Nien Hsing Textile Co., Ltd.

2025

ESG Report

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About

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About This Report

We appreciate your interest in the 2025 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 Quality Management

While this report has not undergone third-party verification for the entire content, all of the information and data were provided by the responsible departments of each factory, compiled and edited by the Sustainability Task Force with approval of and amendments by supervisors, and resolved at the Board of Directors prior to issuance.
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, 2025, to December 31, 2025, aligning with our annual report. The report was published in August 2026, and an annual sustainability report will be published every August and made publicly available on our official website.

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Management Philosophy

For nearly 40 years since the 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

Looking back at 2025, the global economic environment remained highly uncertain. With the unrelieved geopolitical conflicts, regional warfare continuously impacts the stability of energy and raw material supply. Simultaneously, inflation caused by trade policy adjustments and stringent tariff barriers of countries has put more pressure on order-taking, production, and delivery management. Facing various challenges, the Company continuously strengthens our operational flexibility and prudently adapts to market changes to maintain a stable growth momentum.

Amid unpredictable economic shifts and climate impacts, the Company upholds the philosophy of stable operation, continuously deepens core competitiveness, and actively promotes carbon reduction initiatives. By improving energy efficiency, increasing the use of renewable fuels, and upgrading energy-efficient equipment, we are steadily moving toward our net-zero transition 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 deeply believe that fulfilling corporate social responsibility and valuing employee well-being are essential to the sustainable development of an enterprise. We are dedicated to cultivating a work environment of gender equality and diverse inclusion while continuously optimizing employee benefit systems and internal training programs to elevate overall work satisfaction and organizational cohesion. Additionally, the Company actively engages in community care and public welfare activities, 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** 陳成翰 **President** 繁哲軒

Advancing the United Nations Sustainable Development Goals (SDGs)



- Free annual health screenings are arranged for all employees .
- Comprehensive chemical and pollution management is implemented across all factories with the reinforcement of occupational safety education to prevent accidental exposures.
- Production sites in Lesotho regularly undergo third-party environmental hygiene surveys to maintain safe working conditions.



- In 2025, 110 employees and 24 managers participated in approximately 730.5 hours of internal and external training, including 74.5 hours of finance-related courses and 90.5 hours of sustainability-courses. In addition, subsidies totaling NT$37,700 were provided to assist 2 managers in obtaining Class A Occupational Safety and Health Supervisor certifications and 1 employee in obtaining a first aid certification. By integrating diverse learning resources, employees expand their knowledge, enhance professional skills, and apply their learning to practical tasks, improving work performance and efficiency.



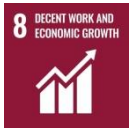
- Women accounted for 65.43% of Nien Hsing's workforce in 2025, with women holding 22% of managerial positions at section level or higher.
- In November 2021, work regulations were revised to enhance female worker protections and establish procedures for preventing and addressing workplace sexual harassment.
- Nursing rooms are available at both the Company headquarters and factories, providing comfortable and private spaces for employees.



- The Mexico textile mill partnered with the local water utility to construct a wastewater treatment facility, purifying the domestic sewage from Victoria for the use within the plant. Currently, a 99% usage rate of reclaimed municipal wastewater has been used.
- 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.



- The use of biofuels was increased. The Vietnam Ninh Binh plant has partly used biofuels since 2021. The production sites in Lesotho adjusted the specifications with biofuel suppliers and commenced combustion tests in 2025.



- Offer comprehensive salary structures and strong employee benefits.
- Implement International Labour Organization (ILO) standards and principles. In Vietnam, Nien Hsing promotes the "Better Work" program to actively improve labor conditions in developing countries.



- The Company prioritizes individual professional competencies and work attitude during recruitment and does not treat individuals differently, provide them with privileges, or discriminate against them based on gender, sexual orientation, age, race, skin tone, nationality, religion, disability, marital status, or political party affiliation. This is to ensure that every employee receives fair treatment and corresponding respect at the workplace.



- Utilize cotton certified under the Recycled Claim Standard (RCS) and Organic Content Standard (OCS).
- Introduced the Karl Mayer BLUEDYE eco-friendly dyeing equipment from Germany, which reduces chemical usage, doubles dyeing efficiency, and decreases water consumption by 50%.
- In 2025, the waste generation intensity decreased by 9% at the Lesotho textile mill and 2% at Lesotho garment mill, compared with the prior year.



- Conduct annual greenhouse gas inventories for all plants and implement reduction measures.
- Gradually replace high-energy-consuming equipment to lower carbon emissions.
- 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.
- In 2025, the Company participated in the Manufacturer Climate Action Program (MCAP) of Cascale. With 2022 as the baseline year, we aim to reduce 51.59% of emissions by 2030.



- 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.
- Follow action policies consistent with the Responsible Business Alliance (RBA) to ensure fair treatment and respect for all employees
- Company communications are delivered in local languages, so employees fully understand relevant information.
- Complaint channels, including an online platform, are provided for employees to report concerns.

Material Topic Assessment

Stakeholder Identification and Materiality Process

Stakeholder Identification

In accordance with the AA1000 SES: 2015 (AA1000 Stakeholder Engagement Standard, SES), Nien Hsing identified five key stakeholder groups, including shareholders, customers, employees, suppliers, and government agencies, based on five principles—dependency, responsibility, influence, diversity of perspectives, and tension.

Collection of Sustainability Topics

The Sustainable Operation Division compiled 19 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.

Survey of Stakeholder Concern

The “Nien Hsing Textile Stakeholder Sustainability Topic Concern Survey” was conducted to assess stakeholder interest in the 19 topics and understand their priorities. 105 questionnaires were collected, all valid.

Impact Assessment of Topics

Members of the Sustainable Operation Division and the senior managers assessed each topic's impact and risks on the Company's operations and on the external economic, environmental, and social conditions. Through discussions and compilation, the impact level of the 19 material topics on the Company were confirmed.

Determination of Material Topics

A materiality matrix was created combining “Stakeholder Concern” and “Company Impact” to identify material topics. The 19 significant topics were refined into 6 key material topics.

Disclosure and Review of Material Topics

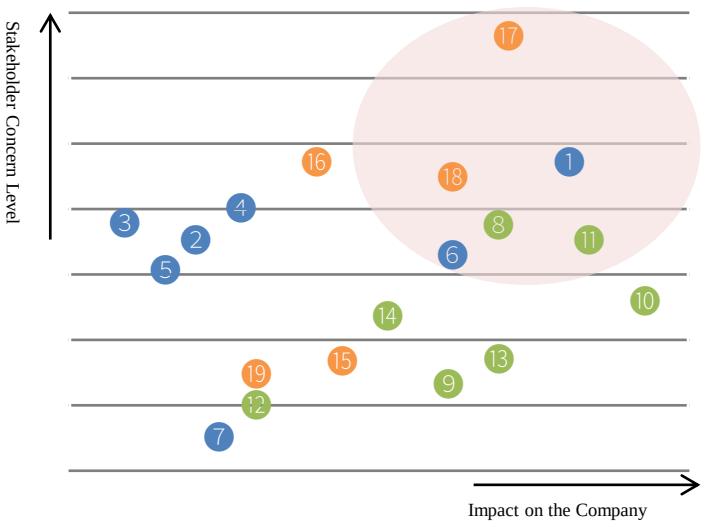
Nien Hsing Textile establishes management policies and objectives for each material topic. The Sustainable Operation Division regularly oversees implementation, and relevant information is disclosed in the annual Sustainability Report.

Sustainability Topics

In response to the external environment and the changing times, the Company reviews and updates questionnaire contents every three years to ensure the appropriateness and timeliness of the topics.

Corporate Governance	1.Regulatory compliance 2.Supply chain oversight 3.Customer relationship management 4.Risk management 5.Operational performance and strategy 6.Productivity management 7.Technical innovation, research, and development
Environmental Sustainability	8.Climate change and extreme weather 9.Low-carbon development 10.Water resources management 11.Environmental management 12.Development of sustainable environment trends 13.Climate information disclosure and greenhouse gas management 14.Energy management
Employee Well-Being	15.Talent attraction and development strategy 16.Human rights and co-prosperity 17.Occupational safety and health management 18.Labor relations 19.Social care

Materiality Matrix



The material topics identified for 2025 are summarized below:

Corporate Governance	1.Regulatory compliance 6.Productivity management
Environmental Sustainability	8.Climate change and extreme weather 11.Environmental management
Employee Well-Being	17.Occupational safety and health management 18.Labor relations

	Corporate Governance	
Material Topic	Regulatory Compliance	Productivity Management
Impact Type	Positive/Actual	Negative/Potential
Description	The Company complies with the laws and regulations related to corporate governance, environment, and society stipulated by the government to avoid additional fines as a result of violations.	Plans and improvement measures are arranged targeting factors affecting production efficiency (e.g., aging equipment).
Value Chain Impact	Nien Hsing	Nien Hsing
Management Approach	The Company rigorously complies with all regulations applicable to our operating regions, including labor protection, waste management, environmental preservation, and occupational health and safety standards, ensuring operational compliance.	Aging equipment and energy-consuming machines are assessed for renewal on an annual basis.
Corresponding Section	Regulatory Compliance	Energy Management

	Environmental Sustainability	
Material Topic	Climate Change and Extreme Weather	Environmental Management
Impact Type	Negative/Potential	Positive/Actual
Description	This section refers to climate events (such as typhoons, floods, droughts, and high temperatures) leading to suspended water supply, flooding, or unstable power supply, which further affect the Company's operations.	Air pollution control, waste treatment and reduction, and the chemical management of products.
Value Chain Impact	Upstream/Nien Hsing/Downstream	Nien Hsing
Management Approach	Real-time monitoring and daily reserve is implemented to ensure a timely evacuation in the event of a disaster and to keep production lines unaffected.	The Company adheres to the applicable laws of each country when managing air pollution, waste, and chemicals. Through internal and external educational training, we ensure the implementation of environmental management.
Corresponding Section	Energy Management, Water Resource Management	Wastewater Management, Waste Management, and Chemical Management

	Employee Well-Being	
Material Topic	Occupational Safety and Health Management	Labor Relations
Impact Type	Positive/Actual	Positive/Actual
Description	This section refers to the safety control and the prevention of work-related injuries in the workspace to safeguard employees' physical and mental well-being and safe work environment.	Relevant measures include labor-management communication channels, the handling of labor-management disputes, and the establishment of a friendly work environment.
Value Chain Impact	Nien Hsing	Nien Hsing
Management Approach	Targeting matters associated with the safety and health of each factory and employee health, the Company develops occupational injury prevention plans and arranges for third-party verification annually to ensure the compliance with local laws and the alignment with customer requirements.	The Company holds quarterly labor-management meetings to provide an effective forum for labor-management communication, foster the exchange and coordination of opinions between both parties, and establish a harmonious and stable work environment.
Corresponding Section	Occupational Safety and Health Management	Employee Relations

Stakeholder Engagement

Stakeholders	Relationship with Nien Hsing	Communication Channels / Frequency
Shareholders	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.	• Shareholders' meeting, Annual Report/Annually • Investor conferences/Annually • Market Observation Post System/Per regulations • Company website/As needed • Bank visits and credit reviews/As needed • Sustainability Report/Annually • "Stakeholder Sustainability Issue Survey"/Annually
Customers	Customers are the most important stakeholders of the Company. We are committed to providing products with stable quality and excellent service, with a goal of improving customer satisfaction.	• Mail/As needed • Phone calls/As needed • Quarterly meetings/Quarterly • Business visits/Quarterly • Factory visits/As needed • Company website/As needed • Sustainability Report/Annually • "Stakeholder Sustainability Issue Survey"/Annually
Employees	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.	• Employee training/As needed • Labor-management meetings/As needed (per site) • Internal mailbox/As needed • System announcements/As needed • Internal meetings/As needed • Performance review and interview/Annually • Sustainability Report/Annually • "Stakeholder Sustainability Issue Survey"/Annually
Suppliers or Contractors	The Company establishes stable and long-term partnership with suppliers and foster mutual growth through constant communication and collaboration.	• Mail/As needed • Phone calls/As needed • Negotiation meetings/As needed • Audit/Annually • Sustainability Report/Annually • "Stakeholder Sustainability Issue Survey"/Annually
Government Agencies	Nien Hsing complies with government laws and regulations, stays aligned with new policies, and actively cooperates to maintain robust corporate governance.	• Official correspondence/As needed • Market Observation Post System/Per regulations • Government inspections/As needed • Briefings/As needed • Seminars/As needed • Forums/As needed • Public hearings/As needed • Phone calls/As needed • Email/As needed • Sustainability Report/Annually



Nien Hsing Textile 2025 ESG Report

Getting to Know Nien Hsing

1

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 our 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 our products and advancing toward a greener business model. On the governance front, Nien Hsing continuously optimizes our organizational structure, implements comprehensive talent development programs, and improves labor conditions across our global production sites. Together with our brand partners, the Company upholds our commitment to environmental protection and sustainable growth.

