

4.4 Supplier Management

4.4.1 Organizational Supply Chain

Our suppliers consist of vendors of products and services related to our business, including key raw materials, key packaging materials, key indirect materials (fillers, process oils, and additives), and others (outsourced finished goods, product transportation, instrument calibration, finished goods inspection, and infrastructure and equipment).

4.4.2 Local Procurement Policy

We select suppliers based on their quality, price, lead time, stability in quantity and the attention they pay to our expectations in order to ensure that the quality of the products and services they provide meets our needs, so that our company can operate normally in all aspects.

- Requiring suppliers to pay attention to the environment/social impacts/human rights/personnel safety and hygiene when choosing suppliers.
- Environment: Comply with relevant environmental regulations, reduce the use of non-renewable resources, use resources efficiently, and reduce environmental impact.
- Health and Safety: Provide a safe working environment, appropriate education and training, and protection when working with hazardous equipment; comply with occupational health and safety regulations.
- Greater flexibility and the ability to respond to market price changes more quickly are required to reduce costs during procurement on the premise of maintaining quality standards.
- Finding out about the quality of a vendor's supplies through supplier interviews, on-site evaluations, and market data collection.
- Raw materials are supplied by multiple vendors to maintain flexibility in supply source and stability in the amount of supply.
- Choosing local and creditable suppliers to effectively ensure on-time delivery and shortened lead times.

Major Domestic and Foreign Supplier (Type/Number) Statistics in 2021

Vendor Statistics

Item	Domestic	International	Total
Key raw materials	86	13	99
Key packaging materials	53	0	53
Key indirect materials	38	8	46
Other	604	14	618
Percentage	95.71%	4.29%	100%

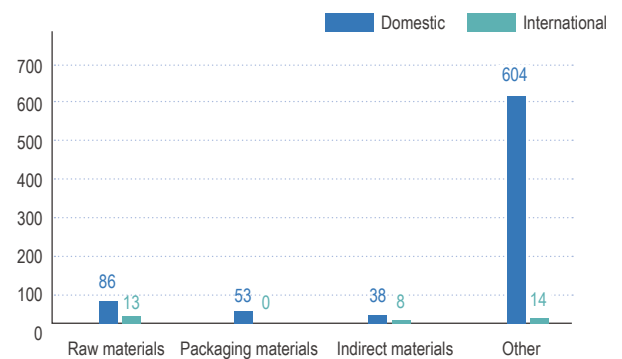
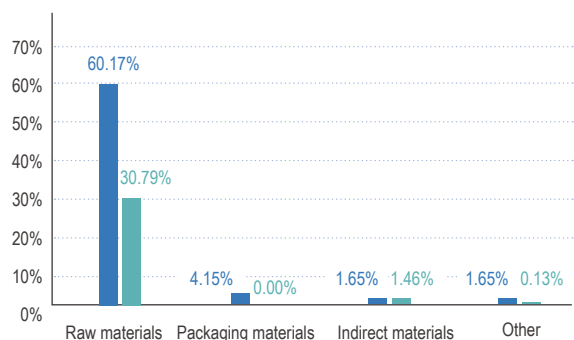


Table of the Percentage of Procurement Amount

Item	Domestic	International	Total
Key raw materials	60.17%	30.79%	90.96%
Key packaging materials	4.15%	0.00%	4.15%
Key indirect materials	1.65%	1.46%	3.11%
Other	1.65%	0.13%	1.78%
Total	67.62%	32.38%	100%



Note: The definition of local: "Domestic" is Taiwan, and "foreign" is imports.
CPL raw materials rely on imports.

