pieces

| Factory | VG | | | AW | | |
|--------------|------|------|------|------|------|------|
| | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Excellent | 28 | 21 | 21 | 5 | 3 | 7 |
| Acceptable | 1 | 2 | - | - | - | - |
| Inconsistent | - | 1 | - | - | - | - |
| Fail | - | - | - | - | - | - |
| Total | 29 | 24 | 21 | 5 | 3 | 7 |

2024 Factory Highlights

VG has attained Bronze-level ratings from brand clients under the Manufacturing IndexNote framework, reflecting their sound management systems and consistent operational performance. These results affirm the facilities' ability to meet the foundational operational standards set forth by the brand.

Note: Launched by Nike in 2012, the Manufacturing Index is a comprehensive evaluation framework designed to assess factory performance across two core dimensions: sustainability practices and traditional manufacturing metrics. Facilities are scored based on four equally weighted indicators—labor conditions, cost efficiency, product quality, and on-time delivery—providing a balanced and holistic view of operational effectiveness.

Adidas

This is a policy implemented by Adidas since 2020, requiring manufacturers to conduct two formal quality audits (one in the first half and one in the second half), along with four self-assessments annually.

Unit: Percentage (%)

| Factory | SPG | | | | | | SGC | | | | | |
|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2022 | | 2023 | | 2024 | | 2022 | | 2023 | | 2024 | |
| | H1 | H2 |
| 5Q (>90) | - | - | - | - | - | - | - | - | - | - | - | - |
| 4Q (80~90) | - | 84.0% | - | - | - | - | - | - | - | - | 82.2% | 83.0% |
| 3Q (60~80) | 79.0% | - | 72.0% | 71.5% | 73.3% | 71.0% | 67.0% | 69.0% | 62.7% | 69.4% | - | - |
| 2Q (30~60) | - | - | - | - | - | - | - | - | - | - | - | - |

Brooks

To facilitate systematic evaluation of the implementation and effectiveness of quality management practices within its manufacturing facilities, the Company conducts two formal quality audits each year—once in the first half and once in the second half of the calendar year. These audits serve as a key mechanism for identifying gaps, tracking improvement efforts, and reinforcing the commitment to continuous quality enhancement.

| Year / Item | 2023 | | 2024 | |
|-----------------------------|------|------|------|----|
| | H1 | H2 | H1 | H2 |
| FHI(factory hire inspector) | - | 84.8 | 85 | 85 |
| ISQ(in station quality) | - | 5 | 91 | 91 |
| Mold Prev(mold prevention) | - | 5 | 10 | 10 |

Note: As The collaboration with the brand commenced in 2022, no formal quality audit was conducted during the first half of 2023. The first assessment took place in September 2023.

Asics

Although a DH customer satisfaction survey has not yet been implemented, the Company participated in a performance evaluation initiative organized by a brand client during the current reporting year. This evaluation focused on a set of quantitative indicators, including on-time delivery rate, production plan execution effectiveness, response to significant deviations, and delay management performance. DH ultimately received a total score of 85 points, reflecting positively on its operational performance in these key areas.

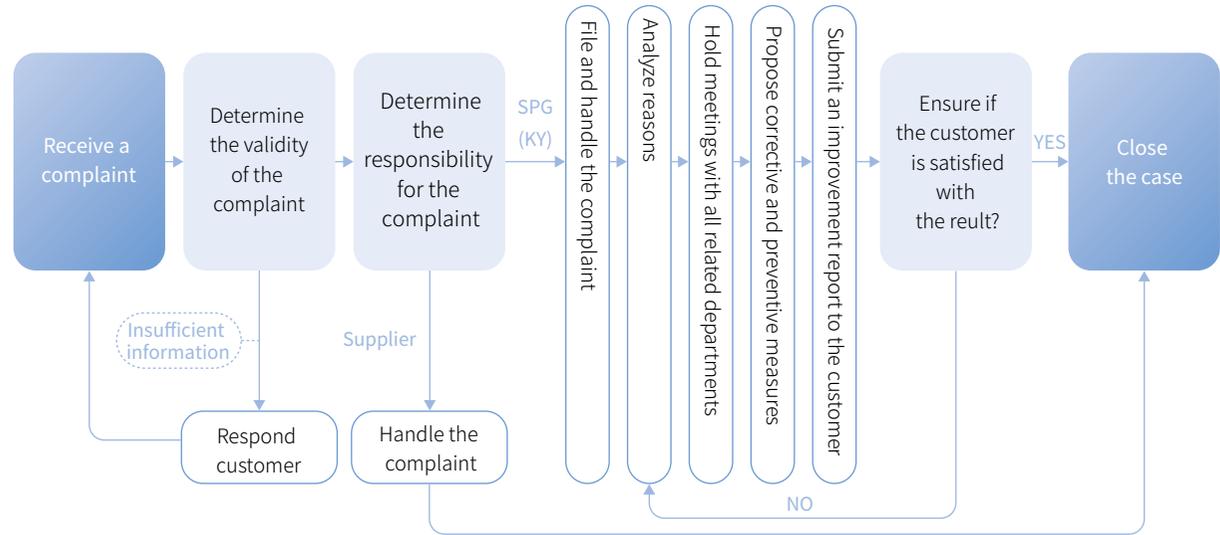
3.4.3 Mechanism for Handling Customer Complaints

Customer Complaint Management Process

When a customer complaint arises, SPG (KY) promptly activates a response mechanism through the relevant departments. Complaints are prioritized based on severity, with product quality issues addressed first, followed by service attitude and technical process concerns. The Company conducts complaint classification and analysis, convenes cross-departmental meetings to investigate root causes, and provides timely feedback to customers. Concrete and actionable improvement measures are proposed, including product quality enhancement, process optimization, and strengthened communication. Additionally, the company proactively updates customers on the progress of corrective actions to maintain trust and satisfaction.

Classification of Customer Complaint Causes and Corresponding Improvement

1. External Factors: Issues such as material defects were identified as externally sourced quality risks. The Company will contact the supplier for resolution and requested preventive measures.
2. Internal Factors: Issues such as production process-related problems, an internal review meeting will be convened to audit procedures and establish a training plan aimed at strengthening employees' awareness of quality standards.



Customer Complaints Received in 2024

During the year, SPG (KY)'s subsidiaries, SPG and SGC, encountered several major customer complaints. The relevant departments responded promptly and implemented corrective measures to prevent recurrence of similar issues.

| Factory | Summary of Customer Complaints Received in 2024 |
|---------|--|
| SPG | <p>In response to two significant customer complaints regarding product quality in 2024, the Company initiated immediate corrective actions to ensure product integrity and customer satisfaction. The first issue involved inconsistent hardness in inner lining materials and noncompliance with standard operating procedures (SOP) during on-site stitching, resulting in wrinkling of the shoe upper during toe reinforcement. The second incident related to insufficient bonding strength between the toe materials and outsoles, causing cracks at the bending points of the shoe upper and separation between the upper and sole.</p> <p>Upon urgent on-site review, the Company implemented comprehensive inspection procedures for both shipped and unshipped products to prevent further occurrences. Simultaneously, multiple improvement measures were introduced, including the installation of additional UV light equipment to enhance adhesive curing efficiency, and the adoption of a manual roughening process to increase bonding strength between the upper and outsole. These efforts aim to optimize adhesive penetration and attachment performance to meet quality standards.</p> <p>▶ The two aforementioned customer complaint cases resulted in a total estimated loss of approximately NT\$743,021.</p> |
| SGC | <p>In early 2024, two customer complaints were filed in relation to product quality issues caused by limitations in the existing computerized stitching equipment. Specifically, the machinery was unable to automatically complete the knotting and tightening process, resulting in loose thread ends on the stitched products. This impacted a total of 2,054 pairs of shoes, generating additional costs related to warehouse re-sorting and inspection procedures. Furthermore, 113 pairs were classified as substandard products due to the defect, necessitating price adjustments.</p> <p>In response, the plant immediately convened an internal review meeting and proactively engaged with the customer to revise and improve the operational workflow. Technical adjustments were implemented to optimize the process and eliminate the equipment's operational constraints.</p> <p>▶ The incident resulted in a total estimated loss of approximately NT\$115,709.</p> |

04

Environmentally Friendly Operation

Green Operations for a Better Planet

Facing the global challenges of climate change and resource depletion, SPG (KY) recognizes that corporations not only bear the responsibility of driving economic development but must also act as stewards of environmental sustainability. The Company actively strengthens its environmental management systems and integrates resources across its global operating sites. It continues to advance key initiatives such as climate risk management, energy conservation and carbon reduction, water resource management, waste reduction, and pollution prevention. Through these efforts, SPG (KY) seeks to work hand in hand with customers, supply chains, and the broader society to create a low-carbon, clean, and sustainable future, in line with its corporate vision of “Prospering Together with the Planet.”

| | | | |
|---|----|--------------------------------|-----|
| 4.1 Environmental Sustainability Management | 73 | 4.3 Energy Management | 86 |
| 4.2 Climate Change Response Strategy | 75 | 4.4 Water Resources Management | 93 |
| | | 4.5 Waste Management | 101 |

4.1 Environmental Sustainability Management

4.1.1 Environmental Management

Environmental Policy and Management System

SPG (KY) continues to follow the ISO 14001 Environmental Management System framework and adopts the PDCA (Plan-Do-Check-Act) cycle to plan and implement its environmental management strategies. To further reduce the environmental footprint of its operations and manufacturing processes, the Company has implemented robust mechanisms for resource efficiency and waste management. These initiatives reflect SPG (KY)'s ongoing commitment to green manufacturing and sustainable business practices.

In response to global climate change, SPG (KY) has established a mechanism for identifying and managing climate-related risks and opportunities. These issues are incorporated into scenario analyses and decision-making processes to enhance the Company's operational resilience amid the low-carbon transition. At the governance level, a Sustainability Committee has been established to continuously promote transition initiatives and ensure the integration of climate response measures with business strategies. (For more details, please refer to Section 4.2 Climate Change Response Strategy.)

[▶ 4.2 Climate Change Response Strategy](#)



Energy Resource Management

SPG (KY) integrates the operational characteristics and energy-saving potential of each factory to promote the adoption of renewable energy and the upgrade of high-efficiency equipment. In accordance with ISO 50001 standards, the Company has established a dedicated management system and defined energy-saving targets. Due to the rebound in market demand in 2024, total energy consumption increased slightly compared to the previous year. Nevertheless, SPG (KY) continues to optimize its energy structure and actively increase the share of renewable energy usage. Notably, the renewable energy utilization rate at the Vietnam Factory V has continued to grow, while the Cambodia factory received the "Green Energy Award" from the European Chamber of Commerce in recognition of its contribution to the low-carbon transition. (For more details, please refer to 4.3 Energy Resource Management.)



Water Resource Management

Each factory establishes water-saving facilities and monitoring mechanisms tailored to its operational characteristics. Through equipment upgrades, recycling and reuse initiatives, and employee education programs, effective water resource management is achieved. For example, SPG's factory and AW's factory continue to promote cooling water recycling programs and conduct regular audits of water usage systems to reduce unnecessary loss and excessive consumption. Meanwhile, SGC's factory has further optimized its rainwater harvesting and classification treatment systems, strengthening its capacity to manage regional water resource risks. (For more details, please refer to 4.4 Water Resources Management.)



Waste Management

Each SPG (KY) factory manages waste categorization in accordance with local regulations, entrusting qualified vendors with proper disposal procedures. To effectively reduce total waste generation, each site adopts measures such as improving resource recovery rates, minimizing packaging materials, and optimizing production processes. Notably, VG's factory and AW's factory have implemented internal waste audit systems to regularly assess classification performance. Incentive mechanisms have also been introduced to encourage employees to adopt responsible waste reduction behaviors. (For more details, please refer to 4.5 Waste Management.)

[▶ 4.3 Energy Resource Management](#)

[▶ 4.4 Water Resources Management](#)

[▶ 4.5 Waste Management](#)



Highlights by Factory in 2024

In 2024, SGC demonstrated tangible achievements in environmental protection, sustainable governance, and innovative practices, earning the “Responsible Business GFT Awards” in recognition of its responsible business operations within the apparel and footwear manufacturing industry. The award also highlights international acknowledgment of SGC’s practical efforts in sustainability management. SPG (KY) will continue to strengthen its environmental management systems, fulfill corporate responsibilities, and collaborate with its supply chain and customers toward a shared vision of circular resource utilization and low-carbon sustainable operations.

◀ SGC - 2024 Responsible Business GFT Awards

Pollution Prevention, Treatment, and Supervision

SPG (KY) places strong emphasis on environmental pollution prevention and compliance management. In accordance with the ISO 14001 Environmental Management System framework, the Company has established comprehensive operating procedures for pollution prevention and control. Each factory is also required to implement source control and emission monitoring measures in compliance with local regulations and customer requirements.

Air Pollution Control

The Company has installed air pollution control equipment such as filters, activated carbon adsorption units, and ventilation systems for high-emission processes within its facilities. These systems are regularly maintained, and environmental monitoring is conducted to ensure compliance with local regulations and customer standards. SGC continues to clean and calibrate its solar power system while conducting flue gas emission testing to ensure that emission data meet required thresholds. DH performs routine monitoring of fugitive emissions in accordance with brand sustainability requirements. (For more information, please refer to 4.3 Energy Management.)

▶ 4.3 Energy Management

Water Pollution Control

All factories are equipped with wastewater treatment facilities that utilize physical, chemical, and biological processes to ensure that the quality of discharged water complies with local regulations and brand customer standards. VG and SPG have implemented real-time water quality monitoring systems that automatically trigger emergency response mechanisms in the event of abnormal readings. SGC has adopted a wastewater recycling system integrated with landscape design, achieving both effective wastewater management and enhancement of the factory’s surroundings. (For more information, please refer to 4.4 Water Resource Management.)

▶ 4.4 Water Resource Management

Waste Management

SPG(KY) utilizes a digital reporting system to record the volume, category, and treatment method of all waste generated. This enables cross-site analysis and performance tracking. AW and ASP have adopted management systems to enhance the traceability of waste flows and to increase the reuse rate of recyclable materials, thereby reducing the volume of final disposal. (For more information, please refer to 4.5 Waste Management.)

▶ 4.5 Waste Management

Looking ahead, SPG(KY) will continue to strengthen its pollution prevention and monitoring practices to enhance the factory’s resilience to environmental risks. The company is also committed to expanding environmental investments and improving environmental governance performance, thereby fulfilling its commitment to safeguarding the ecological environment.

4.2 Climate Change Response Strategy

The intensifying impacts of global climate change, frequent extreme weather events, increasingly stringent environmental regulations, and the growing market demand for low-carbon economic transformation have heightened operational risks and transition pressures for businesses. Upholding its commitment to sustainable development, SPG(KY) has set a goal to achieve net-zero emissions by 2050 and actively promotes relevant sustainability policies and actions. The Company closely monitors international trends and regulatory changes to ensure its operational strategies align with the latest standards and market expectations. In addition, SPG(KY) continues to respond to customer requirements by ensuring that its supply chain and product design support low-carbon transition goals. This is achieved through measures such as improving energy efficiency, adopting renewable energy, advancing low-carbon manufacturing processes, and utilizing environmentally friendly materials to continuously optimize its environmental management system. In the face of both challenges and opportunities brought by global climate change, SPG(KY) enhances corporate resilience through comprehensive risk assessments and strategic planning. Moving forward, the company will further strengthen its climate governance mechanisms, adopt the Science Based Targets initiative (SBTi) methodology, and deepen environmental information disclosure to advance toward low-carbon sustainable development.

4.2.1 Climate Risk Management

Since 2022, SPG (KY) has referenced the Task Force on Climate-Related Financial Disclosures (TCFD) issued by Financial Stability Board (FSB) to identify climate change risks and opportunities based on disclosure frameworks such as “Governance”, “Strategy”, “Risk Management” and “Indicators and Targets” to manage and make responses to significant financial impacts resulting from climate change.

Climate Governance

SPG(KY)’ s Board of Directors serves as the highest governing body responsible for overseeing and guiding the company’ s response to climate-related risks and opportunities. The Board conducts regular annual reviews of the progress and outcomes of climate-related initiatives. To further enhance climate governance, the Board resolved in November 2024 to establish the Sustainability Development Committee, a functional committee under the Board. The committee is chaired by Chairman Wei-Chia Chen and convenes at least once a year. It is tasked with formulating, promoting, and refining strategies and annual plans related to climate change and sustainable development, as well as overseeing sustainability disclosures. The committee held its inaugural meeting in December, officially launching the systematic management of climate-related risks and opportunities to ensure SPG (KY)’ s steady progress in the global low-carbon transition. (For details on organizational structure and responsibilities, please refer to 1.2.1 Sustainability Governance Framework.)

A part-time sustainability unit has been established to support the Sustainability Committee in implementing various initiatives. Four dedicated task forces have been formed, each focusing on specific areas. The Corporate Governance Task Force is responsible for regulatory compliance in corporate governance, developing fair compensation policies and performance evaluation systems, promoting employee training, and establishing stakeholder engagement mechanisms to fulfill the Company’ s sustainability objectives. The Sustainable Environment Task Force oversees the operation of environmental management systems, ensures compliance with environmental regulations and international standards, promotes sustainable transition, improves resource efficiency, and strengthens climate change response mechanisms by assigning dedicated personnel or units to ensure the implementation of environmental sustainability goals. The Sustainability Information Task Force is responsible for developing sustainability information management policies, ensuring compliance with relevant regulations and international standards, and disclosing material and reliable sustainability information to enhance transparency. The Social Engagement Task Force formulates human rights management policies and procedures, ensures compliance with applicable laws and international standards, promotes internal and external communication and risk management mechanisms, and fosters community and cultural development to support sustainable operations.

▶ 1.2.1 Sustainability Governance Framework

Climate Strategy

To thoroughly analyze the financial and non-financial impacts of climate-related risks and explore potential business opportunities for formulating appropriate response strategies and mitigation measures, the Company, through the Sustainability Committee, engages in cross-functional consultations and seeks advice from external experts to comprehensively identify and manage risks that may affect corporate sustainability. These include physical risks, transition risks, and opportunities, which are regularly reported to the governance level to ensure effective oversight and guidance by the Board of Directors, thereby strengthening the Company's resilience and responsiveness to climate change. Based on the outcomes of the aforementioned impact assessment meetings, SPG (KY) focused this year on one significant physical risk, four significant transition risks, and seven key opportunity topics. Mitigation and adaptation measures for these climate-related risks and opportunities have been developed to serve as a crucial basis for establishing the Company's sustainability strategies and targets.

The Company uses a five-point rating system to evaluate the likelihood (five levels) and financial impact (five levels) of each climate-related risk and opportunity, and illustrates their distribution through a matrix diagram. The quantitative assessment indicators include the likelihood of occurrence on the vertical axis: 1 (Almost impossible to occur within 10 years), 2 (Unlikely to occur within 5 to 10 years), 3 (Possible to occur within 3 to 5 years), 4 (Very likely to occur within 1 to 3 years), and 5 (Almost certain to occur within 1 year); and the level of impact on the horizontal axis: 1 (Short-term), 2 (Short- to medium-term), 3 (Medium-term), 4 (Medium- to long-term), and 5 (Long-term).

Climate Risk Management

SPG (KY) follows the recommendations of the TCFD framework in establishing detailed procedures for identifying climate-related risks and opportunities. Each year, the Company conducts a comprehensive process of identifying and assessing climate change risks and opportunities. The steps of this process are outlined as follows:

STEP 1 Collection and Identification of Climate-Related Information

A TCFD data collection form is distributed to gather climate-related risk information from employees at all levels, from frontline staff to senior management. The Sustainability Report Compiling Team of SPG (KY) consolidates and summarizes the collected responses.

STEP 2 Impact Assessment and Development of Management Measures

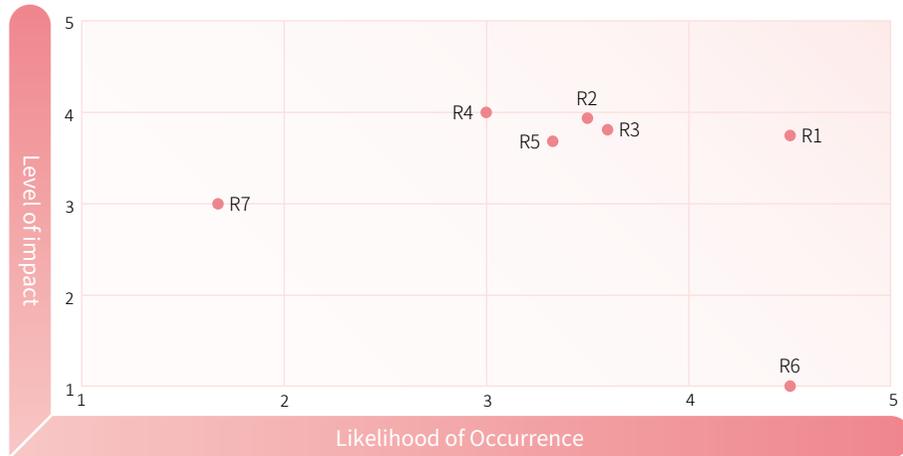
The identified risks are ranked based on their likelihood of occurrence and level of impact, allowing the Company to pinpoint high-impact issues. Based on the analysis results, the responsible departments collaborate to formulate appropriate risk management strategies and response measures.

STEP 3 Reporting and Tracking

The annual results of climate-related risk and opportunity identification, impact assessment, and corresponding strategies and measures are regularly reported to the Sustainability Committee and the Board of Directors to ensure that senior management remains informed of the progress in managing these risks and opportunities. In addition, the relevant information is disclosed in the Sustainability Report to demonstrate the Company's transparency and accountability in climate risk management to stakeholders.

Climate-Related Risk and Opportunity Analysis Results for the Year

- Results of Climate-Related Risk and Opportunity Matrix Analysis



Risk

- R1 Technology risks and developmental challenges of low-carbon technologies and recycled materials

- R2 Long-term impacts of climate change

- R3 Tightening climate-related laws and regulations (Renewable Energy, GHG Cap, and Carbon-Related Laws)

- R4 Sustainability practices influencing customer supplier selection criteria

- R5 Market information uncertainty

- R6 Price volatility of fossil fuel energy

- R7 Typhoons, flooding, and extreme rainfall

- significant risk/opportunity: A score of 7 or above
- moderate risk/opportunity: A score between 4 and 6.99
- low risk/opportunity: A score between 0 and 3.99

Opportunity

- O1 Participation in SBTi (Science Based Targets initiative)

- O2 Green procurement

- O3 Use of renewable energy and investment in solar power plants

- O4 Enhancing integration and efficiency of sustainable resources

- O5 Fostering an innovative culture and developing innovation mindset and technologies

- O6 Aligning with brand clients and consumer preferences

- O7 Green processes and environmentally friendly manufacturing

- O8 Reducing paper usage and exploring opportunities for waste recycling

• Significant Climate Risks Assessment

| Risk: R1 Technology risks and developmental challenges of low-carbon technologies and recycled materials | |
|--|---|
| Category | Transition risk |
| Aspect | Technical risk |
| Explanation | <p>Increasing Customer Standards for Low-Carbon Products:</p> <ol style="list-style-type: none"> 1. SPG (KY) needs to invest additional capital and time to optimize product carbon emission efficiency, energy consumption during production, and water resource usage, in order to effectively control product carbon footprints. 2. The application of new materials may come with increased process and technical challenges. Factories must therefore possess the expertise to handle new materials and manufacturing processes, or risk losing orders due to insufficient technical capabilities. 3. Scrap generated during the development, testing, and pre-mass production stages may lead to increased production costs. <p>Customer Demand for Higher Renewable Energy Usage:</p> <ol style="list-style-type: none"> 1. To continuously reduce product carbon intensity, customers require factories to increase the proportion of renewable energy used each year. In addition to installing more solar energy equipment at existing sites, other alternative solutions must be evaluated to meet customer standards. |
| Financial impact on SPG (KY) | <p>Rising Operating Costs and Declining Revenue:</p> <ol style="list-style-type: none"> 1. Increased R&D and development expenses: To advance the adoption of low-carbon technologies and recycled materials, the Company must allocate additional resources to technology research and product development, leading to increased R&D and development costs. 2. Loss of orders and reduced revenue and profitability: Due to immature technologies, the Company may be unable to meet customer requirements, resulting in the risk of order loss, which in turn affects both revenue and profit performance. 3. Higher operating costs due to the use of environmentally friendly materials: The cost of low-carbon and recycled materials is generally higher than that of conventional materials. Moreover, the stability of supply may be affected by market demand, regulatory policies, or raw material sources. These factors may increase raw material procurement costs and also raise expenses for production adjustments and quality control, further driving up operating costs. 4. Increased maintenance costs and labor requirements for solar panels: Installing solar panels at factory sites requires prior renovation of factory rooftops, adding to maintenance expenditures. In addition to the initial investment in equipment, long-term operation of solar panels requires regular maintenance, which leads to higher labor and maintenance costs. |
| Preventive measure taken | <ol style="list-style-type: none"> 1. Continue to allocate appropriate resources to R&D and product development. 2. Conduct regular and occasional technical training programs. 3. Introduce new production equipment in line with technological advancements. 4. Strengthen inspection and maintenance of rooftops and solar facilities. |

Risk: R2. Long-term impacts of climate change

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|------------------------------|---|---|---|
| Category | Physical risk | | |
| Aspect | Long-term | | |
| Explanation | <p>High Temperature:</p> <ol style="list-style-type: none"> In response to high temperatures, footwear factories may need to increase the use of air conditioning or install additional cooling systems, resulting in higher energy consumption and consequently increased operating costs. <p>Power and Water Shortages:</p> <ol style="list-style-type: none"> Electricity and water are both essential resources for SPG (KY)'s operations. An unstable supply of either could disrupt production activities at the facilities. | <p>Quality Impact:</p> <ol style="list-style-type: none"> High temperatures may negatively affect the performance of certain raw materials and products, such as the curing speed of adhesives and the physical properties of rubber materials, thereby compromising product quality and consistency. Prolonged rainfall increases the risk of mold growth on raw materials and finished goods. | <p>Employee Health:</p> <ol style="list-style-type: none"> Long-term climate change and rising average temperatures may increase the frequency and likelihood of heat-related illnesses among employees, such as heat exhaustion and heatstroke, thereby affecting employee health and reducing productivity. <p>Raw Material Shortages:</p> <ol style="list-style-type: none"> Climate change may lead to raw material shortages and price surges, as well as disrupt production schedules. |
| Financial impact on SPG (KY) | <p>Increased Operating Costs and Decreased Revenue:</p> <ol style="list-style-type: none"> Reduced Production Efficiency: Shortened working hours imposed by governments and employee health issues may significantly reduce production efficiency, leading to lower output and negatively impacting sales revenue. Higher Operating Costs: In response to climate change, capital needs to be invested in cooling systems and related infrastructure, resulting in increased capital expenditures and daily operating costs, thereby compressing profit margins. Quality Control Challenges: High-temperature environments pose threats to product quality, potentially increasing defect rates and leading to higher rework and return costs, which in turn affect customer satisfaction and brand reputation. | <ol style="list-style-type: none"> Rising Labor Costs: Employee health issues may lead to increased absenteeism, requiring the company to hire temporary staff or pay overtime to maintain production stability, thereby raising human resource costs. Long-Term Financial Risk: Persistent climate risks may lead to capital outflows and erode investor confidence, diminishing the company's financial stability and competitive advantage in the market. Rising Insurance Premiums: With the increasing frequency of extreme weather events, insurance providers may raise premiums, further increasing the company's financial burden and operating costs. | <ol style="list-style-type: none"> Increased Energy Use and Carbon Emissions: To mitigate the impact of high temperatures, the company may need to install additional fans and cooling equipment, resulting in higher energy consumption and carbon emissions, thereby increasing overall operational costs. Growing Electricity Demand and Power Rationing Risk: Increased power consumption may overload the grid. If the government enforces power rationing, production and operational stability in affected areas could be compromised. Employee Health Impacting Operations: Employee health is closely tied to work efficiency. Health-related absenteeism may reduce production efficiency and earnings, while increasing occupational safety and health management costs. |
| Preventive measure taken | <ol style="list-style-type: none"> The factory conducts regular maintenance and servicing of air conditioning systems and cooling fans to ensure proper ventilation and stable heat dissipation performance, thereby improving equipment operating efficiency. Energy management practices are implemented by regularly monitoring electricity and water usage, integrating energy- and water-saving awareness into daily operations. A temperature control system is used in the raw material storage area to maintain material quality. During periods of high temperature, inventory management is optimized to prevent material degradation. Preventive measures are adopted for outdoor operations, including adjusting work schedules to avoid peak heat hours and ensuring employees stay properly hydrated. | | |

Risk:R3. Tightening climate-related laws and regulations (Renewable Energy, GHG Cap, and Carbon-Related Laws)

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|------------------------------|--|
| Category | Transition risk |
| Aspect | Policy and Regulatory Risks |
| Explanation | <p>Cap-and-Trade Scheme and Emissions Control</p> <ol style="list-style-type: none"> In order to align with Taiwan’s 2050 net-zero emissions goal and comply with local regulations in the regions where the Group operates, including requirements related to greenhouse gas reduction, energy conservation, and increased renewable energy usage, the Company may face rising energy costs and increased operating expenses associated with adopting more environmentally friendly production technologies and equipment. Governments are expected to advance climate change legislation into a mandatory reduction phase, implementing total emissions caps and emissions trading systems. Additionally, multiple countries and regional economies worldwide have begun, or are preparing to implement, border carbon taxes and carbon fee schemes to reinforce carbon management and mitigation efforts. <p>Non-compliance Penalties:</p> <ol style="list-style-type: none"> If SPG(KY) fails to comply with increasingly stringent regulations on greenhouse gas reduction or energy-saving policies, the Company may be subject to penalties. <p>Product Efficiency Regulations and Standards:</p> <ol style="list-style-type: none"> Customers are increasingly emphasizing carbon emissions control across the supply chain and are gradually establishing acceptable emission thresholds. |
| Financial impact on SPG (KY) | <p>Higher Operating Costs:</p> <ol style="list-style-type: none"> Increased capital and operating expenditures are anticipated due to the expansion of renewable energy installations and the purchase of green electricity certificates. Rising costs driven by regulatory pressure: As the government gradually enforces stricter carbon emission control measures, the Company may face potential impacts from carbon taxes and carbon trading schemes, leading to increased operating expenses. Higher operating costs: Procuring compliant materials to meet regulatory requirements may result in higher input costs. Higher operating costs: Failure to meet regulatory requirements may result in penalties such as fines or suspension of operations, thereby incurring additional unexpected expenses. Carbon Fee Payment: The payment of carbon fees will directly increase the Company’s operating costs. For high-emission industries, this may significantly impact profit margins. Furthermore, carbon fees must be incorporated into budget planning, which may constrain capital allocation and affect overall investment and development strategies. Increased energy consumption and carbon emissions: To mitigate the effects of high temperatures, the Company may need to install additional cooling equipment, resulting in higher energy use, elevated carbon emissions, and increased operating costs. Higher electricity demand and power rationing risk: Growing power consumption may overload the grid. If government-enforced power restrictions occur, production and operational stability in certain locations may be compromised. Employee health impacts on operations: Employee health is closely tied to work efficiency. Health issues may reduce attendance rates and productivity, while also increasing occupational health and safety management costs. |
| Preventive measure taken | <ol style="list-style-type: none"> Regularly monitor and identify changes in relevant regulations on a monthly basis. Closely track adjustments to the EU Carbon Border Adjustment Mechanism (CBAM). Install solar energy systems at factories and procure renewable energy certificates. |