Basic Company Information

Company Name	**Nien Hsing Textile Co., Ltd.**
Date of Establishment	October 13, 1986
Stock Code	1451
Industry Category	Textile Industry
Head Office Address	13F, No. 306, Section 1, Neihu Road, Neihu District, Taipei City
Main Business	Ring-spun yarn, denim fabric, and garment manufacturing
Major Products	Ring-spun yarn, denim fabric, denim apparel
Sales Volume	4,300 thousand kgs of ring-spun yarn, 18,455 thousand yards of denim fabric, and 983 thousand dozens of denim apparel
Paid-in Capital	NT$1,980,000,000
Number of Employees	7,982

Development Milestones

1988 Established our first textile mill in Taiwan, Houlong Textile Mill, and commenced production.

1991 Founded the first denim garment mill 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 mill 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 Houlong 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 Houlong Plant;
and achieved ISO 14001 certification for the Ninh Binh Plant in Vietnam.

2025 The entire Group participated in the Manufacturer Climate Action Program (MCAP) of Cascale. With 2022 as the baseline year, we aim to reduce 51.59% of emissions by 2030.

Operations and Production Sites

Nien Hsing Textile Co., Ltd. operates an extensive global production network. Apart from the facilities in Taiwan, e.g., Taipei Office and the Sampling Center in Houlong, Miaoli, the Company has established spinning mills, dyeing and weaving plants, and garment factories in overseas locations such as Ninh Binh in Vietnam, Lesotho in Africa, and areas in Mexico. Through vertical integration of our 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.



Taiwan and International Facilities

Nien Hsing Textile Co., Ltd.

No.119-3, Xiafuwei, Dongming Village, Houlong Township, Miaoli County, Taiwan

Core Operations/Production: Sampling and production of denim garments

Taipei Office

13F, No.306, Section 1, Neihu Road, Neihu District, Taipei City, Taiwan

Core Operations/Production: 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

Core Operations/Production: Denim fabric processing and manufacturing

Formosa Textile Co.,（PTY）LTD

827 Thetsane Industrial Area, Maseru 100. Lesotho

Core Operations/Production: Production of denim fabrics and ring-spun yarn

Nien Hsing International Lesotho Ltd（PTY）

Site No.009 Thetsane Industrial Area Maseru 100. Lesotho

Core Operations/Production: 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

Core Operations/Production: 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
Taiwan Weaving Industry Association	Member

Product, 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 62%, denim fabrics 29%, and ring-spun yarn 9%.

The adjustments of the U.S. tariff policy and the escalating geopolitical conflicts in 2025 have fluctuated global sustainability policies and economic condition. The Company closely monitors international political and economic developments, proactively prepares, and ensures operational stability while steadily advancing our sustainability objectives.

2025 Sales Overview

Regional Sales Distribution by Major Product (Past Two Years)

Unit: %

Denim Fabric	Americas	Asia	Africa	Others	Total
2025	87.61	0.36	12.03	0	100.00
2024	66.34	17.73	14.32	1.61	100.00

Unit: %

Denim and Casual Apparel	Americas	Asia	Africa	Others	Total
2025	74.68	3.55	12.07	9.70	100.00
2024	75.32	2.67	9.84	12.17	100.00

Unit: %

Ring-Spun Yarn	Americas	Asia	Africa	Others	Total
2025	0	0	100.00	0	100.00
2024	0	0	100.00	0	100.00

Based on statistics from the U.S. Customs Service, imports of woven cotton trousers reached 34,623,105 dozens in 2025 and 31,665,917 dozens in 2024. Nien Hsing's sales to the North American market during the same periods were 777,764 dozens and 695,201 dozens, representing 2.25% and 2.20% of total U.S. imports, respectively.

Financial Overview

Unit: NT$ Thousand

	2025	2024
Current asset	5,396,609	5,832,947
Long-term investment	1,836,868	930,186
Property, plant and equipment	908,946	1,017,875
Other assets	550,165	643,578
Total assets	8,692,588	8,424,586
Current liabilities	971,328	964,163
Non-current liabilities	354,513	331,209
Total liabilities	1,325,841	1,295,372
Equity attributable to owners of parent company	7,366,747	7,129,214
Share capital	1,980,000	1,980,000
Additional paid-in capital	419,716	419,716
Retained earnings	5,474,772	5,215,706
Exchange differences on translation of the financial statements	-464,840	-464,974
Unrealized gains and losses from equity instruments at FVOCI	-42,901	-21,234
Total equity	7,366,747	7,129,214

Note: The Consolidated Financial Statements for 2025 and 2024 have been audited and attested by accountants.

Sustainability Initiatives

To reduce the impact of the production chain on the ecological environment, the Company actively develops and selects processed products with environmental protection value from raw materials, and manufacturing processes to post-processing. Additionally, the Company 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.

For example, in addition to the introduction of the BCI, USMCA, and CmiA systems to cotton, factories have also successively obtained certifications in RCS, OCS, and OEKO-TEX. These standards may be used to verify the content of organic and recycled materials in the final products. There is a credible third-party organization to validate during the process of tracing from the source of raw materials to the final products.

The dyeing process has also been changed to water-saving and recyclable liquid indigo, by leading the industry, the Company works with European dye suppliers to jointly develop and test the dyeing process without salt waste, to further reduce pollution to the earth’s environment. In 2022, the Company purchased the environmental protection dyeing equipment, GREENDYE, from Karl Mayer in Germany, of which the excellent performance is based on the adoption of nitrogen (NOX) technology to control the chemical dyeing process. In the NOX reactor, the indigo dye has enough time to undergo oxidation and attach to the fiber compound materials, while also increasing the concentration of indigo in the dye bath, allowing yarns to absorb three times more dye than traditional processes. Moreover, the design of the dyeing vat also provides various advantages, such as the indigo circulation system with high flow rate and low rotation speed, and the design to prevent turbulent flow of dye liquor and surface foaming, which greatly reduces the consumption of chemicals. Furthermore, this process reduces the use of main pollutants, bisulfite and caustic soda, not only saving costs up to 50%, but also reducing final wash water consumption by 50%. Thanks to the NOX reactor, the GREENDYE technology only needs three dyeing vats (nine dyeing vats in the traditional process); therefore, less water is needed to obtain the same indigo dyeing effect. The washing step also becomes more economical due to the better adhesion of the indigo dye to the fibers. As the overall length of the GREENDYE machine is two-thirds shorter than traditional indigo dyeing machines, the amount of wasted yarn is also reduced.
Reduction of daily water, chemical consumption, wastewater, and waste yarn, optimizes not only the environmental balance but also the production costs of indigo dyeing. In addition, the GREENDYE system requires less space due to its shorter design. In this case, with the same output, the maintenance and operation time is shorter, which further enhances production efficiency.

Apart from the manufacturing optimization mentioned above, the Company has further invested in the latest equipment from Italy for fabric finishing processes, using low-chemical-loss physical finishing to replace traditional mercerization that relies on strong alkalis. This approach helps reduce energy consumption and wastewater pollution, enhance product quality, and mitigate damages to the environment.

Certification Body	Certification Overview
Higg Index	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.
Organic Content Standard / Recycled Claim Standard	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.
OEKO-TEX®	The Lesotho facility and the Mexico textile mill are certified annually 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.
WRAP	The Lesotho facility achieved GOLD-level certification from Worldwide Responsible Accredited Production (WRAP), 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.
ISO 14001:2015	The Ninh Binh garment mill in Vietnam obtained ISO 14001 Environmental Management System certification in 2022, marking a significant step toward more sustainable production.
ISO	In Taiwan, the Company completed the ISO 14064-1 greenhouse gas inventory certification for 2025, 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.

Future Trend and Development

As the frequency of abnormal weather phenomena has increased in recent years due to global warming, the textile industry must enhance the functionality of its products to improve competitiveness. As a result, the introduction of functional fibers is the focus of the Company's research and development. For spring and summer and to respond to consumers' demand, the Company focuses on the research and development of moisture-wicking and temperature-controlled fabrics, using environmentally friendly materials such as interwoven fibers blending naturally grown Manila flax/FSC recycled paper fiber. In addition to the natural feel, it also has fast moisture-wicking and antibacterial functions. For autumn and winter, the Company focuses on the research and development of thermal insulation fabrics and adds passive thermal insulation materials such as Sorbtek365, Cotton Like, and AcrylicWool. Moreover, the hand feeling and the warmth retention are improved with the brushed effect on the back.

The Company has conducted the following development and testing for 2025:

- Fiber dyeing technologies (e.g., Tencel Future Indigo, Modal Color, etc.) are adopted to dye the Tencel or Modal fibers, not only improving color fastness but also reducing energy consumption and pollution.
- Combining natural fibers such as wool, flax, kapok, and paper fibers with artificial functional yarns, we have developed multifunctional fabrics with comfort, functionality, and environmental friendliness to respond to the ever-changing climates and market demands.
- A black laser-friendly dyeing method has been developed, enabling black fabrics that are generally difficult to present laser effects to have better peeling and three-dimensional effects during laser processing in washing.
- We have tested a variety of new sustainable fibers, such as Regen spandex, bio-based spandex made from corn by-products, LYCRA® XFIT fabric technology, and Hemp fiber, to develop samples and assess their feasibility in market application.
- By reusing the recycled raw materials certified by the RCS in the factory, we further enhance the added value.

Under the trend where global consumers pursue products of comfort, fashion, high added-value, and environmental protection demands, denim products are gradually developing toward the direction of sophistication, functionality, and eco-friendliness. By combining artificial fibers with natural cotton and incorporating various dyeing effects to create diverse product mixes, which is followed by special post-processing, denim fabrics can achieve both a traditional and rough appearance, and a modern and soft touch. Regardless of consumer preferences, it is undeniable that jeans remain unwavering in the world of fashion apparel. The variety of cuts and washing make jeans the best fashion indicator to express one's unique style.

The Company has actively developed products and adjusted the supply chain depending on consumer needs. By vertically integrating the R&D team and focusing on the three core aspects of fabric development, washing technology, and garment design, the Company fully leverages the advanced spinning and dyeing technologies at the upstream sector, pairing with the garment design and special washing processing at the downstream sector, to simultaneously improve manufacturing processes and make efforts in green environmental, energy conservation, and waste reduction. Furthermore, we have established a professional plate-making office and development center to quickly adapt to the diverse and ever-changing fashion trends in the denim market.



