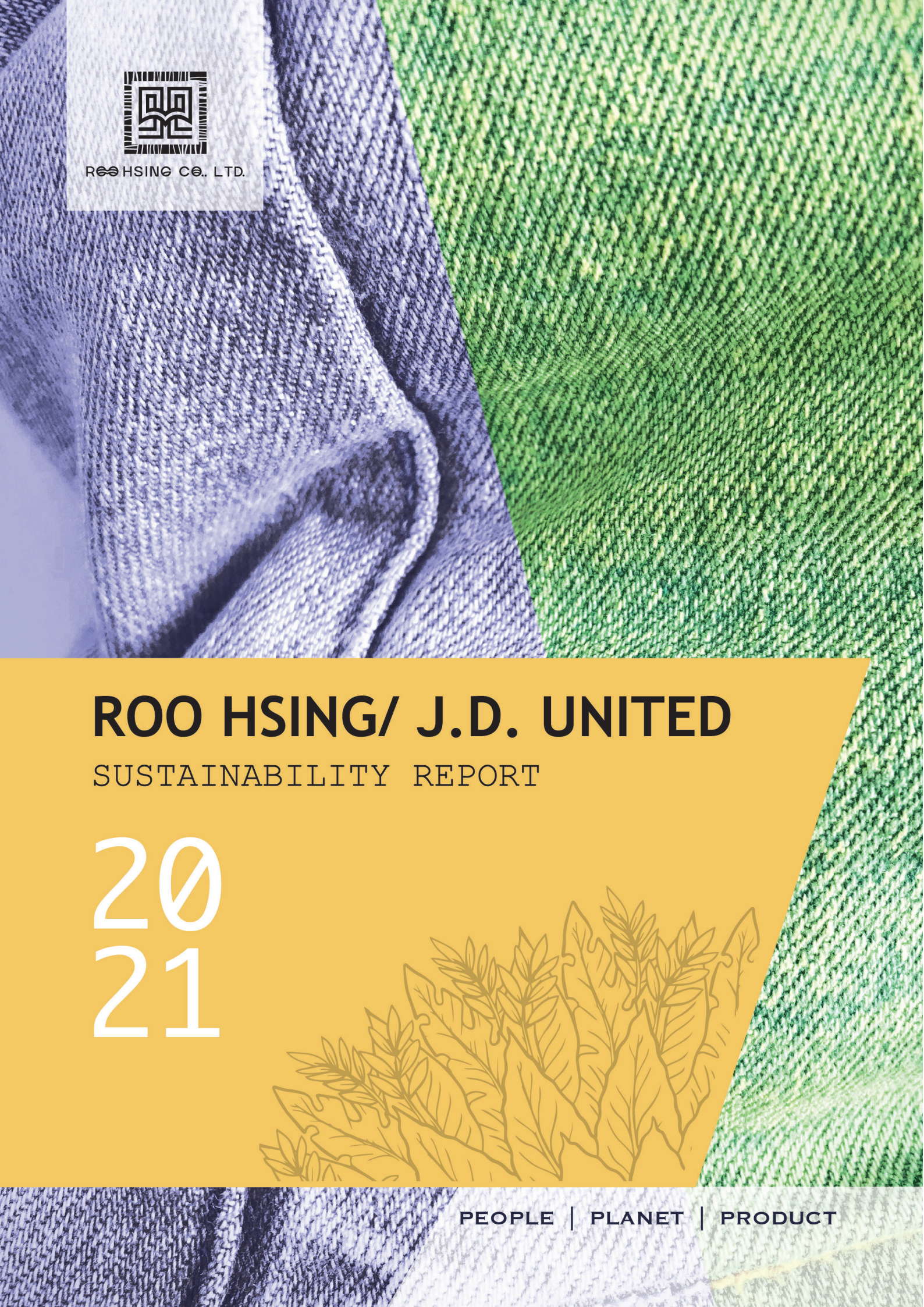


ROO HSING CO., LTD.

ROO HSING/ J.D. UNITED

SUSTAINABILITY REPORT

2021

PEOPLE | PLANET | PRODUCT

ROO HSING CO., LTD.

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SUSTAINABILITY REPORT

2021

PEOPLE | PLANET | PRODUCT

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About this Report

This is the fifth Corporate Social Responsibility report issued by Roo Hsing/J.D. United. It is also converted into a Sustainability Report/ESG Report for the first time in 2021. 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 disclosure period for this Report spans from January 1, 2021 to December 31, 2021, with some performance data traced to 2020 and extending to April 2022.

Reporting Scope

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

Reference Guide

This report is compiled in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI). Follow the disclosure principles of the Core to identify, implement and disclose the relevant actions of the Company to implement corporate sustainability, and provide the GRI Standards content index in the appendix for quick retrieval and query.

Publication

Last issue: June 2021
Current issue: June 2022
The next issue: 2023

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



Chairman

As an important partner of major textile brands in many countries, Roo Hsing/J.D. United adheres to the new 3C (Care, Communication, Creativity) business values, proactively invest in product innovation and R&D, working with our clients and partners to enhance our competitiveness. In 2021, in addition to continuing to expand the personal protective equipment (PPE) market and deepening the Cooltrans technology, Roo Hsing/J.D. United has imported 3D clothing design software, compared with the traditional time-consuming, material-wasting, and complicated design process, the design process can be simplified through 3D simulation, and the transmission of digital data is more immediate, allowing for more accurate use of fabrics, reducing the need for physical samples, and saving considerable time, transportation and waste costs, speed up the development process, achieve the effect of energy saving and carbon reduction, and create maximum added value for the company and the clients. Sustainable development is the mission and the current trend of today's industries and enterprises. Only by upholding the spirit of sustainability can an enterprise survive. In response to this belief, we published a sustainability report to declare our commitment to the sustainable development of the enterprise. 2021 has been a challenging year for Roo Hsing/J.D. United. Since the outbreak of Covid-19 in 2019, our operating factories had been inevitably impacted, and the epidemic continued to rage in 2021. However, thanks to the guidance of various regions of the group and the rapid response of the management, all employees worked together to prevent the epidemic. The factory implemented strict epidemic prevention measures, to ensure a safe working environment, meanwhile, provided epidemic prevention materials for employees in the factory area, and also donated to local governments and communities. Since 2021, all factories of Roo Hsing/J.D. United in Cambodia has started using the digital payment to pay wages. This change can not only reduce time and labor costs, ensure the transparency and accuracy of payment, but also greatly reduce the number of unnecessary contact between people during the epidemic. The employees can benefit from this, and it will also minimize the impact of the epidemic.

In terms of environmental sustainability, in addition to continuing to create environmentally friendly and innovative processes with the Cooltrans technology, Roo Hsing/ J.D. United incorporates energy efficiency, water resources, and chemical management into the management objectives of manufacturing, continues to purchase laser washing machines, ozone washing machines and other equipment to reduce chemical dyes, water and energy consumption. In 2021, the goal of "zero toxicity in the production process" is achieved, and the washing plant replaces traditional potassium permanganate and grinding stones with zero-hazard PP, as to achieve green environmental protection from the source of washing. In the energy saving and carbon reduction part, in 2021, Cambodia's Hung Hsing Water Washing Plant and JD Toyoshima Plant introduces solar photovoltaic power generation, which reduces local electricity purchases by 30% and further reduces carbon emissions. As a leading textile manufacturer, we will continue to implement a series of environmental sustainability projects, build partnerships with the supply chain, promote ESG awareness to upstream and downstream suppliers, and actively invite partners to jointly implement environmental-related reforms to promote sustainable development.

Concerning employee workplace safety and health management, Roo Hsing/ J.D. United has joined hands with supply chain partners to continue projects such as V.O.I.C.E, P.A.C.E, and J.R.H to ensure that suppliers comply with and practice ethics and labor rights, to protect the physical and mental health and work safety of the employees. In 2021, we follow the requirements of the Occupational Safety and Health Law and introduce the Roo Hsing/ J.D. United workplace health care project. We set up special medical staff in the head office and assist in the planning of four major protection plans. We manage and classify employees' medical examination reports. Physicians provide relevant guidance and hygiene education to employees after assessing risks based on the results of physical examination reports and questionnaires, to optimize workplace safety mechanisms and provide employees with a safer and friendlier workplace environment. There will be various challenges and goals in the future after going through 2021, a year full of challenges and changes due to the impact of the epidemic. In addition to optimizing the existing innovative R&D technology, productivity and employee care and training programs, Roo Hsing/ J.D. United continues to strengthen the promotion of corporate governance and actively improve the supervisory function of the board of directors, fulfilling its sustainable responsibilities, fulfilling various commitments to stakeholders, and expecting to continue to promote globalization, environmental sustainability, industrial transformation and upgrading of technology innovation, and we will strive to maximize the rights and interests of stakeholders, and create a new peak in operation.

2021 Sustainability Highlights



Governance

- Total consolidated revenues of NT $16,487,250,000
- 2021 invested NT $7,871,000 in R&D expenses
- 100% excel in brand assessment
- Roo Hsing/ J.D. United's Cambodia factory fully pays wages by digital payment,which can optimize accounts and cash flow, and provide employees with safe and convenient deposit services



Expertise/Products

- Machine laser fabric accounted for 24.5% of the total production fabric, annual growth 15.24%
- Cooperated with brand clients to transfer 100% of the denim hand-rubbing processed products into machine laser production
- 13 employees obtained brand verification personnel certifications from brand enterprises
- Manufactured around 80% of our products from BCI-certified cotton, Increased 33% compared to last year, 15% used recycled cotton, 5% used pre-consumer textile waste
- 4 fabric development technicians, 4 professional designers, 16 washing technique development technicians 138 finishing technicians
- Established washing team and kept investing in washing methodology and research
- Cooltrans technology
- Introduced 3D clothing design and simulation display
- PPE passed the level 3 protection level test of the surgical gown
- Collaborated with Advanced Denim in the Color stay denim project
- Quickly responded to the quality requirements of brands under the epidemic situation



Environment



- Cambodia Hung Hsing Water Washing Plant and JD &Toyoshima factory introduced solar photovoltaic power generation to further reduce carbon emissions
- Launched renewable energy project at Cambodia Hung Hsing Water Washing Plant and completed water resource audit program in collaboration with a European consulting firm
- Replaced traditional potassium permanganate and grinding stones with zero-hazard PP, as to achieve green environmental protection from the source of washing
- Nagapeace Water Washing Plant achieved the target of water consumption for washing, the average single garment consumes only 56.19L of water
- 100% of chemical substances used at Cambodia sites passed Screened Chemistry (SC), ZDHC certification
- Achieved "2021 targe of zero toxicity during production processes"
- Cambodia Hung Hsing and Nagapeace Water Washing Plant achieved Supplier to Zero basic level certification
- Solid waste treatment rate of up to 100%
- All manufacturing sites passed local government wastewater and ZDHC certification
- Completed internal audit for ISO 9001 & ISO 14001



Employees

- Subsidized the employees of the headquarters to conduct routine health checks, and the investment cost is about NT$500,000

J.R.H Project

- Enhanced employee training and health promotion activities while focusing on strengthened sexual harassment prevention, gender equality, and anti-corruption training.
- 1,630 participants，2,970 total training hours.

P.A.C.E.

- Enhanced communication skills and problem-solving capabilities in female workers to realize better work-life balance and enhance self-confidence.
- 180 participants，9,000 total training hours.

P.A.C.E.
Gap Inc.

CARE

- Improved the quality of life and functional development of employees.
- 32 instructors certified by CARE.
- 4,320 participants，7,200 total training hours.

care

V.O.I.C.E

- Roo Hsing & JDU Newsletter is published every 3 months to showcase the company's corporate culture and ideas.
- 1,200 participated in the China factory, reached 8,610 hours.
- The Cambodia factory broadcasts twice a day, 15 minutes each time to reach all employees.

Authorized Economic Operator (AEO) Training

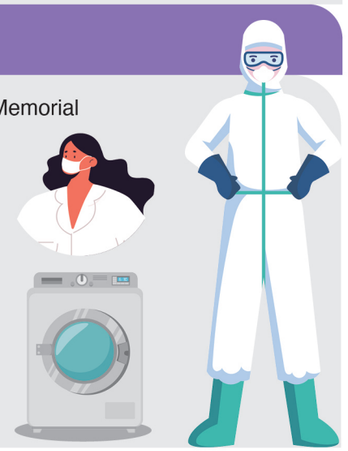
- Achieved 100% coverage rate for trade safety, supply chain, and information security training courses.

WOVO Worker Engagement and Communication Technology Platform

- Third-party operated platform which allows anonymized dual communication between workers and management for problem-solving.
- The project was launched at the Cambodia T&K plant, and more than 90% employees are registered on the platform.

Society

- Donated a total of 7,000 protective gowns to 6 hospitals: Far Eastern Memorial Hospital, Hualien Mennonite Hospital, Miaoli Hospital of the Ministry of Health and Welfare, the Tri-Service General Hospital, Ministry of Health and Welfare Keelung Hospital, and Saint Mary's Hospital
- Donated 1 dryer and 1 washing machine each to Far Eastern Memorial Hospital Medical and Epidemic Prevention Hotel
- Donated 9,900 masks to local units such as the district government in China
- Assisted local epidemic prevention in China and produced 300 sets of protective isolation gowns urgently
- Donated millions of masks to the Cambodian government



Sustainability and Vision

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



Incorporate sustainability into business philosophy- Seeing Sustainability as Basis, Environment as Doctrine, Proactively Innovating and Predicting 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 the products and services. We have also asked our colleagues and employees to plan more diligently and responsibly, Facing the fast development and competitive market, we make usage of our advantages and efficiency to provide products to our clients. With the best design team, more than 25 operating locations, one-stop service, and innovation, we keep investing resources in the following areas:

Development Direction	Content
Growing Sales	1. Increase productivity, expand product line to meet client's needs. 2. Sustain the existing clients but also cultivate the new clients (targeting in US and Europe). 3. We deeply feels 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.
Enhancing Efficiency	1. Build up Factory Managing SOP. Time-saving steps, decreasing delivery time. 2. Automation in manufacturing: Since 2013, we have introduced the automation production machines, enhanced productivity, reduced the dependence on manpower. 3. Centralized Management: (1) Implement computerization of information, such as SAP, ERP system, electronic invoice, and apply supplier chain platform. (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.
Innovating Techniques, Strengthening the Connection between Industries	1. Combining technology for fabric and technology research and development, creating a transformative technology application in the garment manufacturing industry, and cross-border cooperation with NTX™ Group, applying NTX™ Cooltrans to the denim printing and dyeing process. 2. 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. 3. 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.

Development Direction	Content
Talent Management and Friendly Workplace	1. 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. 2. 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. 3. 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. 4. Roo Hsing/ J.D. United values the health and occupational safety of colleagues, and invests a lot of manpower and resources in safety and health training, thereby promoting workplace safety.
Eco-friendly Production and Reduce Environmental Footprint	1. 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. 2. 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. 3. 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. 4. During the production process, Roo Hsing/ J.D. United prohibits the use of toxic chemicals and expects to achieve "Zero Toxicity" by 2021.
Implement Corporate Social Responsibility	1. 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. 2. 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.

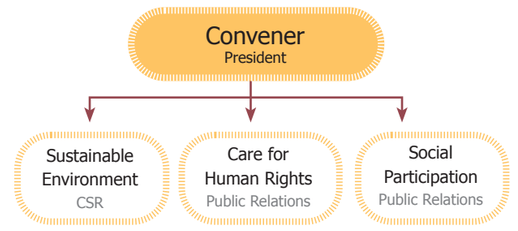
CSR Journal

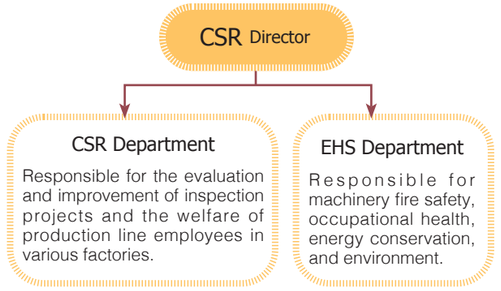
Corporate Sustainability Video

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. We have 14 employees responsible for CSR management (6 in China, 5 in Cambodia, and 3 in Tanzania). Dedicated personnel are stationed at our factories in all regions to manage local affairs and make direct reports to our headquarter. On November 11, 2021, 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.

Corporate Sustainability Section

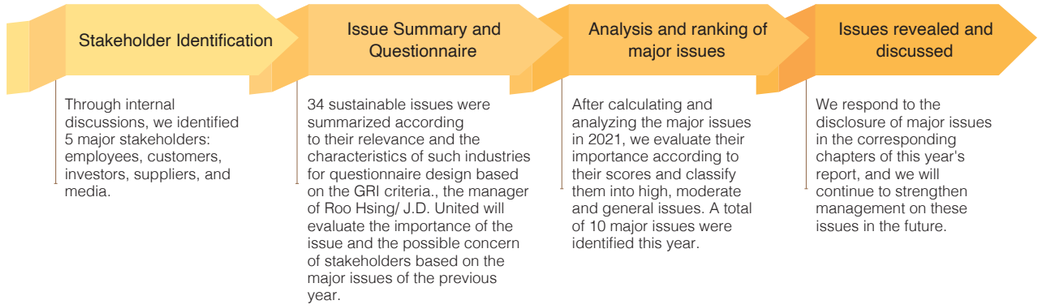
Responses to SDGs

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	SDGs	Meaning to Roo Hsing/ J.D. United	Our responses in 2021	Short-term plans	Mid-term and Long-term Plans
Environment	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	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.	• Launched renewable energy project at Cambodia Hung Hsing Laundry Plant and JD & Toyoshima Factory. • Renovation of steam pipes and equipment in Cambodia Hung Hsing & Nagapeace Laundry Plant. • Achieved “zero-toxicity during production processes” target in 2021. • Improve water use and increase the utilization rate of wastewater and recycled water. • Introduced power-saving measures: Renewed lighting and water curtain equipment. • Procured Turkish washing and drying machines to reduce resource consumption. • Formulated rigorous chemical management policies to strengthen control of hazardous substances. • Utilized eco-friendly materials, including recycled cotton, TENCEL, organic cotton, recycled polyester, recycled yarn, and coffee yarn.	• Implement renewable energy technologies at our Hung Hsing plant in Cambodia. • Increase the recycling of steam, reduce the use of wood, and reduce the emission of exhaust gas. • Implement rigorous treatment of wastewater and waste materials which adhere 100% to local regulations and standards. • The chemical substances used in the process are 100% in line with local national or industry standards. • 100% noise meets local legal standards. • Replace all lighting equipment with LED lights. • 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. • Using the Higg Index launched by the Sustainable Apparel Coalition (SAC) to conduct sustainability assessments to assess companies' environmental and social impacts. • Provide customers with sustainable textiles that comply with the ZDHC Production Restricted Substances List (MRSL) specifications. • All plants have introduced systematic management of energy resources and chemical programs.	• Gradually adopt eco-friendly chemicals. • Use recyclable electrical energy to reduce or even eliminate the use of oil-fired or wood-fired boilers. • Utilize water-saving and power-saving machinery and equipment. • Procure innovative equipment to reduce environmental pollution from emissions. • Gradually phase-out existing technologies and utilize new technologies and new materials to ensure energy-saving and carbon-reducing achievements. • Optimize sewage treatment year by year, and strive to improve the rate of utilizing recycled purified water. • 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.
Society	8 DECENT WORK AND ECONOMIC GROWTH 5 GENDER EQUALITY 10 REDUCED INEQUALITIES	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.	• Formulated human rights policies to strengthen gender equality among company employees. • Established labor safety risk management mechanisms (and implemented risk classification systems). • Diversified talent structure. • Multiple communication channels • Strengthened .internal promotion of our code of conduct. • Provided occupational health and safety education, training, and promotion. • Strengthened advocacy of zero tolerance and sexual harassment prevention training courses.	• Establish tracking mechanisms for labor safety aspects • Implement labor safety measures and optimize employee workplace environments. • Ensure that there is no forced labor incident in Roo Hsing/ J.D. United. • Strengthen internal communication among employees. • Continue to promote comprehensive/ complete employee training courses. • Regularly conduct sexual harassment prevention education and training, and strive to build a healthy and non-discriminatory working environment.	• Ensure that all operating sites continue to work with local governments in promoting occupational health and safety measures. • Continue to optimize risk control and prevention measures in the workplace. • Establish multiple communication channels. • Diverse incentives and benefits.
Governance	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	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.	• Promoted our new 3C values: Care, Communication, Creativity. • Automated production and management processes. • Continued to invest in development of innovative washing technologies. • Entered the PPE market and applied NTX™ Cooltrans technology to denim dyeing processes.	• Diversify products, separate customer segments, and expand new customer sources to reduce our reliance on single clients. • Continue to implement and renew automated equipment along production lines, optimize production and process management, and strengthen factory efficiency. • Implement SAP systems and AWS cloud computing technologies over several stages to achieve automated management of cloud technologies and information, thus enhancing overall efficiency. • Actively expand our overseas operations and utilize cross-nation division of labor in resource allocation to widen our competitive advantages. • Form a professional R&D team which works with our partners in all regions to develop innovative textile technologies. • Master the industry development trend and advantages, and promote economic growth. • Continue to improve production efficiency, output and R&D capabilities to create industrial value.	• Collaborate with brand enterprises to expand our overseas production bases and pursue better tariff concessions. • Complete English information disclosure in stages, including public information such as official website, financial report, annual report, shareholders meeting, and company rules and regulations. • Maintain the status of a major jeans manufacturer through multi-engine innovative business models such as scale, automation, efficiency, customization, and eco-systemization. • 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.