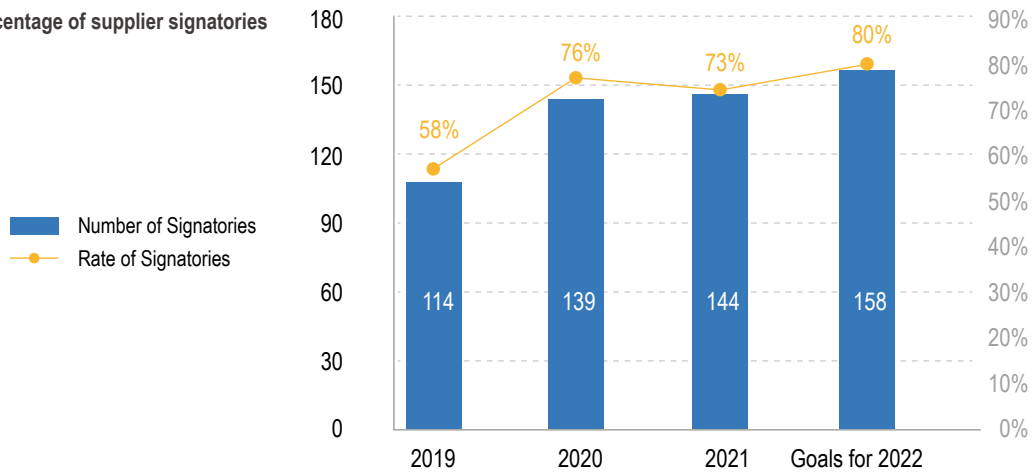
Supplier Performance Management

For suppliers of key raw materials, finished products, filler materials, packaging materials, process oils and additives, outsourced finished products, instrument calibration, finished product inspection, infrastructure and equipment and other products and services, we conduct supplier evaluation in accordance with our regulations for new and qualified suppliers, log the results in our ERP system for management afterwards, and ask suppliers that don't meet regulations to improve. In 2021, all suppliers were evaluated and passed the evaluation based on whether they had obtained relevant quality certifications, reasonable prices, the ability to accommodate demand with their supply, capacity status, and signed our Supplier's Pledge.

In accordance with the stipulated conditions, we conduct on-site audits of major domestic suppliers whose raw, indirect, and packaging materials account for more than 20% of our total supply (all four suppliers passed the on-site audits in 2021) in order to ensure that the suppliers' materials meet our needs and enable our operations to run normally.

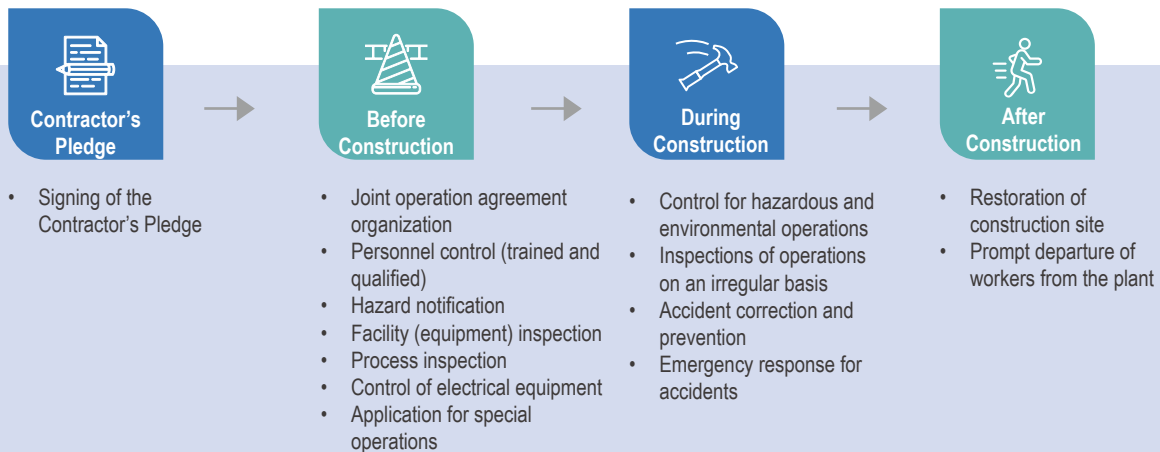
In 2021, we worked with our suppliers to fulfill corporate social responsibility, and the number of major suppliers who have signed our Supplier's Pledge has reached 72% (144/198) and the percentage of project contractors who have signed has reached 52% (214/410), an increase of 6% compared to last year. In 2022, the percentage of major supplier signatories continued to increase to 80%.

Number and percentage of supplier signatories



4.5 Contractor Management

To prevent the occurrence of occupational accidents, the contractors and subcontractors who carry out contract work on site at Zig Sheng's locations shall follow the following management procedures in order to protect workers at the work site and avoid causing environmental damage. All contractors who work with us must sign the Contractor's Pledge and collaborate with us in fulfilling corporate social responsibility.



In 2021, we continued to evaluate our contractors, and all passed. They were assessed on whether they have obtained the relevant certifications, their reputation, the quality of their work, their professional (technical) ability, and whether they signed the Contractor's Pledge to ensure that the quality of the service they provide meets our needs.