

Stock code: 301330

ZKTeco 熵基

2025

SUSTAINABILITY REPORT

ZKTeco 熵基



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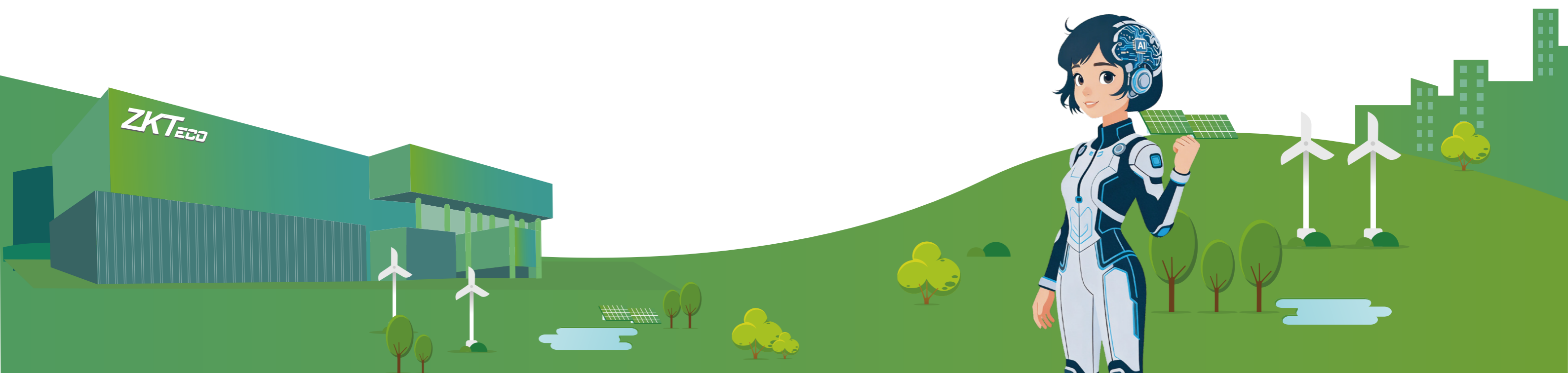
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Introduction to the Report

About the Report

Introduction

This report is the third SUSTAINABILITY REPORT (Environmental, Social and Governance (ESG) Report) released by ZKTECO CO., LTD. This report, based on the principles of objectivity, standardization, transparency and comprehensiveness, provides a detailed introduction to the practical measures and achievements of ZKTeco and its branches and subsidiaries in environmental, social and governance (ESG) in 2025.

Scope

Time frame: This report period is from January 1 to December 31, 2025 (hereinafter referred to as the "reporting period"). In order to enhance the comparability of the report, some content may be appropriately traced back to the reports of previous years or contain forward-looking descriptions.

Organizational scope: This report is based on "ZKTECO CO., LTD.", including its branches and subsidiaries. Unless otherwise specified, the scope of this report is consistent with the Company's annual report.

Basis

- Shenzhen Stock Exchange Guideline No. 17 on Self Regulation of Listed Companies - Sustainable Development Report (Trial)
- Shenzhen Stock Exchange Guideline No. 3 on Self-Regulation of Listed Companies - Preparation of Sustainability Reports
- Shenzhen Stock Exchange Guideline No. 2 on Self Regulation of Listed Companies - Normative Operation of Listed Companies on the Growth Enterprise Board
- China Enterprise Reform and Development Society's China Enterprise Sustainable Development Report Guidelines (CASS-ESG6.0)
- GRI Standards
- Task Force on Climate-related Financial Disclosures (TCFD) Framework
- Sustainability Accounting Standards Board (SASB) Standards
- UN Sustainable Development Goals (SDGs)

Source

The data in this report is sourced from the original internal ledger, company documents, and audited statements of ZKTeco, and some financial data is sourced from the Company's 2025 annual report. Unless otherwise specified, the monetary amounts involved in this report are measured in RMB.

Names

For ease of expression and reading, "ZKTeco", "Company", and "We" all refer to ZKTECO CO., LTD. Branches, subsidiaries, and special nouns can be found in the definitions.

Terms	Definitio
Xiamen ZKTeco	Xiamen ZKTeco Co., Ltd.
Guangdong Zkteco	ZKTeco (Guangdong) Co., Ltd.
Dalian ZKTeco	Dalian ZKTeco Co., Ltd.
Longzhiyuan	Shenzhen Longzhiyuan Technology Co., Ltd.
BioCV	Biometrics & Computer Vision

Acquisition

This report can be viewed and downloaded on the official website of the Company (www.zkteco.com), the website of Shenzhen Stock Exchange (www.szse.cn) and CNINFO (www.cninfo.com.cn).

Address by General Manager

In 2025, as generative AI rapidly integrates with industry scenarios, the global digitalization process enters a new chapter of collaboration and symbiosis. ZKTeco, as a leading enterprise in multimodal BioCV technology, while continuously driving technological breakthroughs and business empowerment, integrates the concept of sustainable development more deeply into corporate operations and strategic decision-making, actively fulfills its responsibilities to shareholders, employees, the environment, and society, committed to creating secure, intelligent, and green digital identity and smart scenario solutions, and creating long-term, shared, and sustainable value.

Reinforcing Governance Foundations, Leading to New Heights of Integrity and Compliance. The Company continuously promotes the modernization and upgrade of its corporate governance, ensuring the foresight and scientific rigor of strategic decisions; comprehensively strengthens the construction of its risk management and internal control systems, integrating compliance requirements into the entire chain of business operations; and always maintains open and transparent communication with investors, improving the quality of information disclosure, and firmly upholding ethical business principles, ensuring that operating activities are open, fair, and honest, and safeguarding the trust and rights of all stakeholders.

Deepening Green Operations to Jointly Create New Pathways for a Zero-Carbon Future. The Company actively responds to the national call for green and low-carbon development, continuously optimizing its resource management system, comprehensively promoting energy conservation, consumption reduction, and circular utilization, integrating green ecological design concepts into the entire lifecycle of product R&D, and collaborating with supply chain partners to jointly advance carbon reduction; strictly adheres to environmental laws and regulations in its operating locations, establishes and improves a sound environmental risk prevention and emergency management system, strictly controls pollutant emissions, ensures compliant waste disposal, is committed to minimizing the environmental impact of its operations, practices corporate green responsibility, and leads the industry in sustainable development.

Driving Technology for Good to Empower a New Smart Security Ecosystem. The Company always upholds the mission of "AI cognition makes spaces smarter and the world better", continuously promotes the integrated innovation of multimodal BioCV technology with AI, IoT, and big data, and by deepening industry-academia-research cooperation, accelerates the tackling of key technical challenges in the industrialization of brain-computer interfaces, bringing more cutting-edge achievements to the market; regards product quality and information security as the lifeline of its development, builds a strict quality management system covering the entire product lifecycle, fortifies information security defense barriers, improves data security management mechanisms, effectively safeguards customer privacy and data asset security, and earns the long-term trust of customers and society with reliable technology and services.

Gathering Talent to Jointly Build a Community of Happiness and Responsibility. The Company always adheres to a people-oriented philosophy, continuously improves talent development and rights protection mechanisms, and creates equal development opportunities for employees. We establish clear career development paths for employees, and through systematic training programs, job rotation mechanisms, and mentorship systems, we help employees enhance their capabilities and advance their careers. We offer competitive compensation and benefits, comprehensive care initiatives, and transparent, fair, and democratic communication channels to support employees in achieving work-life balance and a sense of accomplishment. Meanwhile, we actively fulfill our corporate social responsibility by conducting philanthropic practices globally, encouraging employees to participate in volunteer services, and giving back to society through concrete actions. We continuously make charitable donations, contributing to community development and rural revitalization.

Looking ahead, ZKTeco will continue to uphold the concept of sustainable development, with technological innovation as the engine, responsible governance as the cornerstone, and the harmonious coexistence between humanity and nature as the vision, joining hands with global employees, partners, and customers to jointly move towards a more resilient, fairer, and more sustainable future.

General Manager Jin Hairong



About ZKTeco

About Us

Company profile

ZKTECO CO., LTD. (stock code: 301330) was established in 2007 and listed on the Shenzhen Stock Exchange in 2022. The Company is headquartered in Dongguan City, Guangdong Province.

The Company is a smart space evolution service provider with AI cognition as its core driver. The Company applies multimodal BioCV (computer vision and biometrics) and AI cognitive space computing technologies to build a comprehensive perception system, promoting the transformation of space from static management to autonomous decision-making and evolution, and bringing comfortable, intelligent, safe and sustainable scene experiences to global customers. The Company has deeply laid out in the four strategic fields of smart space, smart office, digital identity authentication, and smart business, providing AI-empowered end-cloud integrated solutions to help customers achieve efficiency leaps and value reshaping in the digital era. ZKTeco, relying on its profound accumulation in algorithms, hardware, data, and scenario-based applications, has prospectively incorporated brain-computer interface into the Company's long-term strategic blueprint. The Company conducts technology R&D and scenario verification around areas such as work safety, health management, smart office, and human-computer interaction with focus on the integration of brain-computer interface and multimodal AI technologies.

During the reporting period, the Company acquired 55% of the shares from the original shareholders of Longzhiyuan and obtained controlling interest in Longzhiyuan. This acquisition expands the Company's smart living business into outdoor areas, enriching the product array in smart outdoor business scenarios.

Business introduction



Smart space

The smart space business segment leverages AI cognitive space computing technology and multi-dimensional perception capabilities to transcend the limitations of traditional entrance and exit management. This innovation enables comprehensive awareness and intelligent enhancement of people, vehicles, objects, and the environment. For applications in enterprise parks, office buildings, educational institutions, healthcare facilities, and communities, we provide solutions for traffic optimization, energy management, data analytics, and autonomous spatial decision-making.



Smart office

In the smart office segment, the Company is dedicated to enhancing work efficiency and enjoyment. This business segment, which focuses on multimodal BioCV technology and IoT perception, encompasses various scenarios including attendance tracking, visitor management, meetings, and consumption monitoring. It offers intelligent solutions for time management, security oversight, and operational optimization tailored for enterprise and institutional clients. This segment integrates AI-driven intelligent agents with cloud technology to develop advanced time management solutions and establish a comprehensive smart office ecosystem.



Digital identity authentication

The Company's digital identity authentication business seamlessly integrates multimodal BioCV, advanced large models, and blockchain technology to establish a precise, secure, and user-friendly identity authentication system, laying a robust foundation of trust for the digital world. By harnessing the distinctiveness of biometric features, the advanced deep learning capabilities of large models, and the decentralized and immutable nature of blockchain technology, the Company's digital identity authentication services can ensure both precise identity verification and robust data security.



Smart business

The Company's smart business segment, propelled by multimodal models, emphasizes the integration of "AI digital signage" within the general retail and catering sectors. This segment supports traditional businesses in their transition towards intelligent ecosystems. It offers IoT infrastructure, digital solutions, and operational services, thereby establishing a new type of borderless retail platform that is comprehensive, scenario-inclusive, and fully integrated across the supply chain. The products and solutions of this business segment cover digital marketing screens, electronic price tags, AI shelves, smart shopping carts, as well as creative content, intelligent customer service, digital marketing, and digital stores.



Smart living

The Company expands its smart living business scope, and provides diversified products including audio-visual equipment, optical equipment, and smart home products with focus on smart outdoor and smart living scenarios, committed to creating comfortable, smart, and secure full-scenario smart living experiences. Meanwhile, by combining its own brands with the ODM model, it provides global customers with full-chain services from ID design to manufacturing.

Corporate culture

Mission and Vision

Our Mission

AI cognition makes spaces smarter and the world better.

Our Vision

A global leader in smart space evolution services

Purpose

Our Purpose

Everything is customer-oriented, with quality as the standard, and strives as the foundation, continuously creating value.

Core Values

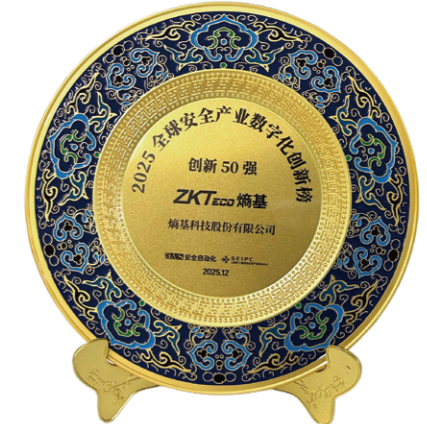
- **Responsibility:** Responsibility is an important indicator for ZKTeco to measure the spiritual quality of every individual, and it will also run through our mutual commitments to society, customers, partners, employees, shareholders, and other stakeholders in social relationships.
- **Integrity:** Integrity and honesty are the most important and common values guiding the self-discipline of enterprise civilization upheld by ZKTeco, and are the cornerstone of all virtues. Integrity means being able to adhere to the right path and have the courage to admit mistakes. Integrity also means we must adhere to our beliefs.
- **Seeking truth:** The significance of seeking truth lies in being down-to-earth and pragmatic in one's career. The basic connotation of seeking truth is to respect science and pursue truth. Fundamentally speaking, seeking truth is to start from reality, boldly adhere to truth and science, and fearlessly correct errors.
- **Excellence:** ZKTeco thinks excellence as becoming a world-class enterprise, innovating and serving as a world-class enterprise. Continuously striving to become an outstanding enterprise is our interpretation of the process of excellence. Perfection and detail are the best practices of excellence.

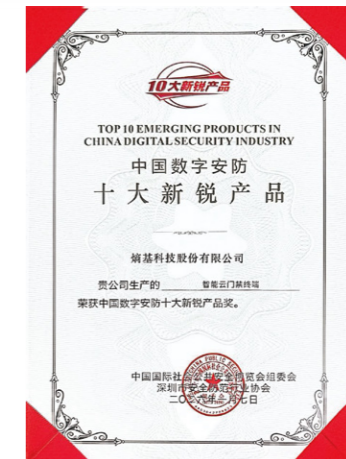
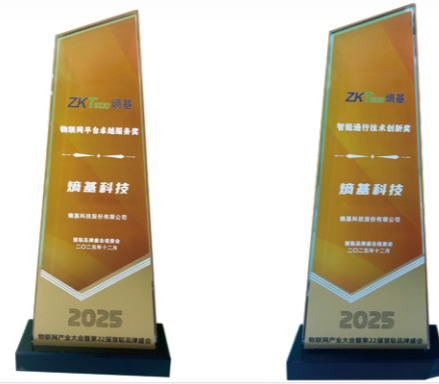
Honors and awards

The Company has been listed as one of the "Top 50 Global Security Companies" by asmag for six consecutive years from 2020 to 2025. In 2025, it ranked 17th on the list and was awarded awards such as "Top 50 Innovation" and "Top 10 Brands in Smart Security" in 2025 Global Security Industry Digital Innovation Ranking by asmag. It was recognized by the Department of Industry and Information Technology of Guangdong Province as a "Guangdong Province 2025 Provincial Manufacturing Single Champion Enterprise" and a "Seventh Batch of Provincial Industrial Design Centers". Since 2016, the Company has been awarded the title of "Top 500 Manufacturing Enterprises in Guangdong Province" by Guangdong Manufacturers Association and other entities for 10 consecutive years (ranking 202nd in 2025). It was selected by the DC World Organizing Committee and relevant institutions as "2025 DC World DC World Awards - Top 10 Brands (AI)" and "2025 DC World DC World Awards - Top 10 Brands (Security Inspection and Explosive Disposal)". It was awarded by the China Intelligent Transportation Systems Association and the China Top 30 Intelligent Transportation Organizing Committee the "2025 14th Top 30 Intelligent Transportation Enterprises in ITSMRS". It won the third place in the "2025 Top 10 Access Control Brands Award" by China Intelligent Building and other entities. At the 2025 China IoT Industry Conference and the 22nd Huicong Brand Festival, it was awarded the 2025 "IoT Platform Excellent Service Award" and "Smart Passage Technology Innovation Award". It was awarded by the Brand Power Nation Pioneer Project Organizing Committee the "2025 National Brand Light Program Selected Brand (ZKTeco)".

In terms of products and solutions, the MG100 multimodal biometrics channel control module, unattended scenario series solutions, and ZKTeco Interconnection Cloud Platform received the "20th China Public Security Expo (CPSE) Golden Tripod Award". The ZKTeco Longhu series swing barrier and smart cloud access control terminal were awarded the "China Top 10 Digital Security New Product Award". New Generation Smart Scenic Spot Self-Service Ticketing Solution and Smart Security Inspection Solution won the "2025 Ping An Shenzhen Construction Excellent Project Award"; "ZKTeco Mars Wisdom Platform" received the "a&s TOP Digital Products & Solutions" award. The product "Facial and Palm Access Control Terminal Xpalm602" was selected by the GUANGDONG HIGH-TECH ENTERPRISE ASSOCIATION as the "2025 Guangdong Provincial Famous and Excellent High-tech Product", and the Visible Light Facial and Fingerprint Access Control Terminal "nFace260" was selected by the Dongguan High-Tech Industry Association as the "Dongguan High-Tech Products of 2025".

During the reporting period, Guangdong Zkteco passed the national high-tech enterprise re-certification and was recognized by the Department of Industry and Information Technology of Guangdong Province as one of the seventh batch of SRDI "Little Giant" enterprises in Guangdong Province; Xiamen ZKTeco obtained renewed certification certificates for ISO 9001:2015 Quality Management System, ISO/IEC 20000-1:2018 Information Technology Service Management System, ISO/IEC 27001:2022 Information Security Management System, ISO/IEC 27017:2015 Cloud Service Security Management System, ISO/IEC 27701:2019 Privacy Information Management System, and GB/T29490-2023 Intellectual Property Compliance Management System.





Performance Highlights for 2025



Business Performance

Operating revenue	Net profit attributable to shareholders of listed companies	Total cash dividend (including tax)
RMB 2.133 billion	RMB 214.7104 million	RMB 97.5981 million



Governance performance

Proportion of independent directors	Proportion of female directors	Punishments for violations of information disclosure
42.86%	28.57%	0 times
Investor inquiry response rate		
100%		



Environmental Performance

Environmental investment	Illegal and irregular incidents in the environmental field	Compliance rate of wastewater disposal
RMB 226.8 thousand	0 items	100%
Annual environmental objective achievement rate		
100%		








Social performance

R&D investment	Proportion of R&D personnel	Cumulative number of authorized patents
RMB 184.6081 million	27.57 %	1,193 items
Product qualification rate	Customer satisfaction via 400 hotline	Number of special training sessions on customer complaint response
99.7%	99.51 %	86 times
Pass rate of assessments on customer complaint response	Amount of investment in work safety	Coverage rate of social insurance
96.08%	RMB 55.9 thousand	100%
Employee training investment	Employee training sessions	Labor contract signing rate
RMB 188.6 thousand	1,248 sessions	100%
Number of work safety accidents	Number of participants in practice and training on data security and customer privacy protection	
0	1,929 person-times	
	Number of training sessions on data security and customer privacy protection	
	15 times	

Sustainable Development Management

Sustainable development goals (SDGs) and vision

ZKTeco actively responds to the UN SDGs, adheres to and strives to achieve the mission of "AI cognition makes spaces smarter and the world better", creating greater value for customers and society. The Company has always placed green, low-carbon and high-quality development in an important position, actively exploring the path of a new green circular economy, continuously improving the level of sustainable development management to fully fulfill their responsibilities, and contributing to the achievement of the UN SDGs.

SDGs	Content of SDGs	Action of ZKTeco
	Eradicate all forms of poverty throughout the world	Participate in social public welfare Carry out volunteer activities
	Ensure a healthy lifestyle and enhance the well-being of people of all ages	Implement work safety measures Protect occupational health
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Provide smooth career development channels. Improve the employee training mechanism
	Achieve gender equality and empower all women and girls	Oppose gender discrimination. Care for female employees
	Ensure safe drinking water and sanitation facilities	Persist in saving water Achieve compliant treatment of wastewater

SDGs	Content of SDGs	Action of ZKTeco
	Ensure universal access to affordable, reliable and sustainable modern energy	Optimize energy structure
	Promote sustained, inclusive and sustainable economic growth, achieve full and productive employment and ensure decent work for all	Adhere to equal employment Protect employee rights and interests
	Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	Encourage R&D and innovation Protect intellectual property rights
	Ensure sustainable consumption and production models	Attach great importance to product quality management Protect customer rights and interests
	Take urgent actions to address climate change and its impacts	Promote energy conservation and carbon reduction Promote green office practices Encourage low-carbon travel Identify climate risks and opportunities
	Promote peaceful and inclusive societies conducive to sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels	Standardize corporate governance Adhere to compliant operations Adhere to business ethics
	Strengthen implementation measures and revitalize the global partnership for sustainable development	Build a sustainable supply chain Adhere to responsible procurement

Sustainable development governance system

Sustainable development concept

ZKTeco adheres to the concept of sustainable development, striving to achieve a comprehensive improvement in environmental protection, social responsibility, and corporate governance while pursuing economic benefits. We continuously strive to achieve more significant results in environmental, social, and corporate governance aspects, thereby contributing to the sustainable development of society.

Sustainable development management mechanism

ZKTeco, committed to long-term development, continuously improves its environmental, social, and corporate governance (ESG) system, constantly optimizes its governance structure and control mechanisms, strengthens the Board of Directors' supervision and participation in the Company's sustainable development affairs, solidifies management responsibilities at all levels, and promotes cross-departmental collaboration in fulfilling duties. The Company integrates sustainable development management into its overall enterprise risk assessment and management system, continuously enhancing the operational level of sustainable development management. Simultaneously, it actively shares its theoretical achievements and practical experience in the field of sustainable development with society.

Sustainable development risk management

ZKTeco fully considers sustainable development-related impacts, risks, and opportunities during strategy implementation, risk management, and major decision-making. It has established a comprehensive Risk and Opportunity Control Procedure, which clarifies the identification and assessment methods of risks and opportunities in the production and operation process. It is applicable to the planning and implementation of risk and opportunity response in activities, products and services within the quality/HSF/environment/occupational health and safety management system. The Board of Directors is responsible for the overall coordination and promotion of the Company's risk and opportunity management system construction.

The Company refers to domestic and international standard requirements to establish a systematic and effective risk assessment and identification system. Relevant functional departments extensively collect internal and external information and promptly conduct risk identification to ensure risks are controllable. The risks faced by the Company mainly include operational risk, technology and product innovation risks, and internal control risks. On this basis, the Company, in accordance with procedural assessment criteria, classifies the severity and frequency of identified risks, and accordingly formulates corresponding risk response measures, continuously monitoring risk changes and the effectiveness of implemented measures.

