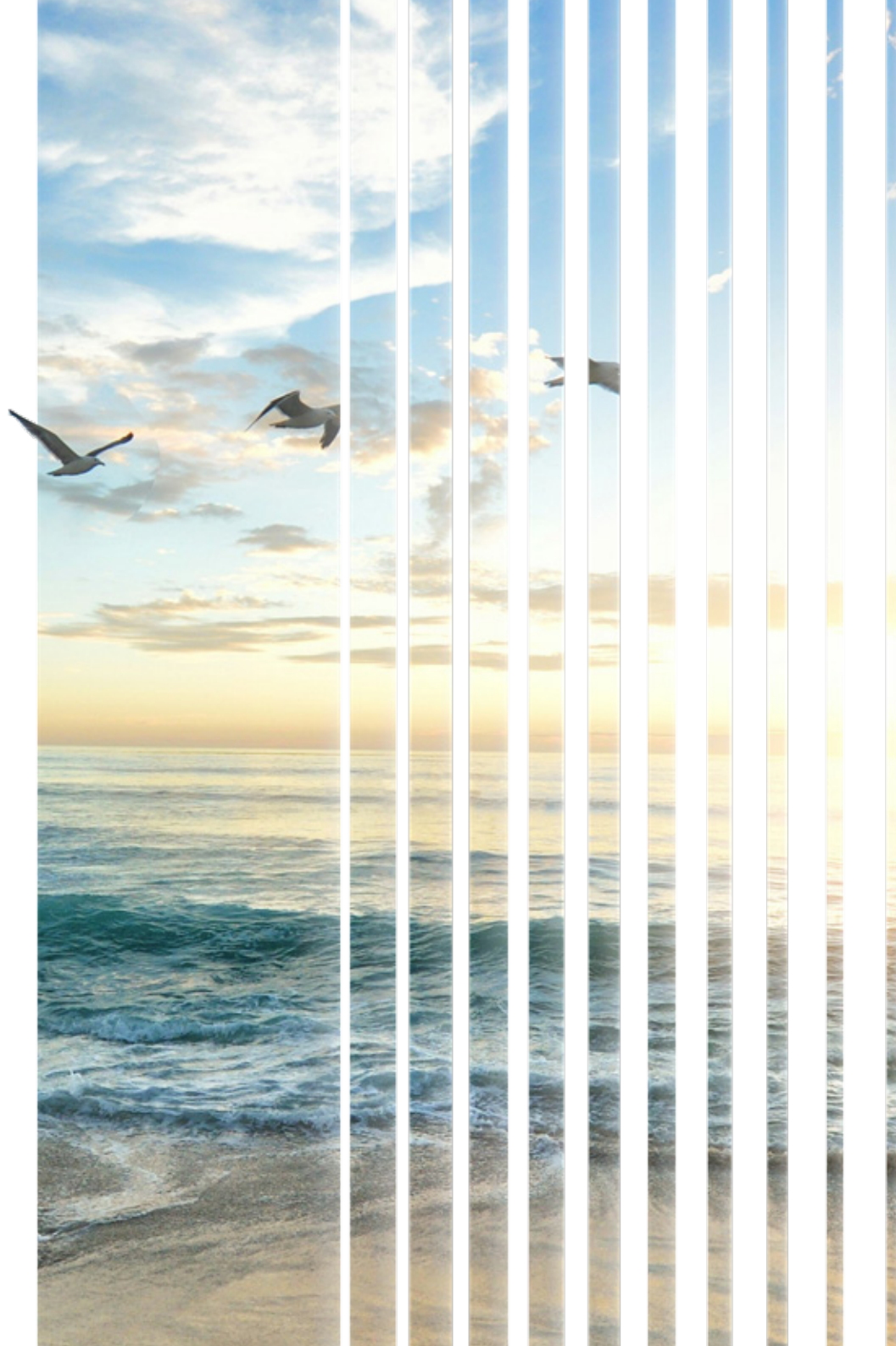




TAINAN ENTERPRISES CO., LTD.



2023
SUSTAINABILITY
REPORT



<hr/>			
About this Report			02
Message from the Chairman			03
Sustainability Performance Highlights			04
Sustainability Blueprint	05	Stakeholder Engagement	07
		Identifying and Responding to Material Topics	09
1 Corporate Governance	14	1.1 About Tainan Enterprises	15
		1.2 Corporate Governance	20
		1.3 Ethical Management	22
		1.4 Risk Management	23
		1.5 TCFD Climate Change Risks and Opportunities Management	24
2 Value Chain Reform	26	2.1 Innovation and Circular Economy	27
		2.2 Sustainable Partnerships	30
		2.3 Product Safety	34
3 Environmental Sustainability	37	3.1 Operating Environment Management	38
		3.2 Water Resource Management	49
		3.3 Management of Chemicals	51
4 Employee Care	52	4.1 Employee Profile	53
		4.2 Employee Compensation and Benefits	56
		4.3 Promotion of Employee Rights	58
		4.4 Occupational Health and Safety	62
		4.5 Career Management and Learning	66
5 Social Inclusion			68
Appendix I: GRI Standards Disclosure Item Reference Table			73
Appendix II: Sustainability Accounting Standards Board (SASB) Reference Table			78

About this Report

This is the fifth sustainability report issued by Tainan Enterprises Co., Ltd. (hereinafter referred to as "Tainan Enterprises" and "Tainan"). It discloses to the public and stakeholders the company's efforts in the three major environmental, social and governance aspects, the execution performance and future strategic goals. Tainan Enterprises hopes that the publication of this report will give stakeholders an understanding of our commitment to the continued pursuit of corporate sustainability and social responsibility.

Editorial Principles

This report has been prepared in accordance with the GRI Universal Standards 2021 published by the Global Reporting Initiative (GRI).

Reporting Period

The data and content disclosed here are mainly for the period between January 1 and December 31, 2023. Some of the data is from information prior to 2022 or more recent information in 2024, which will be further explained in the disclosure.

Report Boundaries and Scope

The information outlined in the report encompass Tainan operating locations in Taiwan, China, Indonesia, Cambodia, and Vietnam. In 2023, there were no significant changes in the scale, structure, ownership, or supply chain of Tainan Enterprises. If the information of each topic in this report is renumbered, it will be noted in that paragraph.

Basis of Information and Calculations

The information and statistics provided in this report come from internal statistics and investigations. Some of the financial data in the section on Business Performance cites financial statements certified by the CPA. All of the financial data in this report are expressed in New Taiwan Dollars (NTD). All of the data were collected, measured and calculated in accordance with regulatory requirements. International standards were followed if there were no specific applicable regulations. If there were no applicable international standards then industry standards or practices were used as a reference.

Report publication

This is the fourth report of Tainan Enterprises Co., Ltd.. It is published on the Company's website every year.

Current release: August 2024

Previous release: September 2023

Next release: August 2025

Feedback

Tainan Enterprises Co., Ltd.

Address: 18th Floor, No. 15-1, Section 1, Hangzhou South Road, Taipei City

Contact: Sustainability and Quality Assurance Department, Tainan Enterprises

Telephone: (02)2391-6421

Email: SQ@Tainan.com



Website of
Tainan Enterprises

Message from the Chairman

Dear stakeholders,

The year 2023 for Tainan Enterprises has been a year of bridging the past and ushering in the future. The external environment is volatile. Not only the Russia-Ukraine war and the China-US trade war continue, but the situation in the Middle East also deteriorates. The ups and downs of the external environment are critical moments testing the sustainable operations of enterprises. As a member of the fashion industry chain, in response to geopolitics and the new normal of a zero-carbon economy, Tainan Enterprises continues to focus on major topics such as "operational resilience," "supply chain risk," "climate action," "workplace equality," and "social participation" as a guideline for our actions to maintain sustainable competitiveness and hope to create higher value for all stakeholders.

In terms of carbon reduction actions, we have reduced carbon dioxide emissions by switching to biomass fuels. At the same time, we have also increased energy efficiency through process improvements, the use of inverter equipment, and smart meter EMS systems. In 2023, our Tainan and Indonesia Factories have officially introduced ISO 14064-1 greenhouse gas inventory. At the same time we have finalized the installation of solar roofs in the entire plant in Tainan Factory to achieve the goals of circular transition and scientific carbon reduction.

In terms of human rights protection, we are committed to promoting gender equality and empowerment. The P.A.C.E. female employee education program has been extended from Cambodia to the production areas in Indonesia, and the Vietnam factory that has completed the HER project has also joined the P.A.C.E. program again, continuing to promote women's empowerment. In addition, in 2023, the Jakarta and Solo factories in Indonesia and the Gin-Sovann Factory in Cambodia joined the Fair Trade organization to further protect the rights and interests of workers.

In terms of circular economy and responsible production, all factories of Tainan Enterprises are capable of producing products complying with the RCS recycling declaration standard. Two factories in Cambodia and Gin-Sovann have passed the GRS global recycling standard certification to reduce the negative impact on the environment. In terms of water resource management, the Cambodia factory is the only one with a washing plant. Since 2021, it has achieved 100% process water recycling and zero discharge, achieving the corporate goal of a green manufacturing process.

Following in the footsteps of the Company's sustainability transition, the Tainan Enterprise Arts & Culture Foundation will continue to strive for the goal of being "Pioneer in Sustainable Design," "Pioneer in Sustainable Education," and "Top Practitioner of SDGs17." In our social inclusion practice in 2023, we work together to build trusting relationships with "Echo Chamber," focus on sustainable education, initiate the "Tainan Re-Action" program, and design the sustainable education model of tomorrow to multiply our social impact.

The earth is the soil where businesses are nurtured. As an international corporate citizen, Tainan Enterprises is committed to the common good of society and the environment with integrity, innovation, and perseverance. We embrace sustainability as part of our corporate character giving back to this piece of land that has nurtured us in order to become a world-leading enterprise in sustainability.

Chairman of the Board

Yang Ching Hon



Sustainability Performance Highlights

Operational aspect

- Participation in 8 well-known domestic and overseas associations
- 0 violations of business ethics
- Joined 9 international sustainability initiatives

Social aspect

- Passed 100% of human rights audits with no use of child labor, forced labor, or discrimination.
- 2,000 employees have benefited from the PACE education program.
- Donated NTD 3.5 million to Tainan Enterprises Culture and Art Foundation to promote sustainable education in local areas.
- The Jakarta, Surakarta, and Gin-Sovann Factories joined the Fair Trade organization and gave part of the profits back to the workers.

Environmental aspect

- All factories continued to obtain RCS/OCS/GOTS/GRS certifications.
- Continued to introduce biofuels, and the Jakarta Factory is expected to phase out coal by 2030.
- Reduced Scope 1 and 2 greenhouse gas emissions by about 122% compared to the previous year.
- Patented washing - Bamboo roots replace the float to reduce environmental impact.
- Use bamboo roots to replace washed pumice stone to reduce the environmental impacts, heavy metal residues, and water pollution caused by stone mining.
- No penalties for violation of local environmental laws and regulations in 2023.
- 2023 Net Zero Industry Competitiveness Excellence Award.

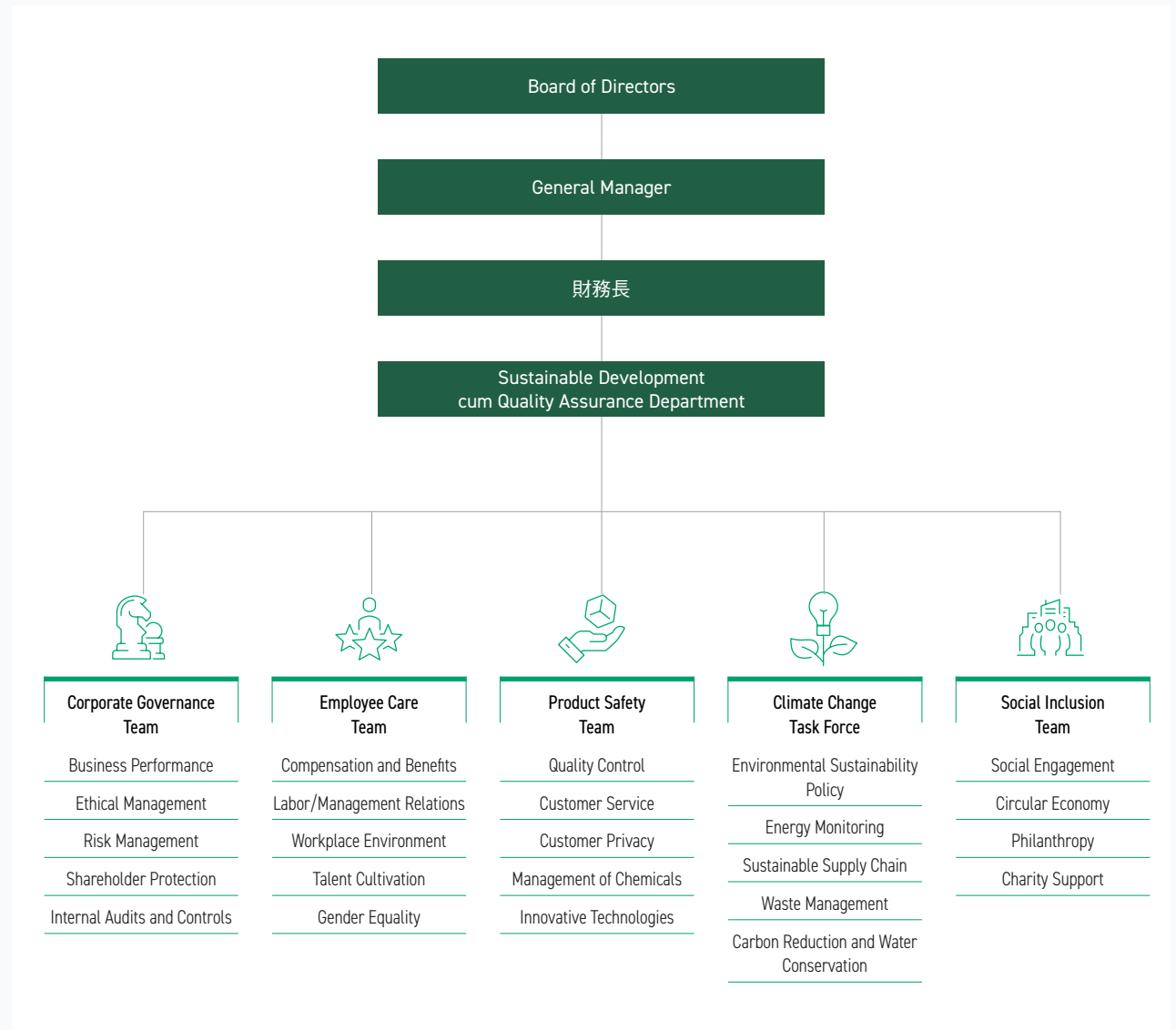
Sustainability Blueprint

Corporate Social Responsibility and Governance

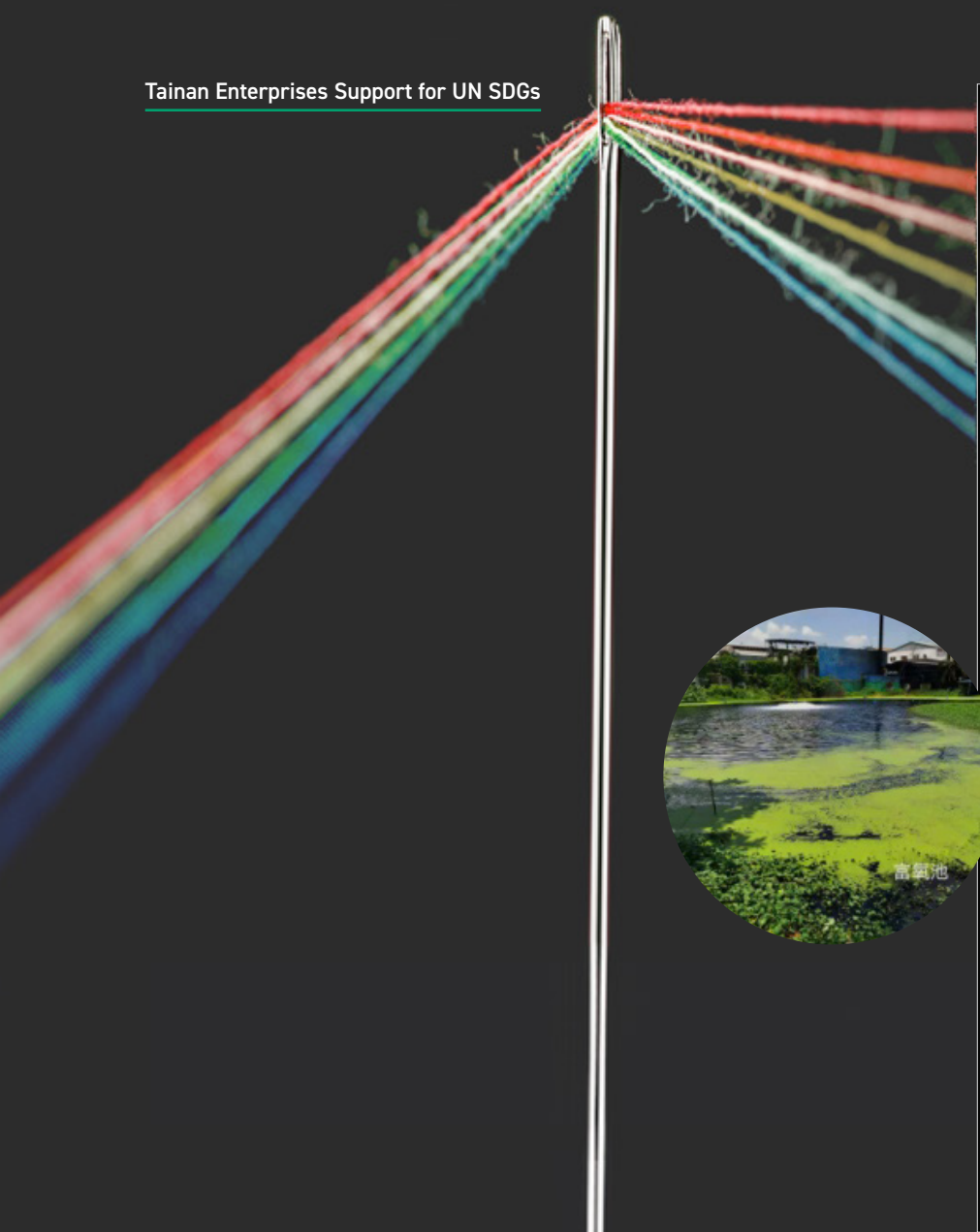
The sustainable development of society and the environment is the responsibility of Tainan as a corporate citizen in good standing. We have developed management mechanisms and goals in response to social and environmental changes. We also strive to fulfill our corporate social responsibility by dealing with every employee in good faith and looking after every piece of land.

Corporate Social Responsibility (CSR) Task Force

Tainan Enterprises embraces our role as a corporate citizen by actively putting CSR into practice in line with international trends. We also drew up the Sustainable Development Best Practice Principles to fulfill our corporate social responsibility and look after the rights of our stakeholders. As corporate citizens, we are fully committed to supporting the national economy, improving the quality of life for employees, communities and society, as well as the pursuit of sustainable corporate development and management. Tainan Enterprises attaches great importance to governance, environmental and social factors as well so we have incorporated ESG into our management approach and business activities. Domestic and overseas trends in CSR development, correlation with core company operations, as well as the stakeholder impact of the Group's business activities as a whole were taken into account to devise our CSR policy, system, related management approach, and actual implementation plans. CSR is practiced across the board to reach a balance between economic and social sustainability.



Tainan Enterprises Support for UN SDGs



Cambodian Factory staffs made regular visit to local children's homes to make donations in kind while also participating in various community engagement activities

The management of the Cambodia Factory donated supplies to the orphanage Branch Center in December 2023.



1. The PACE education project provides female employees of the factory with work and life knowledge. In 2023, the program has been extended to the southern factory.

[Employee Care 4.5.1 P.A.C.E. Education Program](#)



2. Each year, we make regular donations of NTD 3.5 million to Tainan Enterprises Culture and Art Foundation to promote sustainable education in local areas.

[5.2 "Tainan Re-Action" Tainan People Sustainability Learning Action Plan](#)

The GBV-POSH sexual harassment prevention program trained selected factory employees to become instructors. The instructors then raised awareness on sexual harassment among other employees at the factory.

[Employee Care 4.3.2 Sexual Harassment Prevention Program](#)



The Cambodia washing factory (a key water use production area) recycles 100% of the wastewater from production process and domestic wastewater, and has achieved "zero wastewater discharge".

[Environmental Sustainability 3.1.2 Wastewater and Waste Management](#)



Tainan Enterprises is confronting the effects of climate change by introducing the Task Force on Climate-related Financial Disclosures (TCFD) framework. Risk assessments are conducted for the impacts of climate change so that a carbon emission reduction plan can be devised to mitigate climate change.

[Corporate Governance 1.4 Climate Change Risks and Opportunities](#)











The Foundation partnered with Dot Design and Super Textile Corp. to combine pineapple fiber with recycled plastics and transform recycled textiles into circular textiles. Tainan Enterprises' expertise in pattern-making, production, and R&D were also leveraged to create stylish eco-friendly bags. A circular economy mindset was applied to create practical applications for circular materials. By making sure that every material can continue to be circulated and reused through the industry, excessive consumption of resources is avoided during the product development process.



Stakeholder Engagement

The AA1000 Stakeholder Engagement Standard (AA1000 SES) international standard, along with domestic/overseas trends in sustainability topics and operational requirements were used as a reference by Tainan Enterprises to define 8 types of key stakeholders, namely Employees, Shareholders/Investors/Banks, Suppliers/Contractors/OEM, Customers/Brand Vendors, Government, Community, Non-Government Organizations (NGO) and the Media. Tainan Enterprises listens to the opinions of stakeholders, refers to the issues of concerns to stakeholders, and the degree of impact of sustainable development on society, the environment, and the economy, to formulate a materiality ranking of each issue, and incorporate the results into the company's sustainable management strategic planning considerations to make future operations and promotions more complete.