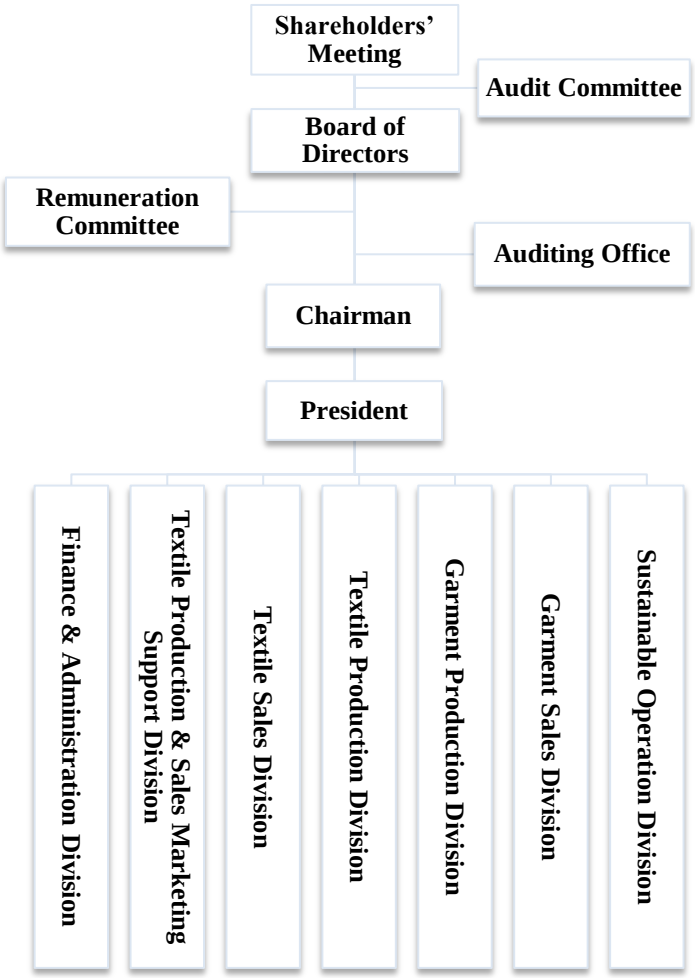
Nien Hsing Textile 2025 ESG Report

Corporate Governance

Governance Structure
Ethical Business Practices
Regulatory Compliance
Supply Chain Oversight
Customer Relationship Management
Risk Management

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
	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, and investment development
	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 our 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 judgement, accounting and financial analysis, business management, crisis response, industry knowledge, global market perspective, leadership, strategic decision-making, and risk management. The Company has at least one director, who possesses legal expertise and practical experience, and at least three directors, who possess professional knowledge and practical experience in finance and accounting.

In addition to reviewing each director's academic background and professional experience for the consideration of Board composition, 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. The Company's 14th Board is composed of 9 directors, including 3 independent directors. 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, Rong-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-Hong Hung has significant legal practice experience. The composition background of the Company's Board members is as follows: Employee directors make up 44% of the Board, and independent directors account for 33%. 2 directors are under 50 years old; 3 directors are between 51 and 60 years old; and 4 directors are between 61 and 70. All 3 independent directors have served between 4 to 6 years.

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.

Director Remuneration Policy

The ratio of the total remuneration paid by the Company and by all consolidated entities for the recent two years to Directors, President, and Vice President in the Standalone Financial Statements of the Company net profit:

Unit: NT$ Thousand

	2024		2025	
	Total Remuneration	Percentage of After-Tax Net Profit (%)	Total Remuneration	Percentage of After-Tax Net Profit (%)
Directors	9,465	3.91	9,380	2.69
President and Vice President	12,240	5.05	9,363	2.68

Pursuant to Article 20 of the Company's Articles of Incorporation, regardless the profit or loss, the remunerations of the Directors are based on their degree of participation and contribution to the Company's operations, while referring to peers' standards. In addition, the Remuneration Committee of the Company presents its recommendations and authorizes to the Board of Directors for determining the remuneration. Net income after tax for 2025 increased compared with 2024; therefore, the ratio of the total remuneration of the Company's directors, the President, and Vice Presidents to the net income after tax in the parent company only financial statements for 2025 decreased compared with 2024.

The remuneration of the Company's executives is clearly defined in accordance with the Company's Salary Management Regulations to recognize and reward employees for their efforts and contributions at work. Relevant bonuses are also paid based on the Company's annual business performance, financial status, operating conditions and individual performance. The Company sets annual targets, and bonuses for executives are based on the performance evaluation results.
The reasonableness of the performance appraisal and remuneration of the Company's executives is regularly assessed and reviewed by the Remuneration Committee and the Board of Directors every year. In addition to the evaluation of individual performance appraisal results and contributions to the Company, the Company's overall operating performance, industry future risks and development trends are comprehensively taken into account. The Company also reviews the remuneration system, with adjustments made in accordance with the actual operating conditions and relevant laws and regulations. Moreover, with the comprehensive considerations of the current corporate governance trends, reasonable remuneration is paid to seek the balance between the sustainable operation and risk control.

The review of the payment standards and system related to the Company's remuneration policy takes the overall operation of the Company as the main consideration and determines the payment standard based on financial indicators and non-financial indicators, to improve the overall organizational team effectiveness of the Board of Directors and management departments. In addition, reference is made to the remuneration standards in the industry to ensure that the remuneration of the Company's management is competitive in the industry, in order to retain outstanding management talents.

Composition and Roles of the Board Members

Title	Name	Gender	Major Education and Expertise	Current Positions at the Company and Other Companies
Chairman	Panda Investment Co., Ltd. (Note 1) Representative: Wei-Han Chen	- Male	- Department of Business Administration and Sport Management, Southern Methodist University	Not Applicable 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) Representative: Jen-Chou Chen	- Male	- Researcher, Barits Securities Corporation Department of Business Administration, University of Southern California	Not Applicable 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, Advanced Echem Materials Company Limited. International Business Management, National Taiwan University	Note 10

Note:
1. 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.
2. 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.
3. 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.
4. 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.
5. 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; Supervisor of Sheng Zhou Investment Co., Ltd, Chu Chen Investment Co., Ltd., and Jing-Hsia Investment Co., Ltd.
6. 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.
7. Jih-Chao Li was elected as a Director on June 13, 2023.
8. CPA at ACCPRO Accounting Firm; Supervisor of Star Era International Co., Ltd.
9. Lawyer and Head of Honga Law Firm; Chairman of Justice and Human Rights Foundation; Chairman 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.
10. Independent directors of Biostar Microtech Int'l Corp., Champion Microelectronic Corp., and Catcher Technology Co., Ltd., a director of Yen Wen Asset Management Consulting Co., Ltd., and corporate director representatives of iCatch Technology Inc., Sunplus Technology Co., Ltd., Advanced Echem Materials Company Limited, Hiyes International Co., Ltd., Oleader Technologies Co., Ltd., e-Ray Technology Co., Ltd., TSS2 Holdings Limited, Advanced Echem Materials (Japan) Company Limited, Feng Huang Qi Venture Capital Co., Ltd., and Advanced Pao Trusval Technology Co. , Ltd.

Operations of the Board of Directors

Total 9 meetings (A) were convened by the Board of Directors in 2025. 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	9	0	100	Re-elected on June 13, 2023
Director	Shu-Hsuan Tsai	8	1	89	Re-elected on June 13, 2023
Director	Chu Chen Investment Co., Ltd. Representative: Jen-Chou Chen	8	1	89	Re-elected on June 13, 2023
Director	Tai-Yuan Chou	8	1	89	Re-elected on June 13, 2023
Director	Jih-Chao Li	9	0	100	First elected on June 13, 2023
Director	Rong-Hwa Fang	9	0	100	Re-elected on June 13, 2023
Independent Director	Chia-Hong Hung	8	1	89	Re-elected on June 13, 2023
Independent Director	Wen-Hsiung Chan	8	1	89	Re-elected on June 13, 2023
Independent Director	Chu-Feng Yang	9	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 2024 year-end performance bonus to executives	The proposal involved in personal interest of a director.	Recused from the discussion and vote.
Wei-Han Chen	Proposal to determine the remuneration of the Chairman, Wei-Han 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 2025. Attendance of each member is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance (%)【B/A】	Remarks
6th Term Convenor	Wen-Hsiung Chan	2	0	100	Re-elected on June 13, 2023
6th Term Committee Member	Chu-Feng Yang	2	0	100	Re-elected on June 13, 2023
6th 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 8 meetings (A) were convened by the Audit Committee in 2025. 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	8	0	100	Re-elected on June 13, 2023
Independent Director	Chia-Hong Hung	7	1	88	Re-elected on June 13, 2023
Independent Director	Wen-Hsiung Chan	7	1	88	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

Board of Directors	· Degree of participation in corporate operations · Quality and effectiveness of decision-making · Composition and structure of the Board · Director selection and ongoing development · Effectiveness of internal controls
Individual Directors	· Understanding of the Company's goals and mission · Awareness of individual responsibilities · Level of involvement in Company affairs · Communication and collaboration within the Board · Professional competence and commitment to continuing education · Oversight of internal controls
Remuneration Committee	· Level of engagement in Company operations · Understanding of committee responsibilities · Quality and effectiveness of decisions · Committee composition and member selection
Audit Committee	· Level of engagement in Company operations · Understanding of committee responsibilities · Quality and effectiveness of decisions · Committee composition and member selection · Oversight of internal controls

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.

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 our 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 2025, 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 our "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 our 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 the 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 2025, 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), with full details of the incident.

Whistleblowing Process

Whistleblowers should provide 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.

1. Submission of Reports	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.
2. Investigation of Facts	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.
3. Case Determination	If the investigation confirms violations of laws, regulations, or the Company's integrity and ethics policies, the individual must immediately cease the misconduct. Appropriate action will be taken, including seeking damages through legal proceedings where necessary, to safeguard the Company's reputation and interests.
4. Documentation and Record Retention	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.
5. Review and Corrective Actions	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.

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 2025, the Company did not have any violations.

Supply Chain Oversight

The Company has a fully vertically integrated production system that spans spinning, dyeing and finishing, weaving, and garment manufacturing. Cotton is our primary raw material, representing 41% of total raw material costs. In 2025, Nien Hsing sourced cotton from 16 suppliers, with 5 major suppliers providing 73% of the Company's annual cotton procurement volume, all classified as tier-one suppliers.

2025 Raw Material Cost Composition

Cotton	DTY	Spandex	Purchased Yarn	Outer Fabric	Lining Fabric	Trims
41%	0%	1%	6%	27%	2%	10%

Washing Materials	Starch / Agents	Dyes / Chemicals
3%	2%	7%

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 mills, 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 our 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 2025, the Company purchased 4,149,163 kilograms of BCI-certified cotton, 1,786,223 kilograms of USCTP-certified cotton, and 300,000 kilograms of CmiA-certified cotton.

To further reduce carbon emissions from product transportation, Nien Hsing actively collaborates with suppliers located near our manufacturing facilities. The Lesotho mill primarily sources African-grown cotton, with 44% from South Africa, 26% from Zimbabwe, 15% from Zambia, and 15% from Brazil. The Mexico mill sources 87% of its cotton from the domestic suppliers in Mexico and 13% from the United States.

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 mill 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 2025, local procurement of trims, such as sewing threads, zippers, and packaging, at our Ninh Binh plant 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.

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



Customer Relationship Management

Nien Hsing's primary brand partners are concentrated in the U.S. market. In recent years, the Company has expanded our reach into Asia and Africa, cultivating long-term and stable partnerships with global brands. Drawing on our strong reputation and extensive experience in denim apparel manufacturing across the Americas, synergized by the current partnership with international giants, and supported by a fully integrated value chain, from spinning, dyeing, and weaving to garment production, the Company 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. Our sales teams actively exchange market insights with customers and regularly track their objectives and requirements for sustainable operations, so that the Company can adjust accordingly and strengthened relevant policies and corresponding measures. Moreover, we share newly developed products each quarter and provide product customization services to enhance product innovation and quality, ensuring we meet and exceed customer expectations.

