

2024 Zeng Hsing

Corporate Sustainability Report



About This Report

Zeng Hsing Industrial Co., Ltd. (hereinafter referred to as Zeng Hsing) is committed to its core business operations and providing customers with high-quality products and services. Looking ahead, we strive to continue upholding its civic responsibilities and fulfilling its role as a responsible corporate citizen. This Sustainability Report presents Zeng Hsing's efforts and achievements in corporate sustainability and social responsibility, including performance in business operations, corporate governance, corporate social responsibility initiatives, sustainable services, environmental sustainability, employee welfare, and community involvement.

Report Scope

This report covers Zeng Hsing 's corporate social responsibility performance from January 1, 2024, to December 31, 2024. **The financial disclosures comply with the International Financial Reporting Standards (IFRSs) and are based on consolidated financial statements. Most indicators disclosed in this report focus primarily on Zeng Hsing Industrial Co., Ltd. Data for the year 2024 is presented using internationally recognized metrics, and any estimates are clearly indicated in the relevant sections.** Both the individual and consolidated financial statements for the year 2024 have been audited and certified by Ernst & Young.

Report Guidelines

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, which serve as the foundation for selecting and analyzing material sustainability topics, related strategies, goals, and action plans. It also aligns with the principles of the United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD), which provide direction for Zeng Hsing' s long-term sustainability development. The content of this report is based on a systematic analysis to identify stakeholders' key sustainability concerns and to prioritize them as a reference for information disclosure. The report has been compiled based on the GRI Standards and has been verified by TÜV, an independent third-party organization, in accordance with the AA1000 Assurance Standard.

Publication Timeline

This is the eleventh Corporate Sustainability Report published by Zeng Hsing. Moving forward, Zeng Hsing will continue to publish its Corporate Sustainability Report on an annual basis and make it publicly available on Zeng Hsing' s official website.

| Previous Editon | Current Edition | Next Scheduled Edition |
|-------------------------------|-------------------------------|------------------------------|
| Published in July 2024 | Published in July 2025 | Expected in July 2026 |

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A Message From the Chairman & CEO

In recent years, rapid changes in the global landscape have posed unprecedented challenges to the industrial supply chain. In the post-pandemic era, the market experienced a temporary slowdown due to sluggish inventory clearance across distribution channels, which affected sewing machine sales. Fortunately, a noticeable recovery emerged in 2024, particularly driven by rebounding demand in the European and American markets and the sustained strong performance of high-end commercial embroidery machines. As a result, overall market momentum has been steadily strengthening.

In an increasingly competitive environment, we recognize that continuous optimization of our organizational structure and operations is essential to maintaining agility and resilience. In 2024, the Group initiated the merger of two subsidiaries in Vietnam. By integrating production capacity and reallocating resources, we significantly enhanced manufacturing efficiency, improved cost control, and established a stronger foundation for future strategic development.

In the realm of sustainable development, the role of businesses is gradually evolving—we are no longer merely drivers of economic growth, but also key players in addressing social and environmental challenges. Zeng Hsing embraces ESG principles as a core aspect of its business strategy, continuously embedding them into its organizational culture and daily operations, thereby establishing a corporate structure that is both efficient and accountable.

In 2024, we hosted our first "ESG Brain" knowledge quiz at our Taiwan headquarters, organized by the ESG Office and actively participated in by employees across the organization. Colleagues eagerly prepared for the event—flipping through reports, taking notes, and even joking, "It's been ages since I studied this hard!" The event brought ESG out of the report and into our daily work and lives, demonstrating the genuine commitment of our employees to sustainability issues.

In the same year, we also resumed two long-awaited events: Family Day and the Year-End Party. Family Day welcomed employees and their families, expressing appreciation for the ongoing support from loved ones. The Year-End Party, through a combination of engaging activities and performance bonuses, fostered team cohesion and strengthened the warmth of our corporate culture.

Charles Lin

Chairman of Board

Leo Liu

CEO



Social Welfare: We partnered with the Mustard Seed Mission to implement the “Mature Age Culture, Life Transformation” program. Through sewing workshops, we empowered retired seniors to acquire new skills and transform them into teaching capabilities, achieving intergenerational skill transfer and fostering a spirit of mutual support within the community. We remain committed to expanding our positive social impact.







Environmental: We aim to achieve carbon neutrality by 2050 (Scope 1 and 2) and are progressively establishing a comprehensive carbon management system. In 2024, ZH Vietnam obtained ISO 14064 third-party verification and continued to maintain both the ISO 50001 Energy Management System and EMS energy monitoring system, enabling effective control of energy consumption and carbon emissions. Additionally, we actively incorporate green design into product development, from reducing power consumption, increasing component standardization, to adopting eco-friendly packaging materials, gradually reducing Categories 3, 4, and 5 carbon emissions and moving toward sustainable manufacturing.







Governance: We continue to optimize our integrity management mechanisms and risk management while actively participating in international sustainability ratings. In 2024, we achieved a high exposure score of 3.1 in the FTSE ESG Rating and attained a low-risk level of 19.7 in the Sustainalytics ESG Risk Rating, demonstrating our continuous improvement in sustainability governance and alignment with international standards.

Looking ahead, Zeng Hsing will uphold its core values of "Integrity and Pragmatism, Innovation and Creativity" to operate steadily and deepen our sustainability efforts. We sincerely thank all stakeholders for their long-term support, and we will continue to listen to the pulse of society, working together to create a more resilient and hopeful sustainable future.

Commitment To and Achievements In Sustainable Development





| | 2025 Action Plan | 2024 Action Plan | 2024 Results |
|--|---|--|---|
| Promote Circular Economy, Continue Energy Saving and Carbon Reduction, and foster a Sustainable Environment.    | We promote energy conservation and carbon reduction by implementing policies on emissions, water, and waste reduction. Through green design, we aim to lower product energy use and improve recyclability. ZH China also completed 3 rd party carbon inventory verification. | We reduce product-related carbon emissions through carbon footprint analysis and green design focused on energy efficiency and recyclability. We keep implementing emission, water, and waste reduction policies. ZH Vietnam also completed 3 rd party carbon inventory verification. | <ul style="list-style-type: none"> Completed 7 green design projects. Achieved a 41% reduction in Group carbon emissions (Categories 1 & 2) compared to the base year Environmental initiatives: Mountain cleanup and upcycled clothing competition. |
| Care for Employee Well-being, Ensure Workplace Safety and Health, and Maintain Growth Momentum.    | Foster a pregnancy-friendly workplace, provide above-regulation benefits, promote the Employee Assistance Program (EAP), strengthen plant safety measures, diversify human rights education channels, and enhance employee well-being and the overall work environment. | Continue expanding learning channels and promoting group-wide human rights training to strengthen awareness of employee rights. Maintain the Employee Assistance Program (EAP) and enhance workplace safety protocols. | <ul style="list-style-type: none"> Average training hours per employee: 19 hours. Training satisfaction: 4.6/5 Average human rights training hours per employee: 2.32 hours. New hire satisfaction (Taiwan HQ): 4.46/5 |

| | 2025 Action Plan | 2024 Action Plan | 2024 Results |
|--|--|--|--|
| Implement Corporate Governance, Enhance Information Disclosure, and Ensure Sustainable Operations.  | Continue strengthening a culture of integrity through system enhancements and regular audits. Enhancing risk management via drills and compliance training. Participate in international ESG evaluations and integrate sustainability performance into the performance appraisal system to advance sustainable operations. | Actively participate in international ESG ratings to evaluate and strengthen corporate value and global competitiveness. Continue promoting integrity systems and reduce operational risks through drills, training, and awareness initiatives. | <ul style="list-style-type: none"> Completed 10 corporate governance optimization projects. 257 employees completed integrity training. All new suppliers signed an integrity pledge. Anti-corruption education delivered to 303 suppliers. 153 total hours of regulatory training conducted at Taiwan HQ. |
| Maintain Superior Quality, Provide Reliable Products, and Enhance Customer Satisfaction.  | Collaborate with customers to advance social responsibility initiatives, enhance ESG image and external evaluations, improve customer complaint response efficiency, and regularly track customer satisfaction feedback. | Committed to enhancing Zeng Hsing's ESG image, we aim to achieve sustainable development together with our customers. We regularly distribute surveys to understand customer satisfaction with our products and services. | <ul style="list-style-type: none"> Communicated Zeng Hsing's CSR achievements to customers through posters to strengthen brand image and demonstrate our value as a responsible manufacturer Promoted restricted substances management at Taiwan HQ, ZH Vietnam, and ZH China to enhance supply chain environmental compliance |
| Strengthen Supply Chain, Maintain Partnerships, and Create Mutual Prosperity.  | Promote ESG practices among suppliers through themed workshops, supplier conferences, and on-site CSR visits to strengthen awareness and encourage sustainable actions across the supply chain. | Continue ESG initiatives such as supplier conferences, workshops, and on-site CSR visits to encourage deeper ESG engagement among partners. | <ul style="list-style-type: none"> Conducted on-site CSR assessments of 33 suppliers; all met evaluation standards. 70 suppliers participated in the supplier conference, strengthening partnerships and shared sustainability goals. All Taiwan HQ suppliers signed a commitment to human rights and environmental sustainability. |
| Promote sewing culture, contributing to society, and give back to the communities.    | We promote a corporate volunteer culture and diverse partnerships, supporting sewing programs with the Mustard Seed Mission to train local instructors and empower disadvantaged groups. We also give back through regular charitable donations. | In addition to promoting volunteer services and charitable giving, we joined the "Tainan Sewing and Embroidery New Life Project" to raise awareness of sewing culture and encourage clothing upcycling, contributing to textile waste reduction. | <ul style="list-style-type: none"> Donated 173 sewing machines and NT\$1.05 million in cash. Held 19 public welfare activities, with a total of 1,329. volunteer hours. Supported 2 rural community health courses, SROI 2.61. |





★ Environment ★

2024 Sustainability Highlight

- 
- **Green design** : Completed 7 green design projects.
 - **Energy saving and carbon reduction** : Each subsidiary conducts annual GHG inventories and internal verifications in accordance with ISO 14064-1, and discloses group-wide emissions. In 2024, ZH Vietnam obtained 3rd party verification from TÜV, and the overlock machine series achieved ISO 14067 product carbon footprint certification.
 - **Environmental activities** : Organized a mountain clean-up and an upcycled clothing competition.
 - **Other Environmental achievement** : The green logistics project saved approximately 2,611 trees. Total group water consumption decreased by 30% compared to the previous year, and the overall recycling rate reached 78%.
 - **Workplace environment Monitoring** : All subsidiaries complied with local environmental standards.
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★ Social/ ★

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- **Employee benefits** : Added 12 weeks of maternity leave at Taiwan HQ.
 - **Social welfare** : Donated NT\$14.08 million, 1,788 sewing machines, and 59 vacuum cleaners since 2010.
 - **Volunteer team** : 19 events held in 2024, totaling 1,329 volunteer/training hours.
 - **Human rights Training** : 5,647 hours conducted group-wide; 2.32 hours per employee.
 - **Supplier CSR onsite audit** : 33 suppliers assessed; all qualified.
 - **Customer satisfaction** : Score of 8.0 /10
- 



★ Governance ★

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- **Corporate governance evaluation** : Ranked between the 21~35% among all listed companies.
 - **ESG report** : Since 2024, 11 reports have been issued and obtained 3rd party verification statement, Launch bilingual (Chinese and English) report.
 - **Anti-corruption training** : 68 training hours at Taiwan HQ.
 - **Regulatory compliance** : No major violation. 153 training hours of legal courses for employees in Taiwan HQ.
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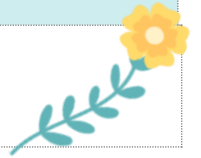
Performance On Material Topic Indicators

| | Material Topic | Indicators | Region | 2023 performance | 2024 Performance | Management Approach Relevant Chapter |
|---------------|---|--|---|--|--|--|
| Economic | Economic Performance ² | Revenue Sales volume (sewing machine) | Group Group | NT \$ 7.6 billion 1.7 million units | NT \$ 8.3 billion 1.9 million units | 1.3 Operational Overview and Financial Information |
| | Procurement Practice ⁶ | Proportion of supplier transaction amounts | Taiwan HQ ZH Vietnam Shinco ZH China | 93% were Taiwan suppliers 68% were Vietnam suppliers 99% were Vietnam suppliers 87% were China suppliers | 95% were Taiwan suppliers 60% were Vietnam suppliers 81% were Vietnam suppliers 87% were China suppliers | 4.5 Supply Chain Management |
| | Indirect economic impact & local community ⁸ | Donations since 2010 (NT \$ million) Number of sewing machines since 2010(units) | Taiwan HQ Taiwan HQ | 12.83 1,621 sewing machine 、53 vacuum cleaner | 14.08 1,788 sewing machine 、59 vacuum cleaner | 6.2 Zeng Hsing Volunteer Team |
| Environmental | GHG Inventory ⁵ | Energy Consumption (KJ) Carbon emissions (tonCO ₂ e) – Category 1&2 | Group Group | 52,673 14,000 | 55,167 15,000 | 7 Eco-Sustainability |
| | Waste ⁹ | Waste Recycling Rate & Wastewater Testing (Recycling rates for ZH Vietnam and Shinco exclude general municipal waste.) | Group | 73% ; Qualified | 78% ; Qualified | 7 Eco-Sustainability |
| | Green design ¹⁰ | Resource Reduction- Green Design Project ; Carbon Reduction through Second-hand Sewing Machine Recycling, Refurbishment, and Resale | Group Taiwan HQ | 5 (Parts standardization, Eco-friendly packaging materials, Reduced use of mold steel) -23 tonCO ₂ e | 7 (Parts standardization, Eco-friendly packaging materials, Reduced Power Consumption) -23 tonCO ₂ e | 7.3 Reduction in energy demand for products and services |
| | Water and discharged water ¹¹ | Water Intensity (M3/ Sewing Machine) | Group | 0.11 | 0.07 | 7 Eco-Sustainability |

| | Material Topic | Indicators | Region | 2023 performance | 2024 Performance | Management Approach Relevant Chapter |
|---------------|---|---|------------------------|---|--|---|
| Social Impact | Training and Education ¹ | Average training hours per employee (hours) | Group | 20 | 19 | 5.3 Employee training and development |
| | Occupational Safety and Health ³ | Recordable occupational injury rate | Group | 0.19 | 0.17 | 5.4 Occupational Health and Safety Management |
| | Customer Health and Safety ⁴ | Major Violations Resulting in Fines or Penalties (cases) | Group | No relevant complaint cases were received. | No relevant complaint cases were received. | 4.4 Customer Health and Safety |
| | Labor relations ⁷ | Complaint cases Return-to-work rate and retention rate after maternity leave (Not applicable to other regions.) | Group Taiwan HQ | 2 cases, both closed after consensus was reached. 50%; 67% | 0 case 100%; 50% | 5.2 Employee Benefits and Rights |

Note:

1. The energy intensity scope includes the group's four plants and Mitsumichi Industrial Co., Ltd.
2. The total carbon emissions scope includes the group's four plants, Mitsumichi Industrial Co., Ltd., Taiwan Cheer Champ Co., Ltd., and RICCAR Sewing Studio.



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1 Organization Profile

1.1 About Zeng Hsing

In 1968, Shin Shing Industrial Co., Ltd was established in Taichung County, Taiwan. (formerly known as **Zeng Hsing** Industrial) initially specialized in processing operations. In 1980, the company began a technical collaboration with Japan-based Riccar Co., Ltd., marking its transformation from an OEM manufacturer to an ODM enterprise producing high-grade aluminum alloy sewing machines. With over 57 years of operation, Zeng Hsing has consistently achieved annual sales exceeding one million units, maintaining stable production capacity while continuously launching innovative products to ensure customer satisfaction and strengthen its market position.

Zeng Hsing' s headquarters is located in Taiping District, Taichung City, Taiwan (hereinafter referred to as the **"Taiwan HQ"**). Taiwan HQ includes departments such as Strategic Development, Sales & Marketing, HR, R&D, Engineering, Quality Assurance, Finance, and Riccar. The company' s primary production base is Zeng Hsing Industrial Co., Ltd Vietnam (hereinafter referred to as the **"ZH Vietnam"**), located in Binh Duong Province, operating two fully integrated facilities handling aluminum die-casting, CNC, plastic injection, printing, assembly, and packaging. ZH Vietnam contributes about 91% of the group' s output and manufactures commercial vacuum cleaners.

The second-largest manufacturing base is Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd. in China (hereinafter referred to as **"ZH China"**), which contributes about 9% of the group' s total sewing machine production capacity. Furthermore, Zeng Hsing operates Shinco Technologies Co., Ltd. (hereinafter referred to as **"Shinco"**), which specializes in aluminum die-casting services. This entity not only manufactures die-cast components for sewing machines but also provides OEM die-casting parts for automotive and motorcycle industries.

Leveraging its strong manufacturing base and complete supply chain, Zeng Hsing aims to offer affordable, practical sewing machines. Expanding into Taiwan and Vietnam' s domestic markets presents opportunities for growth. Taiwan consumers demand high product quality and, with a growing middle class, exhibit strong interest in fashionable and functional clothing. By leveraging its precision manufacturing and innovative design capabilities, Zeng Hsing aims to deliver high-quality, high value-added sewing machines. On the other hand, Vietnam' s rapid economic development and relatively low labor costs have made it a global manufacturing hub. With rising living standards, the domestic demand for garments and home textiles in Vietnam is also increasing. By partnering with local distributors, Zeng Hsing seeks to leverage Vietnam' s production advantages to develop affordable and reliable sewing products for the local market.

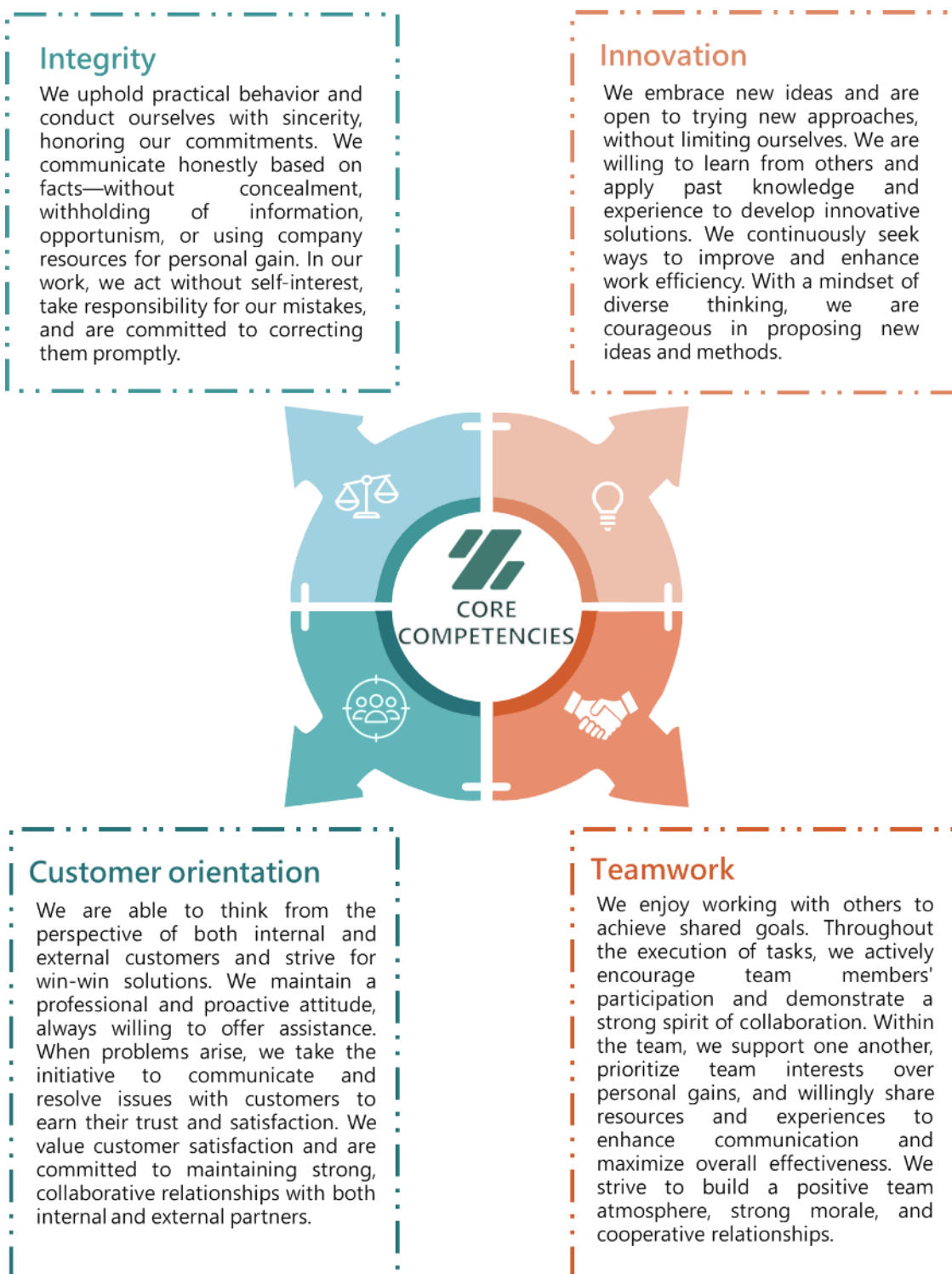
Zeng Hsing will continue to focus on strengthening its core business revenue by optimizing manufacturing processes and enhancing service quality, thereby ensuring a stable operational foundation. At the same time, the company is actively pursuing strategic cross-industry partnerships to expand market reach and explore innovative applications. To unlock new growth drivers, Zeng Hsing will invest in non-core areas and develop new business opportunities, targeting high-potential niche markets to diversify its revenue streams. To deepen customer relationships, the company is enhancing collaboration with key clients and

expanding its portfolio of value-added solutions. Its product strategy will emphasize differentiation, energy efficiency, carbon reduction, and eco-friendly design, while continuously enriching its product lineup to meet diverse market demands.

Internally, the company will enhance organizational efficiency and responsiveness through improved management systems. Zeng Hsing also plans to integrate group-wide resources to maximize synergies across R&D, marketing, and human resources. In terms of competitiveness, the company will combine innovative technologies, production efficiency, and strategic planning to build long-term advantages. To ensure successful strategy implementation and sustainable growth, Zeng Hsing will prioritize the development and training of key talent, fostering a professional and resilient team to support the company's next stage of development.



Zeng Hsing' s core competencies are designed to ensure the organization possesses the essential skills and capabilities for sustainable growth—critical to the company' s success. All employees are expected to demonstrate and align with the Group' s four core competencies: Integrity, Innovation, Customer Orientation, and Teamwork. To embed these values throughout the organization, the core competencies are introduced during new employee orientation and reinforced through annual performance evaluations, which include competency assessments. This approach ensures a shared cultural foundation and supports the company' s long-term collective growth.



Basic Information

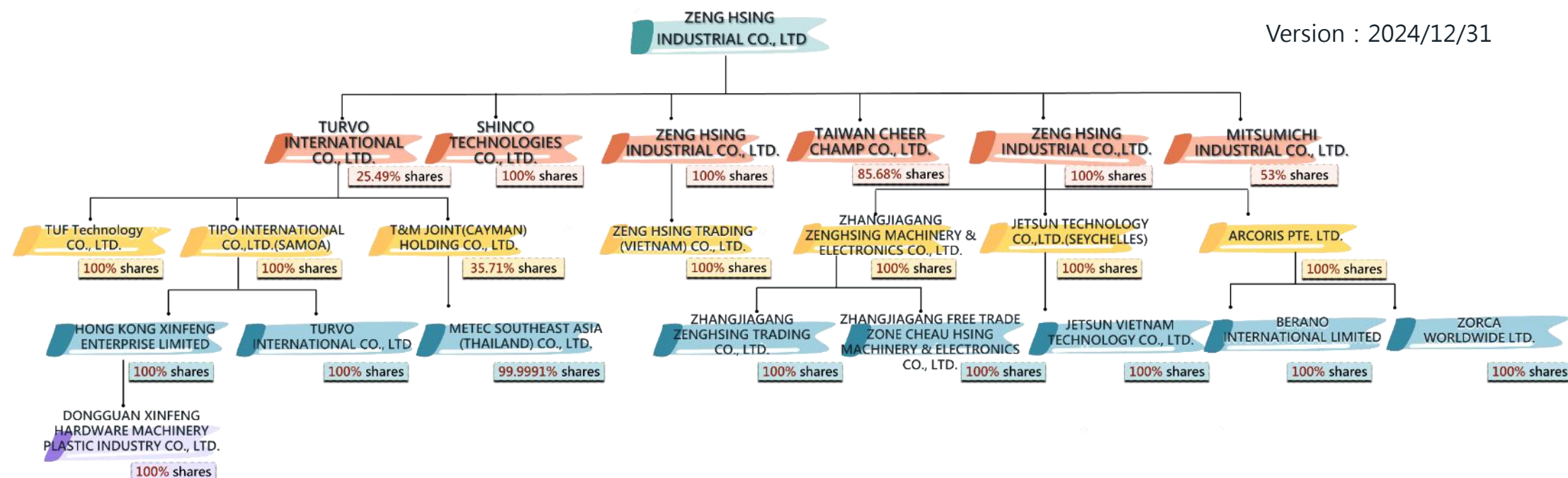
| Topic | Details |
|----------------------|---|
| Company Name | Zeng Hsing Industrial Co., Ltd. |
| Stock Symbol | 1558 |
| Industry Category | Manufacture of Machinery |
| Head Office | No.78, Yongcheng Rd., Taiping Dist., Taichung City 411, Taiwan (R.O.C.) |
| Chairman | Charles Lin |
| CEO | Leo Liu |
| Main Business | Household sewing machines and commercial vacuum cleaners |
| Listed Date | 2014/12/23 |
| Paid-up Capital | NTD 665,356,310 |
| Employees (ZH Group) | 2,437 (as of 2024/12/31) |
| Operating Revenue | NTD 8,337,227,000 |

Notes : Employees include ZH Taiwan, ZH Vietnam, Shinco and ZH China.

Organizational Changes in 2024:

- 2024/01/19 Maruka (Vietnam) Co., Ltd. changed its name to Zeng Hsing Trading (Vietnam) Co., Ltd. °
- 2024/05/21, Shanghai Debra Trading Co., Ltd. was officially deregistered.
- 2024/12/31, the shareholding in Turvo International Co., Ltd. was adjusted to 25.49%.
- In Q2 2024, the investment structure was adjusted: ZORCA WORLDWIDE LTD.'s 85.68% stake in its subsidiary Taiwan Cheer Champ Co., Ltd. was transferred to Zeng Hsing Industrial Co., Ltd., which now holds the same 85.68% stake.

Version : 2024/12/31



1.2 Operating Information

Since its founding, Zeng Hsing has been dedicated to the R&D and manufacturing of household sewing machines, becoming the first publicly listed company in this field in Taiwan. The company initially focused on OEM production of sewing machine parts but gradually transitioned to a fully integrated, end-to-end manufacturing model in response to growing market demand. This vertical integration strategy has enabled Zeng Hsing to optimize resource allocation, enhance production efficiency, and secure its position as a global leader in the household sewing machine industry.

Beyond production, Zeng Hsing continuously invests in key technologies to ensure its products align with market trends and evolving consumer needs. Zeng Hsing now offers a full range of household sewing machines, covering entry-level, mid-range, and high-end models. Technological advancements include Wi-Fi-enabled embroidery machines that support wireless file transfer, integrated with proprietary embroidery editing software and a mobile app. These innovations combine traditional craftsmanship with modern technology, significantly enhancing functionality and user convenience.

In line with its sustainability commitment, Zeng Hsing incorporates energy-saving and carbon-reducing technologies into product development. By reducing its carbon footprint and embedding eco-friendly design principles, the company is driving green innovation and sustainable growth—reinforcing its competitive advantage in the global market.

The following section provides an overview of Zeng Hsing's product line:



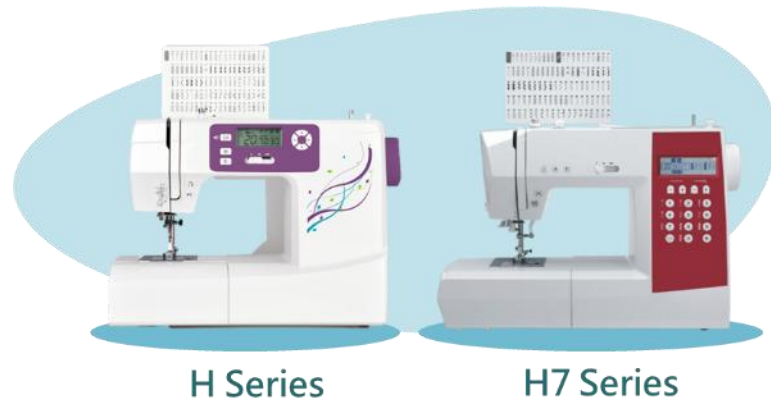
Traditional mechanical sewing machines utilize a cam mechanism (#1) to produce various stitch patterns. Due to limitations in the number of available patterns, these models are typically considered basic, entry-level machines. Mechanical sewing machines are generally categorized into two types based on the direction of the bobbin case: vertical



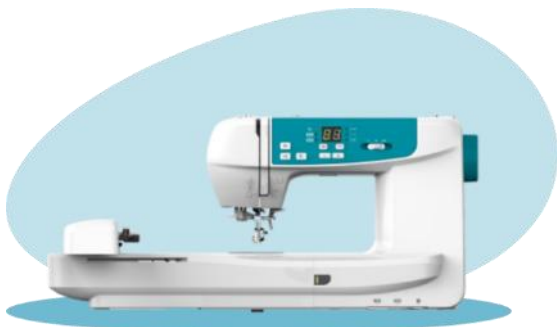
hook(#2) and horizontal hook(#3). The vertical type follows a conventional design with mostly metal components. While it is more affordable, it tends to generate more noise and requires a more complex setup for users. The horizontal type is a more modern development, offering quieter operation and easier setup, though it comes at a slightly higher cost. Although mechanical models have fewer stitch patterns and simpler features compared to computerized machines, they are valued for their durability and longevity.

✧ Computerized ✧

Computerized sewing machines use microcomputers and stepper motors to replace the traditional cam mechanism for stitch generation. Functions are controlled via a main circuit board, enabling a wider variety of stitch patterns and advanced features such as LCD displays, pattern editing, and memory functions. These enhancements significantly improve user convenience and allow for greater precision in the sewing process.

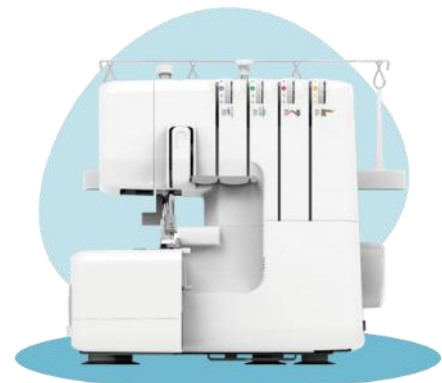


✧ Embroidery ✧



Embroidery machines are high-end models designed for dedicated sewing enthusiasts and professionals. With embroidery editing software or mobile apps, users can create unique, personalized designs and transfer them to the machine via Wi-Fi, cloud services, or USB. This enables a seamless and enjoyable creative experience.

✧ Overlock ✧



Compared to sewing machines, sergers (also known as overlock machines) are generally more complex to operate, primarily due to their threading system. While sewing machines typically require only one thread, sergers use 3 to 5 threads. They can simultaneously trim fabric edges and stitch over them, interlocking multiple threads to prevent fraying and unraveling. Sergers are indispensable tools in garment construction and dressmaking.

Vacuum Cleaner

In addition to strengthening sewing machine core business, Zeng Hsing is also actively engaged in the design and manufacturing of vacuum cleaners and related components. Its vacuum products are primarily commercial-grade, including upright and backpack models, ideal for large-area cleaning in hotels, retail stores, and offices. Designed for durability, extended operation, and high cleaning performance, the vacuums are equipped with high-efficiency HEPA filters that capture 99.97% of particles as small as 0.3 microns—effectively removing airborne dust, bacteria, odors, and other pollutants.

★ ➤ Commercial upright ➤ ★

The upright model is a best-seller in the North American market, offering powerful deep-cleaning performance for carpets. Its base features a clutch-driven agitator, allowing users to switch between carpet and hard floor modes as needed. The quick-release aluminum telescopic wand is also highly praised for enabling fast attachment changes, making it easier to clean sofas, corners, and narrow spaces. Additionally, the upright design allows the unit to stand independently, ensuring compact and convenient storage.



★ ➤ Backpack ➤ ★

The backpack model provides exceptional mobility, allowing users to move freely and clean hard-to-reach areas with ease. It is ideal for environments such as staircases, theaters, and airplanes, where maneuverability is essential. Designed with an ergonomic back panel and adjustable shoulder straps, the unit ensures a comfortable fit for users of various body types, even during extended use. This significantly enhances both cleaning efficiency and user comfort.



★ ➤ Cordless Backpack ➤ ★

The cordless backpack vacuum cleaner features a swappable rechargeable lithium battery, offering a more environmentally friendly alternative to disposable batteries. The cordless design eliminates the limitations of power cords in the workplace, enhancing mobility and cleaning efficiency. Its lightweight construction reduces physical strain on users and helps prevent workplace injuries caused by tripping over cords.



2024 List of Newly Developed Technologies and Products

| ZH model | Category | Key Features |
|---------------|------------------------------|---|
| H7XJ(S) | Computerized Horizontal Hook | Multi-Spec Platform Strategy Developed four H7-based models—entry, mid, high-end, and high-speed—to meet all market segments and boost penetration. |
| HXXR | Computerized Horizontal Hook | New Exterior Design Redesigned exterior parts deliver a stronger visual identity and a more modern look. |
| QM20AE2 | Electronic Horizontal Hook | Dual-Function Control Experience The start/stop button now supports short-press standard operation and long-press slow-forward mode for better control. |
| H72H/ H75H | Computerized Horizontal Hook | Enhanced Sewing Convenience Automatic thread trimming and Japanese stitch patterns improve efficiency and satisfy refined sewing needs. |
| H21L | Computerized Horizontal Hook | Localized Design for Global Markets Added Cyrillic font patterns to increase cultural relevance and market appeal in Russia. |
| H43E | Computerized Horizontal Hook | Tri-Color LED Button Design Tri-color LED buttons improve visibility and add a sleek, high-tech appearance. |

Each year, Zeng Hsing develops new sewing machine models based on customer requirements, offering a wide range of features—from exterior design and thread trimming functions to stitch patterns and user-friendly interfaces—to help clients launch products aligned with market trends. In 2024, Zeng Hsing focused on improving usability through features like the new slow-forward button and localized design elements, including Japanese and Russian stitch pattern displays. These upgrades not only meet consumer preferences but also significantly enhance sewing machine operational convenience.

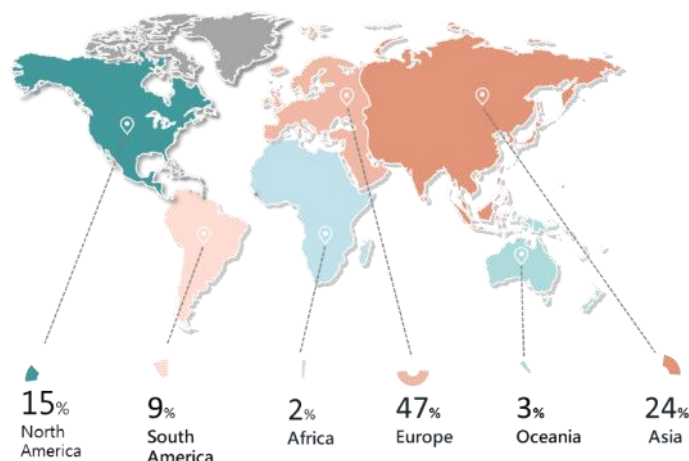
In 2024, Zeng Hsing successfully obtained a total of eight patents. The R&D team focuses on developing features that enhance operational convenience and machine adaptability. Zeng Hsing remains committed to actively pursuing patents to further strengthen product competitiveness and value innovation.

2024 Granted Patents

| Patent Type | Patent Title | Jurisdiction | Patent No. |
|---------------|---|--------------|--------------|
| Invention | Wireless Controlled Sewing System | Taiwan | I859076 |
| | Stitch Path Switching Device | Taiwan | I840959 |
| | Sewing Machine with Quick-Release Needle Plate | Taiwan | I834303 |
| | | U.S.A. | US12110624B2 |
| | High-Voltage DC Motor Control Device and Control Method | U.S.A. | US11942834B2 |
| Utility Model | Sewing Machine with TYPE-C Interface | Taiwan | M652597 |
| | | Germany | 20204100049 |
| | | Japan | 3245966 |

1.3 Operating and Financial Information

As a leading player in the home sewing machine industry, Zeng Hsing has been dedicated to technological innovation and new product development since its founding, continuously striving for excellence. Through outstanding product quality and first-class customer service, we have earned the trust and support of clients worldwide. Our comprehensive product portfolio is designed to meet the needs of various markets across the globe. To date, our customer base spans over 100 countries across six continents. We are not only committed to strengthening relationships with existing partners but are also proactively exploring new market opportunities and developing innovative products to expand our global footprint. Our goal is to extend our reach to every corner of the world and maintain a leadership position in every market we serve.



The year 2024 marked a period of transformation for Zeng Hsing. Despite the challenges faced globally in 2023, the company achieved steady growth in 2024. Total shipments of home sewing machines reached 1.9 million units, representing an 11% increase compared to the previous year.