Stakeholders	Relevance	Topic of Concern	Channel and Frequency of Engagement	Responses from Tainan Enterprises
 Employees	Employees are Tainan Enterprises' most important asset. We grow and create value together with our employees through the establishment of sound labor/management relations and working environments.	Economic Performance Child Labor Forced or Compulsory Labor	<ol style="list-style-type: none"> 1. Regular management-employee communication meeting 2. Regular labor/management dialogues 3. Ad hoc education and training 4. Instant employee suggestion box 5. Quarterly occupational safety meeting 	<ol style="list-style-type: none"> 1. Tainan Enterprises respects the rights of every employee and the use of child labor is strictly prohibited. We also conduct annual third-party audits in accordance with International Labour Organization (ILO) standards to ensure our compliance on employee rights, recruitment, and separation. 2. The Human Resources Department provides education and training to employees upon their arrival, and informs them of their rights and benefits, Employee rights and benefits are also published and available for employee review at any time.
 Shareholders/ Investors/ Banks	The support and supervision of our investors is fundamental to the continuity of Tainan Enterprises operations. Transparency of information and continuous communication and engagement with stakeholders ensure that all investors are heard.	Environmental Compliance Forced or Compulsory Labor Child Labor Local Social Support	<ol style="list-style-type: none"> 1. Annual general shareholders' meeting 2. Corporate website, Market Observation Post System and other information are updated as necessary 3. Responded to shareholders via telephone or correspondence on an ad hoc basis 	<ol style="list-style-type: none"> 1. Tainan Enterprises has continued to disclose our outcomes in environmental performance, labor rights, compliance, and local social support in our corporate sustainability report since the first report was published in 2020. The reports can be viewed or downloaded from our corporate website.
 Suppliers/ Contractors/ OEM	Suppliers/Contractors/OEM have a direct impact on production at Tainan Enterprises. Close collaboration and management are maintained to forge a sustainable supply chain.	Corporate Governance Anti-Corruption Economic Performance Labor/Management Relations	<ol style="list-style-type: none"> 1. Ad hoc communication by phone or correspondence 2. Ad hoc contractor conferences 3. Ad hoc counseling and audits 4. Ad hoc themed information sessions 5. Annual signing of Supplier Code of Conduct by vendors 6. Annual filling out of C-TPAT self-assessment questionnaire by suppliers 	<ol style="list-style-type: none"> 1. The Company Articles of Incorporation are disclosed on the Chinese version of our corporate website for public viewing and download. 2. The Tainan Enterprises "Employee Code of Conduct" and "Anti-Bribery and Enticement Policy" prohibit bribery and the acceptance of improper gain in any form. Please report any suspected incidents of corruption or improper gain to: Ms. Chu Chen-chi, Internal Audit Telephone: (06)2307-911 #151 E-mail: aifa@tai-nan.com 3. Tainan Enterprises has continued to disclose our outcomes in labor rights, compliance, and business performance in our corporate sustainability report since the first report was published in 2020. The reports can be viewed or downloaded from our corporate website.

Stakeholders	Relevance	Topic of Concern	Channel and Frequency of Engagement	Responses from Tainan Enterprises
 Customers/ Brand Vendors	Tainan Enterprises maintains strict quality controls through our expertise and technology to provide customers with the best products. We also develop new products and work with customers to open up new markets.	Water Resource Management Wastewater and Waste Management Greenhouse Gas Management Environmental Compliance Forced or Compulsory Labor	<ol style="list-style-type: none"> Quarterly/annual factory audit Quarterly customer conference Immediate communication by phone or correspondence. 	<ol style="list-style-type: none"> The Higg Facility Management Module (FEM) is used by each factory to share environmental data with customers every year. The data encompassed water resource management, wastewater and waste management, energy management, state of compliance, and greenhouse gas emissions. Customers' supplier codes of conduct are signed by Tainan Enterprises to promise that no forced or compulsory labor is used. We also conduct annual third-party audits in accordance with International Labour Organization (ILO) standards and share the audit results with our customers.
 Government	Tainan Enterprises complies with the relevant laws and regulations issued by the government and competent agencies. We cooperate fully with the introduction and implementation of government regulations.	Wastewater and Waste Management Environmental Compliance Greenhouse Gas Emissions Occupational Health and Safety	<ol style="list-style-type: none"> Ad hoc participation in forums and symposiums Immediate communication via official correspondence Regular reporting of wastewater and waste discharge 	<ol style="list-style-type: none"> Each factory applies for wastewater discharge and waste disposal in accordance with local laws. We also monitor regulatory developments and cooperate with the introduction and implementation of government regulations. Tainan Enterprises conducts internal GHG inventory on a voluntary basis. GHG emissions of corporate entities and subsidiaries are now disclosed in accordance with the government's GHG inventory timetable. Occupational injuries are reported by each Tainan Enterprises operating location in accordance with local regulations. Regular OHS meetings are also conducted to inspect and review factory safety.
 Community	In addition to business profits, supporting the local community is another key component of business. The support of local communities makes it possible for Tainan Enterprises to carve out a local niche and set sights on international markets.	Indirect Economic Impacts Management of Chemicals Greenhouse Gas Emissions	<ol style="list-style-type: none"> Ad hoc visits to local communities and organizing of community activities. Immediate communication by telephone and E-mail. 	<ol style="list-style-type: none"> Our factories in Cambodia as well as Jakarta and Solo in Indonesia make donations in kind to their local children's home every year and visit the children to play with them. Tainan Enterprises Arts & Culture Foundation is based in Tainan but its efforts have recently begun bearing fruit around Taiwan. The Foundation supports the local community and boosts the resilience of community development. Tainan Enterprises conducts a GHG inventory of every plant each year. The In-EMS cloud energy management system is used to monitor data such as power consumption, temperature and humidity, detect the energy efficiency of equipment, devise a replacement plan, manage GHG emissions and lower the environmental impact on local communities.
 Non- Government Organizations	Resources provided by non-government organizations (NGO) and industry associations held fuel the steady development of Tainan Enterprises. We are an active participant in all matters and work together to create industry value.	Water Resource Management Labor/Management Relations Employment Technical Innovation (Circular Economy)	<ol style="list-style-type: none"> Ad hoc communication by phone or correspondence. Ad hoc publication of information on the company website 	<ol style="list-style-type: none"> Tainan has continued to disclose our outcomes in environmental performance (including water resource management), labor rights, compliance, innovative technologies and local social support in our corporate sustainability report. The reports can be viewed or downloaded from our corporate website.
 The Media	Media supervision and recommendations spur continued developments at Tainan Enterprises. We listen to the media with an open-mind and respond to requirements set by the local community.	Corporate Governance Technical Innovation (Circular Economy) Labor/Management Relations Local Social Support	<ol style="list-style-type: none"> Ad hoc communication by phone or correspondence. Ad hoc publication of information on the company website Ad hoc participation in awards and activities 	<ol style="list-style-type: none"> The Company Articles of Incorporation are disclosed on the Chinese version of our corporate website for public viewing and download. Tainan Enterprises has continued to disclose our outcomes in environmental performance, labor rights, compliance, innovative technologies, and local social support in our corporate sustainability report since the first report was published in 2020. The reports can be viewed or downloaded from our corporate website. Tainan Enterprises enters CSR-related awards organized by the media at different times, and report the Company's outcomes on local community support to the media.

Identifying and Responding to Material Topics



Identification of Stakeholders

Tainan Enterprises identified 8 types of stakeholders based on their degree of impact and degree of dependence on stakeholders.



Identification of Material Topics

An internal assessment was conducted by Tainan Enterprises based on future outlook, sustainability strategy, impact on the value chain, GRI Standard, and topics of concern to similar industries locally and overseas. A total of 35 sustainability topics relevant to Tainan Enterprises' circumstances were identified.



Analysis on Level of Concern for Material Topics

After assessing the 35 topics, the sustainability team identified the top 20 sustainability topics in 2023 that were of the greatest importance to stakeholders for the internal management to further evaluate the impact.



Assessment of the Impact of Material Topics




The internal management further conducts impact assessment on the 20 relevant topics, assesses the positive or negative actual/potential impact each topic may cause, considers its "possibility of occurrence" and "level of impact", and assigns a weighted score, and finally calculates the score. Eight major themes for 2023 were determined at the end. The nine material topics are: Forced or Compulsory Labor, Child Labor, Corporate Governance, Economic Performance, Legal Compliance, Greenhouse Gas Emissions, Labor/Management Relations, and Wastewater and Waste Management.



Confirmation and Review

The compiled report is reviewed by the management and each team to check the accuracy of all information and level of transparency. The outcomes of material topic identification and stakeholder feedback were also collated to serve as a reference for company operations and next year's report.




Impact Boundaries of ESG Material Topics

Aspect	Topic	Significance to Tainan Enterprises	Indirect Impact	Direct Impact		Indirect Impact	Description of impacts	GRI Index
			Upstream Supply Chain	Production Site	Head-quarters	Down-stream Brand		
 Environmental	Compliance	Ensure that Tainan Enterprises production complies with the relevant local laws and regulations.	✓	✓	✓	✓	Non-compliance will have a negative impact on the overall value chain.	Self-defined Material Topics
	Greenhouse Gas Emissions	Tainan Enterprises aims to cope with global climate change by reducing our GHG emissions to mitigate the potential impacts of disasters on company operations.		✓		✓	GHG emissions are linked to the impact of climate change. Downstream vendors also set requirements on GHG emissions as well so there is negative impact on both downstream vendors and production sites.	GRI305
	Effluents and Waste	Wastewater discharge and waste disposal at our factories are important issues for Tainan Enterprises as pollution will negatively impact on the surrounding environment.		✓		✓	Discharge of wastewater and waste have a negative impact on the environment near our sites.	GRI303 GRI306
 Social	Forced or Compulsory Labor	Compulsory labor is an important issue for Tainan Enterprises. We aim to ensure that the rights of our employees and the supply chain comply with the relevant standards.	✗	✗	✗	✗	Compulsory labor violates ILO standards and impacts on the overall value chain.	GRI409
	Child Labor	Child labor is an important issue for Tainan Enterprises. We aim to ensure compliance with local laws.	✗	✗	✗	✗	Use of child labor violates ILO standards and impacts on the overall value chain.	GRI408
	Labor/ Management Relations	Employees are the most important company asset. Tainan Enterprises strives to build a healthy working environment with channels for bilateral communication.		✗	✗		Employees are important company assets. Poor labor/ management relations have a negative effect on the company's constitution.	GRI401 GRI402 GRI404 GRI405
 Governance	Corporate Governance	Tainan Enterprises strives to build a sound corporate governance structure and eliminate information asymmetry. We strive to protect the interests of stakeholders through corporate governance.	✓	✓	✓	✓	Corporate governance is the foundation of business operations. The soundness of the company affects the overall value chain.	Self-defined Material Topics
	Economic Performance	Tainan Enterprises has made sustainability our goal. We also strive to identify market trends so that we can refine our business strategy and protect the rights of stakeholders	✓	✓	✓	✓	Economic performance is closely connected to the capacity for sustainability. The ability to recognize market trends in order to make the right decision on business strategy and accountability to stakeholders will effect the overall value chain.	GRI201

Management Approach for Material Topics




Environmental



Topic	Management Approach	2023 Goals	Actual Performance	2024 Goals	Medium and Long-term Goals
 Compliance	Each factory shall periodically audit the validity of their regulatory permits, identify local laws and regulations that they need to comply with, and develop a plan to track new developments on a regular basis to ensure compliance with the latest regulatory requirements.	100% environmental compliance	There were no violations of environmental regulations in 2023	Maintain 100% environmental compliance	Exceed the minimum local standards and transition to low-carbon green production processes.
 Greenhouse Gas Emissions	The energy data of each factory is collated by Tainan Enterprises for management of power-consuming devices. Energy intensive processes are identified and energy conservation techniques developed to conserve energy and reduce GHG emissions.	Reduce energy consumption and periodically review the GHG data of each factory	Reduced the 2023 Scope 1 and 2 greenhouse gas emissions by about 12.2% compared to the previous year. Completed the ISO 14064-1 self-inventory for Tainan Factory.	Completed the ISO 14061-1 greenhouse gas inventory at the Tainan Factory.	Continue to reduce energy consumption and extend greenhouse gas inventory to all factory areas.
 Effluents and Waste	Wastewater and sewage: The water quality of each plant is regularly tested every day, and the wastewater testing of the Zero Discharge of Hazardous Chemicals (ZDHC) hazardous chemical substance zero discharge program is carried out every year to ensure that all discharged water meets wastewater discharge standards and to introduce the wastewater recycling system at the same time. Wastewater discharge and groundwater use: Each factory continues to introduce new technologies and equipment to reduce waste output, regularly promotes waste sorting to employees and post waste classification and recycling slogans to raise employees' awareness of waste sorting and improve recyclable waste proportion. The recyclable waste is handed over to qualified suppliers for waste clearance and treatment.	Compliance with local regulations on effluents and waste.	There were no violations of local effluent and waste regulations in 2023.	Continue to maintain compliance with local regulations on effluents and waste. Conform to ZDHC Wastewater Guidelines for wastewater testing and reach the Foundational level.	Conform to ZDHC Wastewater Guidelines and reach the Progressive or Aspirational levels.



Social

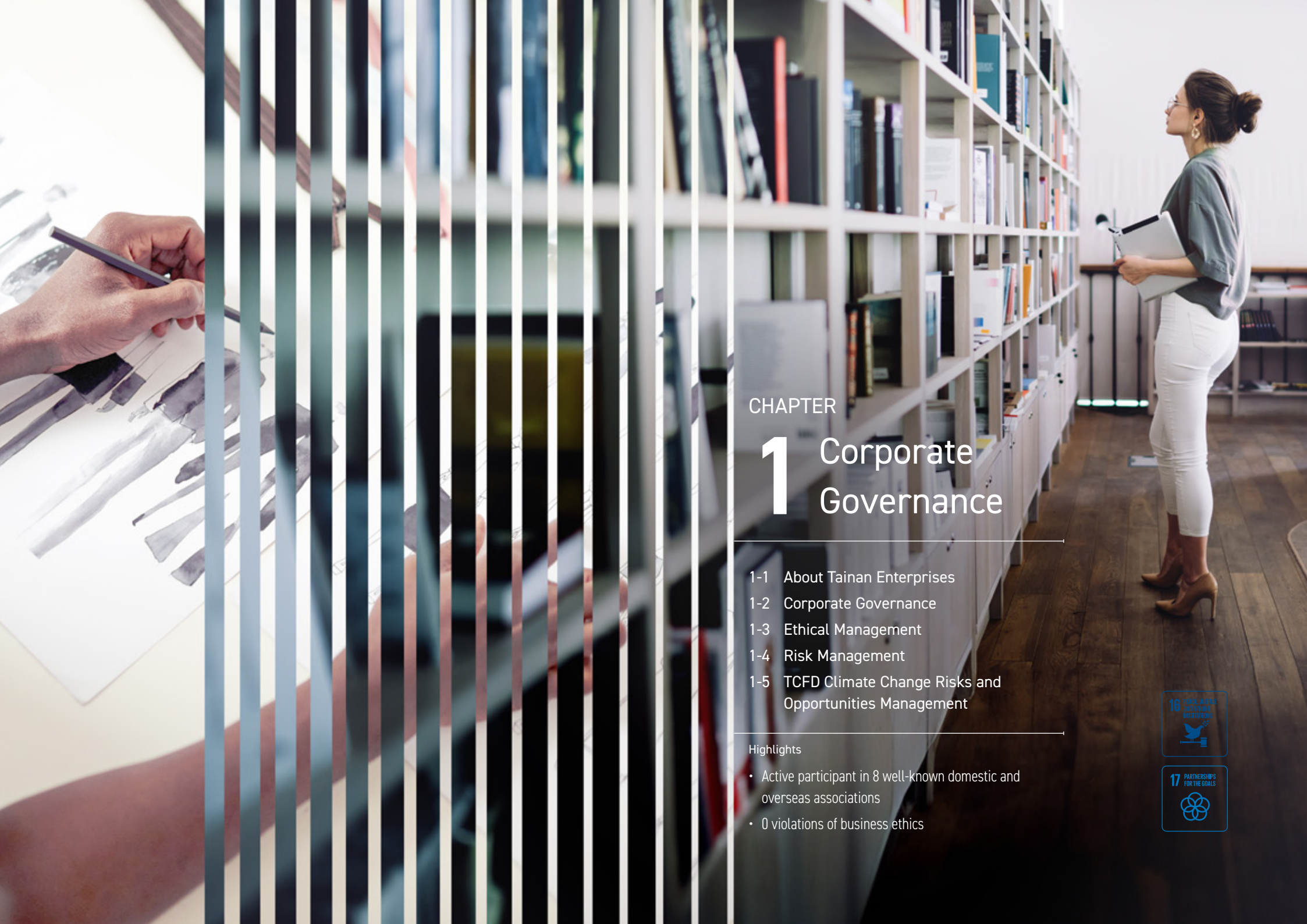


Topic	Management Approach	2023 Goals	Actual Performance	2024 Goals	Medium and Long-term Goals
 Forced or Compulsory Labor	Adopted International Labour Organization (ILO) standards banning forced labor on restrictions on employees' movements through the use of power or coercion. Annual third-party audits are conducted to ensure compliance on employee rights, recruitment and separation. Human rights improvement projects are also carried out.	Ensure that there are no incidents of forced labor in the supply chain	There were no incidents of forced labor in 2023.	Continue to ensure that there are no incidents of forced labor in the supply chain	Assist employees with improving employee rights and benefits; strengthen human rights audits.
 Child Labor	The use of child labor is prohibited in accordance with ILO standards. Annual third-party audits are conducted to ensure that all factories are in compliance and there is no use of child labor. Employee age and identification documents are also verified before employment so that nobody under the local statutory minimum age is hired.	Ensure that there are no incidents of child labor in the supply chain	There were no incidents of child labor in 2023	Establishment of a comprehensive supplier management system.	Strengthen the transparency of the supply chain and conduct due diligence on supplier partners to check of incidents of child labor.
 Labor/ Management Relations	Establish a sound foundation for positive labor/management regulations through regular meetings with unions, introduction of employee management app to facilitate employee suggestions as well as factory investigations.	Construct a healthy working environment with bilateral channels of communication.	Starting from 2022, Tainan Enterprises integrated the grievance procedures of each factory and categorized grievances into four levels: Levels A, B, C, and D to strengthen the authority and efficiency of responding to employee grievances at all levels.	Build a better labor/management communications platform by refining the functionality and usage of the employee management app.	Improve labor/ management relations by establishing diverse means of communication and encouraging employees to provide their opinions and suggestions.

Governance



Topic	Management Approach	2023 Goals	Actual Performance	2024 Goals	Medium and Long-term Goals
 <p>Corporate Governance</p>	<p>Tainan strives to build a sound corporate governance system by participating in the annual corporate governance evaluation of the Securities and Futures Institute and adopting the evaluation metrics as our goal. We also use our website and Sustainability Report expand our disclosure of company information. Providing shareholders, stakeholders and the general public with the same access to information improves transparency and eliminates information asymmetry.</p>	<p>Strive to build a sound corporate governance structure and eliminate information asymmetry. We strive to protect the interests of stakeholders through corporate governance.</p>	<p>The Board of Directors conducts continuing education on corporate governance and business management every year, focusing on the establishment of a comprehensive corporate governance system to enhance the competitiveness of the Company.</p>	<p>Define organizational structure and roles to emphasize corporate governance affairs and appoint a corporate governance officer.</p>	<p>Continue to improve the Company's corporate governance evaluation metrics by refining internal company regulations to ensure transparency of company information.</p>
 <p>Economic Performance</p>	<p>Respond to market and technology trends by investing in smart equipment that improve performance. Boost profitability through better productivity and production agility.</p>	<p>Internally re-examined the Company's operations.</p>	<p>Net profit after tax grew by 3.4% compared to the previous year.</p>	<p>Introduction of information management, data analytics and business intelligence (BI) systems.</p>	<p>Achieve sustainability by maximizing stakeholder returns and ensuring steady revenue growth.</p>



CHAPTER

1 Corporate Governance

- 1-1 About Tainan Enterprises
- 1-2 Corporate Governance
- 1-3 Ethical Management
- 1-4 Risk Management
- 1-5 TCFD Climate Change Risks and Opportunities Management

Highlights

- Active participant in 8 well-known domestic and overseas associations
- 0 violations of business ethics





1.1 About Tainan Enterprises


Tainan Enterprises Profile




Company Name
Tainan Enterprises Co., Ltd.

 Stock Code
1473

 Date Established
August 1961

 Chairman of the Board
Yang Ching-Hon

 General Manager
Hsieh Yiu-Chin

 Location of Headquarters
No. 320, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City, Taiwan

 Number of Employees
11,174 persons

 Total Operating Revenue in 2023
6,508,300 (NTD thousand)



1.1.1 Tainan Enterprises Profile

Tainan Enterprises (Tainan) was established in August 1961 as a contract apparel maker producing trousers, shirts, dresses, skirts, jackets, vests and coats. In the beginning, most of Tainan's business was based on low to mid-range clothing sold in hypermarkets such as K-mart in the US. In 1985, we entered the mid- to high-end apparel market thanks to orders from Conex in Germany. Our main customers today include mid/high-end leisure apparel brands such as GAP, Reitmans, Ann Taylor, Macy's and Talbots in the US, as well as well Muji in Japan. The Tainan Factory now serves as Tainan's new product design center and production site for high-value products. Taiwanese production processes and management were also transferred to overseas production locations in Indonesia, China, Cambodia, and Vietnam.

The economic miracle of Taiwan led to rising labor and land costs so Tainan began setting up factories in China, Indonesia, Cambodia, and Vietnam. We now focus mainly on R&D and lead development in Taiwan while our Chinese factory is used to produce orders for the Chinese market or rush orders. Having a common language with Taiwan meant that the Chinese factory is used to personnel training as well. Indonesia, Cambodia and Vietnam serve as our main production sites due to the better quality of workers and labor costs. The distribution of manufacturing, personnel training and design functions gives Tainan a unique competitive advantage in the global apparel market.