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 our customer relationship management practices, aiming to build long-term, reliable, and mutually beneficial partnerships with all clients.

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.

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) and the ASEAN–India Free Trade Agreement 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, originally expired on September 30, 2025. U.S. President Trump officially signed the legislation on February 3, 2026, confirming the extension of AGOA to December 31, 2026. This extension has retroactive effect, effective from October 1, 2025. However, upon expiration, it must be renegotiated and obtain extension authorization through the legislative review process, which is expected to increase future operational risks and planning challenges. As a result, the Company's Lesotho garment mill is currently able 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 our 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 Team 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 our 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. In 2025, the Company did not have incidents associated with material information security.

Management Structure

Management Team	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.
Information Security Committee	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.
IT Operations Team	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	1. Established network security protection management systems to ensure the stable operation of internal information systems related to Company operations. 2. Computers on factory production floors operate within closed, independent systems to prevent cybersecurity risks from affecting production lines. 3. All major operational servers are covered under long-term system hardware and software maintenance agreements with professional System Integrators (SI) to ensure the stable operations of information equipment and system platform, mitigate the risks of operational disruption, and provide continuous services of technical support as well as troubleshooting. 4. Internal IT maintenance personnel are well trained in data backup and recovery operations to ensure systems meet operational requirements.
Mail Server System	1. 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.
Cybersecurity Threat Monitoring and Protection	1. 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. 2. Installed firewall equipment at the Company's internal network gateways to manage network access and stop unauthorized connection as well as potential threats. 3. The Company's official website is managed by a web hosting service provider responsible for hardware maintenance and external network security control.
Computer Security Management	1. Both internal and external network connections require dedicated software to access the server host. 2. Logins to the server host are automatically recorded, including date, time, and device name. 3. Each user must have an individual account to access the server host. 4. Daily server file backups are performed. 5. TrendMicro Apex One antivirus software is used on all PCs to protect against known threats.
User Security	1. User account applications, creation, and access permissions are centrally managed by system administrators, who also provide troubleshooting assistance. 2. If a user exceeds the allowed number of password errors when logging into the information system service, his/her account will be locked. The account is unlocked automatically when the suspension period is over, or it can be unlocked manually by a system administrator.



Environmental Sustainability

Sustainability Strategy and Risk Oversight
Greenhouse Gas Emissions Management
Energy Management
Water Resource Management
Wastewater Management
Waste Management
Chemical Management

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

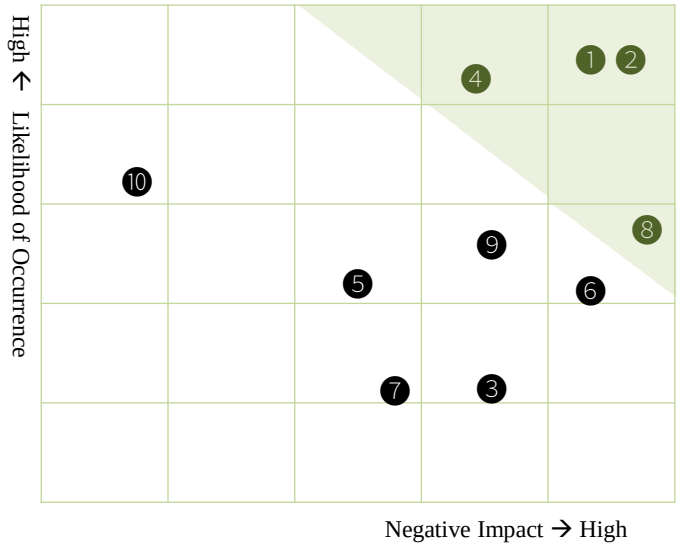
Governance	The Sustainable Operation Division leads the discussion and assessment of climate risk management strategies and reports quarterly to the Board of Directors on the progress, outcomes, and future plans of climate-related initiatives.
Strategy	The Sustainable Operation Division of the Company 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.
Risk Management	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.
Metrics and Targets	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 our 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.

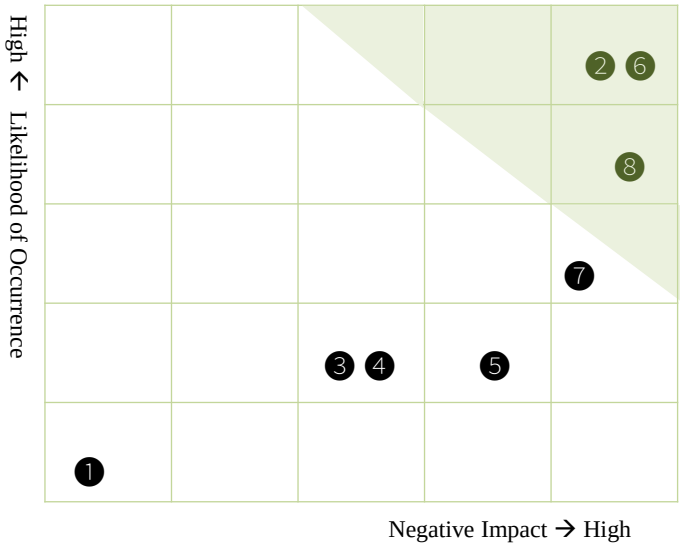
Risk and Opportunity Identification	Consider the TCFD climate-related financial disclosure recommendations, relevant international regulatory guidance, and typical risk and opportunity issues observed in the industry.
Impact Assessment	Assess the potential impact of risks and opportunities on the Company's operations and business, determine their likelihood of occurrence, and construct a climate risk and opportunity matrix.
Project Implementation	The ESG implementation team integrates the climate risk assessments into management practices, develops strategies and countermeasures for identified risks, and provides relevant education and training.
Monitoring	Regularly track the progress of project execution and present quarterly reports to the Board of Directors for review and necessary adjustments.

Major Climate Risk Matrix



1. National Net Zero Emission Goals
2. Stricter Requirements for Climate Information Disclosure and Carbon Reduction
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
8. Systems Related to Reclaimed Water

Major Climate Risk and Opportunity Analysis and Response

Physical Risk	**Long-term** **Greater Severity of Extreme Weather Events such as Typhoons and Floods**
Risk Description	The global weather pattern has become unstable due to climate change, which results in more frequent extreme weather events such as typhoons and floods and more devastating disasters. This may increase the chances of factory shutdown and suspended production lines, further resulting in a decline in revenue.
Financial Impact	Decline in revenue
Management Policy	Anticipating the water resource risks of future global sites using the WRI tool; marking the production sites of high risks (water-shortage) as primary assessing targets; establishing a comprehensive water recycling system at the earliest; and continuously enhancing the wastewater treatment capability within the premises.
Objective	To reach 60% of recycled water usage ratio at the Mexico textile mill by 2030; and to reach 90% by 2050.

Transition Risk	**Policy and Regulation** **National Net Zero Emission Goals**
Risk Description	The shift to a low-carbon economy requires the replacement of energy-intensive equipment and high-carbon fuels with more efficient and cleaner alternatives, which increases capital expenditures and production costs in the short term.
Financial Impact	Increased costs
Management Policy	Expediting the replacement of all high-energy-consuming equipment at domestic and overseas facilities with high-efficiency, energy-saving systems, which in turn can stabilize and reduce energy expenses (e.g., electricity bills); and actively assessing as well as utilizing low-carbon fuels.
Objective	To complete a group-wide evaluation of energy-consuming equipment replacement by 2028; to complete the replacement and renewal of energy-saving equipment by the end of 2030; and to reach the target of Net-Zero Emissions by 2050.

Transition Risk	**Policy and Regulation** **Stricter Requirements for Climate Information Disclosure and Carbon Reduction**
Risk Description	As market and regulatory pressures increase, customers require suppliers to strengthen sustainability and low-carbon performance. Failure to comply may affect orders and market opportunities. In addition, due to sustainability management costs and obtaining relevant certifications, operating costs increased by 0.007%
Financial Impact	Increased costs
Management Policy	Establishing the SOPs of climate risk management as early as possible in accordance with sustainable information disclosure regulations and updated international standards; and arranging for relevant education and training to streamline annual inventories and reduce workload.
Objective	To take annual inventory for the parent company and all global sites starting from 2027; and to conduct annual verification of the parent company and all global sites starting from 2029.

Transition Risk	**Technology** **Rising Costs from Low-Carbon Technology Transition**
Risk Description	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.
Financial Impact	Increased costs
Management Policy	Introducing the BLUEDYE eco-friendly dyeing system developed by Germany's Karl Mayer, which doubles dyeing efficiency and cuts resource consumption by half; and exploring alternative low-carbon fuels.
Objective	To complete a group-wide evaluation of low-carbon fuel replacement by 2028; to cease the usage of coal fuels at the Lesotho factory by the end of 2030; and to reach the target of Net-Zero Emissions by 2050.

Opportunity	**Resource Efficiency** **Energy Management Initiatives**
Opportunity Description	By implementing effective energy management, the Company not only reduces environmental impact but also improves production efficiency and strengthens our reputation as a green enterprise.
Financial Impact	Cost reduction
Management Policy	Implementing an energy management system along with smart electricity and water meters to continuously monitor energy consumption; and making regular adjustments and improvements to optimize efficiency.
Objective	To complete the identification of high-energy-consuming equipment by 2028; to complete the replacement of equipment by the end of 2030; and to search and evaluate feasible renewable energy sources.

Opportunity	**Resource Efficiency** **Systems Related to Reclaimed Water**
Opportunity Description	The establishment of comprehensive reclaimed water systems at each plant increases the number of times each unit of water is used, reduces water withdrawal, and lowers water consumption per unit of output, further realizing sustainable production.
Financial Impact	Cost reduction
Management Policy	Establishing comprehensive reclaimed water systems at each plant: Textile factories have introduced water filtration and circulation systems for sizing-dyeing machines and treatment machines; garment factories have adopted low-liquor ratio washing machines and ozone/decolorization equipment, to increase water recycling and the number of times each unit of water is used.
Objective	To reach 60% of recycled water usage ratio at the Mexico textile mill by 2030; and to reach 90% by 2050.

Opportunity	**Products and Services** **Recycling and Resource Reuse**
Opportunity Description	Leftover fabric scraps from production are recycled into small accessories such as bags and phone straps to minimize raw material waste.
Financial Impact	Revenue growth
Management Policy	Reusing production offcuts to expand product diversity, increase revenues, and reduce manufacturing waste.
Objective	To progress toward achieving zero-waste production.



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 planned to complete annual third-party verification for all domestic and international sites starting from 2029.

In 2022, the Houlong Plant recorded total direct and indirect energy-related GHG emissions of 34,170.774 metric tons of CO_2e. By replacing high-energy-consuming equipment and utilizing biomass fuel, the Plant significantly reduced its GHG emissions. Following the Plant's suspension of operations in 2024, only cleaning and wastewater treatment procedures are performed. Consequently, its carbon emissions have been less than 25000 tons for three consecutive years.

The Company continues to implement energy-saving policies to further reduce group-wide GHG emissions. In 2025, we joined the Manufacturer Climate Action Program (MCAP) of Cascale, setting 2022 as the baseline year (152,843.5708 metric tons CO_2e of group-wide carbon emissions) and expecting to reduce group-wide carbon emissions by 51.59% by 2030. In 2025, the total group-wide emissions were 104,195.9944 metric tons CO_2e, representing a 31.83% of reduction. (Please refer to the description on the next page for the self-calculated data of the overseas facilities.) Additionally, the coal-fired equipment transition in the Lesotho facility is projected to be completed by 2030, where all coal usage is to be eliminated (excluding steam and electricity from local energy network). By 2050, we aim to reach the target of Net-Zero Emissions.
Aside from reducing self-generated carbon emissions, we have also adopted the DHL's GoGreen Plus transportation solution, which utilizes Sustainable Aviation Fuel (SAF) to lower carbon emissions from logistics. In 2025, we used 6.2 metric tons of Sustainable Aviation Fuel, reducing 20.26 metric tons CO_2e. Looking ahead, we will aim to increase the use of sustainable logistics to continuously reduce carbon emissions and upgrade our sustainable competitiveness.