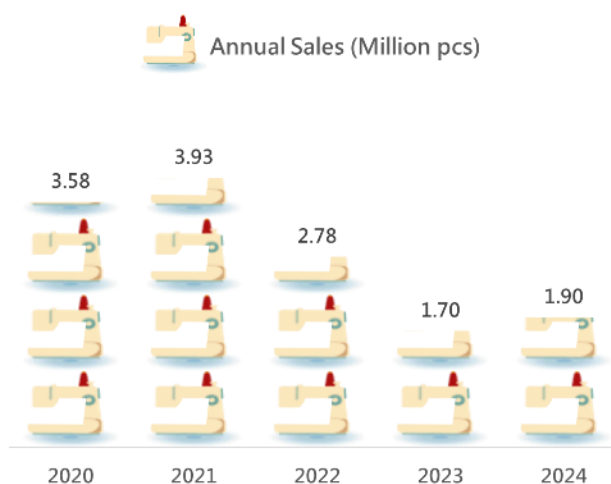
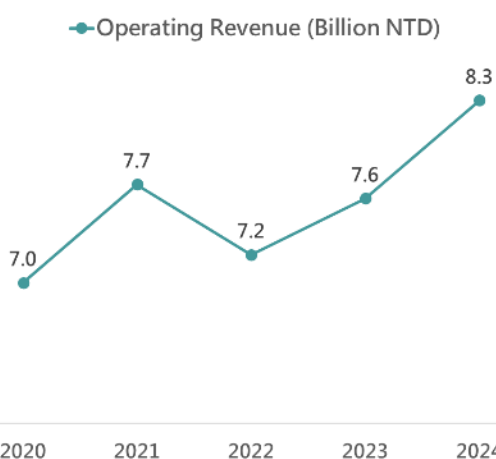
Overall, Zeng Hsing's global sales showed signs of strong recovery, with the European market growing by 10%, reflecting the success of our proactive market strategies. While challenges remain, our precise market expansion efforts and ongoing product innovation have laid a solid foundation for future growth.

Operational Data Overview

| Economic value | Item | 2023 | 2024 |
|-----------------------------------|--------------------------|-------|-------|
| Direct economic value | Operating Revenue | 7,558 | 8,337 |
| Economic value distributed | Operating Costs | 5,640 | 5,882 |
| | Operating Expenses | 1,399 | 1,524 |
| | Tax Expense (Income Tax) | 73 | 281 |
| | Dividend Distribution | 366 | 253 |
| Economic value retained | | 80 | 397 |

* Unit : NT\$ million

* Operating Costs & Expenses include Employee salaries and benefits (salary expenses, labor and health insurance contributions, retirement fund provisions, other employee benefits).



(Note) Operating revenue has included Turvo since August 2022.

Since 2022, Zeng Hsing has acquired a 21.56% equity interest in TURVO Technology Co., Ltd., becoming its largest shareholder. On August 31, 2022, following a special shareholders' meeting held by TURVO Technology for a full re-election of its board and independent directors, Zeng Hsing obtained a majority of board seats. In addition, Zeng Hsing's legal representative was appointed as Chairman of the Board by the newly elected board of TURVO Technology, thereby granting the Company control over TURVO's relevant activities. As such, TURVO Technology has been included in Zeng Hsing's consolidated financial statements starting from the date control was obtained. From the date of consolidation through December 31, 2024, Zeng Hsing has gradually increased its stake by acquiring an additional 3.93% equity interest, bringing its total shareholding to 25.49% of TURVO Technology's common stock.

Material Topic Management Approach – Economic Performance

| | |
|---|---|
| Policy | Management Guidelines for Business Operations and Strategic Objectives. Sustainable Development Policy. |
| Goals and Commitments | <p>Short-term:</p> <ul style="list-style-type: none"> • Consolidate core business revenue • Optimize utilization of group resources • Strengthen supplier management • Continuously improving quality standards • Implement management optimization <p>Medium-term:</p> <ul style="list-style-type: none"> • Promote development of new businesses • Cultivate key talents • Deepen corporate philosophy across the organization • Mitigate operational risks <p>Long-term:</p> <ul style="list-style-type: none"> • Overcome industry constraints • Enhance core business competitiveness • Establish a solid foundation for long-term sustainability |
| Responsible Unit | Business Management Committee |
| Resources Invested and Actions Taken | Zeng Hsing has established the "Management Guidelines for Business Operations and Strategic Objectives," under which it regularly analyzes external environments, internal conditions, and risk assessments to formulate strategic goals and action plans. |
| Evaluation Mechanism | The Business Management Committee holds monthly management meetings to review production and sales performance, ensuring smooth and stable company operations. |
| Performance | <p>Zeng Hsing:</p> <p>2024 Operating Revenue: NT\$8.3 billion</p> <p>2024 Sewing Machine Sales Volume: 1.9 million units</p> |

1.4 Memberships of Associations

Zeng Hsing actively participates in sewing-industry associations to exchange knowledge, information, and practical experience, gaining deeper insights into industry trends and contributing to the advancement of the sewing sector. Zeng Hsing also engages in broader business associations—such as the Pan Shih Association, the Foundry Society, and the Mold & Die Industry Association—to expand cross-industry connections. Through these platforms, Zeng Hsing strengthens dialogue on political, economic, industrial, social, and technological issues, enabling the company to stay aligned with global developments, pursue innovation, and identify opportunities for transformation.

In 2024, Zeng Hsing joined the Taiwan Mold & Die Industry Association to enhance its mold R&D capabilities and manufacturing precision. By leveraging technical exchange and resource integration, the company aims to optimize product development processes, expand cross-industry collaboration opportunities, and further strengthen its order-taking capacity and market competitiveness.

Membership of association

| Groups | NO. | Association | Participation Role | Participants |
|----------------------|-----|---|--|--|
| Sewing Industry | 1 | Taichung Sewing Machine Association | Consultant Executive Board Members | ZH Chairman ZH CEO |
| | 2 | Taiwan Sewing Machine Industry Association | Consultant Executive Board Members Former Chairman | ZH Board Director ZH CEO ZH Chairman |
| | 3 | Taipei Sewing Machine Association | Member | ZH Chairman |
| Industry Association | 4 | The Entrepreneur Club | Member | ZH Chairman |
| | 5 | Binh Duong Taiwanese Business Association (BTBVN) | Member | Shinco CEO |
| | 6 | Taiwan Mold & Die Industry Association | Member | ZH Chairman |
| | 7 | Taiwan Casting Industry Association | Member | ZH Chairman |

2 Stakeholder Communication

The identification and engagement of stakeholders form the foundation of corporate social responsibility and sustainable development. To understand stakeholder concerns related to economic performance, corporate governance, human rights, labor practices, social impact, product responsibility, and environmental issues, Zeng Hsing gathers feedback through various internal and external channels—including the Shareholders' Meeting, Employee Welfare Committee, employee satisfaction surveys, and the customer service email system. These insights serve as important references for shaping future management strategies and policies.

2.1 Engagement with Stakeholders

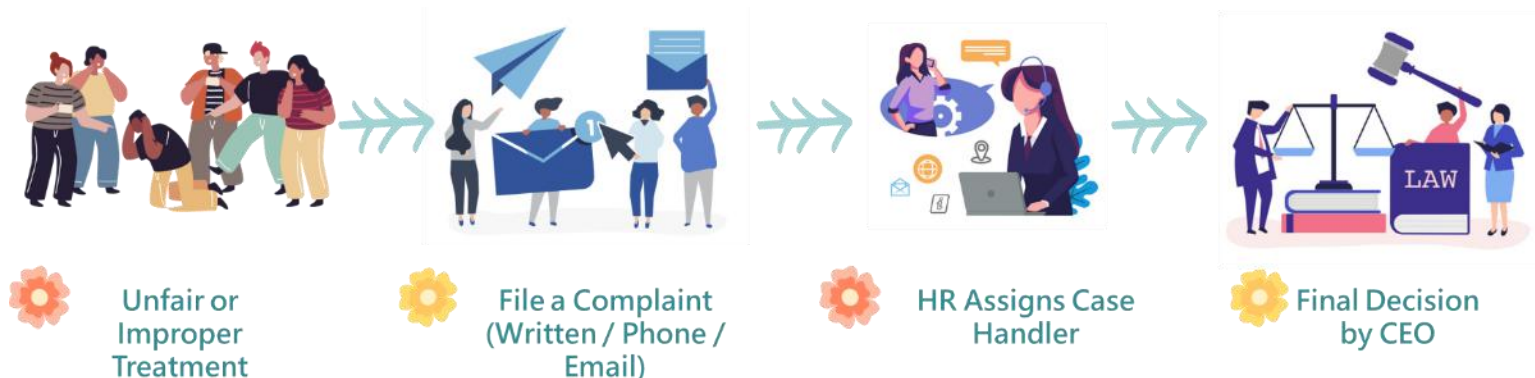
✿ Stakeholders' Key Concerns and Communication Channels

To achieve sustainable corporate development, Zeng Hsing engages with stakeholders through multiple communication channels to better understand their needs and expectations. Zeng Hsing employs a variety of methods to ensure effective two-way interaction with its stakeholders.

Within the Organization

Employee-related matters, including compensation and benefits, occupational health and safety, and company policies—are communicated openly through departmental meetings and weekly plant-wide meetings to ensure employees understand their rights and entitlements. Zeng Hsing has also established an Employee Welfare Committee and a labor union to plan and implement welfare programs, enhance job satisfaction, and strengthen team cohesion. The labor union further serves as a communication bridge between employees and management, supporting constructive labor–management relations.

To protect employees' legal rights, Taiwan HQ has implemented an **Employee Grievance Management Procedure**. Employees who experience unfair treatment or witness illegal or improper conduct that may affect individual or company interests may file a grievance in writing, by phone, or via email. The Human Resources Department appoints designated personnel to handle the case, conduct an investigation, and submit a report to the CEO for a final decision. If the grievance involves disciplinary action, a *Personnel Review Committee* will be convened to determine the appropriate measures.



Outside the Organization

Upstream suppliers receive information on product-related laws and regulations through supplier conferences. Downstream customers can learn about the Company and its products via the customer service email system or by phone. Other external stakeholders—such as investors, banks, and government agencies—can access the latest updates about Zeng Hsing through the Company’ s official website, television interviews, magazine features, and other media channels.

In addition, Zeng Hsing has established the following dedicated hotlines and email addresses as channels for internal/External communication and information exchange:

| Communication Channels | Contact Person | Hotlines | Email |
|-----------------------------|-------------------------------------|------------------|----------------------------|
| Switchboard Operator | | 04-2278-5177#9 | |
| Spokesperson | Jerome Chuang Associate Director | 04-2278-5177#182 | spokesman@zenghsing.com.tw |
| Deputy Spokesperson | Sam Chou Deputy General Manager | 04-2278-5177#885 | sam_chou@zenghsing.com.tw |
| Customer Service | Jenny Lin Department Manager | 04-2278-5177#151 | sales@zenghsing.com.tw |
| ESG Office | Claire Chung Department Manager | 04-2278-5177#589 | csr@zenghsing.com.tw |
| Procurement | Kelly Wan Department Manager | 04-2278-5177#255 | kelly_wan@zenghsing.com.tw |
| Integrity / Anti-Corruption | Vicki Hsieh Department Manager | 04-2278-5177#246 | report_zh@zenghsing.com.tw |
| Employee Grievances | Chiouru Lai Section Manager | 04-2278-5177#700 | hr@zenghsing.com.tw |



To help customers gain a clearer understanding of Zeng Hsing’ s ESG initiatives, the Company has produced annual posters since 2020 to highlight key sustainability achievements and distribute them to overseas clients. In addition, an English version of the sustainability report is published each year to align with international standards.



Stakeholder' s Concerns and Communication Mechanisms

| Stakeholder | Communication Topics | Communication Channels | 2024 Communication Performance |
|----------------------|--|--|--|
| Customers | Marketing and labeling, Labor practice and human rights, Green design, etc. | <ol style="list-style-type: none"> 1. Sales visits 2. Customer service email 3. Customer satisfaction survey 4. Email/phone communication 5. Product exhibitions 6. Customer factory visits 7. Customer human rights audits | <ul style="list-style-type: none"> ✓ Survey response rate reached 82%. ✓ Average satisfaction score of 8.0. |
| Shareholders / Banks | Corporate governance, Business performance, Anti-corruption, Tax policies, Regulatory compliance, etc. | <ol style="list-style-type: none"> 1. Institutional investor visits (monthly) 2. Annual shareholder meeting (annually) 3. Investor section on website 4. Shareholder contact window and email 5. Spokesperson and investor liaison 6. Bank visits and credit reviews (irregular) | <ul style="list-style-type: none"> ✓ Held 2 investor conferences and 1 shareholders' meeting. ✓ Published corporate sustainability reports in both Chinese and English annually. |
| Employees | Labor practice and human rights, Occupational health and safety, Training and education, Compensation and benefits, etc. | <ol style="list-style-type: none"> 1. Company website. 2. Employee Welfare Committee. 3. Labor union. | <ul style="list-style-type: none"> ✓ Held 4 Occupational Safety and Health Committee meetings, ✓ 6 on-site physician services, ✓ 4 labor-management meetings, ✓ No relevant complaints were received on the complaint hotline. |
| Government | Labor practice and human rights, Occupational health and safety, Regulatory compliance, etc. | <ol style="list-style-type: none"> 1. Official correspondence. 2. Meeting participation. | <ul style="list-style-type: none"> ✓ Participated in 5 promotional events hosted by Taiwanese government agencies. |
| Suppliers | Supply chain management | <ol style="list-style-type: none"> 1. Supplier conference. 2. Onsite audits. | <ul style="list-style-type: none"> ✓ Held 1 supplier conference and ESG promotion, ✓ 14 quality counseling/training sessions, ✓ 33 supplier CSR on-site visits. |

2.2 Stakeholder Identification and Material Topic Assessment

Topics: Governance Aspect (8 items), Environmental Aspect (6 items), Social Aspect (14 items)



In preparing its annual Sustainability Report, Zeng Hsing incorporates a materiality analysis to systematically identify topics that may have potential or actual positive or negative impacts on the environment, society, and the economy. This approach serves as a foundation for information disclosure and supports effective communication with various stakeholders.

Zeng Hsing' s materiality analysis process is structured into five key steps:

Step 1: Identifying Stakeholders

According to Zeng Hsing' s Sustainable Development Management Guidelines, stakeholders must be re-identified every three years, or within the same year if significant operational changes occur. The identification process is based on the five key principles of the AA1000 Stakeholder Engagement Standard: Dependency, Responsibility, Influence, Diverse Perspectives, and Tension. Each stakeholder group is assessed on a scale of 1 to 5, with 5 representing the highest relevance.

At the end of 2023, the ESG Committee invited its members to participate in the triennial stakeholder identification process. Referring to the AA1000 standards and benchmarking against peer companies, five primary stakeholder groups were identified from a list of 12 potential groups: Employees, Consumers/Customers, Suppliers/Contractors, Investors/Banks, and Government Agencies. The next re-identification process is scheduled for the end of 2026, in line with the Sustainable Development Management Guidelines.

Step 2: Collecting Relevant Topics



The topics were sourced from the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB) guidelines for the household appliances manufacturing industry, and requirements from the Taiwan Stock Exchange. A total of 28 material topics were compiled for 2024.

Step 3: Analyzing and Prioritizing Material Topics

Each topic was assessed by ESG Committee members and one external expert based on Zeng Hsing' s potential or actual positive and negative impacts on the economy, environment,

and society. A scoring scale from 1 to 3 was used. Based on the assessment results, the ESG Committee further analyzed and discussed the findings to identify material topics that require active management. Management approaches were then formulated for each material topic.

In 2024, a total of 11 material topics were identified. Compared to the previous year, there were no significant changes in the topics, although their ranking order showed minor variations. The same 11 material topics were maintained.

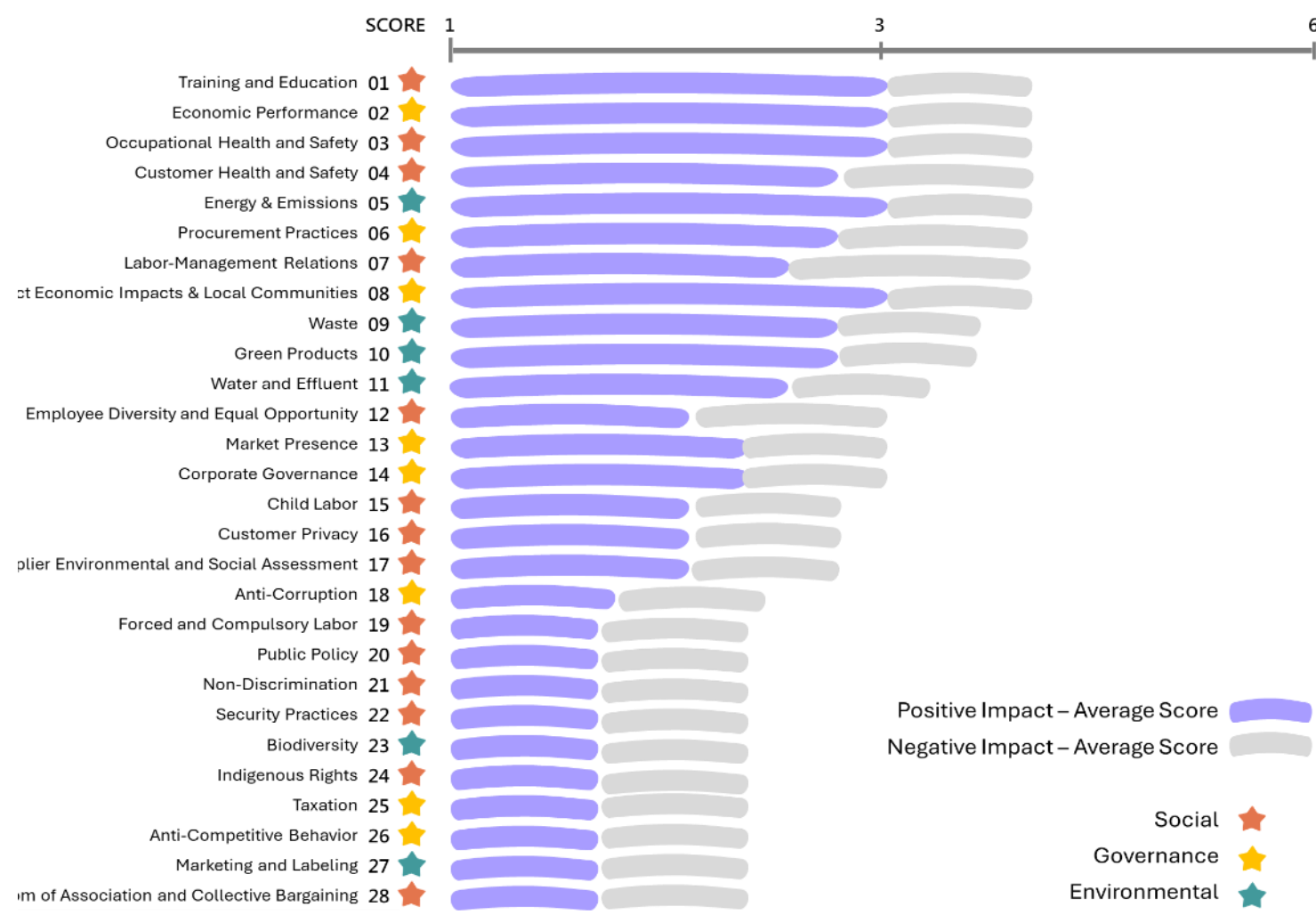
Step 4: Defining Topic Boundaries

Following the prioritization of material topics, internal discussions were conducted to determine the internal and external boundaries for each topic. These boundaries serve as the foundation for information disclosure in Zeng Hsing’ s future sustainability reports.

Step 5: Establishing and Implementing Response Mechanisms

The identified material topics are integrated into Zeng Hsing’ s daily operations and annual planning. These topics serve as a crucial basis for stakeholder communication and the formulation of the company’ s sustainability strategies.

2024 Material Topic Identification Results



✳ Material Topics and Impact Boundaries

★Causes ▲Directly Related ●Enables ■Governance ■Environmental ■Social

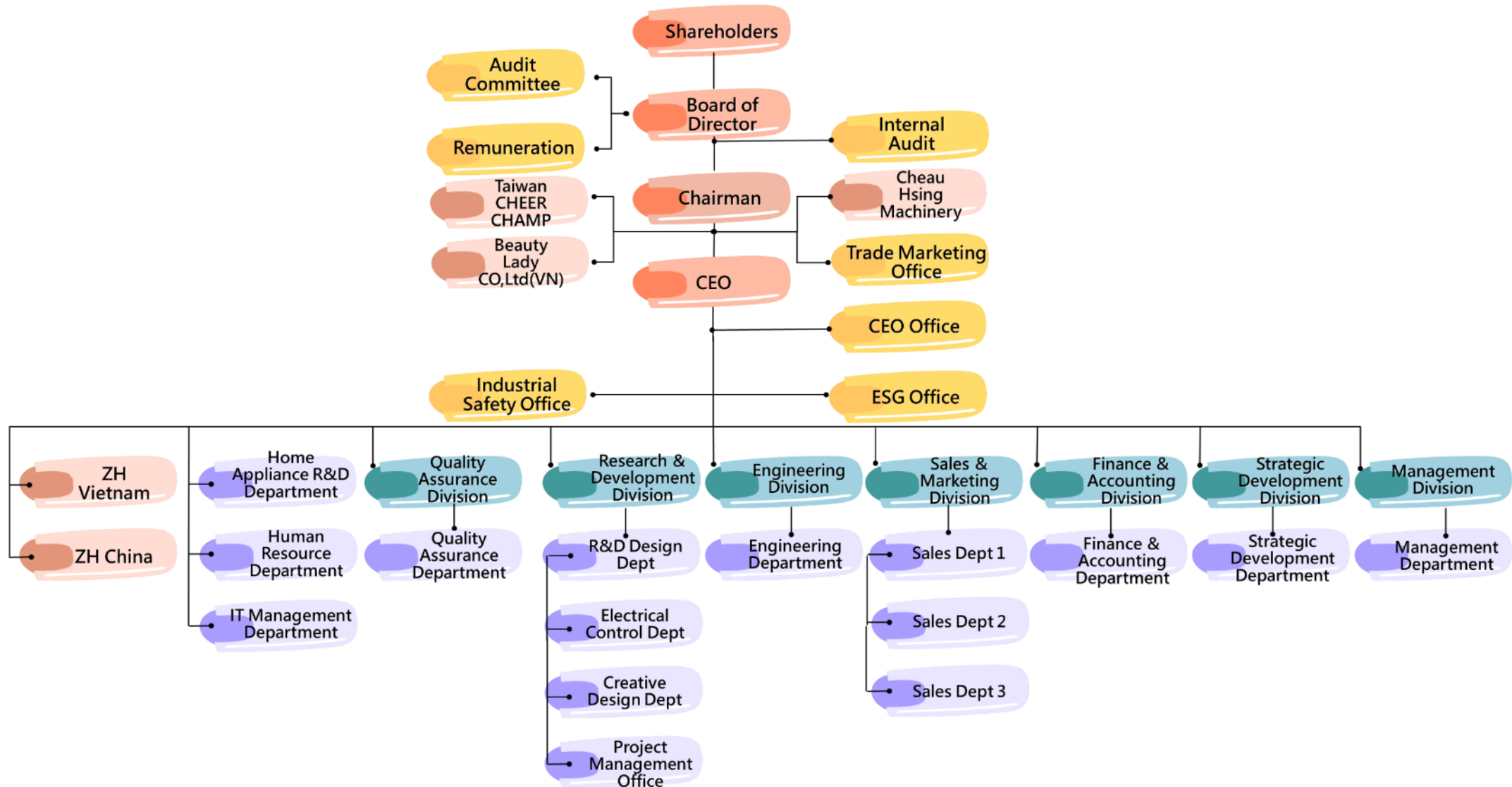
| Category | Priority Ranking | Material Topic | Zeng Hsing | Supplier | Customer | Corresponding Management Chapter |
|---------------|------------------|---|------------|----------|----------|--|
| Governance | 2 | Economic Performance | ★ | | | 1.3 Operating and Financial Information |
| | 6 | Procurement Practices | ★ | | | 4.5 Supply Chain Management |
| | 8 | Indirect Economic Impacts & Local Communities | ★ | | | 6 Social Engagement |
| Environmental | 5 | Energy and Emissions | ★ | ▲ | | 7.1 Energy Resource Consumption and Greenhouse Gas Inventory |
| | 9 | Waste | ★ | ▲ | | 7.2 Waste Management |
| | 10 | Green Products | ★ | | ● | 7.3 Demand of Products and Services |
| | 11 | Water and Effluents | ★ | ▲ | | 7.1 Energy Resource Consumption and Greenhouse Gas Inventory |
| Social | 1 | Training and Education | ★ | | | 5.3 Employee Education and Training |
| | 3 | Occupational Health and Safety | ★ | ▲ | | 5.4 Safety Culture and Responsibility |
| | 4 | Customer Health and Safety | ★ | ▲ | ● | 4.4 Customer Safety and Health |
| | 7 | Labor/Management Relations | ★ | | | 5.2 Employee Benefits and Rights |

3 Corporate Governance

3.1 Corporate Governance

Zeng Hsing' s Organizational Structure

Version : 2025/04/01



* The 11th Round (2024) Corporate Governance Evaluation ranking 21%~35%

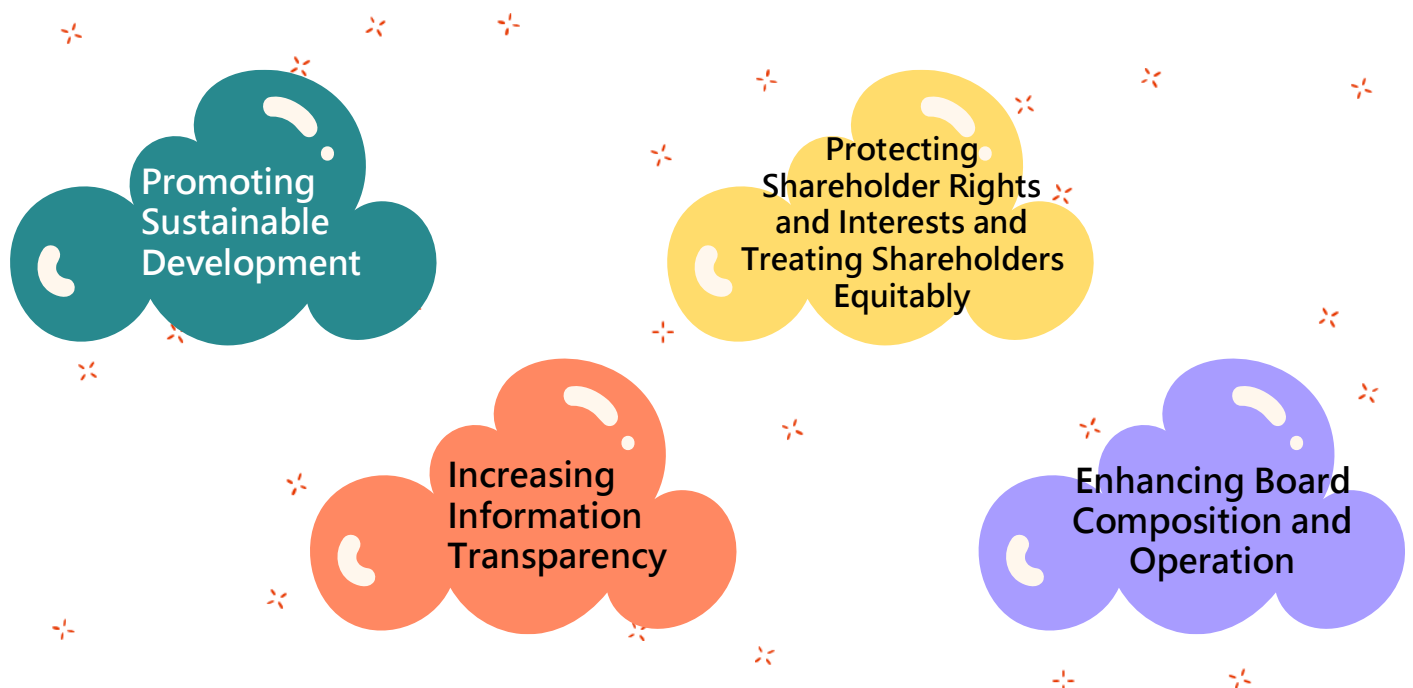
Zeng Hsing participated in the 11th Corporate Governance Evaluation for listed and OTC companies, jointly conducted by the Taiwan Stock Exchange (TWSE) and the Taipei Exchange (TPEX), and commissioned to the Securities and Futures Institute (SFI). This round evaluated a total of 1,754 companies, including 976 listed and 778 OTC companies.

In compliance with evaluation procedures, Zeng Hsing first completed a self-assessment, followed by an official review by the SFI. Zeng Hsing then submitted supplemental explanations for items that initially received no scores. As a result, Zeng Hsing was ranked within the **21st–35th percentile** among all listed companies¹.

In 2024, Zeng Hsing implemented ten improvement measures, including six newly added evaluation indicators and enhancements to four unscored items. These included uploading complete, uninterrupted recordings of shareholders' meetings, formulating workplace diversity and gender equality policies, and disclosing succession plans for board members and senior executives.

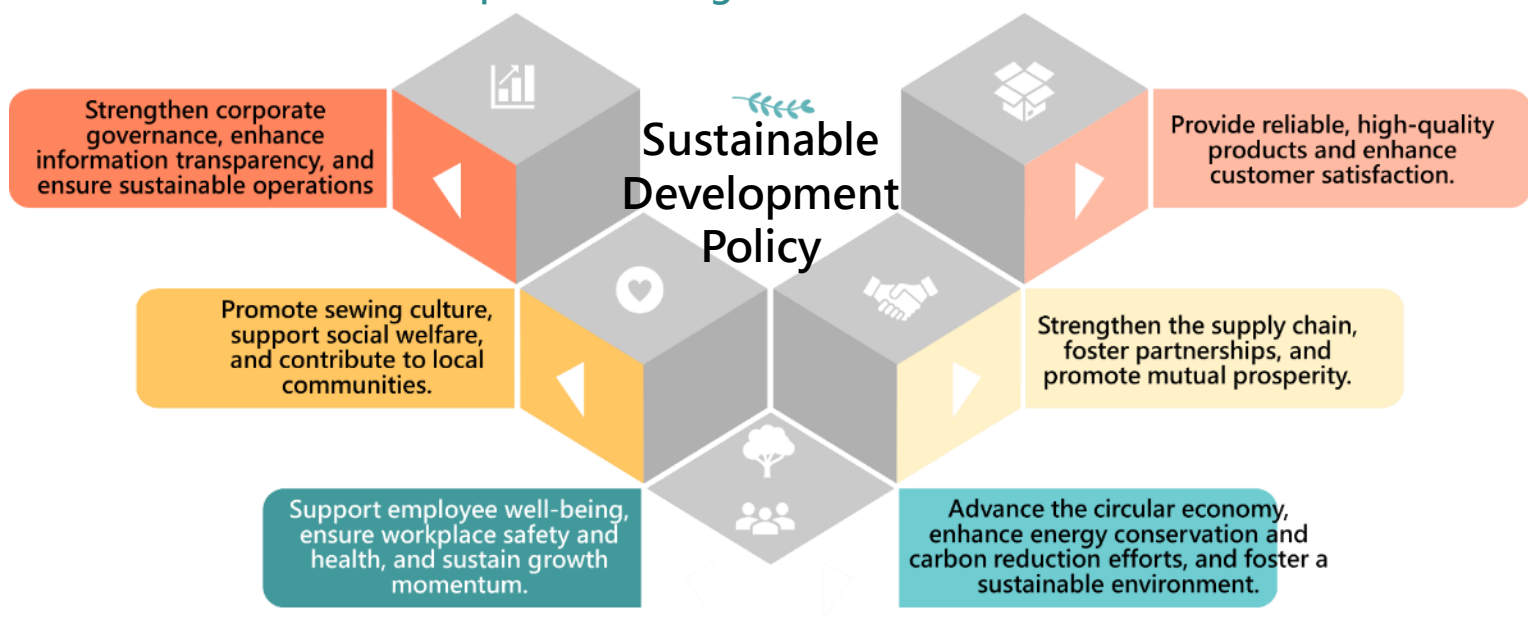
These efforts led to a 3% improvement in Zeng Hsing's overall evaluation score compared to the previous year—demonstrating Zeng Hsing's ongoing commitment to governance optimization. The evaluation also fosters greater stakeholder trust through a healthy system of constructive benchmarking and competition.

Looking ahead to 2025, Zeng Hsing will continue to advance its governance practices and actively strive for higher evaluation ranking.

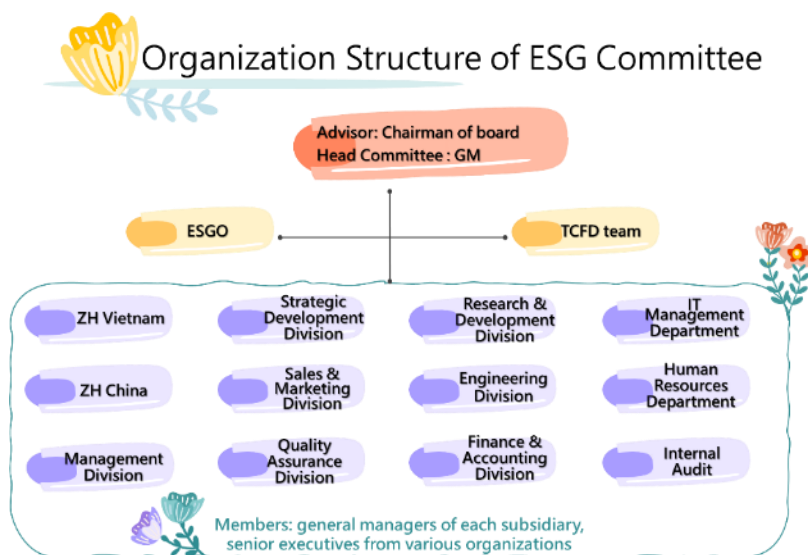


¹ According to the Corporate Governance Center's operational manual, evaluated companies are categorized into two groups: "Listed Companies" and "OTC Companies." Within each group, companies are ranked based on their evaluation scores and announced in seven percentile tiers: Top 5%, 6%–20%, 21%–35%, 36%–50%, 51%–65%, 66%–80%, and 81%–100%. All results are subject to review and approval by the Corporate Governance Evaluation Committee and the Advisory Committee of the Corporate Governance Center. Finalized rankings are then published on the official Corporate Governance website to ensure transparency and accessibility for investors.

3.2 Sustainable Development Management



In April 2018, Zeng Hsing officially established the Corporate Social Responsibility Office (CSRO) and simultaneously adopted a Corporate Social Responsibility Policy. A CSR Committee was also formed to continuously enhance and promote corporate social responsibility strategies. In alignment with global sustainability trends and Taiwan's regulatory developments, the CSRO was renamed the ESG Office (ESGO) in April 2023. Likewise, the CSR Committee was restructured as the Sustainability Committee (ESG Committee).



The Chairman of Board serves as the Advisor of the ESG Committee, while the General Manager serves acts as the chair. Department heads from various functional units are appointed as committee members responsible for promoting ESG policies related to their functions. Each unit designates one Executive Secretary and one Administrative Secretary to consolidate ESG-related data and support goal achievement in accordance with action plans.

Each year, ESGO monitors and analyzes global sustainability trends and risk topics. For example, the World Economic Forum's Global Risks Report is used to identify emerging risks and opportunities, enabling Zeng Hsing to proactively mitigate potential operational threats. After identifying material topics, ESGO evaluates related risks and opportunities and works with the ESG Committee to formulate corresponding strategies and implementation plans. Zeng Hsing's ESG goals and related performance outcomes are disclosed annually in the Sustainability Report to enhance stakeholder transparency.

At the end of each year, ESGO convenes an Annual ESG Goals Consensus Meeting to review recent sustainability developments, align future directions, and integrate cross-functional

resources. In Q2 of the following year, a Target Review Meeting is held, during which all ESG Committee members assess goal achievement across departments. Review outcomes are published in Zeng Hsing’ s internal ESG platform to ensure full organizational awareness.

The ESG Committee reports regularly to the Board of Directors on the progress of ESG policy implementation. Reports include results of materiality assessments, policy development, goal setting and execution, due diligence activities, and stakeholder engagement outcomes. The Board evaluates the reasonableness and implementation status of ESG strategies and assigns relevant responsible units. Adjustments are made as needed to ensure alignment with Zeng Hsing’ s long-term strategic direction.

2024 ESG Goals : A total of 87 ESG goals were established in 2024, with 81 goals achieved and 6 unmet, resulting in a 93% achievement rate. One of the unmet goals related to an increase in waste caused by the disposal of large volumes of historical paper documents during a digital transformation process. Although the waste reduction target was not met for the year, the action contributes to long-term waste minimization. All responsible departments have completed gap analyses and implemented corrective actions for the unmet goals.

2025 ESG Goals : In September 2024, ESGO used the six ESG policy pillars as the framework to define future development directions, which were confirmed by both the Advisor and Chariman. Thereafter, discussion meetings were held with senior managers, Executive Secretaries, and Administrative Secretaries from each department to determine their respective ESG goals. In October, the full ESG Committee convened to finalize the 2025 ESG Goals, resulting in 74 goals across 13 departments, with a primary focus on shareholder interests and environmental sustainability.

To further enhance ESG awareness across the organization, Zeng Hsing began developing a performance evaluate system in 2023 that incorporates ESG outcomes into employee and management evaluations, strengthening organizational alignment and accountability in ESG execution.