Risk:R4. Sustainability practices influencing customer supplier selection criteria

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| Category | Transition risk |
| Aspect | Market Risk / Reputational Risk |
| Explanation | <p>Sustainability performance and outcomes affect corporate image and business relationships:</p> <ol style="list-style-type: none"> 1. If the footwear manufacturing site fails to effectively respond to domestic and international greenhouse gas reduction requirements or to produce environmentally compliant products, it may undermine customer trust, negatively impact SPG(KY)'s corporate image and market competitiveness, and result in missed business opportunities and market share. 2. Failure to proactively engage in ESG-related issues or to align with customers' corporate social responsibility policies and values may lead to order reductions, cancellations, or even termination of business relationships. 3. As brand clients become increasingly aware of sustainability and low-carbon practices, they tend to favor suppliers capable of offering products adapted to new climate conditions. This shift in supplier selection criteria and unfamiliarity with new suppliers or materials may introduce challenges in quality control, thereby increasing operational costs. <p>Rising consumer awareness of sustainability:</p> <ol style="list-style-type: none"> 1. Consumers are becoming more aware of sustainability and gradually changing their purchasing behaviors. This trend, in turn, is influencing brand clients to incorporate more low-carbon materials into product design. |
| Financial impact on SPG (KY) | <p>Higher Operating Costs:</p> <ol style="list-style-type: none"> 1. Companies may need to invest significant resources to implement emission reduction measures, such as upgrading equipment or adjusting production processes to meet environmental standards. This will directly increase capital expenditures and operating costs. In addition, to ensure compliance, extra monitoring and reporting may be required, further adding to administrative and management burdens. |
| Preventive measure taken | <ol style="list-style-type: none"> 1. Each factory implements reduction measures in accordance with the sustainability standards required by customers to ensure compliance with periodic evaluations. 2. Invest in various sustainability-related initiatives. 3. Participate in relevant sustainability initiatives as recommended by customers to enhance trust and strengthen partnerships. 4. Gradually increase the proportion of recycled materials used in products in line with customer standards. |

Risk:R5. Market information uncertainty

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|-------------------------------------|---|
| Category | Transition risk |
| Aspect | Market Risk |
| Explanation | <p>Increased market volatility due to high uncertainty of market information:</p> <ol style="list-style-type: none"> 1. Brand customers are likely to adopt more conservative market forecasts, placing additional pressure on the Company in terms of recruitment and inventory management. 2. Failure to promptly respond to ESG-related expectations or to sufficiently disclose sustainability information may lead to reputational risks and negative media coverage. 3. Amid rapid market changes and evolving knowledge, employees may struggle to keep up with new developments, resulting in a lack of sustainability awareness and passive responses to relevant laws and policies, thereby reducing the effectiveness of sustainability policy implementation. |
| Financial impact on SPG (KY) | <p>Higher Operating Costs and Lower Revenue:</p> <ol style="list-style-type: none"> 1. Shrinking orders may result in decreased revenue. 2. Market instability may indirectly lead to increased volatility in raw material prices. Greater price fluctuations could negatively impact gross margins and profitability. 3. To implement sustainability initiatives, additional resources must be allocated, leading to increased human resource costs. 4. Inefficiencies in promoting sustainability policies may delay the execution of related initiatives and increase operational management costs. |
| Preventive measure taken | <ol style="list-style-type: none"> 1. Establish a robust raw material inventory management system to ensure supply stability and mitigate inventory-related risks. 2. Strengthen relationships with existing clients while actively developing new customers to offset the impact of reduced orders. 3. Establish a Sustainability Committee to drive sustainability initiatives from the top down and ensure effective implementation of related measures. |

• Significant Climate Opportunities Assessment

Opportunity : O1. Participation in SBTi

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|------------------------------|---|
| Category | Corporate Resilience |
| Explanation | Through active participation in international initiatives and the application of science-based methods to drive greenhouse gas emissions reduction, SPG(KY) enhances its climate risk management framework and strengthens corporate resilience. These efforts enable the Company to meet customer expectations regarding carbon emissions from factories and products, thereby increasing its competitiveness in securing customer orders. |
| Financial impact on SPG (KY) | <p>Increase in Revenue and Operating Costs:</p> <ol style="list-style-type: none"> 1. Actively implementing greenhouse gas (GHG) reduction measures helps enhance the Company's sustainability image, build customer trust, and secure additional orders, thereby driving revenue growth. 2. Efforts to reduce GHG emissions require the allocation of manpower and resources, resulting in increased operating costs. |
| Preventive measure taken | The SBTi commitment was officially submitted in December 2024. |

Opportunity : O2. Green procurement

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|------------------------------|---|
| Category | Resource Efficiency |
| Explanation | <p>In response to environmental protection and energy-saving trends, the Company has implemented the following measures across its procurement activities:</p> <ol style="list-style-type: none"> 1. Phased out low-efficiency equipment and machinery to enhance energy efficiency and reduce operating costs. 2. Prioritized the procurement of energy- and water-efficient equipment and machinery, as well as environmentally friendly products and materials with lower environmental impact. 3. Increased the proportion of local sourcing to promote material localization, shorten supply lead times, and improve operational efficiency. |
| Financial impact on SPG (KY) | <p>Reduced Operating Costs:</p> <ol style="list-style-type: none"> 1. Although replacing low-efficiency equipment and machinery requires higher initial capital investment, long-term operating costs are expected to decline as energy efficiency improves. 2. Increasing the proportion of local procurement can reduce environmental pollution and carbon emissions associated with long-distance transportation, while effectively lowering logistics costs. |
| Preventive measure taken | <ol style="list-style-type: none"> 1. To proactively meet customer requirements, high energy-consuming equipment has been gradually phased out and replaced with energy-efficient alternatives. 2. In procurement processes, the factories prioritize local suppliers whenever possible. |

Opportunity : O3. Use of renewable energy and investment in solar power plants

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|------------------------------|---|
| Category | Energy and Renewable Energy Usage |
| Explanation | <p>Increase in Renewable Energy Usage and Installation of Solar Facilities at Manufacturing Plants:</p> <ol style="list-style-type: none"> 1. In response to potential revisions of renewable energy regulations and the growing demand from brand customers for renewable energy adoption, SPG (KY) has installed solar power generation systems at its footwear factories and is actively exploring alternative renewable energy solutions to mitigate potential power shortages and reduce reliance on conventional energy sources. 2. In addition to installing rooftop solar power systems, the Company is evaluating the feasibility of investing in solar power plants to secure stable renewable energy sources and meet customer requirements for renewable energy usage and green factory standards. |
| Financial impact on SPG (KY) | <p>Decrease in Operating Costs and Increase in Capital Expenditures:</p> <ol style="list-style-type: none"> 1. With advancements in renewable energy technologies and the expansion of the renewable energy market, the cost of green electricity is expected to gradually decline, thereby reducing the Company's energy procurement expenses over time. 2. Increased capital expenditures on non-core business investments may result in a dilution of earnings per share. |
| Preventive measure taken | <ol style="list-style-type: none"> 1. Installation of rooftop solar power systems at factories. 2. Procurement of green power certificates. |

Opportunity : O4. Enhancing integration and efficiency of sustainable resources

| | | | |
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| Category | Corporate Resilience | | |
| Explanation | <table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Sustainability Governance Structure:</p> <ol style="list-style-type: none"> 1. The Sustainability Committee has been established to enhance corporate governance and strategic planning capabilities, strengthen resilience to climate-related risks, and formulate effective strategies to mitigate potential financial losses. 2. A dedicated Climate and Sustainability Department has been set up, with professional personnel stationed at or regularly visiting factories to ensure prompt responses to market changes and regulatory requirements, thereby reinforcing the Company's competitive advantage. </td> <td style="width: 50%; vertical-align: top;"> <p>Transparency and Communication:</p> <ol style="list-style-type: none"> 1. The Taiwan Stock Exchange continues to impose increasingly detailed and stringent disclosure requirements for non-financial information in annual reports. 2. Sustainability reports are published on a regular basis to disclose the Company's environmental, social, and governance (ESG) performance, thereby enhancing transparency and strengthening stakeholder trust. </td> </tr> </table> | <p>Sustainability Governance Structure:</p> <ol style="list-style-type: none"> 1. The Sustainability Committee has been established to enhance corporate governance and strategic planning capabilities, strengthen resilience to climate-related risks, and formulate effective strategies to mitigate potential financial losses. 2. A dedicated Climate and Sustainability Department has been set up, with professional personnel stationed at or regularly visiting factories to ensure prompt responses to market changes and regulatory requirements, thereby reinforcing the Company's competitive advantage. | <p>Transparency and Communication:</p> <ol style="list-style-type: none"> 1. The Taiwan Stock Exchange continues to impose increasingly detailed and stringent disclosure requirements for non-financial information in annual reports. 2. Sustainability reports are published on a regular basis to disclose the Company's environmental, social, and governance (ESG) performance, thereby enhancing transparency and strengthening stakeholder trust. |
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| Financial impact on SPG (KY) | <p>Changes in Operating Expenses and Increase in Labor Costs:</p> <ol style="list-style-type: none"> 1. Reducing resource dispersion in sustainability initiatives helps prevent unnecessary administrative expenses. 2. Appointing dedicated sustainability personnel increases personnel-related administrative costs. 3. In response to regulatory requirements, the collection, organization, and reporting of sustainability-related data, along with various filing tasks, have raised the workload across departments, gradually driving up labor costs. | | |
| Preventive measure taken | Under the guidance of the Sustainability Committee, the Company is progressively building its sustainability information management system to promote organization-wide awareness, improve data management and application, and strengthen sustainability governance. | | |

Opportunity : O5. Fostering an innovative culture and developing innovation mindset and technologies

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|-------------------------------------|---|
| Category | Corporate Resilience |
| Explanation | Product development is a lengthy and complex process. The process involves agile thinking, including enhancement of fundamental skills and familiarity with brand and corporate culture. By aligning with customer needs and providing thoughtful suggestions that go beyond expectations, both development efficiency and long-term talent growth can be achieved. |
| Financial impact on SPG (KY) | <p>Increase in Revenue:</p> <p>1. The successful development of new products has strengthened customer trust, resulting in order fulfillment and driving revenue growth and improved profitability.</p> |
| Preventive measure taken | The development centers of each brand within the Company continue to invest annually in talent training, technological innovation, and equipment upgrades. |

Opportunity : O6. Aligning with brand clients and consumer preferences

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|-------------------------------------|--|
| Category | Products and Services |
| Explanation | <p>With increasing global attention on carbon emissions and heightened expectations from brand clients regarding the use of recycled materials, SPG (KY) can seize the opportunity presented by low-carbon, energy-saving, and sustainable development trends to launch related products:</p> <p>1. Continue to develop innovative materials and manufacturing technologies to increase the proportion of eco-friendly materials used in entire shoes, meeting market demand for sustainable products.</p> <p>2. Actively explore waste reuse technologies, such as producing eco-friendly footwear using recycled resources like coffee grounds and ocean plastics, thereby promoting resource circularity and contributing to environmental sustainability.</p> |
| Financial impact on SPG (KY) | <p>Increase in Operating Costs and Revenue:</p> <p>1. The initial stages of developing eco-friendly footwear and researching new materials and technologies may incur substantial R&D and development expenses.</p> <p>2. Successful development of eco-friendly footwear can enhance market competitiveness, helping to secure more customer orders and increase brand visibility, which in turn attracts collaboration with other brands and drives growth in revenue and profit.</p> |
| Preventive measure taken | <p>1. In recent years, the development centers of each brand under the Company have actively invested in the development of footwear made from eco-friendly and recycled materials.</p> <p>2. Leveraging its extensive footwear manufacturing experience, the Company continues to develop new customers and expand market opportunities.</p> |

Opportunity : 07. Green processes and environmentally friendly manufacturing

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|------------------------------|--|
| Category | Resource Efficiency |
| Explanation | <p>In response to environmental protection and energy-saving trends, SPG (KY) has implemented the following measures in its processes and production lines:</p> <ol style="list-style-type: none"> 1. The factories are equipped with wastewater recycling and treatment facilities to monitor both water volume and quality, thereby enhancing water resource efficiency. Other energy-saving measures are also adopted on-site to reduce unnecessary consumption and lower operating costs. 2. The use of paper packaging boxes is reduced by replacing them with reusable PVC turnover boxes, promoting resource circulation and reducing environmental impact. 3. Digital systems are adopted to minimize paper usage. Through the implementation of systems such as SAP and MES, SPG (KY) is driving the digital transformation of its shoe manufacturing operations. Electronic document management and email communication enable efficient workflows, reduce procurement and printing costs associated with paper documents, and enhance process accuracy and real-time monitoring, ultimately improving operational efficiency and economic performance. <p>Recycling and reuse:</p> <ol style="list-style-type: none"> 1. Actively exploring waste recycling opportunities by converting waste into reusable resources or bioenergy, which not only reduces costs but also minimizes environmental impact. |
| Financial impact on SPG (KY) | <p>Decrease in Operating Costs:</p> <ol style="list-style-type: none"> 1. Treated wastewater is reused as non-potable recycled water, effectively reducing water consumption and lowering water expenses. 2. The use of reusable PVC containers helps reduce the consumption and procurement of cardboard boxes, thereby lowering packaging costs. 3. The implementation of new systems requires payment of licensing and consulting fees, resulting in an initial increase in administrative expenses. 4. As system implementation enhances management efficiency over time, it is expected to reduce administrative costs and paper procurement expenses. 5. Reducing waste generation leads to lower disposal and treatment costs, thereby improving operational cost efficiency. |
| Preventive measure taken | <ol style="list-style-type: none"> 1. Implement wastewater treatment and monitoring at production sites, and utilize reclaimed water to reduce water consumption and enhance water recycling efficiency. 2. Use recyclable and reusable materials for packaging boxes to reduce the consumption of single-use packaging materials. 3. Introduce digital management systems to improve operational efficiency and reduce paper usage. 4. Strengthen waste resource management to promote the transformation and reuse of waste materials. |

4.3 Energy Management

4.3.1 Energy Consumption

Energy Policy and Objectives

To mitigate the environmental impact arising from its operations, SPG (KY) collaborates with all production sites across the Group to promote energy-saving initiatives and strategic energy planning. The Company is committed to reducing energy consumption and waste, while enhancing energy efficiency, controlling costs, and lowering greenhouse gas emissions. Through the optimization of overall energy management, SPG (KY) aims to achieve energy conservation, carbon reduction, and sustainable operations. In 2024, driven by the conclusion of inventory adjustment cycles by international brand customers and distributors, as well as rising market demand spurred by the Paris Olympics and other major international sporting events, the Group experienced a significant increase in order volumes, resulting in a slight rise in total energy consumption compared to 2023.

To align with the sustainability targets of brand customers and reduce reliance on fossil fuels, the Company continues to optimize its energy mix and actively adopt renewable energy sources such as solar power to mitigate the environmental impact of growing energy consumption. As of the end of 2024, the renewable energy utilization rate at the Group’s five factories in Vietnam reached 16.63%, representing a 1.03% increase compared to the previous year. The Cambodia facility also maintained a stable proportion of solar energy usage and was awarded the “Green Energy Factory Gold Award” by European Chamber of Commerce in Cambodia in recognition of its outstanding performance in power and wastewater management, green electricity adoption, and air pollution control.

2024, the renewable energy utilization rate at the Group’s five factories in Vietnam reached 16.6396 %, representing a 1.03%



▲ SGC - Green Energy Factory Gold Award



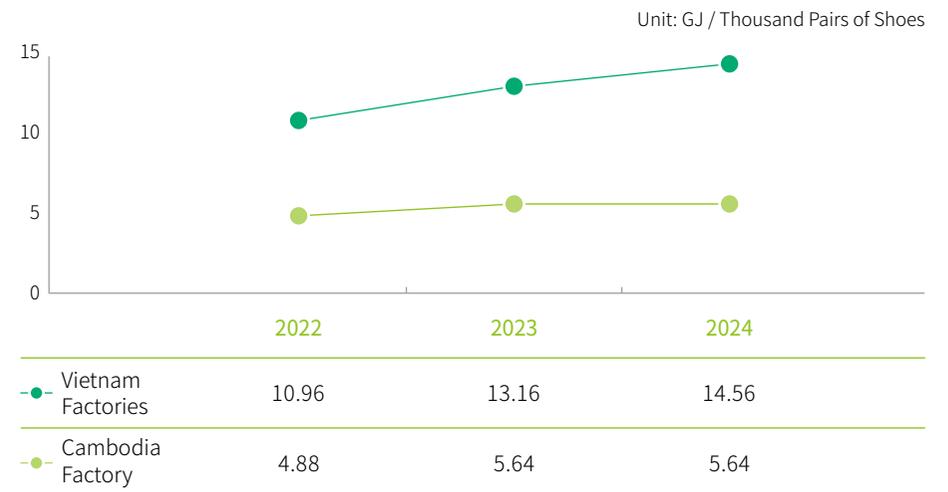
Highlights of Energy Management Performance by Each Factory in 2024

- ◆◆ VG: Obtained dual certifications for ISO 50001 and ISO 14001, and completed GHG inventory and third-party verification in accordance with ISO 14064-1. In addition to 8,097 MWh registered REC/iREC certificates, VG joined Nike’s MCAP (Manufacturer Climate Action Program) and DPPA (Direct Power Purchase Agreement) initiatives to achieve the goal of 100% renewable energy usage by 2030.
- ◆◆ AW: Established an Energy Management Committee in accordance with ISO 50001, updated the energy policy, and launched a five-year energy-saving program. Electricity meters were installed in each workshop for zoned monitoring. Energy data is updated and recorded daily, and any irregularities are investigated and addressed immediately to ensure energy efficiency and operational stability.
- ◆◆ SPG: Procured 1 MWh of IREC certificates, achieving a 12% renewable energy usage target. In response to an approximately 4.8% increase in electricity tariffs during the year, SPG planned to replace aging air compressors to enhance overall energy efficiency.
- ◆◆ DH: In alignment with brand customers’ sustainability goals, DH continued to promote a culture of energy conservation through its internal energy management framework. This includes employee training, regulatory compliance, and continuous improvement in energy performance.
- ◆◆ ASP: Issued an energy policy statement and conducted training courses on environmental strategy topics to enhance employees’ awareness and engagement in energy management and environmental protection.
- ◆◆ SGC: Established an energy resource management procedure in accordance with ISO 14001, with relevant documents managed under the “Document Control Procedure.” In 2024, SGC continued implementing energy-saving and carbon-reduction measures, including routine maintenance and calibration of solar systems. The plant progressively replaced outdated equipment and lighting with energy-efficient certified products and continued assessing the feasibility of replacing existing diesel forklifts with electric alternatives.

Energy Consumption of SPG(KY)

Since 2021, SPG(KY) has conducted a comprehensive inventory of its internal energy usage in line with the preparation of its sustainability reports. The scope includes electricity consumption across factories and offices, fuel usage by vehicles and forklifts, and minor gas consumption. In 2024, the total energy consumption amounted to 396,764 gigajoules (GJ). Using total product output as the basis for calculating energy intensity, the energy consumption per thousand pairs of shoes in 2024 was 11.11 GJ, representing a 6.43% increase compared to 10.44 GJ/thousand pairs in 2023. The Company will continue to optimize machinery and production processes to reduce the energy consumption per unit of product, enhance in-plant energy efficiency, and strike a balance between environmental sustainability and economic performance to fulfill its corporate social responsibility.

Energy Intensity Over the Past Three Years



Note: Energy intensity = Total energy consumption (GJ) / Total product output (thousand pairs of shoes)

4.3 Energy Management

4.3.1 Energy Consumption

Energy Policy and Objectives

To mitigate the environmental impact arising from its operations, SPG (KY) collaborates with all production sites across the Group to promote energy-saving initiatives and strategic energy planning. The Company is committed to reducing energy consumption and waste, while enhancing energy efficiency, controlling costs, and lowering greenhouse gas emissions. Through the optimization of overall energy management, SPG (KY) aims to achieve energy conservation, carbon reduction, and sustainable operations. In 2024, driven by the conclusion of inventory adjustment cycles by international brand customers and distributors, as well as rising market demand spurred by the Paris Olympics and other major international sporting events, the Group experienced a significant increase in order volumes, resulting in a slight rise in total energy consumption compared to 2023.

To align with the sustainability targets of brand customers and reduce reliance on fossil fuels, the Company continues to optimize its energy mix and actively adopt renewable energy sources such as solar power to mitigate the environmental impact of growing energy consumption. As of the end of 2024, the renewable energy utilization rate at the Group’s five factories in Vietnam reached 16.63%, representing a 1.03% increase compared to the previous year. The Cambodia facility also maintained a stable proportion of solar energy usage and was awarded the “Green Energy Factory Gold Award” by European Chamber of Commerce in Cambodia in recognition of its outstanding performance in power and wastewater management, green electricity adoption, and air pollution control.

2024, the renewable energy utilization rate at the Group’s five factories in Vietnam reached 16.6396 %, representing a 1.03%



▲ SGC - Green Energy Factory Gold Award



4.3.2 Greenhouse Gas Emissions Management

Greenhouse Gas Inventory

At the end of 2024, SPG(KY) made an official commitment to join the SBTi, as resolved by the Board of Directors. The commitment was officially acknowledged by SBTi in January 2025. The Company conducts its greenhouse gas inventory in accordance with the ISO 14064-1:2018 standard, serving as the basis for formulating carbon reduction strategies and actions. In 2024, the inventory scope included the Taiwan Headquarters and newly disclosed Scope 3, Category 4 emissions. Inventories for the five factories in Vietnam and the Cambodia facility will begin in 2025, gradually establishing a unified Group-wide carbon management system.

| Greenhouse Gas Emissions | Unit | Taiwan Headquarters | | |
|------------------------------------|--------------------------|---------------------|--------|--------|
| | | 2022 | 2023 | 2024 |
| Scope 1: Direct GHG emissions | CO ₂ e | 12.87 | 19.87 | 47.00 |
| Scope 2: Indirect energy emissions | CO ₂ e | 106.53 | 109.55 | 120.20 |
| Scope 3: Other indirect emissions | CO ₂ e | — | — | 30.29 |
| Total emissions | CO ₂ e | 119.40 | 129.42 | 197.49 |
| Total employees | Persons | 242 | 254 | 254 |
| Emission intensity (Scope 1 + 2) | CO ₂ e/person | 0.4934 | 0.5095 | 0.6583 |
| Emission intensity (Scope 3) | CO ₂ e/person | — | — | 0.1193 |

Note:

1. The above figures are internally compiled and have not been verified by a third party.
2. Scope 1 emissions are calculated using the emission factors announced in Version 6.0.4 of the “GHG Emission Factor Management Table” by Taiwan EPA, based on Global Warming Potentials (GWP) from IPCC AR6 (2021).
3. Scope 2 electricity emission factors are based on the emission factors announced in the “GHG Emission Factor Management Table” by Taiwan EPA, as follows: 0.495 kg CO₂e/kWh (2022); 0.494 kg CO₂e/kWh (2023); 0.474 kg CO₂e/kWh (2024)
4. GHG emission intensity = GHG emissions (tonnes CO₂e) / total number of employees.
5. Indirect greenhouse gas emissions classified as Category 4, generated from the use of products at the Taiwan Headquarters.

Category 3: Indirect GHG emissions

In 2024, the Taiwan Headquarters took the lead in inventorying other indirect greenhouse gas emissions. Among these, the indirect greenhouse gas emissions from the use of sold products (Category 4) amounted to 30.29 tonnes of CO₂e. The detailed emissions by category are as follows:

| Unit: tCO ₂ e | |
|---|--------------|
| Scope 3 emissions by sub-category | Emissions |
| Category 3: Indirect GHG emissions from transportation | |
| 3.1 Emissions from Upstream transport and distribution for goods | - |
| 3.2 Emissions from Downstream transport and distribution for goods | - |
| 3.3 Emissions from Employee commuting includes emissions | - |
| 3.4 Emissions from Client and visitor transport | - |
| 3.5 Emissions from Business travels | - |
| Category 4: Indirect GHG emissions from products used by organization | |
| 4.1 Emissions from Purchased goods | 28.78 |
| 4.2 Emissions from Capital goods | - |
| 4.3 Emissions from the disposal of solid and liquid waste | - |
| 4.4 Emissions from the use of assets | 1.51 |
| 4.5 Emissions from the use of services that are not described in the above subcategories (consulting, cleaning, maintenance, mail delivery, bank, etc.) | - |
| Category 5: Indirect GHG emissions associated with the use of products from the organization | |
| 5.1 Emissions or removals from the use stage of the product | - |
| 5.2 Emissions from downstream leased assets | - |
| 5.3 Emissions from end of life stage of the product | - |
| 5.4 Emissions from investments | - |
| Category 6: Indirect GHG emissions from other sources | |
| 6.1 Indirect GHG emissions from other sources | - |
| Total | 30.29 |

4.3.3 Energy-Saving Measures and Electricity Conservation Benefits

In response to global climate change and the challenges of sustainable development, SPG(KY) has actively implemented a variety of energy-saving and carbon reduction initiatives. By improving energy efficiency and reducing energy consumption, the Company effectively mitigates greenhouse gas emissions. SPG(KY) continues to invest in advanced energy-efficient equipment and adopts appropriate technological solutions tailored to the characteristics of each factory to achieve energy-saving goals. In 2024, SPG(KY) promoted the following energy conservation projects and actions across its operating bases:

✦ Highlights of Energy Conservation Projects and Actions by Each Factory in 2024

| | | | |
|---------------------|---|-----|---|
| Taiwan Headquarters | <ul style="list-style-type: none"> Replaced the stairway lighting at the rear office entrance with motion-sensor energy-saving fixtures. Promoted paperless operations, resulting in a 25% reduction in the number of multifunction machines used compared to 2023. | AW | <ul style="list-style-type: none"> After completing the installation of a 0.8 MWp rooftop solar power system, officially commenced operations in 2024, further increasing the share of renewable energy and enhancing climate resilience. Implemented measures such as minimizing equipment changeover time, standardizing the operation schedule of industrial exhaust fans, and shutting down equipment during lunch breaks, resulting in a cumulative power saving of over 88,879 kWh. Invested NT\$608,472 to replace 11 energy-saving motors, saving 343.69 GJ. |
| VG | <ul style="list-style-type: none"> Continued to prevent compressed air leakage and control machine idle time by replacing plastic pneumatic connectors with steel connectors, effectively reducing energy consumption. Replaced a malfunctioning, non-energy-efficient air compressor in Workshop E1 with a new energy-efficient model. Invested NT\$3,751,726 to install three solar water heating systems, saving 616.48 GJ. Invested NT\$106,327 to upgrade three motors to IE3 high-efficiency models, saving 80.08 GJ. Invested NT\$130,322 in a solar streetlight replacement project, replacing 85 solar streetlights (15 units of 300W, 56 units of 5W, and 14 units of 14W), saving 73.13 GJ. Invested NT\$130,322 to enhance the thermal insulation of foam dryers, improving heating system efficiency and saving 7.72 GJ. | DH | <ul style="list-style-type: none"> Actively promoted energy conservation awareness among employees by encouraging the use of natural light and ventilation, and cultivating the habit of turning off equipment when leaving work areas. Conducted regular inspections of lighting, cooling, and compressed air systems to ensure optimal performance without energy loss, and periodically published energy-saving reports to highlight achievements. |
| SPG | <ul style="list-style-type: none"> Continued to replace air compressors with energy-efficient models, effectively reducing energy consumption and operational costs. Maintained the operation of renewable energy equipment based on site conditions and customer requirements to ensure a renewable electricity ratio of 10%. Invested NT\$898,800 to install one variable frequency micro-oil screw compressor, saving 66.27 GJ. | SGC | <ul style="list-style-type: none"> Gradually replaced outdated equipment and lighting with certified energy-efficient products. Continued to assess the feasibility of replacing existing diesel forklifts with hybrid or fully electric models. |



Deployment of Sustainable Energy

The factories under SPG Group adopt varying sustainability requirements based on the respective specifications of partner brands; however, the overall focus is broadly aligned across four key areas:



| Item | Explanation |
|--------------------------|---|
| Environmental Management | <p>Environmental Assessments</p> <ul style="list-style-type: none"> SPG: Conducts regular evaluations based on environmental assessment indicators required by brand clients, covering areas such as chemical management, wastewater treatment, and the use of energy and water resources. Scoring and tracking are performed in accordance with client standards. SGC: Achieved 82% of its E-KPI targets and received a 4E rating, which covers multiple aspects including wastewater, waste, and hazardous material disposal. |
| | <p>Environmental Regulatory Compliance</p> <ul style="list-style-type: none"> DH: Ensures acquisition and ongoing maintenance of environmental permits and certificates, including Environmental Impact Assessment Certificates and Air Pollutant Discharge Permits, demonstrating a strong commitment to legal compliance. The site strictly adheres to quarterly emission monitoring regulations to ensure air emissions meet legal standards, consistently fulfilling its environmental responsibilities. |
| Energy Management | <p>Use of Renewable Energy</p> <ul style="list-style-type: none"> VG: Has phased out coal usage; in 2024, solar power accounted for 8.2% of its total energy use. SPG: Calculates and monitors the proportion of renewable energy used in the production process per brand client requirements. In 2024, renewable energy accounted for 12% of total electricity consumption (calculated as renewable electricity divided by the sum of renewable and grid electricity). AW: Continues to track the percentage of renewable energy used to ensure compliance with brand client standards. ASP: Installed a 554.4 kWp solar system, with solar power accounting for approximately 14% of total electricity supply in 2024. DH: Has eliminated the use of coal and is actively planning renewable energy procurement schemes, demonstrating commitment to energy transition. SGC: No longer uses coal. |
| | <p>Clean Energy</p> <ul style="list-style-type: none"> SGC: Maintains a solar energy usage rate of approximately 10%, meeting brand requirements for clean energy (including rooftop solar and power purchase agreements), demonstrating commitment to carbon reduction and transition. |
| Product Carbon Footprint | <ul style="list-style-type: none"> VG and AW: Continuously monitor the carbon footprint per pair of shoes in accordance with brand requirements, both achieving the targets set by their respective clients. |

4.4 Water Resources Management

Water Resource Utilization and Management Strategy

SPG (KY) continuously ensures that the factories in Vietnam and the factory in Cambodia strictly implement established management procedures for water sourcing, recycling, and wastewater discharge. In addition to complying with local environmental regulations, each site also adheres to customer-defined goals and standards for water resource management. During daily operations, each facility consistently monitors water use efficiency and promptly addresses factors that may lead to inefficiencies. These efforts aim to mitigate the risk of water scarcity caused by extreme climate conditions and reduce the likelihood of operational disruptions.

