



# 2022 SUSTAINABILITY REPORT

Currently released version  
June 2023



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## 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, 2022 to December 31, 2022. 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.

### Basis for the Compilation of the Report

The structure of this report is based on 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 Assurance

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 assurance 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 "ESG" at <http://www.zigsheng.com/en/home/>.

The previous version was released in June 2022, the current version was released in June 2023, and the next version is scheduled to be released in June 2024.



### Contact Information

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

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Zig Sheng Industrial Co., Ltd.

#### Contact

President's Office

#### Address

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

#### Telephone

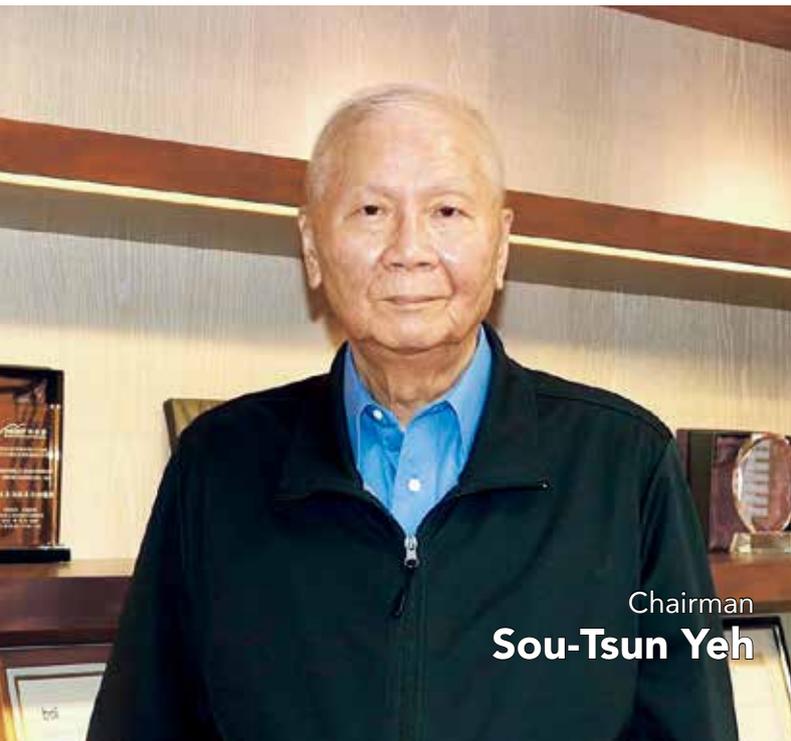
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CSR@zigsheng.com



Chairman  
**Sou-Tsun Yeh**



President  
**Pat-Huang Su**

## Message from the Management

The outbreak of the Russia-Ukraine war in 2022 raised energy and food prices and caused inflation. The central banks of various countries continued to raise interest rates, and China adopted a zero-COVID policy in response to the pandemic, which had a seriously negative impact on the global economy, leading to a decline in the purchasing power of the end-consumer market, and the lack of orders in the manufacturing industry due to sluggish demand. The Company has been unable to avoid this phenomenon as well; as a result, the overall utilization rate of production machinery was low, resulting in a significant decline in annual revenue and a loss for the year 2022. However, in order to achieve sustainable operation, the Company has continued to make efforts in all aspects in the hope of overcoming the difficult situation, and is looking forward to a year of good operating results in 2023.



## Corporate Governance

In order to continue to promote sustainable development, the Company has taken a number of measures to strengthen the functions of the board of directors, stakeholder communication, and information transparency in accordance with the "Corporate Governance 3.0—Blueprint for Sustainable Development" announced by the Financial Supervisory Commission (FSC) of Taiwan, which has significantly improved our standard of corporate governance. In 2022, the Company's ranking in the Corporate Governance Evaluation for companies listed in the Taiwan Stock Exchange was in the top 21%-35%, an improvement from last year's 36%-50%.

