

The cover features a central grey band with the title. Above and below this band are decorative elements: a green silhouette of a factory with smokestacks on the left, and large, detailed green leaves on the right. Swirling lines of green and yellow connect the top and bottom sections, creating a sense of movement and flow.

SUSTAINABILITY REPORT

2021年度 永續報告書

Currently released version
June 2022



集盛實業
ZIG SHENG INDUSTRIAL



CONTENTS

EDITORIAL POLICY	02
MESSAGE FROM THE MANAGEMENT	03
SUSTAINABILITY PERFORMANCE	05

01 ORGANIZATION INFORMATION

1.1 About Our Company	07
1.2 Products and Services	09

02 STAKEHOLDER INTERACTIONS

2.1 ESG Operation and Implementation	13
2.2 Identification of Important Stakeholders	14
2.3 Identification Process for Significant Sustainability Topics	14
2.4 Communication Channels for Significant Sustainability Topics	15
2.5 Substantive Analyses for Significant Sustainability Topics	16
2.6 Boundary Review for Significant Sustainability Topics	17
2.7 Consultation on Issues of Interest	18
2.8 Management Guidelines for Significant Topics	18

03 ETHICS AND INTEGRITY

3.1 Operations and Management at the Senior Level	21
3.1.1 The Operations of the Board of Directors	21
3.1.2 The Operations of the Compensation Committee	22
3.1.3 Code of Ethics	22
3.2 Operating with Integrity Ethical Management	23
3.2.1 Ethics and Integrity	23
3.2.2 Mechanism for Filing Complaints and Reports	23
3.2.3 Public Associations We Joined	24

04 CORPORATE GOVERNANCE

4.1 Risk Management	26
4.2 Operations and Management	27
4.4 Management of Suppliers	29
4.4.1 Organizational Supply Chain	29
4.4.2 Local Procurement Policy	29
4.5 Contractor Management	30

05 ECONOMIC BENEFITS

5.1 Operational Guidelines	32
5.2 Operational Performance	33

06 ENVIRONMENTAL PROTECTION

6.1 Climate Change Risk Management	35
6.2 Greenhouse Gas Emission Management	36
6.3 Energy Saving Management	37
6.3.1 Energy Saving Operations	37
6.3.2 Energy Saving Results	38
6.3.3 Energy Saving Planning	39
6.4 Pollution Control	40
6.4.1 Air Pollution Control	40
6.4.2 Waste Management	40
6.5 Green Products	41
6.5.1 Recycled Products	41
6.5.2 Resource Recycling	41

07 EMPLOYEE CARE

7.1 Employee and Employer Relationship	43
7.1.1 Employee Structure	43
7.1.2 Employee Salaries	45
7.1.3 Employee and Employer Communication ..	45
7.1.4 Employee Benefits	45
7.2 Providing a Safe and Healthy Work Environment	46
7.2.1 Occupational Health and Safety Operations	46
7.2.2 Hazard Identification and Risk Assessment	46
7.2.3 Safety Training	48
7.2.4 Health Promotion	49
7.3 Health and Safety Performance Management	49
7.3.1 Implementation Results	49
7.3.2 Occupational Injury	51
7.3.3 Future Planning for Health and Safety	52

08 SOCIAL PARTICIPATION

8.1 Implementation Results	54
8.1.1 Participation in Events and Sponsorship	54
8.1.2 Care and Assistance for Vulnerable Groups	55
8.1.3 Scholarships for Outstanding Students	55
8.2 Future Planning	55

09 APPENDIX

9.1 GRI Comparison Table	57
9.2 Third Party Guarantee Statement	61

EDITORIAL POLICY

About This Report

This is the Sustainability Report issued by Zig Sheng Industrial Co., Ltd. (hereinafter referred to as Zig Sheng). Through this report, we provide information to interested stakeholders regarding our efforts on ESG issues.

Reporting Period and Scope

The information and figures disclosed in the report cover the economic, environmental, and social performance of Zig Sheng's head office and five plants in Taoyuan from January 1, 2021 to December 31, 2021. The disclosed financial performance results including a compilation of financial information on our subsidiaries (Zis Holding Co., Ltd. in Mauritius, Nicest Int'L Trading Corp. in Samoa, Suzhou Hongyousheng Trading Co., Ltd., and Ding Cheng Material Technology Corp. in the United States). All the information was audited and certified by Crowe Taiwan. The environmental and social data were compiled by the competent authorities, and the correctness of the data was confirmed by the President's Office.

The Report's Compilation Standards

The structure of this report is based on the Core options of the GRI Standards published by the Global Reporting Initiative (GRI) in the compilation and disclosure of major topics related strategies, objectives, and measures, and was written and compiled in accordance with the guidelines and structure listed in the GRI Standards. The President's Office confirmed the completeness of this report's coverage of major issues and presented it to the Board of Directors. Finally, a comparison table

of indicators is included in the appendix of this report.

External Guarantee

In order to enhance the credibility of the quality of this report and the accuracy of the data, the report was verified by an independent third party, the Taiwan Branch of British Standards Institution (BSI) Hong Kong, to be in compliance with AA1000 AS v3 TYPE I Moderate Level, as detailed in the guarantee statement in the appendix.

Release Date

We will continue to issue a Sustainability Report on a regular, annual basis, and disclose it on our website under "Corporate Social Responsibility" at <http://www.zigsheng.com>



The previous version was released in June 2021, the current version was released in June 2022, and the next version is scheduled to be released in June 2023.

Contact Information

If you have any questions or suggestions about this report, you are welcome to contact us through the following methods.

Company

Zig Sheng Industrial Co., Ltd.

Contact

President's Office

Address

2F, No. 70, Xining North Road, Datong District, Taipei

Telephone

(02) 2555-7151 (Ext. 8006)

Fax

(02) 2550-5652

Email

CSR@zigsheng.com

 MESSAGE FROM THE MANAGEMENT

Chairman
Sou-Tsun Yeh



In 2021, COVID-19 continued to ravage the world. Taiwan once announced a Level 3 alert on May 15 due to a large outbreak; restaurants, hotels, and the retail sector were heavily impacted. Fortunately, thanks to the efforts of the government and the public to curb the pandemic, the lockdown was partially lifted. Taiwan returned to a Level 2 alert on July 27, and people's lives were generally back to normal. Even in this unfavorable environment, our overall operating performance grew in 2021 and produced outstanding results, with a net income of \$920 million. In addition to operational performance, our management continues to focus on ESG-related issues, with a particular emphasis on net-zero emissions, and is promoting a number of policies to move toward our sustainability goals.

President
Barry Su



Corporate Governance

To implement corporate governance, we revised our Code of Corporate Governance Practice in 2021 and established a Corporate Governance Office with a corporate governance executive. Through the establishment of a governance organization and the implementation of internal control mechanisms, we've ensured compliance with relevant laws and regulations, and updated our Chinese and English website to enhance information disclosure and protect the rights of investors. In 2021, we continued to conduct training on ethical management for 30 executives at all levels totaling 60 hours of training. We also require suppliers to fulfill their social responsibility; 144 suppliers have signed our Supplier Pledge, and 214 contractors have signed our Contractor's Pledge, totaling 358 vendors.



Economic Benefits

In 2021, due to proper planning in our overall management strategy, both production and sales operated smoothly. Production machinery in all of the plants were running at nearly full capacity, and shipments were not affected by the lack of containers or congestion in ports. As a result, operating performance bounced back from the bottom, bidding farewell to two consecutive years of losses and welcoming a prosperous year. Our annual revenue reached NT\$11.2 billion, net income was NT\$920 million, and earnings per share reached NT\$1.73.

Sustainability and Environmental Protection

We attach great importance to the current international trend of net zero emissions and continue to promote energy saving and carbon reduction by upgrading to high efficiency equipment. From 2015 to 2021, our cumulative energy saving rate is 10.07%, and our energy savings in 2021 reached 1.84 million kWh. In order to develop renewable energy, the 1,930kW solar power plant at our Dayuan plant was completed and its meter installed in April 2021, and we have planned for another 559.3kW solar power plant to be built in 2022 at Plant 4. In addition, we plan to introduce a carbon offset project (ISO 14064-2) and carbon footprint verification (ISO 14067) for our products in 2022. We have also built an Eco Cycle Plant and purchased PET bottle flakes to produce recycled chips in order to create green products. The plant was put into production in October 2021 with a capacity of 600 tons per month.



Giving Back to Society

We understand that our employees are our most important asset. In April 2021, we increased the salaries of our employees by an average of 4% to ensure that they have adequate standard of living and to boost morale so as to create a win-win situation for both employees and employers. To protect the rights and interests of employees, we have established a comprehensive retirement system and provided sufficient retirement reserves. Every year, we pay pensions to eligible employees in accordance with the Labor Standards Act. In 2021, we paid NT\$9,906,000 in pensions to employees, and the accumulated amount of pensions we paid from 2008 to 2021 amounted to NT\$237,394,000. In addition, we sponsored the "Winter Warmth Goods Distribution" activity organized by charities in Guanyin District in 2021 to give back to society and help disadvantaged families in the area.

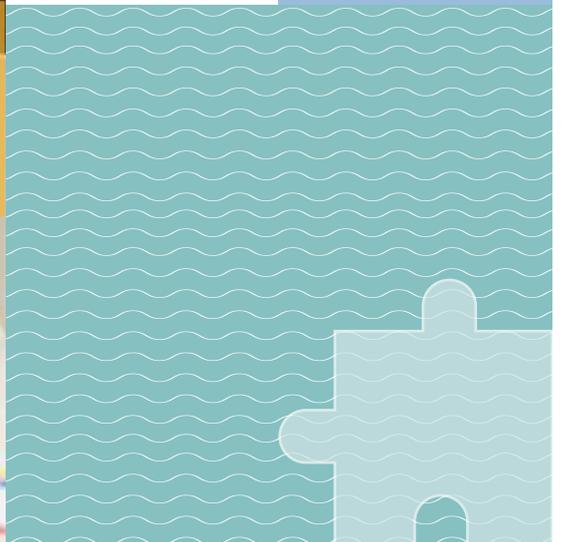
SUSTAINABILITY PERFORMANCE

Aspect	Category	SDGs	Performance Measurement Indicators	Page	2021 Performance	2022 Targets
Economy	Corporate Governance	-	Corporate governance Evaluation	27	The eighth annual Corporate Governance Evaluation ranked Zig Sheng in the 36% to 50% range.	Our corporate governance continues to steadily improve.
	Economic performance	-	Earnings per share	33	Earnings per share of \$1.73	We continue to strive to achieve profitability goals
	Supplier sustainability management	-	Supplier's Pledge	30	1. Suppliers are required to fulfill their social responsibility, and 144 suppliers have signed our Supplier's Pledge. 2. The Contractor's Pledge has been signed by 214 engineering contractors.	Major suppliers: 158 signed Engineering contractors: 246 signed Compliance with our social responsibility pledge
			Regular evaluation of suppliers	30	All suppliers and contractors have passed their evaluations	Suppliers and contractors are continuously evaluated for compliance with our requirements in quality.
Environment	Climate change and energy management		Reducing energy consumption	38-39	Energy savings rate of 1.13% in 2021; total savings amounted to 1,840,776 kWh Cumulative energy savings rate of 10.07% from 2015 (base year) to 2021	Our target total energy savings is 1,784,137 kWh, and our target energy savings rate is 1.08%
			Developing renewable energy	35	In 2021, a 1,930kW solar power plant was built; its capacity has reached 2809.08kW	Continued development of green energy; the addition of a 559.3kW solar power plant
	Greenhouse gas emissions		Total emissions	36-37	Emissions in 2021 increased by 23,638.987 metric tons of CO _{2e} compared to last year due to increased production	In addition to keeping carbon reduction measures in place and conducting regular greenhouse gas verification, we expect to add carbon footprint verification for our products and apply for carbon offset programs; our goal is net zero emissions.
	Green products		Process recycling	41	At present, our polyester and nylon products are certified by the Global Recycled Standard (GRS), which covers eight production units for nylon chips, nylon filament, polyester chips, polyester filament, DTY, and ATY. Our recycled polyester products are produced from chips made from PET bottle flakes we purchased as well as recycled chips and filament we purchased from external sources. As for our nylon recycled products, they are produced from waste filament from our own spinning plants and recycled fishing nets. Not only can we meet our customers' demand for environmentally-friendly products, but we can also increase the added value of our products.	Enhancing the development of environmentally-friendly products and maintaining the quality of these products. We aim to produce and sell 400 tons of recycled polyester products per month.
Recycling rate of packaging materials			41	Recycled 14,872 polymer bags; recycling rate is 100% Recycled 682,446 textile hole boards; recycling rate is 100% Recycled 1,683,909 paper tubes at Spinning Plant 1; recycling rate is 80% Recycled 1,733,965 paper tubes at Spinning Plant 2; recycling rate is 95%	100% recycling rate for polymer bags and textile hole boards 80% recycling rate for paper tubes at Spinning Plant 1 100% recycling rate for paper tubes at Spinning Plant 2	
Society	Occupational health and safety		Health and safety performance	49-52	Disabling Injury Frequency Rate (FR) 1.50 times/million work hours, target achieved (< 2.0 times/million work hours) Accident Frequency Rate (FR) 1.50 times/million work hours, target achieved (< 1.56 times/million work hours)	Disabling Injury Frequency Rate (FR) < 1.9 times/million work hours Accident Frequency Rate (FR) < 1.56 accidents/million work hours
			Number of occupational accidents	49-52	There were a total of 4 occupational accidents at Zig Sheng.	Continue to promote disaster reduction programs and move toward our goal of "zero occupational accidents"
	Social welfare		Scholarships	55	Provided scholarships to The National Yunlin University of Science and Technology and the National Chin-Yi University of Technology	Continue to plan activities to give back to local communities and invest in culture and education

* SDG icons are translated and produced by CSRone's sustainability reporting platform

ORGANIZATION INFORMATION

01



1.1 Introduction of the Company

Founded in August 1969, Zig Sheng is currently operating in Taiwan. Our industrial processes span polymerization, spinning, DTY, compounding and water resources, and we have developed a diversified business model by producing and selling DTY, nylon/polyester filament, nylon/polyester chips, compound materials and hollow fiber membranes in a consistent production process. Due to product transformation, our former Polymerization Plant 3 ceased operation in October 2020, and we began planning for an Eco Cycle Plant in May 2021, which officially began operations in October 2021.

Currently, we have three DTY plants, one ATY plant, two spinning plants, two nylon polymerization plants, one compounding plant, and one eco cycle plant, making us the largest chemical fiber company in Taiwan.



Dayuan Plant 5

No. 17, Dagong Road, Dayuan District,
Taoyuan City 337
TEL—886-3-386-9910
FAX—886-3-386-9120



Guishan Plant 1

No. 60, Dongwanshou Road,
Xinling Village, Guishan District,
Taoyuan City 333
TEL—886-3-329-5267
FAX—886-3-329-5270



Taipei Office

2F, 3F, 5F of No. 70, Xining North
Road, Datong District, Taipei 103
TEL—886-2-2555-7151
FAX—886-2-2550-5652



Guanyin Plant 2

No. 522, Sec. 1, Chenggong Road,
Guanyin Industrial Zone, Taoyuan City
328
TEL—886-3-483-8961
FAX—886-3-483-7312



Guanyin Plant 3

No. 506, Sec. 1, Chenggong Road,
Guanyin Industrial Zone, Taoyuan City
328
TEL—886-3-483-2267
FAX—886-3-483-2429



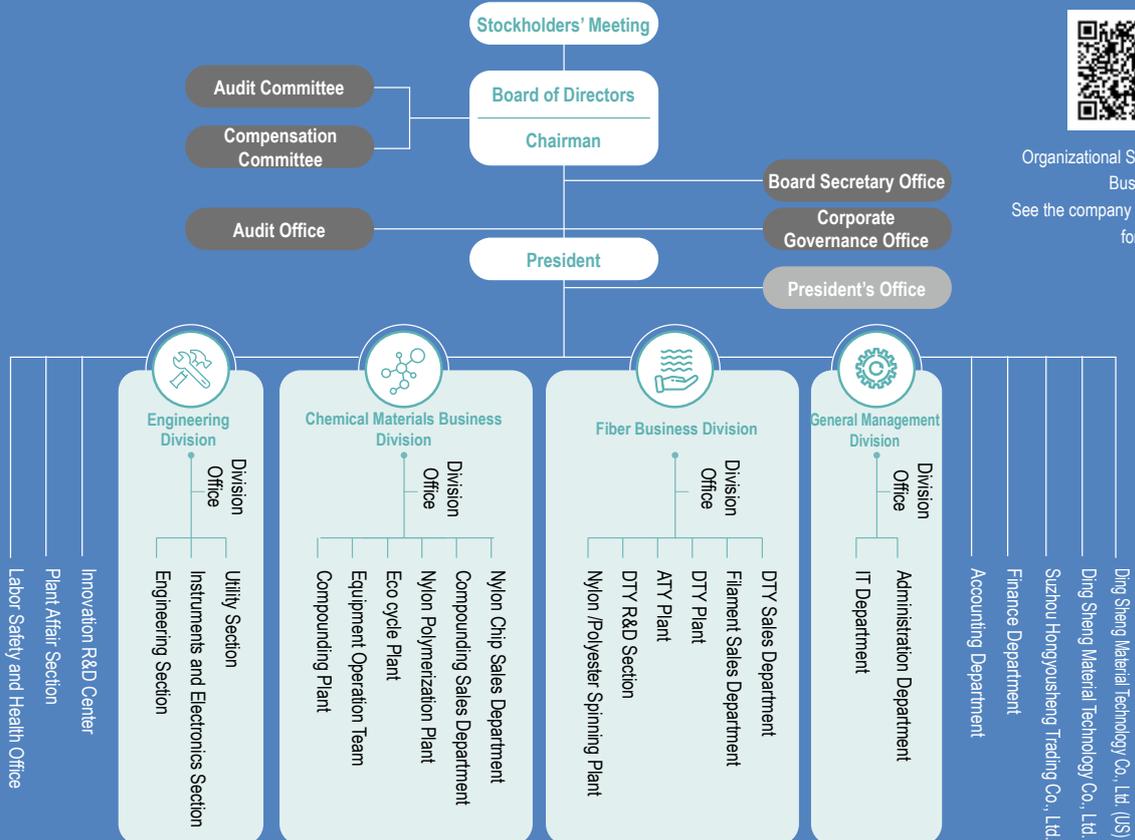
Guanyin Plant 4

No. 2, Ronggong South Road, Guan-
yin Industrial Zone, Taoyuan City 328
TEL—886-3-483-2267
FAX—886-3-483-2429

Item	Contents
1	Company Name Zig Sheng Industrial Co., Ltd.
2	Country and Location of Operation Taiwan (Taipei, Taoyuan)
3	Date of Establishment Aug. 18, 1969
4	Listed October 7, 1993
5	Head Office Location 2F, 3F, 5F of No. 70, Xining North Road, Datong District, Taipei
6	Ownership (Shareholder Structure) For a detailed list of major shareholders, please refer to the annual report or the Market Observation Post System.
7	Financial Scale Capital: NT\$5.316 billion
8	Size of Served Market 2021 revenue: NT\$11.2 billion (Sales share of products) ① DTY---- 31.9% ③ Nylon Chips---- 45.7% ⑤ Other ----- 0.4% ② Filament----- 15.2% ④ Compound Materials---- 6.8%
9	Employees Hired Total: 1230
10	Company Website http://www.zigsheng.com



Organizational Structure



Organizational Structure
Businesses
See the company website
for details

1.2 Products and Services



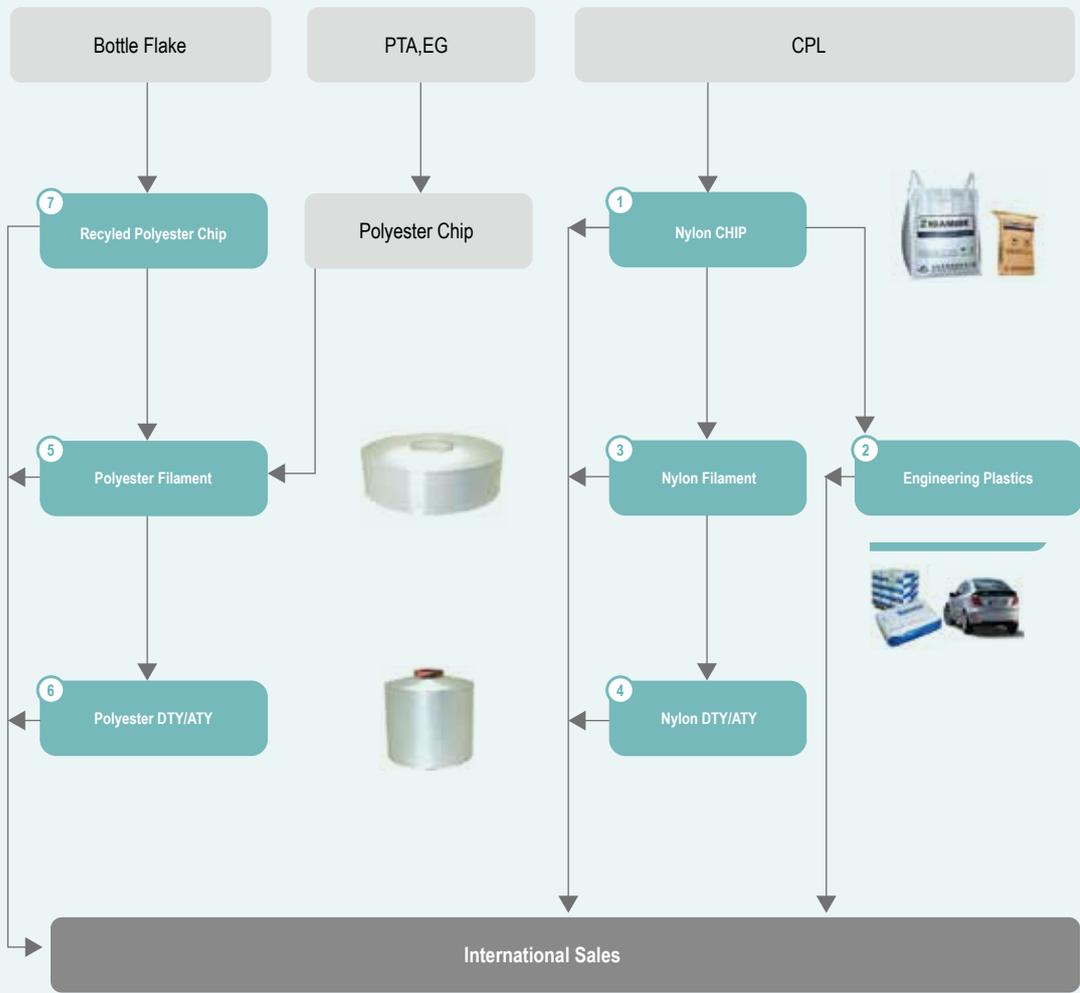
Fiber Division



Chips Division

③ Nylon Filament	④ Nylon DTY	① Nylon Chips	② Engineering Plastic
⑤ Polyester Filament	⑥ Polyester DTY	⑦ Recycled Polyester Chips	⑧ Hollow Fiber Membrane

