



2023

**APACHE
FOOTWEAR
GROUP**

**GHG Inventory
Report**

About the report

In line with global sustainability efforts, Apache Footwear Ltd. joined the Science Based Targets Initiative (SBTi) in 2022. This report outlines our 2023 carbon emission inventory, 2030 carbon reduction target, changes in emissions compared to the 2022 baseline, and the actions we are taking to meet these goals.

Reporting Period



January 1, 2023 to December 31, 2023

Report Publication



The sustainability information and performance disclosed in this report are published annually in both Chinese and English on the Apache Group website. The 2024 edition, released in November, includes data verified and assured by a third party (SGS), with the Verification Statement attached.

Disclosure Scope



The information disclosed in this report includes data from the production sites in China, Vietnam, and India, which are involved in actual production operations. Any adjustments or discrepancies in the scope of the data will be noted within the relevant sections of the report.



Production Sites

China APACHE FOOTWEAR LTD.

Indian APACHE FOOTWEAR INDIA PVT. LTD.

Vietnam APACHE FOOTWEAR VIETNAM COMPANY LTD.

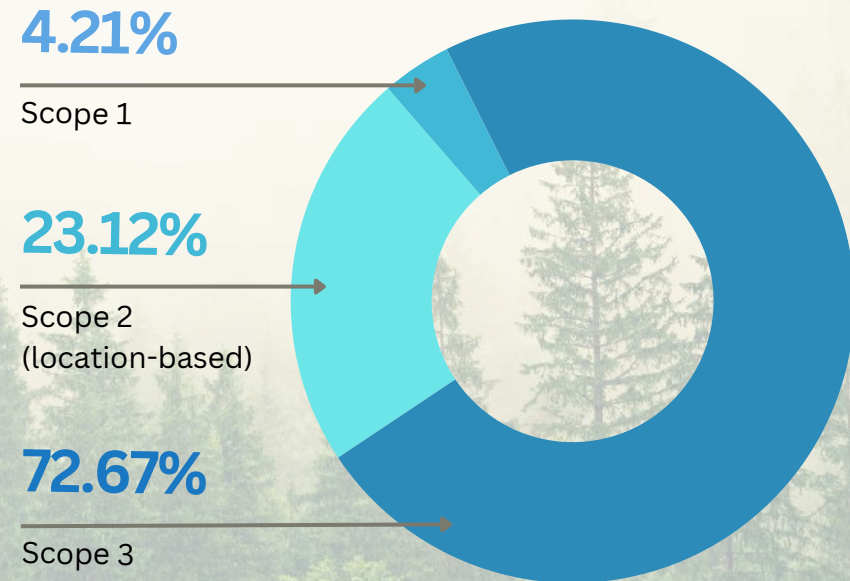
Apache Group actively supports and aligns with global sustainability initiatives by joining SBTi and completing the 2023 carbon inventory.

Science Based Targets initiative (SBTi) is the world's first 'net-zero carbon emissions standard,' aiming to limit the global temperature rise to 1.5°C. This global initiative helps businesses set and implement scientifically grounded emission reduction targets, making commitments more specific, achievable, and impactful in combating global warming, thereby contributing to a more sustainable future.

As a key strategic partner of adidas, Apache actively aligns with global sustainability initiatives. In 2022, we joined SBTi and launched a group-wide carbon footprint assessment, setting 2022 as the baseline for Scope 1 to 3 reduction targets by 2030. All global production sites have completed the ISO 14064-1:2018 GHG inventory verification for year 2023.

By 2030, we commit to reducing absolute Scope 1 and 2 GHG emissions by 42% from a 2022 baseline, while also reducing Scope 3 GHG emissions intensity by 51.6% per million USD of value added within the same timeframe, demonstrating our dedication to sustainable development through concrete actions.