Implementation Status of Water Resource Management at Each Factory in 2024:

| Water Resource Management Implementation Items | Implementation Items | Highlights by Factory in 2024 |
|--|---|--|
|  <p>Roles and Responsibilities in Water Resource Management</p> | <p>Each facility establishes a clear division of responsibilities for water resource management, aligned with its organizational structure and operational characteristics, to ensure effective and efficient implementation.</p> | <ul style="list-style-type: none"> • VG: The Corporate Social Responsibility Department is responsible for overall planning and monitoring of water use efficiency. Department heads are tasked with implementing water-saving measures, while the general manager is in charge of reviewing the water resource management procedures. All employees are expected to comply with relevant regulations. • SPG: The Environment, Health and Safety Unit is responsible for water resource management. Each month, the Unit consolidates the plant's total water consumption to serve as the basis for ongoing management. • AW: The company has established a comprehensive water management process. The General Affairs Department collects water meter data and records the purposes of water use. Each department develops its own water-saving plans and submits them to the Corporate Social Responsibility Department, which sets the overall goals and performance indicators. After the leadership team reviews and approves the plans, implementation begins. Designated personnel conduct on-site inspections during working hours, while sanitation staff manage water usage in public areas to ensure full compliance with the policy. • ASP: Ensure the stable operation of the water supply system through scheduled monitoring and inspections, while reinforcing internal initiatives with employee training on water conservation awareness. • DH: The Corporate Social Responsibility Team collaborates with the Equipment Management Department to oversee water resource management, integrating administrative and technical aspects to jointly advance management efforts. • SGC: The General Affairs Department is responsible for conducting water quality testing, equipment maintenance, and regular disinfection to ensure the stability of reclaimed water quality and compliance with reuse standards. |
|  <p>Water Resource Monitoring and Measurement</p> | <p>To ensure effective water resource management, each facility has established corresponding monitoring and measurement mechanisms.</p> | <ul style="list-style-type: none"> • VG: Each department is responsible for regularly monitoring and recording its water consumption, which is then compiled by the General Affairs Department and submitted to the Corporate Social Responsibility Department for consolidation and analysis. The data serves as a critical basis for evaluating and improving water use efficiency. • SPG and ASP: To enhance real-time monitoring and response capabilities, water meters are installed at each department and point of use. The former facilitates centralized data collection, while the latter enables daily tracking of water consumption. • AW: The company compiles annual summary of factory water usage reports to track overall trends and continuously optimize management strategies. • DH: Designated personnel compile daily water usage data from each area and propose specific water-saving measures for high-consumption zones, effectively reducing the risk of resource waste." • SGC: Focusing on water quality and system maintenance, the General Affairs Department conducts regular water quality testing, equipment maintenance, and disinfection to ensure water safety and the effectiveness of water reclamation and reuse. |

| Water Resource Management Implementation Items | Implementation Items | Highlights by Factory in 2024 |
|---|--|--|
|  <p>Regulatory Compliance in Water Resource Management</p> | <p>Each facility adheres strictly to applicable local and national water resource regulations and carries out corresponding management measures as required by brand clients.</p> | <ul style="list-style-type: none"> • VG: The company obtains the necessary environmental and local permits for groundwater extraction and wastewater discharge in accordance with legal requirements, and ensures continuous compliance through routine operational monitoring and recordkeeping. • SPG: The Environment, Health and Safety Unit is responsible for monitoring and updating local regulatory policies and accordingly adjusting internal management practices to ensure compliance with national standards. • AW and DH: AW and DH are also committed to ensuring that its water resource management policies align with applicable regulations and client standards, encompassing areas such as water sourcing and discharge. • ASP: Regular regulatory reviews and compliance tests are conducted in line with the commitments made under the Environmental Impact Assessment and the applicable regulations set forth by the Industrial Park Management Committee. • SGC: Water usage and wastewater treatment operations are carried out in accordance with the internal audit system and departmental regulations to ensure legal compliance and continuous improvement. |
|  <p>Water Resource Monitoring and Reporting</p> | <p>In accordance with regulatory requirements and brand client expectations, each facility regularly prepares and submits water resource reports to ensure information transparency and strengthen oversight mechanisms.</p> | <ul style="list-style-type: none"> • VG: Completes an annual groundwater extraction report and submits it to the local competent authority to ensure compliance with extraction regulations. • SPG: While an independent water resource report is not compiled, the company leverages the data collection system established by brand clients to track the implementation of annual water efficiency targets, serving as a reference for ongoing management and continuous improvement. • AW: Compiles quarterly water usage reports and pays water fees in accordance with legal requirements, demonstrating disciplined water resource management. • ASP and DH: In compliance with local regulations, ASP prepares an annual environmental protection work report, while DH conducts quarterly assessments of wastewater treatment outcomes. Progress and water-saving results are disclosed through their respective annual environmental reports. |
|  <p>Emergency Response Measures</p> | <p>To enhance the resilience of water resource management and reduce potential risks, all facilities within the Group have established response mechanisms for abnormal water-related events.</p> | <ul style="list-style-type: none"> • VG: VG has installed an automated freshwater monitoring system in accordance with regulations to enhance real-time monitoring capabilities since 2023. In 2024, the company reduced freshwater consumption by 22% compared to 2022, demonstrating its proactive efforts in addressing water resource challenges. • SPG: The company has established a “Wastewater Management Procedure” that provides clear operational instructions for responding to emergency situations • AW: AW has established clear response procedures for emergency scenarios such as water quality abnormalities, leakage, water supply interruptions, and equipment malfunctions. The company also places strong emphasis on employee emergency training to ensure operational stability and environmental safety. • DH and ASP: DH and ASP have developed factory emergency contact lists and contingency response plans to ensure timely action in water-related incidents and minimize potential damage. |

4.4.1 Water Resource Utilization

Water Consumption Statistics

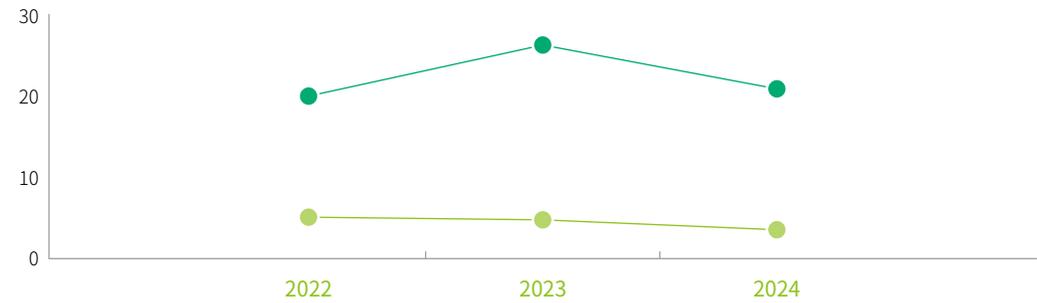
As its business continues to grow, SPG (KY) remains mindful of the environmental impact of water use. The Company is committed to reducing water consumption in the production process and improving overall water use efficiency. By optimizing every drop of water, the Company strives to minimize the operational impact of water resources while ensuring that no significant adverse effects are imposed on the surrounding ecosystem or local communities

Water Consumption Overview for the Past Three Years

All of the Company’s operating sites are located in areas identified as low water risk regions according to water risk assessments, with no immediate threat of water scarcity in the short term. Freshwater is primarily sourced from third-party suppliers, such as municipal water utilities.

As the local municipal water pipeline is still under construction, VG currently relies on groundwater as its primary source of water. In 2024, the total water consumption amounted to 505.13 million liters, with an average daily consumption of 43.44 liters per person. This represents a 22.74% reduction compared with the per capita daily consumption of 56.22 liters in 2023.

Water Withdrawal Intensity



| | | | |
|---------------------|-------|------|------|
| ● Vietnam Factories | 19.76 | 26.4 | 20.9 |
| ● Cambodia Factory | 4.89 | 4.46 | 3.45 |

Note: Water withdrawal intensity = Total water withdrawal (liters) / Total product output (pairs of shoes)

Unit: million liters

| Location | Taiwan Headquarters | | | Factories in Vietnam | | | Cambodia | | |
|------------------------|---------------------|--------|------|----------------------|------------------------|--------|----------|--------|--------|
| | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 | 2022Note | 2023 | 2024 |
| Public water supply | 0.87 | 0.85 | 1.15 | 280.76 | 251.04 ^{Note} | 281.29 | 85.89 | 47.88 | 47.51 |
| Groundwater | 0 | 0 | - | 224.63 | 250.78 | 175.18 | - | - | - |
| Total Water Withdrawal | 0.87 | 0.85 | 1.15 | 505.39 | 501.82 | 456.47 | 85.89 | 47.88 | 47.51 |
| Total Water Discharge | - Note | - Note | 1.15 | 329.62 | 309.94 | 306.47 | - Note | - Note | - Note |

- Note:
- In the above table, water withdrawal data for VG and, for 2022, AW and SGC were collected based on in-plant water meter readings. Data for the other sites were disclosed according to the billing periods of the local water supply companies.
 - The 2023 public water supply data includes the bottled water and RO (reverse osmosis) water used by ASP.
 - The Taiwan Headquarters does not directly track wastewater data, as only domestic water is used and all generated wastewater is discharged as general domestic sewage into the municipal sewer system. Due to the lack of relevant data from 2022 to 2023, no disclosure was made. Starting from 2024, wastewater volume is estimated based on water withdrawal and disclosed accordingly.
 - The wastewater from AW, DH, and the factory in Cambodia is managed through a closed-loop system with no external discharge; therefore, the reported wastewater discharge data in this report does not include these facilities.
 - All statistical information in the above table is presented rounded to two decimal places.

Overview of Responses and Practices in Meeting Brand Requirements for Sustainable Water Resource Management

Brand clients of the Group's various production sites have established clear sustainability requirements for water resource management by suppliers, prompting proactive implementation of related measures. In terms of water use, AW has implemented a five-year water-saving plan since 2020, aiming to achieve a 1% annual reduction in water consumption through water-saving mechanisms and improved production efficiency. VG, on the other hand, established an environmental policy covering 2023 to 2026, committing to continuous annual reductions in water usage. In addition, both plants have adopted a zero liquid discharge system and completed all required wastewater testing to ensure that no wastewater is discharged outside the facilities. (For more information on other aspects of wastewater management, please refer to Section 4.4.3 Wastewater Management.)

DH has established a separate drainage system for rainwater and wastewater to ensure that all domestic and industrial wastewater is properly treated before being discharged into the plant's retention basin. This measure reduces the risk of discharge and complies with environmental safety standards required by brand clients.

SPG treats its wastewater through a direct discharge system, with limited external discharge. However, the process fully complies with ZDHC MRSL requirements and has achieved at least the Foundational level or higher in compliance ratings. ASP adopts an indirect discharge approach and likewise complies with ZDHC regulations on restricted substances in the manufacturing process.

SGC employs a zero liquid discharge mechanism, completing all necessary wastewater testing and achieving full reuse of wastewater.

▶ 4.4.3 Wastewater Management

4.4.2 Water Conservation Measures and Outcomes

SPG (KY) is committed to improving water resource efficiency by actively promoting various water-saving initiatives and integrating water conservation principles into daily operational management. Specific measures include the use of water-saving faucets, adjusting toilet tank water consumption, posting water-saving slogans in water-use areas and on bulletin boards, and reusing rainwater or treated process wastewater for toilet flushing and landscape irrigation. In addition, awareness campaigns and employee training are conducted to enhance understanding of the importance of water resources and methods for water conservation. Through these comprehensive efforts and practices, the Company encourages all employees to participate in water-saving actions, cherish water resources, and achieve optimal utilization and efficiency of water use.



Highlights by Factory in 2024

[VG and AW] Design of Double-Layer Mold Washing Tank

To achieve water-saving goals, VG and AW have implemented a dual-tank diversion design in their mold cleaning operations, employing a left-right dual-flow tank washing mechanism. The left tank is responsible for soaking and preliminary rinsing to remove residual paint from mold cleaning tools, while the right tank uses clean water for secondary rinsing to thoroughly eliminate residues. The clean water is then diverted back to the left tank for reuse. This design effectively extends the water lifespan and the durability of water stoppers, reduces overall water consumption, and enhances the efficiency of water resource recycling.

4.4.3 Wastewater Management

Water Pollution Prevention

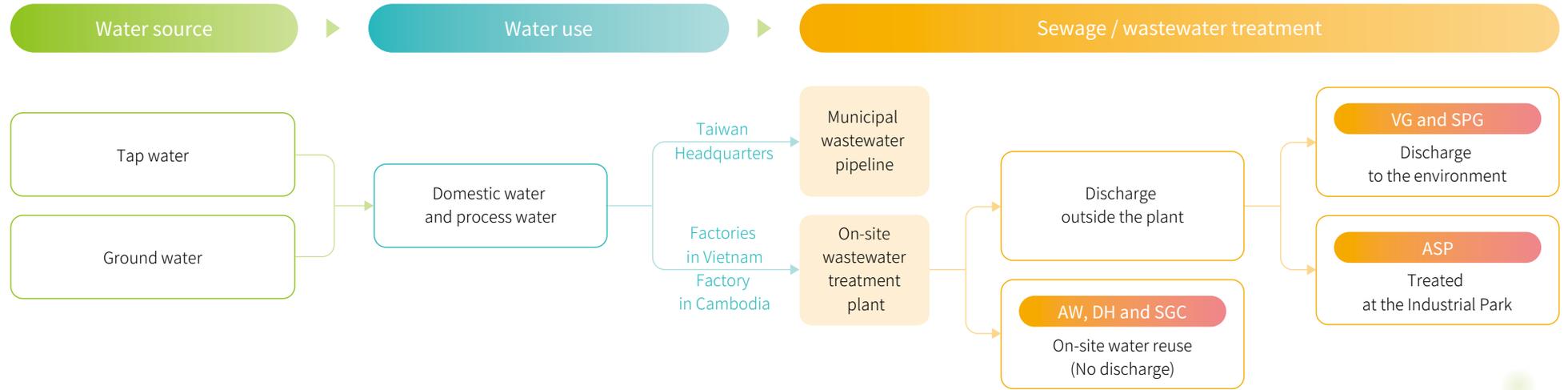
Clear operational procedures are established, with an emphasis on strict compliance by all personnel. Wastewater and sewage generated within the plants are subject to pretreatment, monitoring, and discharge management conducted by dedicated units or certified third-party service providers in accordance with the designed treatment processes. Regular testing and risk control measures are also implemented in accordance with local environmental permits.

Meanwhile, each plant has progressively introduced water reuse measures and contingency plans to improve water resource utilization efficiency and enhance their ability to respond to abnormal conditions. The wastewater management practices implemented by each plant in 2024 are summarized as follows:

| Item | Implementation Items | Highlights by Factory in 2024 |
|---|---|--|
|  <p>Compliance with Laws and Regulations</p> | <p>Each plant adheres to local regulatory requirements and the standards set by international brand clients, ensuring the implementation of water resource management procedures and discharge standards</p> | <ul style="list-style-type: none"> • VG: All operations are carried out in accordance with the Water Pollution Control Management Procedure to ensure compliance with regulatory requirements. • SPG: The wastewater discharge permit application and approval process was completed in 2023. • AW: Wastewater treatment operations are conducted in accordance with local regulations, environmental permits, and customer standards to ensure that discharge water quality complies with statutory requirements. • ASP: Comply with air and wastewater discharge standards, and have obtained the relevant statutory permits. • DH: In 2024, a new wastewater management procedure was implemented to ensure that wastewater treatment operations comply with local, national, and international regulations and discharge permit requirements. • SGC: In accordance with Cambodian regulations and brand requirements, monitoring procedures have been established to manage the water treatment process and its outcomes, ensuring compliance with regulatory standards. |
|  <p>Wastewater Risk Management and Environmental Assessment</p> | <p>In response to local regulations and customer requirements, each facility has developed dedicated mechanisms for wastewater risk management and environmental impact assessment. Each plant of SPG(KY) actively implements wastewater risk management practices to ensure the stable operation of treatment systems and to mitigate operational risks.</p> | <ul style="list-style-type: none"> • AW: To enhance the ability to respond to emergencies, an environmental incident response plan and contingency procedures for handling abnormalities in wastewater treatment systems have been developed. • ASP: Wastewater treatment is managed by suppliers, who perform regular testing and risk assessments in compliance with legal regulations and brand customer requirements. Statutory testing is conducted four times a year, with up to two additional tests performed as needed to ensure water quality stability. In the event of non-compliant results, immediate corrective actions are developed and implemented. • DH: Regular assessments are conducted to evaluate the potential impacts of wastewater treatment operations on the surrounding environment and ecosystems. Based on the findings, risk management plans are developed to safeguard ecological integrity. • SGC: Dedicated personnel coordinate external testing to verify the performance of wastewater treatment systems and ensure regulatory compliance of effluent discharge. |

| Item | Implementation Items | Highlights by Factory in 2024 |
|--|---|--|
|  <p>Wastewater Treatment Technology Selection and Management</p> | <p>Treatment technologies are selected according to the wastewater sources and characteristics of each facility, ensuring compliance with local regulations and environmental permit conditions. These technologies are implemented to effectively purify wastewater prior to discharge, with due consideration given to technical feasibility and energy efficiency.</p> | <ul style="list-style-type: none"> • VG: Dedicated wastewater treatment facilities are in place, and treated effluent must meet the standards specified in the environmental permit before being discharged directly into receiving water bodies. • SPG: Wastewater treatment is managed by suppliers possessing valid treatment permits, and is performed fully in accordance with local regulatory requirements. • AW: Wastewater treatment is outsourced to legally licensed suppliers and managed in accordance with local regulations to ensure compliance with statutory discharge requirements • ASP: Technologies meeting the discharge standards of industrial zones are adopted to guarantee consistent treatment effectiveness. • DH: Treatment technologies are assessed and selected based on wastewater characteristics and regulatory requirements, with an emphasis on sustainability and energy efficiency. • SGC: The General Affairs Department oversees the operation and daily maintenance of water treatment facilities. The Corporate Social Responsibility Department is responsible for regularly updating relevant regulations and coordinating external inspections. Facility supervisors implement equipment upgrades and system optimizations according to on-site needs to ensure the stable performance of treatment technologies. |
|  <p>Wastewater Recycling and Emergency Response Management</p> | <p>To enhance wastewater resource reuse and reduce the environmental impact of potential risk events, each of the Company's facilities promotes wastewater recycling measures and has established emergency response mechanisms in accordance with operational conditions and local regulations. These efforts ensure that treatment systems maintain real-time responsiveness during abnormal situations, thereby upholding environmental compliance and operational stability.</p> | <ul style="list-style-type: none"> • VG: Currently, there are no wastewater recycling or reuse operations in place. However, emergency preparedness and response procedures have been established to ensure timely handling of abnormal situations and to minimize potential impacts. • SPG: Recycled water is utilized for toilet flushing, and unexpected incidents are handled in accordance with established wastewater management procedures. • AW: Recycled treated wastewater is utilized within the facility for toilet flushing and irrigation of green areas. Furthermore, incident response procedures specific to the wastewater treatment system have been developed to enhance the site's emergency response capabilities. • ASP: Before discharging wastewater into the industrial zone's centralized treatment system, the effluent is ensured to meet Category B industrial wastewater discharge standards. In addition, response measures and documentation mechanisms are established to ensure regulatory compliance during the production process. • DH: Recycled water is used for toilet flushing and site irrigation, and a comprehensive emergency response plan has been established, covering incident handling, pollution prevention and control, and reporting procedures. • SGC: Treated wastewater is reused within the facility for toilet flushing and landscape irrigation. In addition, a work assignment and record management mechanism has been established, incorporating emergency response measures to ensure regulatory compliance and maintain stable operations. |
|  <p>Training and Maintenance for Wastewater System Operations</p> | <p>To ensure the stable operation of wastewater treatment systems and compliance with regulatory requirements, the Company not only continues to invest in technological upgrades but also places strong emphasis on professional training for operating personnel and the implementation of equipment maintenance mechanisms. Each facility develops operation manuals, training programs, and regular maintenance plans based on actual operational needs and local management systems, ensuring continuous improvement in treatment performance and regulatory compliance.</p> | <ul style="list-style-type: none"> • VG: To strengthen the professional expertise of operational personnel and ensure consistency in wastewater treatment operations, the company has established the Standard Operating Manual for Wastewater Treatment Plants and the Standard Operating Manual for Screen Printing Wastewater Treatment Plants as official procedural references. • SPG: The operation and maintenance of the wastewater treatment system are entrusted to legally qualified suppliers. Before entering into a contract, verification is conducted to ensure that their personnel possess the necessary training certifications • AW: Annual training programs are provided for personnel responsible for operating the wastewater treatment system, covering topics such as water quality standards, equipment maintenance, system operation, and chemical management. In addition, weekly system maintenance is carried out to ensure ongoing compliance with regulatory and customer requirements. • ASP: In addition to requiring wastewater treatment personnel to hold relevant qualifications, annual training programs are arranged, and daily maintenance of the wastewater treatment system is carried out through collaboration between the operators and the General Affairs Department. • DH: System operators are required to undergo professional training relevant to their roles, and a regular maintenance and servicing mechanism is in place to ensure long-term operation of the equipment under efficient and stable conditions. |

Wastewater Discharge and Treatment Process



| Categories of Wastewater Discharge | Facility | Description of Wastewater Treatment Methods |
|--|----------------|--|
| Discharge of wastewater to off-site facilities | VG and ASP | Wastewater generated by VG is transported via pipelines to its own wastewater treatment facility, where it is treated to meet discharge standards before being released into the external environment. ASP is located within an industrial park. Wastewater is preliminarily filtered on-site through a self-established mini wastewater treatment facility to remove colloidal and metallic substances, and is then discharged into the park’s centralized wastewater treatment system. |
| Some of the wastewater is discharged off-site | SPG | The facility is equipped with an internal wastewater treatment system. However, due to limitations in storage tank capacity, a portion of the wastewater—after being confirmed to meet discharge standards—must be released off-site. The facility is committed to maximizing the reuse of treated wastewater (mainly for toilet flushing, as the water quality is not suitable for landscape irrigation), though the volume of recycled water remains relatively low. Additionally, a wastewater recycling procedure is implemented every two months, requiring full discharge upon completion of each cycle. |
| Zero wastewater discharge with recycling and reuse | AW, DH and SGC | All facilities are zero-discharge sites, where treated wastewater is fully recycled within the facility for uses such as toilet flushing and landscape irrigation. This approach effectively reduces water resource consumption and minimizes environmental impact. |

2024 Wastewater Quality Monitoring Results

To ensure effective water resource management and compliance with effluent quality standards, all facilities within the Group conduct regular wastewater quality monitoring and management in accordance with local regulations and brand customer requirements. The Group is progressively adopting the ZDHC Wastewater Guidelines as an internal management framework, underscoring its ongoing commitment to environmental protection and regulatory compliance.

AW, ASP and DH

- All test results for Chemical Oxygen Demand (COD), Biochemical Oxygen Demand (BOD), and Total Suspended Solids (TSS) complied with regulatory standards in 2024.
- AW and ASP complied with the ZDHC standards required by brand customers.

SGC

- Water quality testing is conducted twice annually, **with testing parameters including :** basic water indicators (pH and turbidity), organic pollutants (Biochemical Oxygen Demand and Chemical Oxygen Demand), and heavy metals (including copper, total iron, lead, mercury, and zinc).

VG

- Wastewater quality testing is conducted quarterly, with an additional two self-initiated tests per year in accordance with ZDHC guidelines. **The testing parameters include:** basic water quality indicators (pH), organic pollution indicators (including BOD, COD, suspended solids, and mineral oil), nitrogen and phosphorus compounds (including total nitrogen and total phosphorus), disinfection and toxicity indicators (including residual chlorine, cyanide, phenols, and E. coli), and metal pollutants (iron content). In 2024, wastewater management met the ZDHC Foundational Level requirements and the standards set by brand customers.

SPG

- In addition to four legally required routine tests conducted annually, two additional tests were carried out at the request of brand customers. When results did not meet the standards, a corrective action mechanism was promptly activated. Ultimately, all results complied with local regulations, the ZDHC Wastewater Guidelines (Foundational Level), and brand customer requirements. **The testing parameters included:** basic water quality indicators (temperature, pH, and color), organic pollution indicators (suspended solids, COD, BOD, and oil & grease), nitrogen and phosphorus compounds (total nitrogen, ammonia nitrogen, total phosphorus, and cyanide), and other specific pollutants (adsorbable organic halogens, phenols, persistent foam, anionic sulfides, and anionic sulfites). All test results in 2024 met the required standards.

4.5 Waste Management

| Major Topic : Waste Management | | | | | | | |
|--|---|---|--|--|--|--|---|
| Significance to SPG (KY) | SPG (KY) places great importance on the environmental, social, and economic impacts of waste management. Each facility classifies and manages general and hazardous waste in accordance with local regulations and customer requirements. Waste is collected and removed by qualified or brand-designated contractors, and the recycling and treatment processes are regularly audited to ensure legal compliance. The Company is committed to maximizing resource recovery while safeguarding the health and safety of personnel. | | | | | | |
| Policy/Commitment | In accordance with the ISO 14001 Environmental Management System and by adopting the PDCA (Plan-Do-Check-Act) cycle and a systematic management approach, SPG (KY) ensures that its environmental protection objectives align with the Company's policies and commitments. A comprehensive mechanism for pollution prevention and improvement has been established to continuously enhance the effectiveness of waste management. | | | | | | |
| Goal | <table border="1"> <thead> <tr> <th>Short-term (2025)</th> <th>Medium to long-term (beyond 2026)</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> AW: Reduce total waste volume by 1% SGC: Reduce waste generated per pair of shoes by 2% SPG: Maintain a waste recycling rate above 96% ASP: Conduct daily supervision of waste management operations to ensure effective implementation of all measures DH: Promote hygiene and safety training and implement improvement plans for workplace injury incidents </td> <td> <ul style="list-style-type: none"> AW: Reduce total waste volume by 3% DH: Achieve the waste management targets set by brand clients SGC: Reduce waste generated per pair of shoes by 5% by 2030 ASP: Continue daily execution of waste management operations under the supervision of a dedicated department </td> </tr> </tbody> </table> | Short-term (2025) | Medium to long-term (beyond 2026) | <ul style="list-style-type: none"> AW: Reduce total waste volume by 1% SGC: Reduce waste generated per pair of shoes by 2% SPG: Maintain a waste recycling rate above 96% ASP: Conduct daily supervision of waste management operations to ensure effective implementation of all measures DH: Promote hygiene and safety training and implement improvement plans for workplace injury incidents | <ul style="list-style-type: none"> AW: Reduce total waste volume by 3% DH: Achieve the waste management targets set by brand clients SGC: Reduce waste generated per pair of shoes by 5% by 2030 ASP: Continue daily execution of waste management operations under the supervision of a dedicated department | | |
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| | Company Goal for 2024 | Achievement Progress | | | | | |
| Each plant sets its annual waste reduction targets based on historical waste generation volumes. | VG, AW, SPG and SGC achieved the goal. | | | | | | |
| <ul style="list-style-type: none"> SPG: Waste recycling and treatment were conducted in accordance with designated suppliers specified by brand customers, achieving a 99% recycling and reuse rate. ASP: Collaborated with raw material suppliers to recycle foam and mesh materials, resulting in an overall recycling rate increase to 4%. | | | | | | | |
| Communication Channel | <p>The Company has established effective communication channels both internally and externally:</p> <ul style="list-style-type: none"> Internal: Employees from all departments may report any environmental management issues directly to the Corporate Social Responsibility Department, Human Resources Department, or the Labor Union. External: The management office of each factory is responsible for receiving and responding external feedback according to the type of issues. | | | | | | |

4.5.1 Waste Disposal

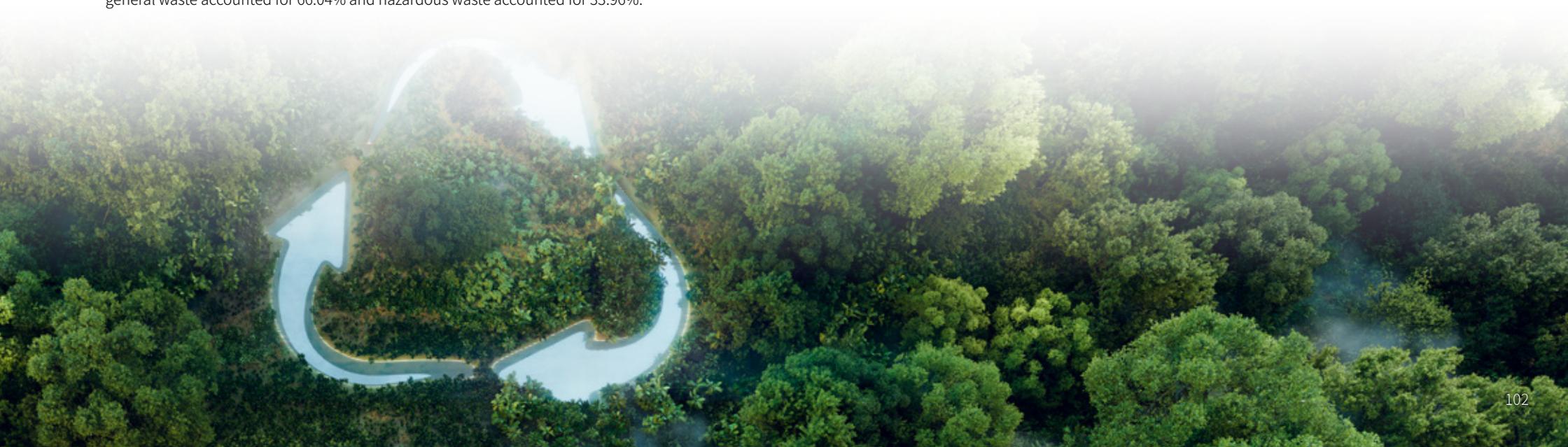
Waste Disposal Actions

At each factory, waste includes general waste and industrial waste, and it is stored in accordance with our “Waste Clearance and Transport Management Procedures” and local regulations. All waste at each factory is categorized and stored appropriately, and then it is weighed, recorded, and transported for disposal by disposal firm. Waste storage spaces are labeled with signage that clearly indicates the storage locations for each type of waste to ensure effective waste sorting and resource recycling. At AW, clear classification labels and a comprehensive documentation system are in place, along with fire safety and chemical spill response equipment—demonstrating a high standard of on-site management. SGC meets both brand and group certification requirements, ensuring that suppliers comply with international customer standards. At both ASP and SPG, dual-person weighing records and standardized procedures are strictly implemented, with dedicated units continuously monitoring operations to enhance transparency and traceability.

