

2022

# ROO HSING

ROO HSING  
SUSTAINABILITY REPORT



如興股份有限公司  
ROO HSING CO., LTD.

Sustainability-oriented, environment-oriented,  
active innovation, foreseeing the future.

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# Foreword

## About this Report

Roo Hsing CO., LTD (hereinafter referred to as "Roo Hsing/J.D. United ") has been publishing sustainability reports annually since 2017. This is the sixth Sustainability Report issued by Roo Hsing/J.D. United. The purpose of the issue is to disclose to the public and stakeholders on what the Company has done with performance result and future strategy in three aspects: Environmental, Social, and Governance. Roo Hsing/J.D. United upholds the position of transparency, integrity and objectivity, and hopes that through this report, stakeholders can understand our efforts in corporate sustainable development and social responsibility practices, as well as our determination to make continuous progress.



### Reporting Period

The reporting period of this report is consistent with the financial reports of the Company. The disclosure period for this Report spans from January 1, 2022 to December 31, 2022, with some performance data traced to 2021 and extending to April 2023, explanations will be provided and marked in the report.

### Basic Data Calculation

The financial data in this report was taken from publicly accessible consolidated financial statements certified by independent and credible CPAs. The reporting currency is New Taiwan Dollar. Additional data was taken from self-compiled statistical information and the results of internal and external surveys. All statistical data is expressed in metric units.

### Publication

Current issue: June 2023  
The next issue: 2024

### Reporting Scope

The scope of this report is based on the three major operating bases in Taipei, ChangZhou, China and Cambodia. Throughout this report, Roo Hsing/J.D. United will be referred to as "Roo Hsing/J.D. United" "we/ us/ our" or "the Company".

### Reference Guide

The Company follows the GRI Sustainability Reporting Standards 2021 published by the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD) framework and the SASB Standards published by the Sustainability Accounting Standards Board (SASB). Please find the table of contents for the GRI Standards and the SASB index table in the appendix for detailed information.

### Feedback

If you have any feedback or advice on this report, you are welcome to contact us.

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## Message from our Chairman



In the era of challenging and transformative, as a key partner for major clothing brands, we are deeply aware of the critical importance of sustainability for our future. We have always adhered to our core values of "Sustainability-Centered, Eco-Friendly-Oriented, Incessant Innovation, Planning For Future," and we are fully committed to fulfilling our promises.

First, sustainability is the cornerstone of our business operations at Roo Hsing. We firmly believe that integrating sustainable development into our corporate strategy and daily operations is essential for long-term prosperity. We place great emphasis on social responsibility and ethical conduct, striving to establish reliable governance structures and transparent business practices to ensure alignment between our actions and values. Regarding workplace safety and health management for employees, at Roo Hsing/J.D. United, we collaborate with supply chain partners to continue initiatives such as V.O.I.C.E, P.A.C.E, and J.R.H, ensuring that suppliers adhere to and practice ethical and labor rights standards. To safeguard the physical and mental well-being of our employees, we comply with requirements such as the Occupational Safety and Health Act and have implemented the Roo Hsing/J.D. United Workplace Health Care Project. From 2021 to 2022, we established contracted medical personnel at our headquarters and assisted in planning four major protection programs. We prioritize the health and well-being of our employees by assessing risks through medical reports and questionnaire surveys conducted by professional nurses and physicians. Based on these evaluations, we offer relevant guidance and health education, optimizing workplace safety mechanisms. This commitment aims to create a safer and friendlier working environment for our valued staff.

Secondly, prioritizing the environment is a principle we uphold. We deeply recognize the importance of environmental protection for both our Company and the entire planet. We actively work towards reducing our carbon footprint, conserving energy and resources, and promoting a circular economy and sustainable supply chain. Through investments in green technologies and innovations, we continuously seek more environmentally-friendly solutions to ensure our business has a positive impact on the environment. In addition to consistently utilizing cold transfer printing technology for eco-friendly innovative processes, at Roo Hsing/J.D. United, we have incorporated energy efficiency, water resources, and chemical management into our production targets. We continuously acquire equipment such as laser machines and ozone washing machines to reduce the consumption of chemical dyes, water, and energy. We have achieved the "zero toxicity in production processes" goal, where the washing plant uses non-hazardous PP substitutes instead of traditional high manganese potassium permanganate and grinding stones, making it environmentally friendly from the source of washing. In terms of energy conservation and carbon reduction, Roo Hsing/J.D. United 's Cambodia Hong Hsing washing plant and Jiu Feng garment factory have introduced solar photovoltaic power, reducing local electricity consumption by 30% and further decreasing carbon emissions. As a leading apparel manufacturer, we will continue to implement a series of environmental sustainability initiatives. We collaborate with supply chain partners to establish strong relationships and advocate for ESG awareness throughout the upstream and downstream suppliers. We actively urge our partners to join us in implementing environmental reforms to promote sustainable development.

Thirdly, active innovation is a goal we continuously pursue. We encourage and support innovative thinking and practices, constantly seeking improvement and breakthroughs. Collaborating with our partners, we explore new business models and technologies to meet market demands and provide better products and services. We foster a culture that inspires innovation among our employees, driving the sustainable development of our Company. In 2022, in addition to expanding the market for Personal Protective Equipment (PPE), we also introduced 3D garment design software. Compared to the traditional time-consuming, material-wasting, and complex design process, 3D simulation allows us to streamline the design process and achieve real-time digital data transmission. This enables us to utilize fabrics more accurately, reduce the need for physical samples, save significant transportation and waste costs, accelerate the development process, and achieve energy-saving and carbon-reducing effects. By doing so, we create maximum added value for Roo Hsing/J.D. United and our brand customers.

Sustainable development is the mission of today's industries and businesses, and it is also the prevailing trend. Only by upholding the spirit of sustainability can businesses endure and thrive in the long run.

Lastly, foreseeing the future is our mission. We understand that the future is unpredictable, but we are committed to anticipating trends and challenges to make informed decisions. We closely monitor global economic, social, and environmental changes and actively adjust our strategies and business models to ensure we can adapt to the ever-changing environment.

Looking ahead to future challenges and goals, apart from optimizing existing innovative research and development technologies, productivity, and employee care programs, Roo Hsing/J.D. United continuously strengthens the promotion of corporate governance. We actively enhance the supervisory functions of the board of directors, fulfill our sustainable responsibilities, and uphold our commitments to stakeholders. With the oversight and supervision of brand customers, shareholders, the board of directors, and regulatory authorities, we pledge to persist in our efforts, guided by the values of sustainability first, environmental priority, proactive innovation, and foresight for the future. Through these principles, we aim to lead ourselves towards a more prosperous and sustainable future.

Chairman

# 2022 Sustainability Highlights

## Governance



- Total consolidated revenues of NT\$**17,289,008** thousand
- Invested NT\$**5,381** thousand in R&D expenses
- 100% passed assessments from major brand customers

## Expertise/ Products



- Taked corporate social responsibility into consideration in our product life cycle
- Promptly responded to the quality requirements of brand customers during the pandemic
- Invested in **124** automated washing equipment that combines energy-efficient and power-saving features
- Water washing team kept engaging in research on washing techniques
- Recognized as an outstanding supplier by brand customers

## Environment



- Completed **ISO 9001** and **ISO 14001** internal auditor training
- Cambodia Hung Hsing Water Washing Plant and JD & Toyoshima factory introduced solar photovoltaic power generation to further reduce carbon emissions
- Replaced traditional potassium permanganate and grinding stones with zero-hazard PP, as to achieve green environmental protection from the source of washing
- All manufacturing sites passed local government wastewater and ZDHC certification
- **100%** of chemical substances used at Cambodia sites passed Screened Chemistry (SC), ZDHC certification



ISO 9001:2015



ISO 14001:2015



## Employees



- ① J.R.H Project
- ② P.A.C.E.
- ③ CARE
- ④ V.O.I.C.E
- ⑤ Authorized Economic Operator(AEO) Training
- ⑥ Human Rights Due Diligence

1

### J.R.H Project

- Enhanced employee training and health promotion activities while focusing on strengthened sexual harassment prevention, gender equality, and anti-corruption training.



2

### P.A.C.E.

- Enhanced communication skills and problem-solving capabilities in female workers to realize better work-life balance and enhance self-confidence.
- **560** participants, **23,520** total training hours.

3

### CARE

- Improved the quality of life and functional development of employees.
- **2,628** participants, **3,942** total training hours.



4

### V.O.I.C.E

- Roo Hsing & JDU Newsletter is published every 3 months to showcase the Company's corporate culture and ideas.



5

### Authorized Economic Operator(AEO) Training

- Achieved **100%** coverage rate for trade safety, supply chain, and information security training courses.



6

### Human Rights Due Diligence

- In 2022, Roo Hsing/J.D. United conducted preliminary human rights risk identification and assessment for its employees. In the future, we will conduct comprehensive human rights due diligence, referencing various international human rights conventions, including the "United Nations Guiding Principles on Business and Human Rights", to ensure full implementation.

# CH 1

## Company Profile and Sustainability Strategy

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# ► Company Profile and Sustainability Strategy

## 1.1 About Roo Hsing/ J.D. United

### 1.1.1 Company Profile

Roo Hsing/ J.D. United was established in 1977 and was the first to specialize in the production and sales of ready-to-wear garments, as well as a jeans factory. In recent years, the industry chain has been gradually integrated vertically, from design, ordering to raw material development, production, procurement and quality inspection, providing customers with one-stop services. In order to expand the business scope, optimize production efficiency, and create a multi-customer business model, through foreign investment projects, it has entered the largest retail supply chain in the United States, deployed the global market, and provided the best quality products and services.

Basic Information	
Company Name	Roo Hsing Co., Ltd.
Date of Establishment	November 23, 1977
Chairman	CHANG, Shoei-Jiang
General Manager	CHI, Chung-Ming
Company Address	13F-4, No. 57, Fuxing North Road, Songshan District, Taipei City, Taiwan
Paid-in capital	NT\$ 8,189,149,490
Group Total Employees	19,187
Stock Code	4414

The five success factors of the garment industry are management, scale, talent, technology and capital. Roo Hsing/ J.D. United has a special passion and dedication to jeans. With the vision of “Seeing Sustainability as Basis, Environment as Doctrine, Proactively Innovating and Predicting the Future”, we continue to cultivate the garment industry and establish the "New 3C" business values. Incorporate the spirit of "Care", "Communication" and "Creativity" into business operations and talent training. In the future, Roo Hsing/ J.D. United will hope to establish group decision-making and cultivate partners from all over the world to work together for Roo Hsing/ J.D. United. In the face of high competition in the textile industry, we continue to replace the old with new automated production systems and plant equipment, and at the same time actively cultivate good relationships with partners, strive to develop new types of customers and new business models, starting from jeans, we will make the entire fashion industry more environmentally friendly and sustainable.

### 1.1.2 Products and Services

Roo Hsing/ J.D. United provides customers with a variety of product choices and a one-stop purchase service. The main products are all kinds of jeans, casual long shorts, sports suits, all kinds of pure cotton and man-made fiber skirts and simple dresses and other high-end ready-to-wear. The Company invests in the production of anti-epidemic supplies, such as masks and protective isolation gowns. In order to take into account of the sustainable environment and product quality, we continue to innovate equipment and technology, invest in automated equipment, lasers, ozone washing equipment and introduce revolutionary anhydrous fabrics printing and dyeing technology, the purpose is to optimize the production process, reduce excess costs in the process, and to meet the needs of fast fashion and short delivery time, the professionalism and quality are well recognized by the market.

## 1.2 Sustainability strategy and governance

### Roo Hsing/ J.D. United sustainable development strategy and context

Roo Hsing/ J.D. United was established in 1977, initially specializing in the production, sales, and subcontracting of denim pants. In recent years, we have gradually vertically integrated the industry chain, providing customers with one-stop services from design and order processing to material development, production, procurement, and quality inspection. To expand our business scope, optimize production efficiency, and create diverse customer management models, we have made external investments, entered the largest retail supply chain in the United States, and expanded our presence in the global market, offering the highest quality products and services. The five key success factors in the apparel industry are management, scale, talent, technology, and funding. When it comes to denim pants, Roo Hsing possesses a unique passion and dedication. We envision sustainability, prioritize the environment, actively innovate, and anticipate the future. Continuing to cultivate the apparel industry, we have established the "New 3C" business values."



### Incorporate Sustainability into the Business Philosophy Rooted in Sustainability, Prioritizing the Environment, Actively Innovating, and Foreseeing the Future

Confronting the uncertainties brought by globalization in recent years, coupled with the impact of the epidemic, Roo Hsing/J.D. United has carefully examined the Company's risk management and the quality of products and services. We have also urged our colleagues and employees to plan more diligently and responsibly. In the face of rapid development and a competitive market, we leverage our advantages and efficiency to provide products to our clients. With the best design team, more than 20 operating locations, one-stop service, and innovation, we continue to invest resources in the following areas:



## I Development Direction:

### 01 Growing Sales

- Expanding production lines to meet growing customer demands and increasing production capacity to address customer needs.
- Apart from fulfilling existing customer orders, we've also secured new orders, with a focus on the United States and Europe.
- We deeply feel the textile industry will experience competition and consolidation just like the electronics industry. Therefore, through mergers and acquisitions (M&A), the scale of operation will continue to expand to meet the trend of brand owners requiring supplier integration.

### 02 Enhancing Efficiency

- Establishing factory management Standard Operating Procedures (SOP) to streamline processes and reduce delivery times.
- Automation in manufacturing: Since 2013, we have introduced the automation production machines, enhanced productivity, reduced the dependence on workforce.
- Centralized Management:
  - (1) Implementing computerized information systems, such as the phased introduction of ERP systems, AWS cloud computing systems, electronic invoicing, and supplier platforms, to prepare for streamlined information flow between suppliers and customers.
  - (2) Factories in different operating locations carry out the consistent fabric inspection. After the inspection, the textiles are examined by the central factory, the fabric will be distributed to each operating site uniformly.
  - (3) Computerized warehouse management to shorten preprocessing time.

### 03 Innovating Techniques, Strengthening the Connection between Industries

- Combining technology for fabric and technology research and development, creating a transformative technology application in the garment manufacturing industry, and cross-border cooperation with NTXTM Group, applying NTXTM Cooltrans to the denim printing and dyeing process.
- From OEM (Original Equipment Manufacturer) to ODM (Original Design Manufacturer): Roo Hsing/ J.D. United creates a series of vertical integration production processes through a one-stop design, purchasing, examination, producing outfits and other relevant supply chain services. Through the in-time design, we co-design the fabrics with our clients, and further take advantage of multiple operating locations to access the information, set up quality control points. Due to the benefit of vertical integration, the clients highly trust on Roo Hsing/ J.D. United.
- Process technology improvement and equipment replacement: The introduction of automated equipment (e.g. laser washing machine) reduces the use of

traditional chemical agents and replaces them with a small amount of water consumption, a small number of chemical agents, and reduced emissions of waste gas and wastewater. At the same time, the equipment with high energy saving efficiency is used to increase the unit production, and at the same time, it can ensure the delivery time and quality.

### 04 Talent Management and Friendly Workplace

- In response to the epidemic, an emergency response team has been established, and relevant supporting measures have been implemented at domestic and foreign operating locations to protect the health and safety of colleagues.
- Roo Hsing/ J.D. United has recently promoted various talent management, projects, and activities for potential development and has provided diversified courses to enhance the mandatory skills, health, and hygiene knowledge.
- Roo Hsing/ J.D. United values labor rights and human rights, actively promote workplace code of conduct and also cooperates with supply chain partners to implement CSR visions and guidelines to ensure that all employees receive due respect and rights.
- Roo Hsing/ J.D. United values the health and occupational safety of colleagues, and invests a lot of workforce and resources in safety and health training, thereby promoting workplace safety.

### 05 Eco-friendly Production and Reduce Environmental Footprint

- Due to the diversified development of washing technology, the popular elements of jeans have remained popular for more than 100 years. However, the traditional washing process requires a lot of water consumption, the use of chemical agents, and the invested effort to reduce the discharge of polluting wastewater.
- International apparel brand companies are becoming more and more stringent for their suppliers to meet corporate sustainability requirements. Roo Hsing/ J.D. United actively invests in wastewater treatment to meet the requirements of international brand companies and is certified by suppliers.
- Through research and development, Roo Hsing/ J.D. United innovated rinsing techniques and introduced the Turkish washing machine and "One Glass, One Garment" production which greatly reduce water usage during the production process.
- During the production process, Roo Hsing/ J.D. United prohibits the use of toxic chemicals and expects to achieve "Zero Toxicity" by 2022.

### 06 Implement Corporate Social Responsibility

- Responding to social needs, Roo Hsing/ J.D. United continues to pay attention to social issues, assist public welfare groups and activities in need, and provide assistance through material and cash donations.
- As an enterprise with multinational business locations, Roo Hsing/ J.D. United sets up factories in foreign countries to create local employment opportunities and build a diplomatic connection. We hope to deepen our friendships with other countries through our practical actions.

## I Sustainable Responsibility Management

Roo Hsing/ J.D. United regards CSR as an important foundation for sustainable operations, we strive to generate value for society, clients and employees through our operations and comply with current international trends. In order to incorporate CSR concepts in our corporate management and culture, we established a "CSR Management Committee" in 2014 and formulated our "Corporate Social Responsibility Rule" in 2017. A "Corporate Social Responsibility Team" dedicated to CSR matters was established under the President's office with the president as the convener to coordinate and promote the Company's sustainable development. The Corporate Social Responsibility Team is divided into a Sustainable Environment Team, a Human Rights Care Team, and a Social Engagement Team. The Human Rights Care Team and Social Engagement Team are under the responsibility of the Public Relations Department of the Administrative Management Center, while the Sustainable Environment Team is under the responsibility of the CSR Director who is responsible for formulating CSR strategies, and policies, establishing systems and developing related management guidelines.

We have set up regional CSR and EHS departments according to different functions and locations. CSR departments are mainly responsible for assessing and improving factory inspections in each region, while EHS departments are responsible for overseeing factory and production fire safety, occupational health, energy savings, and environmental protection. Dedicated personnel are stationed at our factories in all regions to manage local affairs and make direct reports to our headquarter. We will also report to the Board of Directors on the overview and situation of our annual business execution.

The Company regularly conducts corporate sustainability education and training to strengthen the concept and ability of corporate sustainability. In terms of internal stakeholder communication, we create and implement an employee benefit project for front-line workers: the V.O.W. project, which provides customized and localized activities and courses according to needs. We also work with clients to promote P.A.C.E. (training employees in communication and coordination, problem-solving, decision-making, and time and stress management), J.R.H. (employee workplace health), and CARE (diet, nutrition, career development for women) and other aspects Training to strengthen the transmission of internal information.

We also have a corporate sustainability section on our website for external stakeholders to understand the Company's content and implementation performance on topics such as environmental protection, labor rights, energy conservation and carbon reduction, and supplier management. Conveying that we move forward together, with our brand distributors working hard on issues of environmental protection, human rights and minority care, and commit to the sustainable development of enterprises and society.



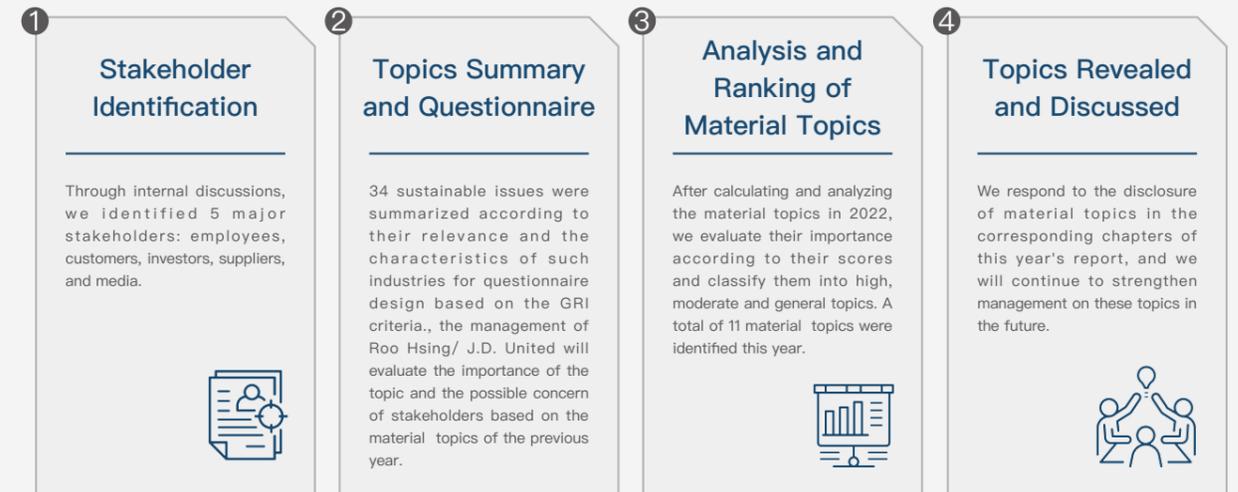
## Responses to SDGs

In 2015, the United Nations listed 17 Sustainable Development Goals as part of its 2030 Agenda for Sustainable Development, inviting various parties around the world to work together in improving global issues. We hope to externalize our internal environmental, social, and governance responses to the SDGs so as to make active contributions to global sustainable development targets.

ESG	Environment	Society	Governance
SDGs	 	  	 
Meaning to Roo Hsing / J.D. United	<p>We emphasize the environmental responsibilities of our products and aim for sustainable and green operations with regard to environmental management in hopes of establishing smart production processes. We invest in development of energy- and water-saving equipment and technologies to enhance resource recovery efficiency and reduce the environmental impacts of our products.</p>	<p>We view our employees as important assets. We emphasize the human rights and occupational safety of our colleagues at all our production sites, and safeguard labor-management communication channels to ensure that the rights and interests of our employees are taken seriously. We also offer various training and development projects to inspire our employees and enhance overall workplace positivity and employee engagement.</p>	<p>Roo Hsing/ J.D. United has always considered ethical management to be an important operating principle. We hope to enhance the overall quality and transparency of information disclosures, protect shareholder interests and establish sound channels for stakeholder communication. We aim to strengthen our market ties in all regions, invest in development of production technologies and materials, enhance quality management of production processes, establish an ecosystem for the jeans industry, increase customer satisfaction and loyalty, and become a core strategic supplier partner for our clients.</p>
Our responses in 2022	<ul style="list-style-type: none"> <li>Launched renewable energy project at Cambodia Hung Hsing Laundry Plant and JD &amp; Toyoshima Factory.</li> <li>Renovation of steam pipes and equipment in Cambodia Hung Hsing &amp; Nagapeace Laundry Plant.</li> <li>Achieved "zero-toxicity during production processes" target in 2021.</li> <li>Improve water use and increase the utilization rate of wastewater and recycled water.</li> <li>Introduced power-saving measures: Renewed lighting and water curtain equipment.</li> <li>Procured Turkish washing and drying machines to reduce resource consumption.</li> <li>Formulated rigorous chemical management policies to strengthen control of hazardous substances.</li> <li>Utilized eco-friendly materials, including recycled cotton, TENCEL, organic cotton, recycled polyester, recycled yarn, and coffee yarn.</li> </ul>	<p>Formulated human rights policies to strengthen gender equality among company employees.</p> <ul style="list-style-type: none"> <li>Established labor safety risk management mechanisms (and implemented risk classification systems).</li> <li>Diversified talent structure.</li> <li>Multiple communication channels</li> <li>Strengthened internal promotion of our code of conduct.</li> <li>Provided occupational health and safety education, training, and promotion.</li> <li>Strengthened advocacy of zero tolerance and sexual harassment prevention training courses.</li> </ul>	<ul style="list-style-type: none"> <li>Promoted our new 3C values: Care, Communication, Creativity.</li> <li>Automated production and management processes.</li> <li>Continued to invest in development of innovative washing technologies.</li> <li>Entered the PPE market and applied NTXTM Cooltrans technology to denim dyeing processes.</li> </ul>
Short-term plans	<ul style="list-style-type: none"> <li>Implement renewable energy technologies at our Hung Hsing plant in Cambodia.</li> <li>Increase the recycling of steam, reduce the use of wood, and reduce the emission of exhaust gas.</li> <li>Implement rigorous treatment of wastewater and waste materials which adhere 100% to local regulations and standards.</li> <li>The chemical substances used in the process are 100% in line with local national or industry standards.</li> <li>100% noise meets local legal standards.</li> <li>Replace all lighting equipment with LED lights.</li> <li>Innovation of the water washing process, the introduction of ozone and laser water washing machine, effectively cooperate with the product. Complex designs reduce the consumption of traditional chemicals, energy, and water.</li> <li>Using the Higg Index launched by the Sustainable Apparel Coalition (SAC) to conduct sustainability assessments to assess companies' environmental and social impacts.</li> <li>Provide customers with sustainable textiles that comply with the ZDHC Production Restricted Substances List (MRSL) specifications.</li> <li>All plants have introduced systematic management of energy resources and chemical programs</li> </ul>	<ul style="list-style-type: none"> <li>Establish tracking mechanisms for labor safety aspects.</li> <li>Implement labor safety measures and optimize employee workplace environments.</li> <li>Ensure that there is no forced labor incident in Roo Hsing/ J.D. United.</li> <li>Strengthen internal communication among employees.</li> <li>Continue to promote comprehensive/ complete employee training courses.</li> <li>Regularly conduct sexual harassment prevention education and training, and strive to build a healthy and non-discriminatory working environment.</li> </ul>	<ul style="list-style-type: none"> <li>Diversify products, separate customer segments, and expand new customer sources to reduce our reliance on single clients.</li> <li>Continue to implement and renew automated equipment along production lines, optimize production and process management, and strengthen factory efficiency.</li> <li>Implement SAP systems and AWS cloud computing technologies over several stages to achieve automated management of cloud technologies and information, thus enhancing overall efficiency.</li> <li>Actively expand our overseas operations and utilize cross-nation division of labor in resource allocation to widen our competitive advantages.</li> <li>Form a professional R&amp;D team which works with our partners in all regions to develop innovative textile technologies.</li> <li>Master the industry development trend and advantages, and promote economic growth.</li> <li>Continue to improve production efficiency, output and R&amp;D capabilities to create industrial value</li> </ul>
Mid-term and Long-term Plans	<ul style="list-style-type: none"> <li>Gradually adopt eco-friendly chemicals.</li> <li>Use recyclable electrical energy to reduce or even eliminate the use of oil-fired or wood-fired boilers.</li> <li>Utilize water-saving and power-saving machinery and equipment.</li> <li>Procure innovative equipment to reduce environmental pollution from emissions.</li> <li>Gradually phase-out existing technologies and utilize new technologies and new materials to ensure energy-saving and carbon-reducing achievements.</li> <li>Optimize sewage treatment year by year, and strive to improve the rate of utilizing recycled purified water.</li> <li>Implement identification and control procedures for wastewater discharge from factories and formulate dedicated measures to ensure that wastewater and waste materials adhere to national emission and discharge standards.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure that all operating sites continue to work with local governments in promoting occupational health and safety measures.</li> <li>Continue to optimize risk control and prevention measures in the workplace.</li> <li>Establish multiple communication channels.</li> <li>Diverse incentives and benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with brand enterprises to expand our overseas production bases and pursue better tariff concessions.</li> <li>Complete English information disclosure in stages, including public information such as official website, financial report, annual report, shareholders meeting, and company rules and regulations.</li> <li>Maintain the status of a major jeans manufacturer through multi-engine innovative business models such as scale, automation, efficiency, customization, and eco-systemization.</li> <li>Actively collaborate with new governmental plans for corporate governance by continuing to build a culture of corporate governance, exert Board functions, enhance quality of information disclosures, and strengthen regulatory compliance, thereby increasing our international visibility and competitiveness.</li> </ul>

## 1.3 Stakeholder Identification and Engagement

Roo Hsing/ J.D. United places great importance to the needs and opinions of stakeholders, through internal discussions within the Company and the assistance of external experts, and with reference to the GRI Standards issued by the Global Reporting Initiative (GRI) and important domestic and foreign industry trends, through systematic analysis methods such as departmental interviews and questionnaires, to identify sustainable issues that stakeholders are concerned about.