Communication with Stakeholders and Analysis of Major Issues

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.	1. Company 2. Regulatory compliance 3. Operating financial performance 4. Quality management 5. Labor Relations 6. Occupational Health and Safety	1.2 Integrity Governance 1.3 Financial Performance 1.4 Risk Management and Information Security 2.2 Product Quality Management 3.1 Human Resource Management 3.5 Workplace Health and Safety	1. Company website/ irregularly 2. Annual report/ annually 3. Internal grievance mechanism/ permanently 4. Internal company email announcement/ irregularly 5. Labor-management meeting/ quarterly 6. Educational training and seminars/ irregularly
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.	1. Company integrity 2. Regulatory compliance 3. Product innovation 4. Child labor and human rights assessment 5. Customer Privacy	1.2 Integrity Governance 1.3 Financial Performance 1.4 Risk Management and Information Security 2.2 Product Quality Management 2.4 Customer Service Management 3.1 Human Resource Management	1. Annual report/ annually 2. Announcements, advertisements and social media/ irregularly 3. Law meeting/ every six months 4. Face-to-face, video conference/ irregularly 5. Customer complaint hotline, website visitor message board/ permanently
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.	1. Company integrity 2. Regulatory compliance 3. Operating financial performance 4. Corporate Governance and Risk Management 5. Quality management 6. labor relations	1.2 Integrity Governance 1.3 Financial Performance 1.4 Risk Management and Information Security 2.2 Product Quality Management 3.1 Human Resource Management	1. Company website/ irregularly 2. Annual report/ annually 3. Law meeting/ every six months 4. Financial report/ quarterly 5. Media exposure, public information observatory/ irregularly 6. Investor contact line, website guest message board/ permanently
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.	1. Procurement Practices 2. Regulatory compliance 3. Quality management 4. Forced and Compulsory Labor 5. Water resource management 6. Waste / Wastewater	1.2 Integrity Governance 1.3 Financial Performance 1.4 Risk Management and Information Security 2.2 Product Quality Management 4.3 Water Resource Management 4.4 Waste Management	1. Company website/ irregularly 2. Annual report/ annually 3. Manufacturers negotiate and exchange / irregularly 4. Supplier contact line, website visitor message board/ permanently
Government	Roo Hsing/ J.D. United actively cooperates with the legal requirements of the government agencies, and eliminates any form of illegal acts.	1. Company integrity 2. Regulatory compliance 3. Operating financial performance 4. Industrial Relations 5. Risk management 6. Communication with competent authorities	1.2 Integrity Governance 1.3 Financial Performance 1.4 Risk Management and Information Security 3.1 Human Resource Management 3.2 Diversity, Equality and Human Rights	1. Official document exchange/ irregularly 2. Participate in symposiums and policy discussions held by competent authorities/ irregularly 3. Cooperate with the competent authority to supervise and check/ irregularly 4. Visit the competent authority to establish exchange opportunities/ irregularly
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	1. Company integrity 2. Regulatory compliance 3. Operating financial performance 4. Product innovation 5. Labor Relations 6. Forced and Compulsory Labor	1.2 Integrity Governance 1.3 Financial Performance 1.4 Risk Management and Information Security 2.1 Sustainable innovation and R&D 3.1 Human Resource Management 3.3 Harmonious Labor Relations	1. Company website/ irregularly 2. Press conference interviews and special planning/ irregularly 3. Press releases, telephone interviews/ irregularly

Stakeholder Section

② Issue Summary and Questionnaire

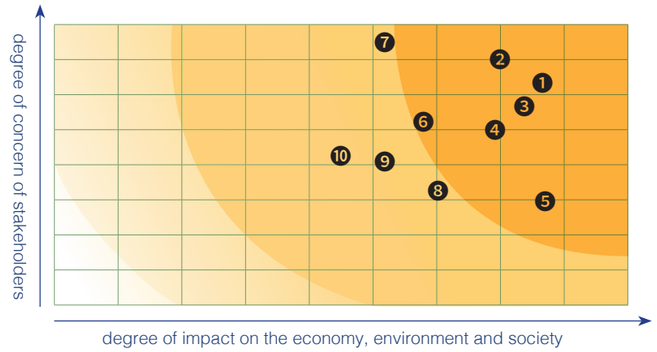
Roo Hsing/ J.D. United communicates with stakeholders on a regular and irregular basis, and continuously collects issues of concern to stakeholders and sustainable trends related to the domestic and foreign garment industry. This year's major issues are based on the material issues in the 2020 CSR report. 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.

③ Analysis and Ranking of Major Issues

Integrate, analyze and sort out the degree of concern of each stakeholder to the topic and impact on the economy, environment, and society in this year. After confirming with the senior management, the major issues, a total of 10 major themes of Roo Hsing/ J.D. United in 2021 were identified, which we also used as the reference basis for information disclosure in the report, and continued to improve.

In the matrix diagram below, the X-axis represents the "degree of impact on the economy, environment, and society", and the Y-axis represents the "degree of concern of stakeholders". Assess topic importance based on high and low scores, distinguishing between high, moderate, and general topics.

Matrix of Roo Hsing/ J.D. United's major issues in 2021



1.Forced and Compulsory Labor
2.Regulatory compliance
3.Operating financial performance
4.Company integrity
5.Waste / Wastewater
6.Chemical Substance Management
7.Industrial Relations
8.Sustainable development strategy
9.Raw material usage management
10.Organizational Energy Management

Roo Hsing/ J.D. United's Sustainable Value Chain

Issue Content	Response Chapter	Reporting Boundary					
		Within Organization		Outside Organization			
		Roo Hsing/ J.D. United	Employees	Investors/ Shareholders	Customers	Suppliers	Media
1. Forced and Compulsory Labor	3.3 Harmonious Labor Relations	★	★		★		★
2. Regulatory compliance	CH1 Governance	★	★	★	★	★	★
3. Operating financial performance	1.3 Financial Performance	★	★	★	★		
4. Company Integrity	1.2 Integrity Governance	★	★	★	★	★	★
5. Waste / Wastewater	4.3 Water Resource Management 4.4 Waste Management	★	★		★	★	★
6. Chemical Substance Management	4.5 Chemical Management	★	★		★	★	★
7. Labour Relations	3.1 Human Resource Management 3.3 Harmonious Labor Relations	★	★		★		★
8. Sustainable Development Strategy	Sustainability and Vision	★	★	★	★	★	
9. Raw Material Usage Management	2.3 Sustainable Supply Chain	★				★	
10.Organizational Energy Management	4.2 Energy Management	★				★	★

Combat the Epidemic and Embrace the New Normal

Although the epidemic in 2021 will continue to affect the global clothing industry, countries around the world have also launched different degrees of the shutdown, city and country closures. Roo Hsing/ J.D. United has production plants all over the world. In order to avoid the impact of the epidemic on the company's operations, Roo Hsing/ J.D. United continues to keep Employees healthy and caring for the communities in each region. Continuing the emergency response team established in 2020, the senior manager of the management office serves as the convener. The domestic epidemic prevention measures are mainly implemented in accordance with the regulations of the Central Epidemic Command Center, and the overseas factories have formulated the "Special Plan and Implementation Rules for Novel Coronavirus Infections", and adjust relevant policies and supporting measures in line with the development of the epidemic, striving to protect the health of employees and ensure the stable operation of operations during this uncertain period.

Domestic Epidemic Management Measures

Roo Hsing/ J.D. United has developed the following epidemic supporting measures in accordance with the "Guidelines for Continued Operation of Enterprises in Response to the (Covid-19) Epidemic" issued by the Central Epidemic Command Center:

Domestic Epidemic Management Measures

1. Formulate a health monitoring questionnaire, routinely measure the body temperature of all employees entering the office area, ask whether they have acute respiratory symptoms, and keep records.
2. Visitor's regulations are posted at the entrance of the company, alcohol-based hand sanitizers are prepared for use, and a health questionnaire is established for visitors before entering the office area. Those with a risk of fever or acute respiratory symptoms will be refused entry.
3. Regularly clean the office environment and maintain indoor air circulation, and ask professionals to carry out disinfection measures on top of cleaning.
4. Make space adjustments to keep properly spaced between seats and separate space between employees and customers or other partners.
5. Company cancels or postpones large work-related gatherings/conferences or events or other alternatives. Employees are also requested to refrain from participating in large gatherings.

Epidemic Management Measures in Factories

In order to strengthen the epidemic response capability of Changzhou and Cambodia factories, protect the health of employees, and implement corporate epidemic prevention responsibilities, in addition to continuing the "Special Plan and Implementation Rules for Novel Coronavirus Infectious Events" formulated in 2020, the special office is responsible for risk monitoring. , In 2021, all employees in the factory area have been vaccinated. For outsiders, they need to show proof of completing two or more doses of vaccines when entering the factory. After entering the factory, they can only move in the designated area, and are not allowed to enter the production area. Personnel and factories provide synchronous video inspection services to reduce the risk of face-to-face contact.

Epidemic Management Measures in Factories

1. Call on all staff to develop good hygiene habits and maintain hygiene in offices and living places.
2. Control the entry and exit of personnel, and at the same time conduct health checks on the entry and exit personnel, and immediately isolate and observe those suspected of acute infectious diseases.
3. Set up a temperature check point at the entrance of the company, check the temperature of people entering and leaving, especially check the temperature of foreign visitors, issue masks, and register.
4. Disinfect office areas, conference rooms, etc., and regularly open doors and windows for natural ventilation to improve indoor air quality.
5. Strengthen the hygiene management of the canteen, set up hand washing points at the entrance, use masks for service staff, disinfect public utensils, and regularly disinfect and clean the tableware cabinets.
6. Disinfect and ventilate the bathroom after use. Improve toilets, hand sanitizers, dryers and other facilities, strengthen sanitation management, keep toilets clean and hygienic, and recommend the use of squat toilets.
7. Daily cleaning of all "frequent contact" surfaces such as counters, tabletops, doors, handles, bathroom fixtures, toilets, cell phones, keyboards, computers, and bedside tables.
8. All the staff of the company, including subcontracting team members, measure the body temperature of the staff before going to work in the morning and before leaving work in the afternoon. Persons with fever, body temperature over 37.3°C, and symptoms of general malaise should be quarantined and observed in a timely manner and reported.

Strict Visitor Control

In order to protect the health of employees and visitors, visitor control mechanisms have been developed according to local conditions to reduce the risk of virus transmission.



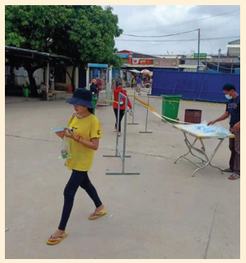


The factory is cleaned and disinfected regularly



Strict Epidemic Prevention Control in the Factory

We strictly implement comprehensive epidemic prevention measures to control the epidemic and prevent the spread of the virus in the factory. All employees in the factory have been vaccinated, and the inside of the factory is regularly disinfected by professionals. Some factories in Cambodia have sterilization gates. We also provide all employees with enough medical masks to protect their health.



Single entrance and exit



Measure temperature and disinfect orderly



Provide enough masks to all employees



Sterilization gates

Caring for the Community and Contributing to the Society

In view of the severe impact of the epidemic on the world, Roo Hsing/ J.D. United recognizes the social responsibility of the garment industry in which it operates, and exerts the spirit of "take it from the society and use it for the society", actively investing in domestic and foreign charitable assistance, and sending love at the most immediate time. The epidemic may have opened up the distance between each other and made our lives inconvenient, but by donating materials to help with medical care; by contributing to the world, we see light and hope in the future.

Donated 7,000 Protective Isolation Gowns to 6 Hospitals

In order to support and thank the medical staff who are on the front line of epidemic prevention, Roo Hsing/ J.D. United generously donated a total of 7,000 protective isolation gowns to 6 hospitals, and donated dryers and washing machines to the Far Eastern Memorial Hospital Medical and Epidemic Prevention Hotel. We fully support the front-line epidemic prevention work, and do our best to fight the epidemic.

Donated Items:

- Protective Isolation Gowns
- Dryer
- Washer

Receiving Hospitals：

- Far Eastern Memorial Hospital
- Hualien Mennonite Christian Hospital
- Miaoli Hospital of the Ministry of Health and Welfare
- Tri-Service General Hospital
- Ministry of Health and Welfare Keelung Hospital
- Saint Mary's Hospital





Certificate of Appreciation from Mennonite Christian Hospital



Certificate of Appreciation issued by Tri-Service General Hospital



Certificate of Appreciation from Saint Mary's Hospital









Certificate of Appreciation issued for donating dryers and washing machines to the Far Eastern Memorial Hospital Medical and Epidemic Prevention Hotel.

China Factory Donated 9,900 Masks to the Government

Donated Items:



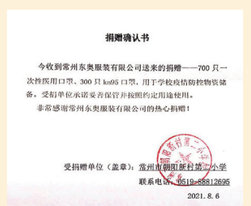
- KN95 Masks
- Flat Masks
- Nano Masks
- One Time Use Medical Masks

Receiving Units：

- Chashan Street, Tianning District, Changzhou City
- Changzhou City Chaoyang New Village No. 2 Primary School
- Lihua Village Committee, Chashan Street, Tianning District, Changzhou City
- Chaoyang Police Station, Tianning District, Changzhou City
- Changzhou Tianning District Party Committee and District Government
- Changzhou Tianning District Political Consultative Conference

Changzhou Tooku Garments Limited Company, a subsidiary of Roo Hsing/ J.D. United, feels that we should do our best to prevent the epidemic for the country and the people. In August 2021, it will successively donate 4,800 KN95 masks, 3,500 flat masks, 900 masks, and 700 medical masks, totaling 9,900 pieces to local primary schools, police stations, and district governments. We hope that through the donation of masks, we can assist the social epidemic prevention work and reduce the probability of infection with the virus. We shall all work together to overcome the difficulties during this hard time.





Donation Confirmation Letter from Chaoyang New Village No. 2 Primary School in Changzhou City

Assisting Local Epidemic Prevention in China, Emergency Production of Protective Isolation Gowns

In 2021, the epidemic situation in various parts of China is still severe and complex, and protective clothing has become a necessity for epidemic prevention work; in November 2021, Changzhou Dongao Garment Co., Ltd., a subsidiary of Roo Hsing/ J.D. United, fully supported the local epidemic prevention work, and urgently processed and produced isolation clothing for epidemic prevention. 300 sets of isolation clothing were immediately delivered to the front line of epidemic prevention.

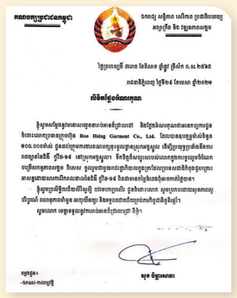




Changzhou factory rushing to produce the protective clothing

Donated Millions of Masks to the Cambodian Government

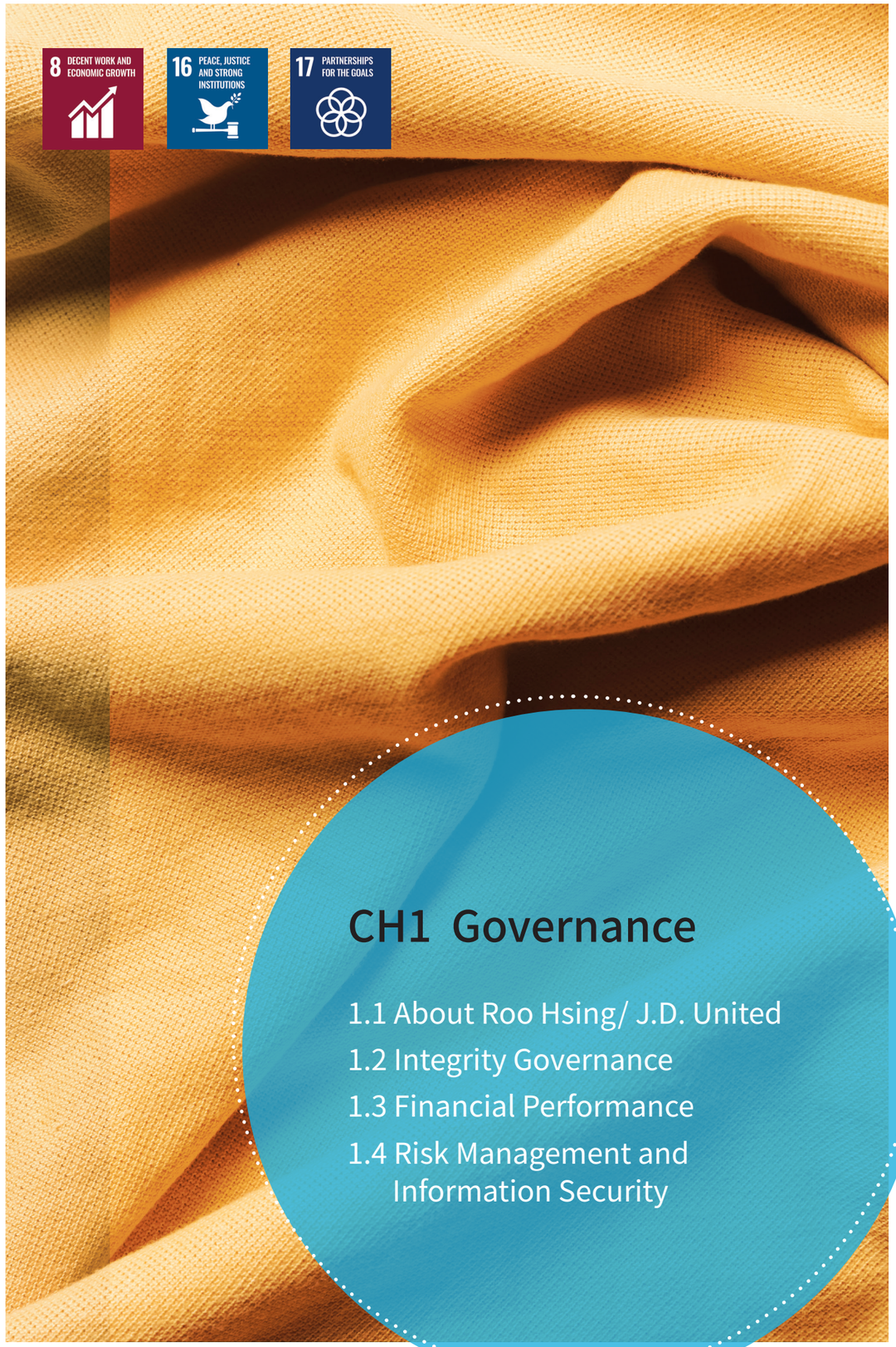
We have been operating in Cambodia for a long time. When Cambodia suffered from the crisis of the epidemic, we exerted the spirit of empathy, fulfilling our corporate social responsibilities, and donating limited resources to the Cambodian government for epidemic prevention. Other companies joined in the charitable cause and gave back to society together. By the end of 2021, we have donated more than one million masks to various government units in Cambodia.

