



Nien Hsing Textile

2024 ESG  
REPORT

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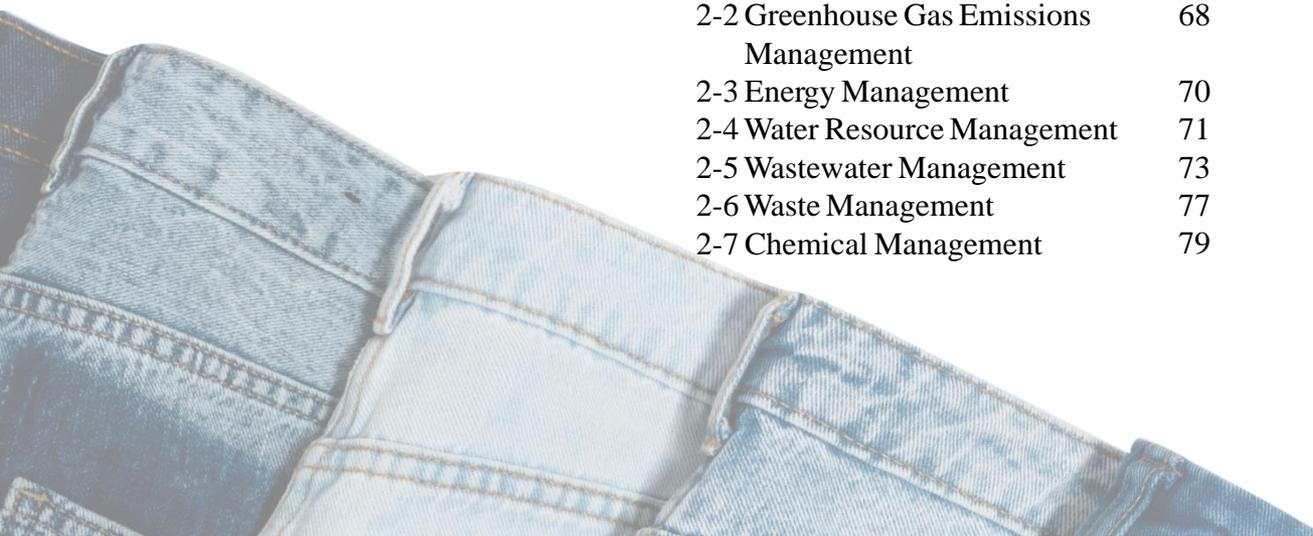
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# About

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## About This Report

We appreciate your interest in the 2024 Sustainability Report issued by Nien Hsing Textile Co., Ltd. (hereinafter referred to as Nien Hsing, Nien Hsing Textile, or the Company). This report presents our strategies, performance, and future plans across economic, environmental, and social dimensions. It also outlines our vision and objectives for sustainable development.

### Report Structure

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, 2021 Global Standards, and discloses Nien Hsing's sustainability initiatives and achievements. It also draws on guidance from the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) industry standards, and the operational guidelines for listed companies in preparing sustainability reports. An index of these standards is provided in the appendix for reference.

### Information and Data Quality Management

While this report has not undergone third-party verification for the entire content, the Company applies strict internal controls and auditing procedures to ensure the accuracy of all financial, environmental, and social data. Greenhouse gas emissions from our Taipei office and Miaoli Houlong plant have been independently verified. Financial data has been audited by Deloitte & Touche. Unless specified otherwise, all amounts are presented in New Taiwan Dollars (NTD).

### Report Scope and Boundary

This report covers Nien Hsing's operations and production sites in Taiwan, Vietnam, Mexico, and Lesotho. The reporting period spans January 1, 2024, to December 31, 2024, aligning with our annual report. The report was published in August 2025, and an annual sustainability report will be issued each August and made publicly available on our official website.

### Contact Information

Nien Hsing Textile Co., Ltd.  
Contact Department: Sustainable Operation Division  
Responsible Person: Kai-Lin Hung  
Headquarters Address: 13F, No. 306, Section 1, Neihu Road, Neihu District, Taipei 114, Taiwan  
Phone: +886-2-2656-8888  
Website: <https://www.nhjeans.com/>  
For suggestions or inquiries, please reach out to us at:  
Email: [kering.hung@nhjeans.com](mailto:kering.hung@nhjeans.com)





## Management Philosophy

For nearly 40 years since its establishment, Nien Hsing Group has been guided by the founder’s five core principles: Teamwork, Practicality, Efficiency, Innovation, and Perfection. We emphasize collaboration, avoid seeking personal credit or shifting blame, and encourage all employees to act with integrity and diligence, working cohesively toward shared objectives. We continuously strive for efficiency, maximizing outcomes with limited personnel, resources, and time.

We take a pragmatic approach, ensuring that “Exquisite, Never Settled” is more than a motto. It is embodied in our continuous innovation in technical craftsmanship and improvements in product quality. Perfection remains our target, as we constantly enhance the added value of our products and services.

Our recruitment and development standards focus on Responsibility, Ambition, and Drive. All employees are expected to take full responsibility for their roles. Mid-level managers are encouraged to surpass expectations and refine their expertise with a proactive and optimistic mindset. Senior management is required to demonstrate strong drive to lead teams toward success.

At Nien Hsing, sustainable management reflects our fundamental commitment to environmental stewardship, social responsibility, and stakeholder accountability. As we pursue profitable growth through corporate transformation strategies, we adhere to high ethical standards and a responsible business approach, aiming to achieve mutual benefit, shared prosperity, and long-term sustainability for all stakeholders.



Founder Mr. Ron Chu Chen

## Chairman and President's Message

Reflecting on 2024, both globally and in Taiwan, it was a year marked by significant upheaval in the pursuit of sustainable transformation. Recognized by the scientific community as the hottest year on record, the year was marked by frequent extreme weather events, persistent global inflationary pressures, ongoing geopolitical tensions, and policy uncertainties driven by the U.S. elections, all of which influenced the pace of global sustainability initiatives. In Taiwan, the formal introduction of the carbon pricing system marked an important step toward the 2050 net-zero emissions goal, creating unprecedented transformation pressures as well as new opportunities for businesses.

Amid unpredictable economic shifts and climate impacts, Nien Hsing has continued to advance carbon reduction initiatives and improve energy efficiency. By increasing the use of renewable fuels and upgrading energy-efficient equipment, we are steadily moving toward our net-zero transformation objectives. We have also strengthened our core competitiveness by implementing real-time information management systems, conducting regular environmental assessments, and securing green certifications to enhance production efficiency and product quality. Through diversified market expansion and optimized customer portfolios, we are accelerating the realization of our global business strategy. In corporate governance, we maintain strong, integrity-based relationships with our suppliers, collaborating steadily to achieve shared sustainability goals.

We fully recognize that corporate social responsibility and employee well-being are essential to sustainable operations. In alignment with market strategies and operational considerations, we made the difficult decision to close our Miaoli Houlong plant in Taiwan. We extend our deepest gratitude to the 454 employees for their years of dedication and support and are committed to providing all necessary assistance to protect their rights and dignity during the transition.

We are dedicated to cultivating a workplace culture of gender equality, diversity, and inclusion. Through comprehensive benefits and training programs, we continuously support employee career growth and well-being. Additionally, we actively engage in community care and public welfare initiatives, demonstrating our commitment as a responsible corporate citizen.

Through this Sustainability Report, we hope to provide a complete picture of Nien Hsing. We look forward to the challenges and opportunities ahead and, through collective effort, aspire to build a future that is more prosperous, equitable, and sustainable.

Thank you for taking the time to read our report.

Nien Hsing Textile Co., Ltd.



Chairman

陳成宏



President

蔡樹青

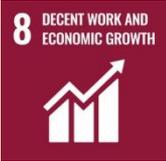


# Advancing the United Nations Sustainable Development Goals (SDGs)

The United Nations Sustainable Development Goals (SDGs) comprise 17 goals and 169 targets, forming the global development agenda from 2016 to 2030. Nien Hsing is dedicated to translating these goals into actionable initiatives.

<p><b>SDGs Goals</b></p>				
<p><b>SDGs Targets</b></p>	<p>Ensure healthy lives and promote well-being for people of all ages, minimizing diseases and fatalities caused by hazardous chemicals and pollution</p>	<p>Ensure inclusive, equitable, and high-quality education, and promote lifelong learning opportunities</p>	<p>Achieve gender equality and empower all women</p>	<p>Ensure access to water and sanitation and promote sustainable water management</p>
<p><b>2024 Nien Hsing Actions</b></p>	<ul style="list-style-type: none"> <li>•Conduct annual free health screenings for all employees.</li> <li>•Implement comprehensive chemical and pollution management across all factories and reinforce occupational safety education to prevent accidental exposures.</li> <li>•Production sites in Lesotho regularly undergo third-party environmental hygiene surveys to maintain safe working conditions.</li> </ul>	<ul style="list-style-type: none"> <li>•In 2024, 655 employees participated in nearly 461.5 hours of internal and external training. By integrating diverse learning resources, employees expanded their knowledge, enhanced professional skills, and applied their learning to practical tasks, improving work performance and efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>•Women accounted for 66% of Nien Hsing’s workforce in 2024, with 24% holding managerial positions at section level or higher.</li> <li>•In November 2021, work regulations were revised to enhance female worker protections and establish procedures for preventing and addressing workplace sexual harassment.</li> <li>•Nursing rooms are available at both the company headquarters and factories, providing comfortable and private spaces for employees.</li> </ul>	<ul style="list-style-type: none"> <li>•The Mexico textile mill partnered with the treatment facility that purifies reslocal water utility to construct a wastewater idential sewage from Victoria for use within the plant.</li> <li>•All factories are equipped with certified wastewater treatment systems and smart digital water meters to monitor water usage in real time. Monthly data analysis identifies high-consumption areas and informs water-saving strategies.</li> </ul>



SDGs Goals					
SDGs Targets	<p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p>	<p>Promote inclusive and sustainable economic growth, achieve full and productive employment, and provide decent work for all</p>	<p>Ensure sustainable consumption and production patterns</p>	<p>Take urgent action to combat climate change and its impacts</p>	<p>Promote peaceful and inclusive societies for sustainable development; provide access to justice for all; build effective, accountable, and inclusive institutions at all levels</p>
2024 Nien Hsing Actions	<ul style="list-style-type: none"> <li>•Increased use of biofuels, with the Vietnam Ninh Binh factory achieving 100% biofuel operation for its boilers.</li> </ul>	<ul style="list-style-type: none"> <li>•Offer comprehensive salary structures and strong employee benefits. Implement International Labour Organization (ILO) standards and principles.</li> <li>•In Vietnam, Nien Hsing promotes the “Better Work” program to actively improve labor conditions in developing countries.</li> </ul>	<ul style="list-style-type: none"> <li>•Utilize cotton certified under the Recycled Claim Standard (RCS) and Organic Content Standard (OCS).</li> <li>•Introduced the Karl Mayer BLUEDYE eco-friendly dyeing equipment from Germany, which reduces chemical usage, doubles dyeing efficiency, and decreases water consumption by 50%.</li> <li>•In 2024, waste emission intensity declined compared with 2023: Mexico textile mill by 12%, Lesotho textile mill by 8%, and Lesotho garment factory by 26%.</li> </ul>	<ul style="list-style-type: none"> <li>•Conduct annual greenhouse gas inventories for all plants and implement reduction measures.</li> <li>•Gradually replace high-energy-consuming equipment to lower carbon emissions.</li> <li>•All production sites utilize the Sustainable Apparel Coalition’s Higg Index to annually report and verify factory operations regarding water usage and quality, energy and greenhouse gases, waste management, chemicals, and hazardous substances, reducing environmental impact from manufacturing processes.</li> </ul>	<ul style="list-style-type: none"> <li>•Hold quarterly labor-management meetings to maintain an effective communication platform and implement clear company policies and procedures on human rights issues in compliance with all applicable laws.</li> <li>•Follow action policies consistent with the Responsible Business Alliance (RBA) to ensure fair treatment and respect for all employees.</li> <li>•Company communications are delivered in local languages so employees fully understand relevant information.</li> <li>•Complaint channels, including an online platform, are provided for employees to report concerns.</li> </ul>



# Material Topic Assessment

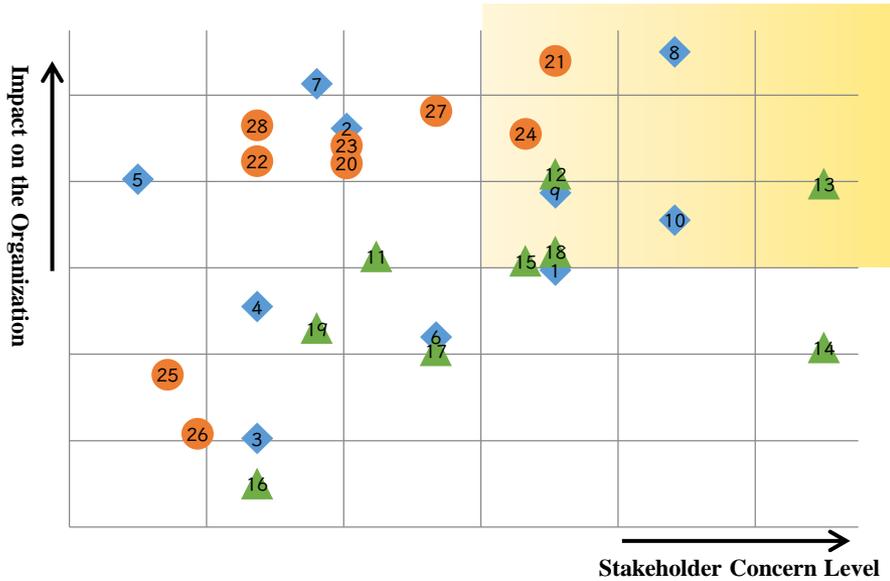
## Stakeholder Identification and Materiality Process

<b>1</b>	<p><b>Stakeholder Identification</b></p> <p>In accordance with the AA1000 Stakeholder Engagement Standard (AA1000 SES: 2015), Nien Hsing developed a stakeholder identification questionnaire based on five principles: dependency, responsibility, influence, diversity of perspectives, and tension. Managers at department level and above completed the questionnaire to assess the strength of relationships with stakeholders. Five key stakeholder groups were identified: shareholders, customers, employees, suppliers, and government agencies.</p>
<b>2</b>	<p><b>Collection of Sustainability Topics</b></p> <p>The Sustainable Operation Division compiled 28 sustainability topics covering corporate governance, economic, environmental, and social dimensions. The selection was based on global standards (GRI, TCFD, SASB), the UN Sustainable Development Goals (SDGs), industry norms and benchmarks, peer and cross-industry best practices, as well as international trends and stakeholder interests.</p>
<b>3</b>	<p><b>Survey of Stakeholder Concern</b></p> <p>The “Nien Hsing Textile Stakeholder Sustainability Topic Concern Survey” was conducted to assess stakeholder interest in the 28 topics and understand their priorities. In 2024, 103 questionnaires were collected, all valid.</p>
<b>4</b>	<p><b>Impact Assessment of Topics</b></p> <p>Managers at and above the managerial level completed the “Nien Hsing Textile Sustainability Topic Impact Survey” to evaluate each topic’s impact and risk on company operations and on external economic, environmental, and social conditions. This process assessed the relative importance of all 28 topics to the Company.</p>
<b>5</b>	<p><b>Determination of Material Topics</b></p> <p>A materiality matrix was created combining “stakeholder concern” and “company impact” to identify material topics. The 28 significant topics were refined into 8 key material topics.</p>
<b>6</b>	<p><b>Disclosure and Review of Material Topics</b></p> <p>Nien Hsing Textile establishes management policies and objectives for each material topic. The Sustainable Operation Division regularly oversees implementation, and relevant information is disclosed in the annual Sustainability Report.</p>

## Sustainability Topics

<b>Corporate Governance</b>	<ol style="list-style-type: none"> <li>1. Rising operational costs due to energy transition initiatives in response to government regulations, such as installing renewable energy systems and purchasing green energy certificates</li> <li>2. Strict control over raw material quality to ensure high product standards</li> <li>3. Active participation in domestic and international exhibitions to cultivate potential customers</li> <li>4. Planning industry transformation to strengthen sustainability competitiveness</li> <li>5. Inefficient work performance caused by outdated IT hardware and software</li> <li>6. Implementation of structured equipment vendor selection processes</li> <li>7. Fluctuating order volumes due to weakness in the global denim market</li> <li>8. Ensuring compliance with laws and regulations</li> <li>9. Low utilization of factory equipment limiting continuous and efficient production</li> <li>10. Innovation in production processes to improve operational efficiency</li> </ol>
<b>Sustainable Environment</b>	<ol style="list-style-type: none"> <li>11. Climate change affecting raw material quality and yield</li> <li>12. Production line stoppages caused by factory energy system issues</li> <li>13. Enhancing energy and water efficiency to reduce costs while promoting environmental and ecological protection</li> <li>14. Conducting carbon inventories to identify emission hotspots and developing carbon reduction plans</li> <li>15. Effective management of chemicals in products</li> <li>16. Protection of biodiversity</li> <li>17. Promotion of circular economy practices</li> <li>18. Upgrading energy equipment to lower energy consumption</li> <li>19. Air pollution management to minimize local environmental impact</li> </ol>
<b>Employee Care</b>	<ol style="list-style-type: none"> <li>20. Recruitment, development, and placement of talent, ensuring diversity and equal opportunity</li> <li>21. Management of workplace health and safety</li> <li>22. Establishing compensation and benefits policies that balance external competitiveness and internal equity</li> <li>23. The specialized skills required in the textile and apparel industry make talent recruitment challenging, leading to potential skill gaps</li> <li>24. Establishing two-way labor-management communication channels to reduce disputes</li> <li>25. Active engagement with local communities to enhance corporate reputation</li> <li>26. Partnering with local schools to provide company visits and improve student awareness of the industry</li> <li>27. Fostering a supportive and employee-friendly work environment</li> <li>28. Conducting regular employee health screenings to monitor and support staff well-being</li> </ol>

### Materiality Matrix



In 2024, we revised the methodology used for impact assessment, which resulted in notable differences in the identified material topics compared with 2023. Moving forward, Nien Hsing Textile will continue conducting materiality assessments in accordance with this updated approach to ensure consistency and transparency.