Apache Group 2022 Baseline Year GHG Emissions Overview (by Scope)



Greenhouse Gas Inventory

Unit: metric tons CO₂e

Project	2022 (baseline year)	2023
Scope 1: Direct Emissions	11,742.92	11,996.65
Scope 2: Energy Indirect Emissions (location-based)	64,442.03	43,995.26
Scope 3: Other Indirect Emissions	202,608.46	209,425.52

Scope 3 Greenhouse Gas (Other Indirect Emissions)

Unit: metric tons CO₂e

Project	2022 (baseline year)	2023	Emission Source Description
S3-1 Purchased goods and services	139,458.39	156,963.84	Procured raw materials, and water supply transportation.
S3-2 Capital Goods	2,795.64	2,314.36	Fixed assets (such as machinery and computers)
S3-3 Fuel- and energy- related activities	17,865.52	16,413.72	Various types of energy used in factories
S3-4 Upstream transportation and distribution	7,348.17	2,636.85	Raw material and finished goods transportation (by sea, air, cargo).
S3-5 Waste generated in operations	659.39	741.08	Waste transportation (by truck) and other factory-generated waste.
S3-6 Business travel	133.14	257.71	Air travel (economy class), rail, bus, and hotel stays.
S3-7 Employee commuting	10,340.67	8,369.47	Self-driving cars, electric (motorcycles), and buses.
S3-8 Upstream leased assets	-	-	Not applicable
S3-9 Downstream transportation and distribution	18,691.10	17,847.14	Finished footwear (online, offline)
S3-10 Processing of sold products	-	-	Not applicable
S3-11 Use of sold products	-	-	Not applicable
S3-12 End-of-life treatment of sold products	5,316.44	3,881.35	End-of-life product disposal (landfilling)
S3-13 Downstream leased assets	-	-	Not applicable
S3-14 Franchises	-	-	Not applicable
S3-15 Investments	-	-	Not applicable
Total	202,608.46	209,425.52	

Note:

- The above data has been verified by a third party.
- Greenhouse Gases include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).
- The inventory follows ISO 14064-1 standards. As Apache Footwear Ltd. is not involved in upstream leased assets, processing of sold products, use of sold products, downstream leased assets, franchises, or investments, these are considered not applicable.
- Through SBTi and ISO 14064-1, we regularly review progress and implementation of short-, medium-, and long-term energy-saving and carbon reduction targets.
- Establish an internal greenhouse gas (GHG) management and policies to control changes in the baseline year, emissions, and targets, including clear conditions for baseline year adjustments and the need to adjust targets based on circumstances.

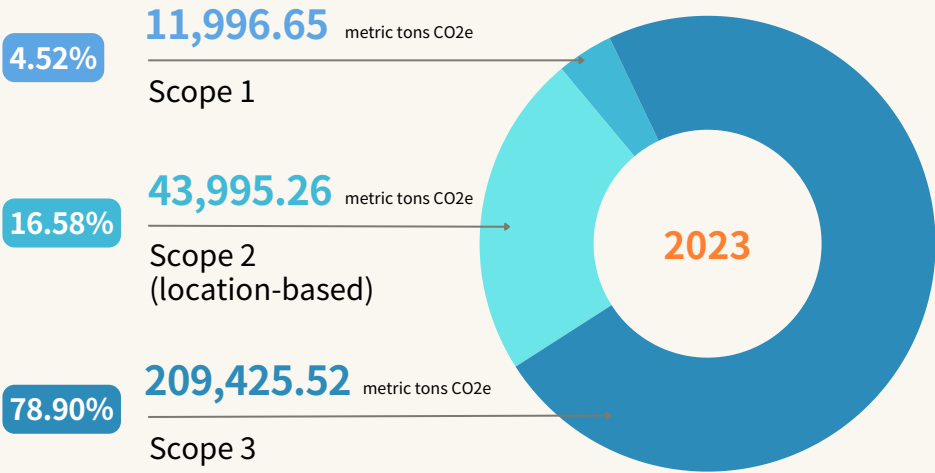
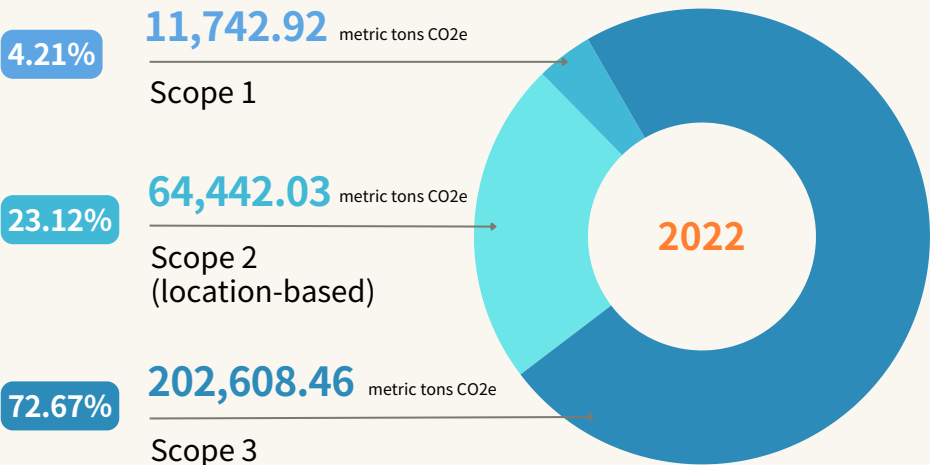
Progress Towards Carbon Reduction Targets in 2023