The frequency of waste removal is arranged based on the type and weight of the waste, enabling effective control over storage conditions and maintaining cleanliness within the plant areas. Under stringent management, no violations related to waste removal were recorded across all facilities in 2024.

Waste Generation and Disposal Methods in the Past Three Years

The Company compiles statistics on total waste generation, including both hazardous and non-hazardous waste, as well as the amount of waste reused. In 2024, the total waste generated amounted to 5,602.37 metric tons, of which general waste accounted for 66.04% and hazardous waste accounted for 33.96%.



Unit: ton; percentage (%)

| Category | Waste | Disposal | Factories in Vietnam | | | | | | Factory in Cambodia | | | | | |
|-----------------|---|-------------------------------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|----------------------|----------------|
| | | | 2022 Disposal volume | % | 2023 Disposal volume | % | 2024 Disposal volume | % | 2022 Disposal volume | % | 2023 Disposal volume | % | 2024 Disposal volume | % |
| General waste | • Household waste | Landfill | 799.06 | 19.39% | 620.51 | 18.01% | 763.77 | 19.33% | 397.09 | 19.93% | 338.29 | 24.65% | 348.67 | 21.12% |
| | • Production waste (scraps) | Incineration/ Recycling | 2,251.28 | 54.63% | 1,922.27 | 55.80% | 2,175.91 | 55.07% | 1,163.90 | 58.43% | 686.64 | 50.03% | 201.54 | 12.21% |
| | • Wastepaper | Recycling | 280.89 | 6.82% | 199.23 | 5.78% | 180.27 | 4.56% | 242.12 | 12.15% | 190.59 | 13.89% | - | — % |
| | • Scrapped shoes | Incineration | 24.39 | 0.59% | 15.14 | 0.44% | 29.49 | 0.75% | 97.68 | 4.90% | 70.31 | 5.12% | - | — % |
| Subtotal | | | 3,355.62 | 81.43% | 2,757.15 | 80.03% | 3,149.44 | 79.71% | 1,900.79 | 95.41% | 1,285.83 | 93.69% | 550.21 | 33.32% |
| Hazardous waste | • Sludge (wastewater treatment plant) | Incineration | 251.70 | 6.10% | 195.65 | 5.68% | 157.01 | 3.97% | 64.72 | 3.25% | 14.36 | 16.58% | 12.28 | 0.74% |
| | • Chemicals (Including waste fabric and adhesive contaminated with waste ink and chemicals) | Incineration | 357.74 | 8.68% | 351.97 | 10.22% | 437.69 | 11.08% | 0.77 | 0.05% | 7.08 | 0.52% | 1,088.68 | 65.93% |
| | • Hazardous items- Chemical containers (including iron and plastic containers) | Recycling | 76.61 | 1.86% | 66.67 | 1.94% | 80.60 | 2.04% | 25.68 | 1.29% | 65.17 | 4.75% | - | — % |
| | • Others | Incineration / Recycling / Landfill | 79.37 | 1.93% | 73.66 | 2.14% | 126.46 | 3.20% | — | — % | — | — % | - | — % |
| Subtotal | | | 765.42 | 18.57% | 687.95 | 19.97% | 801.76 | 20.29% | 91.17 | 4.59% | 86.61 | 6.31% | 1,100.96 | 66.68% |
| Total | | | 4,121.04 | 100.00% | 3,445.10 | 100.00% | 3,951.20 | 100.00% | 1,991.96 | 100.00% | 1,372.44 | 100.00% | 1,651.17 | 100.00% |

Note:

- The data in the above table do not include the Taiwan Headquarters, as it is an administrative office where the primary waste generated consists mainly of office paper and stationery.
- All statistical information in the above table is presented rounded to two decimal places.

4.5.2 Waste Reduction Measures

Waste Transformation and Reprocessing

To enhance the value of waste, each plant has progressively strengthened its management of waste conversion and recycling rates. SPG continuously tracks the waste conversion rate, calculating the proportion of waste reused and energy recovered relative to total production waste as a basis for management and optimization. ASP collaborates with raw material suppliers to recycle foam and mesh scraps into usable materials, gradually increasing the reuse ratio year by year, achieving an overall recycling rate of 4% in 2024. In line with brand client targets, VG achieved the waste limit per pair of shoes during the manufacturing process in 2024, highlighting its progress in process optimization and resource management.

SPG (KY)'s overseas facilities, following the Group's sustainability policies and client environmental requirements, continuously implement diverse measures such as source reduction, process optimization, and resource reutilization to reduce waste generation, achieve resource circularity, and minimize environmental impact. (For more information, please refer to Section 3.2.1 Raw Material Management.)

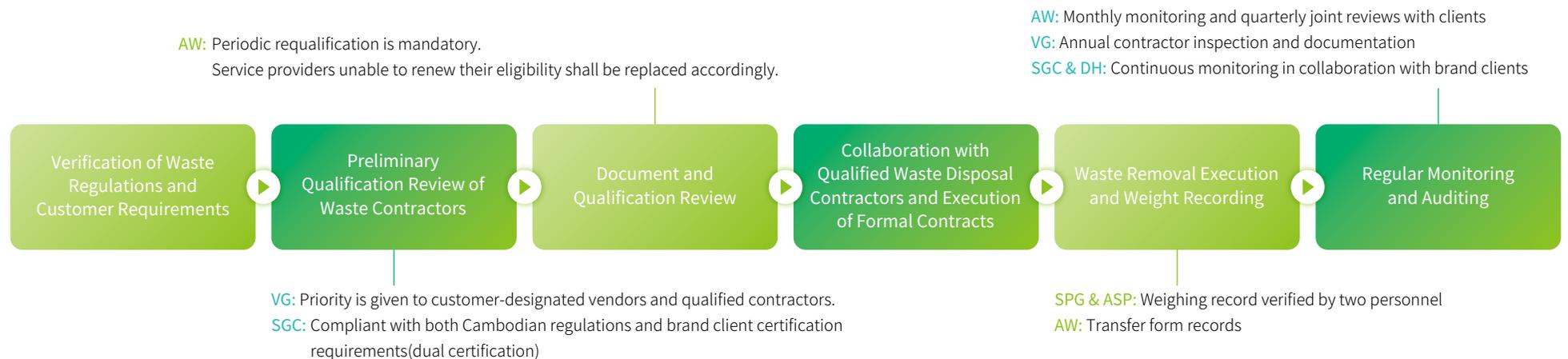
[▶ 3.2.1 Raw Material Management](#)

4.5.3 Contractor Management

Waste Contractor Management

SPG (KY)'s overseas facilities rigorously select waste contractors in accordance with local regulations and the Group's internal management policies. Only contractors with valid business licenses and certified waste treatment permits are qualified to provide services. In addition, the Company has established a systematic waste contractor management framework. Each facility is authorized to develop and implement monitoring mechanisms tailored to its operational needs and applicable regulatory requirements. Among them, DH strictly adheres to brand client requirements for waste treatment methods, complying not only with client-specific standards but also with Vietnam's regulations on waste storage and disposal. To ensure traceability and compliance, monthly documentation and statistical records of waste handover activities are maintained.

The Company's procedures for engaging and managing waste disposal contractors are as follows:



Qualified Waste Transporters and Waste Collection and Disposal Procedures at Each Plant

To further optimize waste management, SPG (KY follows internal waste management procedures that encompass the commissioning of qualified contractors for waste collection and recycling, the establishment of standardized processes for waste disposal and recycling, and the management of resource recovery operations. Each plant holds regular meetings to review waste management action plans, assess implementation effectiveness, and maintain long-term monitoring mechanisms to ensure continued achievement of objectives. In 2024, all plants conducted on-site audits of suppliers at the end of the year to ensure that partner contractors comply with legal regulations and the Company’s environmental management standards.

| Factory | Procedures for Waste Removal and Treatment |
|---------|---|
| VG | <ul style="list-style-type: none"> In accordance with its Waste Management Procedures, VG carries out the classification, transportation, and storage of production waste and hazardous waste. Solid waste is first sampled and batch-mixed, followed by crushing and size screening. A secondary mixing process is then conducted to produce a treatable mixture. Finally, the mixture is transported by truck and fed into a cement kiln for disposal via an automatic feeding system using silicone belts. |
| SPG | <ul style="list-style-type: none"> Industrial waste is transported to the port for weighing and storage, then shipped by barge to a facility for incineration and energy recovery. Hazardous waste is collected by designated vehicles, sorted, labeled, weighed, and transferred on-site before being shipped by barge to licensed waste disposal contractors for incineration, crushing, and solidification. |
| AW | <ul style="list-style-type: none"> The procedure covers the collection, transportation, and final disposal of general industrial waste, hazardous waste, and domestic waste. For solid waste, the treatment process includes sampling and batch mixing, crushing and size screening, secondary mixing, and loading the resulting mixture onto trucks. The mixture is then delivered to the incinerator via an automated feeding system. Before hazardous waste is processed, contractors conduct laboratory analysis to determine its composition, followed by risk assessment and safety control measures. For non-recyclable waste, a co-processing method is adopted, which helps reduce carbon dioxide emissions and allows the waste to be used as an alternative fuel. |
| ASP | <ul style="list-style-type: none"> ASP collects and properly handles production waste, and conducts annual evaluations of contracted waste transporters to ensure they have clear and comprehensive procedural documentation to guide operations. This ensures that waste management complies with relevant regulations and meets the requirements of brand clients. |
| DH | <ul style="list-style-type: none"> Both general and hazardous waste are transported by contracted waste carriers to treatment facilities, where they are processed according to their characteristics through methods such as incineration with energy recovery, crushing, and solidification. Prior to leaving the plant, hazardous waste must be sorted, labeled, weighed, and formally transferred. All related activities are recorded and controlled using documents such as “Weighing Sheets” and “Transfer Forms.” In addition, according to the Waste Collection – Transportation and Storage Procedures, the entire process—from source-level classification and temporary storage, to transport and final treatment—is governed by clearly defined procedures. These operations are overseen by site supervisors and general affairs personnel to ensure rigorous control and full traceability. |
| SGC | <ul style="list-style-type: none"> Each batch of waste transported is photographed and its weight recorded, while itemized details are documented internally. Recyclable waste materials, such as cardboard boxes and scrap metal, are sold to generate additional income. Waste treatment procedures are carried out in accordance with agreements between the waste disposal company and the brand to ensure regulatory compliance. |

05

Creating a Happy Workplace

Genuine Care and Mutual Growth

| | |
|---|-----|
| 5.1 Our People at SPG(KY) | 108 |
| 5.2 Labor-Management and Employment Relations | 118 |

| | |
|------------------------------------|-----|
| 5.3 Human Rights | 128 |
| 5.4 Occupational Safety and Health | 132 |

We believe that our employees are the most valuable asset, also the core of business operation. Therefore, we are committed to creating a healthy and safe working and living environment. This is not only our promise to all employees and their families, but also our primary area of concern. SPG(KY) firmly believes that providing a safe and healthy workplace can attract more talented personnel to join our team and boost employees’ motivation and loyalty, thereby achieving the company’s sustainable development.

Core Value of Personnel Management

Happiness, Growth and Responsibility

Our company commits to create a work culture of continuous learning and “growth” that allows our employees to achieve mutual respect, work-life balance, pursue inner self "happiness", thereby enhance their self abilities; meanwhile achieving personal expectations of being able to be responsible at work and in life while facing work partners, shareholders and customers.



Satisfaction and Promptness

- Providing healthy and safe working and living environment is the most valued promise made to our employees and their families. We believe that only safe environment can ensure the health development for all employees, thereby pursuing better products, services and all processes to meet the expectations and requirements of customers, work partners, shareholders and society.
- In terms of horizontal communication, the key factor to satisfy both work partners’ sense of accomplishment and trust of cooperating customers is we receive information and provide feedback promptly, to assist the company's stable growth and sustainable development.



Personnel Training

We value cultivation of talents, respect our employees' value, and think of them as the most valuable asset also the key advantage to pursue excellence and sustainable operation. We integrate our vision, mission and goals into establishing and implementing policies and regulations to boost mutual respect between coworkers, as well as balancing work and life. In 2024, the Company began planning a company-wide competency inventory and is preparing to introduce a relevant competency assessment in 2025 as a reference for developing employee career paths and training blueprints.



5.1 Our People at SPG(KY)

| Major Topic : Employee Recruitment and Management | | | | | |
|--|--|------------------------|----------------------|--|--|
| Meanings of major topic | Talents are one of the most important assets for SPG(KY). Based on the foundation of sustainable operations, we aim to build a friendly workplace that values respect, mutual trust, fairness, diversity, inclusivity, and employee development. Such an environment promotes stable learning and growth for employees within the company, reduces turnover rates, enhances organizational efficiency and productivity, and ultimately creates a win-win situation for both the company and its employees. | | | | |
| Policies/promises | With diverse recruitment channels, SPG(KY) offers competitive compensation packages and develops diversified welfare policies to attract more talented individuals. A systematic training mechanism is also established to jointly promote sustainable business development. | | | | |
| Goals | <table border="1"> <thead> <tr> <th>Short-term</th> <th>Medium to long-term</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Each year's training programs include courses on communication, inclusion, and team consensus. Subsidize various types of employee club activities. Introduce competency-related assessment tools. </td> <td> <ul style="list-style-type: none"> In line with the Company's vision and mission, provide employees with diverse and professional personalized training roadmaps to support their career development. Develop a succession plan by ensuring that each department-level unit has at least one designated backup candidate, enabling department-level personnel to fully perform their functions within the organizational system. Actively promote corporate social responsibility and cultivate a strong employer brand to achieve the goal of sustainable business operations. </td> </tr> </tbody> </table> | Short-term | Medium to long-term | <ul style="list-style-type: none"> Each year's training programs include courses on communication, inclusion, and team consensus. Subsidize various types of employee club activities. Introduce competency-related assessment tools. | <ul style="list-style-type: none"> In line with the Company's vision and mission, provide employees with diverse and professional personalized training roadmaps to support their career development. Develop a succession plan by ensuring that each department-level unit has at least one designated backup candidate, enabling department-level personnel to fully perform their functions within the organizational system. Actively promote corporate social responsibility and cultivate a strong employer brand to achieve the goal of sustainable business operations. |
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| Measures | <ul style="list-style-type: none"> Organize consensus-building workshop to strengthen collaboration, enhance team spirit, and further improve overall organizational cohesion and execution. Overseas facilities initiated a pilot project to auto-distribute e-payslips, aiming to strengthen confidentiality and foster greater employee satisfaction and trust. | | | | |
| 2024 Goals, Key Achievements, and Performance Highlights | <table border="1"> <thead> <tr> <th>Company Goals for 2024</th> <th>Achievement Progress</th> </tr> </thead> <tbody> <tr> <td>Create a work environment that supports employee growth and well-being by offering professional training and development opportunities that help unlock individual potential and strengths. Foster a culture of mutual respect and collaboration to promote work-life balance while cultivating a workplace atmosphere that encourages continuous learning and growth.</td> <td style="text-align: center;"> Achieved </td> </tr> </tbody> </table> | Company Goals for 2024 | Achievement Progress | Create a work environment that supports employee growth and well-being by offering professional training and development opportunities that help unlock individual potential and strengths. Foster a culture of mutual respect and collaboration to promote work-life balance while cultivating a workplace atmosphere that encourages continuous learning and growth. | Achieved |
| | Company Goals for 2024 | Achievement Progress | | | |
| Create a work environment that supports employee growth and well-being by offering professional training and development opportunities that help unlock individual potential and strengths. Foster a culture of mutual respect and collaboration to promote work-life balance while cultivating a workplace atmosphere that encourages continuous learning and growth. | Achieved | | | | |
| | Following the implementation of the new Human Resources Management (HRM) system in some plants in 2023, the SGC and VG also completed the system rollout in 2024. As a result, all six plants in Vietnam and Cambodia have now adopted the upgraded HRM system. Among them, SPG, AW, SGC, and DH have additionally implemented an online facial recognition clock-in system to enhance the efficiency, fairness, and accuracy of attendance management. This upgrade improves employee convenience, reduces human error, and optimizes overall administrative costs. | | | | |
| Reporting Channel / Communication Channel | <p>The Company has established multiple communication channels:</p> <ul style="list-style-type: none"> Dedicated phone line: 04-22585388 ext. 252 Email: hrcenter@spg-sportsgear.com Official website: Message section and messaging functions available on various recruitment platforms and social media channels. Employee feedback channels: Suggestion boxes, hotlines, WOVO platform, employee forums, and labor-management meetings. Labor unions at each factory site (including suggestion boxes and grievance hotlines, union member meetings, and the signing of collective agreements). | | | | |

Attracting and Retaining Talents

SPG (KY) places great emphasis on talent recruitment and actively invests resources to identify high-potential candidates across various fields through multiple channels. In addition to posting job openings on the 104 Job Bank platform, the Company also announces key vacancies on its official website, LinkedIn, Cake Resume, Indeed, and ITHome. Furthermore, the Company is planning to officially launch its LINE Official Account in 2025 as an additional platform for publishing recruitment information, thereby continuously expanding its recruitment channels to attract outstanding and promising talents to support the Company’s ongoing development. In addition to traditional recruitment methods, DH has also implemented an internal referral bonus program to encourage current employees to recommend new hires. By sharing their personal experiences, existing employees can help newcomers adapt to the work environment more quickly, thereby reducing turnover caused by unfamiliarity with the industry or unmet expectations. In 2024, 42% of new hires joined the Company through internal referrals, demonstrating the effectiveness and stability of this recruitment approach.◦

In terms of talent selection, the Company adheres to the principles of diversity and inclusion by implementing a fair and non-discriminatory recruitment and evaluation mechanism. We are committed to fostering a gender-equal, culturally diverse, and cross-generational friendly work environment that promotes harmony, inclusiveness, and enhances operational efficiency. Additionally, the Company actively recruits soon-to-graduate students majoring in Information Management by posting job openings on websites of major universities in Central Taiwan and participating in campus job fairs. In 2023, under the internship programs with Providence University and Feng Chia University, one intern from each university successfully transitioned to full-time employment upon completion of their internships. This not only demonstrates our success in cultivating future tech talent but also injects new energy into the Company, highlighting SPG (KY)’s strong commitment to industry-academia collaboration and talent development.

| | |
|------------------------------|---|
| <p>Providence University</p> | <p>Building upon the partnership established in 2019 through the “University-Industry Collaboration Program” (referred to as the School-School-Enterprise Program) jointly conducted with Providence University and local universities in Vietnam, the collaboration has, starting in 2024, transitioned into a partnership with the College of Informatics. This updated model integrates the College with relevant academic programs and is planned to continue through 2025. The Company continues to offer 2 to 3 internship placements annually within the Information Center. Each intern is required to complete a minimum of 540 internship hours, under the direct supervision and guidance of senior managers who provide regular feedback. This arrangement is designed to help interns build practical experience and enhance their job readiness. Upon successful completion of the internship, interns may be offered full-time employment.</p> |
| <p>Feng Chia University</p> | <p>The industry-academia collaborative project focused on developing a system for automatically generating optimized production schedules, including analysis of manpower and equipment quantities. In July and December 2024, the project team conducted on-site visits to Vietnam for collaborative exchanges, completed system program handover, and provided operational training, facilitating technology implementation and application while effectively enhancing interns’ practical experience.</p> |

Human Resource Management (HRM) system

In 2024, the Vietnam and Cambodia facilities fully implemented the new Human Resource Management (HRM) system, unifying the Group’s HR operations platform. Through system standardization, each site has significantly reduced the workload associated with compiling repetitive reports, thereby improving overall operational efficiency and management quality. A pilot program was also launched to automatically distribute monthly payslips to approximately 1,600 overseas employees, effectively enhancing the accuracy and timeliness of payroll operations. Additionally, the newly implemented HRM system features a high level of integration and can be seamlessly connected with the Company’s existing systems—including the online attendance approval system, facial recognition and chip card attendance systems, and the QIP real-time production output system. This integration further optimizes HR management processes and enhances the utilization of workforce data. Looking ahead, the Company will continue promoting the digitalization and data-driven transformation of its human resource systems, aiming to build a precise and efficient smart HR management model that provides critical support for operational decision-making.

Expatriates

Expatriates serve as vital communication bridges between the Company’s Taiwan Headquarters and local employees at overseas facilities, playing a key role in translating corporate operational goals into actionable results. They are instrumental in training local frontline workers, fostering positive work attitudes and discipline, and identifying and nurturing high-potential local talent. By gaining a deep understanding of local working styles and on-the-ground challenges, expatriate personnel are able to provide timely support in diagnosing issues and recommending operational improvements. They also facilitate effective cross-departmental communication and coordination, thereby enhancing overall team efficiency.

In terms of corporate culture inheritance and integration, expatriate personnel, serving as part of the management team, play a vital role by demonstrating management practices and leadership styles through personal example. They effectively convey the Company’s core cultural values of "Happy Growth with Responsibility" and "Safety, Satisfaction, and Speed" to local teams, thereby strengthening organizational cohesion and sense of identity.

| Policy | Description |
|---|---|
|  <p>Salary and welfare</p> | <ul style="list-style-type: none"> • Offer competitive salary. • Welfare: home leave, commuting allowance, oversea medical insurance, travel subsidy, holiday gift/ birthday cash gift/ labor day cash gift offered by Taiwanese Welfare Committee. |
|  <p>Workplace safety</p> | <ul style="list-style-type: none"> • Employees are enrolled in social insurance programs in accordance with Taiwanese and local regulations. • Regularly conduct occupational safety educational training to raise awareness of workplace safety. |
|  <p>Cultural integration</p> | <p>To promote positive employee relations within the factory, the Company provides subsidies for departmental gatherings and offers courses related to the local language and culture, supporting employees in building strong interpersonal connections and adapting to the local environment.</p> |
|  <p>Living environment</p> | <p>Provide a comfortable dormitory environment, Taiwanese-style meals, and shuttle services. In addition, the Company has established on-site medical clinics and recreational and fitness facilities to comprehensively support employees’ living and health needs.</p> |

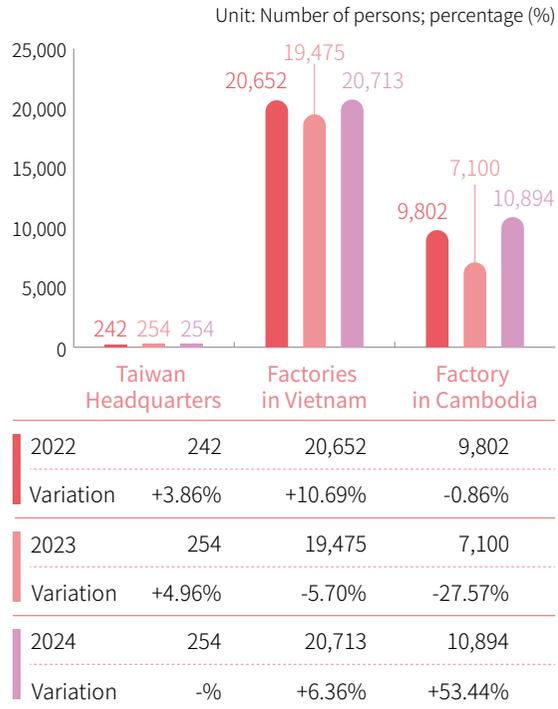
5.1.1 Workforce Structure

Global Talent Deployment

As of the end of 2024, the total number of employees was 31,861, and the major age group was 31-50. Among them, employees under 30 accounted for 40.18%, those aged 31-50 accounted for 55.92% and those over 51 accounted for 3.90%. The human resource structure shows a light majority of females, accounting for 73.37% of total workforce.

To meet growing customer order demands, SGC significantly increased recruitment efforts, resulting in notable fluctuations in its total workforce.

Total Number of Employees Over the Past Three Years



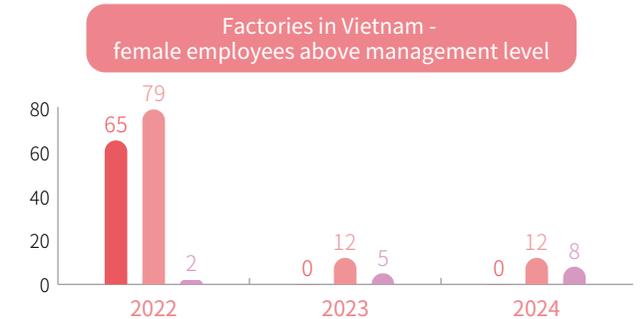
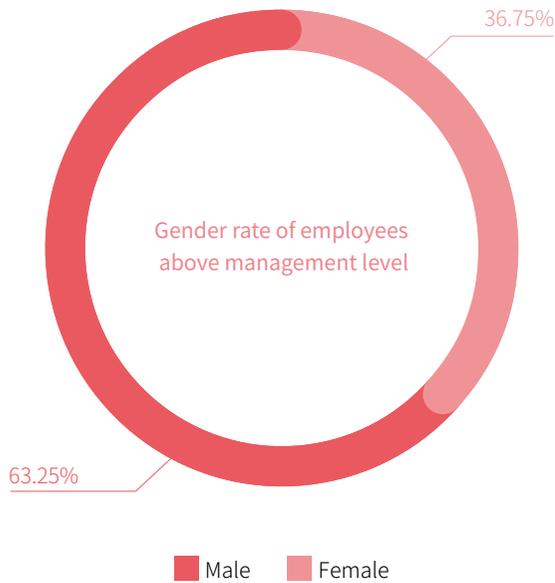
Proportion of Diverse Employees



Note: SPG (KY) sets the annual workforce fluctuation rate at 10%.

Gender Ratio in Management Positions

As of the end of 2024, male and female employees accounted for approximately 63.25% and 36.75%, respectively, of all manager-level and above positions.



■ Below 30 years old ■ 31-50 years old ■ Above 51 years old

5.1.2 New Hires and Resignations

The minimum notice period for the termination of an employment contract

SPG (KY) is committed to fostering a respectful and inclusive workplace culture. In addition to safeguarding the rights and well-being of current employees, the Company also upholds empathy and respect in managing the offboarding process for departing staff.

At the Taiwan Headquarters, the Company adheres to the minimum notice periods stipulated by the Labor Standards Act and provides advance notice of employment changes based on the length of service. More importantly, it emphasizes open communication with employees, encouraging supervisors to initiate early discussions and coordinate handover arrangements, thereby supporting employees in their career transition planning.

Through a combination of structured systems and human-centered practices, SPG (KY) ensures that the rights of departing employees are fully protected, demonstrating the Company's consistent respect and care for its people throughout the entire employment cycle.

| Period of employment | Advance notice period |
|--|-----------------------|
| Employees with less than 6 months of service | ▶ 10 days in advance |
| Employees with 6 months to 1 year of service | ▶ 10 days in advance |
| Employees with more than 1 year of service | ▶ 20 days in advance |
| Employees with more than 3 years of service | ▶ 30 days in advance |



New Hires and Turnover

Overall data indicates that SPG (KY) has a relatively higher new hire rate among employees under the age of 30. In view of the greater flexibility and mobility often seen in the career development of younger individuals, the Company takes a proactive approach during the recruitment process by clearly introducing the job responsibilities and living environments of various departments and facilities. This helps job seekers make well-informed decisions and plan their career paths effectively. To facilitate a smooth onboarding experience, essential training is provided prior to employment. During the probation period, a weekly work report mechanism is implemented to provide new hires with a platform to raise issues and offer suggestions. This initiative strengthens real-time communication and cross-departmental support, thereby enhancing employee retention and workplace integration.

As of the end of 2024, the total number of employees at the Taiwan Headquarters was 254, remaining consistent with the previous year. During the year, a total of 62 new employees were hired, resulting in an average monthly hiring rate of 2.03%. Analyzed by age group, the new hire rate for employees under the age of 30 was 80.00% for males and 64.71% for females. For the 31–50 age group, the new hire rate was 25.81% for males and 18.18% for females. New hires aged over 51 were relatively limited, with a hiring rate of 14.81% for males and 0.00% for females.

In 2024, the five Vietnam plants hired a total of 9,989 new employees, bringing the total workforce to 20,713. The average monthly hiring rate was 4.14%. Analyzed by age group, the new hire rate for employees under the age of 30 was 97.66% for males and 67.97% for females. For those aged 31 to 50, the new hire rate was 51.11% for males and 31.27% for females. In the over 51 age group, the rate was significantly lower, at 12.94% for males and 5.82% for females.

In 2024, the factory in Cambodia hired a total of 6,434 new employees, bringing the total workforce to 10,894. The average monthly hiring rate was 5.96%. Analyzed by age group, the new hire rate for employees under the age of 30 was 117.28% for males and 98.37% for females. For the 31–50 age group, the rate was 50.26% for males and 44.37% for females. There were no new hires in the over 51 age group. The factory in Cambodia continues to attract a predominantly young workforce, effectively supporting the labor needs required for ongoing operations.

