

Long-term Emerging Risks

Changing Working Patterns and Labor Structure

The pandemic has changed the way we work, and more and more employees are looking for a better work-life balance. At the same time, labor shortages are also a challenge in China. Factors that cause labor shortages include retiring and an aging workforce, young people are less inclined to take low-wage factory jobs, and migrant workers are unwilling to come back to cities. According to estimates by the China Ministry of Education, there will be a shortage of nearly 30 million workers in the manufacturing sector by 2025.

Potential Impact on the ZDT	Mitigation Measure
<ul style="list-style-type: none"> The number of leave without pay may increase Increase in labor related costs Increase in the frequency and probably of employee turnover If there is a labor shortage, it may cause delays or interruptions in the supply chain, which will have an impact on business operations 	<ol style="list-style-type: none"> 1. Improve working conditions and working environment to increase employee retention rate 2. Set up talent retention policies and increase job transfer opportunities to improve employee retention rate 3. Provide comprehensive education and training to increase employee development opportunities 4. Hold more corporate cultural activities to enrich employees' spare time 5. Regularly hold employee care seminars/interviews to meet the needs of employees 6. Properly provide flexible working options or VPN for remote working 7. Develop multiple recruitment channels to meet labor recruitment needs 8. Improve the production capacity and environment of manufacturing automation to reduce the dependency on labor resources

Climate crisis and changes in the natural environment

In the face of rising temperatures, natural disasters such as water sources and flood control will be a major challenge for the company's future operations for businesses that require a lot of water resources

Potential Impact on the ZDT	Mitigation Measure
<ul style="list-style-type: none"> Customer carbon neutral product requirements and government net zero emissions policy trends Accurate and grasping direct and indirect carbon emissions are emerging issues in the future 	<ol style="list-style-type: none"> Check the five important physical risks of climate change: flood control, water resources, lightning protection, strong winds, and temperature, and use various verification and simulation tools to deal with each operation campus according to the natural environment of each campus Develop and monitor the structure diagram from the carbon tube according to each item Cooperate with the Group's digital transformation data collection to carry out phased development planning Keep track of proposals and developments of international organizations

The impact of demand for natural resources and price changes on supply chains

In response to climate change, many countries around the world have implemented carbon fees or carbon taxes, and the EU actively plans a carbon border adjustment mechanism, which will directly impact the layout of the global supply chain, and the future changes in the global supply chain will be an important challenge to sustainable operation

Potential Impact on the ZDT	Mitigation Measure
<ul style="list-style-type: none"> The impact of uncertainty on the Group's operations due to uncertainties in raw material resources 	<ol style="list-style-type: none"> Strengthen partnerships and resources with strategic partners Layout digital transformation to effectively use resources and accurately grasp inventory Closely track tax changes in trade locations Effective risk diversification combined with local resources Identify the price change of the material in time, as a reference basis for procurement. Strengthen research on the effective use of process-related resources Always pay attention to the latest developments of international organizations as a reference for strategic planning