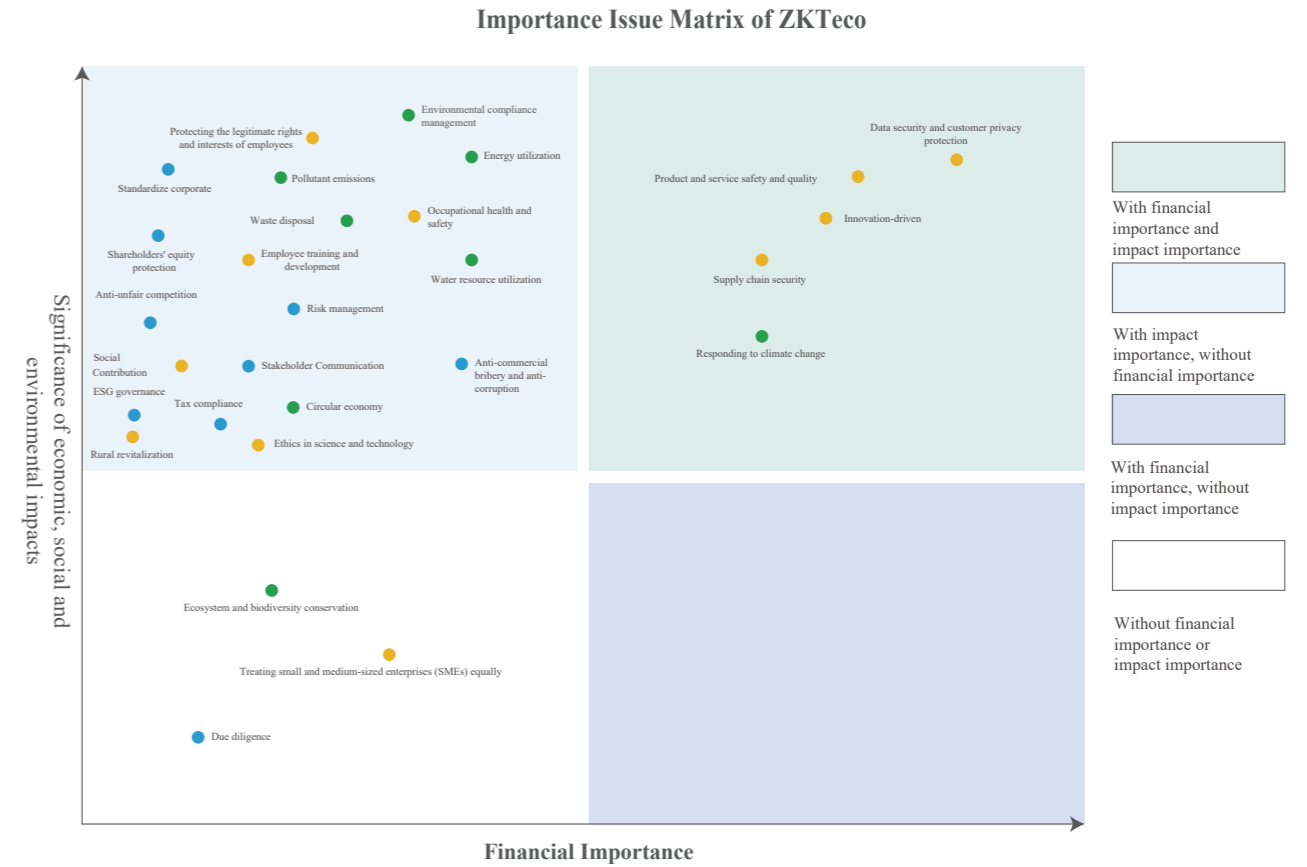
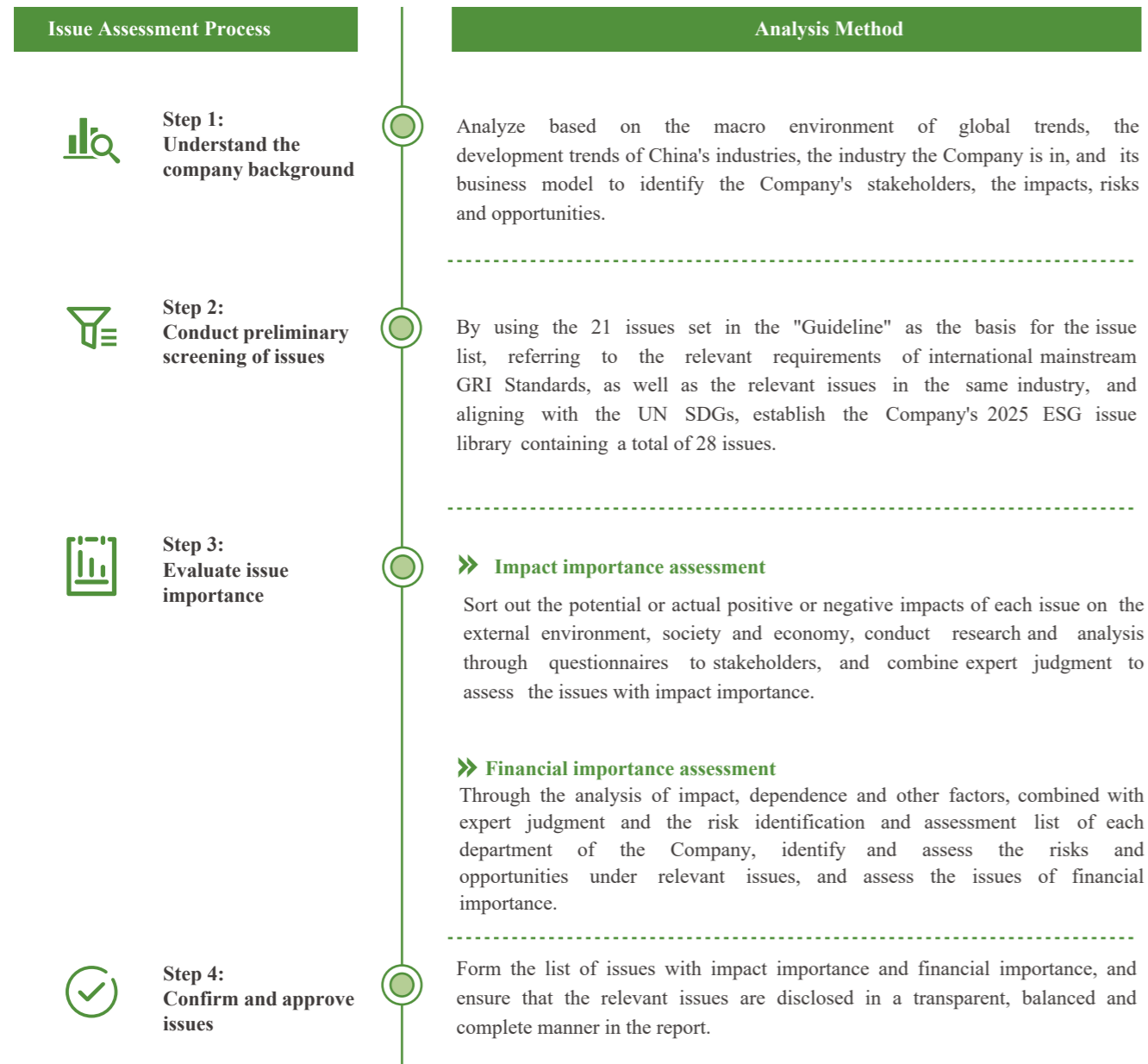
Stakeholder communication

The Company values the rights and interests of stakeholders such as investors, customers, employees and partners. In the process of business development, the Company actively establishes various effective communication channels with stakeholders, understands and timely responds to their expectations and demands.

Stakeholders	Communication Channels	Expectations and demands	Our response
 Shareholders and investors	<ul style="list-style-type: none"> Investor hotline Shareholders' meeting Information disclosure Easy to Interact Investor on-site research Performance briefing 	<ul style="list-style-type: none"> Continuous and stable returns Information transparency and disclosure 	<ul style="list-style-type: none"> Continuous and stable operation Strengthen investor communication Transparent information disclosure
 Government and regulatory agencies	<ul style="list-style-type: none"> Information reporting Work reporting 	<ul style="list-style-type: none"> Operate in accordance with laws and regulations Support local development Protect the environment 	<ul style="list-style-type: none"> Enhance corporate governance Accept regulatory review Persist in protecting the environment
 Customers	<ul style="list-style-type: none"> Hotline Company website and email address Official WeChat platform Daily business communication 	<ul style="list-style-type: none"> Product quality and safety Optimize customer service Privacy and information security 	<ul style="list-style-type: none"> Provide high-quality products Provide high-quality services Respond to customer demands
 Partners	<ul style="list-style-type: none"> Company website and email address Official WeChat platform Daily business communication 	<ul style="list-style-type: none"> Adhere to business ethics Honest cooperation 	<ul style="list-style-type: none"> Build a responsible supply chain Adhere to business ethics
 Employees	<ul style="list-style-type: none"> Labor union and employee congress Seminar Work assessment 	<ul style="list-style-type: none"> Training and development Basic rights and interests protection Health and safety Humanistic concern 	<ul style="list-style-type: none"> Conduct internal training Ensure salary and benefits Carry out occupational health management Employee care measures
 Community	<ul style="list-style-type: none"> Public welfare and charity Volunteer services Publicity and visits 	<ul style="list-style-type: none"> Public welfare and charity Community public welfare Promote regional development 	<ul style="list-style-type: none"> Carry out public welfare and charity activities Give back to communities
 Media	<ul style="list-style-type: none"> Public media Platform media Meeting 	<ul style="list-style-type: none"> Correct information disclosure Maintaining good cooperation Special interview 	<ul style="list-style-type: none"> Carry out timely, complete and accurate information disclosure Strengthen daily communication Organize joint activities
 Industry associations	<ul style="list-style-type: none"> Daily communication Industry association activities 	<ul style="list-style-type: none"> Smooth communication channels Promoting the development of the industry 	<ul style="list-style-type: none"> Actively participate in industry exchanges. Participation in industry standard development

Importance issue management

With full reference to the "Shenzhen Stock Exchange Guideline No. 17 on Self Regulation of Listed Companies - Sustainable Development Report (Trial)" (hereinafter referred to as the "Guideline"), and closely integrating the characteristics of the industry and the actual operation of the Company, the Company comprehensively assesses its performance in various related issues to determine whether they will have a significant impact on the economic, social and environmental aspects (i.e., impact importance), and at the same time considers whether each issue will have a considerable influence on the Company's business model, business operation, development strategy, financial position, cash flow, financing methods and costs, value chain, etc. (i.e., financial importance). Through the consideration of this dual materiality, and by referring to the relevant requirements of international mainstream GRI Standards, a materiality analysis is conducted on the topics within the Company's topic library. The specific implementation steps are as follows:



Importance	Issue		
	Environment	Society	Governance
Issues with both financial importance and impact importance	Responding to climate change	Innovation-driven Product and service safety and quality Supply chain security Data security and customer privacy protection	/
Issues with financial importance but without impact importance	/	/	/
Issues with impact importance but without financial importance	Environmental compliance management Energy utilization Pollutant emissions Waste disposal Water resource utilization Circular economy	Protecting the legitimate rights and interests of employees Employee training and development Occupational health and safety Social Contribution	Shareholders' equity protection Standardize corporate governance Anti-commercial bribery and anti-corruption Anti-unfair competition Tax compliance Risk management Stakeholder communication ESG governance
Issues without financial importance or impact importance	Ecosystem and biodiversity conservation	Treating small and medium-sized enterprises (SMEs) equally	Due diligence

Note 1: The Company's operating activities do not directly impact ecosystems and genetic resources, and no rural revitalization projects were undertaken during the reporting period. Therefore, no disclosure was made in this report on ecosystem and biodiversity protection and rural revitalization topics;
 Note 2: The Company has not conducted specific ESG due diligence, but it continuously carries out risk management work to identify and assess potential negative impacts of operations. For details, please refer to the Compliance Building chapter.

01

Standardizing Governance to Build a Solid Foundation for Development

Excellent corporate governance is the fundamental guarantee for a company's steady and long-term progress, and also a solid foundation for ZKTeco to achieve sustainable development. We actively build a governance structure featuring scientific decision-making, effective supervision, and clear powers and responsibilities, promoting the Company's standardized operation and integrity in business. We continuously improve our risk control and internal control systems, fortify our compliance defense, enhance operational transparency and management efficiency, earnestly fulfill our commitments to all stakeholders, and safeguard the Company's long-term value growth.

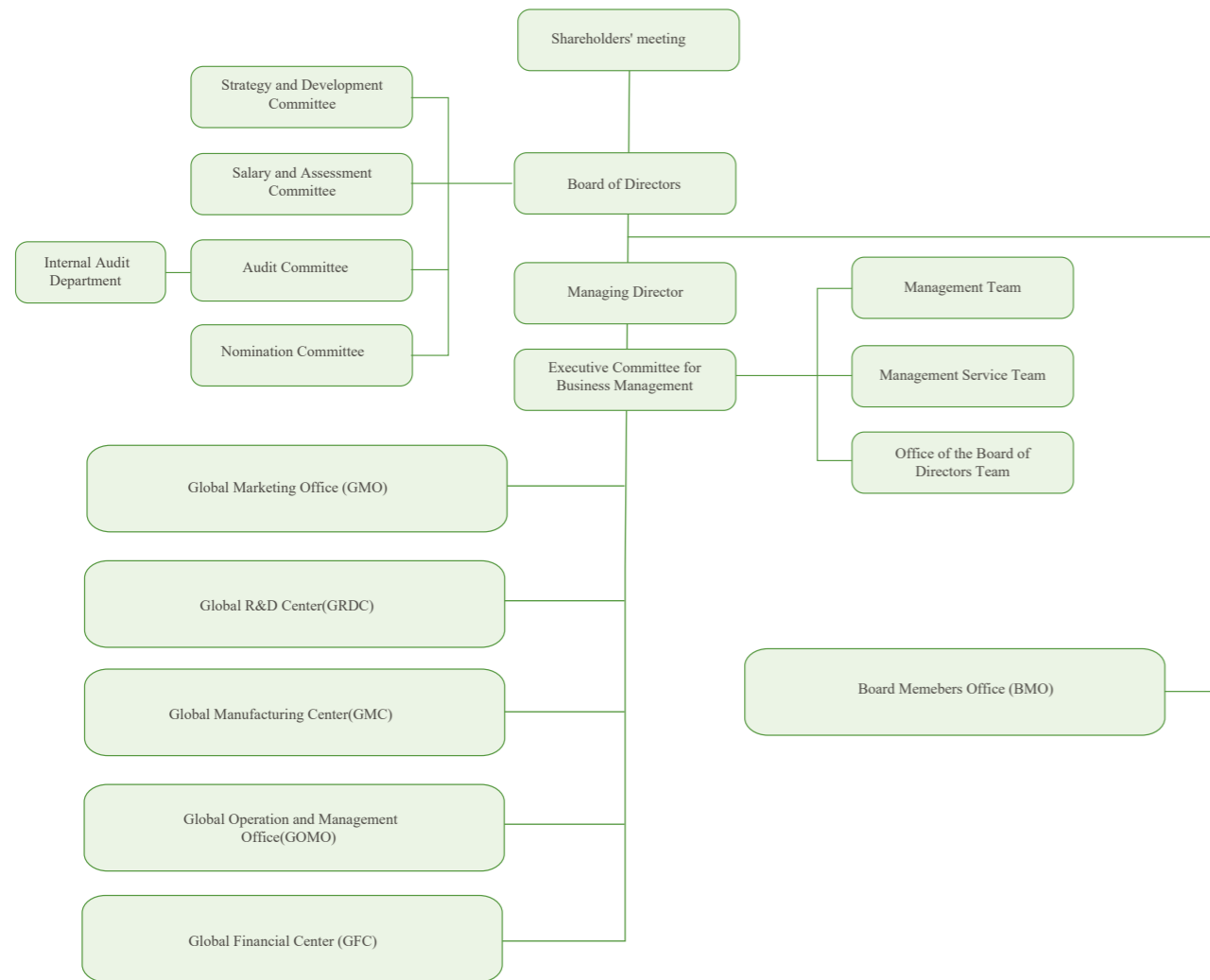
Responsive SDGs



Standardizing corporate governance

Governance structure

The Company strictly adheres to the "Company Law of the People's Republic of China" (hereinafter referred to as the "Company Law"), the "Securities Law of the People's Republic of China" (hereinafter referred to as the "Securities Law"), the "Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange", and other relevant laws and regulations. It has formulated the Articles of Association of ZKTECO CO., LTD. (hereinafter referred to as the "Articles of Association") and other internal management systems, establishing a governance structure with clear powers and responsibilities, composed of the Board of Shareholders, the Board of Directors, specialized committees of the Board of Directors, and senior management. The Company is committed to continuously improving its governance structure, strengthening its internal control system, and constantly enhancing its level of standardized operation, to ensure the Company's compliant and stable operation and safeguard the legitimate rights and interests of all shareholders.



Organizational Chart of ZKTeco

Operational Mechanism

Shareholders' meeting

The Company strictly formulates and implements the "Rules of Procedure of the Shareholders' Meeting" in accordance with the "Company Law", the "Rules for the Shareholders' Meetings of Listed Companies", and other relevant laws and regulations, as well as the relevant provisions of its Articles of Association, to regulate the procedures for the convening, holding, voting, and resolutions of its shareholders' meeting. The shareholders' meeting adopts a combination of on-site voting and online voting to facilitate shareholders' participation in the meetings. For significant events affecting the interests of minority shareholders, the Company strictly implements separate vote counting for minority shareholders' resolutions, promptly discloses the voting results, and effectively safeguards the participation and voting rights of minority shareholders.

During the reporting period

the Company held a total of **3** general meetings, including **1** annual general meeting and **2** extraordinary general meetings, and a total of **22** proposals were deliberated and approved.

¹For the year 2025, the meetings convened by the Company continued to use the name "General Meetings"; starting from 2026, the name will be uniformly changed to "shareholders' meeting".

Board of Directors

The Board of Directors is the Company's operational decision-making and business leadership body, implements the resolutions of the shareholders' meeting, and is accountable to the Board of Shareholders. The Company strictly convenes its board meetings in accordance with the "Rules of Procedure of the Board of Directors", and makes scientific and prudent decisions on significant operational and management matters of the Company. During the reporting period, all directors diligently performed their duties and attended board meetings on time. The Company's Board of Directors has established the Strategy and Development Committee, Audit Committee, Nomination Committee, and Salary and Assessment Committee. Each special committee performs its duties in accordance with its respective work rules, further enhancing the standardization and transparency of corporate governance through professional division of labor and effective supervision. The Company no longer has a Board of Supervisors, with the Audit Committee exercising the functions and powers of the Board of Supervisors as prescribed by the "Company Law"

Diversification

The selection and appointment of the Company's board members follows the procedures prescribed in the Articles of Association and the "Implementation Rules of the Nomination Committee". When selecting director candidates, the Company comprehensively considers candidates' professional knowledge, industry experience, management capabilities, as well as multi-dimensional factors such as gender, age, and educational background, committed to building a diverse board structure to enhance the scientific nature and inclusiveness of decision-making. At the end of the reporting period, the Company's Board of Directors consisted of 7 directors, including 1 employee representative director; 2 female directors, accounting for 28.57%. Board members have diverse backgrounds in professional fields such as financial management, legal compliance, corporate strategy, and industry technology, providing multi-angle professional insights and decision-making support for the Company's development.

Independence

In accordance with the "Company Law", the "Measures for the Administration of Independent Directors of Listed Companies", the Company's "Articles of Association", and other relevant regulations, the Company has formulated the "Independent Director System", "Annual Report Work System for Independent Directors", and "Special Meeting Work System for Independent Directors", to regulate the selection, performance of duties, and safeguard mechanisms for independent directors. Independent directors play roles in decision-making, oversight and checks and balances, and professional consultation within the Board of Directors, to safeguard the overall interests of the company and the legitimate rights and interests of minority shareholders. As of the end of the reporting period, the Company's Board of Directors had 3 independent directors, accounting for 42.86% of the board members.

During the reporting period,

the Company held **10** board meetings, deliberating and approving **40** proposals, with a **100%** attendance rate of members. **2** special meetings for independent directors were held, deliberating and approving **3** proposals; the Strategy and Development Committee held **1** meeting, deliberating and approving **1** proposal; the Nomination Committee held **1** meeting, deliberating and approving **1** proposal; the Audit Committee held **6** meetings, deliberating and approving **14** proposals; the Salary and Assessment Committee held **4** meetings, deliberating and approving **10** proposals



Salary management

During the reporting period, the remuneration management of the Company's directors and senior management strictly followed the "Salary and Assessment Management System for Directors and Senior Managers". Salary determination follows the principles of distribution according to work, combining responsibility, authority, and benefits, linking income levels with company performance and work goals, and combining individual compensation with the company's long-term interests. The Salary and Assessment Committee is responsible for formulating remuneration policies and plans and conducting assessments. Relevant plans are submitted according to procedures to the board meetings and shareholders' meetings for deliberation and approval, ensuring the remuneration decision-making mechanism is standardized, prudent, and transparent.

Directors' Remuneration Standards

- Directors holding positions in the Company's operational management have their remuneration standards determined based on their positions and responsibilities within the Company;
- Non-independent directors who do not hold positions in the Company may receive a certain amount of allowances according to the resolutions of the shareholders' meetings;
- The Company's independent directors are subject to an allowance system. Independent directors receive fixed independent director allowances, and the allowance standards are disbursed in accordance with the resolutions of the shareholders' meetings.

Senior Management Remuneration Standards

- The remuneration of the Company's senior management (including the General Manager, Deputy General Managers, Board Secretary, and Financial Administrator, etc.) consists of basic salary and year-end bonus;
- Basic Salary Standards: primarily determined based on factors such as position, responsibility, capability, and market salary trends;
- Year-end Bonus: determined comprehensively based on the Company's annual operating performance, job performance appraisals, etc. The assessment is annual assessment, and the final payment will be calculated based on the assessment results of the current year.

Compliance Building

Compliance management

To strictly comply with the laws and regulations concerning export controls and economic sanctions in the countries (regions) where its business operates and prevent compliance risks, the Company has formulated the "Trade Compliance Management Measures", which stipulates that the Company's business activities must not violate applicable export control or economic sanction policies, and all business transactions must undergo strict trade compliance review and be recorded.

The Company has established a trade compliance management framework. The Compliance Decision Committee serves as the primary leadership body, responsible for organizing the formulation of compliance strategies, defining compliance management processes, and participating in major decisions. The Compliance Office, as the lead department, is responsible for organizing, coordinating, and supervising trade compliance management work and providing compliance support to other departments. Front-end departments involved in foreign-related transactions, as executing departments, are responsible for implementing specific compliance management tasks.

The Company's specific compliance management measures are integrated throughout the entire business process. Before a transaction, the Company conducts compliance reviews from at least six aspects, including transaction items, import/export countries, transaction parties, and end-use. At critical nodes such as supplier and customer onboarding, contract signing, and before shipment, business departments must screen all parties involved in each stage of the transaction against sensitive lists, and all screening records must be retained for no less than ten years. The Company clarifies the compliance obligations of all transaction parties through contractual compliance clauses or separate compliance commitment letters. The Compliance Office is responsible for monitoring changes in external policies and lists and promptly issuing risk warnings. The Company annually conducts comprehensive trade compliance risk screening and system operation effectiveness audits, and improves control measures based on the results. In response to sudden compliance incidents, business departments must report within 48 hours, and the Compliance Office will take corrective measures such as contract suspension.

The Company attaches importance to fostering a compliance culture. The Compliance Office is responsible for formulating and implementing annual training plans, conducting trade compliance training for different departmental functions, and maintaining relevant records.



Trade Compliance Training - Dongguan Venue



Trade Compliance Training - Xiamen Venue

Risk management

The Company's Board of Directors is responsible for planning and establishing the Company's risk management framework, specifying the Company's risk management policies and relevant guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company and specified specific risks, covering many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates changes in the market environment and the Company's operating activities to decide whether to update the risk management policies and systems. The risk management of the Company is carried out in accordance with the policies approved by the Board of Directors. Our internal audit department conducts regular audits on risk management controls and procedures, and reports the audit results to the Audit Committee.

Internal control

The Company continuously improves its internal control system in accordance with the "Basic Norms for the Internal Control of Enterprises" and other laws, regulations, and regulatory requirements. The Board of Directors is responsible for the establishment, improvement, and effective implementation of the Company's internal control. The Board of Directors has established an Audit Committee, which is responsible for supervising and evaluating the Company's internal control and guiding internal audit work. The Company has established an independent internal audit department, staffed with full-time auditors, which is directly responsible to the Board of Directors and reports its work to the Audit Committee. The Internal Audit Department is responsible for inspecting and evaluating the completeness, reasonableness, and effectiveness of the implementation of the internal control systems of the Company's various internal departments, controlling subsidiaries, and investee companies with significant influence. It audits the legality, compliance, and authenticity of financial revenues and expenditures and related economic activities.