Since 2023, Apache has completed greenhouse gas (GHG) inventories for 2022 and 2023, covering production sites in China, Vietnam, and India. Based on past GHG inventory results, the majority of emissions for Apache's Scope 1 and 2 emissions come from Scope 2. Therefore, the GHG reduction strategy focuses on energy conservation and management, supplemented by the use of renewable energy.

Apache has conducted a carbon inventory by identifying key emission sources in accordance with ISO 14064 standards and assessing GHG emissions across all categories following the GHG Protocol methodology. In 2023, total direct (Scope 1) and energy indirect (Scope 2) emissions from all production sites amounted to 55,991.91 metric tons CO₂e (location-based), marking a 26.51% reduction compared to the previous year. This decrease was driven by the implementation of energy-saving measures, adoption of smart management systems, and increased use of renewable energy. Key initiatives included installing rooftop solar power systems, procuring green electricity, and acquiring unbundled energy attribute certificates (unbundled EACs).

For other indirect emissions (Scope 3), total emissions in 2023 increased compared to the previous year. The main category for Scope 3 emissions was Category 1: purchased goods and services (approximately 75%). Moving forward, the Group will continue to promote the use of reusable materials and packaging, optimize waste management and energy transitions, and strengthen supply chain management to further reduce Scope 3 emissions.

Apache Group 2022 Baseline and 2023 GHG Emissions (by Scope)