The material topics identified for 2024 are summarized below:

<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>1. Rising operating costs driven by government-mandated energy transition initiatives, such as the installation of renewable energy systems and the purchase of green power certificates</li> <li>8. Ensuring full compliance with applicable laws and regulations</li> <li>9. Low utilization rates of factory equipment leading to reduced operational efficiency and production continuity</li> <li>10. Advancing process and equipment innovation to improve production capacity and efficiency</li> </ul>
<b>Sustainable Environment</b>	<ul style="list-style-type: none"> <li>12. Disruptions in factory energy systems resulting in temporary production halts</li> <li>13. Enhancing energy and water resource efficiency to reduce operational costs while protecting the environment and local ecosystems</li> <li>15. Strengthening management and control of chemical substances contained in products</li> <li>18. Upgrading energy facilities to reduce overall energy consumption</li> </ul>
<b>Employee Well-being</b>	<ul style="list-style-type: none"> <li>21. Strengthening workplace safety and occupational health management</li> <li>24. Establishing effective two-way labor-management communication channels to minimize labor disputes and foster mutual trust</li> </ul>

	Material Topic	Impact Type	Description	Value Chain Impact			Management Approach	Corresponding Section
				Upstream	Nien Hsing	Downstream		
Corporate Governance	Energy Transition Planning in Response to Government Regulations Leading to Increased Operating Costs (e.g., installing renewable energy systems, purchasing green power certificates)	Negative / Potential	In alignment with Taiwan’s 2050 Net Zero Emissions roadmap, enterprises are required to assess their carbon footprint, set measurable annual reduction goals, and invest in low-carbon technologies to support the global sustainability transition. Companies that fail to adapt in time may face higher carbon costs, regulatory penalties, or lose sustainability-conscious international customers, ultimately affecting competitiveness.		V		Nien Hsing is taking the reduction of coal consumption as the first milestone in its energy transition and is actively identifying suitable low-carbon fuels to increase their adoption across all manufacturing sites. The Company targets completing the transition to low-carbon fuels for key production processes by 2030, striving toward balanced progress in both carbon reduction and energy efficiency. Despite the higher costs of low-carbon fuels compared to traditional energy sources, Nien Hsing prioritizes emission reduction as a core commitment, demonstrating its determination and capability to achieve net-zero transformation by 2050.	1-6 Risk Management 2-3 Energy Management
	Regulatory Compliance	Positive / Actual	Adherence to local regulations ensures operational safety, employee welfare, and business stability. Non-compliance could result in legal sanctions, reputational damage, and loss of client trust.		V		Nien Hsing Textile rigorously complies with all regulations applicable to its operating regions, including labor protection, waste management, environmental preservation, and occupational health and safety standards. Through strict compliance, the Company safeguards employee well-being, ensures safe and lawful operations, and maintains stakeholder confidence.	1-3 Regulatory Compliance



	Material Topic	Impact Type	Description	Value Chain Impact			Management Approach	Corresponding Section
				Upstream	Nien Hsing	Downstream		
Corporate Governance	Low Equipment Utilization Leading to Inefficient and Disrupted Production	Negative / Potential	A low utilization rate signals declining production efficiency, resulting in higher manufacturing costs and lower resource efficiency. This can weaken Nien Hsing's profitability and competitiveness. Extended equipment downtime also leads to unnecessary energy and material consumption, further increasing carbon emissions and undermining efforts toward environmental protection and sustainable resource use.		V		Nien Hsing enhances equipment performance through preventive maintenance, employee upskilling, customer relationship management, and digital process optimization. These actions ensure stable and efficient production while achieving both economic and environmental gains.	1-5 Customer Relationship Management 1-6 Risk Management 3-4 Employee Training
	Innovation in Production Equipment to Improve Efficiency	Positive / Actual	Upgrading aging equipment enhances production capacity and efficiency while lowering carbon emissions, aligning with global decarbonization trends.		V		To boost operational performance and advance sustainability, Nien Hsing is implementing a phased plan to replace outdated machinery across its plants. This initiative aims to improve automation, optimize energy use, and reduce both carbon emissions and resource waste.	2-3 Energy Management
Sustainable Environment	Energy System Failure Leading to Production Disruption	Negative / Potential	A failure in a factory's energy system can cause immediate production halts, disrupting schedules and delivery commitments. Such incidents may result in financial penalties, loss of customer confidence, and reputational damage, all of which threaten business continuity and operational stability.		V	V	Nien Hsing has established the iEN Cloud Energy Management System and installed digital power meters to track energy consumption in real time, enabling prompt monitoring and responsive control to prevent disruptions.	2-3 Energy Management
	Enhancing Energy and Water Efficiency to Lower Costs and Protect the Environment	Positive / Actual	Improving energy and water efficiency reduces operating costs, supports ecological protection, and advances Nien Hsing's goal of sustainable manufacturing.		V		The company is progressively phasing out coal use across all facilities and increasing its adoption of low-carbon fuels, aiming to complete the transition of on-site coal-fired equipment by 2030 as part of its 2050 net-zero roadmap. Simultaneously, Nien Hsing continues to strengthen wastewater recycling and reuse programs to improve water efficiency, close resource loops, and promote long-term environmental sustainability.	2-3 Energy Management 2-4 Water Resource Management
	Strict Chemical Management in Manufacturing	Positive / Actual	Textile production relies on various chemical substances, making rigorous chemical management essential to mitigate operational risks, prevent workplace incidents, and safeguard both employees and production continuity.		V		Guided by the Zero Discharge of Hazardous Chemicals (ZDHC) standards, Nien Hsing has developed a comprehensive Chemical Management Policy covering procurement, use, storage, and operator training. This ensures supply chain traceability and minimizes the potential impact of hazardous chemicals on human health and the environment.	2-7 Chemical Management
	Upgrading Energy Systems to Reduce Consumption	Positive / Actual	Replacing aging equipment with energy-efficient systems improves productivity and reduces carbon emissions, aligning with global decarbonization trends.		V		To enhance operational performance and support its sustainability strategy, Nien Hsing is implementing a phased upgrade of production equipment across its facilities. These improvements boost automation, optimize energy use, and help lower both emissions and resource waste.	2-3 Energy Management



	Material Topic	Impact Type	Description	Value Chain Impact			Management Approach	Corresponding Section
				Upstream	Nien Hsing	Downstream		
Employee Well-being	Workplace Safety and Health Management	Positive / Actual	Safeguarding employees' physical and mental well-being and ensuring a safe work environment are essential to maintaining operational stability. Inadequate safety measures can lead to occupational injuries or illnesses, resulting in employee absences, compensation expenses, legal risks, and reputational harm to the company.		V		Nien Hsing strictly complies with all local occupational safety and health regulations as well as customer requirements. Each facility develops its own occupational injury prevention plan and implements improvement measures tailored to its operating environment, production equipment, and safety conditions. These efforts aim to prevent workplace incidents and ensure employee safety and health.	3-5 Occupational Health and Safety
	Establishing Open Labor-Management Communication to Prevent Disputes	Positive / Actual	Maintaining transparent communication between management and employees, while upholding human rights, is a key corporate responsibility. Failure to maintain such dialogue may result in labor disputes and damage the company's reputation.		V		Some of Nien Hsing's overseas factories have signed collective bargaining agreements. Although there is no labor union or collective agreement in Taiwan, the company holds quarterly labor-management meetings to foster open dialogue. These meetings provide a safe and structured forum for employees to discuss working conditions, management practices, and share feedback directly with company representatives.	3-3 Employee Relations



## Stakeholder Engagement

Stakeholders	Customers	Employees	Suppliers / Contractors	Government Agencies	Shareholders / Investors
<b>Importance to Nien Hsing</b>	Customers are the key stakeholders in our ESG strategy. Nien Hsing is dedicated to meeting customer needs with reliable product quality and excellent service, thereby enhancing brand value.	Employees are the cornerstone of Nien Hsing's success. We provide comprehensive welfare and a safe working environment, recognizing that our achievements rely on our people's continuous efforts.	We partner with suppliers who share our sustainability values, practicing and innovating green procurement to strengthen our competitive advantage in sustainable growth.	We comply with government laws and regulations, stay aligned with new policies, and actively cooperate to maintain robust corporate governance.	Shareholders and investors play a vital role in Nien Hsing's sustainable development. Their financial support ensures the company's long-term stability and growth.
<b>Communication Channels / Frequency</b>	<ul style="list-style-type: none"> <li>• Mail / As needed</li> <li>• Phone calls / As needed</li> <li>• Quarterly meetings / Quarterly</li> <li>• Business visits / Quarterly</li> <li>• Factory visits / As needed</li> <li>• Company website / As needed</li> <li>• Sustainability Report / Annually</li> <li>• "Stakeholder Sustainability Issue Survey" / Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Employee training / As needed</li> <li>• Labor-management meetings / As needed (per site)</li> <li>• Internal mailbox / As needed</li> <li>• System announcements / As needed</li> <li>• Internal meetings / As needed</li> <li>• Performance review and interview / Annually</li> <li>• Sustainability Report / Annually</li> <li>• "Stakeholder Sustainability Issue Survey" / Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Mail / As needed</li> <li>• Phone / As needed</li> <li>• Negotiation meetings / As needed</li> <li>• Audit / Annually</li> <li>• Sustainability Report / Annually</li> <li>• "Stakeholder Sustainability Issue Survey" / Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Official correspondence / As needed</li> <li>• Market Observation Post System / Per regulations</li> <li>• Government inspections / As needed</li> <li>• Briefings / As needed</li> <li>• Seminars / As needed</li> <li>• Forums / As needed</li> <li>• Public hearings / As needed</li> <li>• Telephone / As needed</li> <li>• Email / As needed</li> <li>• Sustainability Report / Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders' meeting, Annual Report / Annually</li> <li>• Investor conferences / Annually</li> <li>• Market Observation Post System / Per regulations</li> <li>• Company website / As needed</li> <li>• Bank visits and credit reviews / As needed</li> <li>• Sustainability Report / Annually</li> <li>• "Stakeholder Sustainability Issue Survey" / Annually</li> </ul>



# Getting to Know

# Nien Hsing

Company Overview

Sustainability Initiatives



## Company Overview

Founded in October 1986, Nien Hsing Textile Co., Ltd. specializes in the production and export of denim fabrics and denim apparel. Over the past decades, the company has grown into one of the world’s leading vertically integrated denim manufacturers, combining spinning, dyeing and finishing, weaving, and garment production under one roof. By leveraging a professional production and logistics management system, Nien Hsing ensures efficient operations and timely product delivery to meet the market’s demand for high-quality, fast-response textile solutions.

To strengthen its core competitiveness, Nien Hsing continues to adopt advanced manufacturing technologies and digital management systems that enhance both productivity and product quality. In line with the global transition toward sustainability and carbon reduction, the company actively promotes environmentally friendly and energy-efficient production processes, further elevating the added value of its products and advancing toward a greener business model. On the governance front, Nien Hsing continuously optimizes its organizational structure, implements comprehensive talent development programs, and improves labor conditions across its global production sites. Together with its brand partners, the company upholds its commitment to environmental protection and sustainable growth.

### Basic Company Information

<b>Company Name</b>	Nien Hsing Textile Co., Ltd.
<b>Date of Establishment</b>	October 13, 1986
<b>Stock Code</b>	1451
<b>Industry Category</b>	Textile Industry
<b>Head Office Address</b>	13F, No. 306, Section 1, Neihu Road, Neihu District, Taipei City
<b>Main Business</b>	Ring-spun yarn, denim fabric, and garment manufacturing
<b>Major Products</b>	Ring-spun yarn, denim fabric, denim apparel
<b>Paid-in Capital</b>	NT\$1,980,000,000
<b>Number of Employees</b>	7,971





### Operations and Production Sites

Nien Hsing Textile Co., Ltd. operates an extensive global production network with facilities in Miaoli, Taiwan; Ninh Binh, Vietnam; Lesotho, Africa; and Mexico. The company’s operations include spinning mills, dyeing and weaving plants, and garment factories. Through vertical integration of its textile and apparel business, from fabric R&D, trims development, and washing innovations to garment design, precision manufacturing, and logistics management, Nien Hsing provides customers with high-quality, diverse denim fabrics and apparel. The company is dedicated to meeting the growing market demand for short lead times, ensuring rapid response to customer needs, on-time delivery, and enhanced overall customer satisfaction and competitiveness.



### Development Milestones

- 1988** Established its first textile plant in Taiwan, Houlung Textile Mill, and commenced production.
- 1991** Founded the first denim garment factory in Lesotho, Africa: Nien Hsing International Lesotho (Pty) Ltd.
- 1992** Listed on the Taiwan Stock Exchange.
- 1998** Set up a textile mill in Mexico: Nien Hsing International Victoria S.A. De C.V.
- 2004** Established Formosa Textile Company (Pty) Ltd. in Lesotho.
- 2010** Opened a denim garment factory in Ninh Binh, Vietnam: Nien Hsing (Ninh Binh) Garment Co., Ltd.
- 2015** Created a Product Development and Innovation Department to advance sustainable denim washing technology.
- 2021** Established the Sustainable Operation Division and completed the 2021 greenhouse gas inventory for the Houlung Plant; The Product Development and Innovation Department integrated fabric R&D with garment washing process innovation.
- 2023** Published Nien Hsing Textile’s first Sustainability Report (2022); Completed third-party verification of the 2022 greenhouse gas inventory for the Houlung Plant; and achieved ISO 14001 certification for the Ninh Binh Factory in Vietnam.



### Taiwan and International Facilities

Facility	Address
Nien Hsing Textile Co., Ltd.	No.119-3, Xiafuwei, Dongming Village, Houlong Township, Miaoli County, Taiwan
<b>Core Operations / Production:</b> Production and sales of denim fabrics and denim garments	
Taipei Office	13F, No.306, Section 1, Neihu Road, Neihu District, Taipei City, Taiwan
<b>Core Operations / Production:</b> Customer development and client services	
Nien Hsing International Victoria S.A. DE C.V.	Libramiento Naciones Unidas Km.20 Parque Industrial Nuevo Santander S/N, Ciudad Victoria, Tamaulipas, Mexico CP87137
<b>Core Operations / Production:</b> Denim fabric processing and manufacturing	
Formosa Textile Co., (PTY) LTD	827 Thetsane Industrial Area, Maseru 100. Lesotho
<b>Core Operations / Production:</b> Production of denim fabrics and ring-spun yarn	
Nien Hsing International Lesotho Ltd (PTY)	Site No.009 Thetsane Industrial Area Maseru 100. Lesotho
<b>Core Operations / Production:</b> Production of denim garments	
Nien Hsing (Ninh Binh) Garment Co., Ltd	Plot C4, Khanh Phu Industrial Zone, Khanh Phu Commune, Yen Khanh District, Ninh Binh Province, Vietnam
<b>Core Operations / Production:</b> Production of denim garments	

### Industry Engagement

Nien Hsing Textile actively engages in domestic industry associations to stay informed of the latest industry trends through collaboration and knowledge exchange. By fostering cooperative relationships with peers, we jointly advance sustainable development in the textile industry and fulfill our corporate social responsibilities.

Association Name	Membership Type
Miaoli County Industrial Association	Member
Miaoli County Association of Industrial Relation	Member
Taiwan Spinning Association	Member
Taiwan Weaving Industry Association	Member
Taiwan Textile Printing Dyeing & Finishing Industry Association	Member
Importers and Exporters Commercial Association of Miaoli	Member

### Products, Services, and Market Focus

Nien Hsing specializes in denim fabrics and apparel, with vertically integrated operations covering spinning, dyeing, weaving, and garment production. This allows us to deliver professional, innovative, and complete denim solutions for our clients. We serve major international brands, producing ring-spun yarn, denim fabrics, and finished garments. Through continuous innovation in fabric structure, dyeing techniques, and washing processes, we enhance texture, comfort, color variety, and overall product functionality to meet market expectations. The sales distribution of our main products is: garments 53%, denim fabrics 38%, and ring-spun yarn 9%.

Following the November 2024 U.S. presidential election, which saw the re-election of former President Donald Trump, global sustainability policies and economic conditions may experience increased volatility. Nien Hsing will closely monitor international political and economic developments, proactively prepare, and ensure operational stability while steadily advancing our sustainability objectives.



### 2024 Sales Overview

#### Regional Sales Distribution by Major Product (Past Two Years)

Denim Fabric	Unit: %				
	Americas	Asia	Africa	Others	Total
2024	66.34	17.73	14.32	1.61	100.00
2023	47.72	34.55	16.70	1.03	100.00

Denim and Casual Apparel	Unit: %				
	Americas	Asia	Africa	Others	Total
2024	75.32	2.67	9.84	12.17	100.00
2023	80.33	3.99	4.30	11.38	100.00

Ring-Spun Yarn	Unit: %				
	Americas	Asia	Africa	Others	Total
2024	0	0	100.00	0	100.00
2023	0	0	100.00	0	100.00

Based on statistics from the U.S. Customs Service, imports of woven cotton trousers reached 148,893 thousand dozens in 2024 and 139,394 thousand dozens in 2023. Nien Hsing's sales to the North American market during the same periods were 695 thousand dozens and 676 thousand dozens, representing 0.47% and 0.48% of total U.S. imports, respectively.

### Financial Overview

Unit: NT\$ Thousand

	2024	2023
Current asset	5,832,947	5,255,267
Long-term investment	930,186	926,346
Property, plant and equipment	1,017,875	1,249,509
Other assets	643,578	605,069
Total assets	8,424,586	8,036,191
Current liabilities	964,163	773,914
Non-current liabilities	331,209	351,644
Total liabilities	1,295,372	1,125,558
Equity attributable to owners of parent company	7,129,214	6,910,633
Share capital	1,980,000	2,063,900
Additional paid-in capital	419,716	506,552
Retained earnings	5,215,706	4,895,745
Exchange differences on translation of the financial statements	-464,974	-507,824
Unrealized gains and losses from equity instruments at FVOCI	-21,234	39,096
Unearned employees' compensation	0	-86,836
Total equity	7,129,214	6,910,633

## Sustainability Initiatives

To advance our sustainable production goals, Nien Hsing Textile continually pursues international textile certifications and undergoes regular internal and external audits to ensure that both our products and processes align with global environmental and social responsibility standards. Through concrete actions and ongoing efforts, we promote sustainability across the textile industry and uphold our commitment to responsible manufacturing, environmental protection, and the long-term vitality of the value chain.

Certification Body	Certification Overview
	<p>Nien Hsing Textile utilizes the Higg Index developed by Cascale (formerly the Sustainable Apparel Coalition, SAC) to assess sustainability performance and evaluate the company's environmental and social impacts.</p>
	<p>We produce products that comply with the Organic Content Standard (OCS) and Recycled Claim Standard (RCS) established by the Textile Exchange (TE), ensuring that raw material sources are traceable and environmentally responsible.</p>
	<p>The Houlong Plant in Taiwan is certified under the OEKO-TEX Standard 100 issued by the International Association for Research and Testing in the Field of Textile Ecology (OEKO-TEX), ensuring that our production process meets eco-friendly requirements and that products are safe for human use, reflecting our commitment to consumer health and environmental protection.</p>
	<p>The Lesotho facility achieved GOLD-level certification from <b>Worldwide Responsible Accredited Production (WRAP)</b>, which sets 12 global principles for responsible apparel manufacturing. This certification guarantees that our production processes are safe, legal, humane, and ethical, demonstrating our dedication to labor rights and social responsibility.</p>
	<p>The Ninh Binh garment factory in Vietnam obtained ISO 14001 Environmental Management System certification in 2022, marking a significant step toward more sustainable production.</p>
	<p>In Taiwan, the company completed the ISO 16064-1 greenhouse gas inventory certification for 2024, strengthening our capability to measure and manage GHG emissions through a systematic carbon accounting process and committing to gradual annual reductions in carbon emissions as part of our climate action responsibility.</p>

Nien Hsing's 2023 Sustainability Report earned the Excellence Award in the "Net Zero Industry Competitiveness Awards" organized by the 21st Century Foundation. This recognition reinforces our determination to advance environmental responsibility and long-term corporate sustainability with even greater ambition.



To uphold our sustainability commitments, we are continuously improving labor conditions across all regions, broadening community engagement, and contributing to local development to meet the expectations of both society and our customers.

We also focus on optimizing production processes by setting measurable energy-saving and carbon-reduction targets and implementing them annually. By investing in modernized equipment and developing low-carbon manufacturing methods, we aim to enhance efficiency and strengthen our competitive edge.

As functional apparel continues to gain popularity worldwide, we are actively developing innovative functional denim fabrics and integrating advanced washing technologies. Our goal is to deliver denim products that combine functionality and fashion, positioning Nien Hsing as a trusted, forward-thinking partner for global brands.

# 1

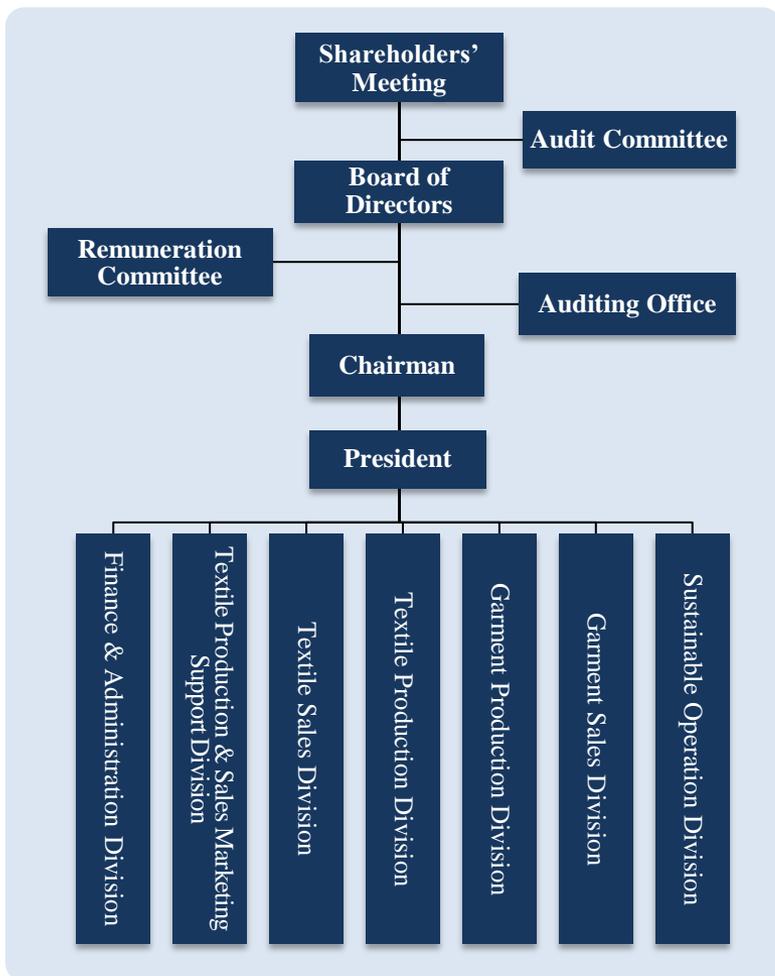
## Corporate Governance

- 1-1 Governance Structure
- 1-2 Ethical Business Practices
- 1-3 Regulatory Compliance
- 1-4 Supply Chain Oversight
- 1-5 Customer Relationship  
Management
- 1-6 Risk Management



# 1-1 Corporate Governance Structure

## Organizational Framework



## Key Departments and Business Operations

Department		Core Responsibilities
Audit Office		Internal control and internal auditing
Textile Production Division	R&D Department	Research and development
	Houlong Textile Mill	Spinning, dyeing, finishing, and engineering
	Mexico Textile Mill	Spinning, dyeing, finishing, and engineering
	Lesotho Textile Mill	Spinning, dyeing, finishing, and engineering
Garment Production Division	Lesotho Production Site	Garment manufacturing
	Vietnam Production Site	Garment manufacturing
Textile Sales Division	Textile Sales Department	Marketing and sales of denim fabrics and ring-spun yarn
Garment Sales Division	Lesotho Production Site	Marketing, sales, and production management of denim garments
	Vietnam Production Site	Marketing, sales, and production management of denim garments
	Garment Procurement Department	Garment procurement
Textile Production & Sales Marketing Support Division	Textile Procurement Section	Textile procurement
Sustainable Operation Division	ESG Taskforce Team	Chemical management, energy management, waste discharge, eco-friendly manufacturing processes, human rights, and occupational safety
Finance & Administration Division	Finance Department	Finance, accounting, shareholder affairs
	Administration Department	Administration, general affairs, human resources, shipping, and information technology



### Board of Directors

The Board of Directors serves as the company’s highest governing body, responsible for defining the overall strategic direction, overseeing business operations and execution, and ensuring legal and regulatory compliance. By safeguarding the company’s interests and driving accountability, the Board plays a pivotal role in supporting long-term business performance and effective corporate governance. The company values diversity and independence in its board composition. In addition to reviewing each director’s academic background and professional experience, the selection process adheres to the “Board Election Regulations” and the “Corporate Governance Best-Practice Principles” to maintain a well-balanced and independent board structure.