In terms of its operating mechanism, the Internal Audit Department is responsible for formulating the annual internal audit work plan and organizing its implementation after approval by the Audit Committee. The scope of audit covers financial reports, the use of raised funds, external investments, external guarantees, related party transactions, and other significant matters. The Company conducts a comprehensive and in-depth assessment of internal control effectiveness annually and truthfully discloses the "Internal Control Evaluation Report". Meanwhile, the Company annually engages an accounting firm to audit the effectiveness of its internal controls and issue an "Internal Control Audit Report".

Management of related party transactions

To ensure that related party transactions between the Company and its related parties comply with the principles of fairness, impartiality, and openness, and to protect the legitimate rights and interests of investors, especially small and medium-sized investors, the Company has formulated institutional documents such as the "Related Party Transaction Management System" and the "Standardized Management System for Related Party Fund Transactions" in accordance with the "Company Law" and the Articles of Association. These documents clarify the specific matters of related party transactions and fund transactions with related parties, the scope of identification of related parties, and stipulate the review and disclosure procedures, pricing principles, etc., for related party transactions. Meanwhile, the Company strictly implements a related party avoidance mechanism. When related party transactions are reviewed, related directors and shareholders must avoid voting, thereby effectively safeguarding the interests of the Company and all its shareholders.

Tax management

The Company strictly abides by the provisions of national laws, regulations, and policies, such as the "Law of the People's Republic of China on the Administration of Tax Collection", the "Law of the People's Republic of China on Enterprise Income Tax", and the "Provisional Regulations of the People's Republic of China on Value-Added Tax". It adheres to paying taxes in accordance with the law, ensuring timely and full payment of taxes. To strengthen the standardization and effectiveness of tax management, the Company has formulated a series of financial and tax-related systems such as the "Management Measures for the Issuance and Use of Value-Added Tax Invoices", the "Management System for Stamp Duty Declaration", and the "Management Norms for Export Receipts and Foreign Exchange", strictly managing all tax-related work and preventing tax risks such as failure to pay taxes on time and tax evasion.

Protecting rights and interests of investors

Information disclosure

The Company strictly abides by laws, regulations, and regulatory provisions such as the "Measures for the Administration of Information Disclosure of Listed Companies" and the "Rules Governing the Listing of Shares on the ChiNext Market of Shenzhen Stock Exchange". It has formulated internal rules and regulations, including the "Information Disclosure Management System", which clarify the content, standards, procedures, and management responsibilities for information disclosure. This ensures the truthfulness, accuracy, and completeness of information disclosure, allowing investors to fully understand the Company's operating conditions, financial position, risk profile, and development prospects. During the reporting period, the Company disclosed regular reports and temporary announcements in accordance with the law, and there were no instances of being penalized by securities regulatory authorities due to violations of information disclosure.

In 2025, the Company disclosed a total of **200** announcements, including **4** regular reports.

Investor relations management

To improve corporate governance and strengthen effective communication with investors, the Company has formulated the "Investor Relations Management System", aiming to foster a sound relationship between the Company and its investors and enhance investors' further understanding and familiarity with the Company. The Company's Board Secretary serves as the head of investor relations management, coordinating all investor relations affairs; the Securities Department, as a functional department, is responsible for the daily management of investor relations, including drafting policies, organizing activities, addressing investor appeals, and maintaining communication platforms.

The Company maintains communication with investors through diversified channels, including the Shenzhen Stock Exchange Easy to Interact platform, the Company's official website, corporate email, and investor inquiry hotline. The Company always adheres to the principles of openness and transparency, maintaining long-term, stable, and harmonious interactive relationships with investors, thereby assisting them in making rational decisions.

Investor Contact Channels

Website	www.zkteco.com
Tel.	0769-82618868
Email	ir@zkteco.com

During the reporting period,

the Company received investors for on-site research **9** times, totaling **113** investor visits; interacted with investors **105** times on Easy to Interact, achieving a **100%** response rate to investor questions; held **3** open investor communication meetings; and answered **529** investor calls.

Shareholders' equity protection

The Company's shareholder return policy adheres to the relevant provisions of the "Company Law" and the Articles of Association. To establish a continuous and stable return mechanism, the Company's Board of Directors has formulated the "Shareholder Dividend Return Plan for the Next Three Years (2025-2027)". When formulating its profit distribution plan, the Company comprehensively considers factors such as its development stage, operating conditions, financial position, future capital needs, and financing environment, balancing shareholders' short-term returns with the Company's long-term development. The Company's profit distribution adheres to the principle of prioritizing cash dividends and specifies the minimum cash dividend ratio for different development stages. During the decision-making process, the Company focuses on fully soliciting shareholder opinions through methods such as online voting at shareholders' meetings and proactive communication with minority shareholders.

On June 4, 2025, the Company completed its equity distribution in accordance with the "Proposal on the 2024 Profit Distribution Plan": a cash dividend of RMB 0.5 per share for 2024, with a total cash payout (tax inclusive) of RMB 97,598,100; and converted capital reserve into share capital, with 2 shares transferred for every 10 shares, totaling 39,039,225 shares of increased share capital. The Company's planned 2025 profit distribution plan is to distribute a total of RMB 112,433,000 in cash dividends, with no bonus shares and no capitalization of share capital from capital reserve.

Commercial conduct

Anti-bribery and anti-corruption

Integrity system

ZKTeco strictly abides by laws and regulations such as the "Criminal Law of the People's Republic of China" and the "Basic Norms for the Internal Control of Enterprises", and has formulated the "Anti-Commercial Bribery System" to regulate employees' ethical conduct in employment. At the same time, the Company sets requirements for business partners with whom it has dealings in the "Anti-Commercial Bribery System", prohibiting reverse bribery targeting the Company's internal personnel. The Company has established an anti-commercial bribery working group to continuously supervise its anti-commercial bribery efforts. The Chairman serves as the leader of the working group, responsible for guiding the Company's anti-commercial bribery work. Members include the General Manager, Board Secretary, Financial Center, Legal Department, Internal Audit Department, etc. The Company's Legal Department is the standing body for anti-commercial bribery work, responsible for the specific implementation of anti-commercial bribery efforts for the Company and its subsidiaries.

The Company advocates a corporate culture of honesty and integrity, fostering an anti-bribery environment. It regularly conducts integrity training for employees to ensure they truly understand the requirements of anti-commercial bribery laws and regulations and internal company policies, helping them distinguish between legal compliance and illegal criminal acts, and between ethical and unethical behavior, thereby ensuring the Company's continuous, stable, and healthy development.

In 2025, the Company conducted **6** legal training sessions and **2** hours of anti-commercial bribery and anti-corruption training, with **50** employees participating.

Integrity supervision

The Company attaches great importance to commercial bribery risk management and control in all business operations, continuously improving various processes, rules, and systems. It assesses commercial bribery risks and establishes specific control procedures and mechanisms to objectively reduce the likelihood of commercial bribery. To establish an internal environment of integrity and compliance for employees, the Company has established supervision and evaluation mechanisms to review and assess employees' integrity in their professional conduct. It signs the "Integrity Agreement" with employees and regularly requires them to complete the "Honesty and Integrity Self-Inspection Form". For acts violating the provisions of the agreement, the Company will handle them in accordance with relevant laws and regulations and company policies.

In addition, the Company actively supervises the integrity of suppliers' professional conduct. To ensure the transparency of the procurement process, the Company and its suppliers jointly signed the "Integrity Agreement" and the "Procurement Framework Agreement", clearly defining the scope of "improper benefits" and comprehensively prohibiting any form of bribery, illicit benefit transfer, and acts that violate business integrity. The Company requires suppliers to provide integrity education to their employees and establish a responsibility mechanism for proactively declaring conflicts of interest, as well as refusing and reporting bribery attempts by Party A's personnel. For breaches of contract, the "Integrity Agreement" stipulates severe disciplinary measures, including disqualification of suppliers, blacklisting, payment of high liquidated damages, and compensation for losses, reflecting the Company's zero-tolerance stance on corruption, thereby effectively preventing business ethics risks and protecting the legitimate rights and interests of the Company and its partners. In 2025, the signing rate of the "Integrity Agreement" among suppliers was 100%.

Reporting channels

The Company has opened reporting channels such as telephone and email, encouraging internal and external stakeholders to report improper conduct involving anti-corruption, anti-bribery, or other violations of laws, regulations, or business ethics. After investigation and verification, appropriate disciplinary measures will be taken against violators, and the results will be communicated internally and to necessary external third parties as required.

The Company highly values whistleblower protection. All reports are handled and recorded by dedicated personnel, and strict confidentiality measures are taken for whistleblowers' personal information and reporting materials to prevent any form of disclosure or dissemination. The Company strictly prohibits any retaliatory actions against whistleblowers, and such actions will be seriously investigated and dealt with. If necessary, the Company will pursue legal action to hold relevant parties accountable, to effectively safeguard the legitimate rights and interests of whistleblowers.

Duty crime reporting channel of ZKTeco:

Reporting Hotline:
13538555484 (long-term)

Reporting Email:
zklaw@zkteco.com;
1371146414@qq.com

Anti-monopoly and anti-unfair competition

The Company always adheres to the principles of fair and free competition, strictly abides by relevant laws and regulations on antitrust and anti-unfair competition, systematically regulates market competition behavior, and is committed to maintaining an honest, fair, and free market order and business environment. In 2025, the Company had no significant legal disputes related to unfair competition and antitrust.

In fulfilling its commitment to responsible marketing, the Company strictly complies with the "Advertising Law of the People's Republic of China", formulated the "Management Measures for External Publicity of China Region Business Division" and other regulations, compiled a list of prohibited and sensitive words for advertising and publicity, clarified specifications for external publicity materials, strictly prohibited all forms of false advertising, and continuously improved the Company's information management and publicity efforts. In addition, to enhance our employees' awareness of responsible marketing, we provide annual training on responsible marketing to them.

Indicators	Unit	2023	2024	2025
Person-time of responsible marketing training	Person-time	609	521	436
Total duration of responsible marketing training	Hour	8	8	8
Number of responsible marketing training sessions	Times	4	4	4

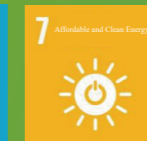


02

Low-Carbon Transition, Leading Green Development

ZKTeco adheres to its original aspiration for green development, strictly implements various environmental protection requirements, establishes and improves an environmental management system, and promotes pollution prevention and control, energy conservation and consumption reduction, and resource recycling, thereby comprehensively solidifying the practical foundation for corporate ecological environmental protection.

Responsive SDGs



Responding to climate change

Governance

ZKTeco integrates climate change-related functions into its governance structure and continuously promotes the optimization and upgrading of its climate change governance system. The Company refines the core responsibilities of each department in climate change management, designates the Integrated Service Center as the responsible management department for climate change response, while strengthening coordination and seamless transition across all links, continuously improving the completeness, adaptability, and implementation effectiveness of the governance system.

Strategy

The Company, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), analyzes climate change-related risks, identifying the risks and impacts brought by climate change to the Company from both physical risks and transformation risks, and actively takes countermeasures.

Risk/Opportunity Type	Risk/ Opportunity Description	Likelihood ¹	Impact Time Range ²	Expected Financial Impact	Countermeasures
Physical risk	Acute risk The frequency and intensity of extreme weather events such as typhoons, floods, heavy rain, heat waves and cold snaps have increased.	High	Short to medium term	Facility repair and operation are suspended, and costs of alternative supply chains are increased.	1. Formulate relevant emergency plans and implement disaster response plans; 2. Strengthen flood control and windproof facilities; 3. Build a diversified supply chain system.
	Chronic risk There is continuous rise in sea level, average temperature increase, and extreme changes in precipitation patterns and weather patterns, etc.	High	Medium to long term	Operating costs increased.	1. Strengthen flood control and emergency management to reduce the probability of business interruption. 2. Enhance temperature control in office, production, and other processes.
Transformation risk	Market risk There are changes in customer behavior, uncertain market signals, and rising energy costs.	High	Short and medium to long term	Sudden and unexpected changes occur in energy costs.	Actively promote the Company's energy conservation and carbon reduction efforts.
	Reputation risk There is impact on corporate reputation due to non-compliance or poor performance in climate risk management.	Low	Short and medium to long term	Operating revenue declined.	Strengthen stakeholder communication, proactively publish sustainable development reports, and disclose information related to climate change response.

Risk/Opportunity Type	Risk/ Opportunity Description	Likelihood ¹	Impact Time Range ²	Expected Financial Impact	Countermeasures
Opportunity	Resource efficiency Adopt clean energy and energy-saving technologies to reduce production energy consumption and carbon emissions.	High	Short and medium to long term	Operating costs are reduced.	Promote green production and actively adopt energy-saving and carbon reduction technologies.
	Products and services Develop low-carbon products and services to meet customer needs and enhance market competitiveness.	High	Short and medium to long term	Operating revenue increased.	1. Strengthen market research to understand changes in customer needs and industry trends; 2. Accelerate R&D and innovation of green and low-carbon products.

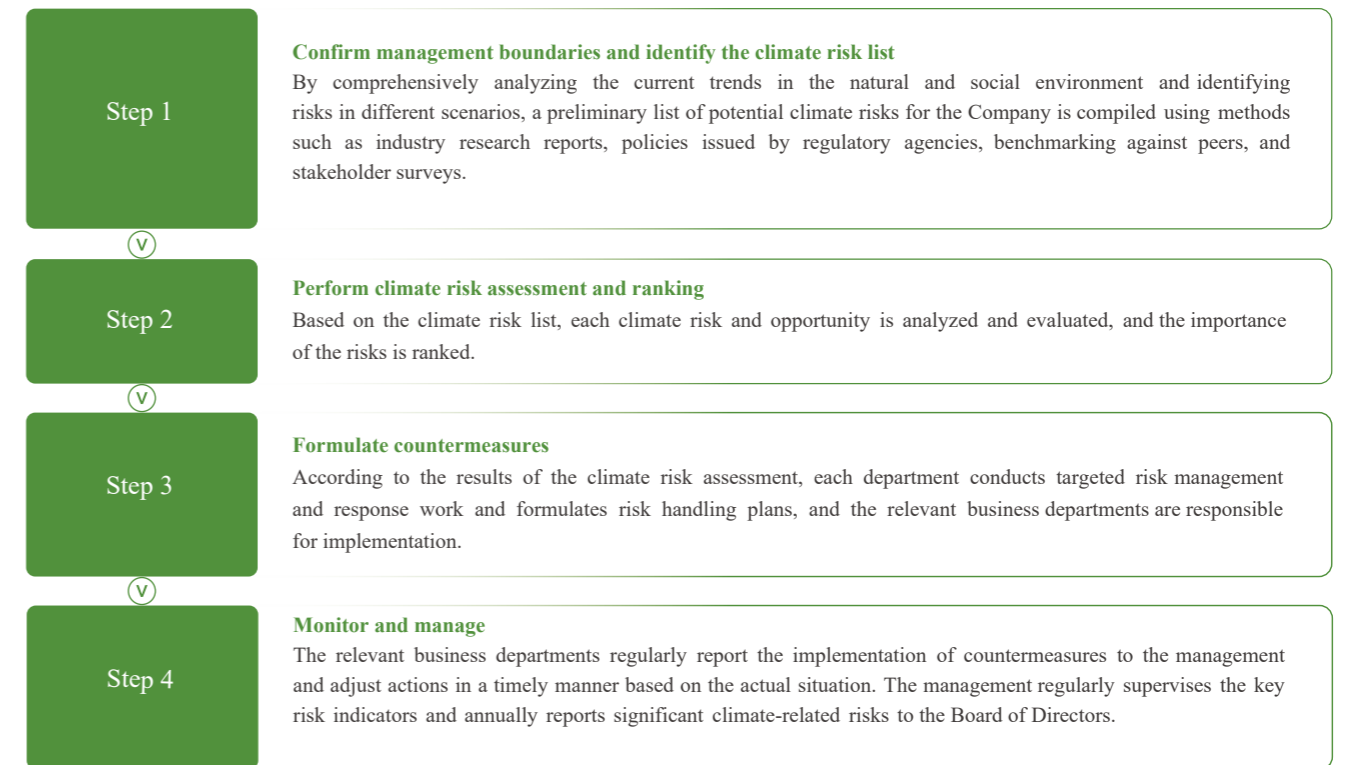
² Likelihood refers to the frequency and probability of risks/opportunities occurring, primarily determined by historical probabilities, external scenarios, progress in policy implementation, and expert judgments. Likelihood is assessed from "Low" to "High".

³ Impact time range refers to the different time periods over which climate-related risks and opportunities will affect the company. The Company categorizes the impact time range into short-term (0-1 year), medium-term (1-5 years), and long-term (over 5 years).

Impact, risk and opportunity management

ZKTeco incorporates climate change risks into its corporate risk assessment and control system, deeply explores technological innovation opportunities and market development potential in the transition to a low-carbon economy, continuously enhances the Company's resilience to climate risks, and effectively integrates SDGs with the Company's strategy.

Climate-related Risk Identification, Assessment, and Management Processes



Indicators and objectives

ZKTeco has clarified core requirements for emission reduction based on national carbon peaking and carbon neutrality goals, and formulated a series of energy-saving and consumption-reducing measures. During the reporting period, the Company updated its climate change response goals to "continuously explore innovative implementation paths for low-carbon scenarios, promote energy saving and consumption reduction in operational processes, and work with customers to move towards a low-carbon, sustainable smart space future." In the future, the Company will continue to monitor the implementation and execution of greenhouse gas emission reduction measures, steadily improve its climate change management level, and lay a more solid foundation for promoting green and low-carbon operations.

Greenhouse gas emission management

ZKTeco actively responded to the national call for green and low-carbon development, continuously optimized its energy consumption structure, comprehensively promoted green office practices, encouraged employees to adopt low-carbon travel, and reduced carbon emissions in an all-round and multi-faceted manner. The Company is committed to achieving green production and low-carbon operations. In new production bases, advanced environmental protection technologies and equipment are introduced, and production processes are continuously optimized to reduce pollutant emissions and improve resource utilization efficiency.

In addition, the Company leverages its accumulated digital intelligence technology to explore innovative implementation paths for low-carbon scenarios and promote the steady realization of its "dual carbon" goals through practical green practices.

Zero-carbon kiosk

Case

Addressing the digital transformation needs of the traditional retail industry, ZKTeco has launched products and applications designed for innovative businesses smart retail scenarios, including the unattended zero-carbon kiosk, ZKDIGIMAX Smart Retail AI Platform Level 3 (L3), and Content Management System (CMS). Integrating technical and business capabilities in fields such as computer vision, big data, and cloud computing, it provides retailers with personalized recommendations and customized services.



Zero-Carbon Kiosk

Environmental management

Environmental compliance management

Environmental management system

ZKTeco adheres to the environmental policy of "complying with regulatory requirements and implements pollution prevention; reasonably utilizing resources and continuously improving the environment", strictly abides by the "Environmental Protection Law of the People's Republic of China" and other laws and regulations, and, in conjunction with the Company's actual environmental management situation, compiled the "Environmental Management Manual", continuously improves the environmental management system, and clarifies the responsibilities and interrelationships of each department in environmental management. In 2025, the Company's total investment in environmental protection was RMB 226.8 thousand.

Organizational Structure of ZKTeco's Environmental Management

Position	Responsibilities
Managing Director	Responsible for overseeing the Company's environmental management affairs and making final decisions on major environmental issues.
Management representative	Responsible for establishing, implementing and maintaining the Company's environmental management system, approving environmental objectives and indicators, and approving environmental management plans.
All Departments	Responsible for implementing environmental management and achieving the Company's environmental objectives.

During the reporting period, the Company successfully passed the ISO 14001:2015 Environmental Management System certification, and there were no environmental penalties or violations.



To advance the Company's environmental management efforts, we formulated an environmental management plan implementation schedule, set control targets for pollutants and waste, and continuously tracked the progress of target achievement to ensure the effective implementation of various environmental management measures.

Target Content	Achievement
The discharge compliance rate for domestic sewage and industrial wastewater is 100%.	Achieved
The compliance rate for kitchen fumes and smoke emissions is 100%.	Achieved
The compliance rate for noise emissions at the factory boundary is 100%.	Achieved
100% collection and treatment of hazardous and harmful solid waste	Achieved

Environmental risk control

The Company has formulated and strictly implements internal control procedures such as the "Risk and Opportunity Management Control Procedure" and the "Environmental Factor Identification and Evaluation Procedure". Starting from risk identification and assessment, the Company systematically reviews its potential risks in environmental management and conducts comprehensive and accurate identification and evaluation of environmental factors in its activities, products, and services, thereby minimizing the potential harm caused by environmental factors.

In addition, the Company investigates environmental risks and hazards, and improves risk prevention and control measures for sudden environmental incidents. The Company has formulated the "Chemical Leakage Emergency Plan" to standardize the handling process for sudden environmental incidents. At the same time, the Company conducts emergency drills to test the feasibility and effectiveness of emergency plans, and continuously optimizes emergency mechanisms based on drill results, thereby effectively enhancing overall emergency response and risk control capabilities.

Chemical leak prevention drill

Case

On August 1, 2025, the Company organized a hazardous chemical leakage drill to enhance the employees' response and rescue organization capabilities in the event of a chemical leak, and strengthen their environmental protection and safety awareness. Meanwhile, through this drill, we improved the operability of the on-site disposal plan for leakage incidents within the emergency plan, enhancing its practicality and completeness.

Environmental protection training

The Company regularly conducts environmental education and training. Each department identifies the environmental training needs of employees based on actual work requirements, determine different training themes, such as environmental awareness education, legal and regulatory explanations, environmental business knowledge and professional skills training, and formulates corresponding employee training plans.

Pollutant emissions

ZKTECO and its subsidiaries are not classified as key polluting entities announced by the environmental protection department, and strictly comply with the "Law of the People's Republic of China on Prevention and Control of Water Pollution", the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution", and other relevant laws and regulations in their daily production and operation. The Company regularly monitors and dynamically assesses key environmental indicators by implementing the "Environmental Monitoring and Control Procedure" to ensure that all environmental risks are under control. During the reporting period, the Company commissioned qualified professional third-party organizations to conduct environmental monitoring and issue testing reports, ensuring the compliant discharge and disposal of pollutants. During the reporting period, the Company did not incur any penalties or violations related to pollutant discharge.

Wastewater management

The Company's domestic wastewater is treated and then discharged into municipal pipelines, and no industrial wastewater is generated. To ensure compliant wastewater discharge, the Company commissioned a qualified professional third-party organization to develop a "Wastewater Treatment Plan" based on the Company's actual situation, ensuring proper wastewater treatment and that the treated wastewater can be reused. During the reporting period, the Company's wastewater discharge volume was 85 tons, with a 100% compliant wastewater disposal rate, achieving zero industrial wastewater discharge.

Ultrasonic cleaning water treatment and reuse project

Case

The Company has an ultrasonic cleaning process in the production process of its products, and the water to be treated includes wastewater generated after filtration by a water purifier and wastewater from ultrasonic backend cleaning. The Company engaged professional third-party organizations to use reclaimed water reuse filtration facilities to treat the aforementioned wastewater. The purified wastewater is then reused in the production process, achieving closed-loop management of production water and effectively reducing wastewater discharge.

Waste gas management

The Company strictly controls exhaust gas emissions during the production process, commissioning professional third-party organizations to provide a "Technical Plan for VOCs Treatment" based on the Company's actual situation, ensuring that exhaust gas emissions comply with relevant national and local regulations. To ensure the stable operation and continuous compliance with emission standards of the exhaust gas treatment system, the Company has established a comprehensive facility maintenance mechanism, regularly arranging employees to conduct thorough inspections and maintenance of the exhaust gas treatment facilities, thereby ensuring the robust operation of equipment and facilities. The Company has installed environmental protection exhaust fans to quickly draw smoke and dust to the rooftop, where they are filtered and separated of harmful substances through purification equipment, ensuring that the air meets environmental protection emission standards. Concurrently, by regularly cleaning the smoke and dust collection devices, the dust collectors can operate efficiently, strengthening systematic control over exhaust gas emissions.