### 1 Stakeholder Identification

Through discussions with internal supervisors, Roo Hsing/ J.D. United has identified five types of stakeholders that are established with smooth communication channels, including employees, customers, investors, suppliers, and media. To implement effective communication with stakeholders and understand the opinions and expectations of various stakeholders on Roo Hsing/ J.D. United's sustainable management, the communication channels and frequencies between the Company and various stakeholders are as follows:

Stakeholders	Stakeholders Meaning to Roo Hsing/ J.D. United	Main Communicating Issues	Response Chapters	Communication Methods/ Frequency
Employees	Roo Hsing/ J.D. United regards employees as the most important asset, and we provide generous remuneration and benefits, as well as a variety of employee training courses.	<ul style="list-style-type: none"> <li>Company Integrity</li> <li>Regulatory Compliance</li> <li>Operating Financial Performance</li> <li>Quality Management</li> <li>Labor Relations</li> <li>Occupational Health and Safety</li> </ul>	1.2 Sustainability Strategy and Governance 2.2 Financial Performance 2.3 Compliance and Integrity 3.1 Talent Attraction and Retention 3.2 Talent Cultivation and Development 3.3 Occupational Health and Safety	<ul style="list-style-type: none"> <li>Company website/ irregularly/ Annual report/ annually</li> <li>Internal grievance mechanism/ permanently</li> <li>Internal company email announcement/ irregularly</li> <li>Labor-management meeting/ quarterly</li> <li>Educational training and seminars/ irregularly</li> </ul>
Media	The media is an important bridge for Roo Hsing/ J.D. United's external communication. Through the media Roo Hsing/ J.D. United releases important information in real-time, so that stakeholders can understand the important development direction of the Company	<ul style="list-style-type: none"> <li>Company Integrity</li> <li>Regulatory Compliance</li> <li>Operating Financial Performance</li> <li>Product Innovation</li> <li>Labor Relations</li> <li>Forced and Compulsory Labor</li> </ul>	1.2 Sustainability Strategy and Governance 2.2 Financial Performance 2.3 Compliance and Integrity 2.7 Sustainable Innovation and R&D	<ul style="list-style-type: none"> <li>Company website/ irregularly</li> <li>Press conference interviews and special planning/ irregularly</li> <li>Press releases, telephone interviews/ irregularly</li> </ul>

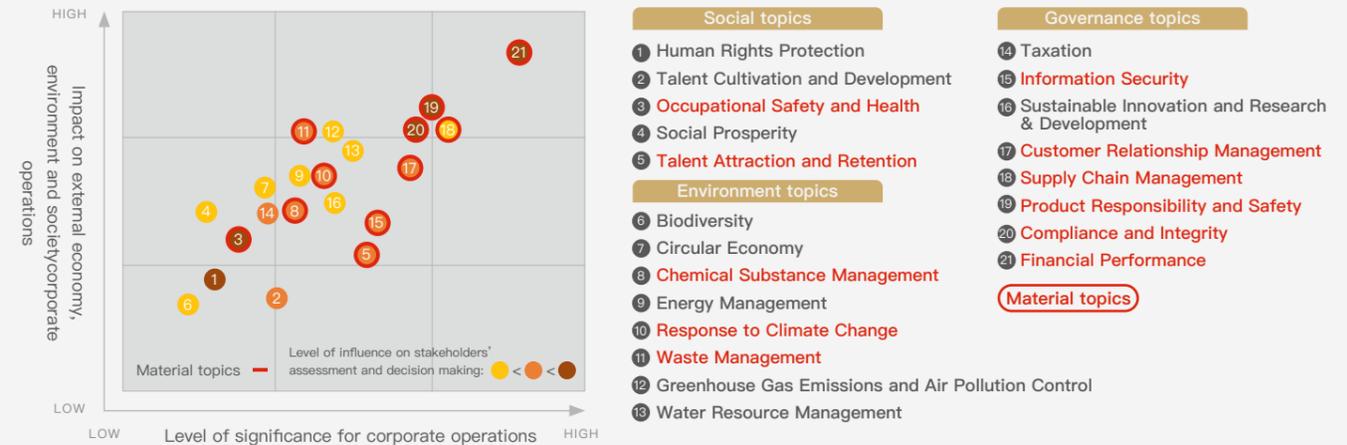
Stakeholders	Stakeholders Meaning to Roo Hsing/ J.D. United	Main Communicating Issues	Response Chapters	Communication Methods/ frequency
Shareholders and Investors	Shareholders and investors support Roo Hsing/ J.D. United's operation and development, and we strive to create sustainable value for them through R&D and innovation.	<ul style="list-style-type: none"> <li>Company Integrity</li> <li>Regulatory Compliance</li> <li>Operating Financial Performance</li> <li>Corporate Governance and Risk Management</li> <li>Quality Management</li> <li>labor Relations</li> </ul>	1.2 Sustainability Strategy and Governance 1.5 Risk Management Framework 2.1 Governance Framework 2.2 Financial Performance 2.3 Compliance and Integrity 3.1 Talent Attraction and Retention	<ul style="list-style-type: none"> <li>Company website/ irregularly</li> <li>Annual report/ annually</li> <li>Law meeting/ every six months</li> <li>Financial report/ quarterly</li> <li>Media exposure, public information observatory/ irregularly</li> <li>Investor contact line, website guest message board/ permanently</li> </ul>
Customers	Roo Hsing/ J.D. United looks forward to becoming the best partner of customers, and through innovation, environmental protection process and fabric research and development, to increase the brand benefits for customers.	<ul style="list-style-type: none"> <li>Company Integrity</li> <li>Regulatory Compliance</li> <li>Product Innovation</li> <li>Child labor and Human Rights Assessment</li> <li>Customer Privacy</li> </ul>	1.2 Sustainability Strategy and Governance 2.2 Financial Performance 2.5 Customer Relationship Management 2.6 Product Responsibility and Safety 2.8 Information Security	<ul style="list-style-type: none"> <li>Annual report/ annually</li> <li>Announcements, advertisements and social media/ irregularly</li> <li>Investor Conference/ every six months</li> <li>Face-to-face, video conference/ irregularly</li> <li>Customer complaint hotline, website visitor message board/ permanently</li> </ul>
Suppliers	Suppliers are Roo Hsing/ J.D. United's most important partners, providing Roo Hsing/ J.D. United with sustainable and environmentally friendly raw materials to respond to the needs of brand clients.	<ul style="list-style-type: none"> <li>Procurement Practices</li> <li>Regulatory Compliance</li> <li>Quality Management</li> <li>Forced and Compulsory Labor</li> <li>Water Resource Management</li> <li>Waste / Wastewater</li> </ul>	1.2 Sustainability Strategy and Governance 1.5 Risk Management Framework 2.2 Financial Performance 2.3 Compliance and Integrity 2.4 Supply Chain Management 4.1 Response to Climate Change	<ul style="list-style-type: none"> <li>Company website/ irregularly</li> <li>Annual report/ annually</li> <li>Manufacturers negotiate and exchange / irregularly</li> <li>Supplier contact line, website visitor message board/ permanently</li> </ul>
Local Community	Roo Hsing/ J.D. United is committed to fostering harmonious coexistence with the local communities surrounding our factories. In addition to creating local economic benefits, we also actively participate in community activities in various ways.	<ul style="list-style-type: none"> <li>Environmental Safety and Health</li> <li>Environmental Pollution</li> <li>Corporate Governance</li> <li>Corporate Image</li> </ul>	3.5 Social Co-prosperity 4.3 Water Resource Management 4.4 Waste and Chemical Management	<ul style="list-style-type: none"> <li>Dedicated to caring for the community and neighbors / irregular.</li> <li>Sponsorship of local activities / irregular.</li> </ul>
Government	Roo Hsing/ J.D. United actively cooperates with the legal requirements of the government agencies, and eliminates any form of illegal acts.	<ul style="list-style-type: none"> <li>Company Integrity</li> <li>Regulatory Compliance</li> <li>Operating Financial Performance</li> <li>Industrial Relations</li> <li>Risk Management</li> <li>Communication with Competent Authorities</li> </ul>	1.2 Sustainability Strategy and Governance 1.5 Risk Management Framework 2.2 Financial Performance 2.3 Compliance and Integrity 3.4 Human Rights Protection	<ul style="list-style-type: none"> <li>Official document exchange/ irregularly</li> <li>Participate in symposiums and policy discussions held by competent authorities/ irregularly</li> <li>Cooperate with the competent authority to supervise and check/ irregularly</li> <li>Visit the competent authority to establish exchange opportunities/ irregularly</li> </ul>

## 2 Topic Summary and Questionnaire

Roo Hsing/ J.D. United communicates with stakeholders on a regular and irregular basis, and continuously collects issues of concern to stakeholders and sustainable trends related to the domestic and foreign garment industry. This year's material topics are based on the material topics in the 2021 CSR report. In order to adjust the global sustainability trends and peer benchmarks, we will send questionnaires to internal senior executives, we will analyze and integrate them after feedback from the executives.

## 1.4 Material Topics Identification

In the matrix chart below, the X-axis represents "Level of significance for corporate operations," the Y-axis represents "Impact on external economy, environment and society," and the bubble size indicates "Level of influence on stakeholders' assessment and decision making." Based on the assessment of scores, the significance of each theme is evaluated, distinguishing between major and general themes. After integrating and analyzing the data, and with confirmation from senior executives, Roo Hsing/J.D. United identified 11 major topics for 2022. These topics include Financial Performance, Supply Chain Management, Compliance and Integrity, Information Security, Product Responsibility and Safety, Customer Relationship Management, Climate Change Resilience, Waste Management, Chemical Management, Talent Attraction and Retention, and Occupational Health and Safety. We use these themes as a reference basis for information disclosure in this report and will continue to improve and refine our practices.



## Roo Hsing/J.D. United Sustainable Value Chain

Topic Content	Corresponding Sections	Report Boundary						
		Internal			External			
		Roo Hsing	Employees	Investors/ Shareholders	Customers	Suppliers	Media	Local Community
Financial Performance	2.2	●	●	●	●	○	○	○
Product Responsibility and Safety	2.6	●	●	●	●	●	○	○
Supply Chain Management	2.3	●	○	○	○	●	○	○
Compliance and Integrity	2.3	●	●	●	●	●	●	○
Customer Relationship Management	2.5	●	●	●	●	○	○	○
Waste and Chemical Management	4.4	●	●	○	●	●	●	●
Information Security	2.8	●	●	○	●	●	○	○
Talent Attraction and Retention	3.1	●	●	●	○	○	○	●
Occupational Health and Safety	3.3	●	●	●	○	○	○	○

## 1.5 Risk Management Framework

Type	Risk Category	Responding Methods
Operation and Governance	Interest rate and exchange rate risk	Roo Hsing/ J.D. United has designated personnel who regularly monitor exchange rate fluctuations, thoroughly understand currency trends, and consider factors of exchange rate changes when providing quotes to customers. Prior assessments of exchange rate trends are conducted to avoid potential exchange losses during receipt caused by fluctuations in exchange rates. This approach effectively controls the impact of exchange rate volatility on the cash flow and asset value of the Roo Hsing/ J.D. United Group.
	Investment risk	The Company does not engage in high-risk, high-leverage investments, and does not engage in derivative commodity transactions; derivative commodity transactions must follow the "acquisition or disposal of assets processing procedures", and only engage in hedging derivative commodity transactions; the Company and its subsidiaries operate Funds are needed, and the endorsement guarantee is managed according to the endorsement guarantee operation program.
	Production and operation risks	Manage and control operational risks by implementing the provisions of each cycle of the internal control system, and also hold regular factory operation management meetings.
	Business risk	Roo Hsing/ J.D. United distributes orders to factories regularly through centralized management, to reduce the difference in orders received in the off-peak season and ensure the average monthly production capacity of the factory. In the off-season, lower prices are used to guide off-season orders to balance production capacity. In this way, fabrics are prepared in advance and a longer production cycle is created for the factory; Cambodia's production efficiency is improved, and innovation and development are carried out in response to fashion trends to enhance differentiation.
	Policy and legal risk	In the face of important policy and legal changes, by consulting with local lawyers, accountants and other relevant operating units or appointing assessments, we can respond to important domestic and foreign policies and potential legal changes as soon as possible. In addition to complying with laws and regulations, it also reduces the impact on the Company's operations and financial business.
Society	Information security risk	In order to prevent leakage of confidential information and attacks by cyber hackers, Roo Hsing/ J.D. United has established an information security committee, formulated an information security policy, and established a firewall system. At the same time, employees are required to implement the concept of information security into their daily operations through internal training courses. In addition, internal and external audits are arranged to conduct 1-2 audits each year for information security and information system management.
	Purchase or sale concentration risk	At present, the unit price and profit of the existing customers and suppliers are relatively stable through long-term cooperative relationships, and the Company has planned to actively develop new customers. More diversified production is expected in the future.
Large Scale Infectious Disease	Inventory turnover day risk	In the face of the outbreak of large-scale infectious diseases, during the period of logistics stagnation between countries, there is a potential risk of inventory hoarding, prolonged turnaround time, rising operating costs, and falling inventory prices. With the one-stop service feature, Roo Hsing/ J.D. United is highly compliant with the needs of brand owners for import and export, and flexibly adjusts the production capacity of each operating location.
Environment	Climate change risks	With reference to the TCFD climate-related financial disclosure recommendations issued by the International Financial Stability Board (FSB), Roo Hsing/ J.D. United takes stock of the risks and opportunities related to Roo Hsing/ J.D. United's current actions and potential climate change, and incorporates short-, medium- and long-term improvement goals and policy planning.

## Climate Change-Related Risks and Opportunities

Risk Category	Type	Challenge and Impact	Timeline of Impact	Management policy
Transition Risk	Policy and Legal	Due to the increasingly stringent environmental and climate change regulations in the countries where Roo Hsing/ J.D. United operates, such as restrictions on electricity usage, imposition of carbon taxes, and requirements for disclosing carbon footprints or emissions data, compliance with these regulations and standards may result in an increase in Roo Hsing/ J.D. United's operational costs.	Short-term (within 3 years)	In this regard, Roo Hsing/ J.D. United actively develops innovative and environmentally friendly fabrics, and strengthens the relationship with customers through multi-party communication. Adjust off-season orders in a timely manner, balance production capacity issues, track the latest domestic and foreign regulatory trends at any time, and plan mid and long-term countermeasures in advance to ensure that Roo Hsing/ J.D. United can comply with regulations. At present, the fuel for the boilers produced by Roo Hsing/ J.D. United Cambodia is firewood, which has been identified as biomass, and its carbon emissions are lower than those of coal. At the same time, the industrial zone where the Cambodian Hongxing Washing Plant and Jiufeng Plant are located has started to use solar photovoltaic power generation from August 2021, and other production sites are also gradually conducting feasibility studies on solar photovoltaic power generation, which will greatly improve the renewable energy of the group's enterprises. use of electricity, thereby further reducing carbon emissions.
	Market	In response to consumers' sustainable expectations for apparel, brands have strengthened their requirements for suppliers to reduce carbon emissions, such as: following Levi's carbon reduction requirements and working with upstream suppliers to reduce carbon emissions by 40% by 2025 (the base year is 2016), H&M requires the use of recycled materials to set a target of 100% by 2030, and Fast Retailing requires that the entire supply chain reduce carbon emissions by 30% by 2030.	Medium-term (3-5 years)	Facing the trend of fashion sustainability, we improve energy efficiency by replacing old machinery and equipment and develops and innovates environmentally friendly technologies to achieve the purpose of saving energy and reducing consumption. At the same time, it also actively cooperates with IFC (International Finance Corporation) and relevant energy and environmental protection professional organizations in the industry, such as RESET, to seek long-term and sustainable energy conservation and carbon reduction plans, and achieve common carbon peaking and carbon neutrality with various brand clients. and net zero emissions targets.
Physical Risk	Acute	When the supplier operations are located in places with a high impact on climate risks, the occurrence of extreme weather events may bring a crisis of supply chain disconnection to Roo Hsing/ J.D. United.	Medium-term (3-5 years)	Roo Hsing/ J.D. United adjusts logistics and production capacity flexibly through the layout of global operating bases to reduce the potential crisis of chain disconnection.
	Chronic	According to the 2021 Global Risks Report, environment-related risks still occupy four positions in the top five global risks, among which extreme weather risks are the most likely and the second most impactful, showing that climate change has an important impact on future development.	Long-term (5 years and beyond)	To strengthen the work safety of production bases and enhance the ability to respond to natural disasters. Roo Hsing/ J.D. United sets environmental impact management goals, tracks the trend of environmental policies at operating sites, regularly inspects and strengthens disaster prevention facilities in equipment and workshops, and strengthens disaster prevention knowledge through personnel training.
Opportunities	N/A	In order to embrace the green product trend, Roo Hsing/J.D. United is continuously devoted to researching and developing low-carbon innovative products to meet the demands of mainstream consumers and drive the Company towards sustainable development.	Medium-term (3-5 years)	We continuously monitor changes in domestic and international industries, studying the impact of sustainability trends on products and consumers. In the process of developing low-carbon products, we particularly consider relevant sustainability issues, such as reducing packaging materials and recycling.

# CH 2

## Corporate Governance

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# CH 2 Corporate Governance

**Material Topics** Financial Performance, Compliance and Integrity, Supply Chain Management, Customer Relationship Management, Information Security

**Meaning to Roo Hsing/ J.D. United** Roo Hsing/ J.D. United believes that transparent and honest corporate governance, disclosure of corporate non-financial information and a clear risk management mechanism are the solid foundation for strengthening the Company's corporate culture and sound operations. Changes in domestic and foreign policies and regulations are closely related to the Company's operations. Ensuring compliance with all applicable regulations will help reduce the Company's risk of operating damage or fines due to violations. In addition, as climate change and the sustainable development of the social environment have become the focus of attention, we continue to deepen our sustainable development strategy, develop environmentally friendly and sustainable products, and create an excellent financial performance to protect the rights and interests of our shareholders and all stakeholders.

**Management Evaluation Mechanism** Internal audit, internal control, compliance with government regulations, board review of operating plans, corporate social responsibility committee review of sustainable development strategies.

**Policies and Commitments** Roo Hsing/ J.D. United promises to become a socially responsible enterprise, regards sustainable development and honest management as our core concepts, continuously updates equipment and processes, improves quality management, actively expands overseas territory, and meets customer expectations and needs. In addition, through the legal department, we track and confirm the regulations to avoid major violations and mitigate the impact on operations caused by changes in regulations.

**Short-term Goals**

- Zero major violations occurred.
- Achieve zero major incidents of breach of integrity management.
- The main objective of financial risk management is to manage market risk, credit risk, and liquidity risk related to operating activities, and to achieve zero significant loss in accordance with relevant regulations.
- Promote various public welfare sponsorship activities and contribute to the control of the epidemic.
- Invest in the development of anhydrous fabrics printing and dyeing practice equipment and strengthen online employee communication.

**Mid-term & Long-term Goals**

- Committed to promoting the core theme of ESG and promoting a new future of green energy.
- Develop an anhydrous fabrics printing and dyeing practice plan and vigorously promote customer acceptance.
- Implement national industrial policies and relevant laws and regulations, and not to occur any major violations.
- Continuously import and update production line automation equipment to optimize production and process control.
- Publish a sustainability report every year.
- Strengthen factory efficiency, and introduce SAP system and AWS cloud computing in stages to achieve cloud technology information management automation and improve overall operational efficiency.
- Continue to improve the quality of information disclosure and strengthen compliance with laws and regulations to enhance international visibility and competitiveness.

**Responsibilities and Resources (Actions)**

- In 2022, there were no incidents related to the principle of integrity.
- Roo Hsing/ J.D. United has not been subject to any major violation of relevant laws and regulations on "marketing communication and advertising", "environmental ", and "social", resulting in fines.
- Roo Hsing/ J.D. United offers training courses related to information security and personal data protection every year, and every new employee has passed the "information security awareness" training.
- Significant financial activities are reviewed by the Board of Directors and the Audit Committee in accordance with relevant norms and internal regulations.

## 2.1 Governance Framework

The highest governance unit of Roo Hsing/ J.D. United is the Board of Directors, which consists of Corporate Governance, Audit Office, Audit Committee, and Remuneration Committee to assist the Board of Directors in implementing the integrity and governance quality in accounting, finance, auditing and corporate governance, and strengthen the function of the Board of Directors for supervision and governance. Evaluate the effectiveness of the internal control system, and take into account the rights and interests of internal and external stakeholders.

The chairman's office, strategic investment office, technical service office and project management department are respectively set up under the chairman to assist the chairman in the global layout and make effective and immediate responses to global operating bases. There are five management departments under the president which are responsible for the daily operation of Roo Hsing/ J.D. United. Every year, the board of directors and management review the results of various departments to strengthen Roo Hsing/ J.D. United's sustainability and operational capabilities.

## Board Composition and Operation

Roo Hsing/ J.D. United consists of 8 directors with professional background and technical experience, including 3 independent directors. The ordinary shareholders' meeting is held once a year and the board of directors meetings are held 2-3 times per quarter. In 2022, the board of directors of Roo Hsing/ J.D. United held a total of 22 meetings, and the average attendance rate of individual directors is 98.78%.

The 17th Board of Directors of Roo Hsing/ J.D. United has a total of 8 directors (6 men, 2 women), women account for 25% of all board members, and men account for 75% of the board members. Other than Taiwanese directors, the board members are rich in cultural background such as St. Christopher and Japan. The current term of the board of directors expires on September 29, 2025. Roo Hsing/ J.D. United actively practices the diversity of the board of directors. The selection of the board of directors is not restricted by gender, age, nationality, culture, or ethnicity. The Company recruits professional managers with extensive experience in industrial operations, finance, business management, international market trends, environmental protection, automation, and other diverse areas of expertise.

## Composition of Directors



## 17th Board of Directors

Title	Name	Biography	Gender
Chairman	CHANG, Shoei-Jiang	• Chairman, SAGA Unitek Venture	Male
Director	CHI, Chung-Ming	• Partner, Prosperity Global Consulting Limited	Male
Director	MA, Jun-Ming	• Attorney at Yuan Yi Law Firm, Taiwan	Male
Director	NAKASHIMA, Kenji	• China Sector President of DaiSi Limited	Male
Director	YEH, Shu-Fang	• Researcher and team leader of National Development Fund, Executive Yuan	Female
Independent Director	KU, Chi-Tung	• Lawyer at BN Law Firm	Male
Independent Director	HUNG, Pei-Chun	• Tengri International Attorneys at Law, Director	Female
Independent Director	YANG, Peir-Jye	• CEO of Laurels CPA	Male

## Board Performance Evaluation

In order to establish performance goals to enhance the operational efficiency of the board of directors, Roo Hsing/ J.D. United conducts internal board performance evaluation at least once a year and conducts an evaluation carried out by an external professional independent organization or expert team every three years. There are a total of 22 indicators in 6 major items in the self-evaluation project of individual directors. The overall average achievement rate is 97.73%. The evaluation result is excellent, indicating that the directors of the Company have a positive evaluation of the efficiency and effect of the operation of each evaluation index.

The latest self-evaluation of the board of directors was implemented in early 2023. The evaluation content includes the degree of participation in the Company's operations, the improvement of the quality of the board of directors' decision-making, the composition and structure of the board of directors, the selection and continuous education of directors, and internal control.

There were a total of 12 assessment criteria, with 9 successfully achieved, resulting in a 75% attainment rate. The evaluation outcome was positive, indicating that the overall operation of the Company's board of directors is sound and aligns with corporate governance principles.

## Board of Directors Compensation Policy

Apart from the fixed remuneration for board members for their attendance, the Company may also provide variable compensation and director's remuneration as stipulated in the Company's articles. The payment of variable compensation is based on the actual operational results and is subject to the evaluation results under the "Director's Performance Evaluation Method," determined and approved by the Board of Directors after being proposed by the Compensation Committee.

The compensation for the Company's executives is based on the Company's salary grading system and may include bonuses based on the performance of each business unit. The amounts are reviewed and evaluated by the Compensation Committee before being submitted to the Board of Directors for approval. Currently, the compensation bonuses are not linked to ESG performance.

## Individual Board Members Self-Assess Six Major Items

1. Mastery of Company Goals and Tasks

4. Internal Relationship Management and Communication

2. Awareness of Directors' Responsibilities

5. Professional and Continuing Education for Directors

3. Involvement in Company Operations

6. Internal Control

## Strengthen Corporate Governance

The Company continued to strengthen corporate governance with reference to the "Corporate Governance 3.0 Corporate Governance Blueprint" promoted by the Financial Supervisory Commission. The corporate governance project is promoted as follows:

1.

Set up the corporate governance director according to the regulatory schedule.



2.

Increase the number of independent directors of the Remuneration Committee.



3.

Report the communication situation of stakeholders to the board of directors.



4.

Revise the annual report or disclose external information on the Company's website, such as communication with stakeholders, diversity of the board of directors, etc.