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Hsing initiated a pilot program to incorporate ESG goal achievement rates as one of the reference criteria for the performance of senior executives, including the General Manager and Chairman. This initiative highlights the importance of ESG targets in overall corporate performance assessments and reinforces senior management’s commitment to ESG development.



Each department’ s ESG performance status was reported during the ESG Target Review Meeting for review by the Chairman and GM.

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Zeng Hsing plans to formally integrate ESG indicators into the performance evaluation system for mid- and senior managers. ESG targets will account for 5% of the total performance evaluation score. Since evaluation results are directly linked to compensation, this measure will further motivate active engagement of the management team in ESG initiatives.

Department heads have completed the configuration of ESG-related indicators in the performance evaluation system, assigning them a weight of 5%.

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The company will continuously monitor the effectiveness of ESG implementation and, depending on results, assess the need for extending ESG-linked evaluations to all employees. Through regular assessments and feedback mechanisms, the company aims to refine and optimize its ESG promotion strategies to ensure long-term effectiveness and tangible results.



3.3 Implementing Ethical Business Practices

Integrity and sound corporate development are fundamental expectations for all listed companies. At Zeng Hsing, “Integrity and Pragmatism” is the foremost of our four core business principles. This value serves as the foundation of our corporate competencies, by example from top management, cascaded to all employees, and extended outward to suppliers and customers. Together, we aim to cultivate a healthy and ethical industrial ecosystem that truly embodies our commitment to responsible and pragmatic operations.

To strengthen integrity governance, Zeng Hsing has designated the Strategic Development Division as the dedicated unit responsible for promoting ethical business practices. This division is tasked with formulating relevant policies, implementing anti-corruption measures, and overseeing responsible business conduct across the organization. It also performs periodic reviews and evaluations to ensure the effectiveness of internal controls and compliance processes, with findings reported to the Board of Directors. The most recent implementation report was presented to the Board on December 24, 2024.

Internal Advocacy and Employee Training

The Strategic Development Division at the Taiwan headquarters continues to promote integrity through ongoing education and training. Dedicated training programs on ethical conduct are available via the internal eHRD platform. In 2024, a total of 257 employees from headquarters and business units, along with 22 new hires, completed the online training.

To further strengthen stakeholders’ awareness of ethics and compliance, Zeng Hsing incorporated the promotion of its anti-corruption policies into the Board of Directors’ May 2024 meeting agenda. In addition, a **Whistleblower Management Policy** and secure reporting mechanisms have been established to prevent misconduct, fraud, and corruption. These measures support a robust internal control environment, ensuring early detection and appropriate response to unethical behavior.

Supplier Engagement on Integrity

To reinforce Zeng Hsing’s commitment to ethical business practices throughout the supply chain, we promoted its core values and anti-corruption policies in 2024 to 303 suppliers across the Group. We encourage all suppliers to align with our integrity standards, combat corruption, respect intellectual property rights, and comply with confidentiality agreements, working collaboratively toward a transparent, fair, and sustainable supply chain.



Whistleblowing Mechanism

Zeng Hsing has established internal and external whistleblowing channels. On July 11, 2023, we introduced a dedicated email address (report_zh@zenghsing.com.tw) for anonymous reporting of unethical practices, including bribery, improper benefits, fraud, and coercion.

Reports are handled according to the Whistleblower Management Policy, which aligns with Zeng Hsing’s Code of Ethical Conduct and Principles for Integrity Management. The General Manager and the Head of the Audit Office are responsible for reviewing cases. Within three days of receipt, whistleblowers are notified whether their case will be accepted for

investigation. A task force is formed within seven days, and findings are to be concluded within 30 days. Investigation members are required to sign confidentiality agreements to safeguard whistleblower anonymity.

In 2024, no reports were received through the whistleblower email.

✿ Anti-Corruption Audits

To effectively manage anti-corruption efforts, Zeng Hsing has established a comprehensive framework that includes the *Work Rules*, *Code of Ethical Conduct*, *Integrity Business Code*, and *Integrity Business Operation Procedures and Conduct Guidelines*. These policies provide ethical standards that guide the behavior of directors, executives, and employees.

The company strictly prohibits all forms of corruption, bribery, extortion, and related misconduct. It has also implemented a *Whistleblower Management Policy* to promote a culture of **Integrity and Pragmatism**, encouraging employees to report unethical behavior while ensuring their protection. Any employee found guilty of corruption-related misconduct is subject to dismissal.

In 2024, **there were no reported cases of employee dismissal** due to corruption, bribery, or extortion within the Zeng Hsing Group.

To ensure effective implementation of its anti-corruption policy and ethical conduct standards, Zeng Hsing adopted the following practices:



The Audit Office included **all operational activities** in the 2024 Annual Audit Plan, which was reviewed and approved by the Board of Directors. All audit tasks were executed in accordance with the plan, and formal audit reports were issued. **No significant fraud or misconduct** was identified during audits conducted in 2024.

3.4 Risk Management

✳ Operations and Management Committee

The global economic landscape is growing increasingly complex. A downturn in consumer markets weakens global growth, reducing demand for non-essential goods. The ongoing Russia-Ukraine conflict continues to disrupt recovery, as increased defense spending in Europe and the U.S. diverts resources. Meanwhile, the U.S.-China trade war, geopolitical tensions, and energy price volatility further destabilize financial markets. Looking ahead to 2025, the global economy faces continued uncertainty, with exchange rate fluctuations and changes in tariff policies potentially exerting significant influence on global trade and growth.

Zeng Hsing' s Operations and Management Committee hold monthly meetings. The Strategic Development Division compiles data on macroeconomic trends, peer industry conditions, sewing machine market dynamics, raw material prices, and exchange rates to produce a monthly Global Economic Trend Report, which supports strategic decision-making. In response to external challenges, the division also leads organizational transformation and process reengineering efforts.

In September 2024, Zeng Hsing convened the TMT Strategy Forum, followed by the Business Strategy Presentation in November, to define long-term business and organizational development goals. The Strategic Development Division continues to track goal execution across departments and adjusts strategies as needed through variance analysis and target revision, aiming to enhance performance and mitigate operational risk.

The 2025 risk assessment identified key threats: global inflation, exchange rate volatility, raw material and logistics cost increases, shifting trade tariffs, rising competition from low-cost, high-quality Chinese manufacturers, and cybersecurity threats. In response, the Strategic Development Division provides regular trend analysis to the committee and supports actions such as:

- Strengthening customer relationships
- Integrating and optimizing group resources
- Streamlining operations and innovating processes
- Enhancing talent development across departments
- Promoting cross-functional collaboration
- Reinforcing information security controls and audits
- Diversifying into other industries to increase non-operating income

These initiatives aim to maximize resilience and drive sustainable strategic growth.

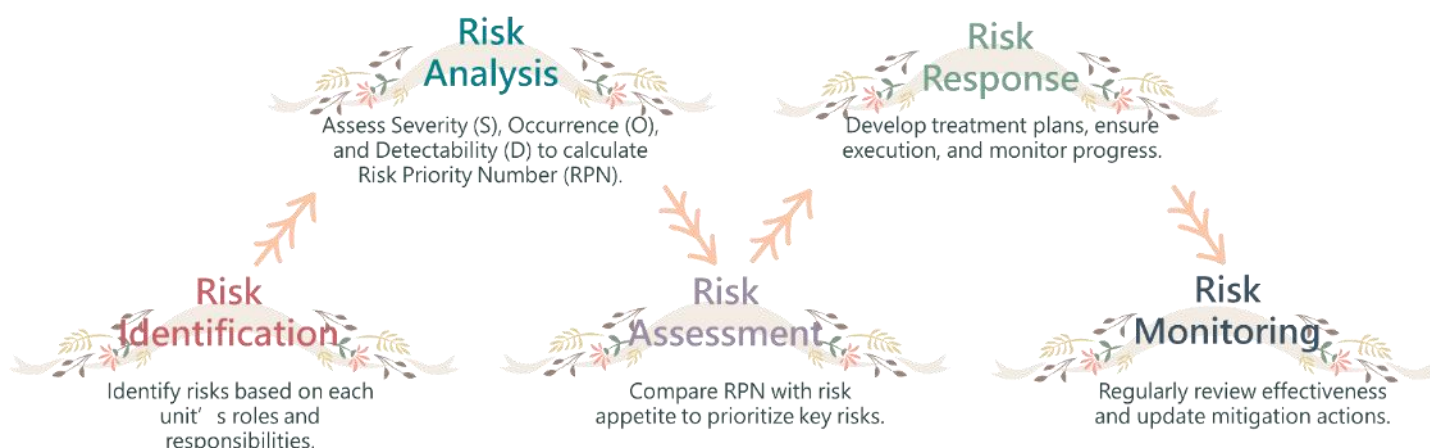
✳ Group Audit Plan

Zeng Hsing' s Board of Directors has established an Audit Office responsible for formulating the annual audit plan in accordance with regulatory requirements. Audit items are selected based on risk assessments and historical deficiencies. The audit scope includes the eight major internal control cycles, information security, and compliance with laws and regulations.

Audits are conducted in line with the approved plan, and results are documented in formal audit reports. Following report submission, the Audit Office conducts follow-up reviews to ensure that deficiencies in internal control systems and identified anomalies have been properly addressed by the responsible departments. These efforts help effectively mitigate operational risks across the group.

✿ Risk Management Committee

Zeng Hsing has established a **Risk Management Committee**, supported by a **Risk Management Task Force** led by the General Manager. Each operational department is responsible for identifying, analyzing, assessing, and responding to risks related to its functions, ensuring effective execution of risk management procedures.



In 2024, a total of nine risk drills were conducted across departments, including 2 cybersecurity drills, 1 restricted substance exceedance drill, and 6 safety and fire drills at various facilities. These efforts demonstrate Zeng Hsing's proactive approach to risk prevention and response.

✿ Response to Climate Change Risks

In alignment with its ISO9001, ISO 14001, ISO 45001 certifications, Zeng Hsing has established a Quality+Environmental+Occupational Health and Safety Management Manual. These frameworks emphasize the identification, mitigation, improvement, and management of environmental and operational risks, reinforcing Zeng Hsing's strong commitment to occupational safety, employee health, and regulatory compliance.

Beyond quality and environmental risks, Zeng Hsing places equal importance on climate change mitigation and energy management. According to the World Economic Forum's Global Risks Report 2024, "extreme weather events" have ranked as the second most severe global threat over the past two years and are projected to remain among the top global risks in the coming decade. Notably, the top four global risks identified are all environmental in nature. Extreme climate events are expected to directly affect the global economy — for instance, raw material shortages caused by weather anomalies or supply chain disruptions triggered by severe weather conditions. These large-scale risks are escalating in severity and cannot be overlooked.

To strengthen resilience, Zeng Hsing continues to enhance its risk identification and forecasting capabilities. The Company reassesses the current and potential impacts of climate-

related risks, reinforces preparedness and response strategies, and aligns its disclosure practices with the Task Force on Climate-related Financial Disclosures (TCFD) framework. Following TCFD recommendations, Zeng Hsing has developed systematic procedures for assessing climate-related risks and opportunities, formulating corresponding strategies, and setting climate-related goals. These activities are reviewed and implemented on an annual basis.

Furthermore, as governments around the world gradually reduce or phase out subsidies for coal and fossil fuels, regulatory shifts related to climate change are reshaping the business landscape. As highlighted in the TCFD risk identification framework, such regulatory changes—such as reduced subsidies for energy-intensive or polluting industries and the introduction of carbon or fuel taxes—can lead to transition risks. Companies must assess the potential financial impacts of these changes and proactively devise mitigation strategies. In this regard, Zeng Hsing remains committed to aligning with the latest global climate standards and utilizes the TCFD framework to structure its climate risk identification process, enabling the Company to recognize and respond to both the risks and opportunities presented by climate change.

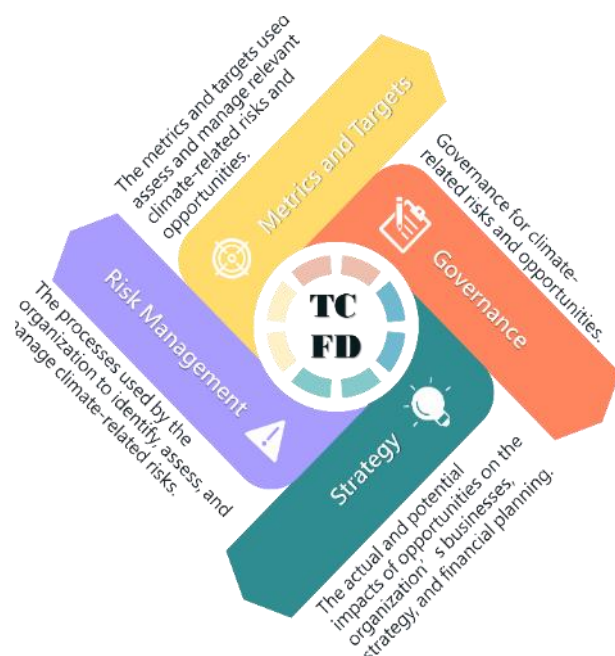
The Company has adopted the TCFD framework to define its governance structure, strategic approaches, risk and opportunity assessment processes, and relevant indicators and targets. Under the ESG Committee, Zeng Hsing has established a dedicated TCFD team, which convenes at least once a year to report on implementation plans, progress, and outcomes to both the ESG Committee and the Board of Directors.

The TCFD Working Group meetings focus on sharing regulatory developments and industry trends, conducting risk and opportunity identification, which is comprehensively reassessed every three years—and evaluating the potential impacts of climate change on the Company's operations. Climate-related considerations are integrated into strategic and business planning. In addition, the Group has established a climate risk management process that is incorporated into the Company's overall risk management framework.

Zeng Hsing actively implements energy conservation and carbon reduction initiatives to lower greenhouse gas emissions and mitigate the impacts of climate change. Through these continuous efforts, the Company seeks to strengthen its climate resilience and contribute to global sustainability goals.

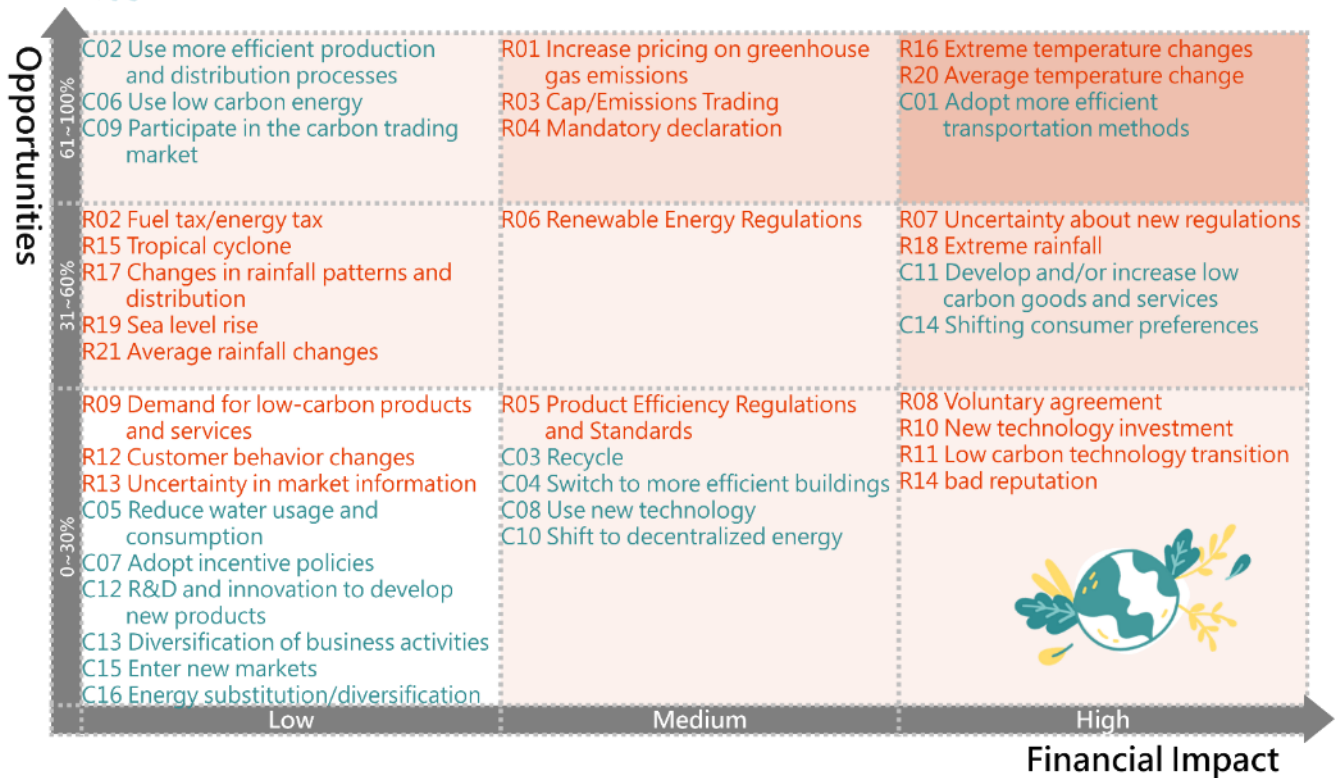
✿ Risk and Opportunity Identification

In 2024, through joint discussions within the TCFD team, a Risk and Opportunity Matrix were developed (as shown in the chart below). It identified 3 opportunities, 4 transition risks, and 3 physical risks that require action and the formulation of corresponding management strategies.





Risk and Opportunity Matrix



Notes :

1. Coding description: **R=RISK**, **C=Chance**, the number is for convenience query and has nothing to do with possibility/financial impact degree/sorting.
2. Priority likelihood and financial impact are divided into 3 levels.



Target Setting

Opportunity

C01

The green design of packaging material reduction can not only reduce paper raw materials, also improve transportation efficiency and reduce carbon emissions.

C11 · C14

The R&D team researches green designs related to sewing machines every year, such as reducing energy consumption, material reduction, etc.

Risk

Transition risk

R01 · R03 · R04 · R07

Changes in climate change regulations may increase carbon emission-related costs, such as carbon fees and carbon taxes, and require regular reporting of relevant carbon emission data.

Physical risk

R16 · R18 · R20

It may exacerbate climate disasters and cause losses due to work stoppages.

Target

- Since 2014, Zeng Hsing has implemented the **ISO 14064-1 Greenhouse Gas Inventory** Standard and conducts annual inventories and internal verifications to systematically track emissions and support carbon reduction management. **External verification** began in 2023 to ensure regulatory compliance.
- Based on inventory results, the Vietnam subsidiary is the main source of GHG emissions. To improve energy efficiency, it adopted the **ISO 50001 Energy Management System** in 2017 and received third-party certification in 2018. The plant also operates an electricity monitoring system for regular data analysis and continuous energy optimization.
- The ESG Committee requires each site to **set annual environmental performance targets**, covering GHG intensity, carbon reduction, waste reduction, and water efficiency. Through data monitoring and improvement actions, Zeng Hsing enhances resource efficiency and reduces environmental impact.
- At the Taiwan headquarters, **solar panels** were installed on new factory buildings, generating about 100,000 kWh of electricity per year and creating approximately NT\$400,000 in revenue. This demonstrates Zeng Hsing's active commitment to energy transition and renewable energy development.
- For details on **green product design and carbon footprint reduction**, see Chapter 7.3 Reducing Energy Demand in Products and Services.



✳ Corporate Information Security

To strengthen information security governance and effectively manage cybersecurity risks, Zeng Hsing established a comprehensive information security framework in 2020. In accordance with the Information Security Committee Charter, a cross-functional Information Security Management Committee was formed, consisting of three execution teams: Information Security Promotion, Information Security Technical, and Incident Reporting & handling. The committee, chaired by general manager, ensures that cybersecurity issues are integrated into the Company's governance system.

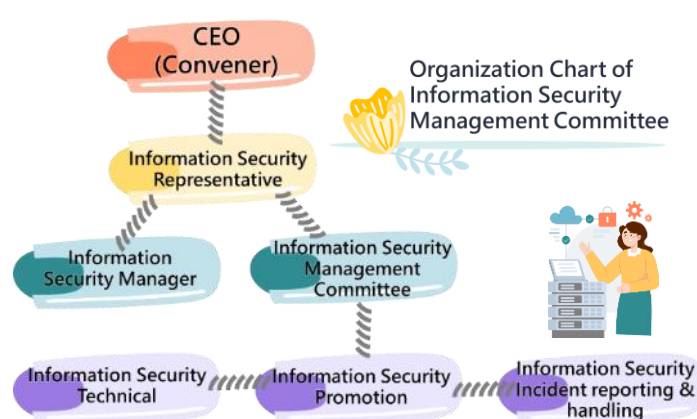
The Committee's key responsibilities include formulating and maintaining information security policies and management systems, facilitating internal and external communication, allocating resources, reviewing system effectiveness, reporting annually to the Board of Directors, promoting real-time incident response mechanisms, and implementing continuous improvement and employee training.

To enhance group-wide cybersecurity management, the IT Department has implemented multiple initiatives. Social engineering drills are conducted regularly across the Taiwan headquarters and overseas subsidiaries to analyze email open, click, and attachment rates—helping assess vulnerability to phishing attacks and enhance employee awareness and response capability. In 2024, Zeng Hsing signed an MOU with the *Taichung City Investigation Bureau* to share case studies and conduct quarterly online cybersecurity training. Regular awareness campaigns and updates on global cybersecurity trends further strengthen employees' ability to recognize phishing and fraud attempts.

Hardware and system safeguards have also been reinforced. Printers now require employee badge authentication to prevent unauthorized document access, and password management policies have been strengthened to maintain system security. To improve operational resilience, We completed the construction of an off-site backup data center in 2024, enabling rapid system switchover during major disruptions. Regular backup drills will begin in 2025 to ensure seamless continuity and strengthen disaster recovery capabilities.

Since 2023, internal cybersecurity audits have been conducted at the Taiwan headquarters and expanded to the ZH China in 2024. In 2025, the mechanism will be extended to the ZH Vietnam to achieve annual group-wide audits, forming an integrated corporate defense network. The Company also promotes supply chain cybersecurity awareness—information security was included as a key topic during the 2024 Supplier Conference to help partners build secure operational environments.

Looking ahead to 2025, Zeng Hsing will continue to strengthen its cybersecurity management by training professional cybersecurity personnel, enhancing control over storage media to reduce data leakage risks, improving access control and document labeling for confidential information, continuing cybersecurity education to ensure compliance, optimizing the cybersecurity management system and protective measures.



No major cybersecurity incidents were reported within the Zeng Hsing Group in 2024.

3.5 Regulatory Compliance

✿ Certification Systems in Compliance with Regulations

Zeng Hsing ensures compliance with laws and customer standards through certifications such as ISO 9001, ISO 14001, and ISO 45001. Each year, the Taiwan HQ, ZH China, ZH Vietnam, and Shinco prepare audit plans to review operational processes and verify compliance. Regular internal and external audits on environmental, occupational safety, and health regulations help ensure all operations meet legal requirements.

✿ Audits on Legal and Regulatory Compliance Matters

Zeng Hsing strictly adheres to local laws and regulations, including the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, and the Act on Recusal of Public Servants Due to Conflicts of Interest, as well as other laws and regulations applicable to listed companies and commercial conduct. These legal frameworks form the foundation of Zeng Hsing's commitment to ethical, transparent, and lawful business operations



- ★ Shareholder-related governance, China investment
- ★ Fair dealing with customers/competitors, procurement, sales and import and export trade
- ★ Business accounting, tax management and intellectual property protection
- ★ Labor laws, safety and health related to employees
- ★ Socially related environmental protection, political donations

The Audit Office performs annual compliance audits for the Taiwan HQ and subsidiaries in China and Vietnam to ensure that regulatory collection, evaluation, and communication systems are properly established and that policies are updated in line with legal requirements.

In 2024, four audits were carried out. No major issues were found at the Taiwan HQ or ZH China, while minor non-compliance items were identified in the HR and General Affairs departments of ZH Vietnam and Shinco. Corrective actions have been taken, and the Company continues to strengthen compliance awareness.

The Sustainability Development Committee reviews the progress toward the “zero violation” target each year. In 2024, there were no breaches of health, safety, or voluntary standards, and no significant fines related to human rights, environmental, or labor regulations.²

✿ Protection of Child and Adolescent Workers, and Prohibition of Forced Labor

In 2024, none of Zeng Hsing Group's factories employed child or adolescent workers. Random inspections of 33 suppliers likewise confirmed no cases of child or adolescent labor (as shown in the table below).

²According to Section 26 of the Taiwan Stock Exchange's Material Information Report

Zeng Hsing respects employee autonomy and strictly prohibits all forms of forced, bonded, or coerced labor. The Company promotes reasonable working hours, prevents excessive overtime, and encourages employees to take regular rest and leave to maintain their physical and mental well-being.

These practices reflect Zeng Hsing's commitment to its "Three-Safety" labor policy — Stable Employment, Peace of Mind at Work, and Safe Labor — aimed at fostering a supportive, respectful, and safe workplace that enhances both productivity and quality of work life.

| | Underage employee Protection Policy | Supplier ESG onsite Audit |
|-------------------|--|---|
| Taiwan HQ | In accordance with Taiwan's <i>Labor Standards Act</i> , child labor refers to individuals aged above 15 but under 16. Both child and young workers (aged 16 to under 18) are prohibited from engaging in hazardous or harmful work. Zeng Hsing did not have any child labor/teenage on its HRM system in 2024. | The supplier evaluation form includes environmental and human rights indicators to ensure suppliers uphold corporate social responsibility. In 2024, onsite audits were conducted for four existing suppliers , with no violations found related to environmental compliance or the employment of underage workers below the legal minimum age. |
| ZH Vietnam | As defined by Vietnamese labor law, child labor refers to workers under 15 years old, while young workers are those aged 15 to under 18. ZH Vietnam has established a <i>Child Labor Remediation Management Procedure</i> , which strictly prohibits the employment of child labor and ensures that young workers are not assigned to hazardous tasks. | In 2024, the sourcing team audited ten suppliers in accordance with the <i>SA8000 Social Responsibility Management Procedures</i> . No cases of underage worker employment were identified. |
| Shinco | To prevent the employment of underage workers, the HR Department requires that all employees must be at least 18 years old at the time of recruitment . | The supplier evaluation process covers both environmental and human rights issues. In 2024, assessments of nine existing suppliers revealed no instances of environmental fines or underage labor below the legal minimum working age. |
| ZH China | Under Chinese labor law, underage workers are defined as individuals aged 16 to under 18. ZH China's HR Department has established a policy that prohibits the employment of child labor and ensures that young workers are not assigned to hazardous tasks. | Supplier evaluations conducted on ten existing suppliers in 2024 confirmed no violations related to environmental regulations or the employment of underage workers. |

4 Sustainable Products and Services

In alignment with the principles of the *ISO Quality Management System*, Zeng Hsing has established a *Quality Management Manual* that all employees are required to follow. This ensures that the Company's quality management practices comply with both customer requirements and applicable regulations.

Relevant procedures and standards are formulated, implemented, maintained, and continuously improved to enhance organizational efficiency and achieve the Company's business goals, quality policies, and quality objectives. Adopting a process-oriented management approach, Zeng Hsing ensures that every stage—from product planning, quotation and order processing, design and development, procurement, production, and service operations to the control of monitoring and measuring instruments—is effectively managed to guarantee total product quality and meet customer expectations.



4.1 Company Certifications

To reduce the likelihood of risks and minimize potential impacts, Zeng Hsing actively promotes the implementation of various international system certifications. The company has successfully obtained certifications for ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), and ISO 45001 (Occupational Health and Safety Management System), thereby establishing a comprehensive management system encompassing quality, environmental, and occupational health and safety aspects.

The certifications acquired by each manufacturing site are summarized in the table below:

| Subsidiary | ISO System | Validity Date |
|------------|-----------------------------|---------------|
| Taiwan HQ | ISO 9001 : 2015 | 2028.05.19 |
| | ISO 45001 : 2018 | 2028.06.14 |
| | ISO 14067 : 2018 (Overlock) | 2027.02.18 |
| ZH China | ISO 9001 : 2015 | 2027.02.10 |
| | ISO 14001 : 2015 | 2027.03.22 |
| ZH Vietnam | ISO 9001 : 2015 | 2026.10.02 |
| | ISO 14001 : 2015 | 2028.04.10 |
| | ISO 45001 : 2018 | 2027.06.06 |
| | SA 8000 : 2014 | 2027.10.11 |
| | ISO 50001 : 2018 | 2027.06.14 |
| Shinco | ISO 9001 : 2015 | 2027.04.29 |
| | IATF 16949 : 2016 | 2027.04.29 |

In addition to Zeng Hsing's quality and environmental management systems, Zeng Hsing places strong emphasis on sustainability-related environmental issues. In 2019, the ESG Office partnered with the R&D, General Affairs, and Procurement departments to establish a Product Carbon Footprint Task Force and launch a lifecycle carbon footprint assessment project. The goal was to understand the cradle-to-grave carbon emissions of sewing machines and identify reduction opportunities beginning from the design stage. Since 2020, Zeng Hsing has progressively obtained ISO 14067 carbon footprint verification statements for its household sewing machines, including mechanical models (K Series), computerized models (H Series), and overlock machines (LB Series).

4.2 Marketing of Product and Service

To ensure user safety and health while reducing the potential environmental risks of its products, Zeng Hsing adheres to international regulatory standards and environmental labeling requirements. The company has established relevant policies such as the **"New Product Development Management Guidelines"** and the **"Restricted Substances Management Guidelines"** to provide a framework for its research, development, and manufacturing processes. These measures ensure that all Zeng Hsing products—from design and production to shipment comply with safety regulations across various countries, including RoHS, WEEE, and REACH directives, as well as product certifications such as CE, GS, and UL, thereby fulfilling the expectations of international customers.



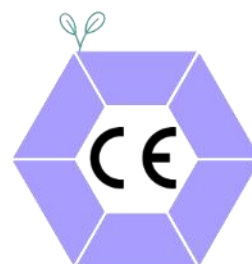
RoHS is a mandatory standard established by legislation of the European Union. It stands for the "Restriction of Hazardous Substances in Electrical and Electronic Equipment" Directive. This regulation was enacted by the EU to reduce the harmful effects of certain hazardous substances on human health and the environment.



The UL (Underwriters Laboratories) mark is a well-recognized safety certification in the United States and across North America. It signifies that a product has been tested and evaluated for safety in areas such as electrical and electronic devices, mechanical equipment, lighting fixtures, building materials, fire protection systems, and chemicals.



The GS mark is a voluntary safety certification mark recognized in Germany. "GS" stands for Geprüfte Sicherheit, meaning "Tested Safety," indicating that the product has been tested by an authorized third party and complies with German and, where applicable, EU safety requirements.



The CE mark is a certification of product quality in Europe and functions as a mandatory requirement for products to be sold within the European Union (EU). It indicates that a product complies with relevant EU directives and regulations concerning safety, health, and environmental protection.

As regulatory requirements differ across countries, Zeng Hsing is fully committed to meeting the specific compliance needs of each customer. Relevant service information and labels are clearly disclosed on products, in user manuals, and on packaging.



Zeng Hsing’ s household sewing machine lineup spans a wide range of categories—from mechanical sewing machines and embroidery machines to overlock machines—with hundreds of models individually certified under standards such as UL and CE. These certifications ensure that all products meet applicable safety regulations worldwide, **allowing consumers to use Zeng Hsing sewing machines with confidence.**

In 2024, Zeng Hsing remained aligned with international regulations and customer expectations by updating its Restricted Substances Management Guidelines, ensuring that subsequent operational practices are guided by clear and standardized procedures.

The R&D and Quality Assurance departments regularly offer training on product safety regulations and restricted substances to promote and communicate the latest regulatory updates. In addition, an online training course on restricted substances has been incorporated into Zeng Hsing’ s eHRD learning system as a mandatory requirement for new employees in relevant departments. Training effectiveness is evaluated through course assessments, ensuring employees gain a solid understanding of regulatory compliance and the prevention of restricted substance misuse.

In 2024, Zeng Hsing received no complaints regarding violations of product information or labeling. However, one case of restricted substance non-compliance was voluntarily reported by a supplier, involving packaging materials that did not meet French mineral oil regulations. The investigation confirmed that although the material did not comply with French standards, it met the regulatory requirements of Japan and Germany, and the products were distributed only in those countries—resulting in no cross-border compliance risk.

France currently enforces the world’ s most stringent regulations on mineral oils (MOAH and MOSH) in packaging materials, with limits stricter than EU recommendations and Germany’ s legislative draft. In alignment with the Group’ s new quality policy— “No Defective Products Shall Enter, Be Manufactured, or Be Shipped” —Zeng Hsing immediately required the supplier to provide compliant materials and has strengthened its selection and inspection standards for packaging materials.

Although the affected products were not sold in France, Zeng Hsing proactively adopted the French mineral oil regulation as its internal highest standard. This demonstrates the Company’ s ongoing commitment to enhancing regulatory compliance and product safety across the supply chain to ensure all products delivered to customers are safe, compliant, and of the highest quality.

4.3 Customer Satisfaction

To ensure consistency in customer service practices and the implementation of customer satisfaction surveys, Zeng Hsing has established the Customer Feedback Management Guidelines and the Customer Satisfaction Management Guidelines. The former not only addresses customer complaints but also manages customer expectations regarding service improvements and after-sales support. The latter outlines the procedures for conducting customer satisfaction surveys to ensure regular assessments of customer needs and satisfaction levels.

In 2024, to enhance the relevance and value of customer satisfaction surveys, Zeng Hsing redesigned the survey questions to better reflect the feedback needs of internal departments. By targeting different respondent groups with tailored questionnaires, the company also gained deeper insights into diverse customer expectations and requirements.

* Customer Feedback Management Guidelines

When products or services fail to meet customer expectations, they may lead to doubts or disappointment. To ensure customer satisfaction, Zeng Hsing has established the *Customer Feedback Management Guidelines* in accordance with the Quality Manual. These guidelines provide a structured approach for handling complaints, enabling the Company to take appropriate corrective measures, restore customer confidence, and enhance customer loyalty.

Zeng Hsing continuously improves its response efficiency to ensure timely handling of all feedback. Issues are classified by severity based on the content of the feedback, and corresponding internal reporting levels and response timeframes are managed accordingly.

The feedback handling process is as follows:



Zeng Hsing is committed to building trust with customers, particularly in the areas of data protection and privacy. Guided by the principle of “Integrity and Pragmatism,” the Company places the highest importance on safeguarding customer information. All relevant personnel are required to sign confidentiality agreements in accordance with internal policies to ensure that customer data and company confidential information are not disclosed. **In 2024, Zeng Hsing received no complaints related to data breaches or privacy violations.**

* Customer Satisfaction Management Policy

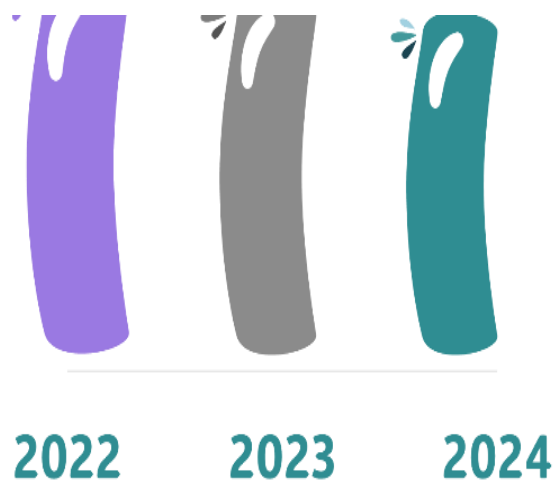
Zeng Hsing has established a customer satisfaction survey system to enhance corporate image, increase customer satisfaction, and support customers in expanding the market share of our products. To ensure consistent implementation, the Company has formulated the “Customer Satisfaction Management Guidelines,” which outline the procedures for conducting regular satisfaction surveys and assessing customer needs and expectations.

In accordance with these guidelines, the Quality Assurance and Customer Service Department distributes electronic surveys to customers who have conducted transactions during the year. Feedback from dissatisfied respondents is reviewed item by item, and improvement measures are proposed to strengthen customer loyalty and satisfaction.

Approximately 60 working hours are invested annually in conducting surveys and compiling reports. Two members of the Taiwan HQ Customer Service Department are responsible for data collection, database management, statistical analysis, and forwarding relevant feedback to internal departments for explanation and follow-up action planning.

In 2021, Zeng Hsing launched a customer service platform to better understand customer needs in real time, improve response efficiency, and create mutual value. For survey items receiving lower scores, the company issues internal Corrective and Preventive Action (CAPA) reports to track improvements. Externally, customer feedback is further verified through video or phone interviews to provide internal teams with clearer directions for enhancement. These measures reflect Zeng Hsing’s ongoing commitment to meeting customer expectations and strengthening customer satisfaction.

In 2024, Zeng Hsing distributed 39 questionnaires and received 32 valid responses, achieving an 82% response rate—an increase of 2% from the previous year. As the number of surveyed customers and contact points has grown, individual customer issues are now addressed promptly through direct communication by the sales team. Because the survey content is adjusted annually based on product characteristics, satisfaction scores from different years are not recommended for trend comparison. Zeng Hsing will continue to improve service quality and enhance overall customer satisfaction.





In 2024, the customer satisfaction survey addressed four major aspects: Sales Service, Product Quality, Design, and After-Sales Service. For items receiving lower scores or specific feedback, Zeng Hsing collaborates with relevant departments to review issues and implement improvements:

- **Sales Service:**

Lower satisfaction stemmed from concerns regarding the speed of new product development, quotation turnaround, and the delivery of supporting documents. Zeng Hsing will continue optimizing proposal workflows to shorten response times and ensure smoother project execution.