Waste management

ZKTECO strictly complies with the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" and other relevant laws, regulations, and standard documents. It has formulated the "Waste Management Specification", established and continuously improves its waste management system, carefully handles general industrial waste and hazardous waste, and effectively reduces the potential harm of waste to the environment.

For general waste, the Company has signed a "General Industrial (Solid) Waste Treatment Service Agreement" with third-party organizations, and hired organizations to assist it in handling general waste such as waste packaging, tin tin dross, and defective glass prisms. For hazardous waste, the Company entrusts qualified third-party organizations for standardized hazardous waste treatment. Both parties sign the "Hazardous Waste Disposal Service Contract", and simultaneously formulate detailed inter-provincial transfer plans and file them for record. Professional third-party companies are entrusted with the entire transportation of hazardous waste from its point of origin to the disposal site, ensuring its safe and compliant disposal.

Indicators	Unit	Unit
General waste generation volume	Ton	2.5
General waste disposal volume	Ton	2.5
Hazardous waste generation volume	Ton	41.6
Hazardous waste disposal volume	Ton	45.787

Resource management

Energy utilization

Governance system

ZKTeco strictly adheres to the "Law of the People's Republic of China on Conserving Energy" and other national laws and regulations, formulates systems and regulations such as the "Energy and Resource Management System" and the "Energy Performance Management System", introduces the ISO 50001 energy management system standard, and continuously improves its energy management system.

In addition, the Company formulates the "Energy Measurement and Statistics Position Work Guidelines", the "Energy Performance Management System", and the "Energy Statistics Account System" and other systems to clarify the specific responsibilities and processes for energy measurement, statistics, analysis, and performance management, ensuring the accuracy and traceability of energy data and providing a scientific basis for the Company's energy management decisions. By establishing an energy performance management system, it can continuously monitor and optimize energy usage efficiency, promoting the refinement and sustainable development of the Company's energy management.

Energy conservation and consumption reduction measures

The Company formulates internal management systems such as the "Energy Conservation Target Management System", the "Energy Conservation Publicity System", and the "Energy Conservation and Emission Reduction Reward and Punishment System", sets energy and resource consumption management targets, and integrates publicity and guidance, target control, and reward and punishment constraints into all aspects of daily operations, empowering the enterprise's low-carbon transformation. The Company implements energy-saving technical upgrades, eliminates outdated and inefficient equipment, and strictly controls equipment no-load and standby losses; for major energy-consuming equipment, energy consumption quotas are set, and regular assessments are conducted; the Company strengthens equipment maintenance, ensuring efficient and stable operation of equipment.

In addition, the Company promotes digitalized energy consumption management. During the reporting period, the ZKTeco ZKBio V6600 intelligent management platform was further expanded and upgraded, adding energy consumption management and space management modules. Through one-stop centralized management, it enables intelligent analysis and decision-making for office scenes, assisting enterprise parks and office buildings in achieving energy-saving and low-carbon operations.

Target Content	Achievement
Domestic electricity: $\leq 30\text{kWh}$ per person	Achieved
Production electricity: $\leq 450,000\text{kWh}$	

Water resource utilization

ZKTeco strictly adheres to relevant laws and regulations such as the "Water Law of the People's Republic of China", closely follows the policies and requirements of the state and local governments regarding water usage and reuse, sets water-saving targets, optimizes water resource management, and improves the recycling rate of water resources. After tap water is purified through a water purifier, 70% of the purified water is used in ultrasonic cleaning machines. After professional treatment, 60% of the reclaimed water meets the reuse standards and is then returned to the water purifier for secondary purification, achieving tiered and intensive utilization of water resources and effectively reducing water consumption for production. The Company's water source is municipal water supply.

Target Content	Achievement
Domestic water: $\leq 4\text{m}^3$ per person	Achieved
Production water: $\leq 2,500\text{m}^3$	

The Company intensifies the daily inspection, maintenance, and management of water-using equipment, promptly addressing any leakage or waste, and strictly preventing the waste of water resources. The total monthly water consumption is verified and statistically recorded by a designated person. Violations of water conservation regulations and water waste are subject to penalties based on the severity of the offense. In addition, the Company vigorously promotes water conservation by posting water conservation slogans and other methods to enhance employees' awareness of water conservation.

Circular economy

ZKTeco has formulated the "Raw Materials Warehouse Management Regulations" and other systems to rationalize warehouse operations, ensure the safety and quality of materials, guide and standardize the daily work of warehouse personnel, and improve the efficiency of material turnover. The Company has established a complete material management organization, with the material warehouse divided into an electronic materials warehouse and a mechanical materials warehouse. The specific responsibilities of each position in the raw materials warehouse management are clearly defined, enabling efficient raw materials warehouse management. The Material Management Department regularly conducts material-related training. After the training, the "Training Sign-in and Evaluation Form" is prepared to quantify training results and continuously enhance employees' professional and practical skills in material management.

In addition, the Company actively selects environmentally friendly materials, optimizes process flows, effectively disassembles, classifies, and reuses waste products, and reduces waste generation. In daily office operations, the Company promotes paperless office practices and explores the use of e-paper smart devices and solutions to achieve efficient resource recycling and promote the development of the circular economy.



Basic On-site Warehouse Management Training

Full-process material management



Material storage

- Develop a Warehouse Management (WM) "Risk and Opportunity List" to comprehensively identify potential risks across all operational stages and roles in material management. Following assessment and analysis, formulate safety control measures and recommended improvement actions.
- Implement classified identification management for material storage, partitioning storage areas based on characteristics such as electrostatic discharge (ESD) protection, temperature, and humidity.
- Smoking, carrying ignition sources, and storing flammable, explosive, or hazardous materials are strictly prohibited in the warehouse. Regular safety inspections are conducted to prevent material damage and safety incidents.
- Leverage the SAP system to achieve precise inventory record management, implementing zone segmentation, line marking, and fixed-location control for goods.



Material transportation

- Develop detailed transportation plans based on production order requirements, adopting appropriate packaging and protective measures.
- Utilize AGV machines for material transportation to reduce material loss.
- Real-time monitoring of the transportation process is conducted, and emergency plans are prepared to address unforeseen circumstances.



Receiving and usage

- Deliver materials based on order requirements to ensure that the consumption of raw materials during production complies with the material BOM and process requirements, thereby preventing waste.
- Incoming raw materials are subject to quality inspection and reliability testing to ensure that their quality meets production requirements.

Green office practices

ZKTeco adheres to a green office philosophy, continuously reducing resource and energy consumption in its office scenes. The Company strictly adheres to energy-saving standards, and reminds employees to pay attention to saving resources and energy and avoid waste. The Company actively promotes paperless office, utilizing digital technology for document management and communication as much as possible. For inevitable paper usage, we also advocate the use of recycled paper to reduce paper consumption.



Saving electricity

- In the office, ensure lights are off on sunny days, minimize lighting when fewer people are present, and turn off lights when leaving, thereby eliminating the phenomenon of lights being left on unnecessarily or during daylight hours.
- Adjust the positions of desks in each department (office) to make use of natural light as much as possible. Energy-saving lamps are used and ordinary incandescent bulbs are not used.
- Reduce the power consumption of electronic office equipment and standby power consumption. Computers, printers, copiers, scanners, fax machines and other electrical equipment should be turned on and used reasonably. Power should be turned off when personnel leave work to prevent standby power consumption.
- Set air conditioners to reasonable temperatures: the indoor cooling temperature in summer should not be lower than 26 C, and the indoor heating temperature in winter should not be higher than 20 C). In special places, they can be turned on according to work needs. It is prohibited to turn on the air conditioner when no one is around to avoid wasting electricity.
- Strictly prohibit the use of high-power appliances such as electric stoves in the office. The configuration and switch time of electric drinkers should be reasonably adjusted to reduce unnecessary power consumption.
- Conduct energy-saving campaigns to jointly build an energy-efficient society.



03

Empowering Collaboration to Co-create a Thriving Ecosystem

ZKTeco deeply cultivates the core aspects of industrial development, with innovation as its driving force, product safety as its foundation, and high-quality customer service as its bond. It establishes a dual guarantee of supply chain security and information security, fostering multi-dimensional collaboration to build core industrial value and inject continuous momentum into the high-quality development of the industry.

Responsive SDGs



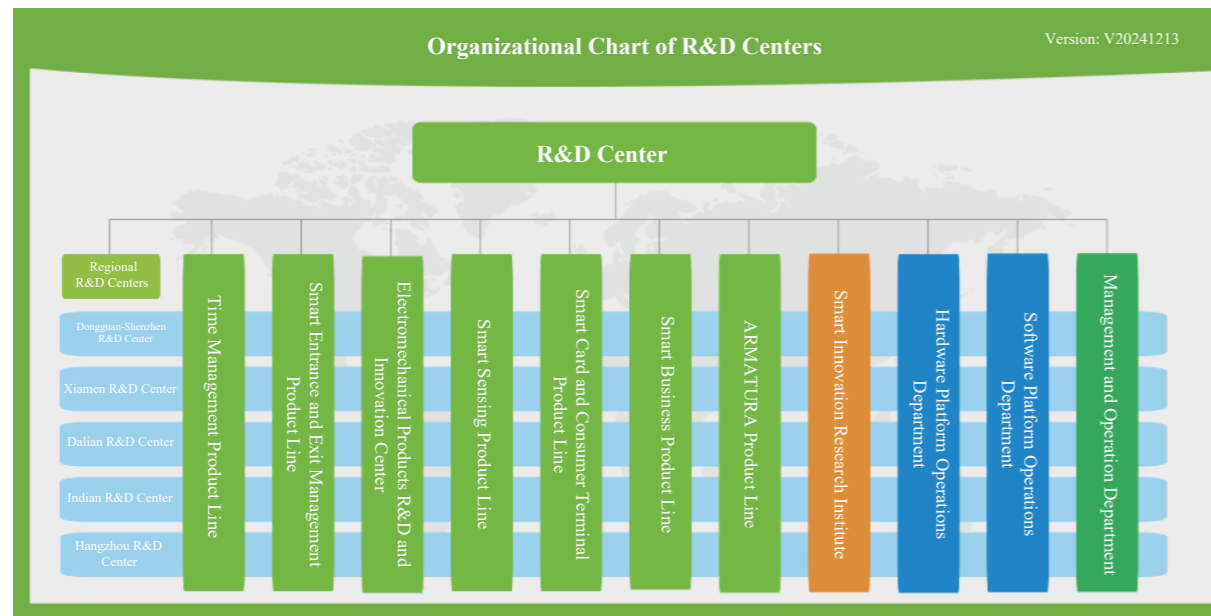
Innovation-driven

Innovation management system

Governance

R&D and innovation system

ZKTeco adheres to the mission of "AI cognition makes spaces smarter and the world better", and has formulated and updated systems such as the "Product Development Process", "Engineering Change Process", "Customization Demand Classification and Baseline Standards", and "Technical Committee Management Charter", further improving the product R&D system and driving high-quality development through innovation. The Deputy General Manager serves on the R&D Technology Committee, responsible for the management and guidance of R&D and innovation. The CFO is responsible for approving the R&D and innovation budget. The Company established an R&D Center as the department responsible for R&D and innovation, and is deploying a global R&D system.



Organizational Chart of R&D Centers

R&D Teams

ZKTeco always places its talent strategy at the core of its corporate development, adhering to an engineer culture to build an innovation system. It actively cultivates a high-caliber R&D team, laying a solid foundation and providing core assurance for continuous innovation.

Indicators	Unit	2023	2024	2025
Number of R&D personnel	Person	1,226	1,118	951
Proportion of R&D personnel	%	29.86	31.42	27.57

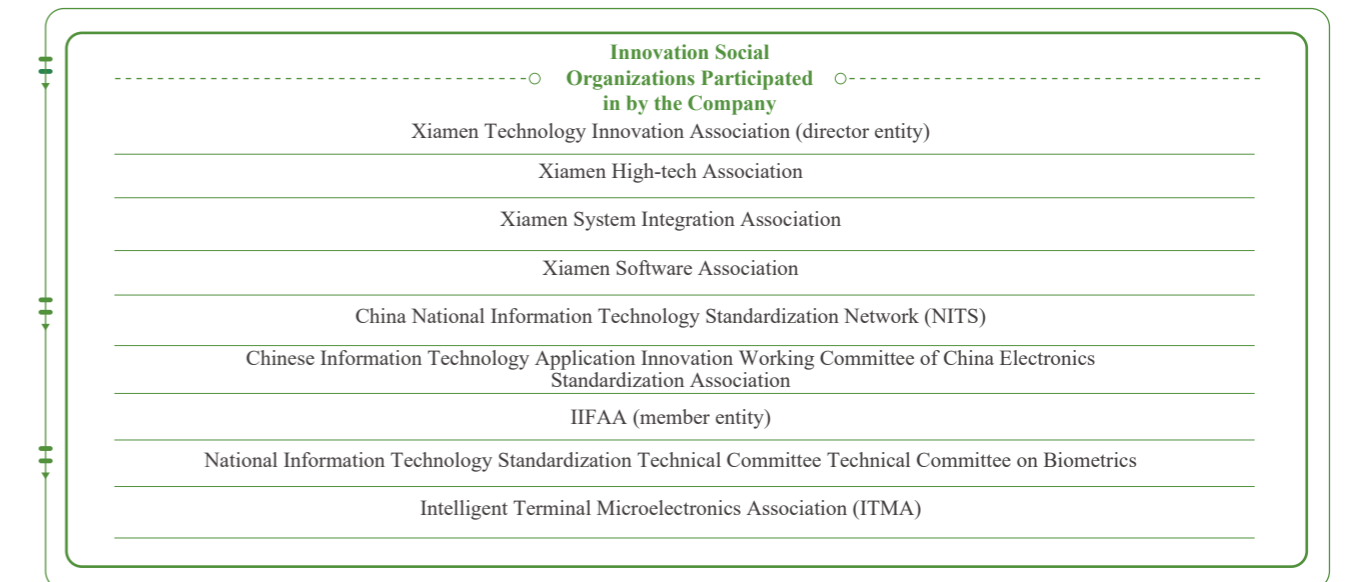
Indicators	Unit	2023	2024	2025
Divided by educational background				
Bachelor's degree	Person	794	761	660
Master's degree	Person	76	64	62
Other Education Background	Person	356	293	229

R&D and innovation certifications

ZKTeco is deeply committed to the R&D and innovation field. In 2024, the Company obtained High-tech Enterprise certification, valid for three years. In 2025, Xiamen ZKTeco and Guangdong Zkteco successfully passed the re-evaluation and obtained High-tech Enterprise certificates. Dalian ZKTeco was recognized as a technology-based SME and an innovative SME. The Company continuously optimizes the layout of its scientific and technological innovation platforms, has garnered numerous authoritative recognitions and honorary awards, and actively joins various industry and social organizations, thereby solidifying the foundation for technological development through a diversified innovation strategy.



High-tech Enterprise Certificate



Strategy

In the process of strategic advancement, the Company needs to balance the risks and opportunities in the field of R&D and innovation: on the one hand, the uncertainty of technological R&D, the risk of intellectual property leakage, and talent supply gaps may bring cost pressure; on the other hand, accurately grasping market demand and emerging technology trends is expected to drive revenue growth and enhance competitiveness.

Risk/Opportunity Type	Risk/Opportunity Description	Likelihood	Impact Time Range	Expected Financial Impact	Countermeasures
Risk Technical risk	Technological iteration in the industry is rapid, and the Company's R&D achievements may be superseded by new technologies before market launch. The Company's internal R&D achievements may be leaked due to reasons such as employee departure, hacker attacks, and violations by partners, causing losses to the Company.	Medium	Medium to long term	Operating costs increased.	1. When employees join the Company, they sign a confidentiality agreement to prevent the leakage of technology. 2. Before a project is initiated, a technical feasibility review is conducted, with a focus on discussing the feasibility and maturity of new technologies for key requirements. 3. Deepen technology R&D cooperation with universities and research institutions to enhance technological capabilities and innovation capacity.
Opportunity Market opportunity	Through market research, explore market demands, cooperate externally to integrate innovative resources, and identify and strategically position emerging technologies.	High	Medium to long term	Operating revenue increased.	1. Continuously track frontier technology trends and increase R&D investment to enhance technological innovation capabilities. 2. Build a technological innovation platform, integrate internal and external resources, promote technological exchanges and cooperation, and accelerate the process of innovation.

Impact, risk and opportunity management

In the impact, risk, and opportunity management process, the Company has established a full-process mechanism from identification and assessment to control: R&D-related risks are accurately identified by combining internal and external approaches, the degree of risk impact is assessed from multiple dimensions, effectively addressing various potential risks during the R&D process.



Internal assessment method: In combination with the "Product Development Process", analyze the possible risks involved at each node from demand introduction, project initiation and development, testing and verification, to production handover. Organize internal cross-departmental meetings to involve personnel from R&D, marketing, finance, legal affairs and other relevant departments for risk assessment. At the same time, refer to historical R&D and innovation projects to analyze and summarize possible risk factors, and analyze possible risk items based on financial data such as project return on investment and fluctuations in R&D investment ratio.

External reference method: By paying attention to national and local government laws, regulations, policy documents and industry standards related to innovation and R&D, as well as researching and analyzing risk events of competitors or industry-leading enterprises, identify possible risk items. Actively collect feedback from stakeholders such as shareholders, employees, customers, suppliers, community organizations, and non-governmental organizations.



Assess the size and likelihood of risks mainly through subjective judgments and descriptions of their nature, scope of influence, and potential consequences, as well as through specific financial data and indicators, such as the growth rate of new product sales and the first-pass yield of new product delivery.



Assess the impact of risks from four aspects: Financially, examine whether there is direct economic loss and measure it in terms of amount or financial indicators; strategically, focus on whether it disrupts the Company's strategy, such as changes in R&D direction or market position; reputationally, determine whether the Company's reputation and brand image are damaged, referring to media reports, word-of-mouth, and customer satisfaction; and socially, pay attention to negative impacts on society and the environment, such as pollution or resource waste during R&D. To determine the likelihood of risk occurrence, it is usually necessary to refer to the frequency and probability of similar risks in the past for competitors and companies in the same industry, as well as to invite experts for assessment and conduct scenario analysis under different circumstances to evaluate the possibility of risk occurrence.



Based on the annual key indicators for R&D, such as the growth rate of new product sales, the number of patent applications, and the direct pass rate of new product delivery, collect and analyze the data of these indicators on a quarterly basis to promptly identify changes and trends in risks. Use the JIRA project management tool to conduct real-time monitoring of the key links and risk points of R&D innovation projects. For R&D innovation projects with high risks and low returns, avoid the risks by not undertaking such projects.

Indicators and objectives

Objectives

ZKTeco formulates annual innovation objectives and long-term innovation objectives, regularly tracks objective achievement and records it, ensuring the continuous iteration of the Company's products to meet market demands.

Target Content	Achievement
Apply for no less than 50 patents within one year	Achieved
Continuously promote the deep integration of various products and software platforms, create a scenario data connectivity ecosystem, and enhance the scenario customization and delivery capabilities of software platforms	In progress
Increase investment in core technologies of multimodal biometrics and deepen the integration of computer vision and biometric technology	In progress
Accelerate the upgrading of product globalization engineering design capabilities and agile production capabilities, and enhance engineering integration capabilities	In progress

R&D investment

Indicators	Unit	2023	2024	2025
R&D investment	RMB '0,000	21,361.34	21,547.10	18,460.81
Ratio of R&D investment to operating revenue	%	10.84	10.82	8.66

R&D and innovation initiatives and achievements

Encouraging R&D and innovation

ZKTeco continuously optimizes its technology innovation incentive system, having introduced the "ZKTeco Patent Application and Reward Measures" to promote the standardized operation of technology award management. Through diverse incentive measures, employees are encouraged to actively engage in R&D and innovation, thereby strengthening the Company's core competitiveness, expanding market share, and supporting its long-term development. Currently, a policy matrix has been established, covering project sprint incentives, patent bonuses, project assessment bonuses, equity incentives, and more. On a monthly or annual basis, innovative projects and outstanding talents are rewarded and recognized, fully stimulating employees' innovative enthusiasm; concurrently, the Company aligns compensation with capabilities, conducting annual job qualification assessments. Based on the assessment results, positions and salaries are determined, achieving a precise link between capabilities, performance, and compensation.

Industry standard development

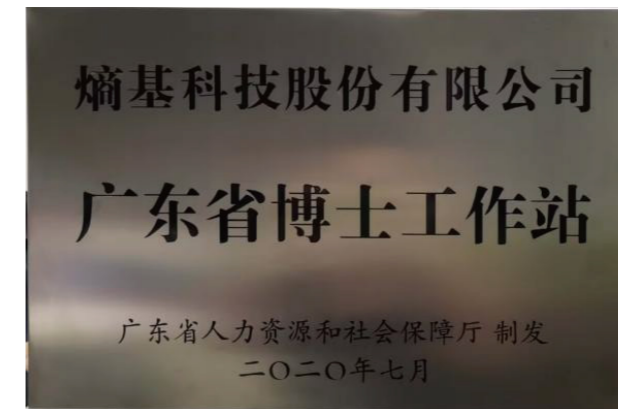
The Company consistently upholds its industry responsibility, actively participating in industry standardization efforts and deeply engaging in the research, formulation, and revision of national, industry, and group standards. By leading or participating in the compilation of multiple core standards, the Company organically integrates its technological expertise and practical experience with industry development demands, thereby contributing to regulating market order and enhancing the overall technical level and quality control capabilities of the industry.

As of the end of the reporting period,

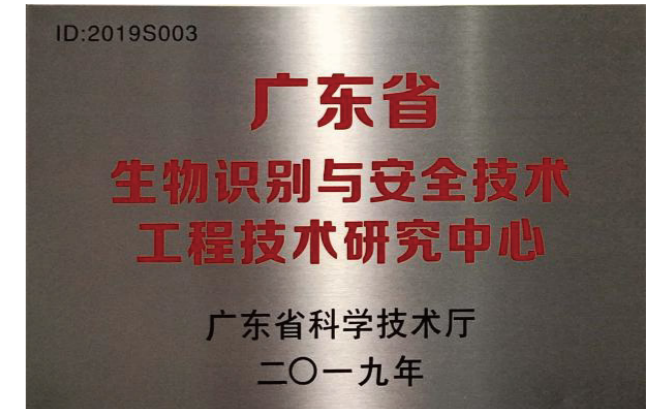
the Company has cumulatively participated in the formulation of local **27** national standards, **9** industry standards, **3** standards, and **2** group standards.

Construction of R&D platform

The Company is always guided by market demand and driven by technological innovation, taking leading core technology as the key support for product competitiveness. Adhering to the development philosophy of "global vision and deep cultivation of technological innovation", the Company continuously explores cutting-edge technological directions and builds a global, diversified, and open collaborative R&D platform system. Currently, the Company has established five major R&D Centers in Dongguan-Shenzhen, Xiamen, Dalian, Hangzhou, and India. Each center focuses on specialized fields such as hardware R&D, software development, platform construction, product innovation, and algorithm optimization, continuously improving its technological innovation capabilities with highly specialized R&D positioning. Additionally, the Company has established the Guangdong Province Doctoral Workstation and the Guangdong Biometrics and Security Technology Engineering Technology Research Center, providing a solid guarantee for the Company's core technology breakthroughs and product iteration and upgrades.