New Hire Rate in Past Three Years

Unit: Number of persons; percentage (%)

| Taiwan Headquarters | | | | | | | | | | | | |
|-----------------------------------|--------------------------|--------------------|----------------------------|----------------------|--------------------------|--------------------|----------------------------|----------------------|--------------------------|--------------------|----------------------------|----------------------|
| Year | 2022 | | | | 2023 | | | | 2024 | | | |
| Age/Gender | Number of male employees | Male new hire rate | Number of female employees | Female new hire rate | Number of male employees | Male new hire rate | Number of female employees | Female new hire rate | Number of male employees | Male new hire rate | Number of female employees | Female new hire rate |
| Below 30 | 6 | 70.59% | 7 | 34.15% | 4 | 50.00% | 3 | 20.00% | 6 | 80.00% | 11 | 64.71% |
| 31-50 | 43 | 51.19% | 19 | 20.32% | 35 | 38.25% | 18 | 18.18% | 24 | 25.81% | 17 | 18.18% |
| Above 51 | 5 | 30.30% | - | - | 5 | 24.39% | - | - | 4 | 14.81% | - | - |
| Total number of new hires | 80 | | | | 65 | | | | 62 | | | |
| Total number of employees | 242 | | | | 254 | | | | 254 | | | |
| Average monthly new hire rate (%) | 2.81% | | | | 2.18% | | | | 2.03% | | | |

Unit: Number of persons; percentage (%)

| Factories in Vietnam | | | | | | | | | | | | |
|-----------------------------------|--------------------------|--------------------|----------------------------|----------------------|--------------------------|--------------------|----------------------------|----------------------|--------------------------|--------------------|----------------------------|----------------------|
| Year | 2022 | | | | 2023 | | | | 2024 | | | |
| Age/Gender | Number of male employees | Male new hire rate | Number of female employees | Female new hire rate | Number of male employees | Male new hire rate | Number of female employees | Female new hire rate | Number of male employees | Male new hire rate | Number of female employees | Female new hire rate |
| Below 30 | 2,812 | 119.84% | 4,163 | 80.73% | 1,666 | 68.11% | 2,572 | 50.57% | 2,397 | 97.66% | 3,289 | 67.97% |
| 31-50 | 1,321 | 52.36% | 3,341 | 36.66% | 747 | 29.39% | 1,880 | 20.18% | 1,308 | 51.11% | 2,930 | 31.27% |
| Above 51 | 41 | 30.94% | 56 | 14.64% | 17 | 10.40% | 17 | 3.32% | 26 | 12.94% | 39 | 5.82% |
| Total number of new hires | 11,734 | | | | 6,899 | | | | 9,989 | | | |
| Total number of employees | 20,652 | | | | 19,475 | | | | 20,713 | | | |
| Average monthly new hire rate (%) | 4.98% | | | | 2.87% | | | | 4.14% | | | |

Unit: Number of persons; percentage (%)

| Factory in Cambodia | | | | | | | | | | | | |
|-----------------------------------|--------------------------|--------------------|----------------------------|----------------------|--------------------------|--------------------|----------------------------|----------------------|--------------------------|--------------------|----------------------------|----------------------|
| Year | 2022 | | | | 2023 | | | | 2024 | | | |
| Age/Gender | Number of male employees | Male new hire rate | Number of female employees | Female new hire rate | Number of male employees | Male new hire rate | Number of female employees | Female new hire rate | Number of male employees | Male new hire rate | Number of female employees | Female new hire rate |
| Below 30 | 1,102 | 17.74% | 1,633 | 10.63% | 79 | 1.59% | 50 | 0.45% | 1,449 | 117.28% | 2,862 | 98.37% |
| 31-50 | 303 | 12.41% | 873 | 5.89% | 25 | 0.89% | 12 | 0.08% | 475 | 50.26% | 1,648 | 44.37% |
| Above 51 | 2 | 10.00% | 4 | 0.77% | - | - | - | - | - | - | - | - |
| Total number of new hires | 3,917 | | | | 166 | | | | 6,434 | | | |
| Total number of employees | 9,802 | | | | 7,100 | | | | 10,894 | | | |
| Average monthly new hire rate (%) | 0.83% | | | | 0.16% | | | | 5.96% | | | |

Note:

1. Male new hires rate= (Number of male new hires of all age group of the year/ (Beginning number of male employees of all age group + Ending number of male employees of all age group)
2. Female new hires rate = (Number of female new hires of all age group of the year/ (Beginning number of female employees of all age group + Ending number of female employees of all age group)
3. Monthly average new hires rate (%) = (Number of new hires of the year/ (Beginning number of employees+ Ending number of employees)/2)/12



Employee Turnover Rate in the Past Three Year

SPG (KY) has established a comprehensive offboarding process to understand the reasons behind employee departures and continuously improve its management practices. For example, DH adopts a two-stage exit interview system, in which both the department supervisor and the Human Resources team conduct interviews to gather candid feedback, foster positive relationships, and potentially increase the likelihood of re-employment or internal transfer to retain key talent. At SGC, the formal offboarding process includes submitting a resignation form, conducting an interview with the compensation and benefits team, completing handover procedures, and issuing the final payroll notice, with resignation pay disbursed within 48 hours to ensure both efficiency and protection of employee rights. Meanwhile, SPG requires departing employees to complete an exit survey and undergo a final interview with HR, with the collected information analyzed to identify recurring reasons for departure and serve as a basis for operational improvement. Through standardized offboarding procedures implemented across its sites, the Group is committed to listening to employee feedback, enhancing human resources management, and strengthening talent retention strategies.

In 2024, the total number of employee departures at the Taiwan Headquarters slightly increased compared to the previous year, with the majority concentrated among male employees under the age of 30 and female employees aged 31 to 50. The primary reasons for leaving were related to family responsibilities and career planning. In response, the Company plans to implement a competency development initiative in 2025. This initiative will include the establishment of a comprehensive competency framework, as well as assessments of employees' personality traits and job-related competencies. The findings will serve as a foundation for designing individualized career development paths and training roadmaps, thereby strengthening career support and retention strategies.

Unit: Number of persons; percentage (%)

| Taiwan Headquarters | | | | | | | | | | | | |
|--|--------------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|-----------------------------|----------------------------|-------------------------------|
| Year | 2022 | | | | 2023 | | | | 2024 | | | |
| Age/Gender | Number of male employees | Male employee turnover rate | Number of female employees | Female employee turnover rate | Number of male employees | Male employee turnover rate | Number of female employees | Female employee turnover rate | Number of male employees | Male employee turnover rate | Number of female employees | Female employee turnover rate |
| Below 30 | 7 | 82.35% | 12 | 58.54% | 3 | 37.50% | 5 | 33.33% | 8 | 106.67% | 3 | 17.65% |
| 31-50 | 37 | 44.05% | 11 | 11.76% | 27 | 29.51% | 19 | 19.19% | 21 | 22.58% | 26 | 27.81% |
| Above 51 | 2 | 12.12% | 1 | 6.90% | 2 | 9.76% | - | - | 4 | 14.81% | - | - |
| Total number of departed employees | 70 | | | | 56 | | | | 62 | | | |
| Number of employees | 242 | | | | 254 | | | | 254 | | | |
| Monthly average employee turnover rate (%) | 2.46% | | | | 1.88% | | | | 2.03% | | | |

Unit: Number of persons; percentage (%)

| Factories in Vietnam | | | | | | | | | | | | |
|--|--------------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|-----------------------------|----------------------------|-------------------------------|
| Year | 2022 | | | | 2023 | | | | 2024 | | | |
| Age/Gender | Number of male employees | Male employee turnover rate | Number of female employees | Female employee turnover rate | Number of male employees | Male employee turnover rate | Number of female employees | Female employee turnover rate | Number of male employees | Male employee turnover rate | Number of female employees | Female employee turnover rate |
| Below 30 | 2,345 | 99.94% | 3,252 | 63.07% | 1,807 | 73.88% | 2,709 | 53.26% | 1,978 | 80.59% | 2,777 | 57.39% |
| 31-50 | 1,188 | 47.09% | 2,871 | 31.50% | 1,003 | 39.46% | 2,421 | 25.99% | 1,252 | 48.93% | 2,818 | 30.07% |
| Above 51 | 26 | 19.62% | 72 | 18.82% | 43 | 26.30% | 124 | 24.22% | 45 | 22.39% | 91 | 13.57% |
| Total number of departed employees | 9,754 | | | | 8,107 | | | | 8,961 | | | |
| Number of employees | 20,652 | | | | 19,475 | | | | 20,713 | | | |
| Monthly average employee turnover rate (%) | 4.14% | | | | 3.37% | | | | 3.72% | | | |

Unit: Number of persons; percentage (%)

| Factory in Cambodia | | | | | | | | | | | | |
|--|--------------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|-----------------------------|----------------------------|-------------------------------|
| Year | 2022 | | | | 2023 | | | | 2024 | | | |
| Age/Gender | Number of male employees | Male employee turnover rate | Number of female employees | Female employee turnover rate | Number of male employees | Male employee turnover rate | Number of female employees | Female employee turnover rate | Number of male employees | Male employee turnover rate | Number of female employees | Female employee turnover rate |
| Below 30 | 831 | 13.38% | 1,895 | 12.34% | 681 | 54.83% | 1,125 | 40.46% | 62 | 5.02% | 171 | 5.88% |
| 31-50 | 259 | 10.61% | 1,017 | 6.86% | 255 | 36.45% | 788 | 22.11% | 24 | 2.54% | 90 | 2.42% |
| Above 51 | 2 | 10.00% | 15 | 2.87% | - | - | 18 | 11.39% | 1 | 4.17% | - | - |
| Total number of departed employees | 4,019 | | | | 2,867 | | | | 348 | | | |
| Number of employees | 9,802 | | | | 7,100 | | | | 10,894 | | | |
| Monthly average employee turnover rate (%) | 0.85% | | | | 2.83% | | | | 0.32% | | | |

Note:

1. Male employee turnover rate = (Number of departed male employees of all age group of the year/ (Beginning number of male employees of all age group + Ending number of male employees of all age group)/2))
2. Female employee turnover rate = (Number of departed female employees of all age group of the year/ (Beginning number of female employees of all age group + Ending number of female employees of all age group)/2))
3. Monthly average employee turnover rate (%) = (Number of departed employees of the year/ (Beginning number of employees+ Ending number of employees)/2))/12

5.2 Labor-Management and Employment Relations

5.2.1 Career Development and Training

Performance Evaluation

SPG (KY) is dedicated to creating a safe and healthy working environment while fostering a friendly workplace that values equality, diversity, and mutual respect. The Company offers fair and consistent promotion opportunities to all employees. Annual performance evaluations are conducted, during which supervisors assess employees’ work performance. A predefined distribution of performance ratings is applied to ensure the fairness and objectivity of the results. These evaluation outcomes serve as the basis for bonus calculation and promotion nominations, supporting the advancement of outstanding employees and the development of high-potential talent

Unit: Number of persons; percentage (%)

| Location | | Taiwan Headquarters | | | Factories in Vietnam | | | Factory in Cambodia | | |
|-------------------|-------------|--------------------------------------|---------------------------|------------------------------|--------------------------------------|---------------------------|------------------------------|--------------------------------------|---------------------------|------------------------------|
| Item | | Actual Number of Employees Evaluated | Total Number of Employees | Evaluation Coverage Rate (%) | Actual Number of Employees Evaluated | Total Number of Employees | Evaluation Coverage Rate (%) | Actual Number of Employees Evaluated | Total Number of Employees | Evaluation Coverage Rate (%) |
| Gender | Male | 123 | 128 | 96.09% | 4,231 | 5,483 | 77.17% | 281 | 2,803 | 10.02% |
| | Female | 123 | 126 | 97.62% | 12,979 | 15,230 | 85.22% | 393 | 8,028 | 4.90% |
| Employee Category | Manager | 66 ^{Note} | 64 | 103.13% | 46 | 46 | 100.00% | - | - | - |
| | Non-manager | 180 | 190 | 94.74% | 17,177 | 20,667 | 83.11% | 674 | 10,831 | 6.22% |

Note: The actual number of employees evaluated exceeded the total number of employees because the total employee count is based on the headcount as of December 31, while the performance evaluations were conducted in November. As a result, some employees resigned after the evaluation but before year-end, leading to a discrepancy in the numbers.



Career Development and Training

Building on the positive feedback received for the 2023 Cross-Generational Communication and Cross-Cultural Management training—achieving an average satisfaction score of 4.7—the Company continued to promote the “Effective Cross-Departmental Communication” course in 2024 at its Taiwan Headquarters and Southeast Asia factories, in response to ongoing employee demand for communication skills development.

The course incorporates a personality color analysis tool developed by the instructor, helping participants identify various personality traits and develop corresponding communication strategies. Through interactive team activities, employees practice perspective-shifting and collaboration techniques, thereby enhancing interdepartmental cooperation. At overseas sites, trained employees also conduct follow-up training sessions for their teams, reinforcing the training impact and promoting knowledge transfer.

As digital learning continues to emerge as a key trend in corporate training, the Company will expand its digital course offerings while retaining the advantages of in-person sessions. For training topics that emphasize team interaction, communication, and collaboration, physical courses will remain essential to deepening learning outcomes and strengthening team cohesion.



Respect and Balance

Establish and implement policies to boost mutual trust between coworkers and encourage work-life balance.



Professional Development

Develop diverse and professional training plans to help employees enhance their abilities and increase the number of local employees above management level.



Promote on Corporate Social Responsibility

Incorporate sustainability into our company's vision and mission, cultivating employees' responsible attitude towards society and the environment.



Boost Communication and Cooperation

Build an opening communication culture, encourage interactions and cooperation.

| Staff | Mid-level manager | Senior manager and executives |
|--|---|--|
| <ul style="list-style-type: none"> • Basic training courses • Cultivation of fundamental working skills • Specific training for each position | <ul style="list-style-type: none"> • Team building and goal consensus courses • Cross-generational communications and cross-cultural management | <ul style="list-style-type: none"> • Customized one-on-one coaching courses |

SPG (KY) designs tailored training programs and activities based on employees’ job roles and position levels, encompassing onboarding programs for new hires and regular educational training sessions. Following the successful consensus-building workshop held in Vietnam in 2023, the 2024 edition was relocated to the Taiwan Headquarters, with full participation from head office staff.

As the core operational hub of the Group, the Taiwan Headquarters provided the ideal setting for this year’s alignment event, themed “Building the Vision City of SPG.” The Chairman personally attended the event to offer encouragement. Through the joint participation of employees across departments and job levels, the camp created a collaborative experience distinct from everyday work, fostering stronger teamwork and a deeper sense of mutual understanding.

According to participant feedback, the program enhanced their understanding of project-based collaboration, as well as communication and coordination skills rooted in perspective-taking. The event significantly strengthened organizational cohesion and execution capability.

► Consensus-building workshop



Average Training Hours per Employee in 2024

SPG (KY) has planned educational training according to the job duties and job levels. In 2024, the Taiwan Headquarters conducted a total of 2,684 hours of training courses, with an average of 10.56 training hours per employee. In Vietnam, the five factories collectively delivered 621,383 hours of training, resulting in an average of 30 training hours per employee. The Cambodia factory held a total of 36,661 hours of training, with an average of 3.37 training hours per employee.

| Item | Category | Unit | Taiwan Headquarters | Factories in Vietnam | Factory in Cambodia |
|---|-------------|------------------|---------------------|----------------------|---------------------|
| The average training hours received by employees of different genders | Male | Hours per person | 9.25 | 33.24 | 3.39 |
| | Female | Hours per person | 11.90 | 28.83 | 3.36 |
| | Total | Hours per person | 10.56 | 30.00 | 3.37 |
| Average Training Hours by Position Level | Manager | Hours per person | 7.60 | 15.87 | - |
| | Non-manager | Hours per person | 11.56 | 30.03 | 3.37 |
| | Total | Hours per person | 10.56 | 30.00 | 3.37 |

Note:

1. Manager refers to those above management level

2. Average training hours used per employee (male/ female) = Total Training Hours Used of Employees (male/ female)/ Total Number of Employees (male/ female)

3. Average training hours used of employees at each level = Total Training Hours Used of Employees (manager/ staff)/ Total Number of Employees (manager/ staff)

5.2.2 Employee Compensation

The Company is committed to attracting and motivating top talent by offering competitive compensation packages. We place great emphasis on the principle of fairness and ensure that no differences in pay arise due to gender, religion, ethnicity, nationality, political affiliation, sexual orientation, or marital status. In determining compensation, we conduct a comprehensive assessment that includes employees' education and experience, years of service, language proficiency, professional skills, and internal pay equity to ensure fairness and impartiality. A sound remuneration structure is in place, aligning performance evaluation results with company policies to clearly distinguish between rewards and disciplinary measures, thus upholding the fairness and reasonableness of the compensation system. The Company has established a Remuneration Committee responsible for proposing, evaluating, and overseeing overall compensation policies, including executive remuneration, employee rewards, and other incentive plans. This ensures the proper operation of the Company's welfare and compensation systems. SPG (KY) has been honored with the "Silver Award for Happiest Employees" by 1111 Job Bank for two consecutive years, reflecting strong external recognition of the Company's commitment to employee care, workplace environment, and career development.

Pension Contributions

The Company makes pension contributions in accordance with legal requirements. All employee retirement contributions and payments are handled in compliance with applicable regulations to ensure the protection of employees' rights to receive retirement benefits in the future.

| Region | Description |
|----------|--|
| Taiwan | In accordance with relevant labor laws, the Company contributes 6% of each employee's monthly wages to their individual labor pension accounts on a regular basis. |
| Vietnam | The Company makes regular pension contributions equivalent to 14% of employees' monthly |
| Cambodia | In accordance with labor regulations, the Company makes regular monthly contributions equal to 2% of employees' wages to their individual labor pension accounts. |



5.2.3 Employee Welfare System

| Major issue : Employee care and benefits | | | | | |
|--|---|------------|----------------------|--|--|
| Significance of major theme | SPG(KY) actively fosters a work environment that supports employee growth, well-being, and responsibility. The Company provides comprehensive insurance plans, flexible leave arrangements, and various subsidies, while actively organizing diverse activities to promote interpersonal connections, helping employees achieve a healthy work-life balance. | | | | |
| Policy/ Commitment | SPG (KY) provides employees with labor insurance, national health insurance, and coverage under the labor pension system. In addition, the Company offers high-value group insurance and overseas business travel insurance, both fully funded by the Company. Moreover, the Company has established an Employee Welfare Committee to plan and manage a wide range of subsidy programs, including support for marriage, childbirth, medical expenses, funerals, children's education, continuing education, leisure travel, team gatherings, birthdays, and festive occasions. Employees assigned to Vietnam, Cambodia, and China are also covered by the respective local social insurance and medical insurance systems, ensuring comprehensive protection across regions. | | | | |
| Goal | <table border="1"> <thead> <tr> <th>Short-term</th> <th>Medium to long-term:</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Continue expanding partnerships with designated merchants by extending cooperation to northern and southern Taiwan, enhancing the diversity and accessibility of employee benefits. Implement a mentorship system at each plant, where senior employees support newcomers in becoming familiar with their roles and work environment, accelerating team integration and improving adaptability. </td> <td> <ul style="list-style-type: none"> Regular annual planning of mental and physical wellness programs, such as stress management courses, serves as an ongoing initiative to support and care for employees' mental health. </td> </tr> </tbody> </table> | Short-term | Medium to long-term: | <ul style="list-style-type: none"> Continue expanding partnerships with designated merchants by extending cooperation to northern and southern Taiwan, enhancing the diversity and accessibility of employee benefits. Implement a mentorship system at each plant, where senior employees support newcomers in becoming familiar with their roles and work environment, accelerating team integration and improving adaptability. | <ul style="list-style-type: none"> Regular annual planning of mental and physical wellness programs, such as stress management courses, serves as an ongoing initiative to support and care for employees' mental health. |
| Short-term | Medium to long-term: | | | | |
| <ul style="list-style-type: none"> Continue expanding partnerships with designated merchants by extending cooperation to northern and southern Taiwan, enhancing the diversity and accessibility of employee benefits. Implement a mentorship system at each plant, where senior employees support newcomers in becoming familiar with their roles and work environment, accelerating team integration and improving adaptability. | <ul style="list-style-type: none"> Regular annual planning of mental and physical wellness programs, such as stress management courses, serves as an ongoing initiative to support and care for employees' mental health. | | | | |
| Action Plan | The Employee Welfare Committee facilitates joint discussions on the benefits system, welfare fund allocation, and related activities, aiming to enhance employee well-being. | | | | |
| 2024 Actual Performance | <ul style="list-style-type: none"> Announcement of the sexual harassment prevention policy. Partnership with designated mental health clinics. | | | | |
| Reporting Channel / Communication Channel | <p>The Company has established multiple communication channels:</p> <ul style="list-style-type: none"> Dedicated phone line: 04-22585388 ext. 252 Email: hrcenter@spg-sportsgear.com Official website: Message section and messaging functions available on various recruitment platforms and social media channels. Employee feedback channels: Suggestion boxes, hotlines, WOVO platform, employee forums, and labor-management meetings. Labor unions at each factory site (including suggestion boxes and grievance hotlines, union member meetings, and the signing of collective agreements). | | | | |

Employee Benefits and Care

SPG (KY) is committed to creating a workplace where employees feel happy and motivated. The Company offers a wide range of employee benefits, including monthly birthday tea gatherings, parking subsidies, company-sponsored trips, wedding and childbirth gifts, birthday gifts, as well as holiday and Labor Day bonuses. In addition, to support employees in achieving a healthy work-life balance, the Company offers stress relief and emotional adjustment courses, and has established wellness clubs that promote physical and mental relaxation. For family care, The Company collaborates with designated childcare centers and kindergartens, provides flexible working hours for parenting, and offers educational subsidies for employees' children.

In 2024, the Company approved a total of 158 leisure subsidy applications, amounting to NT\$315,411 in total. These initiatives help employees cultivate artistic interests, broaden their life perspectives, and enhance physical and mental well-being through cultural enrichment, thereby improving overall quality of life.

| Welfare item | Taiwan Headquarters | Factories in Vietnam | Factory in Cambodia |
|----------------------------|---|---|--|
| Insurance | All employees are covered by labor insurance, national health insurance, and fully company-sponsored high-value group insurance and business travel insurance. For those assigned to Vietnam, Cambodia, and China, the Company also ensures their participation in local social and medical insurance programs in accordance with local regulations, thereby safeguarding their health and well-being throughout their overseas assignments. | Regular employees are covered by social insurance schemes, which include social insurance, medical insurance, and unemployment insurance. | All employees are enrolled in social insurance, which includes health insurance, work injury insurance, and pension coverage. |
| Health-check | Regular health check-ups exceeding the requirements of the Occupational Safety and Health Act are provided for employees. In addition, one day of paid leave is granted for undergoing the health examination. | Semi-annual health check: One is for all employees as general health checks. The other one is for employees engaged in hazardous operations to assess their health risks. | <ul style="list-style-type: none"> General employees undergo health check once every two years. Employees engaged in strenuous and hazardous operations undergo health check annually. |
| Compensation | Employee compensation is calculated and distributed based on factors such as years of service, job grade, performance evaluation results, overseas assignments, and the performance of the business unit. This approach aims to incentivize performance, strengthen employee cohesion, and boost overall workplace morale. | ASP offers year-end bonus. | - |
| Employee Welfare Committee | <ul style="list-style-type: none"> Cash gifts and subsidies for weddings, funerals and celebrations. Cash gifts or gifts for holidays and birthdays . Offer contracted platform for employees to get discounted prices. Subsidies for hospitalization and occupational medical consolation funds . Clubs of activities beneficial for mental and physical health . Offer subsidies for expenses spent on leisure activities and educational courses, for example art and culture activities, online/ physical courses, etc. | <ul style="list-style-type: none"> SPG: Offer birthday cash gifts and allowances for various activities, weddings, funerals, celebrations and emergency. ASP: The company offers consolation payments for sick employees. | - |
| Pension system | The Company contributes to the Labor Pension Fund for all employees. Furthermore, employees assigned to Vietnam are additionally entitled to local retirement benefits in accordance with regional regulations. | According to government regulations, employees who have been insured under social insurance for 20 years and reach the retirement age can apply for retirement subsidies. | Employees who have been insured under social endowment insurance for more than 12 months and over 60 years old can apply for retirement subsidies according to government regulations. |

| Welfare item | Taiwan Headquarters | Factories in Vietnam | Factory in Cambodia |
|------------------------------|---|--|--|
| Travel subsidies | Employees are granted annual travel subsidies of varying amounts or are invited to participate in company-sponsored trips held on a regular basis. | SPG: Irregular team activities or gatherings and travel subsidies. | - |
| Commuting/ parking subsidies | Employees in Taiwan are entitled to monthly subsidies for scooter and car parking fees, while overseas assignees are provided with airfare and airport transportation allowances. | Offer commuting subsidies or shuttle service. | Commuting and housing allowances of NT\$655 for employees. |
| Housing subsidies | Employees assigned overseas are provided with company-sponsored accommodation, which includes regular cleaning and laundry services performed by designated staff. | AW, SPG, DH: offer housing subsidies. | |
| Dining subsidies | All employees are entitled to meal gathering subsidies and occasionally provided with afternoon tea and refreshments. | Offer free lunch, dinner subsidies according to overtime hours of each production unit. VG provides partial breakfast subsidies. | Offer free lunch. |
| Childcare subsidies | Employees are entitled to child education subsidies provided by the Employee Welfare Committee, and the Company also assists employees in applying for parental leave allowance. | <ul style="list-style-type: none"> AW, SPG, ASP, VG: childcare subsidies for those with children under 6 years old. DH: 6 months of maternity leave for female employees. according to Vietnamese Labor Acts (male spouse employees are entitled to paternity leaves according to Vietnamese Social Insurance Acts). | Monthly childcare allowance of NT\$225 for female employees with children of 1.5-4 years old. |
| Labor union | The Company convenes labor-management meetings on a quarterly basis to facilitate open communication and continuously enhance employee benefits and internal management systems. | Employees are free to join labor union. | 14 labor unions were established. |
| Production bonuses | To boost employee motivation, a production bonus system has been implemented for some employees stationed in Vietnam. | Offer production bonus according to production departments of each unit. | A production bonus is awarded when production units achieve the designated output target rate. |
| Holiday cash gifts/ gifts | Holiday and birthday cash gifts or presents. | ASP, DH and SPG: Festival and birthday gifts or cash allowances. | Tote bags are distributed to employees during lunar new year. |
| Annual leaves / home leaves | <ul style="list-style-type: none"> All employees are entitled to paid annual leave in accordance with the law. Overseas assignees receive additional home leave days depending on the policies of the countries to which they are assigned. | <ul style="list-style-type: none"> AW: Employees are entitled to 12 days of annual leave per year. For those engaged in physically demanding or hazardous work, an additional 2 days are granted. Employees with over five years of service are entitled to one extra day of annual leave. ASP: Offer home leave for foreign employees to return to their home countries on a regular basis. | - |
| Seniority bonuses | Beginning at each five-year milestone of service, employees are presented with a distinguished gold medal and cash award symbolizing the company's appreciation, alongside a public recognition ceremony. The value of the awards and gifts will be adjusted upward progressively in accordance with the year of service. | - | - |

Parental leave without pay

To foster a family-friendly workplace culture, SPG (KY) adheres to local regulations in each operating region to protect employees’ rights to apply for parental leave without pay. At the Taiwan Headquarters, employees are entitled to a maximum of two years of parental leave. Upon returning to work, employees are guaranteed reinstatement to their original positions, without a reduction in salary or risk of dismissal, thereby safeguarding their employment rights. Additionally, to further support employees in balancing work and family responsibilities, the Company offers flexible arrangements such as a one-hour daily reduction in working hours, dedicated lactation rooms for female employees, and access to contracted childcare centers and kindergartens. In 2024, two employees applied for unpaid parental leave and returned to work with their original positions and salaries fully retained. SPG (KY) is committed to building a happy and supportive workplace, enabling employees to smoothly return to their careers while achieving a healthy balance between family and work.

AW has implemented a series of measures to support pregnant employees, including reassigning them from physically demanding or hazardous work and providing post-maternity return-to-work training programs. In addition, AW, SPG, ASP, and VG offer childcare allowances for employees with children under the age of six, helping to ease the financial burden of parenting and supporting employees in balancing work and family responsibilities. DH provides eligible female employees with a 60-minute rest period during working hours under specific conditions. This policy applies to pregnant employees engaged in physically demanding work, who may also apply for reassignment away from hazardous tasks; those who are over 25 weeks pregnant; and female employees raising children under the age of one. The initiative is designed to protect the health and rights of employees during pregnancy and the early childcare period.

In 2024, a total of 140 employees at the five factories in Vietnam applied for parental leave without pay. Among them, 80.87% returned to work following their leave, and the overall retention rate for the year reached 64.67%.

Retention rate of 2024

| Location | Taiwan Headquarters | | | Factories in Vietnam | | |
|--|---------------------|--------|--------|----------------------|--------|--------|
| | Male | Female | Total | Male | Female | Total |
| A. Number of employees applied to reinstate in 2024 | - | 2 | 2 | - | 140 | 140 |
| B. Number of employees should reinstate in 2024 | - | 2 | 2 | - | 115 | 115 |
| C. Actual number of employees reinstated in 2024 | - | 1 | 1 | - | 93 | 93 |
| D. Number of employees reinstated in 2023 | 1 | 2 | 3 | - | 150 | 150 |
| E. Number of employees reinstated and last over 1 year in 2023 | 1 | 1 | 2 | - | 97 | 97 |
| Reinstatement rate (C/B)*100% | - | 50.00% | 50.00% | - | 80.87% | 80.87% |
| Retention rate (E/D)*100% | 100.00% | 50.00% | 66.67% | - | 64.67% | 64.67% |

Note:

1. Number of employees should reinstate = Expected number of employees on parental leave with suspension who are going to return to work within the same year.
2. Number of employees retained of the current year = Number of reinstated employees in the previous year/ Number of employees who are still employed as of December 31 of the current year
3. Retention rate = Number of employees who returned from parental leave with suspension and have been employed for at least one year after their return/Number of employees who actually returned to work
4. This policy is not applicable in Cambodia.