Upstream, Midstream and Downstream Industry Structure

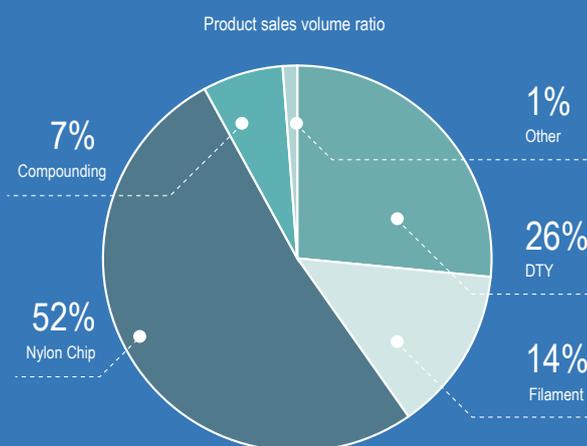


Product Use and Contribution to the Environment

Business	Product	Applications	Contribution to the Environment
Fiber Business Division	 <p>DTY</p>	<p>Medical apparel: Knee braces Transportation upholstery materials: Car seat covers Fabrics for interiors and furniture: curtains, bed sheets, duvet covers, blankets, towels Sportswear: leotard, sportswear, waterproof and breathable fabrics Casual clothing: suits, windbreakers, jackets, coats, shirts, tights, and intimate apparel</p>	<ul style="list-style-type: none"> Developed environmentally-friendly products in line with the trend among upstream manufacturers, solution-dyed polyester filament is processed into high-performance, sunlight-resistant, and color-fast DTY. Produce recycled products to reduce the damage to the environment.
	 <p>Filament</p>	<p>Sleeping bags, suitcases, tents, backpacks, umbrellas, women's clothing, casual wear, pantyhose, socks, lining, sportswear, swimwear, leotards, straps, fishing nets, ropes, sewing thread, industrial filament</p>	<ul style="list-style-type: none"> Increase the sales of warp knitting filament, and develop performance products as well as solution-dyed filament and recycled nylon. Among such products, collagen nylon fiber is made of collagen from discarded fish scales to make the circular economy production model a reality.
Chemical Materials Business Division	 <p>Nylon Chips</p>	<p>For spinning, electrical appliances and electronic parts, plastic extrusion/injection, mixing, cut cotton pads, car parts, carpet, fishing nets, monofilament, safety belts, packaging film</p>	<ul style="list-style-type: none"> Due to the energy crisis, a material that was lightweight and consumed less energy was in demand, thus fiber reinforced plastic was created in response to that demand. It quickly replaced metal, whose production was highly energy-consuming, and has become one of the fast-growing raw materials in the field of engineering plastics.
	 <p>Recycled Polyester Chips</p>	<p>Spinning grade, injection grade, non-food packaging, shoe materials, consumer products</p>	<ul style="list-style-type: none"> In line with the market demand for environmentally-friendly products, we produce GRS-certified green products using recycled polyester to reduce carbon emissions and increase the added value of our products.
	 <p>Compound Materials(Engineering Plastic)</p>	<p>Tool casing and parts, electrical and electronic parts, home appliance parts, OA parts for office desks and chairs, construction and wiring parts, pet products, sports equipment, automobile and motorcycle parts, bicycle parts, parts for fishing gear and other outdoor goods, remote control cars and various toy parts, and bathroom and kitchen parts.</p>	<ul style="list-style-type: none"> The high strength and highly temperature resistant properties of our products have been successfully applied in automobiles and related mechanical parts, replacing the use of metal and helping to improve product production efficiency and reduce post-processing processes.
	 <p>Water Resource Materials (Hollow Fiber Membrane)</p>	<p>Water purifiers, Functional water dispensers, Whole house water filtration, Commercial filtration, Outdoor portable filtration. Industrial wastewater filtration treatment, industrial process water recycling, Semiconductor fab CMP wastewater recycling filtration, Municipal wastewater treatment, Groundwater treatment, Renewable Water Filtration Processing for Water Resource Recycling Center, UF Pretreatment for seawater desalination plants, Raw Water Quality Toxicity Monitor and Filtration Systems.</p>	<ul style="list-style-type: none"> Environmentally-friendly products that remove contaminants such as impurities, particulates and bacteria, make drinking water clean and safe without producing wastewater, and consume little energy. In response to the scarcity and importance of global water resources, and to promote the circular economy and environmental protection, we use high-tech membrane filtration technology to efficiently separate industrial wastewater for recycling and to promote the sustainability of water resources in a comprehensive manner.

Product sales

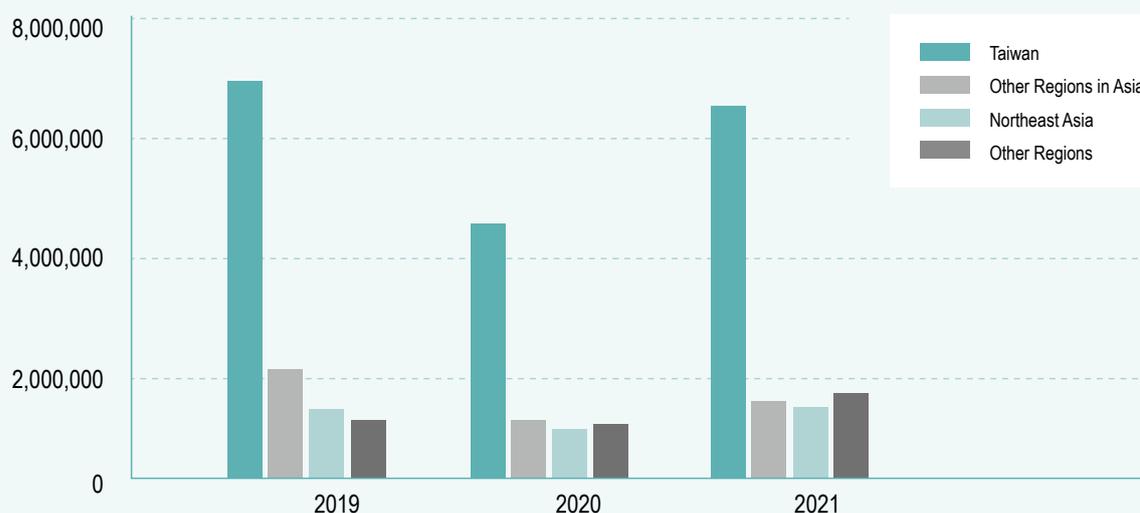
We make chemical materials and fibers, which are marketed in Europe, Asia and Africa, but our main customer base is in Asia (including Mainland China and Hong Kong). Our sales volume for the past three years as well as the proportion each product takes up in the sales volume in our main markets are as follows:



Please refer to Zig Sheng's annual report for the production volume of each product: <http://www.zigsheng.com/investor-area-zh/shareholder-column-zh/annual-calendar-zh/>

Regions		2019		2020		2021	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
Asia	Taiwan	7,099,248	59.95%	4,640,224	60.45%	6,596,152	58.80%
	Other regions in Asia	2,159,607	18.24%	1,190,646	15.51%	1,511,576	13.47%
Northeast Asia		1,422,314	12.01%	868,822	11.32%	1,423,919	12.69%
Other Regions		1,160,208	9.78%	975,915	12.71%	1,686,866	15.04%
Total		11,841,377	100.00%	7,675,607	100.00%	11,218,513	100.00%

Unit: NTD thousand



Note 1: Other regions in Asia include Mainland China, Hong Kong, etc.

Note 2: Other regions include Southeast Asia, the Americas, Africa, Europe, and Oceania

STAKEHOLDER INTERACTIONS

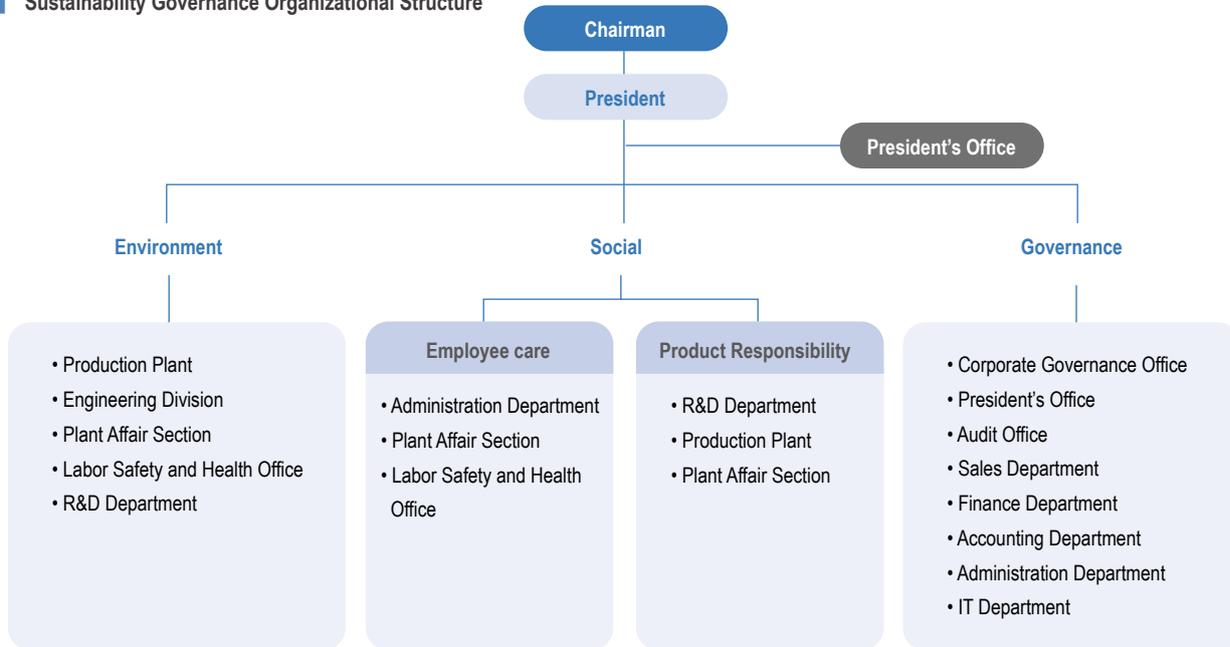
02



2.1 ESG Operation and Implementation

To maintain good corporate governance, economic performance, development of a sustainable environment, protection of social welfare, and enhancement in the disclosure of corporate information, Zig Sheng has established a sustainability governance organization to set annual targets, track the effectiveness of their implementation, and report to the Board of Directors once a year.

Sustainability Governance Organizational Structure



Internal and External Implementation of ESG

Corporate governance

- Maintaining good corporate performance
- Enhancing the disclosure of corporate information
- Continuous innovation and growth
- Pursuing reasonable profits
- Maintaining good relationships with customers and suppliers

Society

- Protecting workers' rights and respecting human rights
- Participating in social welfare activities
- Providing appropriate work opportunities for people with physical and mental disabilities
- Conducting business with ethics and opposing improper profits
- Complying with business ethics
- Establishing a reporting system

Society

- Occupational health and safety
- Complying with regulatory requirements
- Contractor management
- Promotion of health

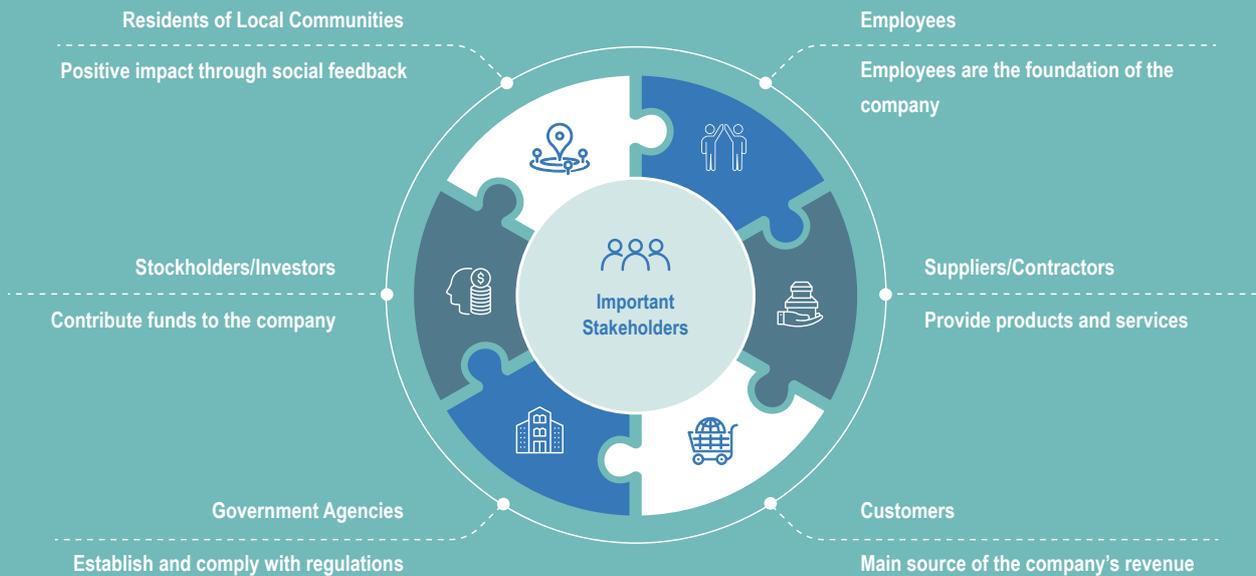
Environmental protection

- Pollution control
- Effective reuse of resources
- Complying with regulatory requirements
- Continuous development of environmentally-friendly products
- Developing renewable energy
- Carbon footprint inventory
- Implementing carbon offset projects with the goal of achieving net zero



2.2 Identification of Important Stakeholders

In pursuit of the sustainable development of Zig Sheng and the best interests of its shareholders, the President's Office convened the executives from each department to identify ESG topics of concern to stakeholders. In accordance with the guidelines of AA1000 SES: 2015 Stakeholder Engagement Standard (SES), we identified key stakeholders—including shareholders/investors, customers, suppliers/contractors, employees, government agencies, and local community residents—based on the five principles of dependence, responsibility, concern, influence and diverse perspectives, and provided timely responses to the issues of concern to the above six categories of stakeholders through our smooth communication channels to make the exchange of opinions more efficient.



2.3 Identification Process for Significant Sustainability Topics



2.4 Communication Channels for Significant Sustainability Topics

Fundamental economic, social and environmental topics that are the concerns of our stakeholders are communicated through smooth communication channels and frequencies, and are summarized as follows:

Item	Stakeholder	Responding Department	Contact	Main Topic	Communication Channel	Communication Frequency			
						Year	Season	Month	Occasional
1	Stockholders/ Investors	Finance Department President's Office	Acting Spokesperson Ms. Yen: teana_yen@zigsheng.com Mr. Kuo: jason_kuo@zigsheng.com	Sustainable operations Corporate governance Ethics and integrity Economic performance Market position	Revenue announcement				•
					Annual reports are published regularly	•			
					Financial reports are published regularly		•		
					Annual stockholders' meeting is held	•			
					Major announcements are made on the Market Observation Post System				•
					Spokesperson and acting spokesperson				•
					Announcements are made on the company website				•
					A communication channel with stakeholders is set up on the website				•
2	Customers	Sales Department	Nylon Chips: Ms. Huang ann_huang@zigsheng.com Compound Materials: Ms. Chang celine_chang@zigsheng.com Filament: Mr. Lin Duncan_lin@zigsheng.com DTY: Ms. Huang alice_huang@zigsheng.com	Customer Satisfaction Green Products	Telephone or email				•
					New products or service			•	•
					Visits to customers on an irregular basis				•
					Annual customer satisfaction survey	•			
					A communication channel with stakeholders is set up on the website				•
3	Suppliers/ Contractors	Procurement Department Labor Safety and Health Office Engineering Section, Engineering Division	Ms. Yeh: sandy_yeh@zigsheng.com Mr. Chen: H400@zigsheng.com Mr. Chou: james_chou@zigsheng.com	Sustainable management of supply chain Occupational health and safety Economic performance	Evaluation of new partners				•
					Regular evaluation of qualified partners	•			
					Supplier's Pledge				•
					Contractor's Pledge				•
					Contractor safety hazard notification				•
A communication channel with stakeholders is set up on the website				•					
4	Employees	Plant Affair Section Labor Safety and Health Office Human Resource Department	Mr. Liu: jason_liu@zigsheng.com Mr. Chen: H400@zigsheng.com Mr. Chuang: peter_chuang@zigsheng.com	Employee-employer relationship Occupational health and safety Sustainable operations Economic performance	Multiple complaint channels (Email, mail, supervisors, website, feedback, interview)				•
					Departmental meetings are held			•	•
					Operational meetings are held		•		
					The Employee Welfare Committee convenes		•		
The Labor Health and Safety Committee convenes	•								
5	Government agencies	Instruments and Electronics Section, Engineering Division Labor Safety and Health Office Plant Affair Section	Mr. Chen: hl_chen@zigsheng.com Mr. Chen: H400@zigsheng.com Mr. Liu: jason_liu@zigsheng.com	Climate change and energy management Greenhouse gas emissions Green products Occupational health and safety	Official documents				•
					The competent authorities visit the factory for inspection				•
					Regular reporting of information related to industrial safety and environmental protection operations			•	
					A communication channel with stakeholders is set up on the website				•
6	Residents of local communities	Plant Affair Section Administration Department	Mr. Liu: jason_liu@zigsheng.com Mr. Chuang: peter_chuang@zigsheng.com	Occupational health and safety Social welfare	A communication channel with stakeholders is set up on the website				•
					Participating in community activities				•

2.5 Substantive Analyses for Significant Sustainability Topics

The ESG editorial team of Zig Sheng discussed the issues together, and then referred to the experience of the relevant departments to determine the "degree of concern" stakeholders have about each sustainability topic. The management decided on the "degree of impact" each sustainability topic has on the company, and analyzed each topic based on two aspects. Once the results of the analysis were ranked, it was confirmed that topics with a score of 3.5 or higher, including eight major economic, environmental, and social sustainability topics plus three additional sustainability topics, for a total of eleven, would serve as the basis for the disclosure of information in this sustainability report in order to conduct effective communication with stakeholders.



Aspect	Topic	Sorting	Verification and Publication	Note
Economy	Economic performance	1	•	
	Market position	3	•	
	Anti-corruption	22		
	Fair competition	20		
	Supplier sustainability management	2	•	
Environment	Climate change and energy management	4	•	
	Water resource management	23		
	Greenhouse gas emissions	6	•	
	Waste management	11		•
	Green products	7	•	
Society	Compliance with environmental regulations	13		•
	Employee-employer relationship	8	•	
	Human rights and employee-employer relationship	13		
	Occupational health and safety	5	•	
	Cultivation of talent	15		
	Diversity and equal opportunity for employees	9		
	Forced labor	15		
	Freedom of association and collective bargaining	17		
	Compliance with environmental regulations	21		
	Customer health and safety	19		
	Product and service labeling	11		
	Privacy protection and transaction security	10		
Social welfare	18		•	

2.6 Boundary Review for Significant Sustainability Topics

After analyzing and ranking the sustainability topics, Zig Sheng has provided a boundary analysis and confirmed the chapters of this report. In the future, we will continue to strengthen the management of these significant sustainability topics, disclose the relevant information in our "Sustainability Report", and respond to all of the important stakeholders of our company.