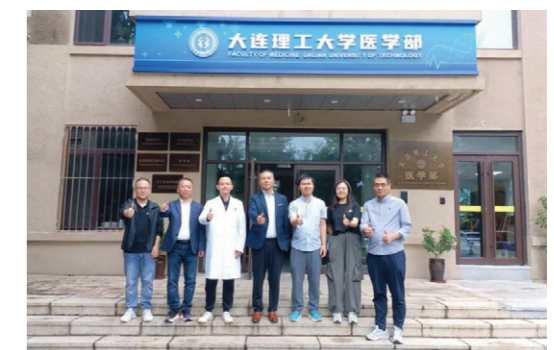
Guangdong Province Doctoral Workstation



Guangdong Biometrics and Security Technology Engineering Technology Research Center

Industry-university-research collaboration

The Company actively practices the industry-university-research collaborative innovation model, engaging in in-depth cooperation with universities. It builds cooperation platforms focusing on fields related to technology R&D and achievement commercialization, promoting specialized technical research through complementary resources and synergistic advantages, thereby assisting in core technology breakthroughs and the implementation of innovative applications. During the reporting period, ZKTeco reached a strategic cooperation with the Brain Science and Brain-Inspired Intelligence Laboratory of the School of Biomedical Engineering, Dalian University of Technology, and officially signed a cooperation agreement for a brain-computer interface horizontal project. This strategic cooperation is not only a model of university-enterprise collaborative innovation but will also inject strong impetus into the breakthrough and industrialization of brain-computer interface technology. By building an "industry-university-research-application" collaborative innovation ecosystem, it will accelerate the tackling of key technical challenges in the industrialization of brain-computer interfaces and promote more cutting-edge achievements to the market.



ZKTeco and Dalian University of Technology Conduct Industry-University-Research Collaboration

Intellectual property protection

Management system

ZKTeco strictly complies with laws and regulations such as the "Patent Law of the People's Republic of China", the "Copyright Law of the People's Republic of China", and the "Anti Unfair Competition Law of the People's Republic of China". It attaches great importance to its own intellectual property protection, strengthens the utilization of patent information, and avoids infringing on the intellectual property rights of others. The Company has formulated systems such as the "Intellectual Property Management Measures", the "Patent Management Measures", the "Copyright Management Measures", the "Trade Secret Management System", and the "Trademark Management Measures" to strengthen the management of intellectual property rights. The Company has established an Intellectual Property Department to manage intellectual property-related work, and other relevant business departments should designate part-time personnel for intellectual property management. During the reporting period, Xiamen ZKTeco has passed the certification of intellectual property management system.

Indicators	Unit	2023	2024	2025
Cumulative number of authorized patents	Item	858	963	1,193
Number of patent applications	Item	142	204	225
Number of effective patents per million yuan of revenue	Item	0.44	0.48	0.56
Divided by patent type				
Cumulative number of authorized invention patents	Item	149	171	220
Cumulative number of authorized utility model patents	Item	245	248	305
Cumulative number of authorized design patents	Item	464	544	668
Other intellectual property rights				
Cumulative number of software copyrights	Item	675	739	829
Number of software copyrights per million yuan of revenue	Item	0.34	0.37	0.39
Cumulative number of trademarks	Item	1,181	1,220	1,297

Protection measures

All departments and levels of leadership within the Company fully recognize the importance of intellectual property and are determined to prevent and eliminate the loss of intellectual property caused by improper conduct.

Focus of Measures	Specific Initiatives
Confidentiality management	Designate confidential areas, mark confidential documents with security classifications, and restrict access. Employees sign commitment letters and Confidentiality Agreements upon onboarding, and return all relevant materials upon departure.
Contractual standards	For scenarios such as cooperation and commissioned development, sign written contracts clearly defining intellectual property protection clauses. Technical contracts shall be signed by the legal representative or their authorized agent after review.
Risk management	Establish an intellectual property risk early warning mechanism and track domestic and international intellectual property trends. Upon discovering infringement, promptly address it through administrative or judicial channels.

Focus of Measures	Specific Initiatives
Expert assistance	Engage a standing legal counsel specializing in intellectual property law to serve as a member of the Company's Intellectual Property Management Leadership Group and assist in the Company's intellectual property protection.
Training and dissemination	Establish an Intellectual Property Promotion and Protection Fund, to be used for annual intellectual property training, promotion, and other related activities. Develop training and awareness plans for employees to institutionalize intellectual property protection awareness initiatives.
Accountability	For actions that infringe upon the Company's intellectual property rights or cause losses, relevant responsible persons will be held accountable, and those suspected of committing a crime will be transferred to judicial authorities.

Ethics in science and technology

The Company places great emphasis on the governance of scientific and technological ethics. In the R&D and application processes of cutting-edge technologies such as brain-computer interfaces, it consistently upholds the ethics-first principle, strictly adhering to relevant national laws, regulations, and ethical guidelines. This ensures that all scientific and technological innovation activities are conducted within a legal, compliant, and responsible framework.

Supply chain management

Supply chain management system

Governance

To standardize supplier management, improve the Company's supplier classification and grading management mechanism, and formulate differentiated supplier management strategies, the Company has developed institutional documents such as the "Supplier Management Control Procedure" and the "New Supplier Selection Certification Procedure", which clearly stipulate the management requirements and execution procedures for various aspects including supplier admission and certification, classification and grading, performance appraisal, daily management, and elimination and exit. Furthermore, the Company leverages digital systems like SAP and SRM to intelligently manage suppliers, thereby enhancing supply chain visibility, collaboration efficiency, operational efficiency, and the scientific basis of decision-making.

The Company has established a supply chain management organizational system with clear responsibilities and efficient collaboration to ensure the effective implementation of supplier management strategies. The Resource Development Department is primarily responsible for early-stage supplier sourcing, certification, and introduction. The Executive Procurement Department is responsible for order execution and performance tracking. The Quality Department collaborates with the Executive Procurement, Resource Development, R&D, Material Certification, and Engineering Departments to jointly participate in supplier assessment and review.

Supplier access

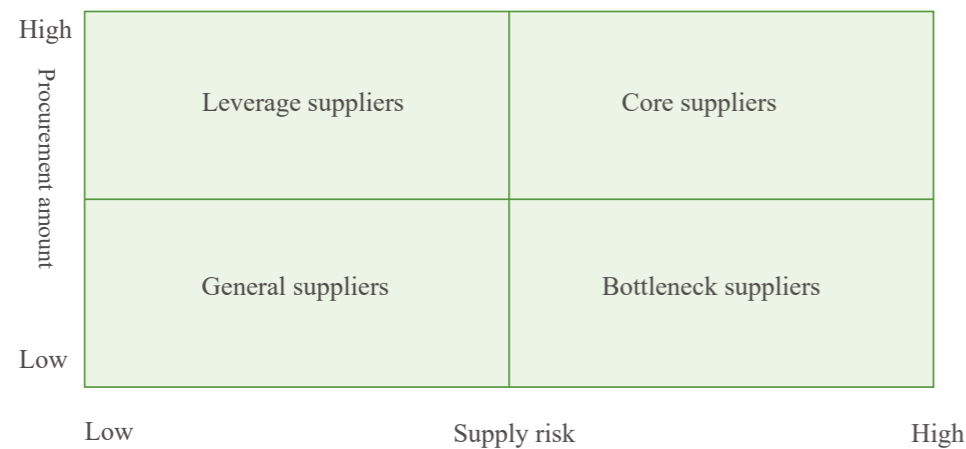
The Company manages the access of suppliers by setting corresponding standards and approval processes in supplier sourcing, supplier certification and supplier selection, ensuring that the selected qualified suppliers meet the Company's business needs in terms of quality, delivery, price, compliance and trade security. The Company has set minimum access standards for suppliers for both production and non-production procurement, and set minimum requirements for supplier enterprise size, registered capital, industry experience, system certification, product environmental protection, etc. for different materials.

Supplier assessment

The Company has established a supplier performance management team, which is organized and led by the Quality Department. It mainly includes departments such as the Executive Procurement Department, the Resource Development Department, the Quality Department, the Material Certification Department, and the R&D Department, responsible for conducting monthly performance assessments of suppliers. For suppliers who score last 5 in consecutive assessments, the Company has conducted interviews or on-site coaching, and output the "Minutes of Supplier Quality Problem Counseling Meeting". For suppliers who score last 5 in consecutive assessments, the Company has considered reducing orders and eliminating them.

Supplier classification

Based on the "four-quadrant" method of material classification, the Company classifies suppliers into four categories: core suppliers, leverage suppliers, bottleneck suppliers, and general suppliers. Differentiated management strategies are adopted for different categories of suppliers to enhance the efficiency and level of supplier management.



Supplier Classification Diagram

Supplier review

The Company has established a supplier review mechanism combining regular and irregular assessments to continuously monitor suppliers' comprehensive capabilities and compliance status. The review content fully covers aspects such as quality, delivery, systems, and social responsibility. The Company also implements flexible review policies for some high-quality suppliers who have obtained authoritative certifications or hold a leading position in the industry, choosing whether to conduct on-site reviews based on actual circumstances.

Supplier Review Rating Table at Development Site

Category	Level	Score
Excellent	Level A	90.1-100 points
Good	Level B	80.1-90 points
Qualified	Level C	70.1-80 points
Improved after coaching	Level D	60.1-70 points
Unqualified	Level E	Below 60 points (inclusive)

In 2025,

ZKTeco had a total of **208** cooperative suppliers.

Supply chain management personnel training

The Company highly values the professional capabilities and quality improvement of its supply chain management personnel, and is committed to building a professional and compliant procurement team. The Company designs a systematic training program for all members of the Procurement Center. The training content fully covers the foundational and high-performance aspects of supplier management, specifically including supplier relationship management, sourcing strategies, cost and financial analysis, negotiation skills, social responsibility, logistics and inventory management, quality control, and product development, among other key modules. Through training, procurement personnel's professional judgment capabilities, risk identification capabilities, and compliance operational awareness in full lifecycle supply chain management are systematically enhanced, enabling them to more effectively execute the Company's supplier management system and promote continuous optimization and value creation in the supply chain.



Supply Chain Management Training

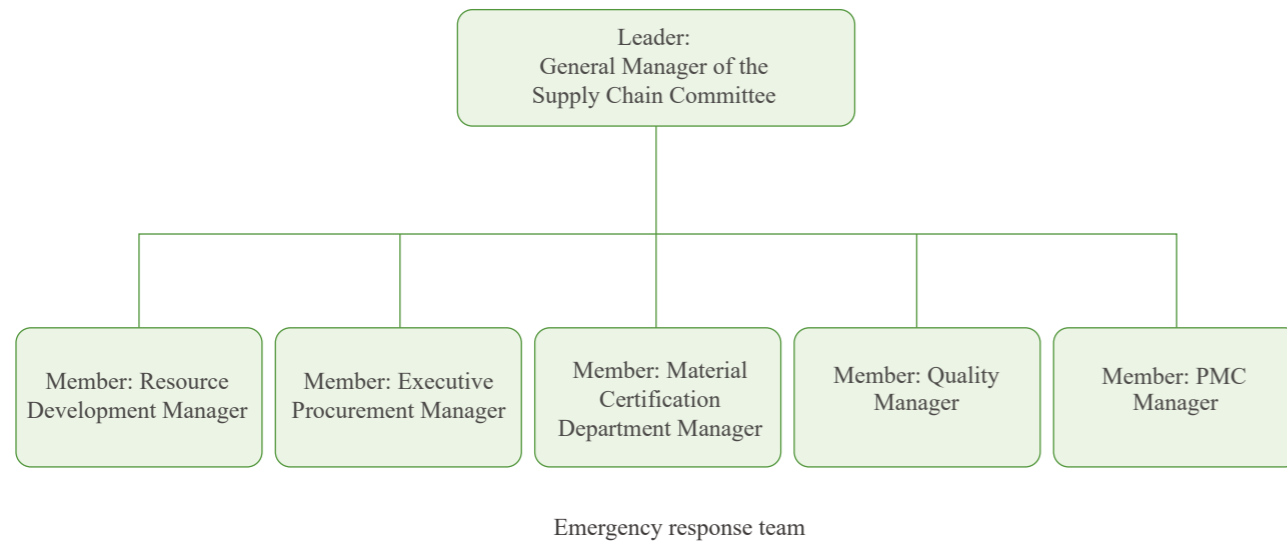
Strategy

Risk/Opportunity Type/	Risk/Opportunity Description	Likelihood	Impact Time Range	Expected Financial Impact	Countermeasures
Risk	Policy and legal risks Domestic and international environmental regulations (e.g., hazardous substance restrictions and carbon footprint requirements) are becoming increasingly stringent. If suppliers fail to comply with new regulations in a timely manner, this could lead to the Company's products being non-compliant, resulting in fines, recalls, or market access restrictions.	High	Long term	Operating costs increased, and operating revenue decreased.	1.Strengthen the requirements for Environmental Protection Agreements and commitment letters within the "Supplier Management Control Procedure"; 2.Strengthen compliance audits during supplier qualification and periodic reviews. 3.Facilitate the green transition of suppliers.
Opportunity	Digital transformation of the supply chain Deepen data connectivity and collaboration with key suppliers through digital tools to improve demand forecast accuracy, inventory turnover efficiency, and the speed of response to anomalies, thereby strengthening overall supply chain resilience.	Medium	Medium term	Operating costs are reduced.	1.Evaluate and progressively implement the supply chain collaboration information system project. 2.Share key order and capacity data with core suppliers. 3.Establish a more agile supply and demand communication mechanism.

Impact, risk and opportunity management

In order to ensure effective production, ensure the supply of purchased materials, and prevent unexpected losses caused by shortages or poor quality of purchased materials, the Company has formulated the "Supplier Emergency Control Procedure". Through process planning, arrangements are made in advance to quickly respond to problems and ensure timely delivery of products to customers.

The Company has established an emergency response team, with the General Manager of the Supply Chain Committee serving as the team leader, and the Resource Development Manager, Executive Procurement Manager, Material Certification Department Manager, Quality Manager, and PMC Manager as team members to coordinate and handle various emergencies that threaten normal supply during mass production. For different emergency events, the Company has developed targeted emergency plans and clearly defined various emergency measures. In the event of an emergency, the emergency response team decides whether to implement the emergency plan based on the current procurement situation of the Company's production plan and unifies the command of emergency response.



Indicators and objectives

Target Content	Achievement
No significant risks or impacts occurred in the supply chain links.	Achieved

Building a responsible supply chain

Supplier ESG management

The Company is committed to deeply integrating ESG requirements into supplier full lifecycle management. It has formulated the "CSR Agreement" as a core normative document for cooperation with suppliers, explicitly requiring all contracted suppliers to comply with high-standard codes of conduct in areas such as labor rights, occupational health and safety, environmental protection, and business ethics.

Regarding labor rights, the Company requires suppliers to strictly prohibit the use of child labor, forced labor, and any form of discrimination, and stipulates reasonable working hours, compensation and benefits, and freedom of association. In the health and safety domain, the Company requires suppliers to establish comprehensive fire safety, chemical management, occupational safety, and public health management systems. Environmental protection clauses cover pollution control, energy conservation and emission reduction, and product environmental compliance, among other aspects. Additionally, the Company has clear requirements for suppliers in the area of business ethics, including integrity in business operations, anti-corruption, information disclosure, and privacy protection.

To ensure the effective implementation of ESG requirements, the Company not only considers the signing of the agreement as a prerequisite for supplier access and cooperation but also explicitly defines in the agreement suppliers' ESG management responsibilities for their own supply chains (tier-two suppliers, requiring them to establish and promote the extension of CSR management downstream. For violations of "CSR redline requirements", the Company has stipulated clear liabilities for breach of contract, including liquidated damages and order termination, thereby forming a binding management closed-loop. The Company strives to build a responsible, sustainable, and risk-controllable supply chain ecosystem.

Conflict mineral control

The Company is committed to ensuring that the raw materials used are compliant in origin, transparent, and non-hazardous through strict supply chain due diligence management. We require suppliers to sign a "Letter of Commitment for Not Using Conflict Minerals" in the new supplier identification and selection procedure document, and strictly control the Company's raw material sources.

We explicitly require suppliers to ensure that metals such as gold (Au), tantalum (Ta), tin (Sn), and tungsten (W) contained in all products and materials they provide (including raw materials, components, packaging, etc.) do not involve extraction, processing, and trade from the Democratic Republic of Congo and its surrounding conflict-affected countries and regions. Suppliers must commit to establishing and implementing an effective supply chain traceability management system to identify and ensure the legality of raw material sources. Furthermore, suppliers are obligated to cooperate with the company in conducting relevant investigations and on-site audits, and truthfully provide the required information. Should suppliers violate their commitment, they shall bear the losses and risks caused to the Company and its customers. Through systematic control measures, the Company makes every effort within commercially reasonable limits to prevent potential human rights and environmental risks in the supply chain and fulfill its commitment to conflict mineral control.

Treating small and medium-sized enterprises (SMEs) equally

In the process of supplier cooperation and procurement, ZKTeco adheres to the principles of fairness and impartiality, does not set limits on supplier size, and treats all partners equally, ensuring they enjoy equal opportunities in qualification, evaluation, and transactions. During the reporting period, the Company had no overdue payments to SMEs.

Product and service safety and quality

Quality assurance system

Governance

ZKTeco prepared the "Quality Management Manual" as a guiding document for the Company to implement quality management, and carry out quality planning, quality control and quality improvement activities following the principle of customer satisfaction, in accordance the "ISO 9001:2015 Quality Management System Requirements" and the "QC080000:2017 Hazardous Substance Process Management (HSPM System Requirements)" standards, and combined with the actual situation of the Company. The Manufacturing Center is the main responsible department for the Company's product quality management. The Company regularly assesses the Quality Manager's performance, with assessment targets including the number of major quality issues, customer quality losses, and the number of quality issues at the factory exit. The Company's General Manager is responsible for overseeing the operation of the quality management system and organizing the implementation of internal quality management system audits. As of the end of the reporting period, the Company, ZKTeco Dongguan Branch, Guangdong Zkteco, and Xiamen ZKTeco have all passed ISO 9001:2015 quality management system certification.

Quality policies:

Continuously innovate technology; continuously improve product quality; always pursue customer satisfaction.
Use environmentally friendly materials, prevent pollution, make continuous improvements, and meet regulations and customer requirements!



Strategy

ZKTeco's Quality Management Department regularly reviews the quality and service risks the Company may face, recording dimensions such as risk description, risk impact, and risk level, and forming the "Risk and Opportunity Assessment and Analysis Table".

Risk/ Opportunity Type	Risk/Opportunity Description	Likelihood	Impact Time Range	Expected Financial Impact	Countermeasures	
Risk	Quality control risk	1. Insufficient ability to detect problems; 2. Untimely and unsystematic handling of material anomalies; 3. Risk of incoming materials exceeding hazardous substance limits.	Medium	Short to medium term	Operating costs increased and operating revenue decreased.	1. Implement material skills training, optimize testing equipment, and optimize sampling methods. 2. SQE is responsible for handling all material non-conformities. 3. Conduct hazardous substance testing for each batch of raw materials, and sign an Environmental Protection Agreement with suppliers.
	Customer service risk	1.Customer complaints are not effectively resolved. 2.Customer returns are not processed in a timely manner. 3.High product rework rate.	Low	Short to medium term	Operating costs increased and operating revenue decreased.	1.Contact customers promptly and provide effective solutions, such as replacing machines or offering upgrade packages. 2.Conduct customer follow-ups, proactively understand issues, and offer assistance. 3.Through the management representative, assign problems to the quality service personnel of each business unit.
Opportunity	Technical opportunity	The continuous emergence of new technologies, new materials and new processes provides the cCompany with technical support to enhance the safety and quality level of its products. Through technological innovation, the Company can develop safer, more efficient and more environmentally friendly products, thereby strengthening its market competitiveness.	High	Medium to long term	Operating revenue increased.	Continuously pay attention to market demands and the development trends of new technologies, promote technological exchanges and cooperation, cultivate talents, enhance the Company's technological level, and develop high-quality new products.

Impact, risk and opportunity management

The Company places great emphasis on product and quality risk management, having established a full-process control system covering risk identification, assessment, monitoring, and management. It clarifies the responsible entities and execution standards for each stage. Through measures such as institutional norms, audit supervision, and process optimization, combined with industry characteristics and operational realities, the Company systematically prevents product and service quality risks, ensuring the safety and stability of products and services.

Risk identification

In accordance with product and service safety risk management requirements, a risk control system has been established, and documents such as the "Risk and Opportunity Assessment and Analysis Table" have been formulated. It specifies that professional departments are responsible for regularly collecting internal and external product quality risk information and organizing special risk identification work in a timely manner based on the Company's operational realities, to comprehensively identify potential risk points.

Risk assessment

Utilizing professional assessment and analysis tools, identified product and service quality risks are systematically assessed, clarifying risk level classification standards. Graded management is implemented based on assessment results, providing a basis for the formulation of subsequent risk response measures.

Risk monitoring

Continuously track product and service quality indicators, and monitor potential risk points in daily operations, to ensure dynamic and controllable risks.

Risk management

Establish product and service quality management processes, clarify risk response responsibilities and disposal mechanisms, and formulate differentiated control measures for different levels of risk; combining industry policies, regulatory requirements, and the market competitive environment, optimize risk management methods, and strengthen cross-departmental collaboration, to ensure product and service quality meets standards.

Indicators and objectives

Indicators

Indicators	Unit	2023	2024	2025
Product qualification rate	%	99.8	99.7	99.7
Number of annual quality internal audits	Times	1	1	1
Number of spot checks by third-party organizations	Times	29	41	80

Objective

Target Content	Achievement
Product qualification rate 99%	Achieved

Product quality management measures

Full lifecycle management

ZKTeco establishes a product full lifecycle management system in accordance with the "Quality Management Manual". This system ensures supplier compliance review and 100% material inspection for incoming materials, achieves process standardization and precise process monitoring during production, and implements finished product inspection and standardized protection during delivery, thereby continuously meeting customer and legal/regulatory requirements.

Product Lifecycle Stages	Control Measures
Design and Development Stage	Define product quality and HSF requirements, conduct feasibility reviews and design verification, control design changes, and verify the compliance of new materials and new suppliers.
Procurement and Supply Stage	Review supplier quality and HSF systems, collect supplier HSF-related information, establish a qualified supplier list, and implement monthly evaluations and annual audits.
Production and Manufacturing Stage	Develop work instructions and control plans, identify product HSF status, implement first article and in-process inspections, and conduct equipment preventive maintenance.
Inspection and Release Stage	Execute incoming, in-process, and outgoing inspection specifications, regularly calibrate testing equipment, and release qualified products only after approval by authorized personnel.
Delivery and After-sales Stage	Standardize product handling, storage, and protection, track delivery performance, collect customer feedback and complaints, and handle non-conforming products by taking corrective actions.



Product recall

ZKTeco formulated the "After-sales Quality Exception Handling Specification" and established a product traceability management system. The Quality Service Department leads the initiation of product recall efforts, forming a special cross-departmental team with the Quality Engineering Department, R&D, Manufacturing, Warehousing and Logistics, etc., to complete the investigation of affected products, formulation of recall plans, and execution through to after-sales delivery.

Recall Process	Specific Measures
Recall Initiation	The Quality Service Department identifies severe/major quality issues requiring recall, reports them within 4 hours, and forms a cross-departmental special recall team.
Full-Scope Investigation	The Quality Engineering Department leads the investigation of all affected products across the entire supply chain, including inventory at various plant sites, products in transit, shipped products, and client-side product information.
Plan Formulation	The special team discusses and determines the recall method, execution scope, and responsible parties, while simultaneously formulating emergency response measures for the issue.
Plan Execution	All relevant departments carry out product recovery, repair/replacement, and other dispositions according to the plan, ensuring the completion of emergency handling within 72 hours.
Effectiveness Verification	Perform reliability verification on products after disposal, and the Quality Service Department will conduct special satisfaction follow-up visits with customers affected by recalls.

Hazardous substance monitoring

ZKTeco has formulated the "Environmental Hazardous Substance Management Regulations" to strictly control the content of hazardous substances in its products and uses professional equipment to test the content of hazardous substances. The Company requires suppliers to cooperate with the implementation of the "Environmental Hazardous Substance Management Regulations", sign the "Commitment Letter of Not Using Hazardous Substances", and strictly abide by relevant regulations during the supply of raw materials and production process, not to use any hazardous substances exceeding the limit standards, to ensure that the supplied products comply with the EU RoHS Directive and other relevant laws and regulations.