### Board Composition and Expertise

Under Article 20 of the “Corporate Governance Best-Practice Principles,” board members are required to possess the knowledge, skills, and integrity needed to fulfill their responsibilities. Collectively, the Board is expected to demonstrate the following competencies:

- Business judgment
- Accounting and financial analysis
- Business management
- Crisis response
- Industry knowledge
- Global market perspective
- Leadership
- Strategic decision-making
- Risk management

To align with its diversity policy, the company has set specific objectives: at least one director must have legal expertise and practical experience, and at least three directors must have professional knowledge and practical experience in finance and accounting. These objectives have already been achieved. The 14th Board is composed of nine directors, including three independent directors. Employee directors make up 44 percent of the Board, and independent directors account for 33 percent. The current age distribution is as follows: two directors are under 50 years old, three are between 51 and 60, and four are between 61 and 70. All three independent directors have served between four and six years.

Board members bring a broad range of expertise in business leadership, decision-making, and industry operations. Their backgrounds span procurement, textile production, finance, accounting, law, and marketing. Each director demonstrates strong leadership, operational oversight, and crisis management capabilities, along with a global market perspective. Industry Experience: Wei-Han Chen, Shu-Hsuan Tsai, Tai-Yuan Chou, Jih-Chao Li, Rung-Hwa Fang, and Jen-Chou Chen have extensive experience in the textile and apparel industry. Marketing Expertise: Wei-Han Chen, Jen-Chou Chen, and Wen-Hsiung Chan specialize in marketing. Procurement: Tai-Yuan Chou brings expertise in textile procurement. Finance and Accounting: Shu-Hsuan Tsai, Tai-Yuan Chou, and Chu-Feng Yang hold professional financial and accounting credentials. Legal Expertise: Chia-Hung Hung has significant legal practice experience.

To further strengthen board diversity, the company plans to appoint at least one female director during the next board election in 2026, upon the expiration of the current term.



### Composition and Roles of the Board Members

Title	Name	Gender	Major education and experience	Current positions at the company and other companies
Chairman	Panda Investment Co., Ltd. (Note 1)	-	-	Not applicable
	Representative: Wei-Han Chen	Male	Department of Business Administration and Sport Management, Southern Methodist University	Note 2
Director	Shu-Hsuan Tsai	Male	Senior Auditor, Deloitte & Touche Finance Manager, Chih Hsing Textile Co., Ltd. Department of Accounting, Soochow University	Note 3
Director	Chu Chen Investment Co., Ltd. (Note 4)	-	-	Not applicable
	Representative: Jen-Chou Chen	Male	Researcher, Barits Securities Corporation Department of Business Administration, University of Southern California	Note 5
Director	Tai-Yuan Chou	Male	Semi-Senior Auditor, Deloitte & Touche Department of Accounting, Tamkang University	Note 6
Director	Jih-Chao Li (Note 7)	Male	Associate Vice President of Textile Production Division, Nien Hsing Textile Co., Ltd.; Administrator, Tai Yuen Textile Co., Ltd.; Chien Hsin Industrial College	
Director	Rong-Hwa Fang	Male	Associate Vice President in American and African District, Nien Hsing Textile Co. Ltd Command and General Staff College, Republic of Guatemala	
Independent Director	Chu-Feng Yang	Male	CPA, ACCPRO&Co., CPAs Department of Business Administration, National Cheng Kung University	Note 8
Independent Director	Chia-Hong Hung	Male	Lawyer, Honga Law Firm The 23rd Term of the Academy for the Judiciary	Note 9
Independent Director	Wen-Hsiung Chan	Male	Chairman and President, iCatch Technology Inc. Chairman, eChem Solutions Corp. International Business Management, National Taiwan University	Note 10

Note:

- Panda Investment Co., Ltd. was elected as a Director in the re-election on June 23, 2022, and elected by the Board of Directors as the Chairman; Wei-Han Chen is appointed as the representative; On June 13, 2023, during the re-election, the legal representative of Panda Investment Co., Ltd. was elected as a Director.
- Chairman of Nien Hsing International Investment Co., Ltd, Nien Hsing International (B.V.I.) Ltd., Nien Hsing International (Bermuda) Ltd., Nien Hsing International (Samoa) Ltd., Phoenix Development & Marketing Co., Ltd., Nien Hsing (Ninh Binh) Garment Co., Ltd., Formosa Textile Company (Pty) Ltd., Nien Hsing International Lesotho (Pty) Ltd., and Glory International (Pty) Ltd.
- President of Nien Hsing Textile Co., Ltd.; Director of Nien Hsing International Investment Co., Ltd, Nien Hsing International (B.V.I.) Ltd., Nien Hsing International (Bermuda) Ltd., Nien Hsing International (Samoa) Ltd., Phoenix Development & Marketing Co., Ltd., Formosa Textile Company (Pty) Ltd., C&Y Garments Company (Pty) Ltd., Nien Hsing International Lesotho (Pty) Ltd., Global Garments Company (Pty) Ltd., and Glory International (Pty) Ltd.
- Chu Chen Investment Co., Ltd. was elected as a Supervisor on June 14, 2006, until it was elected as a Director in the re-election on June 16, 2020.
- Jen-Chou Chen was elected as a Director on May 13, 2003 until the re-election on June 16, 2020; he was then appointed as a Director as the representative of Chu Chen Investment Co., Ltd.; Associate Vice President, Textile Division of Nien Hsing Textile Co., Ltd.; Director of Nien Hsing International Investment Co., Ltd, Sheng Zhou Investment Co., Ltd, and Chu Chen Investment Co., Ltd.; Supervisor of Jing-Hsia Investment Co., Ltd.
- Vice President, Textile Production & Sales Marketing Support Division of Nien Hsing Textile Co. Ltd.; Director of Nien Hsing International (B.V.I.) Ltd., Nien Hsing International (Bermuda) Ltd., Nien Hsing International (Samoa) Ltd., and Phoenix Development & Marketing Co., Ltd.; Supervisor of Nien Hsing International Investment Co., Ltd.
- Jih-Chao Li was elected as a Director on June 13, 2023.
- CPA at ACCPRO Accounting Firm; Supervisor of Star Era International Co., Ltd.
- Lawyer and Head of Honga Law Firm; Chairman of Justice and Human Rights Foundation; Director of Maria Social Welfare Foundation. Chia-Hong Hung was elected as a Supervisor on March 13, 2000, and elected as a Director in the re-election on June 14, 2006 and discharged upon the end of his term of office on June 15, 2012; he was elected as an Independent Director in the re-election on June 16, 2020.
- Independent Director of Biostar Microtech International Corp. and Champion Microelectronic Corp.; Director of Fine Ace Asset Management Co., Ltd.; Representative of Corporate Director of iCatch Technology, Inc., Sunplus Technology Co., Ltd., eChem Solutions Corp., Ability Enterprise Co., Ltd., Hiyes International Co., Ltd., Oleader Technologies Co., Ltd., Sciwin Laboratories Co., Ltd., TSS2 Holdings Limited, and AEMC Japan Corporation.



## Operations of the Board of Directors

Total 11 meetings (A) were convened by the Board of Directors in 2024. Attendance of each Director is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance (%) [B/A]	Remarks
Chairman	Panda Investment Co., Ltd. Representative: Wei-Han Chen	11	0	100	Re-elected on June 13, 2023
Director	Shu-Hsuan Tsai	11	0	100	Re-elected on June 13, 2023
Director	Chu Chen Investment Co., Ltd. Representative: Jen-Chou Chen	8	3	73	Re-elected on June 13, 2023
Director	Tai-Yuan Chou	11	0	100	Re-elected on June 13, 2023
Director	Jih-Chao Li	11	0	100	Re-elected on June 13, 2023
Director	Rong-Hwa Fang	11	0	100	Re-elected on June 13, 2023
Independent Director	Chia-Hong Hung	9	2	82	Re-elected on June 13, 2023
Independent Director	Wen-Hsiung Chan	10	1	91	Re-elected on June 13, 2023
Independent Director	Chu-Feng Yang	11	0	100	Re-elected on June 13, 2023

The proposals of Board of Directors Meetings involved the avoidance of Directors' interests in the recent year are as below:

Name of Director	Description of Proposal	Reason of Recusal	Voting Participation
Wei-Han Chen, Shu-Hsuan Tsai, Jen-Chou Chen, Tai-Yuan Chou, Rong-Hwa Fang	Proposal of 2023 year-end performance bonus to executives	The proposal involved in personal interest of a director	Recused from the discussion and vote.
Jen-Chou Chen	Proposal to determine the remuneration of the Associate Vice President, Jen-Chou Chen.	The proposal involved in personal interest of a director	Recused from the discussion and vote.



## Remuneration Committee

The Remuneration Committee shall exercise the care of a good administrator in faithfully performing its responsibilities and shall submit its recommendations for deliberation by the Board of Directors.

1. Periodically examine the Remuneration Committee Charter and furnish advice.
2. Prescribe and periodically review the performance evaluation and remuneration policy, system, standards, and structure for Directors and executives.
3. Periodically evaluate the achievement of Directors' and executives' performance and determine the contents and amounts of individual remunerations.

The Remuneration Committee has three members, including two Independent Directors, Wen-Hsiung Chan and Chu-Feng Yang. The term of the 6th members is from June 13, 2023, to June 12, 2026. Total 2 meetings (A) were held in 2024. Attendance of each member is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance (%) [B/A]	Remarks
6 <sup>th</sup> Term Convener	Wen-Hsiung Chan	2	0	100	Re-elected on June 13, 2023
6 <sup>th</sup> Term Committee Member	Chu-Feng Yang	2	0	100	Re-elected on June 13, 2023
6 <sup>th</sup> Term Committee Member	Kao-Chung Tsai	2	0	100	Re-elected on June 13, 2023

## Audit Committee

The Audit Committee aims to assist the Board of Directors to fulfill the supervision over quality and reliability of the Company's execution regarding accounting, auditing, financial reporting processes, and financial control. The Company's Audit Committee consists of three Independent Directors, and holds regular meetings at least once a quarter.

Total 9 meetings (A) were convened by the Audit Committee in 2024. Attendance of each Independent Director is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance (%) [B/A]	Remarks
Independent Director	Chu-Feng Yang	9	0	100	Re-elected on June 13, 2023
Independent Director	Chia-Hong Hung	7	2	78	Re-elected on June 13, 2023
Independent Director	Wen-Hsiung Chan	8	1	89	Re-elected on June 13, 2023



### Board Performance Evaluation Procedure

1	Gather information related to the activities of the Board of Directors
2	Conduct internal evaluations through structured questionnaires
3	Compile and analyze responses to assess overall performance
4	Present findings to the Board for review, discussion, and continuous improvement

**Questionnaire Evaluation Areas:**

- Effectiveness of Board operations
- Level of director engagement
- Remuneration Committee
- Audit Committee

### Evaluation Indicators and Scoring Criteria

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Degree of participation in corporate operations</li> <li>Quality and effectiveness of decision-making</li> <li>Composition and structure of the Board</li> <li>Director selection and ongoing development</li> <li>Effectiveness of internal controls</li> </ul>
<b>Individual Directors</b>	<ul style="list-style-type: none"> <li>Understanding of the company’s goals and mission</li> <li>Awareness of individual responsibilities</li> <li>Level of involvement in company affairs</li> <li>Communication and collaboration within the Board</li> <li>Professional competence and commitment to continuing education</li> <li>Oversight of internal controls</li> </ul>
<b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>Level of engagement in company operations</li> <li>Understanding of committee responsibilities</li> <li>Quality and effectiveness of decisions</li> <li>Committee composition and member selection</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>Level of engagement in company operations</li> <li>Understanding of committee responsibilities</li> <li>Quality and effectiveness of decisions</li> <li>Committee composition and member selection</li> <li>Oversight of internal controls</li> </ul>

The scoring criteria are reviewed and adjusted according to the company’s operational needs. Weighting may be applied to specific evaluation dimensions to ensure a fair and balanced assessment.

## 1-2 Integrity and Ethical Business Practices

Nien Hsing Textile has established the “Ethical Corporate Management Best Practice Principles” and the “Code of Ethical Conduct for Directors and Managers” to foster a culture of integrity and a sound framework for ethical and transparent business operations. These policies strictly prohibit any form of dishonesty or corruption. Approved by the Board of Directors on December 29, 2014, the policies were subsequently implemented and communicated to all directors and employees, reinforcing the expectation that honesty and integrity be reflected in daily business practices at every level of the organization.

### Ethical Corporate Management Best Practice Principles

To promote and oversee ethical business practices, the Finance and Administration Division has formed the “Ethical Management Promotion Task Force,” chaired by the Corporate Governance Officer. In alignment with the duties and scope of each department, the task force assists the Board and management in developing, implementing, and monitoring integrity policies and prevention mechanisms to ensure compliance across all operations. The Company upholds relevant laws and regulations as the foundation of its ethical business conduct. A comprehensive internal control system has been implemented, with regular audits performed by internal auditors to prevent any unlawful activities that may harm corporate assets or shareholder interests. In 2024, there were no recorded incidents of unethical behavior or integrity violations among directors or employees.

### Key Internal Regulations

- Articles of Incorporation
- Corporate Governance Best Practice Principles
- Remuneration Committee Charter
- Rules of Procedure for Shareholders’ Meetings
- Director Election Procedures
- Rules of Procedure for the Board of Directors
- Code of Ethical Conduct for Directors and Managers
- Corporate Integrity Management Code
- Procedures for Handling Material Nonpublic Information and Preventing Insider Trading
- Audit Committee Charter
- Procedures for Reporting and Handling Illegal, Unethical, or Dishonest Conduct

### Types of Unethical Behavior to Prevent

- Offering or accepting bribes
- Providing unlawful political donations
- Engaging in improper charitable donations or sponsorships
- Giving or receiving unreasonable gifts, entertainment, or other improper benefits
- Infringing on trade secrets, trademarks, patents, copyrights, or other intellectual property rights
- Engaging in unfair competition
- Directly or indirectly harming the rights, health, or safety of consumers or other stakeholders during product or service research, procurement, manufacturing, delivery, or sales



### Ethical Corporate Management Best Practice Principles and Preventive Measures

Nien Hsing Textile has clearly stated in its “Employee Rewards and Disciplinary Regulations” that employees must not engage in any form of fraud, concealment, or misconduct for personal gain. The internal audit department designates the detection of dishonest behavior as a key focus in its regular audit processes. Should any employee be found involved in unethical conduct, disciplinary actions, including warnings or sanctions under the “Employee Rewards and Disciplinary Regulations”, will be imposed according to the severity and impact of the case.

The Company upholds integrity as a core business principle, maintaining fair, transparent, and enduring relationships with both suppliers and customers. Any supplier found to have a record of dishonest conduct is permanently excluded from business dealings. Likewise, some clients require Nien Hsing to declare its adherence to ethical practices before entering partnerships. This shared foundation of honesty fosters mutual trust and enables a sustainable, win-win business model.

To ensure information transparency and public oversight, the Company’s integrity policies and related preventive measures are publicly disclosed on both its corporate website and the Market Observation Post System.

### Integrity Education and Training

The Company regularly conducts internal and external training programs on ethical business conduct to enhance employee awareness of integrity management. In addition to introducing “Integrity and Accountability” as part of the new hire orientation, the program emphasizes the “Code of Integrity Conduct and Disciplinary Actions,” ensuring all employees understand and uphold ethical standards. At least once a year, the Company organizes educational sessions for all staff on the “Procedures for Handling Material Nonpublic Information and Preventing Insider Trading,” as well as other relevant laws and regulations. The policy strictly prohibits directors, officers, and employees from trading securities using unpublished market information.

### Commitment to Integrity

Both the Board of Directors and management are dedicated to upholding the Company’s ethical principles by signing the “Declaration of Compliance with Ethical Business Practices” and implementing these standards in all internal operations and external business activities. All employees, upon joining the Company, must also sign an “Employee Service Commitment Agreement,” which outlines the integrity service guidelines and related obligations. Throughout 2024, there were no reported violations of the Company’s integrity policies by any director or employee.

### Whistleblowing Mechanism for Illegal, Unethical, or Dishonest Conduct

To strengthen corporate transparency and uphold integrity, the Board of Directors has approved the “Procedures for Handling Reports of Illegal, Unethical, or Dishonest Conduct,” providing a formal and confidential channel for both internal and external stakeholders to report potential violations. Any suspected breach of the Company’s “Code of Ethical Conduct for Directors and Managers,” “Ethical Corporate Management Principles,” or other applicable laws may be reported directly to management, the head of internal audit, or the relevant department. Reports can also be submitted via the dedicated whistleblowing email ([hr.nht@nhjeans.com](mailto:hr.nht@nhjeans.com)), with full details of the incident.

### Whistleblowing Process

Whistleblowers are encouraged to include at least the following information:

- The whistleblower’s full name and accurate contact information.
- The name or identifying details of the person being reported.
- Concrete facts and evidence supporting the report.

<b>1. Submission of Reports</b>	Reports concerning general employees should be submitted to the relevant department head. Reports involving directors or senior executives should be directed to the Audit Committee.
<b>2. Investigation of Facts</b>	Upon receiving a report, the responsible unit or designated personnel must promptly investigate the matter. When necessary, related departments may assist in fact-finding. The accused party must be provided an opportunity to present their account or defense.
<b>3. Case Determination</b>	If the investigation confirms violations of laws, regulations, or the Company’s integrity and ethics policies, the individual must immediately cease the misconduct. Appropriate disciplinary or legal actions will then be taken to safeguard the Company’s reputation and interests.
<b>4. Documentation and Record Retention</b>	All stages of the whistleblowing process, including receipt, investigation, and findings, must be properly documented in writing or electronic form and retained for at least five years. If litigation related to the case arises before the end of the retention period, records must be preserved until the legal proceedings are concluded.
<b>5. Review and Corrective Actions</b>	When a report is substantiated, the responsible departments must evaluate and enhance relevant internal control mechanisms and operating procedures to prevent recurrence. The handling unit must submit a report on the case, actions taken, and improvement measures to the Human Resources Evaluation Committee. For serious violations, the Company will act in accordance with applicable laws and internal regulations.



# 1-3 Regulatory Compliance

Nien Hsing Textile ensures that all business operations comply with relevant domestic and international laws and regulations. The Company closely monitors regulatory and policy developments worldwide to provide management with timely insights for decision-making. This proactive approach enables the Company to stay aligned with global trends, respond effectively to market changes, and implement appropriate management measures. In 2024, the Houlong Plant in Taiwan recorded one air pollution control violation. The Company took immediate corrective action, introduced preventive measures, and revised internal management procedures to prevent recurrence.