Aspect	Significant Topic	Corresponding GRI Code	Concern	Impact						Corresponding Chapter
				Employees	Customers	Suppliers/ Contractors	Stockholders/ Investors	Local residents	Government Agencies	
Economy	Economic performance	201-1	Direct economic value generated and distributed	▲	●	▲	●	×	▲	5.2 Operational Performance
	Market position	202-1	Ratio of standard salary for entry-level employees of different genders in key operating locations to local minimum pay	●	×	×	▲	▲	▲	7.1.2 Employee Salaries
	Sustainable management of supply chain	204-1	Ratio of procurement expenses from local suppliers for key operating locations	●	▲	●	▲	×	×	4.4.2 Local Procurement Policy
Environment	Climate change and energy management	302-4	Reducing energy consumption	●	▲	▲	▲	▲	●	6.1 Climate Change Risk Management 6.3 Energy Saving Management
	Greenhouse gas emissions	305-1	Greenhouse gas emissions (direct emissions)	●	▲	×	×	●	●	6.2 Greenhouse gas emission management
		305-2	Volume of greenhouse gas emissions through energy consumption (indirect emissions)	●	▲	×	×	●	●	6.2 Greenhouse Gas Emission Management
		305-3	Volume of greenhouse gas emissions through other means (other indirect emissions)	●	▲	×	×	●	●	6.2 Greenhouse Gas Emission Management
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions	●	▲	▲	▲	●	●	6.4.1 Air Pollution Control
	Compliance with environmental regulations	307-1	Violation of environmental protection regulations	▲	▲	▲	●	●	●	6.4. Pollution Control
	Waste management	306-3	Waste generation	×	×	×	×	▲	●	6.4.2 Waste Management
	Green Products	-	Eco-friendly recycled products	▲	●	●	●	×	×	6.5.1 Eco-friendly recycled products
301-3 (Partial disclosure)		Description of the percentage of sold packaging material that is recycled	●	●	●	▲	×	●	6.5.2 Resource Recycling	
Society	Employee-employer relationship	401-1	Total number and ratio of new employees and departed employees by age group, gender, and region	●	×	×	●	▲	▲	7.1.1 Employee Structure
		401-2	Benefits provided only to full-time employees (excluding temporary or part-time employees) by key operating locations	●	×	×	●	▲	▲	7.1.4 Employee Benefits
	Occupational health and safety	403-1	Labor Health and Safety Management System	●	▲	●	×	×	●	7.2.1 Occupational Health and Safety Operations
		403-2	Hazard identification, risk assessment, and incident investigation	●	×	▲	▲	▲	×	7.2.2 Hazard Identification and Risk Assessment
		403-3	Occupational health services	●	×	×	×	×	×	7.2.1 Occupational Health and Safety Operations
		403-4	Worker involvement, consultation and communication regarding occupational health and safety	●	×	×	×	×	×	7.2.1 Occupational Health and Safety Operations
		403-5	Occupational health and safety training for workers	●	×	●	×	×	×	7.2.3 Safety Training
		403-6	Promotion of health for workers	●	×	×	×	×	×	7.2.4 Health Promotion
		403-7	Preventing and mitigating occupational health and safety impacts directly related to company business	●	×	×	×	×	×	7.2.1 Occupational Health and Safety Operations
		403-9	Occupational injury	●	×	●	×	×	●	7.3.2 Occupational Injury
Social welfare	—	Planning activities to give back to local communities and investing in culture and education	▲	×	×	▲	●	●	8. Social Participation	

Note ●: Directly relevant ▲: Relevant through facilitation +: Not relevant

2.7 Consultation on Issues of Interest



Opinion Survey

Zig Sheng has set up a “Feedback or Suggestions” page on the company’s website for internal and external stakeholders to use.



Feedback or Suggestions



Immediate Response

Our General Management Division is dedicated to handling and responding to issues of concern in a timely manner, and reports on operations to the Board of Directors, the top level of management, on a regular basis. The topics to be disclosed in the following year are determined by the President’s Office based on internal and external communications.



Corporate Social Responsibility Page

We have also set up a Corporate Social Responsibility page on its website to regularly disclose information from our Sustainability Report each year to respond to issues of interest to all internal and external stakeholders.



Corporate Social Responsibility Column

2.8 Management Guidelines for Significant Topics

Topic Category	Significant Topic	Description of Significance	Policy	Commitment and Target	Competent Authority	Management Method	Performance Results	Evaluation Mechanism
Economy	Economic performance	Economic performance is a topic of the greatest concern to our stakeholders, and we will continue to improve our operational performance and maintain our competitiveness.	Continue to innovate and develop, improve operational performance, and create reasonable profits	<ol style="list-style-type: none"> 1. Ensure an adequate supply of raw materials, and achieve balance in production and sales 2. Control operating costs, and maintain a sound financial structure 3. Develop new markets, and meet customer requirements 	Management level	<ol style="list-style-type: none"> 1. Quarterly management meeting to report on performance targets, and continuously improve and maintain performance 2. Monthly sales profit report for each product is used as the basis for the management’s decision making 	p. 33	Financial reports are verified by third party accountants
	Market position	To raise the salary of employees so that they can meet basic needs.	Ensure the competitiveness of our employees’ salaries and localize management	<ul style="list-style-type: none"> • Strive to improve operating performance to raise the salaries of employees 	Management level	In accordance with domestic labor laws and regulations	p. 45	Analyze the average and median salaries of full-time employees who are not in executive positions
	Sustainable management of supply chain	Choosing to work with good suppliers for the provision of products and services that are more stable in quality. The ratio of domestic procurement is also of concern to stakeholders.	Give priority to procurement from local suppliers, emphasize ethical management, and prohibit unethical conduct in interactions with suppliers	<ol style="list-style-type: none"> 1. Having the proportion of domestic procurement of key raw materials reach 60% or above 2. Having the percentage of vendors who signed pledges reach 80%. 3. Prohibiting unethical conduct in interactions between Zig Sheng and vendors, and ensuring that the quality of the products and services they provide meet our needs so that our company can operate normally in all aspects 	Administration Department Procurement	<ol style="list-style-type: none"> 1. Selecting suppliers based on quality, price, lead time, stability in quantity, and attention to expectations 2. Requiring vendors to sign pledges 	p.29 p.30	Evaluation of suppliers

Topic Category	Significant Topic	Description of Significance	Policy	Commitment and Target	Competent Authority	Management Method	Performance Results	Evaluation Mechanism
Environment	Climate change and energy management	The world's non-renewable energy resources are limited, so making use of energy more efficiently reduces the damage that is done to the environment and facilitates environmental sustainability.	Paying attention to the issue of climate change, continuing to promote energy saving, participating in energy saving and carbon reduction, and increasing the use of renewable energy	Continuously reduce energy consumption and CO ₂ emissions Reduce electricity consumption by at least 1% per year and increase solar power generation	Each plant Energy management staff	To effectively manage energy saving targets, we have implemented and approved ISO 14001, ISO 14064-1, and ISO 50001 energy management systems to manage major sources of power consumption and make improvements	p.35 p. 39	Regular review of TCFD, reporting annual energy savings to the Bureau of Energy
	Greenhouse gas emissions	Global warming is becoming more and more serious by the day, and the issue of air pollutant emissions is becoming more and more important to the stakeholders.	Comply with relevant regulations, pay attention to the issues of climate change and global warming, and reduce greenhouse gas emissions	1. Gradually switch from fuel-fired boilers to natural gas boilers to reduce emissions, and continue to improve 2. Adding pollution prevention equipment to coal-fired boilers to reduce air pollution emissions	Plant Affair Section, production units, and Utility Section	Emissions inventory is conducted in accordance with ISO 14064-1	p. 35 p. 37	ISO 14064-1 inventory data
	Compliance with environmental regulations	Comply with regulatory requirements to reduce the cost of penalties and maintain corporate image.	Comply with environmental regulations	Comply with regulatory requirements to reduce the number of violations	Plant Affair Section production units, and Utility Section	Regularly review environmental laws and regulations, and continuously improve.	p.41	Number of violations of environmental laws and regulations announced by the government and the amount of fines
	Waste management	Waste that is not properly disposed of can easily cause environmental pollution. In addition to reducing waste and sorting it properly, choosing a waste disposal company of good renown also ensures that waste is properly disposed of to maintain environmental sustainability.	Comply with waste disposal regulations and reduce waste	Appoint a qualified waste disposal company and regularly review the waste disposal handbook.	Plant Affair Section	Report the amount of waste disposed based on the regulations	p.40	Waste statistics
	Green Products	Create value through recycled products and achieve our goal of striking a balance between economy and environmental sustainability	Develop recycled products, and continue to recycle packaging materials	1. Continue to develop recycled products 2. Recycling and reusing packaging materials Polymerization plant-polymer bag recycling rate 100% Spinning plant- hole board recycling rate 100% Spinning Plant 1-paper tube recycling rate 80% Spinning Plant 2-paper tube recycling rate 100%	Production units, Plant Affair Section	1. Develop recycled products and obtain GRS certification 2. Large quantities of packaging materials used for products sold in Taiwan are included in our recycling management.	p. 41	Recycling rate statistics
Society	Employee-employer relationship	Employees are important partners of Zig Sheng, and we protect their rights and benefits as well as provide them with good salaries and benefits.	We provide job opportunities for those who are physically or mentally disabled as well as members of disadvantaged groups in accordance with Taiwanese labor laws and regulations, and we continue to promote internship programs as part of our collaboration with academic institutions.	Protect the rights and interests of employees, treat all employees fairly, and reduce the turnover rate	Administration Department Human Resources	1. Improve grievance mechanism to maintain a good employee-employer relationship 2. Higher percentage of employees with physical and mental disabilities than required by the government 3. Maintain the ratio of industry-academia collaboration	p. 43 p. 45	Employee-Employer Meetings
	Occupational health and safety	It is important to take care of employees' health and provide a safe working environment. We are committed to preventing occupational diseases and pushing forward health promotion initiatives.	Comply with occupational safety regulations, fulfill corporate responsibilities, promote education and training, enhance personnel response, prevent potential hazards, implement risk management, implement health promotion, and establish a friendly workplace	1. Comply with laws and regulations related to occupational health and safety as well as the ISO 45001 occupational health and safety management system standards to create a healthy and safe work environment. 2. Disabling Injury Frequency Rate (FR) ≤ 1.9 ; Disability Injury Severity rate (SR) ≤ 7.0 3. Making zero occupational accidents a long-term goal	plant manager \ Labor Safety and Health Office	Self-management contests, health and safety education and training, health promotion programs	p. 47 p. 52	Occupational accident statistics
	Social welfare	Focus on care and concern for community residents and disadvantaged groups to enhance Zig Sheng's corporate image.	Establish good relations with communities, care for and assist the disadvantaged, and cultivate talents to contribute to society	Plan activities to give back to local communities and invest in culture and education	Plant Affair Section	1. Support and sponsor the communities near where our plants are located 2. Provide internship and job opportunities for disadvantaged students 3. Provide scholarships	p.54 p. 55	Regular review

ETHICS AND INTEGRITY

03



3.1 Senior-level Management

3.1.1 Operations of the Board of Directors

Our Board of Directors is formed by ten directors (including three independent directors) that shall exercise their authority in accordance with regulations, all for a term of three years.

The directors shall exercise a high degree of self-discipline and shall recuse themselves from any discussion or voting on matters of interest to them or the legal entity they represent, except for the presentation of opinions and answers to questions; they shall not exercise their voting rights on behalf of other directors.

The Board of Directors shall be convened at least once a quarter, and the attendance of its directors at the Board of Directors' meetings shall be in accordance with the relevant regulations and meet the legal attendance requirements; the attendance of directors at the Board of Directors' meetings and the status of their continuing education are disclosed on our website under the Corporate Governance page: <http://www.zigsheng.com/investor-area-zh/corporate-governance-zh/board-of-directors-zh/>

Each member of the Board of Directors possesses expertise in accounting, finance, law, and management. Each year, we continue to select courses related to corporate social responsibility, internal control system, and corporate governance to enhance our board members' understanding and practice of corporate governance.

Position	Name	Gender	Education and Experience	Current position(s) in Zig Sheng and other companies	Professional Qualifications
Chairman	Sou-Tsun Yeh	Male	Department of Accounting, National Chengchi University	<ul style="list-style-type: none"> Chairman of Zig Sheng Chairman of Everest Textiles Co., Ltd. Chairman of Eclat Textiles Co., Ltd. Chairman of Evertex Fabrinology Ltd. 	C
Director	Pat-Huang Su	Male	National Taiwan University Institute of Industrial Engineering College of Engineering	<ul style="list-style-type: none"> President of Zig Sheng Supervisor of Chyang Sheng Dyeing & Finishing Co., Ltd. Director of Yi Sheng Investment Co., Ltd. Representative of the Supervisor of Lily textile Co., Ltd. Director of Qiang You Sheng Co., Ltd. 	C
	Po-Chen Su	Male	Department of Chemistry, Tamkang University	<ul style="list-style-type: none"> Director and President of Hone-Strong Industrial Co., Ltd. 	C
	Tsung-Hao Yeh	Male	Department of Finance and Business Economics, University of Southern California	<ul style="list-style-type: none"> Vice President of Zig Sheng's Chemical Materials Business Division Director of Entertainment Corp. 	C
	Long-Shiang Liang	Male	Textile Engineering Division, Taipei Vocational Technical College (now known as National Taipei University of Technology)	<ul style="list-style-type: none"> Senior Vice President of Zig Sheng 	C
	En-Ping Su	Female	Department of Chinese Literature, National Tsing Hua University	<ul style="list-style-type: none"> Representative of the Supervisor of Lily Entertainment Corp. 	C
	Yi Sheng Investment Co., Ltd. Representative Cing-Yuan Su	Male	Department of Business Administration, Tamkang University	<ul style="list-style-type: none"> Director and President of Lilytile Co., Ltd. Chairman of the Board of Directors of Yi Sheng Investment Co., Ltd. Supervisor of Qiang You Sheng Co., Ltd. 	C
	Independent Director	Yu-Lun Ou	Male	Department of Law, National Taiwan University	<ul style="list-style-type: none"> Lawyer, Liyan Legal Office Independent Director of Lealea Co., Ltd. Member of the Compensation Committee of Lealea Co., Ltd.
Ko-Wu Lin		Male	Department of Accounting, National Chung Hsing University	<ul style="list-style-type: none"> Independent Director of The Landis Taipei Hotel Co., Ltd. Independent Director of Tah Hsin Industrial Co., Ltd. Member of the Compensation Committee of Tah Hsin Industrial Co., Ltd. 	B, C
Neng-Yuan Yu		Male	Department of Public Finance, National Chengchi University	<ul style="list-style-type: none"> Formerly Deputy Director of the Taxation Administration, Ministry of Finance 	A, C

Note: There are no members of minority groups in the Board of Directors.

Please refer to our annual report for more details on the recusal of directors due to conflicts of interest, cross ownership, and disclosure of related parties.

Note: A. Lecturer or higher at a public or private college or university of business, law, finance, accounting or other fields related to our company's business

B. Judges, prosecutors, attorneys, accountants, or other professional and technical personnel with expertise related to our company's business who have passed the national examinations

C. Work experience in business, law, finance, accounting or other fields related to our company's business

Content of Item		2019		2020		2021	
		Number of People	Percentage	Number of People	Percentage	Number of People	Percentage
Gender	Male	9	90%	9	90%	9	90%
	Female	1	10%	1	10%	1	10%
Age	≤ 30 years old	0	0%	0	0%	0	0%
	30-50 years old	3	30%	2	20%	2	20%
	≥ 50 years old	7	70%	8	80%	8	80%
Minorities		0	0%	0	0%	0	0%

Minority groups: Includes disadvantaged groups and stakeholders

3.1.2 Operations of the Compensation Committee

The number of members of the Compensation Committee is three (Yu-Lun Ou, Neng-Yuan Yu and KO-wu Lin), who were appointed by the Board of Directors. Yu-lun Ou is the convener of the Compensation Committee. Three Compensation Committee members that we have appointed are individuals with professional backgrounds and do not hold any significant positions within our company.

The members of the Compensation Committee are independent and professional, and hold meetings twice a year to regularly evaluate the performance and compensation of our directors and managers, and make recommendations to the Board of Directors for their reference in making decisions.

The evaluation of compensation takes into account the amount of time that individuals have committed as well as their responsibilities, achievement of personal goals, performance in other positions, and the compensation we have given in recent years to individuals in equivalent positions. Individual performance in relation to our company's operating performance and future risks is evaluated based on the achievement of short-term and long-term business goals, our company's financial condition, and the level of industry payroll, etc.

The academic and professional qualifications of the members of the Compensation Committee are as follows, and their term of office expires on the same date as that of the directors.

Member Name	Nationality	Gender	Education	Experience
Yu-Lun Ou (Convener and Chairman)	Taiwan	Male	Department of Law, National Taiwan University	<ul style="list-style-type: none"> Currently practicing as an attorney at Liyan Legal Office Arbitrator of the Chinese Arbitration Association, Taipei Judge of Taiwan Shihlin District Court Judge of the Summary Court, Taiwan Taipei District Court Judge-in-reserve, Taiwan Taoyuan District Court Judge-in-reserve, Taiwan Hualien District Court Graduated from the 28th Class of the Judiciary
Neng-Yuan Yu	Taiwan	Male	Institute of Public Finance, National Chengchi University	<ul style="list-style-type: none"> Formerly Deputy Director of the Taxation Administration, Ministry of Finance Lecturer at Tamkung University
Ko-wu Lin	Taiwan	Male	Department of Accounting, National Chung Hsing University	<ul style="list-style-type: none"> Finance Department, Yulon Motor Co., Ltd. Previously served as an associate, manager, certified public accountant, and director of the First Horwath & Company CPAs.

3.1.3 Code of Ethical Behavior

To ensure that the directors and managers of Zig Sheng act ethically and comply with relevant laws, regulations and principles of ethics, we have established a "Code of Ethical Conduct", whose regulations cover prevention of conflicts of interest, avoiding opportunities for personal gain, maintaining confidentiality, dealing fairly, protecting and properly using our company's assets, following laws and regulations, encouraging the reporting of any illegal or unethical conduct and taking disciplinary measures, all of which serve to protect our assets, interests and image.

For our employees, all conduct is governed by the "Work Rules for Employees" and "Rules for Employee Behavior" to prevent the occurrence of unlawful and unethical conduct on the part of employees, which may affect our corporate spirit of pragmatism.

3.2 Ethical Management

3.2.1 Ethics and Integrity

Based on our management philosophy of integrity, transparency and accountability, we have established a “ Ethical Corporate Management Best Practice Principles” as well as “Procedures for Ethical Management and Guidelines for Conduct ” in which we stipulated our policy of ethical management, which are as follows: “To conduct business activities based on the principles of fairness, honesty, reliability, and transparency, and to prohibit our employees from engaging in unethical conduct”. They were approved by the Board of Directors, and every directors and member of the senior management recognize that integrity is the core value of our company. They agreed to follow our “Ethical Management Policy” and jointly sign the “Declaration of Compliance with the Ethical Management Policy” and implement the policy. We prohibit our employees from directly or indirectly offering, promising, requesting or accepting any undue profits made in any form or name, including but not limited to money, gifts, commissions, positions, services, preferential treatment, kickbacks, bribery, and hospitality. However, exceptions are made for occasional gifts that are given out of normal social etiquette and do not affect specific rights and obligations.

To establish a sound mechanism for handling and disclosing significant company information without any improper leakage of information, and to ensure that our employees and our partners’ employees do not become entangled in litigation and damage reputations due to accidentally violating regulations or facilitating insider trading, the “Regulations for the Prevention of Insider Trading” have been formulated to provide a basis for compliance.

In order to inform the relevant internal and external stakeholders, the information is disclosed on our internal document management system platform, annual report, and company website.

A statement of compliance with our ethical Management Policy has been signed by all directors and members of the senior management.



Ethical Corporate Management
Best Practice Principles

Zig Sheng Industrial Co., Ltd.

Declaration of Compliance with Integrity Management Policy Date:

1. All directors and members of the senior management understand that integrity is a core value of our company, and agree to comply with our integrity management policy:

Our engagement in commercial activities is based on the principles of fairness, honesty, trustworthiness, and transparency, and we forbid any personnel of our company to engage in dishonest acts. We also forbid any personnel of our company to directly or indirectly provide, promise, demand, or receive any benefit that is dishonest during the process of engaging in commercial activities, including money, gifts, commissions, positions, services, preferential treatment, rebates, bribery, or hospitality provided in any form or name. However, benefits that are only occasionally provided out of normal social custom and carry no possibility of impacting specific rights and obligations are not counted among the above.

3.2.2 Mechanism for Filing Complaints and Reports

To establish a corporate culture based on ethical management and sound development, Zig Sheng has set up grievance and reporting mechanism for internal and external stakeholders to use.



Grievance

We have a variety of internal grievance and communication channels (such as mailboxes, email, and interviews with managers), as well as a “Feedback or Suggestions” page on our website in accordance with the regulations of the Taiwan Stock Exchange for use by internal and external stakeholders.



Filing a Report

We have disclosed an independent reporting mailbox and hotline on our website, and set up a “Reporting System for Breach of Integrity and Ethics” on our internal and external websites, through which all stakeholders can report any breach of integrity or ethics.



Handling

When we receive a grievance or a report, we have staff dedicated to investigate and handle the case appropriately. When the grievance or report involves a director or a senior executive, it will be reported to the independent director or supervisor.



Response

Dedicated staff will respond to the grievance or report in the contact method (e.g. mailbox, email, face-to-face meeting) designated by the complainant or whistleblower.



Confidentiality

The identity of the complainant or whistleblower and the content of their complaint are kept confidential in order to prevent mishandling of the case due to the grievance or report being made.



Preservation of Records

The information related to the investigation process and investigation results of grievances and reports are all kept in a complete and proper manner.

The internal and external grievance and reporting mechanisms of Zig Sheng allows for smooth communications, and the “Feedback or Suggestions” page is set up on the company website at <http://www.zigsheng.com/contact-us-zh/>. When employees’ rights and interests are infringed, they can fight for themselves through formal channels and report them in employee-employer meetings.

In 2021, no grievance was filed through the grievance mechanism; one case of ethical violation report was received, which was not substantiated after investigation. There are two other reports received, one of which was not substantiated after investigation, and the other was a case of employee discipline issues at work, which has been handled by the relevant department for improvement.