Greenhouse Gas Emissions of the Parent Company

	2024		2025	
	Taipei Office	Taiwan Houlong Plant	Taipei Office	Taiwan Houlong Plant
Direct GHG Emissions (metric tons CO2e/year)	3.8872	5,327.8359	4.2452	69.4070
Indirect GHG Emissions from Energy (metric tons CO2e/year)	189.2178	4,714.2144	183.9110	427.8066
Total Emissions (metric tons CO2e/year)	**193.105**	**10,042.0503**	**685.370**	
Production Volume (square yards)	-	7,650,035.5	-	-
Emission Intensity per Unit of Production (metric tons CO2e/square yard)	-	0.0013	-	-

Note:
1. Greenhouse gases included in the inventory are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6), and nitrogen trifluoride (NF_3).
2. The GHG inventory follows the ISO 14064-1 standard and the guidelines published by Taiwan's Ministry of Environment, adopting the "operational control approach."
3. The Houlong Plant uses 2022 as its baseline year, while the Taipei Office uses 2023.
4. 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.
5. For 2024 and 2025, the calculation applied emission factors announced by the Ministry of Environment on February 5, 2024.
6. Global Warming Potentials (GWPs) were based on the IPCC Fifth Assessment Report (2013).
7. The electricity emission factors are updated annually by the Bureau of Energy, Ministry of Economic Affairs. The factor was 0.474 kg CO_2e/kWh in 2024 and 0.466 kg CO_2e/kWh in 2025.
8. Both the Taipei Office and the Houlong Plant underwent third-party verification. The 2024 and 2025 verification were conducted by the China Productivity Center.

2025 Greenhouse Gas Emissions of the Textile Business Unit

	Mexico Textile Mill	Lesotho Textile Mill
Direct GHG Emissions (metric tons CO2e/year)	15,673.8996	26,211.3762
Indirect GHG Emissions from Energy (metric tons CO2e/year)	19,000.3850	11,335.6375
Total Emissions (metric tons CO2e/year)	**34,674.2846**	**37,547.0137**
Production Volume (square yards)	26,803,812	19,830,409
Emission Intensity per Unit of Production (metric tons CO2e/square yard)	0.0013	0.0019
Biomass Emissions (metric tons CO2e/year)	-	-

2025 Greenhouse Gas Emissions of the Garment Business Unit

	Vietnam Ninh Binh Garment Mill	Lesotho Garment Mill
Direct GHG Emissions (metric tons CO2e/year)	13,589.5966	9,790.0508
Indirect GHG Emissions from Energy (metric tons CO2e/year)	6,386.7067	1,522.9719
Total Emissions (metric tons CO2e/year)	**19,976.3033**	**11,313.0227**
Production Volume (piece)	5,340,793	7,440,757
Emission Intensity per Unit of Production (metric tons CO2e/piece)	0.0037	0.0015
Biomass Emissions (metric tons CO2e/year)	4,585.8533	-

Note:
1. The Company used the relevant heat values and factors in accordance with the GHG Protocol to calculate the data above. It has not gone through third-party verification.
2. Greenhouse gases included in the inventory are carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), sulfur hexafluoride (SF_6), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs).
3. The GHG inventory follows the GHG Protocol, adopting the “operational control approach.”
4. 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.
5. The “Emission Factor Method” was adopted for the calculation of greenhouse gas emissions. The emission factors were sourced from suppliers, announcements from local government agencies, and international literature.
6. Global Warming Potentials (GWPs) were based on the GWP value over a 100-year time frame announced in the IPCC Sixth Assessment Report (AR6).
7. Source of electricity emission factors: The factory in Mexico adopted the 2024 electricity emission factor of 0.4440 kgCO2/kWh announced by the Secretariat of Environment and Natural Resources (SEMARNAT). Due to difficulties in obtaining data for Lesotho, the 2022 electricity emission factor of 0.2090 kgCO2/kWh, which was announced on the website of Low-Carbon Power, was adopted. The factory in Vietnam adopted the 2023 electricity emission factor of 0.6592 kgCO2/kWh announced by the Vietnamese Government on December 3, 2024.

Energy Management

Nien Hsing Textile actively promotes energy-saving initiatives across our operations, focusing on reducing process energy consumption, 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. In addition, the Company continues to upgrade energy-efficient equipment. In 2025, the Mexico textile mill replaced 55 streetlights in the dormitory area with LED fixtures. Assuming each light saves 20W with 9-hour lighting per day, 297 kWh of electricity can be saved per month.

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 Plant in Vietnam began partially substituting biomass fuel for coal in 2021 and plans to expand its use in the coming years. Also, the Lesotho production site has commenced its trials and adjustments of wood pellet combustion. In 2025, coal accounted for 40.6% of total energy consumption, followed by purchased electricity at 35.9%, fuel oil at 17%, and biomass fuel at 4.5%. Moving forward, the Company will continue advancing our decarbonization strategy and exploring cleaner energy alternatives to achieve our long-term goal of sustainable production.



Total Energy Use Across the Group

Unit: GJ

	2023	2024	2025	Change from 2024
Coal	468,200.97	339,059.03	467,896.19	Increased by 128,837.16 (38%)
Fuel Oil	198,895.23	193,240.80	195,443.30	Increased by 2,202.50 (1.1%)
Liquified Petroleum Gas	16,250.33	15,485.39	14,084.15	Decreased by 1,401.24 (-9%)
Diesel	7,283.06	6,617.88	7,220.75	Increased by 602.87 (9.1%)
Gasoline	2,300.90	2,284.61	2,002.81	Decreased by 281.80 (-12.3%)
Biomass Fuel	118,745.52	102,758.09	52,043.87	Decreased by 50,714.22 (-49.35%)
Purchased Electricity	443,736.65	433,929.19	413,945.78	Decreased by 19,983.41 (-4.6%)

Note:
1. The boundary for energy calculation includes: Taipei Office, Miaoli Houlong Plant, Mexico Textile Mill, Lesotho Textile Mill, Lesotho Garment Mill, and Vietnam Ninh Binh Garment Mill.
2. The production volume in 2025 exceeded that in 2024, resulting in an increase in partial fuel consumption.
3. Due to insufficient biomass fuel supply and inflated price in 2025, the Vietnam Ninh Binh Garment Mill increased its coal consumption. Starting from 2026, the Mill has progressively decreased its coal consumption to fulfill the goal for sustainable production.
4. The heat values were sourced from the Heat Content of Energy Products of the Bureau of Energy, Taiwan.

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.

Through data monitoring of water resources, new technical developments in production process, improvement of washing formulas, adoption of water-saving technologies, and upgrading of dyeing machinery, the Company continuously reduces water use per unit of output. At the same time, wastewater recycling is reinforced across departments to increase the reuse rate of reclaimed water. In 2025, the garment factory in Ninh Binh, Vietnam installed a piece of ozone and decolorization equipment. The percentage of reclaimed water was approximately 25% before this installation and 42% after the installation, an increase of 17 percentage points. Moreover, we continuously promote policies on responsible water consumption among employees and strictly comply with local policies and regulations on water withdrawal and discharge to ensure effective management on water resources. In 2025, the total water savings across all production sites reached approximately 104.09 million liters, with the water consumption decreased by 6.45% compared with the previous year.

2025 Water Withdrawal by Unit Output

Unit: Cubic meters (m^3)

Textile Business Unit	Mexico Textile Mill	Lesotho Textile Mill
Total Production (square yard)	26,803,812	19,830,409
Intensity per Unit (liter/square yard)	26.73	21.39
Average Intensity (liter/square yard)	**24.06**	

2025 Water Withdrawal by Facility

Unit: Cubic meters (m^3)

	Tap Water	River Water	Reclaimed Municipal Water	Total Water Withdrawal
Mexico Textile Mill	1,664	-	714,647	**716,311**
Lesotho Textile Mill	424,090	-	-	**424,090**
Vietnam Ninh Binh Garment Mill	-	158,877	-	**158,877**
Lesotho Garment Mill	209,780	-	-	**209,780**
Total	**635,534**	**158,877**	**714,647**	

Note: Data are based on purchase invoices and meter readings.

Unit: Cubic meters (m^3)

Garment Business Unit	Vietnam Ninh Binh Garment Mill	Lesotho Garment Mill
Total Production (piece)	5,340,793	7,440,757
Intensity per Unit (liter/piece)	29.75	28.19
Average Intensity (liter/piece)	**28.97**	

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<50mg/L), conductivity, transparency, and suspended solids (SS<5mg/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

Lesotho Production Site	Treated wastewater is redirected for use in textile processes such as sizing, dyeing, and finishing, with weekly usage ranging from approximately 1,500 to 2,000 tons.
Vietnam Ninh Binh Garment Mill	We have invested around NT$700,000 to install ozone-based sterilization and decolorization systems. The percentage of reclaimed water was approximately 25% before this installation and 42% after the installation, an increase of 17 percentage points.
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.

2025 Water Recycling Volume by Facility

Unit: Cubic meters (m^3)

	Steam Condensate Recovery	Wastewater Recycling	Rainwater Recycling
Mexico Textile Mill	Boiler condensate usage too low to record	-	-
Lesotho Textile Mill	155,458	93,295 (Note 2)	-
Vietnam Ninh Binh Garment Mill	27,836	339,112	11,316
Lesotho Garment Mill	-	180,792	-
Total Recycled Water	**183,294**	**519,904**	**11,316**

Note:
1. Data are based on meter readings.
2. Wastewater recycled at the Lesotho Textile Factory is sourced from the Lesotho Garment Factory. Therefore, it was not included in total recycled water.

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 Factory 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.

2025 Wastewater Discharge by Facility

Unit: Cubic meters (m^3)

	Total Discharge	Receiving Water Body
Mexico Textile Mill	460,687	Olmo Creek
Lesotho Textile Mill	439,666	Government-approved wastewater treatment plant
Vietnam Ninh Binh Garment Mill	404,793	Government-approved wastewater treatment plant
Lesotho Garment Mill	148,732	Government-approved wastewater treatment plant
Total	**1,453,878**	



Wastewater Quality Testing

		Textile Business Unit				Garment Business Unit			
		Mexico Textile Mill		Lesotho Textile Mill		Vietnam Ninh Binh Garment Mill		Lesotho Garment Mill	
Test Item		Standard	Average	Standard	Average	Standard	Average	Standard	Average
Temperature (℃)		35	28.00	35	24.15	40	27.30	35	24.07
Biochemical Oxygen Demand (BOD) (mg/L)		-	-	-	-	50	4.67	-	-
Chemical Oxygen Demand (COD) (mg/L)		150	30.51	600	29.60	150	34.40	600	28.74
pH		6 - 9	7.60	6.5 - 10	7.85	5.5 - 9.0	7.26	6.5 - 10	7.78
Suspended Solids (SS) (mg/L)		60	< 10	1000	31.86	100	40.00	1000	28.29
Test Frequency	**Government Requirement**	Every 3 months		Not required		Monthly		Not required	
	ZDHC (Customer Requirement)	Annually		Twice per year		Annually		Twice per year	

Waste Management

Nien Hsing actively advances waste management across all production sites. In addition to establishing classification standards according to waste types and characteristics, the Company designates storage areas for sectional management and implements waste sorting and recycling management of available resources 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. Except for some waste fabrics, which are recycled and reused within the Company, waste is cleared or recycled by qualified contractors. Moreover, waste disposal contractors undergo strict qualification assessments. 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, we implement waste reduction and resource reuse from the source and continuously enhance waste management practices across all factories.