Enhancing product accessibility

ZKTeco upholds a global development philosophy, continuously enhancing product accessibility in the international market through the ongoing improvement of its overseas R&D and business layout. Leveraging a globally collaborative R&D system and a market-oriented service network, we drive the localized adaptation of products and technologies, optimize supply chain and delivery efficiency. This enables products to reach global target markets more efficiently, providing convenient and timely product support and services to customers in different regions, thereby substantially enhancing product coverage and availability in the international market.

ZKTeco's strategic deployment in Saudi Arabia

In May 2025, ZKTeco and AICTEC, a Saudi main board listed company, signed a strategic cooperation memorandum in Riyadh. The two parties will integrate ZKTeco's strengths in biometrics, IoT, and video sensing technologies with AICTEC's localized operational advantages to establish a smart manufacturing base in Saudi Arabia. The first phase of this base will focus on the production of biometric access control systems, smart security inspection equipment, and video sensing solutions. After the project is put into operation, it is expected to have an initial annual production capacity of 100,000 high-end devices, which will not only improve the accessibility of the Company's products but also contribute to promoting digital transformation in the Middle East.

Case



Signing Ceremony of the Strategic Cooperation Memorandum

Customer service management

Customer service system

Domestic market

For domestic customers, ZKTeco has established systems such as the "After-sales Service Management Specification for China Business Group", the "After-sales Service Process for China Business Group", the "After-sales Quality Exception Handling Specification" and the "Product Warranty Policy of ZKTeco" to standardize product after-sales service management and after-sales exception handling process, and improve customer satisfaction. The Company has been certified as a five-star service provider in accordance with the "Evaluation System for After-Sales Service of Commodity" (GB/T 27922-2011).



After-Sales Service Certification Certificate

Overseas market

ZKTeco's overseas business revenue accounts for a relatively large proportion due to a large number of overseas customers. Therefore, the Company has developed a customer service management system that is different from the domestic market. We have considered the characteristics of multilingualism, multiculturalism, and multi-time zones to fully improve customer satisfaction. Different overseas subsidiaries have developed customer service systems that are adapted to local policies. For example, the Mexican subsidiary has developed systems such as "Politica-de-Garantias-2023" (after-sales maintenance policy) to better protect customer rights and interests.

Overseas market customer service system

- The headquarters team provides services to global branches and customers;
- Local teams of branches provide localized pre-sales, in-sales, and after-sales services to local distribution customers and their customers;
- Local teams of branches and various distribution agent teams jointly provide various services to local customers, including but not limited to online and offline training, experiential interaction, and after-sales service, ensuring comprehensive coverage and timely response to customer needs.

Customer service measures

Communication channel development

Intelligent service management

- We have opened a national technical service hotline through cloud services, and the service center has set up 80 agents to intelligently record inbound calls, outbound calls, and business transactions.
- We have created a WeChat official account of "ZKTeco Customer Service Center", where customers can consult online, communicate and operate after-sales maintenance, equipment password reset and other work online.
- We have established an after-sales service management system website, where customers can operate product after-sales management, effectively reducing communication processes and improving work efficiency.
- Through the online customer service system, common questions are classified and answers are edited, covering multiple aspects such as attendance, access control, video surveillance, and security inspections. Automatic responses can be triggered by identifying key words.

National technical service hotline: 4006900999

WeChat official account: ZKTeco Customer Service Center

After-sales service management system: <https://cn.zkteco.com/cn/product> Online

customer service system: <https://www.sobot.com/console/login>

Customer complaint response mechanism

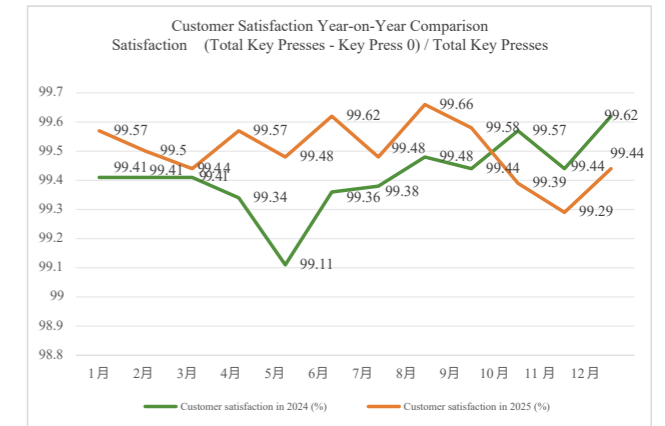
ZKTeco has formulated the "Customer Complaint Acceptance System for China Business Group", which clarifies the customer complaint acceptance regulations related to product or service quality in the China Business Group. The Company adheres to the principle of "customer first, quality first, high-quality service, and timely response" in the after-sales service and technical support. When receiving customer complaint calls, we calm their emotions, communicate complaint content with them, and keep records. We promptly handle them within the Company and provide feedback on the results to the complaining customers. We have set requirements for the deadline for handling customer complaints to ensure that their demands can be met in a timely manner. After the complaint handling is completed, we fill out the "Customer Complaint Handling Record Form" and the "Quality and Service Communication Record", and archive and save the documents generated during the complaint process, to continuously improve product quality and service level.

During the reporting period,

the Company received a total of **107** complaints, of which **97** were resolved, and **10** were deemed unsubstantiated.

Customer satisfaction survey

Customer feedback is an important source of information for ZKTeco to continuously optimize its services, and the Company attaches great importance to and continues to carry out customer satisfaction management. We conduct customer satisfaction surveys on an annual, quarterly, or monthly basis through telephone, WeChat, QQ, questionnaire, and other survey methods. The survey targets core agents in China, large end customers, overseas subsidiaries, and customers related to quality ticket customer complaints. During the reporting period, the Company collected customer satisfaction data for the 400 hotline and generated a satisfaction survey report. The customer satisfaction via 400 hotline was 99.51%, a slight increase compared to last year.



Survey results of customer satisfaction via 400 hotline

Indicators	Unit	2023	2024	2025
Number of customers participating in the survey	Nos.	3,511	3,778	3,842
Customer satisfaction	%	93	95	94.3

Customer service training

ZKTeco continuously conducts comprehensive, multi-level customer service training initiatives. By empowering through systematic training, it constantly strengthens the professional competence and service awareness of its service team, standardizes service processes and communication protocols, and improves the efficiency of responding to and handling various customer needs. The training consistently upholds the philosophy of customer first, focusing on the continuous optimization of service quality. It is dedicated to providing global customers with a superior, efficient, and considerate service experience, thereby contributing to the steady improvement of the Company's customer service level and the continuous enhancement of its brand value.



Training Scene

During the reporting period,

the Company conducted **86** specialized training sessions on customer complaint response, covering **729** participants, with a total training duration of **223** hours. It also conducted **27** assessments on customer complaint response, achieving a pass rate of **96.08%**.

Data security and privacy protection

Information Security and Privacy Management System Construction

System construction

System construction

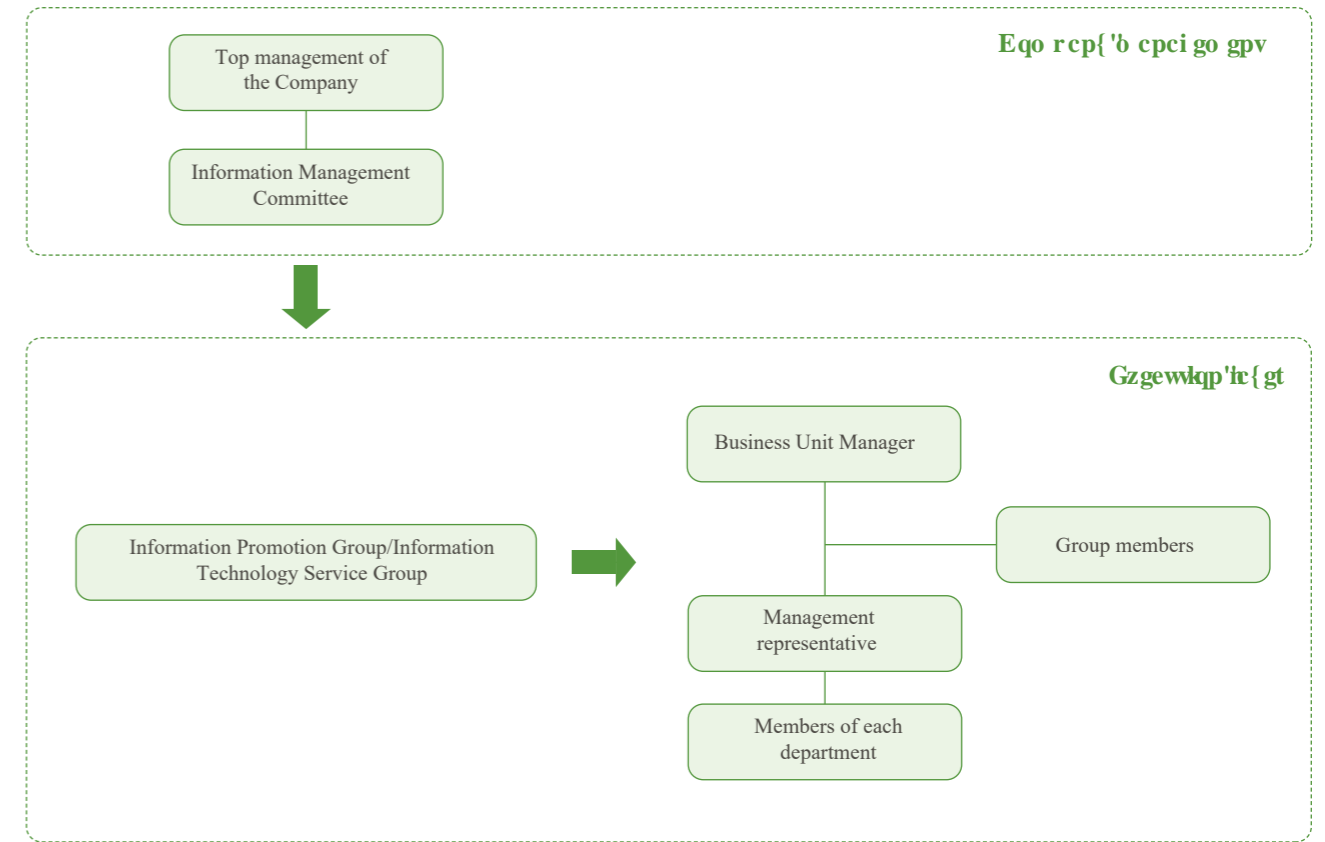
The Company has formulated multiple information security and privacy protection related systems and regulations in strict accordance with laws and regulations such as the "Cybersecurity Law of the People's Republic of China" and the "Data Security Law of the People's Republic of China", covering personnel security management, access control management, network and communication security, operational security, information security continuity management, information asset protection, privacy related management, etc.

Information Security and Privacy Management System Construction

Information Security and Privacy Management Manual	Information Security Continuity Management Regulations
Personnel Security Management Regulations	Personal Information Management Regulations
Access Control Management Regulations	Software Development Security Management Regulations
Cybersecurity Management Regulations	Equipment Security Management Regulations
Operational Security Management Regulations	Physical Environment Security Management Procedures
Information Security and Privacy Incident Management Regulations	Information Asset Protection Management Procedures

Management organizations

The Company has established an Information Security and Privacy Management Committee and an Information Security Management Working Group. With the vision of protecting the Company's core assets and preventing information leakage, the Company has established an information security and privacy management system, which has been comprehensively promoted and implemented within the Company. The Information and Product Security Committee is a Promotion Group under the highest organization of the Company's information security, responsible for the overall information security management of the Company and for promoting the implementation of information security, and other departments cooperate to complete information security related work.



Information Security, Information Technology Service and Privacy Security Management System Diagram for Xiamen ZKTeco

Information Security and Privacy Protection

The Company actively carries out information security and privacy protection related management system certifications. ZKTeco has passed ISO 27001:2022 information security management system certification and ISO 27701:2019 privacy information management system certification. Xiamen ZKTeco has passed ISO 27001:2013 information security management system certification, ISO 27701:2019 privacy information management system certification, ISO 27017:2015 cloud service information security management system certification, and ISO 20000-1:2018 information technology service management system certification, all of which are valid during the reporting period.



Information security training

ZKTeco regards information security training as a crucial component in building an enterprise information security management defense line. Through systematic, regular, company-wide training, it continuously enhances employees' information security awareness and protection capabilities, laying a solid foundation for safeguarding the digital assets of the Company, customers, employees, and partners.



Information Security Training of Xiamen ZKTeco

Strategy

Risk/Opportunity Type	Risk/Opportunity Description	Likelihood	Impact Time Range	Expected Financial Impact	Countermeasures
Risk	Data breach risk If the massive amounts of biometric data, identity information, and commercial data handled by the Company were to suffer a large-scale breach, it would lead to damage to core intellectual property, a collapse of customer trust, and could trigger class-action lawsuits and substantial regulatory fines.	Medium	Short to medium term	Operating revenue decreased and operating costs increased.	1. Strictly implement the ISO 27001/27701 certified information security management system; 2. Comprehensively apply end-to-end encryption (AES-256) and irreversible hashing technology in data transmission and storage; 3. Regularly conduct penetration testing and security audits, and establish and drill emergency response plans.
Opportunity	Market expansion opportunities High-sensitivity industries such as finance, government, and healthcare have extremely stringent requirements for data security and privacy protection. The Company's digital identity authentication system, built upon blockchain, multimodal BioCV, and large model technologies, can provide higher levels of security and trusted verification, helping to break through high-barrier, high-value niche markets.	Medium	Medium to long term	Operating revenue increased.	1. Focusing on target industry scenarios, we develop benchmark integrated solutions for data security and identity authentication. 2. Strengthen ecosystem collaboration with industry authorities and major integrators to jointly expand the market.

Impact, risk and opportunity management

ZKTeco has formulated the "Information Security Risk Assessment Guidelines", the "Personal Privacy Risk Assessment Guidelines", and the "Information Confidentiality Classification Guidelines" to assess and manage information security risks and personal privacy risks. Xiamen ZKTeco has formulated the "Information Confidentiality Classification Guidelines" and the "Information Security Risk Management Procedures" to identify and determine the confidentiality levels of various information in the Company's business activities. The confidentiality levels from level I to level V are classified as top secret, confidential, internal restriction, internal disclosure, and external disclosure.

We summarize information assets of various departments and compile the "List of Information Assets", and classify and rate them based on their characteristics (confidentiality, integrity and availability). For information assets at level III or above, we assess potential risks, including risk likelihood, consequences and asset level, form preliminary risk levels, determine final risk levels after taking measures, and record them in the "Risk Assessment Form"; develop a risk management plan for level 3 and above risk assets and risk items, and prepare a "Risk Assessment Report & Management Plan".

Emergency event management

The Company has established an information security emergency management system and formulates systems such as the "Business Impact Analysis (Information Security)", the "Information Security Continuity Management Regulations", and the "Information Security Continuity Management Plan", clarifying information security assurance specifications. Concurrently, the Company has developed and implemented multiple emergency plans to standardize the emergency response procedures for network and information security incidents, thereby fortifying its security assurance system. The Company regularly conducts drills on data backup, business continuity, and network equipment emergency response to effectively enhance its information security risk response capabilities.

Information security audit

The Company has formulated regulations such as the "Internal Audit Procedures for Information Security Management System", "Information Security Risk Management Procedures", and "Information Asset Protection Management Procedures". It conducts regular internal audits on information security and issues the "Internal Audit Report for Information Security and Privacy". At the same time, the Company regularly hires external professional third-party organizations to conduct on-site audits of its information security management system and privacy information management system, summarizes the discovered problems, and provides suggestions. The Company has compiled the "Corrective Action Requirements" report for the Company's reference.

Indicators and objectives

Indicators

Indicators	Unit	2023		2024		2025	
		Dongguan	Xiamen	Dongguan	Xiamen	Dongguan	Xiamen
Number of training sessions on data security and customer privacy protection	Times	12	4	12	5	13	2
Number of participants in practice and training on data security and customer privacy protection	Person-time	1,005	664	957	253	1,734	195
Employee coverage of practice and training on data security and customer privacy protection	%	34	71	50	74	76	68

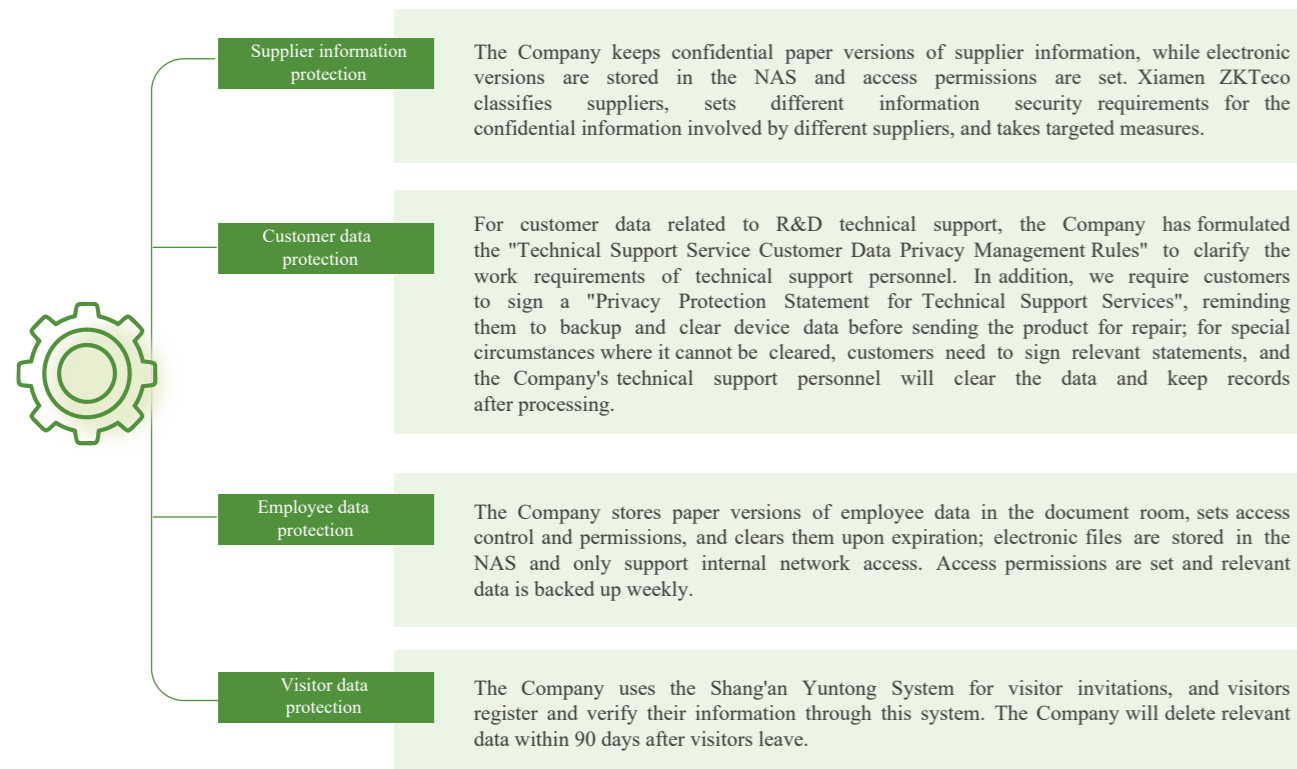
Objective

Target Content		Achievement
Number of information security and privacy incidents	Target value of Level 4 incidents (security accidents): 0 times per year	Achieved
	Target value of Level 3 incidents (security incidents): no more than 3 times per year	Achieved
	Target value of Level 2 incidents (minor incidents): no more than 5 times per year	Achieved
	Target value of Level 1 incidents (situations or weaknesses): no more than 10 times per year	Achieved
Number of infrastructure physical operation failures ≤ 5 occurrences		Achieved
Major virus incidents ≤ 1 occurrence		Achieved

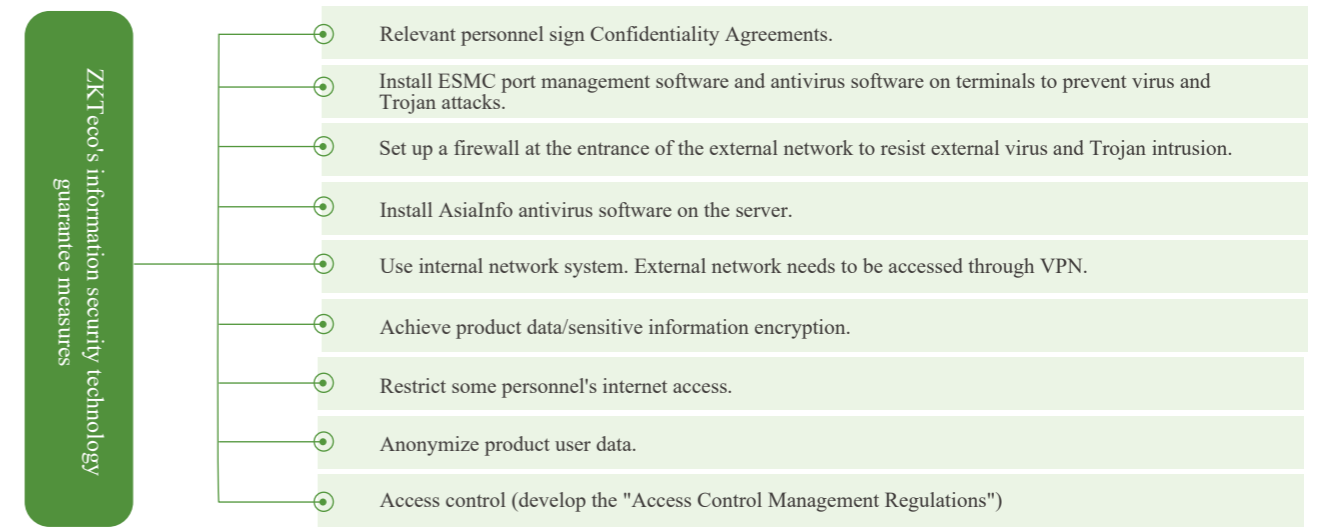
Normalized security governance measures

Data security protection

The Company conducts comprehensive risk identification and analysis for supplier information, customer, and employee data, and formulates targeted protective measures to ensure data security and privacy rights.



Information security technology guarantee



Information security technology cooperation

ZKTeco actively engages in data security technology cooperation with external organizations to comprehensively strengthen the Company's capabilities in threat intelligence collection, vulnerability scanning, risk assessment, and other aspects. In April 2025, the Company invited Grandall Law Firm to provide internal data compliance training. In August 2025, the Company participated in the Summary of the 2025 Dongguan Industrial Enterprise Cybersecurity (Data) Online Inspection Activity and the Special Training Session on Network Security in the Industrial Sector, organized by the Municipal Bureau of Industry and Information Technology. In September 2025, the Company participated in a public welfare special training session on network security and reputation protection, organized by the Office of Cyberspace Affairs of the CPC Dongguan Municipal Committee. In November 2025, the Company participated in the Summary of the 2025 Special Training Session on Dongguan Industrial Enterprise Cybersecurity (Data) and Symposium, organized by the Municipal Bureau of Industry and Information Technology.

Customer privacy protection

ZKTeco respects and protects customer privacy, strictly adhering to principles such as accountability, clear purpose, choice and consent, minimum necessity, ensuring security, data subject participation, and openness and transparency. It is committed to safeguarding customer personal information security throughout the entire lifecycle of products and services. The Company has formulated the "Product Privacy Policy". It will sign a "Confidentiality Agreement" before conducting business cooperation with customers, requiring the confidentiality of information between both parties. Furthermore, the Company has formulated the "After-Sales Service System Privacy Policy" and the "After-Sales Service System Management System" to implement standardized full-process management for the collection, use, storage, sharing, and deletion of personal information. The Company only collects information when providing necessary services such as after-sales maintenance to customers, in accordance with the principle of minimum necessity, and ensures data security through dual technical and management measures. We fully respect and safeguard customer rights. Customers can conveniently access, correct, or delete their personal information through the "ZKTeco Customer Service Center" mini-program. At the same time, we clearly restrict the scope of personal information use and sharing. Unless required by law or with explicit customer consent, it is prohibited for purposes other than after-sales service.