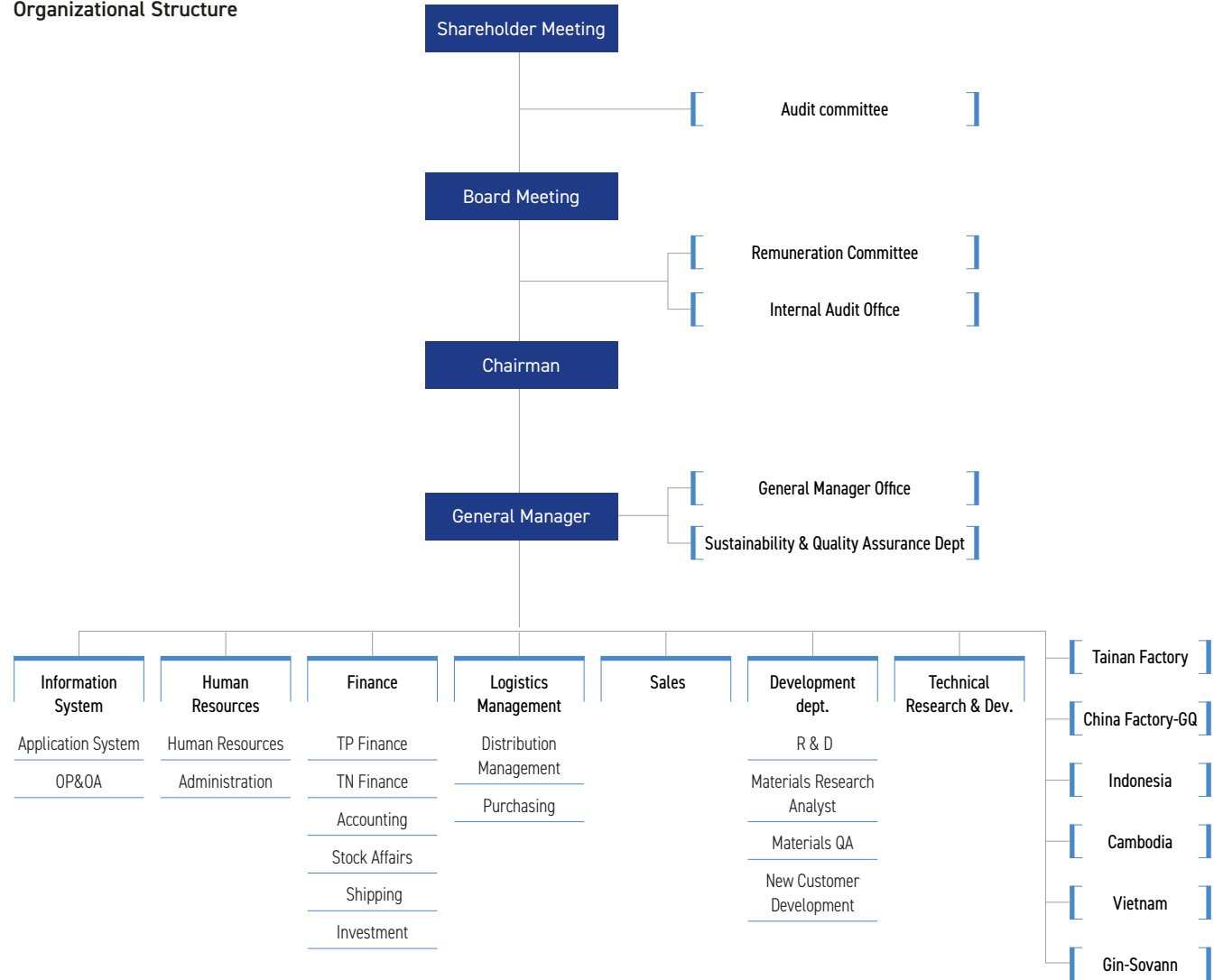
Diversified Product Strategy

Tainan has made good progress on vertical integration in recent years and has worked with our design team to keep abreast of the latest market trends. In addition to developing a wide range of products, we also expanded our apparel portfolio to include knitwear and sports clothing. Our past experience in producing mid/high-end clothing was leveraged to adapt to the constantly changing consumer market and satisfy customers' needs for a one-stop shop. In the future, Tainan will continue to stay on the cutting edge through the optimization of our production capacity and an efficiency-oriented operating model.

CSR in Practice

Tainan has always embraced our corporate social responsibility. We not only pay attention to our performance in human rights, industrial safety, support for female employees and environmental protection across the world but also actively participate in projects that promote employee happiness at work and healthy living. In Taiwan, the Tainan Enterprises Arts & Culture Foundation was founded in 2001 to play an active role in educational, cultural, environmental protection and social care initiatives. For example, we sponsored activities and graduation exhibitions of fashion-related university departments in order to cultivate more talented people in fashion. Tainan was founded in Tainan. We feel a strong connection with the city, as a result, we have been a long-time investor in the preservation of the natural ecology and cultural assets at Tainan. Our continued efforts in CSR has garnered a number of awards. Six decades later, Tainan's belief in "sincerity, kindness, and beauty" remains unchanged.

Organizational Structure



Operations by principal departments/divisions

1. Internal Audit Office

- Establishment of, and follow-up and check on, the internal audit system
- Establishment and implementation of the internal audit system

2. General Manager Office

- Collection, analysis and integration of internal and external information, and communication, coordination and integration of the implementation of organizational business projects
- Establishment of the annual development target, and review, evaluation and suggestion on the organizational development

3. Sustainability & Quality Assurance Dept

- Promote and perform the corporate sustainability & social responsibility, and confirm that various departments execute work in accordance with the Company's internal standard operating procedure for production to stabilize the quality control and satisfy customers' needs.

4. Information System Division

- 4.1 Application System Dept. • Development and maintenance of the information software system
- 4.2 OP&OA Dept. • Corporate information security, anti-virus system and network construction, and maintenance of computer hardware equipment

5. Human Resources Division

- 5.1 Human Resources Dept. • HR planning, education & training, appointment/dismissal, promotion, attendance, performance valuation and retirement
- 5.2 Administration Dept. • Employee benefits
• Safety, repairing, vehicle management regulations, and routine business

6. Finance Division

- 6.1 Finance Dept. • Responsible for fund allocation and utilization, and credit management
- 6.2 Accounting Dept. • Preparation of financial statements and budget
- 6.3 Stock Affairs Dept. • Responsible for processing stocks and shareholder services
- 6.4 Shipping Dept. • Shipping and customs affairs for import/export
- 6.5 Investment Dept. • Responsible for the long-term and short-term capital investment

7. Logistics Management Division

- 7.1 Distribution Management Dept. • Follow-up on raw materials & supplies, export arrangement, and coordination of production and marketing
- 7.2 Purchasing Dept. • Procurement and shipping of raw materials and supplies

8. Sales Division

- Services for customer, and processing and follow-up of POs by departments

9. Development Dept.

- 9.1 R&D • Design and R&D of new apparel products for men and women
- 9.2 Materials Research Analyst Dept. • Development of materials
- 9.3 Materials QA Dept. • Stabilize the quality and control over materials
- 9.4 New Customer Development Dept. • Development of markets and expansion of customer base

10. Technical Research & Dev. Division

- Responsible for mock-up sample, mark marking, and platemaking
- Responsible for analysis and creation of I.E. working hours, work improvement and counseling service to vendors
- Development of suspension systems and molds

11. Tainan Factory & Foreign Factories

- Responsible for analysis and creation of I.E. working hours, work improvement and counseling service to vendors
- Development of suspension systems and molds
- Ready-made clothes production matters

1.1.2 Business Performance

Profit in the past three years			Unit: NTD thousand
Financial Performance	2021	2022	2023
Total Assets	5,213,244	5,176,890	5,434,361
Total liabilities	2,159,490	1,638,820	1,735,492
Shareholder equity	3,053,754	3,538,070	3,698,869
Operating revenue	5,761,476	7,529,845	6,508,300
Operating costs	(4,985,268)	(6,310,580)	(5,345,401)
Gross operating profit	776,208	1,219,265	1,162,899
Operating expenses	(932,838)	(983,539)	(876,542)
Non-operating revenue and expense	29,972	111,574	73,861
Net profit before tax	(126,658)	347,300	360,218
Income tax	(8,446)	(46,268)	(48,749)
Net profit after tax	(135,104)	301,032	311,469

Direct economic value generated and distributed in the last three years			Unit: NTD thousand
Economic value distributed to stakeholders	2021	2022	2023
Employee compensation and benefits	1,818,409	2,124,586	1,956,665
Payments to government	8,446	46,268	48,749
Community investment (donated to Tainan Enterprises Culture and Art Foundation)	3,500	3,500	3,500



Operating locations



1.1.3 Membership of domestic and foreign organizations

Country	Industry Associations
Taiwan	Taiwan Garment Industry Association Taiwan Textile Federation Taiwan Textile Research Institute Better Cotton Initiative Tainan Industry Association
Cambodia	Garment Manufacturers Association in Cambodia (GMAC) Better Factories Cambodia (International Labor Organization)
Indonesia	Better Work (International Labor Organization)

» Active participant in **8** well-known domestic and overseas associations

1.2 Corporate Governance

Corporate governance has attracted the attention of corporate stakeholders in recent years. Sound corporate governance should include a robust Board of Directors, transparent finances, ethical corporate culture, and effective internal audits. Establishing a sound corporate governance system will generate long-term benefits for the company and shareholders through lower business risks and improved competitiveness.

1.2.1 Board of Directors

The Tainan Board of Directors consists of 11 directors (including 3 independent directors) appointed for a term of three years. There must be at least three independent directors and they must account for no less than one-fifth of all directorships. The candidates nomination system is adopted for electing all directors, and elected from the list of director candidates by shareholders. On June 21, 2023, Tainan Enterprises held a re-election of the Board of Directors.

The average age of the new members of the Board of Directors was 63.1 years old, and there are 5 female directors, accounting for 45.5% of the new Board members. The background, professional knowledge and remuneration for each Board member can be found in the 2023 Annual Report. The Annual Report can be downloaded from the Market Observation Post System website, or from the Shareholders section of our corporate website.

The scope of the board performance evaluation includes of the Board Meeting, individual Board members and functional committees. The evaluation methods consist of internal self-evaluation, board member self-evaluation, and peer-evaluation. The 2023 performance evaluation results showed normal operations and good performance.

To prevent conflicts of interest in the top governance body, the Rules and Procedures of Shareholders Meetings stipulate that if a conflict of interest exists between an item on the agenda and a director or the legal person they represent, and that such conflict would harm Tainan interests, they may state their position and respond to any questions but may not take part in the discussion and voting. They should also recuse themselves during discussions and voting, and may exercise the proxy votes of other directors. In addition, the Board should be convened at least once per quarter to review the Company's business performance, as well as discuss the Company's development strategy and major investments. The 21st and 22nd Board of Directors held 3 and 4 meetings in 2023, respectively, and the board attendance of all directors was 94%.

The Company's internal handling and disclosure of key material information is directly handled in accordance with the regulations of the competent authority. In 2023, a total of 24 material information was announced.

Board members undertake continuing education on corporate governance, corporate management, laws and regulations, and finance every year. The continuing education for the Board of Directors in 2023 was as follows:

Date	Continuing Education Topic	Trainees	Duration
2023.08.04	The Role of Directors under Corporate Governance 3.0 and Compliance Response to Management Challenges	Lee Li-Ying (newly-elected)	3
2023.08.08	Board's response to and use of corporate governance evaluations	Yang Ching-Hon, Wu Tao-Chang, Yang Yin-Ying, Yang Fu-Ching, Wang Po-Ya, Hsieh Yiu-Chin, Weng Hsiao-Wei (newly-elected), Sher Jih-Hsin, Tuan Mu-Cheng, Lee Li-Ying (newly-elected)	3
2023.08.25	Corporate Financial Statement Fraud and Case Study	Weng Hsiao-Wei (newly-elected)	3
2023.09.08	Succession plan activation - employee reward plan and equity inheritance	Weng Hsiao-Wei (newly-elected)	3
2023.09.22	Board of Directors vs. Management Team	Yang Shun-Hui	3
2023.11.08	Key hidden information in financial statements and case study	Yang Ching-Hon, Wu Tao-Chang, Yang Yin-Ying, Yang Fu-Ching, Wang Po-Ya, Hsieh Yiu-Chin, Weng Hsiao-Wei (newly-elected), Lee Li-Ying (newly-elected), Yang Shun-Hui	3
2023.04.13	Corporate Governance Lecture	Sher Jih-Hsin	3
2023.02.14	A New Face of Corporate Governance Under the ESG Trend	Tuan Mu-Cheng	3
2023.03.14	Risks and Opportunities of Climate Change Trends for Corporate Operations	Tuan Mu-Cheng	3
2023.10.04	How the Board of Directors Defined the ESG Sustainable Governance Strategy	Lee Li-Ying (newly-elected)	3

1.2.2 Remuneration Committee

The Remuneration Committee uses its expertise to formulate and periodically review the performance evaluation of directors and managers, as well as the policy, system, standard and structure of remuneration. Director and management remuneration are then periodically evaluated and set based on the Company's business performance along with the social and environmental impacts of organizational operations in order to strengthen the corporate ethics and culture of Tainan in pursuit of sustainability. In 2023, the Remuneration Committee of Tainan Enterprises was re-elected along with the Board of Directors. The newly appointed Committee held two meetings, and the convener and members attended the meeting at 100% attendance rate.

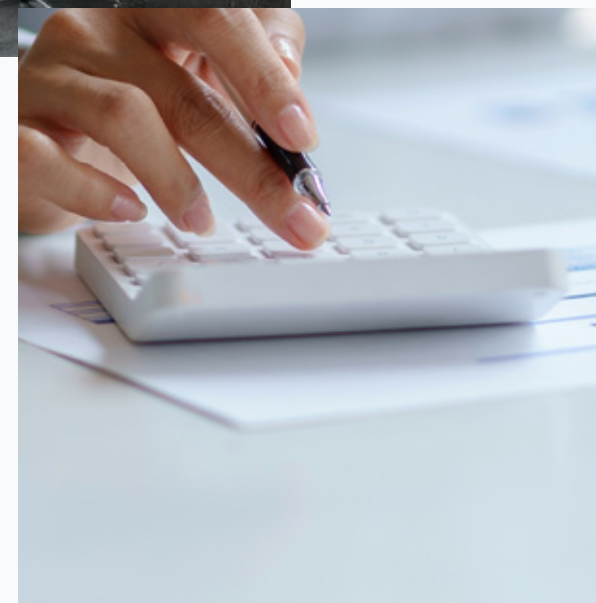
1.2.3 Audit Committee

The Audit Committee was established on September 22, 2017, in accordance with the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies. The mission of the Audit Committee is to assist the Board with carrying out its supervisory duties, as well as other missions assigned by the Company Act, Securities and Exchange, and other relevant laws. The committee shall be assembled by all three independent directors and meetings are to be convened at least once a quarter. The Company held two Audit Committee meetings after re-election in 2023, and the attendance rate of the members of the Audit Committee was 100%.



1.2.4 Sustainability Implementation Unit

The highest governance unit of Tainan Enterprises is responsible for the supervision and governance of the sustainability-related topics of the company. The Company established the unit dedicated to corporate social responsibility, "Sustainability and Quality Assurance Dept," in 2014, which is responsible for promoting and implementing the ESG issues, such as environmental protection, energy conservation and carbon reduction, human rights, working environment safety and health, etc.. Meanwhile, it helps the enactment of policies and management guidelines to manage overseas subsidiaries' compliance and responsible performance in the terms of environment and society, and regularly reports the implementation status of sustainable development-related actions to the directors every year.



1.3 Ethical Management

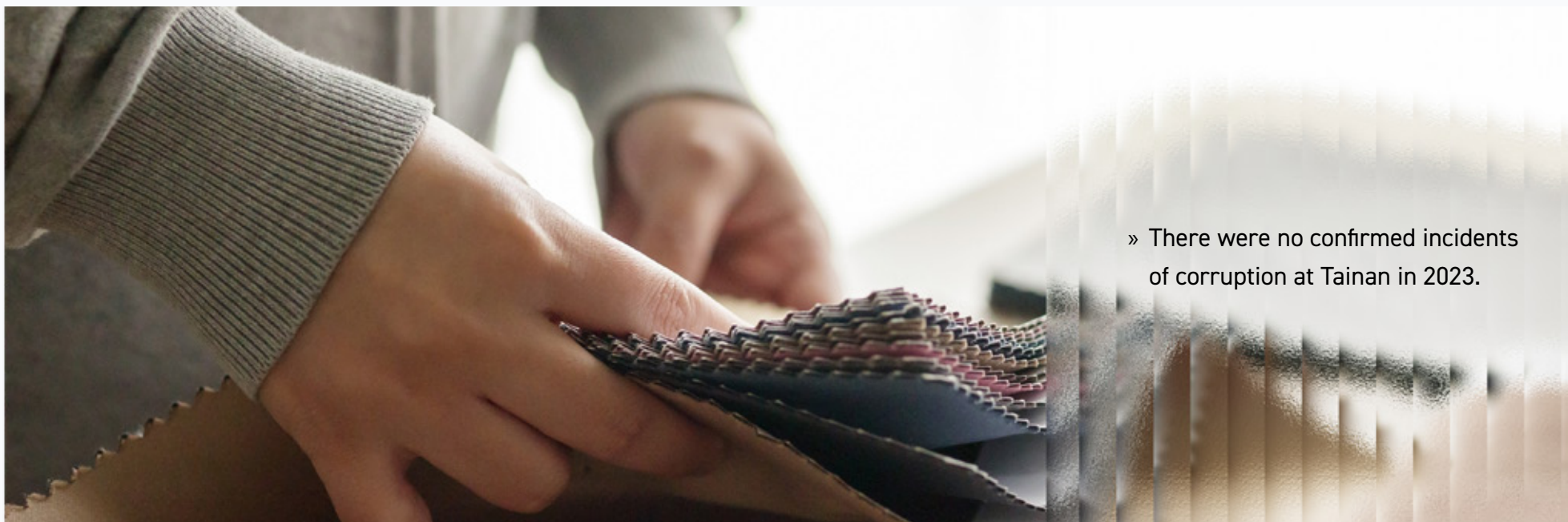
Tainan has always considered ethics to be the most basic principle in business. In addition to complying with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, we also formulated the Ethical Management Principles, Employee Code of Conduct and other rules. The compensation system, internal control system, delegation system, and division of labor as well as internal audits and associated punishment/reward regulations. The establishment of an effective corporate governance structure as well as related ethical standards and practices have served to enforce ethical management throughout all company departments. The Anti-Bribery and

Enticement Policy was also formulated by Tainan to raise employee awareness by explicitly stating our responsibility and position on anti-bribery and corruption. We also provide all workers with information and guidance on how to identify and deal with bribery/corruption issues.

In addition to strict internal requirements, Tainan Enterprises also requires suppliers and outsourced vendors to sign the "Supplier Code of Conduct" or the "Supplier Social Responsibility Commitment", making commitments on aspects such as labor rights, counter-terrorism, and security, and disclosing detailed supplier management information. Please refer to [2.2 Sustainable Partnerships](#)

Compliance

Compliance with local regulatory requirements is the most fundamental component of the management approach at Tainan. Each factory shall periodically audit the validity of their regulatory permits, identify local laws and regulations that they need to comply with, and develop a plan to track new developments on a regular basis to ensure compliance with the latest regulatory requirements. In 2023, Tainan Enterprises did not encounter any major economic and environmental violations that resulted in fines from the competent authorities.

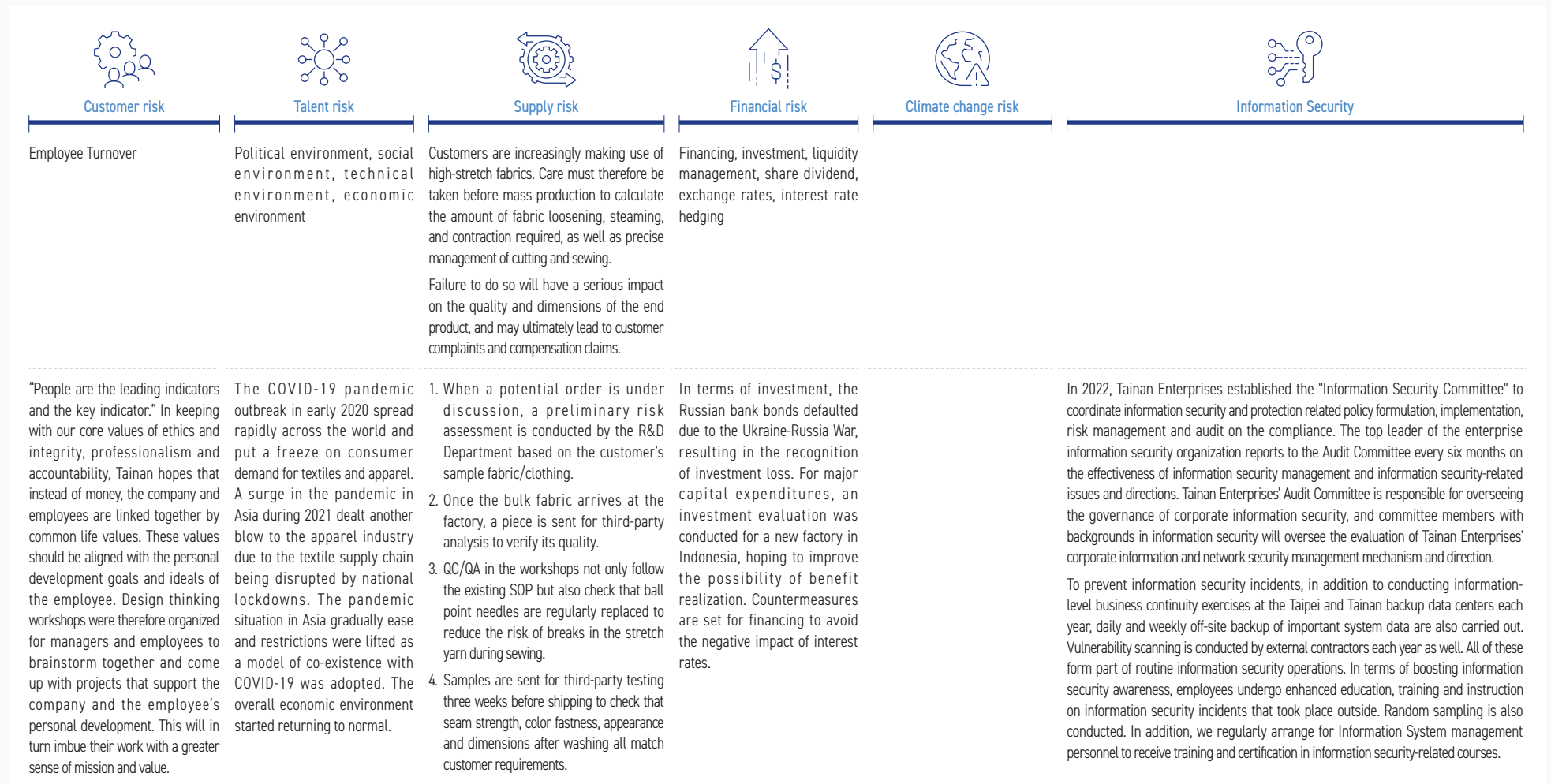


» There were no confirmed incidents of corruption at Tainan in 2023.