5.2.4 Employee Communication Channels

Open Communication Channels

The Company values employees’ opinions and ideas, and has established diverse and effective communication channels to create an open and positive environment for dialogue. These mechanisms ensure that company information is accurately and promptly conveyed to employees, while employee voices are heard and addressed in a timely manner. This approach fosters harmonious labor-management relations.

| Location | Communication Channels | Description | Number of Times | Resolution Status |
|----------------------|---|---|-----------------|---|
| Taiwan Headquarters | Labor-management meetings | The labor and management each appoint five representatives, with a term of four years. Regular meetings are held every three months, with additional meetings convened as needed. A quorum requires a majority attendance from both parties, and resolutions are made based on consensus reached through negotiation. | four sessions | The Welfare Committee held discussions on travel and meal subsidies for employees, resulting in enhanced subsidy packages. An online application system was also introduced to streamline the application process. In addition, the Company has published its sexual harassment prevention policy, finalized a partnership agreement with a mental health clinic, and reinforced awareness of policies related to information security and overtime regulations. These efforts aim to continuously improve employee welfare and maintain a safe and supportive workplace environment. |
| | Grievance box / hotline | <ul style="list-style-type: none"> Hotline: +886-4-2258-5388 ext. 252 Email: hrcenter@spg-sportsgear.com Physical Suggestion Box for employees in Taiwan: located in the first-floor pantry | - | No related incidents occurred in 2024. |
| Factories in Vietnam | Labor-management meeting | The Company holds employee forums to discuss various topics. | 25 sessions | The Company provided explanations on welfare policies and union activities to enhance employee understanding and awareness. Assess the actual working environment, and provide improvement suggestions to the relevant departments. |
| | Grievance box / hotline | Suggestion boxes and hotline phone lines are installed within the factory. | 49 sessions | The Company has provided explanations and responses to employee concerns about the criteria for salary adjustments and the standards for calculating production output. To improve the workplace environment, work areas were adjusted to locations with enhanced ventilation and equipped with more fans. Investigations are conducted for each grievance case, and confirmed violations are subject to disciplinary actions. |
| | Human Resources Department / labor union | Employees may submit their feedback to the Human Resources Department or the Labor Union office. After investigating and understanding the situation, the Human Resources Department or Labor Union will provide a response accordingly. | 33 sessions | Conflicts occurring during working hours are promptly reported by coworkers to prevent escalation. The Company swiftly initiates an investigation to clarify the situation and records and disciplines the parties involved in accordance with company regulations. Through communication and mediation, both sides are encouraged to explain their perspectives and reach mutual understanding, ultimately achieving internal reconciliation. |
| | SMS, Facebook messages, referral to other departments, and online platforms | Employees can provide feedback through various channels and have the option to do so either anonymously or with their real names. | 233 sessions | All questions concerning personal employee issues, recruitment, insurance, company activities, and employee welfare have been thoroughly answered. |

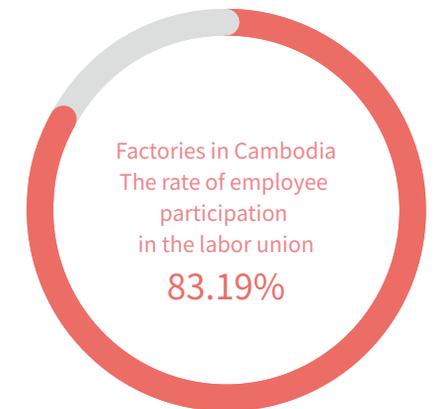
| Location | Communication Channels | Description | Number of Times | Resolution Status |
|---------------------|----------------------------------|---|-----------------|---|
| Factory in Cambodia | Labor Union | <ul style="list-style-type: none"> Legal aspects of employee compensation and benefits disputes Management system Communication issues Leadership | 51 sessions | The case was handled in accordance with local Cambodian labor laws through negotiations with the Labor Bureau, hearings, and mediation at the arbitration tribunal. |
| | Employee representative meetings | Benefits, compensation, and incentives. | - | No related incidents occurred in 2024. |
| | WOVO → APP | Brand-specific app platform. | 65 sessions | Suggestions or complaints are responded to within 48 hours of receipt, and corresponding resolution plans are completed within 15 days. |
| | Hotline/mailbox | Recruitment and contracts, personal affairs, and disciplinary actions. | - | No related incidents occurred in 2024. |

The rate of employee participation in the labor union

Union participation at SPG (KY) is primarily concentrated in the five factories in Vietnam and the factory in Cambodia, with participation rates reaching 99.10% and 83.19%, respectively. The unions serve as effective communication channels between labor and management, enhancing workers’ negotiation capabilities and actively safeguarding labor rights and interests.

Unit: Number of persons; percentage(%)

| Location | Factories in Vietnam | Factory in Cambodia |
|----------------------------------|----------------------|---------------------|
| Number of employees participated | 20,526 | 9,063 |
| Total number of employees | 20,713 | 10,894 |
| Participation rate | 99.10% | 83.19% |



5.3 Human Rights

SPG (KY) upholds the core values of respecting and protecting human rights by actively supporting various international human rights conventions and strictly complying with labor regulations in all countries where it operates. The company is committed to not employing child labor and strictly prohibits all forms of threats, sexual harassment, abuse, and workplace discrimination. We strive to provide equal employment opportunities and a friendly working environment. Through diverse communication channels, we safeguard employees' rights to freely express their opinions and place great importance on personal privacy and the proper use of personal data. At the same time, we are dedicated to creating a safe and healthy workplace, continuously fulfilling our corporate responsibility to respect and uphold human rights.

| Major issue : Human rights | | | | | |
|---|---|------------------------|----------------------|--|--|
| Significance of major | Human rights are fundamental values and a concrete reflection of the Company's core spirit of "Happiness, Growth, and Responsibility." Safeguarding labor rights and fostering a positive workplace culture not only respond to key customers' increasing focus on human rights issues but also strengthen employees' sense of belonging and organizational cohesion. These efforts contribute to greater workforce stability and help reduce operational risks for the Company. | | | | |
| Policy/Commitment | SPG (KY) clearly stipulates the protection of labor and human rights in the "Employee Rights Protection" chapter of its "Sustainable Development Best Practice Principles". These include the rights to freedom of association and collective bargaining, care for vulnerable groups, prohibition of child labor, elimination of all forms of forced labor, and the eradication of discrimination in hiring and employment. The Company ensures that its human resources policies are free from differential treatment based on gender, race, socioeconomic status, age, marital status, or family circumstances. This is to uphold equality and fairness in employment, working conditions, compensation, benefits, training, performance evaluation, and promotion opportunities. | | | | |
| Goal | <table border="1"> <thead> <tr> <th>Short-term:</th> <th>Medium to long-term</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Relevant policies and procedures are reviewed annually in accordance with legal requirements and international trends. Orientation training for new employees includes the Company Code of Conduct and awareness on human rights. </td> <td> <ul style="list-style-type: none"> Continue strengthening human rights management by regularly commissioning independent third-party organizations to conduct annual human rights audits, ensuring effective implementation and enforcement of the Company's human rights policies. Establish diverse channels for feedback and regularly convene labor-management meetings to promote a healthy and constructive labor relationship, safeguard employees' freedom of expression, and ensure their opinions are appropriately addressed. </td> </tr> </tbody> </table> | Short-term: | Medium to long-term | <ul style="list-style-type: none"> Relevant policies and procedures are reviewed annually in accordance with legal requirements and international trends. Orientation training for new employees includes the Company Code of Conduct and awareness on human rights. | <ul style="list-style-type: none"> Continue strengthening human rights management by regularly commissioning independent third-party organizations to conduct annual human rights audits, ensuring effective implementation and enforcement of the Company's human rights policies. Establish diverse channels for feedback and regularly convene labor-management meetings to promote a healthy and constructive labor relationship, safeguard employees' freedom of expression, and ensure their opinions are appropriately addressed. |
| | Short-term: | Medium to long-term | | | |
| <ul style="list-style-type: none"> Relevant policies and procedures are reviewed annually in accordance with legal requirements and international trends. Orientation training for new employees includes the Company Code of Conduct and awareness on human rights. | <ul style="list-style-type: none"> Continue strengthening human rights management by regularly commissioning independent third-party organizations to conduct annual human rights audits, ensuring effective implementation and enforcement of the Company's human rights policies. Establish diverse channels for feedback and regularly convene labor-management meetings to promote a healthy and constructive labor relationship, safeguard employees' freedom of expression, and ensure their opinions are appropriately addressed. | | | | |
| Action Plan | SPG and SGC conduct assessments related to human rights and pay equity. | | | | |
| 2024 Goals, Key Achievements, and Performance Highlights | <table border="1"> <thead> <tr> <th>Company Goals for 2024</th> <th>Achievement Progress</th> </tr> </thead> <tbody> <tr> <td>A series of documents and policies have been established to explicitly safeguard employee rights, including the Employee Handbook, Collective Labor Agreement, Recruitment Management Guidelines, Overtime Management Guidelines, Policy Against Forced Labor, Anti-Harassment, Abuse, and Anti-Discrimination Policy, Workplace Sexual Harassment Prevention Guidelines, and Employee Feedback Management Guidelines. The Company regularly reviews and enhances its human rights policies, integrating human rights awareness into human resource management practices. Annual training on the Code of Conduct is provided and included as part of onboarding programs to promote clear and effective two-way communication.</td> <td style="text-align: center;"> Achieved </td> </tr> </tbody> </table> | Company Goals for 2024 | Achievement Progress | A series of documents and policies have been established to explicitly safeguard employee rights, including the Employee Handbook, Collective Labor Agreement, Recruitment Management Guidelines, Overtime Management Guidelines, Policy Against Forced Labor, Anti-Harassment, Abuse, and Anti-Discrimination Policy, Workplace Sexual Harassment Prevention Guidelines, and Employee Feedback Management Guidelines. The Company regularly reviews and enhances its human rights policies, integrating human rights awareness into human resource management practices. Annual training on the Code of Conduct is provided and included as part of onboarding programs to promote clear and effective two-way communication. | Achieved |
| | Company Goals for 2024 | Achievement Progress | | | |
| A series of documents and policies have been established to explicitly safeguard employee rights, including the Employee Handbook, Collective Labor Agreement, Recruitment Management Guidelines, Overtime Management Guidelines, Policy Against Forced Labor, Anti-Harassment, Abuse, and Anti-Discrimination Policy, Workplace Sexual Harassment Prevention Guidelines, and Employee Feedback Management Guidelines. The Company regularly reviews and enhances its human rights policies, integrating human rights awareness into human resource management practices. Annual training on the Code of Conduct is provided and included as part of onboarding programs to promote clear and effective two-way communication. | Achieved | | | | |
| <ul style="list-style-type: none"> SPG conducted a human rights audit, which identified 13 deficiencies related to compensation, benefits, and environment and safety issues. All identified issues have been fully addressed and rectified. SGC carried out a human rights and pay equity assessment. In response to a higher turnover rate among operators and frontline supervisors in 2024, a salary adjustment plan is scheduled for implementation in 2025. Regarding gender equality, 32 areas for improvement were identified at SGC, of which 28 have already been completed. SGC updated its anti-discrimination policy, gender equality policy, and policy on the prevention of sexual harassment and verbal abuse. | | | | | |
| Reporting Channel / Communication Channel | <p>The Company has established multiple communication channels:</p> <ul style="list-style-type: none"> Dedicated phone line: 04-22585388 ext.252 Email: hrcenter@spg-sportsgear.com Official website: Message section and messaging functions available on various recruitment platforms and social media channels. <ul style="list-style-type: none"> Employee feedback channels: Suggestion boxes, hotlines, WOVO platform, employee forums, and labor-management meetings. Labor unions at each factory site (including suggestion boxes and grievance hotlines, union member meetings, and the signing of collective agreements). | | | | |

5.3.1 Policy on Human Rights Protection

The Company values its commitments and is dedicated to safeguarding employee human rights through proactive implementation of its human rights policies. In addition to adhering to the Fair Labor Association (FLA) Code of Conduct, the Core Labour Standards of the International Labour Organization (ILO), and customer-specific requirements, SPG (KY) has also developed its own “human rights policy” based on the characteristics of the Company and its business operations. The “Employee Rights Protection” chapter of the Company’s Sustainable Development Best Practice Principles clearly stipulates the protection of employees’ rights, including freedom of association, the right to collective bargaining, care for disadvantaged groups, the prohibition of child labor, the elimination of all forms of forced labor, and the elimination of discrimination in hiring and employment. The Company also ensures that its human resources policies are free from discriminatory practices based on gender, race, socioeconomic class, age, marital or family status. This commitment is reflected in fair and equal opportunities in employment, hiring conditions, compensation, benefits, training, performance evaluation, and promotion.

Unit: Number of employee, hour; Percentage (%)

| Location | Taiwan Headquarters | Factories in Vietnam | | | Factory in Cambodia | | |
|--|---------------------|----------------------|---------|---------|---------------------|-------|--------|
| Year | 2024 | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Number of employees received training (person) | 243 | 29,155 | 22,756 | 32,323 | 362 | 234 | 2,162 |
| Total training hour (hour) | 145 | 192,321 | 51,533 | 94,851 | 1,057 | 610 | 2,149 |
| Rate of employees received training | 95.67% | 141.17% | 116.85% | 156.05% | 10.78% | 8.59% | 19.85% |

Note: Rate of employees received training = Number of employees received training / Total number of employees in the current year

Training on Human Rights for Security Personnel

In addition to providing human rights training to company employees, we also arrange training for security personnel. In 2024, the percentages of security personnel who received training on the human rights policy were 99.37% in the five Vietnam factories and 66.67% in the Cambodia factory.

| Location | Unit | Factories in Vietnam | Factory in Cambodia |
|---|-------------------|----------------------|---------------------|
| Number of Security Guards Receiving Human Rights Training | Number of persons | 157 | 40 |
| Number of Security Guards | Number of persons | 158 | 60 |
| Percentage of Security Guards Receiving Human Rights Policies | Percentage (%) | 99.37% | 66.67% |

5.3.2 Human Rights Risk Assessment and Remedial Measures

Measures to Prevent Adverse Human Rights Impacts

SPG (KY) strictly complies with the laws and regulations of each region where it operates and adheres to the principles of relevant international human rights conventions to safeguard employees' rights to freedom and eliminate any acts of human rights violations or infringements.

In terms of employment, the Company prohibits all forms of discrimination and ensures that no differential treatment is given based on race, age, gender, sexual orientation, disability, pregnancy, political affiliation, or religious belief. To ensure employees fully understand and comply with relevant human rights regulations, the Company conducts human rights risk assessments to prevent legal violations and potential labor-management disputes. Upon onboarding, all new employees are required to carefully review and sign the Company's human rights policy to affirm their understanding of the Company's commitment to human rights and its enforcement. This initiative helps foster a fair, respectful, and inclusive workplace environment.

SPG(KY) adheres to client standards by reinforcing labor and safety practices and continuously enhancing workplace environments and employee well-being. SPG and SGC conduct human rights and pay equity assessments as requested by brand partners to evaluate the treatment of employees with disabilities and to review overall wage structures. In 2024, SPG undergoes a human rights audit, identifying 13 findings related to wages, benefits, and environment and safety issues, all of which have been fully addressed. SGC carries out a human rights and pay equity assessment, and in response to the relatively high turnover rate of line supervisors and section leaders in 2024, a salary adjustment plan is implemented starting January 2025. The plan includes a 5%-11% salary increase for production team leaders to section managers, a 3% increase for administrative supervisors, and a 5% increase for section staff and specialists. Regarding gender equality, SGC identifies 32 items for improvement, with 28 items already completed and the remaining 4 in progress.

VG and AW conducted assessments of labor, health, and safety conditions at their factories in accordance with brand requirements, using the SM&S HRM KPI questionnaire. Both facilities received a Bronze rating, with no major issues or abnormalities identified.

ASP completed the SLCP CAF assessment and an employee sentiment survey, based on which a Corrective Action Plan (CAP) was developed to support ongoing improvements to human resources systems and labor conditions. In terms of recruitment and employment, ASP revised its internal regulations, which were submitted to and approved by the Industrial Zone Management Committee by the end of 2024, and subsequently filed for record. Regarding wages and benefits, ASP has ceased the practice of assigning employees to unpaid work stoppage leave. Employees previously affected by such arrangements have received compensation for the corresponding wages. The company also updated its "Technical Bonus Management Regulations" to implement monthly assessments and evaluations of technical competencies. For the protection of special employee groups, relevant policies have been revised. Female employees who are pregnant or are caring for a child under 12 months old will no longer have 5% of their hazard pay (toxic work allowance) deducted.



Improvement and Follow-up

The Company will continue to enhance its practices to mitigate the occurrence and impact of risks related to various issues. The action plans adopted are summarized in the table below:

| Item | Description | Goal | Achievement Status in 2024 | Explanation |
|-------------------------|--|---|----------------------------|---|
| Working hours | The weekly working hours should not exceed 60 hours, and there should be at least one day of rest within any 7-day period. | Absence due to consecutive overtime work for 7 days: 0 instances. | Not yet achieved | In 2024, due to equipment replacement and production needs, SPG arranged employee shifts on Sundays and recorded two weeks in October where working hours exceeded 60 hours. However, all such arrangements were approved in advance by the brand, and full communication and consensus were reached with the employees. Related wages were paid in accordance with regulations, and no employee rights were infringed. |
| Non-Discrimination | Recruitment advertisements are free from discriminatory. | Recruitment notices and advertisements are free from any form of discrimination. | ✔ Achieved | - |
| Sexual Harassment | Cases involving sexual harassment complaints. | Cases involving sexual harassment complaints: 0 instances. | Not yet achieved | A sexual harassment case at SGC was resolved through appropriate procedures, with a signed agreement between the parties involved, and the case has been formally closed. |
| Child and Young Workers | Prohibition of child labor and restriction of workers under 18 from engaging in hazardous work. | 1. Employment of child labor (under 15 years old): 0%. 2. Proportion of workers (under 18 years old) in hazardous positions: 0%. | ✔ Achieved | - |
| Compliance | Ensuring legal compliance and adherence to client leadership. | Third-party human rights policies and implementation audits have no significant deficiencies. | ✔ Achieved | - |
| Freedom of Employment | Employees' personal identification documents shall not be withheld, ensuring freedom of movement. | - | ✔ Achieved | - |
| Freedom of Association | Respect the employees' right to freedom of association. | Cases of interference with employees' freedom of association: 0 Instances. | ✔ Achieved | - |

5.4 Occupational Safety and Health

SPG (KY) deeply understands that people are the cornerstone of corporate sustainable development. Therefore, we are committed to creating a safe and healthy work environment for employees, contractors, and other stakeholders. We firmly believe that ensuring occupational safety and health is our responsibility, and we have obtained the accreditation of ISO 45001 Occupational Health and Safety Management Systems to implement the protection measures of workplace safety and health in a more systematic manner and effectively prevent occurrences of occupational accidents stemming from unsafe behaviors, environmental factors, or equipment malfunction

| Major Topic : Occupational Safety and Health | | | | | | | |
|---|--|------------------------|----------------------|---|--|--|--|
| Significance to Significance (KY) | "Safety," "Satisfaction," and "Speed" are the core business philosophies of SPG (KY). As a manufacturer, protecting the safety of all employees and fostering a safety-first workplace culture are among the Company's key priorities for sustainable development. | | | | | | |
| Policy/Commitment | Promote an occupational safety culture through training programs and various communication channels, while actively engaging in research related to the impacts of occupational accidents. The Company continues to enhance high-risk workplace safety assessments and intelligent monitoring technologies, demonstrating its commitment to providing a safe working environment for all employees. | | | | | | |
| Goal | <table border="1"> <thead> <tr> <th>Short term:</th> <th>Medium to long-term</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Enhance employees' safety awareness and fosters a strong corporate safety culture to reduce workplace injury rates. </td> <td> <ul style="list-style-type: none"> Reach zero occupational injury cases. Establish as a role model in customer safety culture practices. </td> </tr> </tbody> </table> | Short term: | Medium to long-term | <ul style="list-style-type: none"> Enhance employees' safety awareness and fosters a strong corporate safety culture to reduce workplace injury rates. | <ul style="list-style-type: none"> Reach zero occupational injury cases. Establish as a role model in customer safety culture practices. | | |
| Short term: | Medium to long-term | | | | | | |
| <ul style="list-style-type: none"> Enhance employees' safety awareness and fosters a strong corporate safety culture to reduce workplace injury rates. | <ul style="list-style-type: none"> Reach zero occupational injury cases. Establish as a role model in customer safety culture practices. | | | | | | |
| Measures | The Company collaborates with mental health clinics to offer discounted registration and provide services such as individual and family counseling. | | | | | | |
| 2024 Goals, Key Achievements, and Performance Highlights | <table border="1"> <thead> <tr> <th>Company Goals for 2024</th> <th>Achievement Progress</th> </tr> </thead> <tbody> <tr> <td>Strengthen employee safety consciousness and foster a deeply rooted safety culture throughout the organization to minimize occupational injuries.</td> <td> Achieved</td> </tr> <tr> <td>VG and AW were awarded the Gold and Silver Awards, respectively, in the RoSPA Global Health and Safety Awards.</td> <td></td> </tr> </tbody> </table> | Company Goals for 2024 | Achievement Progress | Strengthen employee safety consciousness and foster a deeply rooted safety culture throughout the organization to minimize occupational injuries. | Achieved | VG and AW were awarded the Gold and Silver Awards, respectively, in the RoSPA Global Health and Safety Awards. | |
| Company Goals for 2024 | Achievement Progress | | | | | | |
| Strengthen employee safety consciousness and foster a deeply rooted safety culture throughout the organization to minimize occupational injuries. | Achieved | | | | | | |
| VG and AW were awarded the Gold and Silver Awards, respectively, in the RoSPA Global Health and Safety Awards. | | | | | | | |
| Reporting Channel /Communication Channel | <p>The Company has established multiple communication channels:</p> <ul style="list-style-type: none"> Dedicated phone line: 04-22585388 ext. 252 Email: hrcenter@spg-sportsgear.com Official website: Message section and messaging functions available on various recruitment platforms and social media channels. Employee feedback channels: Suggestion boxes, hotlines, WOVO platform, employee forums, and labor-management meetings. Labor unions at each factory site (including suggestion boxes and grievance hotlines, union member meetings, and the signing of collective agreements). | | | | | | |

5.4.1 Environment, Health, and Safety Policy and Management System

SPG (KY) recognizes its significant responsibility toward environment, safety, and health. All operating sites strictly comply with local environment, health, and safety regulations. Internally, the Company has also established corresponding policies to safeguard the environment as well as the safety and health of its employees, ensuring a safe and secure workplace.

Occupational safety and health control measures

1. Develop “Occupational Safety and Health Work Rules”, “Quality, Environmental, Safety and Health Manual”, and “Emergency Preparedness and Response Management Procedures and Production Recovery Procedure” for adherence by all employees, and regularly identify and control risks to occupational health, safety, and the environment and implement improvement projects.
2. Establish emerging occupational disease monitoring technologies and workplace hazardous substance exposure assessment techniques to accurately evaluate occupational hazards and reduce the incidence of occupational diseases among labors.
3. The president and representatives from each factory host the Occupational Safety and Health Committee to ensure all employees are fully informed of our company’s policies.
4. Ensure cleanliness and maintenance of equipment and avoid collecting dust, oil stains, and other pollutants on performance and safety of equipment by conducting regular maintenance of machinery and equipment.
5. Regularly monitor the environment of workplace to manage air quality standards and potential biochemical risks.
6. Provide a safe and well-equipped working environment by ensuring workplace hygiene, sufficient lighting, and unobstructed emergency exits to facilitate operations for employees and contractors while reducing the risk of occupational accidents.
7. Enhance occupational safety and health demonstrations, promote awareness of labors’ safety and health, and foster international exchange and collaboration.

RoSPA Global Health and Safety Awards



VG and AW were respectively awarded the Gold and Silver Awards in the internationally renowned 2024 RoSPA Health and Safety Awards, in recognition of their outstanding performance in workplace safety and health management. The RoSPA Health and Safety Awards, organized by the Royal Society for the Prevention of Accidents, are among the most prestigious honors in the global field of occupational safety and health. The awards celebrate organizations, teams, and projects across all industries for their unwavering commitment to saving lives and fostering a culture of workplace safety. This recognition not only symbolizes excellence and reputation within the industry but also reflects a strong dedication to upholding high safety standards and promoting employee well-being. These awards highlight SPG (KY)’ s ongoing efforts to strengthen its safety management systems and implement effective workplace risk control measures. More importantly, they affirm the Company’ s firm commitment to operational excellence and sustainable development.

5.4.2 Workplace Health Management

Injury Prevention Management

Since the establishment, SPG (KY) has centered around the principles of “Safety First, Health and Happiness, and Happy Work”. We recognize that protecting employees’ health is crucial for our long-term stability and sustainable operation. In 2023, we continue our focus on workplace health management and implement a series of measures to ensure the safety and health of employees, including enhancing hygiene and cleanliness measures, providing necessary protective equipment and facilities, such as earplugs for employees in high-noise environments, goggles and gloves for those handling hazardous substances, conducting regular health examinations for employees, and providing psychological health counseling services.

Routine dissemination

- Promote personal hygiene habits.
- Provide regular health check-ups (with increased frequency for specific job categories, such as workers exposed to toxic substances and those performing physically demanding tasks).
- Post operational reminder signs on machinery and equipment throughout the facility to remind all employees to comply with relevant regulations.

Medical clinic

Each factory is equipped with onsite medical personnel who can promptly administer first aid for occupational injuries, assess the severity of injuries professionally, and arrange immediate medical transport for treatment as needed.

As a member of the sports industry, the Company is committed to supporting the overall physical and mental well-being of its employees. In addition to subsidies for sports and leisure activities provided by the Employee Welfare Committee, the Company has partnered with mental health clinics in Taiwan to offer discounted registration fees as well as individual and family counseling services. Employees can access relevant information via the internal company website and make appointments directly without going through internal procedures, thereby ensuring privacy and encouraging greater awareness of mental health issues.



Response of Occupational Injury Risks

SPG (KY) is committed to identifying occupational injury risks to ensure the safety and health of employees in the workplace. In addition to providing environmental, health and safety training course during new employee orientation, we comply with legal rules by conducting job-specific occupational health and safety training. The Company conducts thorough analyses of various potential occupational injury risks and develops corresponding prevention measures and response strategies, and we continuously assess and improve the implementation effectiveness of these measures.

| Safety and health risk issues | Explanation of possible impacts | Mitigation/prevention measures | Performance in 2024 |
|---|---|--|---|
|  Machine operation risks (rolling, clamping, rolling equipment, etc.) | Accidental operations lead to employee health hazards and decreased productivity. | <ul style="list-style-type: none"> Conduct machinery safety training for relevant employees twice a year. Ensure regular inspection and maintenance of machinery and equipment. Broadcast workplace safety messages weekly at local restaurants. Establish a training center to enhance employee skills. Provide adequate personal protective equipment. Post job safety standards sheets (SSW), job hazard analysis sheets (JHA), and warning signs on the machinery. | Please refer to the disabling injury statistics for more details. |
|  Risk of heat-related illness | Heatstroke may cause symptoms such as dizziness, nausea, dehydration, and fainting. In severe cases, it can lead to heat exhaustion or cardiovascular diseases. These conditions not only pose serious health risks to employees but may also impair reaction time, increasing the likelihood of operational errors and workplace safety incidents. | <ul style="list-style-type: none"> Enhance ventilation and exhaust fan systems. Optimize cooling system performance to reduce workplace temperatures. Provide employees with cool and iced drinking water to support hydration. Conduct regular maintenance of ventilation and exhaust fans to ensure optimal performance. Perform rooftop water spraying operations to reduce building temperatures. Plant trees around the facility to create shade and assist with ambient temperature reduction. | |
|  Noise and vibration risks | Failure to effectively control noise and vibration risks may violate relevant health and safety regulations and cause hearing impairment among employees. | <ul style="list-style-type: none"> Provide earplugs or earmuffs. Utilize vibration-damping equipment and conduct regular occupational health examinations. | |
|  Hazardous substance exposure risks | Inadequate control of hazardous substances may lead to non-compliance with applicable health and safety regulations and adversely impact employee health. | <ul style="list-style-type: none"> Provide appropriate protective equipment. Conduct chemical safety training for relevant employees twice a year. Ensure proper labeling and storage of chemicals. Perform regular workplace inspections to ensure safe chemical handling and compliance with safety guidelines. Regularly inspect and maintain ventilation and exhaust systems. Develop alternative chemical usage methods, prioritizing the use of water-based chemicals over solvent-based ones. | |

5.4.3 Disabling Injury Statistics

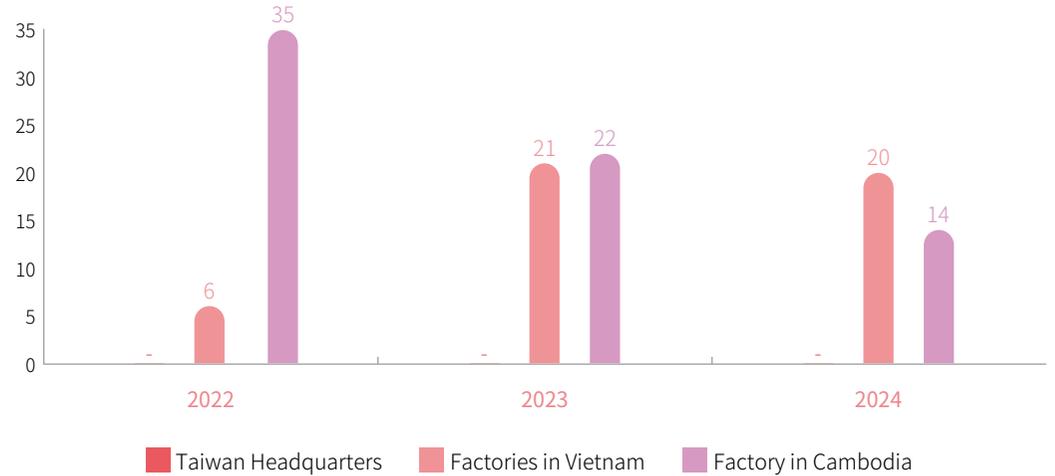
Workplace Accidents and Occupational Injuries

In 2024, SPG (KY) recorded no occupational incidents resulting in serious injuries, once again demonstrating the Company’s ongoing commitment and achievements in occupational safety. The Company remains dedicated to continuously improving the working environment to ensure that all employees can operate in a safe and secure workplace.

In response to work-related injuries resulting from traffic accidents during commuting hours, the Company has implemented a comprehensive approach to traffic safety. In addition to regularly promoting traffic safety awareness through printed materials and public broadcasts, all employees are required to undergo traffic safety education and training. Moreover, AW works in close collaboration with neighboring factories and local traffic authorities to carry out traffic coordination initiatives. These efforts focus on minimizing commuting disruptions caused by street vendors and gravel trucks during peak hours, thereby ensuring safe and efficient commuting routes. This cross-sector collaboration not only safeguards employee safety but also contributes to significantly improving traffic conditions in the surrounding areas.