SBTi Carbon Reduction Strategies and Progress



Sites	Key Strategy	Strategy Description	Progress
China (APE)	Renewable Energy	<ol style="list-style-type: none"> 1. Install rooftop solar power systems 2. Sign green power procurement agreement(PPA) 	Completed: 1,069.48 tCO2e and 2,173.6 tCO2e reductions in Scope 2 emissions in 2023, respectively.
	Energy / Resource Usage	By improving management, optimizing processes, consolidating production lines, and utilizing thermal technology like air-source heat pumps and solar energy to replace electric heating.	In progress, expected to reduce Scope 2 carbon emissions by 261.53 tCO2e in 2023.
		Switched domestic waste from landfilling to incineration.	Executed from January 2024
		Replaced LPG (liquefied petroleum gas) with electricity in the canteen.	Completed, with an estimated reduction of 10 tCO2e in Scope 1 emissions for 2023.
		Using automatic cutting machines to improve material utilization, reduce waste, and reuse packaging cartons for sustainability.	In Progress
Vietnam (APH)	Renewable Energy	Purchase unbundled EACs	Completed. I-REC's generating capacity reaches 3,550 MW in 2023 and increases to 5,500 MW in 2024.
	Energy / Resource Usage	Implement the Energy Audit Program to assess energy use, identify improvement opportunities, and propose energy-saving solutions.	Completed
		Pilot run of the Energy Management System (EMS) to monitor real-time energy usage, identify high-consumption areas, and enhance efficiency.	In progress. Energy consumption data analysis is complete, and testing of energy efficiency improvements is ongoing.
		Install an air intake system in the compressor room to reduce temperature and improve efficiency.	Completed in 2023. Annual energy savings: 149,536.8 MJ/year.
		Regularly inspect and maintain the air compressor system, including valves, pipes, and connections, repair any damaged parts, and provide ongoing training to prevent misuse, and address transformer capacitor issues.	Completed in 2023. Annual energy savings: 257,814 MJ/year.
	Waste Management & Diversion	Increase waste recycling and convert waste into usable energy	Completed and ongoing. 2023 waste diversion: 99.98%, reduce 1,026 tons of CO2 through waste-to-energy conversion.
Employee Awareness & Behavior Change	Conduct energy-saving campaigns and training, with designated personnel managing lighting to prevent excess usage.	In progress. Annual energy savings: 28,256.4 MJ/year.	
India (APC)	Renewable Energy	Installed roof top solar with 1.97 MW in 2021.	Completed, with continuous generation as of now.
		Sign a direct power purchase agreement (PPA) with the power company to expand the rooftop solar system by 2.5 MW.	In execution, pending management approval, expected completion before April 2025.
		Purchase 1,500 I-REC green energy certificates for 2024.	Completed, with 1,500,000 kWh of generation.
	Energy / Resource Usage	Plan to gradually update the factory's existing equipments to optimize energy resource usage and reduce carbon emissions. The planned measures are as follows: <ol style="list-style-type: none"> 1. Installed electrical cookers in the canteen to eliminate LPG use. 2. Electrical hot press mold machines have been purchased, with plans to gradually increase procurement. 	In progress, expected to be completed by March 2025.
		<ol style="list-style-type: none"> 3. The factory will gradually replace high-energy-consuming equipments and forklifts based on demand, in order to reduce carbon emissions. 	In progress, expected to be completed by the end of 2025.
Purchase Goods & Services	Actively promoting localized procurement of goods and raw materials.	In progress, with plans to continually maximize the proportion of local suppliers.	
	Promote sustainable supply chain strategies, ensure suppliers produce recyclable and renewable products, and assist vendors in developing carbon reduction plans and monitoring carbon footprints to cut energy consumption and emissions.	Planned for 2025 implementation, focusing on reducing carbon footprints.	

External Greenhouse Gas Verification Statement

Statement of Conformity CN24/00007421

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in 01 Jan. 2023 to 31 Dec. 2023 of

APACHE FOOTWEAR LIMITED

Business address: Taiping Industrial Park, Qingxin District, Qingyuan City, Guangdong
Organization boundary: Detail organization boundary information has been listed in Annex, for multi-site statement

has been verified in accordance with ISO 14064-3:2019 as meeting the requirements of

ISO 14064-1:2018

Direct Emissions [Category 1]
11,996.65 tonnes of CO₂e

Indirect Emissions from Imported Energy [Category 2]
43,995.26 tonnes of CO₂e

Indirect Emissions from Transportation [Category 3]
29,232.34 tonnes of CO₂e

Indirect Emissions from Products Used by An Organization [Category 4]
176,311.82 tonnes of CO₂e

Indirect Emissions Associated with The Use of Products from The Organization [Category 5]
3,881.35 tonnes of CO₂e

Indirect Emissions from Other Sources [Category 6]
[be determined as non-significant indirect emissions and not quantified]

Total Emissions Quantified
265,417.43 tonnes of CO₂e




Authorised by
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DATE: 05 Nov. 2024

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Several statements have been issued for this scope, this is main statement

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SGS has been contracted by APACHE FOOTWEAR LIMITED (hereinafter referred to as "CLIENT"), for the verification of direct and indirect Greenhouse Gas emissions in accordance with

ISO 14064-3:2019

as provided by APACHE FOOTWEAR LIMITED (hereinafter referred to as "RESPONSIBLE PARTY"), in the Greenhouse Gas (GHG) Assertion in the form of GHG Report covering GHG emissions of the period 01 Jan. 2023 to 31 Dec. 2023 (hereinafter referred to as "REPORT PERIOD").