- **Product Quality:**

Overall satisfaction improved; however, some customers noted concerns about component durability. The R&D team will further investigate root causes and develop improvement plans. Since part failures may be related to end-user operation, customers are encouraged to provide videos or related information to support accurate diagnosis and problem-solving.

- **Design:**

A new question on embroidery quality was added to better understand expectations for embroidery machines. Some existing items showed lower satisfaction, primarily due to customer expectations for improved product practicality, refined exterior design, and more innovative solutions.

- **After-Sales Service:**

Lower ratings were mainly due to feedback that maintenance manuals were outdated. A dedicated improvement project was initiated in 2024 to enhance manual content and usability. For customized service needs, sales teams will continue close communication and provide necessary support. Efforts to improve communications such as timely document and video delivery—will help accelerate issue resolution. Urgent document requests may be prioritized as needed.

4.4 Customer Safety and Health

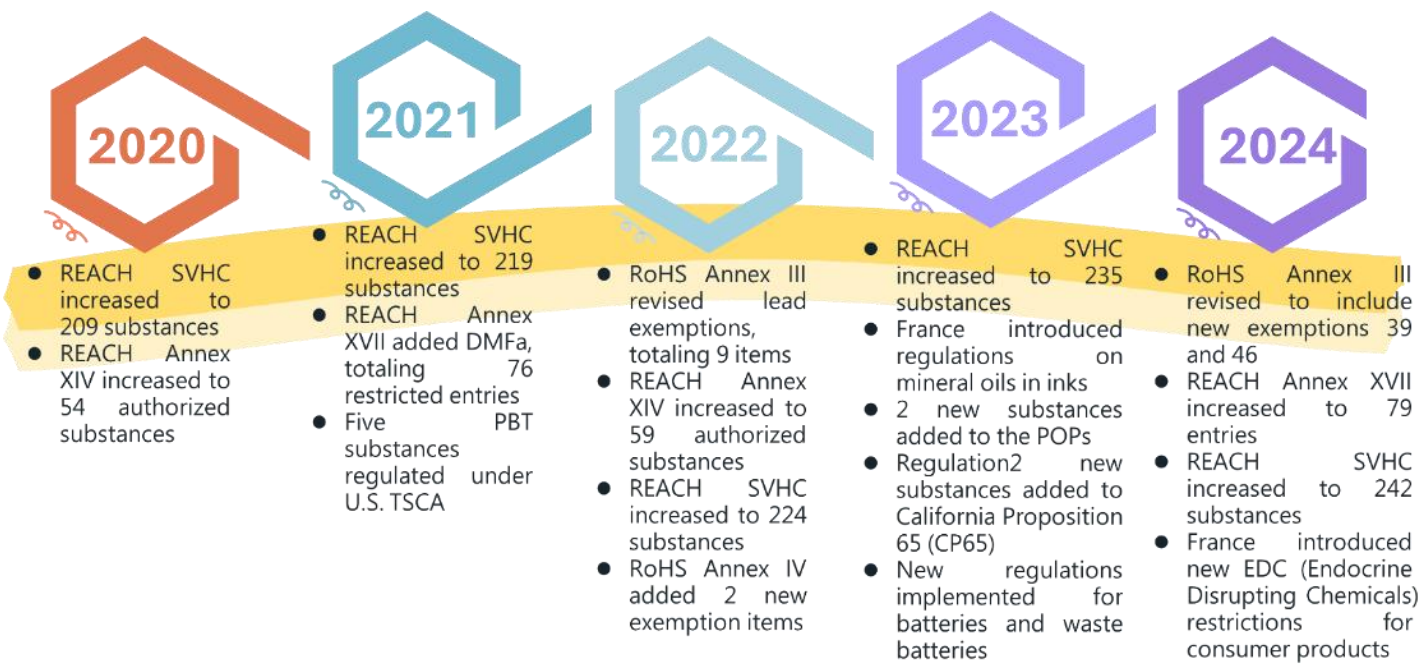
* Green Procurement Management

To comply with global green environmental regulations, Zeng Hsing has implemented a Restricted Substance Management Policy along with corresponding supplier requirements. By controlling the supply chain—from upstream raw materials and components to midstream manufacturing and downstream assembly and testing—the company restricts the use of hazardous substances during production. Implementation and audits follow international environmental standards and customer specifications to reduce environmental impact, address market-exclusion risks, and ensure eligibility for entry into the EU market. This approach supports regulatory compliance and meets customer expectations.

In 2024, no violations related to health or safety
of products and services were reported.



Annual Key Management Guidelines for Restricted Substances



Material Topic Management Policy – Customer Health and Safety

| | |
|--------------------------------------|---|
| Policy | <ol style="list-style-type: none"> 1. Comply with international regulations such as RoHS, REACH, POPs, etc. 2. Environmental Policy, Restricted Substances Management policy, Supplier Restricted Substances Audit Specifications |
| Goals and Commitments | <p>Short-term: Enhance suppliers' self-management capabilities of restricted substances through on-site supplier audits.</p> <p>Mid-to-long-term: In response to the comprehensive control requirements of restricted substances and the increasing environmental regulations, notify relevant suppliers of corresponding materials promptly through the GPM system when regulations are updated. Together with PLM and ERP procurement systems, conduct source management.</p> |
| Responsible Unit | Quality Assurance Department |
| Resources and Actions | Since the promotion of green procurement control operations in 2004, XRF (Energy Dispersive X-ray Fluorescence Spectrometer) equipment has been installed at each factory as incoming material inspection devices. Starting from 2014, the GPM Green Product Management Platform has been gradually implemented across all factory sites. |
| Management and Evaluation Mechanisms | <ol style="list-style-type: none"> 1. Conduct irregular sampling of parts and outsource chemical testing to third-party laboratories to ensure part quality meets EU regulations. 2. Schedule monthly parts testing plans using group XRF and GCMS to enforce restricted substances control. |
| Performance | <p>Taiwan HQ: In 2024, 57 participants passed the restricted substances introduction course (online/in-person training through e-Hrd system).</p> |

4.5 Supply Chain Management

Suppliers are essential partners in Zeng Hsing’ s operations and growth. To ensure stable product quality, reduce operational risks, and jointly build a sustainable value chain, all four subsidiaries have established supplier management procedures in accordance with the Quality Manual and procurement policies.

✱ Procurement and Supplier Management

To ensure consistency across the Group, each subsidiary sets its own procurement and supplier management guidelines based on local regulatory and operational needs. Materials are classified into raw materials, hardware components, and general supplies, with defined management procedures for all material, part, and equipment purchases.

New Supplier Selection:

Before cooperation, procurement units conduct supplier assessments based on internal guidelines. Only suppliers that meet qualification requirements—such as manufacturing capability, quality control systems, and factory management—are approved.

Existing Supplier Evaluation:

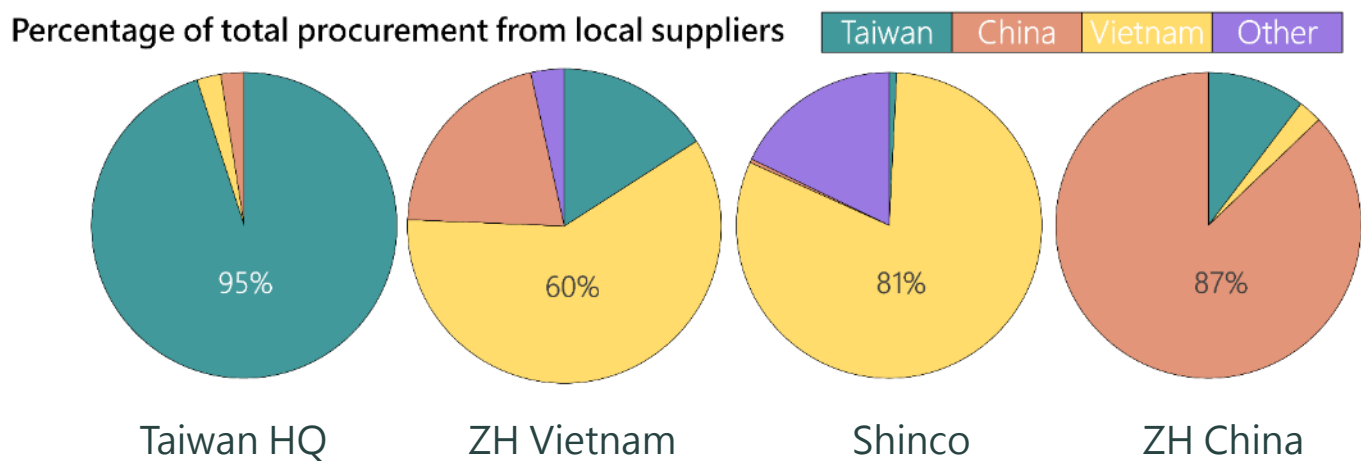
Subsidiaries routinely evaluate suppliers on product quality, delivery performance, service responsiveness, environmental compliance, and human rights.

The Vietnam subsidiary additionally conducts regular supplier social responsibility assessments, reviewing human rights practices, employee welfare, and working conditions to ensure alignment with Zeng Hsing’ s social responsibility commitments.

✱ Supporting Local Supply Chains

In 2024, Zeng Hsing engaged with 347 raw material suppliers and 7 waste disposal service providers. In supplier selection, the company prioritizes not only quality, delivery, and supply stability but also local sourcing. Local procurement helps reduce costs, strengthen supply chain resilience, and lower carbon emissions from material transportation.

In 2024, over 60% of total procurement spending across all sites was placed with local suppliers. These efforts demonstrate Zeng Hsing’ s commitment to supporting local industries while reducing environmental impact.



Supplier Quantity and Characteristics

| Item | Raw Material Suppliers | Waste Disposal Suppliers |
|---|--|--|
| Number of Suppliers | 347 | 7 |
| Transaction Volume (%) | 99.99% | 0.01% |
| Potential Environmental Risks | Absence of a comprehensive environmental management mechanism | Non-compliance with environmental regulations |
| Potential Labor Risks | Absence of a comprehensive mechanism for workplace safety management | Risk of overtime work |
| Potential Human Rights Risks | Absence of a comprehensive human rights grievance mechanism | Lack of a comprehensive human rights grievance mechanism |
| Community Potential Risks | Risk of noise affecting nearby communities | Risk of odor affecting nearby communities |
| Remark : 1. Waste disposal suppliers refer to general waste disposal vendors. 2. "Local" refers to suppliers in the country where the operation site is located. | | |

Material Topic Management Policy – Procurement Operations

| | |
|--------------------------------------|--|
| Policy | The company conducts procurement activities, new supplier screening, and existing supplier evaluations in accordance with the Procurement Management Guidelines and Supplier Management Guidelines, to ensure suppliers comply with relevant standards and regulations. |
| Goals and Commitments | Short-Term Goals: Continue conducting on-site visits, self-assessments, and promotional activities related to supplier sustainability. Medium- to Long-Term Goals: Collaborate with suppliers to jointly implement corporate social responsibility (CSR) initiatives. |
| Responsible Unit | Administration Department, Procurement Section |
| Resources and Actions | 1. In 2024, each manufacturing site within the Zeng Hsing Group adopted local procurement practices and increased the proportion of local procurement by transaction value. 2. Every year, based on transaction volume, Tier-1 suppliers are selected to participate in supplier conferences or awareness sessions. In addition to discussions on quality-related topics, the events also cover regulatory updates, ESG workshops, and on-site visits. These efforts aim to support suppliers in strengthening ESG-related knowledge and promote sustainable growth across the supply chain. |
| Management and Evaluation Mechanisms | If any legal violations are reported, they are reviewed and addressed during weekly senior management meetings. |
| Performance | 1. Local Supplier Transaction Ratios by Site: Taiwan HQ: 95%, ZH Vietnam: 60%, Shinco: 81%, ZH China: 87% ° 2. Supplier Engagement Activities by Site: Taiwan HQ: Hosted a supplier conference focusing on integrity, quality, information security, and sustainability. A total of 22 suppliers participated. ZH Vietnam: Hosted a supplier conference promoting topics such as quality, restricted substances, and ESG. A total of 38 suppliers participated. ZH China: Held a supplier conference addressing restricted substances, quality, and procurement practices. A total of 10 suppliers participated. ° |

* Supplier site visit

Zeng Hsing' s largest manufacturing base is located in Vietnam (ZH Vietnam), and in response to international trends and customer requirements, it has implemented the SA8000 social accountability standard and obtained third-party certification. The CSR (Corporate Social Responsibility) requirements for suppliers within this system are relatively stringent. In addition to requiring new suppliers to complete a self-assessment questionnaire during the initial development phase, the management representative also formulates an annual on-site audit plan to conduct field audits of suppliers.

Compared to the ZH Vietnam, the Taiwan HQ, ZH China, and Shinco are relatively smaller in production scale. As a result, a comprehensive supplier CSR evaluation process was not previously established for these sites. Since 2014, ESGO has gradually required all three sites to establish comprehensive CSR evaluation systems for their suppliers. The aim is to evolve from simple self-assessment questionnaires to on-site visits, and if necessary, escalate to third-party on-site audits.

Taiwan HQ began conducting on-site visits in 2019, targeting the top 50 suppliers by transaction volume. ZH China and Shinco began implementing their on-site visit systems in 2020, with the same requirement to assess the top 50 suppliers by transaction volume to evaluate their CSR implementation. The audit scope of these on-site visits includes environmental protection, product responsibility, human rights, and labor practices. Evaluation questions include, for example, whether the company has been penalized for violations of labor and human rights regulations, or whether hazardous industrial waste is generated and properly handled by qualified vendors.

In 2024, a total of 33 suppliers were audited across the four sites. Based on Zeng Hsing' s CSR audit standards, all 33 suppliers were deemed compliant. However, the evaluation results also indicated that some suppliers need to improve their occupational safety and health environments and establish more comprehensive grievance mechanisms. Zeng Hsing has initiated corrective actions and provided guidance based on the audit findings for items identified as potential risks.

Supplier Evaluation Results

| | ZH Vietnam | Taiwan HQ | Shinco | ZH China |
|----------------------------------|------------|-----------|--------|----------|
| Number of Suppliers Evaluated | 10 | 4 | 9 | 10 |
| Number of Qualified Suppliers | 10 | 4 | 9 | 10 |
| Number of Disqualified Suppliers | 0 | 0 | 0 | 0 |
| Qualification Rate | 100% | 100% | 100% | 100% |

✿ Promoting Supplier Sustainability Commitments

In recent years, sustainability issues have gained increasing attention. In addition to requiring suppliers to sign the “Integrity, Anti-Corruption, and Confidentiality Commitment” and the “Restricted Substances Management Guarantee” in accordance with the Supplier Management Guidelines, Zeng Hsing’s Taiwan HQ has, since 2021, actively promoted the signing of a “Human Rights and Environmental Sustainability Commitment” by its suppliers.

This commitment covers key areas such as labor rights and environmental protection, including prohibition of child labor, elimination of forced labor, compliance with environmental protection laws and regulations, avoidance of conflict minerals

As of 2024, all active suppliers with transaction records have signed this commitment, ensuring that procurement sources are not from conflict or high-risk areas and are following customer and regulatory requirements.

Moving forward, Zeng Hsing will continue to advocate for supplier CSR commitments and aims to encourage more suppliers to participate. The company is committed to building a green supply chain and working toward sustainable operations together with its suppliers.

人權暨環境永續條款承諾書

立承諾書人：_____ 與伸興工業股份有限公司(以下稱伸興)為發展夥伴，基於維護人權與環境基本人權，並以履行企業社會責任及彰顯優質企業形象，並以經濟、社會與環境三者之平衡、永續發展為企業目標，立承諾書人同意簽署立承諾書予伸興，內容如下：

第一條 勞工權益

1. 雙方應遵守相關勞動法規，保障內部員工之合法權益，並尊重國際公認之基本勞動人權原則，例如：禁用童工(未满 16 歲以下禁止聘僱)、消除各種形式之強迫勞動、不得有危害勞工基本權利之虞、
2. 雙方應確認其雇用政策無性別、種族、年齡、殘障與家庭狀況等差別待遇、落實契約、雇用條件、訓練與升遷機會之平等。
3. 雙方人力資源政策應尊重基本勞動人權保障原則，建立適當之管理方法與程序。
4. 雙方應維護與保障員工之人性尊嚴與基本人權。

第二條 環境保護

1. 雙方應建立具體環保政策及措施，並落實於實際環境永續發展之企業文化，致力保護地球、珍貴資源及環境節能。
2. 雙方企業經營，應特別注意不得對環境產生重大負面影響，並應反環保法規等事項，各項營運均應符合環保政策。
3. 本公司承諾絕不使用來自衝突區之礦產，及其周邊地區等環境和人權受到破壞的衝突礦產。本公司承諾絕不使用來自衝突區之礦產，並應提供明確的證明，以確保所供應產品不含有任何衝突礦產，並及時披露任何已知風險。

此致

伸興工業股份有限公司

立承諾書人：

代 表 人：

中華民國 _____ 年 _____ 月 _____ 日

✿ Supplier ESG Forum



Zeng Hsing has always regarded its suppliers as long-term partners, encouraging them to enhance their ESG (Environmental, Social, and Governance) practices with the goal of achieving mutual growth and prosperity. To raise awareness of sustainability among its suppliers, Taiwan HQ has planned a four-year series of ESG forums, with content designed to evolve progressively—from introductory topics to more in-depth practices—supporting suppliers in building a clear roadmap toward sustainability.

In 2021, Zeng Hsing held its first Supplier ESG Forum, aiming to introduce suppliers to basic concepts of sustainable development and carbon management. In 2022, industry consultants were invited to share insights on ISO 14064-1, the standard for greenhouse gas (GHG) inventory, helping suppliers align with Zeng Hsing’s sustainability vision. In 2023, a hands-on GHG inventory workshop was conducted to guide suppliers through boundary setting, emission source identification, GHG calculation, and completion of inventory forms. A total of 10 suppliers participated, with an average satisfaction rating of 4.7 out of 5. In 2024, Zeng Hsing hosted a Supplier Exchange Conference to engage in dialogue on the company’s outlook, anti-corruption policy, quality assurance practices, information management strategies, and interpretation of its sustainability report. In addition to the Taiwan HQ event, ZH China and ZH Vietnam also held their own supplier conferences, focusing on quality, procurement practices, and sustainability topics. These initiatives aimed to enhance suppliers’

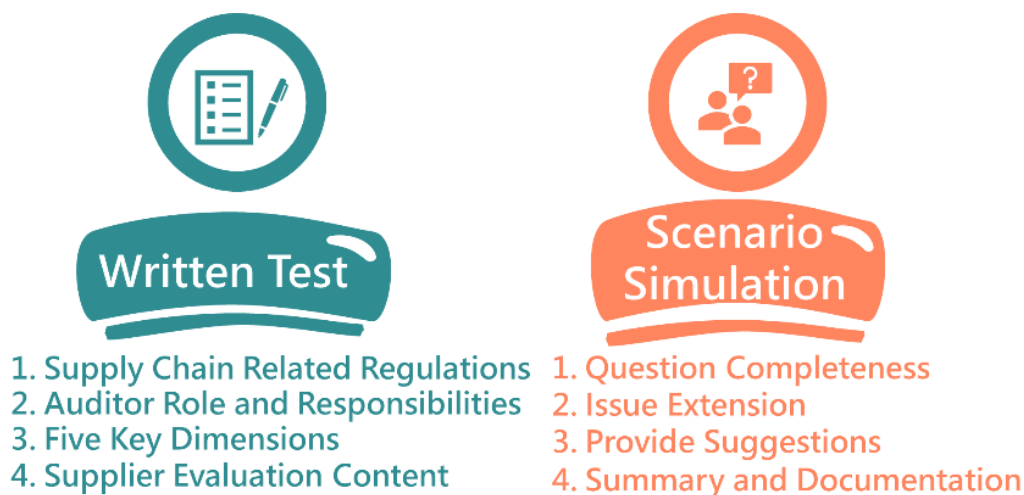
understanding of current regulations and global sustainability trends, while also deepening their partnership with the Zeng Hsing.

Looking ahead, Zeng Hsing will continue to host annual ESG forums to share relevant ESG knowledge and updates, and to support suppliers in strengthening their sustainability capabilities.

✳ ESG Auditor Training

In 2023, Zeng Hsing's Taiwan HQ initiated an ESG auditor training program, aiming to proactively assess supplier risks, support suppliers in adopting up-to-date sustainability systems and practices, and promote mutual growth and prosperity. The training covered five key dimensions: Environment, Labor, Human Rights, Society, Product Responsibility.

It also included guidance on the preparation and key focus areas for ESG auditors during supplier on-site visits, along with training on how to effectively communicate Zeng Hsing' s ESG achievements across different areas. In 2024, the Group continued its efforts in ESG talent development. A total of 6 participants completed the training and passed the qualification assessment, with a total training duration of 36 hours. As of 2024, Taiwan HQ has trained 6 ESG auditors, and ZH China has trained 5, bringing the total number of qualified ESG auditors to 11 across the organization.



5 Inclusive workplaces

5.1 Global workforce structure in 2024

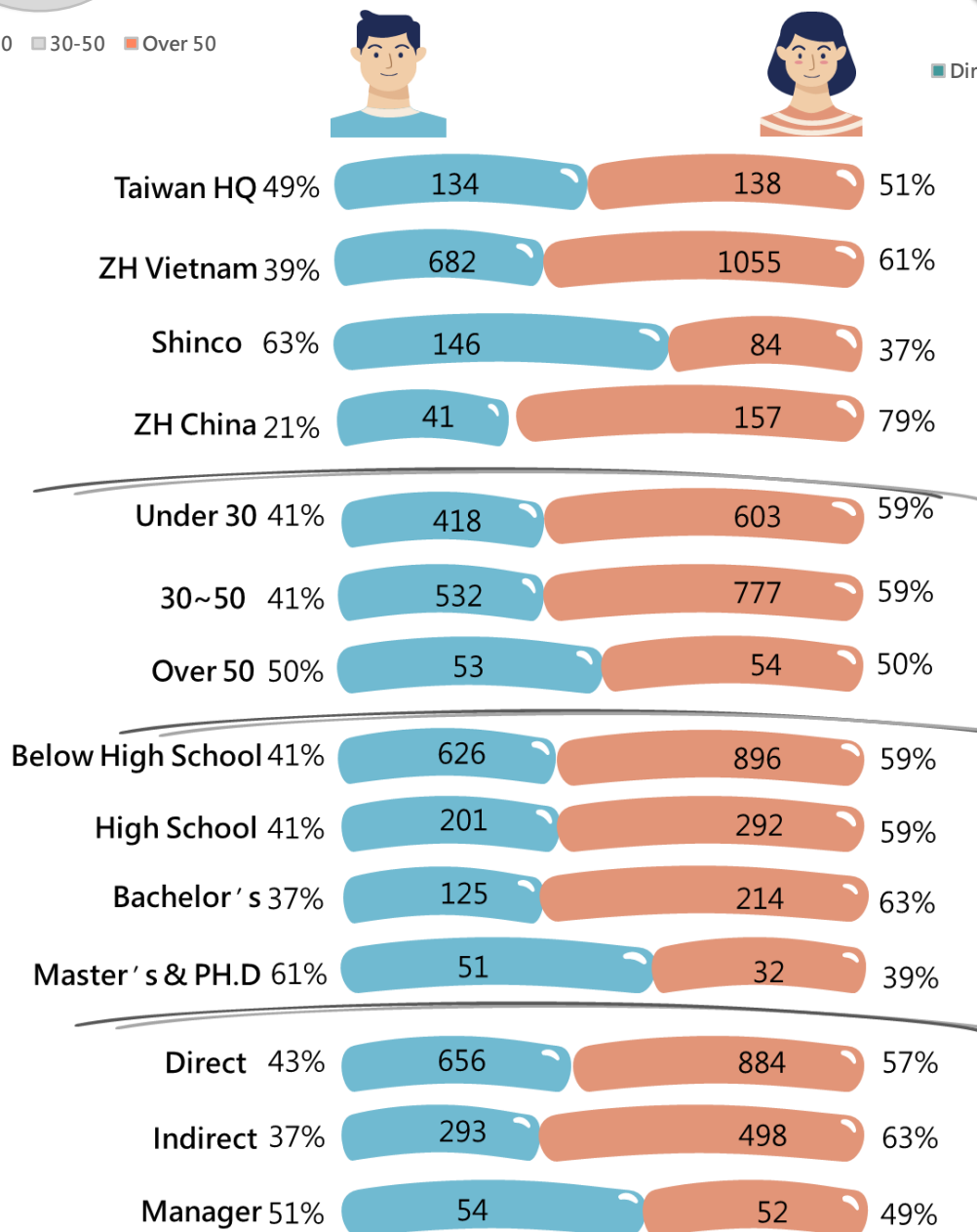
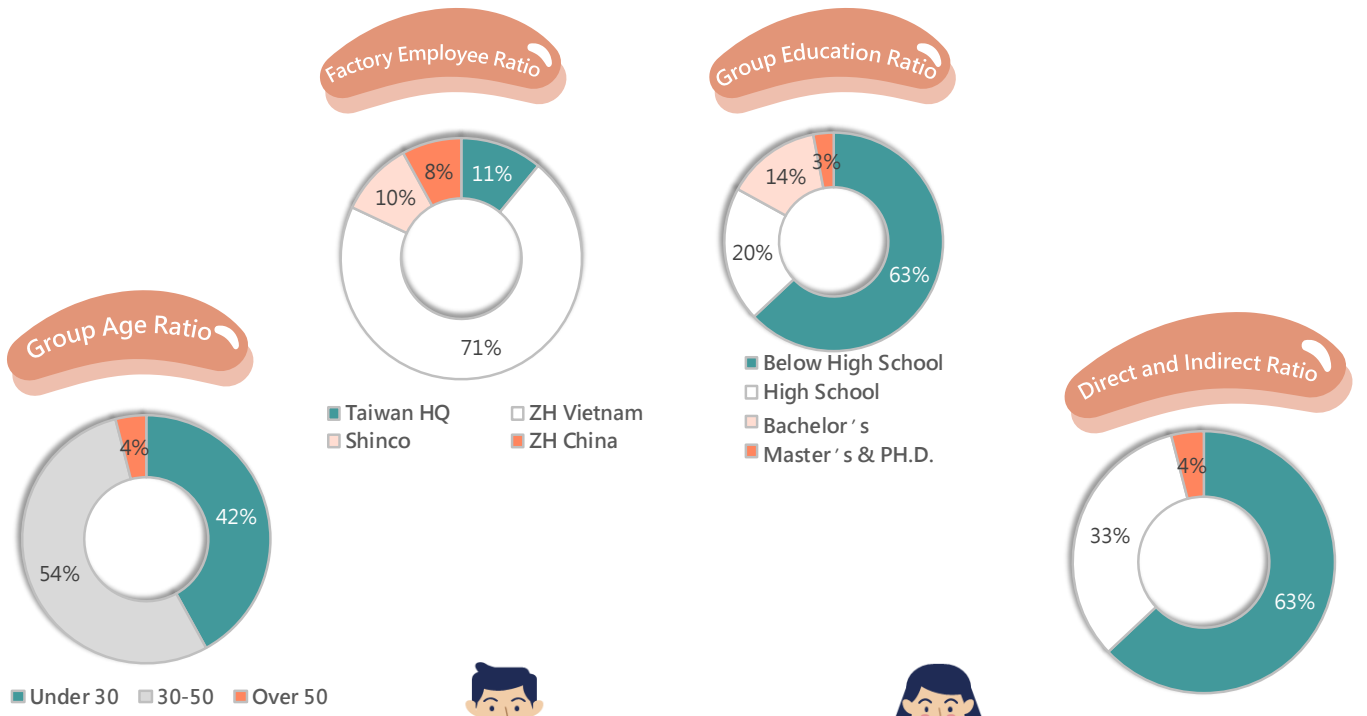
As of December 31, 2024, Zeng Hsing Group employed a total of 2,437 people across its Taiwan HQ, ZH Vietnam, Shinco, and ZH China. Among the workforce, 41% were male and 59% female. Employees aged between 30 and 50 made up the largest group at 54%, followed by those under 30 at 42%. Due to the nature of the industry, 63% of the workforce consisted of direct labor. The Group's main production base is ZH Vietnam, which accounts for 71% of total employees and focuses primarily on manufacturing and assembly operations. In 2024, the highest total number of employees reached 2,869, while the lowest total number was 2,298. The fluctuations were primarily attributable to changes in production capacity.

| Classification | | Male | | Female | | Total | Percentage |
|----------------------------|-------------------|------------------|------------|------------------|------------|-------|------------|
| | | Number of people | Proportion | Number of people | Proportion | | |
| Subsidiaries | ZH Taiwan | 134 | 49% | 138 | 51% | 272 | 11% |
| | ZH Vietnam | 682 | 39% | 1,055 | 61% | 1,737 | 71% |
| | Shinco | 146 | 63% | 84 | 37% | 230 | 10% |
| | ZH China | 41 | 21% | 157 | 79% | 198 | 8% |
| | Total | 1,003 | 41% | 1,434 | 59% | 2,437 | 100% |
| Age | Under 30 | 418 | 41% | 603 | 59% | 1,021 | 42% |
| | 30~50 | 532 | 41% | 777 | 59% | 1,309 | 54% |
| | Over 50 | 53 | 50% | 54 | 50% | 107 | 4% |
| | Total | 1,003 | 41% | 1,434 | 59% | 2,437 | 100% |
| Educational qualifications | Below High School | 626 | 41% | 896 | 59% | 1,522 | 63% |
| | High School | 201 | 41% | 292 | 59% | 493 | 20% |
| | Bachelor's | 125 | 37% | 214 | 63% | 339 | 14% |
| | Master's & PH.D | 51 | 61% | 32 | 39% | 83 | 3% |
| | Total | 1,003 | 41% | 1,434 | 59% | 2,437 | 100% |
| Work type | Direct | 656 | 43% | 884 | 57% | 1,540 | 63% |
| | Indirect | 293 | 37% | 498 | 63% | 791 | 33% |
| | Manager | 54 | 51% | 52 | 49% | 106 | 4% |
| | Total | 1,003 | 41% | 1,434 | 59% | 2,437 | 100% |
| Fixed term contract | Group | 3 | 23% | 10 | 77% | 13 | 100% |
| | Total | 3 | 23% | 10 | 77% | 13 | 100% |

Notes :

1. In the employee statistics table above, fixed-term contract figures represent the cumulative number for the year, while all other data reflects the headcount as of December 31, 2024.
2. Management positions are defined as team leader level and above.
3. All HR-related data is sourced from the company's Human Resource Management (HRM) System and reflects actual numbers, not estimates.
4. In 2024, Taiwan HQ employed fixed-term contract workers, sourced either through direct recruitment (temporary workers) or labor dispatch agencies. The average annual proportion of these workers in the overall workforce was calculated as: (Sum of monthly fixed-term + dispatched workers during the reporting period) ÷ (Sum of monthly total employees during the reporting period), resulting in a group-wide proportion of 0.01%.

Global workforce structure in 2024

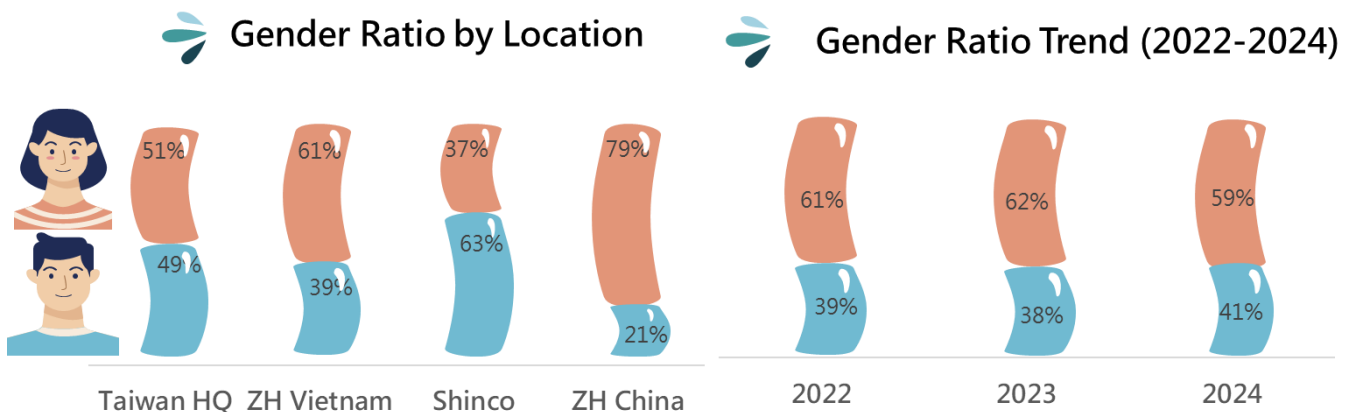


✳ Recruitment

All subsidiaries of Zeng Hsing Group have established recruitment and employment management procedures to ensure a standardized and compliant hiring process. Each department develops an annual manpower plan based on operational needs, which serves as the basis for the following year's recruitment budget. After plans are finalized, the Human Resources (HR) unit initiates recruitment in accordance with local laws, following a fair, transparent, and non-discriminatory selection process. **Candidates are not discriminated against based on race, gender, culture, religion, age, political opinion, political affiliation, or physical or mental disabilities. No discrimination-related complaints were reported in 2024.**

New employees receive onboarding and orientation training jointly led by HR and their respective departments. Training covers company policies, employee benefits, occupational safety and health, job responsibilities, and human rights. A mentoring system is also in place, assigning each new hire a senior employee to help them adapt, strengthen their skills, and identify growth opportunities. Supervisors evaluate new full-time employees before the end of the three-month probation period to confirm job suitability.

Zeng Hsing is committed to local talent development by prioritizing the recruitment and training of local employees³. In 2024, foreign nationals accounted for 1.31%⁴ of the workforce. In compliance with Article 38 of Taiwan's People with Disabilities Rights Protection Act, companies must employ persons with disabilities at a ratio of at least 1% of total employees. For the shortfall in 2024, Zeng Hsing contributed the required subsidy to the Employment Fund for Persons with Disabilities. The Group remains dedicated to protecting employment rights, actively recruiting persons with disabilities, and fostering an inclusive workplace that supports social integration.



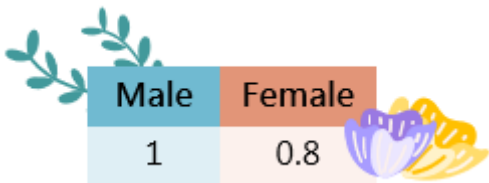
In terms of gender inclusiveness, except for Shinco—where the industry nature results in a higher proportion of male employees—female employees make up the majority at the other three sites. In 2024, the Taiwan HQ promoted four female supervisors, an increase of three compared with the previous year, raising the proportion of female supervisors by 7%. Beyond increasing female representation in leadership, Zeng Hsing also supports government and international initiatives on gender equality and diversity. Both ZH Vietnam and Shinco celebrate International

³ Foreign employees are defined as individuals who are not nationals of the country where their worksite is located.

⁴ **Calculation method:** Total number of foreign employees in the Group ÷ Total number of Group employees.

Women’ s Day on March 8 by giving gifts and flowers to all employees, fostering a gender-friendly workplace culture.

Regarding compensation, Zeng Hsing upholds gender equality and follows the principle of equal pay for equal work. From 2022 to 2024, the male-to-female salary ratio at the Taiwan HQ remained at 1:0.8. The salary gap is mainly attributed to differences in seniority and work experience, rather than gender.

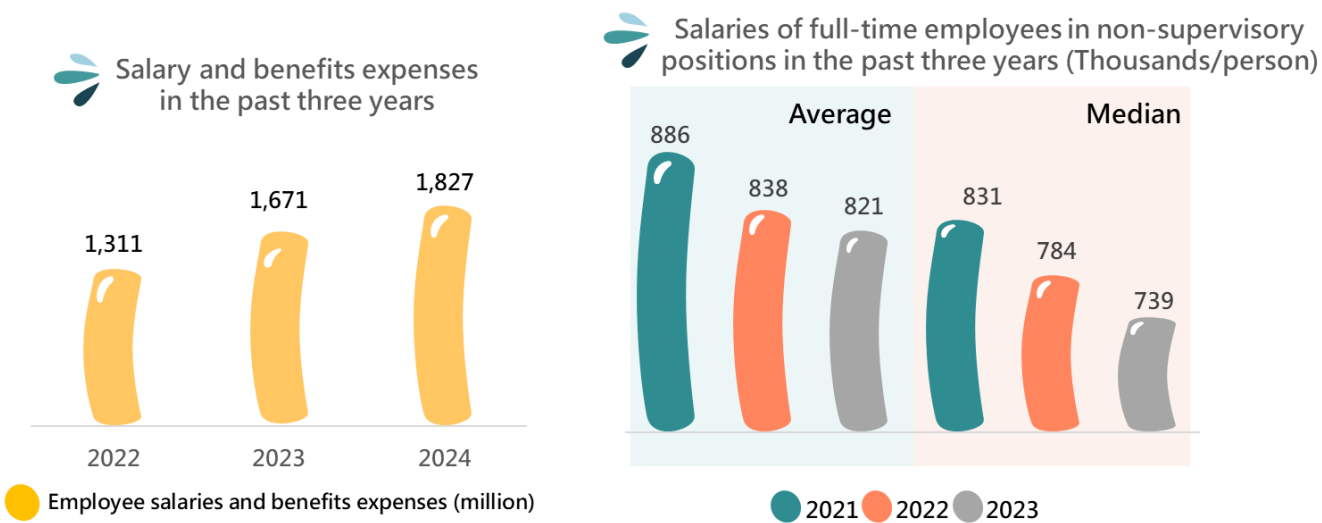


✿ Talent Retention

Zeng Hsing not only focuses on attracting top talent but also places strong emphasis on retention. To maintain a competitive workforce, the Group strives to create a friendly work environment that supports work–life balance and provides ongoing training and development opportunities. Performance-based bonuses are also distributed to share business results and recognize employee contributions.