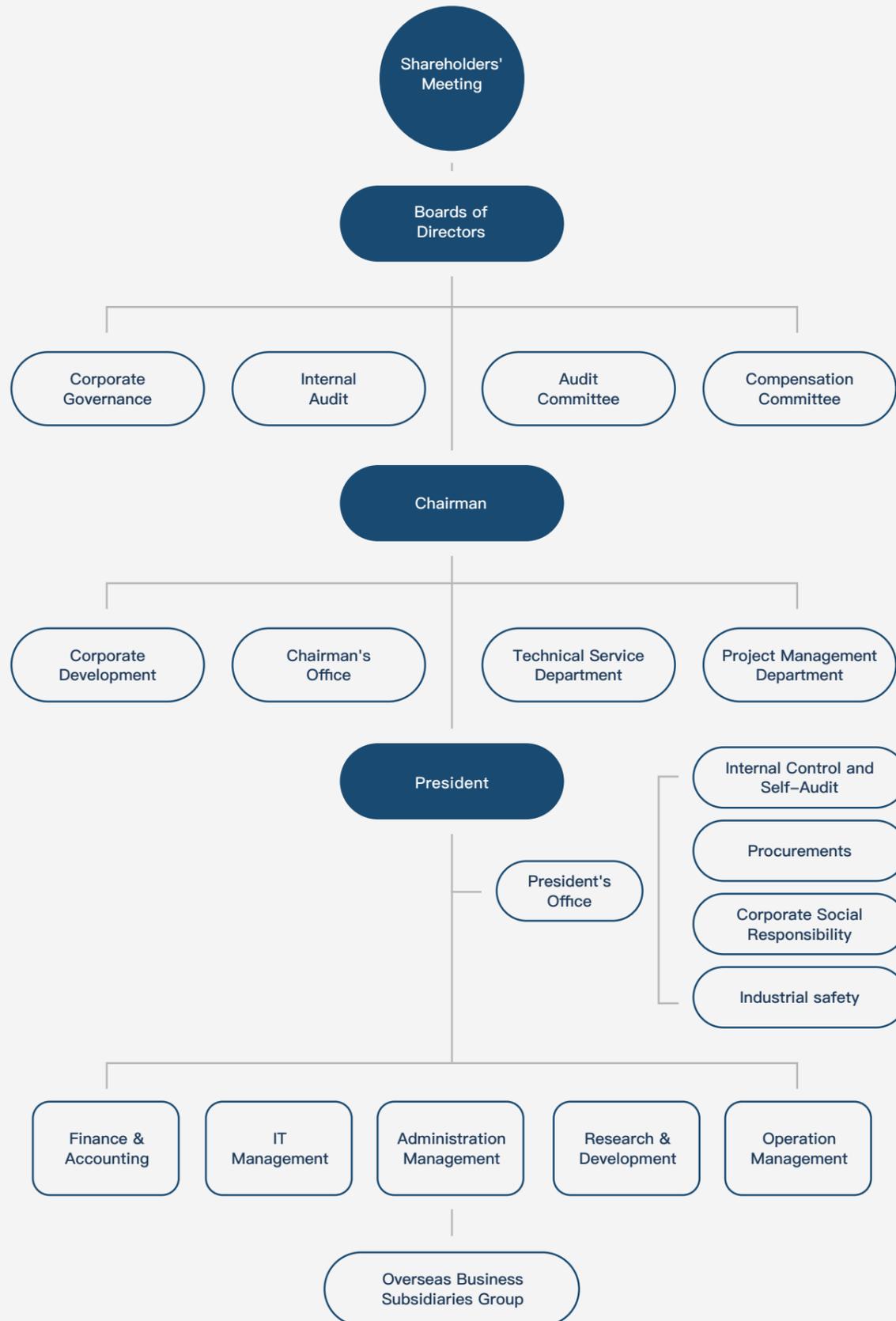
## Compensation Committee

The Compensation Committee of Roo Hsing/ J.D. United consists of three professionals and all independent directors. Following the "Organizational Regulations of the Compensation Committee", it faithfully implements the policies, systems, standards and policies for regularly reviewing the performance evaluation and compensation of Roo Hsing/ J.D. United directors and managers. Structure, as well as the responsibilities are regularly evaluated and determined by the remuneration of directors and managers. The current remuneration committee will hold office until September 28, 2025. A total of 4 meetings will be held by the end of 2022. The actual attendance rate of the convener and members is 100%.

## The Audit Committee

The operating procedures of the Roo Hsing/ J.D. United Audit Committee are established in accordance with the "Regulations Governing the Exercise of Powers by Public Companies' Audit Committees." The committee is primarily responsible for overseeing the propriety of the Company's financial statements, the effective implementation of internal controls, compliance with laws and regulations, and the management of potential risks. It is composed of all independent directors, with at least one member possessing expertise in accounting or finance.

### List of the 17th Board of Directors



## 2.2 Financial Performance

The annual consolidated revenue of the Company's 2022 financial statements is NT\$17,289,008 thousand and the main revenue from sales comes from garments, accounting for approximately 100% of the overall revenue from sales.



### Annual Operating Performance

Item	2020	2021	2022
Operating Income	17,077,832	16,487,250	17,289,008
Operating Cost	14,044,682	14,291,492	15,452,452
Operating Profit	3,033,150	2,195,758	1,836,556
Operating Expenses	(2,810,794)	(3,354,664)	(4,278,314)
Non-operating Income and Expenses	(324,684)	(780,676)	(2,134,729)
Net Loss before Tax	(102,328)	(1,939,582)	(4,576,487)
Income Tax (Expense) Benefit	(10,507)	29,561	212,360
Net Loss after Tax	(112,835)	(1,910,021)	(4,364,127)

Unit: NT\$ thousand

### The Direct Economic Value Generated and Distributed by the Organization

Item	2020	2021	2022
Revenue	17,077,832	16,487,250	17,289,008
Operating Costs	14,044,682	14,291,492	15,452,452
Employee Salary and Benefits	3,729,656	3,396,712	2,654,825
Payment to Contributing Partners	345,837	277,957	390,356
Payment to Governments by Country	14,791	19,217	22,463

Unit: NT\$ thousand

## Revenue Proportion of Main Products

Product	2020		2021		2022	
	Sales revenue	Percentage (%)	Sales revenue	Percentage (%)	Sales revenue	Percentage (%)
Garment	17,074,397	100%	16,483,130	100%	17,284,887	100%
Others	3,435	–	4,120	–	4,121	–
Total	17,077,832	100%	16,487,250	100%	17,289,008	100%

Unit: NT\$ thousand

## Investment Strategy

The primary investment strategy of our company is to establish wholly-owned manufacturing facilities overseas. Currently, we have production facilities in China, Southeast Asia, and Tanzania. In recent years, we have also acquired a stake in Nanjing USA, Inc., a denim retail service provider in the United States. Actively leveraging our global distribution network, we aim to optimize resource allocation to meet the specific demands of the labor-intensive garment industry. Simultaneously, we continually update automation systems and factory equipment, intensifying our collaboration with brand clients.

## Government Subsidies

In 2022, China ChangZhou Tooku Garments Co., Ltd. received a total of CNY 993,700 in special funds subsidy from the ChangZhou Municipal Government.

## 2.3 Compliance and Integrity

Roo Hsing/ J.D. United insists on operating transparency, pays attention to shareholders' rights and interests, and believes that a sound and efficient board of directors is the foundation of corporate governance. We have established "The practice guideline of corporate governance", " Code of integrity management", and " Integrity management operating procedures and behavior guide" to promote Roo Hsing/ J.D. United sustainable management strategy through functional committees such as the Board of Directors. Regarding the expectations of stakeholders, we regularly disclose financial reports and annual report information on the official website, and also assign special personnel to disclose real-time important information of the Company on the official website to respond to the needs of shareholders and stakeholders.

Integrity governance is the cornerstone of the sustainable operation of an enterprise. Roo Hsing/ J.D. United takes "Integrity Management" as the highest guiding principle, and adheres to transparent operations and integrity governance. We are committed to building a good corporate governance structure and system with the "Corporate Governance Code of Practice" , "Company Integrity Management Code", "Integrity Management Operation Procedures and Behavior Guidelines", etc., we continue to improve the Company's sustainable management policy, and collect from each unit every quarter whether there are any violations of the ethics and integrity management rules, such as: accepting improper benefits and whether there are facilitation payments, the Company has not experienced any corruption incidents in 2022.

Adhering to the concept of integrity and transparency, we regularly disclose financial reports and annual report information on the official website. When the Company has major operational changes, we also assign special personnel to immediately publish important information on the official website to safeguard the rights of stakeholders. We train for new recruits and corporate sustainability courses to publicize the importance of honest management, and collect information from all units to see if there are any violations of the code of ethics and integrity, and build a culture of integrity from the inside out.

According to Article 26, Section 4 of the "Regulations Governing Verification and Public Processing Procedures for Material Information of Listed Companies on the Taiwan Stock Exchange," a single event with an accumulated fine amount exceeding one million New Taiwan Dollars is considered a significant event. In 2022, our company did not experience any violations of regulations. However, we failed to announce and report financial reports within the specified timeframe, which resulted in penalties imposed on responsible individuals in accordance with Article 179 of the Securities and Exchange Act.

## Internal Control and Audit

Roo Hsing/ J.D. United internal audit unit is directly subordinate to the board of directors, and prepares appropriate auditors according to risks. The main task is to assist the board of directors and managers to inspect the deficiencies of internal control, measuring operational efficiency, and providing improvement suggestions to ensure the continuity of the internal control system. In order to control the risks of the Group, the internal control operations effectively implement and serve as the basis for reviewing and revising the internal control system which also includes the subsidiaries.

### Implementation of Internal Audit Program

Roo Hsing/ J.D. United auditors conduct a comprehensive risk assessment every year considering the concerns of the competent authority and the board of directors, audit findings, resource allocation, etc., and select audit projects and draft audit plans based on the risk assessment results. The audit work begins after reporting to the audit committee of the board of directors for approval, the audit results will be made into an audit report. The audit report will finally be submitted to the Audit Committee of the Board of Directors for report and review, and relevant improvement suggestions are regularly tracked to the management department for improvement.



### Internal Control Self-Assessment Assignment

To implement the Company's self-monitoring mechanism and respond to changes in the environment in a timely manner, the auditing office of Roo Hsing/ J.D. United initiates a self-assessment of each internal control at the end of each year, and each company department evaluates the design and implementation of the internal control system according to various operating procedures of the internal control system. Each department reviews and improves through the annual internal control self-assessment results, to maintain or enhance the effectiveness of the internal control system. In 2022, the Audit Office will inspect a total of 2 internal improvement matters, and the improvement achievement rate will reach 50%. The flow chart of the self-supervision mechanism is as follows:



## Regulatory Compliance

As a large-scale jeans manufacturer in the world, Roo Hsing/ J.D. United attaches great importance to complying with regulations and market mechanisms in business operations. It regularly tracks local and foreign policies and laws at its operating bases, and establishes a comprehensive system to require employees to comply with laws and regulations. In 2022 Roo Hsing/ J.D. United has not violated the relevant laws and regulations of "marketing communication and advertising", "environmental protection" and "society" and was fined. If there are violations and penalties, they will be improved within the deadline.

## 2.4 Supply Chain Management

Having established a solid production foundation in the garment OEM industry for several decades, Roo Hsing/ J.D. United looks to the future with a focus on vertical integration. We aim to provide optimal integrated services for the fashion industry, dedicating ourselves to creating sustainable value and a new future through care, communication, and innovation. Roo Hsing/ J.D. United is committed to lean research and development, with an international perspective: expanding production capacity in multiple countries in Asia, America, and Africa to contribute to economic prosperity. We will continue to create value for the fashion industry in a more optimized and advanced manner.

Our suppliers are indispensable partners in the sustainable business journey of Roo Hsing/ J.D. United. The Company has been committed to creating added value through the vertical integration of the supply chain, and emphasizes the establishment of stable long-term cooperative relations with supply chain partners, good and smooth communication channels and based on mutual trust, we hope that suppliers can continue to improve and develop in terms of quality, cost, delivery, and R&D, and gradually move towards the still outstanding performance in the future.

Our supply chain management policy reflects Roo Hsing/ J.D. United's commitment to environmental protection, quality assurance, and ensuring labor and social well-being. The standard objects include fabric manufacturers, chemical suppliers and other outsourced contractors, such as embroidery, fabric Manufacturers and decoration projects, etc. By implementing the management strategy for suppliers, we have established cooperative relations with suppliers in various countries, hoping to enhance the ability to create value for the overall economy, society and environment, and respect the society, environment, and its resources.

Roo Hsing/J.D. United's procurement of raw materials is divided into main materials (various fabrics) and auxiliary materials (such as zippers, buttons, and other clothing accessories). Depending on customer demands and style requirements, we purchase various specifications of fabrics and auxiliary materials from major domestic textile factories, and even import a variety of fabrics and accessories from overseas to produce high-end fashion, which is sold in regions such as Europe, America, and Canada.

When procuring fabrics, Roo Hsing/J.D. United places orders with reputable and reliable fabric manufacturers, considering not only the quality but also the stability of the supply and delivery schedule. Additionally, for clothing-related accessories like buttons, linings, and labels, as they constitute a small proportion of the estimated cost, Roo Hsing/J.D. United procures them in large quantities, and all suppliers are chosen to ensure interchangeability, thus ensuring the stability of the supply of raw materials in terms of price and quantity.

### 2.4.1 Raw Material Purchasing Management

In order to reduce supply risks and ensure product quality, our raw material purchasing adheres to a diversified strategy of decentralizing the market; from the purchasing stage, it insists on placing orders with high-quality and reliable fabric suppliers. The purchasing standards include quality and a stable supply of materials. Some fabrics and materials cooperate with the suppliers specified by the client's requirements. We hope that through close cooperation with the supply chain, we can grow together and move towards more sustainable operation management.

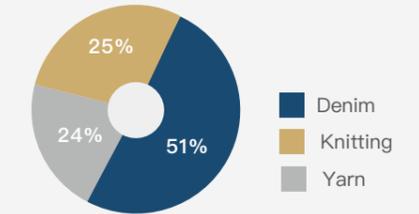
#### Purchasing Locally

Our material and supply management plan include setting the number of suppliers in a balanced manner to distribute risks, ensuring the stability of purchasing and raw material management, and expanding the manufacturing plant in Tanzania, Africa since 2018, which is expected to increase by 3 to 4 times the capacity.

Each base carefully plans the production schedule after purchasing, and purchases through pre-assessment of needs to reduce the waste of raw materials, and at the same time respond to the risk of fluctuations in international raw materials. In 2022, we continued to implement local procurement, with 6 high-quality suppliers for accessories and 12 high-quality suppliers for non-client specified fabrics.

As we have only a small number of auxiliary material suppliers, all our suppliers are fully interchangeable, and we are able to maintain stability of raw material prices and supply quantities. The main raw materials procured by Roo Hsing/J.D. United and our subsidiaries include:

#### Primary Material



#### Auxiliary Material

- threads
- zippers
- linings
- sewing threads
- nylon sewing threads
- pocket interlining
- buckle
- carton boxes



### Sustainable Raw Material Procurement

International brand owners continue to enhance their awareness of sustainability and pay more and more attention to the performance of suppliers on various sustainability issues. The material management team is committed to researching and developing sustainable materials that meet our quality and safety performance requirements and will continue to increase the proportion of recycled raw materials in the future, looking forward to creating sustainable value with upstream and downstream partners in the garment manufacturing industry.

Roo Hsing/ J.D. United actively promotes the use of recycled materials from its core business, so that the used materials can continue to exert their value and reduce the final waste output. Regarding the procurement risk of raw materials, Roo Hsing/ J.D. United is based on the consideration of sustainable development and the expectations of clients. We continue to promote the use of renewable raw materials. Cotton is one of the main raw materials for the garment industry, and it is also a raw material with a greater impact. Therefore, in 2022, we increased the purchase of organic cotton to reduce the potential environmental or social impact on the production process of products. We also actively promoted the adoption of pre-consumer waste (PCW) by our clients. Pre-consumer waste is the residual textile waste generated in the production supply chain before the product reaches consumers. We mainly cooperate with purchases from the spinning mill. Roo Hsing/ J.D. United currently has fabric dealers in different origins to meet the specifications of different brand clients.

**1 Better Cotton Initiative, BCI**

- Same high-quality level as traditional cotton
- Completely zero use of pesticides or any synthetic fertilizers
- Restrictions on the use of genetic modification



**2 Organic Content Standard, OCS**

- Reduce the impact of cotton production on the environment
- Improve the livelihood and economic development of cotton-producing areas
- Increase support and usage rates of BCI cotton in our overall supply chain
- Ensure the credibility and sustainability of BCI Cotton



**3 Recycled Claim Standard, RCS**

- An international voluntary standard that sets out the requirements for third-party verification of recycled inputs and chain of custody. The goal of RCS is to increase the use of recycled materials
- Works with any product containing at least 5% recycled material
- Each production stage must be validated
- No social or environmental issues related to processing and manufacturing, product quality, or legality



## AEO Advanced Certification

Authorized Economic Operator (AEO), promoted by the World Customs Organization, hopes to establish a certification system for the security of cross-border cargo movement. While building the partnership between customs and enterprises, it also achieves the goal of trade security and convenience in the global supply chain.



### External

Enterprises enjoy low inspection rates, fast customs clearance, and green customs clearance with international mutual recognition.



### Internal

Enterprises enjoy one-stop preferential services jointly encouraged by more than 40 departments such as customs and banks.

In recent years, in the international arena, in addition to the vigorous promotion of corporate credit reform by governments of various countries, more and more multinational companies have also required their partners to obtain advanced AEO certification to ensure the delivery time and other factors. To continuously improve client satisfaction and the core competitiveness of the Group, we gradually introduced the AEO certification and training system, and passed the relevant audit of Nanjing Customs at the end of November 2020, becoming an AEO advanced certification enterprise.

In recent years, on the international stage, apart from various governments vigorously promoting corporate credit reform, there is a growing trend where an increasing number of multinational enterprises, in order to ensure factors such as delivery schedules, are actively requiring their partners to obtain the Advanced Certified Authorized Economic Operator (AEO) certificate. In order to continually enhance customer satisfaction and the core competitiveness of the Group, Roo Hsing/ J.D. United has gradually implemented the AEO certification and training system. By the end of November 2020, it successfully passed the relevant audit conducted by Nanjing Customs, thereby achieving recognition as an AEO Advanced certified company.

## 2.4.2 Supplier Risk Management and Evaluation

With years of accumulated manufacturing experience and insistence on quality, Roo Hsing/ J.D. United incorporates the records of impact on the environment and society into the evaluation criteria when introducing new suppliers. If we find that the supplier has any risk of violating corporate sustainability, we will communicate immediately; If there is any violation, the cooperation will be terminated immediately. We have a strict audit process and have zero tolerance for any serious problems in the supplier's production department. We hope that through close cooperation with the supply chain, we can grow together and move toward more sustainable operation management and cooperation.

Roo Hsing/ J.D. United requires suppliers to abide by specifications in line with our corporate philosophy, and implement a rigorous internal control system to effectively screen and manage supplier partners. Targets include fabric manufacturers, chemical suppliers, and other outsourced contractors, such as embroidery and fabric manufacturers. We conduct due diligence in our screening and evaluation process for new or potential suppliers to ensure partner transparency and business integrity.

To maintain a high-quality supply chain while reducing and avoiding the occurrence of risks, Roo Hsing/ J.D. United conducts a general annual performance appraisal for non-designated suppliers and suppliers of auxiliary materials by a Cross-Department Supplier Assessment Team every year. The departments include business

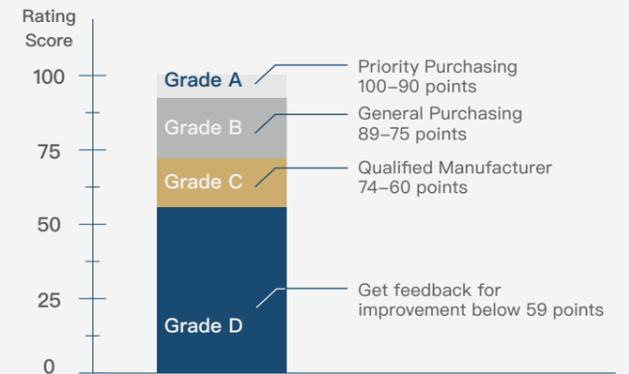
department, internal control department, R&D department, purchasing department, quality supervision personnel, etc. At the same time, the purchasing department will conduct individual interviews with suppliers at the end of each year on the performance of the current year. In 2022, due to the impact of the epidemic, no individual interview was carried out. The evaluation stage included quality, lead time management, responsiveness, and cost considerations. We also established a supplier database to improve the basic information and performance records of suppliers for effective management.

There are a total of 7 evaluation items and weights are established. The evaluation results are divided into four grades from grade A to grade D. Suppliers must pass the grade C or above in order to continue to become our partners. The evaluation grades and weights are as follows:

### Rating Weight

Items	Weight
Fabric quality	25%
On-time delivery	20%
Service and cooperation	10%
Competitive price, delivery conditions	10%
Continuous improvement of the system	5%
Assist in the development (fabric) and place orders	20%
Annual Comprehensive Assessment	10%

### Rating Scale Score



## Supplier Sustainability Management

By setting supplier social responsibility operation standards, Roo Hsing/ J.D. United integrates social responsibility requirements into the management strategy of suppliers. In addition to letting suppliers fully understand our emphasis and commitment to corporate sustainability, we also establish with suppliers about labor rights, human rights, health and safety, environmental protection, integrity management ethics, and other-oriented consistency standards, implement the responsible supply chain and hope to drive relevant cooperative manufacturers to create sustainable value for the fashion industry.

Regarding the management and control of various corporate sustainability risks such as labor rights, environment, and health & safety that may be involved in the supply chain of Roo Hsing/ J.D. United, in addition to the general evaluation, we had also focused on the performance of suppliers in the CSR aspect in the past. Carry out evaluations, which include labor rights, environment, health and safety standards, etc., and the CSR team conducts CSR-oriented evaluations monthly, quarterly, and annually. Conduct at least one internal CSR review for all suppliers in 2022.

Roo Hsing/J.D. United's CSR assessment for the supply chain mainly consists of two parts: IPE Review (Institute of Public and Environmental Affairs, IPE) and internal audits.

### IPE Review

IPE, the Institute of Public and Environmental Affairs (IPE-www.ipe.org.cn), is a non-profit environmental organization that operates as a public interest database for environmental information (Pollution Map). Its purpose is to provide an open data platform for stakeholders, consolidating records of corporate environmental regulation, pollutant emissions information, regional environmental quality data, and regional pollutant emissions information.

■ Execution and Methodology

Roo Hsing/J.D. United 's implementation of IPE assessment primarily aims to rigorously evaluate the environmental performance of various factories in the supply chain. This includes fabric manufacturing factories and other significant auxiliary material production factories. Any planned factories with collaboration agreements must undergo IPE review before being integrated into the Company's production system.

The IPE assessment, control, and preventive processes at Roo Hsing/J.D. United are managed by the CSR department, with the environmental team coordinating efforts among regional CSR managers and various factories.

The execution team utilizes the "Environmental Factors Investigation Form" to conduct on-site visits and investigations (including observations, interviews, and document collection) to analyze the environmental performance of relevant factories. Based on the assessment, a summary is provided, and an "Important Environmental Factors List" is compiled, which is then submitted for review by representatives of the social responsibility senior management.

■ Key Focus of the Environmental Team's Review:

1.  Regularly audit factories with significant environmental risks.
2.  Regularly collect social responsibility and environmental audit reports from each factory, and list out environmental issues one by one.
3.  Regularly check the websites of the environmental protection bureaus where each factory is located to see if there are any environmental violation cases.
4.  Regularly log on to the IPE website to check the environmental regulatory records of all factories and confirm if there are any non-compliant factories.
5.  The CSR department at Roo Hsing/J.D. United compiles the results of IPE assessments and improvement tracking reports for each factory on a quarterly basis to provide relevant customers with updates.

■ Execution Frequency:

- Factories with significant environmental impacts need to be audited once a month.
- Factories with moderate environmental impacts need to be audited once a quarter.
- Factories with minor environmental impacts need to be audited once every six months or once a year.
- If factories can submit inspection forms and self-assessment reports regularly, the audit will be conducted once a year.

■ Follow-up and Improvement:



Internal audit

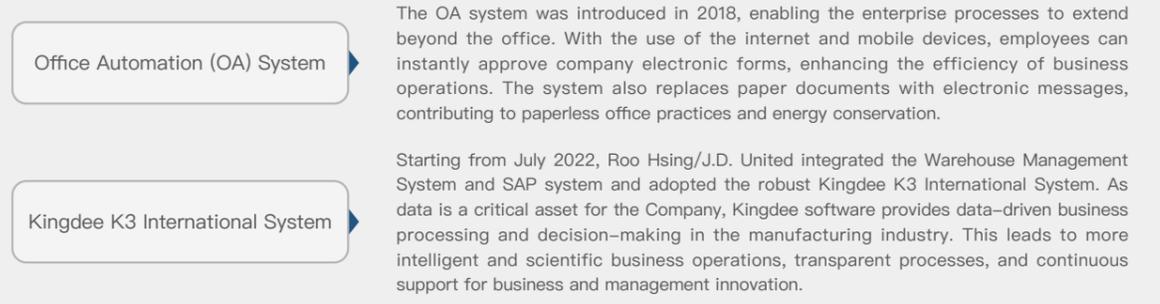
The CSR department utilizes a standardized checklist called the Internal Assessment Questionnaire, which consists of 11 major assessment dimensions and a total of 115 assessment items. Each site's performance is assessed at least once a year.

■ 2022 CSR In-Plant Audit Results

Country	China	Cambodia
Audit project	<ul style="list-style-type: none"> <li>Labor norms: age, identity, employee file, labor contract, physical examination</li> <li>Environment, health, and safety</li> <li>Management system</li> <li>Working hours, wages, and benefits</li> <li>Discrimination, Harassment, Abuse, and Grievance Mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Same as China</li> <li>Free to form Associations</li> </ul>
Number of audits	2 times	10 times
Minimum recruitment age	18 years old	18 years old
Number of violations of youth worker management	0	0
Number of violations of child labor management	0	0
Timeout dispute events	0	0
Number of forced labor disputes	0	0
Number of controversies related to sexual harassment	0	0

■ Systemized Management

Roo Hsing/J.D. United's operational sites have already implemented various systematic management systems. These systems not only integrate information networks with suppliers for more transparent and efficient management of procurement orders but also assist the team in gaining real-time insights by inputting relevant data into the information system upon receiving customer orders. This includes organizing preliminary data and related procurement plans. Additionally, to ensure that employees can comprehensively record relevant processes through this business platform, Roo Hsing/J.D. United has established operational guidelines for the related systems and invites colleagues from the IT and production departments to provide training to new employees.



## 2.5 Customer Relationship Management

We have brand clients all over the world. We are committed to becoming the best partner for our clients. Through irregular correspondence, business visits (due to the epidemic, telephone or video contact), and supplier meetings, we have established smooth communication channels and comprehensive services. We also put a lot of effort into standardized and modularized processes and production specifications to provide clients with high-quality products and experiences. We also provide diversified and comprehensive one-stop services, from market trend analysis, fabric development, new construction method research, raw material procurement, production, and other full-process services, to provide clients with complete product planning solutions, and abide by the customer-oriented principle of respect, create a win-win situation with apparel brands, and become an industry model and a partner preferred by clients.

Roo Hsing/J.D. United's professional business team holds regular internal meetings every month to share relevant trends in the garment industry, customer feedback, and requirements. During these meetings, they promptly exchange relevant information and work together to devise solutions for customer demands. By collaborating with the research and development as well as production departments, they continuously enhance the product's technology and quality to meet the customers' expectations for their desired products.

With a customer-centric approach, Roo Hsing/J.D. United's various operational sites have maintained stable and long-term partnerships with multinational brand customers for over 40 years in the garment manufacturing industry. We strive to gain high recognition from our brand customers through our relentless efforts to improve and elevate the quality and technology levels of our products.