Content of Item		Number of Cases			Cases in 2021	
		2019	2020	2021	Substantiated	Unsubstantiated
Grievance	Other	4	3	0	0	0
	ethical	0	0	1	0	1
Filing a Report	Other	0	0	2	1	1
Total number of grievances filed this year		4	3	1	-	
Total number of cases filed and resolved this year		4	3	1		

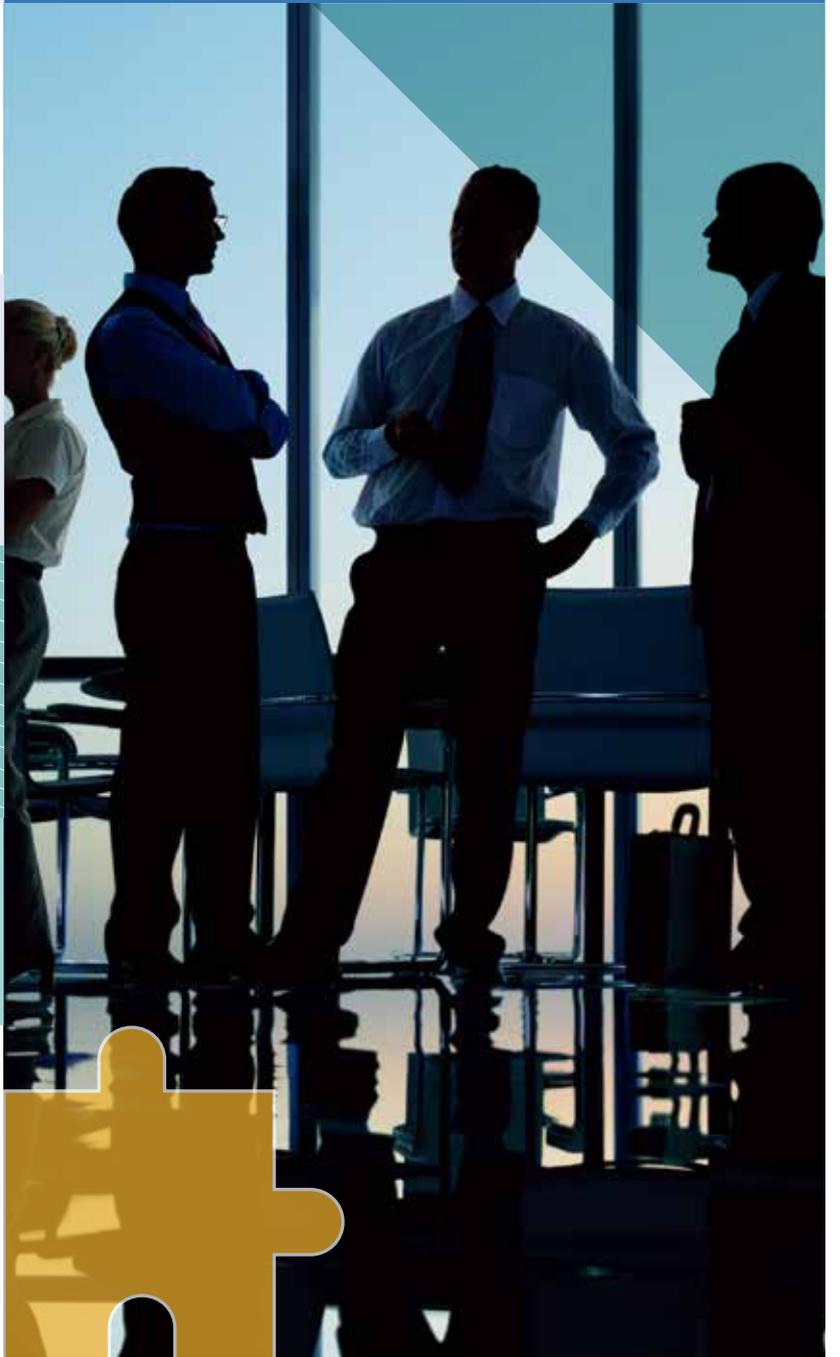
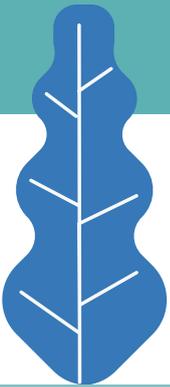
3.2.3 Public Associations We Joined

In the pursuit of sustainable corporate development and fulfillment of our corporate social responsibility, we have joined various public associations and organizations in recent years, including the following:

Name of Public Association	Form of Participation	Participating Committee
Chinese National Federation of Industries	-	Industry Policy Committee-Member Energy Policy Committee-Member Environment & Work Safety Committee-Member
Taiwan Synthetic Resins Manufacturers Association	Director , member	
Taiwan Man-Made Fiber Industries Association	Supervisor , member	
Taiwan Textile Federation	Director, member	
Taiwan Technical Textiles Association	Vice President, member	
Taiwan Knitting Industry Association	Member	
Sustainable Excellence Alliance	Member	
Taiwan Circular Textile Initiative	Member	
Functional Water Association of Taiwan	Member	
Taiwan Environmental Manufacturers Association	Member	
Taiwan EV and Green Energy Association	Member	
Taiwan Industry Holding Association	Member	
Additive Manufacturing Association of Taiwan	Member	
Taoyuan City Guanyin Industrial Zone Manufacturers Association	Managing Director, member	
Dayuan Industrial Zone Manufacturers Association	Member	

04

CORPORATE GOVERNANCE



4.1 Risk Management

Zig Sheng has established a set of "Operating Risk Management Procedures" to conduct risk assessment and risk planning for the three levels of corporate governance, environment, and society. In the control measures, the relevant departments implement management and crisis response for the business they are responsible for in accordance with the regulations in the hopes of minimizing the uncertainties of business operations.

ESG Risks



Environment

Our company is committed to engaging in tasks related to energy saving, carbon reduction, industrial waste reduction, pollution control, and resource recycling.

- Such tasks are carried in accordance with the ISO 14001 environmental management system standards; we evaluate environmental risks annually and set environmental targets and management plans to eliminate or control them.
- In accordance with the ISO 14064-1 greenhouse gas verification system standards, we have conducted verifications and set up an energy-saving plan to reduce electricity consumption by at least 1% per year. In addition, we will continue to promote the installation of solar power generation equipment in order to implement environmental protection and develop green energy.
- The promotion of the ISO 14067 product carbon footprint verification enables management to make carbon reduction plans and measure investment benefits based on quantitative data, be in line with the international trend to promote environmental protection, and strengthen the overall textile supply chain's move towards low carbon and net zero emissions.
- Since regulations in Taiwan are becoming more supportive of green initiatives and carbon tariffs have been launched in parts of the world, we have obtained carbon reduction quotas through carbon reduction programs, and have been certified by the government to reserve our energy for the carbon trading market.



Social

Our target is zero occupational accidents, and we have been certified by the ISO 45001 Occupational Health and Safety Management System.

- To prevent hazards, we provide a safe and protected environment for high-risk operations and equipment, and the necessary occupational health and safety education and training for personnel in a timely manner.
- To promote occupational health, a health checkup is conducted and appropriate health promotion activities are planned every year.
- Every year, we invite contractors to participate in an association meeting to share one another's experiences with occupational safety and provide relevant safety education and training to enhance collective awareness of health and safety, which will in turn reduce the occurrence of occupational accidents.



Governance

- In accordance with our "Code of Corporate Governance Practices for Listed Companies", we have established the "Code of Corporate Governance Practices" as the basis for corporate governance. We have also established a Corporate Governance Office and a corporate governance director to ensure that all employees and operations comply with relevant laws and regulations by establishing a governance organization and implementing internal control mechanisms.
- To ensure timely and accurate disclosure of CSR-related information in accordance with our Code of Sustainability Practices and Corporate Social Responsibility Management System. To fulfill our corporate social responsibility and promote social progress as well as a balance between the economy and the environment in order to achieve our sustainability goals.
- In accordance with the provisions of our "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", we have established an ethical management policy and a good corporate governance and risk management mechanism based on our business philosophy of integrity, transparency and accountability, in order to create a sustainable business environment.

COVID-19 Prevention

Taipei Office

In response to COVID-19, we formulated a pandemic preparedness plan, which includes: sharing information about the pandemic, preparation of goods that help to prevent the spread of the pandemic, personnel health monitoring, and preparations to deal with potential outbreaks. The pandemic preparedness plan will be constantly updated according to the information released by the Central Epidemic Command Center. Pandemic prevention measures apply to employees, vendors, customers, and employees working in our overseas locations. Measures in the plan are as follows:

1. Pandemic prevention measures are announced by email.
2. Flexible adjustment of manpower and working in different groups: On May 15, 2021, a Level 3 alert was raised in Taipei City and New Taipei City due to the increasing severity of the COVID-19 outbreak. Thus, employees working in our Taipei office implemented a rotational work-at-home system in May 2021 and worked remotely by linking their home computers to company computers so as to avoid cross-infection by reducing the number of employees working in the same space at the same time. Employees working in the office were required to wear masks throughout the day. When the pandemic subsided in mid-July, we returned to the office.
3. Infrared thermometers and alcohol for disinfection were placed at the entrance of each floor of the office, and employees were required to have their body temperature taken and disinfect their hands before entering the office. If they had a fever, they were to go on leave at rest at home and cannot enter the office.
4. Vaccination information is promoted, and eligible employees are encouraged to register for vaccination on the government-funded COVID-19 vaccine appointment platform.
5. While the Level 3 alert was enacted, visits from vendors and customers to the company were prohibited; we've also suspended visits to customers.
6. When the alert was lowered to Level 2, visitors were required to register and have their temperature taken, and visitors with a fever or acute respiratory symptoms were declined.
7. Employees' business trips abroad were suspended, and contact is made by video or email.
8. Large-scale meetings will continue to be held by video conference.

Taoyuan Plant

In addition to requiring employees to wear masks and disinfect their hands during the COVID-19 pandemic, we have also adjusted the way we work in the office and on sites, go on business trips, eat meals and hold meetings to reduce cross-contamination among employees and to provide support measures to ensure the health of our employees. In addition, a thermal imaging thermometer was placed at the entrance of the company to measure employees' body temperature. The work environment was also disinfected on a regular basis to provide a healthy and safe workplace for employees. To avoid having expatriate employees being unable to receive vaccinations due to lack of information or transportation issues, we took the initiative to help them make appointments and arrange for transportation so that every expatriate employee can receive their vaccinations and be better protected.



4.2 Operations and Management

In 2021, the eighth annual "Corporate Governance Evaluation" ranked Zig Sheng in the 36% to 50% range.

System (Process) Management
Standardization, rationalization, and digitization



Target (Efficiency) Management
Goal setting, implementation control, review, and self-improvement



Performance (Improvement) Management
Quantitative indicators, process monitoring, evaluation, and continuous improvement



Corporate (Satisfaction) Management
Product diversification, sustainable growth, profit sharing, and social contribution



4.3 Satisfaction with Products and Services

Each year, we set the number of customers to be surveyed by product (85% or more of our sales), and conduct customer satisfaction surveys by in-person visits, phone, fax, e-mail, and other methods to monitor customer satisfaction with the overall performance of our products and services. After the completion of the survey, we inform the relevant departments to review and confirm the items that need to be improved after customer's response. We also present and discuss these items in the annual management review meeting—part of our quality management system—to improve customer satisfaction. The survey results for 2021 are as follows:



Customer Satisfaction Assessment Items

1. Customer satisfaction survey (20%) → total score according to last year's domestic and export customers' ranking survey *20% (including 50% for quality, 20% for transportation, 15% for sales accommodation, and 15% for document handling)
2. Handling of customer complaints (50%) → Number of analysis and feedback on cases/total cases*50%
3. Handling of customer churn (20%) → $[100\% - \text{churn rate}(\%)] * 20\%$
4. Incidents of premium freight (10%) → $(100\% - \text{cases of premium freight/total cases}) * 10\%$

Product	Year	Customer Satisfaction Survey	Handling of Customer Complaint	Handling of Customer Attrition	Incidents of Premium Freight	Total Score	Note
DTY	2019	18.6	50.0	15.0	10.0	93.6	In 2021, some cities went into lockdown due to the pandemic, causing delays in shipments to customers; congestion at various ports also played a part. The surge in sea freight rates around the world also made some customers decide to wait out the situation before placing orders. After the pandemic subsided, the number of orders has rebounded.
	2020	19.0	48.6	14.5	10.0	92.1	
	2021	18.8	50.0	14.3	10.0	93.1	
Filament	2019	18.2	50.0	13.8	10.0	92.0	In 2021, some cities went into lockdown due to the pandemic, causing delays in shipments to customers; congestion at various ports also played a part. The surge in sea freight rates around the world also made some customers decide to wait out the situation before placing orders. After the pandemic subsided, the number of orders has rebounded.
	2020	17.7	50.0	13.2	10.0	90.9	
	2021	18.1	50.0	12.8	10.0	90.9	
Nylon Chips	2019	16.9	50.0	13.6	10.0	90.5	This year, sea freight rates have surged, and shipping schedules are unpredictable. Although we have made adjustments to meet customer demand, customer confidence has been affected, which resulted in a slight decrease in satisfaction. Since Polymerization Plant 3 ceased production, our production lines and our R&D capabilities were reduced, so we could not meet our customers' needs. However, after we adjusted our production lines and increased the proportion of high value-added products, we reduced our reliance on general specifications, and adjusted our customer structure in order to maximize our interests.
	2020	17.5	50.0	12.8	10.0	90.3	
	2021	17.2	50.0	11.9	10.0	89.1	
Compound Materials	2019	18.4	50.0	15.0	10.0	93.4	We have developed and strengthened our services to new customer , which includes speeding up in replying on quotation and shorten lead time, we increased a greater number of new customers in North and South America and Europe , so the overall satisfaction level is the same as last year.
	2020	19.0	50.0	15.7	10.0	94.7	
	2021	19.0	50.0	15.7	10.0	94.7	
Water Filters	2019	19.5	50.0	13.3	10.0	92.8	For household drinking water filters, only some of our commercial application key target customers with higher sales volume and standard models are retained at the present for promotion and sales, resulting in a slight decrease in the overall number of customers, but promotion and sales have been stable and effective for customers of commercial filters; therefore, the sales amount of this year showed growth.
	2020	18.6	50.0	11.5	10.0	90.1	
	2021	19.9	50.0	6.7	10.0	86.6	

In response to customer feedback, the relevant units have reviewed their performance, improved as soon as possible, and followed up to confirm and respond to the issues. The customer satisfaction scores of each product have remained steady year by year, which demonstrates the stable development of our products and services as a whole.

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 credible 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%

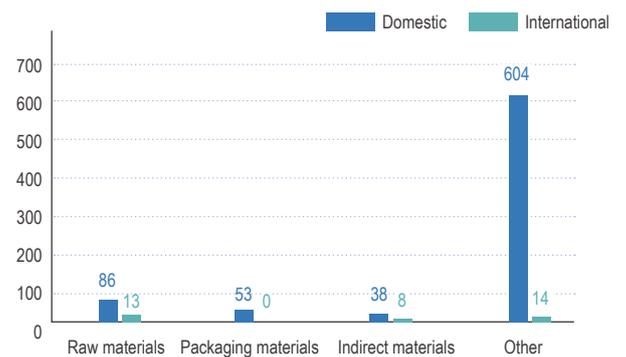
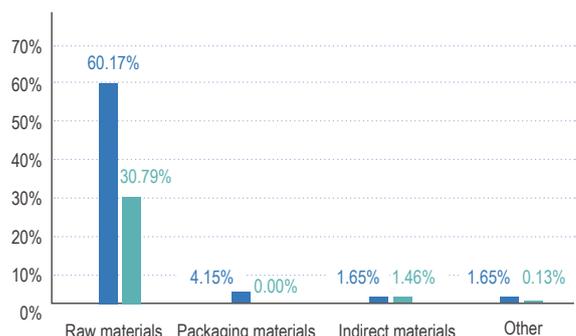


Table of the Percentage of Procurement Amount

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.

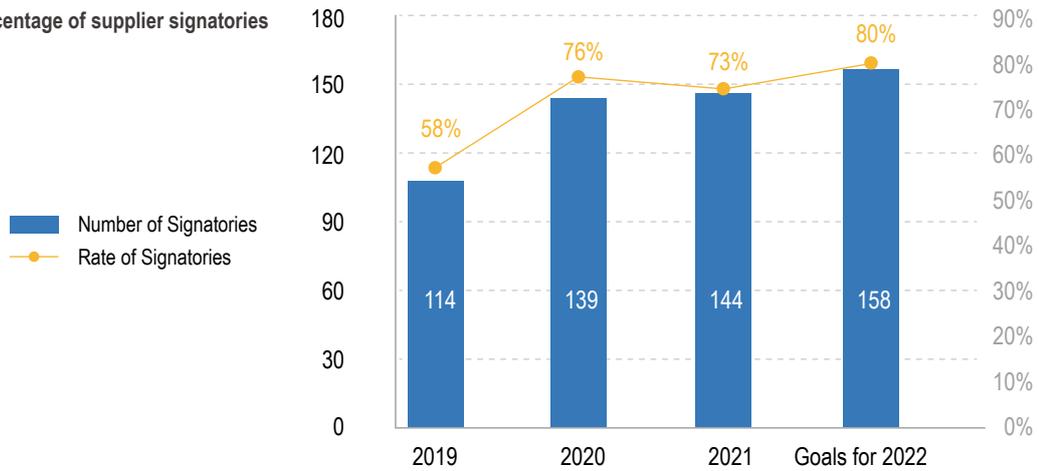
Supplier Performance Management

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.

05

ECONOMIC BENEFITS



5.1 Operating Policy

1. Ensure an adequate supply of raw materials, increase capacity utilization to meet economic scale, and achieve a balance between production and sales.
2. Strictly control operating costs and maintain a reasonable and safe inventory level.
3. Further develop new markets, continue to develop and promote differentiated products, and maintain good relationships with customers and satisfy their needs.
4. Promote environmental protection and energy saving.
5. Strive to maintain profits and growth as well as a sound financial structure.



Vision

We pursue excellence and stay ahead of the trend. We are also service-oriented, and as we progress with our customers, we become the leader of our industry.



Mission

We are a conscientious company that operates with ethical, and we make steady profits through the spirit of innovation; we use professional services and foresight to create win-win situations with our customers; we care about society and makes the sustainable development of our company a reality.



Core Values

Ethical, simplicity, innovation, excellence, and customer-oriented. We are both rational and sentimental. We are sensitive to market trends and have the creativity to produce a wealth of products, while also taking care of the intangible aspects of service; we serve our customers with sincerity and dedication, and become one of the reasons they become competitive as well as a partner that they can rely on.



Integrity and reliability

We never simply talk the talk; we follow the steps, we have the patience and the perseverance, and we are committed to fulfilling our promises to our customers. Ethical is Zig Sheng's motto.

- **Hardworking:** We are proud of our excellent employees; they are hard-working, and do not give up easily. Our corporate spirit is being down-to-earth and sincere in our attitude.
- **Customer-oriented:** We listen to our customers' needs, solve problems, and guarantee quality, becoming an irreplaceable partner to our customers.
- **Sentiment:** We treat our customers and suppliers with sincerity and dedication. We not only provide professional services, but also believe in mutual trust and mutual benefit in pursuit of win-win situations.



Uniqueness and Innovation

Our competitiveness lies in our focus on the industry, our pursuit of excellence, and our innovation. We invest in technology research and development to get ahead in the market.

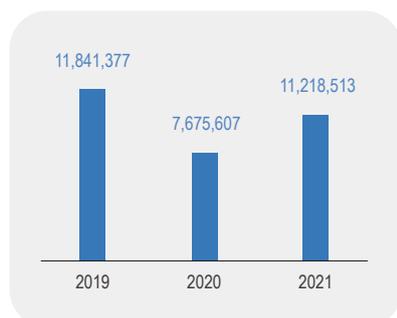
- **Diversification:** We regularly update and modify our machines, create new services, control and manage quality and function, satisfy needs in customization, and provide diversified products.
- **Acumen:** We have the ability to do the right thing; to quickly judge the market, to implement corresponding strategies, to use our know-how as our foundation, to work consistently, to integrate vertically, and to expand horizontally.
- **Foresight and vision:** We response quickly to the market, adapting, integrating and positioning our business to create an advantage in the midst of disadvantages, creating a blue ocean future.

5.2 Operating Performance

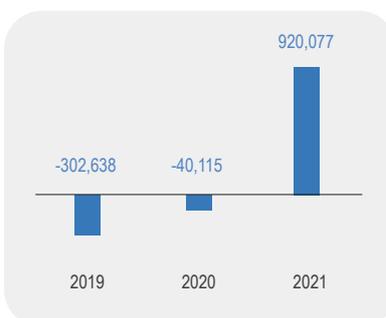
Item \ Year	2019	2020	2021
Operating income	11,841,377	7,675,607	11,218,513
Operating costs	11,856,644	7,591,144	9,996,561
Operating profit	-441,126	-279,614	647,895
Net income	-302,638	-40,115	920,077
Earnings per share	-0.49	-0.07	1.73
Current ratio	167.45	147.71	156.03
Debt ratio	25.15	26.89	32.17

Unit: NTD thousand

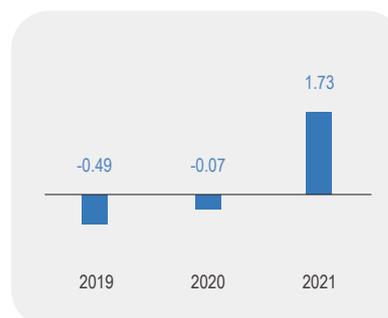
Operating income



Net income



Earnings per share



Item \ Year	2019	2020	2021
Employee Salary and Benefits	966,204	893,660	1,063,867
Payments to funders	139,329	11,374	173,413
Payments to the government	858	2,482	31,512
Community investments	995	728	1,018

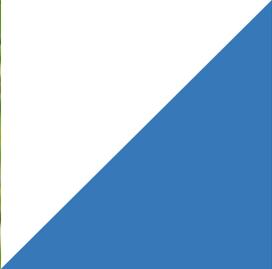
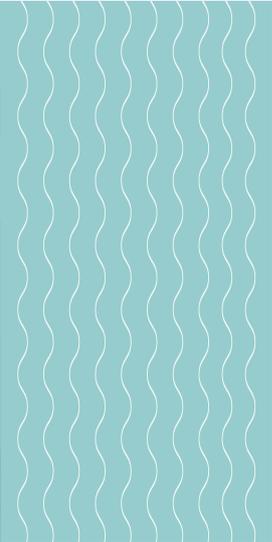
For the detailed consolidated financial information, please refer to the annual report (disclosed under the Financial Information page of our website)

(<http://www.zigsheng.com/investor-area-zh/financial-information-zh/>)

Unit: NTD thousand

ENVIRONMENTAL PROTECTION

06



Zig Sheng actively tries to reduce pollution through its environmental protection policy, and is committed to energy saving, carbon reduction, industrial waste reduction, pollution control, resource recycling and reusing, and continuous improvement through good internal and external communication and interaction.