All salary and benefit packages comply with local legal requirements and are determined based on job responsibilities, academic background, and professional experience. In 2024, total employee compensation and welfare expenses amounted to NT\$1,827 million.

In accordance with Taiwan Stock Exchange regulations, the Taiwan HQ discloses salary information for non-managerial full-time employees. After CPA review, the average salary in 2023 was NT\$821,000 per person, a decrease of NT\$17,000 from 2022, while the median salary was NT\$739,000, down NT\$45,000. The decline was mainly due to lower EPS in 2023. Despite this, compensation levels at Taiwan HQ remain above the electrical machinery industry average of NT\$803,000. In May 2024, an average salary adjustment of 5.0% was implemented. Zeng Hsing believes that providing competitive compensation is essential to achieving mutual growth for both the company and its employees.



✿ Separation Management Policy

To ensure proper procedures for employee resignation, leave without pay, termination, retirement, and related processes, each subsidiary of Zeng Hsing Group has established separation management policies based on local labor laws and internal control regulations. These policies cover employee resignation application procedures, notice periods, handover plans, HR processing, and analysis of resignation reasons.

When an employee submits a resignation request, the immediate supervisor and the HR department conduct an exit interview to understand the reasons for leaving, aiming to prevent disputes and conflicts between labor and management during the separation process.

✿ Selected as One of the “Top 100 DEI Employers for the Mid-Career Generation

Zeng Hsing was recognized as a mid-career-friendly employer in the “Top 100 DEI Employers for the Mid-Career Generation,” a survey conducted by Business Weekly in collaboration with 104 Job Bank. The evaluation focuses on whether companies demonstrate workplace cultures rooted in the values of Diversity, Equity, and Inclusion (DEI), actively recruit mid-career talent, and promote a diverse and gender-equal work environment.

Zeng Hsing received a five-star rating for its mid-career talent-friendly practices and continues to champion workplace diversity and gender equality while offering employees a wide range of learning and development opportunities.



5.2 Employee benefits and rights

Zeng Hsing Group formulates employee welfare policies in accordance with local government regulations. These policies are jointly planned, implemented, monitored, and reviewed by the Human Resources and administrative departments, labor unions, and employee welfare committees.

While specific welfare programs vary among subsidiaries, core employment conditions and benefits—such as working hours, leave entitlements, retirement systems, occupational safety and health, insurance, and employee training—are fully implemented in compliance with applicable laws.

In addition, each region may provide supplementary benefits based on employee needs, including domestic and overseas travel subsidies, family day events, holiday bonuses, emergency relief for illness or hardship, and subsidies for various clubs and competitions.

Fundamental Rights

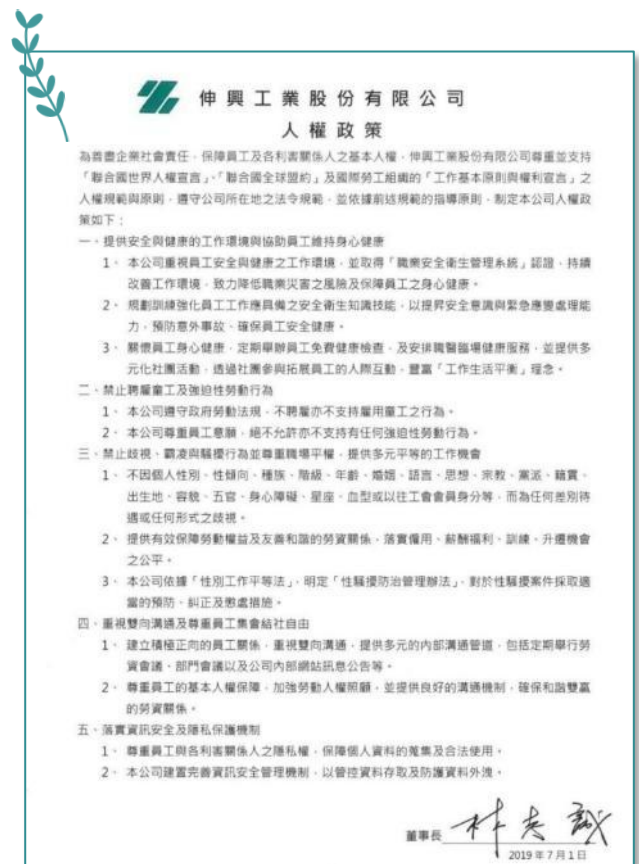
✿ Human Rights Protection

Zeng Hsing complies with international human rights conventions and local regulations and is committed to protecting and respecting human rights. A formal Human Rights Policy has been established and communicated through various internal documents, including the New Employee Handbook, Work Rules, Sexual Harassment Prevention Policy, Health Protection Guidelines, Employee Grievance Procedures, and the ESG Policy.

Beginning in 2024, all four production sites of Zeng Hsing Group incorporated human rights-related training. Training content differs by location. According to the education and training management guidelines at the Taiwan HQ and ZH Vietnam, all new employees receive onboarding training on their first day. In 2024, the Taiwan HQ onboarded 50 new employees, all of whom (100%) received in-person training, totaling 90 training hours.

At ZH Vietnam, the HR department conducts an annual 1-hour SA8000 training for all new hires to ensure full understanding of SA8000 policies. As a result, 100% of new employees received human rights policy or procedure training, with total training hours reaching 3,557 (estimated based on new hire headcount).

In addition, ongoing human rights education is provided for existing employees. **In 2024, the four Zeng Hsing sites delivered a total of 5,647 hours of human rights-related training,** covering topics such as labor regulations, sexual harassment prevention, and occupational safety and health. A total of 82 sessions were conducted, with an average of 2.32 training hours per employee.

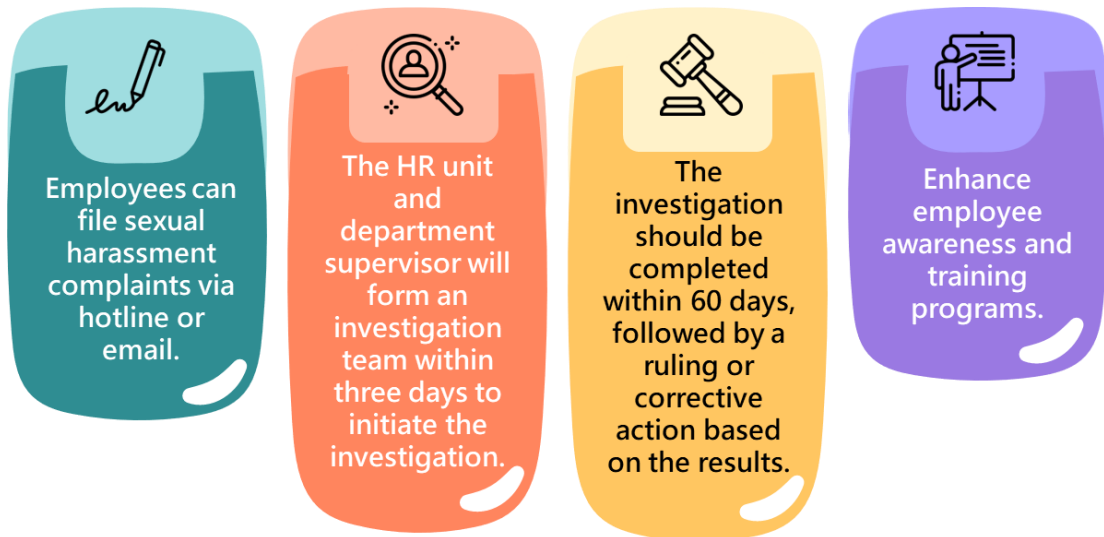


2022-2024 Average number of hours of human rights training per person in the group

| Item | 2022 | 2023 | 2024 |
|--------------------------------------|-------|-------|-------|
| Total Training Hours on Human Rights | 2,247 | 4,509 | 5,647 |
| Average Training Hours per Employee | 0.96 | 2.00 | 2.32 |

In 2024, none of our subsidiaries received complaints related to human rights violations, forced labor, or child labor.

✳ Sexual Harassment Prevention



To ensure a safe and respectful workplace and prevent any form of harassment, Zeng Hsing Group has established a Sexual Harassment Prevention Policy. This policy is promoted and enforced by the Human Resources department, which provides employees with a confidential and secure channel for filing complaints. In addition, the Group has issued a written "Workplace Sexual Harassment Prohibition Statement" to protect all employees. **No sexual harassment complaints were reported in 2024.**



Complaint Hotline :
04-2278-5177#700

Complaint Email :
hr@zenghsing.com.tw

仲興工業股份有限公司
禁止工作場所性騷擾之書面聲明

仲興工業股份有限公司(以下簡稱本公司)依據性別工作平等法第十三條,以及勞動部所訂定工作場所性騷擾防治措施申訴及懲戒辦法訂定專則第四條之規定,特頒布「禁止工作場所性騷擾之書面聲明」,並訂定處理此類事件之申訴程序,以提供本公司所有員工免於性騷擾之工作環境。為維護此一承諾,本公司特以書面加以聲明,絕不容忍任何本公司之管理階層主管、員工,從事或遭受下列之性騷擾行為。

一、本聲明所稱之性騷擾行為,是指性別工作平等法第十二條所規定者,包括:

- (一)員工執行職務時,任何人以性要求、具有性意味或性別歧視之言詞或行為對其造成敵意性、脅迫或冒犯性之工作環境,致使或干擾其人格尊嚴、人身自由或影響其工作表現。
- (二)各級主管或同事因工作關係有管理監督權者,利用其工作上權力、機會或方法對員工為明示或暗示之性要求、具有性意味或性別歧視之言詞或行為,作為勞務契約成立、存續、變更或分發、配置、報酬、考績、陞遷、降調或獎懲之交換條件。
- (三)上述這些行為包括具有性意涵、性暗示及與性(或性特徵)有關之言語或動作;展示具有性意涵或性誘惑之圖片、文字及視覺資料,以及不當之肢體碰觸等。

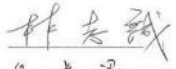

二、本公司為維護員工工作權益,提供免於性騷擾之工作環境,對於性騷擾事件採取適當之預防、糾正及懲處措施,並設置申訴專線電話及信箱如下:

- (一)申訴電話: 04-22785177#700
- (二)申訴信箱: hr@zenghsing.com.tw

三、本公司員工均有責任協助確保免於性騷擾之工作環境,如果妳(或你)感覺到遭到上述行為之侵害,或目睹及聽聞這類事件發生,請立即通知上述申訴電話或信箱,本公司將依性騷擾防治管理辦法(文件編號:2P-HR-05),做出妥適處理。

四、本公司將對此類事件進行調查,並對申訴者、申訴內容及處理結果採取保密措施。性騷擾行為如經調查屬實(包括誣告之情形),將採取合宜措施處理,包括對加害人予以懲處。

五、本公司禁止對通報此類事件者,提出此類申訴者及協助性騷擾申訴或調查者,有任何報復之行為。

董事長: 
總經理: 

✿ Labor-Management Agreements

Zeng Hsing Group respects employees' freedom of association and complies with local laws. Employees may freely choose whether to join a labor union, ensuring the protection of labor rights and fostering constructive labor-management relations. Union functions include handling labor disputes, improving working conditions, promoting occupational safety and health, enhancing member welfare, and organizing recreational activities. Across all Group sites, union membership—excluding employer representatives and contract employees—reaches 100%. The accompanying photo highlights an award received for outstanding union performance. Zeng Hsing's unions remain committed to listening to employees and serving as their strongest advocate.



At Taiwan HQ, a general assembly of union members is held annually, and the union board meets quarterly. HR also convenes quarterly labor-management meetings to facilitate communication and consensus building. Four such meetings were held in 2024.

ZH Vietnam and ZH China have signed collective bargaining agreements that apply to all employees. While Shinco has not yet proposed an agreement, preparations for collective bargaining are underway. In 2024, the Taiwan HQ union adopted a representative system and began revising its bylaws. Negotiations for collective bargaining terms are scheduled to begin in 2025.

✿ Minimum Notice Period for Operational Changes

Employee cohesion and talent retention are critical to sustainable business operations. Employees expect adequate notice for job changes and clear development pathways for key personnel. To enhance employee engagement and operational efficiency, the HR department and relevant units proactively plan personnel adjustments based on organizational needs and provide advance notice in accordance with local labor laws. The minimum notice period for labor-related changes varies by country, based on employment contracts and years of service. Notice periods range from a minimum of 10 days to a maximum of 45 days. Both labor and management comply with these standards. Relevant provisions are also included in the collective bargaining agreements of ZH Vietnam and ZH China. **No labor disputes related to operational changes were reported in 2024.**

Major Topic Management Approach: Employment / Labor Management Relations

| | |
|--------------------------------------|---|
| Policy | Zeng Hsing complies with labor laws and provides a comprehensive range of employee benefits. Through competitive compensation, transparent promotion mechanisms, and robust welfare programs, the Group strengthens its recruitment, development, and retention efforts. These initiatives help cultivate internal talent and attract high-caliber external candidates to join the Zeng Hsing family. |
| Goals and Commitments | Short-term: Comply with labor laws to ensure employees' work rights and benefits. Mid-term: Regularly review compensation policies to attract top external talents. Long-term: Develop internal talent potential and strengthen the talent pool. |
| Resources and Actions | <ol style="list-style-type: none"> 1. Total expenditure on salaries and welfare benefits in the past 3 years reached NT\$4,882 million. 2. Implement human rights training courses to enhance employee awareness of personal rights. |
| Responsible Units | Human Resources related departments |
| Management and Evaluation Mechanisms | <ol style="list-style-type: none"> 1. Senior management meetings review human capital costs, talent development plans, and other HR-related issues. 2. ESGO conducts annual tracking and review of employment & labor management objectives to ensure effective implementation. During the sustainability reporting process, turnover and rotation records are also examined to verify compliance with relevant laws. 3. ZH Vietnam follows the SA8000 system, implementing related PDCA cycles. |
| Performance | Zeng Hsing Group <ol style="list-style-type: none"> 1. No complaints on salary or welfare policies and no labor disputes related to operational changes were reported in 2024. 2. Human Rights Training — Total group-wide human rights training hours reached 5,647 hours. 3. New Employee Satisfaction Survey — At Taiwan HQ, 34 new hires (excluding temporary workers) reported an average satisfaction score of 4.46/5 in 2024. 4. Labor Union & Collective Bargaining — The Group actively strengthens union systems to protect employee rights. 5. Employee Satisfaction Survey — The overall average score in 2023 was 4.14/5. Conducted biennially, survey results informed 2024 initiatives including cultural enhancement, training plans, and salary adjustments. The next survey is scheduled for Q4 2025. 6. Maternity Allowance Program — Three employees at Taiwan HQ received maternity allowances in 2024. 7. Employee Assistance Program (EAP) Established a counseling platform and published 20 information posts covering medical consultation, legal assistance, financial advice, and psychological counseling. |

✿ Retirement System

Each subsidiary of Zeng Hsing Group establishes its retirement system in accordance with local labor laws to ensure that employees have financial security after retirement. At Taiwan HQ, retirement contributions are made in compliance with legal requirements, covering both the old and new pension schemes. For details on the contribution plan, please refer to page 163 of the annual report (English version). One employee applied for retirement in 2024.

ZH Vietnam and Shinco provide social, medical, and unemployment insurance in accordance with local labor laws. Similarly, ZH China offers social insurance and housing fund contributions in compliance with relevant regulations.

✿ Parental Leave Implementation

In China and Vietnam, maternity leave is granted in accordance with local labor laws. At Taiwan HQ, the status of parental leave applications in 2024 is as follows: two employees applied for parental leave (one male and one female). The retention rate after parental leave in 2024 was 50%. Employees who did not return to work chose to resign due to family care responsibilities. Detailed analysis is provided in the table below.

| Parental Leave Status | Male | Female | Total |
|--|------|--------|-------|
| A. Number of employees who took parental leave | 1 | 1 | 2 |
| B. Number of employees scheduled to return from parental leave in 2023 | 0 | 1 | 1 |
| C. Number of employees who returned to work immediately after parental leave | 0 | 1 | 1 |
| D. Number of employees who returned to work after unpaid leave in 2023 | 0 | 2 | 2 |
| E. Number of employees who remained employed for at least one year after returning from unpaid leave (as of end of 2024) | 0 | 1 | 1 |
| Return to work Rate (C/B) | 0% | 100% | 100% |
| Retention Rate (E/D) | 0% | 50% | 50% |



Employee Welfare Programs

Taiwan HQ

✿ Corporate Culture Points Program

To instill Zeng Hsing's corporate culture and core competencies among employees, Taiwan HQ has been implementing a point-based participation program since 2020. The program includes ten themes, such as corporate culture development, innovation, self-management, personal development, health management, and volunteering. Employees earn points by participating in company activities, and every 10 points can be redeemed for a NT\$100 PX Mart voucher. As of December 2024, a total of 2,063 points have been issued.



✿ Employee Stock Ownership Trust (ESOT)

To support employees in building wealth and planning for retirement, while strengthening their connection to the company, Zeng Hsing launched the Employee Stock Ownership Trust program in 2018. All full-time employees at Taiwan HQ are eligible to apply after six months of service. **When an employee allocates a fixed amount from their monthly salary to purchase company stock, Zeng Hsing matches that amount as a company contribution to a dedicated trust account.** As of December 2024, the participation rate among eligible employees reached 89%.

✿ Family Day

Under the theme “Unlimited Dreams, Zeng Hsing Moves Forward,” Family Day invited employees to enjoy a fun-filled day with their family and friends. The event featured a magical bubble show, group stretching exercises, interactive games with prize, and exciting team competitions. To support the circular economy and reduce waste, team flags were creatively made using recycled clothes and fabrics, showcasing Zeng Hsing's core sewing and embroidery capabilities. The event also included multiple prize draws, allowing employees to enjoy a joyful time while winning exciting prizes.

Dream Big, Move Forward.
Together with Zeng Hsing
Go Go Go!



✿ Year-End Banquet

The 2024 Year-End Banquet featured a retro Taiwanese theme, with colorful photo booths and nostalgic decor creating a festive atmosphere. Classic night market games, live musical performances, traditional banquet cuisine, and a lucky draw where every attendee won a prize were highlights of the event. Approximately NT\$1.6 million in prizes were awarded to recognize and thank employees for their hard work and dedication over the year.



ZH Vietnam

✿ Employee Sports Day

To promote physical and mental well-being, as well as teamwork and camaraderie, ZH Vietnam holds an annual Sports Day. Participation is voluntary and open to all employees. In 2024, the event featured baseball, volleyball, soccer, badminton, tug-of-war, and fun games, with about 800 participants. The top three teams received commemorative medals, flags, and prize money. A total of approximately NT\$130,000 in prizes was awarded to encourage employees to stay active and maintain healthy habits.



Employee Benefits



Salary/Bonus

Participate in annual market salary surveys to design fair and competitive compensation packages.

- Fixed salary
- Full attendance bonus
- Year-end bonus
- Holiday bonus (Mid-Autumn Festival, Dragon Boat Festival)
- Birthday gift
- Employee bonus



Work environment

Promote work-life balance by offering a modern, comfortable working environment and leisure spaces.

- Gym
- Health center
- Lactation room
- Employee cafeteria
- Free parking for car and motorcycle
- Electric vehicle charging pile
- Sky garden



Employee insurance

In addition to statutory insurance, provide comprehensive insurance coverage to ensure employee health and security.

- Labor insurance/health insurance
- Group accident insurance
- labor pension
- Insurance for personnel stationed abroad
- On-Site Physician Service
- health promotion lecture
- Volunteer Insurance



Vacation Policy

A comprehensive vacation system tailored to employee needs, enabling a balance between work and family life.

- Leave according to labor laws
- Better than statutory special leave (available immediately upon employment)
- Family care/ Paternity/ Parental/Menstrual / Voluntary / Natural disaster leave
- 12 weeks of maternity leave

NEW



Employee benefits

Diverse welfare measures and employee stock ownership plans to enhance financial security.

- Employee Stock Ownership Trust
- Employee health examination
- Educational scholarship for employees' children
- Maternity benefit allowance
- Employee travel / Club activity / Family day / Discounts at authorized stores/Meal allowance
- Outstanding Employee Award
- Wedding/funeral allowances



Welfare for overseas personnel

Encourage employees to plan future careers, provide a safe working environment and comprehensive benefits.

- Provides three meals and dormitories
- Employee recreational areas
- Airport transfers
- Home leave
- Return airfare and transportation allowance
- Foreign currency exchange services



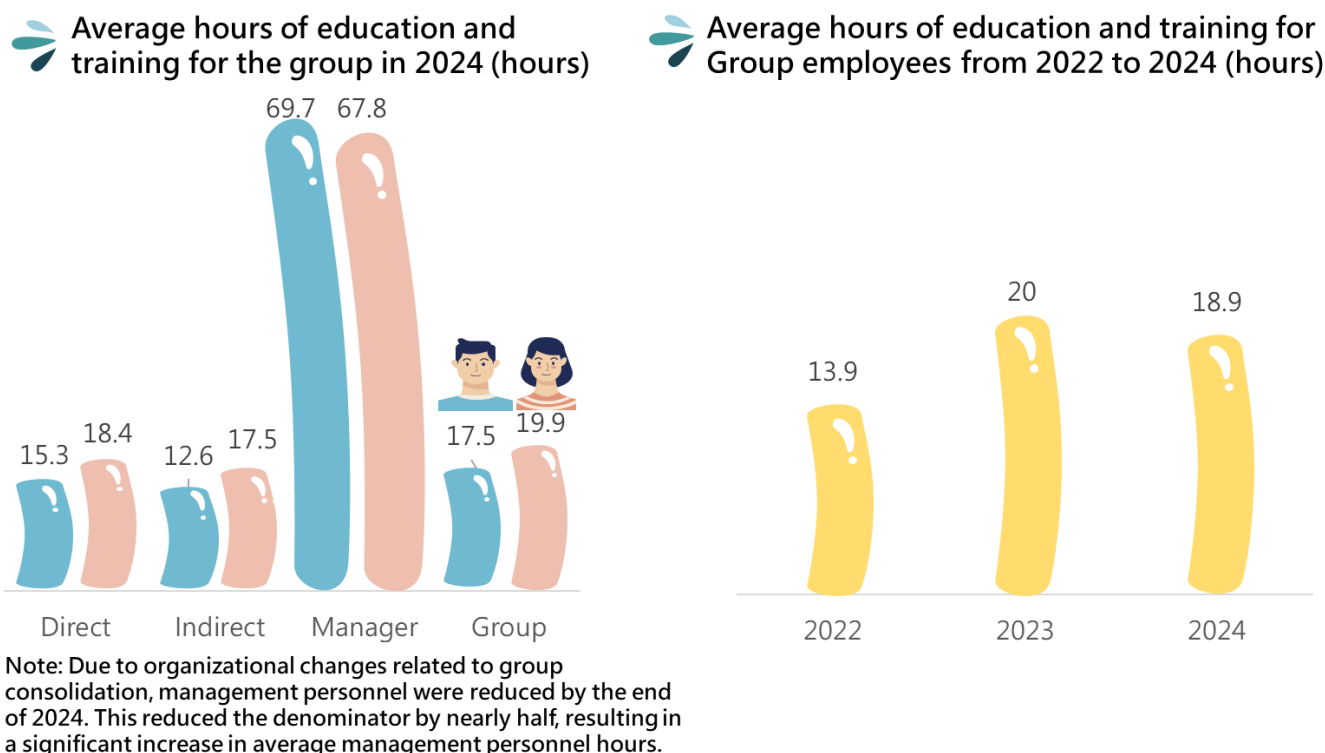
Training and development

Enhance employee knowledge and diversified development opportunities

- Orientation and new hire training
- Annual training plan
- Job rotation in overseas subsidiaries
- Industry academia collaboration

5.3 Employee Education and Training

Zeng Hsing Group and its subsidiaries offer diverse learning opportunities to employees, ensuring that every individual has the chance to enhance their knowledge and unlock their development potential. All training programs are planned and implemented equally, ensuring equal access regardless of gender. The average training hours for male and female employees were 17.46 and 19.88 hours, respectively. In 2024, Zeng Hsing shifted its training approach to focus primarily on in-person courses, complemented by online learning, to encourage greater participation and enhance employee knowledge and competencies. The total training hours in 2024 reached 46,000 hours, with an average of approximately 2.4 training days per employee across the Group.

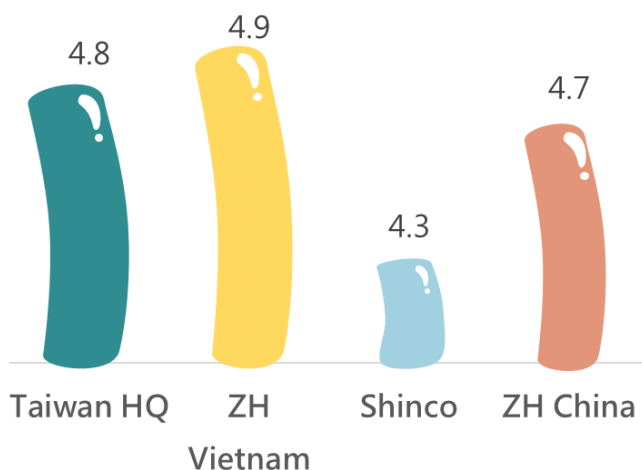


Taiwan HQ received a subsidy of NT\$69,000 in 2024 from the Workforce Development Agency under the "Skill Recharge and Take-off Program" to support on-the-job training. This initiative significantly enhanced employee knowledge and skills while reducing training costs by 22%. In addition to government support, the company independently invested NT\$316,000 in employee training and development in 2024.

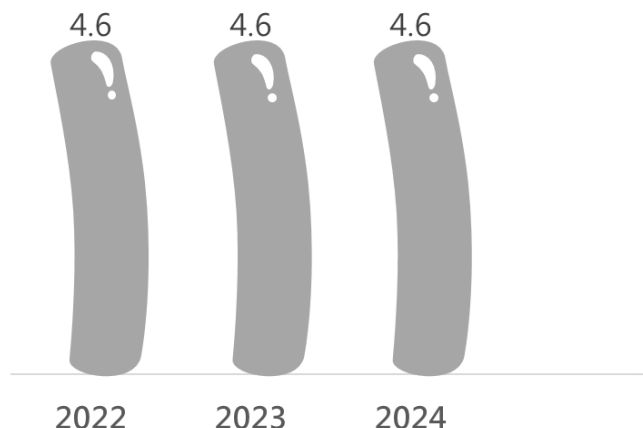
To ensure employees across all subsidiaries have access to more comprehensive and robust learning opportunities, the ESG Committee requires each subsidiary to set annual targets for average training hours and training satisfaction rates. Progress toward these goals is reviewed semi-annually. For more details, please refer to the Management Approach.

Employee satisfaction with training outcomes is a key area of focus for Zeng Hsing. In 2024, the Group achieved an average training satisfaction score of 4.6 (out of 5). Based on feedback collected through satisfaction surveys, Zeng Hsing aims to continuously refine and tailor training programs to better meet employee needs and support more effective knowledge and skill development.

2024 Group employee education and training satisfaction (out of 5 points)



Average group education and training satisfaction from 2022 to 2024



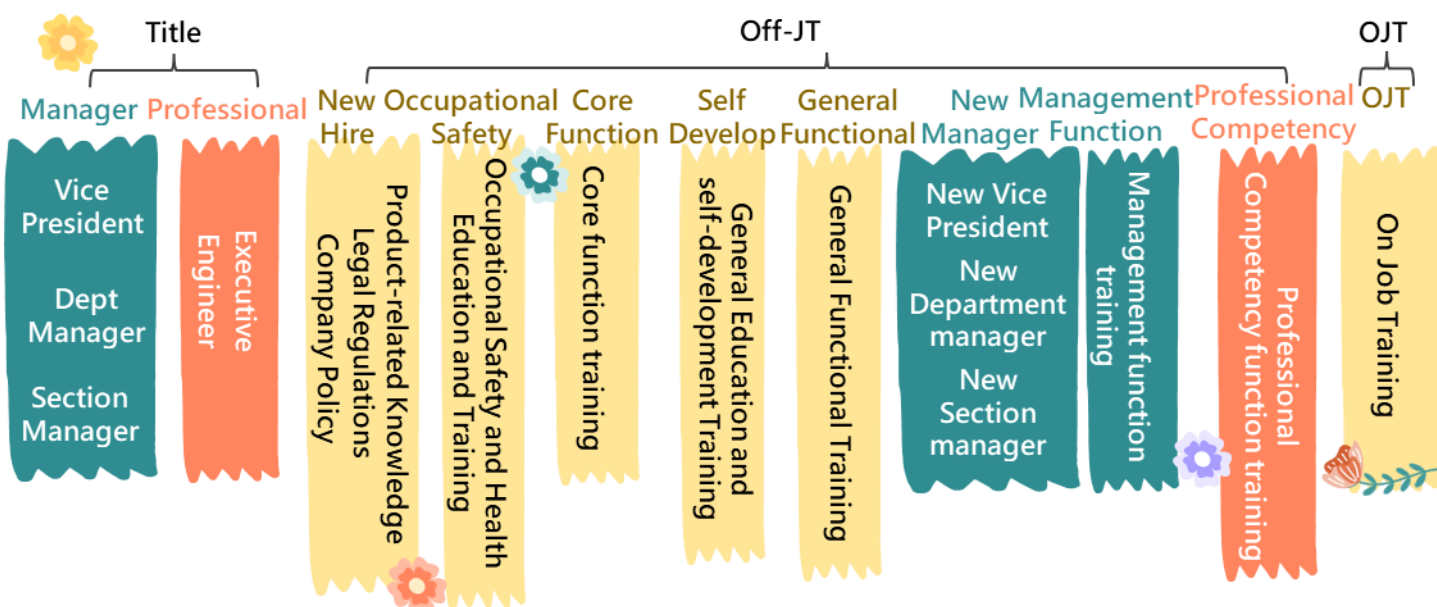
ZH Group : TTQS Talent Development Quality Management System

Zeng Hsing places great importance on employee learning and development. To institutionalize its training efforts, Taiwan HQ adopted the Talent Development Quality Management System (TTQS) in 2011. The system follows the structured process of Plan (P), Design (D), Do (D), Review (R), and Outcome (O), continuously refining the quality of education and training. In 2022, Zeng Hsing's Taiwan HQ was awarded the TTQS Silver Award. Through ongoing optimization and improvement, we proudly achieved the TTQS Gold Award in 2024, ranking in the top 1% of all participating enterprises. Moving forward, we will continue to embody the TTQS spirit of continuous improvement, aiming to retain the Gold Award in 2026.



ZH Group : Training Roadmap

To ensure that annual training aligns seamlessly with the organization's vision and strategic direction, Zeng Hsing develops employee training programs based on a structured Human Resources Development (HRD) framework. A comprehensive training blueprint is established to enhance employee competencies through a variety of training methods, including e-learning courses on the Zeng Hsing eHRD platform, overseas internships, job rotation programs, mentorship programs for new hires, project participation, and on-the-job learning. These approaches are designed to maximize training effectiveness and talent development outcomes.



Taiwan HQ : eHRD Learning Platform

In 2016, Taiwan HQ launched the Learning Platform (eHRD) to systematically plan training roadmaps. The platform offers blended learning course designs and integrates extensive internal and external training resources, supporting a diverse talent development ecosystem. Employees are encouraged to pursue continuous professional and cross-disciplinary learning, effectively bridge the gap between knowledge acquisition and practical application. The goal is to achieve training, certification, and job performance alignment. To enhance strategic thinking in talent selection, development, utilization, and retention, Zeng Hsing has integrated various HR development systems into the eHRD, including education and training programs, job descriptions, competency and capability assessments, and performance evaluations. This integration amplifies the effectiveness of our talent development strategy. Key focus areas in Zeng Hsing's talent development strategy include:



Taiwan HQ : Sewing Skill Certification

To strengthen the practical application of knowledge and skills, Zeng Hsing continued to organize Sewing Skill Certification Programs in 2024. Sewing Skills Certification A has one class, with 12 participants taking the class and a 100% pass rate; Sewing Skills Certification B has two classes, with 26 participants taking the class and a 100% pass rate.



Taiwan HQ : Continuous Improvement Competition

In pursuit of sustainability and innovation, Zeng Hsing established Continuous Improvement Workshops to foster cross-functional teamwork, systematic thinking, and a proactive approach to problem-solving. Employees are also encouraged to participate in external continuous improvement competitions to enhance competitiveness and build long-term talent resilience. From May to November 2023, 11 employees from R&D, quality assurance, engineering, management, manufacturing, and sales formed the "Everlasting Circle" team. They participated in the Taiwan Continuous Improvement Competition organized by the Corporate Synergy Development Center, with the improvement theme: "Enhancing the Sensor Detection of Embroidery Frame Springs". **This was the company's first participation, and it was honored with the Silver Tower Award.** In 2024, maintaining the spirit of continuous improvement, two new teams were formed under the leadership of manufacturing and quality assurance managers, involving 15 employees in total. These teams are engaged in internal improvement workshops focused on root cause analysis and quality improvement strategies. In March 2024, internal presentations were held, and the winning team represented Zeng Hsing in the May 2024 Taiwan Continuous Improvement Competition, **earning a Regional Award.**



Orientation Forums for New Managers, Promoted Employees, and New Hires

To help new employees understand and embody the Group's four core management philosophies in their daily work, and to cultivate a positive corporate culture, Zeng Hsing's Taiwan HQ has held orientation forums on an irregular basis since 2022. These sessions provide an open and relaxed atmosphere to enhance communication, foster interaction between senior leadership and new employees, and strengthen alignment with the company's vision. In 2024, two forums were held for new hires, with a total of 41 participants, and one session was held for newly appointed managers and promoted employees, with 31 participants. These initiatives reflect the company's commitment to new team members and aim to increase employee engagement and cohesion.



Taiwan HQ : Internal Trainer Development

Zeng Hsing remains committed to developing internal trainers to facilitate knowledge transfer and talent cultivation. In 2024, two female employees were newly appointed to the internal trainer roster. To support this initiative, the company established the "**Internal Trainer Policy**," which encourages employees to obtain qualifications and progress through a **tiered promotion system**: from **Assistant Trainer** to **Trainer**, and ultimately to **Senior Trainer**. Employees are incentivized to complete certifications, accumulate teaching hours, and develop training materials to qualify for **tiered teaching allowances**. This transparent ranking system also enables learners to easily identify an instructor's level of expertise.

Furthermore, in accordance with the Internal and External Trainer Management Guidelines, the company conducts annual promotion reviews for existing trainers. In 2024, two Assistant Trainers successfully advanced to the rank of Trainer, demonstrating their professional capabilities and teaching achievements. Through active course delivery and employee coaching, they play a pivotal role in enhancing workforce competencies. This system ensures that trainers achieve professional growth while earning financial incentives.

Taiwan HQ : New Employee Internship Program

To deepen new hires' understanding of the company's products and manufacturing processes, Zeng Hsing arranges departmental rotations (or practical internships) in key units such as Manufacturing, Engineering, and Quality Assurance.



These immersive sessions include hands-on activities such as component assembly, product design and development verification, and training on quality systems and standards. By integrating practical experience with structured learning, the program establishes a solid foundation of product knowledge and significantly enhances employees' operational proficiency in their future roles.

ZH Group : Performance Management System

To ensure that employee contributions are recognized and rewarded, each subsidiary of the Zeng Hsing Group establishes a performance evaluation policy based on local requirements. Regular performance reviews are conducted not only to assess employee achievements but also to strengthen communication and support individual career development. Evaluation criteria typically include attendance, core competencies, professional skills, behavioral performance, and individual goals. Except for new employees who have not completed their probation period, all employees are required to undergo performance evaluations. Those who do not meet expectations must participate in training to close competency gaps. In 2024, 100% of eligible employees (excluding those employed for less than three months) completed performance evaluations across the Zeng Hsing Group.

Taiwan HQ mandates that all supervisors at or above the team leader level conduct performance



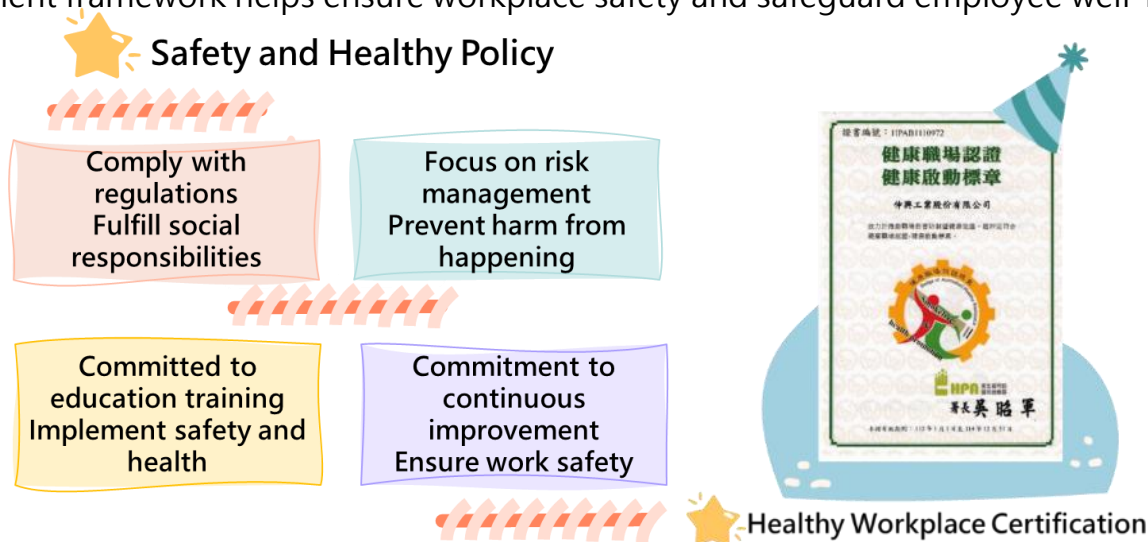
review interviews prior to the official appraisal. These interviews provide a platform for open communication, allowing managers to convey expectations, offer feedback, and provide guidance for performance improvement and job alignment. To support underperforming employees and ensure they meet job expectations, Zeng Hsing implemented a Performance Improvement Program (PIP) in 2022. This system aims to help employees grow alongside the company and collaboratively achieve business objectives.