1.4 Risk Management

To ensure the Company's stable operations and sustainable development, the risk management policies, procedures and measures were approved in November 2022 to strengthen the control of overall operations. The Board of Directors, Audit Committee, General Manager, and the Audit Office jointly participate in the implementation of the above.

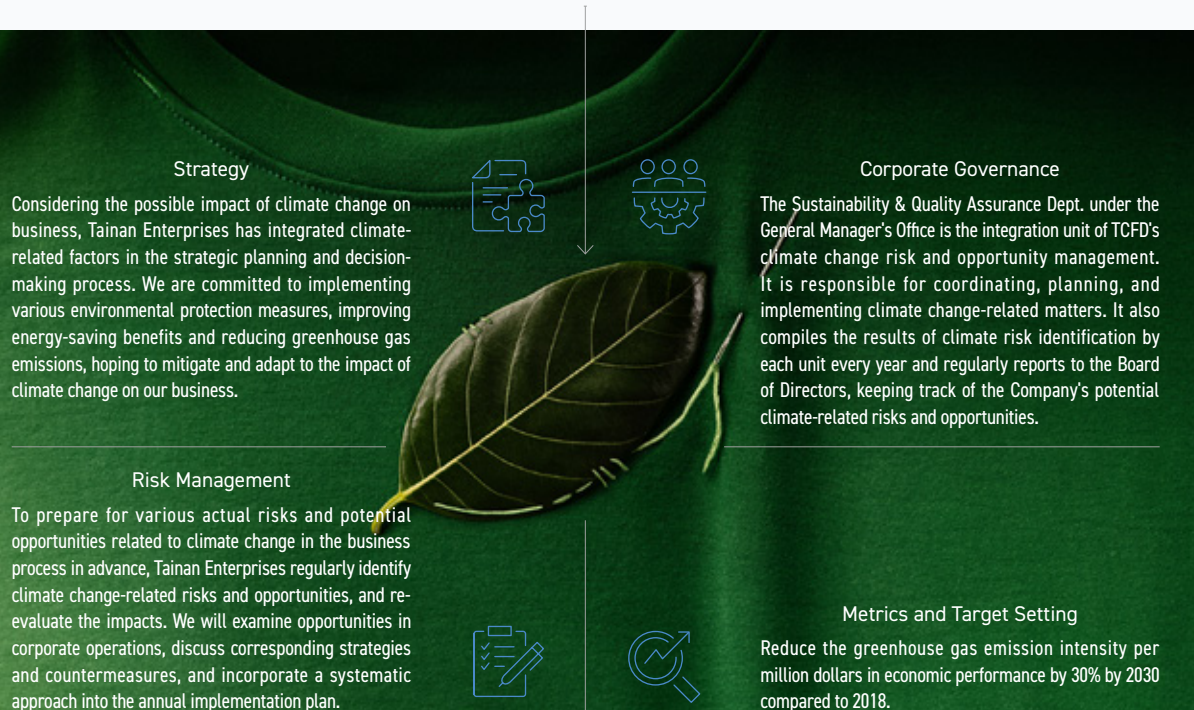
According to the Risk Management Policies and Procedures, Tainan Enterprises should identify the types of risks, including:



1.5 TCFD Climate Change Risks and Opportunities Management

Climate change is affecting our lives in drastic ways. Frequent extreme climate events such as flooding, drought and typhoons also cause difficulties for business operations. Individual risk management schemes were therefore set up by Tainan for climate change topics with the Environmental Sustainability Team from the CSR working group given the responsibility of assessing and managing climate-related risks and opportunities. The Sustainability & Quality Assurance Dept. also provides periodic reports to the General Manager on climate change-related topics.

The Task Force on Climate-Related Financial Disclosures (TCFD) framework was applied to evaluate the impact on cost and revenue, take inventory of company resources, and develop a risk management approach that would mitigate the impact of climate change on company operations, strengthen the company's flexibility and adaptability, as well as take advantage of the transformation opportunities offered by climate change.



Risk	Physical risk	
	Flooding, storms / Rise in sea level	Shortages or uncertainty in water and electricity supply
Description	<ol style="list-style-type: none"> Storms can increase humidity in the factory so raw materials and products are more likely to become moldy or spoiled. More frequent flooding can lead to factory stoppages 	Impact on production process from uncertain water and electricity supply
Financial effect	<ol style="list-style-type: none"> Increase in the cost of storage for raw materials and products Factory stoppages lead to reduced income and higher cost of shipping 	Higher production costs
Administration	<ol style="list-style-type: none"> Set up drying chamber and install humidity-control machines to maintain the humidity within the factory at a suitable level for storing products and raw materials. Raise the foundations of the factory or relocate factory to higher ground Transfer production to alternate factories in other regions Set up a backup transportation plan with multiple channels 	<ol style="list-style-type: none"> Introduction of wastewater/ rainwater recovery system in the factory Purchase of energy-saving and water-saving machinery Build green factories and obtain green building certification Switch to diesel generators during power outages

Risk	Physical risk		Transformation risk		
	Higher temperature	Decrease in production of raw materials due to climate anomalies	GHG emission disclosure and international carbon pricing mechanism	Low-carbon technology development and transformation	Growing environmental awareness among customers and in the market
Description	Increased electricity consumption and risk of power restrictions	Extreme climate events such as droughts, higher temperatures, and flooding can lead to lower production of raw materials and higher prices	Domestic/overseas plans to impose carbon tariffs will directly/indirectly impact on operating costs.	Acquire low-carbon technology and develop low-carbon merchandise to reduce impact on the environment as well as satisfy customer/consumer demand for products made with sustainable processes	1. Drastic changes in the climate is spurring growing consumer awareness on environmental protection 2. Customer requirements on environmental protection at the factory now exceed local regulations and also promoting the use of environmentally friendly products
Financial effect	Impact on production process leads to higher product costs and reduced operating income	Higher raw material sourcing costs	Higher production costs	Higher R&D costs Higher operating costs	Higher R&D costs
Administration	1. Introduction of renewable energy at the factory 2. Build green factories and obtain green building certification	1. RCS certification for factories and the use of fabrics containing recycled materials to reduce dependence on raw materials 2. Use of packaging materials containing recycled materials for product packaging	1. Introduction of renewable energy at the factory 2. Periodic internal GHG emission inventory 3. Set up green production processes in the factory and purchase low-carbon machines	1. Purchase low-carbon and water-saving machinery 2. Development of low-carbon products based on green design and obtaining related low-carbon/recycling certifications	1. Purchase of energy-saving and water-saving machinery to reduce impact on the environment 2. Develop environmentally friendly products based on green design and obtaining of related environmental and product certifications

Opportunity	Attract more customers/ Change in consumer preferences	Business model - Circular economy
Description	Growing environmental awareness among customers, low-carbon products and consumer preference for purchasing sustainable fashion brands/merchandise is spurring the search by brand vendors (customers) for green factories and the development of products that incorporate sustainable materials.	Climate change has led to greater consumer awareness on sustainability. The establishment of a business model based on circular economy will facilitate the development of new marks and mitigate external costs from the environmental impact of products.
Financial effect	Increase in operating revenue	Increase in operating revenue
Administration	1. Select recycled/organic cotton fabrics for making sustainable fashion products, obtain production certification for recycled/organic cotton products, and use product packaging that contains recycled materials/eco-friendly materials. 2. Introduction of wastewater recovery system by water-intensive factories and active promotion of zero wastewater discharge	Form partnerships with other businesses to convert defective cement bags, advertising banners, and waste bedsheets from hotels into carry bags, wallets and other accessories.



CHAPTER

2 Value Chain Reform

- 2-1 Innovation and Circular Economy
- 2-2 Sustainable Partnerships
- 2-3 Product Safety

Highlights

- All factories can produce RCS-certified products
- 1 factory obtained Global Organic Textile Standard (GOTS) certification
- Oeko-Tex Standard 100 Product Safety



2.1 Innovation and Circular Economy

2.1.1 Sustainable Raw Material Certification

Pollution during the apparel production process come from the choice of design and materials used. As large amounts of waste, pollution and waste are generated during the production process, the re-processing and reuse of materials is crucial to reducing resource waste. Tainan Enterprises pay attention to the source of raw materials, and prioritize the selection of materials that are friendly to the environment, have the least impact on the environment, and are harmless to human health. We also pay attention to the traceability of raw materials and use the transaction certificate source, and the sustainable material certification covers recycled materials, organic cotton, sustainable cotton, and African cotton.

Recycled and eco-friendly fabrics

All production areas of Tainan Enterprises are capable of producing Recycled Claim Standard (RCS)-certified products. The RCS products at each site must contain more than 5% of PCW (Pre-consumer) recycled fabrics and have obtained Scope Certificate for Chain of Custody RCS. Such products must also be produced separately from standard fabrics to ensure that they are made from 100% recycled fabrics.



The Gin-Sovann Factory has passed the GRS Global Recycling Standard certification, which states that products must contain at least 20% recycled materials, and the production process, social, and environmental standards must meet the requirements. Recycled fabrics reduces the damage to the environment and the reliance on general fabrics, thus achieving the corporate goal of green and sustainable production.

Sustainable cotton

The sources of sustainable cotton for Tainan Enterprises come from the following organic cotton certifications, the Better Cotton platform and the African cotton certification. The organizations start out from the perspective of sustainability to promote cotton cultivation with less impact on the environment and transparent supply chain tracking.



Organic cotton fabric

In addition to recycled materials, Tainan also uses fabrics made from organic cotton that are grown using less water than conventional cotton. International certification ensures that the production process, environment and social rights at the factory using organic cotton conforms to GOTS. The OCS standard must contain at least 5% organic cotton, while the GOTS standard only recognized cotton sources that follow the government's organic agriculture standard. The product under application must contain at least 70% organic cotton. The Cambodia factory has passed the Organic Content Standard (OCS) and the Jakarta factory obtained GOTS certification to provide customers with safety, transparent, organic and dependable products.



Better Cotton Initiative

Tainan Enterprises has joined the initiative of Better Cotton to use ethical raw materials with low impact on the environment. BCI cotton is used by Tainan due to their lower environmental impact and sound ethics. The BCI platform tracks the production of cotton to improve transparency between the Company, suppliers and upstream material suppliers.

Cotton made in Africa (CmiA)

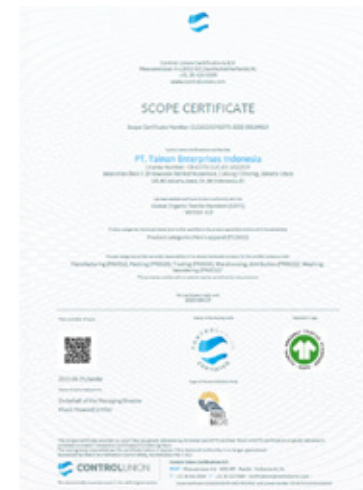
The Cotton made in Africa has three major directions of social, environmental and economic sustainability, supporting small farmers, protecting local soil, water and biodiversity to reduce negative impact on the environment, and providing technology and equipment to enhance productivity and improve overall living conditions. At the same time, the production side also needs to be clearly labeled and segmented and must not be mixed with other cotton materials. All supply chains are further required to complete an online tracking system to identify supply chain transparency.



Organic Content Standards (OCS)



Global Recycled Standard (GRS) Certification



Global Organic Textile Standard (GOTS)



Recycling Statement Standards

2.1.2 Innovative Technologies

Improve the quality of semi-finished products in the production workshop, reduce the inspection burden of non-sewing technical aspects in Endline 100% appearance bundle inspection, and inspect 5 pieces of key processes 4 times a day, each time through the traffic light system of inspection tour (twice a day for the other processes, 3 pieces each time). chanic) to make adjustments.

Semi-automatic auxiliary machine in the parts section of the workshop

Automatic rope threading machine

In the Solo factory, the time required for threading the waist rope has been improved, and the production efficiency has been increased by 1.25 times, and the ordinary workers can operate it.



Automatic waist tag machine

The Cambodia factory has improved the waist tag process, and the efficiency has been doubled from the original. It can be operated by ordinary workers.



Iron magnetic induction boiler

There are multiple ironing areas in the plant, and the overall steam demand is high. In addition, the boiler steam pipeline to the ironing area needs to go through a long route and a wider range, so it will produce higher energy loss.

In addition, the boiler will release a large amount of carbon dioxide and other greenhouse gases during the combustion process, causing serious impact on the environment. On the contrary, magnetic induction boiler do not need to burn fuel and do not release any harmful gases. Therefore, the introduction of magnetic induction boiler can reduce the overall plant carbon emissions. It is a more environmentally friendly choice.

Furthermore, the magnetic induction boiler can more precisely control temperature and pressure, improve product quality and consistency, and reduce factory operating costs and energy waste.



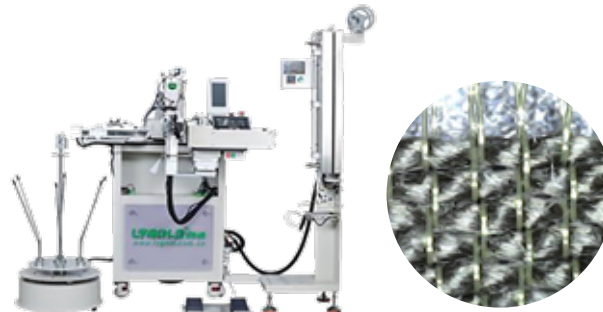
Automatic car bag labeling machine

The Cambodia factory has improved the process of ironing, seam folding and lining on a flat car, which doubles the efficiency. It does not require skilled workers and can be operated by ordinary workers.



Automatic elastic band cutting and joining machine

The splicing process of the Cambodia factory has been merged and improved to double the efficiency, which can be operated by ordinary workers.



2.2 Sustainable Partnerships

Tainan provides customers with good-quality products and services. We choose legal suppliers that adhere to humanitarian and ethical standards as our partners. Our Supplier Code of Conduct serves as the basis for transparent, ethical, and responsible sourcing. To protect human rights and prevent incidents of forced or compulsory labor, we regularly update the "Supplier Social Responsibility Commitment" and require suppliers to sign it every year, which is based on the 12 principles of the WRAP International Social Responsibility Accreditation, and incorporates human rights, environmental, and shipping safety-related regulations, and pledge to comply with the Supplier Anti-Terrorism Code, which was developed in accordance with the C-TPAT U.S. Customs Business Coalition Against Terrorism's Factory and Shipping Safety Management Guidelines. At the same time, they must also fill out the "Supplier Anti-Terrorism Security Self-Assessment Questionnaire", as well as provide C-TPAT, AEO and other related certifications to assess the risk level of suppliers and to increase transparency and trust.

Potential suppliers who submit the abovementioned Letter of Commitment, Code of Conduct, and Self-Evaluation Form are eligible to enter the supplier selection stage. Tainan Enterprises will evaluate their production quality, level of cooperation, and payment terms, and they will be classified into Level A, B, C, and D. If the score is a D, the supplier will be disqualified from supplying the product. The impact of suppliers on the environment and society is also taken into consideration to effectively select suppliers that meet the corporate sustainability philosophy of Tainan Enterprises.

Tainan Enterprises' business partners are required to strictly comply with the Company's "Supplier Code of Conduct", including reasonable working hours, wages, and employment of employees, and Tainan Enterprises strictly prohibits the use of products with forced labor risks. If any forced/compulsory labor incident is found in the supply chain or upstream vendors, or any violation of the "Supplier Code of Conduct" or "Supplier Social Responsibility Commitment", Tainan Enterprises will inform the offending vendor and brand customers and ask the vendor to take improvement measures.

To mitigate the environmental impact from production activities, in addition to the development of green, sustainable fabrics, Tainan also encouraged suppliers to obtain green certification such as RCS, OEKO-TEX and BLUESIGN, increase the use of recycled materials, obtain chemicals that comply with OEKO-TEX and BLUESIGN guidelines, assess the impact on the environment, society and worker performance through the product life cycle, and work with customers to promote sustainability and lay down the foundations of a green economy.



Content of supplier evaluation

Environmental	Compliance with local environmental regulations, possess the necessary wastewater, waste and discharge permits, and conduct an annual follow-up environmental evaluation each year monitor the environmental quality and build a sound, working environment.
Society	Comply with local labor laws or International Labor Organisation (ILO) guidelines, comply with social rules and guidelines, and provide employees with protection on right to work.

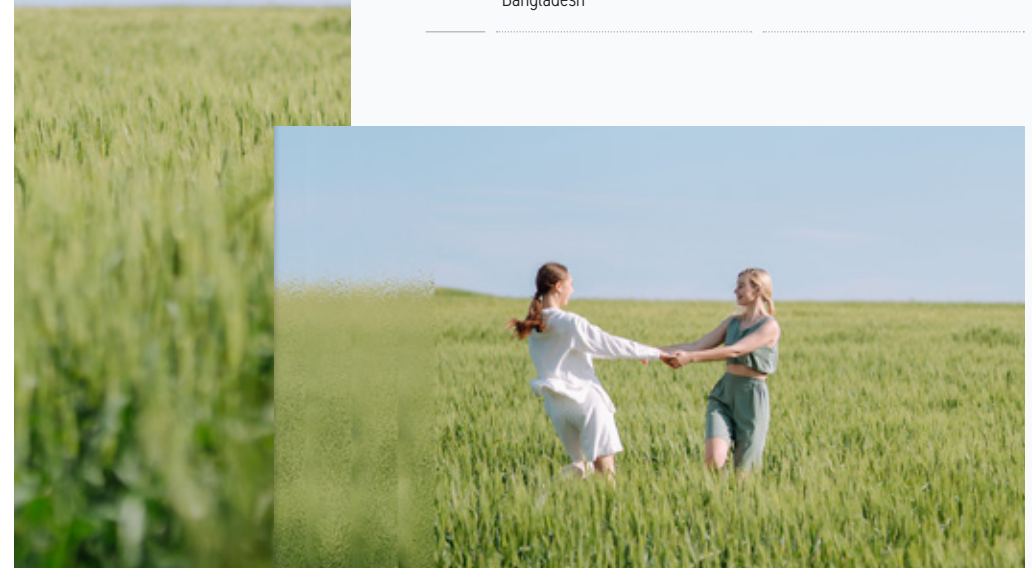
Supplier Commitment

	Ban on use of child and forced labor
Society	Ban on discrimination and any form of degrading conduct
	Provide reasonable compensation that satisfies a worker's basic needs and the minimum wage at the very least
Environmental	Compliance with local environmental regulations
	Establish a security inspection process to ensure the safety of incoming and outgoing goods
Anti-terrorism and security	Security system and process established for access control. A reporting process for reporting unauthorized entry by suspicious persons was also put into place.
	Deployed Information Security system to protect Company information against misuse of software/hardware.
	Established safety process to prevent human trafficking and smuggling

2.2.1 Supplier Mentoring

Tainan values our cooperation with suppliers and their growth. We mentor suppliers every year on how to pass brand audits and become an approved supplier to international brands. Such mentoring covers quality, human rights, environmental safety and hygiene. We hope by mentoring suppliers we can expand our markets together, enhance our international skills and support mutual growth.

Year	Supplier Type	Mentoring Outcome
2020	Green Fashion Washing Factory in Indonesia	Passed the Disney FAMA Factory Audit. Gap Inc Water Quality Programme
2021	Vietnam Tatsu Garment Joint Stock Company	Became JC Penney Supplier
2023	Arunima/DMC Garment Factory in Bangladesh	Became a Macy's Supplier



2.2.2 Sustainability Initiatives

Sustainability is of paramount importance to Tainan. We actively participate in international sustainability initiatives and certifications, use various platforms to confirm that the materials sourced by our suppliers comply with ethical and human rights standards, manage the working conditions at our factories, improve their working environments, monitor our environmental data, and conduct assessments on the use of energy and water resources. Tainan also adheres closely to international anti-terrorism guidelines by enforcing tight security to ensure products we ship for our customers arrive safely at their destination.

Upstream Material Management

Cotton and artificial fibers are the raw materials most commonly used in the apparel industry. Cotton-farming requires the liberal use of pesticides and chemical fertilizers that increase the risk of soil salinity. Soil productivity is degraded and the local environment is affected. Artificial fibers are synthesized from oil and does not break down naturally. To reduce the social and environmental impact of sourcing, Tainan makes use of the Better Cotton Initiative (BCI), Recycled Claim Standard (RCS), and Conflict Minerals as the three tools for sourcing management and supply chain transparency.

U.S. Cotton Trust Protocol (USCTP)



With the aim to use ethical raw materials with less harm to the environment, we have joined the USCTP and BCI Better Cotton. We use this platform to track the source and process of cotton production and improve the transparency between the Company and our suppliers and upstream raw material suppliers.

Better Cotton Initiative (BCI)



Recycled Claim Statement (RCS)



RCS- and GRS-certified fabric containing recycled cotton and polyester fibers is used by Tainan to reduce waste and avoid resource depletion.

Global Recycled Standard (GRS)



Global Organic Textile Standard (GOTS)



Tainan has obtained GOTS certification and uses organic cotton fabrics grown with less water. GOTS products also contain at least 70% organic materials and provide customers with a safe, transparent and organic product that they can count on.

Transparency One



Transparency-One is a global consumer goods supply chain management platform. Through this, Tainan Enterprises ensures that consumers are provided with a healthy, safe, and responsible supply chain management system.