Certificate of Appreciation from Cambodia National Development Commission




Certificates of Appreciation from Various Government Units in Cambodia



CH1 Governance

1.1 About Roo Hsing/ J.D. United
1.2 Integrity Governance
1.3 Financial Performance
1.4 Risk Management and Information Security

Major Topic:
Corporate Integrity, Regulatory Compliance, Operational Financial Performance, Sustainability Strategy

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

1. Zero major violations occurred.
2. Achieve zero major incidents of breach of integrity management.
3. 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.
4. Promote various public welfare sponsorship activities and contribute to the control of the epidemic.
5. Invest in the development of anhydrous fabrics printing and dyeing practice equipment and strengthen online employee communication.

Mid-term & Long-term Goals

1. Committed to promoting the core theme of ESG and promoting a new future of green energy.
2. Develop an anhydrous fabrics printing and dyeing practice plan and vigorously promote customer acceptance.
3. Implement national industrial policies and relevant laws and regulations, and not to occur any major violations.
4. Continuously import and update production line automation equipment to optimize production and process control.
5. Publish a sustainable development report every year.
6. 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.
7. 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)

1. In 2021, there were no incidents related to the principle of integrity.
2. 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.
3. 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.
4. Significant financial activities are reviewed by the Board of Directors and the Audit Committee in accordance with relevant norms and internal regulations.
5. Continued to invest in the development of anhydrous fabrics printing and dyeing practice equipment.
6. donated a total of 7,000 protective gowns to 6 hospitals: Far Eastern Memorial Hospital, Hualien Mennonite Hospital, Miaoli Hospital of the Ministry of Health and Welfare, the Tri-Service General Hospital, Ministry of Health and Welfare Keelung Hospital.
7. Donated 1 dryer and 1 washing machine each to Far Eastern Memorial Hospital Medical and Epidemic Prevention Hotel.
8. Donated 9,900 masks to local units such as the district government in China.
9. Assisted local epidemic prevention in China and produced 300 sets of protective isolation gowns urgently.
10. Donated millions of masks to the Cambodian government.

1.1 About Roo Hsing/ J.D. United

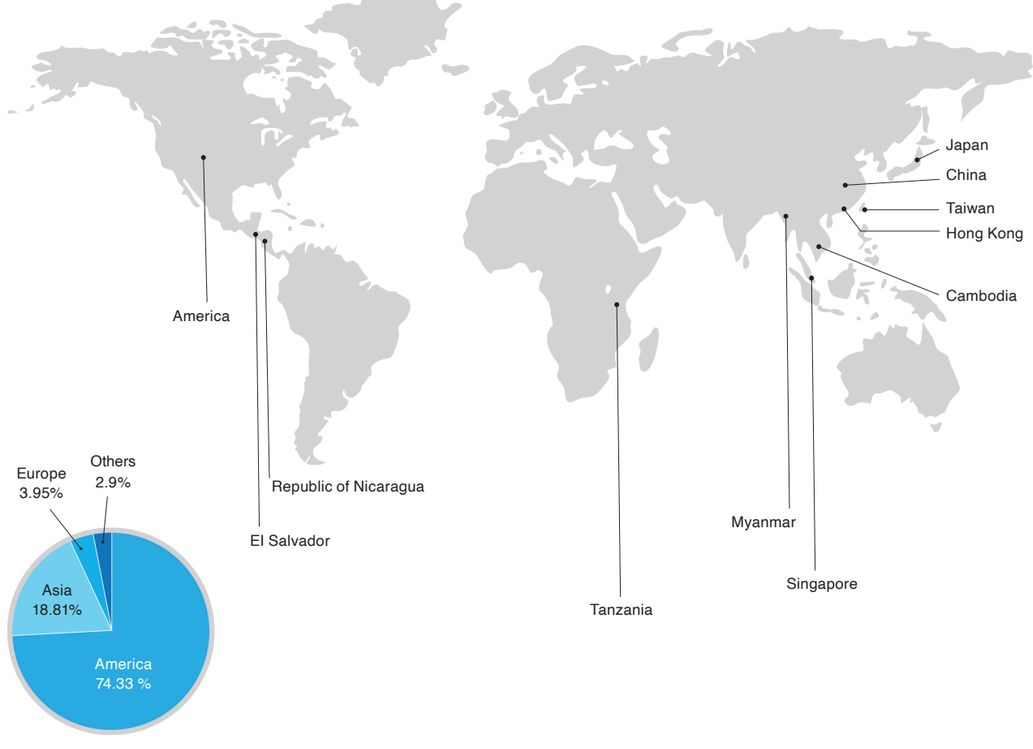
1.1.1 Company Profile

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.

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.

Company Overview

Operating Locations

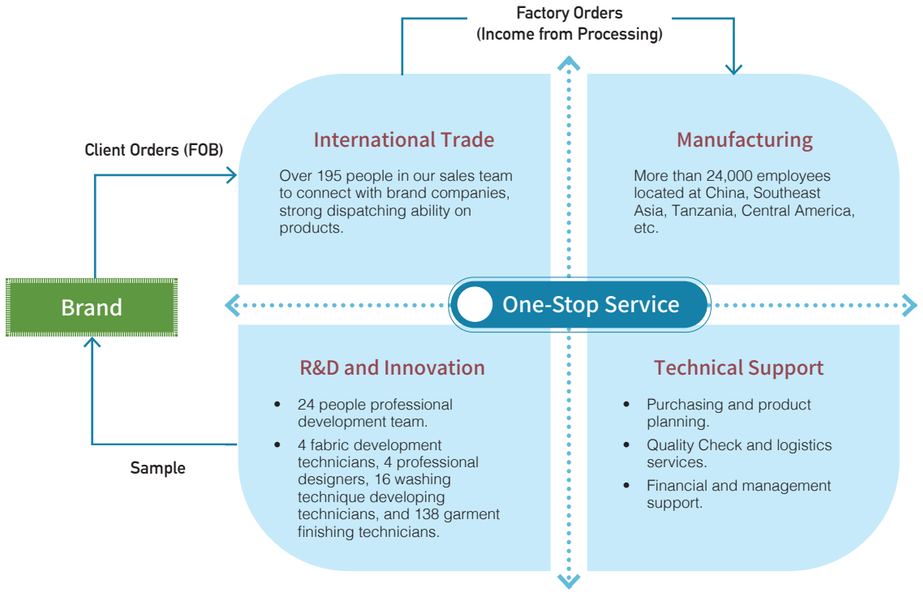


1.1.2 Products and Services

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. In 2021, the company invests in the production of anti-epidemic supplies, such as masks and protective isolation gowns. In order to take into account 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. According to estimates from the US Department of Commerce (Office of Textiles and Apparel, OTEXA), the company and its subsidiaries' sales in the Americas accounted for about 11.3% of the US denim import market share.

Roo Hsing/ J.D. United's main products and services

One-Stop Service



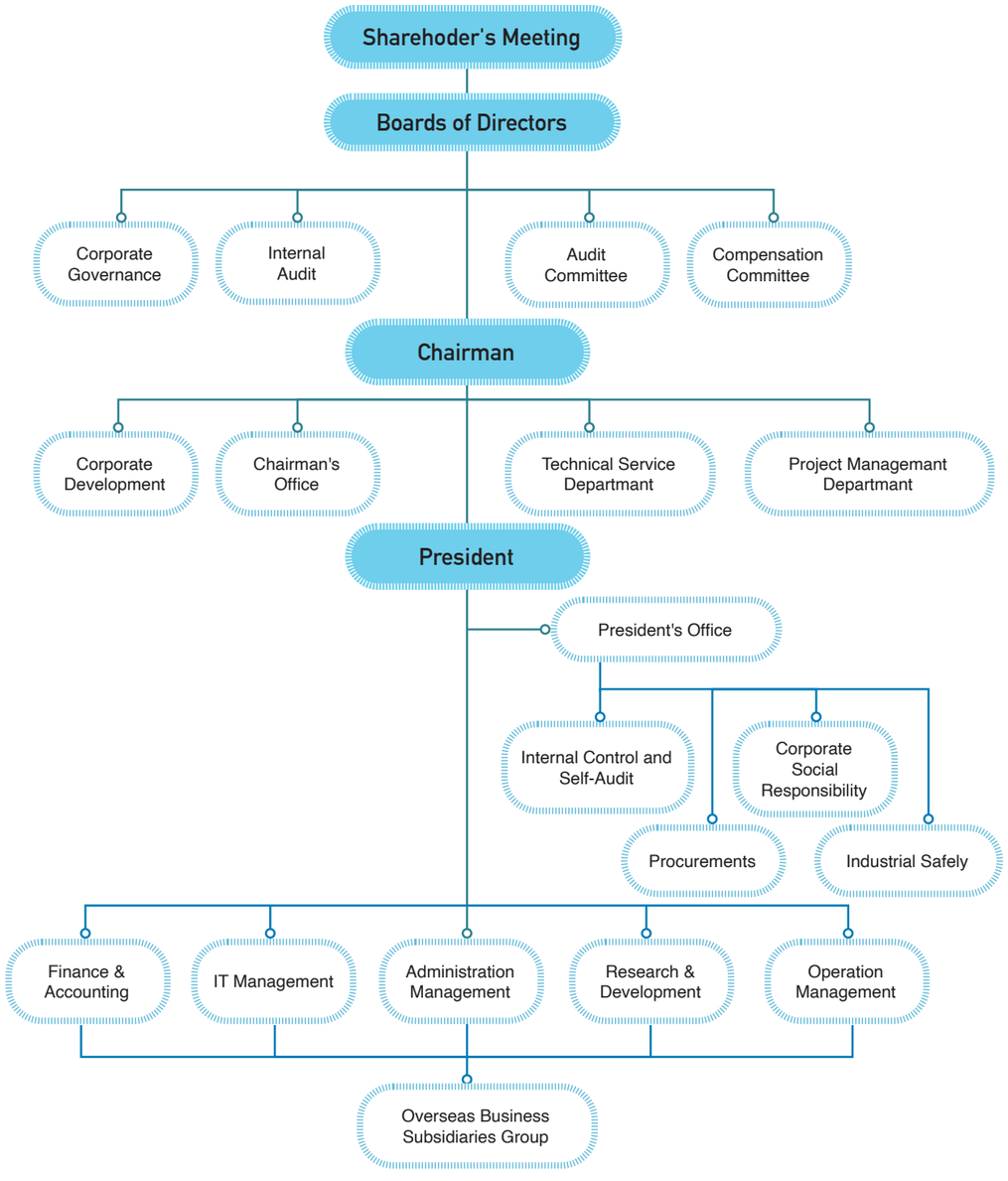
1.2 Integrity Governance

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.

1.2.1 Corporate Governance Structure and Operation

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 the ability of Roo Hsing/ J.D. United to sustainably operate.



Board Composition and Operation

Roo Hsing/ J.D. United consists of nine directors with professional background and technical experience, including three independent directors. The regular meeting is held once and the board of directors is held 2-3 times per quarter. In 2021, the board of directors of Roo Hsing/ J.D. United will hold a total of 9 meetings, and the average attendance rate of individual directors is 96.29%.

The 16th Board of Directors of Roo Hsing/ J.D. United has a total of 9 directors (7 men, 1 woman, and 1 vacancy[1]), women account for 12.5% of all board members, and men account for 87.5% 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 June 29, 2023. Roo Hsing/ J.D. United actively practices the diversity of the board of directors. The selection of the board of directors is not limited by gender, age, nationality, culture and ethnicity, and recruits professional managers with rich experience in industrial operation, finance, business management, international market outlook, environmental protection automation and other diverse knowledge.

Composition of Directors

Age	Directors (including independent directors)		
	Gender	Number of People	%
30 to 50 years old (including)	Male	-	-
	Female	1	12.5%
51 years old (and above)	Male	7	87.5%
	Female	-	-

For more information about the Board of Directors, please refer to Roo Hsing/ J.D. United's 2021 Annual Report

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 97.47%. 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.



Individual Board Members Self-assess Six Major Items

The latest self-evaluation of the board of directors was implemented in early 2022. 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 are a total of 12 evaluation items. 9 items, the achievement rate is 75%, and the evaluation results are good, indicating that the overall operation of the board of directors of the company is complete and in line with the spirit of corporate governance.

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[1]. 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 June 29, 2023. A total of 4 meetings will be held by the end of 2021. The actual attendance rate of the convener and members is 100%.

The Audit Committee

The implementation method of Roo Hsing/ J.D. United Audit Committee is formulated in accordance with the "Measures for the Exercise of Powers by the Audit Committee of Publicly Issued Companies". It is mainly responsible for supervising the reasonableness of the company's financial statements, the effective implementation of internal control, compliance with laws and regulations, and the control of potential risks. At least one of the directors would have accounting or financial expertise.

1.2.2 Integrity Management and Compliance with Laws and Regulations

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 2021.

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.

Internal Control and Audit

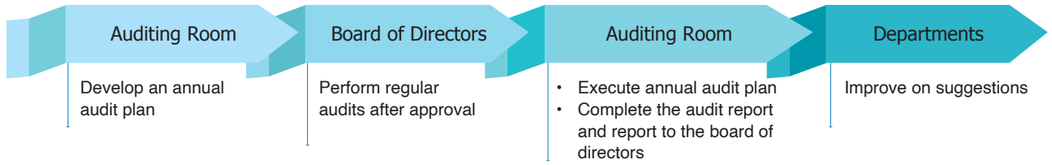
Roo Hsing/ J.D. United internal audit unit is directly subordinate to the board of directors, and prepares appropriate auditors according to risks. The main task is to assist the board of directors and managers to inspect the deficiencies of internal control, measuring operational efficiency, and providing 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.

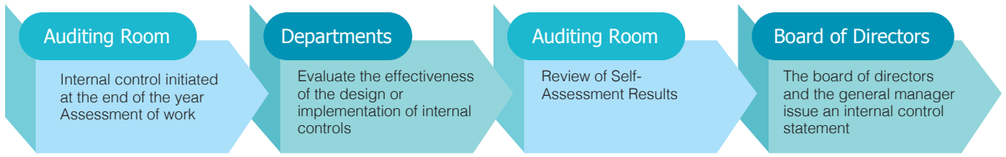
Note1

On January 11, 2022, an independent director resigned. Before the by-election of independent directors in accordance with the law, the board of directors approved a supplementary appointment on March 29, 2022 to appoint those who are not qualified as independent directors as members of the Remuneration Committee.



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 company's 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 company department reviews and improves through the annual internal control self-assessment results, to maintain or enhance the effectiveness of the internal control system. In 2021, the Audit Office will inspect a total of 14 internal improvement matters, and the improvement achievement rate will reach 86%. 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 2021 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.

1.3 Financial Performance

The annual consolidated revenue of the company's 2021 financial statements is NT$16,487,250,000 and the main revenue from sales comes from garments, accounting for approximately 100% of the overall revenue from sales.

Annual Operating Performance

Unit: NT$ thousand

Item	2019 (After retrospective adjustment)	2020	2021
Operating Income	16,917,563	17,077,832	16,487,250
Operating Cost	14,505,436	14,044,682	14,291,492
Operating Profit	2,412,127	3,033,150	2,195,758
Operating Expenses	(2,838,994)	(2,810,794)	(3,354,664)
Non-operating income and expenses	(711,706)	(324,684)	(780,676)
Employee Salary and Benefit Expenses	4,093,348	3,729,656	3,396,712
Dividends and Dividend Payouts	-	-	-
Income Tax (Expense) Benefit	(11,739)	(10,507)	29,561
Net loss before tax	(1,138,573)	(102,328)	(1,939,582)
Net loss after tax	(1,150,312)	(112,835)	(1,910,021)

Revenue Proportion of Main Product in 2021

Unit: NT$ thousand

Product	Sales revenue	Operating percentage (%)
Garment	16,483,130	100
Others	4,120	-
Total	16,487,250	100

For more financial information, please refer to Roo Hsing/ J.D. United 2021 Annual Report

Reinvestment Business

The company's main reinvestment strategy is to set up 100% reinvestment processing and manufacturing production bases overseas. Currently, there are production bases in Southeast Asia, Central America and Tanzania. In recent years, it has also acquired the equity of Nanjing USA, a denim channel service provider in the United States, and actively uses the global distribution and division of labor to master the best resource allocation to meet the needs of the labor-intensive industry of garments.

1.4 Risk Management and Information Security

1.4.1 Risk Management

Type	Risk Category	Responding Methods
Operation and Governance	Interest rate and exchange rate risk	Roo Hsing/ J.D. United has a specific person regularly checks exchange rate fluctuations, fully grasps the exchange rate trend, and also consider the exchange rate fluctuation factors when quoting to customers, and evaluate the exchange rate trend in advance, to avoid exchange losses due to exchange rate changes when receiving payments, and effectively control the impact of exchange rate fluctuations on the cash flow and asset value of 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.
	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.
Society	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.

Roo Hsing/ J.D. United Group Climate-Related Risk, Opportunities, and Financial Impact



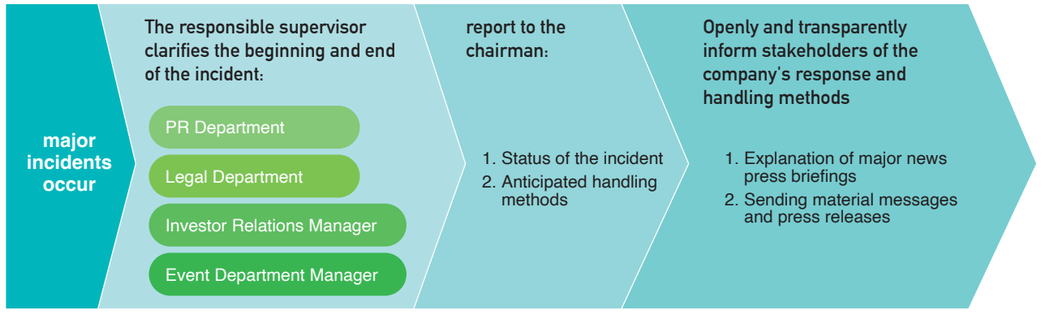
Inventory of Climate Change Risks of Roo Hsing/ J.D. United Group

Risks Associated with Climate Change				
Risk Category	**Type**	**Challenge and Impact**	**Stakeholders**	**Management policy**
Transition Risk	Policy and Legal	In 2019, the French government issued a decree on the garment textile industry. If the unsold clothes are directly discarded or destroyed by the enterprise, it is illegal. The impact on brand owners may bring potential and order reductions or Roo Hsing/ J.D. United. In recent years, the laws and regulations related to environmental protection and climate change in the countries where Roo Hsing/ J.D. United's produced have become stricter, such as power rationing, carbon taxation, disclosure of carbon footprint or carbon emission data and other relevant regulations, laws and norms, which may lead to Rising operating costs.	Roo Hsing/ J.D. United Group	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) year), 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.	Roo Hsing/ J.D. United Group	Facing the trend of fashion sustainability, we improves 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	In face of our suppliers, its operating bases 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.	Roo Hsing/ J.D. United Group	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.	Roo Hsing/ J.D. United Group	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.