Roles and responsibilities
The management of the RESPONSIBLE PARTY is responsible for the organization's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information and the reported GHG emissions.
It is SGS's responsibility to express an independent GHG verification opinion on the GHG statement as provided by the RESPONSIBLE PARTY for the REPORT PERIOD.

According to ISO 14064-3:2019, SGS has conducted a third-party verification of the provided GHG statement by RESPONSIBLE PARTY against the requirements of ISO 14064-1:2018 in the period 28 Oct.-05 Nov. 2024. The verification is based on the verification scope, objectives and criteria as agreed between the CLIENT and SGS on 28 Oct. 2024.

Level of Assurance
The level of assurance agreed is that of Reasonable assurance.

Scope
The CLIENT has commissioned an independent verification by SGS in accordance to ISO 14064-3:2019 to assure the reported GHG emissions of RESPONSIBLE PARTY, in conformance with ISO 14064-1:2018 requirements within the scope of the verification as outlined below. The data and information supporting the GHG statement is historical in nature.

This engagement covers verification of emission from anthropogenic sources of greenhouse gases included within the organization's boundary:

- The organizational boundary is established following Operational control approach
- Location/boundary of the activities: detail boundary information has been listed in Annex
- Physical infrastructure, activities, technologies and processes: Design, development and manufacturing of sports shoes
- GHG sources, sinks and/or reservoirs included: GHG sources as presented in the GHG inventory and report of the RESPONSIBLE PARTY
- Types of GHGs included: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃
- GHG information for the following period was verified: 01 Jan. 2023 to 31 Dec. 2023
- GWP adopted: IPCC 6 Assessment Report.
- Intended user of the verification statement: Private user.

Objective
The purposes of this verification exercise are, by review of objective evidence, to independently review:

- Whether the GHG emissions are as declared by the organization's GHG statement

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External Greenhouse Gas Verification Statement



- The data reported are accurate, complete, consistent, transparent and free of material error or omission.

Criteria

Criteria against which the verification assessment is undertaken are the requirements of ISO 14064-3:2019.

Materiality

The materiality required of the verification is considered by SGS to 5%, based on the needs of the intended user of the GHG statement.

Verification approach

SGS's approach is risk-based, drawing on an understanding of the risks associated with reporting GHG emissions information and the controls in place to mitigate these. Our examination includes assessment of evidence relevant to the amounts and disclosures in relation to the organization's reported GHG emissions

We plan and perform our work to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance that the GHG emissions for the REPORT PERIOD are fairly stated.

We conduct our verification with regard to the GHG statement of GHG Report of the RESPONSIBLE PARTY which includes assessment of GHG information system and reporting plan/protocol. This assessment includes the collection of evidence supporting the reported data, and checking whether the provisions of the protocol reference, are consistently and appropriately applied.

Verification opinion conclusion

The RESPONSIBLE PARTY provided the GHG statement based on the requirements of ISO 14064-1:2018 that total emission 265,417.43 tonnes of CO₂e in the organization boundary for the REPORT PERIOD.

The verification opinion as below is issued by SGS after an independent verification for RESPONSIBLE PARTY's GHG statement base on agreed Reasonable assurance:

Unmodified

The GHG statement submitted by RESPONSIBLE PARTY is prepared in accordance with ISO 14064-1:2018 on GHG quantification and reporting, is a fair representation materially, the GHG data and information in statement are explicit and supported by adequacy and appropriate evidence.

Modified

The GHG statement submitted by RESPONSIBLE PARTY has no material misstatement, however has some deficiencies which will prevent the issuance of unmodified verification opinion.

Adverse opinion

The GHG statement submitted by RESPONSIBLE PARTY:

- has no material misstatement or
- there is insufficient or inappropriate evidence to support an unmodified or modified opinion.