Climate change is causing global temperatures to rise, resulting in unusual climates, floods, and heat waves. The frequency of typhoons is also increasing by the year, which poses a risk of damage to our plant and equipment as well as threatens the safety of employees during their commute. Therefore, Zig Sheng continues to conduct energy management to improve the efficiency of its energy use, verify greenhouse gas emissions, and promote energy saving measures. In addition to continuous energy conservation, we are also actively turning to renewable energy sources. As of now, our solar power plant's capacity has reached 2809.08kW. Another plant with a capacity of 559.3kW has been planned for 2022; once completed, our solar power generation capacity will be 3,368.38 kW.

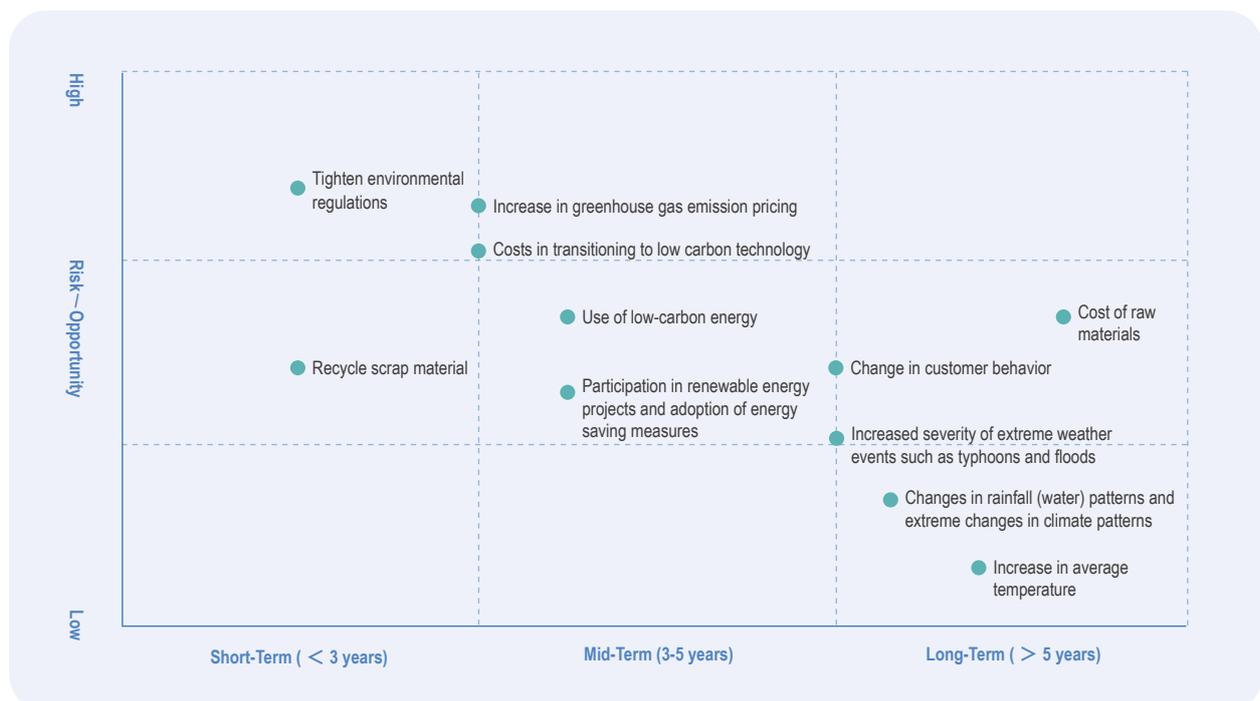
6.1 Climate Change Risk Management

In 2021, we followed the Financial Stability Board (FSB)'s Task Force on Climate-related Financial Disclosures (TCFD) framework to assess and manage risks associated with climate change.

Task Force on Climate-Related Financial Disclosures (TCFD)

	Management Policies and Action Plans	Implementation Status
Governance	The Board of Directors regularly reviews the risks and opportunities associated with climate change	Our sustainability governance organization conducts discussions and evaluations related to climate change, and reports to the Board of Directors on an annual basis.
Strategy	<ul style="list-style-type: none"> Discussed and identified short-, medium- and long-term climate change risks through cross-departmental communication Evaluated the business, strategic and financial impacts of significant climate change risks and opportunities to our company Conducted situational analyses and evaluated Science Based Targets (SBT) 	<ul style="list-style-type: none"> Regarding risks and opportunities associated with climate change, 8 risks and 3 opportunities were identified Proposed countermeasures to address major risks Climate-related risks to operational processes were analyzed and mitigation measures were developed based on the UN's Intergovernmental Panel on Climate Change (IPCC)'s projected global warming by 2°C
Risk Management	<ul style="list-style-type: none"> Established our climate-related risk identification process using the TCFD framework Developed relevant response plans based on the results of the climate-related risk identification and ranking Integrated into the overall risk management system 	<ul style="list-style-type: none"> Identified and ranked climate-related risks and opportunities, and assess their financial impact Implemented countermeasures based on the assessment results and financial impacts of climate-related risks and opportunities Zig Sheng's Operating Risk Management Process
Indicators and Targets	<ul style="list-style-type: none"> Set climate-related risk management targets Conduct ISO 14064-1 greenhouse gas verification on a regular basis Set climate change management targets and review performance achievement statuses 	<ul style="list-style-type: none"> Reduce energy consumption per unit of product, accumulate energy savings, and build solar power plants Continuously implement carbon reduction measures

Climate Risk Matrix



Climate Risk	Potential Financial Impacts	Responses and Measures
Increase in greenhouse gas emission pricing	If the price of carbon increases, then operating costs will increase.	With net zero emissions as our goal, we will apply for offset projects and continue to implement energy saving programs.
Costs in transitioning to low carbon technology	Switching to low-carbon equipment, resulting in early write-off and scrapping of assets 1. Developing recycled products and purchasing additional equipment. 2. Costs produced by switching to equipment with high energy efficiency.	1. Developing polyester recycled products and adding related equipment to increase the added value of our products. 2. Implementing ISO 14067 product carbon verification to confirm the reduction in carbon for our environmentally-friendly products. 3. Continuous energy saving and carbon reduction
Tightened environmental regulations	1. Due to the tightening of air pollutant emission standards, existing coal-fired boilers need to be replaced with other equipment. 2. Consumers of large quantities of electricity are required to install renewable energy equipment to supply 10% of their contracted capacity due to regulatory requirements.	1. Switching to natural gas will increase equipment and fuel costs. 2. Usage of solar power since 2018.

6.2 Greenhouse Gas Emission Management

To implement our environmental policy concerning greenhouse gas carbon management, we have voluntarily calculated our greenhouse gas emissions and conducted regular greenhouse gas emission verification on an annual basis in accordance with the regulations of the Environmental Protection Administration and regulations stipulated in our company documents.

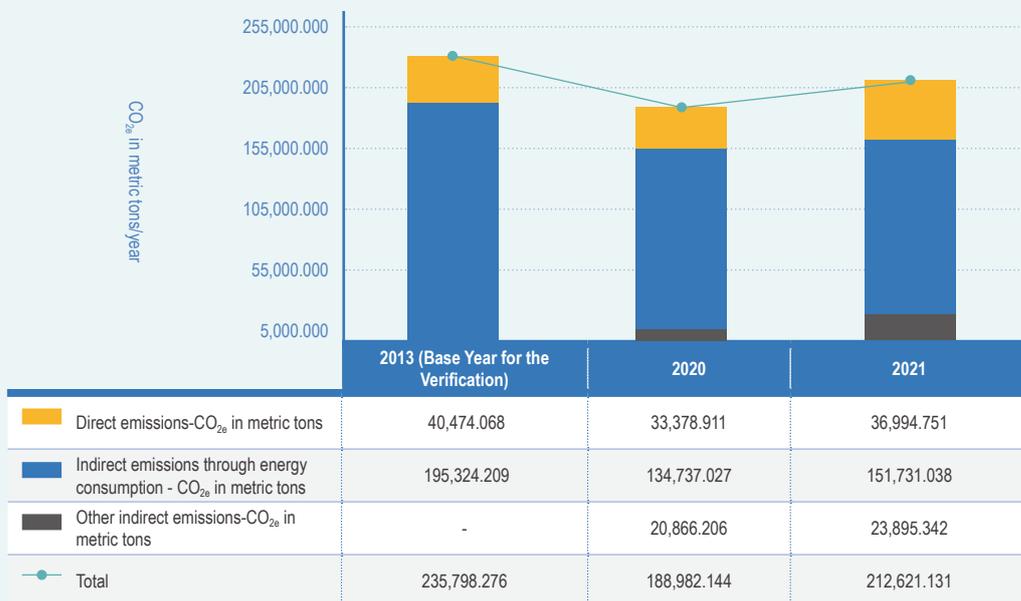
We referred to the ISO 14064-1 standards as well as the requirements and suggestions of the WBCSD/WRI greenhouse gas verification protocol to set the boundaries of our greenhouse gas emission sources, which is 100% operational control; therefore, all five of our plants are covered in the verification, including the Guishan plant, the three plants in Guanyin (including dormitories outside the plants), and the Dayuan plant.

In compliance with the ISO/CNS 14064-1 standards on information management, we have collected data since 2012. In 2012, we expanded production lines at Guanyin Plant 4 and Dayuan Plant 5, and mass production began in 2013, so the base year was set at 2013. The Taiwan Branch of British Standards Institution (BSI) Hong Kong (BSI) audited and verified the results, and the global warming potential (GWP) values of various greenhouse gases announced in the IPCC’s fifth assessment report (2013) as well as the emission coefficient method were selected to calculate our greenhouse gas emissions so that we may increase the reliability of our greenhouse gas verification data. 2021 (Jan. 1, 2021-Dec. 31, 2021) was the tenth year that we have verified our greenhouse gas emissions. The verification was conducted in accordance with ISO 14064-1:2018, and other indirect emissions (upstream electricity) was disclosed from 2020 onwards to provide our management with a reference for making operational performance decisions for continuous improvement. The 2020 figures have been recalculated, so they vary slightly from the previous version.

The types of greenhouse gases verified in 2021 are based on the seven greenhouse gases defined by the ISO 14064-1 standards; they include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride. The activities, products, and services of each plant have been taken into consideration, and the survey results show that carbon dioxide emissions takes up the majority of emissions, accounting for 99.69%.

The coefficient is based on the GHG emission factor management table version 6.0.4, Taipower’s electricity coefficient of 0.502kgCO_{2e}/kWh in 2020, and the upstream electricity coefficient of 0.0923kg/CO_{2e} announced on the EPA’s product carbon footprint information website in 2021.

Volume of Greenhouse Gas Emissions



Comparison of Total Greenhouse Gas Emissions

Plant	2013 (Base Year)	2020	2021	Difference Between 2013 (Base Year) and 2021
Guishan Plant 1	20,460.421	15,754.371	20,055.886	(404.535)
Guanyin Plant 2	54,209.436	41,781.756	52,604.935	(1,604.501)
Guanyin Plant 3	82,056.345	74,572.450	86,195.336	4,138.991
Guanyin Plant 4	5,907.349	5,582.270	6,954.995	1,047.646
Dayuan Plant 5	73,164.725	51,291.298	46,809.981	(26,354.745)
Total	235,798.276	188,982.144	212,621.131	(23,177.145)

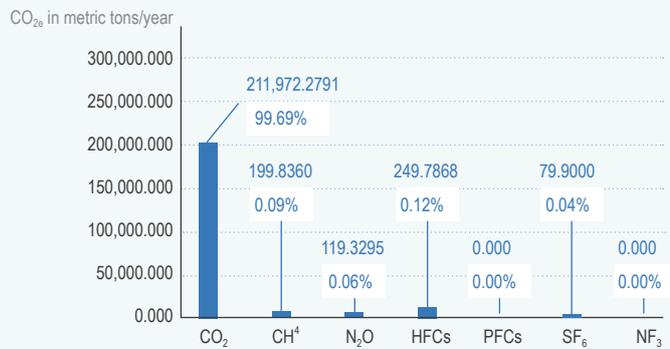
Unit: Tons of CO_{2e}

Due to the significant increase in production in 2021, the total greenhouse gas emissions increased by 23,638.987 metric tons of CO_{2e} compared to 2020. Since 2020, we have made adjustments in our source of energy, gradually switching from fuel oil to natural gas. The transition to natural gas is expected to be completed in 2022. Increases or decreases in major greenhouse gases are as follows:

Electricity increased by 22,164.205 metric tons of CO_{2e}, fuel oil increased by 5,715.307 metric tons of CO_{2e}, bituminous coal decreased by 1,264.478 metric tons of CO_{2e}, steam decreased by 6,424.020 metric tons of CO_{2e}, and natural gas decreased by 899.325 metric tons of CO_{2e}. To fulfill our corporate responsibility to protect the environment as a global citizen, our policy in 2022 remains the same to reduce greenhouse gases:

- Continued promotion of energy conservation measures
- Full participation in energy saving and carbon reduction activities
- Comply with environmental regulations, customer needs, and other relevant regulations

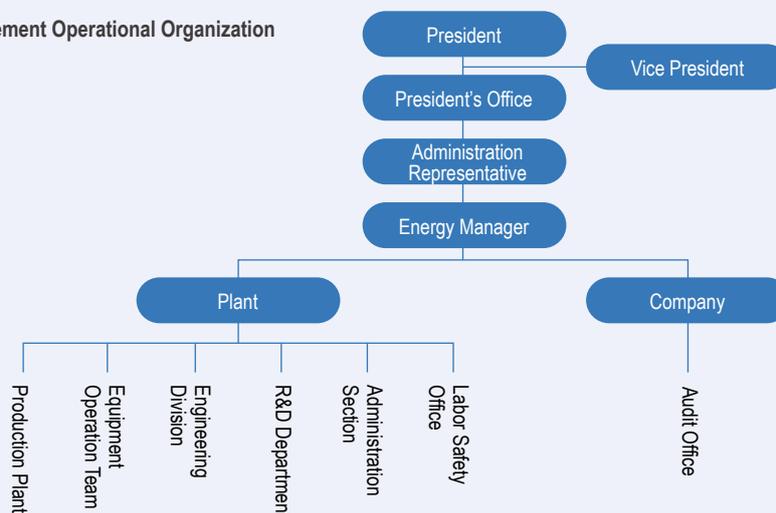
Types of Greenhouse Gas in the 2021 Verification



6.3 Energy Saving Management

6.3.1 Energy Saving Operations

Energy Management Operational Organization



6.3.2 Energy Saving Results

In order to comply with the sustainable energy policy of the Executive Yuan and reduce the consumption of resources, we have introduced the method laid out in the ISO 50001 Energy Management System in 2018 to evaluate what major sources of energy use and consumption are in our plants, and to establish the benchmark of energy performance indicators (with 2018 as the base year). We have drawn an energy baseline according to the appropriate period or variables affecting energy use and consumption in order to monitor energy performance, determine effective measures for managing energy use, and continuously follow up and manage progress. Our overall energy efficiency has significantly improved, as described below

(1) Total Energy Consumption

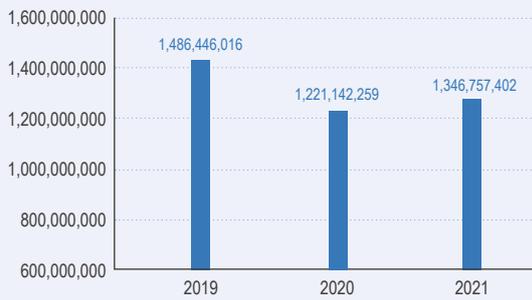
To continuously save energy and reduce carbon emissions while considering our use of electricity, fuel oil, natural gas, bituminous coal and steam, we aim to consume less energy each year compared to the previous year.

2021 Progress in Power Saving Targets

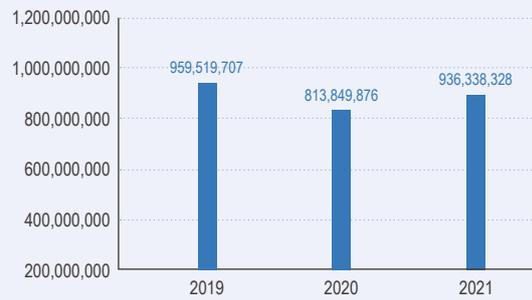
Target Value	Actual Value	Power Saving Programs
3,616,044 (MJ)	6,626,793.6 (MJ)	<ul style="list-style-type: none"> Replacing DTY machines Adjusting equipment capacity and frequency Adding variable-frequency drives Tube lights are replaced by LED lights

Actual values are higher than the target value of 3,010,749 million joules

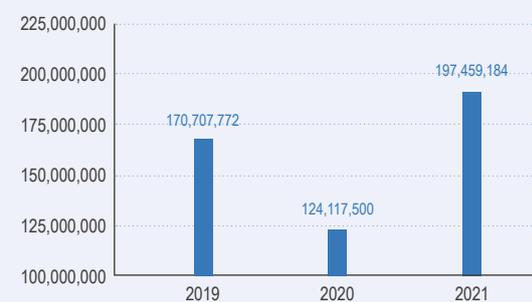
Total Energy Consumption



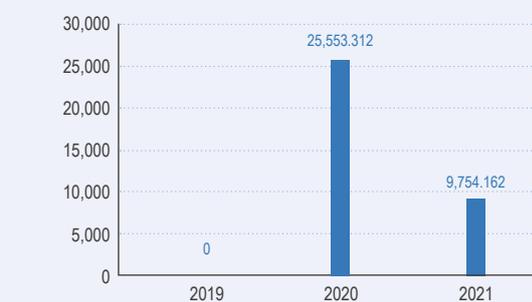
Electricity



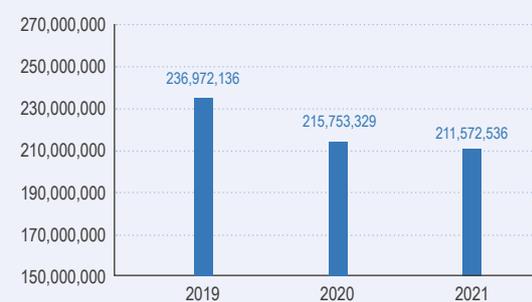
Fuel oil



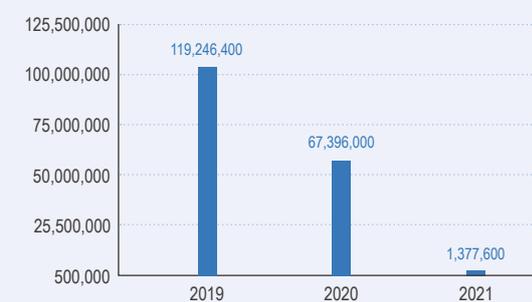
Natural gas



Bituminous coal



Steam



Unit: MJ

(Bureau of Energy's calorific value table for energy products per unit)

Electricity: 1kWh=860kcal=860*4.184*10³MJ=3.6MJ

Fuel oil: 1L=9600 kcal=9600*4.184*10³MJ=40.2MJ

(The calorific value for steam issued by the supplier is 667.96, which lowered to 661.93 after transported to user's end)

Steam: 1 metric tone = 661.93kcal=661.93*4.184*10³MJ=2.8MJ

(the calorific value provided by the supplier)

(Plant 2) Bituminous coal: 1KG=4960.47kcal=4960.47*4.184*10³MJ=20.8MJ

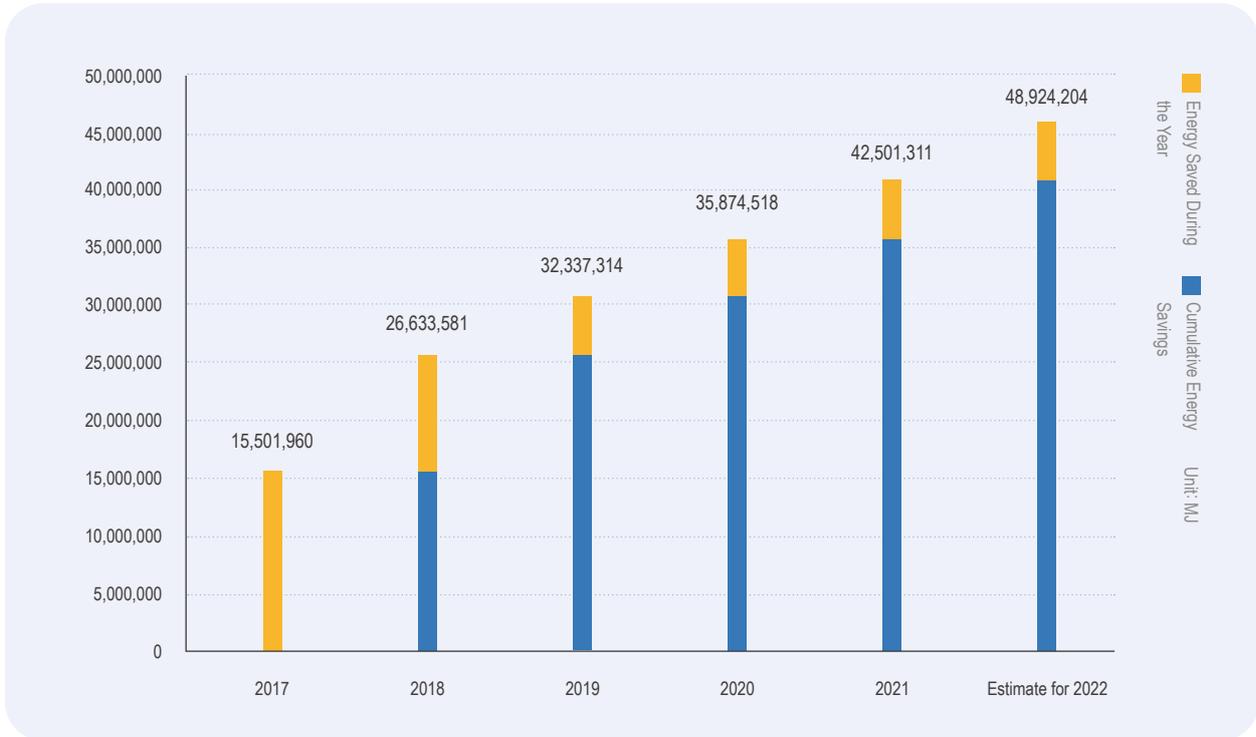
(Plant 3) Half bituminous coal: 1KG=4240.86kcal=4240.86*4.184*10³MJ=17.7MJ

Natural gas: 1m³=8839.76kcal=8839.76*4.184*10³MJ=37.0MJ

(2) Energy Efficiency

Bureau of Energy-Energy users should aim for an annual energy saving rate of more than 1% in their energy saving targets for 2015-2024. The cumulative energy saving rate of the entire company has reached 10.07% for seven years from 2015 to 2021.