Handling Major Incident

In the event of a major incident, the chief financial officer, together with the legal affairs department, public relations department, investor relations manager and event department supervisor, will immediately understand the whole story and the end of the incident, and then report to the chairman on the current situation and expected handling of the incident. Explain and simultaneously send major messages and press releases, and proactively inform stakeholders of the company's response and handling methods openly and transparently. The major incident handling process is as follows:

Handling Major Incident



1.4.2 Information Security Management

In order to ensure the normal 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.

Information Security Policy Implementation Content

Personnel safety management and education training	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.
Computer system security management	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.
Network Security Management	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.
System access control	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.
Application system file security	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.
Security Management of Information Assets	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.



CH2 Product

2.1 Sustainable innovation and R&D
2.2 Product Quality Management
2.3 Sustainable Supply Chain
2.4 Customer Service Management

Major Topic: Management of Raw Material Usage

Meaning to Roo Hsing/ J.D. United	Suppliers are indispensable partners in the sustainable business journey of Roo Hsing/ J.D. United. The company has always been committed to creating added value through the vertical integration of the supply chain.
Management Evaluation Mechanism	Suppliers are required to abide by norms that are in line with our company's core philosophy, through rigorous internal control systems to effectively screen and manage our partners, including fabric manufacturers, chemical suppliers, and other outsourced contractors, such as embroidery and fabric manufacturers.
Policies and Commitments	Through the vertical integration of the supply chain and the establishment of stable long-term cooperative relations with supply chain partners, good and smooth communication, and mutual trust, we can gradually move towards today's achievements.
Short-term Goals	Organize a professional R&D team and invest in innovative textile fabric technology development with partners from all over the world. It is planned that all fabrics (including recycled cotton and recycled polyester) use up to 5% recycled fibers.
Mid-term & Long-term Goals	Expect to manage our procurement and production processes in a manner that respects the environment, society, and the planet, gradually increasing the proportion of degradable raw materials and recycling.
Responsibilities and Resources (Actions)	Regularly conduct supplier CSR evaluations to confirm that cooperative suppliers evaluate their performance in all aspects of CSR in terms of product delivery, quality, etc.

In this fast-changing market and the era of increasing climate change, Roo Hsing/ J.D. United adheres to the new 3C (Care, Communication, Creativity) business values, participates in a number of international sustainable textile initiatives, and cooperates with our clients and upstream and downstream partners, together responding to rapidly changing economic, environmental and social patterns. In terms of self-capacity improvement, we continue to invest resources to strengthen R&D capabilities and optimize production processes, so as to increase Roo Hsing/ J.D. United's competitive advantage through product differentiation and service differentiation. In response to the development of the garment industry, in addition to apparel manufacturing, in recent years, we have implemented the corporate vision of "sustainability-based" and continued to create innovative and environmentally friendly Cooltrans technology through the application of high technology to our product design and research and development. , and by introducing large-scale projects such as composite material applications, rapid sampling, and importing automated production equipment to improve production efficiency and consolidate Roo Hsing/ J.D. United's production advantages.

Participate in International Sustainable Textile Initiatives

Sustainable Apparel Coalition / Higg Index

We use the Higg Index launched by the Sustainable Apparel Coalition (SAC) for sustainability assessment to assess the environmental and social impacts of companies.

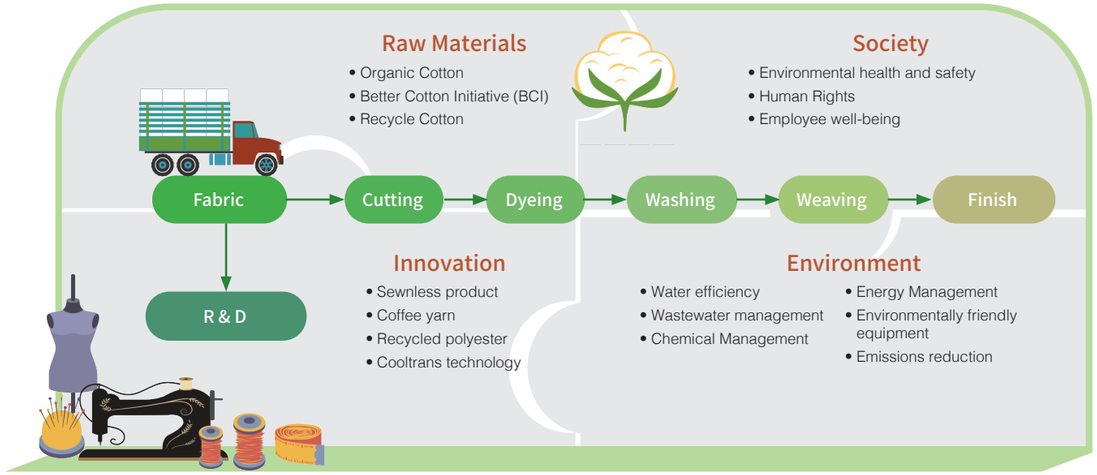
ZDHC

As a well-known brand supplier, the products provided by Roo Hsing/ J.D. United also meet the specifications of the Zero Discharge of Hazardous Chemicals (ZDHC) Production Restricted Substances List (MRSL).

BCI Better Cotton Initiative / ORGANIC 100 Content standard

Roo Hsing/ J.D. United incorporates the concept of environmental friendliness into supply chain management, and is committed to purchasing "Better Cotton Initiative" (BCI) and raw materials with the Organic Content Standard (OCS) label from the raw material procurement stage.

Clients and suppliers are our important partners. Roo Hsing/ J.D. United also pays attention to issues related to environmental sustainability, which are increasingly valued by brand clients and the garment manufacturing industry, and is committed to making product production and R&D move towards responsible and sustainable development. We will continue to look for new materials and technologies or equipment to reduce production or cause the burden on the environment and society and its negative impact on our production process. We also hope to combine more sustainable partners through more comprehensive supply chain integration to expand the company's influence. In Roo Hsing/ J.D. United's overall production process, the company incorporates issues related to corporate sustainability into the product life cycle from R&D:



2.1 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 2021, 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 with the traditional design process that is time-consuming, wasteful and complicated, Through 3D simulation, the design process can be simplified, and the digital data transfer can be more immediate, which can use clothing more accurately, reduce the need for physical samples, and save considerable transportation and waste costs while reducing carbon permanently. Enterprises create the greatest added value. Roo Hsing/ J.D. United hopes to lead the entire fashion industry to a more sustainable and responsible business model through its own efforts, and become the most sustainable jeans manufacturer in the world.

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 2021 we continued to provide PPE training and testing courses for PPE, we will 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.

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, we plan to procure PPE manufacturing equipment for our African factories and use our existing equipment to produce simpler PPE products such as patient transfer sheets or crutches to increase production ratios of our PPE products.

2.1.1 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 2021 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 protec-tion level test of surgical gowns in 2021. 
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.	Personnel training began in the second half of 2021, and it is expected to start trial 3D design and product simulation display by the end of 2022.

In 2021, Roo Hsing/ J.D. United will also cooperate with external partners to jointly create innovative results in process and product services. The main technical achievements of the cooperation are as follows:



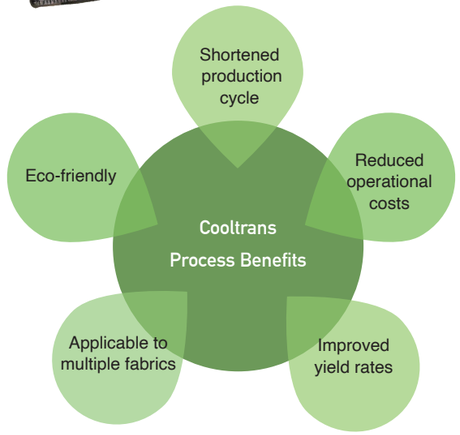
Project	Illustrate	Partner	Schedule
Color stay denim	Process technology that preserves denim color.	Advanced Denim	2020-2021
!nkdigo	The application of Cooltransr technology.	NTX™	2020-2021
Fabric outsourcing and development	We cooperate with two Vietnamese fabric suppliers in fabric development, and the suppliers are located in Vietnam. If the raw materials are delivered to the production area of Roo Hsing/ J.D. United Cambodia, the carbon footprint and product delivery time can be greatly reduced.	XIndadong Tianhong textile	2021-2023

Cooltrans Technology

We will reach a cross-industry partnership agreement with NTX™ in 2020. Through the world's first Cooltrans double-sided high-speed dyeing and printing machine, we will bring technological innovation to the traditional textile industry and bring unprecedented innovation to denim jeans.



This breakthrough innovation in production processes greatly shortened production cycles for jeans and effectively helped our clients to lower costs, improve quality, shorten delivery times, and increase environmental efficiencies. This technology is not only expected to raise our yield rates for new products to 98%, but also reduces 93% of water usage from raw materials to finished products while shortening production cycles from 140 to 60 days, allowing us to speed delivery times by a maximum of 80 days, which also enhances capital efficiencies for our clients. This innovative technology has been recognized by several international brands and will definitely bring change to traditional denim production processes, and lead the denim garment industry into a new era.







Continuous Improvement of R&D Process

In addition to the continuous investment in fabric research and development on manufacturing methods to improve the utilization rate of fabrics every year, we also successfully transmitted the latest typesetting data to overseas production through the introduction of computer typesetting systems and electronic information systems, which not only joined the overall production process, but also improved fabric usage, reducing production costs and waste. Our R&D center is equipped with a digital printing machine that can quickly display the printing effect, and conduct testing, finished product inspection, and quality control in its own certified laboratory. In 2021, Roo Hsing/ J.D. United continued to invest in the R&D and optimization of the following process projects:

- Research and creation of three-dimensional sample production methods.
- Research on fabric qualities, manufacturing processes, and dimensional stability.
- Production of supplementary equipment: Automatic belt-loop attaching machines, automatic bag-opening machines, automatic tape punches, assistive sewing machines, elastic waistband extending machines, pneumatic clamping devices for semi-finished products, Velcro, and improved knotting machines.
- Procurement of laser machines to effectively increase production.

2.1.2 Sustainable Washing Process

In addition to R&D innovation in product design, we are also committed to improving manufacturing technology, optimizing processes, and improving the production efficiency of each stage of the process. In response to the trend of environmental protection, we took the lead in the industry to enter the laser water washing stage several years ago. Effectively increase production capacity and become an emerging manufacturing standard for many brand clients. Through the introduction and application of laser washing machines and ozone washing machines, **It can save 67% of water consumption, 90% of chemical consumption, and 62% of energy consumption.**

In 2021, Roo Hsing/ J.D. United continued to invest in the development of the following key optimization projects in the washing process:

We formed dedicated teams at our water washing plants to develop and control washing processes, seek out and utilize eco-friendly chemical materials, and continue to develop innovative washing methods. These teams developed new washing techniques which reduced usage of chemical materials, optimized washing processes, and reduced water consumption. We aim to shorten washing time, water consumption, and chemical usage for each tank, and to make our washing processes more energy-efficient and eco-friendly.

We procured and utilized internationally recognized advanced washing and drying machines to replace existing machines. We also eliminated outdated production processes to enhance production capacity and reduce consumption of water, power, and raw materials, thereby improving factory efficiencies while meeting environmental needs and maximizing benefits for our factories, clients, the government, and the environment.

We expanded our storage facilities for recovered water to increase actual utilization rates of recovered water in our factories while ensuring that our washing processes continued to meet client needs and product quality.

In order to enhance our competitive advantages, we formed a dedicated team at our Cambodia Plant in 2019 to develop washing methods that were more energy-saving, water-saving, and eco-friendly. Following the establishment of this team, we appointed the plant director as the overall team leader and the denim department manager as the team supervisor and manager, while dye bath technicians were made responsible for improving and implementing washing methods. The core members of the team include personnel with expertise in different fields such as machinery, cost management, and technique development.

In actual operation, the purpose is to save the use of chemical raw materials, optimize the washing process and develop water-saving construction methods, and aim to reduce the washing time, water consumption, and chemical raw material consumption of each tank, so that the washing process will develop in the direction of energy saving and environmental protection. The main projects invested in 2021 include:

Develop a new washing formula suitable for YILMAK energy-saving and environmentally friendly washing machines, adjust the ratio of raw materials, water consumption, and washing time in the formula; reduce the washing cost per tank and improve the washing efficiency.

Looking for green and environmentally friendly chemical raw materials to replace the original chemical raw materials that could not meet the needs of workshop production and customer requirements.

Automated Washing Process

We have introduced automated processes in both management and production processes. Six months after the introduction of automation in the Roo Hsing/ J.D. United Cambodia plant, the number of jeans produced per worker increased from 17 to 21 per day, and the production capacity per worker increased by nearly 100 per month.

In 2021, to strengthen the automation of the water washing system, the Roo Hsing/ J.D. United Cambodia plant introduced 98 sets of automation equipment, which effectively increased the production capacity by 50%. Automated production equipment can also greatly reduce energy use and environmental burden. Using Turkish washing and drying machines to replace the traditional washing process, **will save about 50% of water consumption and 15% of energy consumption**. For instructions and environmental benefits of introducing automation equipment, please refer to chapter 4.3 Water Resources Management.





2.1.3 Environmentally Sustainable and Friendly Materials

In addition to the research and development of the process, we also continue to combine technology and sustainable trends and invest in the development of innovative materials. The concept of responsible production and sustainable production of Roo Hsing/ J.D. United has been introduced into the research and development stage. It is expected to reduce the environmental impact as much as possible from the early stage of product development. In addition to selecting suppliers that also adhere to the concept of sustainable production, it also strives to expand the use of eco-friendly materials to replace traditional high-polluting materials. Through joint development and cooperation with brand clients and suppliers, promote the use of renewable raw materials, continue to innovate research and development, and promote the transformation of raw materials.

In 2021, we have incorporated a variety of eco-friendly materials and manufacturing technologies into product development and production processes, including recycled cotton, TENCEL, organic cotton, recycled polyester, recycled yarn, coffee yarn, and vegetable dyeing technology, as well as two innovative technologies (seamless design, anhydrous fabrics).

2.2 Product Quality Management

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 2021 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.

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	2020		2021		2022
	Goal	Implementation status	Goal	Implementation status	Goal
Defect rate	3%	3%	3%	2.9%	3%
Passing rate	97%	97%	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 2021 is as follows:

Department	Control qualification rate	Defect rate (less than%)	2021 Result
Fabric Warehouse	95%	5%	99%
Accessory Warehouse	99%	1%	99%
Cutting	95%	5%	99%
Production	92%	8%	96%
Washing	92%	8%	93%
Packing Audit	90%	10%	90%
Final Inspection	95%	5%	98%

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.


Certificate of
Management System Certification
This is to certify the quality management system of
CHANGZHOU TOOKU GARMENTS CO., LTD.
Is in conformity with
ISO 9001:2015
This certificate covers the following area
PRODUCTION OF CASUAL CLOTHES (EXCLUDING BRANCHES)
Beijing Dahxiangxing Quality Certification Center Co., Ltd.

Process Quality Control

In order to ensure that all process products meet consistent quality standards, Roo Hsing/ J.D. United has established quality control procedures and inspection operating standards in each factory area for all factory personnel to follow. Roo Hsing/ J.D. United's factories in China all have quality control SOPs to ensure process standardization. In addition, adhering to the insistence on quality, Roo Hsing/ J.D. United also implements the quality training requirements for output and team members in the production process through mid-term inspection, final inspection, and assessment.

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.


Product appearance inspection


Product dimension measurement


Pull test



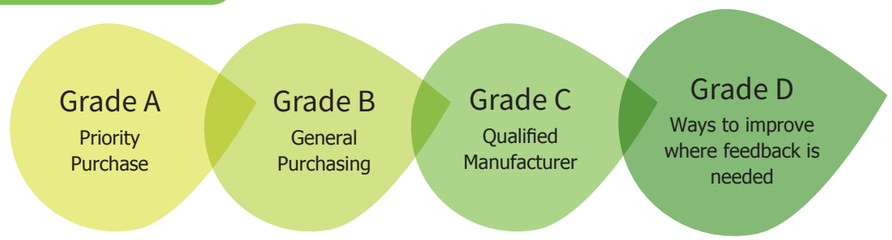
In the production stage, Roo Hsing/ J.D. United strictly adheres to the quality standards of customers and has quality labels set according to customer requirements in the management process. If defective products are found in production, the team will report to the superior quality control supervisor 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.
- 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.
- Materials directly supplied by our customers are inspected in our lab or delivered to third-party 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.
- Safety inspections: Inspection personnel at our factories conduct respective product property, metal, and printing inspections on supplementary materials in accordance with AQL ratios.
- 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 2021:

H&M Nomination Quality Control
Certified NQC

LEVI'S Quality Management Program
Certified QA

In addition to the quality management system, we also hire Japanese technicians to conduct irregular audits in overseas factories and have our inspection products for quality control of each product line, but the implementation was suspended in 2021 due to the epidemic.

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 2021, a total of 13 members passed the certification of brand inspectors.

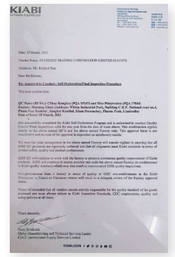
From supplier quality verification to mass production, Roo Hsing/ J.D. United ensures and strengthens quality management through a rigorous quality management system, including training, the setting of preventive measures, and perfect internal control.

The Proportion of the Number of People who Passed the Certification Assessment of Brand Inspectors in 2021

Brand	Number of people to be assessed	The percentage of factories passing the assessment
GAP (DA)	7	100%
H&M (NQC)	2	100%
Levi's (CA)	2	100%
KIABI	2	100%
Total	13	100%









Impacts and Challenges of the Epidemic

Under the influence of the fluctuating epidemic in 2021, some factories have been shut down for two to four weeks, and many difficulties have arisen in quality management. However, our professional quality management team still insists on product quality to reduce the risk of quality control caused by the pandemic:

Challenge	Impacts on Roo Hsing/ J.D. United	Roo Hsing/ J.D. United's Respond
• Some clients have changed their business models from offline stores to online sales. • Delayed delivery of some client orders. • Uncertainty of delivery time increased during product transportation.	• Clients have more stringent requirements on product appearance, thread and other issues. • Problems in capacity allocation have led to increased inventory pressure, and the rainy season in Southeast Asian countries may affect the quality of shipments.	• QA personnel are dispatched to conduct random inspections on key client requirements, reallocate production capacity in response to the uncertainty of various risks, and improve the flexibility of the production process to reduce the proportion of defects in shipments. • The risk is assessed through the analysis of all samples, and further research and evaluation are carried out in the prenatal meeting. The risky parts are clearly pointed out at the prenatal meeting, and relevant personnel are assigned to be responsible for follow-up at each stage of mass production and report problems promptly.

2.3 Sustainable Supply Chain

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.

2.3.1 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.

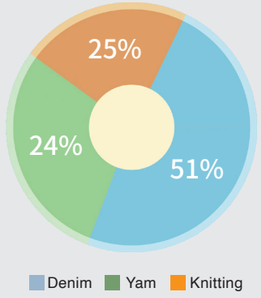
Purchasing Locally

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 addition, in terms of reducing the carbon footprint of product delivery and packaging caused by cross-border purchasing, we continue to implement local to local and are committed to reducing the impact on the environment during the purchasing process. In 2021, we cooperated with two raw material suppliers in Vietnam. The main consideration is the convenience of distance. This cooperation greatly reduced the carbon footprint in the transportation process and shortened the delivery time of the goods. Our main regions for material procurement and procurement proportions in 2021 were as follows: China 99%, Vietnam 1% (our main production base is located in China); we have around 14 first-tier suppliers.