Material Topic Management Approach: Training and Education

| | |
|-------------------------------------|--|
| Policy | Talent Development and Training Policy |
| Goals and Commitments | <p>Short-term :</p> <ol style="list-style-type: none"> 1. Based on the five major training principles derived from the organization' s annual strategic analysis — actively driving revenue growth, strengthening core technical capabilities, enhancing overall quality awareness, reducing operational risks, and developing organizational talent — as well as through job competency gap assessments, performance gap analyses, and regulatory requirements, we implement comprehensive training programs. 2. Corporate culture development: establish diverse communication channels, enhance organizational learning, foster team cohesion, and strengthen management capabilities. <p>Medium-term Goal : In line with the spirit of continuous improvement, enhance the quality and effectiveness of corporate training. The company aims to maintain its TTQS (Talent Quality-management System) Gold Medal certification in 2026.</p> <p>Long-term Goal : Strive to achieve the National Talent Development Award.</p> |
| Responsible Unit | Human Resources Department and related units |
| Resources and Actions | <p>Over the past three years, Taiwan HQ has invested approximately NT\$1.54 million in education and training. This includes expenses for internal and external training programs, instructor fees, and the purchase of e-learning materials for the eHRD system.</p> <p>The Sustainability Development Committee requires each plant to establish annual education and training objectives, such as employee satisfaction and average training hours.</p> |
| Management and Evaluation Mechanism | For Zeng Hsing Group, subsidiaries assess learning effectiveness through post-training online tests, written tests, and oral evaluations. All results are recorded in the system or documented in paper form. |
| Performance | Both the average training hours per employee and training satisfaction targets were successfully achieved across the Zeng Hsing Group. |

5.4 Safety culture and responsibility

Zeng Hsing Group is committed to continuously improving occupational safety and health (OSH) performance, ensuring legal compliance, and providing employees with a safe and secure working environment. In 2022, the Group awarded the “Healthy Workplace Certification – Health Start Mark” issued by Taiwan’s Ministry of Health and Welfare, valid for three years. Moving forward, Zeng Hsing will continue to pursue relevant certifications. In addition, Zeng Hsing adopts to the ISO 45001 standard to integrate and align its occupational safety and health management system with its business processes. The adoption of a unified management framework helps ensure workplace safety and safeguard employee well-being.



✿ Occupational Safety and Health Management System

In 2024, both the Taiwan HQ and ZH Vietnam successfully achieved third-party certification for the ISO 45001:2018 Occupational Safety and Health Management System. This system covers all employees, contractors, and other personnel working under the supervision or direction of workplace managers. The Industrial Safety Office **oversees** the planning, execution, and **monitoring** of all OSH-related activities, while departmental supervisors serve as representatives on the Occupational Safety and Health Committee.

While ZH China and Shinco have not yet adopted this specific formal management system, they employ qualified OSH professionals and enforce rigorous internal safety regulations. These measures include regular safety inspections and workplace environmental monitoring (e.g., CO₂ concentration and dust level testing) to ensure a safe working environment. Employees are encouraged to report safety concerns to the Industrial Safety Office, which coordinates with Taiwan HQ for review and continuous improvement.

✿ Occupational Safety and Health Committee

In accordance with regulatory requirements, Taiwan HQ has established an Occupational Safety and Health Committee, wherein labor representatives comprise at least one-third of the membership. The Committee meets regularly to communicate and coordinate OSH matters, ensuring employee safety and health, enhancing OSH awareness, and fostering a culture of safety. Quarterly committee meetings cover a wide range of topics, including legal compliance, stakeholder communication and expectations, progress toward OSH objectives, accident



investigation and corrective/preventive measures, key audit findings, workplace health promotion, and government-led occupational injury prevention initiatives.

✳ Occupational Safety Risk and Opportunity Management

The Industrial Safety Office conducts **hazard identification and risk/opportunity assessments** in accordance with the company’ s risk management procedures, using a likelihood–severity matrix as a quantitative tool. Annual comprehensive reviews are performed to identify and mitigate potential hazards in the workplace. After risk and opportunity assessments are conducted for each operation, improvement measures are prioritized based on risk levels, and the effectiveness of these improvements is evaluated through OSH performance indicators.

For external compliance, the Industrial Safety Office regularly reviews and updates relevant regulations to ensure adherence to local OSH laws. Contractor management is also an important focus—contractors are required to receive OSH training, implement necessary protective measures, and comply with OSH standards regarding waste management, chemical control, fire safety, and construction safety.

Internally, each department establishes OSH-compliant **operational procedures** based on the nature of its activities (e.g., manufacturing, shipping, or office operations). OSH personnel conduct **regular on-site inspections** to ensure compliance and prevent occupational hazards. To minimize potential hazards and risks associated with purchased goods or services (including machinery, equipment, and engineering services), all purchases of **chemicals or large equipment** must undergo review and approval by Industrial Safety Office review and approval (including pre-entry safety inspections when necessary) to ensure compliance with safety standards. This ensures that all equipment and materials used by employees are safe and prevent occupational accidents. The procurement of **personal protective equipment (PPE)** is also reviewed by the Industrial Safety Office to ensure adequate protective capability and material safety.

Both the Taiwan HQ and ZH Vietnam establish annual risk-based **audit plans**, verified through external certification bodies and government inspections. The Internal Audit Office also evaluates operational risks through internal control mechanisms.

In 2024, Taiwan HQ set and achieved one OSH objective as planned. The ZH Vietnam set 61 objectives, completing 43 (a 70% completion rate), with the variance primarily due to factory consolidation resulting in combined targets.

2024 ISO 45001 Improvement Objectives – Status Overview (Taiwan HQ and ZH Vietnam)

| | Improvement Objectives | Completed Objectives | Remarks |
|------------|------------------------|----------------------|--|
| Taiwan HQ | 1 | 1 | Painted motorcycle lanes, designated vehicle inspection areas, and installed an electric bell system to notify security personnel for inspections. |
| ZH Vietnam | 61 | 43 | Implemented safety improvements such as posting safety warning labels on all equipment, enforcing the use of personal protective equipment (PPE) during work, and conducting workplace environmental monitoring. Overall completion rate: 70%. |

✳ Occupational Injury Statistics and Analysis

In 2024, Zeng Hsing Group recorded a total of five occupational injury cases, excluding commuting accidents. Most of these cases involved cuts, lacerations, or abrasions that occurred during production operations. The primary cause of these incidents was unsafe employee behavior. Following each incident, safety awareness was reinforced through factory-wide meetings, and continuous education was provided to enhance employees' safety consciousness. These cases were also reviewed and discussed regularly in the Occupational Safety and Health Committee for ongoing improvement. **In 2024, there were zero occupational injuries involving non-employed workers (e.g., contractors or temporary personnel) within Zeng Hsing Group.**

Zeng Hsing Group Occupational Injury Statistics (2022–2024)

| Item | 2022 | 2023 | 2024 |
|-------------------------------------|------------------------------|------------------------------|-------------------------------------|
| Occupational Injury Fatality Rate | 0.00 | 0.00 | 0.00 |
| Severe Occupational Injury Rate | 0.00 | 0.00 | 0.00 |
| Recordable Occupational Injury Rate | 0.22 | 0.19 | 0.17 |
| Types of Occupational Injuries | Cuts, Lacerations, Abrasions | Cuts, Lacerations, Abrasions | Cuts, Lacerations, Abrasions, Falls |

Notes:

1. The calculation scope includes only employees; commuting-related incidents are excluded.
2. Occupational Injury Fatality Rate = (Number of fatalities from occupational injuries / Total working hours per year) × 200,000.
3. Severe Occupational Injury Rate = (Number of severe occupational injuries, excluding fatalities / Total working hours per year) × 200,000.
4. Recordable Occupational Injury Rate = (Number of recordable occupational injuries / Total working hours per year) × 200,000.
5. Total working hours: Calculated based on data reported to Taiwan's Ministry of Labor by the Taiwan HQ's Industrial Safety Office; for ZH Vietnam, Shinco, and ZH China, a standard of 300 working days per year was used.

Material Topic Management Approach: Occupational Safety and Health

| | |
|---------------------------------|--|
| Policy | Occupational Safety and Health Policy |
| Objectives and Commitments | <p>Short-term: Continuously enhance the occupational safety and health management system, health management, health promotion, and create a friendly workplace environment.</p> <p>Medium to Long-term: Build a workplace that promotes work-life balance, supports family and physical/mental well-being, and achieves zero workplace injuries.</p> |
| Responsible Department | Industrial Safety Office |
| Resources and Actions | <p>Both Taiwan HQ and ZH Vietnam hold ISO 45001:2018 certification. Through hazard identification, risk assessment, and regular Occupational Safety and Health Committee meetings, risks are evaluated, and improvement objectives are set annually.</p> <p>The Group holds monthly corporate safety meetings to review progress and ensure actions are implemented according to the annual plan. In addition, thematic joint safety inspections are carried out each month.</p> |
| Management Evaluation Mechanism | <p>Taiwan HQ & ZH Vietnam: In accordance with ISO 45001 internal management procedures, the PDCA (Plan–Do–Check–Act) effectiveness cycle for occupational safety and health is assessed annually.</p> <p>ZH China & Shinco: Safety and health-related incidents are jointly reviewed and improved by the Industrial Safety Office and the respective management units.</p> |
| Performance | Zeng Hsing Group: Occupational injury fatality rate – 0; Severe occupational injury rate – 0; Recordable occupational injury rate – 0.17. |

5.5 Employee health management and promotion

Zeng Hsing Group : Each subsidiary of Zeng Hsing Group complies with local occupational safety and health regulations and conducts regular health examinations to ensure early detection of potential health abnormalities among employees and to help maintain their overall well-being. In addition to routine health examinations, special medical checkups are provided for employees working in operations with occupational disease risks (e.g., hearing or ionizing radiation exposure). Any abnormalities identified are subject to periodic follow-up to prevent severe occupational illnesses.



Taiwan HQ : Taiwan HQ provides annual health examinations for employees under the age of 65, offering services beyond legal requirements. The Industrial Safety Office proactively notifies employees with abnormal results to undergo reexaminations. Dependents are also invited to participate at their own expense, enjoying group-discount rates and the same examination items. In 2024, a total of 234 employees participated in health examinations, with a total company subsidy of NT\$520,000.

✳ Employee Care and Support



Medical Consultation : A specialist physician is contracted to provide on-site health services every two months, totaling six visits in 2024. Employees can consult medical professionals during working hours to better understand their health conditions and potential risks. Based on the 2024 health examination results, employees with abnormal findings were stratified for health risk management. All employees identified as having critical health risks received 100% intervention, including follow-up care, corrective tracking, and case management. Occupational health nurses coordinated with physicians to conduct phone consultations, follow-ups, and provide medical guidance for health improvement.

Health Information Sharing : A dedicated “Health, Safety, and Environment” section on the employee intranet provides the latest healthcare information, focusing on major illnesses and the top 10 abnormal findings from employee health examinations. In 2024, the following seminars were held: Prevention of urinary tract infection and iron-deficiency anemia, enhancing communication and building a friendly workplace, healthy eating and smoking cessation for weight management, prevention of sports injuries, prevention of cardiovascular diseases, combating metabolic syndrome (three highs health awareness).

Health Center and Facilities: The new headquarters building in Taiwan features a health center and blood pressure monitor, providing employees with a place for emergency care and rest. To ensure workplace safety, two Automated External Defibrillators (AEDs) are installed for emergency use.

Lactation Room: To foster a female-friendly workplace, Zeng Hsing has established a

lactation room equipped with a refrigerator and sterilizer to support working mothers. This initiative helps facilitate **work-life balance**, enhances employee focus, and increases overall productivity.

✳ Employee Health Promotion

Taiwan HQ prioritizes employee wellness and has established an annual health promotion plan and budget. Occupational health nurses conduct yearly analyses of health checkup results and questionnaires to identify major issues such as overweight, high cholesterol/blood sugar, and abnormal liver function. Targeted programs such as weight management and exercise initiatives are then implemented. The company actively participates in the Ministry of Health and Welfare's "Workplace Health and Safety Week" and promotes various wellness activities.



To counteract rising overweight trends, Zeng Hsing held a "100-Day Million Steps Challenge" in 2024. The three-month campaign attracted 96 participants, collectively walking 52.12 million steps. According to the Ministry of Health and Welfare, walking 10,000 steps reduces carbon emissions by approximately 1.42 kg CO₂e, consequently, this campaign resulted in an estimated reduction of 7,400 kg CO₂e. Employees are encouraged to walk or take stairs instead of riding motorcycles or elevators — actions that both reduce emissions and improve health. The company also promotes healthy lifestyles through the motto: "Eat smart, move joyfully, and weigh daily." Various fitness clubs, such as aerobics, boxing, and yoga, are available. In addition, company meal plans are designed to stay under 750 kcal per meal, prepared with low oil, sugar, and salt to promote healthy eating habits.

✳ Occupational Safety and Health Training

In compliance with occupational safety and health regulations, all new and current employees receive periodic safety education and training to raise awareness and reduce workplace hazards.

Training topics include Overview of relevant occupational safety and health laws and regulations, safety and health concepts and work rules, self-inspection before, during, and after operations, standard operating procedures (SOPs), emergency response and fire safety drills, first aid knowledge and other safety-related topics.

Employees engaged in hazardous operations must complete professional training, pass certification exams, and obtain valid licenses. All such personnel are required to wear appropriate protective equipment during operations. For contractors and on-site vendors, Zeng Hsing has established a Contractor Management Procedure to regulate operations and prevent occupational accidents.

Each plant conducts comprehensive fire drills in accordance with local fire safety laws. In 2024, Taiwan HQ conducted two full-scale fire drills to strengthen fire safety culture within the facility.



Regular
fire drills
Ensure
fire safety.



✿ Occupational Disease Prevention

The Group's occupational health nurses monitor workplace environments and implement special health examinations based on the results of environmental assessments to prevent potential health deterioration. Regular site inspections and case analyses are conducted in collaboration with occupational medicine physicians. Through safety promotion, training, and audits, employees are reminded of proper protective equipment usage to reduce exposure to health hazards and minimize occupational disease risks. In 2024, two employees underwent special medical examinations, and results indicated Class II ionizing radiation management (partial or full abnormalities deemed unrelated to work by the attending physician). **No occupational diseases were identified among non-employee workers within Zeng Hsing Group in 2024.**

6 Social Engagement

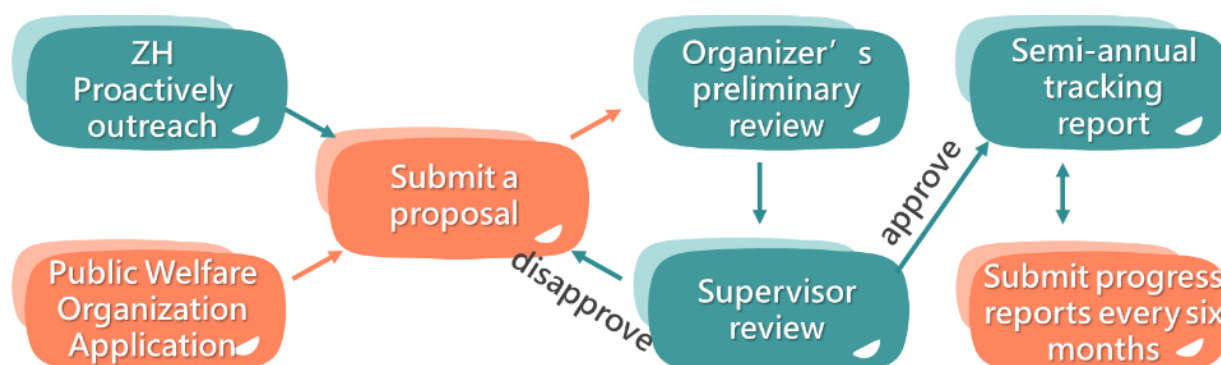
6.1 Social Welfare

Zeng Hsing leverages its industrial strengths and corporate influence to actively advance social welfare initiatives. In alignment with the United Nations Sustainable Development Goals (SDGs), the Group continues to support disadvantaged communities in rural areas and give back to local neighborhoods. In 2024, Zeng Hsing donated cash and goods to 9 organizations, totaling approximately NT\$1.05 million. The Group also donated 173 sewing machines and vacuum cleaners to 10 organizations. Through these efforts, Zeng Hsing aims to create positive social impact, foster long-term community engagement, and generate shared value for the communities where it operates.

| Cash & In-kind Donations | | | Sewing Machine and Vacuum Cleaner Donation | | |
|--------------------------|---|---|--|---|--|
| ZH | Organization | Support Program | ZH | Organization | Support Program |
| Taiwan HQ | Tainan University of Technology | Sewing Culture and Circular Economy Practices | Taiwan HQ | Miaoli County Women' s Welfare Service Center | Sewing skills training to help create livelihood opportunities. |
| | Taichung - Digital Humanitarian Association | Health education courses in rural areas | ZH China | The Mustard Seed Mission | 50+ Senior Support Program |
| | Taichung - St. Love Villa, | Mountain cleaning | | Chinese Nonprofit Organization Development Association | Provides sewing skills training opportunities for disadvantaged families. |
| | Miaoli - St. Francis Girls' Home | Sewing class | | Xinglong Community Development Association | Elderly Care |
| | Taitung - Mari Social Welfare Foundation | Elderly Care | | The Clothes Association With Technical Degree A R.O.C | Promoting Sewing Skills in Rural Schools: Association volunteers visit rural schools and community centers to provide sewing instruction, enabling students and teachers to learn and pass on sewing skills. |
| ZH Vietnam | TTND Que Huong Orphanage | Empowering Disadvantaged Communities | ZH Vietnam | Tainan University of Technology | Sewing Culture and Circular Economy Practices |
| Shinco | Vietnam Red Cross Society Center for the Care and Development of Orphans and Children with Disabilities | | | Pingyang Women' s Business Association | Sewing skills training to help create livelihood opportunities. |
| ZH China | Zhangjiagang - Aiman Port Charity Foundation | | | Green Seedling Kindergarten | Supporting improvements in environmental cleanliness and hygiene. |
| | | | ZH China | The 13th Asia Quilt and Knit Festival 2024 The 10th Cheau Hsing Cup 2024 | |

Donations in 2024:
Cash: NT\$1,050,000
Sewing Machines: 167 units
Vacuum Cleaners: 6 units

Since 2020, Taiwan HQ has implemented a donation application and outcome-tracking system to ensure efficient use of charitable resources. Each year, ESGO collects proposals and planned fund/equipment uses from partner organizations and requires semiannual activity reports to monitor effectiveness.



* Digital Humanitarian Association – Sponsorship of Rural Health Education and Remote Charity Sewing Instruction

Since 2021, Taiwan HQ has partnered with the Digital Humanitarian Association (hereinafter WaCare). Centered on digital innovation, WaCare is committed to enhancing health and health literacy for vulnerable groups and the general public. Through digital solutions, the organization seeks to address three key challenges faced by rural communities: high transportation costs, shortages of medical professionals, and imbalances in population structure and caregiving resources.



Challenges in Rural Areas

- **Transportation difficulties:** Remote and mountainous regions are often far from urban centers, making travel time-consuming and costly compared to cities.
- **Lack of medical resources:** There is a significant shortage of medical personnel and equipment, which can negatively affect the accuracy and timeliness of diagnoses & treatment.
- **Aging population in rural areas:** There is a mismatch between the population structure and available caregiving systems, leaving many elderly residents without adequate medical care.



Service Items

- **Health Needs Pre-assessment:** Arrange appropriate courses and services based on individual health requirements.
- **Digital Environment Setup:** Provide class software, instructional support, and troubleshooting assistance to ensure smooth digital learning.
- **Remote Health Courses and Consultations:** Offer professional medical knowledge, wellness and exercise classes, and 1V1 online consultations with doctors.
- **Regular Health Surveys and Records:** Assess community health needs and determine whether medical referrals are required.



Implementation Outcomes

- **Enhanced Health:** Improves seniors' well-being while subtly strengthening community cohesion.
- **Improved Health Education Awareness:** Incorporates correct health knowledge into daily routines, enabling seniors to take care of themselves and reducing caregiving burden on families.
- **Application of Medical Knowledge:** Leverages digital tools to effectively apply professional medical guidance to support elderly residents in the communities.
- **Building a Bridge:** WaCare health coaches serve as key connectors between medical professionals and community workers.

WaCare utilizes remote video conferencing to deliver health education programs in rural communities, including senior yoga, hypertension management, dental care, and cancer prevention. It also offers real-time online medical consultations with doctors, nutritionists, and psychological counselors, as well as training courses for caregivers on dementia communication and care, nutrition and meal preparation, and caregiver mental health and stress relief.

By leveraging video technology, WaCare significantly reduces travel and time costs while helping to address the shortage of medical personnel in remote areas.

Sponsorship of Health Education Courses:

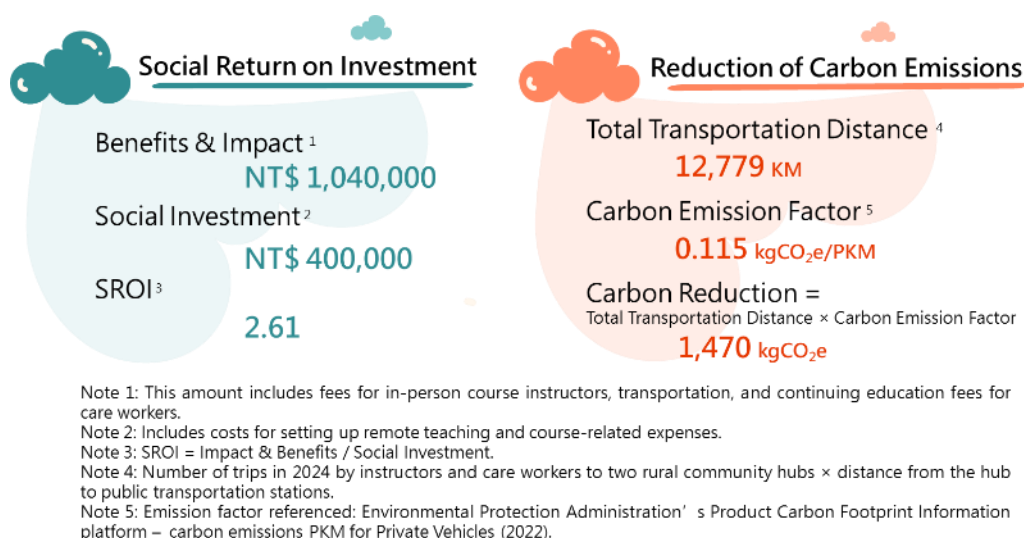
Since 2021, Zeng Hsing has partnered with WaCare to support rural community hubs. In 2024, we sponsored two sites—Zhuzishan Community in Nantou and Fu an Community in Xizhi (New Taipei).

Together, these sites completed 101 courses with 1,937 participants, including health education, individual consultations, and senior exercise classes.

WaCare applied the Integrated Care for Older People (ICOPE) framework to conduct pre- and post-evaluations. Both communities showed improved health awareness, with average post-program scores of 3.32 and 3.74, indicating enhanced understanding of self-care and disease prevention.

Health coaches used the assessment results to recommend suitable courses and experts, helping strengthen seniors' health literacy, improve quality of life, and ease caregiving burdens.

This collaboration provides timely medical care for rural seniors while reducing travel costs and carbon emissions for both staff and patients. The 2024 SROI⁵ and carbon-reduction results for the two participating sites are shown in the figure.



✿ Remote Public Welfare Sewing Classes: Bringing Sewing Culture into Communities

Since 2021, Zeng Hsing has partnered with WaCare to offer free online sewing classes for rural communities, helping bridge the urban-rural gap and enriching learning opportunities for seniors. Taiwan HQ donated sewing machines and pre-cut material kits to ensure easy participation. The program expanded in 2023 to three community hubs and continued in 2024.

Despite the challenges of remote learning for many seniors, with support from WaCare staff and local caregivers, participants successfully learned through video instruction and gained a strong sense of accomplishment. Zeng Hsing will continue improving the teaching model so the program can reach more communities and bring creativity, confidence, and companionship to more seniors.



Promoting Health in Rural Areas

WaCare assists rural community service hubs in establishing remote health education systems and has launched a one-year online health education program for the elderly. At the same time, the program enhances the professional knowledge and skills of care workers, enabling them to detect potential health issues among seniors at an early stage. Through this collaboration, the initiative aims to improve healthcare and wellness services in rural areas and to promote the overall health and well-being of local residents.

Evolving Public Welfare Initiatives

ZH hopes to make its public welfare activities more diverse through online teaching, overcoming the limitations of time, location, and distance. This allows communities and social welfare organizations across Taiwan to learn sewing skills through virtual classes. At the same time, ZH is committed to cultivating local seed instructors within communities, ensuring that sewing education better meets local needs. This approach further serves community members while promoting the heritage and development of sewing culture.

⁵ References: Cabinet Office – GOV.UK: *A Guide to Social Return on Investment*; National Development Council, *National Land and Public Governance Quarterly*, Issue No. 17 (2017), Special Topic 03.

✿ Miaoli Women's Center

Since 2023, Zeng Hsing has donated sewing machines and overlock machines to support the Miaoli Women's Center in offering sewing-related courses, aimed at promoting personal growth and the development of second careers for middle-aged and older women.

This year, the center held a total of 10 sewing technique classes, 2 handmade crafts workshops, and a monthly volunteer mending service. Participants learned practical skills such as garment alteration, zipper replacement, tailoring, and making items like Mid-Autumn Festival cushions for the Hua Shan Foundation.

They also took part in volunteer work, including sewing name tags for students during the school season to help meet dress code requirements, and assisting community members with clothing repairs. The total number of completed items across all activities reached approximately 300 pieces.

Through the sewing courses and hands-on experience, the women have gained greater self-understanding and confidence, found new purpose in retirement life, and strengthened their ability to engage with and contribute to the community.



✿ Chinese Nonprofit Organization Development Association

Zeng Hsing, recognizing the proactive efforts of Chinese nonprofit organizations in organizing hands-on craft activities, began donating sewing machines and overlock machines in 2021 to support the association's "Happy Sewing Workshop" initiatives.

These workshops provide underprivileged participants—such as those from single-parent or low-income families—with opportunities to learn sewing skills. In the classes, participants are trained in the use of sewing and overlock machines, with the goal of helping them build a second career and improve their economic situation.

In 2024, a total of 7 workshops were held, with around 140 total participants. The sessions included 2 vest-making workshops, 1 bag-making session, and 4 workshops focused on upcycling old clothing.

中華非營利組織發展協會
113 年度快樂玩藝工作坊
活動日期：3/23(六)、3/24(日)
活動內容：應時時髦、舊衣翻轉一展身手
活動地點：台北區：一樓貴賓廳(貴賓室)200室
貴賓室(貴賓室)
● 活動時間：上午 10:00-12:00
● 活動費用：全額免費
● 活動對象：單親、失業、中低收入、一般家庭
● 活動地點：以報名表內及活動報名表為準(報名表內請註明)
● 報名方式：報名表內註明(含 113 年度報名表)→ 報名表
● 報名時間：即日起至 3/23(六)下午 15:00 止(報名表)
● 報名電話：02-2611-1111 或 02-2611-1112 或 02-2611-1113

中華非營利組織發展協會
113 年度快樂玩藝工作坊
活動日期：4/27(六)、4/28(日)
活動內容：創意手工DIY、舊衣翻轉一展身手
活動地點：台北區：一樓貴賓廳(貴賓室)200室
貴賓室(貴賓室)
● 活動時間：上午 10:00-12:00
● 活動費用：全額免費
● 活動對象：單親、失業、中低收入、一般家庭
● 活動地點：以報名表內及活動報名表為準(報名表內請註明)
● 報名方式：報名表內註明(含 113 年度報名表)→ 報名表
● 報名時間：即日起至 4/27(六)下午 15:00 止(報名表)
● 報名電話：02-2611-1111 或 02-2611-1112 或 02-2611-1113

中華非營利組織發展協會
親子共學-懷舊衣服大改造
活動日期：5/4(六)、5/5(日)
活動內容：親子共學、懷舊衣服大改造
活動地點：台北區：一樓貴賓廳(貴賓室)200室
貴賓室(貴賓室)
● 活動時間：上午 10:00-12:00
● 活動費用：全額免費
● 活動對象：單親、失業、中低收入、一般家庭
● 活動地點：以報名表內及活動報名表為準(報名表內請註明)
● 報名方式：報名表內註明(含 113 年度報名表)→ 報名表
● 報名時間：即日起至 5/4(六)下午 15:00 止(報名表)
● 報名電話：02-2611-1111 或 02-2611-1112 或 02-2611-1113

中華非營利組織發展協會
113 年衣藝美學工作坊
活動日期：5/4(六)、5/5(日)
活動內容：衣藝美學、舊衣翻轉一展身手
活動地點：台北區：一樓貴賓廳(貴賓室)200室
貴賓室(貴賓室)
● 活動時間：上午 10:00-12:00
● 活動費用：全額免費
● 活動對象：單親、失業、中低收入、一般家庭
● 活動地點：以報名表內及活動報名表為準(報名表內請註明)
● 報名方式：報名表內註明(含 113 年度報名表)→ 報名表
● 報名時間：即日起至 5/4(六)下午 15:00 止(報名表)
● 報名電話：02-2611-1111 或 02-2611-1112 或 02-2611-1113

Zeng Hsing is committed not only to promoting local care initiatives in Taiwan but also to continuously supporting and empowering underprivileged groups in Vietnam by creating opportunities for independence and personal growth. In addition to long-term industry-academia collaborations with educational institutions, the Group is also devoted to advancing women's empowerment and community support—hoping to drive positive change through practical actions.

In 2024, ZH Vietnam donated 70 overlock machines to the Binh Duong Province Women's Business Association, partnering with the association to support women in difficult circumstances, including single mothers, disadvantaged families, and children. The Group envisions these sewing machine donations as a starting point for recipients to acquire practical skills, enabling them to regain financial independence, re-enter the workforce, and improve their quality of life.

This initiative not only helps preserve and promote sewing culture internationally but also serves as a catalyst for creating a broader ripple effect of positive change. Looking ahead, Zeng Hsing Group will continue to focus on issues related to women's empowerment and community development in Vietnam, working alongside more local organizations to build a society that is more resilient and fuller of hope.



6.2 Zeng Hsing Volunteer Team

Zeng Hsing Group, driven by the belief that “what is taken from society should be used for the good of society,” aims to promote social welfare from within the organization outward. In 2020, the company established the “Zeng Hsing Volunteer Team”, recruiting employees, their families and friends, retired staff, and suppliers who are passionate about public service to join efforts in giving back to society with love and care.



▲ Volunteer
Team Magazine

To encourage employees to actively participate in social causes, the company formulated the “Volunteer Management Guidelines,” which allow each employee to apply for 16 hours of paid volunteer leave per year to engage in community service. Thanks to the promotion of the Zeng Hsing Volunteer Team, the team grew to 106 members by 2024.

In 2023, a performance evaluation system was introduced to further motivate volunteers and enhance the team’s positive impact. Through hands-on participation and contribution, employees are encouraged to embrace the values of “it is more blessed to give than to receive” and “helping others brings happiness,” while simultaneously giving back to society, supporting the underprivileged, and advancing the vision of sustainable social welfare.

In 2024, the Zeng Hsing Volunteer Team organized a total of 17 volunteer activities and 2 volunteer training sessions, with a cumulative participation of 275 volunteer attendances and a total of 1,329 service and training hours. The team’s activities and services focus on three main themes: Mobile Sewing Classroom, Charitable Handmade Goods, Production Environmental, Protection Additional social care activities are also organized as needed. For detailed information about the events, please refer to the Zeng Hsing Volunteer Team Quarterly.



Material Topic Management Approach: Indirect Economic Impacts and Local Communities

| | |
|-------------------------------------|---|
| Policy | Sustainability Development Policy |
| Goals and Commitments | <p>Short-term: 1,400 volunteer service hours in 2024.</p> <p>Medium- to Long-term: Continue promoting volunteer services, encouraging more employees and their families and friends to join the Zeng Hsing Volunteer Team to give back to society together.</p> |
| Responsible Unit | ESG Office |
| Resources and Actions | <p>An annual public welfare budget of approximately 0.2% of total revenue is allocated mainly for cash donations, sewing machine donations, and the purchase of sewing-related materials/fabrics for sewing education and the production of charitable handcrafted items.</p> <p>Volunteer activities are organized each year to promote community service and invite employees and their families and friends to participate in charitable efforts.</p> |
| Management and Evaluation Mechanism | The Sustainability Development Committee conducts annual reviews and progress tracking to ensure the achievement of goals. |
| Performance | <p>ZH : From 2010 to 2024, a total of 1,788 sewing machines, 59 commercial vacuum cleaners, and other charitable donations (including cash, eco-friendly rice, and second-hand equipment) amounting to approximately NTD 14.08 million have been contributed.</p> <p>Zeng Hsing Volunteer Team:</p> <ol style="list-style-type: none"> From 2020 to 2024, a total of 78 activities were completed, including sewing classes, charitable handcrafted projects, environmental clean-up (mountain cleaning) events, and volunteer training. The cumulative volunteer service and training hours reached 7,544 hours. The 2024 volunteer activity satisfaction score was 4.97 out of 5. |

Sewing Classrooms

✿ Caring for Disadvantaged Children and Youth - Miaoli - St. Francis Girls' Home

Each year, Zeng Hsing Volunteer Team accompanies the children of the St. Francis Girls' Home to participate in sewing activities. The initiative aims to nurture diverse interests among the girls and create meaningful summer memories through hands-on learning. In July 2024, the volunteer team conducted in-person sewing classes, guiding the girls to complete two practical projects — a coin purse and a small tote bag. Despite working on two creations within a single session, the girls successfully completed both with enthusiasm and focus. To further encourage continuous learning, the dedicated volunteers also donated sewing craft books, enabling the girls to keep exploring sewing techniques through reading after class.



✿ Elderly Care Activities- Taiping Community Development Association

Elderly care and support are an increasingly urgent social issue. At Zeng Hsing, we begin with the value of companionship, dedicating our efforts to caring and engaging activities for seniors. Since 2020, the Zeng Hsing Volunteer Team has organized annual sewing workshops at local community development associations or senior care centers, offering elders opportunities to experience sewing and creative expression. The projects taught have become progressively more challenging over the years — including A4 tote bags, coin purses, and other practical items — encouraging participants to challenge themselves and gain a sense of accomplishment through continuous learning.



Through our six-year partnership with the Taiping Community Development Association, each session gathered around 40 elderly participants. After every event, the volunteer team leaders conduct on-site satisfaction surveys to collect feedback and insights from the seniors, ensuring that each activity improves upon the last and provides even greater joy and fulfillment.

✿ Elderly Care Activities – Xing Long Community Development Associatio

In 2024, the Zeng Hsing Volunteer Team partnered for the first time with the Xinglong Community Development Association to hold sewing workshops for seniors. Since the community already offers regular sewing classes, participants demonstrated strong skills and easily completed more advanced projects such as drawstring pouches



and tote bags. Each workshop hosted about 30 seniors, and despite being the first year of collaboration, the events received very positive feedback. Participants enjoyed both the learning experience and the sense of companionship. Encouraged by this response, the community expressed interest in continuing and expanding the program. Zeng Hsing will keep developing diverse activities that bring seniors not only companionship but also opportunities for growth and fulfillment.

✿ Elder Empowerment-The Mustard Seed Mission

Zeng Hsing Volunteer Team collaborated with the Mustard Seed Mission to launch the “50+ Senior Empowerment Program,” supporting middle-aged and senior participants who wish to reenter the workforce or engage in community service. The program encourages them to leverage their accumulated wisdom and skills, embracing a fulfilling and purposeful new chapter in life after retirement.

In addition to donating 10 sewing machines and related equipment, the Zeng Hsing Volunteer Team arranged for instructors to train 12 senior participants as seed instructors. These seed instructors then passed on their sewing knowledge to other learners—helping to promote sewing culture while also equipping seniors with practical skills to enhance their employability.

Ahead of Mother’s Day, the Mustard Seed Mission organized the “Connecting Love Across Taiwan” campaign, which invited communities nationwide to handcraft daily-use items as heartfelt gifts for families in need, while also creating job opportunities for disadvantaged groups. Nearly 20 participants from the Mustard Seed Mission’s Taichung Center took part, transforming fabric donated by Zeng Hsing into 250 handmade sewing gifts within a month. These meaningful creations extended blessings, love, and hope to the families cared for by the organization.

Additionally, the Taichung Center hosted two “Sewing Talent Showcase” events in central Taiwan, welcoming over 200 organizational partners to experience sewing firsthand—spreading awareness of the craft and encouraging the continued inheritance of this meaningful skill.