To comply with the energy saving target set by the Bureau of Energy, Zig Sheng has continued to propose energy saving programs and tracked its progress since 2015. Each plant controls its energy use from the demand side, and has achieved a balance between energy supply and demand by tracking process margin behaviors and changing users' operating habits.



Calculation method:

According to the announcement of the Bureau of Energy, annual electricity savings refer to annual electricity savings from the implementation of various electricity saving measures implemented by Zig Sheng. The calculation period starts from the month following the implementation date and is limited to a maximum of 12 months.

However, if the calculation period crosses the calendar year, the electricity savings is to be calculated on a yearly basis.

(Energy consumption before improvement-energy consumption after the improvement)*operating hours during the reporting period

6.3.3 Energy Saving Results

Estimated Electricity Saving Targets for 2022

Electricity Saving Plan	Electricity Savings (MJ)
• DTY machine replacement	3,297,868.9
• Adjusting equipment capacity and frequency	1,400,105.9
• Adding variable-frequency drives	1,382,400.0
• Tube lights replaced by LEDs	256,118.4
• Other	86,400.0

Investment amount (NTD)
65,616,180

Average annual electricity savings rate: 1.08%

Electricity savings (MJ)
6,422,893.2

Note: The average annual electricity savings rate from 2015 to 2022; electricity consumption in 2022 is assumed to be the same as that of 2021, and then calculations are done in accordance with the regulations of the Bureau of Energy.

6.4 Pollution Control

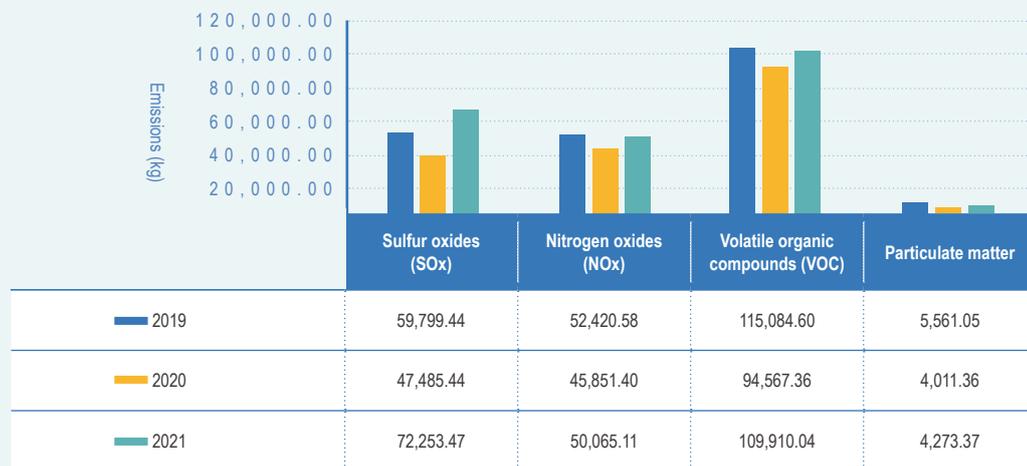
Since 2013, Zig Sheng has implemented the ISO 14001 environmental management system and established management practices and procedures (such as environmental risk assessment, air pollution, water pollution, noise pollution, waste, drinking water, energy resources, chemicals, etc.). All of our plants have completed and implemented environmental management, and all three plants in Guanyin have been certified by a neutral third party (DNV Business Assurance).

6.4.1 Air Pollution Control

Our fuel-fired boilers have been fully converted to use low-sulfur fuel instead to reduce emissions and comply with regulatory standards, and natural gas boilers have been gradually installed since 2020, with 2 completed in May 2020 and another one completed in 2021 and activated at the end of that year. The completion of three more natural gas boilers is expected for mid-2022, allowing us to switch to natural gas in the future to reduce air pollution. In addition, for more effective management, we have installed pollution control equipment and monitoring devices to reduce emissions and achieve more timely monitoring.

In 2021, the value is slightly higher than that of the previous year due to higher production and higher consumption of fuel oil.

Year-by-year comparison of air pollutant emissions



Note: Calculated based on the emission coefficients announced by the Environmental Protection Administration

6.4.2 Waste Management

(1) Volume of Waste Removed

Zig Sheng attaches great importance to the management of waste, and has entrusted qualified vendors to remove general business waste, sludge, slag, etc.

Type of Waste	Treatment Method	2021 Amount to be Treated				
		Plant 1	Plant 2	Plants 3 and 4	Plant 5	Total
Combustible waste (domestic waste)	Incineration	19.76	126.13	144.62	74.85	365.36
Non-combustible waste (domestic waste)	Incineration	0	136.45	36.10	21.37	193.92
Waste liquid	Incineration	11.70	0	13.40	0	25.1
Waste lubricants	Physical treatment	0	55.87	140.71	0	196.58
Slag	Recycled and reused	0	334.75	517.06	0	851.81
Sludge	Heat treating	0	0	82.16	0	82.16
Heat transfer oils	Incineration	0	47.8	0.00	0	47.80

Note: All are non-hazardous business waste

Unit: Ton

(2) Environmental Fines

Violations found in all of our plants in 2021 are as follows:

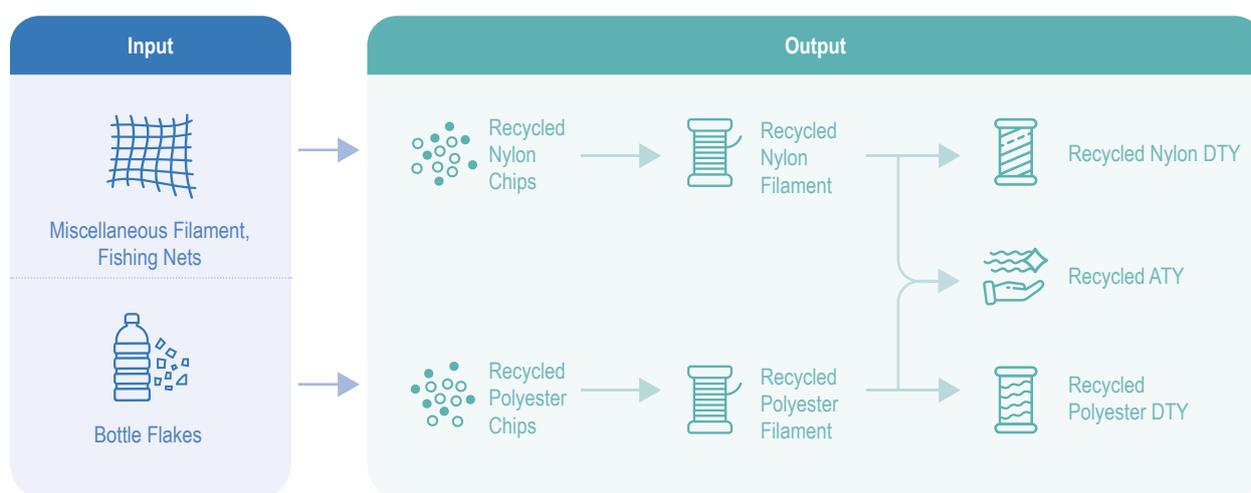
Item	Violation	Penalty	Improvement Measures
1	After the departure of a waste disposal professional at Zig Sheng's Plant 3, a deputy was not appointed within 15 days and reported to the competent authority for record-keeping in accordance with the regulations.	NTD 6,000 1 hour of lecture	Improve personnel change management and increase personnel training so that there are enough personnel with relevant licenses

6.5 Green Products

6.5.1 Eco-friendly Recycled Products

To implement the resource recycling part of our environmental policy, we produce high-quality recycled products that meet international environmental standards, including nylon chips, nylon filament, polyester chips, polyester filament, DTY, and ATY, totaling six products made across eight production units. We have also continued to accept third-party certification by the GRS Global Recycling Standard System. In addition to meeting the needs of our customers, we also do our part to protect the environment.

We not only recycle our own scrap filament as well as purchase, process, and spin filament from discarded fishing nets, but we also added a production line for recycled bottle flakes in 2021 in order to increase the added value of our products and improve profitability.



6.5.2 Resource Recycling

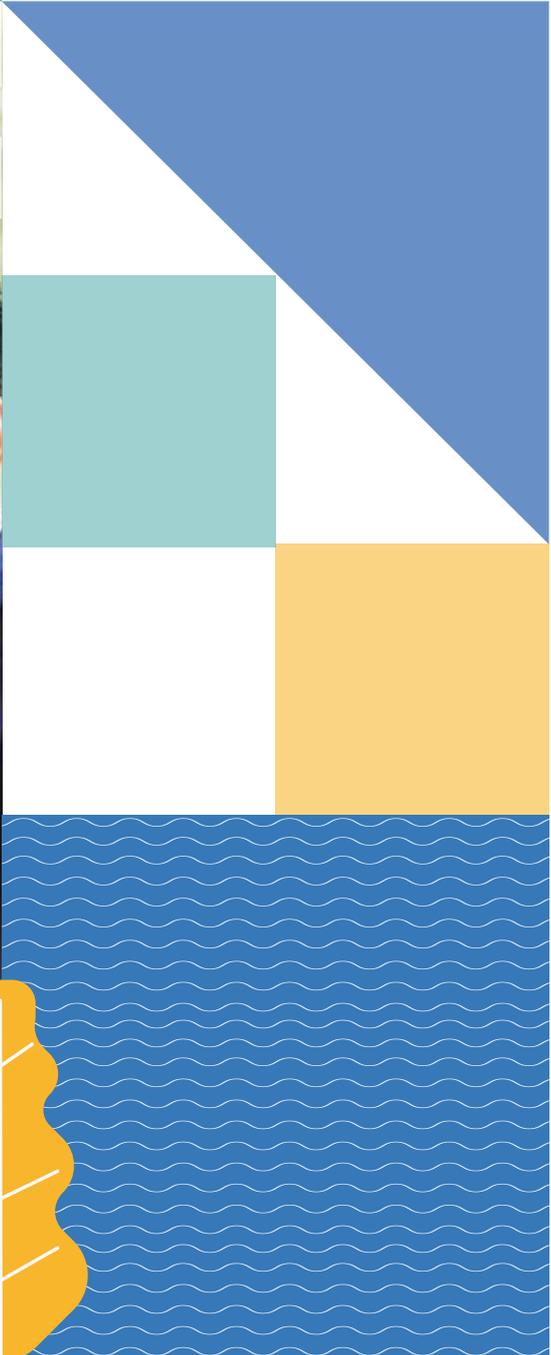
Each year, we set annual recycling targets in accordance with our environmental policy. We selected recyclable packaging materials for domestically-sold products (polymer bags, filament hole boards, and paper tubes) that are available in large quantities for recycling management, and we keep monthly statistics on the recycled quantity, recycling rate, and achievement rate. The implementation results are reported to senior management in the management meeting on a quarterly basis. In 2021, all of our targets were reached; details are as follows:

Item	Year	2019	2020	2021		2022
		Actual Value	Actual Value	Target Value	Actual Value	Target Value
Polymerization Plant-polymer bag recycling rate		100%	100%	100%	100%	100%
Spinning Plant-hole board recycling rate		100%	100%	100%	100%	100%
Spinning Plant I-paper tube recycling rate		75%	74%	80%	80%	80%
Spinning Plant No.2-paper tube recycling rate		88%	96%	90%	95%	100%

Recycling rate: Recycled amount ÷ Amount of domestic sales × 100%

EMPLOYEE CARE

07



7.1 Employee-employer Relationship

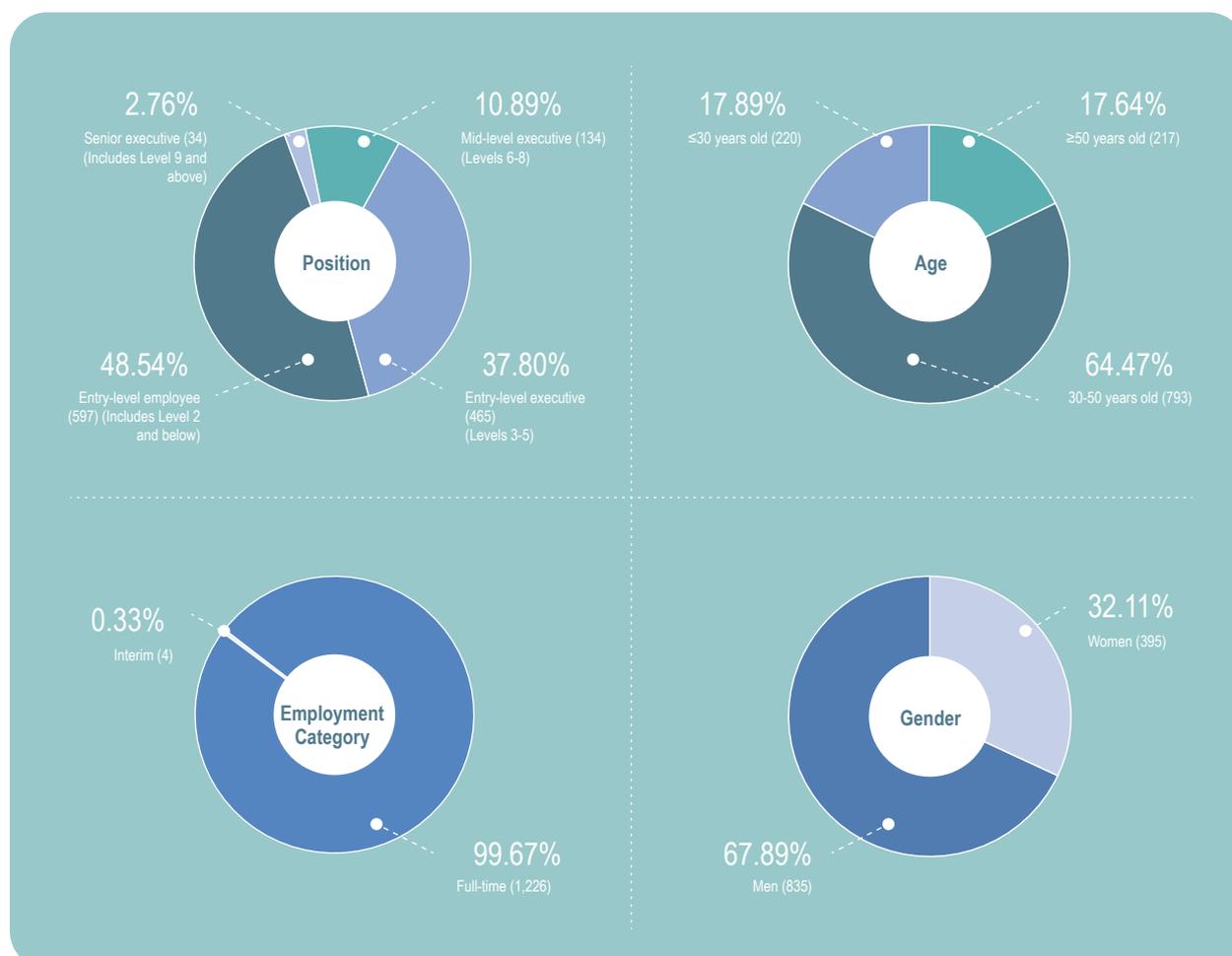
7.1.1 Employee Structure

Zig Sheng's human resources policy follows Taiwan's labor laws and regulations to protect the rights and interests of employees. We ensure fair treatment and opportunities for all employees, provide job opportunities for the physically and mentally challenged as well as members of disadvantaged groups, and participate in industry-academic internship programs promoted by the Ministry of Education to cultivate the talents we need.

Category	Full-time		Interim	Total	
	Taiwanese	Expatriate	Cooperative Education Student		
Male	≤ 30 years old	104	41	2	835
	30-50 years old	369	174	0	
	≥ 50 years old	143	2	0	
Female	≤ 30 years old	48	25	0	395
	30-50 years old	185	63	2	
	≥ 50 years old	71	1	0	
Total		920	306	4	1230

* Number of employees as of December 31 of the year

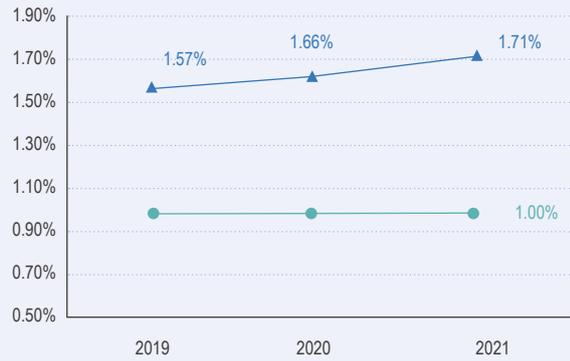
Our employees in 2021 numbered 1,230, a decrease of 0.3% compared to last year (1,267 employees). The number of full-time employees not in management positions is 1,181 (a decrease of 7.9% compared to last year). The percentage of full-time employees is 99.67% (0.67% more than last year), while temporary employees (cooperative education students) accounted for 0.33%. There were no part-time employees in 2021, and all major positions were held by full-time employees. 67.89% of employees were male, and 32.11% were female, which did not show a marked difference from last year.



Employment rate of people with disabilities

In 2021, about 21 people with physical or mental disabilities were hired, exceeding the 1% (12 people) stipulated by government regulations.

▲ Employment Rate
● Regulatory Requirements

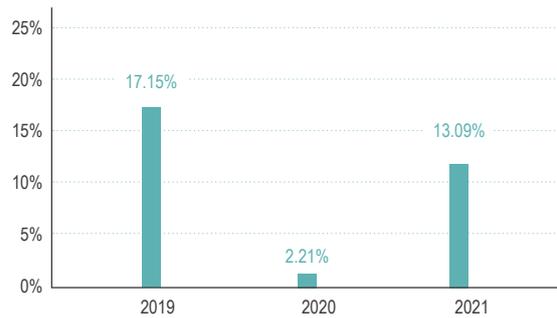


Analysis of new and departed employees

New employee recruitment rate

In late May 2021, the outbreak of COVID-19 in Taiwan prompted the government to take strict measures to prevent its spread. However, our sales were not affected too greatly, and order volume increased significantly, resulting in a great demand for staff. But, due to our conservative hiring policy in 2020, there was a large manpower gap, and although additional domestic employees were hired, it was still unable to make up for the loss in manpower. In 2021, 161 new employees (104 male and 57 female) were hired; employment rate greatly increased by 13.09% (an increase of 2.21% compared to last year).

2021		≤ 30 years old	30-50 years old	≥ 50 years old	Subtotal
Male	Number of People	43	57	4	104
	Percentage	3.50%	4.63%	0.33%	8.46%
Female	Number of People	24	33	0	57
	Percentage	1.95%	2.68%	0.00%	4.63%
Total	Number of People	67	90	4	161
	Percentage	5.45%	7.32%	0.33%	13.09%

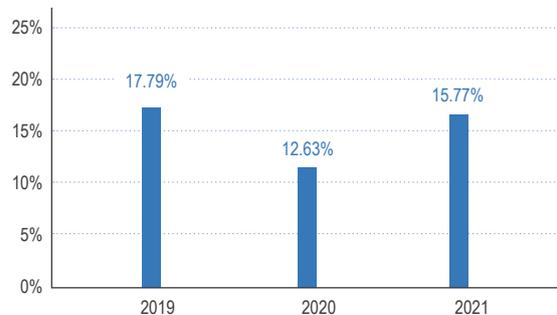


Employee Dismissal Rate

We are still unable to bring in foreign migrant workers due to the pandemic. If migrant workers do not leave Taiwan after the expiration of their term of stay, they often remain employed through the renewal of their contracts. However, the government allows for foreign migrant workers to apply for a transfer to other employers if they do not renew their employment 2 to 4 months before the expiration date. Although some of the foreign migrant workers left Taiwan or changed employers after their term of stay expired, there was an increase in the number of local employees leaving the company as well, and the overall dismissal rate increased significantly compared to last year.

A total of 194 employees (138 males and 56 females) left the company, with a departure rate of 15.77% (up from 12.63% last year).

2021		≤ 30 years old	30-50 years old	≥ 50 years old	Subtotal
Male	Number of People	48	76	14	138
	Percentage	3.90%	6.18%	1.14%	11.22%
Female	Number of People	21	32	3	56
	Percentage	1.71%	2.60%	0.24%	4.55%
Total	Number of People	69	108	17	194
	Percentage	5.61%	8.78%	1.38%	15.77%



Note 1: Employment rate = Total number of new employees / Total number of employees

Note 2: Dismissal rate = Total number of departed employees / Total number of employees

Note 3: Includes foreign migrant workers who have completed their three-year term of employment, excluding temporary staff (cooperative education students).