Disclaiming the issuance of an opinion

It is unable to obtain sufficient and appropriate objective evidence to form an opinion as to whether the GHG statement submitted is presented fairly in accordance with



ISO 14064-1:2018

This statement shall be interpreted with the GHG statement of GHG Report of the RESPONSIBLE PARTY as a whole.

Note: This Statement is issued by SGS-CSTC Standards Technical Services Co., Ltd. ("SGS") under its General Conditions for Greenhouse Gas Validation & Verification Services. The findings recorded hereon are based upon a verification performed by SGS. A full copy of this statement, the findings and the supporting GHG Assertion may be consulted from RESPONSIBLE PARTY. This Statement does not relieve Client from compliance with any by laws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on SGS and SGS shall have no responsibility vis-à-vis parties other than its Client. The verification statement of greenhouse gases is concluded in English. Any translation differences, the English version shall prevail.

Annex

Multi-site Organizational Boundaries List

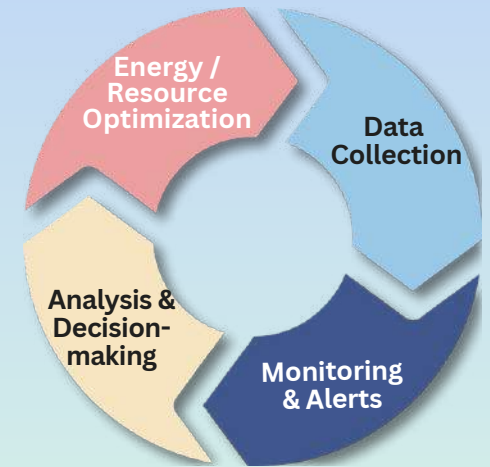
	Organization Name	Description of organizational boundaries
Headquarter	APACHE FOOTWEAR LTD. (QINGXIN)	Taiping Industrial Park, Qingxin District, Qingyuan City, Guangdong, P.R. China
Site 1	APACHE FOOTWEAR VIET NAM CO., LTD	Lot No. 71A, 72A, 78A, 79, 102, 103A, 127B, 128A, 128B, 128C (Referred to as Lot No. 79), Long Giang Industrial Park, Tan Lap 1 Commune, Tan Phuoc District, Tien Giang Province
Site 2	APACHE FOOTWEAR INDIA PVT LTD	Apache SEZ zone, Mambattu village, Tada mandal, Sullurupeta, Tirupati district, Andhra Pradesh, INDIA



Apache's Sustainability Learning Hub -- Digitalization for Sustainability

Digital sustainability management refers to the use of intelligent systems, data analytics, and technologies as tools to implement and strengthen sustainable development goals. By adopting new technologies to create smart factories, companies can manage and utilize resources more effectively, and reduce environmental impact. For example, factories can monitor energy, water, and other resource consumption in real-time, analyze data through visualization, and use automated alert systems to adjust resource usage, minimizing waste and maximizing efficiency.

As shown in the diagram, digital sustainability management is executed through four steps: **data collection, real-time monitoring and alerts, data analysis and decision-making, ultimately optimizing resource and energy efficiency.** This process helps companies leverage accurate data and real-time information to support leadership in making sustainable decisions that meet future needs while strengthening supply chain management and improving transparency. This approach helps companies achieve environmental sustainability goals, achieve cost savings and competitive advantages, and further enhance the company's green image and sense of responsibility in the global market. Below are the best practices implemented in digital sustainability management.



Digital Management Platform
 Introduce energy management system to monitor usage, optimize distribution, reduce waste, and ensure electrical safety.

Effective Tracking
 Intelligent management enables waste flow tracking, ensures compliance and transparency, promotes sustainability, and enhances efficiency.

Water Management
 We enhance water efficiency and promote sustainability by tracking usage, analyzing flow, detecting leaks, and automating valve shutoffs.

VOC System
 Real-time air monitoring with automatic alerts enables rapid responses to improve air quality, operational efficiency, and sustainability compliance.



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