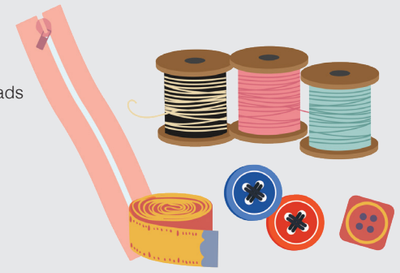
As we have only a small number of secondary material suppliers, all our suppliers are fully interchangeable, and we are able to maintain stability of raw material prices and supply quantities. The main raw materials procured by Roo Hsing/J.D. United and our subsidiaries include:

Primary Material



Secondary Material

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



Sustainable Raw Material Sourcing

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 own perspective, 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 2021, we will continue to increase 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.

In 2021, 80% of our products were made using the Better Cotton Initiative (BCI), an increase of 33% compared to last year, 15% used recycled cotton, and 5% used pre-consumer waste (for consumer Ex-textile waste, organic cotton, and recycled cotton production certification are all entrusted to an external third-party organization for application and processing).

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
- In 2021, around 80% of our products were made using BCI cotton and we became a promoter and supporter of responsible cotton production

BCI Better Cotton Initiative

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

ORGANIC 100 content standard

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

RECYCLED 100 claim standard

RECYCLED BLENDED claim standard

- In line with client requirements, our fabric factories also set standards, requiring them to have Recycled Claim Standard (RCS) certification, and RCS verification must be conducted by specific third-party institutes who can award RCS certification.
- The organic cotton and recycled raw cotton of GAP products have independent material placement areas and designated production areas, and the organic cotton/recycled cotton logo is clearly marked.


SCOPE CERTIFICATE

J D UNITED TRADING CORPORATION LTD.

CONTROL UNION

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.

2021 internal staff training content

- Trade security training
- Supply chain security training
- Online learning sessions




AEO

认证企业证书

AEO CERTIFICATE

认证企业名称: 常州东奥服装有限公司
AEO NAME:

认证企业编号: AEOCN 3204941056
AEO CODE:

认证企业等级: 高级认证企业
AEO TYPE:

认证日期: 2020 年 12 月 31 日
DATE OF AUTHORIZATION:

发证机关: (盖章)
ISSUING AUTHORITY:

发证日期: 2021 年 01 月 11 日
DATE OF ISSUE:

2.3.2 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 it finds that the supplier has any risk of violating corporate sustainability, it 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.

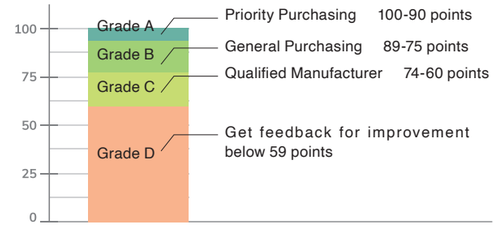
To maintain a high-quality supply chain while reducing and avoiding the occurrence of risks, Roo Hsing/ J.D. United conducts a general annual performance appraisal for non-designated suppliers and accessory suppliers by an inter-departmental supplier evaluation team every year. The departments include 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 2021, 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 seven 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

Weight	Ratio
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



In 2021, due to the epidemic situation, there were 14 auditors and appraisers in the China factory for frequently cooperated fabric suppliers, including knitting, denim, buttons, zippers, etc. All the evaluation results are above grade B.

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 2021.

2021 CSR in-Plant Audit Results

Country	China	Cambodia
Audit project	• Labor norms: age, identity, employee file, labor contract, physical examination • Environment, health, and safety • Management system • Working hours, wages, and benefits • Discrimination, Harassment, Abuse, and Grievance Mechanisms	• Same as China • Free to form Associations
Number of audits	2 times	12 times
Minimum recruitment age	20 years old	18 years old
Number of violations of youth worker management	0	0
Number of violations of child labor management		
Timeout Dispute Events		
Number of forced labor disputes		
Number of controversies related to sexual harassment		

2.4 Customer Service 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 improved. 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.

2.4.1 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 573 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.

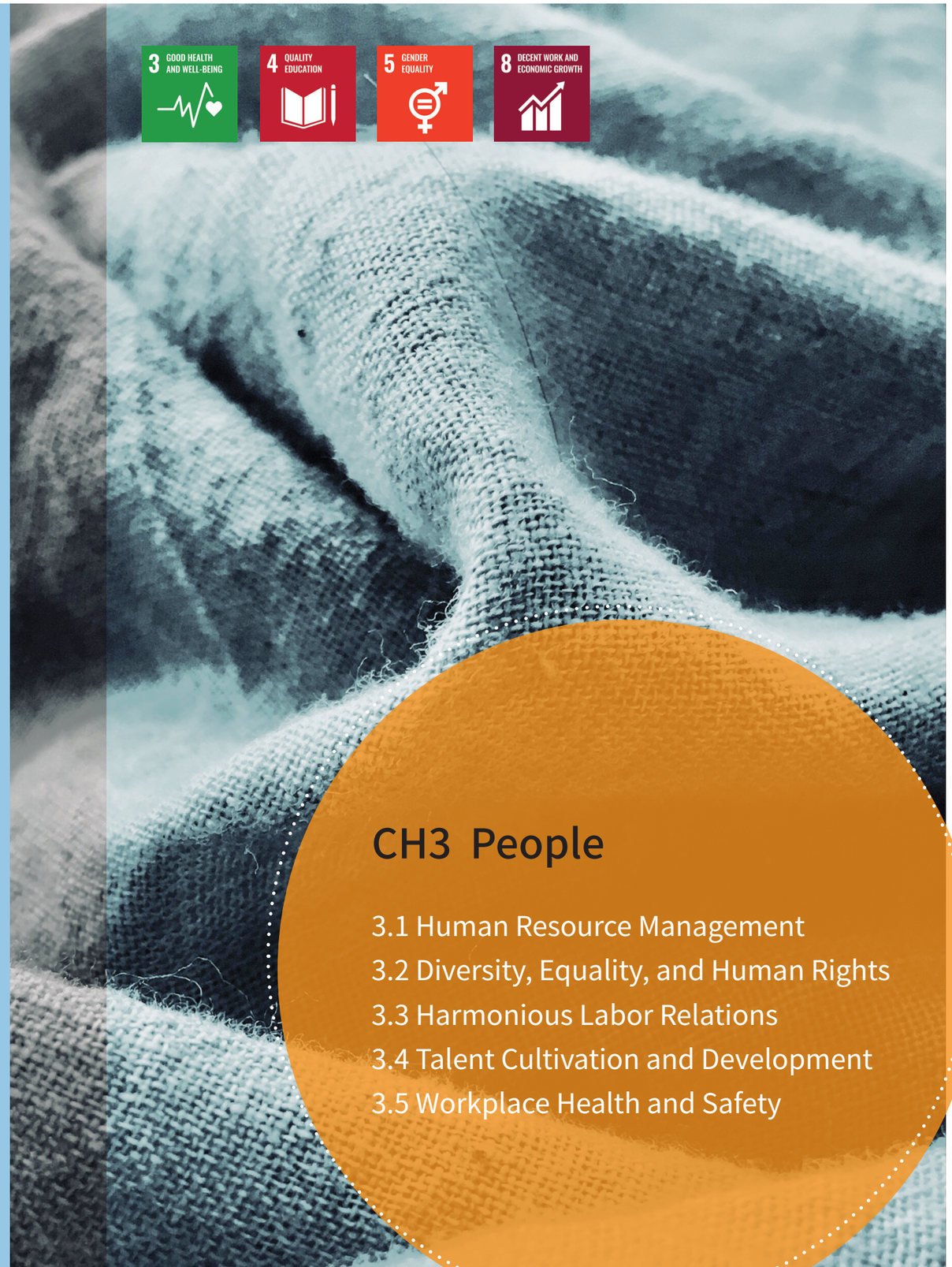
Client Relationship Management Process



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.). The main feedback topics collected in 2021 are the high price and long delivery time. In addition to continuing to maintain contact with clients and communicate patiently, we explain the factors of high prices to clients, strive for client understanding, and also respond to client needs. Try to develop new raw material suppliers and lower prices appropriately to quickly respond to client needs and improve satisfaction. In 2021, our production base has reached the client's KPI indicators, has been recognized as an excellent supplier by one of the brand's client scoring system (scoring once a quarter), and has achieved outstanding performance in quality and logistics.

2.4.2 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 2021.



CH3 People

3.1 Human Resource Management
3.2 Diversity, Equality, and Human Rights
3.3 Harmonious Labor Relations
3.4 Talent Cultivation and Development
3.5 Workplace Health and Safety

Major Topic:
Labour Relations, Forced and Compulsory Labor

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

1. Provide satisfaction surveys, labor-management meetings, trade union meetings, and employee suggestion boxes.
2. Ensuring 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

1. Regularly hold labor-management meetings and symposiums to provide transparent and stress-free communication channels.
2. 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.
3. 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.
4. 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.
5. Treat employees equally in accordance with the "Roo Hsing/ J.D. United Human Rights Policy" and maintain zero human rights violations.
6. Follow the age limit for child labor at the operating base, and zero misuse of child labor or violation of youth management.
7. Promote the Roo Hsing/ J.D. United Workplace Health Care Project to build a healthy and friendly workplace environment.

Mid-term & Long-term Goals

1. Continue to hold labor-management meetings regularly to promote exchanges and interactions between labor and management.
2. Continue to maintain the download rate of the WOVO labor-management communication platform to 100%, and communicate human resources policies transparently through the platform.
3. Improve the health management of employees and check the health of garment workers through the National Social Security Fund (NSSF).
4. Treat employees equally in accordance with the "Roo Hsing/ J.D. United Human Rights Policy" and maintain zero human rights violations.
5. Follow the restrictions on the age of child labor at the operating base, and zero misuse of child labor or violation of youth management.
6. 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.
7. Improve the performance management system, link contribution, salary & benefits incentives, and market competitiveness.

Responsibilities and Resources (Actions)

1. 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.
2. The committee regularly reviews any potential labor-related risks and formulates corresponding control measures according to each risk.
3. 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.
4. Conduct sexual harassment prevention training courses in Cambodia and China factories to create a dignified workplace culture.
5. 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.

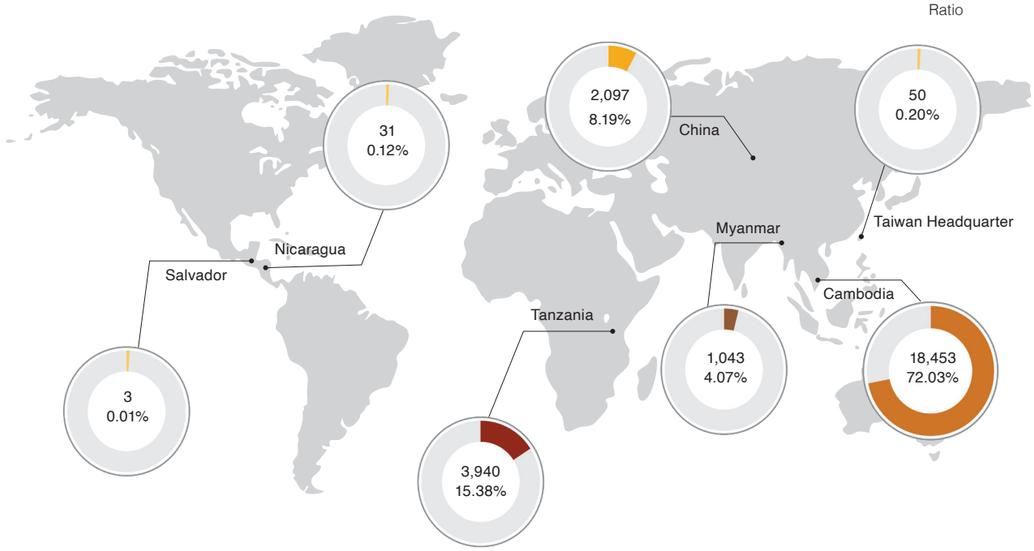
3.1 Human Resource Management

Talent is the foundation of Roo Hsing/ J.D. United's business. We are committed to building a friendly and healthy workplace, providing employees with a high-quality workplace, a diversified talent training system, complete health care and employee benefits, all-around care and open and transparent communication channels, hoping to become the most reassuring and attractive employer. Stimulate personal potential through a sound management and personnel system, and provide internal employees with comprehensive education and training and diverse rotation opportunities to demonstrate the company's transparent internal promotion system, committed to promoting executive talents from within, to achieve the vision of the right place for the right person, so that the inner potential of employees can be fully developed.

We are committed to providing our employees with excellent, safe, and healthy workplace environments; talent cultivation; and employee benefits that improve employee work and living conditions. We stimulate individual potential through sound management and personnel systems while providing comprehensive training and diverse rotation opportunities for our internal staff. We also demonstrate transparency in our internal promotion systems and strive to promote management talent from within our ranks to achieve our vision of placing suitable personnel in appropriate positions, allowing the potential of our employees to be fully utilized.

2021 Global employee distribution

Unit:
No. of People
Ratio



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 manpower 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	• Identification and update of local regulations, labor conditions, labor safety regulations, social security and other regulations and records of each operating location. • Maintain smooth communication channels and mechanisms with the governments of the operating locations.
Statutory salaries in all locations increase yearly	• Establish a complete hiring training system for employees to ensure that the ability of talents can be reflected in the relative salary and remuneration.
The supply of manpower	• 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.

HR Risk	Roo Hsing/ J.D. United Risk Control Strategy
The flow of talent	• Provide a competitive salary and welfare system. • Smooth internal communication channels. • Strengthen the training system for talent cultivation.
COVID-19 outbreak	• 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. • Emphasize employee personal and workplace hygiene management. • 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.

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.

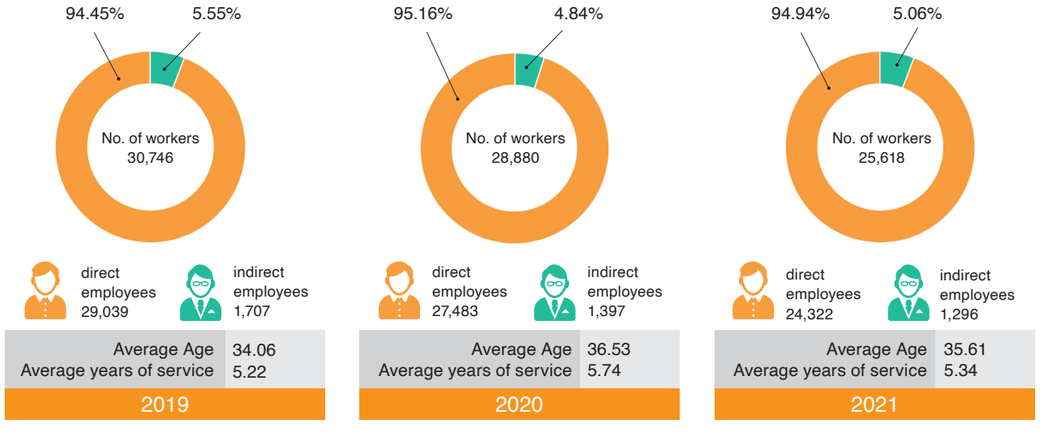
Diversified Talent Recruitment

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 2021, there are 24,322 employees, with an average age of about 35.61 years and an average years of service of about 5.34 years. In addition, due to the nature of the garment and textile industry, direct employees account for about 95% and indirect employees account for about 5%.

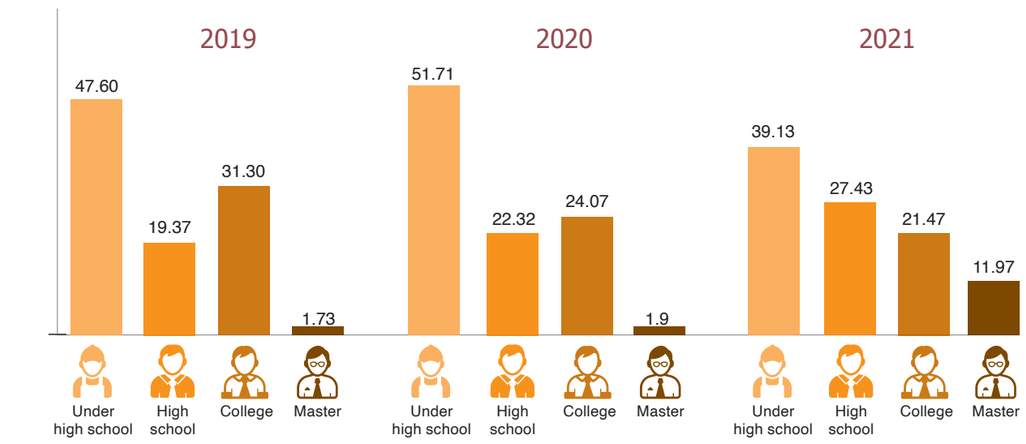
Staff Composition



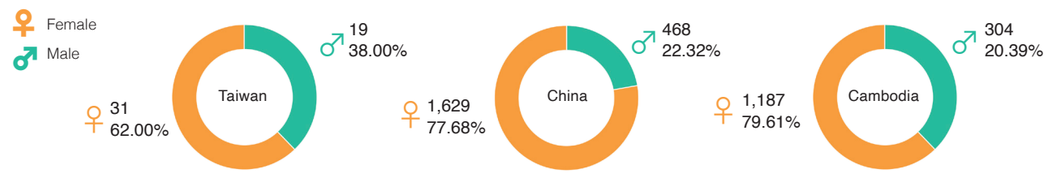
Notes: The statistics in the above table include the data of Roo Hsing/ J.D. United Taiwan, Cambodia, China, Nicaragua, El Salvador, Tanzania, and Myanmar.

Education Level

Education Level Percentage(%)



Gender and Age Distribution of Each Operating Base



Rigion		Taiwan		China		Cambodia	
Gender	Age	No. of people	Percentage	No. of people	Percentage	No. of people	Percentage
Female	Less than 30	8	16.00%	115	5.48%	349	23.41%
	30 to 49	15	30.00%	1,214	57.89%	819	54.93%
	50 and older	8	16.00%	300	14.31%	19	1.27%
Male	Less than 30	1	2.00%	60	2.86%	109	7.31%
	30 to 49	9	18.00%	272	12.97%	192	12.88%
	50 and older	9	18.00%	136	6.49%	3	0.20%

Notes: Cambodia regional statistics only include Roo Hsing Cambodia

3.1.2 Talent Flow

In 2021, Roo Hsing/ J.D. United's overall recruit rate is 3%; the resignation rate is 3.86%, which is 0.28% lower than the resignation rate in 2020. 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.

2021 Distribution of numbers of new recruits and resigns by operating locations

Items	Roo Hsing						J. D. United				Total
	Taiwan	Cambodia	Nicaragua	Salvador	Intelligence Silicon Technology	Myanmar	China	Cambodia	Myanmar	Tanzania	
Number of people at the beginning of the term	65	2,314	889	3	0	2,270	2,516	17,532	21	3,270	28,880
Recruits for the year	8	175	1,426	0	1	469	747	5,090	2	1,930	9,848

Items	Roo Hsing						J. D. United				Total
	Taiwan	Cambodia	Nicaragua	Salvador	Intelligence Silicon Technology	Myanmar	China	Cambodia	Myanmar	Tanzania	
Number of resigns of the year	23	925	2,284	0	0	1,706	1,166	5,733	13	1,260	13,110
Number of people at the end of the term	50	1,564	31	3	1	1,033	2,097	16,889	10	3,940	25,618
Number of employees at the end of the term	0	1,538	0	0	0	916	1,524	16,651	0	3,693	24,322
Number of indirect employees at the end of the term	50	26	31	3	1	117	573	238	10	247	1,296
Resignation Rate: 3.86%						Recruit Rate: 3.00%					

Notes: Annual average recruit rate =Total monthly recruit rate /12

Changzhou Factory Downsizing

Due to the continuous impact of Covid-19 and the China-United States trade war in 2021, the overall sales order will be reduced compared with previous years. Therefore, in combination with the financial information, the sales and expense data are provided, and all departments of the headquarters are required to formulate departmental cost and manpower reduction plans according to the set goals. Hoped that in 2022, compared with 2021, the overall goal is to reduce the total annual expenses of the department by RMB 2,500,000 (Equivalent to NT$10,852,500 *).