Fundraising Handicrafts

✿ Reusable Cloth Sanitary Pads Initiative

Every year, Zeng Hsing Volunteer Team organizes charitable craft-making activities. In this event, we were deeply grateful for the enthusiastic participation of our volunteers—many of whom even brought family members and friends along to help create reusable cloth sanitary pads.

With guidance from professional instructors, participants, including both volunteers and their little helpers, completed every step of the process by hand, from pattern drafting and fabric cutting to sewing and snap-button fastening. The goal was to make the most of available resources and produce as many cloths sanitary pads as possible to support girls in need.

Thanks to the improved production process this year, efficiency increased significantly. The team successfully completed 276 finished products, 105 semi-finished items, and 98 waterproof fabric pieces, totaling 479 items. These handmade pads were delivered to Uganda and Eswatini through the Love Binti International Care Association.

Through this initiative, Zeng Hsing Volunteer Team aims to cultivate a spirit of selflessness and compassion among its team members, encouraging everyone to continue contributing their efforts to social good and global care.



Environmental Protection Initiatives

✿ Mountain Cleanup– St. Love Villa

Now in its fifth consecutive year, mountain cleanup has become one of the Zeng Hsing Volunteer Team's largest annual volunteer events. In December 2024, the activity was once again held in collaboration with partners from Ernst & Young Taiwan, bringing together a total of 97 participants. On a Saturday morning, passionate volunteers joined forces with Zeng Hsing's volunteer team and staff members from St. Love Villa to help protect and restore the local ecosystem.

Compared with other community service activities, mountain cleanups are relatively demanding. Nevertheless, the volunteers worked tirelessly to restore the cleanliness of the trails, efficiently dividing tasks and completing the work through teamwork and enthusiasm.

What made this event especially meaningful was seeing more participants bring along their families and friends, transforming the cleanup into a shared act of environmental care. Even the company's Chairman, who has participated every year, continues to inspire the entire volunteer team to carry forward this meaningful environmental initiative.



✿ Supporting the TOPKEY Foundation – Mountain Cleanup Activity

In addition to activities organized by the Zeng Hsing Volunteer Team, volunteers also participated in the "St. Love Villa Mountain Cleanup" event hosted by the TOPKEY Foundation in 2024, with nine volunteers taking part.

Through the continued promotion of a strong volunteer culture, more employees have been inspired to dedicate their weekends to meaningful causes—joining hands with their families, friends, and children to contribute to environmental protection. Together, they extend the spirit of Zeng Hsing Volunteer Team, caring for nature and working toward harmony and coexistence with the Earth's ecosystem.



✿ Volunteer Interview and Engagement

Taichung City Social Affairs Bureau

Zeng Hsing was invited to participate in the **“Little Sun: Spreading Love Project,”** a documentary series highlighting skilled volunteer teams in Taichung. The Social Affairs Bureau filmed a feature on our volunteers to help the public better understand the diverse and professional services provided across the city. On the filming day, our General Manager was interviewed to share the original purpose and meaning behind establishing the volunteer team, as well as our future vision and goals.



▲ Video



Greater Taichung Corporate Volunteer Day – Building a Sustainable City Together!

The Taichung City Social Affairs Bureau, in partnership with the TOPKEY Foundation, hosts the annual **“Taichung Corporate Volunteer Day.”** In 2024, the event brought together 29 companies and nearly 300 volunteers, with Zeng Hsing actively participating.

The exhibition showcased years of volunteer achievements from various companies, highlighting their commitment to public welfare. Taoyuan Mayor was invited to deliver a keynote speech titled **“The Joy of Doing Good – The Value and Practice of Corporate Volunteerism,”** sharing practical insights into corporate social engagement and the impact of volunteer service.

Through this meaningful event, all participants joined hands to advance the vision of a more sustainable and compassionate city.



✿ Volunteer Assembly

The Zeng Hsing Volunteer Team has now entered its fourth year. To strengthen volunteer governance, the first Volunteer Assembly was launched in 2023, along with a formal evaluation system established in accordance with the Volunteer Service Act to encourage greater employee participation.

Although outstanding volunteer awards are presented every three years, the team wanted all members to feel recognized. This year, special gifts were prepared for the top three volunteers with the highest accumulated service hours. Through these efforts, we hope to inspire more colleagues to join the volunteer team and contribute to meaningful social impact.



🌿 Volunteer Training

Before each Sewing Classroom event, the volunteer team conducts a brief training and prepares material kits to ensure consistent teaching and smooth execution. An annual 8-hour sewing training is also held to strengthen volunteers' technical skills.

✿ Advanced Sewing Training for Volunteers

After several years of training and hands-on teaching experience, the Zeng Hsing Volunteer Team's sewing volunteers have already developed a solid foundation in sewing skills. To further enhance their craftsmanship and deepen their expertise, the team organized an Advanced Sewing Training Program to help volunteers acquire more refined techniques and professional knowledge.



This training session was led by in-house professional instructors, who guided volunteers in learning how to operate embroidery machines, cut non-woven fabrics, and master other advanced sewing techniques. The instructors also shared many practical tips and details to improve precision and efficiency.

Inspired and eager to apply their new skills, participants created their own appliqué tote bags, transforming the knowledge gained into unique, handcrafted works that reflected both creativity and progress.

✿ Mindfulness Workshop

In addition to organizing professional sewing courses, the Zeng Hsing Volunteer Team also hosts an annual Mindfulness Lecture, a program that has consistently received positive feedback from participants. These sessions are designed to nurture both the personal growth and emotional resilience of volunteers, enhancing their overall well-being and professional capacity for service.

The 2024 lecture, titled “Face to Face, Show Up for Yourself,” invited professional psychologist Mr. Huang He to guide participants through the practice of self-healing and self-care. The session incorporated engaging activities such as interactive games and sociodrama, allowing volunteers to explore emotional awareness and healing in a practical, experiential way.

To deepen relaxation and mindfulness, the workshop also integrated aromatherapy with essential oils, helping participants calm their senses and connect with their inner selves. Through group sharing activities, volunteers used card reflections to express their emotions and experiences, fostering mutual understanding and empathy among team members.

The psychologist further facilitated discussions by listening to each group’s challenges and offering guided insights to help participants better understand themselves and develop constructive ways to cope. In the final segment, participants selected cards from a “Tree of Life” deck, symbolizing personal growth and self-discovery.

Through this thoughtfully designed workshop, volunteers gained a deeper understanding of their inner world and learned practical techniques for emotional healing—empowering them to serve others with greater empathy, balance, and joy.



6.3 ESG Promotion

✳ The Clothes Association with Technical Degree A R.O.C–Sewing Skills Inheritance Program for Rural Schools

In recent years, the issue of unequal access to educational resources in rural Taiwan has continued to grow. Committed to contributing to society, Zeng Hsing began a collaboration in 2022 with The Clothes Association with Technical Degree A R.O.C to launch the “Rural Sewing Education Program.” This initiative aims to promote sewing craftsmanship, bring resources to underprivileged areas, and help narrow the knowledge gap between urban and rural communities.

As of 2024, Zeng Hsing has continued this partnership, donated a total of 181 sewing and overlock machines to 19 schools and institutions. Each year, approximately 500 students participate in sewing classes, supported by around 300 volunteer instructors from the Association. Together, they have created a variety of practical handmade items, such as non-woven coasters, phone pouches, A4 tote bags, and pencil cases, as well as more advanced projects like sun hats and scarves.

Through the combination of sewing machines and professional guidance, children in rural areas are given new opportunities to learn, create, and grow. These classes not only cultivate patience, creativity, and gratitude among students but also encourage them to develop practical life skills—and potentially pursue careers in the textile and apparel industry in the future.

By supporting this meaningful program, Zeng Hsing strives to empower students in rural Taiwan, helping them unlock their potential and build a brighter, more sustainable future through education and craftsmanship.



✿ Tainan University of Technology – “A New Life with Sewing and Embroidery”



In 2024, Zeng Hsing Industrial partnered with Tainan University of Technology (TUT) to launch the “A New Life with Sewing and Embroidery” initiative, aiming to make sewing and embroidery accessible to everyone as practical life skills. The program encourages participants to experience the joy of handmade crafts while promoting environmental sustainability and community engagement.



Three major course pillars that promote the value of handmade creation and sustainable living.

The initiative was designed around three core themes: Charity, Circular Economy, and Inclusive Learning, with a year-long series of courses that received enthusiastic support from the local community.

1. Embroidery Workshop

Participants can join the class for free by donating five uniform invoices, making charity participation simple and meaningful while introducing the public to the joy of handmade crafts.

2. Upcycled old clothing

By bringing two pairs of old jeans, participants can join an upcycling workshop to transform discarded clothing into eco-friendly bags and drink holders—promoting creative “re-design” and circular economy concepts.

3. Co-Learning Sewing Workshop

Designed for parent–child or intergenerational learning, these classes encourage families—parents and children, or grandparents and grandchildren—to create together, fostering warmth and cross-generational connection.



Outstanding Achievements – Making Sewing a Heartfelt Art of Life

Throughout the year, this initiative not only enhanced participants' awareness of clothing resources and environmental sustainability but also stimulated creative thinking and practical life skills, transforming handmade crafts from a simple skill into a way to appreciate life and care for the environment. Many participants shared their reflections: "For the first time, I felt I could contribute to protecting the environment with my own hands."

Zeng Hsing × Tainan University of Technology × Chia Chi Senior High School × The Clothes Association with Technical Degree A R.O.C– Collaborative Sewing and Embroidery Event

On June 12, 2024, a multi-party collaboration titled "Cultural Tainan, Skill Heritage" was held, bringing together alumni, teachers, and student teams from Chia Chi Senior High School and Tainan University of Technology. Participants learned sewing and embroidery skills, transforming recycled second-hand jeans into practical A4 tote bags, thereby reducing textile waste and mitigating environmental impact. Additionally, the embroidery center's instructors guided participants in hand embroidery techniques, enabling each person to create unique, personalized works of art.

Participants

102
people

Students

410
people

Clothing
Recycling

330
piece



Year-End Showcase & “Little Professionals” Competition – Showcasing Creativity and Heritage

On December 21, 2024, a grand year-end showcase and runway event was held, featuring a professional fashion runway where students and learners presented clothing designs they personally created. The event attracted nearly 100 guests, celebrating the brilliance of creativity and craftsmanship.

Simultaneously, the “Little Professionals Vest Design & Production Competition” , co-hosted by Zeng Hsing and The Clothes Association with Technical Degree A R.O.C, held its awards ceremony. In the competition, 14 elementary school students completed the entire process—from design and cutting to finished product—in just 6 hours, demonstrating remarkable perseverance and creativity. The high quality of their work impressed both professional designers and master tailors, who exclaimed: “We never expected such mature and creative pieces to be made by elementary school students!”

Award Ceremony



Mini Artisans’ Fashion Show



✿ ESG Engage: Civil Service Ethics Office of Taichung City Government

Taiwan HQ ESGO was invited by the Taichung City Government to deliver a lecture titled “Cross-Sector Governance: ESG Experience Sharing.” During this visit, ESGO presented Zeng Hsing’ s ESG development journey and practical sustainability management practices, allowing participants to gain deeper insights into how enterprises implement ESG initiatives in real operational settings.



✿ Internal ESG Promotion: ESG Quiz Challenge

To enhance employees’ awareness of and engagement with ESG, Taiwan HQ organized the “ESG Quiz Challenge” in 2024. The activity was planned by ESGO and involved full participation from all employees. At the beginning of the year, ESGO distributed the event rules and a summary of key ESG points, providing employees with a foundational understanding of Zeng Hsing’ s ESG initiatives.

Employees were then encouraged to review past ESG reports to understand the company’ s ESG development journey. Two weeks later, the competition commenced, structured as follows: 12 teams in the preliminary round → 6 teams in the semi-finals → 4 teams in the finals. Each competition round consisted of 10 questions, with participants answering via a mobile app. Faster response earned higher scores.

During the event, employees actively prepared, diligently reviewing reports, taking notes, and building their own reference databases. Some even remarked, “It’ s been a long time since I’ ve studied this seriously!” This activity successfully brought ESG concepts from the report into employees’ daily work and lives, demonstrating their sincere commitment to sustainability topic.



7 Eco-Sustainability

✿ Environmental Management Manual

Zeng Hsing Group has established an Environmental Management Manual in accordance with the ISO 14000 series standards (CNS 14001 and CNS 14004). The manual aims to develop a comprehensive environmental policy, target-setting procedures, and evaluation mechanisms. Centered on an environmental policy that reflects Zeng Hsing Group's vision and characteristics, it sets long-term goals and feasible measures that balance environmental protection with economic development needs. The Group is committed to environmental protection and pollution prevention, striving to achieve climate sustainability.



Material Topic Management Approach : Emissions, Energy, Water Resources, Waste

| | |
|--|--|
| Policy | Sustainability Policy, Environmental Policy, Energy Management Policy |
| Goals and Commitments | <p>Short-term: All subsidiaries are required to establish reduction targets for emission intensity, energy conservation and carbon reduction, water use intensity, recycling rate, and waste reduction, to ensure effective management of energy and resources.</p> <p>Medium- to Long-term:</p> <ol style="list-style-type: none"> 1. Continue advancing plant-wide energy conservation and carbon reduction to achieve Scope 1 and Scope 2 carbon neutrality by 2050. 2. Promote green design initiatives to reduce Scope 3–5 emissions. 3. Implement water-saving measures at all plants, targeting a 30% reduction in total water use by 2050 (2020 baseline). 4. Reduce waste generation by 20% by 2050 (2020 baseline). |
| Responsible Units | Sustainability Development Committee, Greenhouse Gas Inventory Task Force, Energy Management Team, and General Affairs Departments at each plant. |
| Resources and Actions | <ol style="list-style-type: none"> 1. Each subsidiary has established a Greenhouse Gas Inventory Task Force in accordance with ISO 14064-1 to carry out carbon inventory activities, including training, data collection, inventory operations, internal audits, and external verification, all conducted in compliance with relevant regulations. 2. ZH Vietnam has formed an Energy Management Team in line with ISO 50001 to develop energy management measures, covering training, identification of major energy-consuming equipment, energy-saving program planning, internal audits, management reviews, and external verification. 3. From 2014 to 2024, the Group invested approximately NT\$28 million in greenhouse gas inventory and energy management initiatives. Investments included consulting, training, external certifications, and the installation of power monitoring systems in Taiwan and Vietnam, as well as solar power facilities at the Taiwan HQ. 4. During peak water usage periods in summer, General Affairs Departments at each plant promote water conservation awareness, include water consumption in inspection checklists, and implement control measures such as water pressure adjustment, installation of water-saving faucets, and regular water-saving campaigns. 5. The General Affairs Departments continue to promote the 3R principles (Reduce, Reuse, Recycle) and waste sorting, while advancing digitalization to reduce paper use. Additional initiatives include replacing wooden pallets with durable plastic alternatives and implementing waste-oil filtration and recycling. |
| Management Evaluation Mechanism | In accordance with the Sustainability Management Regulations, the ISO 50001 Energy Management System, and the ISO 14064-1 internal audit procedures, Zeng Hsing Group conducts annual PDCA (Plan-Do-Check-Act) effectiveness evaluations for emissions, energy, water resources, and waste management. |
| Performance | <p>Zeng Hsing Group :</p> <ol style="list-style-type: none"> 1. Under ISO 14064-1, the Group completed its 2023 greenhouse gas inventory and internal audit in 2024. Compared with the 2020 baseline year, total carbon emissions were reduced by 41%. The ZH Vietnam' s 2023 emissions also received third-party external verification in 2024. 2. In 2024, the Group achieved a waste recycling rate of 78%. 3. Total water consumption in 2024 decreased by 30%. <p>ZH Vietnam : In 2024, carbon reduction reached 0.3%, calculated according to Taiwan' s Industrial Development Bureau energy-saving methodology (not based on actual measurement).</p> |

7.1 Energy, Resource Consumption, and Greenhouse Gas Inventory

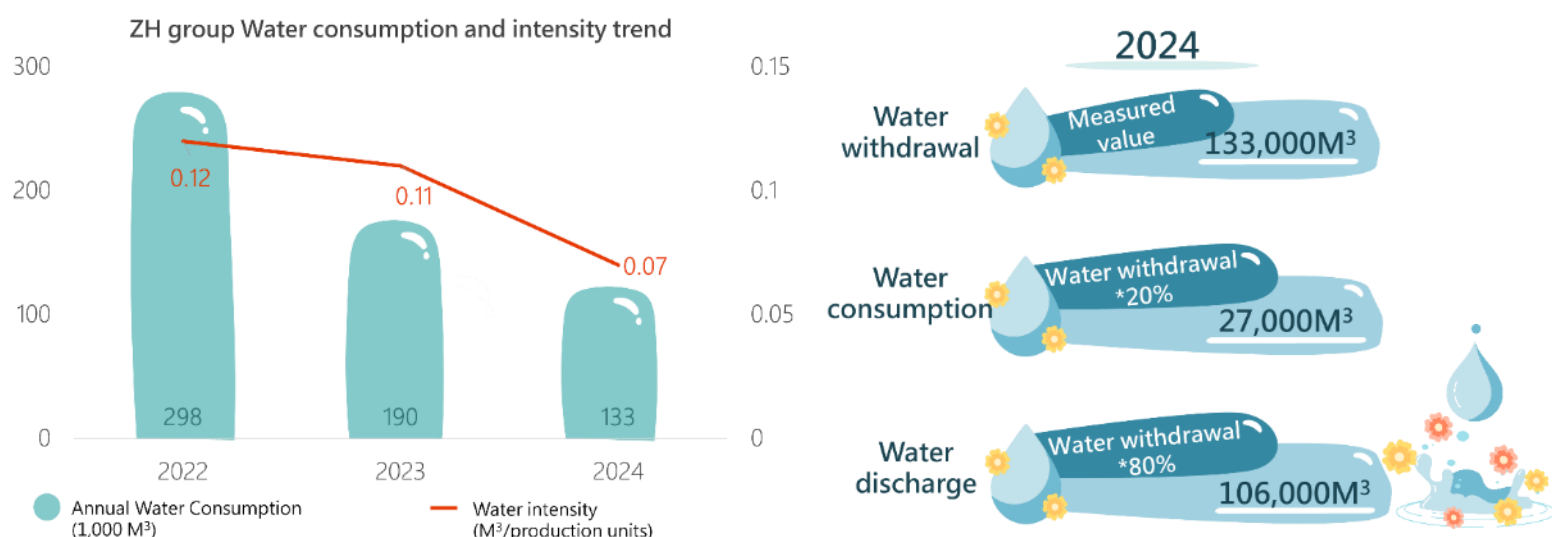
✳ Water Resources

Zeng Hsing Group primarily uses municipal water supplied by public or private utilities (surface water). Only Taiwan HQ uses a small amount of groundwater for landscape irrigation. The 2024 water withdrawal data are based on plant water bills. Total water discharge is estimated at 80% of withdrawal,⁶ and water consumption is calculated as withdrawal minus discharge. Currently, only the Taiwan HQ and ZH Vietnam have rainwater harvesting systems for landscape irrigation, and recycled water volumes are not separately recorded.

In 2024, the Group's total water withdrawal was 133 thousand m³ of municipal water and 1 thousand m³ of groundwater, a reduction of 57 thousand m³ compared to 2023. Water consumption was 27 thousand m³, 11 thousand m³ less than the previous year — an overall reduction of about 30%. Since 2023, the Group has implemented water pipeline improvement projects, significantly reduced leakage and lowered overall water use.

To enhance resource efficiency, the Group consolidated its three Vietnam plants and relocated ZH China production lines to Vietnam. These actions improved centralized management and reduced energy and water consumption. As a result, ZH China's 2024 water withdrawal fell by 69% compared to 2023 due to pipeline repairs and production transfer benefits. ZH Vietnam, which accounts for 76% of total Group water use, still achieved a 23% reduction through facility integration and water-saving initiatives, demonstrating strong resource management under high production loads.

ZH Vietnam, Shinco, and ZH China are in industrial zones where wastewater treatment is handled by park authorities in accordance with local regulations. Taiwan HQ does not generate industrial wastewater, and therefore no operations result in direct discharge to water bodies or soil contamination.



⁶ The Group's water usage data cover four sites: Taiwan HQ, ZH China, ZH Vietnam, and Shinco. Water withdrawal for 2024 is based on utility invoices and groundwater reporting records. Water consumption and wastewater discharge are estimated values. As ZH Vietnam represents 76% of the Group's withdrawal and its discharge is defined as 80% of withdrawal under local regulations, the same 80% ratio is used to estimate the Group's total wastewater discharge.

Zeng Hsing Group promotes water conservation through regular awareness campaigns and practical measures such as replacing old pipelines and float valves to prevent leakage, adjusting faucet pressure, installing water-efficient toilets and faucets, and reusing rainwater for landscape irrigation. Taiwan HQ also operates a water-meter monitoring system to track consumption and prevent waste.

According to the World Resources Institute (WRI) Aqueduct Water Risk Atlas, Taiwan HQ (Taiping, Taichung) is located in a Low–Medium risk area (1–2); ZH Vietnam and Shinco (Binh Duong Province) in High-risk areas (3–4); and ZH China (Zhangjiagang, Jiangsu) in a Medium–High risk area (2–3). Because sewing machine manufacturing requires relatively little water—mainly for domestic use—the Group’s overall water risk remains low. Nevertheless, considering potential issues such as water scarcity and declining water quality, the ESG Office requires each site to set annual water-intensity targets and conduct regular monitoring to strengthen water resource management and minimize environmental impact.

Information Restatement:

Zeng Hsing’s Taiwan HQ began utilizing groundwater for landscape irrigation in 2023. However, due to limitations in the accuracy of the initial flow-meter equipment, the water-use data collected at that time were incomplete. After equipment optimization in 2024, accurate flow data became available. Therefore, the Group’s 2023 water-consumption figures have been adjusted and corrected in this report to ensure accuracy and transparency in information disclosure.

✿ Energy and Emissions

Since 2014, Zeng Hsing Group has conducted greenhouse gas (GHG) inventories, beginning with Taiwan HQ. By 2018, all four major plants had implemented ISO 14064-1 and continue to perform annual inventories and internal audit, establishing a solid foundation for carbon management.

To align with the Taiwan Stock Exchange Sustainability Roadmap, Taiwan HQ expanded its organizational boundary in 2023 to include Mitsumichi Industrial Co., Ltd., Taiwan Cheer Champ Co., Ltd., and Riccar Sewing Studio, enhancing the completeness of the Group’s GHG accounting.

In 2024, ZH Vietnam obtained third-party verification for its 2023 emissions, and ZH China is expected to complete external verification by September 2025. All remaining plants will complete verification within the next two years to meet regulatory requirements and strengthen the transparency and credibility of the Group’s carbon disclosures.



In 2024, **Zeng Hsing Group’s total GHG emissions amounted to 69.9 thousand tons CO₂e**, primarily from Category 2 (purchased electricity) and Category 5 (use of sold products).

Categories 1 + 2 (direct and energy indirect emissions):

Direct emissions totaled 15 thousand tons CO₂e, an increase of 1.2 thousand tons from 2023. Major sources included electricity for production and sales operations, LPG, natural gas, refrigerants, and fuel used in transportation.

The average emission intensity per unit of product (sewing machines and vacuum cleaners) decreased to 7.8 kg CO₂e, down 0.1 kg from the previous year. Although electricity use increased by about 10%, declining grid emission factors in Taiwan, Vietnam, and China offset potential growth in emissions. Electricity remained the largest contributor, accounting for 78% of total emissions.

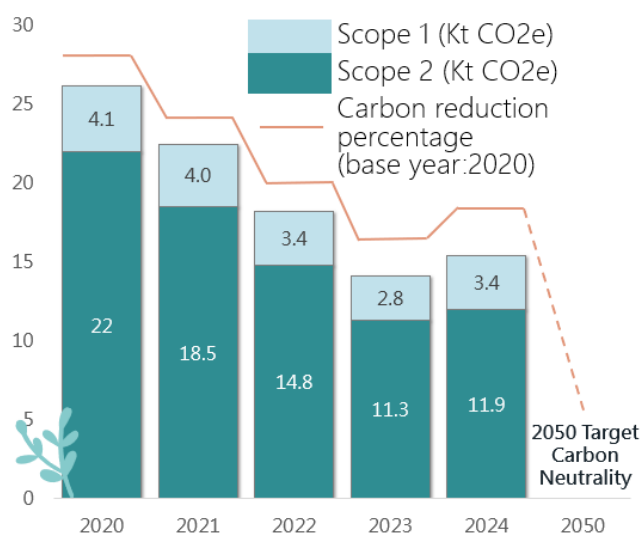
The slight increase in overall emissions was mainly due to an updated calculation method for refrigerant emissions—shifting from replenishment volume to leakage-rate estimation—which raised Category 1 emissions. However, production volume grew 17%, diluting emission intensity and resulting in only a marginal net increase.

Categories 3 + 4 + 5 (value chain indirect emissions):

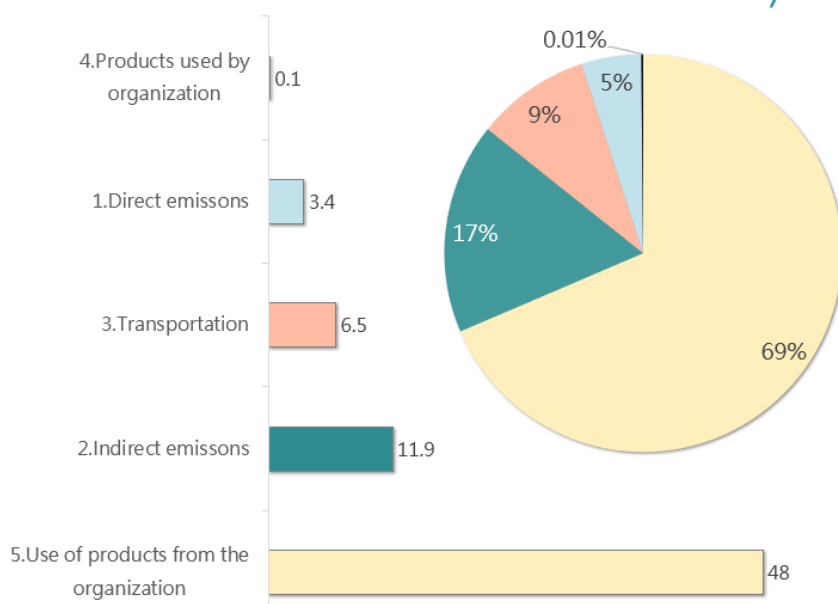
Indirect emissions—including upstream/downstream transportation and product-use emissions—totaled 55 thousand tons CO₂e, representing 78% of the Group’s total emissions. Category 5 (use of sold products) remained the largest source. Total emissions rose by 1.8 thousand tons CO₂e (about 3%) primarily due to increased sales volume.

In 2024, more refined data classification improved accuracy, resulting in a slight increase in Category 5 emissions related to product electricity use.

Carbon Reduction Roadmap



2024 GHG Inventory result



Information Restatement:

In November 2024, Zeng Hsing Group completed third-party verification of its greenhouse gas emissions for its ZH Vietnam. Based on the verifier’s recommendations, the Group adjusted the LPG emission factor to reflect local conditions in Vietnam and revised the refrigerant calculation method from a fill-quantity approach to a leakage-rate approach to enhance inventory accuracy. Accordingly, the Group has updated its emission data for 2020 to 2023.

✳ Energy Intensity

In 2024, the Zeng Hsing Group's five manufacturing sites—Taiwan HQ, ZH China, Mitsumichi, ZH Vietnam, and Shinco—recorded total energy consumption of 110,538 GJ, an 18% increase from 2023. The rise was mainly driven by steady growth in sewing machine and vacuum cleaner orders, which expanded overall production and energy demand.

Energy intensity reached 55,167 KJ per unit, up 5% from the previous year. This was aligned with a 13% increase in production volume and higher electricity and LPG usage. The inclusion of Shinco's die-casting operations, which saw a 33% increase in energy consumption, also contributed to the overall rise.

Zeng Hsing continues to optimize production processes and improve equipment efficiency to reduce energy intensity and advance toward energy conservation, carbon reduction, and sustainable manufacturing.

Note: The calculation boundary for energy and carbon intensity includes Taiwan HQ, Mitsumichi, ZH Vietnam, Shinco, and ZH China. Retail and distribution sites are excluded. Total production volume includes both sewing machines and vacuum cleaners.

✳ Energy Reduction and Pollution Prevention

The Taiwan HQ, ZH Vietnam, and ZH China are certified under ISO 14001 and establish annual environmental protection and pollution-prevention policies in accordance with their Environmental Manuals while complying with local environmental regulations. Each site invests in air pollution control, wastewater treatment, and waste management to reduce the environmental impact of operations. **During the reporting period, Zeng Hsing Industrial recorded no major environmental violations, fines, or penalties.**

To address the growing environmental challenges of climate change, Zeng Hsing continues to expand the use of renewable energy. In 2020, the Taiwan HQ installed a rooftop solar photovoltaic system on its newly constructed building, covering 542 m² and generating over 100,000 kWh annually. From mid-2019 through December 2024, cumulative generation reached 630,000 kWh.

The new building is also equipped with a central monitoring system integrated with an Energy Management System (EMS), enabling real-time tracking of energy use, load analysis, and detection of abnormal electricity consumption. The EMS supports optimization of equipment operation, improvement of power efficiency, and evaluation of energy-saving performance. The General Affairs Department conducts monthly energy reviews using EMS data to identify and implement additional energy-saving opportunities.

As the Group's primary production base, ZH Vietnam accounts for a large share of Zeng Hsing's total carbon emissions due to its annual output of over one million sewing machines. To effectively manage energy use and greenhouse gas emissions, the site has implemented the ISO 50001 Energy Management System since 2017, establishing a structured approach to energy control and operational management. Through regular energy audits and consumption analyses, ZH Vietnam identifies energy-intensive equipment and develops targeted improvement measures, aiming for an annual 0.5% reduction in carbon emissions.

ZH Vietnam sets yearly carbon reduction targets and conducts annual management reviews to evaluate performance and ensure continued compliance. To enhance energy efficiency, the site also adopted an Energy Management System (EMS) that enables real-time monitoring, data analytics, and abnormal-usage alerts. This system helps quickly identify high-consumption areas, optimize equipment operations, and uncover additional energy-saving potential. Daily management has also been strengthened, including adding air-compressor pressure control and dryer drainage checks to daily inspection routines to prevent unnecessary energy loss.

In 2024, initiatives such as installing variable-frequency air compressors and performing scheduled maintenance on dryers and air conditioners contributed to a 0.33% carbon reduction, equivalent to approximately 28 tons of CO₂e (based on Taiwan's Bureau of Energy calculations). Looking ahead to 2025, Zeng Hsing will continue advancing energy-saving projects and leverage EMS data to regularly track energy performance. Additional measures planned across various sites include replacing production-line air conditioners with inverter models and converting outdoor lighting to solar systems to further reduce energy use and environmental impact.

Energy Policy



Comply with energy regulations



Use energy efficiently



Implement target management



Continuously improve performance



Support green procurement



Promote internal and external communication



Provide adequate resources to achieve goals



Move toward sustainable energy conservation

7.2 Waste Management

✳ Waste Classification, Storage, and Disposal Management Procedures

Zeng Hsing Group has established waste management procedures in compliance with local regulations and ISO 14001. The Group enforces strict requirements for waste classification, storage, and recycling, with all disposal records properly controlled and reported to authorities as required. General waste is handled through landfill or incineration, while hazardous waste is collected and treated by government-approved contractors to ensure proper and safe disposal. In 2024, no violations or non-compliance incidents involving waste disposal contractors were reported.

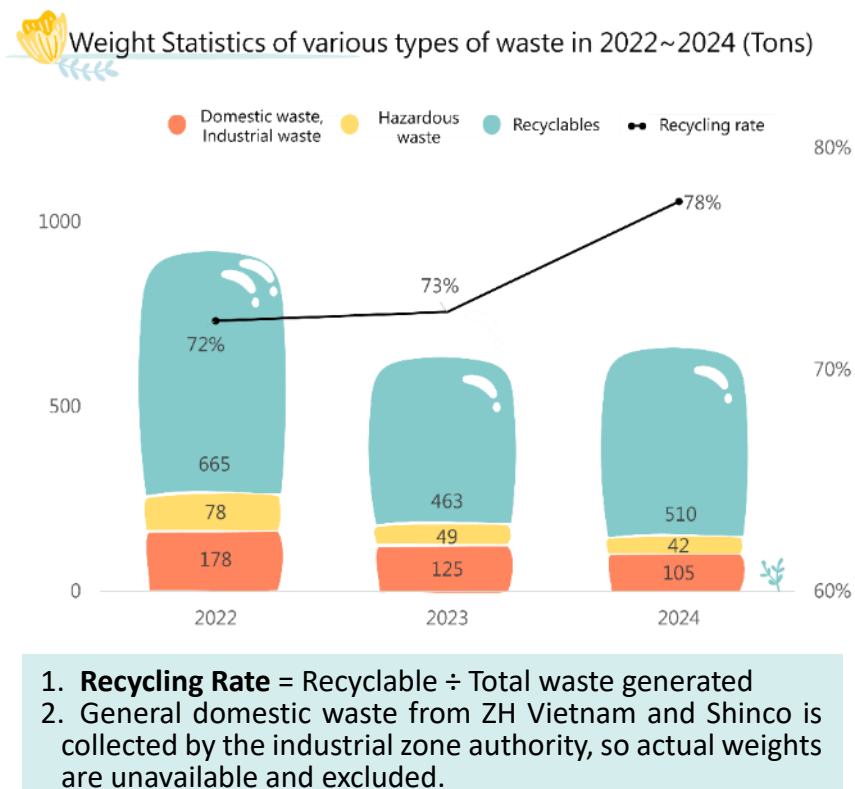
✳ Waste Management and Reduction

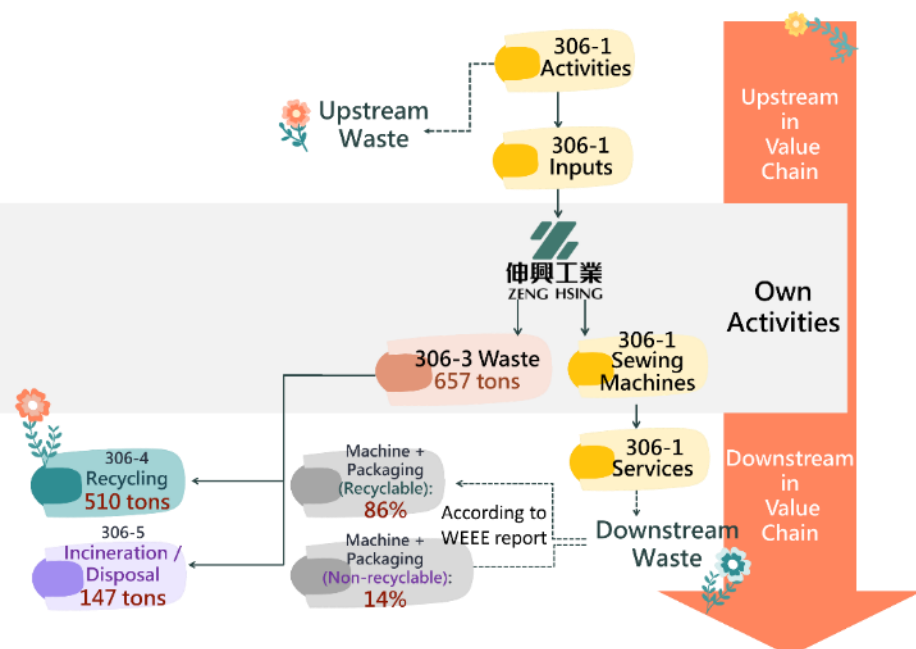
Waste generated across the Group's four manufacturing sites is categorized into non-recyclable waste (general domestic, industrial, and hazardous waste) and recyclable waste (including paper, plastics, and metals). To reduce environmental impact, Zeng Hsing implements waste management policies based on the 3R principles—Reduce, Recycle, and Reuse—throughout the product lifecycle.

These efforts include minimizing waste at the source, promoting recycling, and reusing packaging and transportation materials to enhance resource efficiency and circularity.

In 2024, the Group generated 657 tons of waste, an increase of 19 tons compared with 2023. The rise was mainly due to the launch of the MES system at ZH Vietnam, which led to a one-time disposal of old documents, and the elimination of large quantities of old pallets during plant consolidation, significantly increasing recyclable waste. The Group's recycling rate reached 78% in 2024, a 5% improvement from the previous year.

To strengthen waste management, the ESG Committee requires each plant to set waste recycling rate as an annual ESG target and conduct semiannual reviews. If abnormalities are identified, responsible units must provide root-cause analyses and improvement plans. These measures aim to reduce unnecessary resource loss and further improve the Group's overall recycling rate.





As an OEM manufacturer of household sewing machines, Zeng Hsing operates an integrated production process—including die casting, injection molding, CNC machining, grinding, assembly, and packaging—using ABS and aluminum ingots as primary raw materials. All production waste is handled by qualified waste contractors approved by local environmental authorities.



Most non-recyclable domestic and industrial waste is transported by local industrial zone

administrations for incineration or landfill, while hazardous waste—such as used oil and oil containers—is collected and treated by licensed specialists. Recyclable waste, including paper, plastics, and metals (e.g., aluminum dross, scrap iron), is recovered and reused by certified recyclers. As a B2B manufacturer, Zeng Hsing’s downstream sales and marketing activities are carried out by customers. According to the product carbon footprint report, downstream waste per household sewing machine (including packaging) consists of approximately 86% recyclable and 14% non-recyclable materials.