Number of Occupational Injuries Caused by On-site Incidents for the Past Three Years

Unit: Cases



Occupational Injury Statistics of Employees

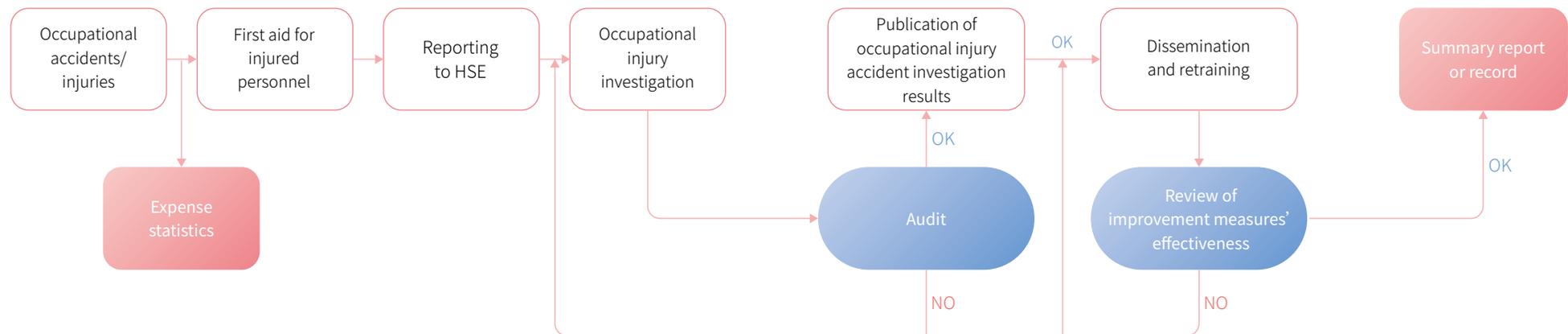
| Item | Unit | Taiwan Headquarters | | | Factories in Vietnam | | | Factory in Cambodia | | |
|--|-------------------|---------------------|---------|---------|----------------------|------------|------------|---------------------|------------|------------|
| | | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| Total Work Hours | Hours | 146,396 | 469,385 | 495,535 | 44,772,834 | 42,043,202 | 47,989,654 | 28,654,779 | 15,403,186 | 36,102,011 |
| Number of fatalities due to occupational injuries | Number of persons | - | - | - | - | - | - | - | 1 | - |
| Fatality rate due to occupational injuries | Proportion | - | - | - | - | - | - | - | 0.06 | - |
| Number of severe occupational injuries (excluding fatalities) | Number of persons | - | - | - | - | - | - | - | - | - |
| Severe occupational injuries rate (excluding fatalities) | Proportion | - | - | - | - | - | - | - | - | - |
| Number of recordable occupational injury (including fatalities and severe occupational injuries) | Number of persons | - | - | - | 30 | 29 | 20 | 25 | 2 | 14 |
| Recordable occupational injury rate | Proportion | - | - | - | 0.67 | 0.69 | 0.42 | 0.87 | 0.13 | 0.39 |
| Severity rate (SR) | Proportion | - | - | - | 10.25 | 9.39 | 6.60 | 2.76 | 0.13 | 0.33 |
| Absence rate% | Percentage (%) | -% | -% | -% | 0.01% | 0.01% | 0.01% | -% | -% | -% |

Note:

1. The above data of occupational injury does not include commuting accidents.
2. Total worked hours=The total hours worked by employees from January 1, to December 31 (including overtime)
3. Fatality rate due to occupational injuries =Number of fatalities due to occupational injuries/Work hours×1,000,000
4. Severe occupational injuries rate (excluding fatalities) = Number of severe occupational injuries (excluding fatalities)/ Work hours×1,000,000
5. Recordable occupational injury rate= Number of recordable occupational injury (including fatalities and severe occupational injuries)/Total Worked Hours×1,000,000
6. Severity rate (SR) = (Total lost workdays due to disabling injuries (occupational injury leave)/Total worked hours)×1,000,000
7. Absence rate = (Days of absence (occupational injury leave)/Total work days for all employees throughout the year)×100%
8. All statistical information in the above table is presented rounded to two decimal places.
9. Extremely small values that are non-zero are rounded off to 0.

Occupational Injury Investigation and Management Procedures

Effectively controlling the frequency and severity of occupational injury incidents is one of SPG (KY)'s clear goals. We are committed to minimizing occupational safety incidents to the maximum to ensure the safety and health of employees at work. In the unfortunate event of an injury, each factory will conduct an investigation in accordance with internal standard procedures to thoroughly understand the reasons, and record and preserve relevant data, which will help in developing improvement measures to address unsafe environments and human factors and prevent similar incidents from occurring again in the future.



5.4.4 Wellness Promotion and Engagement

SPG (KY) continuously provides regular job-related training to enhance employees' awareness and response capabilities regarding environmental, health, and safety issues, while fostering the right skills and behavioral attitudes. The training covers topics such as occupational safety and health, first aid, and fire evacuation drills, helping employees become familiar with workplace accident response procedures. These efforts aim to reduce the risk of occupational injuries and ensure the safety and well-being of all employees.



▲ Fire drill



▲ Occupational safety and health education and training



06

Social Engagement

6.1 Driving Force for Public Welfare

SPG (KY) adheres to the core principle of “Possessing a global perspective” and “Caring for the local community,” viewing the company’s social role as an essential part of sustainable development. In response to increasingly complex social and environmental challenges, we believe that enterprises should not only pursue economic growth but also give back to society through concrete actions in return for long-standing public support and trust. At the Taiwan Headquarters, the Sports Gear Social Welfare Foundation serves as the central platform for organizing public welfare programs and integrating resources. At other facilities, respective Corporate Social Responsibility departments implement programs tailored to local needs and resource availability.

Over the years, the Company has remained committed to supporting educational assistance, healthcare accessibility, and elder care. We have maintained a long-term focus on improving the living conditions of rural elementary school children, vulnerable communities, and the aging population. Through financial grants and in-kind donations, we have steadily expanded our social engagement and impact. With the growing awareness of sustainability, SPG (KY) has also actively expanded its resource allocation to environmental protection initiatives, aiming to progressively enhance our positive contribution to both natural and social systems through practical efforts.

6.1.1 SPG Foundation

In 2024, “children and youth, soccer, and rural areas” were the three primary focus areas of the SPG Foundation’s public welfare initiatives. Based on the total donation amount for the year, nearly 90% of resources were allocated to services for children and youth, reflecting the Foundation’s strong commitment to supporting the next generation. Through partnerships with schools at all levels and programs covering physical health, psychological support, and educational assistance, the Foundation strives to build a supportive and inclusive environment for child and youth development.

For the long-supported soccer program, the Foundation continued its sponsorship of elementary school teams and, starting in 2024, extended its support to junior high schools in hopes of developing a more comprehensive youth soccer training pathway in Taiwan and providing stable resources for future athlete development. Spending on soccer-related programs accounted for approximately 70% of total expenditures, demonstrating the SPG Foundation’s concrete commitment to sports equity and long-term talent cultivation.

In rural community engagement, the Foundation continued to implement initiatives such as subsidies for rural elementary schools and free dental clinics. With stable and systematic resource investment, these efforts aim to address structural challenges related to limited access to education and healthcare in rural areas. In 2024, public welfare spending in this category accounted for roughly 50% of total expenditures, underscoring the Foundation’s long-term approach to bridging regional disparities and addressing imbalances in social resources. For more information, please visit the SPG Foundation website.

▶ [the SPG Foundation website](#)

Five Pillars of Public Welfare

Care of Disadvantaged groups

Enhance the quality of life for disadvantaged groups through respect and inclusivity

We put emphasize on care and support for disadvantaged groups, promote various social public welfare activities, unite the society, and improve the quality of life for disadvantaged groups through substantive support.

Rooted in education

Empower through knowledge to promote educational equity

Education is the key to changing destinies. SPG (KY) supports rural education development through donating resources and providing after-school programs to narrow the education gap and ensure equal learning opportunities for every student.

Sports advocate

Unleash potential and cultivate sports talent

SPG (KY) actively supports the development of sports, particularly focuses on cultivating young athletes. We create more opportunities for aspiring athletes through donations of professional sports equipment and sponsorship of training expenses.

Health and well-being

Promote public health and enhance quality of life

We hope that more people can have access to essential medical services by promoting free medical check-ups.

Environmental conservation

Promote sustainable development and protect the natural environment

We enhance employees' environmental awareness, protect the earth's ecosystems, and ensure the sustainable use of natural resources through environmental education and community cleanup activities, etc.

Public Welfare Investments of the SPG Foundation in 2024

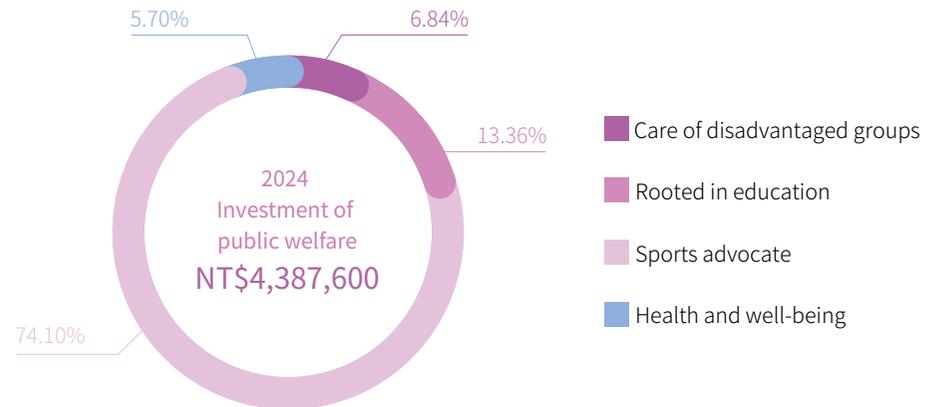
In 2024, the SPG Foundation collaborated with the Company's five manufacturing plants in Vietnam to advance a range of social sustainability initiatives. In Taiwan, total donations amounted to NT\$4,387,600. (Due to the diverse nature of public welfare projects in Vietnam, an aggregated summary is provided separately. For details, please refer to Section 6.1.5 "Local Community Engagement – Annual Summary of Overseas Facility Care Initiatives" in this report.) The donations covered a wide range of areas including educational support, sports development, arts and cultural promotion, and social care. These projects reached multiple regions and served various beneficiary groups, reflecting the Company's deep local engagement and strong commitment to sustainability in action.

▶ 6.1.5 Local Community Engagement – Annual Summary of Overseas Facility Care Initiatives

Unit: NT\$

| Pillar of public welfare | Investment of public welfare |
|--|------------------------------|
| Care of disadvantaged groups ^{Note} | 300,000 |
| Rooted in education | 586,200 |
| Sports advocate | 3,251,400 |
| Health and well-being | 250,000 |
| Total | 4,387,600 |

Note: Ganlin Social Welfare Foundation conducted the donation service of Lunar New Year dishes in 2023, and the subsidies were paid in January 2024. Therefore, the expenses are not recognized as investment of public welfare for 2024.



6.1.2 Sports advocate – Initiatives to Promote Sports Participation and Provide Resource Support

Outfitting Dreams: Sportswear Donation Program for Rural Schools

- Partner School: Charshan Primary School, Chiayi

To continue addressing the need for educational resources among children in rural areas, the SPG Foundation launched the “Sportswear Donation Program for Rural Schools” in 2022. By providing comfortable and well-fitting athletic apparel, the program encourages children to enjoy physical activity, strengthen their bodies, and boost their confidence and motivation to learn. The initiative primarily supports long-term partner elementary schools in rural areas, delivering tailored resources based on each school’s specific needs.

A total of 20 students benefited from the donation, with each receiving a complete set of athletic apparel as follows:

- ✓ 2 short-sleeved sports shirts
- ✓ 1 pair of short sports pants
- ✓ 2 long-sleeved sports shirts
- ✓ 1 pair of long sports pants



In 2024, the Foundation received a request from Charshan Primary School in Alishan Township, Chiayi County. Located in a remote indigenous region, the school primarily serves students from the Tsou and Bunun tribes. In recent years, the school has actively introduced indigenous cultural education and formally established an archery team in 2023, combining traditional tribal archery practices with modern recurve bow training. The initiative aims to help students regain confidence and broaden their horizons through culture and sports. Upon learning that most team members come from underprivileged families, and despite their enthusiasm and commitment, they lacked adequate athletic gear, the Foundation responded by funding the custom design and production of sportswear for the entire team. This initiative aims to offer tangible support to these dream-driven students and accompany them as they pursue their goals.

Kicking Off Soccer Dreams: Youth Players Head to Spain

- Partner Organization: Taiwan Football Development Association

The Arnedo Cup is one of Spain's most prestigious youths (U14) soccer tournaments, with a 28-year history. All participating teams are youth squads from internationally renowned football clubs. In 2023, through the efforts of Taiwanese football player Mr. Yung-Cheng Yuan, Taiwan joined the tournament as the 16th team and was invited again for the 2024 event. In partnership with the Taiwan Football Development Association, the SPG Foundation sponsored round-trip airfare from Taipei to Spain for two consecutive years, contributing a total of NT\$1,440,000. This initiative supports Taiwanese youth players in gaining international competition experience and enhances Taiwan's global visibility through soccer diplomacy.



6.1.3 Rooted in Education – Learning Support and Cultural Enlightenment

Going the Extra Mile with Children: SPG Rural Elementary School Subsidy Program

- Partner Schools: Dongli Elementary School, Chong-De Primary School, Fengshan Elementary School, Hualien
- Partner School: Kuang Cheng Elementary School, Taichung

Long-term support for rural education is one of the SPG Foundation’s most central and sustained public welfare initiatives. Recognizing that disadvantaged children require stable and consistent support in their growth journey, the Foundation works with local schools to help create safe and secure learning environments where children can develop confidence and capabilities through education.

In 2024, the Foundation allocated NT\$720,400 to support the ongoing development of soccer teams at Dongli Elementary School and Chong-De Primary Schools in Hualien. Both schools demonstrated outstanding performance in multiple national competitions. Dongli Elementary School was also invited to participate in the 2024 BSV-Hanoi International Football Tournament in Vietnam. To ensure the students could broaden their horizons without financial concerns, the Foundation provided an additional NT\$560,000 in funding to support their overseas participation.

Beyond sports-related support, the Foundation also prioritizes holistic student development. In 2024, a further NT\$586,200 was allocated for diverse student clubs and learning support programs at Fengshan and Guang-Zheng Elementary Schools. Fengshan Elementary Schools established a student-led soccer club in response to strong demand, while Kuang Cheng Elementary School enhanced student confidence and participation through after-school tutoring and activity programs. Parental engagement also saw a notable improvement, with many families becoming more involved in supporting their children’s education and interacting with the school after observing their children’s academic and personal development. This, in turn, contributed to improved overall family care quality.



Total beneficiaries: **406** schoolchildren

Empowering Girls, One Kick at a Time: Support Program for the Wu-Chuan Junior High School Girls' Soccer Team

- Partner: Wu-Chuan Junior High School, Taichung

Since its establishment in 2015, the Wu-Chuan Junior High School Girls' Soccer Team has upheld the values of discipline, initiative, trust, perseverance, and courage. As the only 11-a-side girls' soccer team in Taichung City, it has become an important cradle for cultivating emerging talent in Taiwan's women's soccer. The team has consistently achieved excellent results in the National Youth Cup and the Highschool Football League, inspiring more girls to see the possibilities that sports can offer.

Recognizing the vital role of quality training environments and resources in athlete development, the SPG Foundation began providing operational funding in 2024. In addition, a board member of the Foundation made a personal donation to further support the team's daily training and travel expenses for competitions. With these integrated resources, the Wu-Chuan Junior High School Girls' Soccer Team is able to focus on preparation without financial concerns, continuing to contribute to the advancement of women's soccer in Taiwan.



Bridging Hearts Through the Arts: Sponsorship of Cultural and Artistic Activities

In 2024, SPG (KY) contributed a total of NT\$3.03 million in sponsorships to support cultural and artistic development. The supported sponsored activities and projects are outlined as follows:

- Partner School: Jiou De Primary School, Taichung
 As part of its commitment to cultural engagement, the SPG Sustainability Committee supported arts and cultural initiatives aimed at broadening children’s horizons and fostering stronger community connections. In 2024, the Foundation sponsored the T.U. Percussion Ensemble Annual Concert, and invited 20 students, parents, and faculty members from Jiou De Primary School in Taichung City, one of its long-term partner schools, to attend the live performance. This initiative not only allowed children to experience professional performing arts up close, but also encouraged parent-child appreciation of the arts, further strengthening family and community bonds.



- Event Partners: FADA Production Ltd., String Wonderland and Sandy’s Music Studio from Taichung
 In 2024, the Company contributed a total of NT\$680,000 to support music and performing arts initiatives with social and cultural significance, demonstrating our commitment to fostering cultural diversity and creative expression through tangible action. Sponsorships included the “Let’s Perform” project organized by FADA Production Ltd., which brought together 20 music creators from across Taiwan to take the stage following the conclusion of a talent show. Through original compositions and freestyle performances, the program highlighted the vibrant energy of young artists and the vitality of Taiwan’s music culture. We also sponsored the String Wonderland’s “Immersive Multi-sensory Healing Concert,” a two-day multisensory experience combining music, lighting, fragrance, fine wine, and spatial ambiance to offer audiences total relaxation and inner peace through enriched sensory engagement. Additionally, we supported Sandy’s Music Studio’s “Temple Music Concert: Celebrating Christmas with the Deities,” where children performed Christmas music in traditional temple settings, merging religious heritage with festive cheer. This initiative conveyed warmth and blessings while encouraging grassroots development of music education.



▲ String Wonderland - Immersive Multi-sensory Healing Concert

▲ FADA Production Ltd. - Let’s Perform Together

▲ Sandy’s Music Studio – Temple Music Concert: Celebrating Christmas with the Deities

Note: Due to the scheduling of performances and outcome presentations by certain sponsored organizations, related achievements will be published on the Company’s Sustainability webpage.

6.1.4 Health and Well-being – Free Oral Medical Services in Rural Areas

- Event partners: Voluntary Medical Team of Taiwan Adventist Hospital and Taiwan Adventist Foundation

Since the inception of its partnership with the voluntary medical team of Taiwan Adventist Hospital and Taiwan Adventist Foundation, the SPG Foundation has been promoting free dental services in remote tribal areas for five consecutive years. In 2024, while expanding to three new locations on the main island of Taiwan, the initiative also extended its reach to outlying islands for the first time. Through systematic dental outreach services, the program aims to help more residents develop proper oral hygiene habits and further reduce the incidence of dental caries and periodontal disease.

In 2024, a total of four free oral medical service events were held, serving 81 individuals. Unlike previous years, where the majority of participants were middle-aged and elderly, this year marked the first time a noticeable increase in young and middle-aged adult participation was observed—surpassing that of the older age group. For example, in the clinics held at Heliu, Taoyuan and Jinhua, Kinmen, over half of the participants were young and middle-aged adults, many of whom were parents accompanied by their children. This allowed dentists to provide on-the-spot responses to parents' concerns while also fostering interactive oral health education between parents and children.



In contrast, clinics held in Chongsheng, Kaohsiung and Huanshan, Taichung revealed that elderly participants generally exhibited poorer oral health conditions. Volunteer dentists offered essential preliminary treatment on-site and encouraged follow-up care at nearby clinics, underscoring the importance of promoting oral health knowledge and the ongoing need for dental outreach in remote areas.

So far, the free oral medical services in rural areas have been held in over 15 locations. Looking ahead, the foundation will continue to consider local demands and gradually expand these services to include community centers or collaborate with schools, aiming to offer more holistic oral health care to underserved populations.

6.1.5 Local Community Engagement – Annual Summary of Overseas Facility Care Initiatives

The Company’s five major overseas facilities collaborated with local partners to carry out a wide range of community initiatives in 2024, including material donations, educational empowerment programs, disaster relief, and holiday care activities. By integrating resources and actively engaging with local communities, each site responded to the unique needs of its region while strengthening long-term connections with its surrounding society. In 2024, the total amount invested in overseas community engagement reached NT\$303,327, demonstrating the Company’s continued commitment to corporate social responsibility.

| Facility | Name of Public Welfare Project | Project Details | Project Outcomes |
|----------|---|---|---|
| VG | Charitable Donation for Typhoon Relief in Vietnam | In response to the severe storm disaster in the China–Vietnam region, VG joined forces with the local labor federation and labor union to launch a donation campaign, uniting the efforts of both employees and the Company. All funds raised were entrusted to the labor federation for centralized allocation, aiming to support rapid reconstruction in the affected areas and deliver timely and tangible assistance. | <ul style="list-style-type: none"> VG donated approximately NT\$12,935, while all employees collectively contributed around NT\$125,465. |
| | Local Education Support | VG donated sports shoes to local schools to strengthen the development of sports activities, while promoting positive interaction and engagement between the schools and surrounding communities. | <ul style="list-style-type: none"> VG donated 225 pairs of shoes. |
| | | VG provided scholarships to local students to encourage continuous learning and personal development, while easing financial burdens on families. This initiative reflects the Company’s commitment to promoting educational equity and nurturing local talent. | <ul style="list-style-type: none"> Scholarship provided: approximately NT\$25,869. |
| | Medical Assistance | VG sponsored medical insurance premiums for financially disadvantaged student families to help alleviate their healthcare burden and ensure access to basic medical protection for family members. | <ul style="list-style-type: none"> Donation amount: Approximately NT\$12,935 |
| SPG | Child Welfare and Care | SPG donated to local orphanages (ADIDAS & Cơ sở Từ Tâm Nhân Ái) | <ul style="list-style-type: none"> Donation amount: Approximately NT\$12,935 |
| AW | World Environment Day Activities | AW collaborated with the local TỐC TIÊN COMMUNE, planting 50 Bang Lang trees along Highway 57 in TỐC TIÊN COMMUNE to beautify the environment and enhance community greenery. | <ul style="list-style-type: none"> Amount invested: Approximately NT\$7,761 |
| DH | Community Care | DH distributed holiday gifts to local children during the Mid-Autumn Festival with the assistance of local public security units, delivering festive warmth and care. | <ul style="list-style-type: none"> Amount invested: Approximately NT\$12,904 DH distributed a total of 100 gift packs |
| SGC | Home Visit for Employee Support | SGC provided material assistance to employees with more than two years of service who face financial hardship. Priority for home visits was given to those meeting the following criteria: <ol style="list-style-type: none"> Poor living conditions Loss of home due to natural disasters or fire Family members with disabilities or serious illnesses who are unable to work Facing a heavy medical financial burden Low household income with heavy financial burdens (e.g., debt, medical bills, daily living expenses) | <ul style="list-style-type: none"> Amount invested: Approximately NT\$88,591 |
| | Community Cleanup | Participated in a program initiated by the Ministry of Environment of Vietnam, engaging in street cleaning activities around the factory to help maintain the local community environment. | <ul style="list-style-type: none"> Amount invested: NT\$3,932 |
| | Workplace Literacy Initiative (FLP-SkillsFuture) | Jointly organized by UNESCO, MoEYS, and TAFTAC, the six-month program was held five days a week, one hour per day. The course aimed to improve workers’ basic literacy and overall cultural awareness, thereby enhancing their future career development potential and opportunities for advancement in the workplace. | <ul style="list-style-type: none"> Training hours: 160 hours |

Appendix 1 GRI Standards Indicator Index

| | |
|-------------------------|---|
| Allegation of use | Sports Gear Co., Ltd. follows GRI to publish this report. The report covers performance in economic, social and environmental aspects in 2024 (from January 1 to December 31, 2024) |
| GRI Guidelines Used | Applicable GRI 1: Foundation 2021 |
| GRI Industry Guidelines | None |

Generally Topic disclosures

| GRI Standards | Disclosure | Chapter | Note |
|--|---|---|--|
| GRI 1: Foundation 2021 | | | |
| GRI 2: General Disclosures 2021 | | | |
| • The organization and its reporting practices | | | |
| 2-1 | Organizational details | Company Profile | |
| 2-2 | Entities included in the organization's sustainability reporting | About This Report | |
| 2-3 | Reporting period, frequency and contact point | About This Report | |
| 2-4 | Restatements of information | About This Report Appendix 6 | |
| 2-5 | External assurance | About This Report Appendix 4 | |
| • Activities and workers | | | |
| 2-6 | Activities, value chain and other business relationships | About Sports Gear Co., Ltd 3.3 Supply Chain Management and Responsible Procurement | |
| 2-7 | Employees | 5.1 Our People at SPG(KY) | |
| 2-8 | Workers who are not employees | - | There is no such situation occurring within our company. |
| • Governance | | | |
| 2-9 | Governance structure and composition | 1.2 Sustainability Promotion Unit 2.1 Governance and Ethical Management | Reference to our 2024 annual report |
| 2-10 | Nomination and selection of the highest governance body | 2.1 Governance and Ethical Management | |
| 2-11 | Chair of the highest governance body | 2.1 Governance and Ethical Management | |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | 1.2 Sustainability Promotion Unit 2.1 Governance and Ethical Management | |

| GRI Standards | Disclosure | Chapter | Note |
|------------------------------------|---|--|--|
| 2-13 | Delegation of responsibility for managing impacts | 1.2 Sustainability Promotion Unit 2.1 Governance and Ethical Management | |
| 2-14 | Role of the highest governance body in sustainability reporting | 1.2 Sustainability Promotion Unit | |
| 2-15 | Conflicts of interest | 2.1 Governance and Ethical Management | |
| 2-16 | Communication of critical concerns | 2.1 Governance and Ethical Management | |
| 2-17 | Collective knowledge of the highest governance body | 2.1 Governance and Ethical Management | |
| 2-18 | Evaluation of the performance of the highest governance body | 2.1 Governance and Ethical Management | |
| 2-19 | Remuneration policies | 2.1 Governance and Ethical Management | |
| 2-20 | Process to determine remuneration | 2.1 Governance and Ethical Management | |
| 2-21 | Annual total compensation ratio | - | Details are not being disclosed due to privacy concerns. |
| • Strategy, policies and practices | | | |
| 2-22 | Statement on sustainable development strategy | Letter from the Chairman Letter from the General Manager | |
| 2-23 | Policy commitments | 1.1 Sustainability Vision and Goals 5.3 Human Rights | |
| 2-24 | Embedding policy commitments | Management Approach for Each Material Topic | |
| 2-25 | Processes to remediate negative impacts | Management Approach for Each Material Topic | |
| 2-26 | Mechanisms for seeking advice and raising concerns | 1.3 Sustainability Vision and Goals Management Approach for Each Material Topic | |
| 2-27 | Compliance with laws and regulations | 2.4 Regulatory Compliance | |
| 2-28 | Membership associations | - | We do not participate in any association. |
| • Stakeholder engagement | | | |
| 2-29 | Approach to stakeholder engagement | 1.3 Stakeholders and Materiality Analysis | |
| 2-30 | Collective bargaining agreements | 5.2 Labor-Management and Employment Relations | All production sites have established trade unions. |
| GRI 3: Material Topics 2021 | | | |
| 3-1 | Process to determine material topics | 1.3 Stakeholders and Materiality Analysis | |
| 3-2 | List of material topics | 1.3 Stakeholders and Materiality Analysis | |
| 3-3 | Management of material topics | Management Approach for Each Material Topic | |

Material Topic disclosures

| GRI Standards | Disclosure | Chapter | Note | |
|---------------------------------|------------|--|---|-------------------------------------|
| 201: Economic Performance | 201-1 | Direct economic value generated and distributed | 2.3 Operating Performance | Reference to our 2024 annual report |
| | 201-2 | Financial implications and other risks and opportunities due to climate change | 4.2 Climate Change Response Strategy | |
| | 201-3 | Defined benefit plan obligations and other retirement plans | 5.2 Labor-Management and Employment Relations | |
| | 201-4 | Financial assistance received from government | 2.3 Operating Performance | |
| 203: Indirect Economic Impacts | 203-1 | Infrastructure investments and services supported | 6.1 Driving Force for Public Welfare | |
| 204: Procurement Practices | 204-1 | Proportion of spending on local suppliers | 3.3 Supply Chain Management and Responsible Procurement | |
| 205: Anti-corruption | 205-1 | Operations assessed for risks related to corruption | 2.1 Governance and Ethical Management | |
| | 205-2 | Communication and training about anti-corruption policies and procedures | 2.1 Governance and Ethical Management | |
| | 205-3 | Confirmed incidents of corruption and actions taken | 2.1 Governance and Ethical Management | |
| 207: Tax (2019) | 207-1 | Approach to tax | 2.3 Operating Performance | Reference to our 2024 annual report |
| | 207-4 | Country-by-country reporting | 2.3 Operating Performance | |
| 301: Materials | 301-1 | Materials used by weight or volume | 3.2 Main Materials in Footwear Products | |
| | 301-2 | Recycled input materials used | 3.2 Main Materials in Footwear Products | |
| 302: Energy | 302-1 | Energy consumption within the organization | 4.3 Energy Management Appendix 5 | |
| | 302-3 | Energy intensity | 4.3 Energy Management | |
| | 302-4 | Reduction of energy consumption | 4.3 Energy Management | |
| 303: Water and Effluents (2018) | 303-1 | Interactions with water as a shared resource | 4.4 Water Resources Management | |
| | 303-2 | Management of water discharge-related impacts | 4.4 Water Resources Management | |
| | 303-3 | Water withdrawal | 4.4 Water Resources Management Appendix 5 | |
| | 303-4 | Water discharge | 4.4 Water Resources Management Appendix 5 | |

| GRI Standards | Disclosure | Chapter | Note |
|--|--|---|---------------------------------|
| 305: Emissions | 305-1 Direct (Scope 1) GHG emissions | 4.3 Energy Management | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 4.3 Energy Management | |
| | 305-3 Other indirect (Scope 3) GHG emissions | 4.3 Energy Management | |
| | 305-4 GHG emissions intensity | 4.3 Energy Management | |
| 306: Effluents and Waste | 306-1 Waste generation and significant waste-related impacts | 4.5 Waste Management | |
| | 306-2 Management of significant waste-related impacts | 4.5 Waste Management | |
| | 306-3 Waste generated | 4.5 Waste Management Appendix 5 | |
| | 306-4 Waste diverted from disposal | 4.5 Waste Management | |
| | 306-5 Waste directed to disposal | 4.5 Waste Management Appendix 5 | |
| 401: Employment | 401-1 New employee hires and employee turnover | 5.1 Our People at SPG(KY) | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 5.2 Labor-Management and Employment Relations | |
| | 401-3 Parental leave | 5.2 Labor-Management and Employment Relations | |
| 402: Labor/Management Relations | 402-1 Minimum notice periods regarding operational changes | 5.1 Our People at SPG(KY) | Follow the Labor Standards Act. |
| 403: Occupational Health and Safety (2018) | 403-1 Occupational health and safety management system | 5.4 Occupational Safety and Health | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 5.4 Occupational Safety and Health | |
| | 403-3 Occupational health services | 5.4 Occupational Safety and Health | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 5.4 Occupational Safety and Health | |
| | 403-5 Worker training on occupational health and safety | 5.4 Occupational Safety and Health | |
| | 403-6 Promotion of worker health | 5.4 Occupational Safety and Health | |
| | 403-9 Work-related injuries | 5.4 Occupational Safety and Health | |
| | 403-10 Work-related ill health | 5.4 Occupational Safety and Health | |

| GRI Standards | Disclosure | Chapter | Note |
|--------------------------------------|--|---|--------------------------------|
| 404: Training and Education | 404-1 Average hours of training per year per employee | 5.2 Labor-Management and Employment Relations | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 5.2 Labor-Management and Employment Relations | |
| 405: Diversity and Equal Opportunity | 405-1 Diversity of governance bodies and employees | 5.1 Our People at SPG(KY) | |
| 406:Non-discrimination | 406-1 Incidents of discrimination and corrective actions taken | 5.3 Human Rights | No incidents of discrimination |
| 408: Child Labor | 408-1 Operations and suppliers at significant risk for incidents of child labor | 5.3 Human Rights | No child labor employed |
| 410: Security Practices | 410-1 Security personnel trained in human rights policies or procedures | 5.3 Human Rights | |
| 418: Customer Privacy | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 2.5 Information Security Management System | No relevant incidents |