### 2.5.1 Diverse and Close Communication Channels

To maintain good product quality, we firmly believe that maintaining good communication channels with clients and in-depth understanding of client needs is the only way to achieve successful customer service management. We therefore actively incorporate comprehensive customer service considerations relating to product design, production quality, price, timely delivery, rapid changes, supplier management, sustainable development, and client needs while continuing to understand client thoughts and feedback through multiple communication channels for continued enhancement of client trust.

Our operational headquarters in ChangZhou has 337 colleagues who provide comprehensive services to our clients relating to price, order placement, material procurement, production scheduling, shipment delivery, and delivery confirmation. We have also established contact windows in Cambodia, Hong Kong, and the US to ensure continued provision of services.

Customer feedback and ideas are crucial to Roo Hsing/J.D. United's operations. We have a comprehensive customer relationship management process in place, involving collaboration among relevant internal departments, to ensure the complete protection of customer rights. To enhance the quality of our professional services, we also conduct regular internal staff training, covering the latest knowledge on washing techniques, sales skills, and handling customer complaints.

#### Client Relationship Management Process



The results of client satisfaction are mainly reflected in the client assessment data (including delivery delay rate, B product occurrence rate, original price calculation rate, etc.).

## 2.5.2 Customer Privacy Security Management

To strengthen information security management, we established comprehensive client information confidentiality systems and information security policies containing regulations related to personnel management and protection of information assets. All of our employees have to sign confidentiality agreements when entering the Company, and are required to abide by strict confidentiality regulations regarding client product designs. All products associated with client patents or confidential corporate information are protected through varied and strict procedures. We incurred no incidents relating to violations of customer privacy or information security regulations in 2022.

## 2.6 Product Responsibility and Safety

Roo Hsing/ J.D. United has a professional quality management team to implement our production quality at each stage, and focus on management capabilities in the early stage of product manufacturing, including unified verification of raw materials by fabric inspection factories, and then shipped to factories in various countries for confirmation. All production processes are subject to detailed quality inspections. Roo Hsing/ J.D. United's rigorous quality control standards and mechanisms not only ensure the quality level and the Company's goodwill but also actively demonstrate our belief in product safety assurance, and gradually accumulate customers' long-term trust in the Company, enhancing the Company's overall competitiveness. Even though the general economic and industrial outlook for 2022 was less than optimistic, we were able to obtain orders with strict requirements and rigorous standards following interdepartmental collaborations, demonstrating the trust of our clients and their recognition of our strengths. No violations of health and safety regulations related to marketing communications and related products and services in 2022.

The quality management team sets up 4 types of KPIs every month, including the defect rate, passing rate, customer complaint rate, and product safety pass rate. The goals achieved in the past two years and the goals for the next year are as follows:

Quality Management KPI	2021		2022		2023
	Goal	Implementation status	Goal	Implementation status	Goal
Defect rate	3%	2.9%	3%	2.8%	3%
Passing rate	97%	97.5%	97%	97.5%	97%
Customer complaint rate	0%	0.01%	0%	0.01%	0%
Product safety pass rate	100%	100%	100%	100%	100%

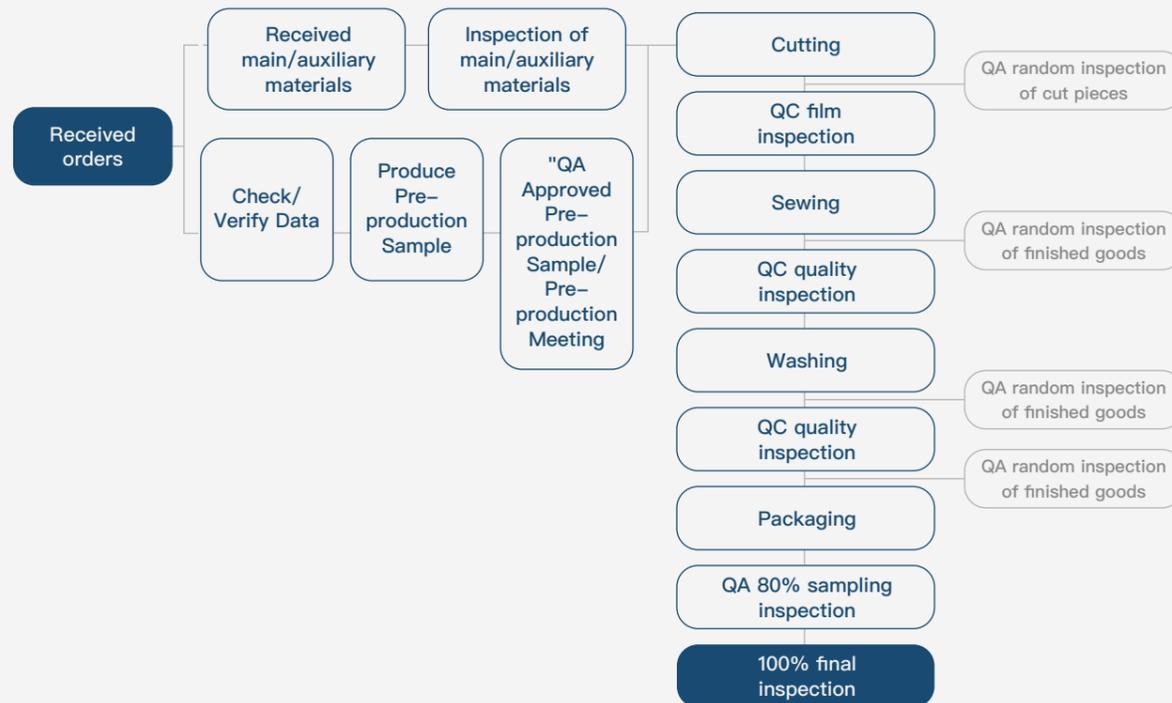
In addition to the four major KPI management categories, our production sites also formulate different quality assessment standards according to different departments. The management performance in 2022 is as follows:

Department	Control qualification rate	Defect rate (less than%)	2022 Result
Fabric Warehouse	95%	5%	98%
Accessory Warehouse	99%	1%	99%
Cutting	95%	5%	98%
Production	92%	8%	95%
Washing	92%	8%	94%
Packing Audit	90%	10%	90%
Final Inspection	95%	5%	97%

The main production sites of Roo Hsing/ J.D. United have been introduced into the quality management system implemented with reference to the ISO 9001 standard, and the ChangZhou plant has also officially obtained the ISO 9001 certificate certified by the Beijing Continental Hangxing Quality Certification Center in 2020, continuing to improve the quality management capabilities of Roo Hsing/ J.D. United.

## Process Quality Control

In terms of in-process product testing, the team primarily conducts quality control through three major aspects: visual inspection, dimension measurement, and safety performance testing. To ensure that all products meet consistent quality standards, thorough quality testing is conducted throughout the production process, ensuring that products do not pose risks to customer health and safety. Roo Hsing/ J.D. United. has established quality control processes and inspection operation standards in all manufacturing plants to be followed by all personnel. Quality control Standard Operating Procedures (SOP) are established in Roo Hsing/ J.D. United 's manufacturing plants in China to ensure process standardization. As an example, the management flowchart for a garment manufacturing plant is shown below:



Additionally, adhering to a commitment to quality, Roo Hsing/ J.D. United conducts inspections, end-of-line checks, and assessments to concretely implement quality training requirements for output and team members throughout the production process.

Stage	Meaning to RooHsing/ J.D. United	Specific Actions
Mid-stage inspection	Semi-finished product inspection	In the mid-stage design of the sewing hanging system, conduct inspection to check whether the semi-finished products meet the technical requirements.
Final inspection	Finished product inspection	Conduct inspection on the appearance, workmanship, dimensions, and materials of the finished products to verify if they comply with the customer's specifications and quality standards.
Assessment	Improving staff professional skills	Weekly and monthly meetings are held to gather quality inspection members (QC) for training. Before daily production, reiterate the key requirements for each process stage. Managers conduct regular inspections on various requirements. For QC members who do not meet the standards, appropriate actions such as retraining or job adjustments will be taken.

For the inspection method of in-process products, the team mainly conducts quality control through three aspects: appearance inspection, size inspection, and safety performance inspection:

### 1. Appearance Inspection

The inspectors will conduct 100% comprehensive inspection on the appearance of the product according to the technical requirements of the product.



### 2. Dimensional Inspection

The inspectors will conduct 100% comprehensive measurement of the main dimensions of the product with reference to the technical requirements of the product.



### 3. Safety Inspection

- 100% of the inspectors will send all the products into the needle inspection machine one by one to detect whether they contain metallic foreign objects.
- The inspectors use 100% tensile testing instruments to test the tensile force and firmness of the accessories installed on all products. For equipment, spot checks are carried out every two hours, and tensile testing equipment is used for testing and filing.
- Regarding equipment, random checks are conducted every two hours, and tensile testing equipment is utilized for testing and documentation.

If defective products are found in production, the team will report to the superior quality control supervisor and notify the production department and record the defective product's proportion, problem description, and other detailed information, cooperate with the production department to formulate solutions and record them in the report, limit the correction time and supervise the improvement of the production department, and track the improvement situation, and finally report the results to the management of the headquarters, and require QA personnel to regularly inspection to prevent the same problem from happening again. If defective products are found during customer investigation, the production department and business department will be immediately coordinated to quickly formulate correction opinions, supervise the completion of corrections, and fill in CAP (Corrective Action Plan) according to client requirements for feedback.

## Raw Material Testing

Roo Hsing/ J.D. United has implemented strict quality control according to the different requirements of each client since the raw material stage. In addition to the business department will send the ordered materials to the third-party manufacturer or the Mainland China Commodity Inspection Bureau for inspection and issue an inspection report. The quality control methods implemented at the material stage mainly include appearance inspection and sampling inspection of their safety performance; for some brands that have designated purchase lists, we also ensure the consistency of purchased materials through unified auditing and testing standards. The details are as follows:

✓ We deliver materials to commodity inspection bureaus or third-party testing institutes for testing according to client requirements.

✓ Appearance inspections: Our factories conduct appearance inspections when receiving raw materials:  
 - We use a four-point fabric inspection system.  
 - Sample checks are conducted on supplementary materials in accordance with AQL ratios.

✓ We have established a laboratory at our China plant to check reports from material suppliers and conduct simultaneous inspections of relevant indicators on purchased materials.

✓ Safety inspections: Inspection personnel at our factories conduct respective product property, metal, and printing inspections on supplementary materials in accordance with AQL ratios.

✓ Materials directly supplied by our customers are inspected in our lab or delivered to third-party institutes for testing according to client requirements.

✓ For fabrics exceeding 5,000 yards, inspections are conducted on 30% of samples, and inspections are conducted on 100% of samples on fabrics below 5,000 yards regardless of fabric type.

## Fabric Four-Point Inspection System



Roo Hsing/ J.D. United conducts annual evaluations on fabric suppliers which the business group, development, and business management center will jointly evaluate. The evaluation content includes the degree of cooperation of the manufacturer and the stability of the manufacturer's large-scale goods. If there are problems, they will be announced and eliminated, and will not be used.

## Quality Management Mechanism

To improve our quality management system and continue what we did last year, we continued to introduce the following quality control mechanisms in 2022:



In order to implement the quality requirements of brand owners, some colleagues in the quality management team of Roo Hsing/ J.D. United has passed the strict training and assessment of brand owners, and have been certified by clients as authorized quality control specialists, and strictly control product quality according to the specific needs of clients. In 2022, a total of 16 members passed the certification of brand inspectors.

### The Proportion of the Number of People who Passed the Certification Assessment of Brand Inspectors in 2022

Brand	Number of people to be assessed	The percentage of factories passing the assessment
Gap(DA)	9	100%
H&M(NQC)	2	100%
Levis(CA)	3	100%
KIABI	2	100%
Total	16	100%

### Key Brand Vendor Assessment Process



From supplier quality verification to mass production, Roo Hsing/ J.D. United ensures and strengthens quality management through a rigorous quality management system that includes education and training, the establishment of preventive measures, and sound internal controls.

## 2.7 Sustainable innovation and R&D

Roo Hsing/ J.D. United takes product sustainability and reducing environmental impact as the main R&D core concepts. We are constantly looking for new materials and technologies, hoping to reduce the impact on the environment and society in the production process of products. We actively cooperate with major brands. In recent years, it has also continued to invest in lean research and development, and pays attention to new trends in science and technology. It is expected to be combined with diversified production, and to introduce automated processes, automated warehousing, centralized logistics management, and ERP layout. In 2022, in addition to continuing to expand the personal protective equipment (PPE) market and the continuation of the Cooltrans technology, we specially train professional designers in the research team on 3D clothing design software technology.

Compared to the time-consuming, material-wasting, and complex traditional design processes, the use of 3D simulation allows for a streamlined design process. Moreover, digital data transmission provides real-time capabilities, enabling more precise utilization of fabrics and reducing the need for physical samples. This not only contributes to sustainability and carbon reduction but also saves significant costs in transportation and waste materials. This approach creates maximum added value for the Company. Roo Hsing/ J.D. United aims to lead the entire fashion industry towards a more sustainable and responsible business model through its efforts, aspiring to become the world's most sustainable denim manufacturer.

### Core R&D Team

Roo Hsing/J.D. United established a core design and R&D center in ChangZhou (China) with an innovative R&D team composed of multinational professionals. We have integrated design, R&D, manufacturing, and supply chain services to build production lines for a comprehensive range of woven and knit garments. Apart from our recent proactive R&D investments in fashionable and functional materials, product designs, and technologies, in 2022 we continued to provide PPE training and testing courses for PPE, we also conduct new 3D clothing design software technology training courses to assist them in acquiring the professional knowledge and skills required by the flourishing developments. Our R&D team includes professionals from fields such as fabric development, professional design, washing technique development, and garment manufacturing.

### Investment in R&D for Innovation

In 2022, Roo Hsing/J.D. United allocated a total of NT\$5,381 thousand for production and product-related research and development expenses.

### Future Challenges and Countermeasures

Looking toward the future, we plan to continue our investments in innovations and R&D technologies by building close partnerships with our existing suppliers and implementing smart factory transformations to save labor costs and enhance work efficiencies. Many fashion habits and elements are changing due to the pandemic and current trends, so the question of how to develop inspirational, lightweight, and sustainable fabrics for our clients while maintaining our existing businesses is an important issue that we need to consider carefully.

To expand our PPE business and utilize the unparalleled geographical advantages held by our African plants with regard to the American markets, using our existing equipment to produce simpler PPE products such as patient transfer sheets or crutches to increase production ratios of our PPE products.

Challenges	Strategies Adopted by Roo Hsing/J.D. United
Fluctuations and Increases in Raw Material Costs	<ul style="list-style-type: none"> <li>Continuing collaboration with key suppliers to obtain stable and cost-effective procurement prices.</li> </ul>
Continuous Increase in Labor Costs	<ul style="list-style-type: none"> <li>Introducing more automation equipment for production to reduce labor costs, such as cold transfer printing machines, laser cutting machines, and ultrasonic machines.</li> </ul>
Personal Protective Equipment (PPE) Standard Testing and Costs	<ul style="list-style-type: none"> <li>Establishing a dedicated R&amp;D team for PPE business and closely collaborating with testing laboratories in China, Taiwan, and the United States to achieve certifications like FDA, NOISH, and 510(K).</li> <li>Improving manufacturing processes from a research and development perspective.</li> </ul>

## Sustainable Products and Processes

Roo Hsing/J.D. United possesses production advantages relating to production scale and vertical integration, and is thus able to form large production economies and highly flexible manufacturing schedules while leaving space for improvement through vertically integrated production models and horizontal collaboration systems between various operational units. We are able to meet the short delivery times, small volumes, and diversified orders of the garment manufacturing industry and changes in market trends. We work closely with our key suppliers and strategic partners in various countries starting from our upstream yarn manufacturers, and integrate information and technologies to develop different types of fabrics which are designed in-house. We provide our clients with design concepts, packaging, logistics, shelf displays, and other comprehensive services while also continuing to generate value in the fashion industry through more optimized and advanced methods.

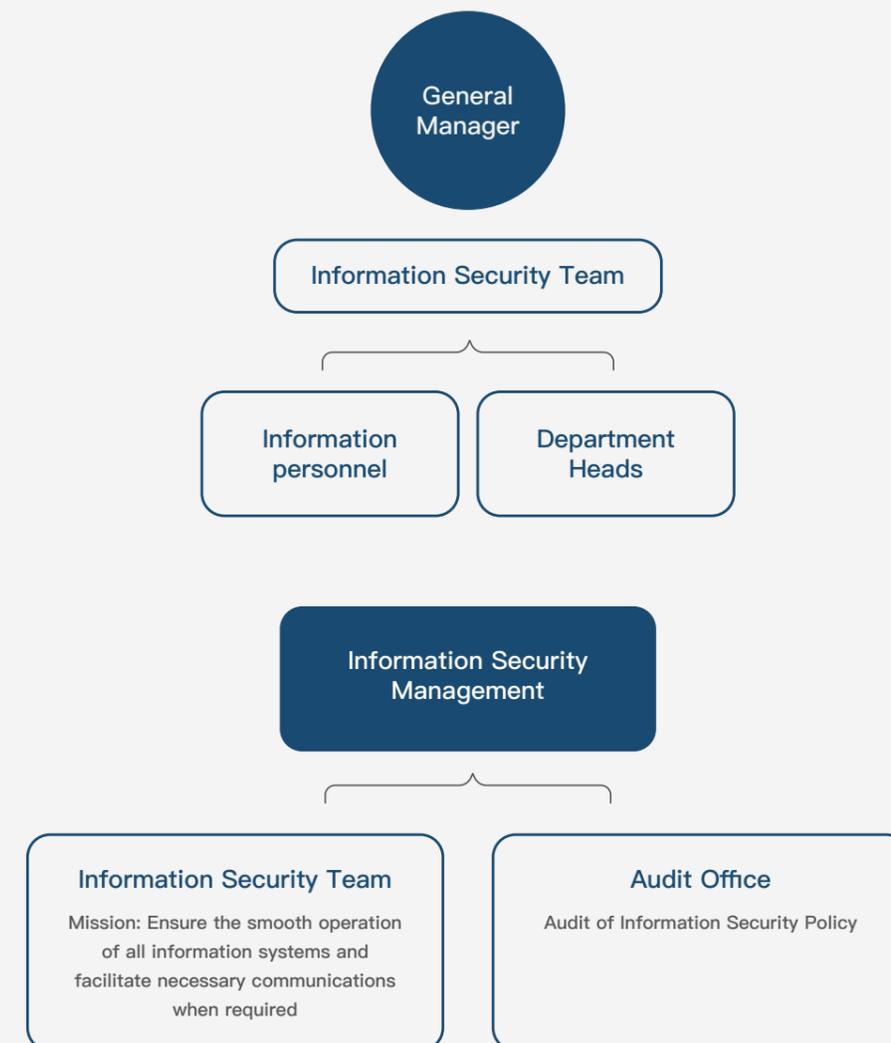
In terms of product innovation, in recent years, we have invested in the research and development of zonal woven fabric, green anhydrous fabric products, and "a new generation of water-free denim fabrics". We expect to integrate key fabric functions and integrate concepts to create innovations that meet consumer needs, while reducing product threats to the environment and ecology. The key investment in 2022 includes:

Project	Illustrate	Expected Benefits	Results
Fabric/Cloth Innovation	Innovation focused on functionality, comfort, and sustainability.	We look forward to combining key fabric features with innovative ideas, including water-repellent, water-free, stain-resistant sustainable fabrics.	We use environmentally friendly materials and processes, including recycled cotton, TENCEL, organic cotton, recycled polyester, recycled yarn, coffee yarn, and vegetable dyeing technology.
Process/ Finishing Innovation	Focus on research and development of technologies that are more sustainable and can create more added value for enterprises.	Through the team of professionals to cooperate with the world's well-known brand clients, through laser, ozone, E-Flow, and the introduction of the most advanced process of washing machines and dryers to achieve process innovation.	Through Cooltrans technology, we reduce the consumption of a lot of energy and chemicals, and through the display and promotion of Cooltrans samples, we have won the recognition of many international brands.
Personal Protective Equipment (PPE) Business Development	Entering the PPE market.	Our team of fabrics and designers have jointly invested in the R&D and manufacturing of PPE products, including a full set of packaging and label manufacturing such as isolation gowns, masks, and shoe covers. We will further develop medical-related products and pass multiple professional certifications.	Through the R&D and testing of the core R&D team, it passed the level 3 protection level test of surgical gowns.
3D Clothing Design and Simulation Display	Related software technology mainly used for product design and display samples.	Through 3D simulation, the design process can be simplified, the fabric can be used more accurately, and the production of physical samples can be reduced. While sustainable carbon reduction, considerable transportation, and waste costs will be saved, creating maximum added value for enterprises.	It is expected to start trial 3D design and product simulation display

## 2.8 Information Security

In order to ensure the smooth operation of the Company and protect the security of the Company's core business-related information properties (including data, systems, equipment, etc.), Roo Hsing/ J.D. United has established an information security team, with the director of the information department as the general convener, following the "information security policy", and is responsible for handle abnormal information security events to prevent security incidents that affect the confidentiality, integrity and availability of information and systems during information use. In addition, there is also a "disaster system recovery plan and test operation procedure" to immediately deal with major disaster events in the Company's system, and conduct disaster recovery drills every six months. In 2022, there were no significant cybersecurity incidents reported. Additionally, we have recently purchased next-generation firewalls to enhance information security protection.

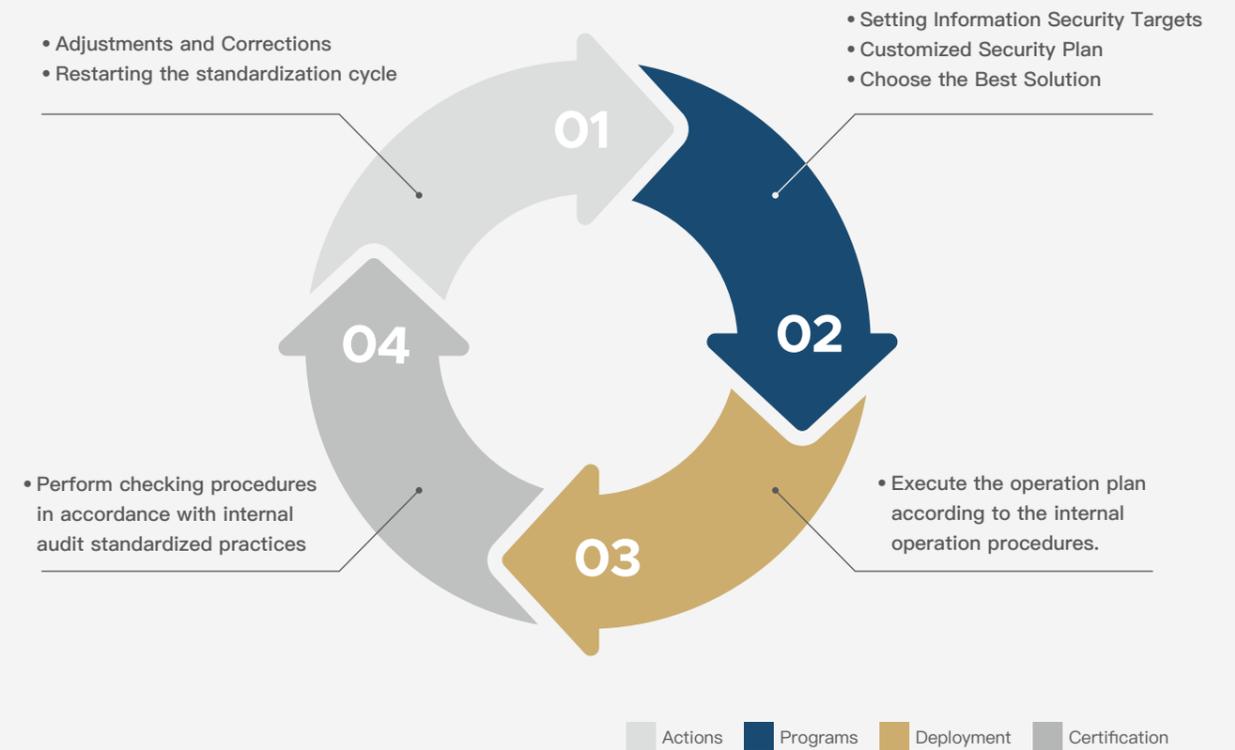
### Organizational Structure of Information Security Management



## Information Security Policy Implementation Content

<p>Implementation 01</p>  <p><b>Personnel safety management and education training</b></p> <p>Regularly conduct information security education and training for employees to make them understand the importance of information security. The training content includes information security policy, information security laws and regulations, information security operating procedures, etc.</p>	<p>Implementation 02</p>  <p><b>Computer system security management</b></p> <p>Establish computer system operating procedures and responsibilities, take advance prevention and protection measures in the Company's host equipment and network environment, prevent and detect computer viruses and other malicious software intrusions.</p>	<p>Implementation 03</p>  <p><b>Network security management</b></p> <p>Carry out network security planning operations to prevent unauthorized access to data by system intrusion, destruction, tampering, and deletion. If there is an incident involving network security, immediately report to the Computer Security Incident Emergency Team for handling.</p>
<p>Implementation 04</p>  <p><b>System access control</b></p> <p>Clearly define the system access policy and the access rights of personnel at all levels, and inform employees and users of the relevant rights and responsibilities in writing, electronically or otherwise.</p>	<p>Implementation 05</p>  <p><b>Application system file security</b></p> <p>According to the information access regulations, grant the users of the application system data access and application system usage rights commensurate with the business needs.</p>	<p>Implementation 06</p>  <p><b>Security management of information assets</b></p> <p>Establish a catalog of information properties related to the information system, and determine the items and owners of Roo Hsing/J.D. United's information properties.</p>

## Security Management Mechanism



## 2.9 Tax

The Group recognizes the importance of formulating tax policies and has planned to establish a dedicated management unit for group tax strategy and governance. All operating locations of the Group have consistently complied with the tax laws and regulations of their respective countries, ensuring that transactions between related entities are conducted in accordance with arm's length principles.

As each operating location is dedicated to restoring past glory, the Group will, in the future, formulate its tax management policies based on the group's operational conditions and in line with international tax governance trends.

The Group CFO and financial executives of each subsidiary serve as the decision-making and supervisory body for tax governance within the Group. Major transactions and decisions undergo tax risk assessments and are assisted by external experts to ensure compliance with tax regulations. The Group is committed to adhering to the tax laws and legislative principles of all operating locations, timely reporting and payment of taxes, and ensuring that transactions between related entities comply with arm's length principles. To mitigate risks arising from changes in tax laws in various countries, the Company has dedicated personnel and consults external experts to assist subsidiaries in tax reporting compliance with relevant regulations. The Group conducts tax risk identification and assessment in a compliant manner, refraining from engaging in any false transaction arrangements, and has dedicated personnel to handle potential whistleblower cases.