✳ Environmental Inspection

Zeng Hsing Group operates manufacturing facilities in Taiwan, Vietnam, and China, and therefore conducts regular environmental testing in compliance with environmental regulations in each country. These tests include drinking water E. coli levels, wastewater chemical oxygen demand (COD), workplace carbon dioxide concentration, non-methane hydrocarbons (NMHC), particulate matter, noise levels, and more. **All water quality and environmental test results for Zeng Hsing Group subsidiaries in 2024 complied with local regulatory standards, with no exceedances reported.**

✓ Qualified ✗ Unqualified

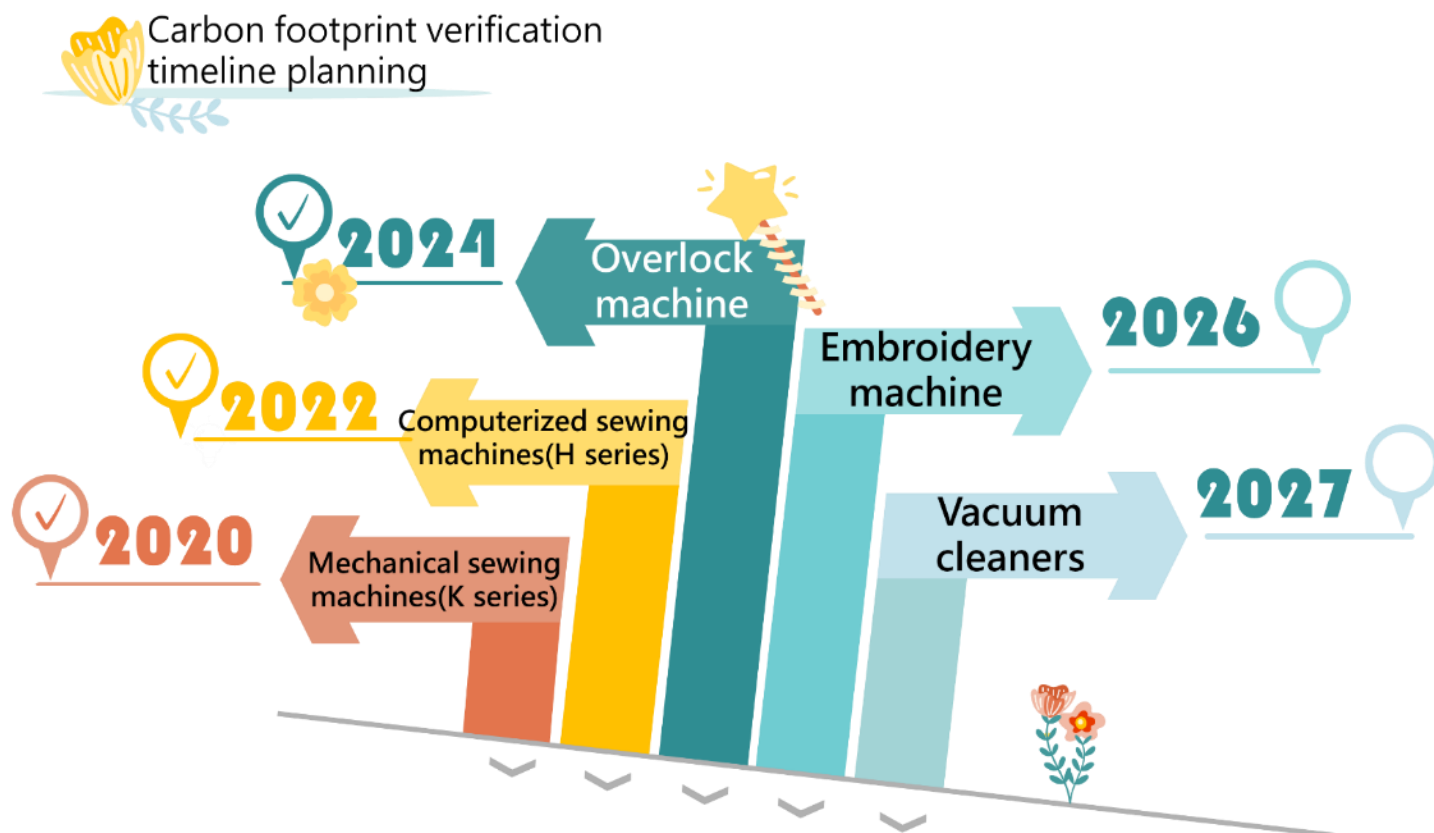
| Test items | Compliance with local regulations | | | |
|---|-----------------------------------|-----------|------------|--------|
| | ZH China | Taiwan HQ | ZH Vietnam | Shinco |
|  Water pollution test (SS,COD,BOD ,etc.) | ✓ | ✓ | ✓ | ✓ |
|  Environmental test (SOx 、 NOx 、 noise ,etc.) | ✓ | ✓ | ✓ | ✓ |

Notes : Data comes from the 2024 water pollution and environmental inspection report of each subsidiary (conducted on an annual basis in accordance with local regulations)

7.3 Reduction in Energy Demand of Products and Services

✳ Product Carbon Footprint – ISO 14067

Zeng Hsing Group is committed to working with customers to create environmentally friendly and high-quality products, an objective we continuously strive to achieve. In addition to conducting organizational greenhouse gas inventories and third-party verification as part of our comprehensive carbon management plan, we proactively advance product carbon footprint assessments in accordance with ISO 14067. This enables us to identify key stages in the product life cycle with the greatest carbon-reduction potential. We aim to leverage insights from Product Category Rules (PCR) along with green product design, low-carbon materials, production efficiency improvements, green logistics, and energy-saving and recyclable product features to reduce emissions and enhance environmental sustainability. Zeng Hsing plans to complete carbon footprint verification for all product lines by 2027, covering mechanical sewing machines, computerized sewing machines, overlock machines, embroidery machines, and vacuum cleaners. All products will receive third-party verification statements. Since initiating product carbon footprint assessments in 2019, we have completed verification for the K-series mechanical sewing machines (2020), the H-series computerized sewing machines (2022), and overlock machines (2024). In the coming years, we will complete assessments for embroidery machines and vacuum cleaners. After all sewing machine categories have been assessed, a second-round assessment will be conducted as needed to ensure accuracy, reliability, and confirmation of the actual carbon-reduction performance of Zeng Hsing products.



Mechanical sewing machines(K series)



Computerized sewing machines(H series)



Overlock machine



Green Product Design

Product carbon footprint assessments show that raw material production contributes 60%–65% of total emissions in sewing machine manufacturing. To address this, Zeng Hsing' s R&D teams adopt green design as a core principle—reducing resource and energy consumption from the earliest stages of development.

At Taiwan HQ, the R&D and Engineering Departments integrate energy-saving and eco-friendly design into annual KPIs and KT/KC programs. Key initiatives include improving motor efficiency, increasing component standardization, reducing mold steel use, replacing Styrofoam with eco-friendly packaging, and developing lightweight components. Significant resources are invested each year to upgrade products and processes for greater energy efficiency and lower carbon emissions.

To further enhance environmental benefits, the R&D team is also simplifying design processes and optimizing product architecture for both sewing machines and vacuum cleaners. In 2025, ongoing initiatives will focus on reducing raw material use, increasing parts commonality, and improving mold reusability—ensuring sustainability is fully embedded in product development.

Component Sharing

Integrating Horizontal Inner shutter hook CPL Assemblies to Reduce Mold Development

Five original Horizontal Inner shutter hook CPL specifications were consolidated into one standardized design, greatly simplifying mold development.

Key Benefits :

- Improved mold production efficiency and reduced manpower and maintenance needs.
- Fewer part types, increasing utilization and inventory turnover of shared components.
- Streamlined component management and shorter incoming inspection time, enhancing overall efficiency.



Implemented across
54 models.

Lightweight Product Design

Lightweight Design for Backpack Battery Vacuum Cleaners

The new-generation model is 27% lighter than the previous model.



Reducing weight by
approximately
1.9 kg per unit.

Material Reduction Design

Replaced plated metal shafts with POM shafts to eliminate electroplating wastewater. The snap-fit design simplifies assembly and reduces material use.

Plated shaft + spring



Plastic shaft

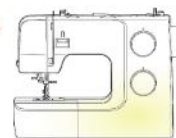


A total of 120 springs were eliminated in the 2024 product models.

Reducing Mold Steel Usage

Lowering mold steel consumption to improve resource efficiency. By incorporating part commonality during the product appearance design stage, the R&D team effectively reduces steel usage and mold development costs. This also enhances mass-production efficiency, lowering average energy use per part and achieving both resource savings and environmental benefits.

2024: 132 appearance parts across five models; 68 were shared parts (51.5% commonality).



Higher Performance X Lower Energy Use

Optimized system design significantly boosts suction power and airflow while reducing total energy consumption. The new-generation model lowers motor power by 50 W compared with the previous version—achieving a major energy-saving breakthrough without compromising performance. Mass production is planned for 2025, when its carbon-reduction benefits will be fully realized.



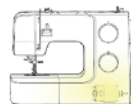
A 50 W power reduction per unit results in approximately 12 kg CO₂e fewer emissions per unit.

Carbon-reduction calculation is based on the product carbon footprint consumer-use energy simulation:

1. Power × operating hours × total production volume = total energy consumption (kWh)
2. (Previous design – new generation) × Taiwan electricity emission factor (0.474) / 1,000

Reduced Energy Consumption and Lightweight Design

Upgrading the AC motor to a high-voltage DC motor cut power use by 25 W and reduced motor weight by 50%, helping decrease both transportation-phase emissions and raw material usage. In 2024, 11,000 units achieved a total reduction of 52.4 tons CO₂e.



25 W saved per unit
52.4 tons CO₂e reduced in 2024.

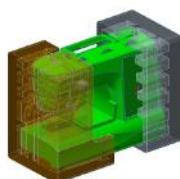
Carbon-reduction calculation is based on the product carbon footprint consumer-use energy simulation:

1. Power × operating hours × total production volume = total energy consumption (kWh)
2. (Total AC energy use – total DC energy use) × Taiwan electricity emission factor (0.474) / 1,000

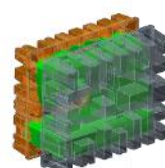
Replacing EPS Packaging with Paper-Pulp Packaging

In response to sustainable packaging trends, we are replacing traditional EPS with paper-pulp materials to reduce plastic use and carbon emissions. In 2024, four product series adopted this design, cutting CO₂e by approximately 4.7 tons—demonstrating our concrete commitment to environmental sustainability.

EPS packaging



Paper-pulp packaging



Reduced 4.7 tons of CO₂e

Carbon-reduction = (EPS carbon footprint – corrugated paper carbon footprint) × total production volume

**SASB (Sustainability Accounting Standards Board) –
Household & Personal Products (CG-AM)**

| Topic | Metric | Quantitative / Qualitative | Unit | Description | SASB Code |
|---|---|---|-------|--|--------------|
| Product Safety | Number and quantity of product recalls | 0 | Cases | No product recalls occurred | CG-AM-250a.1 |
| | Discussion of product safety risks | Not applicable | NA | No incidents occurred; therefore, no discussion required | CG-AM-250a.2 |
| | Revenue lost due to product safety issues | 0 | NTD | No incidents occurred; therefore, no losses incurred | CG-AM-250a.3 |
| Product Life Cycle Environmental Impacts | Percentage of revenue from ENERGY STAR certified products | Not applicable | % | Sewing machines are not categorized as major energy-consuming appliances | CG-AM-410a.1 |
| | Percentage of revenue from AHAM-certified products | Not applicable | % | AHAM certification does not apply to sewing machines | CG-AM-410a.2 |
| | Description of efforts to address product end-of-life impacts | Since 2020, the Company has conducted full life cycle carbon footprint assessments to explore opportunities for carbon and waste reduction. The R&D team proposes various green design initiatives each year, such as lightweight components/products, reduced packaging material, easy-disassembly design, and shared component design to reduce material use at the source, in alignment with our sustainability policy. (For details, refer to Section 7.3 of previous reports.) | | | CG-AM-410a.3 |

7.4 Circular Economy

In addition to promoting the circular economy through its volunteer teams, Zeng Hsing Group actively advances green logistics within its green supply chain management efforts, with the goal of reducing packaging waste. By shifting from the traditional linear logistics model of “raw materials–products–waste” to a circular model of “raw materials–products–recycled products,” we are able not only to reduce waste but also to reduce the environmental impact caused by deforestation.

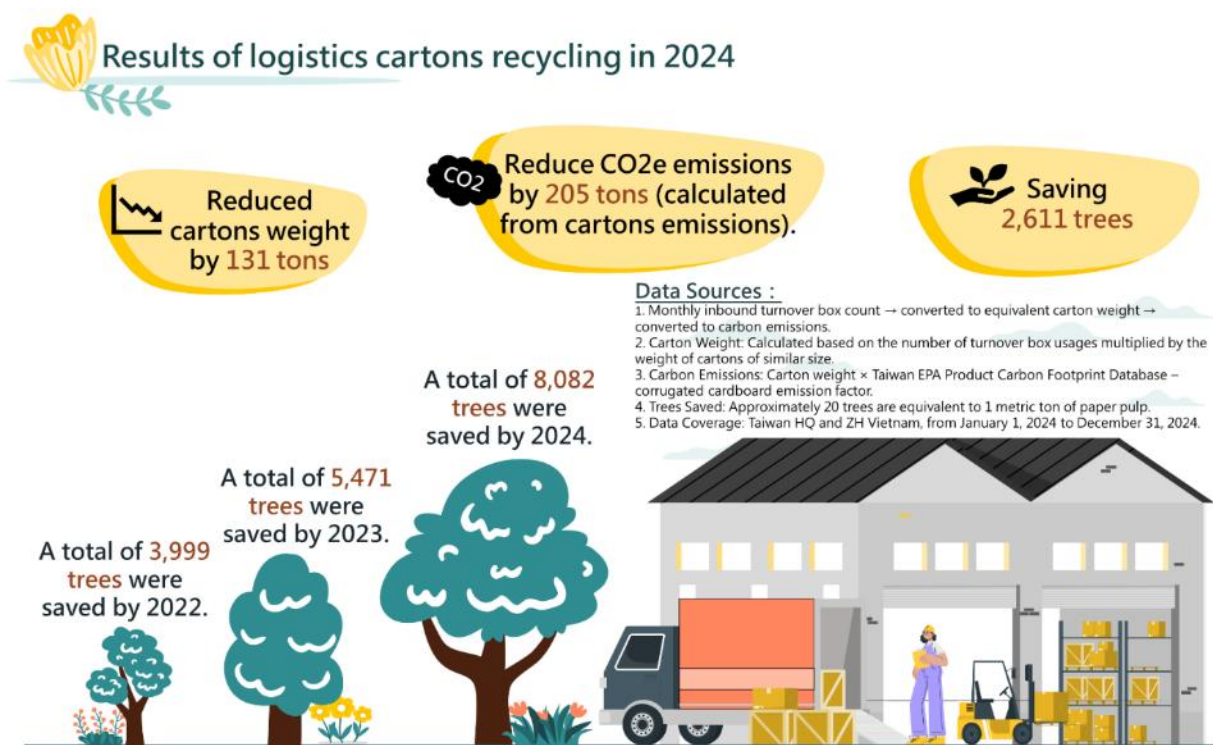
✿ Recycling Cartons / Using Reusable Parts Turnover Boxes

Zeng Hsing Group encourages suppliers at all sites to use recyclable or renewable packaging materials, or to deliver raw materials and components using reusable turnover boxes. Since 2020, the ESGO team has collaborated with the Taiwan Operations Department to promote green logistics and track environmental performance through carton and turnover box usage data. In 2021, this initiative was expanded to ZH Vietnam to further encourage local suppliers to replace cartons with turnover boxes.

For performance measurement, materials personnel record the number of cartons recycled and the number of times plastic turnover boxes are used in place of cartons each month. They also identify the unit weight of various carton sizes and report monthly inbound quantities to ESGO. ESGO then estimates the annual reduction in carton consumption and converts the results into avoided carbon emissions based on corrugated cardboard emission factors. In addition, carton weight saved is converted into the equivalent number of trees conserved to demonstrate environmental contribution.

In 2024, thanks to the efforts of both Taiwan HQ and ZH Vietnam, carton usage was reduced by 131 metric tons, equivalent to saving 2,611 trees and reducing 205 tons of CO₂e from carton manufacturing.

Zeng Hsing will continue to advance these initiatives and strengthen supplier engagement, encouraging all sites and partners to adopt green design, green production, green supply chain practices, and green logistics—working together to promote environmental sustainability.



✿ Upcycling Old Clothing into Team Flags

While promoting sewing culture, Zeng Hsing also remains committed to environmental protection. In celebration of the Company Family Day, we organized a team flag upcycling contest using old clothing. Employees were encouraged to brainstorm, collaborate, and craft their own team flags. 7 teams participated, creatively transforming old garments and fabric scraps into unique and meaningful flags. Some designs featured playful themes, others showcased meticulous stitching, while some incorporated team slogans or symbolic elements—each flag reflected remarkable thoughtfulness and creativity. On Family Day, all teams proudly presented their handmade flags, demonstrating enthusiasm and team spirit. The contest adopted a dual-evaluation mechanism, combining onsite employee voting with online voting through the company's Facebook page to encourage wider participation. The team with the highest combined score was awarded the championship and a prize, ending the event on a high note.



| Navigator | Zeng Hsing Rising Dragon | Prosperity for Zeng Hsing | R&D together | ESG Golden Brain | The best team | No plastic |
|---|---|--|---|---|---|---|
| Embracing the vast blue ocean with endless mysteries, the iconic whale—symbolizing wisdom and abundance—was chosen as the theme. We hope that the rising whale represents our aspiration to become the leading pioneer in the sewing machine industry. Through garment redesign and waste reduction, we call for greater awareness of precious marine ecosystems and invite everyone to join us in protecting the beautiful ocean together. | Continuing the festive spirit of the 2024 Year of the Dragon, this banner was designed with the concept of "Zeng Hsing Rising." The dragon symbolizes Zeng Hsing as a leading sewing machine manufacturer. The banner is made from discarded uniforms, combined with embroidery and patchwork, representing collaboration and sustainable growth. | Centered on the idea of "Prosperity and Sustainability," this design uses patchwork to transform old garments, incorporating animals and retro imagery to symbolize environmental care and long-term corporate growth. Birds soaring upward and thriving plants represent hope, while layered landscapes symbolize steady development. The shining sun reflects limitless future possibilities and the company's vibrant momentum. | Developed by the Claw Machine team, the main character is a sewing machine—a symbol demonstrating product quality and durability. Through drop tests and transport simulations, sewing machines pass all assessments, ensuring safety and reliability. Interactive games allow participants to better understand the value of the Zeng Hsing brand. | As ESG Ambassadors No. 1, we uphold the mission of Environmental protection (E), Social responsibility (S), and corporate governance (G). We spread ESG values from within the company outward to all suppliers and partners, inviting them to join our sustainability journey and work together to enhance corporate responsibility and environmental stewardship. | The flag integrates elements of Zeng Hsing's mascot and features collaborative patchwork between divisions. It symbolizes our commitment to protecting the Earth—our shared home. The design calls on everyone to take action and join companies in advancing environmental sustainability, becoming steadfast guardians of the planet. | Global warming has become a major challenge. For the sake of future generations and the Earth's ecology, we must start with everyday actions by reducing the use of disposable plastic products. We invite everyone to begin with small behavioral changes and become "no plastic" in daily life. When environmental protection becomes a habit, the Earth will respond with greater resilience and beauty. |

✿ ASUS Foundation – “Reverse Logistics Recycling & Refurbished Computer Donation Program”

Since 2021, Zeng Hsing’s Taiwan HQ has participated in the Reverse Logistics Recycling and Refurbished Computer Donation Program initiated by the ASUS Foundation, donating retired computers and hardware for reuse.

In 2024, we contributed: 38 desktop computers, 19 laptops, 46 LCD displays (TVs/monitors), and 5 sets of peripheral equipment (printers, projectors, conferencing devices, network switches, etc.)

These efforts help reduce pollution and electronic waste. After refurbishment, the “renewed computers” are donated to disadvantaged children, youth, women, seniors, and people with disabilities for digital learning—helping narrow the digital divide through resource circulation.

Electronic waste contains valuable metals that can be recovered, but improper disposal may lead to chemical reactions that contaminate soil and the environment. Through recycling and reuse, Zeng Hsing aims to contribute to environmental protection and responsible resource management.



✿ Taiwan Cheer Champ – Refurbishing Second-hand Sewing Machines

Zeng Hsing’s affiliate, Taiwan Cheer Champ, has long promoted the reuse of second-hand sewing machines by offering a structured buyback program that allows customers to upgrade to higher-end models at preferential prices. Refurbished machines are graded A, B, or C based on their condition and come with four major quality assurances.

In 2024, Taiwan Cheer Champ sold 477 refurbished sewing machines, contributing to a reduction of 23 tons of CO₂e.⁷ Zeng Hsing will continue to foster the circulation of second-hand products, creating a win-win outcome for both environmental sustainability and economic value.



- 01 Quality Assurance**
Standard inspections conducted by certified factory technicians, covering over 20 inspection items.
- 02 Warranty**
Each used sewing machine includes a six-month warranty, identical to new products.
- 03 Device Integrity**
All models come with original factory parts, instruction manuals, and warranty certificates.
- 04 Service Network**
A total of 10 service locations across Taiwan. (with sales channels ranging from retail stores to online platforms)

⁷ Carbon emission conversion = Number of units sold * Carbon footprint data for raw materials, manufacturing, and waste.

8 Appendix

8.1 GRI Standards Index

Zeng Hsing has reported its sustainability information for the period from January 1, 2024, to December 31, 2024 in accordance with the GRI Standards. The report uses GRI 1: Foundation 2021 and does not reference any sector-specific standards.

General Disclosures

| GRI 2 General Disclosures 2021 | Disclosure Item | Relevant Chapters | Page No. |
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| | 2-2 Entities included in the organization’ s sustainability reporting | About This Report | 1 |
| | 2-3 Reporting period, frequency, and contact point | | |
| | 2-5 External assurance | | |
| | 2-4 Restatements of information | 7.1 Energy Resource Consumption and GHG Inventory | 98 |
| 2. Activities and Workers | 2-6 Activities, value chain, and other business relationships | 1.1 About Zeng Hsing 1.2 Operating Information 4.5 Supply Chain Management | 9, 13, 47 |
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| 3. Governance | 2-9 Governance structure and composition | 3.1 Corporate Governance | 26 |
| | 2-10 Nomination and selection of the highest governance body | Please refer to page 44 of the annual report. | Annual report (English version) |
| | 2-11 Chair of the highest governance body | Please refer to pages 8-20 of the annual report. | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | | |
| | 2-13 Delegation of responsibility for managing impacts | Please refer to pages 105 of the annual report. | |
| | 2-14 Role of the highest governance body in sustainability reporting | | |
| | 2-15 Conflicts of interest | Please refer to https://www.zenghsing.com.tw/investor/corporate-principles/?lang=zh-hant.S | |
| | 2-16 Communication of critical concerns | Please refer to pages 129-133 of the annual report. | |
| | 2-17 Collective knowledge of the highest governance body | Please refer to page 127 of the annual report. | |
| | 2-19 Remuneration policies | Please refer to pages 85-92 of the annual report. | |
| | 2-20 Process to determine remuneration | | |
| | 2-18 Evaluation of the highest governance body’ s performance | Please refer to pages 46-53 of the annual report. | |
| 2-21 Annual total compensation ratio | 5.1 Global workforce structure in 2024 | 52 | |

| GRI 2 General Disclosures 2021 | Disclosure Item | Relevant Chapters | Page No. |
|--------------------------------------|---|--|----------|
| 4. Strategy, Policies, and Practices | 2-22 Statement on sustainable development strategy | A Message from Chairman & CEO / Material Topic Management Policy | 2 |
| | 2-23 Policy commitments | | |
| | 2-24 Embedding policy commitments | | |
| | 2-25 Processes to remediate negative impacts | 3.1 Corporate Governance / 3.3 Implementing Ethical Business Practices | 26,30 |
| | 2-26 Mechanisms for seeking advice and raising concerns | 3.5 Regulatory Compliance | 37 |
| | 2-27 Compliance with laws and regulations | 1.4 Membership of Associations | 19 |
| 5. Stakeholder Engagement | 2-28 Membership associations | 2 Stakeholder Communication | 20 |
| | 2-29 Approach to stakeholder engagement | 5.2 Employee Benefits and Rights | 57 |
| GRI 3 Material Topics 2021 | 2-30 Collective bargaining agreements | 2.2 Stakeholder Identification and Material Topic Assessment | 23 |
| | 3-1 Process to determine material topics | | |
| | 3-2 Material Issues List | | |

Specific Disclosures

| GRI Standard | Disclosure Item | | Relevant Chapters | Page No. |
|--|-----------------|--|---|----------|
| GRI 200 Economic Series | | | | |
| GRI 201 Economic Performance 2016 | 201-1 | Direct economic value generated and distributed by the organization | 1.3 Operating and Financial Information | 17 |
| | 201-2 | Financial implications and other risks and opportunities due to climate change | 3.4 Risk Management | 30 |
| | 201-3 | Defined benefit obligations and other retirement plans | 5.2 Employee Benefits and Rights | 57 |
| | 201-4 | Financial assistance received from government | 5.3 Employee Education and Training / Environmental protection subsidy of NT\$21,800. | 65 |
| GRI 3 Management Approach | 3-3 | Management of material topics | 1.3 Operating and Financial Information | 17 |
| GRI 203 Indirect Economic Impacts 2016 | 203-1 | Infrastructure investments and services supported | 6.1 Social Engagement | 77 |
| GRI 3 Management Approach | 3-3 | Management of material topics | 6.2 Zeng Hsing Volunteer Tea | 82 |
| GRI 204 Procurement Practices 2016 | 204-1 | Proportion of spending on local suppliers | 4.5 Supply Chain Management | 47 |
| GRI 3 Management Approach | 3-3 | Management of material topics | 4.5 Supply Chain Management | 47 |
| GRI 300 Environmental Series | | | | |
| GRI 301 Materials 2016 | 301-1 | Materials used by weight or volume | 7.3 Reduction in Energy Demand of | 105 |

| GRI Standard | Disclosure Item | | Relevant Chapters | Page No. |
|---|-----------------|---|---|----------|
| | 301-2 | Recycled input materials used | Products and Services | |
| | 301-3 | Reclaimed products and their packaging materials | | |
| GRI 3 Management Approach | 3-3 | Management of material topics | 7.3 Reduction in Energy Demand of Products and Services | 105 |
| GRI 302 Energy 2016 | 302-1 | Energy consumption within the organization | 7.1 Energy Resource Consumption and GHG Inventory / 7.3 Reduction in Energy Demand of Products and Services | 98,105 |
| | 302-3 | Energy intensity | | |
| | 302-4 | Reduction of energy consumption | | |
| | 302-5 | Reductions in energy requirements of products and services | | |
| GRI 3 Management Approach | 3-3 | Management of material topics | 7 Eco-Sustainability | 96 |
| GRI 303 Water and Effluents 2018 | 303-1 | Interactions with shared water resources | 7.1 Energy Resource Consumption and GHG Inventory | 98 |
| | 303-3 | Water withdrawal | | |
| | 303-4 | Water discharge | | |
| | 303-5 | Water consumption | | |
| GRI 3 Management Approach | 3-3 | Management of material topics | 7 Eco-Sustainability | 96 |
| GRI 305 Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 7.1 Energy Resource Consumption and GHG Inventory | 98 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | | |
| | 305-3 | Other indirect (Scope 3) GHG emissions | | |
| | 305-4 | GHG emissions intensity | | |
| | 305-5 | Reduction of GHG emissions | | |
| GRI 3 Management Approach | 3-3 | Management of material topics | 7 Eco-Sustainability | 96 |
| GRI 306 Waste 2020 | 306-1 | Waste generation and significant waste-related Impacts | 7.2 Waste Management | 103 |
| | 306-2 | Management of significant waste-related impacts | | |
| | 306-3 | Waste generated | | |
| | 306-4 | Waste diverted from disposal | | |
| | 306-5 | Waste directly disposed | | |
| GRI 3 Management Approach | 3-3 | Management of material topics | 7 Eco-Sustainability | 96 |
| GRI 400 Social Series | | | | |
| GRI 401 Employment 2016 | 401-2 | Benefits provided to full-time employees that are not provided to temporary or parttime employees | 5.2 Employee Benefits and Rights | 57 |
| | 401-3 | Parental leave | | |
| GRI 3 Management Approach | 3-3 | Management of material topics | 5.2 Employee Benefits and Rights | 57 |
| GRI 402 Labor/Management Relations 2016 | 402-1 | Minimum notice periods regarding operational changes | 5.2 Employee Benefits and Rights | 57 |

| GRI Standard | Disclosure Item | | Relevant Chapters | Page No. |
|---|-----------------|---|--|----------|
| GRI 3 Management Approach | 3-3 | Management of material topics | 5.2 Employee Benefits and Rights | 57 |
| GRI 403 Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | 5.4 Safety Culture and Responsibility / 5.5 Employee Health Management and Promotion | 71,74 |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | | |
| | 403-3 | Occupational health services | | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | | |
| | 403-5 | Worker training on occupational health and safety | | |
| | 403-6 | Promotion of worker health | | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked to business relationships | | |
| | 403-8 | Workers covered by an occupational health and safety management system | | |
| | 403-9 | Work-related injuries | | |
| | 403-10 | Work-related ill health | | |
| GRI 3 Management Approach | 3-3 | Management of material topics | 5.4 Safety Culture and Responsibility | 71 |
| GRI 404 Training and Education 2016 | 404-1 | Average hours of training per employee per year | 5.3 Employee Training and Education | 65 |
| | 404-3 | Percentage of employees receiving regular performance and career development review | | |
| GRI 3 Management Approach | 3-3 | Management of material topics | 5.3 Employee Training and Education | 65 |
| GRI 413 Local Communities 2016 | 413-1 | Operations with local community engagement, impact assessments, and development programs | 6 Social Engagement | 77 |
| | 413-2 | Operations with significant actual or potential negative impacts on local communities | | |
| GRI 3 Management Approach | 3-3 | Management of material topics | 6 Social Engagement | 77 |
| GRI 416 Customer Health and Safety 2016 | 416-1 | Assessment of the health and safety impacts of product and service categories | 4.4 Customer Health and Safety | 45 |
| | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | | |
| GRI 3 Management Approach | 3-3 | Management of material topics | 4.4 Customer Health and Safety | 45 |

The following information represents Zeng Hsing' s voluntary disclosures aligned with non-material GRI topics.

| GRI Standard | Disclosure Item | | Relevant Chapters | Page No. |
|---|-----------------|--|--|----------|
| GRI 205 Anti-corruption 2015 | 205-1 | Operations assessed for risks related to corruption | 3.3 Implementing Ethical Business Practices | 30 |
| | 205-2 | Communication and training about anti-corruption policies and procedures | | |
| | 205-3 | Confirmed incidents of corruption and actions taken | | |
| GRI 308 Supplier Environmental Assessment 2015 | 308-1 | New suppliers that were screened using environmental criteria | 4.5 Supply Chain Management | 47 |
| GRI 405 Diversity and Equal Opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 5.1 Global workforce structure in 2024 | 52 |
| | 405-2 | Ratio of basic salary and remuneration of women to men | | |
| GRI 406 Non-discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | No discrimination-related complaints were received during the reporting period | 57 |
| GRI 407 Freedom of Association and Collective Bargaining 2016 | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 5.2 Employee Benefits and Rights | 57 |
| GRI 408 Child Labor 2016 | 408-1 | Operations and suppliers at significant risk for incidents of child labor | 3.5 Regulatory Compliance | 37 |
| GRI 409 Forced or Compulsory Labor 2016 | 409-1 | Operations and suppliers at significant risk of forced or compulsory labor | 3.5 Regulatory Compliance | 37 |
| GRI 414 Supplier Social Assessment 2016 | 414-1 | New suppliers that were screened using social criteria | 4.5 Supply Chain Management | 47 |
| GRI 415 Public Policy 2016 | 415-1 | Political contributions | No political contributions during the reporting period | — |
| GRI 417 Marketing and Labeling 2016 | 417-2 | Incidents of non-compliance concerning product and service information and labeling | 4.2 Marketing of Product and Service | 40 |
| | 417-3 | Incidents of non-compliance concerning marketing communications | | |
| GRI 418 Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 4.3 Customer Satisfaction | 42 |

8.2 TUV Audit report



Independent Assurance Statement

Zeng Hsing Industrial Co., Ltd. 2024 Corporate Sustainability Report

Introduction:

TÜV Rheinland Taiwan Ltd., member of TÜV Rheinland Group, Germany (hereinafter "TÜV Rheinland Taiwan", "We") has been entrusted by the management of Zeng Hsing Industrial Co., Ltd. (hereinafter "Zeng Hsing" or "the Company") to conduct independent assurance of Zeng Hsing Industrial Co., Ltd. 2024 Corporate Sustainability Report (hereinafter "the Report"). All contractual contents for this assurance engagement rest entirely within the responsibility of Zeng Hsing. Our task was to give a fair and adequate judgment on the Zeng Hsing Industrial Co., Ltd. 2024 Corporate Sustainability Report.

The intended users of this assurance statement are stakeholders having relevance to the Zeng Hsing overall Sustainability Performance and impacts of its business activities during 2024 (January 2024 ~ December 2024). TÜV Rheinland Group is a global service provider of CSR & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and were not involved in the preparation of report contents.

Assurance Standard:

TÜV Rheinland Taiwan undertook the assurance work in accordance with the AA1000 Assurance Standard v3 (AA1000AS v3) Moderate level of assurance.

Scope & Type of Assurance:

Our assurance engagement was carried out in accordance with the AA1000AS v3, Type 1, Moderate level on Zeng Hsing's sustainability performance disclosed in the Report and evaluated the information and data. The following assurance criteria were used in performing the assurance work:

- In accordance with GRI Universal Standards 2021 and performance indicators and according to disclosure on management approach (DMAs) from Economic, Environment & Social category, also defined in Reporting boundaries.
- Adherence to AA1000 SES Stakeholder Engagement Standard (2015).
- Adherence to AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact.

Limitation: TÜV Rheinland Taiwan performed the assurance based on the scope of defined engagement agreement, and on a moderate level assurance under the AA1000 Assurance Standard v3 for engagement. The assurance engagement was carried out at Zeng Hsing, Taichung City, Taiwan. The consultations with external stakeholders were not carried out. Information and performance data subject to assurance is limited to the contents of the Report. Information and performance data subject to assurance is limited to the contents of the Report. Our assurance work did not cover financial report and its financial data, nor other information not related to sustainability.

Assurance Methodology:

TÜV Rheinland Taiwan's assurance activities included:

- Assuring Zeng Hsing's ESG-related management practices and processes, to evaluate relevant management systems, including sustainability strategy, management policy, corporate governance, compliance management, risk management, stakeholder engagement, material issue analysis and impact, and key performance.
- Conducting interviews with over 15 Zeng Hsing's senior management and managers responsible for gathering and analyzing information on ESG-related performance.
- Reviewing and examining sustainability strategy, management practices, and performance information and data to test the accuracy of such information and data through random sampling principles and applied analytical procedures.
- Collecting documentary evidence and assessing management representations to support the extent to which Zeng Hsing adherence to the Accountability Principles.

- The Verification Executive Team was comprised of our multidisciplinary, experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement.

Adherence to AA 1000 principles:

Inclusivity:

Zeng Hsing has identified key stakeholders and continues to seek their participation. The process considers issues of concern to stakeholders and establishes significant sustainability issues based on this, developing management strategies to respond to sustainability in a responsible and appropriate manner. Evidence shows that this report reflects Zeng Hsing's inclusive approach to stakeholder issues and has had an accountable impact on both internal and external stakeholders.

Materiality:

Zeng Hsing has implemented materiality assessment. The identification of issues is based on the needs and concerns of stakeholders, internal policy considerations, and understanding and communication of sustainable development content, thereby disclosing the materiality and impact of issues. Evidence shows that Zeng Hsing has appropriately responded to the identified material issues in accordance with their priority and materiality, demonstrating the organization's accountability.

Responsiveness:

Zeng Hsing has responded to the material issues of concern to stakeholders and engaged with them through diverse channels and measures. It has set clear quantitative targets to track performance, thereby appropriately demonstrating its proactive responsiveness and commitment to accountability.

Impact:

Zeng Hsing has effectively identified and disclosed its impacts through transparent, diverse, fair, and effective means, and has established measurement, monitoring, tracking, and management processes to appropriately demonstrate its performance and impact in terms of the environment, society, and governance. It has also fully disclosed and reported this information in its report.

Conclusion:

In conclusion, we can mention that no instances or information came to our attention that would be contrary to the statement made below:

- Zeng Hsing 2024 Sustainability Report meets the requirement of Type-1, Moderate Level Assurance according to AA1000AS v3 and Global Reporting Initiative (GRI) Universal Standards 2021.
- The Report includes statements and claims that reflects Zeng Hsing achievements and challenges supported by documentary evidence and internal records.
- The performance data we found in the report were collected, stored and analyzed in a systematic and professional manner and were plausible.

TÜV Rheinland Taiwan shall not bear any liability or responsibility to a third party for perception and decision about Zeng Hsing based on this Assurance Statement.



Vito C. C. Lin

Technical Manager

TÜV Rheinland Taiwan Ltd.

Taipei, Taiwan
2025-06-27



ZENG HSING

2024

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