## 2024 Parent Company Violation Record

<b>Date of Penalty</b>	2024/7/11
<b>Violated Regulation</b>	Air Pollution Control Act, Article 20, Paragraphs 1 and 2
<b>Description of Violation</b>	On April 16, 2024, the Environmental Protection Bureau inspected the coal-fired boiler (M08) and found sulfur oxide emissions exceeding the regulatory standard.
<b>Corrective Actions</b>	Replaced raw material supplier and passed subsequent inspection
<b>Penalty and Fine</b>	<ol style="list-style-type: none"> <li>Fine of NTD 100,000 under Article 62, Paragraph 1, Subparagraph 1 of the Air Pollution Control Act.</li> <li>Two-hour environmental education session in accordance with Article 23 of the Environmental Education Act.</li> </ol>

# 1-4 Supply Chain Oversight

The company has a fully vertically integrated production system that spans spinning, dyeing and finishing, weaving, and garment manufacturing. Cotton is its primary raw material, representing 48% of total raw material costs. In 2024, Nien Hsing sourced cotton from 25 suppliers, with five major suppliers providing 70% of the company’s annual cotton procurement volume, all classified as tier-one suppliers.

## 2024 Raw Material Composition

Cotton	DTY	Spandex	Purchased Yarn	Outer Fabric	Lining Fabric	Trims
48%	0%	2%	6%	21%	2%	8%
<b>Washing Materials</b>		<b>Starch / Agents</b>		<b>Dyes / Chemicals</b>		
2%		3%		8%		

Because most cotton sources are located overseas, conducting on-site supplier audits poses logistical challenges. While physical inspections have not yet been carried out, all suppliers are required to hold internationally recognized certifications such as BCI (Better Cotton Initiative), USCTP (U.S. Cotton Trust Protocol), or CMiA (Cotton made in Africa) to ensure adherence to environmental and social responsibility standards.

To reduce supply chain risks and maintain consistency in product quality, delivery reliability, and supply stability, Nien Hsing has established a Supplier Management Policy that promotes long-term, stable partnerships. Prior to engaging new suppliers, the Company conducts credit assessments and requires a self-evaluation form to strengthen the due diligence process.

As the Higg Facility Environmental Module (FEM) primarily evaluates textile production facilities such as spinning, dyeing, and garment factories, the agricultural segment is currently excluded. Therefore, cotton suppliers are not yet required to undergo Higg Index verification.





### Denim Textile Business

Nien Hsing Textile’s denim division specializes in the production of denim fabrics, with cotton serving as the primary raw material. The Company continuously procures sustainable materials that meet stringent quality and safety standards and actively incorporates internationally certified cotton from programs such as the Better Cotton Initiative (BCI), the U.S. Cotton Trust Protocol (USCTP), and Cotton made in Africa (CMiA).

Nien Hsing is committed to responsible sourcing practices, selecting only cotton that is unassociated with human rights controversies. All suppliers are required to comply with international regulations and are prohibited from engaging in transactions with entities or individuals sanctioned for issues such as forced labor. In partnership with global brand clients, the Company works to build a sustainable supply chain rooted in respect for human rights, while also minimizing the environmental footprint of its products and enhancing supply chain transparency and accountability.

To ensure supply stability, the Company has established comprehensive supplier evaluation criteria encompassing quality, delivery performance, production capacity, service responsiveness, cooperation, and pricing. Procurement contracts are signed with suppliers to guarantee steady material flow. Through this systematic assessment and management process, Nien Hsing maintains consistent raw material quality and quantity, while mitigating risks associated with seasonal fluctuations in cotton prices.

In 2024, the Company purchased 8,226,190 kilograms of BCI-certified cotton, 5,843,973 kilograms of USCTP-certified cotton, and 1,313,000 kilograms of CMiA-certified cotton.

To further reduce carbon emissions from product transportation, Nien Hsing actively collaborates with suppliers located near its manufacturing facilities. The Lesotho mill primarily sources African-grown cotton, with 33% from Zambia, 28% from Zimbabwe, and 23% from South Africa. The Mexico mill sources 52% of its cotton from the United States and 48% from domestic suppliers in Mexico.



### Denim Apparel Business

Beyond textile manufacturing, Nien Hsing also serves as an OEM producer of denim apparel for several international brands. The primary materials and trims used in these products are typically sourced from suppliers designated by our clients. We manage these suppliers through comprehensive evaluations that consider cost, lead time, quality, and service performance.

Our Lesotho operations feature a fully integrated, vertically aligned production system. Over 75% of the fabrics used in our Lesotho garment factory are supplied by Nien Hsing’s own local textile mill, with the remainder sourced from external fabric suppliers designated by clients. Other materials, including trims and accessories, are mainly procured from Taiwan, China, Vietnam, and South Africa.

To advance our goals of supply chain localization and environmental sustainability, we actively promote local sourcing of trims and raw materials. For instance, by 2024, local procurement of trims, such as sewing threads, zippers, and packaging, at our Ninh Binh factory in Vietnam had reached 80%. In Lesotho, our garment factories not only fulfill export orders but also produce for the domestic market. By collaborating with long-term local suppliers and developing our own sourcing channels, we have implemented a robust local procurement policy, achieving a 40% local sourcing rate in Lesotho.

Looking ahead, Nien Hsing Textile will continue to expand local procurement across all production sites. This approach strengthens supply chain resilience and operational efficiency while reducing carbon emissions and environmental impacts from cross-border logistics, advancing our commitment to a sustainable supply chain.

<b>Main Material</b>	Outer Fabric, lining
<b>Trims</b>	Sewing threads, zippers, labels, metal buttons, tags, leather patches, webbing, elastic bands, plastic buttons, packaging materials, and others.





## 1-5 Customer Relationship Management

Nien Hsing's primary brand partners are concentrated in the U.S. market. In recent years, the Company has expanded its reach into Asia and Africa, cultivating long-term and stable partnerships with global brands. Drawing on its strong reputation and extensive experience in denim apparel manufacturing across the Americas, and supported by a fully integrated value chain, from spinning, dyeing, and weaving to garment production, Nien Hsing has become a trusted and strategic partner for leading international brands.

### Customer Communication

Beyond maintaining high product quality, Nien Hsing prioritizes effective customer relationship management. Through a variety of communication channels, we actively engage with clients to understand their needs, expectations, and feedback regarding products and services. Relevant departments handle communications directly to ensure prompt and professional responses. In addition to regular customer visits and participation in domestic and international trade shows, we also maintain flexible, real-time communication through in-person meetings, teleconferences, video conferences, and email correspondence. To address client feedback, we have established a customer complaint management mechanism. Relevant departments are responsible for promptly tracking issues, conducting root cause reviews, and implementing corrective measures to prevent recurrence. Nien Hsing continues to strengthen its customer relationship management practices, aiming to build long-term, reliable, and mutually beneficial partnerships with all clients.

Our sales teams actively exchange market insights with customers and gain a deep understanding of their sustainability strategies to align with our own policy goals. We also share newly developed products each quarter and provide product customization services to enhance product innovation and quality, ensuring we meet and exceed customer expectations.

### Customer Credit Management

Nien Hsing has implemented a structured customer credit management process to strengthen mutual trust and foster enduring partnerships. The credit department conducts annual reviews of customer information, assessing creditworthiness based on the principles of fairness, transparency, rationality, and suitability. Evaluation criteria include managerial capability, financial performance, economic conditions, and third-party credit reports. Assessment results are submitted to senior management for approval and filing. Credit limits and terms are adjusted as needed, considering factors such as company type, financial statements, market signals, profitability, and annual payment history. This systematic approach supports long-term, stable cooperation built on trust and financial integrity.

## 1-6 Risk Management

### Financial Risks

The financial risks assessed by the Company include interest rate risk, foreign exchange risk, and risks related to the impact of domestic and international policy and legal changes on financial performance.

Regarding interest rate risk, Nien Hsing continuously monitors market interest rate fluctuations and regularly analyzes interest rate trends. The Company works with multiple financial institutions to secure the most favorable interest rates. For long-term borrowings, interest rate swaps are executed at appropriate times based on market trends to mitigate the risks associated with rate volatility.

For foreign exchange risk, the Company primarily adopts a natural hedging strategy by balancing foreign currency assets and liabilities to reduce the impact of exchange rate fluctuations. At the same time, Nien Hsing closely monitors exchange rate movements and, when necessary, engages in forward foreign exchange operations to offset part of the risk caused by currency fluctuations.

As for risks arising from domestic and international policy and legal changes, since the Company operates textile mills in Mexico, the signing of the United States-Mexico-Canada Agreement (USMCA) in November 2018, replacing the 1994 North American Free Trade Agreement (NAFTA), has had limited impact on the textile and apparel industry, as the new agreement primarily affects the automotive, dairy, and biopharmaceutical sectors. The Regional Comprehensive Economic Partnership (RCEP) provides tariff advantages for the Company's Vietnam-based apparel exports to China, Japan, Korea, New Zealand, Australia, and India. In addition, the African Growth and Opportunity Act (AGOA) and its "Third-Country Fabric Provision," which allows duty-free exports to the United States using fabrics produced in third countries, were extended by the U.S. Congress in 2015 for another ten years. This extension enables the Company's Lesotho garment factory to maintain its competitive edge by continuing to export duty-free apparel to the U.S. made with third-country fabrics, while leveraging vertically integrated operations for strategic order management and enhanced efficiency.

Given ongoing global economic uncertainty and market volatility, Nien Hsing continues to reinforce its financial risk monitoring and response systems. The Company leverages real-time data analytics and scenario modeling to enhance cash flow and foreign exchange management, while improving strategic deployment and compliance capabilities across all global sites. These efforts strengthen financial resilience and operational stability, supporting the Company's goal of sustainable, long-term growth in an evolving global environment.



### Information Security Risk

To strengthen the Company’s information security standards, Nien Hsing has established an Information Security Risk Management Committee and formulated multiple information security policies to ensure the protection of employees, data, information systems, equipment, and network security.

All Nien Hsing employees are required to complete annual information security training to enhance their understanding of cybersecurity concepts and improve their emergency response capabilities. The Company continuously tracks the latest developments in information security technologies and methodologies, conducts regular monitoring, reviews, and audits of its information security management system, and takes steps to minimize risks and enhance service quality. Additionally, Nien Hsing has developed emergency response procedures and disaster recovery plans for critical information assets and essential business operations. Regular drills are conducted to ensure the ability to quickly restore operations in the event of system failures or major incidents, maintaining business continuity and minimizing potential losses.

The Company periodically assesses potential information security risks, formulates corresponding mitigation measures, and continuously invests in improving hardware and software performance to ensure secure and stable system operations while reducing the likelihood of security incidents.

### Management Structure

<b>Management Team</b>	Composed of senior executives, responsible for providing strategic guidance, compliance advice, and resource support during information security incidents to ensure that response actions are effectively implemented and aligned with corporate objectives and regulatory requirements.
<b>Information Security Committee</b>	Led by the Head of the Information Department, this committee oversees the formulation of information security policies and response procedures, plans cybersecurity contingency measures, reviews incident handling processes, reports to senior management, and supervises the execution of company-wide information security operations. Members include personnel from the Systems Analysis and Equipment Technology Divisions.
<b>IT Operations Team</b>	Comprised of engineers from the Information Department’s Systems Analysis and Equipment Technology Divisions, responsible for daily system and equipment maintenance, as well as technical response during cybersecurity incidents, including system backup, virus removal, troubleshooting, and service restoration.

### Information Security Management Items and Countermeasures

Management Item	Countermeasures
Network Security Protection Management	<ol style="list-style-type: none"> <li>Established network security protection management systems to ensure the stable operation of internal information systems related to company operations.</li> <li>Computers on factory production floors operate within closed, independent systems to prevent cybersecurity risks from affecting production lines.</li> <li>All major operational servers are covered under long-term system hardware and software maintenance agreements with original manufacturers.</li> <li>Internal IT maintenance personnel are well trained in data backup and recovery operations to ensure systems meet operational requirements.</li> </ol>
Mail Server System	<ol style="list-style-type: none"> <li>Utilizes cloud-based email services provided by external vendors, who are responsible for server hardware maintenance and external network security controls, including email antivirus protection.</li> </ol>
Cybersecurity Threat Monitoring and Protection	<ol style="list-style-type: none"> <li>Subscribed to Chunghwa Telecom’s Cyber Security Fleet services, which include Advanced Network Defense System (ANDs), Enterprise Firewall Plus, DDoS protection, and spam and virus email filtering.</li> <li>Installed firewall equipment at the company’s internal network gateways to monitor and record network usage, provide alerts, and generate necessary analytical reports.</li> <li>Enabled Intrusion Prevention System (IPS) functions on firewall equipment, combining antivirus engines and behavioral analysis to block malicious software, unknown threats, and system attacks in real time.</li> <li>The company’s official website is managed by a web hosting service provider responsible for hardware maintenance and external network security control.</li> </ol>
Computer Security Management	<ol style="list-style-type: none"> <li>Both internal and external network connections require dedicated software to access the server host.</li> <li>All logins to the server host are automatically recorded, including date, time, and device name.</li> <li>Each user must have an individual account to access the server host.</li> <li>Daily server file backups are performed.</li> <li>TrendMicro Apex One antivirus software is used on all PCs to protect against known threats.</li> </ol>
User Security	<ol style="list-style-type: none"> <li>User account applications, creation, and access permissions are centrally managed by system administrators, who also provide troubleshooting assistance.</li> <li>If a user exceeds the allowed number of password errors, their account is automatically suspended and can only be restored by a system administrator.</li> </ol>

# 2

## Environmental Sustainability

- 2-1 Sustainability Strategy and Risk Oversight
- 2-2 Greenhouse Gas Emissions Management
- 2-3 Energy Management
- 2-4 Water Resource Management
- 2-5 Wastewater Management
- 2-6 Waste Management
- 2-7 Chemical Management



## 2-1 Sustainability Strategy and Risk Oversight

With the escalating severity of global climate change, extreme weather events have become more frequent, disrupting economies, societies, and political systems worldwide. For businesses, climate change not only affects economic activities and profitability but also brings significant challenges to production efficiency, supply chain stability, and brand reputation.

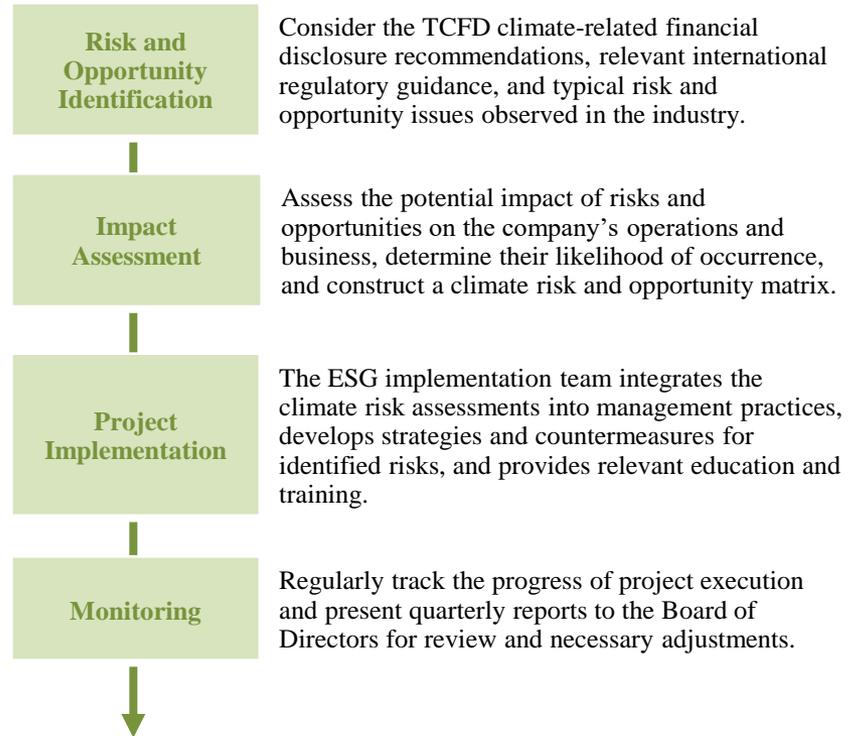
Recognizing these growing risks, Nien Hsing Textile established the Sustainable Operation Division in 2021, following a resolution by the Board of Directors. This department closely monitors global climate-related regulations and trends. By adopting the framework of the Task Force on Climate-related Financial Disclosures (TCFD), the company assesses potential risks and opportunities, formulates effective response strategies, and sets environmental policies and management guidelines to drive corporate transformation toward sustainable development.

### TCFD Framework for Climate-related Financial Disclosures

<b>Governance</b>	The Sustainable Operation Division leads the discussion and assessment of climate risk management strategies and reports quarterly to the Board of Directors on the progress, outcomes, and future plans of climate-related initiatives.
<b>Strategy</b>	The department collects information on international climate issues and policy developments, facilitates regular cross-departmental communication, and evaluates their actual and potential impacts on the company's operations. It identifies both physical and transition risks that may affect business and financial performance, analyzes key issues, and develops strategies with short-term (within 3 years), mid-term (3–5 years), and long-term (over 5 years) objectives.
<b>Risk Management</b>	To better understand how climate-related risks may affect current and future operations, products, and services, Nien Hsing has integrated the TCFD framework into its management practices. The Sustainable Operation Division convenes interdepartmental meetings to discuss climate risks and opportunities, assess potential financial and operational impacts, and prioritize material issues based on likelihood and severity. Corresponding management strategies and response measures are then developed and implemented.
<b>Metrics and Targets</b>	The company sets specific management goals for significant climate-related risks and opportunities and regularly reviews their progress and performance. Annual greenhouse gas inventories are conducted in accordance with ISO 14064-1 standards to measure emissions and identify opportunities for reduction. Each facility establishes environmental management plans aimed at reducing greenhouse gas emissions per unit of production, cutting energy and water consumption, improving equipment efficiency, enhancing waste recycling and reuse, increasing the use of renewable energy, and exploring energy substitution solutions. These actions help minimize the company's operational impact on climate change and strengthen its long-term sustainability.

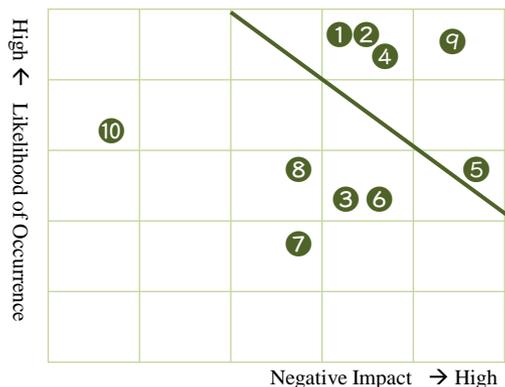
### Climate Risk Identification Process

Nien Hsing Textile conducts climate risk identification by applying the Risk and Opportunity Matrix methodology as outlined in ISO 14001 Environmental Management Audit Guidelines. The company also references the TCFD climate-related financial disclosure recommendations and common industry risk and opportunity topics. Based on the company's current operations, the potential impact and likelihood of each risk are evaluated, high-risk events are identified, and proactive strategies and measures are developed to reduce the probability of occurrence and minimize potential financial consequences.