# CH 3

## Social Responsibility

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# CH 3 Social Responsibility

## Material Topic

Talent Attraction and Retention & Workplace Health and Safety

## Meaning to Roo Hsing/ J.D. United

Roo Hsing/ J.D. United's policies and factory regulations strictly prohibit forced labor to protect labor rights and human rights. We are committed to providing a safe and fair working environment at each operating location, and to make every employee receives due respect and dignity. We also provide generous salaries and benefits, diverse career development opportunities, and smooth communication channels to strengthen the relationship between labor and management.

## Management Evaluation Mechanism

- Provide satisfaction surveys, labor-management meetings, trade union meetings, and employee suggestion boxes.
- Ensure the effectiveness of the Human Rights Policy and Business Ethics Policy.

## Policies and Commitments

Roo Hsing/ J.D. United respects the freedom of assembly and association of all employees, forms trade unions in accordance with local laws and maintains positive labor-management interactions, and encourages employees to express their opinions. Set up the "Roo Hsing/ J.D. United Human Rights Policy", adopt a zero-tolerance policy, and completely eliminate and strictly prohibit forced labor and harassment.

## Short-term Goals

- Regularly hold labor-management meetings and symposiums to provide transparent and stress-free communication channels.
- Regularly conduct anti-discrimination, anti-sexual harassment, anti-bullying, and other legal compliance publicity through internal networks, announcements or training, and provide a high-quality workplace environment for safeguarding human rights.
- Set up the Company's internal complaint mailbox and a dedicated line, so that each employee can have a channel to express their opinions directly to senior managers. The Company's official website also has a report area for external personnel.
- The download rate of the WOVO labor-management communication platform in the Cambodian factory is 100%, and the human resources policy is transparently communicated through the platform.
- Treat employees equally in accordance with the "Roo Hsing/ J.D. United Human Rights Policy" and maintain zero human rights violations.
- Follow the age limit for child labor at the operating base, and zero misuse of child labor or violation of youth management.
- Promote the Roo Hsing/ J.D. United Workplace Health Care Project to build a healthy and friendly workplace environment.

## Mid-term & Long-term Goals

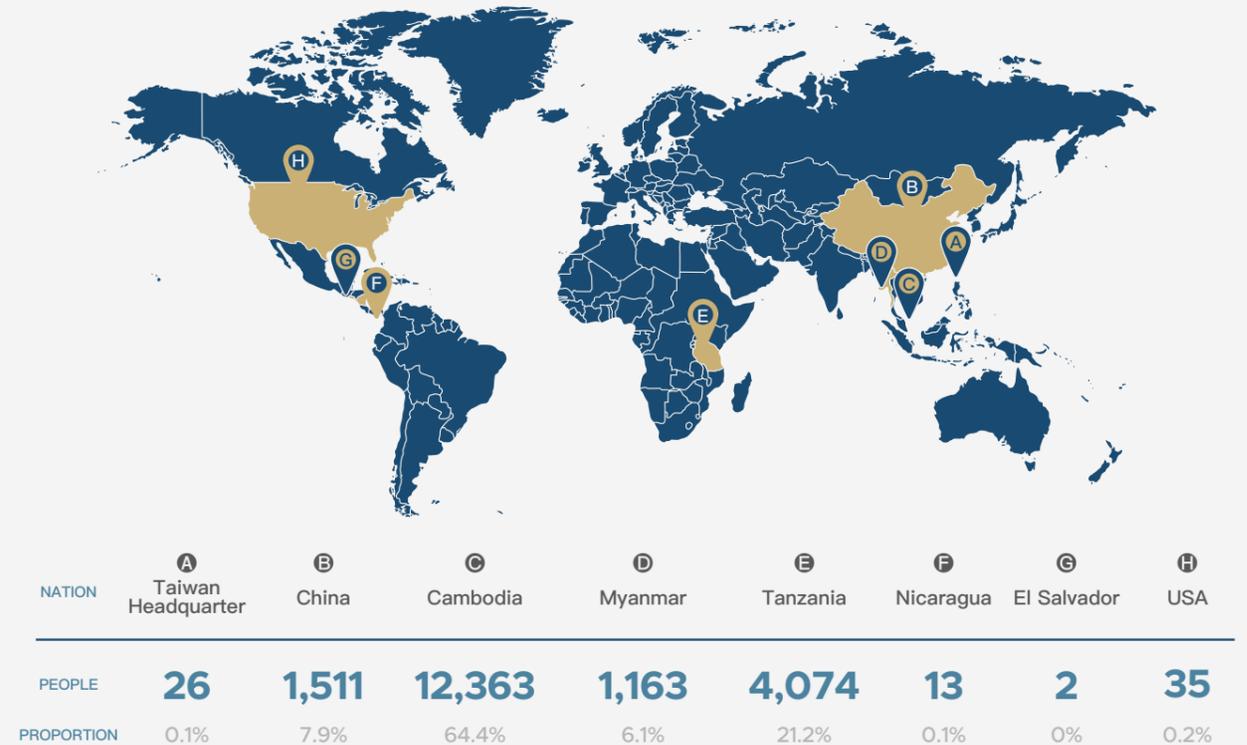
- Continue to hold labor-management meetings regularly to promote exchanges and interactions between labor and management.
- Continue to maintain the rate of download of the WOVO labor-management communication platform to 100%, and communicate human resources policies transparently through the platform.
- Improve the health management of employees and check the health of garment workers through the National Social Security Fund (NSSF).
- Treat employees equally in accordance with the "Roo Hsing/ J.D. United Human Rights Policy" and maintain zero human rights violations.
- Follow the restrictions on the age of child labor at the operating base, and zero misuse of child labor or violation of youth management.
- Continue to strengthen the four major plans of the Roo Hsing/ J.D. United Workplace Health Care Project, and implement the personnel budget management system.
- Improve the performance management system, link contribution, salary & benefits incentives, and market competitiveness

## Responsibilities and Resources (Actions)

- We have formulated a Code of Conduct and a Human Rights Policy for all employees, committed to providing a safe and fair working environment at all operating locations, and allowing each employee to be treated with due respect and dignity.
- The committee regularly reviews any potential labor-related risks and formulates corresponding control measures according to each risk.
- All the factories of Roo Hsing/ J.D. United Cambodia fully replaces the manual payment mode of local salary with digital payment, provide employees with safe deposits and convenient and diverse salary payment methods.
- Conduct sexual harassment prevention training courses in Cambodia and China factories to create a dignified workplace culture.
- Regularly promote relevant publicity, and promote a series of campaigns to promote human rights and ultimately achieve a sustainable society, including "J.R.H Project", "P.A.C.E.", "WOVO", "V.O.I.C.E" and other projects.

## 3.1 Talent Attraction and Retention

### Global Employment Figures 2022



### Strategic Planning for Human Resource Risk

As an enterprise with multinational business bases, Roo Hsing/ J.D. United strictly abides by the local laws and regulations of each operating base, actively cooperates closely with stakeholders such as the local government, neighbors, customers and non-profit organizations, and cooperates with various project activities and plans to strengthen workforce Risk control of resources, reduce the probability of violations, improve the quality of life of local people, enhance overall competitiveness, and create shared value. Human resource risk control strategies are as follows:

HR Risk	Roo Hsing/ J.D. United Risk Control Strategy
Compliance risk	<ul style="list-style-type: none"> <li>• Identification and update of local regulations, labor conditions, labor safety regulations, social security and other regulations and records of each operating location.</li> <li>• Maintain smooth communication channels and mechanisms with the governments of the operating locations.</li> </ul>
Statutory salaries in all locations increase yearly	<ul style="list-style-type: none"> <li>• Establish a complete hiring training system for employees to ensure that the ability of talents can be reflected in the relative salary and remuneration.</li> </ul>
The supply of workforce	<ul style="list-style-type: none"> <li>• Expand multiple recruitment channels, such as: cooperating with local schools to provide internships, campus talent recruitment and other activities, human agency, talent hunting, and other external agencies.</li> </ul>
The flow of talent	<ul style="list-style-type: none"> <li>• Provide a competitive salary and welfare system.</li> <li>• Smooth internal communication channels.</li> <li>• Strengthen the training system for talent cultivation.</li> </ul>
COVID-19 outbreak	<ul style="list-style-type: none"> <li>• Strengthen employee communication, and update the Company's response measures for epidemic control and related laws and regulations in real-time, to ensure that employees receive correct and complete information.</li> <li>• Emphasize employee personal and workplace hygiene management.</li> <li>• Flexible leave policy, understanding the increased need for employees to take care of their families at home, and reducing anxiety and fear caused by the epidemic.</li> </ul>

### 3.1.1 Workforce Structure

Roo Hsing/ J.D. United's management team and human resources department are committed to establishing a stable human resources structure, in order to facilitate the Company's strategic vision of international development, quickly respond to market changes and industrial competition, and effectively combine the challenges of innovative technology and research and development of innovative products. Therefore, the human resources structure of company is composed of international professional talents, which can effectively strengthen the communication and exchange, skill integrity and coping ability of the internal team. In addition to cooperating with the local government or non-profit organizations through the local Industry-University Cooperation Program, we use multiple channels to recruit talents and cultivate the grassroots cadres and technical personnel needed by the Company.

### Diversified Talent Recruitment

Roo Hsing/ J.D. United respects the cultures, beliefs and the diversity of local customs and sentiments of employees in various places. The selection, cultivation, employment and retention system of talents will not discriminate based on any factors such as race, nationality, marital status or gender, and is committed to let employees develop and grow in the right positions. Roo Hsing/ J.D. United is deeply rooted in the people-oriented culture, actively cultivates young talents and managers, makes the Company better and better, and creates a win-win situation.

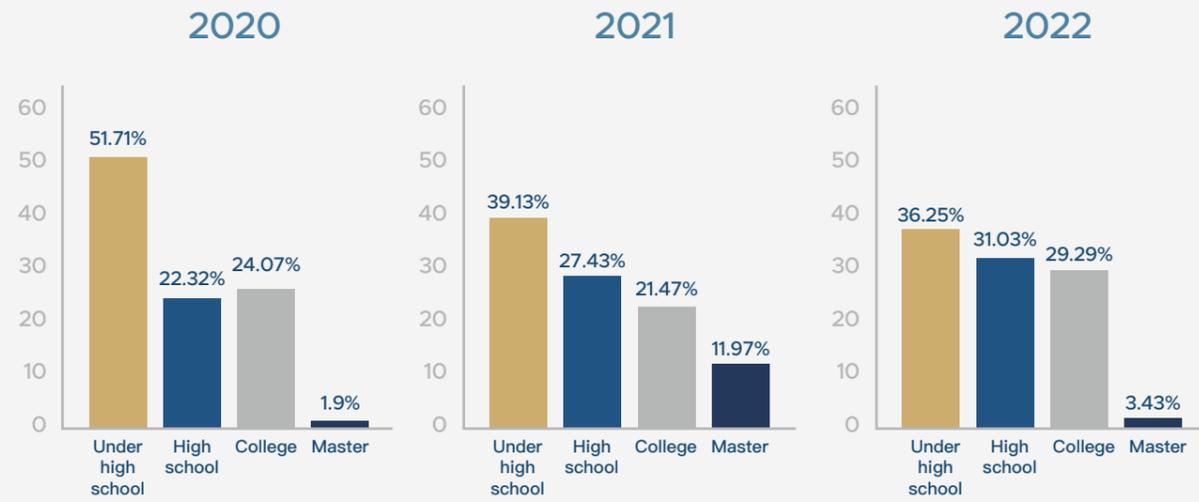
### Roo Hsing/ J.D. United Talent Composition

As can be seen from the table below, the talent composition of the Company is due to the type of garment textile industry, and each operating base has a high demand for abundant young talents, so the average age is still quite young. Although the turnover rate driven by the business format has slightly increased compared with last year, the Company's overall average service experience has increased significantly, indicating that the human resources policy is gradually stabilizing. As of the end of 2022, there are 19,187 employees, with an average age of about 37.79 years and an average years of service of about 7.87 years. In addition, due to the characteristics of the garment and textile industry, direct employees account for about 95.27 and indirect employees account for about 4.73. All employees are full-time staff.

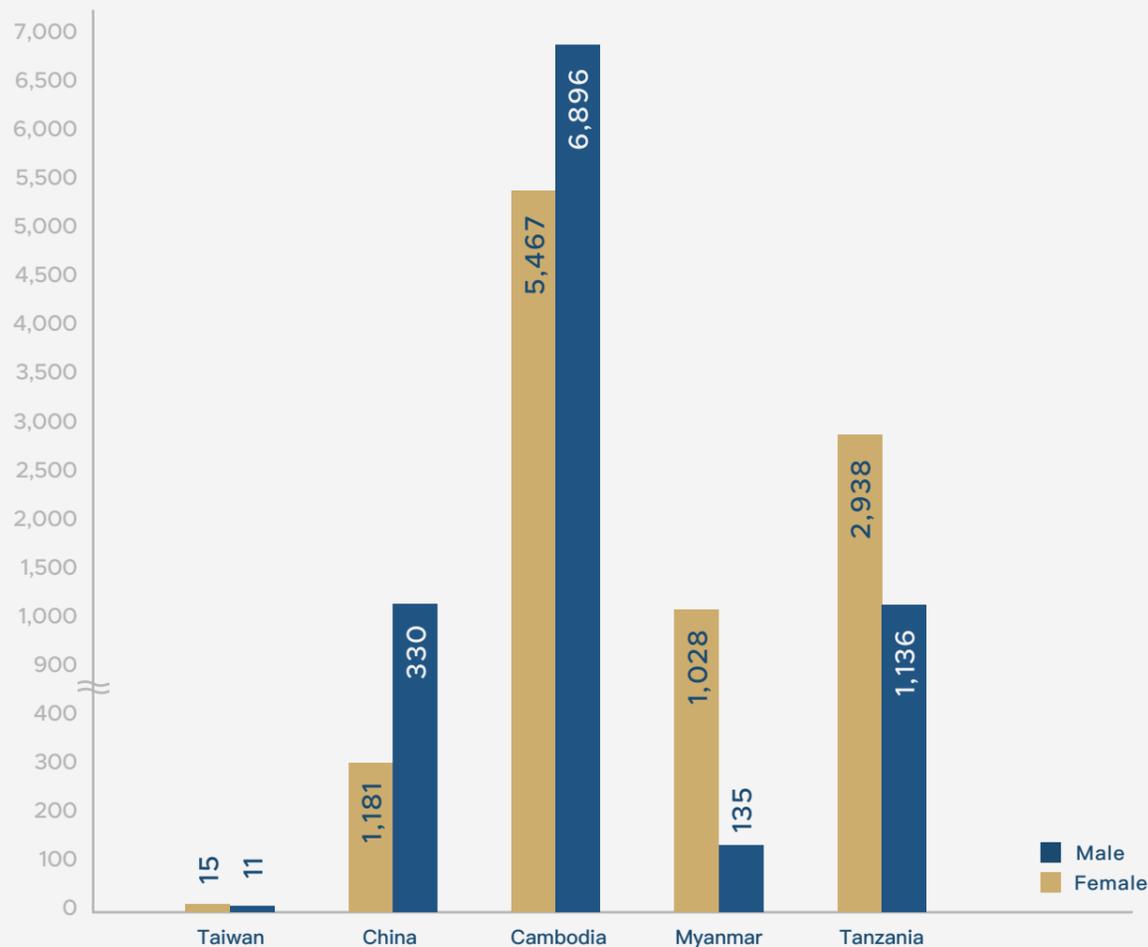
### Staff Composition



### Education Level



### Gender and Age Distribution of Each Operating Base



### Gender and Age Distribution at Each Site

Gender	Age	Taiwan	China	Cambodia	Myanmar	Tanzania	Nicaragua	El Salvador	USA	Total
Female	Less than 30	1	72	3,768	1,011	1,704	0	0	0	6,556
	30 to 49	9	878	1,231	14	1,208	3	1	17	3,361
	50 and older	5	231	468	3	26	2	0	0	735
	Total	15	1,181	5,467	1,028	2,938	5	1	17	10,652
Male	Less than 30	0	24	3,487	127	859	1	0	0	4,498
	30 to 49	5	195	2,155	5	262	6	1	18	2,647
	50 and older	6	111	1,254	3	15	1	0	0	1,390
	Total	11	330	6,896	135	1,136	8	1	18	8,535

Gender	Items	Taiwan	China	Cambodia	Myanmar	Tanzania	Nicaragua	El Salvador	USA	Total
Female	Employees	0	866	5,369	925	2,904	0	0	0	10,064
	Indirect Employees	15	315	98	103	34	5	1	17	588
	Total	15	1,181	5,467	1,028	2,938	5	1	17	10,652
Male	Employees	0	197	6,784	128	1,106	0	0	0	8,215
	Indirect Employees	11	133	112	7	30	8	1	18	320
	Total	11	330	6,896	135	1,136	8	1	18	8,535

Gender	Items	Taiwan	China	Cambodia	Myanmar	Tanzania	Nicaragua	El Salvador	USA	Total
Female	Permanent employees	15	549	7	0	0	5	1	17	594
	Temporary employees	0	632	5,460	1,028	2,938	0	0	0	10,058
	Total	15	1,181	5,467	1,028	2,938	5	1	17	10,652
Male	Permanent employees	11	218	5	0	0	8	1	18	261
	Temporary employees	0	112	6,891	135	1,136	0	0	0	8,274
	Total	11	330	6,896	135	1,136	8	1	18	8,535

#### Note

Permanent Employees: Full-time or part-time employees who have signed an indefinite (i.e., permanent) contract.  
 Temporary Employees: Employees who have signed a fixed-term contract. This contract expires at a specified time or upon completion of specific tasks or events with an evaluation schedule (such as the end of a work project or the return of an employee to their original position after being temporarily assigned to another position).

### Annual Total Compensation Ratio

#### Average Basic Salary Ratio of Women to Men (Female: Male)

Items	Taiwan	China	Cambodia
Employees	N/A	1 : 1.41	1 : 0.99
Indirect Employees	1 : 2.36	1 : 1.47	1 : 1.12

#### Average Compensation Ratio of Women to Men (Female: Male)

Items	Taiwan	China	Cambodia
Employees	N/A	1 : 1.23	1 : 0.99
Indirect Employees	1 : 1.68	1 : 1.56	1 : 1.12

**Note**

Basic Salary: The minimum fixed amount paid to an employee for performing their duties. (Excludes any additional compensation, such as overtime pay or bonuses) Compensation: The basic salary plus any additional amounts paid to the worker. (Additional amounts may include seniority allowance, bonuses (including cash and equity such as stocks and shares), benefits, overtime pay, compensatory time off, and any other allowances (such as transportation allowance, living allowance, and childcare allowance))

## 3.1.2 Talent Flow

In 2022, Roo Hsing/ J.D. United's overall recruit rate is 37.68%; the resignation rate is 55.56%. Roo Hsing/ J.D. United supports the resignation by actively clarifying the reasons for resignation, evaluating potential problems, and maintaining an understanding attitude to support employees to seek more suitable career paths. The Company has started to plan and implement relevant courses and activities to strengthen corporate culture, hoping to enhance the overall centripetal force. The following table shows the new recruit and resign status of Roo Hsing/ J.D. United's operating locations.

#### Number of New Employees

Gender	Age	Taiwan	China	Cambodia	Myanmar	Tanzania	Nicaragua	El Salvador	USA	Total
Female	Less than 30	1	73	912	1,043	500	1	0	0	2,530
	30 to 49	2	508	452	250	250	0	0	6	1,468
	50 and older	0	148	315	1	100	0	0	0	564
	Total	3	729	1,679	1,294	850	1	0	6	4,562
Male	Less than 30	0	42	1,026	13	850	0	0	0	1,931
	30 to 49	2	63	1,298	2	300	0	0	7	1,672
	50 and older	6	30	216	0	30	0	0	0	282
	Total	8	135	2,540	15	1,180	0	0	7	3,885

#### Number of Resigned Employees

Gender	Age	Taiwan	China	Cambodia	Myanmar	Tanzania	Nicaragua	El Salvador	USA	Total
Female	Less than 30	6	93	3,489	895	250	1	0	0	4,734
	30 to 49	10	784	2,559	273	250	3	0	6	3,885
	50 and older	3	298	613	1	336	0	0	0	1,251
	Total	19	1,175	6,661	1,169	836	4	0	6	9,870
Male	Less than 30	0	63	2,160	17	250	1	0	0	2,491
	30 to 49	6	135	1,032	3	450	14	0	7	1,647
	50 and older	10	77	456	0	360	0	1	0	904
	Total	16	275	3,648	20	1,060	15	1	7	5,042

#### Regulations on Minimum Notice Period for Termination

- Taiwan:** According to Article 16 of the Labor Standards Act, the minimum notice period for termination of labor contracts should be specified in the Company's work rules as follows:
  - Employees who have worked for more than three months but less than one year should be given a ten-day notice in advance.
  - Employees who have worked for more than one year but less than three years should be given a twenty-day notice in advance.
  - Employees who have worked for more than three years should be given a thirty-day notice in advance.
- China:** In accordance with the regulations of the "People's Republic of China Labor Law," employees must be given a written notice 30 days before termination, and the relevant regulations should be included in the internal management documents of each production and operation site.
- Cambodia:** According to the "Guideline for Employment and Labor in Cambodia's Garment Industry," if an employer intends not to continue employing an employee after the expiration of their work contract, they must provide advance notice to the employee before the contract expires. The advance notice period is as follows: no notice is required for employees with less than 6 months of service, 10 days' notice for employees with 6 months to 1 year of service, and 15 days' notice for employees with more than 1 year of service.
- Nicaragua and El Salvador:** According to labor laws, employees are entitled to severance pay equivalent to one month's salary per year of service. There are no specific regulations regarding the notice period for termination.

## 3.1.3 Compensation and Benefits Care

Roo Hsing/ J.D. United plans a fair, reasonable, and competitive salary system to attract outstanding talents to join the Company. The starting salary standard of recruits is higher than the minimum salary stipulated by laws and regulations, provides comprehensive performance evaluation and salary incentive measures, and issues year-end bonuses and other incentive rewards based on performance.

Regularly schedule free health check-ups for all employees, providing specialized health examination items for senior executives and specific personnel (e.g., drivers). These include procedures such as gastroscopy, colonoscopy, lung tumor screening, and cardiology examinations. The aim is to safeguard the physical health of employees at all levels through health check-up activities. In the future, there will be ongoing plans for activities that address the physical, mental, and emotional well-being of employees, such as employee sports events and athletic competitions, fostering a healthy body among employees to propel collective prosperity and advancement.

In accordance with the Company's articles of incorporation, if the Company generates profits during the fiscal year, after compensating for any remaining accumulated losses, the Company shall allocate four to five percent (4% to 5%) for employee remuneration. Employee remuneration may be given in the form of either cash or stocks.

## Salary and Welfare System

Roo Hsing/ J.D. United has an Employee Welfare Committee responsible for planning and handling various employee benefits so that employees can have activities to relax their bodies and minds after work, as a bridge to boost employee morale and strengthen labor relations. In order to take care of the health and safety of all colleagues, we have specially insured "Statutory Infectious Disease Prevention Expenses Insurance" for our employees due to the severe Covid-19 epidemic in 2022. To reflect the Company's care for employees, at the end of 2022, we actively followed the requirements of the Occupational Safety and Health Law and other regulations and established and promoted the Roo Hsing/ J.D. United workplace health care project. For details, please refer to the "3.3 Workplace Health and Safety" section. We hope to create a friendly work environment and share the difficulties with all colleagues. The Company's welfare system is as follows:

### Employee Bonus System

- There is an employee dividend system for the Company's surplus.



### Employee Benefits

- Three festival gifts, May 1st labor gifts, and annual travel funds are provided to encourage employees to engage in leisure activities and rejuvenate their bodies and mind.
- Subsidies for weddings and funerals: birthday gifts, wedding gifts, maternity gifts, and funeral condolences.
- Red envelopes for the start of the Spring Festival.
- Irregular special manufacturer discounts and tasting activities.



### Ways for Managing Health

- Regular free health checks and health check leave, which is better than the statutory health check package. Different amounts of subsidies are provided according to rank. Employees can customize health check plans according to their needs to protect the health of employees at all levels.
- We also take care of the workers in the Cambodian factory and check the health of garment workers through the National Social Security Fund (NSSF).



### Group Medical Insurance

- To protect the life of employees and improve their welfare, when employees suffer from accidental injuries, group injury insurance can pay the actual medical insurance premium limit of NT\$30,000 each time; in the event of disability or death, the maximum insurance premium of NT\$7 million is provided.



### Other Special Benefits

- Promote a friendly workplace breastfeeding environment, with a fully equipped breastfeeding room, including a small refrigerator, sterilizer, emergency bell, etc., and the environment is regularly managed by special personnel.



## Solid Pension System

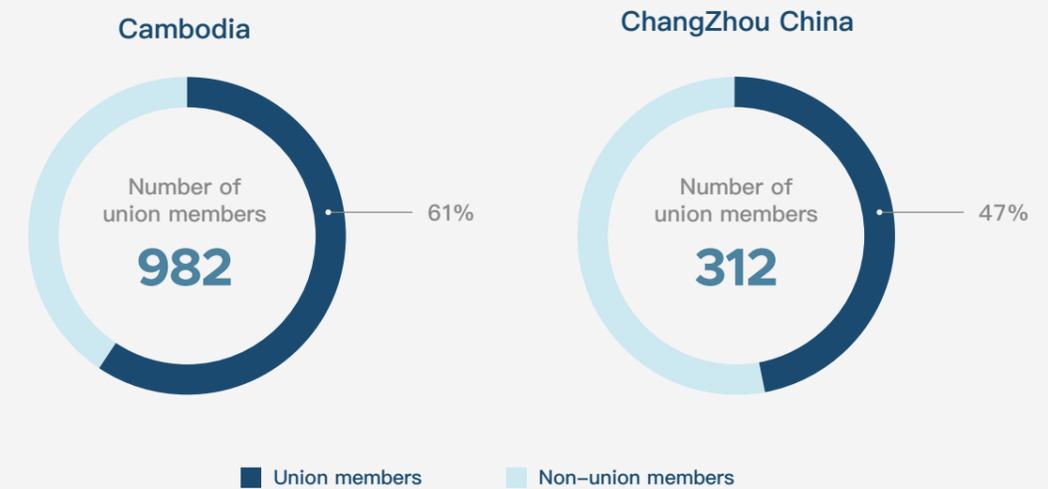
The Group's retirement system is handled by the Labor Standards Act and the Labor Pension Regulations. The relevant implementation is as follows: the operation method in Taiwan follows the Labor Standards Act. From July 1st, 2005, new employees and existing employees who choose to apply for the new pension system will be paid 6% of their monthly wages to the individual pension account of the Labor Insurance Bureau. At the same time, continue to retain wages for employees who choose to apply the old system. The appropriate amount of retirement reserves will be appropriated to the bank account according to the original pension payment standard.

As of 2022, the amount of the old system of retirement reserves is NT\$3,612,639, and the amount of the new system of retirement reserves in 2022 will be NT\$1,940,145. For colleagues who are assigned by the organization and transferred to related companies, their wages will be renewed to provide more protection for colleagues to achieve the purpose of talent circulation of the Group. Subsidiaries located in overseas countries also plan to provide pensions according to local labor laws and regulations.