2025 Waste Statistics

Unit: Kilogram (kg)

	General Industrial Waste	Hazardous Industrial Waste	Total
Taiwan Houlong Plant	201,180	14,560	215,740
Mexico Textile Mill	2,753,617	30,789	2,784,406
Lesotho Textile Mill	1,404,590	3,830,742	5,235,332
Vietnam Ninh Binh Garment Mill	1,059,620	29,772	1,089,392
Lesotho Garment Mill	881,540	2,672,280	3,553,820

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, which is replacing conventional fossil fuels with wood pellets. 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 Mexico Textile Mill has installed flue gas desulfurization equipment to reduce sulfur oxide (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.



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 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.



Employee Well-Being

Workforce Composition
Compensation and Benefits
Employee Relations
Training and Development
Occupational Health and Safety
Anti-Harassment Policy

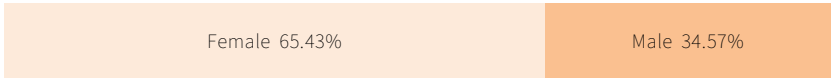
Workforce Composition

Nien Hsing Textile adheres to the founder's core values of "Teamwork, Practicality, Efficiency, Innovation, and Perfection," 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.

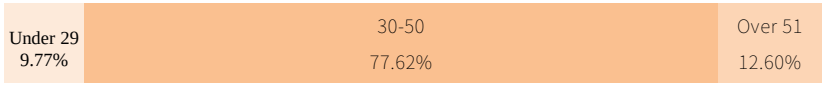
As of the end of 2025, Nien Hsing Textile employed 7,982 full-time staff. Among them, the proportion of female employees was approximately 31 percentage points higher than that of the male employees. In some operational sites, however, national conditions or specific production processes result in slightly lower female representation compared to male employees. In the same period, there were 59 supervisors and above, with 78% male and 22% 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.

Gender Distribution of All Employees



Age Distribution of All Employees



Age Distribution of Supervisors and Above



2025 Workforce Composition Statistics

Site	Taipei Office		Miaoli Houlong Plant		Vietnam Ninh Binh Garment Mill	
	Female	Male	Female	Male	Female	Male
Under 29	13	5	1	0	121	58
30-50	65	16	10	7	1,954	221
Over 51	28	5	22	9	251	34
Total	106	26	33	16	2,326	313
Percentage of Gender (%)	80%	20%	67%	33%	88%	12%
Total Headcounts	132		49		2,639	
Percentage of Employees by Sites	1.65%		0.61%		33.06%	

Site	Mexico Textile Mill		Lesotho Textile Mill		Lesotho Garment Mill	
	Female	Male	Female	Male	Female	Male
Under 29	91	137	70	149	80	55
30-50	169	284	366	809	1,638	657
Over 51	69	111	40	78	235	124
Total	329	532	476	1,036	1,953	836
Percentage of Gender (%)	38%	62%	31%	69%	70%	30%
Total Headcounts	861		1,512		2,789	
Percentage of Employees by Sites	10.79%		18.94%		34.94%	

Note:
1. All employees included are full-time regular staff; the Company does not hire workers who are not 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. Dedicated ourselves to the fulfillment of corporate social responsibility, we support local communities through large-scale hiring of local talent.

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 (the third or the sixth month) 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.

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. 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.

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. In 2025, a paid internship program for a period of one year was arranged for a senior student in collaboration with Takming University of Science and Technology.

Numbers and Rates of New Hires and Employee Turnover

Taipei Office	2024				2025			
	Female		Male		Female		Male	
Age	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover
Under 29	3	11	4	3	9	1	4	4
30-50	21	16	0	0	12	11	2	1
Over 51	2	6	1	1	3	3	0	0
Total	26	33	5	4	24	15	6	5
Percentage (%)	84%	89%	16%	11%	80%	75%	20%	25%
Total Employees	123				132			
New Hire Rate	25%				23%			
Turnover Rate	30%				15%			

Note:
1. The number of new hires and turnover employees refers to the number of employees who joined or left the Company in that region.
2. The percentage is calculated by dividing the number of new hires and turnover employees in that age group by the total number of employees in that age group.

Miaoli Houlong Plant	2024				2025			
	Female		Male		Female		Male	
Age	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover
Under 29	0	18	0	45	0	0	0	0
30-50	5	135	6	125	1	3	0	5
Over 51	3	96	9	72	2	3	2	7
Total	8	249	15	242	3	6	2	12
Percentage (%)	35%	51%	65%	49%	60%	33%	40%	67%
Total Employees	60				49			
New Hire Rate	38%				10%			
Turnover Rate	818%				37%			

Lesotho Textile Mill	2024				2025			
	Female		Male		Female		Male	
Age	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover
Under 29	9	6	12	9	11	8	90	8
30-50	4	11	13	28	17	6	84	26
Over 51	1	2	3	1	2	0	2	1
Total	14	19	28	38	30	14	176	35
Percentage (%)	33%	33%	67%	67%	15%	29%	85%	71%
Total Employees	1381				1512			
New Hire Rate	3%				14%			
Turnover Rate	4%				3%			

Mexico Textile Mill	2024				2025			
	Female		Male		Female		Male	
Age	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover
Under 29	81	44	124	77	37	39	77	81
30-50	24	22	52	45	33	27	39	57
Over 51	1	9	3	8	2	7	2	9
Total	106	75	179	130	72	73	118	147
Percentage (%)	37%	37%	63%	63%	38%	33%	62%	67%
Total Employees	896				861			
New Hire Rate	32%				22%			
Turnover Rate	23%				26%			

Vietnam Ninh Binh Garment Mill	2024				2025			
	Female		Male		Female		Male	
Age	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover
Under 29	58	50	73	55	59	40	35	37
30-50	62	143	57	51	121	115	36	41
Over 51	8	12	8	1	4	16	3	1
Total	128	205	138	107	184	171	74	79
Percentage (%)	48%	66%	52%	34%	71%	68%	29%	32%
Total Employees	2655				2639			
New Hire Rate	10%				10%			
Turnover Rate	12%				9%			

Lesotho Garment Mill	2024				2025			
	Female		Male		Female		Male	
Age	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover	New Hires	Turnover
Under 29	27	25	8	10	47	48	42	42
30-50	288	287	68	93	543	557	171	188
Over 51	17	19	4	8	25	45	16	25
Total	332	331	80	111	615	650	229	255
Percentage (%)	81%	75%	19%	25%	73%	72%	27%	28%
Total Employees	2856				2789			
New Hire Rate	14%				30%			
Turnover Rate	15%				32%			

The turnover rate of Miaoli Houlong Plant was unusually high in 2024 due to its closure in 2024 and the following large-scale redundancy. Although the turnover rate of the Mexico Textile Mill increased compared to the previous year, it remains in a reasonable range. The Lesotho Textile Mill and the Ninh Binh Garment Mill both recorded a decrease in the turnover rates in 2025. Since 2025, the Lesotho Garment Mill began hiring local workers on annual contracts to accommodate demands between peak and off-peak production seasons, resulting in a higher turnover rate in 2025 compared to the previous year.



Parent Company Foreign Employee Workforce Statistics

Nationality/Gender/Year		2023	2024	2025
Guatemala	Female	0	0	0
	Male	2	0	0
Egypt	Female	0	0	0
	Male	1	0	0
Mexico	Female	0	0	0
	Male	1	0	0
Vietnam	Female	33	0	0
	Male	32	1	1
Indonesia	Female	25	0	0
	Male	76	2	0
United States	Female	1	1	1
	Male	1	1	1
Philippines	Female	1	0	0
	Male	0	0	0
Total Foreign Employees		173	5	3
Foreign Employees (%)		23%	2%	1%

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

Compensation and Benefits

Nien Hsing Textile reviews and adjusts its salary structure annually, following Taiwan's "Labor Standards Act," market salary surveys, and supply-demand conditions. In 2025, the average salary increase was approximately 2.1%. 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$53,000, equivalent to roughly 1.15 to 1.85 times the minimum wage, while direct labor start at NT$ 28,590, about 1.00 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	2023	2024	2025
Number of Full-Time Non-Supervisory Employees (Headcount)	681	200	166
Total Salaries of Full-Time Non-Supervisory Employees (NT$ thousand)	352,494	169,208	134,627
Average Salary of Full-Time Non-Supervisory Employees (NT$ thousand)	518	846	811
Median Salary of Full-Time Non-Supervisory Employees (NT$ thousand)	470	698	732

2025 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	28,590/month	-	-	106	26	0%	0%
Miaoli Houlong Plant	28,590/month	-	1	33	16	0%	6%
Mexico Textile Mill	1,951.60/week	12	21	329	532	4%	4%
Lesotho Textile Mill	2,724/month	-	-	476	1,036	0%	0%
Lesotho Garment Mill	3,041/month	1,918	788	1,953	836	98%	94%
Vietnam Ninh Binh Garment Mill	4,410,000/month	131	56	2,326	313	6%	18%

Note: Overseas factories report salaries in their respective local currencies, such as Mexican Peso, Lesotho Loti, and Vietnamese Dong.

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 2025, no employees within the Company applied for retirement. 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
Governing Law	Labor Standards Act	Labor Pension Act
Contribution Method	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%.
Contribution Amount	Accumulated balance of old system account as of December 31, 2025: NT$108,623 thousand.	2025 contributions to the new system account: NT$9,033 thousand

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.

2025 Parental Leave Statistics for Employees

	Female	Male	Total
Parental Leave Applicants for the Current Year	1	2	3
Expected Returns from Parental Leave for the Current Year	1	2	3
Actual returns from parental leave for the Current Year	1	2	3
Return Rate for the Current Year (%)	100%	100%	100%
Employees Who Returned from Leave the Previous Year and Completed One Year	2	1	3
Employees Remaining After One Year of Return from Leave the Previous Year	2	1	3
Retention Rate (%)	100%	100%	100%

Note:
1.Annual return rate = Actual number of employees returning ÷ Expected number of employees returning from parental leave.
2.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.

Employees may take parental leave to care for young children. For those with school-age children, family care leave is also 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 2025, covering the second semester of Academic Year 113 and the first semester of Academic Year 114, 119 applications were submitted, with total subsidies totaling NT$116,400.

Employee Benefits

The Company continuously optimizes our employee benefits to build a healthy work environment. To enhance the overall health awareness among employees and boost good everyday habits, the Company organized weight loss programs with additional Exercise Subsidies and held 2 health promotion seminars where specialist physicians and nutritionists were appointed to provide employees with health consultations in 2025. Through encouraging employees to actively engage in health management, we assist them in practicing regular exercise and balanced diets. The campaign had a total of 265 participants (including the Taipei Office and the Houlong Plant), with a combined weight loss of 582.7 kilograms.

Subsidy	· Travel Allowances · Education Allowances · Exercise Subsidies
Financial Benefits	· Festival Gift Vouchers · Birthday Cash Gifts · Marriage Gifts · Year-End Bonuses · Annual Company Banquet Gift Box · Lunar New Year Red Envelopes
Condolence and Support Benefits	· Hospitalization Support Payments · Funeral Contributions · Retirement Support Payments
Insurance Coverage	· Labor Insurance, Health Insurance, and Pension Contributions · Group Insurance · Business Travel and Overseas Assignment Accident Insurance
Employee Development Programs	· External Training Application System · Recognition for Long-Serving Employees
Employee-Friendly Facilities	· Meal Allowances · On-Site Cafeteria · Employee Dormitories · Nursing and Lactation Rooms · Safety, Hygiene, and Health Seminars · Health Checkups
Additional Benefits	· Special Discounts at Partner Businesses (local restaurants, food delivery platforms, bookstores, chain pharmacies, hotels, accommodations, theme parks, etc.) · Department dinners

Employee Relations

Labor-Management Communication

Nien Hsing Textile follows international labor standards, including the “UN 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 2025, meeting topics included the minimum time increment for leave and overtime applications, the promotion of health campaigns, the visit and support payments of hospitalized employees in Taiwan, the replacement of office chairs, 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.