Appendix 2 SASB Index

In accordance with the Sustainability Accounting Standards Board's (SASB) Sustainable Industry Classification System (SICS) guidance, the applicable disclosure standards for the Apparel, Accessories & Footwear industry are as follows.

| Topic | Code | Category | Metric | Unit Of Measure | Data/ Chapter |
|---|-------------------------|---|---|----------------------------------|--|
| Management of Chemicals in Products | CG-AA-250a.1 | Discussion and Analysis | Discussion of processes to maintain compliance with restricted substances regulations | - | 3.2.3 Hazardous Substances and Chemical Management |
| | CG-AA-250a.2 | | Discussion of processes to assess and manage risks or hazards associated with chemicals in products | - | 3.2.3 Hazardous Substances and Chemical Management |
| Environmental Impacts in the Supply Chain | CG-AA-430a.1 | Quantitative | Percentage of supplier facilities in compliance with wastewater discharge permits or contractual agreements | Percentage (%) | (1)Brand clients conduct 100% management of their suppliers. All regular trading suppliers have signed the Social Responsibility Commitment Statement, achieving a 100% signature rate, but the proportion of signatories relative to the total number of suppliers has not been calculated. (2)0%, not yet implemented, therefore no relevant data |
| | | | (1) Tier 1 supplier facilities | | |
| | | | (2) Supplier facilities beyond Tier 1 | | |
| | CG-AA-430a.2 | Quantitative | Percentage of supplier facilities that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment | Percentage (%) | (1)Brand clients conduct 100% management of their suppliers (2)Not yet implemented, therefore no relevant data. |
| | | | (1) Tier 1 supplier facilities | | |
| | | | (2) Supplier facilities beyond Tier 1 | | |
| Labour Conditions in the Supply Chain | CG-AA-430b.1 | Quantitative | Percentage of supplier facilities that have been audited to a labour code of conduct | Percentage (%) | (1)SPG (KY) conducted audits on 29 suppliers during the year; however, the proportion of audited suppliers relative to the total number of suppliers has not yet been calculated (refer to Section 3.3.1 Supplier Management Policy of this Report). (2)Not yet implemented, therefore no relevant data. (3)Not yet implemented, therefore no relevant data. |
| | | | (1) Tier 1 supplier facilities | | |
| | | | (2) Supplier facilities beyond Tier 1 | | |
| | CG-AA-430b.2 | Quantitative | Suppliers' labour code of conduct audits | Rate | (1)0% (2)0%, there were no non-compliant suppliers during the year. |
| | | | (1) Priority non-conformance rate | | |
| | | | (2) Associated corrective action rate | | |
| CG-AA-430b.3 | Discussion and Analysis | Description of the greatest (1) labour and (2) environmental, health and safety risks in the supply chain | - | 3.3.1 Supplier Management Policy | |

| Topic | Code | Category | Metric | Unit Of Measure | Data/ Chapter |
|------------------------|--------------|-------------------------|---|-------------------|---|
| Raw Materials Sourcing | CG-AA-440a.3 | Discussion and Analysis | (1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities | - | 3.1 R&D and Innovative Design 3.2 Main Materials in Footwear Products |
| | CG-AA-440a.4 | Quantitative | (1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard | Metric tonnes (t) | (1)3.2 Main Materials in Footwear Products, not yet (2)implemented, therefore no relevant data. |

| Activity Metrics | Activity Metric | Code | Unit Of Measure | Data |
|------------------|--|-------------|-----------------|----------------------------|
| | Number of Tier 1 suppliers and suppliers beyond Tier 1 | CG-AA-000.A | Number | No relevant data available |

Appendix 3 TCFD Index

| Number | Item | Chapter |
|--------|--|---|
| 1 | Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. | 4.2 Climate Change Response Strategy |
| 2 | Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). | 4.2 Climate Change Response Strategy |
| 3 | Describe the financial impact of extreme weather events and transformative actions | 4.2 Climate Change Response Strategy |
| 4 | Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | 4.2 Climate Change Response Strategy |
| 5 | If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described | Currently, there is no scenario analysis in place to assess resilience to climate change risks. |
| 6 | If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks | Currently, no transition plan has been established to address climate-related risks; relevant measures are expected to be implemented in line with the setting of carbon reduction targets. |
| 7 | If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. | The Company has not yet adopted an internal carbon pricing mechanism as a planning tool, and will consider discussion and planning in the future as appropriate. |

| Number | Item | Chapter |
|--------|--|---|
| 8 | <p>If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p> | <p>At the end of 2024, the Company’s Board of Directors approved a resolution to submit a commitment to the SBTi. In line with the SBT methodology, the Company will set reduction targets and develop a decarbonization pathway to implement greenhouse gas (GHG) reduction measures.</p> <p>Through this mechanism, the Company will comprehensively monitor Group-wide emissions and launch reduction initiatives targeting GHG emission hotspots. These include improving energy efficiency, procuring energy-saving equipment, phasing out energy-intensive facilities, increasing the use of renewable energy, developing low-carbon process technologies, and adopting recycled materials to ensure alignment with the decarbonization pathway. Operational policies and programs will be continuously adjusted to evaluate opportunities arising from the low-carbon transition, proactively mitigating the impacts of carbon emissions while enhancing competitiveness.</p> <p>The Company has completed its 2024 GHG inventory, covering operational sites within the financial reporting boundary, including the Taiwan Headquarters, five plants in Vietnam, and one plant in Cambodia. The 2024 inventory data will serve as the Group’s base year. Guided by the SBTi methodology and reduction pathway, the Company will gradually achieve its near-term targets and move toward the 2050 net-zero vision.</p> |
| | <p>Greenhouse gas inventory and assurance status, along with reduction targets, strategies, and specific action plans.</p> | |
| | <p>(1) Provide details on greenhouse gas emissions for the past two years (measured in metric tons of CO₂e), intensity (measured in metric tons of CO₂e per million dollars), and the scope of data coverage.</p> | <p>4.3.3 Greenhouse Gas Emissions Management</p> |
| | <p>(2) Provide an overview of the assurance status for the past two years, including the scope of assurance, the assurance provider, the assurance standards, and the assurance opinion.</p> | <p>Not applicable. Our company is a listed entity with a capital of less than NT\$5 billion. According to the Financial Supervisory Commission’s disclosure schedule, we are required to disclose individual parent company inventory information by 2026 and complete the assurance of such information starting in 2028. Additionally, we will disclose consolidated financial statements, including subsidiary inventory information, by 2027 and complete the assurance of this information starting in 2029.</p> |
| 9 | <p>(3) Provide details on the greenhouse gas reduction baseline year and its data, reduction targets, strategies, specific action plans, and the progress toward achieving these reduction targets.</p> | <p>At the end of 2024, the Company’s Board of Directors approved a resolution to submit a commitment to the SBTi. In line with the SBT methodology, the Company will set reduction targets and develop a decarbonization pathway to implement greenhouse gas (GHG) reduction measures.</p> <p>Through this mechanism, the Company will comprehensively monitor Group-wide emissions and launch reduction initiatives targeting GHG emission hotspots. These include improving energy efficiency, procuring energy-saving equipment, phasing out energy-intensive facilities, increasing the use of renewable energy, developing low-carbon process technologies, and adopting recycled materials to ensure alignment with the decarbonization pathway. Operational policies and programs will be continuously adjusted to evaluate opportunities arising from the low-carbon transition, proactively mitigating the impacts of carbon emissions while enhancing competitiveness.</p> <p>The Company has completed its 2024 GHG inventory, covering operational sites within the financial reporting boundary, including the Taiwan Headquarters, five plants in Vietnam, and one plant in Cambodia. The 2024 inventory data will serve as the Group’s base year. Guided by the SBTi methodology and reduction pathway, the Company will gradually achieve its near-term targets and move toward the 2050 net-zero vision.</p> |

Appendix 4 Limited Assurance report

English Translation of a Report Originally Issued in Chinese
Independent Auditor's Limited Assurance Report

To: Sports Gear Co., Ltd.

Scope
We have been engaged by Sports Gear Co., Ltd. ("SPG (KY)") to perform a limited assurance engagement to report on SPG (KY)'s selected sustainability performance indicators ("the Subject Matter") for SPG (KY)'s 2024 ESG Report ("the Report").

Selected Information and the Applicable Criteria
Regarding the Subject Matter and the applicable criteria ("Criteria"), please refer to Appendix 1.

Management's Responsibility
SPG (KY)'s management is responsible for the preparation of the Report according to the rules of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and applicable criteria, including referencing to Global Reporting Initiatives Standards ("GRI Standards") issued by Global Reporting Initiative (GRI). SPG (KY)'s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

IV's responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with Standards of Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation in Taiwan. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

We also apply International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we 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.

Description of procedures performed
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 a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the selected sustainability performance indicators and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with SPG (KY)'s personnel to understand the business and reporting process.
- Conducted interviews with SPG (KY)'s key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period.

- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria.
- Performing analytical procedures on selected sustainability performance indicators; Collecting and assessing other supporting documentation and management representation obtained; Testing on a sample basis if necessary.
- Identifying and testing assumptions supporting calculations.
- Samples of the underlying source information are selected for testing to check the accuracy of the data.
- Reading the Report to ensure the implementation of overall sustainable responsibility and reporting process is consistent with our understanding.

Limitations
Non-financial information contains within the Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also, assurance engagements are based on selective testing of information being examined, and it is not possible to detect all of the existing material misstatements whether resulting from fraud or error.

Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the selected sustainability indicators, in order for it to be in accordance with the Criteria.

Ernst & Young, Taiwan
Huang, Yu Ting
29 August 2025

Notes
This translation is a translation that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language assurance report shall prevail.

Appendix 1: Information on the subject matter selected by SPG (KY) and its applicable standards.

| No. | Page | Content title | Subject matter information | Applicable criteria | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------------|---------------------|-----------------------|--|---------------------|---------------------|-------------------|------------------|------|----|---------------------------|-----|---------|--------|--|--|-----------------------|---|--------|-------|--|--|----------|-----|-------|-----|--|--|--------|----|-------|-------|--|--|-------------------------|---|-----|-----|--|--|-------|-------|---------|--------|--|--|---|
| 1 | P.85 - P.86 - P.154 | 4.3 Energy Management | <p>SPG (KY)'s 2024 energy consumption is as follows:</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Taiwan Headquarters</th> <th>Vietnam Factories</th> <th>Cambodia Factory</th> <th>Unit</th> <th>G1</th> </tr> </thead> <tbody> <tr> <td>Non-renewable Electricity</td> <td>875</td> <td>250,643</td> <td>66,192</td> <td></td> <td></td> </tr> <tr> <td>Renewable Electricity</td> <td>0</td> <td>52,880</td> <td>4,232</td> <td></td> <td></td> </tr> <tr> <td>Gasoline</td> <td>180</td> <td>5,320</td> <td>221</td> <td></td> <td></td> </tr> <tr> <td>Diesel</td> <td>72</td> <td>8,524</td> <td>6,542</td> <td></td> <td></td> </tr> <tr> <td>Liquefied Petroleum Gas</td> <td>0</td> <td>729</td> <td>326</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>1,127</td> <td>318,023</td> <td>77,614</td> <td></td> <td></td> </tr> </tbody> </table> <p>Note:</p> <ol style="list-style-type: none"> Energy consumption from both non-renewable and renewable electricity is calculated based on meter readings from invoices and reported according to the billing period. Energy consumption from gas/diesel is reported based on purchase quantities, except for AW, which is reported based on in-plant usage data. Energy consumption from diesel is reported based on purchase quantities, except for VI and AV, which is reported based on in-plant usage data. Energy consumption from liquefied petroleum gas (LPG) is reported based on purchase quantities. Energy conversion factors are based on the caloric values of various energy products as published by the Energy Administration, Ministry of Economic Affairs, Republic of Taiwan. Kcal/Wh: Solar power: 860 Kcal/Wh; Gasoline: 7,250 Kcal/L; Diesel: 8,629 Kcal/L; and Liquefied Petroleum Gas (LPG): 5,985 Kcal/L. | Location | Taiwan Headquarters | Vietnam Factories | Cambodia Factory | Unit | G1 | Non-renewable Electricity | 875 | 250,643 | 66,192 | | | Renewable Electricity | 0 | 52,880 | 4,232 | | | Gasoline | 180 | 5,320 | 221 | | | Diesel | 72 | 8,524 | 6,542 | | | Liquefied Petroleum Gas | 0 | 729 | 326 | | | Total | 1,127 | 318,023 | 77,614 | | | SPG (KY)'s 2024 energy consumption statistics |
| Location | Taiwan Headquarters | Vietnam Factories | Cambodia Factory | Unit | G1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Non-renewable Electricity | 875 | 250,643 | 66,192 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Renewable Electricity | 0 | 52,880 | 4,232 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gasoline | 180 | 5,320 | 221 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Diesel | 72 | 8,524 | 6,542 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Liquefied Petroleum Gas | 0 | 729 | 326 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 1,127 | 318,023 | 77,614 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| No. | Page | Content title | Subject matter information | Applicable criteria | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------|---------------------|----------------------|---|---------------------|---------------------|-------------------|------------------|------|----------------|-----------------------|------|--------|-------|--|--|---|---|--------|---|--|--|------------------------|------|--------|-------|--|--|---|
| 2 | P.93 - P.154 | 4.4 Water Management | <p>SPG (KY)'s 2024 water withdrawal is as follows:</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Taiwan Headquarters</th> <th>Vietnam Factories</th> <th>Cambodia Factory</th> <th>Unit</th> <th>m³</th> </tr> </thead> <tbody> <tr> <td>Public Water</td> <td>1.15</td> <td>291.29</td> <td>47.51</td> <td></td> <td></td> </tr> <tr> <td>Groundwater</td> <td>0</td> <td>175.18</td> <td>0</td> <td></td> <td></td> </tr> <tr> <td>Total Water Withdrawal</td> <td>1.15</td> <td>466.47</td> <td>47.51</td> <td></td> <td></td> </tr> </tbody> </table> <p>Note: In the above table, water withdrawal data for VI and Co. 2023, AW and SG, were collected based on in-plant water meter readings. Data for the other sites were disclosed according to the billing periods of the local water supply companies.</p> | Location | Taiwan Headquarters | Vietnam Factories | Cambodia Factory | Unit | m ³ | Public Water | 1.15 | 291.29 | 47.51 | | | Groundwater | 0 | 175.18 | 0 | | | Total Water Withdrawal | 1.15 | 466.47 | 47.51 | | | SPG (KY)'s 2024 water withdrawal statistics |
| Location | Taiwan Headquarters | Vietnam Factories | Cambodia Factory | Unit | m ³ | | | | | | | | | | | | | | | | | | | | | | | |
| Public Water | 1.15 | 291.29 | 47.51 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Groundwater | 0 | 175.18 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Water Withdrawal | 1.15 | 466.47 | 47.51 | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | P.93 - P.154 | 4.4 Water Management | <p>SPG (KY)'s 2024 water discharge is as follows:</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Taiwan Headquarters</th> <th>Vietnam Factories</th> <th>Cambodia Factory</th> <th>Unit</th> <th>m³</th> </tr> </thead> <tbody> <tr> <td>Total Water Discharge</td> <td>1.15</td> <td>306.47</td> <td>0</td> <td></td> <td></td> </tr> </tbody> </table> <p>Note:</p> <ol style="list-style-type: none"> The Taiwan Headquarters does not directly track wastewater data, as only domestic water is used and all general wastewater is discharged as general domestic sewage into the municipal sewer system, wastewater volume is estimated based on water withdrawal and disclosed accordingly. The wastewater from AW, DH, and the factory in Cambodia is managed through a closed-loop system with no external discharge. | Location | Taiwan Headquarters | Vietnam Factories | Cambodia Factory | Unit | m ³ | Total Water Discharge | 1.15 | 306.47 | 0 | | | SPG (KY)'s 2024 wastewater discharge statistics | | | | | | | | | | | | |
| Location | Taiwan Headquarters | Vietnam Factories | Cambodia Factory | Unit | m ³ | | | | | | | | | | | | | | | | | | | | | | | |
| Total Water Discharge | 1.15 | 306.47 | 0 | | | | | | | | | | | | | | | | | | | | | | | | | |

| No. | Page | Content title | Subject matter information | Applicable criteria | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------------------|------------------------------------|---|---|---------------------|-------------------|------------------|---|------------------|-------------------------------------|------------|------------|--|--|------|---|-----------------------|--|--|------|------|---|--|-------------------------------------|------|------|------|--------|--------------------|--------|------|------|--|---------------------------|-------|--------|-------|--|--|---|
| 4 | P.100 - P.101 - P.155 | 4.5 Waste Management | <p>SPG (KY)'s 2024 hazardous waste disposal is as follows:</p> <table border="1"> <thead> <tr> <th>Location</th> <th>Taiwan Headquarters</th> <th>Vietnam Factories</th> <th>Cambodia Factory</th> <th>Unit</th> <th>Tons</th> </tr> </thead> <tbody> <tr> <td>Sludge (wastewater treatment plant)</td> <td></td> <td>157.01</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chemicals (including waste fabric and adhesive contaminated with waste ink and chemicals)</td> <td>No relevant incidents</td> <td></td> <td>437.69</td> <td></td> <td></td> </tr> <tr> <td>Hazardous Items-Chemical containers (including iron and plastic containers)</td> <td></td> <td>80.00</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Others</td> <td></td> <td>126.46</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td>363.47</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Note: The data in the above table do not include the Taiwan Headquarters, as it is an administrative office where the primary waste generated consists mainly of office paper and stationary.</p> | Location | Taiwan Headquarters | Vietnam Factories | Cambodia Factory | Unit | Tons | Sludge (wastewater treatment plant) | | 157.01 | | | | Chemicals (including waste fabric and adhesive contaminated with waste ink and chemicals) | No relevant incidents | | 437.69 | | | Hazardous Items-Chemical containers (including iron and plastic containers) | | 80.00 | | | | Others | | 126.46 | | | | Total | | 363.47 | | | | SPG (KY)'s 2024 hazardous waste disposal statistics |
| Location | Taiwan Headquarters | Vietnam Factories | Cambodia Factory | Unit | Tons | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sludge (wastewater treatment plant) | | 157.01 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Chemicals (including waste fabric and adhesive contaminated with waste ink and chemicals) | No relevant incidents | | 437.69 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hazardous Items-Chemical containers (including iron and plastic containers) | | 80.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Others | | 126.46 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | | 363.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 | P.131 - P.132 - P.156 | 5.4 Occupational Safety and Health | <p>SPG (KY)'s occupational injury status for employees in 2024 is as follows:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Taiwan Headquarters</th> <th>Vietnam Factories</th> <th>Cambodia Factory</th> <th>SPG (KY)'s 2024 employee occupational injury statistics</th> </tr> </thead> <tbody> <tr> <td>Total Work Hours</td> <td>495,535</td> <td>47,989,654</td> <td>36,102,011</td> <td></td> </tr> <tr> <td>Fatality rate due to occupational injuries</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td></td> </tr> <tr> <td>Severe occupational injury rate (excluding fatalities)</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td></td> </tr> <tr> <td>Recordable occupational injury rate</td> <td>0.00</td> <td>0.42</td> <td>0.39</td> <td></td> </tr> <tr> <td>Severity rate (SR)</td> <td>0.00</td> <td>6.60</td> <td>0.33</td> <td></td> </tr> <tr> <td>Absence rate¹</td> <td>0.00%</td> <td>0.01%</td> <td>0.00%</td> <td></td> </tr> </tbody> </table> | Item | Taiwan Headquarters | Vietnam Factories | Cambodia Factory | SPG (KY)'s 2024 employee occupational injury statistics | Total Work Hours | 495,535 | 47,989,654 | 36,102,011 | | Fatality rate due to occupational injuries | 0.00 | 0.00 | 0.00 | | Severe occupational injury rate (excluding fatalities) | 0.00 | 0.00 | 0.00 | | Recordable occupational injury rate | 0.00 | 0.42 | 0.39 | | Severity rate (SR) | 0.00 | 6.60 | 0.33 | | Absence rate ¹ | 0.00% | 0.01% | 0.00% | | SPG (KY)'s 2024 occupational injury statistics | |
| Item | Taiwan Headquarters | Vietnam Factories | Cambodia Factory | SPG (KY)'s 2024 employee occupational injury statistics | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Work Hours | 495,535 | 47,989,654 | 36,102,011 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fatality rate due to occupational injuries | 0.00 | 0.00 | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Severe occupational injury rate (excluding fatalities) | 0.00 | 0.00 | 0.00 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recordable occupational injury rate | 0.00 | 0.42 | 0.39 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Severity rate (SR) | 0.00 | 6.60 | 0.33 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Absence rate ¹ | 0.00% | 0.01% | 0.00% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| No. | Page | Content title | Subject matter information | Applicable criteria |
|-----|------|---------------|---|---------------------|
| | | | <p>Note:</p> <ol style="list-style-type: none"> The above data of occupational injury does not include commuting accidents. Total worked hours = The total hours worked by employees from January 1, to December 31 (including overtime). Fatality rate due to occupational injuries = Number of fatalities due to occupational injuries / Total Worked Hours / 1,000,000. Severe occupational injury rate (excluding fatalities) = Number of severe occupational injuries (excluding fatalities) / Total Worked Hours / 1,000,000. Recordable occupational injury rate = Number of recordable occupational injury (including fatalities and severe occupational injuries) / Total Worked Hours / 1,000,000. Severity rate (SR) = (Total lost workdays due to disabling injuries (occupational injury leave) / Total worked hours) / 1,000,000. Absence rate = (Days of absence (occupational injury leave) / Total work days for all employees throughout the year) / 100%. <p>Note: The "Taiwan Headquarters" refers to the Taiwan Branch of Sports Gear Co., Ltd. The "Vietnam Factories" include: Can Sports Vietnam Co., Ltd (VCL), Chi Huan Co., Ltd (CHC), All With International Co., Ltd (AWI), August Sports Co., Ltd (ASP), and Dai Hsa Co., Ltd (DHI). The "Cambodia Factory" refers to Can Sports Shien Co., Ltd (SCS).</p> | |

Appendix 5 Overview of Data on Each Factory

Energy consumption statistics for five factories in Vietnam in 2024:

Unit: GJ

| Item | VG | SPG | AW | ASP | DH | Total |
|----------------------------------|---------|--------|--------|--------|--------|---------|
| Non-renewable energy electricity | 92,612 | 79,773 | 44,090 | 11,103 | 23,065 | 250,643 |
| Renewable energy electricity | 37,467 | 6,743 | 6,820 | 1,850 | - | 52,880 |
| Gasoline | 2,823 | 1,605 | 678 | 99 | 115 | 5,320 |
| Diesel | 3,541 | 839 | 1,998 | 376 | 1,700 | 8,454 |
| Liquefied petroleum gas | 226 | 300 | 200 | - | - | 726 |
| Total | 136,669 | 89,260 | 53,786 | 13,428 | 24,880 | 318,023 |

- Note:
- All renewable electricity in the above table is derived from solar energy.
 - Energy consumption from both non-renewable and renewable electricity is calculated based on meter readings from invoices and reported according to the billing period.
 - Energy consumption from gasoline and liquefied petroleum gas (LPG) is reported based on purchase quantities.
 - Energy consumption from diesel is reported based on purchase quantities, except for VG and AW, which are reported based on in-plant usage data.
 - Energy conversion factors are based on the calorific values of various energy products as published by the Energy Administration. Starting in 2024, the revised factors announced in the latest update have been adopted: Electricity: 860 Kcal/kWh; Solar power: 860 Kcal/kWh; Gasoline: 7,520 Kcal/L; Diesel: 8,629 Kcal/L; and Liquefied Petroleum Gas (LPG): 5,958 Kcal/L.
 - 1 Kcal = 4.184 kJ; 1 GJ = 1,000,000 kJ°

Water resource consumption statistics for five factories in Vietnam in 2024:

Unit: million liters

| Item | VG | SPG | AW | ASP | DH | Total |
|------------------------|--------|--------|-----------------|-------|-----------------|--------|
| Public water supply | - | 141.77 | 49.67 | 28.65 | 61.20 | 281.29 |
| Groundwater | 175.18 | - | - | - | - | 175.18 |
| Total Water Withdrawal | 175.18 | 141.77 | 49.67 | 28.65 | 61.20 | 456.47 |
| Total Water Discharge | 184.72 | 98.83 | Don't discharge | 22.92 | Don't discharge | 306.47 |

Note: VG disclose based on internal meter readings, while other factories disclose in accordance with the usage in water bills.

Waste disposal statistics for five factories in Vietnam in 2024:

Unit: tons

| Type | Item | Disposal | VG | SPG | AW | ASP | DH | Total |
|-----------------|---|-------------------------------------|----------|---------|--------|--------|--------|----------|
| General waste | Household waste | Landfill | 314.43 | 263.97 | 37.00 | 53.91 | 94.46 | 763.77 |
| | Production waste (scraps) | Incineration/ Recycling | 783.37 | 782.23 | 277.33 | 176.29 | 156.69 | 2,175.91 |
| | Wastepaper | Recycling | 22.91 | 99.57 | 24.02 | 12.47 | 21.30 | 180.27 |
| | Scrapped shoes | Recycling | 27.62 | - | 1.87 | - | - | 29.49 |
| Subtotal | | | 1,148.33 | 1145.77 | 340.22 | 242.67 | 272.45 | 3149.44 |
| Hazardous waste | Sludge (wastewater treatment plant) | Incineration | 130.21 | - | 21.23 | 3.90 | 1.67 | 157.01 |
| | Chemicals (Including waste fabric and adhesive contaminated with waste ink and chemicals) | Incineration | 247.00 | 117.84 | 10.32 | 16.02 | 46.51 | 437.69 |
| | Hazardous items-Chemical containers (including iron and plastic containers) | Recycling | 39.53 | 6.77 | 12.94 | 10.54 | 10.82 | 80.60 |
| | Others | Incineration / Recycling / Landfill | 32.46 | 75.13 | 16.02 | - | 2.85 | 126.46 |
| Subtotal | | | 449.20 | 199.74 | 60.51 | 30.46 | 61.85 | 801.76 |
| Total | | | 1,597.53 | 1345.51 | 400.73 | 273.13 | 334.30 | 3,951.20 |

Occupational accident statistics for five factories in Vietnam in 2024:

| Item | Unit | VG | SPG | AW | ASP | DH | Total |
|--|-------------------|------------|------------|-----------|-----------|-----------|------------|
| Total work hours | Hours | 16,524,617 | 17,680,651 | 7,484,864 | 2,344,458 | 3,955,064 | 47,989,654 |
| Number of fatalities due to occupational injuries | Number of persons | - | - | - | - | - | - |
| Mortality rate due to occupational injuries | Proportion | - | - | - | - | - | - |
| Number of severe occupational injuries (excluding fatalities) | Number of persons | - | - | - | - | - | - |
| Severe occupational injuries rate | Proportion | - | - | - | - | - | - |
| Number of recordable occupational injury (including fatalities and severe occupational injuries) | Number of persons | 1 | 4 | - | 10 | 5 | 20 |
| Recordable occupational injury rate | Proportion | 0.06 | 0.23 | - | 4.27 | 1.26 | 0.42 |
| Severity rate | Proportion | 0.04 | 7.25 | - | 25.17 | 32.62 | 6.60 |
| Absence rate | Percentage(%) | 0.00% | 0.01% | - | 0.02% | 0.03% | 0.01% |

Note:

- The above data of occupational injury does not include commuting accidents.
- Total worked hours=The total hours worked by employees from January 1, 2024, to December 31, 2024 (including overtime)
- Mortality rate due to occupational injuries=Number of fatalities due to occupational injuries/Work hours×1,000,000
- Severe occupational injuries rate= Number of severe occupational injuries (excluding fatalities)/Work hours×1,000,000
- Recordable occupational injury rate= Number of recordable occupational injury (including fatalities and severe occupational injuries)/Work hours×1,000,000
- Severity Rate = (Total lost workdays due to work-related injuries ÷ Total hours worked) × 1,000,000
- Absence rate = (Days of absence/Total work days for all employees throughout the year) × 100%
- All figures in the above table are rounded to the nearest whole number.
- Values that are very small but non-zero are rounded to 0.

Appendix 6 Summary Table of Restatements and Revisions

| Item | Description of Information Restatements and Revisions |
|------|---|
| 1 | In response to adjustments in the statistical method of tax information for the current year, the relevant 2023 data of each operating site have been revised accordingly. (For details, please refer to 2.3.1 Tax Governance Policy of this Report.) |
| 2 | Due to a manual input error in the denominator of the 2022 greenhouse gas emission intensity, the figure has been corrected and updated accordingly in this Report. (For details, please refer to 4.3.3 Greenhouse Gas Emission Management.) |