Each overseas subsidiary has established relevant policies and systems to protect customer information. For example, the Mexican subsidiary has formulated the "Aviso-de-Privacidad-Integral (Comprehensive Privacy Statement)", the "Política-de-Privacidad-ZKTeco-LATAM (Privacy Policy)", etc., to standardize customer privacy protection.

04

Joining Forces and Advancing Together to Build a Better Society

ZKTeco adheres to a people-oriented approach and is committed to building a safe, healthy, and inclusive work environment. By establishing and improving an occupational health and safety management system, facilitating open democratic communication channels, and creating diverse growth opportunities, it effectively safeguards employees' legitimate rights and interests, continuously empowers employees, and promotes the simultaneous growth of individuals and the Company. At the same time, we actively fulfill our corporate social responsibility, sincerely giving back to society through practical actions such as volunteer activities and charitable donations, thereby achieving a harmonious unity of employee well-being, corporate progress, and a beautiful society.

Responsive SDGs



Occupational health and safety

Safety and health management system

The Company has always adhered to the concept of "safety first, prevention first, and comprehensive governance", taking work safety as the primary work focus. In strict accordance with relevant laws and regulations such as the "Occupational Disease Prevention and Control Law of the People's Republic of China", the "Work Safety Law of the People's Republic of China" (hereinafter referred to as the "Work Safety Law"), and the "Workplace Occupational Health Management Regulations", it has formulated and implemented a series of other internal safety and health management systems such as the "Occupational Health and Safety Management Manual" and the "Occupational Disease Management System", to ensure the life safety of employees and the stable development of the enterprise. The Company has established a Work Safety Committee with the General Manager as the Safety Director and department heads as members, to comprehensively coordinate and supervise the Company's safety management work. Meanwhile, safety management is incorporated into the KPI assessments of managers at all levels, encouraging all employees to attach importance to work safety. During the reporting period, ZKTeco and Guangdong Zkteco passed the ISO 45001:2018 occupational health and safety management system certification.



Occupational Health and Safety Management System Certificate of ZKTeco



Occupational Health and Safety Management System Certificate of Guangdong Zkteco

Safety responsibility system

The Company has established, improved and organized the implementation of the Work Safety Responsibility System, and signed a work safety objective management responsibility letter in accordance with the principle of "whoever is in charge is responsible", to clarify the work safety responsibilities of entities, management personnel at all levels, and employees in each position, strengthen the safety awareness of all employees, and prevent the occurrence of accident hazards.

Objectives and planning

Occupational Health and Safety Objectives of 2025

Target Content	Achievement
Zero occurrences of potential fire, explosion and other safety accidents	Completed
Zero occurrences of electric shock accidents	Completed
Zero accidents causing occupational health injuries (mechanical injuries, object strikes, burns, etc.)	Completed

Work safety management

Safety hazard investigation

The Company has established and improved a safety inspection management mechanism, and set up a dedicated safety inspection team. By combining self-inspections with special inspections, regular inspections with surprise inspections, and inspections with rectifications, it continuously eliminates unsafe factors related to people, machines, and the environment in production. Each production department strictly implements the daily safety inspection system, focusing on checking the operating conditions of electrical equipment, the safety performance of mechanical equipment, the integrity of fire-fighting facilities, the implementation of safety protection measures, and the reserve of labor protection and epidemic prevention materials, etc. This ensures that potential safety hazards are identified and rectified in a timely manner, effectively building a solid line of defense for work safety.

Emergency plans and drills

The Company adheres to the requirements of relevant regulations such as the "Work Safety Law" and the "Fire Prevention Law of the People's Republic of China", formulates the "Emergency Rescue Plan for Work Safety Accidents", standardizes the Company's emergency management work, and ensures that emergency rescue can be implemented promptly, effectively and orderly after an accident, safeguarding the lives of company employees, production equipment and property safety. The Company implements the fire control policy of "prevention first, combining prevention and elimination", actively organizes and conducts fire emergency drills, strengthens the fire safety awareness of all employees, and tests the ability of each emergency response team to handle emergencies.

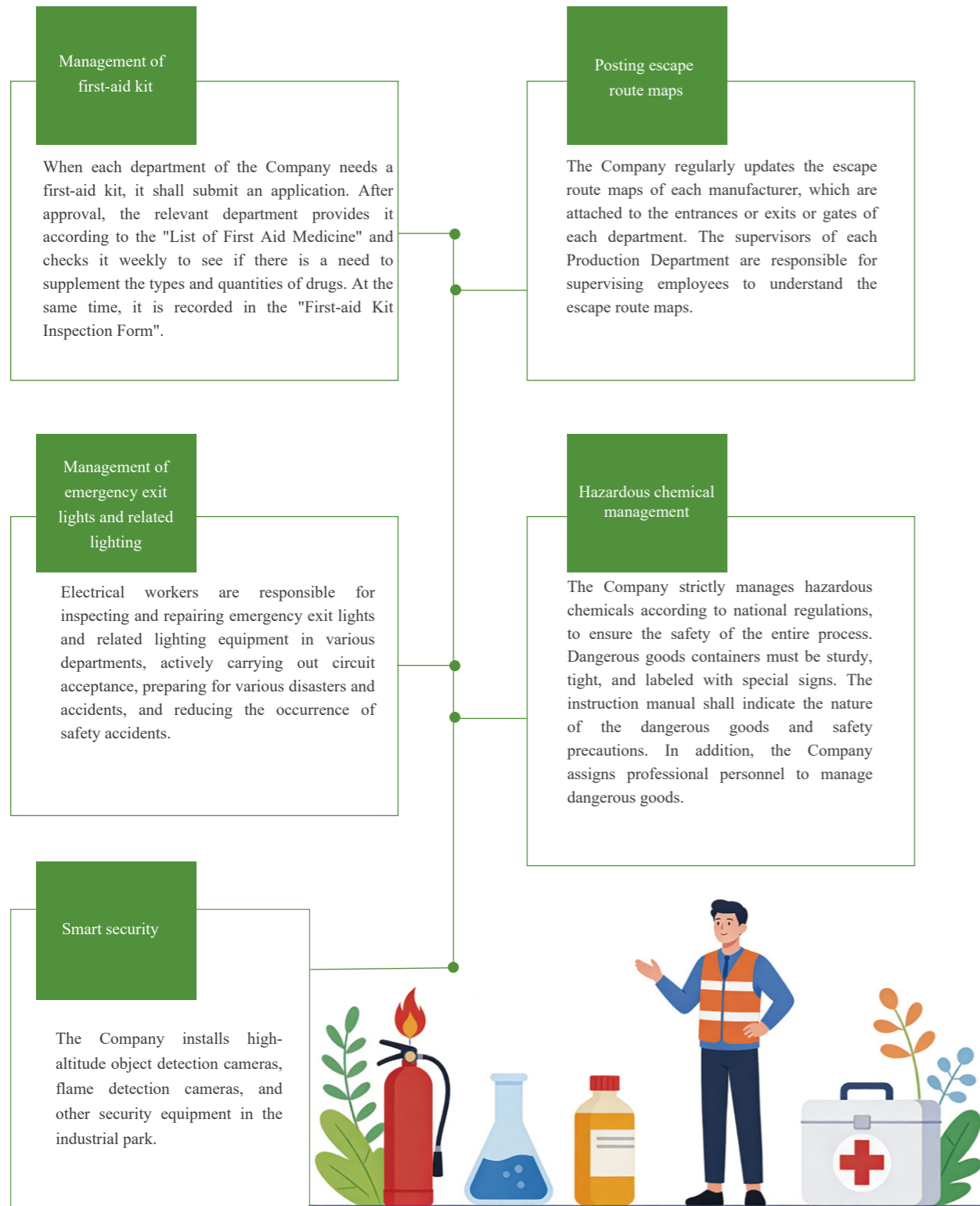


Fire Drills of Guangdong Zkteco

Safety promotion and training

The Company attaches importance to building a safety culture, vigorously carries out safety promotion and education, publicizes work safety regulations, operating procedures, etc., to create a strong safety atmosphere. The Company focuses on improving the safety literacy of all employees, regularly conducts various safety training sessions, including safety training for new employees, pre-job safety training for employees changing positions or returning to work, pre-job training for special operation personnel, etc., to enhance employees' safety awareness and operational skills, and build a solid safety barrier for the Company's high-quality development.

Safety protection measures



Occupational health protection

Occupational hazard monitoring

The Company has developed the "Occupational Hazard Monitoring and Evaluation Management System". Every year, it hires qualified occupational health testing institutions to conduct comprehensive occupational hazard factor testing in the workplace. During the reporting period, the Company focused on monitoring positions exposed to occupational hazards, including inspectors, fully automatic laser cutting machine operators, TIG welders, grinding and polishing operators, and nylon polishing operators. A total of 140 inspection points were checked, with 138 qualified points, achieving a qualification rate of 98.57%.

Occupational health examinations

To safeguard employees' health rights, understand their health conditions, and prevent occupational diseases, the Company has established the "Occupational Health Monitoring and Record Management System for Workers". For employees in positions with occupational hazard factors, it implements pre-employment, on-the-job, post-employment, and emergency occupational health examinations, and establishes occupational health monitoring records to dynamically track employees' health conditions.

In 2025,

the Global Manufacturing Center organized occupational health examinations for **72** employees. All employees' indicators were within the normal range during this examination, and no occupational diseases occurred.

Health education and training

The Company has formulated the "Occupational Disease Prevention and Control Publicity, Education, and Training System". It regularly conducts training on occupational health laws and regulations, basic knowledge of occupational hazard prevention and control, maintenance and management of occupational hazard prevention facilities, and correct use and maintenance of personal protective equipment, comprehensively enhancing employees' awareness of occupational health and safety and their protective capabilities. At the same time, the Company promotes occupational health through bulletin boards, blackboard newspapers (wall newspapers), and occupational hazard warning signs, creating a favorable occupational health culture.

Occupational health management and personal protective equipment training

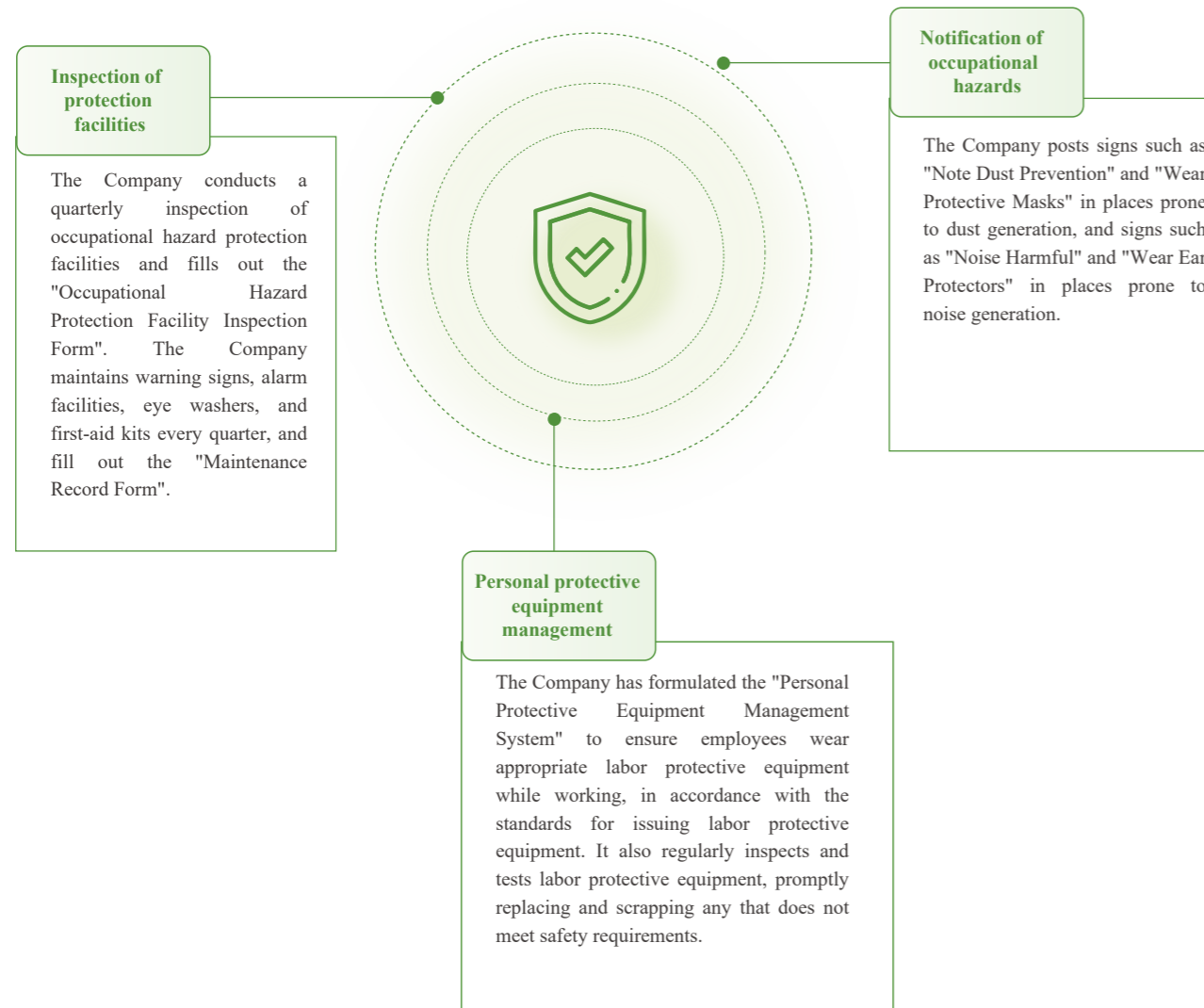
During the reporting period, the Integrated Services Department organized and conducted training on occupational health management and personal protective equipment (PPE). This training enabled employees to gain a basic understanding of occupational diseases, thoroughly informed them about the hazards associated with their job roles, continuously supervised them to ensure proper self-protection, and arranged annual physical examinations on schedule. Furthermore, employees unable to perform their duties were promptly reassigned to different positions to mitigate the risk of occupational diseases.

Case



Lecture on Personal Protection Against Occupational Diseases

Occupational disease prevention measures



Indicators	Unit	2025
Amount of investment in work safety	RMB '0,000	5.59
Number of work safety accidents	Case	0
Number of deaths due to work-related causes	Person	0
Total number of employees with work-related injuries	Person	0
Lost workdays due to work-related injuries	Day	0
Coverage rate for work-related injury insurance personnel	%	100

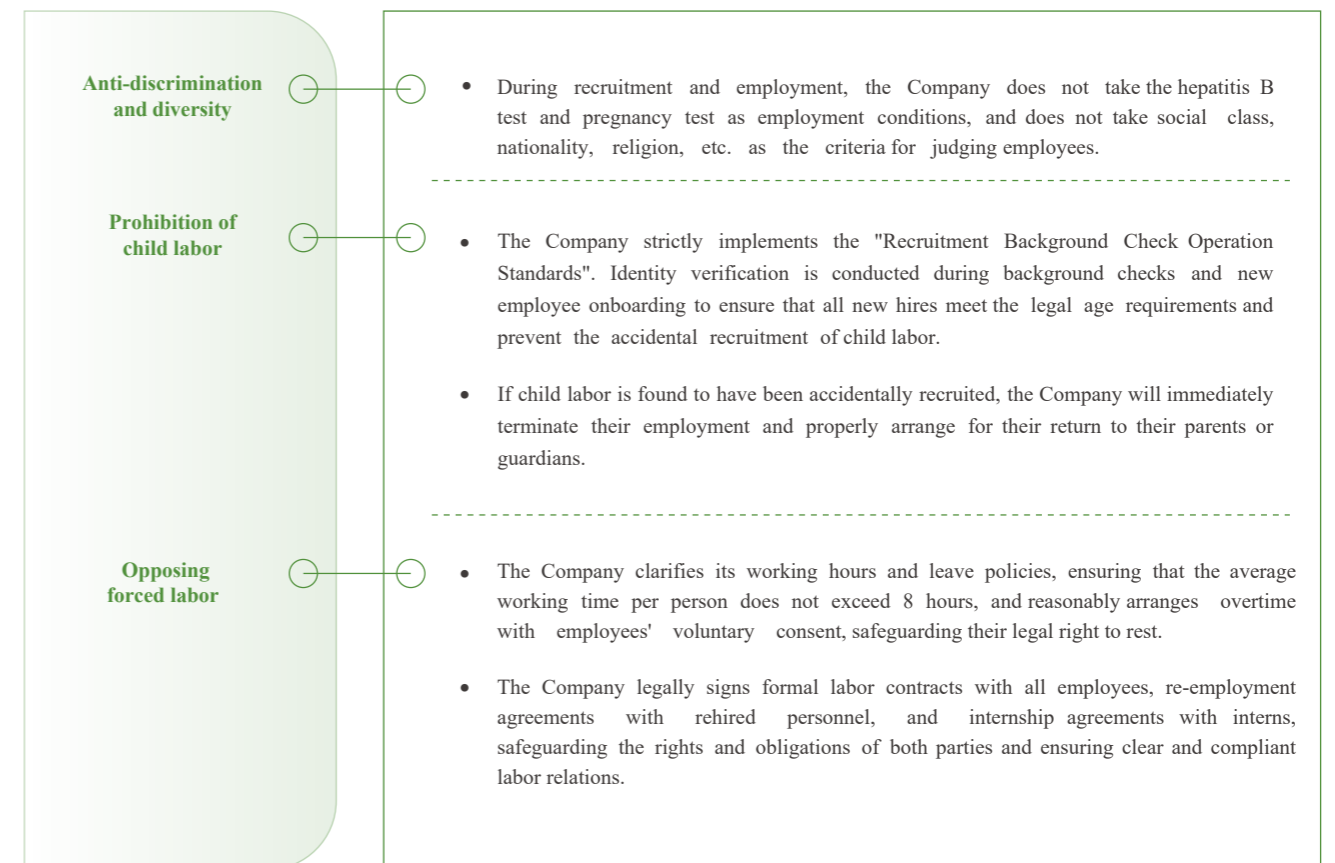
Protecting the legitimate rights and interests of employees

Protection of employee rights and interests

Human rights protection

The Company has always adhered to the principles of "respect, fairness, and impartiality", and explicitly stipulates in "ZKTeco's Recruitment Behavior Operation Standards" the prohibition of child labor and the use of any form of forced or compulsory labor, the prohibition of disseminating discriminatory ideas based on region, race, gender, etc., and the respect and protection of employee rights. During the reporting period, the Company did not experience any illegal or non-compliant incidents such as employment discrimination, child labor, or forced labor, and the labor contract signing rate was 100%.

Human Rights Protection Measures



Protection of female employees' rights and interests

The Company strictly adheres to the requirements of laws and regulations such as the "Law of the People's Republic of China on the Guarantee of the Rights and Interests of Women", actively implements exclusive paid leave for female employees such as prenatal check-up leave, prenatal rest leave, maternity leave, and breastfeeding leave, and strengthens protection for female employees during pregnancy, maternity, and breastfeeding periods. We respect and care for female employees, strive to combat discrimination against special groups such as pregnant women, and implement human rights protection effectively. In 2025, 44 employees enjoyed maternity leave, with a 100% return-to-work rate after maternity leave.

International Women's Day Activities

Case

On the important occasion of International Women's Day, the Company organized a floral art salon event, which enriched the leisure life of female employees, cultivated their sentiments, and, in a relaxed and pleasant atmosphere, strengthened the Company's respect and recognition for its female employees, enhancing team cohesion and employee well-being.



Floral Art Salon

Trade Union Lecture on Marriage Law

Case

The Company specially invited professional legal experts from the trade union to hold specialized lectures on topics such as the protection of marital and family rights and interests in the context of the Civil Code. The lectures focused on issues of concern to women, such as property rights and family relationships, providing female employees with practical legal knowledge tools through case analysis and interactive Q&A, to help them safeguard their legitimate rights and interests.



Lecture on Marriage Law

Talent recruitment and retention

The Company has formulated multiple management systems including the "ZKTeco's Recruitment and Configuration Management Regulations" and the "ZKTeco's Recruitment Behavior Operation Standards" in strict accordance with relevant laws and regulations such as the "Labor Law of the People's Republic of China" (hereinafter referred to as the "Labor Law") and the "Labor Contract Law of the People's Republic of China" (hereinafter referred to as the "Labor Contract Law"). Adhering to the principles of "respect, fairness, and impartiality" and "efficient identification, scientific evaluation, personnel position matching, and selective recruitment", the Company standardizes the recruitment and entry process of employees, and ensures that recruitment work is fair, just and orderly. We adhere to the talent concept of "those who are capable come first, and talents emerge in large numbers", evaluate talents based on their abilities, qualities and values, and build ZKTeco's talent supply chain.

Employee recruitment channels

The Company closely follows its talent development strategy and actual business needs to build a dual recruitment channel both internally and externally. Externally, the Company widely recruits outstanding talents through social and campus recruitment, and actively responds to national policies by providing equal employment opportunities for special groups such as the disabled and veterans, fulfilling its corporate social responsibility. Internally, the Company opens an internal talent market to employees, providing them with more opportunities to expand their career development fields. Through a coordinated internal and external recruitment strategy, the Company not only continuously introduces new talents from outside, injecting new vitality into its development, but also creates a broader development space for internal employees, promoting the common progress of talents and the enterprise.

Given the high level of understanding and loyalty among internal employees towards the Company, the Company adheres to the principle of "internal first, external later" in recruitment, prioritizing internal recruitment to promote internal talent flow and optimize allocation, and enhance employee motivation. When internal recruitment cannot meet the Company's employment needs, the Company considers external recruitment to attract outstanding talents and revitalize the enterprise's talent pool. The Company conducts an annual effectiveness evaluation of recruitment channels, retains efficient recruitment channels, and eliminates inefficient ones.

During the reporting period,

the Company hired **30** employees through campus recruitment and **118** employees through social recruitment.

Social recruitment

This includes online recruitment platforms, on-site job fairs, and third-party human resource services, etc.

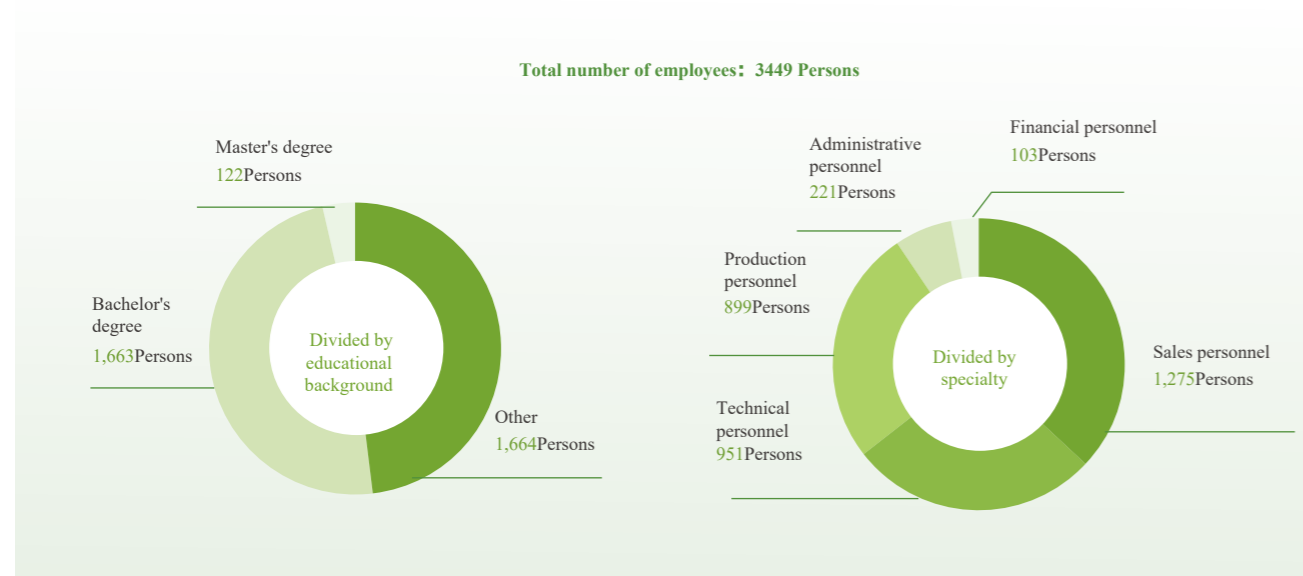
Campus recruitment

This includes both online and offline campus recruitment presentations, job fairs, school-enterprise cooperation, and cooperation with third-party campus recruitment companies, etc.