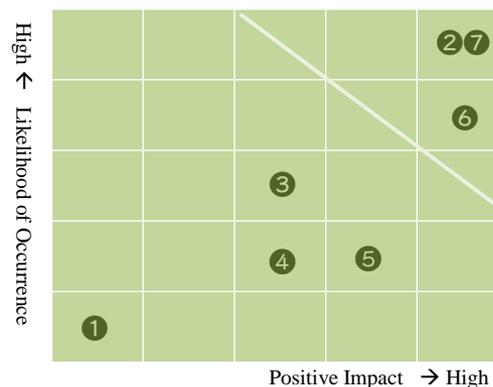


### Major Climate Risk Matrix



- ① National Net Zero Emission Goals
- ② Stricter Requirements for Greenhouse Gas Emission Disclosure
- ③ Exposure to Legal and Litigation Risks
- ④ Rising Costs from Low-Carbon Technology Transition
- ⑤ Shifts in Customer and Consumer Preferences
- ⑥ Increasing Raw Material Costs
- ⑦ Industry Reputation Risks
- ⑧ Greater Severity of Extreme Weather Events such as Typhoons and Floods
- ⑨ Rising Average Global Temperatures
- ⑩ Rising Sea Levels

### Major Climate Opportunity Matrix



- ① Expansion into Emerging Markets
- ② Energy Management Initiatives
- ③ R&D and Innovation of New Products and Services
- ④ Leveraging Public Sector Incentive Programs
- ⑤ Adoption of Advanced Technologies
- ⑥ Recycling and Resource Reuse
- ⑦ Water Use Reduction Initiatives

### Major Climate Risk and Opportunity Analysis and Response

Risk Category			Risk Description	Financial Impact	Management Policy and Objective
Physical Risk	Long-Term	Rising Average Global Temperatures	As global temperatures rise, warmer climates are influencing consumer demand toward functional apparel made with moisture-wicking and breathable fabrics.	Decline in revenue	Strategy: The Product Innovation Department continues to develop functional denim fabrics (such as moisture-wicking and thermal types) by blending cotton with performance fibers or applying specialized post-finishing processes to create differentiated products that enhance market competitiveness and boost sales. Goal: Continue exploring new functional materials and expand the range of performance fabric offerings.
		National Net Zero Emission Goals	The shift to a low-carbon economy requires the replacement of energy-intensive equipment and high-carbon fuels with more efficient and cleaner alternatives, increasing capital expenditures and production costs in the short term.	Increased costs	Strategy: Expedite the replacement of all high-energy-consuming equipment at domestic and overseas facilities with high-efficiency, energy-saving systems to ultimately stabilize and reduce energy expenses such as electricity costs. Goal: Achieve complete elimination of coal-fired equipment across all plants by the end of 2030.
Transition Risk	Policy and Regulation	Stricter Requirements for Greenhouse Gas Emission Disclosure	Growing carbon-related demands from investors and clients increase compliance costs and may affect profitability.	Increased costs	Strategy: Establish a standardized data collection process and centralized database, promote real-time data entry to streamline annual reporting and reduce workload. Goal: Begin annual GHG inventories for the parent company and all global sites starting in 2027, and conduct annual third-party verification for all facilities beginning in 2029.



Risk Category		Risk Description	Financial Impact	Management Policy and Objective
Transition Risk	Technology	Low-Carbon Technology Transition In response to ongoing energy-saving and carbon-reduction policies, the company is adopting new technologies and equipment to support energy transition, leading to higher short-term costs.	Increased costs	Strategy: Introduce the BLUEDYE eco-friendly dyeing system developed by Germany's Karl Mayer, which doubles dyeing efficiency and cuts resource consumption by half. The company is also exploring alternative low-carbon fuels. Goal: Achieve 100% biomass fuel use at the Ninh Binh factory in Vietnam.
	Market	Shifts in Customer and Consumer Preferences Shifts in fashion trends, climate conditions, and consumption habits have contributed to a gradual decline in the global denim market, resulting in lower revenue.	Decline in revenue	Strategy: Develop denim products with unique features, such as functional denim or materials made from recycled fibers, to differentiate from conventional denim and attract new market segments. Goal: Utilize RCS (Recycled Claim Standard) and OCS (Organic Content Standard) certified cotton, and continue to develop and adopt eco-friendly processes with added environmental value throughout production and finishing stages.

Opportunity Category		Opportunity Description	Financial Impact	Management Policy and Objective
Opportunity	Resource Efficiency	Energy Management Initiatives By implementing effective energy management, the company not only reduces environmental impact but also improves production efficiency and strengthens its reputation as a green enterprise.	Cost reduction	Strategy: Implement an energy management system along with smart electricity and water meters to continuously monitor energy consumption, making regular adjustments and improvements to optimize efficiency. Goal: Identify and replace high-energy-consuming equipment, and evaluate feasible renewable energy sources for future use.
	Resource Efficiency	Water Use Reduction Initiatives Each plant is equipped with a comprehensive water recycling system to maximize water reuse, reduce water withdrawal, and achieve sustainable production by lowering water consumption per output unit.	Cost reduction	Strategy: Textile mills have adopted filtration and water recycling systems for dyeing and finishing equipment, while garment factories use low-liquor-ratio washing machines to reduce water use and improve operational efficiency. Goal: By 2025, reduce water consumption to 19 liters per yard of fabric and 35 liters per garment.
	Products and Services	Recycling and Resource Reuse Recycle leftover fabric scraps from production into small accessories such as bags and phone straps, minimizing raw material waste.	Revenue growth	Strategy: Reuse production offcuts to expand product diversity and reduce manufacturing waste. Goal: Progress toward achieving zero-waste production.





## 2-2 Greenhouse Gas Emissions Management

Nien Hsing Textile’s parent company conducts greenhouse gas (GHG) inventories in line with ISO 14064-1 and government regulations. The inventory process includes identifying emission sources, collecting and calculating activity data, managing data quality, and assessing uncertainties to determine both direct and indirect energy-related emissions. The Houlong Plant in Taiwan established 2022 as its baseline year and now conducts annual GHG inventories and third-party verifications. The Taipei office completed its initial GHG inventory and verification in 2023.

The company’s overseas facilities have also begun implementing GHG inventory programs and plan to complete annual third-party verification for all domestic and international sites starting in 2029.

In 2022, the Houlong Plant recorded total direct and indirect energy-related GHG emissions of 34,170.774 metric tons of CO<sub>2</sub>e. By converting the boiler system to biomass fuel and replacing high-energy-consuming equipment, the plant significantly reduced its emissions. In 2024, total emissions decreased to 10,042.050 metric tons of CO<sub>2</sub>e, a reduction of 24,128.724 metric tons, maintaining annual emissions below 25,000 tons for two consecutive years. Following the plant’s suspension of operations in May 2024, coal consumption temporarily increased due to the use of coal for drying wastewater sludge generated during facility cleaning. Consequently, the plant’s emission intensity rose from 0.0009 metric tons CO<sub>2</sub>e per square yard in 2023 to 0.0013 metric tons CO<sub>2</sub>e per square yard in 2024, marking a 44% increase.

Looking ahead, Nien Hsing will continue to implement energy-saving measures to further reduce GHG emissions. The company plans to complete the conversion of all on-site coal-fired equipment at its Lesotho plant by 2030, fully phasing out coal use (excluding steam and electricity sourced from the local grid). Nien Hsing targets a 60% reduction in GHG emissions by 2040 and is committed to achieving net-zero carbon emissions by 2050.

### Parent Company Greenhouse Gas Emissions

	2023		2024	
	Taipei Office	Taiwan Houlong Plant	Taipei Office	Taiwan Houlong Plant
Direct GHG Emissions (metric tons CO <sub>2</sub> e/year)	173.1251	5,117.2813	3.8872	5,327.8359
Indirect GHG Emissions from Energy (metric tons CO <sub>2</sub> e/year)	222.8708	15,403.3152	189.2178	4,714.2144
<b>Total Emissions (metric tons CO<sub>2</sub>e/year)</b>	<b>395.9959</b>	<b>20,520.5965</b>	<b>193.105</b>	<b>10,042.0503</b>
Production Volume (square yards)	-	22,218,446	-	7,650,035.5
Emission Intensity per Unit of Production (metric tons CO <sub>2</sub> e/square yard)	-	0.0009	-	0.0013

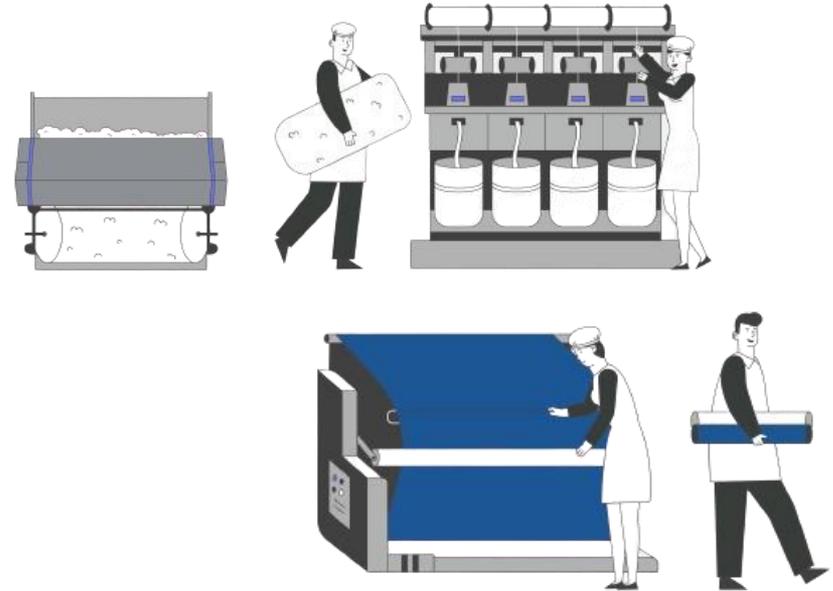
#### Notes:

- Greenhouse gases included in the inventory are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>), and nitrogen trifluoride (NF<sub>3</sub>).
- The GHG inventory follows the ISO 14064-1 standard and the guidelines published by Taiwan’s Ministry of Environment, adopting the operational control approach.
- The Houlong Plant uses 2022 as its baseline year, while the Taipei Office uses 2023.
- Direct emissions come from sources such as coal, fuel oil, liquefied petroleum gas (LPG), diesel, gasoline, and refrigerant leakage. Indirect emissions from energy refer to purchased electricity.
- In 2023, emissions were calculated using the Emission Factor Method, referencing Version 6.0.4 of the Greenhouse Gas Emission Factor Management Table issued by Taiwan’s Environmental Protection Administration. For 2024, the calculation applied emission factors announced by the Ministry of Environment on February 5, 2024.
- Global Warming Potentials (GWPs) were based on the IPCC Fifth Assessment Report (2013).
- The electricity emission factors are updated annually by the Bureau of Energy, Ministry of Economic Affairs. The factor was 0.494 kg CO<sub>2</sub>e per kWh in 2023 and 0.474 kg CO<sub>2</sub>e per kWh in 2024.
- Both the Taipei Office and the Houlong Plant underwent third-party verification. The 2023 verification was conducted by Bureau Veritas Certification (Taiwan) Co., Ltd. and the 2024 verification by the China Productivity Center.

## 2-3 Energy Management

Nien Hsing Textile actively promotes energy-saving initiatives across its operations, focusing on reducing process energy consumption, recovering waste heat, reusing energy, recovering waste heat, adopting biomass fuels, improving equipment efficiency, and enhancing energy management practices. The company has deployed the iEN cloud-based energy management system and installed digital power meters to monitor electricity usage in real time, maximizing the effectiveness of immediate energy control. Using 2016 as the baseline year, the Houlong Plant recorded electricity consumption of 32,743,200 kWh, or 1.69 kWh per square yard of fabric produced. By 2024, consumption had decreased to 9,945,600 kWh, equivalent to 1.3 kWh per square yard: a 23% reduction. This result achieved the company's 2025 goal of a 10% reduction per square yard ahead of schedule. In addition, the company continues to upgrade energy-efficient equipment. In 2024, the Lesotho textile mill replaced 26 PICANOL weaving machines, reducing electricity use by 0.02 kWh per yard of fabric produced.

Energy sources used in production include coal, fuel oil, liquefied petroleum gas (LPG), diesel, gasoline, biomass fuel, and purchased electricity. Among all facilities, coal used in boiler combustion remains the primary source of energy. To align with customer sustainability objectives, the Ninh Binh Factory in Vietnam began partially substituting biomass fuel for coal in 2021 and plans to expand its use in the coming years. Other manufacturing sites are also identifying suitable alternative fuels. In 2024, purchased electricity accounted for 40% of total energy consumption, followed by coal at 31%, fuel oil at 18%, and biomass fuel at 9%. Moving forward, the company will continue advancing its decarbonization strategy and exploring cleaner energy alternatives to achieve its long-term goal of sustainable production.



### Total Energy Use Across All Facilities

Unit: GJ

	Coal	Fuel Oil	Liquefied Petroleum Gas (LPG)	Diesel	Gasoline	Biomass Fuel	Purchased Electricity
2022	652,312.26	299,223.66	36,858.49	7,653.08	2,333.28	64,203.23	567,714.15
2023	468,200.97	198,895.23	16,250.33	7,283.06	2,300.90	118,745.52	443,736.65
2024	339,059.03	193,240.80	15,485.39	6,617.88	2,284.61	102,758.09	433,929.19
<b>Reduction Achieved</b>	<b>Decreased by 129,141.94 (-28%)</b>	<b>Decreased by 5,654.43 (-3%)</b>	<b>Decreased by 764.94 (-5%)</b>	<b>Decreased by 665.18 (-9%)</b>	<b>Decreased by 16.29 (-1%)</b>	<b>Decreased by 15,987.43 (-13.5%)</b>	<b>Decreased by 9,807.46 (-2%)</b>

Note:  
The consumption of biomass fuel decreased in 2024 due to the closure and suspension of operations at the Houlong Plant.

## 2-4 Water Resource Management

Denim fabric and apparel production is highly water-intensive, involving multiple stages such as cotton cultivation, yarn production, dyeing, weaving, washing, and finishing. Acknowledging its significant dependence on water, Nien Hsing Textile prioritizes water resource management as a core component of its environmental sustainability strategy.

The company manages water use effectively through data monitoring, process optimization, adoption of water-saving technologies, and awareness campaigns that promote responsible water consumption among employees. All facilities strictly comply with local policies and regulations on water withdrawal and discharge, ensuring sustainable water management practices while continuously reducing water use per unit of output. Each plant is equipped with smart digital water meters, enabling real-time monitoring and monthly data analysis to identify high water-use areas. Based on these insights, Nien Hsing formulates water-saving measures aligned with local regulations and environmental goals. The company continues to install efficient equipment, such as Karl Mayer’s BLUEDYE eco-friendly dyeing machines and low-liquor ratio washers, while actively developing greener production processes and technologies.

### Water Withdrawal by Facility, 2024

Unit: cubic meters (m<sup>3</sup>)

	Tap Water	Groundwater	River Water	Reclaimed Municipal Water	Total Water Withdrawal
Taiwan Houlong Plant	-	112,589	-	-	112,589
Mexico Textile Mill	7,386	-	-	745,580	7,386(註2)
Lesotho Textile Mill	372,900	-	-	-	372,900
Vietnam Ninh Binh Garment Factory	-	-	190,620	-	190,620
Lesotho Garment Factory	184,083	-	-	-	184,083
<b>Total</b>	<b>564,369</b>	<b>112,589</b>	<b>190,620</b>	<b>745,580</b>	

Notes:

- Data are based on purchase invoices and meter readings.
- Fresh water includes sources such as rainwater, snowmelt, river water, and desalinated groundwater. Reclaimed water refers to recycled or treated wastewater; therefore, reclaimed water used at the Mexico Textile Mill is not included in the total water withdrawal calculation.

### 2024 Water Withdrawal by Facility

Unit: cubic meters (m<sup>3</sup>)

Textile Business Unit	Taiwan Houlong Plant	Mexico Textile Mill	Lesotho Textile Mill
Total Production (sq. yards)	7,650,035.5	26,785,912	18,195,279.54
Water Intensity (L/sq. yard)	14.72	0.27	20.49
<b>Average Intensity (L/sq. yard)</b>	<b>11.82</b>		

Note:

In the 2023 Sustainability Report, production was measured in yards. Beginning in 2024, the unit of measurement was changed to square yards to more accurately reflect differences in machine widths.

Unit: cubic meters (m<sup>3</sup>)

Garment Business Unit	Vietnam Ninh Binh Garment Factory	Lesotho Garment Factory
Total Production (pieces)	5,558,347	5,905,961
Water Intensity (L/piece)	34.29	31.17
<b>Average Intensity (L/piece)</b>	<b>32.73</b>	





## 2-5 Wastewater Management

### Water Recycling and Reuse

Our garment factories, including the Ninh Binh Factory in Vietnam and the Lesotho Garment Factory, have implemented comprehensive wastewater treatment processes. These processes consist of bar screens, grit chambers, equalization tanks, neutralization, activated sludge biological treatment, chemical coagulation, sedimentation, pressure sand filtration, and sludge management. The treated wastewater is monitored daily for key quality indicators, including pH, hardness, chemical oxygen demand (COD < 50 mg/L), conductivity, transparency, and suspended solids (SS < 5 mg/L). By reusing treated process wastewater in washing operations, we optimize water resource utilization and simultaneously reduce wastewater discharge.

Additionally, we have installed steam condensate recovery systems in machinery and boiler equipment to progressively enhance water reuse efficiency. Recycled water is applied across factory processes, boilers, restroom cleaning, rooftop cooling, dust suppression, and sludge dewatering operations.

### Water Recycling Implementation by Facility

Lesotho Production Site	Treated wastewater is redirected for use in textile processes such as sizing, dyeing, and finishing, with weekly usage ranging from approximately 2,000 to 2,500 tons.
Vietnam Ninh Binh Garment Factory	We have invested around TWD 700,000 to install ozone-based sterilization and decolorization systems. Initial operations suggest a potential 30% increase in recycled water usage, with a projected recycled water utilization rate of 50-60%.
Mexico Textile Mill	In partnership with the local water utility, a wastewater treatment plant has been constructed to purify residential sewage from Victoria city for reuse within the factory. Apart from water that comes into direct human contact, such as washbasins and eyewash stations, all other water needs in the factory are met with reclaimed water.

### 2024 Water Recycling Volume by Facility

Unit: cubic meters (m<sup>3</sup>)

	Steam Condensate Recovery (tons)	Wastewater Recycling (tons)
Taiwan Houlong Plant	12,461.9	-
Mexico Textile Mill	Boiler condensate usage too low to record	4,883
Lesotho Textile Mill	140,984	92,537 <sup>(e2)</sup>
Vietnam Ninh Binh Garment Factory	-	334,778
Lesotho Garment Factory	-	175,301
<b>Total Recycled Water</b>	<b>153,445.9</b>	<b>607,499</b>

Notes:

1. Data are based on meter readings.
2. Wastewater recycled at the Lesotho Textile Mill is sourced from the Lesotho Garment Factory.

### Wastewater Management

Nien Hsing Textile has implemented wastewater treatment systems at all production sites and established comprehensive wastewater management policies. The company strictly adheres to local government effluent standards and obtains the necessary discharge permits before releasing treated water into authorized water bodies or reusing it.

The Taiwan Houlong Plant features an automatic monitoring and data transmission system for water quality and quantity. Overseas factories conduct daily water quality tests to monitor conditions and make prompt adjustments. In compliance with local government requirements, the company conducts regular third-party water testing and reporting. In addition, water quality and hazardous substance testing follow the Zero Discharge of Hazardous Chemicals (ZDHC) wastewater guidelines. Analysis of test results enables immediate corrective actions, minimizing the environmental impact of industrial wastewater.

Nien Hsing’s wastewater management framework incorporates chemical and dye control, process adjustments, operator training, routine calibration of measurement instruments, and both internal and external water quality testing. These measures effectively prevent water pollution, ensure compliance with effluent standards, reduce wastewater discharge, and enhance the rate of water reuse.

### 2024 Wastewater Discharge by Facility

Unit: cubic meters (m<sup>3</sup>)

	Total Discharge	Receiving Water Body
Taiwan Houlong Plant	107,284	Houlong River (Dachuwei Branch)
Mexico Textile Mill	519,936	Olmo Creek
Lesotho Textile Mill	394,932	Government-approved wastewater treatment plant
Vietnam Ninh Binh Garment Factory	510,500	Government-approved wastewater treatment plant
Lesotho Garment Factory	139,328	Government-approved wastewater treatment plant
Total	1,671,980	



### Wastewater Quality Testing

Test Item	Textile Business Unit						Garment Business Unit				
	Taiwan Houlong Plant		Mexico Textile Mill		Lesotho Textile Mill		Vietnam Ninh Binh Garment Factory		Lesotho Garment Factory		
Test Item	Standard	Average	Standard	Average	Standard	Average	Standard	Average	Standard	Average	
Temperature (°C)	20~35(38)	26.25	35	29.37	35	25.90	40	28.89	35	25.60	
Biochemical Oxygen Demand BOD (mg/L)	30	3.10	150	4.30	-	-	50	13.42	-	-	
Chemical Oxygen Demand COD (mg/L)	140	40.10	150	38.33	600	35.01	200	38.92	600	28.90	
pH	6.0~9.0	7.71	8 - 10	7.75	6.5~10	7.68	5.5 - 9.0	7.21	6.5~10	7.65	
Suspended Solids SS (mg/L)	30	22.13	60	< 10	1000	31.60	100	12.58	1000	29.60	
Test Frequency	Government	Every 3 months		Every 3 months		Not required		Monthly		Not required	
	ZDHC (Customer Requirement)	Every 6 months		Once per year		Twice per year		Once per year		Twice per year	

## 2-6 Waste Management

Nien Hsing actively advances waste management across all production sites. Waste is classified according to type and characteristics, and designated storage areas are managed by zones to prevent secondary contamination or hazardous reactions. Each factory assigns dedicated staff to conduct regular inspections of temporary storage areas, while promoting waste sorting and recycling awareness to enhance employee understanding of waste management and safety. Waste disposal contractors undergo strict qualification assessments, and waste collection and disposal are periodically audited throughout the year to ensure regulatory compliance. Furthermore, all waste generation and temporary storage are reported according to local government requirements, fully adhering to relevant regulations. Through consistent tracking of waste outputs, Nien Hsing continuously increases the reuse of waste resources.