Oeko-Tex Standard 100



The OEKO-TEX label is one of the world's leading labels in the textile industry, which tests textiles and ready-made clothing for harmful substances that affect human health and serves as a reference for consumers to purchase environmentally friendly textiles. Tainan Enterprises have obtained the OEKO-TEX label to ensure that products from the supply chain have passed the test for hazardous substances and to protect the health rights of consumers.

Conflict Minerals

Conflict Minerals

The Conflict Minerals sourcing standards were drawn up by Tainan to periodically trace the source of the metals used in auxiliary materials (zippers, buttons) and ensure that products manufactured by Tainan do not use minerals from conflict zones (3TG minerals).

Labor Rights Management

Better Work



The working environment at each factory is important to Tainan. Joining Better Work helps us manage the working conditions, comply with local regulations, and adhere to the international labor standards of ILO. We are continuing to build the best working environment for workers.

Social and Labor Convergence Program (SLCP)



SLCP has been introduced by Tainan with the Facility Social & Labor Module (FSLM) used to share our self-assessment and verification outcomes to other brands through the SAC Higg platform. Duplicate audits can be reduced and customers provided with more channels for tracking the social and human rights performance of factories.

Worldwide Responsible Accredited Production (WRAP)



The 12 WRAP production principles are widely recognized internationally. Certification encompasses a variety of aspects including labor rights, health and safety, environmental management, and compliance. WRAP is respected certification standard that has been adopted by many apparel businesses and suppliers worldwide; a number of Tainan factories have already received WRAP's gold certification of their operations.

Environmental Management

Higg Index



Environmental management and labor evaluation based on the Higg Index of the Sustainable Apparel Coalition (SAC) is used to enhance the transparency of Tainan and regional factories, improve management each factory, and establish a more transparent platform for customer communications.

Goods Management

Global Security Verification (GSV)



Tainan uses the GSV international standard to ensure the safe importation and export of goods and materials as well as the effective management of global logistics risks.

2.3 Product Safety

At the end of 2022, the Vietnam, Cambodia, and Kaohsiung factories plan to conduct Oeko-Tex Standard 100 (and RSL) product safety clothing testing starting from FA23, requiring the main and auxiliary materials supply chain to hold certification and clothing terminal shipment certification.



2.3.1 Oeko-Tex Standard 100 Garment Test (28 items in total):

Item No.	Test item	Content	Item No.	Test item	Content
1.	pH value	According to ISO 3071 (KCl solution)	5.	Chlorinated phenols & Ortho-Phenylphenol (OPP)	Alkaline aqueous solution (DIN 50009), extraction of free phenols & hydrolysed phenolesters, acetylated (GC-MS)
2.	Formaldehyde	Qualitative: Chromotrope acid reaction Quantitative: Free and partially releasable content (free & partially releasable - JIS L 1041 -2011)	6.	Plasticizers (phthalates)/ siloxanes	Extracted with tetrahydrofuran, precipitation of polymer with n-hexane (GC-MS)
3.	Heavy Metals		7.	Organic Tin compounds	Ethanol/ acetic acid solution & tropholone; derivatisation with sodium tetraethylborate (GC-MS)
3.1	Extraction with Artificial acid sweat solution	(artificial acid sweat solution - ISO 105-04)	8.	Short and Medium Chained Chlorinated Paraffins (SCCP & MCCP)	Short & medium chained chlorinated paraffine on extraction with dichloro-methane/ n-hexane; GC-MS; EI mode SCCP & MCCP congeners
3.2	Total digestion of samples	Acid digestion (ICP-OES, ICP-MS or AAS)	9.	Per- and Polyfluorinated Compounds (PFCs)/ Per- and Polyfluoroalkyl Substances (PFAS)	Methanol; LC-MS & GC-MS
3.3	Chromium(VI)	Artificial acid sweat (artificial acid sweat solution - ISO 105-04; UV/VIS spectroscopy or IC.)	10.	Dimethylfumarate (DMFu)	Acetone; preconcentration; GC-MS
4.	Insecticide content	Extraction cleanup (GC-MS & LC-MS)			

Item No.	Test item	Content
11.	Humanecological Critical Colorants	
11.1	Cleavable Arylamines and Aniline	Azo dyes; ISO 14362-1 & 14362-3 Cleavable & residual in free manner
11.2	Dyestuff & Pigments with Human Ecologically Critical Properties (Allergenic, Carcinogenic)	Chlorobenzene extraction; LD-DAD or LC-MS
12.	Chlorinated Benzenes and Toluenes	Ultrasonic bath extraction with dichloromethane; GC-MS
13.	Polycyclic aromatic hydrocarbons (PAH)	Extraction with toluene; GC-MS
14.	Solvent Residues	Extraction with methanol; GC-MS
15.	UV Stabilisers	Extraction with tetrahydrofuran; LC-DAD, LC-MS, GC-MS
16.	Banned Flame Retardants	Extraction with toluene; GC-MS

Item No.	Test item	Content
17.	Volatile Organic Compounds, Glycols Cresols and Chlorinated Solvents	Thermodesorption; Trapping material; GC-MS
18.	Quinoline	Hot extraction; LC-MS or GC-MS
19.	N-nitrosamines and N-nitrosatable Substances	Migrate to saliva solution Acidification to N-nitrosamines; LC-MS
20.	Surfactants and Wetting Agent Residues (Alkyphenols, Alkyphenol Ethoxylates)	Extraction with methanol; LC-MS, GC-MS
21.	Azodicarboxamide (ADCA)	Extraction with ethylacetate/ DMSO; LC-DAD
22.	Genetically Modified Organisms (GMOs)	Optimize probability of unknown genetically modified cotton events
23.	Emission	Emission chamber; ISO 16000-3, 16000-6, 16000-9
24.	Phenol	Extraction with methanol; HPCL-FLD

Item No.	Test item	Content
25.	Bisphenols	Extraction with THF, precipitation; HPLC-MS Basic (ISO 105-A01, ISO 105-A03); Color fastness to water (ISO 105-E01); Color fastness to perspiration test, acid and alkaline (ISO 105-E04)
26.	Colour Fastness	Color fastness to rubbing (ISO 105-X12) Color fastness to artificial saliva and perspiration (64 LFGB), BVL B 82.92-3 (DIN 53160-1), B 82.02-13 (DIN 53160-2)
27.	Odour	Desicator of set humidity
28.	Asbestos Fibres	Polarizing microscope, at least 250-fold magnification



2.3.2 Basic Product Testing

Test Type	Item
-----------	------



Durability

Shrinkage, Warpage, Appearance after Washing



Color Fastness

Color fastness for water washing, color fastness for dry cleaning, color fastness to friction, color fastness to light, color fastness to sweat, color fastness to water stain, color fastness to chlorine bleaching, color fastness to non-chlorine bleaching, color fastness to hot pressing



Physical Properties

Yarn count, density, gram-weight, tensile strength, tearing strength, seam slippage, seam strength, bursting strength, fabric twist rate, abrasion resistance, resistance to pilling



Safety (Toxin-free)

Formaldehyde testing, pH testing, hydrophobicity testing, oil repellency testing, stain resistance testing, flame retardance testing, fiber composition analysis, banned azo dye testing



2.3.3 Protection of Customer Confidentiality

Customer confidentiality is of great importance to Tainan. Our strict internal management prohibits the factories from selling any customer-branded products or raw materials, or photos of any branded products, and keeps proper records of all transactions, including all raw material purchase records, detailed inventory records, sample numbers, quantities, and production dates, until the products are sold or destroyed. Factories must also maintain brand labels in a secure storage area with strict controls to protect any branded items during the production process and to track the movement of the items throughout the production cycle. There were no leaks of customer secrets or Information Security problems at Tainan in 2022.

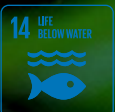


3 Environmental Sustainability

- 3-1 Operating Environment Management
- 3-2 Water Resource Management
- 3-3 Management of Chemicals

Highlights

- Reduced annual water consumption in 2022 by 8.2% overall compared to last year
- Cambodia factory became a zero-wastewater discharge factory
- No penalties for violation of local environmental laws and regulations in 2023 for Tainan Enterprises.



3.1 Operating Environment Management

Society today is faced with a variety of challenges. Climate change, environmental pollution, ecological imbalance, soil degradation and resource depletion are all happening one after another. All these global issues are forcing people to think hard about "sustainability."

Tainan in particular is a part of the textile and apparel industry whose energy- and water-intensive production processes are considered to be second only behind the petroleum industry in pollution intensity. Chemicals and pollution-intensive fuels are used extensively during the clothes production process so fast fashion has only made the waste of resources and environmental pollution worse. Green management has therefore become a common goal among large enterprises. The ecological impact of production operations means an effort should be made to reduce energy consumption, emissions and discharge of waste during the production process. Energy management monitoring systems were therefore used to track energy usage at the Cambodian, Vietnamese and Indonesian factories in real-time. Wastewater recovery systems were also introduced to reduce water usage and define the environmental management approach. Regular employee training and promotion of energy conservation also helped enhance the environmental management mechanisms of each factory. No Tainan factory has been penalized for violation of local environmental regulations as of 2023.

For six decades, Tainan has upheld the spirit of sincerity, goodness and beauty in implementing environmental protection and monitoring environmental sustainability topics. It is the hope of Tainan as a key part of the industry supply chain that we can reduce our impact on the natural environmental and society. It is our responsibility to fulfill our corporate social responsibility and create an industry chain that makes an even greater contribution to the environment.



3.1.1 Energy and GHG Management

The UN Climate Change Conference called for more urgent climate action to be taken in response to extreme global climate change. GHG emissions should be halved by 2030 and reach net zero by 2050. It is now the responsibility of all large enterprises to make continued reductions to GHG emissions to cope with the challenges of extreme climate. Resilience and adaptivity is required to alleviate the potential operational and environmental impacts of disasters. The current and future threats posed by climate change to the living environment now has the attention of the world and the only solution is sustainable development.

Tainan must understand how energy is being used in factories in order to improve our energy management and efficiency. By periodically compiling the energy data at each factory and managing powered equipment, energy-intensive processes can be identified to assess whether their usage and energy consumption are reasonable. For power-intensive machinery in the production process we develop techniques to improve their energy efficiency in order to boost productivity, cut energy consumption, and realize green production through reduced GHG emissions.

To fulfill our commitments, Tainan Enterprises have adopted the following strategies in overseas production areas with huge production capacity:

- 1. Phase-out of coal: Since 2018, the Jakarta and Cambodia factories that use coal-based boilers have begun to gradually reduce the use of coal and replace it with biomass energy.**
- 2. Gradually introduce electric boilers to reduce the number of combustion boilers in the factory.**
- 3. 印尼廠區配合購買再生能源憑證，抵銷用電所造成的溫室氣體排放。**

Internal GHG inventory was conducted by Tainan for the Scope 1 and Scope 2 GHG emissions disclosure of each factory. In 2023, the total greenhouse gas emissions in Scope 1 emissions were 5,766.34 tons CO₂e and 8,488.61 tons CO₂e for Scope 2 emissions. In addition, we also purchased green energy certificate to offset the GHG emissions of the purchased electricity of Indonesia Factory. After offsetting, the total annual emissions were 12,235.29 tons of CO₂e. Total energy usage in 2023 amounted to 150,188 GJ.

» **GHG reduction commitments of Tainan Enterprises: Based on 2018, the goal is to reduce the emission intensity per million dollars of business value by 30% by 2030.**

Energy Usage at each Tainan Factory

Unit: Gigajoule

	Tainan Factory	Jakarta Factory (Indonesia)	Solo Factory (Indonesia)	Cambodia Factory	Gin-Sovann Factory	Gaoqing Factory (China)	Vietnam Factory
Externally purchased electricity	3,114	6,941	5,649	16,712	3,046	2,847	4,651
Coal		40,152					
Externally purchased steam						3,302	
Natural gas	1,414						
Diesel	206	4,759	18,302	420	850		67
2021 Petrol	224	473	713	1,007	255	643	
Wood block				14,783	3,940		
Sawdust				48,922			
Rice bran							9,008
Solar power				395			29
Total GJ	4,959	52,325	24,664	82,239	8,091	6,791	13,755

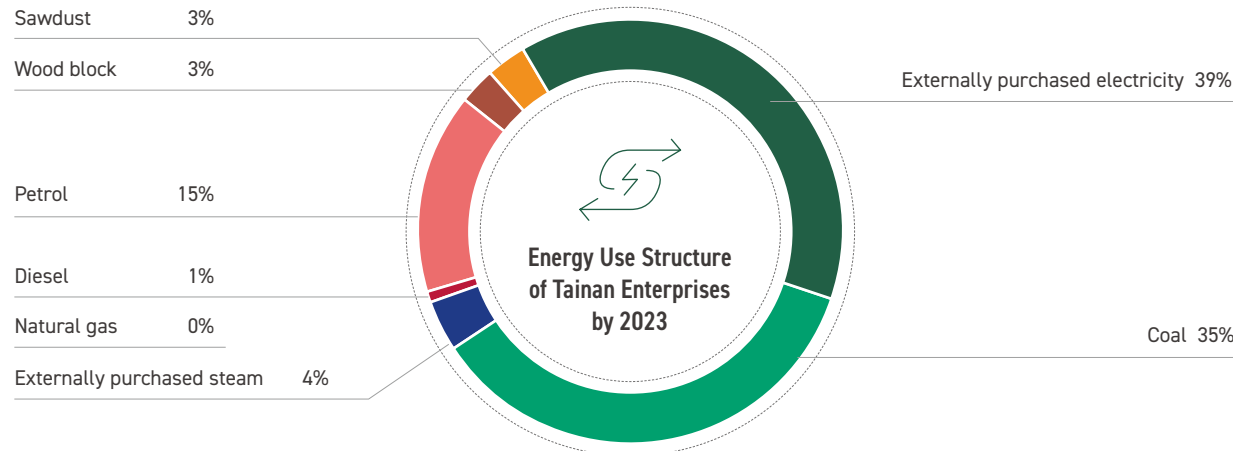
	Tainan Factory	Jakarta Factory (Indonesia)	Solo Factory (Indonesia)	Cambodia Factory	Gin-Sovann Factory	Gaoqing Factory (China)	Vietnam Factory	
2022	Externally purchased electricity	2,811	7,153	7,083	14,441	2,814	5,286	
	Coal		43,340		1,815			
	Externally purchased steam					3,622		
	Natural gas	1,834						
	Diesel	125	2,331	19,622	432	1,165	104	
	Petrol	321	501	902	1,216	383	277	
	Wood block				19,522	1,864	4,890	
	Sawdust		1,195		10,158	3,535		
	Rice bran						5,026	
	Solar power						29	
	Total GJ	5,091	54,520	27,607	47,584	9,761	6,569	15,335
	2023	Externally purchased electricity	2,804	7,485	4,787	13,502	2,797	4,838
Coal								
Externally purchased steam						3,922		
Natural gas		1,021						
Diesel		200	853	12,595	382	1,270	70	
Petrol		341	589	865	227	314	333	
Wood block								
Sawdust			1,154		42,658	2,968		
Rice bran							5,594	
Solar power								
Total GJ		4,366	45,805	18,274	56,797	7,349	7,076	10,502





Historical Energy Consumption by Tainan Enterprises

	2021	2022	2023
Externally purchased electricity	42,959	42,257	39,034
Coal	40,152	45,155	35,769
Externally purchased steam	3,302	3,623	3,922
Natural gas	1,414	1,834	0
Diesel	24,604	23,780	1,021
Petrol	3,315	3,599	15,371
Wood block	18,723	26,276	2,669
Sawdust	48,922	14,888	2,968
Rice bran	9,008	5,026	-
Solar power	424	29	-
Total GJ	192,824	166,467	150,188



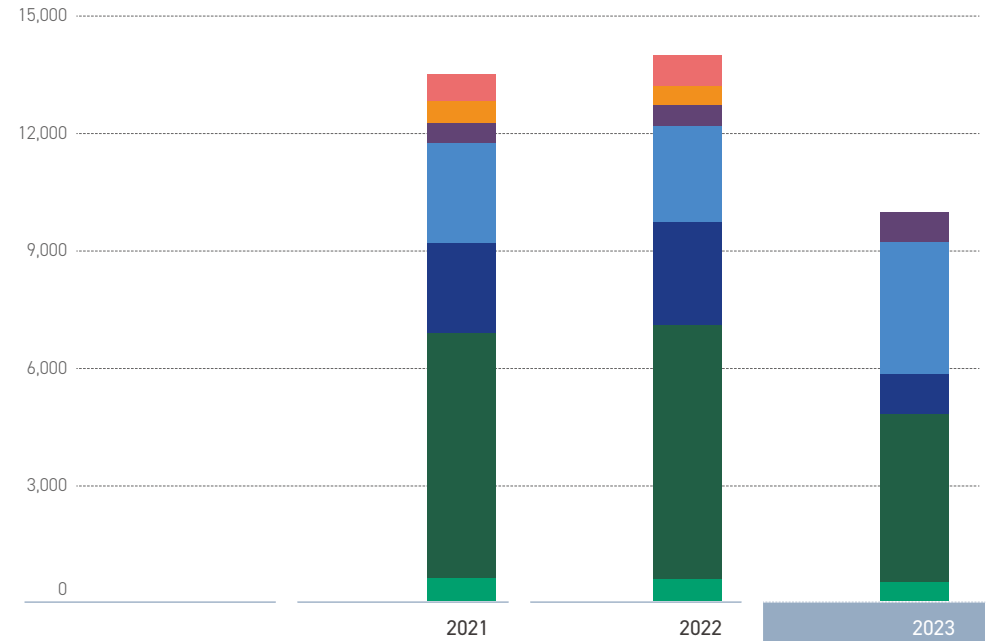
*Only counted energy usage by production processes.

*Conversion based on heating value in the GHG Emission Factor Table (6.0.4) issued by the Environmental Protection Administration, Executive Yuan

*Bio-fuel conversion based on EUBIA

Historical GHG Emissions by Tainan Enterprises

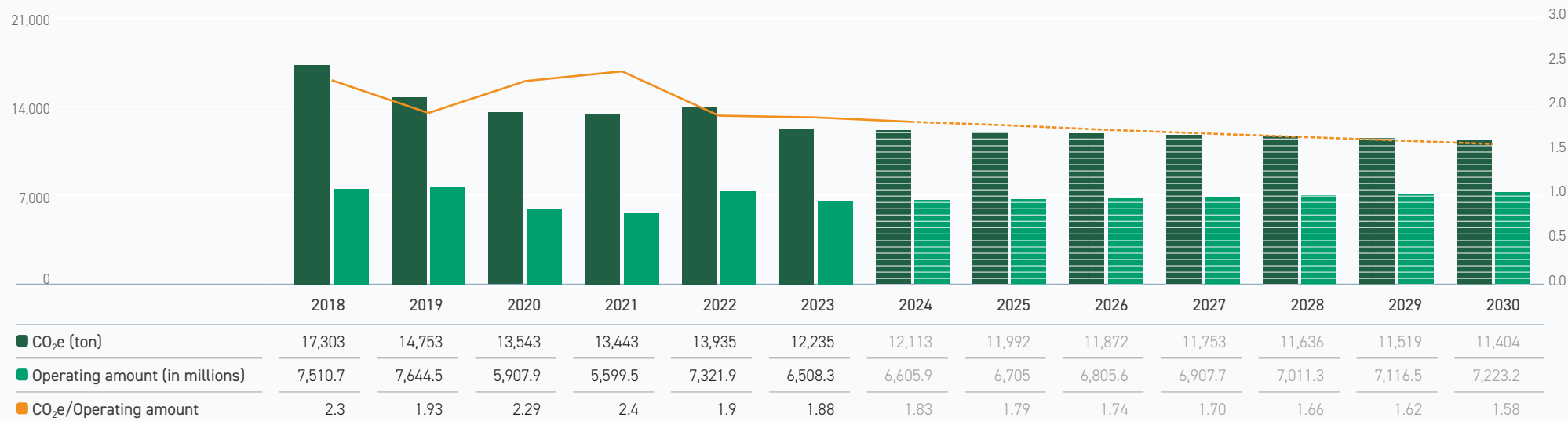
Unit: tonnes CO₂e



	2021	2022	2023
Tainan Factory	570	551	480
Jakarta Factory (Indonesia)	6,263	6,492	4,277
Solo Factory (Indonesia)	2,300	2,626	1,026
Cambodia Factory	2,545	2,448	3,380
Gin-Sovann Factory	529	530	755
Gaoqing Factory (China)	552	509	1,243
Vietnam Factory	684	779	1,079

Historical GHG Intensities and Future Reduction Forecasts for Tainan Enterprises

unit: tonnes CO₂e



Scope 1 and 2 greenhouse gas emissions by each plant of Tainan Enterprises in 2023

unit: tonnes CO₂e

	Tainan Factory	Jakarta Factory (Indonesia)	Solo Factory (Indonesia)	Cambodia Factory	Gin-Sovann Factory	Gaoqing Factory (China)	Vietnam Factory	Total
Scope 1	94.41	4,024.03	153.55	466.44	151.02	707.80	169.07	5,766.34
Scope 2	385.75	1,809.81	1,330.47	2,913.92	603.60	535.37	909.69	8,488.61
Scope 1 + 2	480.17	5,833.84	1,484.02	3,380.36	754.62	1,243.17	1,078.76	14,254.94
Renewable Energy Certificate		-1,561.65	-458.00					-2,019.65
Total corporate GHG emissions in Tainan Enterprises in 2023								12,235.29

* Only counted energy usage by production processes

* Conversion based the GHG Emission Factor Table (6.0.4) issued by the Environmental Protection Administration, Executive Yuan

* Conversion of externally purchased electricity by Tainan Factory based on the 2021 electricity emission coefficient issued by the Energy Bureau, Ministry of Economic Affairs.

* The emission coefficient of externally purchased electricity of each factory area is from the local electricity provider.