7.1.2 Employee Salaries

In May 2021, Zig Sheng's overall salary increased by 4%. The average starting salary for male employees was NT\$32,400 and for female employees, it was NT\$29,400, both of which are higher than the statutory minimum wage in Taiwan, to ensure that employees can meet their basic needs. Because female employees mostly work in administrative and quality control posts, while male employees have more technical and labor-intensive work, there is a slight difference in their starting salary.

The ratio between the salary of entry-level employees and the local minimum wage

Category	Minimum Wage	Standard Salary	Percentage
Male	24,000	32,400	1.35
Female	24,000	29,400	1.23

Unit: NTD

- The standard starting salary for (Taiwanese) employees that are in Level 2 or below are listed in the calculation; their salary does not include overtime (short-notice, holiday, night-time). Since the salary of expatriate employees is based on minimum wage, and their standard starting salary does not include overtime (short-notice, holiday, night-time); therefore, they are not included in the calculation.
- Minimum wage in 2021 was NT\$24,000, and the salary of our entry-level employees, regardless of gender, was higher than NT\$24,000.
- Key operating location: Taiwan

In May 2021, a company-wide salary increase of 4% was implemented due to an increase in operating performance in 2021.

	2019	2020	2021
Average Salary	572	567	691
Median Salary	471	490	587
Number of Full-time Employees	1,362	1,282	1,181

Unit: NTD thousand

7.1.3 Employee and Employer Communication

We have adopted an open approach and respect the rights of employees. Since the relationship between employer and employees have always been cordial, no employee at the plant has yet to form a labor union in accordance with the labor union law.

We hold regular employee-employer meetings in accordance with the law, with representatives from both the employee side and the employer side. The employer side hold a meeting every three months in accordance with the Labor Standards Act to communicate, resolve, and announce the issues raised by both employees and the employer. In addition to the employee-employer meetings, we also provide employees with multiple communication channels, such as the company website, e-mail, paper grievance forms, and telephone, as well as dedicated personnel to deal with them, with the purpose of listening to employees' voices, improving employee-employer communication, and creating a win-win environment for both sides.

7.1.4 Employee Benefits

Zig Sheng has a cafeteria providing free meals to employees and free accommodations (for employees from other counties) to provide comprehensive care to its employees. (From January 2022, expatriate employees are also entitled to free meals and accommodations)

(Key Operating Locations) Full-time Employees

Benefit			Retirement Policy	
Stipulated By Law	Benefits	Other	Old policy	New policy
<ul style="list-style-type: none"> Special leave Childcare leave without pay Retirement system 	<ul style="list-style-type: none"> Group accident and medical insurance Annual health checkup Travel subsidy Gift certificates given on birthday/Dragon Boat Festival/Mid-Autumn Festival Wedding/funeral subsidy Financial support for the family of an employee who was injured or passed away 	<ul style="list-style-type: none"> Operating performance bonus Year-end Bonus 	<p>In accordance with the provisions of Articles 53 to 58 of the Labor Standards Act (eligibility, appropriation, supervision, etc.), 2.5% of an employee's total monthly salary is contributed to a Bank of Taiwan account under the employee's name in preparation for retirement.</p>	<p>In accordance with the latest Labor Pension Act, which was amended on May 15, 2019, employees of the company are required to contribute 6% of their monthly salary to their individual pension accounts set up by the Bureau of Labor Insurance; employees can withdraw from account at their own will.</p>

Note: Foreign migrant workers are subject to rules stipulated in their contracts.

7.2 Providing a Safe and Healthy Work Environment

7.2.1 Occupational Health and Safety Operations

In addition to complying with Taiwan's occupational health and safety regulations, Zig Sheng is also actively working toward its goal of zero occupational accidents through its health and safety policy. In 2019, we switched from the OHSAS 18001 occupational health and safety management system to the ISO 45001 in accordance with the requirements of new standards, which covers employees and contractors of the company as "workers" and Zig Sheng as the workplace. We are certified and approved by a neutral third party (DNV Business Assurance) annually, and we continue to perform hazard identification and risk assessment operations every year in accordance with our occupational health and safety risk assessment procedures, and propose preventive management measures to eliminate hazards and reduce risks.

Each of our five plants has an Occupational Health and Safety Committee, which consists of occupational health and safety personnel, plant supervisors, and employee representatives elected through employee-employer meetings (with at least 1/3 of the members being employee representatives). The committee meets every three months to review and adjust occupational health and safety programs and health promotion, so that employee representatives can participate in decisions regarding occupational health and safety and make the implementation of policies more suited to the needs of the employees on site for the health and safety of all employees.

To ensure the health and safety of all workers engaged in business-related operations, we have formulated regulations to regulate the health and safety of employees and contractors, and those regulations have been approved by employee representatives. Our health and safety regulations stipulate the rights and obligations of employees and contractors in terms of operational safety standards, education and training, health education, first aid and disaster relief, and incident notification.

Health education and management measures include:

Zig Sheng strictly abides by the Personal Data Protection Act regarding the collection, handling, and utilization of employees' health checkup information, and such information is kept by dedicated staff to ensure the safety of our employees' personal data. For employees who have abnormal results in their health checkup report or suspect they have musculoskeletal or overexertion issues through symptoms they experience, our occupational health nurse will provide health education and arrange a time for employees to meet with the occupational medicine specialist. If the employee is deemed by the doctor to be unsuited for their original post, we will take the doctor's advice and move the employee to another workplace/post or shorten working hours, and take health management measures.

We take preventive and protective measures against diseases that may be triggered by repetitive work, shift work, night work, etc. We also instruct our employees to report to their supervisors immediately if they feel unwell or abnormal. By providing care in multiple aspects, including in terms of personnel, equipment, environment and regulations, the occupational disease rate at Zig Sheng is 0. For special operation areas (those with noise, dust, or limited room), there are visible signs to inform employees of the hazards of the operation area and precautions to take, and require them to wear protective equipment when entering the area to ensure their health and safety.

7.2.2 Hazard Identification and Risk Assessment

(1) Health and Safety Hazard Identification and Risk Assessment

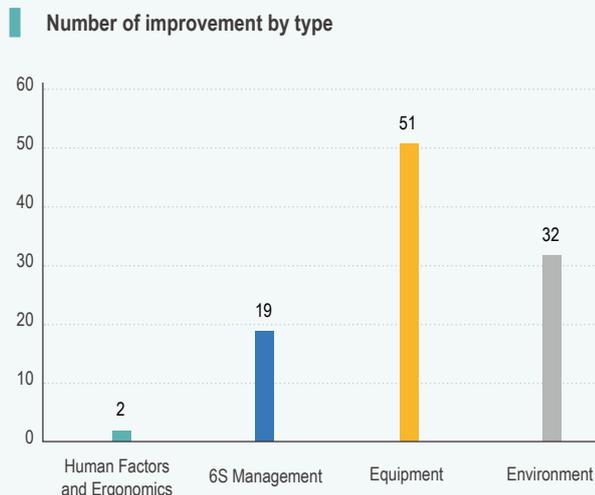
Zig Sheng continues to perform hazard identification and risk assessment on a regular basis each year in accordance with our occupational health and safety risk assessment procedures, and proposes preventive management measures to eliminate hazards and reduce risks.

Workers in each unit analyze the operations and work environment they are responsible for and propose potential hazards in activities, equipment, materials, or the environment. The identified hazards are scored according to their frequency and severity, and the risk matrix is used to determine their risk level. The risk assessment results are submitted to the Labor Safety Office and then control measures are set, including equipment replacement, workflow changes or the addition of new protective devices, etc. The Labor Safety Office assists in and checks on the progress of making the improvements.

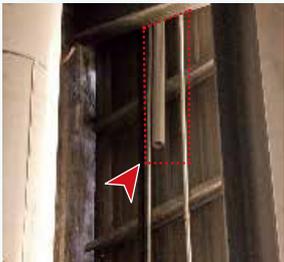
(2) Occupational Health and Safety Self-management Contest-Self-suggested Areas for Improvement

To establish a good safety culture, Zig Sheng continues to hold the Occupational Health and Safety Self-Management Contest. Through competitions and awards, the contest motivates employees to actively participate in the activities to strengthen the safety awareness of all and to protect the safety of themselves and others at work. The items for evaluation include education and training participation rate, internal and external safety inspections, unit accidental injuries, and self-suggested improvement items.

In addition to routine inspections by occupational health and safety personnel, we also encourage employees to take the initiative to identify potential hazards in the workplace, such as false alarms and unsafe working conditions or equipment, and discuss with their colleagues to propose preventive measures to eliminate the hazards. We also encourage employees to take the initiative to identify hazards and solve problems so as to strengthen their awareness of the importance of safety in the work environment, and have them manage safety in a proactive manner so that they can work in an excellent environment with peace of mind. In 2021, a total of 104 improvement projects were made, and the categories they fall into are shown in the image on the right.



Major improvements are as follows:

Before Improvement	After Improvement
	 <p>The sampling tube in the plant is more than 1.4 meters high, so employees have to use a step ladder to get the samples, which presents the risk of falling. The sampling tube was then extended so that employees could stay on the ground to get samples.</p>
	 <p>In the plant, there is a flood-proof ridge around the filament washing area. Whenever filament was washed, it needed to be transported by hand, and the cart carrying wet filament weighs 20 to 30kg, which runs the risk of causing muscular or skeletal injuries. A bridge was then built over the ridge to reduce the possibility of injuries caused by employees using force improperly to move the cart.</p>
	 <p>There is a material transfer pipe running across a walkway in the tank area of the plant, which presents the risk of tripping. The solution was to build a covering over it and attach warning labels to make it more visible.</p>
	 <p>During the annual chimney inspection, the inspector needed to apply for a special high-place operation to transport the equipment to the inspection stand on the chimney. A safety harness was worn in accordance with regulations, but there is still a risk of falling. The way we improved the situation was to install a line pipe leading to the chimney, so that the inspection line only needs to be passed through the line pipe to test the chimney, reducing risk by not forcing personnel to climb to high places.</p>
	 <p>The fifth and sixth floors of Polymerization Plant 1 are equipped with non-sealed white drums to hold hot water. The new system is equipped with white sealed drums and heat exchangers to achieve temperature discharge (boiling steam → 60°C) and prevent personnel from being scalded by the hot steam.</p>

7.2.3 Safety Training

• Personnel Hazard Awareness Training

In addition to review training for basic licenses, we also hold courses on occupational health and safety and health care at each plant every two months for employees and supervisors. The content includes workplace hazard identification and prevention, health and safety practices and management, analysis and promotion of major cases, contract management, human factors and ergonomics, and chemical management. The course is held to enhance the safety awareness and knowledge of management and operating personnel.

Occupational health and safety courses are planned not only for Taiwanese employees, but also for expatriate employees, who are important target audiences for education at our company. Therefore, to achieve effective communication and convey the correct health and safety information, we hire interpreters to assist in the courses.

If there is a potential safety hazard, workers must stop work and retreat to a safe place without endangering the safety of other workers, and report to the person in charge of the workplace immediately.

In the event of an occupational accident at the workplace, the occupational health and safety manager and the person in charge of the workplace will work with the worker's representative to investigate, analyze, and record the cause of the accident, and to formulate appropriate countermeasures.

Actual number of courses held and the number of attendees in 2021 are shown on the right:

Month	Course	Number of People
January	Fire Safety	25
August	Fire Safety	203
October	Occupational Accident Prevention	183
November	Special Hazard Awareness	106
December	Special Hazard Awareness	91
Total		608

• Emergency Response Training

To prevent casualties in the event of an accident, fire drills and accident prevention drills for hazardous materials are conducted regularly at each plant every six months. We are fortunate enough to conduct fire prevention training jointly with the local fire department, so that employees can understand the essentials and techniques of dealing with a fire and how to escape one, ensuring that workers understand how to survive and emergency response measures in the event of an accident to protect their own safety.



• 2021 Guanyin Industrial Zone Firefighting Competition

In addition to regular emergency response drills, our company also actively participates in the firefighting competition held in the industrial zone, and won the second place award in firefighting bowling, the third place award in dressing up as a firefighter, and the third place award in AED & CPR.



- Interview with Taoyuan Labor Quarterly
We were honored to be interviewed for the 18th issue of *Want to Cherish You*, a quarterly periodical published by the Department of Labor of Taoyuan City Government. In the interview, we shared information with the citizens of Taoyuan about workplace safety issues at Zig Sheng in recent years. Wen-hao Liu, the editor-in-chief of *Career*, interviewed Vice President Yu, who spoke of Zig Sheng and the Taoyuan Office of Labor Inspection having organized a local health and safety family to help small and medium-sized enterprises to improve their work environment by setting an example as a large corporation, thereby raising workplace health and safety standards and jointly protecting the health and safety of workers.



The interview inside the 18th issue of the quarterly periodical *Want to Cherish You*



The 18th issue of the quarterly periodical *Want to Cherish You*, published by the Department of Labor, Taoyuan City Government

7.2.4 Health Promotion

- Promotion of Health

In addition to ensuring workplace safety and raising safety awareness among employees, our plants have medical staff to track the health of our employees through health checkup results, and they also serve as health consultants. In the event of an emergency, they can also provide first aid and emergency treatment immediately.

Due to the pandemic in 2021, the health promotion program we had planned was suspended. In 2022, we continued to push forward our health promotion program, starting with adjustment made to employees' diet and exercise habits as well as chronic disease management, so that employees can build healthy habits in a gradual manner.

- Health Care Course

We attach great importance to the health of our employees and provides all employees with an annual general health checkup; for the 718 employees engaged in special operations this year, special health checkups (e.g. dust, noise, ionizing radiation, etc.) are provided. We analyze and evaluate the results of our employees' health checkups, and keep track of their health indicators, arranging for appointments with an occupational medicine specialist and adjustments to their work if necessary. We also hold regular hygiene and health education training to help employees better understand the condition of their health.

In recent years, COVID-19 has affected work and life. In response to the impact of the pandemic, we have enacted contingency management measures, such as enhancing plant disinfection, taking temperatures of personnel, promoting proper hand washing and providing information on vaccinations. We also assist employees in getting vaccinations, and conduct health monitoring and tracking for employees who have come into contact with confirmed cases, even adopting management measures such as work zones and remote work to ensure the health and safety of our plant personnel.

7.3 Health and Safety Performance Management

7.3.1 Energy Saving Results

2021 Implementation Performance			
Item	Target Value	Actual Value	Unit
Disabling Injury Frequency Rate (FR)	≤ 2.0	1.50	Times/million work hours
Disabling Injury Severity Rate (SR)	≤ 7.2	64	Days/million work hours
Accident Frequency Rate (FR)	≤ 1.56	1.50	Times/million work hours
Minor injuries	≤ 6	8	Times

(1) Disabling Injury Frequency Rate (FR):
(Annual number of people who suffer disabling injuries×1,000,000) ÷ Total work hours

(2) Disabling Injury Severity Rate (SR):
(Annual number of lost days due to disabling injuries×1,000,000) ÷ Total work hours

(3) Accident Frequency Rate (FR):
(Annual number of accidents×1,000,000) ÷ Total work hours

*Accidents that cause damage to equipment or buildings are called "accidents".

*If an accident happens, and it causes injury to a person and requires him/her to take an occupational injury leave, and the number of days lost is more than one day, then it is called an "disabling injury".

*If an accident happens, and it causes injury to a person, and the number of days lost does not exceed one day, then it is called a "minor Injury".

Implementation measures are as follows:

- Enhance personnel awareness through training to prevent hazards-as in 7.2.3
- Occupational health and safety self-management contest-as in 7.2.2(2)

Plant	Gender	2019		2020		2021	
		FR	SR	FR	SR	FR	SR
Guishan Plant 1	Male	7.25	18	4.21	3	-	-
	Female	-	-	-	-	-	-
Guanyin Plant 2	Male	-	-	4.05	5	-	-
	Female	-	-	-	-	-	-
Guanyin Plant 3	Male	2.61	1,328	1.47	4	4.13	262
	Female	-	-	9.22	14	-	-
Guanyin Plant 4	Male	-	-	12.46	19	-	-
	Female	-	-	-	-	-	-
Dayuan Plant 5	Male	2.35	16	-	-	3.18	9
	Female	-	-	-	-	-	-
All Plants	Male	2.36	487	2.71	4	2.14	103
	Female	-	-	2.66	5	-	-

Note: FR is the Disabling Injury Frequency Rate; SR is the Disabling Injury Severity Rate.



We will continue to promote accident reduction programs and move toward our goal of zero occupational accidents.

7.3.2 Occupational Injury

Zig Sheng tallies the number of occupational accidents on a monthly basis, and carries out reviews, analyses and promotion of incidents. In 2021, there were four occupational accidents, the types of which were falling, being caught by objects, falling objects, and improper action.

In addition to immediate hazards, Zig Sheng also places great importance on the health of its employees. Therefore, we have established prevention and protection regulations for work items that may cause occupational diseases, such as posting hazard notices at the entrances and exits of areas with noise and dust, and testing noise levels and dust concentrations every year as well as other factors that may impact health. Employees working in such work areas are required to undergo special medical checkups and related consultations every year, and complete hazard protection training, so there are currently no cases of occupational diseases.

Occupational Injury Statistics 2021

	Employees	Contractors
Number of Occupational Injuries	4	0
Rate of Occupational Injuries	0.3	0
Number of Severe Occupational Injuries	0	0
Rate of Severe Occupational Injuries	0	0
Job-related Deaths	0	0
Rate of Job-related Deaths	0	0
Work Hours	2,649,488	117,872

1. Occupational injury rate=(Number of occupational injuries/total work hours)*200,000
2. Severe occupational injury rate =(Number of severe occupational injuries/total work hours)*200,000
3. Job-related death rate=(Number of job-related deaths/total work hours)*200,000

Occupational Injury Statistics 2021

Injury Type	Employees		Contractors	
	Number of Cases	Percentage	Number of Cases	Percentage
Falling	1	25.0%	0	0
Being caught by objects	1	25.0%	0	0
Falling objects	1	25.0%	0	0
Improper action	1	25.0%	0	0

The main cause of occupational injuries in 2021 was the lack of awareness of hazards among employees; therefore, safety promotion and safety observation should be strengthened for the units in which the incidents took place. To make the employees understand hazards in the workplace, not only have we promoted safety issues and the prevention of occupational injuries, but we also invited Dr. Jau-Yuan Chen, an occupational health specialist from Linkou Chang Gung Hospital, to educate employees as a lecturer on the health effects of special hazard operations, so that our employees understand that our emphasis on health and safety is without question.



Plant	Gender	All Employees					Contractors	
		Occupational Injury Rate (IR)	Occupational Disease Rate (ODR)	Lost Day Ratio (LDR)	Absenteeism Rate (AR)	Occupational Injuries	Occupational Injuries	
Guishan Plant 1	Male	0	0	0	2.52	0	0	
	Female	0	0	0	1.09	0	0	
Guanyin Plant 2	Male	0	0	0	0.40	0	0	
	Female	0	0	0	0.87	0	0	
Guanyin Plant 3	Male	0.83	0	52.45	0.27	3	0	
	Female	0	0	0	1.57	0	0	
Guanyin Plant 4	Male	0	0	0	3.46	0	0	
	Female	0	0	0	0.11	0	0	
Dayuan Plant 5	Male	0.64	0	1.91	0.12	1	0	
	Female	0	0	0	0.36	0	0	
All Plants	Male	0.43	0	165.32	5.70	4	0	
	Female	0	0	0	7.79	0	0	

(1) Occupational Injury Rate (IR)=Total number of occupational injuries/Total work hours×200,000

(2) Occupational Disease Rate (ODR)=
Cases of occupational diseases/Total work hours×200,000

(3) Lost Day Ratio (LDR)=

Total number of days missed from work/Total work hours×200,000

(4) Absenteeism Rate (AR)=Total number of days absent from work/Total work days×100%

(5) Occupational injuries (workers)=Number of workers who suffered injuries in the current year.

7.3.3 Future Planning for Health and Safety

2022 Occupational Health and Safety Indicator Management

Item	2022 Targets	
	Target Value	Unit
Disabling Injury Frequency Rate (FR)	≤ 1.9	times per million work hours
Disabling Injury Severity Rate (SR)	≤ 7	days/million work hours
Accident Frequency Rate (FR)	≤ 1.56	times per million work hours
Minor injuries	≤ 6	times

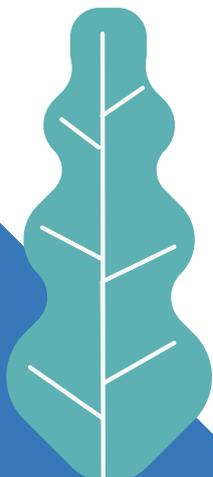
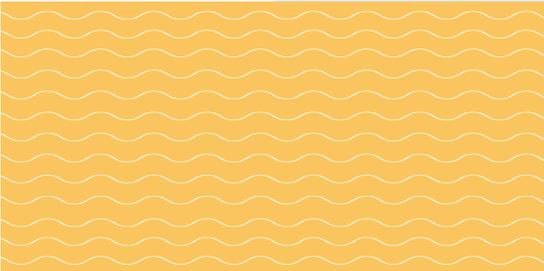
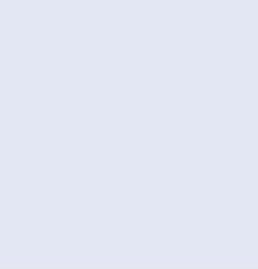
*Minor injuries: Injuries that did not result in lost days (not affecting FR, SR)

Planned measures are as follows:

- Continuous improvement regarding unsafe operations, environments and equipment to reduce the risk of workplace hazards
- Enacting respiratory protection programs
- Firefighting competition at the plant
- Health promotion courses and activities

08

SOCIAL PARTICIPATION



8.1 Implementation Results

Throughout the years, Zig Sheng has adhered to the spirit of “we are all one”, and has contributed to the community through donations of goods, business activities, participation in community development, charitable organizations, and local government agencies. Not only does this help our company build good relationships with the local communities, but it also promotes local harmony, and allows us to contribute to society by giving back to the community and nurturing talents.