## Freedom of Association

Roo Hsing/ J.D. United respects the freedom of assembly and association of all employees, forms trade unions in accordance with local laws and maintains positive labor-management interactions, encourages employees to express their opinions, and achieves harmony between labor and management. There are labor unions in the Cambodia plant and the ChangZhou plant. Communicate, continuously optimize the well-being of employees, and strive towards a happy enterprise.

### 2022 Number of Labor Unions in the Factory



Factory	Cambodia	ChangZhou China
Number of union members	982	312
The proportion of union members to local colleagues (%)	61%	47%

## 3.2 Talent Cultivation and Development

Talent is the cornerstone of Roo Hsing/ J.D. United's operations. We are committed to constructing a friendly and healthy workplace, providing our employees with excellent working conditions, diverse talent development systems, comprehensive health care and employee benefits, all-encompassing care, and open and transparent communication channels. Our goal is to become the most reassuring and attractive employer. Through sound management and personnel systems, we aim to unleash individual potential and offer internal employees comprehensive education, training, and diverse rotation opportunities. We demonstrate our transparent internal promotion system and dedicate ourselves to promoting executives from within the Company, achieving the vision of placing the right people in the right positions, thus enabling employees to fully unleash their inner potential.

Roo Hsing/ J.D. United adopts a learning organization approach to continuously enhance employee competitiveness. By enabling employees to realize their personal value, we elevate organizational performance and establish a more competitive corporate culture, attracting talent and increasing employee cohesion. Regarding human rights protection, our company supports and implements internationally recognized human rights standards and guidelines. Therefore, we have formulated the "Prosperity Human Rights Policy" to safeguard employees' human rights and create a safe and healthy workplace environment, facilitating the mutual growth of colleagues and the Company.

From the moment employees enter the Group, their learning and development and their personal and organizational management capabilities are closely related to the stability of the Company's operations. In the long run, there is a high positive correlation. Therefore, the Company's emphasis on employee care is not only reflected in health, safety, and maintenance of the working environment, and also established many specific programs in employee career development planning. All talent training and development plans are closely linked to the group's new 3C (Care, Communication, Creativity) business values. It is hoped that by integrating various value elements into training courses, a deeply rooted corporate core culture will be established.

### Staff Education and Training

In response to the rapid growth and expansion of the business scope of the Group in recent years, we provide internal and external diversified education and training channels and opportunities and strive to promote and enhance the essential academic ability, work skills, and even management capabilities of talents. We are a highly labor-intensive industry, so we invest a lot of resources and budgets in talent development and cultivation, hoping to improve the ability and work efficiency of our employees.

#### New Joiner Training

To assist new employees quickly integrating into the team and culture, the Human Resources department provides guidance on pre-employment training. The training content includes organizational structure and culture, various operational processes and databases, company environment, and relevant industry knowledge. Department supervisors arrange on-the-job training courses in advance based on the new employees' positions. In addition to assigning experienced employees to provide guidance and knowledge transfer for their daily work, they also provide psychological support and assistance to help new employees quickly familiarize themselves with the Company environment and acquire professional knowledge and skills.

#### Professional Technical Training

Through training needs analysis and defining the required professional competencies for each position, professional training courses are conducted. For example, production line managers are provided with courses on process optimization, and employees in the laundry factory are arranged for equipment and formula-related training to enhance their professional growth.

#### Advanced Training for Specific Personnel

Every year, specific personnel such as directors, supervisors of finance and accounting, their proxies, and audit personnel are arranged to undergo professional development to strengthen their corporate governance, regulatory compliance, financial and accounting knowledge, and internal control competencies. This continuous enhancement of the group's human capital value and professional advantages aims to improve their capabilities and expertise.

#### Comprehensive Improvement Training

- To enable employees at all levels to fully utilize their abilities within the organizational system, an "Education and Training Management Policy" is established internally. It is divided into internal and external education and training. External education and training are fully subsidized to encourage employees to pursue further education while working, enhancing their professional knowledge and skills.
- At the end of each year, educational training courses for the following year are scheduled, and employee training is implemented monthly according to the plan.
- Diverse and engaging courses are designed to increase employee engagement. In 2022, courses offered include "Enjoying a Healthy New Life – Introduction to Weight Loss," "Essential Excel Techniques for the Workplace," "Addressing and Relieving Shoulder, Neck, and Back Issues through Exercise," "Workplace Violence and Illegal Incidents, and Interpersonal Communication."

### External Education and Training

<b>1.</b>  <b>Audit</b>	<b>2.</b>  <b>Accounting</b>	<b>3.</b>  <b>Management</b>
Financial and Audit Excel Advanced Functions, Data Editing Workshop, Practical Implementation Class. Analyzing how enterprises construct risk management development blueprints in the context of Corporate Governance 3.0.	Publicly Listed Company Shareholders' Meeting Regulations and Practices, Continuing Education Course for Accounting Supervisors, Corporate Governance Supervisors' Advanced Training Course, etc.	Salary Structure Design, Adjustment, and Practical Tax Law Handling, Salary Structure Design and Application from Job Evaluation, Analysis and Practical Discussion of Labor Event Laws, etc.

### Internal Education and Training

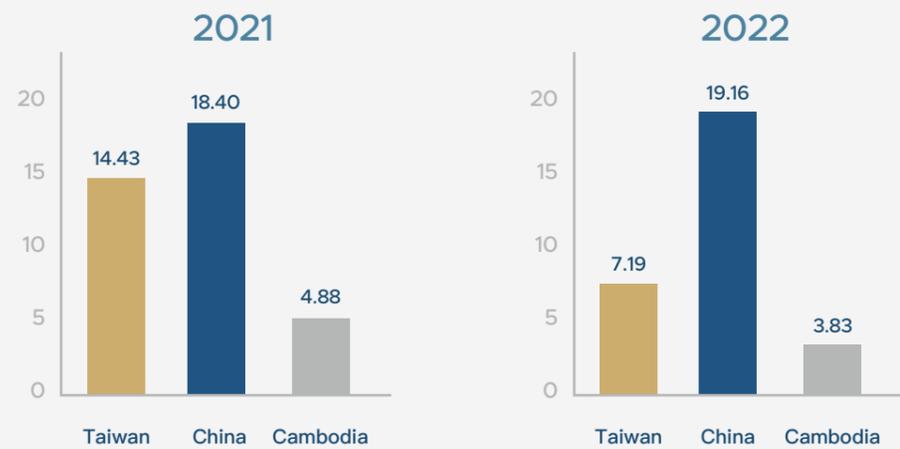
Course Category	Course Topic	No. of Participation	No. of Class	Total Hours
New Joiner Training	Pre-employment training courses (Introduction to the Environment, Organizational Culture, Benefits System, Various Rules and Regulations, etc.).	6	6	9
Comprehensive Improvement Training	Enjoying a Healthy New Life – Introduction to Weight Loss	18	1	1
	Essential Excel Techniques for the Workplace(Part 1)	14	1	3
	Essential Excel Techniques for the Workplace (Part 2)	17	1	3
	Play your cards well: The wisdom of making decisions.	12	1	3
	Addressing and Relieving Shoulder, Neck, and Back Issues through Exercise	14	1	1.5
	Workplace Violence and Illegal Incidents, and Interpersonal Communication	11	1	2
	Integrity Management Code and Case Sharing	10	1	0.5
	Information Security and Personal Data Protection Management	7	1	1
	GBV Training (Gender-Based Violence)	1,619	1	5,757
Advanced Training for Specific Personnel	Corporate Governance: Directors and Supervisors' Management Risks and Legal Responsibilities Discussion	3	1	3
	How Directors Supervise ESG Risks and Review Financial Reports	4	1	3
P.A.C.E Project	Training on Three Modules: Communication Skills, Problem Solving and Decision Making, Time and Stress Management	560	1	23,520
CARE Project	Development of Five Core Competencies	2,628	1	3,942

### Employee Compensation Policy

Based on the "Annual Full-time Employee Salary Information for Non-Supervisory Positions," the total salary amount is defined as the employee's salary attributed to the current year. It is accrued on an accrual basis, including regular salary (base salary and fixed allowances paid monthly), overtime pay (taxable or tax-exempt), and non-regular salary (retirement income, bonuses, benefits, etc., not paid monthly).

#### Employee Compensation Ratio

The ratio of the total annual compensation of the highest-paid individual to the median total annual compensation of other employees in the organization (excluding the highest-paid individual).



**Note**

Total annual compensation in Taiwan: Based on data from indirect employees.  
 Total annual compensation in China: Based on data from indirect employees, including monthly salary and year-end bonus.  
 Total annual compensation in Cambodia: Based on data from indirect employees (non-Cambodian nationals), including monthly salary and year-end bonus.

#### Annual Total Compensation Change Ratio

Category	Taiwan	China	Cambodia
Percentage increase (decrease) in the total annual compensation of the highest-paid individual in the organization (A)	(48.97)%	7.64%	(12.62)%
Percentage increase in the median total annual compensation of all employees* (excluding the highest-paid individual) (B)	2.42%	3.38%	11.39%
<b>Total Compensation Ratio (A/B)</b>	<b>(20.22)</b>	<b>2.26</b>	<b>(1.11)</b>

\*Note: Include only indirect personnel

## 3.3 Workplace Health and Safety

### Implement Health and Safety Controls to Build the Best and Healthiest Workplace

#### 5S Workplace Management 5S

In order to reduce work-related injuries and accidents, Roo Hsing/ J.D. United adopts Japanese 5S management principles and methodologies, including SEIRI, SEITON, SEISO, SEIKETSU, and SHITSUKE to ensure that all departments and employees are wellorganized and adhere to factory health and safety regulations. Our 5S Committee evaluates the 5S performance of each department to provide further guidance and suggestions. To encourage all employees to apply 5S procedures in their daily work, departments and employees with outstanding performance are rewarded.



All Roo Hsing/J.D. United factories implement workplace health and safety management systems through the Labor Health and Safety Committee and 5S management principles, as well as through application of the PDCA model (Plan-Do-Check-Act quality management cycle) in regulatory compliance assessments, health and safety awareness training, and supervision of improvements and preventive measures. All of our operating sites actively cooperate with local governmental routine workplace inspections and work closely with local governments to jointly promote implementation of multiple health and safety measures. We are most concerned with employee work safety, physical health, and mental health, and strive to maintain the basic rights of each employee. We understand that we are responsible for the occupational health and safety of our employees, and therefore require our production line workers to undergo strict training and management procedures before commencing work to reduce potential work-related injuries.

#### Roo Hsing/ J.D. United Occupational Safety Disaster Statistics

Category	Area	Taiwan			China		
		Year	2020	2021	2022	2020	2021
Injury Rate (IR)	Male	0	0	0	0.27	0.23	0
	Female	0	0	0	0.48	0.53	0
	Total	0	0	0	0.75	0.76	0
Lost Day Rate (LDR)	Male	0	0	0	14.10	2.04	0.5
	Female	0	0	0	3.17	4.64	1
	Total	0	0	0	17.27	6.68	1.5
Number of Deaths	Male	0	0	0	0	0	0
	Female	0	0	0	0	0	0
	Total	0	0	0	0	0	0

**Note**

- There were no occupational disease incidents from 2020 to 2022.
- Injury rate (IR, the third decimal place is unconditionally rounded up) = total occupational accident/total hours of work x 200,000
- Lost day rate (LDR, the third decimal place is unconditionally rounded up) = number of lost days/total work hours x 200,000(Lost days refer to days when employees are unable to work due to work-related injuries or occupational diseases.)
- The number of deaths refers to the number of employees injured by work.
- The 200,000 in the above Notes 2 and 3 is the ratio per 100 employees based on 50 weeks per year and 40 hours per week

**Absenteeism**

Area	Taiwan		China	
	2021	2022	2021	2022
Male	0%	0%	0.01%	0.02%
Female	0%	0%	0.05%	0.05%
Total	0%	0%	0.06%	0.07%

**Note**

1. Absenteeism Rate (AR): (Absence days/ total number of days of work) x 100%
2. The number of absence days includes sick leave and work-related injury leave but does not include pre-allowed leave such as school leave and maternity leave.

**Workplace Health Care**

To ensure the physical and mental health and work safety of Roo Hsing/ J.D. United colleagues, in 2021, we actively followed the requirements of the Occupational Safety and Health Law and other regulations, and establish and promote the Roo Hsing/ J.D. United workplace health care project. We set up special medical staff in the head office and assist in planning Four Protection Programs: "The unusual Workload Prevention Program", "Human Hazard Prevention Program", "Workplace Motherhood Protection Program" and "The Physical and Mental Wrongful Assault Prevention Program". In order to let employees know their health status, we manage and grade the employees' physical examination reports, and professional nurses and doctors will assess the risks and give relevant guidance and health education to establish a healthy and friendly work environment.

**Roo Hsing/ J.D. United Workplace Health Care Project**

**Unusual Workload Prevention Program**

Implement workplace illegal infringement prevention, set up abnormal workload prevention plan, prevent colleagues from working for a long time and other abnormal workloads and promote diseases, through abnormal workload health investigation and evaluation, doctor interviews and health guidance, ensure the physical and mental health of workers, prevent colleagues Work load promotes cerebrovascular disease, to achieve the purpose of overwork protection and stress management.

**Workplace Motherhood Protection Program**

For the work performed by female colleagues, if there are concerns about maternal health hazards, professional medical staff will conduct health consultation, start hazard assessment and control, physician interview guidance, risk classification management, work suitability arrangements, and other related measures to ensure female colleagues. It can maintain physical and mental health during pregnancy, postpartum, and breastfeeding to achieve the purpose of maternal health protection.

**Human Hazard Prevention Program**

According to the abnormal workload guidelines of the Ministry of Labor, the human-induced hazards prevention plan is implemented, and a questionnaire survey is conducted among colleagues in each unit. Improvement measures are implemented on the advice of the nurse practitioner. Prevent colleagues from musculoskeletal injuries or diseases that may be caused by long-term exposure to poor working posture, environment, and improper management of working hours.

**Physical and Mental Wrongful Assault Prevention Program**

To prevent Roo Hsing/ J.D. United colleagues from being physically or mentally violated in the course of performing their duties, we provide professional counseling for the aggrieved colleagues to ensure that colleagues are free from workplace violence in a work environment.

**Health and Mental Care**

In Taiwan, according to Article 16 of the Gender Equality in Employment Act, it is stipulated in the employment rules that employees, after being in service for six months, employees may apply for parental leave without pay before any of their children reach the age of three years old. The period of this leave is until their children reach

the age of three years old but may not exceed two years. When employees are raising over two children at the same time, the period of their parental leave shall be computed aggregately and the maximum period shall be limited to two years received by the youngest child.

Category	Taiwan	
	Male	Female
Total number of employees entitled to parental leave in 2022	0	3
Total number of employees who actually used parental leave in 2022	0	1
Total number of employees who should have returned to work in 2022 after completing parental leave	0	1
Total number of employees who actually returned to work in 2022 after completing parental leave	0	0
Total number of employees who returned to work in 2021 after completing parental leave	0	1
Total number of employees who have been employed for one year after returning to work in 2021	0	0
Return-to-work rate	-	0
Return-to-work rate	-	0

**Occupational Safety Training**

Workplace safety-related issues have always been the most important issues for Roo Hsing/ J.D. United's operations, and is also a key focus of the public and stakeholders. Roo Hsing/ J.D. United has invested a lot of workforce and resources on occupational safety and health training, to prevent potential risks. We implement strict control and inspection of the production process and environment, and actively promote the safety improvements of the overall workplace. Our main training categories are as follows:



**Occupational Safety Training Projects and Results for 2022 were as Follows:**

Type of occupational safety training *	Training priorities and implementation in 2021	Total number of trainees	Total training hours
Basic occupational health and safety training	Cambodia factory 6 times, Tanzania factory 3 times, China factory 2 times	5,500	39,407
Chemical storage and management	2 times each in Tanzania and China factory	80	177
Personal protective equipment training	Cambodia factory 6 times, Tanzania factory 3 times, China factory 2 times	5,500	20,100
Environmental hygiene management	2 times each in Tanzania and China factory	520	1,003
BFC training**	6-day training in Cambodia factory	29	1,390
PICC training**	Cambodia factory 2 times	120	722
Firefighting training	2 pieces of training a year	5,500	10,090

**Note** \*Note: The training area includes the China factory, Cambodia factory, and Tanzania factory in Africa.  
 \*\*Note: BFC is the abbreviation of Better Factory Cambodia; PICC is the abbreviation of Performance Improvement Consultative Committee.

**Cambodia BFC Cooperative Training Module Course**

The following module courses will be conducted in partnership with BFC in 2022:

- Hazard and risk management
- Emergency Response
- Electrical and fire safety
- Mechanical safety
- Chemical management
- Workplace management
- Work accident investigation

### 3.4 Human Rights Protection

We attach great importance to labor rights and human rights, so we have formulated a Code of Conduct and a Human Rights Policy for our employees. The former is a set of basic requirements related to various processes of business operations to ensure the effectiveness of human rights and environmental policies and business ethics policies. We are committed to providing a safe and fair working environment at all operating locations and allowing each employee to be treated with due respect and dignity. In 2021, all employees, contractors, and temporary workers with dignity in accordance with the "Human Rights Policy of Roo Hsing/ J.D. United" and there will be no human rights violations such as slavery and forced labor.

We respect and support internationally recognized human rights regulations and guidelines, including the "Universal Declaration of Human Rights," "The United Nations Global Compact," and the International Labor Organization's "Declaration of Fundamental Principles and Rights at Work." We adhered to local laws and regulations and also formulated human rights policies in accordance with the "UN Guiding Principles on Business and Human Rights" for use within our corporate group and all reinvested companies. We strive to lower our human rights risks and reduce the impacts of human rights incidents through remedial measures by implementing the two aspects of "protection and respect" when working with our employees, suppliers, partners, and the environment.

### Human Rights Policy and Commitment

We have clearly stated the human rights commission of Roo Hsing/ J.D. United in our human rights policy, thoroughly examines whether human rights issues are taken into consideration in all aspects of our operations, and provides a smooth communication channel for stakeholders as we firmly believe that respecting and protecting human rights is an important foundation for the sustainable operation of enterprises. To implement respect for workplace human rights, in addition to complying with the Labor Standards Act and the Gender Work Equality Act, the Group has also formulated management principles for major human rights issues to facilitate follow-up audits and tracking. The human rights management principles include the following:

- We prohibit all forms of discrimination and implement diversity in the workplace
- We respect employee freedom of assembly and association
- We prohibit use of forced labor and child labor
- We offer diversity, inclusiveness, and equal opportunities
- We provide fair and reasonable remuneration and work conditions
- We establish communication channels and regularly convene labor management meetings
- We establish safe, hygienic, and healthy work environments
- We periodically review and assess relevant human rights systems and actions.

**Three Basic Requirements: Equality in Employment, Health Care, and Open Communication Principles**

Most of our employees are concentrated at our China, Cambodia, and Myanmar plants. In order to provide equal employment opportunities for people in all countries, we do not base our employment decisions on race, gender, age, marital status, and language factors, and we treasure all talented individuals who are willing to join our ranks. For our existing employees, we ensure the appropriate allocation of employee duties based on the results of annual health checks, promote employee work-life balance through various activities and programs, and establish and maintain sound and diverse communication channels for the compilation of employee suggestions and needs which are proactively handled. We also track subsequent improvements to eliminate workplace issues so that our employees can devote themselves to their work, better manage their time, and cultivate skills and potential capabilities that are beneficial for their career paths. This helps to provide us with an endless supply of innovative energies and facilities mutual growth for us and our employees.

### Human Rights Due Diligence

Roo Hsing/ J.D. United has conducted preliminary human rights risk identification and assessment in the year 2022. In the future, we will conduct comprehensive human rights due diligence following various international human rights conventions, including the "United Nations Guiding Principles on Business and Human Rights." The process is as follows:



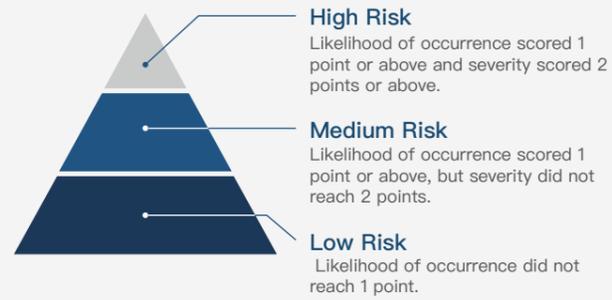
## Human Rights Risk Identification and Assessment in 2022

Roo Hsing/ J.D. United referenced relevant international human rights guidance documents, domestic laws and regulations, and benchmark corporate human rights reports to compile human rights-related risk issues. These issues were then assessed to identify potential human rights risks in the value chain and incorporated into the Human Rights Risk Assessment questionnaire.

The questionnaire was used to assess the "likelihood of occurrence" and "severity" of each human rights risk issue. The likelihood of occurrence was scored as follows: 0 points = Not likely to occur, 1 point = Low probability

(1% – 30%), 2 points = Some probability (31% – 60%), 3 points = High probability (above 61%). The severity was scored as follows: 0 points = No impact, 1 point = Not severe, 2 points = Severe, 3 points = Extremely severe.

Based on the collected responses, the "Human Rights Risk Matrix" was generated, and human rights risks were categorized into three levels based on the following criteria:



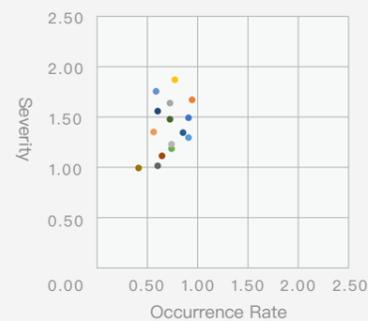
In 2022, the questionnaire was distributed to Roo Hsing/ J.D. United employees, and a total of 94 questionnaires were collected. The assessment results are as follows:

Risk Issues	Multiplication
Personal Freedom and Security	1.56
Right to Health – Providing Occupational Health Education Training	1.44
Privacy Protection	1.35
Labor and Employment Conditions Guarantee	1.21
Right to Health – Ensuring Health Measures	1.19
Non-Discrimination – Recruitment	1.16
Non-Discrimination – Promotion	1.09
Forced Labor	1.08
Freedom of Speech and Expression – Ensuring Freedom of Speech and Expression	0.95
Right to Family Life – Not Impairing the Right to Family Life	0.94
Freedom of Speech and Expression – Providing Channels for Speech and Expression	0.92
Right to Family Life – Providing Parental Support and Welfare	0.80
Freedom of Assembly and Association – Establishing Collective Bargaining Mechanisms	0.74
Freedom of Assembly and Association – Ensuring Freedom of Assembly and Association	0.64
Child Protection	0.45

Low Risk

### Employee Human Rights Risks

Based on this year's questionnaire results, all employee human rights issues are categorized as low risk. Roo Hsing/ J.D. United will continue to assess the risks related to human rights issues in the future.



- Personal Freedom and Security
- Right to Health – Providing Occupational Health Education Training
- Privacy Protection
- Labor and Employment Conditions Guarantee
- Right to Health – Ensuring Health Measures
- Non-Discrimination – Recruitment
- Non-Discrimination – Promotion
- Forced Labor
- Freedom of Speech and Expression – Ensuring Freedom of Speech and Expression
- Right to Family Life – Not Impairing the Right to Family Life
- Freedom of Speech and Expression – Providing Channels for Speech and Expression
- Right to Family Life – Providing Parental Support and Welfare
- Freedom of Assembly and Association – Establishing Collective Bargaining Mechanisms
- Freedom of Assembly and Association – Ensuring Freedom of Assembly and Association
- Child Protection

## Roo Hsing/ J.D. United Internal Grievance Mechanism

As a responsible company committed to safeguarding human rights, we not only implement controls for human rights issues but also attach great importance to providing a concise, convenient, and accessible complaint channel. In cases of harm to labor rights, Roo Hsing/ J.D. United offers an effective and appropriate grievance mechanism, ensuring equality and transparency throughout the complaint process. We promptly respond to employees' grievances and take necessary actions to prevent further harm from occurring. Moreover, we proactively plan preventive measures to safeguard the future well-being of all employees.

Furthermore, we have established our "Anti-Discrimination and Non-Retaliation Policy" to ensure comprehensive care and protection for our employees at different stages, such as recruitment, promotion, and participation in training programs. The policy prohibits any retaliation (such as termination, demotion, or harassment) against individuals involved in anti-discrimination activities, including handling discrimination complaints. This is to encourage employees to utilize the grievance mechanism and collectively uphold workplace equality and safety.

## Prohibition of Child Labor

Roo Hsing/ J.D. United respects, protects and promotes basic human rights, and strictly abides by the ILO conventions and laws and regulations on child labor and forced labor. Our recruitment of employees is in line with the restrictions on the age of child labor in each operating location, and we use audit measures to effectively control risks. The age limit is 16 years old in China and it is 15 years old in Cambodia. We strictly control our recruitment process and work with local civil affairs institutes to prevent the misuse of child labor. In addition, we also cooperate with the requirements of customers. The minimum age for recruitment is based on the principle of 18 years old. However, due to different local conditions, young workers (over 15 but under 18 years old) can be promoted in accordance with laws and regulations, and their job positions and jobs. Hours are performed by local regulations and are free from any hazardous work environment. In addition, all underage staff will receive special care and undergo annual health checks provided by Roo Hsing/ J.D. United, and work assignments will be based on their health status. In 2021, there will be no misuse of child labor or violation of youth labor management. We will continue to maintain a rigorous attitude and abide by the highest principles.

## Gender-Friendly Commitment

In 2020, we have updated the "Sexual Harassment Policy and Procedures", which focuses on strengthening women's awareness of self-protection in the workplace and promoting the concept of gender equality. Sexual harassment prevention is one of the important components of the Group's J.R.H. (JDU & ROO HSING HEALTH) project, which aims to clarify our zero-tolerance attitude towards sexual harassment and create a healthy and safe workplace for employees. In order to further implement the J.R.H. project, sexual harassment prevention training courses were held in Cambodia, ChangZhou, and Henan plants respectively, introducing the definition of sexual harassment, common workplace sexual harassment behaviors, countermeasures and the Company's handling process for sexual harassment. In 2021, we cooperated with brand owner GAP to conduct in-depth GBV (gender-based violence) training and introduced to employees and management the definition of workplace sexual harassment, 10 common workplace sexual harassment behaviors, handling procedures for similar problems, and company-related issues. Conduct a questionnaire survey after class to understand employees' cognition of the concept of workplace sexual harassment, complaint channels, etc. Lay a solid foundation for the follow-up in-depth training, hope to reach more internal employees of the Company, and strive to create a healthy corporate culture. For education and training related to sexual harassment prevention, please refer to the chapter "3.4 Talent Cultivation and Development".