* Steam at Gaoqing Factory was calculated using formula 17 from the Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for Other Industries (Trial)

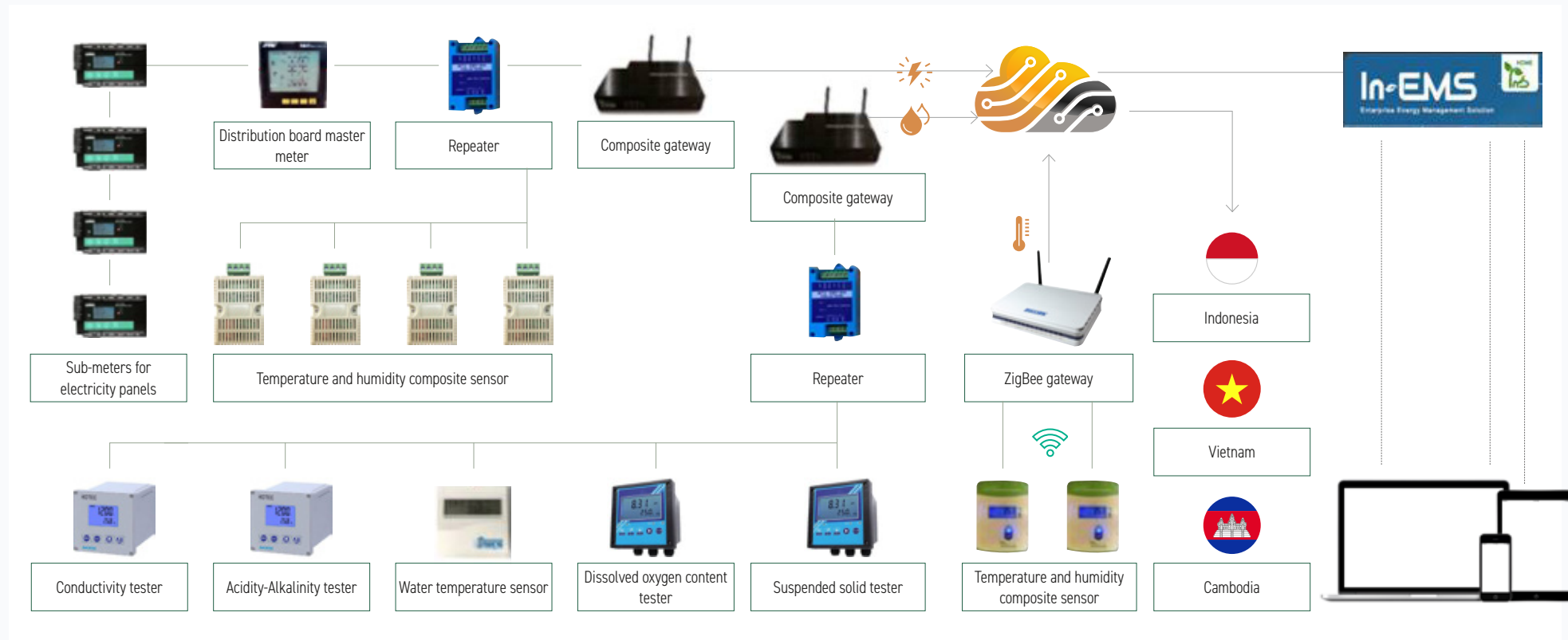
* Heat capacity of steam at Gaoqing Factory was based on the Steam Enthalpy Reference Table published by the U.S. National Institute of Standards and Technology

Environmental Management Action Plan

1. Energy Monitoring Management System

Tainan's Cambodia, Jakarta (Indonesia) and Solo (Indonesia), and Vietnam factories have all introduced energy monitoring management systems to track electricity usage and temperature/humidity data. Monitoring of electricity usage is achieved by compiling data from distribution board sub-meters to the master meter. The signal is then boosted by a repeater and transmitted to the In-EMS cloud platform via a wired gateway. Real-time electricity usage, data collection and statistical analysis can then be carried out a device for electricity and

equipment management to help the business effectively manage electricity costs. Causes of abnormal electricity usage are analyzed through visualization of electricity demand and smart system reports (degradation in power factor, 3-phase power imbalance etc.). Electricity usage can then be optimized to reduce electricity costs. Electrical cabinets are also constantly monitored by integrated temperature and humidity sensors to ensure a stable environment inside the cabinet and improve electrical safety.



2. Green Factory

The Vietnam factory has installed solar panels to provide 8,500 kWh of electricity for dormitories, streetlights, parking lot and related equipment. The factory design incorporated green building concepts and was certified by the US Green Building Council as a LEED International Green Building in 2017. It is an environmentally friendly green factory that helps reduce energy consumption and greenhouse gas emissions.

3. Renewable Energy Generation - Solar Power

臺南廠太陽能電廠建置專案

The development of renewable energy can improve energy independence and reduce carbon emissions at the same time, and the solar panel roof can also help cool the factory floor. Tainan Enterprises is actively planning to build solar power generation equipment in each production area. It has been planned for the factory to build a rooftop solar power plant with an installed capacity of 68.67 KW and an estimated annual installed capacity of 100 KW in 2024. The estimated annual power generation is 85,088.29 kWh, accounting for 10% of the Tainan factory's annual electricity consumption.

4. Low-carbon fuel boiler

To achieve the net zero commitment, the Cambodia factory has phased out coal, and the Vietnam, Cambodia, and Gin-Sovann Factories have completely used biomass energy, replacing coal and diesel with rice bran, wood bran, and wood bricks. The Jakarta Factory in Indonesia also began to introduce biomass energy in 2022 to cross-use coal and biomass fuels to reduce coal use. We also plan to gradually replace fuels with clean energy.

The Tainan Factory also replaced the crude oil boilers in the factory with low-polluting natural gas and electric boilers in 2019 to reduce greenhouse gas emissions and improve air quality.



kWh



5. Renewable Energy Certificate

To achieve energy transformation, renewable energy certificates are an indispensable solution. The Jakarta and Solo factories of Tainan Enterprises began purchasing the renewable energy certificates for geothermal power generation in Indonesia since the end of 2022 to further promote the Tainan Enterprises to achieve carbon reduction goals and support the development of local renewable energy. In 2023, the Jakarta Factory offset 1,795,000 kWh, and the Solo Plant purchased 458,000 kWh of green power certificates.

6. Higg FEM Environmental Assessment Template

The Higg Facility Environmental Module (Higg FEM) published by the Sustainable Apparel Coalition is a tool for measurement environment impact jointly developed by textile industry brands, retailers, manufacturers, non-government organizations, and academic experts. Tainan factories evaluate their environmental performance and engage in continuous improvement every year. Data collected via the platform is used to measure the environmental impact of production output. In 2013, we voluntarily joined the Higg index to support the environmental initiatives and actions of international textile bodies. Environmental performance is shared with partnered through the platform and everyone in the supply chain is working together to monitor environmental topics. All Tainan factories completed their 2023 environmental management system self-assessment. All partner washing factories were asked to take part and reach out to their partners as well.

7. Washing patent - Bamboo root in replacement of stone

In water washing technology, stone washing is often used to present an old texture feel. However, pumice stone needs to be dug manually for cleaning, and there will be heavy metal residues. Therefore, the water washing technicians in Tainan developed the use of crop bamboo roots instead of pumice stone to achieve the same effect, and it is easy to biodegrade to prevent more pollution from washing wastewater.



3.1.2 Wastewater and Waste Management

Wastewater Management and Supervision

Washing is the most water-consuming part of apparel's manufacturing processes. Tainan has established a comprehensive wastewater procedure with regular water quality testing every day to ensure that all water discharged comply with local wastewater discharge standards in order to reduce environmental damage from wastewater discharge. Tainan not only complies with local regulatory requirements but is also expected to achieve local wastewater discharge standards. Zero Discharge of Hazardous Chemicals (ZDHC) inspections are organized for washing factories each year to track the water quality of the wastewater. All chemicals added during the production process are also monitored as well. The goal is to realize sustainability of chemicals in order to improve the health of all human race.

Zero Effluents Washing Factory

Tainan has built a washing factory at the Cambodia factory. Access and use of water resources is an important area of management. To reduce environmental pollution and damage from wastewater and realize the recycling and reuse of water, Tainan installed "Workshop Condensate Recovery" and "Process Wastewater Recovery and Reuse System" at our Cambodia factory. Wastewater from the production process is treated and fed back into the clean water tank for reuse. The factory achieved "Zero Wastewater Discharge" in 2021 with 100% recycling of process and domestic wastewater. The reclaimed water was divided by quality for production and domestic use.

		Unit: Million liters		
		2021	2022	2023
Cambodia Factory (incl. washing and apparel)	Water Supply			
	Tap Water	9.478	2.137	221.524
	Surface Water (incl. recycled water)	91.759	62.732	117.146
	Total Water Consumption	101.237	64.869	338.358
	Wastewater Discharge	100% recycled water used for laundry purposes		

» In 2023, there were no sanctions to any Tainan factories by the government authorities for violation of water discharge regulations.



Waste Management

The international trend towards “sustainable use of resources” and “zero waste” has now set the elimination of all waste as the ultimate goal of industrial waste management. In the future, source reduction and sorting as well as recycling and reuse will be the primary forms of waste disposal in the future to realize the effective circular reuse of resources.

A waste management mechanism has been established by Tainan to realize the goal of safety, health, hazard removal, and recycling. Regular employee awareness and poster campaigns are also run to encourage employees to sort waste for recycling by qualified contractors. All waste is disposed of through waste contractors in accordance with local regulations.

Waste is sorted into general industrial waste and hazardous industrial waste. The former consists mainly of food, cartons and plastics, while the latter includes wastewater, sludge, chemical containers, and boiler fly ash. Measures have been put into place by Tainan to ensure that waste is isolated, stored and disposed of legally. In addition to ensuring the safety of employees at work, the natural environment is also protected against pollution to provide the general public with a safe social environment.



Waste Generated by each Tainan Factory			Unit: tons
	2021	2022	2023
General business waste	1,019.37	1,149.15	831.48
Hazardous business waste	651.27	685.53	248.78

3.2 Water Resource Management

The term "Water Crisis" has been used by UN and other international organizations to describe the global availability of water resources for human use since 1970. The main sources of the crisis include shortage of potable water and water pollution. A lack of typhoons during the 2020 wet season meant water shortages in Taiwan so industrial water usage was asked to increase water savings from 5% to 7%. The Taiwanese high-tech and manufacturing industries were therefore faced with the prospect of shutdowns. In addition to highlighting the importance and urgency of water resource management, the situation also emphasized how critical water is to business sustainability and competitiveness.

Tainan has continued to manage water consumption in accordance with the United Nations 2030 Sustainable Development Goals (SDGs). In addition, condensate recycling

and wastewater recovery technologies were introduced at the Cambodian washing factory, as well as a fully automatic washing machine optimization process to reduce water consumption directly from the front end. The total water consumption of Tainan Enterprises in 2023 was 396.939 million liters.

Reclaimed water is industrial wastewater that has been treated for reuse. Increasing the efficiency of water usage is very important when water resources are finite. Tainan adjusted our processes to improve the efficiency of our water usage through wastewater recovery and reuse. The topic of water resources has a huge effect on people's everyday life. How to maintain the sustainability of water resources and promote the welfare of humanity is something that everyone in the world should work towards.

Historical Water Consumption by Tainan Enterprises

Unit: Million liters

	Tainan Factory		Jakarta Factory (Indonesia)		Solo Factory (Indonesia)		Cambodia Factory		Gin-Sovann Factory		Gaoqing Factory (China)		Vietnam Factory	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Tap Water	13.69	16.987	58.958	40.272	31.758	25.546	2.137	0.312	14.077	7.94	23.378	15.876	NA	NA
Ground water	NA	NA	NA	NA	9.23	4.238	NA	NA	NA	NA	NA	NA	69.995	64.23
Surface water	NA	NA	NA	NA	NA	NA	62.732	221.54	NA	NA	NA	NA	NA	NA
Total water consumption	13.69	16.987	58.958	40.272	40.988	29.784	64.869	221.85	14.077	7.94	23.378	15.876	69.995	64.23
Total														396.939







Fully Automatic Washing Machine

Washing is the most water-consuming part of the apparel industry. Tainan introduced fully automatic washing machines to the Cambodian factory to address the problem of water scarcity in 2019. Compared with the traditional washing machine, the fully automatic washing machine can reduce the water bath ratio by 50% and reduce the amount of chemical and waste water emissions at the same time. The large loading capacity and centralized dosing system reduce the variables and losses. In addition, the fully automatic washing machine can be operated by one person and multiple machines, using the computer program to set the bath ratio, temperature, rotation speed and dewatering of each section of the water washing, which can be completed in one machine! The advantages of small footprint and large loading capacity reduce the number of machines, cost and maintenance expenses, and improve the problem of wet and slippery floors in the working environment, reducing clothing contamination and work safety accidents.

Water Risk Assessment for Cambodia Factory

As the Cambodia Factory has a washing manufacturing process, the global water risk assessment tool WRI Aqueduct placed the Cambodia factory in a High Risk region. The main risks are water shortages, wastewater discharge, drinking water quality, and flooding. Due to the water intensive nature of the washing factory at the site, water-saving KPIs were set for the Cambodia factory with regular monitoring of performance. Targets for the following year are also adjusted annually based on water usage and related risks to improve our ability to respond to water shortages or restrictions. A detailed analysis of water risks is provided in the table below.

Item	Content	Risk Level
 Water Shortage	The global water risk assessment tool WRI placed the Cambodia factory in a city at high risk of water shortages. To improve the Cambodia factory's ability to respond to water shortages due to its higher water usage, the water recovery equipment was upgraded in 2021 to achieve 100% recycling of process and domestic wastewater. The reclaimed water is divided by quality for production and domestic use.	Low Risk
 Wastewater Discharge	The Cambodia factory already carries out annual ZDHC wastewater testing and tracking of wastewater quality. It already exceeds local regulatory requirements and has achieved zero direct discharge of wastewater. There have been no incidents of water pollution over the past few years.	Low Risk
 Drinking Water Quality	Drinking water in the Cambodia factory are treated with filtration equipment and undergoes periodic statutory testing to ensure the safety of its water quality.	Low Risk
 Flooding	WRI analysis placed the Cambodia factory in a high flood risk region. Tainan has emergency response procedures in place for managing natural disasters. The site has suffered no damage due to flooding in recent years.	Low Risk

3.3 Management of Chemicals

According to the United Nations Strategic Approach to International Chemical Management (SAICM), in addition to continuing to promote chemical management to reduce the release of toxic chemicals and hazardous materials before 2030, it is necessary to improve the global recycling and safety rate by setting the sound management of chemicals a necessary condition for achieving sustainable development, and its industrial production process will develop in the direction of green and sustainable development.

Tainan Enterprises emphasizes the management and safety of chemicals, and require compliance with relevant chemicals management laws and regulations. Before introduction, we assess whether chemicals comply with international chemical regulations, the ZDHC Manufacturing Restricted Substances List (MRSL), and the brand customer restricted substance list (RSL). After the implementation, we established a chemical list, regularly tracked chemical consumption, and shared the monthly usage status with customers using the BVE3 platform. We also held regular employee training to understand MSDS, chemical hazard signs, and the use of personal protective equipment. This is to ensure that employees have corresponding safety knowledge when using chemicals. The terminal process wastewater is also regularly tested for the ZDHC Manufacturing Restricted Substances List (MRSL) parameters to see if they contain restricted substances. It is necessary to implement source management and back-end tracking to reduce ecological hazards caused by the discharge of chemical substances. The management structure and chemical management are being gradually refined. Capacity and system building in accordance with the chemical management strategy is being progressively implemented over multiple years. It is the national policy of Taiwan to fulfill our responsibility as global citizens through the implementation of UN international action plans. Proactive action is now being taken on SAICM indicators to improve our chemical management system and promote eco-friendly products.

1. Devise Chemical Management Approach

A set of comprehensive chemical management policies were formulated by each factory for enhanced management of chemicals. Workers in contact with chemicals must understand their responsibilities, know what chemicals are used in the production process, as well as the procedures for their safe handling, use and storage to prevent environmental pollution or direct human exposure.

2. Chemical Inventory Management

A record of chemical inventory is maintained to ensure that each factory properly tracks the chemicals they use. All types of chemicals in the inventory are therefore periodically audited including chemicals used during the production process (chemicals for production, site cleaning, and waste disposal), all chemicals used by the equipment, and chemicals used for factory operations and maintenance.

The inventory list details the identifying information for chemicals including chemical name, type, supplier name and type, MSDS, function, uses, hazard type, storage conditions and location, quantities and dosage. The chemical list is regularly audited.

3. Training on Safe Use of Chemicals

Employee education and training is regularly conducted on topics such as chemical hazards and identification, MSDS/SDS, labeling, compatibility, risks, appropriate storage, handling, and use of personal protective equipment (PPE). Employees are taught on how to respond in an emergency, accident or spill, access restrictions to chemical storage areas, the potential environmental impacts of chemicals in storage containers and their use. Employees responsible for supervision of storage and transportation are provided with proper protective measures. We also ensure that all employees responsible for operations involving handling of chemicals undergo training.

Before introduction of chemical	After introduction of chemical	Final discharge
<ul style="list-style-type: none"> Confirm compliance with ZDHC MRSL and brand RSL 	<ul style="list-style-type: none"> Devise Chemical Management Approach Chemical inventory management is practice with BVE3 platform used to share monthly data on chemical usage with brand customers. INCHECK reports are also provided to show how MRSL is applied to factory chemicals to reduce their environmental impact. Training on safe use of chemicals (Introduction to MSDS, Use of personal protection equipment (PPE)) 	<ul style="list-style-type: none"> Wastewater: Wastewater from the washing factory is regularly tested in accordance with ZDHC Wastewater Guidelines and the data uploaded to ZDHC Gateway Products: Periodic testing of RSL compliance



4 Employee Care

- 4-1 Employee Profile
- 4-2 Employee Compensation and Benefits
- 4-3 Promotion of Employee Rights
- 4-4 Occupational Health and Safety
- 4-5 Career Management and Learning

Highlights

- Passed 100% of human rights audits with no use of child labor, forced labor, or discrimination.
- 2,300 employees have benefited from the P.A.C.E. education program

Tainan strives to cultivate a working environment with “family” as its core value. We hope that every member of Tainan can receive all the care and support they need to put their talents to good use. We also extend our support to employees’ families to raise the overall feeling of happiness.

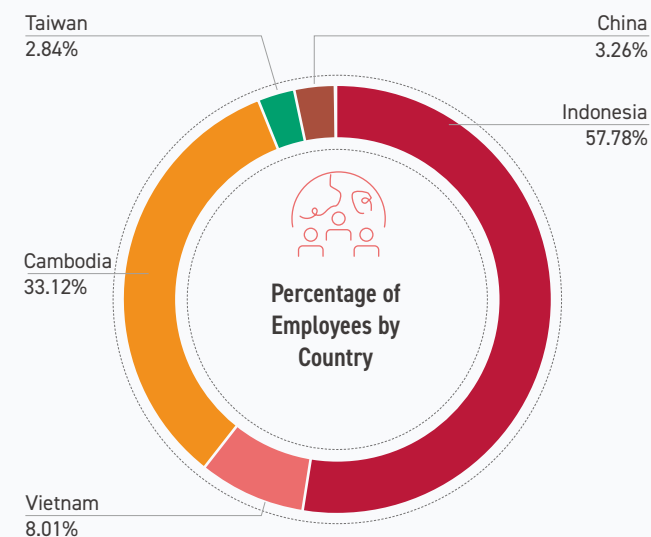


4.1 Employee Profile

Age Distribution and Gender Ratio of Current Employees in 2023

	Age Group	Taiwan Office	Tainan Factory	Gaoqing Factory (China)	Jakarta Factory (Indonesia)	Solo Factory (Indonesia)	Vietnam Factory	Cambodia Factory	Gin-Sovann Factory
Male	30 years and under	3	-	5	278	267	141	679	83
	31 ~ 50 years	14	10	10	346	180	67	380	247
	51 years and above	14	14	25	21	4	8	21	29
Female	30 years and under	22	16	8	956	1,537	395	844	178
	31 ~ 50 years	98	61	245	1,763	1,161	371	1,170	396
	51 years and above	26	76	113	50	16	16	38	63
Total number of employees in each factory		308	177	177	406	3,414	998	3,132	3,132
Total number of employees		11,174 persons							
Ratio of Men		16%	18%	12%	10%	18.89%	21.64%	34%	34%
Ratio of Women		84%	82%	88%	90%	81.11%	78.36%	66%	66%

Regional Distribution of Current Employees



» Total number of employees in 2023:
11,174 persons

Number of New Hires, Turnovers, and Gender Ratio

Age Group	Gender	Taiwan Office		Tainan Factory		Gaoqing Factory (China)		Jakarta Factory (Indonesia)		Solo Factory (Indonesia)		Vietnam Factory		Cambodia Factory		Gin-Sovann Factory	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
New Hires																	
30 years and under	Male	1	3.8%	0	0.0%	3	5.9%	94	16.3%	108	16.3%	80	18.1%	259	36.8%	5	4.5%
	Female	7	26.9%	3	20.0%	6	11.8%	255	44.1%	349	52.6%	241	54.6%	255	36.3%	9	13.6%
31 ~ 50 years	Male	1	3.8%	0	0.00%	0	0.0%	43	7.4%	29	4.4%	13	2.9%	70	10.0%	15	13.6%
	Female	13	50.0%	7	46.7%	31	60.8%	182	31.5%	178	26.8%	105	23.8%	119	16.9%	74	67.3%
51 years and above	Male	2	7.7%	1	6.7%	3	5.9%	2	0.3%	0	0.0%	0	0.0%	0	0.0%	2	1.8%
	Female	2	7.7%	4	26.7%	8	15.7%	2	0.3%	0	0.0%	2	0.5%	0	0.0%	5	4.5%
Total		26	100.0%	15	100.0%	51	100.0%	578	100.0%	664	100.0%	441	100.0%	703	100.0%	110	105.5%
Employee Turnover																	
30 years and under	Male	4	5.6%	1	5.0%	1	1.4%	109	27.4%	71	11.5%	133	22.1%	442	28.8%	3	5.2%
	Female	21	29.6%	6	30.0%	11	15.3%	153	38.4%	330	53.4%	262	43.6%	477	31.1%	9	15.5%
31 ~ 50 years	Male	8	11.3%	0	0.0%	1	1.4%	46	11.6%	28	4.5%	30	5.0%	191	12.5%	8	13.8%
	Female	28	39.4%	9	45.0%	35	48.6%	88	22.1%	189	30.6%	168	28.0%	391	25.5%	32	55.2%
51 years and above	Male	5	7.0%	2	10.0%	4	5.6%	2	0.5%	0	0.0%	3	0.5%	6	0.4%	4	6.9%
	Female	5	7.0%	2	10.0%	20	27.8%	0	0.0%	0	0.0%	5	0.8%	26	1.7%	2	3.4%
Total		71	100.0%	20	100.0%	72	100.0%	398	100.0%	618	100.0%	601	100.0%	1,533	100.0%	58	100.0%

Management Ratios

	Taiwan Office	Tainan Factory	Gaoqing Factory (China)	Jakarta Factory (Indonesia)	Solo Factory (Indonesia)	Vietnam Factory	Cambodia Factory	Gin-Sovann Factory
Local Employee	94	9	57	150	335	108	237	36
Foreign Employee	0	0	5	5	10	18	50	13
Ratio of Locals	100%	100%	92%	97%	97%	86%	83%	73%
Ratio of Foreign Nationals	0%	0%	8%	3%	3%	14%	17%	27%
Male	19	2	8	48	100	48	38	27
Female	75	7	54	107	245	78	249	22
Gender Ratio (Male:Female)	1:3.94	1:3.5	1:6.75	1:2.22	1:2.45	1:1.62	1:6.55	1:0.81

Employee Diversity

Tainan pays close attention to equal opportunity in employment for the disadvantaged and other related groups. We provide suitable job opportunities for disabled persons in accordance with the People with Disabilities Rights Protection Act and Indigenous Peoples Employment Rights Protection Act to promote inclusive and sustainable economic growth. Disabled employees are treated equally in terms of compensation and benefits. Most Tainan employees are Taiwanese nationals and preference is given to local hires at our main production locations. In addition to creating local employment opportunities and stimulating the local economy, this also leads to lower employee turnover. Foreign nationals are introduced on a small minority of production lines where Taiwanese nationals could not be recruited.