All facilities enforce rigorous recycling and classification of metals, paper, plastics, and textile residues. At the Taiwan Houlong Plant, sludge is first dewatered using a screw press to approximately 85% moisture content, then further dried to 40–45% using sludge drying equipment, making textile sludge suitable for reuse as auxiliary fuel. Through process optimization and R&D improvements, waste reduction and resource reuse are implemented from the source. Nien Hsing aims to achieve a sludge moisture content of 30% while continuously enhancing waste management practices across all factories.

### 2024 Waste Statistics

Unit: Metric Tons

	General Industrial Waste	Hazardous Industrial Waste	Total
Taiwan Houlong Plant	992,580	124,720	1,117,300
Mexico Textile Mill	2,230,369	37,209	2,267,578
Lesotho Textile Mill	1,256,640	4,029,520	5,286,160
Vietnam Ninh Binh Garment Factory	988,528	32,905	1,021,433
Lesotho Garment Factory	152,010	2,718,080	2,870,090

### Air Pollution Management

The company’s air emissions mainly originate from boiler combustion and process operations within its factories. All installations and operations are permitted in accordance with regulatory requirements and approved by relevant authorities. Stationary emission sources are regularly inspected by EPA-approved agencies, covering boiler units and exhaust pipelines, with the results reported to the authorities. At the Ninh Binh Factory in Vietnam, an air pollution monitoring system provides real-time oversight of boiler operations and emissions, ensuring compliance with local environmental regulations at all facilities.

To mitigate the environmental impact of operational activities on air quality, Nien Hsing is progressively adopting fuel substitution strategies, replacing conventional fossil fuels with cleaner energy sources such as biomass or natural gas. Pollution control at emission sources has been enhanced through the installation of bag filters and condensers, effectively treating SOx, NOx, and particulate matter in industrial exhaust. The Taiwan Houlong Plant has further implemented a selective catalytic reduction (SCR) system, using reductants to convert nitrogen oxides (NOx) in flue gas into harmless nitrogen and water, thereby lowering NOx emissions. The Mexico Textile Mill has installed flue gas desulfurization equipment to reduce SOx emissions from heavy oil combustion into the atmosphere.

Looking forward, Nien Hsing will continue to strengthen air pollution management across all production sites, actively developing and deploying new technologies and equipment to enhance energy efficiency and minimize emissions.





## 2-7 Chemical Management

Nien Hsing has established its chemical management policy based on the standards of the international organization ZDHC (Zero Discharge of Hazardous Chemicals Foundation). The policy strictly governs chemical procurement, usage protocols, storage practices, and employee training to ensure supply chain traceability while minimizing the impact of hazardous chemicals on human health and the environment.

### Chemical Introduction Process

The company prioritizes sourcing local chemicals to reduce transportation costs and associated carbon emissions, and prefers chemicals with recognized green certifications (e.g., Screened Chemistry, OEKO-TEX, bluesign®). Prior to introducing new chemicals, suppliers must complete a “Chemical Document Checklist” to verify compliance with ZDHC’s Manufacturing Restricted Substances List (MRSL), and provide a valid MSDS (Material Safety Data Sheet), TDS (Technical Data Sheet), and relevant green certification documents issued within the last two years.

Once verified, an in-factory technical representative conducts a hazard assessment of the chemical composition. Approved chemicals are then sent to laboratories or pattern rooms for testing. Results are reviewed alongside cost-benefit considerations, and a chemical test report is produced. All chemicals that pass review and testing are added to the “Authorized Chemical Procurement List.” During procurement, each factory’s purchasing department references its authorized list to ensure bulk purchases comply with regulations and standards.

### MRSL and RSL Management

In alignment with ZDHC MRSL and customer Restricted Substances List (RSL) requirements, chemical managers at each facility periodically review all chemicals in use. Chemicals that may contain restricted substances are flagged for discontinuation, with functionally equivalent alternatives recommended. By controlling chemicals at the source, purchases comply with ZDHC MRSL standards, and residue levels are verified during testing to ensure they fall within customer-approved RSL limits. Wastewater monitoring further confirms that facilities maintain effective chemical management and that water quality meets required standards.

### Chemical Storage and Usage Management

To safeguard employee health and workplace safety, all chemical storage facilities at Nien Hsing Textile are overseen by designated personnel. Access to storage areas is strictly controlled, and a “Hazard Awareness Program” is implemented to raise chemical hazard awareness across all departments. Chemicals are stored according to compatibility classifications, with proper warning labels and safety measures in compliance with each chemical’s Safety Data Sheet (SDS). Storage areas are protected from direct sunlight, kept away from ignition sources, and equipped with exhaust fans, smoke detectors, leak prevention systems, firefighting equipment, and emergency showers and eyewash stations to ensure safety and minimize the risk of accidents. Additionally, chemical containers feature GHS-compliant labels to allow personnel to quickly access safety information. Operators must wear appropriate personal protective equipment (PPE) when handling chemicals to prevent accidents.

Safety staff update all factory chemical SDS and TDS at least every two years in both Chinese and English, with online versions maintained in a central database for staff reference, ensuring access to the latest safety information. To manage chemical inventory effectively, operators must obtain supervisor approval before withdrawal and follow the requisition form. Storage personnel conduct monthly inventory checks to monitor chemical in-and-out movements, with random inspections to identify any degraded chemicals. This ensures the quality and performance of all chemicals, and non-compliant chemicals are returned to suppliers.

### Operator Training and Emergency Response Drills

To ensure operators are equipped with sufficient safety knowledge and emergency response skills, Nien Hsing conducts regular chemical safety training covering hazard recognition, SDS interpretation, proper PPE use, safe handling procedures, spill response, and emergency first aid. Every six months, on-site simulated chemical spill drills are conducted to strengthen emergency preparedness. Through continuous training and hands-on simulations, personnel enhance their safety awareness, operational competence, and emergency response capability, while ongoing improvements to the safety management system and emergency plans effectively reduce accident risks and potential injuries.

# 3

## Employee Well-Being

- 3-1 Workforce Composition
- 3-2 Compensation and Benefits
- 3-3 Employee Relations
- 3-4 Training and Development
- 3-5 Occupational Health and Safety
- 3-6 Anti-Harassment Policy



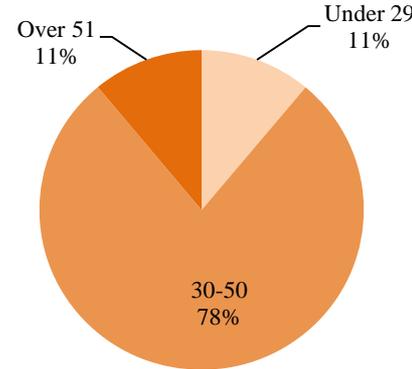
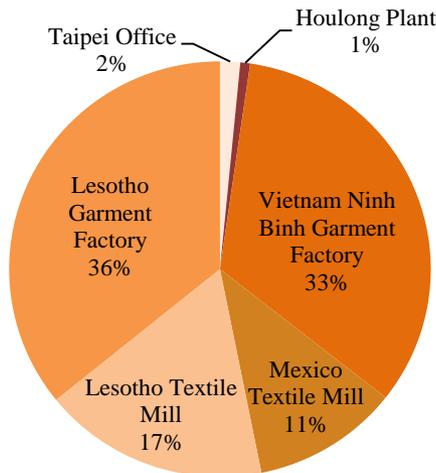
### 3-1 Workforce Composition

Nien Hsing Textile adheres to the founder’s core values of “Teamwork, Practicality, Efficiency, Innovation, and Excellence,” recognizing that people are the most critical asset behind a successful team. The dedication of every employee has driven the company to achieve its current milestones. While maintaining a focus on operational performance and cost control, the company also prioritizes human resource management and is committed to fostering a healthy and supportive workplace environment.

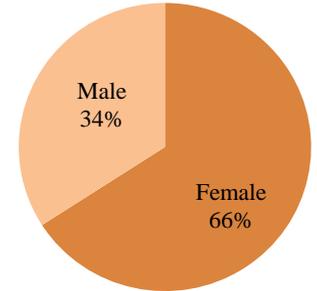
As of the end of 2024, Nien Hsing Textile employed 7,971 full-time staff, with female employees representing approximately 32% more than male employees overall. In some operational sites, however, national conditions or specific production processes result in slightly lower female representation compared to male employees. In the same period, there were 59 supervisors and above, with 76% male and 24% female. The company acknowledges the challenges women face in employment and career advancement and recognizes their vital role in the textile and garment industry. Nien Hsing remains committed to protecting female employees’ employment and workplace rights, advancing gender equality in the workforce.

The majority of employees are between 30 and 50 years old. To support sustainable growth, the company continues to recruit talented young individuals, including those under 29, actively developing the next generation of professionals to gradually optimize workforce composition. Retirement benefits and protections are provided in accordance with the regulations of each country where operations are located, ensuring comprehensive support for employees reaching retirement age.

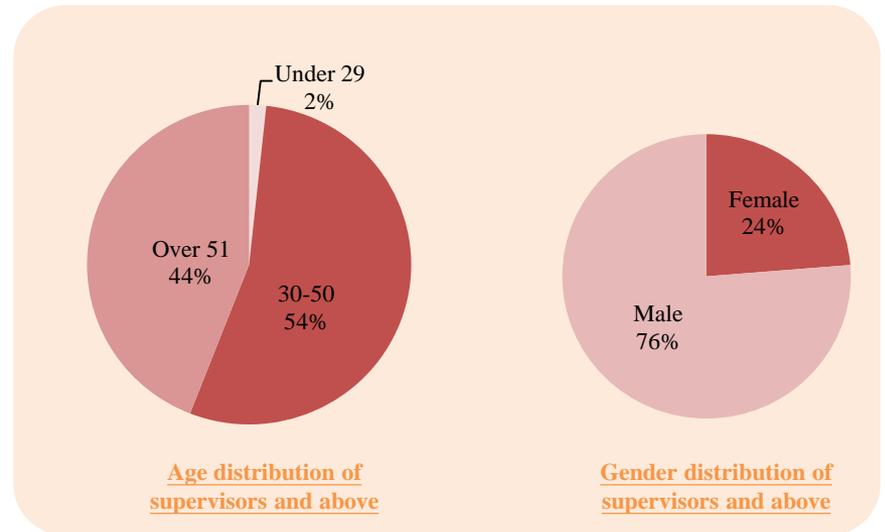
#### Employee distribution by location



Age distribution of all employees



Gender distribution of all employees



Age distribution of supervisors and above

Gender distribution of supervisors and above



2024 Workforce Composition Statistics

Site	Taipei Office		Miaoli Houlong Plant		Vietnam Ninh Binh Factory	
	Female	Male	Female	Male	Female	Male
Under 29	6	6	2	0	137	72
30-50	67	14	13	12	1,979	231
Over 51	25	5	20	13	211	25
Total	98	25	35	25	2,327	328
Percentage (%)	80%	20%	58%	42%	88%	12%
Total Employees	123		60		2,655	

Site	Mexico Textile Mill		Lesotho Textile Mill		Lesotho Garment Factory	
	Female	Male	Female	Male	Female	Male
Under 29	100	160	84	98	142	76
30-50	165	292	347	751	1,648	689
Over 51	69	110	34	67	203	98
Total	334	562	465	916	1,993	863
Percentage (%)	37%	63%	34%	66%	70%	30%
Total Employees	896		1,381		2,856	

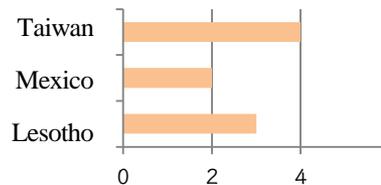
Notes:

1. All employees included are full-time regular staff; the company does not hire non-employees or part-time workers.
2. Employee numbers are recorded based on work location and reflect those still employed as of December 31 of the year.

Recruitment and Retention

Nien Hsing Textile conducts its recruitment in strict compliance with relevant laws, including the Labor Standards Act, Gender Equality in Employment Act, Personal Data Protection Act, and international human rights conventions. Identity verification is conducted for all hires to ensure no forced labor or employment of individuals under 16, effectively preventing child labor and involuntary work. Selection is based solely on professional competence and work ethic, without bias or discrimination based on gender, sexual orientation, age, race, skin color, nationality, religion, disability, marital status, or political beliefs, guaranteeing fair treatment and respect for all employees. To fulfill corporate social responsibility and support local communities, the company actively hires local talent. For instance, at the Houlong Plant in Taiwan in 2024, of 60 employees, only one was from Vietnam and two from Indonesia, while the remainder were local staff.

Distribution of Employees with Disabilities



Nien Hsing emphasizes human rights and the principle of “placing the right person in the right role,” fostering a diverse workforce. Recruitment is conducted transparently through internal and external channels, ensuring equal opportunities for all applicants. The company also partners closely with universities to offer industry-academia programs, providing students with early exposure to industry structures and hiring talented graduates with high potential. During recruitment, HR collaborates closely with hiring units. HR staff continuously update labor law knowledge, enhance recruitment training, and employ professional assessment tools to ensure a fair, effective, and compliant selection process. Hiring unit supervisors also advance their technical expertise, remain informed on industry trends, and work with HR to attract highly skilled professionals who align with the company’s values.

To support new hires in quickly adapting to the workplace and integrating into corporate culture, Nien Hsing has established structured onboarding programs and learning plans. Department mentors guide new employees to understand the work environment and job responsibilities. Additionally, HR conducts care interviews during the first month and at the end of the probationary period (3 or 6 months) to assess adaptation, supervisory effectiveness, and communication. These initiatives strengthen labor-management relations and communication channels, enhancing new employee retention and engagement.



Nien Hsing Textile implements internal job rotation and promotion-salary adjustment systems to retain employees with diverse experience and professional skills. Additional incentives include performance-based bonuses, employee stock options, and long-service awards, fostering a professional, talented, and fulfilling work environment.

In preparation for the closure of the Houlong Plant in 2024, the company, in compliance with the Labor Standards Act and Employment Service Act, provided advance notice in November 2023. Production lines began to gradually cease operations starting in the first quarter of 2024, accompanied by active labor-management coordination.

A total of 454 employees were laid off, with severance payments totaling NT\$214,819,988, covering retirement funds, voluntary retirement bonuses, severance pay, and other related compensations to ensure proper protection for affected employees. Additionally, the company successfully reassigned 4 Houlong Plant employees to the Taipei Office and overseas factories, mitigating the impact of the closure.

### 2024 New Hires and Employee Turnover at Miaoli Houlong Plant

Site	Miaoli Houlong Plant			
	Female		Male	
Age	New Hires	Resignation	New Hires	Resignation
Under 29	0	18	0	45
30-50	5	135	6	125
Over 51	3	96	9	72
Total	8	249	15	242
Percentage (%)	35%	51%	65%	49%
Total Employees	60			
New Hire Rate	38%			
Turnover Rate	818%			

Note:  
 Due to the plant closure, there was a significant increase in employee turnover: 454 employees were laid off and an additional 37 resigned voluntarily, totaling 491 departures.

Site	Taipei Office			
	Female		Male	
Age	New Hires	Resignation	New Hires	Resignation
Under 29	3	11	4	3
30-50	21	16	0	0
Over 51	2	6	1	1
Total	26	33	5	4
Percentage (%)	84%	89%	16%	11%
Total Employees	123			
New Hire Rate	25%			
Turnover Rate	30%			

Site	Vietnam Ninh Binh Factory			
	Female		Male	
Age	New Hires	Resignation	New Hires	Resignation
Under 29	58	50	73	55
30-50	62	143	57	51
Over 51	8	12	8	1
Total	128	205	138	107
Percentage (%)	48%	66%	52%	34%
Total Employees	2655			
New Hire Rate	10%			
Turnover Rate	12%			

Site	Mexico Textile Mill			
	Female		Male	
Age	New Hires	Resignation	New Hires	Resignation
Under 29	81	44	124	77
30-50	24	22	52	45
Over 51	1	9	3	8
Total	106	75	179	130
Percentage (%)	37%	37%	63%	63%
Total Employees	896			
New Hire Rate	32%			
Turnover Rate	23%			

Site	Lesotho Garment Factory			
	Female		Male	
Age	New Hires	Resignation	New Hires	Resignation
Under 29	27	25	8	10
30-50	288	287	68	93
Over 51	17	19	4	8
Total	332	331	80	111
Percentage (%)	81%	75%	19%	25%
Total Employees	2856			
New Hire Rate	14%			
Turnover Rate	15%			

Site	Lesotho Textile Mill			
	Female		Male	
Age	New Hires	Resignation	New Hires	Resignation
Under 29	9	6	12	9
30-50	4	11	13	28
Over 51	1	2	3	1
Total	14	19	28	38
Percentage (%)	33%	33%	67%	67%
Total Employees	1381			
New Hire Rate	3%			
Turnover Rate	4%			





### 3-2 Compensation and Benefits

#### Parent Company Foreign Employee Workforce Statistics

Nationality / Gender / Year		2022	2023	2024
Guatemala	Female	0	0	0
	Male	2	2	0
Egypt	Female	0	0	0
	Male	1	1	0
Mexico	Female	0	0	0
	Male	2	1	0
Vietnam	Female	46	33	0
	Male	39	32	1
Indonesia	Female	29	25	0
	Male	70	76	2
United States	Female	0	1	1
	Male	1	1	1
Philippines	Female	1	1	0
	Male	0	0	0
Total Foreign Employees		191	173	5
Foreign Employees (%)		24.4%	23%	2%

Note:  
The percentage of foreign employees is calculated by dividing the number of foreign employees by the total headcount at the parent company.

Nien Hsing Textile reviews and adjusts its salary structure annually, following Taiwan’s Labor Standards Act, market salary surveys, and supply-demand conditions. In 2024, the average salary increase was approximately 1.9%. When determining salaries for new hires, the company considers job responsibilities, educational background, years of experience, market salary benchmarks, and the salaries of existing employees in similar positions. All salary decisions comply with the principle of equal pay for equal work, without discrimination based on race, nationality, gender, or age.

Non-supervisory new hires receive a starting salary ranging from NT\$33,000 to NT\$51,000, equivalent to roughly 1.20 to 1.86 times the minimum wage, while direct hires start at NT\$28,000, about 1.02 times the minimum wage. Nien Hsing Textile actively monitors industry salary trends to maintain competitive compensation and attract and retain top talent. Year-end bonuses are granted based on company performance and individual contribution. High-performing employees are eligible for additional incentives, including salary increases, promotions, performance bonuses, and employee profit-sharing. Long-serving employees with 15, 20, 25, 30, or 35 years of tenure receive recognition awards, encouraging long-term career development within the company.

In accordance with the Labor Welfare Regulations, Nien Hsing Textile has established an Employee Welfare Committee composed of both labor and management representatives. The committee effectively utilizes welfare funds to provide benefits such as holiday gift certificates, departmental gatherings, condolence money, and bonuses, fostering positive labor-management relations.

While competitive compensation attracts and motivates employees, ensuring their physical and mental well-being is equally important. In addition to legally mandated employment insurance, labor insurance, and national health insurance, Nien Hsing Textile provides group insurance covering term life, critical illness, accident, and hospitalization to safeguard employee health and safety. Given the frequent international business travel required of employees, the company also offers travel accident insurance, aviation insurance, and business travel insurance, providing an extra layer of protection for staff on work-related trips across global operational sites.



### Employee Compensation Disclosure

Employee Compensation Information / Year	2022	2023	2024
Number of full-time non-supervisory employees	668	681	200
Total salaries of full-time non-supervisory employees (thousand NTD)	396,481	352,494	169,208
Average salary of full-time non-supervisory employees (thousand NTD)	594	518	846
)Median salary of full-time non-supervisory employees (thousand NTD)	535	470	698

Note: The increase in overall salary in 2024 reflects the severance payments resulting from the closure of the Houlong Plant in Taiwan.

### 2024 Employee Salary Compared to Local Minimum Wage by Gender

	Legal Minimum Wage	Employees at Minimum Wage		Total Employees		Ratio of Employees at Minimum Wage	
		Female	Male	Female	Male	Female	Male
Taipei Office	27,470/month	-	1	98	25	0%	4%
Houlong Plant	27,470/month	54	106	35	25	154%	424%
Vietnam Ninh Binh Garment Factory	4,410,000/month	-	-	2,327	328	0%	0%
Mexico Textile Mill	1,742.51/week	12	22	334	562	4%	4%
Lesotho Textile Mill	2,582/month	-	-	465	916	0%	0%
Lesotho Garment Factory	2,776/month	307	78	1,993	863	15%	9%

Note: Overseas factories report salaries in their respective local currencies.