Percentage of Donations to Social Welfare				
	Unit	2019	2020	2021
1	Giving Back to Communities/Society	12.6%	12.1%	4.3%
2	Scholarships	87.4%	87.9%	95.7%

8.1.1 Participation in Events and Sponsorship

- Winter Warmth

The 2021 annual Winter Warmth Goods Distribution event organized by the Guanyin District Mothers' Association was held on December 5, 2021. Zig Sheng also wished to help people who lived alone or had disabilities, members of disadvantaged groups, and low-income families to make their lives stable and promote peace and harmony in society by sponsoring goods and assisting in the distribution of supplies.





8.1.2 Care and Assistance for Vulnerable Groups

Zig Sheng understands that knowledge is power, and that education is not only the foundation of our society but also the best way for disadvantaged students to turn their future around. We provide internships and job opportunities with reasonable salaries and benefits to students from disadvantaged families, as well as educational opportunities, scholarships, and free housing and meals. In accordance with government regulations, we have increased our hiring quota for employees with physical or mental disabilities. They will be trained so that they have the skills to earn a living, and they have the same pay and benefits as full-time employees. In addition, employees who have been issued a disability handbook will have their labor and health insurance premiums (excluding dependents) subsidized by the company so that their financial burden can be lessened. About 27 employees benefit from the above benefits.

8.1.3 Scholarship for Outstanding Students

In 2021, Zig Sheng also gave out scholarships. At present, scholarships are given to the two universities with which Zig Sheng closely collaborates. The scholarships are to encourage financial independence, subsidize living expenses, help students learn skills, and train potential employees for our plants. The schools, recipients, and number of recipients are as follows:

Scholarships Provided in 2021

	Unit	Target	Number
1	National Yunlin University of Science and Technology	University	20
2	National Chin-Yi University of Technology	University	24

8.2 Future Planning

In 2022, Zig Sheng will continue to do a good job in giving back to local communities by providing job opportunities for youths in the neighboring areas, and actively investing in culture and education to fulfill its corporate social responsibility.



APPENDIX

09



9.1 GRI Comparison Table

This report is based on the Universal Standards of the GRI Standards published by the Global Reporting Initiative (GRI). “Universal Standards Disclosures” and important “Topic Disclosures” as well as their corresponding chapters are listed in the table below.

9.1.1 Universal Standards Disclosures

Category	Item	GRI 2016 Corresponding GRI Code	Indicator	Corresponding Chapters	Page Number
Organization Overview	1	*102-1	Organization Name	Editorial Policy 1.1 About Our Company	p.2 p.7-p.8
	2	*102-2	Brands, Products, and Services	1.1 About Our Company 1.2 Products and Services	p.7 p.9-p.10
	3	*102-3	Head Office Location	1.1 About Our Company	p.7-p.8
	4	*102-4	Number and name of countries where the organization has a presence (including countries where its primary operations are located or where it is relevant to sustainability issues)	Editorial Policy 1.1 About Our Company	p.2 p.7-p.8
	5	*102-5	The nature and legal form of ownership	1.1 About Our Company	p.8
	6	*102-6	Markets served by the organization (including geographical breakdown, industries served, types of customers/beneficiaries)	1.1 About Our Company 1.2 Products and Services	p.7-p.8 p.9-p.11
	7	*102-7	Organization Size	1.1 About Our Company	p.7-p.8
	8	*102-8	Information about employees and other workers	3.1.1 Operations of the Board of Directors 7.1.1 Employee Structure	p.21-22 p.43-p.44
	9	*102-9	The supply chain of the organization	4.4 Supplier Management	p.29-p.30
	10	*102-10	Any significant changes in the size, structure, ownership or supply chain of the organization during the reporting period	1.1 About Our Company *No major changes in the supply chain in 2021	p.7-p.8
	11	*102-11	Whether the organization has precautionary measures or principles in place	4.1 Risk Management	p.26-p.27
	12	*102-12	External economic, environmental and social regulations, principles or other initiatives that have been signed and endorsed by the organization	None	-
	13	*102-13	Public associations in which the organization participates (e.g. industry associations) and membership in national or international advocacy organizations	3.2.3 Public Associations We Joined	p.24
Strategy	14	*102-14	Provide a statement from the organization's top decision maker	Message from the Management Sustainability Performance	p.3-p.4 p.5
Ethics and Integrity	15	*102-16	The organization's values, principles, standards and rules of conduct, such as code of conduct and code of ethics	3.1.3 Code of Ethical Behavior 3.2.1 Ethics and Integrity 5.1 Operating Policy	p.22 p.23 p.32
	16	102-17	Mechanisms for ethical recommendations and concerns	3.2.1 Ethics and Integrity 3.2.2 Grievance and Reporting Mechanism	p.23-p.24
Governance	17	*102-18	Governance structure of the organization	2.1 ESG Operation and Implementation 3.1.1 Operations of the Board of Directors	p.13 p.21-p.22
	18	102-19	Describe the process by which the highest governing body authorizes senior management and other employees to address economic, environmental, and social issues	2.1 ESG Operation and Implementation	p.13
	19	102-20	Indicate whether the organization has appointed management to be responsible for economic, environmental and social issues, and whether it reports directly to the highest governing body	2.1 ESG Operation and Implementation	p.13
	20	102-21	Describe the process in which stakeholders are consulted by the highest governance body on economic, environmental, and social issues	2.3 Identification Process for Significant Sustainability Topics 2.4 Communication Channels for Significant Sustainability Topics 2.7 Consultation on Issues of Interest	p.14 p.15 p.18
	21	102-22	Composition of the highest governance body and its committees	3.1.1 Operations of the Board of Directors	p.21-22
	22	102-25	Describe the process in which the highest governing body avoids and manages conflicts of interest, and whether conflicts of interest are disclosed to stakeholders	3.1.1 Operations of the Board of Directors	p.21-22

Category	Item	GRI 2016 Corresponding GRI Code	Indicator	Corresponding Chapter	Page Number
Governance	23	102-32	A top-level committee or position whose responsibility is to formally review and approve the organization's sustainability report and ensure that all major topics are covered	Basis for the Compilation of the Report	p.2
	24	102-36	Describe the compensation determination process. Describe whether there are compensation consultants involved in the formulation of the compensation system, and whether they are independent of the management. Describe whether there is any other relationship between the compensation consultants and the organization	3.1.2 Operations of the Compensation Committee	p.22
Communication with Stakeholders	25	*102-40	Stakeholder groups in negotiation with the organization	2.2 Identification of Important Stakeholders	p.14
	26	*102-41	Percentage of total employees covered by group agreements	None	-
	27	*102-42	Describe the method of identification and selection with respect to the stakeholder being consulted	2.2 Identification of Important Stakeholders	p.14
	28	*102-43	Describe the approach to communicating with stakeholders	2.4 Communication Channels for Significant Sustainability Topics 4.3 Satisfaction with Products and Services	p.15 p.28
	29	*102-44	Describe the key issues and concerns raised by stakeholders through consultations, and how the organization responds to these key issues and concerns	2.4 Communication Channels for Significant Sustainability Topics 2.7 Consultation on Issues of Interest 4.3 Satisfaction with Products and Services	p.15 p.18 p.28
Reporting Practice	30	*102-45	All entities included in the organization's consolidated financial statements or equivalent documents	Editorial Policy	p.2
	31	*102-46	The process of defining the content of the report and topic boundaries, and determining how to follow the principles that define the content of the report	2.6 Boundary Review for Significant Sustainability Topics	p.17
	32	*102-47	List all the major considerations identified in the process of defining the content of the report	2.5 Substantive Analyses for Significant Sustainability Topics	p.16
	33	*102-48	Influences and reasons for the re-editing of any information provided in the previous reports	No re-editing was done	—
	34	*102-49	Significant changes in major topics and topic boundaries compared to previous reporting periods	2.5 Substantive Analyses for Significant Sustainability Topics	p.16
	35	*102-50	Reporting period of the information provided	Editorial Policy	p.2
	36	*102-51	Date of the last report issued	Editorial Policy	p.2
	37	*102-52	Reporting cycle (e.g. annually, biennially)	Editorial Policy	p.2
	38	*102-53	Contact person who can answer questions about the report or its content	Editorial Policy	p.2
	39	*102-54	The reporting standards chosen by the organization	Editorial Policy	p.2
	40	*102-55	Disclosures made according to GRI Standards	Appendix GRI Comparison Table	p.57-p.60
Management Guidelines	41	*102-56	External verification of the report	Editorial Policy Appendix Third Party Guarantee Statement	p.61-p.64
	42	103-1	Describing significant topics and their boundaries	2.6 Boundary Review for Significant Sustainability Topics 2.8 Management Guidelines for Significant Topics	p.17 p.18-p.19
	43	103-2	Grievance Mechanism	3.2.2 Grievance and Reporting Mechanism	p.23-p.24

Note: * Asterisks denote Universal Standards

9.1.2 Topic Standards Disclosures

Category	Item	Significant Topic	Corresponding GRI Code	Indicator	Corresponding Chapter/ Description	Page Number
Economy	1	Economic performance	103-2 103-3	Management guidelines and their elements Evaluation of management guidelines	5.1 Operating Policy 5.2 Operational Performance	p.32 p.33
			GRI: 2016 201-1	Direct economic value generated and distributed by the organization	1.2 Products and Services 5.2 Operational Performance	p.9-p.11 p.33
	2	Market position	103-2 103-3	Management guidelines and their elements Evaluation of management guidelines	7.1.2 Employee Salaries	p.45
			GRI: 2016 202-1	Ratio of standard pay for entry-level employees of different genders in key operating locations to local minimum pay	7.1.2 Employee Salaries	p.45
	3	Sustainable management of supply chain	103-2 103-3	Management guidelines and their elements Evaluation of management guidelines	4.4.2 Local Procurement Policy	p.29-p.30
			GRI: 2016 204-1	Ratio of procurement expenses from local suppliers for key operating locations	4.4.2 Local Procurement Policy	p.29-p.30
Environment	4	Climate change and energy management	103-2 103-3	Management guidelines and their elements Evaluation of management guidelines	6.3 Energy Saving Management	p.37-p.39
			GRI: 2016 302-4	Reducing energy consumption	6.3 Energy Saving Management	p.37-p.39
	5	Greenhouse gas emissions	103-2 103-3	Management guidelines and their elements Evaluation of management guidelines	6.2 Greenhouse Gas Emission Management	p.36-p.37
			GRI: 2016 305-1	Greenhouse gas emissions (direct emissions)	6.2 Greenhouse Gas Emission Management	p.36-p.37
			GRI: 2016 305-2	Volume of greenhouse gas emissions through energy consumption (indirect emissions)	6.2 Greenhouse Gas Emission Management	p.36-p.37
			GRI: 2016 305-3	Volume of greenhouse gas emissions through other means (other indirect emissions)	6.2 Greenhouse Gas Emission Management	p.36-p.37
			GRI: 2016 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions	6.4.1 Air Pollution Control	p.40
	6	Compliance with environmental regulations	103-2 103-3	Management guidelines and their elements Evaluation of management guidelines	6.4.2 Waste Management	p.41
			GRI: 2016 307-1	Violation of environmental protection regulations	6.4.2 Waste Management	p.41
	7	Waste management	103-2 103-3	Management guidelines and their elements Evaluation of management guidelines	6.4.2 Waste Management	p.40
			GRI: 2020 306-3	Waste generation	6.4.2 Waste Management	p.40
	8	Green products	103-2 103-3	Management guidelines and their elements Evaluation of management guidelines	6.5 Green Products	p.41
			-	Eco-friendly recycled products	6.5.1 Eco-friendly Recycled Products	p.41
			GRI: 2016 301-3 (Partial Disclosure)	Percentage of sold products and product packaging materials that are recycled by category	6.5.2 Resource Recycling	p.41

Category	Item	Significant Topic	Corresponding GRI Code	Indicator	Corresponding Chapter/Description	Page Number
Society	9	Employee-employer Relationship	103-2 103-3	Management guidelines and their elements Evaluation of management guidelines	7.1 Employee and Employer Relationship	p.43-p.45
			GRI: 2016 401-1	Total number and proportion of new employees and departed employees by age group, gender and region	7.1.1 Employee Structure	p.43-p.44
			GRI: 2016 401-2	Benefits provided only to full-time employees, by key operating locations	7.1.4 Employee Benefits	p.45
	10	Occupational health and safety	103-2 103-3	Management guidelines and their elements, evaluation of management guidelines	7.2 Providing a Safe and Healthy Work Environment	p.46-p.52
			GRI: 2018 403-1	Labor Health and Safety Management System	7.2.1 Occupational Health and Safety Operations	p.46
			GRI: 2018 403-2	Hazard identification, risk assessment, and incident investigation	7.2.2 Hazard Identification and Risk Assessment	p.46-p.47
			GRI: 2018 403-3	Occupational health services	7.2.1 Occupational Health and Safety Operations	p.46
			GRI: 2018 403-4	Worker involvement, consultation and communication regarding occupational health and safety	7.2.1 Occupational Health and Safety Operations	p.46
			GRI: 2018 403-5	Working training regarding occupational health and safety	7.2.3 Safety Training	p.48-p.49
			GRI: 2018 403-6	Promotion of health for workers	7.2.4 Health Promotion	p.49
GRI: 2018 403-7	Preventing and mitigating occupational health and safety impacts directly related to company business	7.2.1 Occupational Health and Safety Operations	p.46			
GRI: 2018 403-9	Occupational injury	7.3.2 Occupational Injury	p.51~p.52			

9.2 Third Party Guarantee Statement



獨立保證意見聲明書

集盛實業股份有限公司 2021 年度永續報告書

英國標準協會與集盛實業股份有限公司(簡稱集盛公司)為相互獨立的公司,英國標準協會除了針對集盛實業股份有限公司 2021 年度永續報告書進行評估和查證外,與集盛公司並無任何財務上的關係。

本獨立保證意見聲明書之目的,僅作為對集盛實業股份有限公司 2021 年度永續報告書所界定範圍內的相關事項進行保證之結論,而不作為其他之用途。除對查證事實提出獨立保證意見聲明書外,對於其他目的之使用,或閱讀此獨立保證意見聲明書的任何人,英國標準協會並不負有或承擔任何有關法律或其他之責任。

本獨立保證意見聲明書係英國標準協會審查集盛公司提供之相關資訊所作成之結論,因此審查範圍乃基於並侷限在這些提供的資訊內容之內,英國標準協會認為這些資訊內容都是完整且準確的。

對於這份獨立保證意見聲明書所載內容或相關事項之任何疑問,將由集盛公司一併回覆。

查證範圍

集盛公司與英國標準協會協議的查證範圍包括:

1. 本查證作業範疇與集盛實業股份有限公司 2021 年度永續報告書揭露之報告範疇一致。
2. 依照 AA1000 保證標準 v3 的第 1 應用類型評估集盛公司遵循 AA1000 當責性原則(2018)的本質和程度,不包括對於報告書揭露的資訊/數據之可信賴度的查證。

本聲明書以英文作成並已翻譯為中文以供參考。

意見聲明

我們總結集盛實業股份有限公司 2021 年度永續報告書內容,對於集盛公司之相關運作與永續績效則提供了一個公平的觀點。基於保證範圍限制事項,集盛公司所提供資訊與數據以及抽樣之測試,此報告書並無重大之不實陳述。我們相信有關集盛公司的環境、社會及治理等績效資訊是被正確無誤地呈現。報告書所揭露之永續績效資訊展現了集盛公司對識別利害關係人的努力。

我們的工作是由一組具有依據 AA1000 保證標準 v3 查證能力之團隊執行,以及策劃和執行這部分的工作,以獲得必要之訊息資料及說明。我們認為就集盛公司所提供之足夠證據,表明其符合 AA1000 保證標準 v3 的報告方法與自我聲明依循 GRI 永續性報導準則核心選項係屬公允的。

查證方法

為了收集與作成結論有關的證據,我們執行了以下工作:

- 對來自外部團體的議題相關於集盛公司政策進行訪談,以確認本報告書中聲明書的合適性
 - 與管理者討論有關利害關係人參與的方式,然而,我們並無直接接觸外部利害關係人
 - 訪談 3 位與永續性管理、報告書編製及資訊提供有關的員工
 - 審查有關組織的關鍵性發展
 - 審查內部稽核的發現
 - 審查報告書中所作宣告的支持性證據
- 針對公司報告書及其相關 AA1000 當責性原則(2018)中有關包容性、重大性、回應性及衝擊性原則之流程管理進行審查

結論

針對 AA1000 當責性原則(2018)之包容性、重大性、回應性及衝擊性與 GRI 永續性報導準則的詳細審查結果如下：

包容性

2021 年報告書反映出集盛公司已持續尋求利害關係人的參與，並建立重大永續主題，以發展及達成對永續具有責任且策略性的回應。報告書中已公正地報告與揭露環境、社會及治理的訊息，足以支持適當的計畫與目標設定。以我們的專業意見而言，這份報告書涵蓋了集盛公司之包容性議題。

重大性

集盛公司公布對組織及其利害關係人之評估、決策、行動和績效會產生實質性影響與衝擊之重大主題。永續性資訊揭露使利害關係人得以對公司之管理與績效進行判斷。以我們的專業意見而言，這份報告書適切地涵蓋了集盛公司之重大性議題。

回應性

集盛公司執行來自利害關係人的期待與看法之回應。集盛公司已發展相關道德政策，作為提供進一步回應利害關係人的機會，並能對利害關係人所關切之議題作出及時性回應。以我們的專業意見而言，這份報告書涵蓋了集盛公司之回應性議題。

衝擊性

集盛公司已鑑別並以平衡和有效之量測及揭露方式公正展現其衝擊。集盛公司已經建立監督、量測、評估和管理衝擊之流程，從而在組織內實現更有效之決策和結果管理。以我們的專業意見而言，這份報告書涵蓋了集盛公司之衝擊性議題。

GRI 永續性報導準則

集盛公司提供有關依循 GRI 永續性報導準則之自我宣告，與相當於“核心選項”(每個涵蓋特定主題 GRI 準則之重大主題，至少一個特定主題的揭露項目依循其全部的報導要求)的相關資料。基於審查的結果，我們確認報告書中參照 GRI 永續性報導準則的永續發展相關揭露項目已被報告、部分報告或省略。以我們的專業意見而言，此自我宣告涵蓋了集盛公司的永續性主題。

保證等級

依據 AA1000 保證標準 v3 我們審查本聲明書為中度保證等級，如同本聲明書中所描述之範圍與方法。

責任

這份永續報告書所屬責任，如同責任信中所宣稱，為集盛公司負責人所有。我們的責任為基於所描述之範圍與方法，提供專業意見並提供利害關係人一個獨立的保證意見聲明書。

能力與獨立性

英國標準協會於 1901 年成立，為全球標準與驗證的領導者。本查證團隊係由具專業背景，且接受過如 AA1000AS、ISO 14001、ISO 45001、ISO 14064 及 ISO 9001 之一系列永續性、環境及社會等管理標準的訓練，具有主導稽核員資格之成員組成。本保證係依據 BSI 公平交易準則執行。

For and on behalf of BSI:



Peter Pu, Managing Director BSI Taiwan



Statement No: SRA-TW-2021048
2022-05-03

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Ni-Hu Dist., Taipei 114, Taiwan, R.O.C.

A Member of the BSI Group of Companies.

...making excellence a habit.™



INDEPENDENT ASSURANCE OPINION STATEMENT

ZIG SHENG IND. CO., LTD. 2021 Sustainability Report

The British Standards Institution is independent to ZIG SHENG IND. CO., LTD. (hereafter referred to as ZIG SHENG in this statement) and has no financial interest in the operation of ZIG SHENG other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of ZIG SHENG only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by ZIG SHENG. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to ZIG SHENG only.

Scope

The scope of engagement agreed upon with ZIG SHENG includes the followings:

1. The assurance scope is consistent with the description of ZIG SHENG IND. CO., LTD. 2021 Sustainability Report.
2. The evaluation of the nature and extent of the ZIG SHENG's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the ZIG SHENG IND. CO., LTD. 2021 Sustainability Report provides a fair view of the ZIG SHENG sustainability programmes and performances during 2021. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the ZIG SHENG and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate ZIG SHENG's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that ZIG SHENG's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to ZIG SHENG's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 3 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that ZIG SHENG has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the ZIG SHENG's inclusivity issues.

Materiality

ZIG SHENG publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of ZIG SHENG and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the ZIG SHENG's management and performance. In our professional opinion the report covers the ZIG SHENG's material issues.

Responsiveness

ZIG SHENG has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for ZIG SHENG is developed and continually provides the opportunity to further enhance ZIG SHENG's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the ZIG SHENG's responsiveness issues.

Impact

ZIG SHENG has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. ZIG SHENG has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the ZIG SHENG's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

ZIG SHENG provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the ZIG SHENG's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

The sustainability report is the responsibility of the ZIG SHENG's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Peter Pu, Managing Director BSI Taiwan



AA1000
Licensed Report
000-4/V3-AZHFO

Statement No: SRA-TW-2021048
2022-05-03

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.

BSI Taiwan is a subsidiary of British Standards Institution.

...making excellence a habit.™





ZIG SHENG is committed to entrepreneurial integrity and the spirit of innovation. We are also mindful of sustainability and environmental protection as we join in sustainable development efforts around the world.



Zig Sheng Industrial Co., Ltd.

2F, No. 70, Xining North Road, Datong District, Taipei City

T | +886 2 2555 7151

F | +886 2 2550 5652

www.zigsheng.com