4.2 Employee Compensation and Benefits

4.2.1 Fair Compensation System

The starting salary of new hires far exceed the statutory minimum wage. We also offer a competitive standard of compensation. Salary survey data (based on research by DGBAS, peers in the same or other industries, or external consulting firms) indicated that compensation offered by Tainan was above the industry average.

Incentivizing Employees to Share in Business Success

A certain proportion of our annual profits are set aside each year by Tainan based on our overall business performance. The money is distributed as profit-sharing bonuses to employees to boost their morale, recognize their hard work and contributions, and show employees that we appreciate their importance. A high-value trust subsidy is provided to encourage employees to participate in stock ownership trusts, so that they can accumulate personal wealth through long-term investment to protect their future livelihood after retirement or separation from the company.

4.2.2 Diversified Benefits Scheme

Tainan strives to cultivate working environment where employees can put their talents to full use. We also comply with the relevant laws and formulate employee policies to ensure that all employees receive proper care and support. Diverse benefits are used to look after employees' lives, improve their quality of life, enhance physical and mental well-being, and build bonds between employees. The "Employee Welfare Committee of Tainan Enterprises Co., Ltd." was established by the Taiwan Office in accordance with the Employee Welfare Fund Act. The Committee meets regularly to review and plan company benefit, and continues to develop diverse benefits based on employee ends.



Pension System

The Employee Retirement Implementation Regulations were formulated by Tainan to protect the lifestyles of employees once they retire in accordance with the Labor Standards Act, and Labor Pension Act. The Regulations set out the conditions for retirement and contributions are made to employee pensions in accordance with the relevant laws. For all employees with years of service under the old system, a set percentage of their salary is deposited each month into a dedicated bank account under the name of the Pension Fund Committee. For employees covered by the new system 6% of their salary is paid as pension contributions into their personal pension account with the Bureau of Labor Insurance.

The Group's overseas subsidiaries make monthly provisions of 5% to 22% of local employees' salaries to the pension reserve and endowment insurance system on a voluntary basis in accordance with local government regulations.

Health Checkups

The physical health of employees has always been of utmost importance to Tainan and is fundamental to our sound development. Tainan has not only provided subsidies for employee health checkups, but the professional medical staffs are also employed at each factory to provide employees with health advice, check their workload and physical condition, and work together to look after employee health.

Pension System

China

Under national law, once an employee reaches retirement age and has completed the necessary applications then the government's social insurance department will deposit their monthly pension in their personal social insurance card.

Taiwan

For employees that meet the conditions for retirement, pension payments are based on their length of service and their average salary in the 6 months before retirement. The Company appropriates 7.5% of the total monthly salary for the pension fund, which is deposited in the name of the Supervisory Committee of Labor Retirement Reserve to a dedicated account at the Bank of Taiwan.

The Company and its domestic subsidiaries make monthly contributions of 6% of salaries to employees' personal accounts at the Bureau of Labor Insurance for employees who choose to be subject to the labor pension scheme under the Labor Pension Act of the R.O.C. Employees' pensions are paid in the form of monthly pensions or lump-sum pensions, depending on the amount of the employees' individual pension accounts and accumulated earnings.

Vietnam

Local laws in Vietnam provide for retirement pensions. The Vietnamese Law on Social Insurance states that to qualify for a pension, an employee must have made social insurance contributions for at least 20 years. The retirement age is then 60 for men and 55 for women. Those who engaged in at least 15 years of high-risk work also qualify for a pension once they reach 55 ~ 60 years of age for men, and 50 ~ 55 years of age for women. If an employee is only 50 ~ 55 years of age but has made social insurance contributions for at least 20 years, then they may qualify for a pension under two special circumstances.

Those who stopped working after making at least 20 years of social insurance contributions are eligible to collect a pension upon reaching the age of 55 for men, and 50 for women. Those who engaged in at least 15 years of high-risk work also qualify for a pension once they reach 55 ~ 60 years of age for men, and 50 ~ 55 years of age for women.

Indonesia

Employees that reach retirement age can apply for retirement with the Company's approval. Applications are processed in accordance with Indonesia's Labor Law No. 13 of 2003.

4.3 Promotion of Employee Rights

We want to provide good working conditions and take proper care of employees' physical and well-being so they can enjoy and concentrate on their work. We are therefore committed to treating all employees with respect and upholding their human rights in accordance with the relevant laws. Tainan recruits talented people from different backgrounds. We also respect workers' rights and enforce equal treatment including:

1. The rights and duties of both the employer and employee are explicitly stated in employer-employee agreements as well as Employee Code of Conduct or ethics.
2. Formulated the Work Rules and human resources management regulations in accordance with the Labor Standards Act.
3. Formulated the Rules for Prevention and Punishment of Sexual Harassment and set up complaints mailbox and hotline to provide employees with a channel for communication when their legal rights are violated. Protected employees against sexual harassment by upholding gender equality in the workplace and human dignity.

Minimum Notice Period for Material Operational Changes by Country

Country	Minimum noticed period for material operational changes
Taiwan	We comply with the minimum notice period based on the age of employees in accordance with the Labor Standards Act.
Cambodia	Cambodia's Labor Law stipulated that the minimum notice period for permanent employees was based on their minimum labor time. For regular contract workers it was 15 days.
Vietnam	The Vietnam Labor Code requires the Company to give at least 45 days notice to temporary employees. Permanent employees provided the minimum warning period set out the Code.
Indonesia	Businesses must notify employees 14 days before termination of employment.

4.3.1 Employee Communications

Employees are our most important asset. The Company strives to build a friendly, safe and healthy, and dignified environment that is safe, friendly, healthy, respects human rights, and free of from discrimination and harassment. To truly understand employee needs, multiple channels for bi-directional communications were established the head office for employee feedback. An e-mail address (hrservices@tai-nan.com) is also used to listen and respond to employee feedback in order to enhance our management performance.

Factory employees can file a complaint with the Complaints Handling Committee. The investigation and review processes are kept confidential and a written record compiled of the case. Employees may not be punished by the Company for filing a complaint either.

The grievance categories are as follows



- Class A:** Significant issues concerning violations of corporate behavior (e.g., violations of ESG human rights, such as discrimination, forced labor, child labor, harassment, or abuse) that should be reported immediately to the headquarters' HR and CSR. The headquarters will file the case and report the latest progress at any time.
- Class B:** Rules and systems of subsidiaries (such as suggestions made by individuals and labor unions related to improving employee welfare, safety and health, etc.) are decided and handled by the subsidiary's human resources in meetings.
- Class C:** Any opinions or suggestions related to each departmental unit of the subsidiary shall be filed by the local human resources department and shall be handed over to the top supervisor of the relevant department for handling.
- Class D:** Complaints and reported matters are verified to be true and can be handled immediately; the HR contractor of a subsidiary puts it on file and coordinates for handling.

4.3.2 Human Rights Assessment

Human Rights Education and Training

Region	Course Name	Duration	Number of employees
Taiwan	Sexual Harassment Prevention	1	107
Gaoqing Factory (China)	New Employee Training	16	58
	Sexual Harassment Prevention	1	427
	Employee Code of Conduct	16	58
	Employee Complaint Mechanism	1	427
	Anti-Discrimination	1	427
Solo Factory (Indonesia) Solo1	New Employee Training	1	761
	Job Training	2	761
	Sexual Harassment Prevention	1	20
	Employee Code of Conduct	1	761
	Anti-Discrimination	1	15
Solo Factory (Indonesia) Solo 2	HIV Prevention	1	15
	New Employee Training	1	352
	Job Training	1	352
	Sexual Harassment Prevention	1	16
	Employee Code of Conduct	1	352
Jakarta Factory (Indonesia)	Anti-Discrimination	1	20
	HIV Prevention	1	30
	New Employee Training	0.5	1,352
	Sexual Harassment Prevention	1	2,287
	Employee Code of Conduct	0.5	2,231
Jakarta Factory (Indonesia)	Employee Complaint Mechanism	0.5	1,819
	Anti-Discrimination	0.5	1,689
	HIV Prevention	0.5	1,681

Region	Course Name	Duration	Number of employees
Cambodia Factory	New Employee Training	1	1,117
	Job Training	1	150
	Sexual Harassment Prevention	2	1,300
	Employee Code of Conduct	1	120
	Employee Complaint Mechanism	1	111
	Anti-Discrimination	1	60
	HIV Prevention	1	190
	Supervisor Training	1	42
	Other: Human Rights Training	1	1,117
	Vietnam Factory	New Employee Training	1
Sexual Harassment Prevention		8	797
Employee Code of Conduct		0.5	902
Employee Complaint Mechanism		0.5	902
Anti-Discrimination		0.5	902
HIV Prevention		0.5	902
Supervisor Training		1	5
Gin-Sovann Factory	New Employee Training	2	961
	Job Training	1	961
	Sexual Harassment Prevention	2	961
	Employee Code of Conduct	2	961
	Employee Complaint Mechanism	2	961
	Anti-Discrimination	2	961
	HIV Prevention	2	94
Supervisor Training	2	37	

Human Rights Audit

Guided by the philosophy of social responsibility and sustainability, Tainan is committed to providing customers with sound products and services in a legal, ethical and humanitarian manner. The commitment shall serve as the basis for transparent, ethical and responsible management at Tainan. As an international apparel manufacturer of clothing that enriches and beautifies the lives of customers, Tainan must adhere to all applicable laws regarding employment, discrimination, environment, quality and safety. We strive to meet the highest audit standards.

» In 2023, there no incidents of human rights violations, discrimination, forced labor or harassment at Tainan.

Prohibition against Forced Labor



To protect the interests and human rights of employees, forced labor in any form, human trafficking or treating employees as slaves, abuse of power or use of coercion to force employees into working or restrictions on their freedom of movement are all prohibited by Tainan. To build a safe and equitable working environment, we also conduct human rights inspections and operational impact assessments, draw up codes of conduct and labor rights management guidelines, as well as develop human rights policy and employee training to improve employees' basic awareness and ability to protect themselves.

Prohibition against Harassment or Abuse of Workers



Tainan believes that freedom for physical or mental harassment or abuse is a fundamental human right for every employee. We are committed to providing a working environment free from harassment, abuse and any form of corporal punishment. No employee is permitted to engage in or to condone acts of sexual harassment, sexual abuse, verbal abuse, obscene or threatening behavior. Employees are also provided with related courses and lectures on acceptable behavior to cultivate a safe and healthy working environment.

Reasonable Working Hours



Tainan adheres strictly to the Labor Standards Act or local laws in providing employees with normal working hours and imposing limits on overtime. The number of hours worked per day and the number of working days per week should comply with the law. Even if additional hours must be worked due to urgent business demand at least one rest day must be provided every seven days. Employees will not be disciplined or dismissed if they refuse to work overtime.

Prohibition against Child Labor



To protect the basic human rights of children, Tainan emphasizes that children under the age of 15 or those under the working age according to local law might not be hired for any reason. Forcing child workers to engage in labor is strictly prohibited, and we comply with all laws and regulations that restrict the type and amount of work that underage employees may engage in. These include limits on working hours, and ensuring that underage employees do not engage in any hazardous work such as the handling of chemicals or operation of heavy machinery. Employees' date of birth are reviewed using their provided documentation to ensure that compliance with age requirements.

Prohibition against Discrimination



Tainan believes that employees should be based on their ability rather than any personal characteristics such as gender, race, religion, age, disability, sexual preference, nationality, political opinion, social status or ethnicity. We guarantee the right of all employees to non-discrimination in employment.

Percentage Audited on Human Rights in Each Region



Country	Percentage Audited on Human Rights
Taiwan	100%
Indonesia	100%
Cambodia	100%
Vietnam	100%



Human Rights Improvement Programs

Zero Fees for Migrant Workers

Migrant workers were often saddled with huge debts from visa, residency permit, recruiting and broker fees before they arrive in Taiwan. To eliminate transparency issues between migrant workers and brokers, Tainan followed the lead of the international brand Burton in adopting a zero fee policy. As of December 2019, we make monthly repayments on migrant workers' loans based on the duration of the contract. The payments are structured to completely pay off their loan at the end of the contract. Broker fees are all paid by HR to prevent double-dipping by labor brokers.

Sexual Harassment Prevention Program

To protect gender equality in the workplace and promote a friendly working environment, Tainan partnered with GAP Inc. in 2020 on the Gender Based Violence - Prevention of Sexual Harassment (GBV-POSH) program. A sexual harassment complaints mechanism and related rules were drawn up and announced to employees to protect their rights. GBV-POSH was introduced at our production sites in Indonesia and China. Selected employees underwent instructor training on sexual harassment prevention before going on to train employees at other factories. The training improved employees' self-awareness on sexual harassment, reduced improper behavior by perpetrators, and publicized the complaints platform and procedure. The establishment of a protected and trusted platform ensured that affected employees can file a complaint without fear.

Better Work Program

To ensure that the rights of employees are overseas factories are being respected and upheld, our Jakarta and Solo factories in Indonesia as well as the Cambodia factory all joined the Better Work initiative of the International Labour Organisation (ILO) in order to provide a healthier and safe working environment, improve employee welfare, and enhance transparency on internal company information. External brand customers can also use an online platform to view our company's information in real-time. Consistency of the above information are also verified through on-site inspections by ILO.

Fair Trade

In the second half of 2023, to allow workers to gain more rights and interests in the vast trading system, the Jakarta Factory and Solo Factory of Tainan Enterprises, and the Gin-Sovann Factory in Cambodia joined the Fairtrade organization in the second half of 2023. Through the subsidy mechanism of the Fairtrade organization, a dedicated account is established. We provide workers with benefits such as regular food, daily necessities, scholarships for children, and other benefits to improve their overall well-being.

4.4 Occupational Health and Safety

Employees are important company assets and we value the mental and physical well-being of all employees. Tainan provides employees with comprehensive care including regular health checkups each year with more items than required by law to actively protect employee health. Tiered management is provided by nursing personnel to track and support employees with potential health risks. The Management Procedure for Prevention of Ergonomic Injuries and Management Procedure for Workplace Violence Prevention and Complaints were also formulated to protect employees against excessive strain and workloads in order to establish a safe working environment.

Workplace Health Promotion

We believe that employee health is the most important element in the sustainability of a business. Workplace health promotion is being progressively rolled out by the Company to improve the physical and mental well-being of employees, and enhance the quality of their working environment. A variety of health management and promotion activities are used to build a happy, healthy workplace where employees enjoy their work and enjoy working for Tainan.

The "Occupational Safety and Health Committee" at each factory is responsible for the development, supervision, implementation and tracking of relevant policies and actions in each factory. The committee meets regularly and is composed of member representatives and employee representatives to ensure the operation of the management system and to continuously track the improvement results of problems and conduct reviews and confirmations.

Regional Health and Safety Committees

Country	Factory	Number of Employee Representatives	Size of Committee	Meeting Frequency
Taiwan	Tainan Factory	7	12	Quarterly
China	Gaoqing Factory	13	18	Monthly
Cambodia	Cambodia Factory	5	20	Quarterly
	Gin-Sovann Factory	1	11	Monthly
Vietnam	Vietnam Factory	4	30	Every two months
Indonesia	Jakarta Factory	6	6	Monthly
	Solo Factory	22	37	Monthly

Work-related Injury Ratios

	Year/Item	Tainan Factory	Jakarta Factory	Solo Factory		Cambodia Factory	Gin- Sovann Factory	Vietnam Factory	Gaoqing Factory	
				Solo 1	Solo 2					
2021	Work-related Accidents (number of cases)	1	20	20		4	4	0	1	
	Injury Rate (IR)	7.09	34.04	3.679		0.907	1.912	0	0.9	
	Lost Days Rate (LDR)	653.11	34.04	3.679		2334.57	76.48	0	11.75	
	Absentee Rate (AR)	Male	0.17	0.009	0.003		3.99	0.016	5.95	3.69
		Female	0.05	0.017	0.008		5.17	0.019	10.59	6.09
	Work-related Fatalities	0	0	0		0	0	0	0	
	2022	Work-related Accidents (number of cases)	1	19	31		6	0	0	2
Injury Rate (IR)		6.783	4.306	5.237		5.787	0	0	1.364	
Lost Days Rate (LDR)		88.1906		0		34728.01	0	0	60.05	
Absentee Rate (AR)		Male	10.28	1.280067	1.04		1.96	0.3302	7.059052	0.122
		Female	3.23	1.334722	1.88		1.25	0.1125	9.124112	0.007
Work-related Fatalities		0	0	0		0	0	0	0	
2023		Work-related Accidents (number of cases)	2	20	19	12	8	4	0	2
	Injury Rate (IR)	14.001	3.97	1.359	0.093	1.814	0.0042	0	0.046	
	Lost Days Rate (LDR)	35.002	7.5	0	0	4669.14	0.0208	0	0	
	Absentee Rate (AR)	Male	0	1.38	0.004	0.004	7.98	0.139	0.2	0.01
		Female	7.9	6.1	0.07	0.045	10.34	0.266	0.77	0.04
	Work-related Fatalities	0	0	0	0	0	0	0	0	

Work-related Injury Rate (IR) = Occupational injury (cases) X 1,000,000 / Total work hours

Lost Days Rate (LDR) = Total days lost (days) X 1,000,000 / Total work hours

4.31=1000000 x/5919360

Most work-related injuries were minor ones caused by needles. Factories have stepped up their education on proper use of sewing machines and finger guards. For more severe work-related injuries, action is immediately taken by factory managers and nursing personnel. Better operator safety training, regular inspection and maintenance of machinery, as well as the replacement of old/worn and improperly maintained equipment are employed to reduce the chance of further work-related injuries.

Annual occupational health and safety training is conducted by Tainan for employees to improve operational safety at our factories. In addition to basic safety training for new employees in applicable positions, we also continue to track changes in government regulations and customer requirements/guidelines then update our safety rules and training for employees accordingly. Topics covered by training include Safe machine operation, use of personal protective equipment, safe handling of chemicals, operational safety, first-aid, and health education.



Occupational Safety Training



Region	Course Name	Duration	Trainees
Taiwan	Anti-Terrorism Training	1	72
	Fire Safety and Evacuation Drills	2	144
	Chemical and Personal Protective Equipment	1	4
	Information Security	1	23
Gaoqing Factory (China)	First Aid Training	0.5	405
	Fire Safety and Evacuation Drills	1	796
	Machinery Operation Safety	1	16
	Safety Qualification Training	16	6
	Anti-Terrorism Training	0.5	796
	Quality Inspector On-the-Job Training	12	336
	Chemical and Personal Protective Equipment	1	15
Information Security	0.5	796	

Region	Course Name	Duration	Trainees
Solo 1, Solo Factory, (Indonesia)	First Aid Training	1	35
	Fire Safety and Evacuation Drills	2	1,568
	Machinery Operation Safety	1	40
	Anti-Terrorism Training	1	708
	Quality Inspector On-the-Job Training	1	55
	Chemical and Personal Protective Equipment	1	15
	Information Security	1	18
	MSDS Training	1	9
	Waste Management Training	1	8
	Occupational Safety - Basic	1	7
Occupational Safety - Advanced	1	20	
Solo 2, Factory, Indonesia	First Aid Training	1	40
	Fire Safety and Evacuation Drills	2	1,433
	Machinery Operation Safety	1	21
	Anti-Terrorism Training	1	993
	Quality Inspector On-the-Job Training	2	60
	Chemical and Personal Protective Equipment	1	16
	Information Security	1	27
	MSDS Training	1	10
	Waste Management Training	1	7
	Occupational Safety - Basic	1	7
Occupational Safety - Advanced	1	20	

Region	Course Name	Duration	Trainees
Jakarta Factory (Indonesia)	First Aid Training	1.5	50
	Fire Safety and Evacuation Drills	1	2,571
	Machinery Operation Safety	0.5	1,685
	Anti-Terrorism Training	0.5	2,487
	Chemical and Personal Protective Equipment	1	40
	Information Security	1	40
	Waste Management Training	0.5	2,306
	Occupational Safety - Basic	0.5	1,918
	Occupational Safety - Advanced	0.5	38
Cambodia Factory	First Aid Training	1	3,090
	Fire Safety and Evacuation Drills	1	3,090
	Machinery Operation Safety	1	38
	Safety Qualification Training	1.5	140
	Anti-Terrorism Training	1	200
	Quality Inspector On-the-Job Training	1	100
	Chemical and Personal Protective Equipment	1	30
	Information Security	1.5	44
	MSDS Training	1	30
	Waste Management Training	1.5	150
	Occupational Safety - Basic	1	120
	Occupational Safety - Advanced	1.5	444
	Other: Occupational safety Training	1	60

Region	Course Name	Duration	Trainees
Vietnam Factory	First Aid Training	8	20
	Fire Safety and Evacuation Drills	16	30
	Machinery Operation Safety	32	19
	Safety Qualification Training	8	30
	Anti-Terrorism Training	0.5	902
	Quality Inspector On-the-Job Training	1	20
	Chemical and Personal Protective Equipment	24	25
	Information Security	1	20
	MSDS Training	2	16
	Waste Management Training	3	2
Gin-Sovann Factory	Occupational Safety - Basic	16	855
	Occupational Safety - Advanced	48	3
	First Aid Training	2	25
	Fire Safety and Evacuation Drills	1	961
	Machinery Operation Safety	1	45
	Anti-Terrorism Training	2	961
	Quality Inspector On-the-Job Training	1.5	132
	Chemical and Personal Protective Equipment	1	7
	Information Security	2	961
	MSDS Training	2	961
Gin-Sovann Factory	Waste Management Training	2	961
	Occupational Safety - Basic	2	961

4.5 Career Management and Learning

Tainan believes that talent development and upgrading of employee competency form the foundations of corporate innovation and sustainability. A comprehensive training & development system was therefore set up to support employee career development by providing employees with a systematic, goal-oriented learning environment and development channels. The talent cultivation strategy at Tainan is based around the Company's business philosophy and vision. Corporate core values and annual implementation strategy are also incorporated to develop different types of training programs. Job rotations, subsidies for continuing education, and internal core general knowledge courses help employees growth with the company by expanding the breadth and scope of their work to achieve the goal of multi-skilling.