### Retirement Plan

To support organizational vitality, foster a diverse workforce, and secure employees' retirement, Nien Hsing has established its retirement plan in accordance with Taiwan's Labor Standards Act and Labor Pension Act. Employees may apply for retirement under the following conditions:

1. Employees aged 60 or older with at least ten years of service.
2. Employees aged 55 or older with at least fifteen years of service.
3. Employees with twenty-five or more years of service.

For employees under the Labor Pension Act, the company contributes 6% of their monthly salary into their personal labor pension accounts. For employees covered by the Labor Standards Act, retirement payments are calculated based on years of service: 2 base units per year for the first 15 years, and 1 base unit per additional year beyond 15, with a maximum of 45 base units. Retirement payments are disbursed within 30 days of retirement. In 2024, 109 employees applied for retirement, including those affected by the Houlong Plant closure, with total retirement contributions reaching 24,704 thousand NTD. Nien Hsing acknowledges that workforce turnover is a natural part of business operations and actively recruits and trains younger generations to ensure a smooth succession within the textile and apparel industry.

### Retirement Pension System

	Old System	New System
<b>Governing Law</b>	Labor Standards Act	Labor Pension Act
<b>Contribution Method</b>	6% of monthly taxable salary is contributed to a company-managed account at Bank of Taiwan	6% of insured salary is contributed to employees' personal accounts at the Bureau of Labor Insurance; employees may voluntarily contribute an additional 0–6%
<b>Contribution Amount</b>	Accumulated balance of old system account as of December 31, 2024: 96,390 thousand NTD	2024 contributions to the new system account: 11,949 thousand NTD

## Parental Leave

Nien Hsing encourages employees to excel professionally while maintaining a healthy work-life balance. Recognizing the importance of family, the company provides a robust parental leave program in accordance with the Gender Equality in Employment Act and related regulations. This program allows employees to take leave to care for their children, helping to alleviate concerns about returning to work after an extended absence.

### 2024 Parental Leave Statistics for Parent Company Employees

	Female	Male	Total
Parental leave applicants in 2024	4	-	4
Expected returns from parental leave in 2024	8	1	9
Actual returns from parental leave in 2024	3	1	4
Return rate (%)	38%	100%	44%
Employees who returned from leave the previous year and completed one year	-	1	1
Employees remaining after one year of return from leave the previous year	-	1	1
Retention rate (%)	0%	100%	100%

Notes:

- Annual return rate = Actual number of employees returning ÷ Expected number of employees returning from parental leave.
- Previous year retention rate = Number of employees still employed one year after returning ÷ Number of employees who returned from leave the previous year and completed one year.

## Employee Benefits

Employees may take parental leave to care for young children. For those with school-age children, family care leave is available to address unexpected situations. Beyond leave provisions, the Nien Hsing Textile Welfare Committee offers a semester-based Education Subsidy to support employees in raising their children. Applications are accepted at the beginning of each semester, typically in September and March, with the subsidy amount varying by the child's education level. In 2024, covering the second semester of Academic Year 112 and the first semester of Academic Year 113, 327 applications were submitted, with total subsidies totaling 386,900 NTD.

<b>Subsidy Categories</b>	<ul style="list-style-type: none"> <li>Travel Allowance</li> <li>Education Allowance</li> </ul>
<b>Financial Benefits</b>	<ul style="list-style-type: none"> <li>Festival Gift Vouchers</li> <li>Birthday Cash Gifts</li> <li>Marriage Gifts</li> <li>Year-End Bonuses</li> <li>Annual Company Banquet Gift Boxes</li> <li>Lunar New Year Red Envelopes</li> </ul>
<b>Condolence and Support Benefits</b>	<ul style="list-style-type: none"> <li>Hospitalization Support Payments</li> <li>Funeral Contributions</li> <li>Retirement Support Payments</li> </ul>
<b>Insurance Coverage</b>	<ul style="list-style-type: none"> <li>Labor Insurance, Health Insurance, and Pension Contributions</li> <li>Group Insurance</li> <li>Business Travel and Overseas Assignment Accident Insurance</li> </ul>
<b>Employee Development Programs</b>	<ul style="list-style-type: none"> <li>External Training Application System</li> <li>Recognition for Long-Serving Employees</li> </ul>
<b>Employee-Friendly Facilities</b>	<ul style="list-style-type: none"> <li>Meal Allowances</li> <li>On-Site Cafeteria</li> <li>Employee Dormitories</li> <li>Nursing and Lactation Rooms</li> <li>Health Checkups</li> </ul>
<b>Additional Benefits</b>	<ul style="list-style-type: none"> <li>Special Discounts at Partner Businesses (local restaurants, food delivery platforms, bookstores, chain pharmacies, hotels, accommodations, theme parks, and more)</li> </ul>

Application Period	Applications Submitted	Applications Approved	Total Subsidy Amount (NTD)
2024/03 (Second Semester of Academic Year 2024)	277	277	316,700
202/09 (First Semester of Academic Year 2024)	50	50	70,200
Total	327	327	386,900

## 3-3 Employee Relations

### Labor-Management Communication

Nien Hsing Textile follows international labor standards, including the United Nations Guiding Principles on Business and Human Rights, other widely recognized human rights frameworks, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Universal Declaration of Human Rights. The company also strictly adheres to local labor laws at each operational site. We support freedom of association, allowing employees to participate in organizational activities and labor-management meetings freely, and to engage in collective bargaining in accordance with applicable legal provisions.

We uphold transparency and integrity in management, aiming to create open, two-way communication channels between employees and management, and foster an inclusive, participatory workplace. Communication channels include labor-management meetings, employee mailboxes, HR announcements, and welfare committee meetings. These channels provide platforms for discussing employee welfare and rights, enabling employees to voice opinions, report concerns, and offer suggestions to management during regular meetings.

For complaints and reporting, a dedicated email channel is available, allowing employees to submit concerns and receive timely responses. Once a report is accepted by the Complaints Handling Committee, cross-departmental investigations are promptly initiated to understand all parties' concerns and facilitate corrective actions. These procedures ensure the complaint mechanism functions effectively, protecting employee rights and reinforcing their confidence in the company.

Nien Hsing does not interfere with the establishment, operation, or management of employee organizations or collective bargaining processes. While some overseas sites have signed collective agreements, Taiwan operations do not currently have a labor union or collective agreements. However, quarterly labor-management meetings are held to provide a structured platform for dialogue. In these meetings, both labor and management can engage in meaningful discussions on working conditions and employee rights. Labor representatives can exercise their rights to association and collective negotiation fully. Employees can raise concerns and provide feedback on policies or workplace practices without fear of discrimination, retaliation, threats, or harassment.

In 2024, meeting topics included the closure of the Houlong textile plant, labor representative elections, annual leave application adjustments, and employee welfare updates. All meetings are documented in official minutes, and relevant departments have responded and implemented improvements to both operational and administrative processes. Any changes to labor conditions approved in these meetings are communicated to all employees, and internal management procedures are updated and uploaded to the HR system for reference, ensuring employees' rights are fully protected.

## 3-4 Training and Development

Nien Hsing Textile places a strong emphasis on employee development and continuous learning. We provide a wide range of educational programs and training opportunities, encouraging employees to proactively enhance their professional knowledge, technical skills, and cultural awareness. This not only improves work quality, performance, and innovation but also fosters a positive cycle of applying learning to practical tasks.

New employees undergo onboarding programs to quickly familiarize themselves with the company culture, work environment, and essential skills. Tailored internal training and hands-on exercises are provided for different departments and skill areas to deepen employees' understanding of their roles, improve proficiency, and strengthen problem-solving and adaptability. At all operational sites, regular training on occupational safety and health is conducted, alongside programs on sexual harassment prevention, gender equality, and anti-corruption, promoting awareness of self-protection and ethical practices.

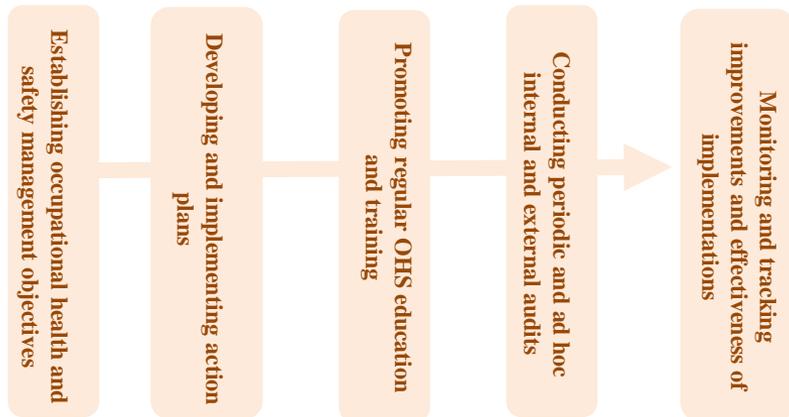
Beyond training directly related to job functions, we support employees in attending external courses and certification programs, providing customized learning opportunities to meet individual development needs. In 2024, 655 employees participated in nearly 461.5 hours of internal and external training. These comprehensive learning programs allowed employees to broaden knowledge, develop professional skills, and apply learning to daily work, enhancing productivity, communication, and problem-solving capabilities. To support sustainable operations, minimize environmental impact, and advance business goals, employees also completed 73.5 hours of sustainability-related training, representing 15.9% of total training hours, with 21 participants. In addition, following the closure of the Houlong plant, 75 hours of specialized waste management training were conducted to ensure compliance with relevant regulatory requirements and safe disposal practices.



## 3-5 Occupational Health and Safety

To proactively manage occupational health and safety (OHS) risks and ensure strict compliance with local regulations, Nien Hsing Textile has established an “Occupational Health and Safety Management Committee.” Factory managers act as employer-appointed representatives, with each unit nominating supervisors and operational leaders as additional employer members. OHS personnel from each department are selected as employee representatives. Together, labor and management collaborate to implement OHS prevention and control measures. The committee meets monthly to discuss external factors, regulatory updates, labor safety and health policies, and internal management plans. These meetings serve as a platform to communicate company safety policies and facilitate two-way dialogue between management and employee representatives, with the goal of preventing workplace accidents and safeguarding employee health.

For each factory, the committee develops occupational accident prevention plans and recommends improvements to operational environments, production equipment, and safety conditions. This ensures enhanced environmental protection and better labor safety management. Additionally, third-party audits are conducted annually to verify compliance with local laws and customer standards, ensuring both legal adherence and operational excellence.



### Occupational Safety Management and Risk

Nien Hsing Textile manages occupational health and safety risks through systematic hazard identification and risk assessment. Key risks include workplace noise, machinery entanglement, and the storage and handling of chemicals. The company sets improvement targets based on the severity of identified risks and closely monitors the implementation of control measures. Additionally, OHS education and training are provided to enhance employees’ awareness of occupational health and safety regulations and the company’s safety management systems, effectively reducing the likelihood of workplace hazards.

#### 2024 Employee Work Injury Statistics

	Houlong Plant	Vietnam Ninh Binh Garment Factory	Mexico Textile Mill	Lesotho Textile Mill	Lesotho Garment Factory
<b>Injury Rate (IR)</b>	3.33	0.06	3.23	0.42	0.38
<b>Occupational Disease Rate (ODR)</b>	-	-	-	-	-
<b>Lost Day Rate (LDR)</b>	41.67	0.44	81.68	3.76	0.90
<b>Absenteeism Rate (AR) (%)</b>	0.01%	0.01%	0.00%	0.00%	0.02%
<b>Work-related Deaths</b>	0	0	0	0	0
<b>Work-related Death Rate (%)</b>	0%	0%	0%	0%	0%

Notes:

- Injury Rate (IR) = Total work injury incidents ÷ Total working hours × 200,000
- Occupational Disease Rate (ODR) = Total occupational disease cases ÷ Total working hours × 200,000
- Lost Day Rate (LDR) = Total lost work days ÷ Total working hours × 200,000
- Absenteeism Rate (AR) (%) = Total absentee days ÷ Total work days × 100%
- Work-related Death Rate (%) = Number of work-related deaths ÷ Total working hours × 200,000
- IR, ODR, LDR, and work-related death rate are calculated assuming 50 work weeks per year and 40 hours per week for every 100 employees.
- Annual total work days = Number of employees at year-end × Annual work days. At Houlong Plant, due to plant closure and layoffs, only 60 employees remained at year-end, causing higher calculated values compared with other plants.
- Work injury incidents include death, permanent total disability, permanent partial disability, and temporary total disability. Commuting accidents are excluded.
- Total absentee days include both sick leave and work injury leave.



### 2024 Work-Related Injury Cases and Lost Workdays

		Taiwan Houlong Plant	Vietnam Ninh Binh Garment Factory	Mexico Textile Mill	Lesotho Textile Mill	Lesotho Garment Factory
On-site Work Injuries	Cases	2	2	32	7	11
	Lost Workdays	25	14	808	63	26
Off-site Commuting Accidents	Cases	0	0	19	0	0
	Lost Workdays	0	0	249	0	0
Total Work-Related Incidents	Cases	2	2	51	7	11
	Lost Workdays	25	14	1057	63	26

### Occupational Safety Training and Emergency Response Drills

To reduce the occurrence of commuting accidents and workplace injuries, Nien Hsing has strengthened safety-related education and training programs to enhance employees' awareness of occupational safety. Through regular safety sessions, employees are reminded of various potential hazards during maintenance work. These include, but are not limited to, danger zones around operating machinery, the proper use of protective equipment, safe storage and management of hazardous chemicals, and appropriate responses to emergencies. New employees receive general occupational safety and health training covering topics such as the company's safety and health policies, fire prevention measures, basic first aid knowledge, and emergency response procedures. Particular emphasis is placed on maintaining vigilance during machine maintenance tasks and avoiding complacency in high-paced work environments. Employees are also encouraged to proactively report any potential safety hazards to ensure a safe working environment at all times.

Regular safety audits are conducted to ensure that all plants meet safety standards and that any identified issues are promptly corrected. Each site also performs periodic emergency drills based on simulated disaster scenarios, followed by review meetings to strengthen employees' disaster preparedness, proper use of protective gear, and emergency response capabilities.

Through these initiatives, the company continues to raise employees' safety awareness, reduce the risk of commuting and workplace accidents, and foster a safer and more secure working environment.

## 3-6 Anti-Harassment Policy

### Sexual Harassment Prevention

To uphold gender equality in the workplace, Nien Hsing has implemented anti-harassment policies across all its facilities. These policies are designed to prevent sexual harassment, eliminate gender discrimination, and foster genuine gender equality. In line with the "Act of Gender Equality in Employment" and the "Guidelines for Workplace Sexual Harassment Prevention, Complaint, and Disciplinary Measures," Nien Hsing has established a comprehensive "Sexual Harassment Prevention, Complaint, and Disciplinary Procedure." This procedure applies to all employees, job applicants, dispatched workers, and migrant workers who experience sexual harassment while performing their duties, as well as to any employee subjected to harassment outside of work. For instance, at the Taipei Office, victims or their representatives may file complaints directly with the Human Resources Department.

- **Complaint hotline:** (02) 2656-8888 #281 (HR Department Manager)
- **Fax for complaints:** (02) 2656-8899 (Attention: HR Department)
- **Complaint email:** [hr.announce@nhjeans.com](mailto:hr.announce@nhjeans.com)

### Anti-GBVH Initiative

In July 2018, the Council on Ethics (COE) of the Norwegian Sovereign Wealth Fund commissioned the U.S. non-governmental organization Workers Rights Consortium (WRC) to conduct an independent investigation into Nien Hsing Textile's plants in Lesotho. The investigation revealed issues concerning gender equality and improper management practices. In response, Nien Hsing took immediate and ongoing actions to address these concerns and strengthen its commitment to responsible management. In 2019, the Company formally signed the "GBVH (Gender-Based Violence and Harassment) Project Agreement" to enhance workplace practices and ensure continuous improvement.

**GBVH refers to violence and harassment rooted in gender inequality, including verbal, physical, psychological, and economic abuse, as well as discriminatory behavior.**

### Our Actions

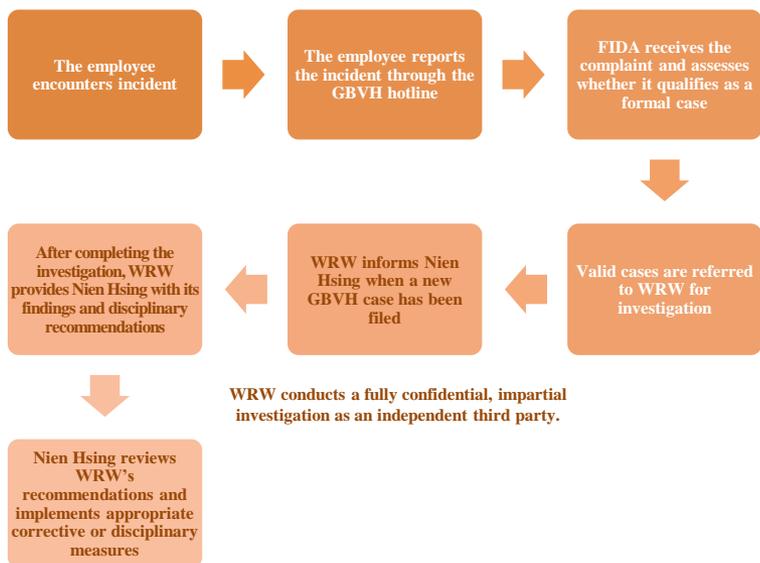
Nien Hsing has worked proactively to implement the WRC's recommendations regarding gender equality and labor rights. In 2019, we partnered with our customers, local NGOs, and labor unions to sign the "GBVH Project Agreement" and jointly established an independent third-party oversight body, Worker's Right Watch (WRW). Through WRW, we +. The training helps employees recognize and appropriately respond to GBVH-related situations. To ensure accessible and transparent reporting, we have also created multiple complaint channels, including WRW's dedicated GBVH hotline and the Company's internal grievance mechanisms.

### Complaint Mechanisms

- Employees who encounter gender-based violence or harassment can report their cases through the GBVH hotline. The hotline is managed by the local NGO FIDA, which handles all incoming reports. FIDA reviews each case to determine whether it involves sexual harassment or gender-based misconduct. If confirmed, the case is transferred to Worker’s Right Watch (WRW) for independent investigation.

Federacion Internacional De Abogadas (FIDA) Lesotho Chapter  
 FIDA is a non-profit, non-partisan, and non-governmental membership organization. The Lesotho Chapter was founded in 1988 by a group of female lawyers and re-registered in 2006. Its mission is to protect and advance human rights, with a special focus on women, children, minorities, and vulnerable populations in Lesotho. FIDA Lesotho works to ensure that the government fulfills its legal obligations, particularly those related to safeguarding the rights of women and other marginalized groups.

- Hotline: Nien Hsing has established a dedicated complaint hotline operated by an independent third party. Trained representatives receive the calls and forward verified cases to personnel officers at each factory for investigation and resolution.
- Internal Grievance Channel: Employees may also report concerns by submitting a written complaint form directly to their department supervisors. If an employee is not satisfied with the outcome, they may escalate the issue to the factory’s personnel officer for further review and appeal.



From the start of the GBVH initiative in 2019 through December 2024, Nien Hsing’s Lesotho operations received a total of 154 reports of gender-based violence and harassment (GBVH). Of these, 143 cases have been resolved, while the remaining cases are currently under investigation by Worker’s Right Watch (WRW). In 2024, 16 cases were reported through the GBVH hotline, with no cases filed through the internal grievance channel. All reported cases were promptly investigated, and appropriate disciplinary actions were implemented.

		Lesotho Textile Mill	Lesotho Garment Factory	Total
Cases Reported	Total cases	110	43	154
	Investigation status			
	Under investigation	6	5	11
	Closed	104	39	143
Investigation outcome	Unsubstantiated cases	72	20	92
	Confirmed violations	32	19	51

Note: All data in the table are based on GBVH case statistics reported to Nien Hsing Textile by WRW.





# Social Engagement

Community Involvement

## Community Involvement

Nien Hsing seeks to foster a strong connection between its employees and the broader community through public welfare initiatives and localized service programs. These efforts encourage employees to take an active role in social causes, promoting mutual growth between the company and society. Such engagement not only supports smooth factory operations and effective recruitment but also helps prevent potential issues related to local dynamics, creating a mutually beneficial relationship between the company and surrounding communities.