*Note: According to the announcement of the Ministry of Finance, the RMB exchange rate conversion adopts an average value of 4.341 yuan in 2021]

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.

Salary and Welfare System

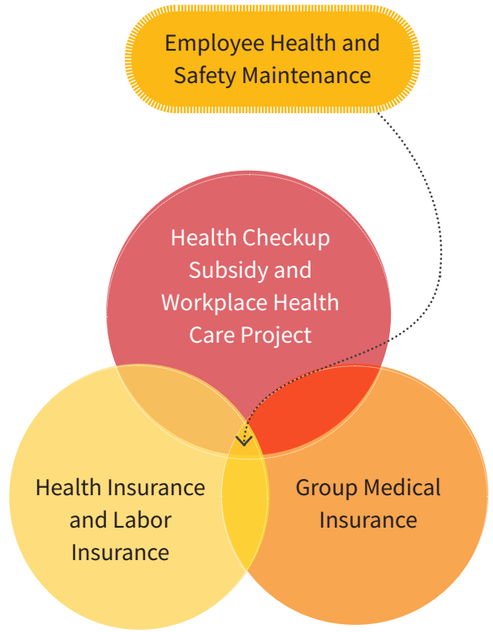
Roo Hsing/ J.D. United has an Employee Welfare Committee responsible for planning and handling various employee benefits so that employees can have activities to relax their bodies and minds after work, as a bridge to boost employee morale and strengthen labor relations. In order to take care of the health and safety of all colleagues, we have specially insured "Statutory Infectious Disease Prevention Expenses Insurance" for its employees due to the severe Covid-19 epidemic in 2021. To reflect the company's care for employees, at the end of 2021, 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 "3.5 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:

Items	Related work methods
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 adjust 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. • To overcome the impact of the new coronary pneumonia with colleagues and strengthen employee health protection, Insured "Statutory Infectious Disease Prevention Expenses Insurance", for statutory infectious diseases home (centralized) isolation, isolation treatment or home (centralized) quarantine, a fixed amount of isolation or quarantine compensation insurance will be paid NT$100,000.
Other special benefits	• Promote a friendly workplace breastfeeding environment, with a fully equipped breastfeeding room, including a small refrigerator, sterilizer, alcohol, emergency bell, etc., and the environment is regularly managed by special personnel. • Hold denim sample pants distribution activities from time to time.

While improving the living standards of employees everywhere and providing a stable and respectful working environment, we also attach great importance to the health and safety of our employees. In 2021, employees at the headquarters will be subsidized to conduct routine health checks. A total of 39 people should be checked, and the health check participation rate is 100%. Due to the inconvenience of returning to Taiwan due to the epidemic, it is expected that the check will be completed in 2022. The cost of this health check is about NT$500,000.



Denim Sample Pants Claim Event



Salary of full-time employees who are not in supervisory positions

There is a total number of 44 non-supervisory full-time employees of Roo Hsing/ J.D. United Taipei Headquarters in the year 2021, and the total salary was NT$43,126,000; the average salary was NT$980,000, an increase of 5% over last year; the median salary was NT$797,000, please refer to the table below for details:

Unit: NT$ thousand

Roo Hsing/ J.D. United Taipei Headquarters	2020	2021	Increase rate (%)
The total salary of full-time employees of non-supervisor employees (A)	51,325	43,126	-16%
Number of non-supervisor full-time employees (B)	55	44	-20%
"Average Salary" of full-time employees who are not supervisors (A/B)	933	980	5%
"Median Salary" of full-time employees who are not supervisors	699	797	14%

* The above table is the statistical information of Roo Hsing/ J.D. United Taipei headquarters.

Digital Payment

Starting from 2021, all Roo Hsing/ J. D. United Cambodia factories will pay wages by bank transfer (digital payment) instead of the previous model of paying local wages manually. Paying wages by bank transfer not only reduces labor costs, improves time usage, ensures payment transparency and accuracy, and reduces the risk of loss or theft, etc., it can also reduce unnecessary contact between people during the epidemic. Employees can take advantage of this safe deposit and enjoy a variety of bank services, saving the time of monthly cash salary collection and the risk of cash storage.



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 2021, the amount of the old system of retirement reserves is NT$3,849,531, and the amount of the new system of retirement reserves in 2021 will be NT$2,807,938. 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.



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.

3.2 Diversity, Equality, and Human Rights

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

Human Rights Policy

3.2.1 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.

In-plant Audit Measures

In addition to regularly implementing the publicity mechanism to strengthen the awareness of employees in the factory, our CSR team will also conduct cross-checks on the age of employees, or conduct in-depth checks on risky situations through routine inspections.

3.2.2 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".

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

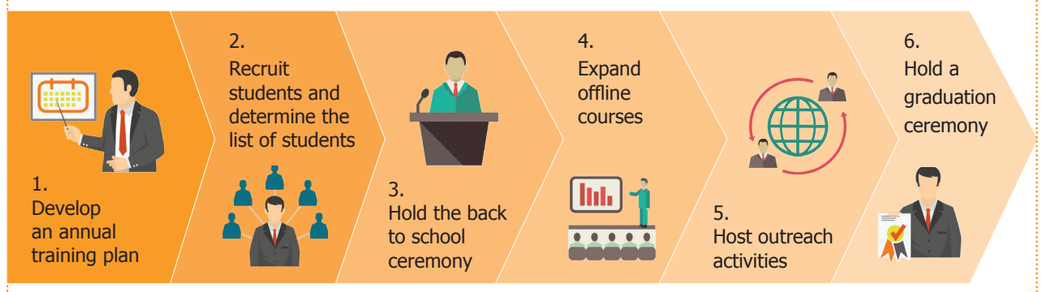
We cooperated with brand client GAP on the "P.A.C.E. (Personal Advancement and Career Enhancement)" education program. In the apparel manufacturing industry, female workers account for about 70% to 80% of the workforce, with a generally low education level and are responsible for work and family life. 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 decision-making, 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

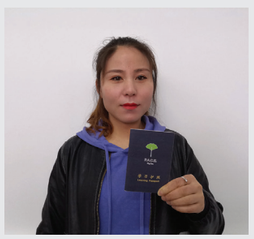
P.A.C.E.
Gap Inc.

Implementation Process








Diversified and Enriched Courses--Knowledge Competition and Sachets DIY

On the eve of the Dragon Boat Festival, to welcome the hot summer, P.A.C.E. Changzhou held the “Knowledge Contest and Sachet DIY" event, P.A.C.E. lecturer led the students to carry out an interesting knowledge contest and made sachets that look like rice dumpling and with anti-insect effects. During the activity, the students actively participated in answering questions, and also sewed a variety of folk-custom sachets with the scent of wormwood or lavender to experience the Dragon Boat Festival together.





C.A.R.E. (Connecting, Appreciating, Responding, Encouraging)-SBF (Sewing for Brighter Future) Project

This project is funded by the Levi Strauss Foundation, a foundation under the jeans giant Levi Strauss & Co., focusing on five core axes of "Reproductive Health, Nutrition, Maternal and New Born Health, Sexual Harassment Prevention, and Financial Literacy". This project was launched, to cope with the fact that there are a large number of female production line workers in Cambodia, most of whom are rural migrants to urban employment, and lack the necessary knowledge and skills to protect themselves. In 2021, 4 factories in Roo Hsing/ J.D. United Cambodia conducted the project to protect them from health risks, exploitation, sexual coercion and rights violations, and through financial literacy promotion, to prevent most garment workers from lacking a safe savings mechanism.

We cooperated with CARE Cambodia to co-organize this project. CARE selected suitable lecturers from among the human resources departments, medical staff, team leaders, labor union personnel and production line employees for training, and then the trained lecturers would teach the production line employees. After a year of CARE training on teaching methods and content and passing the inspection, the lecturer would be certified and become the lifeblood of future internal teaching. 2021 CARE Project Training Topics and Hours:

Topics	Frequency	Training Hours
Reproductive Health	1 hour a week/per person	960hrs
Financial Literacy	1 hour a week/per person	720hrs
Nutrition	1 hour a week/per person	960hrs
Maternal and New Born Health	1 hour a week/per person	960hrs
Sexual Harassment Prevention	5 hours a week/per person	3,600hrs

In 2021, the CARE project was implemented in four Roo Hsing/ J.D. United factories (a total of 5 training programs were implemented), with 32 certified internal training instructors, a total of 4,320 production line employees participating in the course, and a total of 7,200 hours of participating time.


Production line staff on the scene


Instructor training course



CARE Instructor Certificate
(Sexual Harassment Training)

3.2.3 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 factories to eradicate behaviors that may be construed as sexual harassment, and we also encourage reporting of relevant incidents.

3.3 Harmonious Labor Relations

We consider harmonious labor-management relations to be indispensable as we believe that one can progress quickly alone, but it takes a group to maintain long-term progress as we work together to achieve sustainable operations. Employers should treat workers kindly in terms of salaries, benefits, and career development and help all employees to move forward. We believe that smooth two-way communications are essential for facilitating labor-management collaborations, and have established relevant systems and opportunities to promote mutual cooperation, as well as labor-management advisory systems to prevent future issues from arising. We encourage two-way communication to reduce confrontations and conflicts, thereby lowering turnover rates, building consensus, and strengthening employee loyalty and engagement.

3.3.1 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.

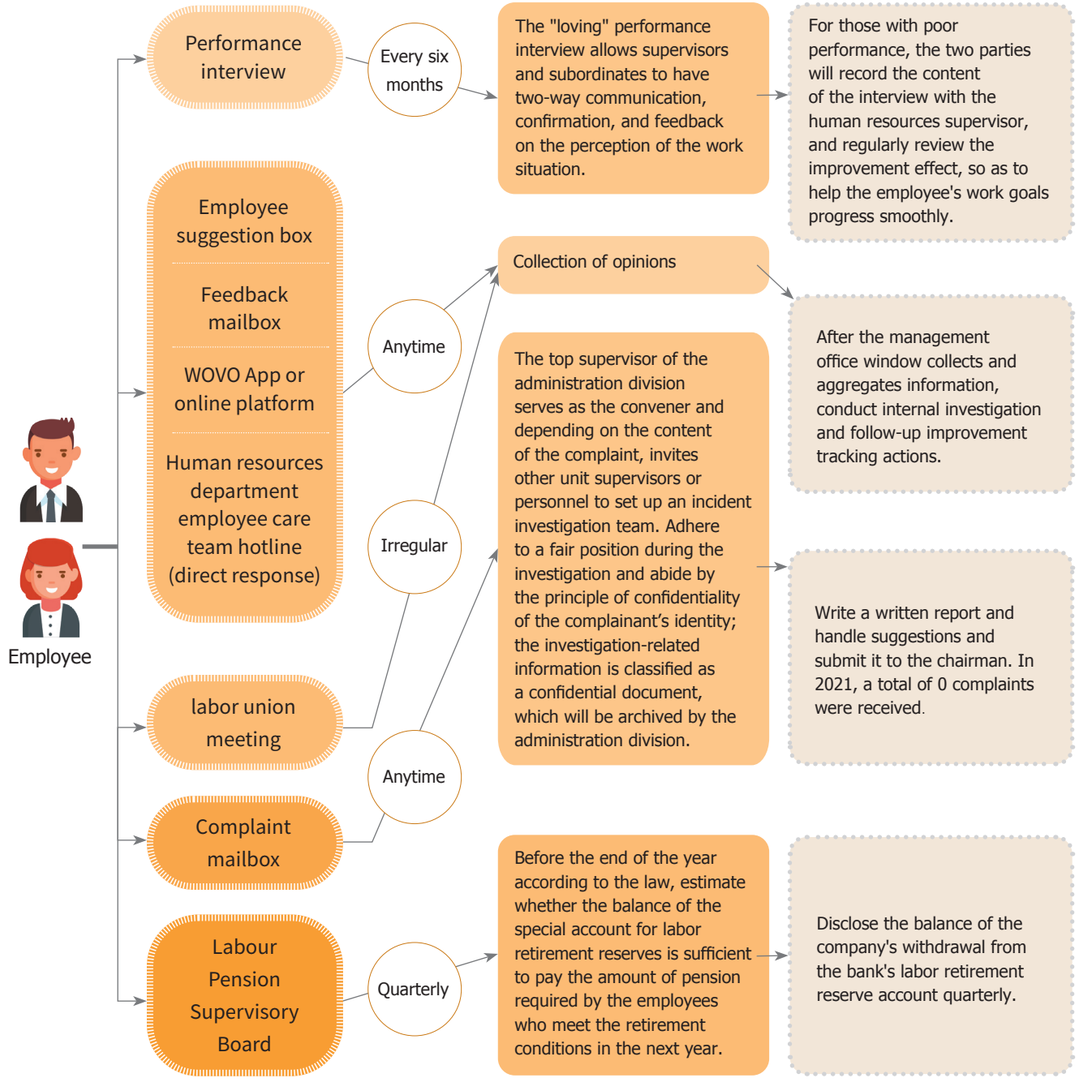
Number of labor unions in the factory

Factory union in 2021	Cambodia	Changzhou China
Number of union members	891	323
The proportion of union members to local colleagues (%)	60%	47%

3.3.2 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:



◑ Labor-management Intelligent Communication Platform WOVO APP

WOVO App is a third-party platform directly operated and implemented at factories to help and resolve issues related to worker engagement and well-being, and to increase communication and engagement between workers and supervisors, as worker can instantly communicate with knowledge or policies or publicity tools, such as communicating with the factory anonymously, viewing the workday schedule, viewing payroll, some daily news, etc. In addition to providing opportunities for exchange of opinions, WOVO App can also be used as an online learning platform, and worker can track their learning status and learning scores through the App. Through WOVO, worker have access to expertise and personal training opportunities covering topics such as women's health and fertility, mental health, smoking cessation, economics and family issues.

This project is carried out in the Roo Hsing/ J. D. United Cambodia plant. With the help and promotion of colleagues from the Cambodian Public Relations Department and Human Resources Department, the download and use coverage rate of worker have reached more than 90% in 2021. In 2021, a survey of "The Engagement

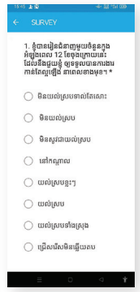
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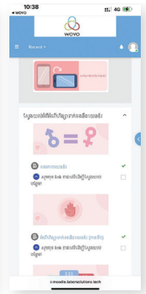
and Well-being (EWB) Survey" was conducted on Cambodia T&K factory through the WOVO App. The content of the questionnaire mainly reflects the opinions of factory worker, factory culture, welfare and other issues. In the end, a total of 216 factory worker voluntarily filled out the questionnaire, and the third party responded that the result of the questionnaire was "the factory is in good condition".

At present, the factory side has imported the worker's work schedule and salary details into the App. Worker can check their personal vacation and salary through this App, that both worker and supervisor can manage and view more conveniently and optimize the operation process.



EWB questionnaire screen





Online Sexual Harassment Prevention Course

3.3.3 Employee Care

As the epidemic situation becomes more serious, to make every colleague have a more secure working environment, we have implemented diverted work and remote meetings during the severe epidemic period, and provided a flexible leave policy, allowing employees to stay at home to take care of sick family members. Mandatory requirements for employees suffering from acute respiratory diseases to provide relevant supporting documents, which can not only reduce the physical risk of infection but also reduce employees' anxiety and panic caused by the epidemic.

In addition to the epidemic, we recruited, nurtured, and retained like-minded partners, and committed to creating a diverse and inclusive workplace. Even if employees are distributed in many locations around the world, we still adhere to its commitment to the entire workforce and ensure that every employee enjoys human rights, skill development, and a safe work environment. In recent years, the company has actively promoted various projects and activities for the development of talents and potential. Through cooperation with customers, governments, and non-profit organizations, we have obtained multiple resources and channels. The group also invested a lot of internal manpower and funds. Fully support the project to continue. In recent years, key projects include P.A.C.E., WOVO, CARE, V.O.I.C.E, and VOW, etc., which are expected to integrate the core culture of the group and improve the well-being of employees.

3.4 Talent Cultivation and Development

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.

3.4.1 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.

◑ V.O.I.C.E. Project

Roo Hsing/ J.D. United launched the V.O.I.C.E project in 2018 for all employees across 13 factories, using continuous case studies and practical activities to enrich our culture, engage employees, and facilitate sustainable and healthy corporate developments. We hope to spread our values and ideals while promoting our corporate spirit of sustainable development, value creation, and innovation through a variety of promotional channels. The main aim of the project was to promote our four core values: “Openness, Integrity, Courage, and Empathy”. We put up posters of our four core values, regularly broadcasted employee stories, and delivered internal publications via email and continued to spread our four core values to all participants so as to internalize these into our corporate culture.

In 2021, all regions will cooperate with local governments to resolutely implement various epidemic prevention measures and popularize epidemic prevention knowledge. For example, promote hygiene habits such as avoiding gatherings, wearing masks, and washing hands frequently. We hope that in 2022, through more diverse training programs and activities, we can unite people's hearts, so that all our employees have the same vision, continue to maintain the company's transparent, sunny and healthy corporate culture, create a safe workplace for employees, and assume social responsibilities.

2021 Performance Results

1. Published 4 times the "Roo Hsing & JDU Newsletter" quarterly, focusing on the core V.O.I.C.E. values to report our company's dynamics, interviews, factory information, activity results and internal construction, the progress and far-reaching impact of corporate culture implementation, etc.
2. Introduce the content of the project and its achievements in recent years in detail in the induction training for new employees.
3. Send the JDU core value broadcast to the factory every month, and popularize the corporate culture through the form of audio storytelling.
4. Introduce project content to new employees during induction training.
5. Used our public WeChat account to promote project values and concepts.
6. The V.O.I.C.E. knowledge contest was held in the Changzhou plant. More than 30 employees participated and answered the questions. In a lively atmosphere, it was explained that the employees had a correct understanding and understanding of the core values of the company, which were practiced and applied in daily work, and the theory and action were closely integrated.
7. The courses hosted at our sites in China were attended by 1,200 participants over a total of 8,610 training hours.
8. Broadcasts delivered 2 times a day for 15 minutes at our sites in Cambodia reached 100% of employees.



“#V.O.I.C.E.” WeChat public account



◑ J.R.H (JDU ROO HSING HEALTH) Project

J.R.H. Strengthen key projects, integrate existing courses and improve group education and development plans

String in 2019, Roo Hsing/ J.D. United took the initiative to introduce the J.R.H. projects in China, Cambodia, and Tanzania, focusing on strengthening the company's culture and values, strengthening the awareness of self-protection among women in the workplace, advocating the concept of gender equality, and improving employees' physical and psychological health and support employees to implement the spirit of business ethics. In 2021, in addition to continuously improving the professional skills and personal awareness of employees, the group also attaches great importance to the physical and mental health of employees, and always emphasizes a zero-tolerance attitude towards corruption, workplace sexual harassment, verbal bullying, etc. Implements core values from another perspective, build a corporate culture, raises awareness from the basics, conducts training on the code of conduct, complaint channels, etc. In 2021, the number of people covered will continue to increase. We will focus on strengthening the awareness of self-protection among women in the workplace and advocate the concept of gender equality. In addition, we know that corruption and bribery will seriously affect the foundation of sustainable business operations, we continue to strengthen publicity and training and increase relevant professional knowledge of employees.