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.

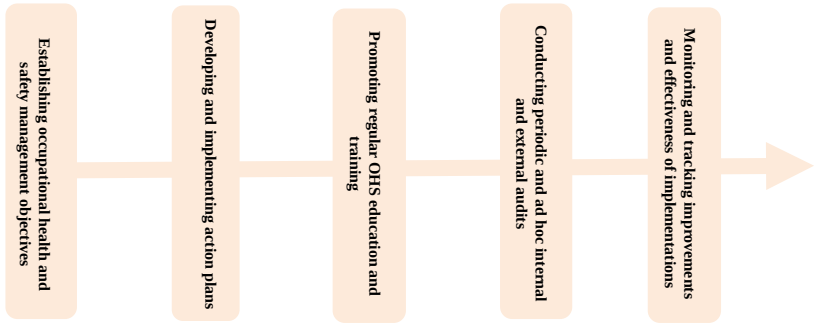
Beyond training directly related to job functions, we support employees in attending external courses and certification programs, providing customized learning opportunities to meet individual development needs. In 2025, 110 employees and 24 managers participated in approximately 730.5 hours of internal and external training, including 74.5 hours of finance-related courses and 90.5 hours of sustainability-courses. In addition, subsidies totaling NT$37,700 were provided to assist 2 managers in obtaining Class A Occupational Safety and Health Supervisor certifications and 1 employee in obtaining a first aid certification. 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.



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.

2025 Employee Work Injury Statistics

	Vietnam Ninh Binh Garment Mill	Mexico Textile Mill	Lesotho Textile Mill	Lesotho Garment Mill
Injury Rate (IR)	0.13	3.85	0.44	0.14
Occupational Disease Rate (ODR)	-	-	-	-
Lost Day Rate (LDR)	1.44	279.12	13.15	0.65
Absenteeism Rate (AR)(%)	0.01	0.00	0.00	0.01
Work-related Deaths	-	-	-	-
Work-related Death Rate (%)	-	-	-	-

Note:
1.Injury Rate (IR)＝Total work injury incidents÷Total working hours×200,000
2.Occupational Disease Rate (ODR)＝Total occupational disease cases÷Total working hours×200,000
3.Lost Day Rate (LDR)＝Total lost work days÷Total working hours×200,000
4.Absenteeism Rate (AR)(%)＝Total absentee days÷Total work days×100%
5.Work-related Death Rate＝Number of work-related deaths÷Total working hours×200,000
6.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.
7.Annual total work days = Number of employees at year-end × Annual work days.
8.Work injury incidents include death, permanent total disability, permanent partial disability, and temporary total disability. Commuting accidents are excluded.
9.Total absentee days include both sick leave and work injury leave.



2025 Work-Related Injury Cases and Lost Workdays

		Vietnam Ninh Binh Garment Mill	Mexico Textile Mill	Lesotho Textile Mill	Lesotho Garment Mill
On-site Work Injuries	**Cases**	4	37	8	4
	Lost Workdays	45	2,682	241	18
Off-site Commuting Accidents	**Cases**	-	14	1	-
	Lost Workdays	-	356	0	-
Total Work-related Incidents	**Cases**	**4**	**51**	**9**	**4**
	Lost Workdays	**45**	**3,038**	**241**	**18**

Note: The primary causes of work injuries at the Mexico Textile Mill were employees' hands being caught in machinery, accidental falls, and fatigue in the arms or shoulders resulting from repetitive movements or improper exertion. A training program has been implemented to raise awareness of risk prevention for hands, with a monitoring mechanism established for new hires, to ensure they are fully informed of all necessary safety procedures for performing their jobs. Meanwhile, supervisors and team leaders receive training in hazard identification, including recognizing unsafe conditions or behaviors. With this mechanism, we aim to detect potential issues early, even before injuries occur, and establish notifying channels to ensure appropriate handling. The improvement target for 2026 is to reduce the accident rate by 5%.

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 and evacuation drills, basic first aid knowledge, and emergency response procedures. 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.
Moreover, 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 raises employees' safety awareness, reduces the risk of commuting and workplace accidents, and fosters a safer and more secure working environment.

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 or outside of work. Should a relevant event occur, the victims or their representatives may file complaints with the Human Resources Department at the Taipei Office. The Company shall immediately commence investigation and handling upon receipt of a complaint. In 2025, there was 1 sexual harassment incident at the Mexico Textile Mill where an employee experienced sexual harassment from a manager who was under the influence of alcohol. After internal investigation, the manager was immediately terminated.

- **Complaint Hotline:** (02)2656-8888 #281 (HR Department Manager)
- **Complaint Fax:** (02)2656-8899 (Attention: HR Department)
- **Complaint Email:** 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 "Worker Rights Consortium" (WRC) to conduct an independent investigation into Nien Hsing Textile's production site in Lesotho. The investigation revealed issues concerning gender equality and improper management practices. In response to the investigation results, Nien Hsing proactively addresses these concerns. In 2019, the Company formally signed the "GBVH Project Agreement," and established an independent third-party oversight body, Worker's Right Watch (WRW). The Gender-Based Violence and Harassment (GBVH) refers to violence and harassment rooted in gender inequality, including verbal, physical, psychological, and economic abuse, as well as discriminatory behavior. Through WRW, the Company launched a comprehensive training program to strengthen awareness of sexual harassment prevention among the management and all employees at the Lesotho production site, ensuring employees clearly understand how to respond to situations involving GBVH. Simultaneously, multiple channels have been established to allow employees to file complaints, including the WRW's dedicated GBVH Hotline and the Company's internal grievance mechanisms, to improve relevant management measures and address issues.

From the program commencement in 2019 to December 2025, Lesotho production site received a total of 167 reporting incidents involving GBVH. Among them, 150 cases have been closed, and the remaining cases are under investigation by the WRW. In 2025, a total of 15 reporting incidents were received through the Hotline. Every case has been responded with proactive investigation and proper adjudication.

GBVH Complaint Process and Channels

1. Employees who encounter GBVH incidents can report their cases through the GBVH Hotline. The Hotline is managed by the local NGO FIDA, who handles all incoming reports and reviews each case to determine whether it involves sexual harassment. If confirmed, the case is transferred to the 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.

2. Hotline: Nien Hsing has established a complaint Hotline operated by the dedicated personnel of an independent third party, who answer the calls and forward verified cases to the personnel officers at each factory for subsequent investigation and resolution.

3. After completing the investigation, the WRW provides Nien Hsing Textile with its findings and disciplinary recommendations. Nien Hsing reviews WRW's investigation results and disciplinary recommendations and implements appropriate corrective measures.
   ***The WRW conducts a fully confidential and impartial investigation as an independent third party.**

4. 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.

		Lesotho Textile Mill	Lesotho Garment Mill	Total
Cases Reported	**Total Cases**	120	47	167
Investigation Status	**Cases Under Investigation**	11	6	17
	Cases Closed	109	41	150
Investigation Outcome	**Unsubstantiated Cases**	**75**	**21**	**96**
	Cases of Confirmed Violations	**34**	**20**	**54**

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



Social Engagement

5

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 and promotes mutual growth between the Company and the society. The Houlong Factory sponsored local fire fighters, volunteer policemen, and civil defense, with a total of NT$50,000.

In September, the employees from the Lesotho production site (including Taiwanese, Chinese, and local staff, totaling 21 employees) visited the St. Angela Cheshire Home for Disabled Children to offer their support. Through discussions with the Home staff, they gained a first-hand understanding of the daily needs and care provided to the children at the facility.
St. Angela Cheshire Home for Disabled Children is a non-profit organization, established in 1983 and officially opened on February 28, 1985, by the late His Majesty King Moshoeshoe II, that provides shelter to children with disabilities. Its goal is to improve the quality of life of children with disabilities through residential care, rehabilitation support, and community involvement. As 50% of the children in the organization are orphans, St. Angela Cheshire Home for Disabled Children provides them with a warm environment with sense of belonging.

In this caring initiative, we donated a variety of food and daily necessities based on the actual needs of the Home for Disabled Children, hoping to provide practical assistance with supplies, alleviate the burden on caregivers, and enable the children to grow up in a safer and more stable environment. Simultaneously, with our on-site visits and care, we aim to deliver warmth and encouragement from the community and help them feel valued and supported.
Through these concrete actions, we hope to bring warmth and encouragement to the children and look forward to inspiring more people to join charitable efforts in the future and working together to create a more compassionate social environment.



Facing extreme weather challenges, Nien Hsing not only takes proactive measures to reduce carbon emissions but also aims to minimize environmental impact and pursue sustainable resource recycling by creating surplus value in our products. The Textile Mill in Mexico actively seeks opportunities for public welfare partnerships and spares no efforts in integrating environmental sustainability with social issues to maximize the value of existing resources.

In March, we donated 30 kilograms of surplus denim fabric to the IMSS-Bienestar hospital in Tamaulipas, Mexico to be made into denim aprons. While providing resources for the vulnerable groups in the hospital, we also ensured that fabric remains were put to good use.









June 5 of each year is World Environment Day. Nien Hsing donated 130 kilograms of soda bottle caps to “Un Cachito de Luz A.C.”, a charity that assists low-income and families affected by cancer. As part of the World Environment Day celebrations, volunteers of Nien Hsing and the organization staff were gathered to raise environmental awareness by collecting plastic bottle caps. We also informed all employees that the caps would be sold, with the proceeds used to cover the costs of chemotherapy, general medications, and wigs for chemotherapy patients, thereby assisting vulnerable patients at cancer hospitals.





After proper sorting, waste pallets were donated to the Victoria ecological park for resource reuse. This donation will help establish environmental restroom facilities, promote effective resource utilization and eco-friendly development, and contribute to the creation of a livable and sustainable city.










In addition, July 3 is the “International Plastic Bag Free Day.” On this day, Nien Hsing Textile visited markets, supermarkets, shopping centers, etc. to raise awareness among shoppers using plastic bags, advocating for the reduction of disposable plastic bags and their replacement with reusable shopping bags. At the same time, the Company distributed denim shopping bags featuring Nien Hsing's logo, making it convenient for shoppers to swap immediately and incorporate eco-friendly practices into their daily lives. Through these concrete actions, the Company aims to raise public environmental awareness and make joint efforts in contributing to plastic reduction and planet sustainability.





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, 2025, to December 31, 2025.
Applied GRI 1	GRI 1: Foundation 2021
Applicable GRI Sector Standard	As of 2025, there is no sector-specific standard available for the textile industry.