## Zero Tolerance Policy– Completely Eliminate Forced Labor and Harassment

In terms of localized management for different regions, we not only adhered to international human rights and labor regulations, but also complied with client requirements when formulating our policies and plant regulations. We not only prohibit forced labor and various forms of harassment, but have also established emergency notification mechanisms at our human resources and management departments in various regions. Incident identification and subsequent handling for reports must be completed within 30 days. We do not condone or allow any form of sexual harassment between colleagues, supervisors, clients, or non-employees who conduct business with us. We organize regular training sessions at all employees to eradicate behaviors that may be construed as sexual harassment, and we also encourage reporting of relevant incidents. The complaint hotline is as follows:

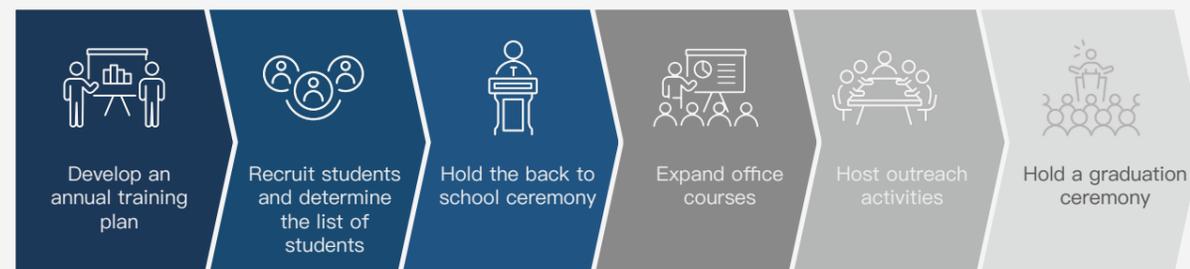
- Hotline: (02) 27513111 Human Resources Department of Roo Hsing
- Special Line Fax: (02) 23118011
- E-mail: hr4414@tw.roohsing.com

## P.A.C.E. (Personal Advancement Career Enhancement) Project

We cooperated with brand client GAP on the "P.A.C.E. (Personal Advancement and Career Enhancement)" education program. In the apparel manufacturing industry, female workers account for about 70% to 80% of the workforce, with a generally low education level and are responsible for work and family life. In order to help female employees of production lines in various factories to obtain opportunities for personal improvement and career development, We has taught employees self-management, effective communication, and essential skills in the workplace and life in various ways since 2016. The main purpose of this program is to improve the knowledge and skills of female employees, thereby improving their work and life. Course content includes communication skills, problem-solving and decisionmaking, clean water and sanitation, time & stress management, and financial management concept, etc. Through diverse course interactions, improve self-ability, enhance communication between family members, colleagues and supervisors, and build better relationships, from work in the Company to family and daily life, to achieve self-goals and create a positive cycle. In 2021, due to the impact of Covid-19, some factories cooperated with local policies to implement epidemic prevention management, and could not carry out physical training. Instead, online teaching videos were recorded and played. This method was matched up by the brand client GAP lecturer, and the suppliers were divided according to the factory, and teaching videos were completed together. The teaching videos not only recorded the state of the lecturer's lecture but also used various interactive teaching methods, such as short films, online games, animations, and so on, presenting rich and interesting teaching content. This project was implemented in various ways, and female employees can participate in the following channels:

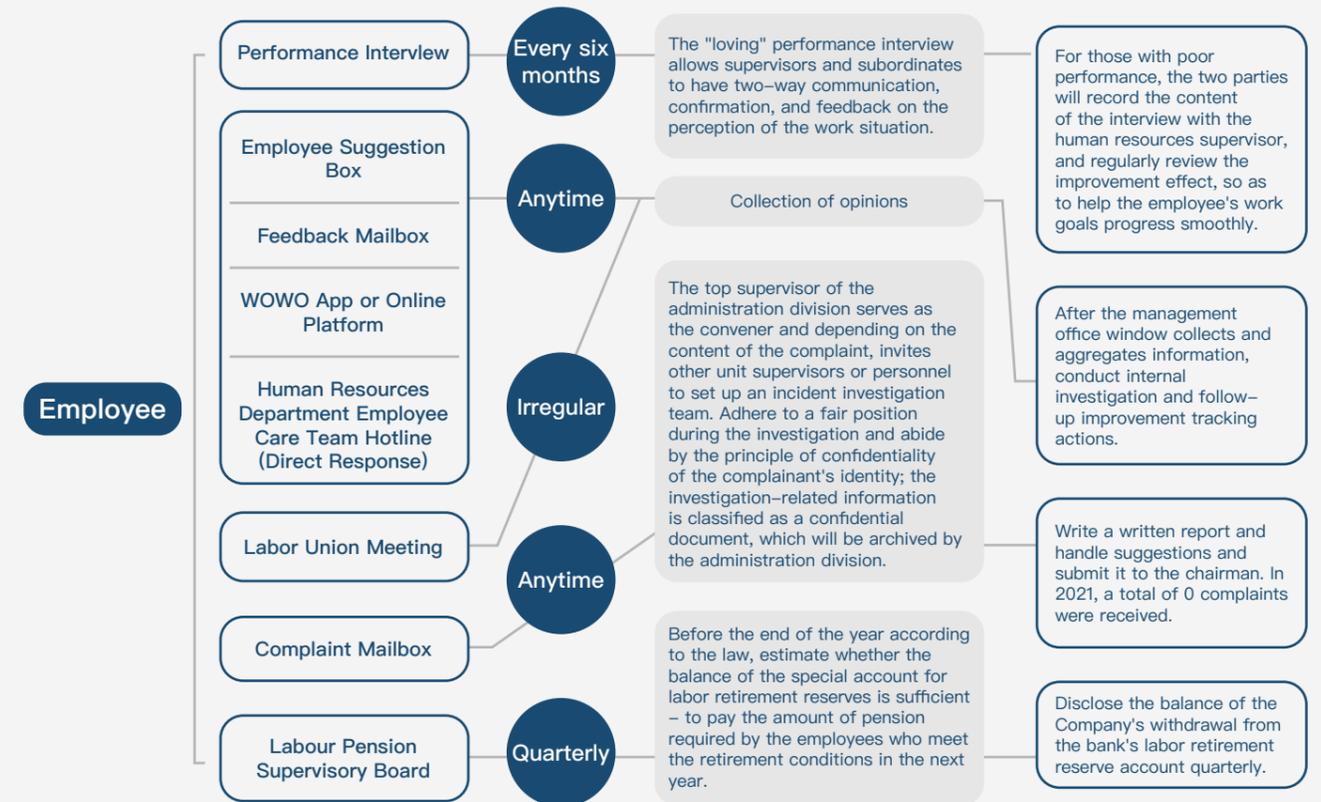
1. Assisted by instructors, seed staff, and online apps to develop the required abilities and awareness
2. Join through the interactive recruitment system and mechanism
3. Employees can voluntarily sign up to participate in the project or be recommended by the team leader to join the project

### Implementation Process



## Multiple Communication Channels

In order to thoroughly implement the Group's core concept of people-oriented human resources management, Roo Hsing/ J.D. United has established a complete blueprint for employee communication channels, providing diverse and smooth communication channels, so that employees can communicate their needs, raise opinions and concerns, and make complaints. Seeking problem solving, and we will collect problems and opinions as soon as possible, take them seriously and deal with the needs of employees, humbly accept advice at all levels, and reconsider the appropriateness of corporate policies, this reflects the group's determination to value the employees. Our human resources departments at each operating site regularly compile employee feedback which are delivered to relevant departments and management teams, following which relevant units provide immediate responses to these questions and suggestions, as well as improvement measures and plans which are jointly investigated and supervised by labor unions and human resources departments in accordance with their responsibilities. Labor management communications in all regions are facilitated through labor-management meetings and labor unions for resolution on important issues. No specific major labor-management disputes occurred in 2021. The following are the communication channels and incident handling procedures:



## 3.5 Social Prosperity

Roo Hsing/ J.D. United firmly believes that the cornerstone of sustainable business lies in establishing closer connections with society, and social engagement is the best way to put our commitments into action. Therefore, Roo Hsing/ J.D. United actively fulfills its responsibilities towards a friendly environment and social accountability. Through dedication to sustainability and innovation, we aim to make a positive impact on the environment, promote social well-being, and create long-term value for stakeholders. At Roo Hsing/ J.D. United, we take pride in leading sustainability and integrate it into our corporate culture and strategic decision-making processes. We are well aware that a prosperous business is built upon a strong foundation of environmental protection and social responsibility. Thus, we persistently drive sustainable practices, foster innovation, and continuously seek new ways to enhance our positive impact on society and the planet.

# CH 4

## Environment

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# CH 4 Environment

## Material Topics

Waste management/Chemical Substance management

## Meaning to Roo Hsing/ J.D. United

Roo Hsing/ J.D. United adheres to its commitment to the environment and continues to pay attention to climate change, environmental protection, and energy conservation trends. It hopes to reduce the impact of its operations, production processes and products on the environment through a sound green management strategy. The chemicals used in the manufacturing process are not only liable to potentially affect the work safety of workers, but also cause harm to the environment around the production site if they are not properly handled. In addition, as the garment manufacturing industry is a water-intensive industry, we also check the efficiency of water use and the effectiveness of water conservation from time to time

## Management Evaluation Mechanism

- Continue to explore new washing technologies, strive to reduce the use of water, electricity and chemical raw materials, and save costs on the premise of ensuring product quality.
- Promote chemical suppliers to third parties recognized by customers to conduct product risk assessments and analyze the content of hazardous substances in chemical products.
- Carry out several energy and resource conservation measures. In the future, various water-saving projects will be introduced one after another, hoping to effectively achieve the water-saving goal.

## Policies and Commitments

Pay attention to the sustainable trend of the garment industry, cooperate with our international well-known brand clients, gradually adopt environmentally friendly chemicals, use water and electricity saving machinery and equipment, strengthen the classification and treatment of waste, and continuously improve energy management and chemical management, and pollution management measures and other environmentally friendly actions, and gradually move towards green management.

## Short-term Goals

- Reduce the cost of chemical raw materials, steam costs, water costs, machine material consumption, maintenance and other items by 10% in each plant area.
- Make full use of local resources and continuously improve the utilization rate of solar photovoltaic.
- Waste water and waste gas are 100% treated and discharged in compliance.
- 100% of hazardous wastes are cleared, transported and recycled by qualified manufacturers.
- The chemical substances used in the process are all in line with the relevant national standards; ZDHC auxiliary chemicals reach 80%.
- The wastewater recycling rate of the Nagapeace Water Washing Plant in the Cambodia factory reaches 60%, and that of the Hung Hsing Water Washing Plant reaches 50%.

## Mid-term & Long-term Goals

- Introduce innovative energy-saving equipment to reduce the emission of environmental pollution, and gradually phase out old technologies, expecting to achieve energy-saving and carbon-reduction performance by adopting new technologies and new materials.
- Make full use of local resources and continue to increase the utilization rate of solar photovoltaics; purchase steam from thermal power plants, eliminate existing boilers and move towards the goal of replacing more than 50% of factories with electric boilers to reduce unnecessary energy consumption and environmental impact.
- Actively adopt new technologies, new processes, and new products, and it is expected to continue to promote the detection and analysis of hazardous substances.
- The usage rate of cleaning (environmental protection) chemicals reaches over 80% (except for large chemicals), and the production waste output rate is reduced by over 20%.
- ZDHC additives chemical up to 100%.
- Gradually promote Screened Chemistry (SC) and ZDHC to each plant and comply with local laws and regulations.
- The wastewater recovery rate of each washing plant in Cambodia is 65%.
- Combined with the CO2 emission reduction target, the utilization rate of recycled raw and auxiliary materials can reach more than 30%.

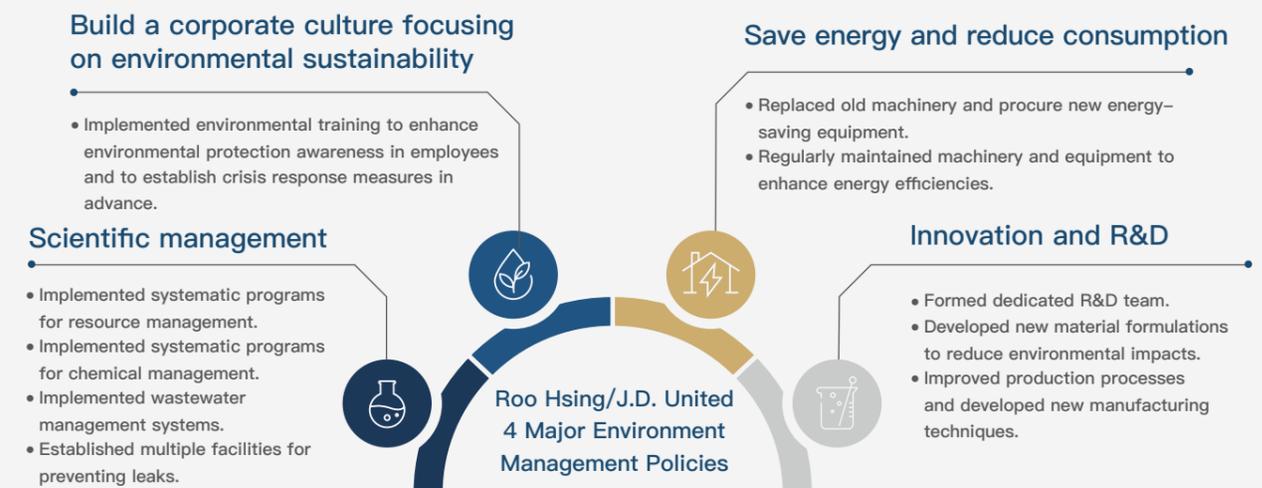
## Responsibilities and Resources (Actions)

- The factory completely bids farewell to traditional coal-fired boilers and purchases steam to reduce the use of non-renewable resources.
- The temperature of the washing workshop can be cooled by the water curtain cooling water wall, which can reduce the electricity by up to 50% and increase the air circulation.
- In addition to replacing the lighting fixtures with LED energy-saving light bulbs, in the production process, the natural air-drying method is used to dry the wet clothes first, and then use the tumbler for drying.
- Cambodia's Hung Hsing Water Washing Plant and JD & Toyoshima Plant introduced solar photovoltaic power generation projects in 2021, and gradually introduced renewable energy.
- Hung Hsing Water Washing Plant completed a water resource audit project with a European consultant company in 2021 and has also conducted water resource source data and on-site audits.
- Cambodia Roo Hsing water Washing Plant is treated first through rain and sewage separation equipment, and industrial wastewater is treated by sewage treatment plant for secondary treatment.
- The Technical Representative (TR) of all factories will inspect the warehouse every week in accordance with the chemical management requirements. If there is any non-compliance, the relevant personnel will immediately correct it and record the inspection.
- Conduct online video training for all factory TRs, so that TRs have a clearer understanding of the requirements of each chemical management project and the requirements of on-site chemical management.
- Introduce the wastewater treatment and recycling mechanism, and strictly abide by the wastewater discharge standards of local regulations. Only after receiving the permit issued by the local government where each factory is located, can the discharge be carried out.

## 4.1 Response to Climate Change

### Environmental Management Policy

Implementation of ISO 14001 Environmental Management Systems in combination with our corporate vision of "Seeing Sustainability as Basis, Environment as Doctrine, Proactively Innovating and Predicting the Future" helped us formulate an environmental policy based around four main dimensions. We built a corporate culture of sustainability by implementing measures to save energy and reduce consumption, utilizing scientific management procedures, and constantly innovating R&D and innovative technologies to maintain our corporate sustainability and competitiveness while protecting the environment.



We establish management objectives and policies for various environmental management categories each year, then uses these objectives as a basis for formulating management processes and measures which are incorporated into our organizational operation plans. Dedicated units are responsible for overseeing these management procedures through regular review, tracking, and continued improvement to ensure that we meet our policy goals for environmental management. In recent years, in response to the carbon reduction requirements of brands and line with the fashion industry climate action charter, we have cooperated with upstream suppliers and are expected to reduce carbon emissions by more than 30% by 2030 (with 2016 as the base year).

2022 Roo Hsing/J.D. United Environmental Management Objective and Action

Category	Goals	Management Procedures
Energy Management and Conservation	Reduce 3% water and electricity expenses	<ul style="list-style-type: none"> <li>Water/ electricity management systems.</li> <li>Implement energy management training to enhance energy conservation and environmental protection awareness in employees.</li> <li>Gradual replacement of energy-consuming equipment with energy-saving equipment.</li> <li>Regular inspections and maintenance for electrical equipment, water valves, and pipelines.</li> <li>Strengthen supervision of production processes.</li> </ul>
Environmental Safety	Zero environmental and safety incidents	<ul style="list-style-type: none"> <li>Establish comprehensive corporate energy-saving and carbon-reducing environmental policies.</li> <li>Provide employees with comprehensive environmental safety training.</li> <li>Conduct incident drills for safety and environment associated accidents.</li> <li>Invite regular guidance from EIA companies.</li> <li>Prepare sufficient fire safety equipment and undergo periodic inspections.</li> <li>Improve chemical management systems.</li> </ul>
Wastewater Management	Fully achieve effluent standards	<ul style="list-style-type: none"> <li>Strictly comply with sewage discharge regulations.</li> <li>Improve wastewater and sewage treatment systems.</li> <li>Regular inspections of discharged water.</li> <li>Recording and filing of wastewater and sewage management system data.</li> <li>Third-party inspections of wastewater and sewage.</li> </ul>
Waste Management	100% of general waste disposal is in compliance with regulations	<ul style="list-style-type: none"> <li>Collecting and sorting solid waste, followed by recycling and disposal based on categories.</li> <li>Implement routine waste sorting inspections in production and operation areas.</li> </ul>
	100% of hazardous waste disposal is in compliance with regulations	<ul style="list-style-type: none"> <li>Implement independent handling, storage, and disposal of hazardous waste in accordance with laws and regulations.</li> <li>Strict implementation of storage warehouse registration, recording, and filing.</li> <li>Only cooperate with qualified service providers.</li> </ul>
Emissions Management	Fully achieve emissions standard	<ul style="list-style-type: none"> <li>Ensure normal operations of emissions equipment and record and archive associated data.</li> <li>Undergo regular third-party emissions testing.</li> </ul>
Noise Management	Fully achieve local regulations	<ul style="list-style-type: none"> <li>Invest in and install equipment for controlling and adsorbing noise.</li> </ul>

## 4.2 Greenhouse Gas Emissions and Air Pollution Control

Facing the challenges of global climate change, businesses must continuously reduce their greenhouse gas emissions during their operations to mitigate negative impacts on the climate. In order to comprehensively understand the sources and quantities of greenhouse gas emissions at the Cambodian plant, Roo Hsing/ J.D. United has been conducting greenhouse gas inventories since 2021. We aspire to contribute to the achievement of the 1.5°C goal set by the Paris Agreement through efforts to reduce our own greenhouse gas emissions.

Realizing this goal will require collaborative efforts from all parties globally, guided by the principles of sustainable development, to ensure that we create a more stable and sustainable environment for future generations. We will continue to monitor and improve our operational practices to achieve our greenhouse gas reduction targets. Moreover, we will actively explore innovative solutions to address the challenges brought about by climate change.

## Greenhouse Gas Emissions from Cambodia Factories in 2022

Scope 1	Scope 2	Renewable emissions
332 CO2e in tons	563 CO2e in tons	255 CO2e in tons

- Note**
- The inventory method adopts absolute carbon emission reduction (absolute reduction).
  - Statistical factories include Cambodia GDM, Great Union, Morning Glory, T&K, Hung Hsing Sewing, Hung Hsing Laundry, JD & Toyoshima, Nagapeace, Splendid Chance, and Zhen Tai.
  - Scope 1 refers to direct emissions of greenhouse gas, and the emission sources include diesel, gasoline, liquefied petroleum gas, and natural gas.
  - Scope 2 refers to indirect energy emissions of greenhouse gas, including purchased electricity and steam.
  - Renewable emissions are greenhouse gas emissions from the burning of forest biomass (Biomasswood).

## 4.3 Water Resource Management

The dyeing and washing processes to produce one pair of jeans consume almost 7,500 liters of water, equivalent to the average amount of water a human consumes over seven years. As a garment manufacturer, we are especially attentive to issues relating to water resource management. In 2019, we established professional washing development and management teams at our water washing plants to emphasize and proactively implement water resource control systems, new machinery and equipment, and water-saving measures during production processes, as well as develop new techniques and chemical materials. We strengthened our influence on environmental sustainability through vertical integration of our supply chains and strive to achieve green targets simultaneously with operational developments.

We are attentive to our water usage impacts and continue to collect data on water resources for regular review of our water usage efficiencies and water-saving performance. Our production sites in Cambodia and ChangZhou(China) mainly use water taken from local water plants. The statistics of water withdrawal in 2022 are as follows.

### Water Withdrawal Statistics at China and Cambodia Plants in 2022

Water Source	China		Cambodia Water Washing Plant					
	2021	2022	2021			2022		
			Nagapeace	Hung Hsing	Roo Hsing	Nagapeace	Hung Hsing	Roo Hsing
Tap water withdrawal	52,300	54,009	1,707,303 (Total)			2,300,568 (Total)		
Groundwater withdrawal	689	1,098	0			0		
Total water withdrawal	52,989	55,107	1,707,303 (Total)			2,300,568 (Total)		
The total amount of recycled water	0	0	566,667	223,197	30,540	1,380,341		
The proportion of recycled water to total water withdrawal	0%	0%	58%	49.4%	5%	60%		

- Note**
- Our ChangZhou plant in China is small and conditions are not ideal for installation of water recovery equipment, so no water was recovered for reuse.
  - The recycled water data for the Cambodian washing plant in 2022 is estimated.

### 4.3.1 Water-saving Process

We established our water washing team in 2019, and appointed the plant director as the overall team leader, the manager of the denim production line as the team supervisor and manager, and dye bath technicians as those responsible for improving and implementing washing methods. We also continued to introduce various water-saving measures at our production sites in 2021, including procurement of new Turkish washing machines to reduce process water usage, optimization of washing techniques and processes, and implementation of automated washing systems to enhance production capacity. We also developed processes that decreased chemical material usage to reduce washing time, water consumption, and chemical usage for each tank, and to make our washing processes more energy-efficient and eco-friendly.

In order to save water fundamentally, Hung Hsing Water Washing Plant has completed a water resource audit project with a European consultant company in 2021 to conduct water resource source data and on-site audits.

#### Replaced Old Machinery and Used New Raw Materials

We procured Turkish energy-saving and eco-friendly washing machines to replace our old energy-consuming washing machines, saving around 50% of water consumption. We also developed new washing formulas suited for energy-saving and eco-friendly washing machines and adjusted our material ratios, water consumption, and washing times to increase liquor ratios, reduce washing costs per tank, and increase washing efficiency. We will continue to develop green and eco-friendly chemical materials that meet our production needs and the quality requirements of our clients.

#### Cambodian Washing Plant Develops Water-saving Raw Materials

Plant	Method	Implementation	Benefits
Nagapeace	Developing water-saving raw materials	Washing team researched new processes and materials, increased the number of garments washed per batch, and improved equipment utilization, achieving higher bath ratio	Saves approximately 50% of water consumption
Hung Hsing			
Roo Hsing			

#### Automation of Washing Systems

In 2021, our Cambodia factory increased production capacities by 50% through procurement of new Turkish washing machines which maximized the benefits from every drop of water.

#### Number of Automated Washing Systems in Cambodia's Washing Plant

Plant	Number of machines in 2022	Benefits
Nagapeace	46	50% increase in production capacity, more energy-efficient equipment, and improved machine utilization efficiency.
Hung Hsing	36	
Roo Hsing	42	

#### One Glass, One Garment

We reduced water usage by 95%, electricity usage by 40%, and chemical usage by 90% through our One Glass, One Garment manufacturing processes. We continue to improve our advantages in production efficiency by procuring eco-friendly and energy-saving equipment and technologies, including E-Flow nanobubble washing machines, laser denim pattern machines, and G2 ozone machines, replacing traditional manufacturing processes which required 70 liters of water with a process that only required one glass of water to achieve old-style brushing, wear, and washing effects.

In 2022, we installed a total of 32 laser machines, 5 ozone machines, and 5 E-Flow washing machines at our Hung Hsing, Nagapeace, Roo Hsing Water Washing Plant in Cambodia to reduce labor costs and increase production volumes, achieving significant water savings of up to 95%.

#### One Glass, One Garment Diagram



### 4.3.2 Process Water Reuse

In order to respond to stakeholder expectations, comply with government regulations, and implement our sustainable business philosophies to achieve our goal of “reducing water resource usage by 3%,” we installed water treatment and recycling equipment at our three water washing plants in Cambodia to reuse treated wastewater in our dyeing processes. We estimate that we recover 300 to 400 tons of water each day. Our system uses tap water to dilute circulating water, and activated carbon to filter and decolorize water. We estimate that we recover 10,000 tons of wastewater each day by mixing 800 tons of tap water with 400 tons of recycled water, thereby achieving our sustainable development targets.

The Cambodian plant continues to increase its efforts in recycled water. Recycled water is reused within the factory for various purposes, such as watering plants, washing clothes, cleaning floors, cleaning windows, and washing vehicles. These small steps collectively contribute to water-saving goals.

#### The Target of Recycled Water in the Cambodia Factory

Unit: Cubic meters

Water Washing Plants	Recycled water in 2021	Recycled water in 2022	Recycled water in 2023
	Actual usage	Target usage rate	Target usage rate
Nagapeace	566,667	60%	60%
Hung Hsing	223,197	50%	50%
Roo Hsing	30,540	*	*
Total usage	820,404	-	-

\* Note: Roo Hsing Water Washing Plant in Cambodia is to close in 2022.

In the future, we plan to further expand our storage facilities for recovered water and increase actual production volumes of recycled water in our factories to achieve our mid-term goal of recycling 60% of the water used at our water washing plants and our long-term goal of recycling 65% of the water used at our water washing plants. Additionally, we also optimize our water washing techniques and processes to reduce water consumption for each garment while ensuring that our washing effects meet client requirements as we seek to find the optimal balance between product quality and environmental needs.

### 4.3.3 Wastewater Management

We implemented a wastewater treatment and recycling mechanism which strictly abides by local wastewater discharge standards; only plants that have received permits issued by local governments can discharge wastewater. To facilitate real-time monitoring of sewage treatment conditions, we not only commission third-party institutes to conduct comprehensive sewage inspections every April and October but also conduct daily tests in our factory laboratories while also requiring our upstream wet treatment fabric suppliers to conduct regular sewage inspections. ZDHC sewage monitoring procedures include a list of 11 key hazardous chemicals. Roo Hsing/J.D. United prohibited use of the first 3 items on the list and communicates with clients on washing procedures to ensure compliance with client controls and requirements; we request our upstream suppliers to comply with the same requirements.

#### ZDHC 11 Key Hazardous Chemical Substances

1. Phthalates
2. Aps / APEOs
3. Perfluorinated chemicals, PFCs
4. Brominated and Chlorinated flame retardants
5. Azo dyes
6. Organotin Compounds
7. Chlorobenzenes
8. Chlorinated Solvents
9. Chlorophenols
10. Short-Chain Chlorinated Paraffins
11. Heavy Metals

In the process of wastewater treatment, Cambodia Roo Hsing Water Washing Plant uses rain and sewage separation equipment to dispose of it first, rainwater is discharged from the sewer, and industrial wastewater is discharged to the waters near the factory after secondary treatment through the sewage treatment plant; The wastewater treatment process of ChangZhou plant is as follows:

1. The factory conducts preliminary coagulation and sedimentation of sludge by adding flocculant
2. Discharge the sewage to the ChangZhou River
3. Government-managed sewage treatment plants for unified treatment

In 2022, sewage discharge at all our production sites underwent inspections by environmental departments of local governments. Our sewage treatment plants and equipment operations all adhered to local discharge standards.