(Continued)

Sexual Harassment Prevention

In 2021, the Changzhou plant and the Cambodia plant will continue to carry out GBV training (Gender-Based Violence) according to the annual plan, to introduce to employees what kind of behavior is sexual harassment in the workplace, how to deal with similar problems, the company's complaint channels and handling Procedures, etc., designed to demonstrate that employees raise awareness and make it clear that they have zero tolerance for sexual harassment of any kind.



Changzou Plant



Cambodia Plant

Four professional lecturers from the Group also participated in the online GBV lecturer training convened by the brand company GAP to learn relevant course content and training skills. In order to understand employees' cognition of the concept of workplace sexual harassment, complaint channels, etc., it will lay a solid foundation for the next in-depth training.

- Training hours: 2,850 hours
- Total number of participant: 950

Gender Equality

The Chinese factory shot a short film called "Transformation", which mainly tells how P.A.C.E. students achieve transformation and promote gender equality after participating in the study. The film fully demonstrates the positive influence of the project and the company's efforts in promoting gender equality. exploration and effort. The film also competed in the "P.A.C.E. Awards 2021" global supplier competition organized by GAP Group, and won the nomination and honorary certificate in the "Our Voice, Our Power" unit.



- Training hours: 40 hours
- Total number of participant: 40

Anti-corruption

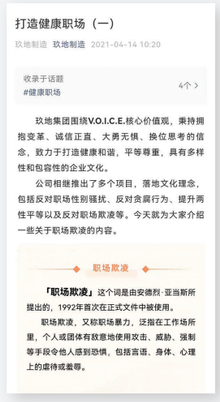
In conjunction with the "United Nations International Anti-Corruption Day" on December 9, we published relevant articles on the WeChat official account, with a cumulative number of over 600 people, and posted anti-corruption posters inside the company to demonstrate the company's zero-tolerance attitude towards any corruption. Committed to creating a clean, open and transparent corporate culture.



- WeChat public account, and posting posters
- More than 600 participants

Anti-bullying

We have set up the topic "#HealthyWorkplace" on the WeChat official account, and published 5 times, covering more than 600 people, including the introduction of workplace bullying, etc., and posted relevant training briefings on the notice board of each factory.



- Training hours: 80 hours
- Total number of participant: 40

3.4.2 Investment in Talent Cultivation

Our internal training procedures were affected by the pandemic in 2021; to protect the health and safety of our employees, we suspended all training from May to September and would be resumed immediately when the epidemic subsides. The results of a 5-point survey showed that average overall satisfaction scores were 4.61.







Training Hightlights and Results for 2021

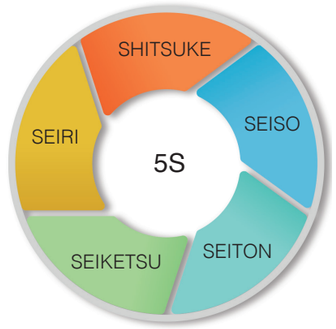
Course Category	Course Theme	Number of Trainees	Number of Courses	Total Training Hours
Training for new employees	Pre-employment training courses (orientation, organizational culture, employee welfare systems, and various regulations)	7	5	15
Comprehensive enhancements and training	Brainless financial techniques that are super useful for office workers	27	1	2
	Business English Lecture: Collocations + Grammar	27	1	2
	Tips for upward communication in the workplace	18	1	3
	Information Security and Personal Data Protection Management	17	1	1
	Introduction to Internal Control	19	1	1
	Integrity management code and case sharing	17	1	0.5
Training for specific personnel	The only way for a sustainable business to operate - external innovation	9	1	3
	Group corporate governance	8	1	3
	Responsibilities of Directors and Supervisors and Key Points of Amendment to the Insurance Law	1	1	3
	Use ESG to enhance corporate strategy capabilities and respond to sustainable financial trends	1	1	6
J.R.H.	• Methods for preventing sexual harassment • Gender equality training • Anti-corruption training	1,630	1	2,970
V.O.I.C.E.	Four core values "Openness, Integrity, Courage, Empathy"	1,200	1	8,610
P.A.C.E.	Three training modules "Communication Skills, Problem Solving, and Decision Making, Time and Stress Management"	180	1	9,000
CARE	Five core competencies	4,320	4	7,200
AEO Training	Trade Security, Supply Chain Security, AEO Online Seminar	45	1	45

3.5 Workplace Health and Safety

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

5S Workplace Management

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 well-organized 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.

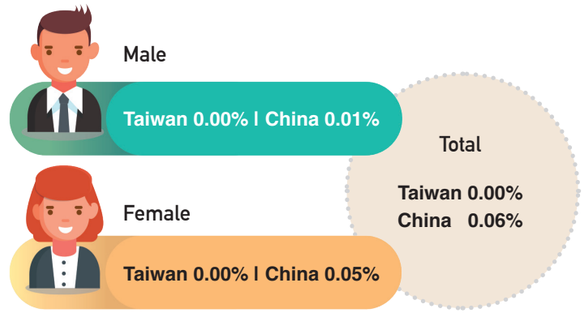


Roo Hsing/ J.D. United occupational safety disaster statistics

Category	Area	Taiwan			China		
	Year	2019	2020	2021	2019	2020	2021
Injury Rate (IR)	Male	0	0	0	0.36	0.27	0.23
	Female	0	0	0	0.58	0.48	0.53
	Total	0	0	0	0.94	0.75	0.76
Lost Day Rate (LDR)	Male	0	0	0	4.18	14.10	2.04
	Female	0	0	0	8.15	3.17	4.64
	Total	0	0	0	12.33	17.27	6.68
Number of deaths	Male	0	0	0	0	0	0
	Female	0	0	0	1	0	0
	Total	0	0	0	1	0	0

Note:
1.There were no occupational disease incidents from 2019 to 2021.
2.Injury rate (IR, the third decimal place is unconditionally rounded up) = total occupational accident/total hours of work x 200,000
3.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.).
4.The number of deaths refers to the number of employees injured by work.
5.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.

2021 Absenteeism



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.

3.5.1 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.
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.
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.
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.

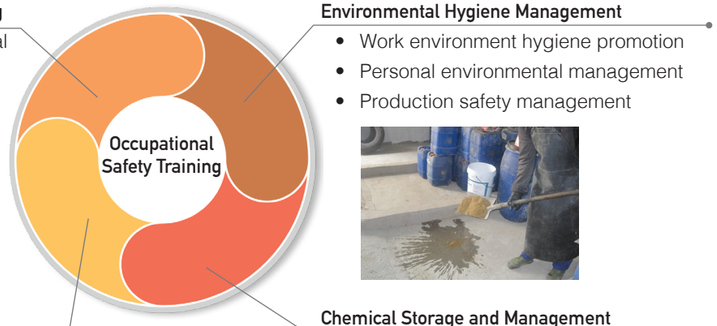




Program content assessment with the nurse practitioner

3.5.2 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 manpower 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:



Personal Protective Equipment Training

- Awareness training and practical operation



Environmental Hygiene Management

- Work environment hygiene promotion
- Personal environmental management
- Production safety management

Basic Occupational Health and Safety Training

- Environmental, health, safety, and safety risk awareness training
- Risk prevention measures
- Health and Safety Instructions
- Improvement strategy
- Disaster prevention concept propaganda
- CPR emergency training



Chemical Storage and Management

- Awareness Training
- Storage Incompatibilities
- Operating personnel health and safety principles
- Use and management of personal protective equipment
- MSDS material safety data sheet training



Occupational safety training projects and results for 2021 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 4 times, China factory 2 times	5,490	40,446
Chemical storage and management	2 times each in Tanzania and China factory	89	178
Personal protective equipment training	Cambodia factory 6 times, Tanzania factory 4 times, China factory 2 times	5,490	21,602
Environmental hygiene management	2 times each in Tanzania and China factory	521	1,042
BFC training**	6-day training in Cambodia factory	30	1,440
PICC training**	Cambodia factory 2 times	120	720
Firefighting training	2 pieces of training a year	5,490	10,980

*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.

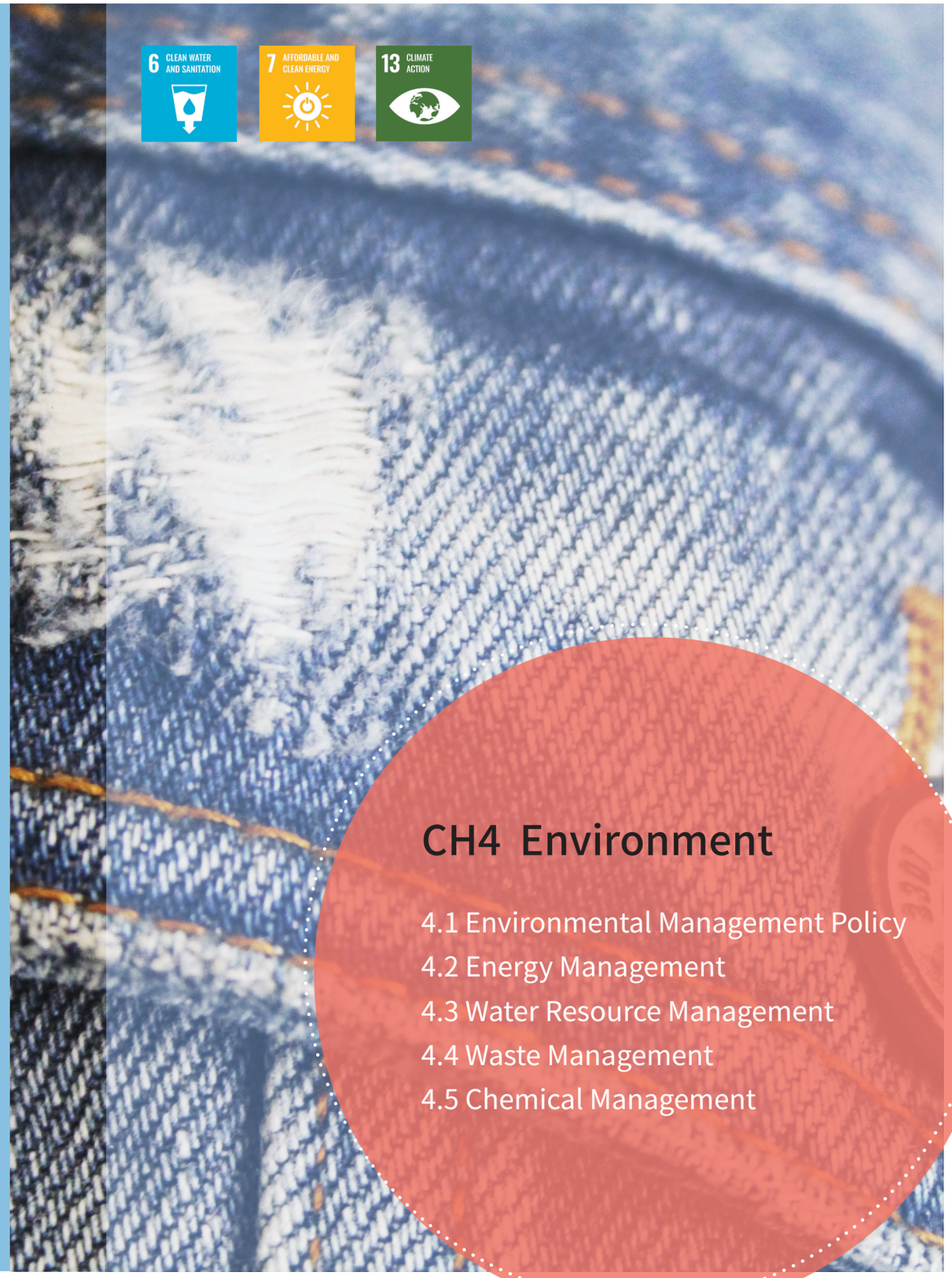
Cambodia BFC Cooperative Training Module Course

According to the information provided by BFC after the project in 2021, 31% of occupational health and safety problems found in Cambodian workplaces in 2020 have been improved, 23% of contract and personnel-related problems have been improved, and working hours and other related problems have been improved. 30% have been improved, and 25% of management system and other related issues have been improved.

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





CH4 Environment

4.1 Environmental Management Policy
4.2 Energy Management
4.3 Water Resource Management
4.4 Waste Management
4.5 Chemical Management

Major Topic: Organizational Energy Management, Chemical Substance Management, Waste/Wastewater

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

1. 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.
2. Promote chemical suppliers to third parties recognized by customers to conduct product risk assessments and analyze the content of hazardous substances in chemical products.
3. 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

1. Reduce the cost of chemical raw materials, steam costs, water costs, machine material consumption, maintenance and other items by 10% in each plant area.
2. Make full use of local resources and continuously improve the utilization rate of solar photovoltaic.
3. Waste water and waste gas are 100% treated and discharged in compliance.
4. 100% of hazardous wastes are cleared, transported and recycled by qualified manufacturers.
5. The chemical substances used in the process are all in line with the relevant national standards; ZDHC auxiliary chemicals reach 80%.
6. 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

1. 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.
2. 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.
3. Actively adopt new technologies, new processes, and new products, and it is expected to continue to promote the detection and analysis of hazardous substances.
4. 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%.
5. ZDHC additives chemical up to 100%.
6. Gradually promote Screened Chemistry (SC) and ZDHC to each plant and comply with local laws and regulations.
7. The wastewater recovery rate of each washing plant in Cambodia is 65%.
8. Combined with the CO_2 emission reduction target, the utilization rate of recycled raw and auxiliary materials can reach more than 30%.

Responsibilities and Resources (Actions)

1. The factory completely bids farewell to traditional coal-fired boilers and purchases steam to reduce the use of non-renewable resources.
2. 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.
3. 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.
4. Cambodia's Hung Hsing Water Washing Plant and JD & Toyoshima Plant introduced solar photovoltaic power generation projects in 2021, and gradually introduced renewable energy.
5. 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.
6. 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.
7. 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.
8. 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.
9. 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.

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.

4.1 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.



Our Changzhou plant passed ISO 14001 certification

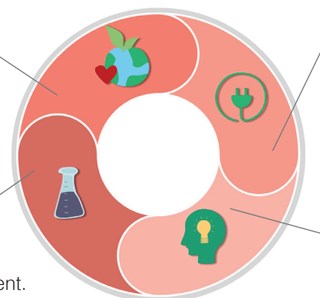
Four dimensions of Roo Hsing/ J.D. United environmental management policy

Build a corporate culture focusing on environmental sustainability

- Implemented environmental training to enhance environmental protection awareness in employees and to establish crisis response measures in advance.

Scientific management

- Implemented systematic programs for resource management.
- Implemented systematic programs for chemical management.
- Implemented wastewater management systems.
- Established multiple facilities for preventing leaks.



Save energy and reduce consumption

- Replaced old machinery and procure new energy-saving equipment.
- Regularly maintained machinery and equipment to enhance energy efficiencies.

Innovation and R&D

- Formed dedicated R&D team.
- Developed new material formulations to reduce environmental impacts.
- Improved production processes and developed new manufacturing techniques.

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).

2021 Roo Hsing/J.D. United Environmental Management Objective and Action

Category	Goals	Management Procedures
Energy Management and Conservation	Reduce 3% water and electricity expenses	• Water/electricity management systems. • Implement energy management training to enhance energy conservation and environmental protection awareness in employees. • Gradual replacement of energy-consuming equipment with energy-saving equipment. • Regular inspections and maintenance for electrical equipment, water valves, and pipelines. • Strengthen supervision of production processes.
Environmental Safety	Zero environmental and safety incidents	• Establish comprehensive corporate energy-saving and carbon-reducing environmental policies. • Provide employees with comprehensive environmental safety training. • Conduct incident drills for safety and environment associated accidents. • Invite regular guidance from EIA companies. • Prepare sufficient fire safety equipment and undergo periodic inspections. • Improve chemical management systems.
Wastewater Management	Fully (100%) achieve effluent standard	• Strictly comply with sewage discharge regulations. • Improve wastewater and sewage treatment systems. • Regular inspections of discharged water. • Recording and filing of wastewater and sewage management system data. • Third-party inspections of wastewater and sewage.
Waste Management	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.
Emissions Management	Fully achieve emissions standard	• Ensure normal operations of emissions equipment and record and archive associated data. • Undergo regular third-party emissions testing.
Noise Management	Fully achieve local regulations	• Invest in and install equipment for controlling and adsorbing noise.

4.2 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 2021, 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.

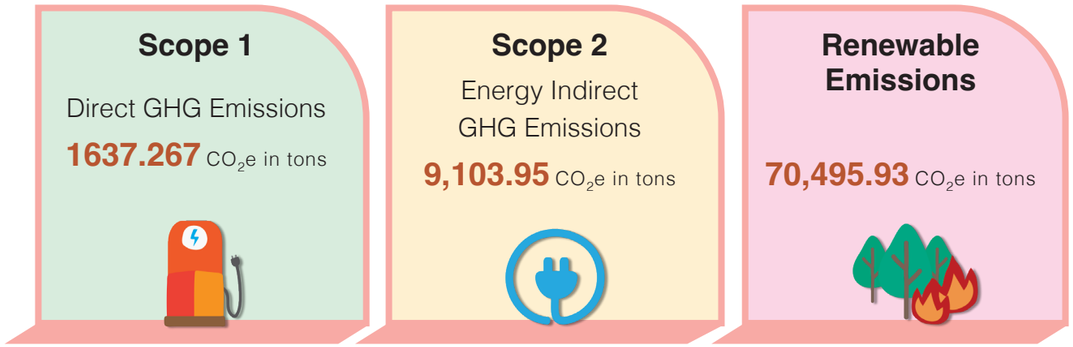
Energy use and consumption of factories in China and Cambodia in 2021

Unit: Gigajoule (MJ)

Energy Category	China		Cambodia	
	Y2020	Y2021	Y2020	Y2021
Diesel	-	-	13,840.00	11,680.61
Petrol	10.73	26.24	1,420.91	1,088.72
Liquefied Petroleum Gas (LPG)	-	-	-	851.45
Liquefied Natural Gas (LNG)	-	-	256.72	1,348.01
Steam purch	16.38	14.42	222.65	22.62
Electric purch	1,744.16	3,659.81	103,660.68	166,651.81
Total	1,771.27	3,700.47	119,400.96	181,643.23

Notes:
1.The source is based on meter reading records or purchase volume.
2.The conversion coefficient is based on the Heat Content of Energy Products announced by the Bureau of Energy under the Ministry of Economic Affairs.

Greenhouse gas emissions from Cambodia factories in 2021



Notes:
1. The inventory method adopts absolute carbon emission reduction (absolute reduction).
2. 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.
3. Scope 1 refers to direct emissions of greenhouse gas, and the emission sources include diesel, gasoline, liquefied petroleum gas, and natural gas.
4. Scope 2 refers to indirect energy emissions of greenhouse gas, including purchased electricity and steam.
5. Renewable emissions are greenhouse gas emissions from the burning of forest biomass (Biomasswood).

Energy Management Practice

❶ 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 2021.


Plant Water Curtain

❷ 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.

❸ 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.





Roo Hsing/ J.D. United solar photovoltaic power generation equipment in Cambodia.

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.

4.3 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 intake in 2021 are as follows.