167 hours



761 participants

» In 2023, the total number of training hours for the Taipei and Tainan offices were 167 hours, with 761 participants.

The introduction of the Talent Quality-Management System (TTQS) in 2021 provides Tainan with a mechanism for training quality and continuous improvement that ensures the reliability and integrity of the training process. Improving the performance of our personnel training system enhances our international competitiveness. TTQS certification was achieved in 2021.

4.5.1 P.A.C.E. Education Program

The PACE (Personal Advancement and Career Enhancement for Female Garment Worker) program in partnership with GAP Inc. and GAP Foundation provides female factory workers with a complete package of benefits through the project launch meeting, selection of instructor cadre, formulation of implementation rules, and performance assessments.

The program was first implemented in Cambodia in 2013 and has since been rolled out to the Indonesia factory as well, with the Vietnam factory being the next in line. The program is targeted at female garment workers. It helps them improve their personal skills in the workplace and in everyday life, while creating a sustainable and continuous program that benefits all participants and contributors. It also strengthens the link between the community and non-profit business organizations. Up to 2,000 female workers have benefited from the program so far.

2,300

» 2,300 employees have benefited from the P.A.C.E. education program



4.5.2 Performance Evaluation

A sound career system was established by Tainan quite early. A dual-track promotion system that combines professional competency and management positions give employees every possible opportunity to put their expertise, ability and knowledge to good use. Talented personnel that show potential are promoted into management roles by the Company to give them more challenging jobs. Rejuvenation of the management has become an increasingly important management issue in recent years. Outstanding specialists also receive special promotions at various times to boost employee morale.

Annual performance evaluations are conducted by Tainan. All employees with more than one year of service (including those returning to work) must undergo a performance evaluation. The individual performance of each employee as well as the business results for that year are then used to determine what incentive rewards are appropriate. There is no difference or inequality due to gender.



5 Social Inclusion

In 2001, the Tainan Enterprise Arts & Culture Foundation was established as the unit for corporate social responsibility practice. Through the foundation, we are committed to promoting sustainable education, mending land scars, conjuring urban memories, and practicing sustainable fashion. Specific actions and indicators for verifiable results, and creating touching moments in the sharing and practice process have become the most important KPIs for consistent consensus.

Nine Achievements in 2023

Tainan Enterprises donates NTD 3.5 million annually as the working capital of the foundation. In 2023, we have organized nine major activities to promote sustainable education in all aspects:

Solutions for Earth - 2023 Sustainable Design Action Annual Conference

The 2023 Sustainable Design Action Conference, with “breakthrough innovation, accelerated action” as the main focus, six major forums were held from April 21 to 23 at the Multi-purpose Hall of Taipei Songshan Cultural and Creative Park. The 12 major ecosystem topics spanned from sustainable transition, sustainable finance, smart transport, holistic health, sustainable cities, food transition, low carbon architecture, regional revitalization, society transition, sustainable marketing, and sustainable education. Over 70 representatives from countries and businesses were invited to give suggestions and connect with each other to focus on sustainability in Taiwan. Enterprises also shared and exposed the challenges of transition and reform, and recruited designers to participate in the design, seek “Sustainable Earth Solutions”, and implement SDG 17 of the United Nations “Build Diversified Partnerships and Build a Sustainable Vision” to successfully find solutions through cross-disciplinary dialogues.



» Each year, we make regular donations of NTD 3.5 million to Tainan Enterprises Culture and Art Foundation to promote sustainable education in local areas.

million



The first “Sustainability Textbook” in Taiwan that promises 100 sustainable actions in education

At EarthSolution’s 2023 Sustainable Design Action annual meeting, in the presence of Minister of Education Liu Meng-Chi’s speech and witness, the Company joined forces with more than 20 principals from elementary and junior high schools in 16 counties and cities across Taiwan and even from the remote island of Penghu County to announce Taiwan’s first “Sustainability Textbook” which will be released before the end of the year. It will translate the sustainable solutions in different fields of the 12 major ecological issues and all the educational solutions provided by the front line into teaching materials and relevant information for the educators. Lesson plans are provided to teachers and parents in the education system with the latest thinking and international case studies. In addition to the sustainability textbooks, the “GoAction Sustainable Resources Digital Matching Platform” was announced at the annual conference. The goal is to “intelligently match cross-sector talents and resources” to improve the effectiveness of key sustainability actions and accelerate the achievement of sustainability objectives, linking the “ecosystem” behind each sustainable action and the professional team that invest in the solution.



Held the SEED Teacher Workshop

Teachers at the front line of education with rich teaching experience and passion are the key to sustainable education. This year, the Foundation, with the strong assistance of National Cheng Kung University, the Tainan Environmental Education Guidance Group, and Principal Lin, Yong-Cheng of Tainan City Hushan Experimental Elementary School, began to recruit passionate teachers before the Tainan People Sustainability Round Table Plan was implemented. The event was quickly met with enthusiasm, and 16 teachers with extensive teaching experience joined our team to promote sustainable education innovation.

Held the "Tainan People Sustainability Banquet Table" feast

On October 13, the "Tainan People Come For the Banquet" was grandly launched on Yelin Avenue, Evergreen Middle School. 45 "Tainan people" used local, seasonal and organic ingredients to design a total of 9 Tainan sustainable signature dishes to explore Tainan. To understand the city's terroir, we have also went deep into the production areas to visit friendly land farming, pig breeding, milkfish breeding and more, and with reference to the carbon footprint from production to transportation, to design a menu that balance nutrition and environmental protection. The "Tainan Sustainability Menu" was formed. It is a menu that echoes and presents the sustainability mindset of Tainan, spanned 400 years from the Dutch colonial era to the Republic of China.

Continue to promote the Tainan Re-Action program

Starting from 2022, to accelerate the promotion of sustainable education co-creation actions, we have launched the "Tainan Re-Action" sustainable learning plan. Starting from the understanding of the land and SDGs, we will continue the learning plan, with food as a guide, to start the story of learning from the land, to lead the people of Tainan to explore the story of Tainan's food power from the macro to the micro, and guide the people of Tainan to understand the history, culture, and environment of Tainan. Eco-friendliness, balanced nutrition, the taste of Tainan, and the local culture are hidden in the food and ingredients. We came up with 9 "Sustainable Signature Dishes", which were finally presented at the Evergreen High School on October 13 in the form of a banquet table, inviting family members and friends for sharing.

16 × 45
» "Tainan Re-Action" Tainan People Sustainability Learning Action Plan
16 teachers + 45 "Tainan people", We came up with 9 "Sustainable Signature Dishes"

Focus on cultivating the Sustainable Innovation Club of National Cheng Kung University

In 2023, a group of students at NCKU who care about sustainability established the Sustainability Innovation Club. Upholding the concept of "integrating sustainability into everyone's daily life", they actively engage with sustainability-related units and brands, and try to collaborate with the outside world to promote innovative sustainability concepts. Several core associates came to the Foundation during the summer to intern. In addition to assisting Tainan people in designing banquet table activities and curating exhibitions, they also accompanied the children on a sustainability journey to experience and explore the sustainability of food products and local culture. The Foundation decided to focus on supporting this dynamic college student club after the experience of working with Tainan people come to banquet activity and invited the Sustainability Innovation Club of Taiwan Cheng Kung University to participate in the Good Tainan Corporate Social Welfare Project. The project was launched in October and recruited 74 university students who are passionate about sustainability. They will act as the management specialists for the Company's various projects, promote and assist in the smooth progress of the projects. Together with the children and employees, they will write a glorious preface to Tainan's next 100 years.



Invest in a fully circular, zero-waste, and sustainable design

Tainan Enterprise Arts & Culture Foundation has long been promoting sustainable fashion design. This year, we collaborated with Dot Design to help us design the final design. We combined our industry expertise to transform and recycle the retired inflight life jackets into a bag for everyday use. With an ingenious layered design, it has an eye-catching appearance and practical waterproof function. It not only scores a perfect score for fashion but also fulfills the concept of sustainable recycling.

Jointly creating the blue mark of Taijiang's bicentennial

The Foundation sponsored the Tainan City Cultural Affairs Bureau to organize the "Taijiang 200 Cyanotype Co-creation/Experience Project", which targets students from outside of the Taijiang area. The purpose is share the memory of Taijiang through this group experience in co-creation. Different from indigo dyeing, "Cyanotype Creation" is a classical photography technique that uses light to expose a cloth that is surface-coated with photosensitive material to a pre-designed image by the creator. The cyanotype co-creation activities of Taijiang 200 were held on October 9, October 31, and November 15, respectively. Students from Taijiang Community College, teachers and students from Kunshan University of Science and Technology, and students in grades 1 to 9 of elementary and junior high schools in Jiufen were invited. There were just 200 people in the participating students and the general public to learn to draw with their bodies and imagine themselves as any animal, plants and even all related things in the environment of Taijiang and to express through creativity or any props. It also echoes the spirit and wisdom of Taijiang's ancestors of mutual help and companionship.

Sponsored the Kai Jiang Ji art installation exhibition "Liaowang . Far Away" Photo Contest

In the 200 years since Taijiang was established, the Cultural Affairs Bureau, Tainan City Government planned a series of activities to describe the history of the development of Taijiang. From July 1 to October 1, the Tainan City Cultural Affairs Bureau held an art installation exhibition entitled "A New Era of Taijiang" (Kai Jiang Ji). The Foundation has not only encourage the public and college students to visit these historical sites in Taijiang to learn about the stories of Shiliuliao (the precursor to Annan District), but also explore Taijiang's past and future through these artworks and the documentation of the local environment. In particular in conjunction with the curator - Dean Chiu, Kuo-Chun of the Department of Visual Communication Design of Kun Shan University (KSU), in sponsoring the "Liaowang . Far Away" photo contest held from July 5 to September 30.



Organizing a Tainan 400 Good South Project

In 2023, we planned to launch the "Tainan 400 Good South Project" with the core theme "Food and Agriculture Practices, Local Inclusion". For a beautiful reason - "Co-create innovation in food and agricultural education for the next one hundred years" - we link up with corporate partners who care about the land and concerned about food and agricultural education, infuse the content and spirit of Tainan's food culture, and guide "cross-field"/"cross-level" resources and youth to invest in food and agricultural education and innovation. The "Food and Agricultural Education Innovation Exhibition" showcased the great stories of Tainan about the innovation of food and agricultural education.

Appendix I: GRI Standards Disclosure Item Reference Table

Statement of Use	Tainan Enterprises Co., Ltd. has reported the content for the period from January 1 to December 31, 2022 in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Industry Standards	None

GRI 2: General Disclosure 2021

Corresponding GRI and disclosure items	Related Chapters	Page	Description omitted
Organization and Reporting Practices			
2-1 Detailed Information of the Organization	1.1 About Tainan Enterprises	16	
2-2 Entities Included in the Organization's Sustainability Reports	About this Report	02	
2-3 Reporting Period, Frequency, and Contacts	About this Report	02	
2-4 Restatements of information	About this Report	02	
2-5 External Guarantee/Assurance			No external guarantee
Events and Workers			
2-6 Activities, value chain and other business relationships	1.1 About Tainan Enterprises	16	
2-7 Employees	4.1 Employee Profile	53	
2-8 Workers who are not employees	4.1 Employee Profile	53	

Corresponding GRI and disclosure items	Related Chapters	Page	Description omitted
Governance			
2-9 Governance Structure and Composition	1.2 Corporate Governance	20	
2-10 Nomination and Selection of the Highest Governance Body	1.2 Corporate Governance	20	
2-11 Chairperson of the Highest Governance Body	1.2 Corporate Governance	20	
2-12 Role of the Highest Governance Body in Overseeing the Management of Impacts	1.2 Corporate Governance	20	
2-13 Person in Charge of Impact Management	1.2 Corporate Governance	20	
2-14 Role of the Highest Governance Body in Sustainability Reporting	1.2 Corporate Governance	20	
2-15 Conflicts of Interests	1.2 Corporate Governance	20	
2-16 Communication of Key Significant Events	1.2 Corporate Governance	20	
2-17 Group Intelligence of the Highest Governance Body	1.2 Corporate Governance	20	
2-18 Performance Evaluation of the Highest Governance Body	1.2 Corporate Governance	20	
2-19 Remuneration Policy	1.2 Corporate Governance	20	
2-20 Remuneration Determination Process	1.2 Corporate Governance	20	
Ratio of total compensation for 2-21	1.2 Corporate Governance	20	
Strategies, policies and practices			
2-22 Statement on Sustainable Development Strategy	Message from the Chairman	03	
2-23 Policy Commitments	1.3 Ethical Management	22	
	2.2 Sustainable Partnerships	30	
	4.3 Promotion of Employee Rights	58	
2-24 Incorporation of Policy Commitments	1.3 Ethical Management	22	
	2.2 Sustainable Partnerships	30	
	4.3 Promotion of Employee Rights	58	
	4.4 Occupational Health and Safety	62	

Corresponding GRI and disclosure items	Related Chapters	Page	Description omitted
2-25 Procedures for Remediating Negative Impacts	4.3 Promotion of Employee Rights	58	
2-26 Mechanisms for seeking advice and raising concerns	4.3 Promotion of Employee Rights	58	
2-27 Legal Compliance	1.3 Ethical Management	22	
2-28 Membership of associations	1.1 About Tainan Enterprises	15	
Stakeholder Engagement			
2-29 Stakeholder Engagement Policy	Stakeholder Engagement	06	
2-30 Collective bargaining agreements	4.3 Promotion of Employee Rights	58	

GRI 3: Material Topics 2021			
Corresponding GRI and disclosure items	Related Chapters	Page	Description omitted
3-1 Process for determining major topics	Stakeholder Engagement	06	
	Identifying and Responding to Material Topics	09	
3-2 List of material topics	Impact Boundaries of ESG Material Topics	10	

Material Topic GRI Comparison

Self-defined Material Topics				
Material Topics	Corresponding GRI Standards and Disclosures	Chapter Topic	Page	Description omitted
Compliance	3-3 Management of Material Topics	Management Approach for Material Topics	11	
Corporate Governance	3-3 Management of Material Topics	Management Approach for Material Topics	11	
Circular Economy	3-3 Management of Material Topics	Management Approach for Material Topics	11	

Material Topic: Economic Performance

	Corresponding GRI and disclosure content	Related Chapters	Page	Description omitted
GRI 3 Material Topics	3-3 Management of Material Topics	Management Approach for Material Topics	11	
	201-1 Direct economic value generated and distributed	1.1.2 Business Performance	18	
201 Economic Performance	201-2 Financial implications and other risks and opportunities due to climate change	1.5 TCFD Climate Change Risks and Opportunities Management	24	
	201-3 Definition of benefit plan obligations and other retirement plans	4.2.2 Diversified Benefits Scheme	56	
	201-4 Financial subsidies from the government	1.1.2 Business Performance	18	

Material Topic: Greenhouse Gas Emissions

	Corresponding GRI and disclosure content	Related Chapters	Page	Description omitted
GRI 3 Material Topics	3-3 Management of Material Topics	Management Approach for Material Topics	11	
	305-1 Direct (Scope 1) GHG emissions	3.1.1 Energy and GHG Management	43	
	305-2 Energy indirect (Scope 2) GHG emissions	3.1.1 Energy and GHG Management	43	
305 Emissions	305-3 Other indirect (Scope 3) greenhouse gas emissions		Scope 3 statistics has not yet been compiled.	
	305-4 Greenhouse Gas Emission Intensity	3.1.1 Energy and GHG Management	43	
	305-5 Greenhouse gas emission reduction	3.1.1 Energy and GHG Management	39	

Material Topic: Effluents and Waste

	Corresponding GRI and disclosure content	Related Chapters	Page	Description omitted
GRI 3 Material Topics	3-3 Management of Material Topics	Management Approach for Material Topics	11	
	303-3 Water withdrawal	3.2 Water Resource Management	49	
303 Water and Effluents 2018	303-4 Water discharge	3.2 Water Resource Management	49	
	303-5 Water Consumption	3.2 Water Resource Management	49	
	306-1 Waste Generation and Significant Impacts Related to Waste	3.1.2 Wastewater and Waste Management	48	
306 Waste 2020	306-2 Management of Waste-Related Significant Impacts	3.1.2 Wastewater and Waste Management	48	
	306-3 Waste generated	3.1.2 Wastewater and Waste Management	48	

Material Topic: Labor-management relations

	Corresponding GRI and disclosure content	Related Chapters	Page	Description omitted
GRI 3 Material Topics	3-3 Management of Material Topics	Management Approach for Material Topics	11	
	401-1 New employee hires and employee turnover	4.1 Employee Profile	54	
401 Employment	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.2.2 Diversified Benefits Scheme	56	
402 Labor/Management Relations	401-3 Parental leave	4.3 Promotion of Employee Rights	58	

	Corresponding GRI and disclosure content	Related Chapters	Page	Description omitted
	404-1 Average hours of training per year per employee	4.5 Career Management and Learning	66	
404 Training and education	404-2 Programs for upgrading employee skills and transition assistance programs	4.5 Career Management and Learning	66	
	404-3 Percentage of employees receiving regular performance and career development reviews	4.5 Career Management and Learning	66	
405 Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	4.1 Employee Profile	53	

Material Topic: Child Labor

	Corresponding GRI and disclosure content	Related Chapters	Page	Description omitted
GRI 3 Material Topics	3-3 Management of Material Topics	Management Approach for Material Topics	11	
408 Child labor	408-1 Operations and suppliers at significant risk for incidents of child labor	4.3.2 Human Rights Assessment	59	

Material Topic: Forced or Compulsory Labor

	Corresponding GRI and disclosure content	Related Chapters	Page	Description omitted
GRI 3 Material Topics	3-3 Management of Material Topics	Management Approach for Material Topics	11	
409 Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	4.3.2 Human Rights Assessment	59	

Appendix II: Sustainability Accounting Standards Board (SASB) Reference Table

Metric	Metric Description	SASB Code	Reference
NA	Number of Tier 1 suppliers and suppliers beyond Tier 1	CG-AA-000.A	Number of Tier 1 suppliers: 4 Number of suppliers beyond Tier 1: 27
Management of Chemicals in Products	Description of processes to maintain compliance with restricted substances regulations	CG-AA-250a.1	Environmental Sustainability - Management of Chemicals
	Chemical Substance Risk Assessment and Management	CG-AA-250a.2	Environmental Sustainability - Management of Chemicals
Environmental Impacts in the Supply Chain	Percentage of Tier 1 suppliers in compliance with wastewater discharge permits and/or contractual agreement	CG-AA-430a.1	100% of all Tier 1 suppliers hold wastewater discharge permits and were in compliance with local wastewater discharge regulations. The water quality of their wastewater discharge is also periodically tracked by Tainan through third-party verification products.
	Percentage of Tier 1 suppliers that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) or an equivalent environmental data assessment	CG-AA-430a.2	100% of all Tier 1 suppliers have completed the Higg FEM and their environmental management performances are periodically tracked by Tainan.
Labor Impacts in the Supply Chain	(1) Percentage of Tier 1 suppliers that have been audited to a labor code of conduct	CG-AA-430b.1	(1) 100% of all washing factories that Tainan collaborates with have passed international labor audits
	(2) Percentage of suppliers beyond Tier 1 that have been audited to a labor code of conduct		(2) Not applicable, all raw material suppliers such as fabric and auxiliary material factories met the requirements of our customers' supplier code of conduct. Tainan also requires raw material suppliers to sign the Supplier Social Responsibility Commitment every year.
	(3) Percentage of total audits conducted by a third-party auditor		(3) 100% of washing factories that collaborate with Tainan have passed third-party audits.
Compliance by Tier 1 suppliers	Percentage of non-compliance	CG-AA-430b.2	Percentage of non-compliance: 0% Non-compliant suppliers are required to submit corrective action reports. We review the contents of the report and continue to track the progress of corrective actions.
	Description of greatest labor and environmental, health, and safety risks in the suppliers	CG-AA-430b.3	Value Chain Reform Sustainable Partnerships
Raw Materials Sourcing	Description of environmental and social risks associated with sourcing priority raw materials	CG-AA-440a.1	Value Chain Reform - Sustainability Advocacy
	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard	CG-AA-440a.2	Recycled Claim Statement (RCS): 1.5%

Note: Tier 1 Supplier: Suppliers in this category are defined as "Washing Factories" based on the nature of the Company's business. Suppliers beyond Tier 1 were raw material suppliers such as fabric factories and auxiliaries factories.



15th Floor, No. 15-1, Section 1, Hangzhou South Road, Taipei City

Contact Sustainability and Quality Assurance Department, Tainan Enterprises

Tel (02)2391-6421

Email SQ@tai-nan.com

Corporate website www.eng.tai-nan.com