#### Wastewater Discharge Situation in China and Cambodia in 2022

Treatment method/ Water quality	China	Cambodia		
		Nagapeacce	Hung Hsing	Roo Hsing
Biological and Chemical Wastewater Treatment / Industrial Sewage	39,718	1,212,640	451,908	42,755
Government Sewage Treatment Plant Treatment/ Domestic Sewage	13,271	-	-	-
Total water discharged by Each Plant Area	52,989	1,212,640	451,908	42,755
<b>Total Water Discharge</b>		<b>1,760,292</b>		

#### 2022 Wastewater Local Discharge Requirements

Items	China	Cambodia
PH scale	6.0-9.0	
Total suspended solids, TSS	-	5.0-9.0
Biochemical oxygen demand, BOD	-	
Chemical oxygen demand, COD	< 200 mg/L	< 100 mg/L
Oil & Grease	-	< 15 mg/L
NH3	< 20 mg/L	< 7.0 mg/L

#### Sewage Treatment Plan for Africa Plant

We established a sewage treatment plant at our production site in Africa to treat an estimated 1,500 tons of sewage a day using chemical and biological treatment techniques, achieving recycled water utilization rates of 26%. We originally planned to establish a second sewage treatment plant from 2021 to 2023 to enhance sewage treatment capabilities. However, following adjustments in production schedules by our management team, wastewater discharge was reduced to 650 tons and washing volumes increased to 30,000 garments a day from 1,500 tons of discharge and washing volumes of 20,000 garments a day, reducing the need to construct a new sewage treatment plant.

We advocate avoidance of excessive water and chemical usage during production of fabrics and garments and strive to improve resource utilization. STWI is an initiative jointly initiated by Swedish textile and leather brands in tandem with the Stockholm International Water Research Institute. The initiative aims to solve the arduous water resources problems faced by the garment and fabric industries, and to assist companies in finding appropriate mechanisms to cope with water shortage challenges while pursuing development and environmental goals.

We implemented STWI projects in combination with rigorous policies and brand standards, and learned about relevant cases, methods, and results through participation in these projects for continued improvement of corporate water recycling measures. We gradually expanded the scope of implementation to our China plant in 2018 and commenced implementation of this project at our Cambodia plant in 2018.

#### Key Implementation Projects in 2022 were as Follows:



#### Environmental Impact Measuring (EIM) System Applications

We obtained certification for various washing formulas through EIM environmental systems.



#### Promotion of Green Chemical Screening

The chemical material suppliers for our various plants undergo proactive certification processes. All the chemical substances used in Cambodia's washing plants have all met the standard, following Screened Chemistry (SC) specifications and obtaining relevant certifications such as ZDHC and Bluesign standards.

## 4.4 Waste and Chemical Management

We continue to promote the internal implementation of waste management mechanisms by designing green processes. In addition to training relevant personnel, we also actively promote the implementation of waste classification system at each base and classify and store waste according to the characteristics of waste. Each factory assigns special personnel to inspect the waste temporary storage area. All locations 100% comply with local waste management regulations. Waste products such as waste sludge and waste chemical packaging materials are entrusted to qualified manufacturers for removal and transportation dispose of waste legally. We actively reduced waste volumes in recent years and will continue to expand our scope of waste management in the future.

### 2022 Waste Management Approach and Implementation Plan

#### Management methods and policies

- 100% of waste is recycled according to regulations.
  - Collect and classify solid waste, and undergo subsequent categorization, recycling, and handling.
  - Implement routine waste classification inspections in production and operation areas.
- 100% hazardous waste recycled according to regulations.
  - Implement independent handling, storage, and disposal of hazardous waste in accordance with laws and regulations.
  - Strict implementation of storage warehouse registration, recording, and filing.
  - Only cooperate with qualified service providers.

#### Outsourced manufacturer control and cooperation

- Strictly review the qualifications of waste treatment companies.
- Unscheduled spot checks on the status of waste removal, transportation, and disposal.
- Hazardous waste/chemical empty drums are recycled by the original manufacturer, and other hazardous wastes are entrusted to qualified companies for disposal and transportation.

#### Process and collection methods

- Reduction of waste at source.
- Sorting by waste characteristics.
- Set up a special area for the temporary storage of waste and manage it in different areas.
- Non-hazardous waste: uniformly stored in the specified area and recycled by designated personnel from each factory every morning.
- Hazardous waste: waste/chemical empty drums are recycled by the original manufacturer, and other hazardous wastes are entrusted to qualified companies for disposal and transportation.



### Roo Hsing/ J.D. United Waste Treatment Short-term, Mid-term, and Long-term Policy Goals

#### Short-term

100% of hazardous waste is transported and recycled by qualified companies. Entrust hazardous wastes to qualified companies for removal and disposal, regularly transfer generated solid wastes, and ensure relevant certifications and hazardous waste disposal transfer orders. For non-hazardous waste, try to reuse the waste to reduce waste, and hand it over to the local environmental protection and sanitation unit for recycling.

#### Mid-term (2027)

The usage rate of eco-friendly chemicals is over 80% (except for large chemicals). Production waste yield reduced by more than 20%. Purchasing more environmentally friendly chemicals and reducing the use of chemical additives to reduce the discharge of hazardous waste. Continue to hand over hazardous waste to qualified local companies for removal and disposal to ensure compliance with laws and regulations. Optimize equipment to improve accuracy, reduce waste of materials or accessories, and reduce general solid waste emissions.

#### Long-term (2032)

The utilization rate of circutable raw and auxiliary materials reaches over 30%. Over 50% of factories switched to electric boilers. Develop more environmentally friendly products, use recyclable or circutable materials, and reduce solid waste emissions.



In 2022, the solid waste of Roo Hsing/ J.D. United's factories will be divided into non-hazardous waste and hazardous waste. Non-hazardous waste is mainly waste yarn, waste cloth, cotton wool, waste paper, and coal combustion bottom ash. General waste will be divided into recyclable and non-recyclable, recyclable waste is collected by local qualified recycling companies. The sources of hazardous waste are mainly sludge generated after wastewater treatment, waste light tubes, and chemical-related wastes (empty chemical drums). Unified recycling and disposal by local qualified third-party units.

### Waste Treatment Volume in China and Cambodia in 2022

Unit: metric tons

Processing methods	Type of waste	Non-hazardous waste			
		China		Cambodia	
		Onsite	Offsite	Onsite	Offsite
Incineration (with energy recovery)	waste plastic bags	-	-	-	4.2
	waste plastic bottles	-	-	-	7.2
	beverage cans	-	-	-	4.1
	waste paper, waste cardboard	-	-	-	12.1
	Waste yarn, waste cloth, cotton wool	-	-	36.1	-
	coal bottom ash	-	-	14.5	-
	scrap iron	-	-	-	9.21
	Leaves and other sundries	-	2.5	-	-
Incineration (without energy recovery)	sludge	9	35.6	-	-
Landfilling	sludge	-	-	-	501
Total onsite and offsite waste		9	38.1	50.6	537.81
Total non-hazardous waste		47.1		588.41	

Hazardous waste					
Entrust local qualified third-party units to handle unified processing	Plastic barrels, metal barrels, waste oil	-	-	-	4.2
	Nylon bag, PP bag	-	-	-	6.4
	Electronic equipment	-	-	-	1.2
Chemical Supplier Recycling	Chemical waste	-	0.572	-	3.55
Total onsite and offsite waste		-	0.572	-	12.18
Total hazardous waste		0.572		12.03	

#### Note

1. "onsite" means within the physical boundary or administrative control of the reporting organization, and "offsite" means outside the physical boundary or administrative control of the reporting organization.
2. Calculation method of waste disposal volume: non-hazardous waste is estimated by the daily disposal volume; hazardous waste is estimated by multiplying the number of recycled empty drums by the weight of a single empty drum.

### Chemical Management

In the dyeing process of jeans, sodium hypochlorite, potassium permanganate (PP), and other chemicals are used to remove the indigo dye from tannins to create a variety of product styles. Apart from continuing to develop new technologies such as Cooltrans technology, we have also implemented chemical management systems in all factories, formulated rigorous chemical management and usage procedures, established leakage prevention facilities, and organized chemical material and storage training for relevant personnel to strengthen emergency responses and crisis awareness, preventing these chemicals from negatively impacting on human health and natural environments.

We successfully achieved our target of “zero toxicity during production processes” and have gradually obtained third-party SC and ZDHC certifications as required by Levi’s and our other clients. All washing plants are also gradually developing the replacement process of PP, changing traditional PP to a non-hazardous substitute, and achieving green environmental protection from the source of washing. In the future, we plan to ensure that all chemicals used at our sites are 100% certified.

### Established RSL/MRSL Substances Management List

We adhere to the regulations and requirements of Levi’s Restricted Substances List (RSL) and ZDHC’s Manufacturing Restricted Substances List (MRSL) and have established chemical management lists, Material Safety Data Sheets (MSDS), and Technical Data Sheets which adhere to local laws and regulations. These lists are updated at least once a year based on risk assessment results.

Responsible units not only file and control MSDS information according to ZDHC MRSL Chemical Abstracts Service (CAS) and Color Index (CI) numbers but also design corresponding labels based on MSDS information and ensure that these are placed conspicuously on chemical containers.

### Rigorous Inspection and Assessment

To effectively manage chemical products and minimize potential risks from hazardous chemical substances, we established internal self-assessment questionnaires for inventory and review of chemical management procedures, storage environments, labeling, personnel safety, and training courses. We also inspect the washing formulas of different product styles each quarter, with inspection items differing according to differences in washing procedures. Our products are delivered only after verification by third-party inspections, thereby ensuring that the chemicals used in our production processes all adhere to client standards.

In response to client requirements relating to raw material suppliers, we require our suppliers to send all bulk chemical products (apart from some highly dangerous bulk chemicals which cannot be delivered or products which are restricted by local transportation regulations in Cambodia) to NimkarTek in India for analysis and inspection of hazardous substances. Our ChangZhou plant sent four bulk chemical products to India for inspection, namely sodium thiosulfate, sodium carbonate, sodium sulfate, and sodium metabisulfite. Additionally, our procurement departments require suppliers to provide MSDS information and ZDHC MRSL declarations for approval by responsible units before undergoing purchasing procedures. We also conduct rigorous compliance audits on chemical suppliers each year and proactively seek out suppliers who offer better-quality chemical materials.

### Supplier MRSL/RSL Management Process



### Chemical Management Procedures and Measures

We have established comprehensive chemical management procedures which adhere to local laws and regulations, and strictly control chemical storage and personnel usage amounts. We not only require our suppliers to provide relevant chemical information, declarations, and client-approved certifications, but also organize regular organizational training relating to chemical hazards, safety precautions, emergency response measures for leakages, and emergency equipment.

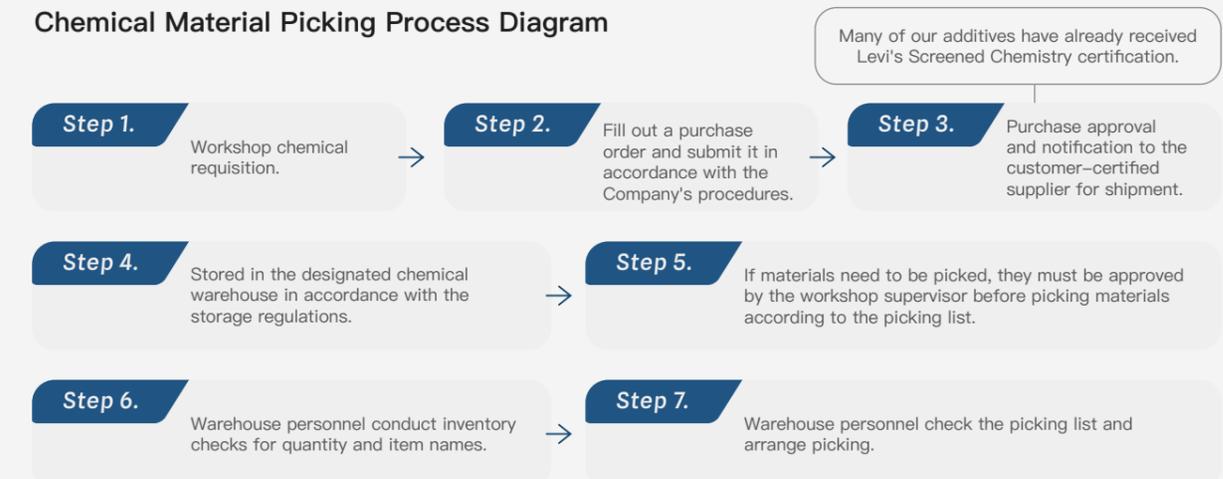
### Roo Hsing/J.D. United Chemical Management Measures

	<b>Scientific management</b>	<ul style="list-style-type: none"> <li>Management of all routinely used chemical substances adhere to chemical management systems.</li> </ul>
	<b>Personnel training</b>	<ul style="list-style-type: none"> <li>All technicians are required to undergo comprehensive training and pass qualification exams before they can be made officially responsible for management of chemical substances.</li> <li>Hosted chemical safety training courses covering emergency measures, appropriate and adequate chemical labeling, PPE instructions, chemical safety checklists, and responses for chemical spillages.</li> </ul>
	<b>Environmental safety</b>	<ul style="list-style-type: none"> <li>Installed anti-leakage fans to ensure ventilation conditions in work environments.</li> </ul>
	<b>Regular inspections</b>	<ul style="list-style-type: none"> <li>Technical representatives keep records of chemical management and inspect warehouses every week. Any regulatory violations are immediately corrected and adjusted by relevant personnel.</li> </ul>

### Higg Index FEM Verification

The Higg Index FEM (Facility Environment Module) launched by the Sustainable Apparel Coalition (SAC) analyzes and improves the environmental performance of factories through seven evaluation indicators including environmental management system, energy, water, wastewater, waste gas, waste, and chemicals. 9 garment and water washing factories including Hung Hsing and Nagapeace in Cambodia will use Higg Facility Environmental Module to conduct self-assessment for the factories, and more than half of the factories had ask third-party assessment agencies to conduct self-assessment. After verification, we actively invest in analyzing various environmental indicators of the factory to strengthen improvement.

### Chemical Material Picking Process Diagram



### Employee Safety Training and Protection

In order to ensure the safety and response capabilities of our employees when handling chemicals, we provide PPE and regular training courses and stipulate that only employees who have passed chemical safety training can handle chemical substances. We strengthen chemical management knowledge and safety awareness in our colleagues through online video training for factory technician representatives, and also simulate complete chemical management processes through on-site drills to help technician representatives better understand operational procedures and respond to critical situations.

#### Chemical Safety Training

<b>Awareness Building</b>	<ul style="list-style-type: none"> <li>Employee responsibilities of handling chemicals</li> <li>Relevant chemical information and usage guidelines</li> <li>Chemical leakages and possible symptoms</li> </ul>	<ul style="list-style-type: none"> <li>Chemical safety labels</li> <li>National Fire Protection Association information</li> <li>Hazardous chemical substances</li> </ul>
<b>Action and Procedures</b>	<ul style="list-style-type: none"> <li>Emergency first-aid measures</li> <li>Usage of safety checklists</li> <li>Response measures for chemical spillages</li> </ul>	

## 4.5 Energy Management

Roo Hsing/ J.D. United regularly analyzes and reviews the energy consumption of each production site to improve energy efficiency and continuously reduce energy consumption and carbon emissions in the manufacturing process.

We reduced GHG (Greenhouse Gas) emissions at our production sites in China by replacing equipment and recycling heat recovery. Our plants have replaced all traditional coal-fired boilers with purchased steam to reduce the use of non-renewable resources. Additionally, we effectively reduced carbon emissions in our production processes by using heat energies recovered from mechanical equipment to heat bleach and cold water used during dyeing processes, and by recycling hot water steam from drying machines. In 2022, the Hung Hsing and Nagapeace Water Washing Plants in Cambodia will renovate and repair the steam pipelines and equipment in the plant area, and carry out routine inspection and maintenance every month. This renovation project can improve the steam utilization rate and gradually reduce the energy use intensity with the goal of slowing global climate change.

#### Energy Use and Consumption of Factories in China and Cambodia in 2022 Unit: Gigajoule (MJ)

Energy Category	China		Cambodia	
	2021	2022	2021	2022
Diesel	-	-	11,680.61	12,773.00
Petrol	26.24	27.50	1,088.72	1,009.00
Liquefied Petroleum Gas (LPG)	-	-	851.45	867.23
Liquefied Natural Gas (LNG)	-	-	1,348.01	1,220.00
Steam purchase	14.42	15.20	22.62	2,289.00
Electric purchase	3,659.81	3,558.90	166,651.81	177,789.00
<b>Total</b>	<b>3,700.47</b>	<b>3,601.60</b>	<b>181,643.23</b>	<b>195,947.23</b>

- Note**
- The source is based on meter reading records or purchase volume.
  - The conversion coefficient is based on the Heat Content of Energy Products announced by the Bureau of Energy under the Ministry of Economic Affairs.

### Energy Management Practice

#### ① Water curtain

To effectively increase energy utilization rate during production processes, we used water curtain cooling walls to lower temperatures in washing production lines by around 3–12 degrees. The water curtains not only reduce up to 50% of electricity usage but also increase air circulation to improve stifling conditions in plant environments and provide our colleagues with comfortable and safe working environments. The usage of water curtains was adopted at all Roo Hsing/J.D. United plants in 2022.

#### ② Optimization of energy-saving lights and processes

To prevent energy wastage, we not only replaced traditional light fixtures with energy-saving LED lightbulbs but also adopted natural air-drying procedures during manufacturing processes. We air-dried wet garments before drying them in tumble drying machines, greatly reduce energy consumption from the operation of drying machines.

#### ③ Gradually introduce solar photovoltaic power generation

To mitigate global warming and increased climate change risks from GHG generation triggered by combustion of fossil fuels, and to increase environmental sustainability of production processes, our Hung Hsing Water Washing plant and JD & Toyoshima plant using solar photovoltaic power generation successively from August 2021. The installation of this solar photovoltaic power generation will reduce local electricity purchases by 30%, further reducing carbon emissions; other production sites are gradually conducting feasibility studies on solar photovoltaic power generation, and plan to install solar photovoltaic power generation systems in the next few years to cover more of our operating plants. In the future, we plan to adopt proactive energy management measures. In addition to setting up a dedicated energy management team composed of personnel from various production sites, we will also formulate specific energy targets and regularly review energy data at our plants to enhance our energy efficiency performance and make strides in managing and monitoring our energy usage targets and ideals.

## 4.6 Green Products and Circular Economy

Denim is an evergreen must-have item that can be found in every person's wardrobe. Surveys indicate that, on average, each individual owns 8 pairs of jeans, and nearly 60% of women possess more than 10 pairs. However, the production of denim jeans is associated with significant pollution and resource consumption. According to research by the United Nations Environment Programme, the fashion industry, in catering to the consumption of 5 million people, annually consumes about 93 billion cubic meters of water, with nearly 20% of the world's wastewater resulting from fabric dyeing and discharge

In consideration of the environmental impacts of the fast fashion industry, we continue to maintain our commitment to the environment and stay constantly attentive to issues relating to natural environments and resources to mitigate our environmental impacts and disruptions during corporate operations. We take advantage of our globally distributed operating sites and vertically integrated supply chains to establish environmental management targets and actions.

We utilize our R&D and innovative capabilities to develop new materials and techniques that reduce wastewater discharge, waste materials, and usage of hazardous substances to expand our influence on sustainability practices as we balance environmental and fashion demands so that consumers can dress in Green Jeans that fashionable, eye-catching, and environmentally sustainable.

# CH 5

## Appendix

5.1 GRI Standards

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5.2 SASB Standards

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# CH 5 Appendix

## GRI Standards Index

### Statement of Use

Roo Hsing CO., LTD reported the content for the period from January 1, 2022, to December 31, 2022, in accordance with the GRI guidelines.

### GRI Standard Used GRI 1

GRI 1: Foundation 2021

### Applicable GRI Sector Guidelines

No applicable GRI sector guidelines.

## GRI 2 : General Disclosures 2021

### The organization and its reporting practices

GRI Standards	GRI Items	Reference	Page/URL
GRI 2 : General Disclosures 2021	2-1 Organizational details	1.1 About Roo Hsing/ J.D. United	12
	2-2 Entities included in the organization's sustainability reporting	About this Report	06
	2-3 Reporting period, frequency and contact point	About this Report	06
	2-4 Restatements of information	NA	-
	2-5 External assurance	This report has not been externally verified or assured. In the future, External verification/assurance will be conducted by an independent third party as required.	-

### Activities and workers

GRI Standards	GRI Items	Reference	Page/URL
GRI 2 : General Disclosures 2021	2-6 Activities, value chain and other business relationships	1.1 About Roo Hsing/ J.D. United 2.4 Supply Chain Management	12 32
	2-7 Employees	3.1 Talent Attraction and Retention	51
	2-8 Workers who are not employees	3.1 Talent Attraction and Retention	51

## Governance

GRI Standards	GRI Items	Reference	Page/URL
GRI 2 : General Disclosures 2021	2-9 Governance structure and composition	1.2 Sustainability Strategy and Governance 2.1 Governance Framework	13
	2-10 Nomination and selection of the highest governance body	2.1 Governance Framework	25
	2-11 Chair of the highest governance body	2.1 Governance Framework	25
	2-12 Role of the highest governance body in overseeing the management of impacts	1.2 Sustainability Strategy and Governance	13
	2-13 Delegation of responsibility for managing impacts	1.2 Sustainability Strategy and Governance	13
	2-14 Role of the highest governance body in sustainability reporting	1.2 Sustainability Strategy and Governance	13
	2-15 Conflicts of interest	2.1 Governance Framework	25
	2-16 Communication of critical concerns	2.3 Compliance and Integrity	30
	2-17 Collective knowledge of the highest governance body	1.2 Sustainability Strategy and Governance	13
	2-18 Evaluation of the performance of the highest governance body	2.1 Governance Framework	25
	2-19 Remuneration policies	2.1 Governance Framework	25
	2-20 Process to determine remuneration	2.1 Governance Framework	25
	2-21 Annual total compensation ratio	3.2 Talent Cultivation and Development	60

## Strategy, policies and practices

GRI Standards	GRI Items	Reference	Page/URL
GRI 2 : General Disclosures 2021	2-22 Statement on sustainable development strategy	Message from our Chairman	07
	2-23 Policy commitments	3.4 Human Rights	66
	2-24 Embedding policy commitments	3.4 Human Rights	66
	2-25 Processes to remediate negative impacts	1.5 Risk Management Framework	20
	2-26 Mechanisms for seeking advice and raising concerns	1.3 Stakeholder Identification and Negotiation	17
	2-27 Compliance with laws and regulations	2.3 Compliance and Integrity	30
	2-28 Membership associations	ChangZhou Overseas Chinese Enterperneurs Associaion : Vice Director Chashan Chamber of Commerce in Tianning District, ChangZhou City : Vice Director Jiangsu Textile Association : Director	-

**Stakeholder Engagement**

GRI Standards	GRI Items	Reference	Page/URL
GRI 2 : General Disclosures 2021	2-29 Approach to stakeholder engagement	1.3 Stakeholder identification and negotiation	17
	2-30 Collective bargaining agreements	3.1 Talent Attraction and Retention	51
GRI 3 : Material Topics 2021	3-1 Process to determine material topics	1.4 Material Topics Identification	19
	3-2 List of material topics	1.4 Material Topics Identification	19

**Compliance and Integrity**

GRI Standards	GRI Items	Reference	Page/URL
GRI 3 : Material Topics 2021	3-3 Management of material topics	1.2 Sustainability Strategy and Governance	13
		1.4 Material Topics Identification	19
		1.5 Risk Management Framework	20
		2.3 Compliance and Integrity	30
GRI 205 : Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	2.3 Compliance and Integrity	30
	205-2 Communication and training about anti-corruption policies and procedures		
	205-3 Confirmed incidents of corruption and actions taken		

**Financial Performance**

GRI Standards	GRI Items	Reference	Page/URL
GRI 3 : Material Topics 2021	3-3 Management of material topics	2.2 Financial Performance	29
GRI 201 : Economic Performance 2016	201-1 Direct economic value generated and distributed		

**Customer Relationship Management**

GRI Standards	GRI Items	Reference	Page/URL
GRI 3 : Material Topics 2021	3-3 Management of material topics	2.5 Customer Relationship Management	38

**Information Security**

GRI Standards	GRI Items	Reference	Page/URL
GRI 3 : Material Topics 2021	3-3 Management of material topics	2.8 Information Security	45
GRI 418 : Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer		

**Response to Climate Change**

GRI Standards	GRI Items	Reference	Page/URL
GRI 3 : Material Topics 2021	3-3 Management of material topics	1.5 Risk Management Framework	20
GRI 201 : Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change		

**Waste Management**

GRI Standards	GRI Items	Reference	Page/URL
GRI 3 : Material Topics 2021	3-3 Management of material topics	4.4 Waste and chemical management	82
GRI 306 : Waste 2020	306-1 Waste generation and significant waste-related impacts		
	306-2 Management of significant waste-related impacts		
	306-3 Waste generated		
	306-4 Waste diverted from disposal		
	306-5 Waste directed to disposal		

**Chemical management**

GRI Standards	GRI Items	Reference	Page/URL
GRI 3 : Material Topics 2021	3-3 Management of material topics	4.4 Waste and Chemical Management	82

## SASB Standards

### Management of Chemicals in Products

CODE	ACCOUNTING METRIC	Reference	Page
CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	4.4 Waste and Chemical Management	82
CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products		

### Environmental Impacts in the Supply Chain

CODE	ACCOUNTING METRIC	Reference	Page
CG-AA-250a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement <sup>2</sup>	Roo Hsing/ J.D. United is currently in the process of conducting a comprehensive data inventory pertaining to suppliers. Going forward, we will continue to enhance the disclosure of information in this area	-
CG-AA-250a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment		

### Labor Conditions in the Supply Chain

CODE	ACCOUNTING METRIC	Reference	Page
CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Due to the impact of the pandemic in 2022, supplier audits related to CSR were temporarily suspended	-
CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits <sup>3</sup>		
CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	2.4 Supply Chain Management	32

### Raw Materials Sourcing

CODE	ACCOUNTING METRIC	Reference	Page
CG-AA-440a.1	Discussion of environmental and social risks associated with sourcing priority raw materials	2.4 Supply Chain Management	32
CG-AA-440a.2	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard		

### Activity Metric

CODE	ACCOUNTING METRIC	Reference	Page
CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Roo Hsing/ J.D. United has not conducted an inventory of this data on suppliers at present, and efforts will be made in the future to strengthen the disclosure of information in this regard	-

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