GRI 2: General Disclosures 2021

GRI Standards	Disclosure Topic	Corresponding Section	Page
The organization and its reporting practices			
2-1	Organization details	Company Overview	019
2-2	Entities included in the organization's sustainability reporting	Company Overview Governance Structure	022 031
2-3	Reporting period, frequency and contact point	About This Report	003
2-4	Restatements of information	About This Report	003
2-5	External assurance	About This Report	003
Activities and workers			
2-6	Activities, value chain and other business relationships	Company Overview	019
2-7	Employees	Workforce Composition	081
2-8	Workers who are not employees	Workforce Composition	083
Governance			
2-9	Governance structure and composition	Governance Structure	031
2-10	Nomination and selection of the highest governance body	Governance Structure	034
2-11	Chair of the highest governance body	Governance Structure	036
2-12	Role of the highest governance body in overseeing the management of impacts	Governance Structure	034
2-13	Delegation of responsibility for managing impacts	Governance Structure	034
2-14	Role of the highest governance body in sustainability reporting	Chairman and President's Message	008
2-15	Conflicts of interest	Governance Structure	038
2-16	Communication of critical concerns	Governance Structure	038
2-17	Collective knowledge of the highest governance body	Governance Structure	034
2-18	Evaluation of the performance of the highest governance body	Governance Structure	041
2-19	Remuneration policies	Governance Structure	034
2-20	Process to determine remuneration	Governance Structure	034
2-21	Annual total compensation ratio	Governance Structure	034
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Chairman and President's Message	008
2-23	Policy commitments	Ethical Business Practices Supply Chain Oversight Customer Relationship Management Employee Relations Anti-Harassment Policy	042 046 049 094 099
2-24	Embedding policy commitments	Ethical Business Practices Supply Chain Oversight Customer Relationship Management Employee Relations Anti-Harassment Policy	042 046 049 094 099
2-25	Processes to remediate negative impacts	Ethical Business Practices Supply Chain Oversight Customer Relationship Management Employee Relations Anti-Harassment Policy	042 046 049 094 099
2-26	Mechanisms for seeking advice and raising concerns	Ethical Business Practices	043
2-27	Compliance with laws and regulations	Regulatory Compliance	045
2-28	Membership associations	Company Overview	023
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Material Topic Assessment	011
2-30	Collective bargaining agreements	Employee Relations	094

GRI 3: Material Topics 2021

GRI Standards	Disclosure Topic	Corresponding Section	Page
3-1	Process to determine material topics	Material Topic Assessment	011
3-2	List of material topics	Material Topic Assessment	013
3-3	Management of material topics	Material Topic Assessment	014

Topic-specific Disclosures

GRI Standards Category / Topic	No.	GRI Disclosure Description	Corresponding Section	Page	Omission / Remarks
Topic-specific Standards: 200 Series Economic					
Economic Performance					
GRI201 Economic Performance 2016	201-1	Direct economic value generated and distributed	Company Overview	024	
	201-2	Financial implications and other risks and opportunities due to climate change	Sustainability Strategy and Risk Oversight	055	
	201-3	Defined benefit plan obligations and other retirement plans	Compensation and Benefits	091	
Market Presence					
GRI202 Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Compensation and Benefits	090	
Procurement Practices					
GRI204 Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Supply Chain Oversight	045	
Anti-corruption					
GRI205 Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Ethical Business Practices	043	
	205-2	Communication and training about anti-corruption policies and procedures	Ethical Business Practices	043	
	205-3	Confirmed incidents of corruption and actions taken	Ethical Business Practices	-	There were no cases of corruption during the reporting year.
Anti-competitive Behavior					
GRI206 Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	Ethical Business Practices	-	There were no cases of anti-competitive behavior during the reporting year.
Tax					
GRI207 Tax 2019	207-1	Approach to tax	Company Overview	025	
	207-2	Tax governance, control, and risk management	Risk Management	050	
Topic-specific Standards: 300 Series Environmental					
Energy					
GRI302 Energy 2016	302-1	Energy consumption within the organization	Energy Management	067	
	302-3	Energy intensity	Energy Management	067	
	302-4	Reduction of energy consumption	Energy Management	067	
	302-5	Reductions in energy requirements of products	Energy Management	067	
Water and Effluents					
GRI 303 Water and Effluents 2018	303-1	Interactions with water as a shared resource	Water Resource Management	069	
	303-2	Management of water discharge-related impacts	Wastewater Management	071	
	303-3	Water withdrawal	Water Resource Management	069	

GRI Standards Category / Topic	No.	GRI Disclosure Description	Corresponding Section	Page	Omission / Remarks
Topic-specific Standards: 300 Series Environmental					
Emissions					
GRI305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions Management	064	
	305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions Management	064	
	305-4	GHG emissions intensity	Greenhouse Gas Emissions Management	064	
	305-5	Reduction of GHG emissions	Greenhouse Gas Emissions Management	064	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Greenhouse Gas Emissions Management	064	
Waste					
GRI306 Waste 2020	306-1	Waste generation and significant waste-related impacts	Waste Management	075	
	306-2	Management of significant waste-related impacts	Waste Management	075	
	306-3	Waste generated	Waste Management	075	
	306-4	Waste diverted from disposal	Waste Management	075	
	306-5	Waste directed to disposal	Waste Management	075	
Environmental Compliance					
GRI307 Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Regulatory Compliance	045	
Topic-specific Standards: 400 Series Social					
Employment					
GRI401 Employment 2016	401-1	New employee hires and employee turnover	Workforce Composition	084	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Compensation and Benefits	093	
	401-3	Parental leave	Compensation and Benefits	092	

GRI Standards Category / Topic	No.	GRI Disclosure Description	Corresponding Section	Page	Omission / Remarks
Topic-specific Standards: 400 Series Social					
Occupational Health and Safety					
GRI403 Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Chemical Management Occupational Health and Safety	077 096	
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	096	
	403-3	Occupational health services	Occupational Health and Safety	096	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	096	
	403-5	Worker training on occupational health and safety	Chemical Management Training and Development Occupational Health and Safety	077 095 096	
	403-6	Promotion of worker health	Occupational Health and Safety	096	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	098	
	403-9	Work-related injuries	Occupational Health and Safety	097	
	403-10	Work-related ill health	Occupational Health and Safety	096	
Training and Education					
GRI404 Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development	095	
Diversity and Equal Opportunity					
GRI405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Governance Structure Workforce Composition	033 081	
	405-2	Ratio of basic salary and remuneration of women to men	Compensation and Benefits	089	
Non-discrimination					
GRI406 Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Anti-Harassment Policy	099	
Freedom of Association and Collective Bargaining					
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	Employee Relations	094	
Supplier Social Assessment					
GRI414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Supply Chain Oversight	046	

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 Metrics	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Supply Chain Oversight	045
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Chemical Management	077
	CG-AA-250a.2	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	Chemical Management	077
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits or contractual agreements	Not applicable, as cotton cultivation does not generate wastewater.	-
	CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Not applicable, as all Tier 1 suppliers of the Company are cotton suppliers (traders only engaging in cotton transactions), who are outside the Higg FEM assessment scope.	-
Labor Conditions in the Supply Chain	CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	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	(1) Priority non-conformance rate and (2) associated corrective action rate for suppliers' labour code of conduct audits	All suppliers were in compliance.	-
	CG-AA-430b.3	Description of the greatest (1) labour and (2) environmental, health and safety risks in the supply chain	Supply Chain Oversight Occupational Health and Safety	045 096
Raw Materials Sourcing	CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	Supply Chain Oversight	045
	CG-AA-440a.4	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	In 2025, Nien Hsing purchased a total of 4,149,163 kg of BCI-certified cotton, 1,786,223 kg of USCTP-certified cotton, and 300,000 kg of CmiA-certified cotton.	-

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.	Sustainability Strategy and Risk Oversight	055	
2.	Description of how identified climate risks and opportunities affect the Company's business, strategy, and financial performance (short-, medium-, and long-term).	Sustainability Strategy and Risk Oversight	059	
3.	Description of the financial impacts of extreme weather events and transition actions.	Sustainability Strategy and Risk Oversight	059	
4.	Description of how processes for identifying, assessing, and managing climate risks are integrated into the overall risk management framework.	Sustainability Strategy and Risk Oversight	059	
5.	If scenario analysis is applied to assess climate resilience, disclose the scenarios, parameters, assumptions, analytical factors, and major financial implications considered.	Sustainability Strategy and Risk Oversight	059	The Company performed risk simulation on water stress in accordance with the Aqueduct Water Risk Atlas of the World Resources Institute (WRI). With the year 2030 set as the simulation time, the simulation was conducted using the Pessimistic (SSP5-8.5 scenario) approach to project the water stress trends from 2015 to 2045. After the simulation, it was found that the Mexico Mill may be exposed to high water stress (drought) in the future. Unstable water supply may affect process water usage, leading to reduced production and delayed product delivery, thereby increasing production costs.
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.	Sustainability Strategy and Risk Oversight	059	
7.	If an internal carbon pricing mechanism is used, disclose the methodology and basis for determining the carbon price.	-	-	Not developed yet
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.	Greenhouse Gas Emissions Management	064	
9.	Status of greenhouse gas inventory and third-party assurance.	Greenhouse Gas Emissions Management	064	

Greenhouse Gas Verification Statement

China Productivity Center Statement No.: VB018-115412

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2025 of

NIEN HSING TEXTILE CO., LTD.

13F, No.306, Sec. 1, Neihu Rd., Neihu District,Taipei 114, Taiwan(R.O.C.)
No. 119-3, Xiafuwei, Houlong Township,Miaoli County 356003, Taiwan (R.O.C.)
No. 119-5, Xiafuwei, Houlong Township,Miaoli County 356003, 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, a voluntary program verification was conducted on The Greenhouse Gas Emissions by China Productivity Center for the period from 2025-01-01 to 2025-12-31. The verification results comply with the ISO 14064-1:2018 standard, and based on this, an unmodified opinion is issued as follows:

Reasonable assurance: Category 1 and Category 2
- Direct GHG emissions: 73.6522 t-CO_2e.
- Energy indirect GHG emissions: 611.7176 t-CO_2e.

Limited assurance: indirect GHG emissions from Category 3 to Category 6
- Indirect GHG emissions from transportation: 0.0 t-CO_2e.
- Indirect GHG emissions from products used by the organization: 0.0 t-CO_2e.
- Indirect GHG emissions from the use of products sold by the organization: 0.0 t-CO_2e.
- Other indirect GHG emissions: 0.0 t-CO_2e.

【Statement of Responsibility】
NIEN HSING TEXTILE CO., LTD. is responsible for the declaration of its GHG report. The responsibility of the China Productivity Center is to provide an independent verification of the accuracy of the reported GHG statement, as well as the underlying systems and processes used to collect, analyze, and review the information.

For and on behalf of CPC:

Chairman

Release date: 2026-07-14

This verification statement is valid only when used together with both pages.

VB018: China Productivity Center (Third-Party Verification Body)
8F.-12A, No. 79, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221432, Taiwan (R.O.C.)
(02)26982989 www.cpc.org.tw

China Productivity Center Statement No.: VB018-115412

The greenhouse gas emissions information reported by the organization for the period from 2025-01-01 to 2025-12-31 are as follows:

The version of GHG report	V4	The version of GHG inventory	V4

Emissions		$t\text{-}CO_2e$	Remark
Category 1: Direct GHG emissions and removals			
1.1	Direct emissions from stationary combustion	63.6586	-
1.2	Direct emissions from mobile combustion	7.7974	-
1.3	Direct process emissions and removals arise from industrial processes	0.1436	-
1.4	Direct fugitive emissions arise from the release of greenhouse gases in anthropogenic systems	2.0524	-
1.5	Direct emissions and removals from Land Use, Land Use Change and Forestry	-	N/A
Category 2: Indirect GHG emissions from imported energy			
2.1	Indirect emissions from imported electricity	611.7176	-
2.2	Indirect emissions from imported energy	-	N/A
Category 3: Indirect GHG emissions from transportation			
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	-	-
Category 4: Indirect GHG emissions from products used by organization			
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.)	-	-
Category 5: Indirect GHG emissions associated with the use of products from the organization			
5.1	Emissions or removals from the use stage of the product	-	-
5.2	Emissions from downstream leased assets	-	-
5.3	Emissions from the end-of-life stage of the product	-	-
5.4	Emissions from investments	-	-
Category 6: Indirect GHG emissions from other sources			
-	-	-	-

*N.S. : Non-significant

Lead Verifier 蔡侑霞 (Signature)

This verification statement is valid only when used together with both pages.

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