Water Intake Statistics at China and Cambodia Plants in 2021

Unit: Cubic meters

Water Source	China		Cambodia Water Washing Plant					
	2020	2021	2020			2021		
			Nagapeace	Hung Hsing	Roo Hsing	Nagapeace	Hung Hsing	Roo Hsing
Tap water intake	50,029	52,300	2,143,436 (Total)			1,707,303 (Total)		
Groundwater intake	1,635	689	0			0		
Total water intake	51,664	52,989	2,143,436 (Total)			1,707,303 (Total)		
The total amount of recycled water	0	0	580,910	148,533	70,230	566,667	223,197	30,540
The proportion of recycled water to total water intake	0%	0%	55%	33%	11%	58%	49.4%	5%

Notes: 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.

Starting from 2021, in cooperation with brand clients, we will also establish a new water consumption target for a single piece of clothing. Nagapeace Water Washing Plant will achieve the goal of consuming less than 70 liters of clean water for washing a single piece of clothing in 2021. On average, a single piece of clothing consumes only 56.19 liters of clean water.

Roo Hsing/ J.D. United single garment water indicator



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. In 2022, it is further promoted based on the report data and suggestions provided by professional consultants water saving measures and management improvement plan.

◑ 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.

◑ 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.



◑ 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 2021, 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



The Secret of “One Glass, One Garment”

The secret of Roo Hsing/J.D. United's “One Glass, One Garment” process lies in the combined use of three machines:

E-Flow Machines

The E-Flow washing machines mix chemical additives with raw materials; a major feature of these machines is that they can form nanobubbles from mixed materials and reduce water consumption. “One Glass, One Garment” processes combine multiple technologies. Our E-Flow machines utilize nanobubbling technology and use less than 1 liter of water to complete the entire washing process for denim fabrics. These innovative green production processes allow workers to create a washed-out effect by spraying dyes and softener resins on fabrics.



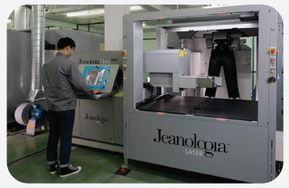
E-Flow Machine

Laser Equipment

Traditionally, the white yarn within denim fabrics are revealed through manual scrubbing of fabric surfaces. We used laser equipment to replace traditional sandpaper, making it possible for our clients to designate partially whitened areas and produce special denim fabrics. However, this technique required chemical additives to highlight surface whitening effects. Procurement of new laser equipment eliminated the need for hazardous chemicals and also greatly reduced labor costs. We completely stopped using hazardous chemicals (spray-on PP potassium permanganate) in 2018.

In 2021, in cooperation with brand clients, we will transfer 100% of the denim hand-rubbing process required by the brand to machine laser production. This move is a great challenge to the factory's production capacity. In the end, we completed the customer's order requirements without affecting the labor cost and delivery schedule. In 2021, Roo Hsing/ J.D. United's machine laser fabric will account for 24.5% of the total production fabric, an increase of 15.24% compared with 2020.







New laser equipment

Ozone Technology

We incorporated ozone (O_3) technology into our zero-toxic production processes as part of our mission to balance product quality and environmental protection while reducing water and energy consumption. Ozone serves as a bleaching agent for fabric finishing processes and produces optimal bleaching and stain removal effects. Ozone generators use electric currents to charge oxygen molecules and convert them into ozone gas. These ozone molecules can then be used for fabric washing before they are converted and released into the air. Our new ozone equipment sprays ozone gas on products during washing processes to create a bleaching effect and eliminate color differences. Combining laser equipment greatly shortens processing times and reduces energy consumption while producing prominent whitening and abrasion effects.



Ozone chamber

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.

In 2021, due to Covid-19, the company carried out some production capacity scheduling. Some brand orders originally produced by Roo Hsing Water Washing Plant were transferred to Hung Hsing and Nagapeace Water Washing Plants for production. Therefore, the reduction in the total actual usage volume of Roo Hsing Water Washing Plant has a consequential effect on the reduction in the utilization rate of recovered water.

The target of recovered water in the Cambodia factory

Unit: Cubic meters

Water Washing Plants	Recovered water in 2020	Recovered water in 2021			Recovered water in 2022
	actual usage	target usage rate (%)	actual usage	actual usage rate (%)	target usage rate (%)
Nagapeace	580,910	60%	566,667	58%	60%
Hung Hsing	148,533	35%	223,197	49.4%	50%
Roo Hsing	70,230	15%	30,540	5%	-*
total usage	799,673	-	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 recovered water in our factories to achieve our mid-term goal of recovering 60% of the water used at our water washing plants and our long-term goal of recovering 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. We conducted routine self-inspections on 18 collaborating fabric companies in 2021; 9 of these companies adopted external Zero Discharge of Hazardous Chemicals (ZDHC) sewage monitoring procedures. 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-Chained 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:

Go Green → The factory conducts preliminary coagulation and sedimentation of sludge by adding flocculant → Discharge the sewage to the Changzhou River → Government-managed sewage treatment plants for unified treatment

In 2021, 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 2021

Unit: cubic meter

Treatment method/ Water quality	China	Cambodia		
		Nagapeace	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
Total water discharge	1,760,292			

2021 Wastewater Local Discharge Requirements

Items	China	Cambodia
pH scale	6.0-9.0	5.0-9.0
Total suspended solids, TSS	-	< 120 mg/L
Biochemical oxygen demand, BOD	-	< 80 mg/L
Chemical oxygen demand, COD	< 200 mg/L	< 100 mg/L
Oil & Grease	-	< 15 mg/L
NH_3	< 20 mg/L	< 7.0 mg/L



China Changzhou Sewage Treatment Station



Cambodia Nagapeace Sewage Treatment Station

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.

SWEDEN TEXTILE WATER INITIATIVE

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 2021 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 at our Cambodia sites passed Screened Chemistry (SC), ZDHC, and Bluesign certification in early 2020.

4.4 Waste 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.

2021 Waste Management Approach and Implementation Plan

Management methods and policies

1. 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.
2. 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.

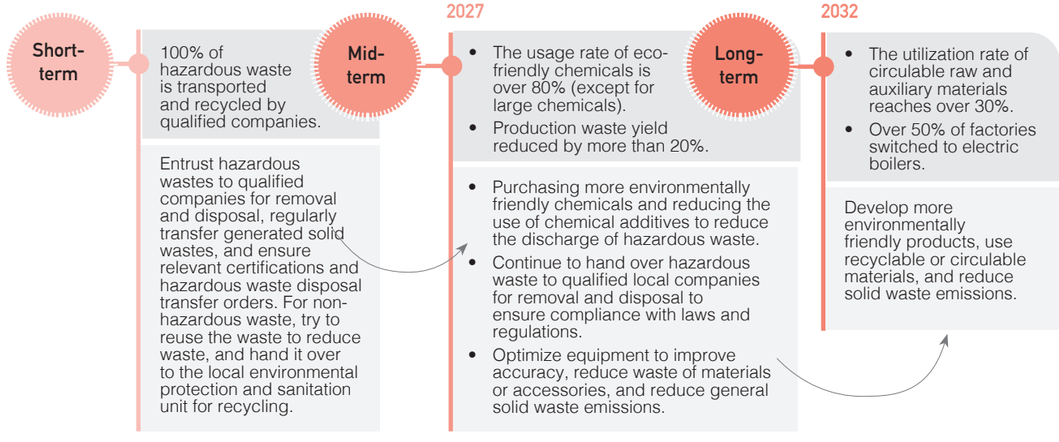
Process and collection methods

- 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.

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.

Roo Hsing/ J.D. United waste treatment short-term, mid-term, and long-term policy goals



In 2021, 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 2021

Unit: metric tons

Non-hazardous waste					
Processing methods	Type of waste	China		Cambodia	
		onsite	offsite	onsite	offsite
Incineration (with energy recovery)	waste plastic bags	-	-	-	4.612
	waste plastic bottles	-	-	-	7.812
	beverage cans	-	-	-	4.51
	waste paper, waste cardboard	-	-	-	12.015
	Waste yarn, waste cloth, cotton wool	-	10.9	36.5	-
	coal bottom ash	-	-	15.2	-
	scrap iron	-	-	-	9.51
	Leaves and other sundries	-	2.7	-	-
Incineration (without energy recovery)	sludge	10	35.84	-	-
Landfilling	sludge	-	-	-	511
Total onsite and offsite waste		10	49.44	51.7	549.459
Total non-hazardous waste		59.44		601.159	

Hazardous waste					
Entrust local qualified third-party units to handle unified processing	Plastic barrels, metal barrels, waste oil	-	-	-	6.4
	Nylon bag, PP bag	-	-	-	1.25
	Waste light tubes, batteries and other related electronic equipment	-	-	-	0.89
Chemical Supplier Recycling	Chemical waste	-	0.572	-	3.64
Total onsite and offsite waste		-	0.572	-	12.18
Total hazardous waste		0.572		12.18	

Notes:
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.

4.5 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" in 2021 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.

ZDHC Factory Supplier to Zero

In 2021, Cambodia Hung Hsing and Nagapeace plants have reached the basic level of Supplier to Zero certification. This ZDHC Factory Supplier to Zero project is designed to assist suppliers in assessing the implementation status of the ZDHC Chemical Management System framework and improving performance.

Supplier to Zero
By ZDHC





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.

Levi's RSL

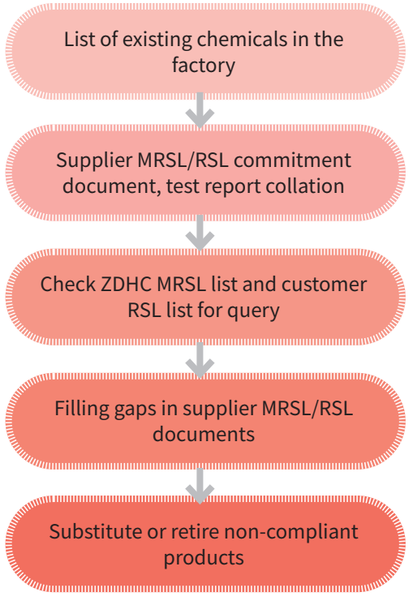
ZDHC MRSL

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. In 2021 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.

Category	Roo Hsing/J.D. United Chemical Management Measures
Scientific management	• Management of all routinely used chemical substances adhere to chemical management systems.
Personnel training	• All technicians are required to undergo comprehensive training and pass qualification exams before they can be made officially responsible for management of chemical substances. • Hosted chemical safety training courses covering emergency measures, appropriate and adequate chemical labeling, PPE instructions, chemical safety checklists, and responses for chemical spillages.
Environmental safety	• Installed anti-leakage fans to ensure ventilation conditions in work environments.
Regular inspections	• Technical representatives keep records of chemical management and inspect warehouses every week. Any regulatory violations are immediately corrected and adjusted by relevant personnel.

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. In 2021, 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 Manufacturing Processes and Storage

Our water washing plants in Cambodia all use green and eco-friendly chemical materials, and we strictly control chemical usage during production processes to ensure that the proportion of chemicals in each washing tank falls below 12%. We do not utilize any washing formulas which exceed these standards, and we also impose reasonable controls on chemical material costs.

We adopt a rigorous attitude in the management of production areas and place chemical substances in designated areas. Responsible units implement strict controls in our factories according to MSDS management requirements. Procurement and storage of all chemicals are managed by designated personnel, and corrosive and highly hazardous chemicals are stored separately to prevent chemical reactions. Additionally, we have installed exhaust fans, smoke sensors, fire extinguishers, eye washers, and explosion-proof fans to ensure ventilation conditions in the chemical storage facilities of all factories.

ZDHC InCheck

Cambodia Nagapeace Factory's ZDHC InCheck in 2021 is 86.54%.

To systematically manage chemical inventories, we continue to improve the transparency of sustainable chemical use by tracking the consistency of factory chemical inventory (ZDHC MRSL) through the ZDHC InCheck report.

InCheck
By ZDHC

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

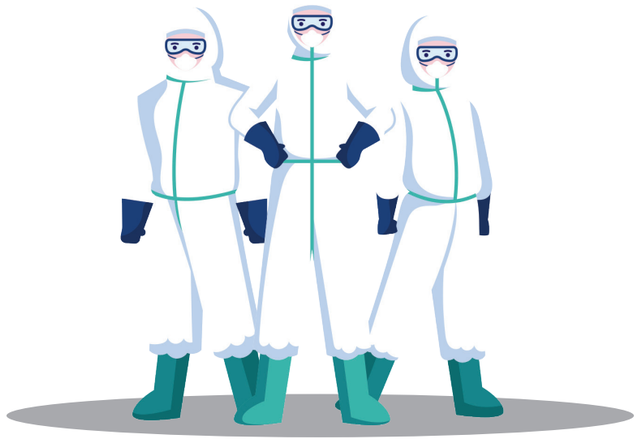
Awareness Building:

- Employee responsibilities of handling chemicals
- Relevant chemical information and usage guidelines
- Chemical leakages and possible symptoms
- Chemical safety labels
- National Fire Protection Association information
- Hazardous chemical substances

Action and Procedures:

- Emergency first-aid measures
- Usage of safety checklists
- Response measures for chemical spillages







Appendix

GRI Standards Comparison Table

GRI Standards Comparison Table

General Standard Disclosures

GRI Guidelines		Disclosed section	Corresponding chapter	page number
GRI 102: General disclosures 2016				
Organizational profile	GRI 102-1	Name of organization	About this Report	04
	GRI 102-2	Activities, brands, products and services	1.1 About Roo Hsing/ J.D. United	21
	GRI 102-3	Headquarters location	1.1 About Roo Hsing/ J.D. United	21
	GRI 102-4	Operating base	About this Report	04
	GRI 102-5	Ownership and legal form	About this Report	04
	GRI 102-6	Service market	1.1 About Roo Hsing/ J.D. United	21
	GRI 102-7	Organization size	1.1 About Roo Hsing/ J.D. United	21
	GRI 102-8	Information for employees and other workers	3.1 Human Resource Management	51
	GRI 102-9	Supply chain	2.3 Sustainable Supply Chain	42
	GRI 102-10	Major changes to the organization and its supply chain	1.3 Financial Performance	26
	GRI 102-11	Early warning principle or policy	1.4 Risk Management and Information Security	27
	GRI 102-12	External initiative	2.2 Product Quality Management	38
	GRI 102-13	Membership of the Public Association	2.2 Product Quality Management	38
Strategy	GRI 102-14	Policymaker statement	Message from our Chairman	05
Ethics and integrity	GRI 102-16	Values, principles, standards and codes of conduct	1.2 Integrity Governance	22
Governance	GRI 102-18	Governance structure	1.2 Integrity Governance	22
Stakeholder communication	GRI 102-40	Stakeholder groups	Communication with Stakeholders and Analysis of Major Issues	12
	GRI 102-41	Group agreement	No collective bargaining agreement	-
	GRI 102-42	Identification and selection of stakeholders	Communication with Stakeholders and Analysis of Major Issues	12
	GRI 102-43	Policy for communicating with stakeholders	Communication with Stakeholders and Analysis of Major Issues	12
	GRI 102-44	Key themes and concerns raised	Communication with Stakeholders and Analysis of Major Issues	12
Reporting practices	GRI 102-45	Entities included in the consolidated financial statements	1.3 Financial Performance	26
	GRI 102-46	Definition of the report content and subject boundary	Communication with Stakeholders and Analysis of Major Issues	12
	GRI 102-47	List of major themes	Communication with Stakeholders and Analysis of Major Issues	12
	GRI 102-48	Information reorganization	No information restatement	-
	GRI 102-49	Report changes	No significant changes	-
	GRI 102-50	Report period	About this Report	04
	GRI 102-51	Date of the last report	About this Report	04
	GRI 102-52	Reporting period	About this Report	04
	GRI 102-53	Contact person who can answer questions related to the report	About this Report	04
	GRI 102-54	Declarations reported in accordance with the GRI Standards	About this Report	04
	GRI 102-55	GRI Content Index	GRI Standards Comparison Table	88
	GRI 102-56	External assurance/confirmation	About this Report	04

Topic Specific disclosures

GRI Guidelines			Disclosed section	Corresponding chapter	page number
Water resources	GRI 303 Water and effluents	303-2	Management of water discharge-related impacts	4.3 Water Resource Management	76
		303-3	Water withdrawal		
		303-4	Water discharge		
Greenhouse gas emissions	GRI 305 Emissions	305-1	Direct (Scope 1) GHG emissions	4.2 Energy Management	74
		305-2	Energy indirect (Scope 2) GHG emissions		
		305-5	Reduction of GHG emissions		
Occupational Health and Safety	GRI 403 Occupational health and safety	403-1	Occupational health and safety management system	3.5 Workplace Health and Safety	66
		403-3	Occupational health services		
		403-5	Worker training on occupational health and safety		

Material Topic Disclosure

GRI Guidelines			Disclosed section	Corresponding chapter	page number
1. Forced and Compulsory Labor	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its Boundary	Communication with Stakeholders and Analysis of Major Issues	12
		103-2	The management approach and its components	CH.3 People	49
		103-3	Evaluation of the management approach		
	GRI 409 forced or compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No operating bases and suppliers have a significant risk of forced and compulsory labor incidents	-
2. Regulatory compliance	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its Boundary	Communication with Stakeholders and Analysis of Major Issues	12
		103-2	The management approach and its components	CH.1 Governance	19
		103-3	Evaluation of the management approach		
	GRI 307 Environmental compliance	307-1	Non-compliance with environmental laws and regulations	CH.4 Environment	71
	GRI 419 Socioeconomic compliance	419-1	Non-compliance with laws and regulations in the social and economic area	CH.1 Governance	19
3. Operating financial performance	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its Boundary	Communication with Stakeholders and Analysis of Major Issues	12
		103-2	The management approach and its components	CH.1 Governance	19
		103-3	Evaluation of the management approach		
	GRI 201 Economic performance	201-1	Direct economic value generated and distributed	1.3 Financial Performance	26
4. Company integrity	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its Boundary	Communication with Stakeholders and Analysis of Major Issues	12
		103-2	The management approach and its components	CH.1 Governance	19
		103-3	Evaluation of the management approach		
	No applicable GRI indicator			-	-

GRI Guidelines			Disclosed section	Corresponding chapter	page number
5. Waste / Wastewater	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its Boundary	Communication with Stakeholders and Analysis of Major Issues	12
		103-2	The management approach and its components	CH.4 Environment	71
		103-3	Evaluation of the management approach		
	GRI 306 Waste	306-1	Waste generation and significant waste-related impacts	4.4 Waste Management	81
		306-2	Management of significant waste-related impacts		
		306-3	Waste generated		
		306-5	Waste directed to disposal		
6. Chemical Substance Management	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its Boundary	Communication with Stakeholders and Analysis of Major Issues	12
		103-2	The management approach and its components	4.5 Chemical Management	82
		103-3	Evaluation of the management approach		
	No applicable GRI indicator			-	-
7. Industrial Relations	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its Boundary	Communication with Stakeholders and Analysis of Major Issues	12
		103-2	The management approach and its components	CH.3 People	49
		103-3	Evaluation of the management approach		
	GRI 401 Employment	401-1	New employee hires and employee turnover	3.1 Human Resource Management	51
8. Sustainable development strategy	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its Boundary	Communication with Stakeholders and Analysis of Major Issues	12
		103-2	The management approach and its components	CH.1 Governance	19
		103-3	Evaluation of the management approach		
	No applicable GRI indicator			-	-
9. Raw material usage management	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its Boundary	Communication with Stakeholders and Analysis of Major Issues	12
		103-2	The management approach and its components	2.3 Sustainable Supply Chain	42
		103-3	Evaluation of the management approach		
	GRI 301 Materials	301-2	Recycled input materials used	2.1 Sustainable innovation and R&D	33
10. Organizational Energy Management	GRI 103 Management approach 2016	103-1	Explanation of the material topic and its Boundary	Communication with Stakeholders and Analysis of Major Issues	12
		103-2	The management approach and its components	CH.4 Environment	71
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