At Nien Hsing’s Houlong Plant in Miaoli County, most employees were local residents of Houlong Township or foreign workers. The plant’s closure had an inevitable impact on local employment. To ease the transition and minimize disruption to the community and employees’ families, Nien Hsing Textile announced the closure ahead of schedule in November 2023 and promptly initiated labor-management consultations.

The company collaborated with local labor authorities and related agencies to provide job placement services, career counseling, and transition assistance, helping employees secure new positions and maintain financial stability. Nien Hsing also maintained open communication with local stakeholders to lessen the closure’s economic and social impact. Beyond fulfilling legal obligations for severance pay, the company offered additional compensation to relieve the financial burden of unemployment. Where possible, qualified employees were reassigned to positions at the Taipei office or overseas facilities. Through these measures, Nien Hsing demonstrated its ongoing commitment to employee well-being, responsible business practices, and the sustainable development of local



## Overseas Plants

The Ministry of Hope Lesotho (MoHL) is a non-profit organization devoted to supporting orphans and vulnerable children in Lesotho. The organization relies on donations and in-kind contributions from the public to sustain its operations and provide essential care for children in need.

To contribute to this meaningful cause, Nien Hsing’s Lesotho facility organized a community outreach initiative, donating essential household items such as laundry detergent, toilet paper, and canned goods. Two Taiwanese employees joined twenty local colleagues to personally deliver the supplies to the organization. The donation is expected to benefit 44 children, offering practical assistance and heartfelt care while reflecting Nien Hsing’s commitment to social responsibility and community well-being.



# Community Involvement

Nien Hsing’s Mexico Textile Mill (the “Mexico Mill”) took part in a community initiative organized by the Latido por Tamaulipas Association to commemorate International Women’s Day. The event featured a 5-kilometer walk at Los Troncones Ecological Park in Ciudad Victoria. The park had previously been associated with incidents where women were harassed or followed by individuals affected by alcohol or drug addiction, highlighting growing concerns about women’s safety in public spaces. The activity sought to raise public awareness of women’s safety, encourage broad female participation, promote the prevention of gender-based violence, and foster family and youth engagement in outdoor activities. It also aimed to strengthen public awareness of environmental protection and appreciation for nature.

Nien Hsing Textile was honored to be invited to participate in this meaningful initiative in support of women’s rights. A total of 243 representatives, including 2 Taiwanese management staff and 241 local employees, joined local residents to advocate for women’s empowerment and community safety. In addition to contributing funds and materials, Nien Hsing remains committed to taking tangible action to promote gender equality, enhance community well-being, and reduce social inequality. Through such efforts, the Company hopes to empower vulnerable and marginalized groups to achieve independence and self-determination.

Each year, an estimated 500 billion plastic bags are used worldwide, and many of them eventually make their way into rivers and oceans, creating serious threats to the environment, wildlife, and human health. In response, many countries and cities have introduced plastic bag bans to curb pollution at its source. Nien Hsing actively supports this global movement by participating in International Plastic Bag Free Day on July 3, an initiative led by the international zero-waste organization GAIA, to promote waste reduction and raise global awareness of the plastic pollution crisis.

To bring this meaningful campaign to Ciudad Victoria, Mexico, the Mexico Textile Mill celebrated the occasion by donating denim tote bags handmade by employees. The team distributed the reusable bags across local markets, supermarkets, and shopping centers, inviting residents to exchange their single-use plastic bags for a denim bag featuring the Nien Hsing logo. The initiative encouraged the community to reduce disposable plastic use while reinforcing the Company’s commitment to sustainability.

Through this eco-bag donation campaign, Nien Hsing hopes to inspire greater public awareness of plastic pollution and motivate individuals to adopt reusable habits that help reduce waste and protect the natural environment. Moving forward, the Company will continue to take tangible actions to support plastic reduction policies and collaborate with local communities to safeguard the planet for future generations.



# Appendix

GRI Index

SASB Index

TCFD Index

Greenhouse Gas Verification  
Statement

# GRI Index

## GRI Standards Index

Statement of Use	Nien Hsing Textile Co., Ltd. has prepared this report in accordance with the GRI Standards, covering the reporting period from January 1, 2024, to December 31, 2024.
1 Applied	GRI 1: Foundation 2021
Applicable GRI Sector Standard	As of 2024, there is no sector-specific standard available for the textile industry

## GRI 2: General Disclosures 2021

GRI Standards	Disclosure Topic	Corresponding Section	Page
<b>The organization and its reporting practices</b>			
2-1	Organizational details	Company Overview	25
2-2	Entities included in the organization's sustainability reporting	Company Overview 1-1 Corporate Governance Structure	25 37
2-3	Reporting period, frequency and contact point	About This Report	03
2-4	Restatements of information	About This Report	03
2-5	External assurance	About This Report	03
<b>Activities and workers</b>			
2-6	Activities, value chain and other business relationships	Company Overview	30
2-7	Employees	3-1 Workforce Composition	83
2-8	Workers who are not employees	3-1 Workforce Composition	83
<b>Governance</b>			
2-9	Governance structure and composition	1-1 Corporate Governance Structure	37
2-10	Nomination and selection of the highest governance body	1-1 Corporate Governance Structure	39
2-11	Chair of the highest governance body	1-1 Corporate Governance Structure	39
2-12	Role of the highest governance body in overseeing the management of impacts	1-1 Corporate Governance Structure	39
2-13	Delegation of responsibility for managing impacts	1-1 Corporate Governance Structure	39
2-14	Role of the highest governance body in sustainability reporting	Chairman and President's Message	08
2-15	Conflicts of interest	1-1 Corporate Governance Structure	44
2-16	Communication of critical concerns	1-1 Corporate Governance Structure	44
2-17	Collective knowledge of the highest governance body	1-1 Corporate Governance Structure	40
2-18	Evaluation of the performance of the highest governance body	1-1 Corporate Governance Structure	46
2-19	Remuneration policies	3-2 Compensation and Benefits	92
2-20	Process to determine remuneration	3-2 Compensation and Benefits	92

GRI Standards	Disclosure Topic	Corresponding Section	Page
2-21	Annual total compensation ratio	3-2 Compensation and Benefits	92
<b>Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	Chairman and President's Message 1-2 Ethical Business Practices 1-4 Supply Chain Oversight	08 48 52
2-23	Policy commitments	1-5 Customer Relationship Management 3-3 Employee Relations 3-6 Anti-Harassment Policy	55 97 102
2-24	Embedding policy commitments	1-2 Ethical Business Practices 1-4 Supply Chain Oversight 1-5 Customer Relationship Management 3-3 Employee Relations 3-6 Anti-Harassment Policy	48 52 55 97 102
2-25	Processes to remediate negative impacts	1-2 Ethical Business Practices 1-4 Supply Chain Oversight 1-5 Customer Relationship Management 3-3 Employee Relations 3-6 Anti-Harassment Policy	48 52 55 97 102
2-26	Mechanisms for seeking advice and raising concerns	1-2 Ethical Business Practices	50
2-27	Compliance with laws and regulations	1-3 Regulatory Compliance	51
2-28	Membership associations	Company Overview	30
<b>Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	Material Topic Assessment	13
2-30	Collective bargaining agreements	3-3 Employee Relations	97

## GRI 3: Material Topics 2021

GRI Standards	Disclosure Topic	Corresponding Section	Page
3-1	Process to determine material topics	Material Topic Assessment	13
3-2	List of material topics	Material Topic Assessment	16
3-3	Management of material topics	Material Topic Assessment	16



Topic-specific Disclosures

GRI Standards Category / Topic	No.	GRI Disclosure Description	Corresponding Section	Page	Omission / Remarks
<b>Topic-specific Standards: 200 Series Economic</b>					
Economic Performance					
GRI201 Economic Performance 2016	201-1	Direct economic value generated and distributed	Company Overview	31	
	201-2	Financial implications and other risks and opportunities due to climate change	2-1 Sustainability Strategy and Risk Oversight	66	
	201-3	Defined benefit plan obligations and other retirement plans	3-2 Compensation and Benefits	92	
Market Presence					
GRI202 Market Presence 2016	202-1	Ratio of standard entry level wage by gender compared to local minimum wage	3-2 Compensation and Benefits	93	
Procurement Practices					
GRI204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers	1-4 Supply Chain Oversight	53	
Anti-corruption					
GRI205 Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	1-2 Ethical Business Practices	48	
	205-2	Communication and training about anti-corruption policies and procedures	1-2 Ethical Business Practices	49	
	205-3	Confirmed incidents of corruption and actions taken	1-2 Ethical Business Practices	-	There were no cases of corruption reported during the reporting year
Anti-competitive Behavior					
GRI206 Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	1-2 Ethical Business Practices	-	No instances of anti-competitive behavior occurred during the reporting year
Tax					
GRI207 Tax 2019	207-1	Approach to tax	Company Overview	32	
	207-2	Tax governance, control and risk management	1-6 Risk Management	56	
<b>Topic-specific Standards: 300 Series Environmental</b>					
Energy					
GRI302 Energy 2016	302-1	Energy consumption within the organization	2-3 Energy Management	70	
	302-3	Energy intensity	2-3 Energy Management	70	
	302-4	Reduction of energy consumption	2-3 Energy Management	70	
	302-5	Reductions in energy requirements of products and services	2-3 Energy Management	70	
Water and Effluents					
GRI 303 Water and Effluents 2018	303-1	Interactions with water as a shared resource	2-4 Water Resource Management	71	
	303-2	Management of water discharge-related impacts	2-4 Water Resource Management	71	
	303-3	Water withdrawal	2-4 Water Resource Management	72	



GRI Standards Category / Topic	No.	GRI Disclosure Description	Corresponding Section	Page	Omission / Remarks
<b>Topic-specific Standards: 300 Series Environmental</b>					
<b>Emissions</b>					
GRI305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	2-2 Greenhouse Gas Emissions Management	68	
	305-2	Energy indirect (Scope 2) GHG emissions	2-2 Greenhouse Gas Emissions Management	68	
	305-4	GHG emissions intensity	2-2 Greenhouse Gas Emissions Management	68	
	305-5	Reduction of GHG emissions	2-2 Greenhouse Gas Emissions Management	68	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	2-2 Greenhouse Gas Emissions Management	68	
<b>Waste</b>					
GRI306 Waste 2020	306-1	Waste generation and significant waste-related impacts	2-5 Wastewater Management 2-6 Waste Management	73 77	
	306-2	Management of significant waste-related impacts	2-5 Wastewater Management 2-6 Waste Management	73 77	
	306-3	Waste generated	2-5 Wastewater Management 2-6 Waste Management	73 77	
	306-4	Waste diverted from disposal	2-5 Wastewater Management 2-6 Waste Management	73 77	
	306-5	Waste directed to disposal	2-5 Wastewater Management 2-6 Waste Management	73 77	
<b>Environmental Compliance</b>					
GRI307 Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	1-3 Regulatory Compliance	51	
<b>Topic-specific Standards:: 400 Series Social</b>					
<b>Employment 2016</b>					
GRI401 Employment 2016	401-1	New employee hires and employee turnover	3-1 Workforce Composition	87	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3-2 Compensation and Benefits	92	
	401-3	Parental leave	3-2 Compensation and Benefits	95	



GRI Standards Category / Topic	No.	GRI Disclosure Description	Corresponding Section	Page	Omission / Remarks
<b>Topic-specific Standards:: 400 Series Social</b>					
<b>Occupational Health and Safety</b>					
GRI403 Occupational Health and Safety 2018	403-1	Occupational health and safety management system	2-7 Chemical Management 3-5 Occupational Health and Safety	79 99	
	403-2	Hazard identification, risk assessment and incident investigation	3-5 Occupational Health and Safety	99	
	403-3	Occupational health services	3-5 Occupational Health and Safety	99	
	403-4	Worker participation, consultation and communication on health and safety	3-5 Occupational Health and Safety	99	
	403-5	Worker training on occupational health and safety	2-7 Chemical Management 3-4 Training and Development 3-5 Occupational Health and Safety	79 98 101	
	403-6	Promotion of worker health	3-5 Occupational Health and Safety	99	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3-5 Occupational Health and Safety	99	
	403-9	Work-related injuries	3-5 Occupational Health and Safety	100	
	403-10	Work-related ill health	3-5 Occupational Health and Safety	99	
	<b>Training and Education</b>				
GRI404 Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	3-4 Training and Development	98	
<b>Diversity and Equal Opportunity</b>					
GRI405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	1-1 Corporate Governance Structure 3-1 Workforce Composition	42 83	
	405-2	Ratio of basic salary and total remuneration of women to men	3-2 Compensation and Benefits	92	
<b>Non-discrimination</b>					
GRI406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	3-6 Anti-Harassment Policy	102	
<b>Freedom of Association and Collective Bargaining</b>					
GRI407 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	3-3 Employee Relations	97	
<b>Supplier Social Assessment</b>					
GRI414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	1-4 Supply Chain Oversight	52	



## Sustainability Accounting Standards Board (SASB) Index

Following the SASB Standards framework, Nien Hsing Textile applies the “Apparel, Accessories & Footwear” industry standard as the basis for our sustainability disclosures, reflecting the characteristics of our business operations.

Topic	Code	Metric	Corresponding Section	Page
Activity Metric	CG-AA-000.A	Number of Tier 1 and non-Tier 1 suppliers	1-4 Supply Chain Oversight	52
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to ensure compliance with regulations governing restricted substances	2-7 Chemical Management	79
	CG-AA-250a.2	Discussion of processes to evaluate and manage chemical-related risks and hazards in products	2-7 Chemical Management	79
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of 1. Tier 1 supplier facilities and 2. non-Tier 1 supplier facilities in compliance with wastewater discharge permits and/or contractual agreements	Not applicable, as cotton cultivation does not generate wastewater	-
	CG-AA-430a.2	Percentage of 1. Tier 1 and supplier facilities 2. non-Tier 1 supplier facilities that have completed the Higg FEM environmental module assessment or equivalent environmental data assessment	Not applicable, as cotton suppliers are outside the Higg FEM assessment scope	-
Labor Conditions in the Supply Chain	CG-AA-430b.1	1. Percentage of Tier 1 suppliers verified for compliance with labor standards 2. Percentage of non-Tier 1 suppliers verified for compliance 3. Percentage of audits conducted by third-party auditors	All cotton suppliers are certified under sustainability standards such as BCI (Better Cotton Initiative), USCTP (U.S. Cotton Trust Protocol), and CMiA (Cotton made in Africa), ensuring full compliance with labor standards.	-
	CG-AA-430b.2	Supplier compliance status 1. Non-compliance rate 2. Approval rate of corrective action plans	All suppliers are in compliance	-
	CG-AA-430b.3	Description of significant labor, environmental, health, and safety risks identified among suppliers	3-5 Occupational Health and Safety	99
Raw Materials Sourcing	CG-AA-440a.3	Identification and discussion of environmental and social risks, challenges, opportunities, and management strategies related to key raw materials	1-4 Supply Chain Oversight	52
	CG-AA-440a.4	Total volume of key raw materials purchased (tons) and quantities certified to third-party environmental or social standards	In 2024, Nien Hsing purchased a total of 23,969 metric tons of cotton, including 8,226,190 kg certified by BCI, 5,843,973 kg certified by USCTP, and 1,313,000 kg certified by CMiA.	-



## TCFD Disclosure Index for Listed and OTC Companies

Item	Corresponding Section	Page	Remarks
1. Description of the Board’s and management’s oversight and governance of climate-related risks and opportunities.	2-1 Sustainability Strategy and Risk Oversight	61	
2. Description of how identified climate risks and opportunities affect the company’s business, strategy, and financial performance (short-, medium-, and long-term).	2-1 Sustainability Strategy and Risk Oversight	64	
3. Description of the financial impacts of extreme weather events and transition actions.	2-1 Sustainability Strategy and Risk Oversight	64	
4. Description of how processes for identifying, assessing, and managing climate risks are integrated into the overall risk management framework.	2-1 Sustainability Strategy and Risk Oversight	64	
5. If scenario analysis is applied to assess climate resilience, disclose the scenarios, parameters, assumptions, analytical factors, and major financial implications considered.	-	-	Not yet developed
6. If transition plans are in place to manage climate-related risks, disclose their content and the indicators and targets used to identify and manage both physical and transition risks.	2-1 Sustainability Strategy and Risk Oversight	64	
7. If an internal carbon pricing mechanism is used, disclose the methodology and basis for determining the carbon price.	-	-	Not yet developed
8. If climate-related goals have been set, disclose the scope of activities covered, GHG emission boundaries, target timeline, and annual progress. If carbon offsets or renewable energy certificates (RECs) are used to achieve these goals, specify their sources and quantities.	2-1 Sustainability Strategy and Risk Oversight	64	
9. Status of greenhouse gas inventory and third-party assurance.	2-2 Greenhouse Gas Emissions Management	68	



# Greenhouse Gas Verification Statement



Statement No.: VB018-114017

## Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2024 of

### NIEN HSING TEXTILE CO., LTD.

13F, No.306, Sec. 1, Neihu Rd., Neihu District, Taipei 114, Taiwan (R.O.C.)

No. 119-3, Xiaofuwei, Houlong Township, Miaoli County 356003, Taiwan (R.O.C.)

Land Numbers 1993 and 1994, Kulingjiao Sec., Dongming VII., Houlong Township, Miaoli County 356, Taiwan (R.O.C.)

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

### ISO 14064-1:2018

As a result of carrying out verification procedures in accordance with ISO 14064-3:2019, it is the opinion of CPC with reasonable assurance that:

- The Greenhouse Gas Emissions with NIEN HSING TEXTILE CO., LTD. for the period from 2024-01-01 to 2024-12-31 was verified.
  - Direct greenhouse gas emissions 5,331.7231 tonnes of CO<sub>2</sub> equivalent.
  - Indirect greenhouse gas emissions from imported energy 4,903.4322 tonnes of CO<sub>2</sub> equivalent.
- No material misstatements for the period from 2024-01-01 to 2024-12-31 Greenhouse Gas Emissions calculation were revealed.
- Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.

The other selected indirect GHG emissions listed in the attached table on the next page were also reported and thus verified with limited assurance, and data quality was not considered unacceptable in meeting the principles as set out in ISO 14064-1: 2018.



For and on behalf of CPC:

*Rock Asu*

Chairman

Release date: 2025-07-03

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Statement No.: VB018-114017

The greenhouse gas emissions information reported by the organization for the period from 2024-01-01 to 2024-12-31 are as follows:

The version of GHG report	V7	The version of GHG Inventory	V3
Emissions		t-CO <sub>2</sub> e	Remark
<b>Category 1: Direct GHG emissions and removals</b>			
1.1	Direct emissions from stationary combustion	5,276.8368	-
1.2	Direct emissions from mobile combustion	23.7551	-
1.3	Direct process emissions and removals arise from industrial processes	0.1100	-
1.4	Direct fugitive emissions arise from the release of greenhouse gases in anthropogenic systems	31.0212	-
1.5	Direct emissions and removals from Land Use, Land Use Change and Forestry	-	N/A
<b>Category 2: Indirect GHG emissions from imported energy</b>			
2.1	Indirect emissions from imported electricity	4,903.4322	-
2.2	Indirect emissions from imported energy	-	N/A
<b>Category 3: Indirect GHG emissions from transportation</b>			
3.1	Emissions from Upstream transport and distribution for goods	-	-
3.2	Emissions from Downstream transport and distribution for goods	-	-
3.3	Emissions from Employee commuting includes emissions	-	-
3.4	Emissions from Client and visitor transport	-	-
3.5	Emissions from Business travels	-	-
<b>Category 4: Indirect GHG emissions from products used by organization</b>			
4.1	Emissions from Purchased goods	-	-
4.2	Emissions from Capital goods	-	-
4.3	Emissions from the disposal of solid and liquid waste	-	-
4.4	Emissions from the use of assets	-	-
4.5	Emissions from the use of services that are not described in the above subcategories (consulting, cleaning, maintenance, mail delivery, bank, etc.)	-	-
<b>Category 5: Indirect GHG emissions associated with the use of products from the organization</b>			
5.1	Emissions or removals from the use stage of the product	-	-
5.2	Emissions from downstream leased assets	-	-
5.3	Emissions from end of life stage of the product	-	-
5.4	Emissions from investments	-	-
<b>Category 6: Indirect GHG emissions from other sources</b>			
-	-	-	-

\*N.S. : Non significant

The China Productivity Center is independent of the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purposes of verifying its statements relating to its carbon emissions more particularly described in the scope. It was not prepared for any other purpose. The China Productivity Center will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by the China Productivity Center of information presented to it by the above named client. The review does not extend beyond such information and is solely based on it. In performing such review, the China Productivity Center has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above named client only.

Lead Verifier: *蔡仲慶* (Signature)

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