Internal recruitment

This includes internal job transfers and promotions.

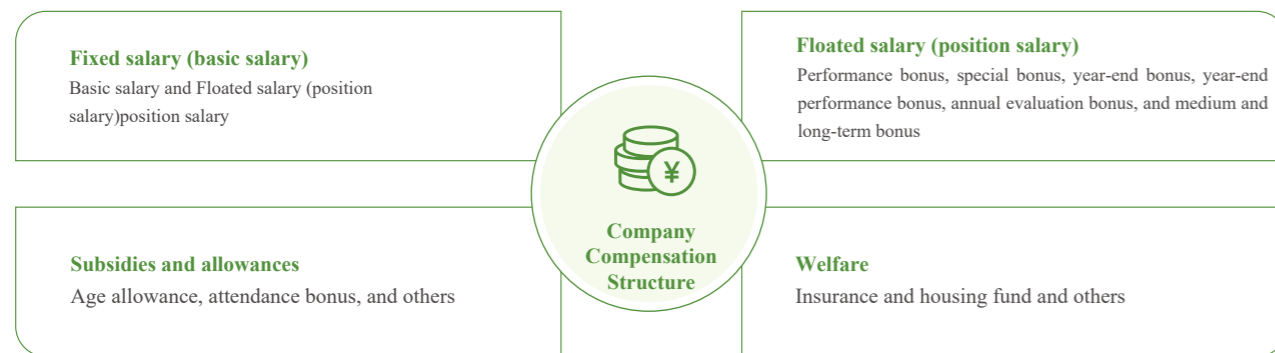
Employee Composition



Compensation and benefits management

Compensation system

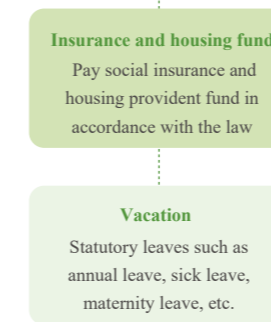
The Company has established a scientific and reasonable compensation system, formulated and implemented the "Compensation Management System" to standardize compensation management, enhance the incentive, balance, and fairness of compensation, and ensure scientific and reasonable compensation distribution. The Company determines salary standards based on the principles of remuneration for work, fairness and justice, and mutual benefit between labor and capital, according to the corresponding job level of the position, fully leveraging the incentive and guiding role of compensation.



Welfare system

To protect the rights and interests of employees, enhance the cohesion of the Company, and attract and retain outstanding talents, the Company provides employees with generous benefits. During the reporting period, the Company's social insurance coverage rate was 100%.

National statutory welfare



Independent company welfare



Performance assessment

The Company continuously optimizes its performance management system and incentive and restraint mechanisms, formulates the "Employee Performance Management System", adheres to the principles of "fairness, openness, and scientificity", and conducts monthly, quarterly, and annual performance appraisals. The Company sets up various performance assessment models, including but not limited to behavior and attitude assessment methods, key performance indicators (KPIs), personal business commitments (PBCs), etc., and flexibly selects appropriate performance assessment methods based on the actual business needs of each department to ensure the effectiveness and fairness of performance management. The results of performance appraisals will be used as important references for employee salary adjustments, promotions, and other work applications. Monthly/Quarterly performance results affect monthly performance bonuses, while quarterly/annual performance results affect daily floating rewards.

The Company attaches great importance to the two-way communication between performance appraisers and those being evaluated, improves the performance communication and feedback mechanism, and provides regular performance interviews and feedback for employees. After each performance appraisal cycle, managers proactively communicate with employees about their performance to help them understand their work performance and provide improvement suggestions. If employees have objections to the performance appraisal results, they can submit written appeals to their superior leaders. If no consensus is reached, employees can submit the "Performance Appraisal Appeal Form" to the Human Resources Department within 3 working days after receiving the performance appraisal results. The Human Resources Department will conduct research together with the employee's department within 5 working days after receiving the complaint.

Equity incentives and employee stock ownership plans

The Company continuously provides long-term incentives to employees, fully mobilizing the enthusiasm and initiative of the core team, thereby contributing to the stable development and performance growth of the enterprise. On January 23, 2025, the Company launched the "Restricted Share Incentive Plan 2025 (Draft)", which was approved by the 16th meeting of the Third Board Meeting held on March 28, 2025, with March 28 as the grant date. The Company granted 2,121,170 restricted shares to 353 incentive objects who met the grant conditions, accounting for 1.081% of the Company's total share capital on the grant date.

On January 23, 2025, the Company launched the "Employee Stock Ownership Plan 2025 (Draft)". The shares for this employee stock ownership plan originated from ZKTeco's A shares held in the Company's dedicated securities account for share repurchases. The 1,113,800 company shares held in the Company's dedicated securities account for share repurchases were transferred by way of non-trading transfer on May 22, 2025, to the "ZKTECO CO., LTD. - 2025 Employee Stock Ownership Plan" securities account. The participants in the initial distribution of this employee stock ownership plan totaled 358 individuals, with a subscribed share of 14,757,850 units, at a subscription price of RMB 1 per unit, and an actual total subscription amount of RMB 14,757,850.

Strengthening democratic management

Democratic management mechanism

The Company firmly believes that a transparent and fair democratic management mechanism is the cornerstone for building harmonious labor relations, safeguarding employees' legitimate rights and interests, and stimulating organizational vitality. We have established and continuously improved a democratic management system centered on the employee congress and trade union, ensuring employees have important rights to information, participation, expression, and supervision in corporate governance and development.

Diversified communication channels

The Company has established equal and democratic diversified communication channels, ensuring that employees can obtain timely and clear information in different scenarios through face-to-face meetings, emails, internal social networks (such as Colleague Bar and ZKTeco World), etc. At the same time, the Company has established a complete employee feedback channel, and it encourages employees to raise questions and suggestions at any time through setting up employee suggestion boxes, employee proposal centers, etc. To further enhance information transparency, the Company has set up a company affair disclosure column, issuing announcements, internal communications, etc., to help employees better understand the development and objectives of the enterprise.



Employee suggestion box poster



Company affair disclosure column



WeCom Workbench - Employee Proposal Center

Labor dispute resolution

The Company's trade union organization assumes the function of labor dispute mediation and collaborates with local community service organizations to handle labor disputes. The management of labor disputes within the Company is the responsibility of the Human Resources Department of each business group. They handle abnormal labor relations through employee interviews and event verification, and issue disciplinary notices in accordance with company regulations. If employees have objections, they can file complaints with the Human Resources Center. If the issue cannot be resolved, the trade union leader and community leader will intervene for mediation. Currently, there are few labor disputes in the Company, and employee satisfaction is high.

Employee care

Protection of employees' physical and mental health

The Company adheres to a people-oriented management philosophy and is committed to creating a warm and harmonious working atmosphere for employees. Through organizing a variety of cultural and recreational activities, it helps employees relieve work pressure. The Company attaches great importance to the construction of employee mental health and has launched an online course titled "Mental Health and Self-Psychological Adjustment" to help employees deeply understand the significance of mental health, master scientific stress management methods, and cultivate a positive attitude towards life.



ZKTeco Family Day



Third Anniversary of Listing Event



Club Activities

Employee assistance

The Company has strictly implemented the "Management Regulations for Corporate Care of Sick Employees". The Company provides care and assistance to sick employees and their families, visits sick employees with gifts and money, and reimburses the travel expenses for cross city visits. In order to help employees with major illnesses solve practical difficulties and reduce the burden of medical expenses on employees, the Business Group Management Department provides assistance and consolation money based on the actual situation of employees. At the end of 2022, the Company launched an interest-free housing loan for employees to meet their housing needs and assist those with housing difficulties. The terms were updated and revised in 2025, expanding the scope of borrowing to include car purchases and loans for serious illnesses. During the reporting period, a total of 65 employees received interest-free loans, with a total loan amount of RMB 17.36 million.

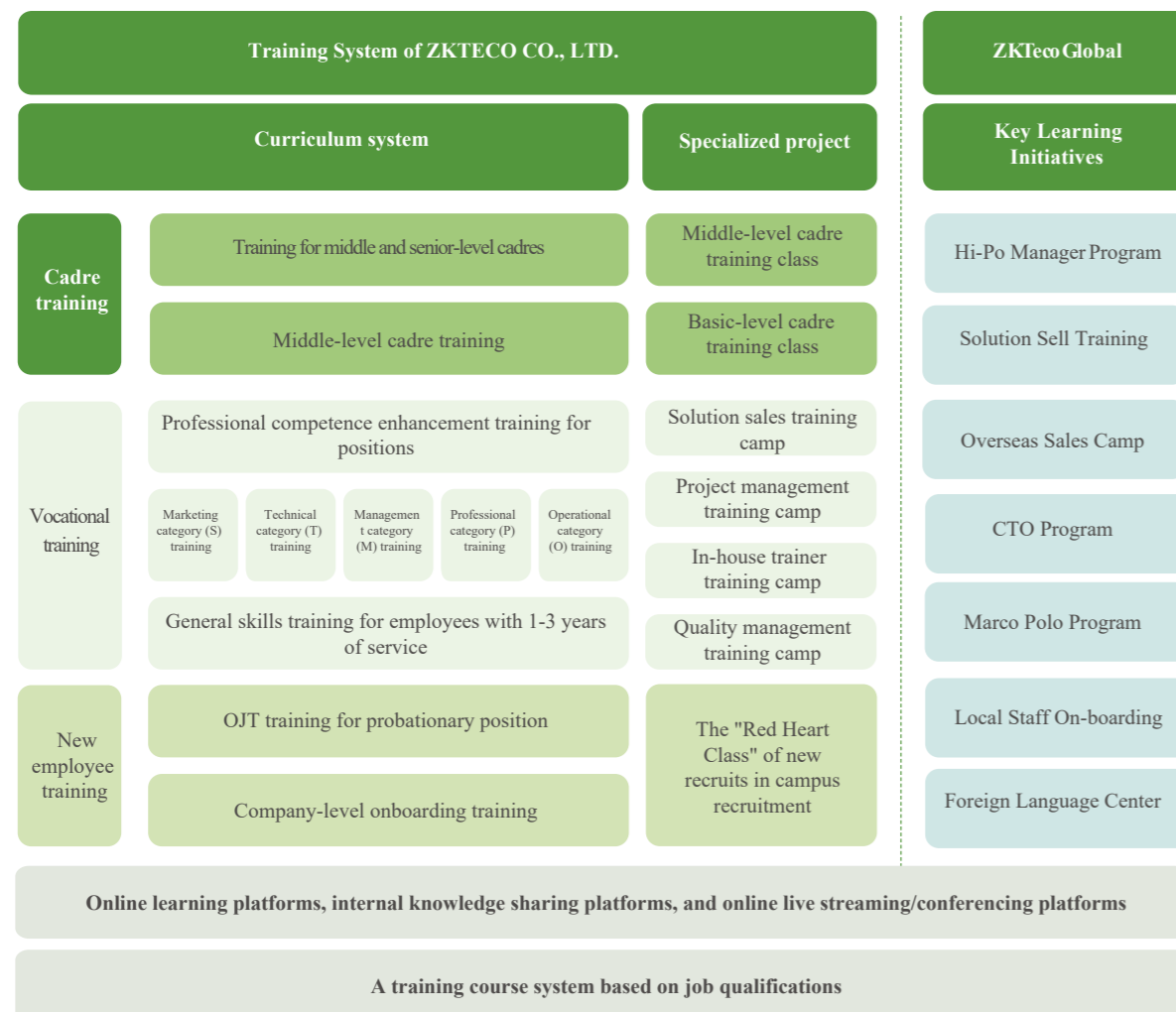
Employee training and development

The Company adheres to the concept of "developing the enterprise with technological innovation and talents", and is committed to building a multi-level and multi-dimensional career development channel to provide a broad stage for employees to display their talents. We uphold the values of "responsibility, integrity, pragmatism and excellence", and in talent cultivation, we focus on the dual improvement of moral character and professional ability. We also establish a performance-oriented incentive mechanism to achieve the harmonious development of personal growth and enterprise development.

Employee training management

The Company has formulated the "Training Management System" to standardize the training management. In terms of talent cultivation, we create a rich and diverse online and offline learning environment and training opportunities for the growth and progress of employees. We strive to create a corporate culture atmosphere of mutual trust, respect and help, providing sustainable development space and opportunities for each employee, and encouraging employees to work together and grow together in the Company.

Training System for Employees of ZKTeco



Construction of teaching team

The Company implements the "mentor system" and "internal lecturer system" management methods, formulates the "ZKTeco's Mentor System Management Measures" and "Lecturer Management Regulations", clarifying the selection, benefits, and teaching management of mentors and internal lecturers, and is committed to building a high-quality team of mentors and internal lecturers to promote the extraction and inheritance of knowledge and experience within the Company. As of the end of the reporting period, the Company had a total of 195 lecturers, including 35 special invited lecturers, 11 senior lecturers, 36 intermediate lecturers, and 113 junior lecturers. In 2025, the Company added 20 certified lecturers, including 1 senior lecturer, 5 intermediate lecturers, and 14 junior lecturers.

Construction of training platform

The Company has established an online learning platform - Yunxuetang, providing employees with a rich and diverse online learning environment. Through online management of course resources, real-time teaching, online examinations and result analysis, it helps to build an enterprise knowledge base and promote the standardization and professionalization of the Company's training management. Yunxuetang includes five application sections: Training Center, Online Classroom, Testing Center, Research Center, and Teacher Management. The course content covers multiple areas such as human resource management, sales management, financial management, middle and senior management, and workplace skills. In 2025, the platform added 270 courses on company operation norms, project management, product and technology knowledge, etc.

Diversified training

The Company offers systematic training for employees in areas such as technical improvement and management innovation, including induction training, professional training, product training, full-time training, external training, job rotation, cross-professional practice, academic advancement, and experience sharing.

New employee training

"Red Heart Class" training

The Company organized and conducted "Red Heart Class" new employee onboarding training to help participants gradually become familiar with and adapt to the organizational environment, quickly adapt to their job roles, identify with and integrate into the company's corporate culture, clarify their work objectives and job responsibilities, and cultivate talent needed for the Company's development.



"Red Heart Class" Training

Professional skills training

AI hands-on training

The Company organized and conducted AI hands-on training, with a total of 35 participants. The course content covers fundamental theories of AI, industry application cases, hands-on project operations, etc., helping participants master practical AI skills and facilitate the Company's innovative development.



AI Hands-on Training

Case

"Quality Green Belt" training

The Company organized "Quality Green Belt" training, with a total of 164 participants. The course content covered core concepts of quality management, common tools, and more, helping trainees build a systematic knowledge framework, improve the quality management level of all employees, and enhance their overall quality literacy.



"Quality Green Belt" Training

Case

Professional skills training

ZKTeco's "Iron Triangle" training

To build a high-caliber project engineering backbone team, the Company organized a five-day "Iron Triangle" project engineering talent training, with a total of 17 participants. This training aims to comprehensively enhance project engineering delivery capabilities and further strengthen collaborative capabilities and team cohesion across sales, product, R&D, and other departments.



ZKTeco's "Iron Triangle" Training

Case

ZKTeco Smart Alliances Business Elite Boot Camp

Case

The Company held a 6-day ZKTeco Smart Alliances Business Elite Boot Camp, meticulously planning and launching 12 categories and a total of 31 sub-courses, attracting 19 Smart Alliances business elites to participate. The boot camp was structured around a three-dimensional empowerment matrix of "Strategy Cognition - Tactical System - Readiness Resources", leveraging high-intensity, practical courses and drills to deeply empower partners.



ZKTeco Smart Alliances Business Elite Boot Camp

Training evaluation and assessment

The Company uses the Kirkpatrick model to comprehensively evaluate training results and provides feedback to the supervisory department as a basis for developing and revising training plans. Specifically, response evaluation provides feedback on the training results of trainees through survey questionnaires or interviews. Learning evaluation involves the knowledge and skills mastery of trainees through exams, speeches, and other methods. Behavioral and result level evaluation involves the achievement of training objectives through tracking surveys and face-to-face interviews between training leaders and trainees.

Indicators	Unit	2025
Employee training investment	RMB '0,000	18.86
Employee training sessions	Session	1,248
Total number of trainees	Person-time	31,457

Employee development channels

Career development path

The Company formulates the career development path and promotion channels for employees based on actual conditions, providing diversified career development directions and opportunities to maximize the vitality and potential of employees. The Company divides employees into five categories, namely management, marketing, technical, professional, and operational categories. Except for the management category, employees in other categories are evenly divided into six levels, and are promoted step by step based on work experience and performance. The career development path is clear.

ZKTeco's Position Pattern

Management category (M)	Executive management (M3)		Operational management (M4)		Management decision-makers (M5)		
	New entrants	Assistants	Junior	Intermediate	High	Senior	Experts
Marketing category (S)	S0	S1	S2	S3	S4	S5	S6
Technical category (T)	T0	T1	T2	T3	T4	T5	T6
Professional category (P)	P0	P1	P2	P3	P4	P5	P6
Operational category (O)	O0	O1	O2	O3	O4	O5	O6

Internal job transfer mechanism

The Company has established a complete internal job transfer mechanism, mainly comprising two types: internal transfer within the business group and cross-business group transfer. For internal job transfer, the department with talent demand should first initiate the internal recruitment request. The Human Resources Center will then recommend resumes and select the transferred employees through interviews. After the transferred employees pass the assessment in the probation period, the internal job transfer will be completed, achieving the optimal allocation and reasonable flow of talent resources.

During the reporting period,

the Company experienced a total of **2,251** transfer incidents, including **2,082** transfers within the business group and **169** transfers across business groups.

Public welfare and charity

Volunteer activities

The Company adheres to the spirit of voluntary service of "dedication, friendship, mutual assistance, and progress", deeply embedding social responsibility into its corporate culture. It actively encourages employees from all over the country to participate in volunteer activities and contribute love and warmth to society. Over the years, the Company has proactively fulfilled its social responsibilities and actively carried out various volunteer activities, such as environmental protection and blood donation drives and other vulnerable groups, spreading the Company's care to every corner of the world.



Colombia - Partnering with the Environmental Protection Foundation to plant trees



Colombia - Assisting with product packaging at the Bogotá Food Bank



Indonesia - Partnering with the Indonesian Red Cross to organize active employee participation in blood donation



Colombia - Partnering with local associations to organize active employee participation in blood donation

Public welfare donations

The Company actively carries out various charitable donation activities, focusing on areas such as education support, livelihood assistance, and social care. By donating essential supplies and funds, we contribute to educational equity and improve people's well-being. We are committed to delivering warmth and hope through sincere commitment and sustainable charitable actions, contributing solid strength to building a more harmonious and beautiful society.

Educational Donations



Thailand - Donating funds to a Children's Fund.



Thailand - Donating funds to an autism school.

Daily Necessities Donations



South Africa - Donating essential supplies to a charity organization.



South Africa - Donating supplies to an autism school.



South Africa - Providing essential supplies to children in shelters.



South Africa - Providing essential supplies to the homeless.



Colombia - Distributing aid vouchers to single mothers and caregivers



Philippines - Donating supplies to children's homes

Social Donations



South Africa - Donating supplies to animal rescue centers

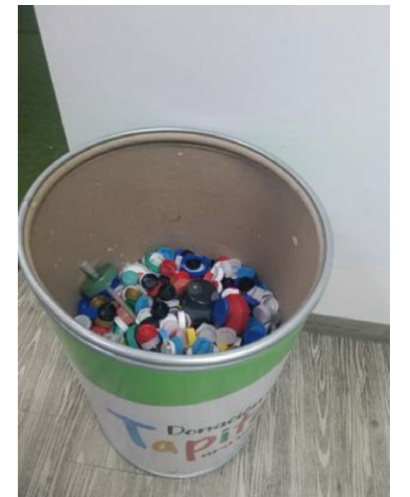


Colombia - Donating Supplies to Rescue Stray Animals in Collaboration with the Charity Organization "Tapitas x Patitas"

GALHERO 
Compartiendo calidad de vida A.C.

We achieve our monthly goal :

1/2 KG



Mexico - Recycling plastic waste, with all proceeds fully donated to children's medical institutions

Charitable donations

The Company is enthusiastic about public welfare and actively participates in charitable activities, conducting charitable donations to support community development and rural revitalization. In 2025, Guangdong Zkteco has donated RMB 10,000 to the Jinhe Community Residents' Committee in Zhangmutou Town, Dongguan City during the 20th Spring Festival Gathering for the God of Longevity in Jinhe Community; in 2025, it donated RMB 5,000 to the Jinhe Zhupai Shareholding Economic Cooperative in Zhangmutou Town, Dongguan City during the Spring Festival Gathering for the God of Longevity in Zhupai Village, Jinhe Community, RMB 5,000 to the Jinhe Shareholding Economic Joint Cooperative in Zhangmutou Town, Dongguan City during the "6.30" Rural Revitalization Support and Dongguan Charity Day event, and RMB 10,000 to the Zhangmutou Charity Foundation in Dongguan City. ZKTeco has donated RMB 3,000 to the Tangxia Chamber of Commerce in Dongguan City during the "6.30" Rural Revitalization Support and Dongguan Charity Day event.

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Report Chapters	GRI Standards	China Enterprise Sustainable Development Report Guidelines (CASS-ESG 6.0)	Shenzhen Stock Exchange Guideline No. 17 on Self Regulation of Listed Companies - Sustainable Development Report (Trial)
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Feedback

Thank you for taking the time to read the "ZKTECO CO., LTD. 2025 SUSTAINABILITY REPORT". We attach great importance to and look forward to hearing your valuable opinions and suggestions on the Company's sustainable development work and sustainable development management. Your opinions and suggestions are an important basis for us to continue improving sustainable development work and enhancing sustainable development management. We sincerely invite you to assist us in completing the relevant issues in the reader's feedback and provide feedback to us through the following methods. Thank you again for your strong support of our sustainable development work!

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For ZKTeco, your identity is:

Shareholders and investors Employees Government and regulatory agencies Customers
Partners Employees Industry associations and organizations Community, public, and media
 Others _____ (please specify)

1. Your overall evaluation of the 2025 SUSTAINABILITY REPORT:

Very good Good General Poor Very poor

2. Do you think the information disclosed in this report is accurate, clear, and complete?

Very good Good General Poor Very poor

3. Do you think this report is readable?

Very good Good General Poor Very poor

4. Do you think this report can comprehensively reflect the significant impact of the Company on the economy, society, and environment?

Very good Good General Poor Very poor

5. What is your evaluation of the logical thinking, structural arrangement, and layout design of this report?

Very good Good General Poor Very poor

6. What topics in the 2025 SUSTAINABILITY REPORT have attracted your most attention?

7. What other information would you like to obtain from the report?

8. What is your opinion on our SUSTAINABILITY REPORT or sustainable development management?