## Economic Effectiveness

In 2022, due to the loss of orders as a result of the global economic downturn caused by inflation in the second half of the year, the Company's revenue for the entire year of 2022 declined significantly and showed a loss. In the face of the difficult economic situation, the Company strived to operate in a steadfast manner, and under a prudent management policy, the Company has strictly controlled its inventory and accounts receivable, and as of the end of 2022, the Company's various financial indicators were still in good shape with a current ratio of 149.63%, an accounts receivable collection period of 49 days, and a debt ratio of 28.24%, showing the sound condition of the Company's operations. It is expected that the recovery of the economy in 2023 will lead to significant growth in operations, which will further boost profitability.

## Sustainability and Environmental Protection

In response to the global effort to reach net-zero emissions, the Company has not only actively adopted renewable energy, with the cumulative capacity of solar power generation reaching 3,368.38 kW by 2022, but also continues to promote energy conservation and carbon reduction by purchasing and updating high-efficiency machinery and equipment, resulting in a cumulative electricity saving of 11.11% from 2015 to 2022. Our annual energy savings reached 1.28 million kWh in 2022. The carbon offset project (ISO 14064-2) and the carbon footprint inventory (ISO 14067) was introduced to cope with carbon taxes, which will become a trend in the future.

## Giving Back to Society

In order to protect the livelihood of our employees, the Company increased the salaries of all employees by 4% in 2021 and by another 3% in September 2022, so as to raise the salary level of employees and motivate them as well as to create a win-win situation for both employees and the management. 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 (according to the old pension plan) to eligible employees in accordance with the Labor Standards Act. In 2022, we paid NT\$19,007 thousand in pensions to employees, and the accumulated amount of pensions we paid from 2008 to 2022 amounted to NT\$256,401 thousand. Scholarships and bursaries are also provided to universities with whom we have industry-academia collaborations to help students with their families' expenses and encourage them to work hard in their studies, so we can realize our goal of giving back to society.

# Sustainability Performance

Aspect	Category	SDGs	Performance Measurement Indicators	Page	2022 Performance	2023 Targets
Economy	Corporate Governance	–	Corporate Governance Evaluation	25	Our ranking in the 2022 Corporate Governance Evaluation for Companies Listed in the Taiwan Stock Exchange is in the top 21%-35%, an improvement from last year's top 36%-50%.	Our corporate governance continues to steadily improve.
	Economic Performance	–	Debt Ratio	24	The debt ratio decreased to 28.24% (was 32.17% in 2021).	We continue to strive to achieve profitability goals.
	Supplier Management	–	Supplier's Pledge	29	1. Suppliers are required to fulfill their social responsibility, and 204 suppliers have signed our Supplier's Pledge. 2. The Contractor's Pledge has been signed by 252 project contractors.	214 suppliers and 264 contractors have signed pledges to comply with the Company's commitment to corporate social responsibility.
			Demand for Ethical Suppliers	29	The "Statement of Ethical Management" is included in purchase orders as well as purchase and construction contracts with vendors, requiring compliance with the Company's ethical management policy.	We continue to require our vendors to comply with our ethical management policy.
Environment	Climate Change and Energy Management		Reducing Energy Consumption	38	Energy savings totaled 1,284,378.6 kWh with an average annual saving rate of 1% and a cumulative energy savings performance of 11.11% from 2015 to 2022.	Total energy savings were 4.72 million kWh; the average annual energy saving target is 1.17%.
			Developing Renewable Energy	40	A 559.3 kW solar power plant was built; the capacity of our solar power plant has reached 3368.38 kW	We are continuing developments in green energy, and we will continue to plan for space to install green energy facilities so as to increase the capacity of solar energy generators in the future.
	Greenhouse Gas Emissions		Total Emissions	36	1. Completion of the replacement of fuel oil boilers by three natural gas boilers in 2022, which resulted in a reduction of about 879 metric tons of CO <sub>2e</sub> , with a total emission reduction of 30,783 metric tons of CO <sub>2e</sub> compared with that in 2021. 2. Completion of the ISO 14067 carbon footprint inventory; the scope of the inventory: regular nylon chips, eco-friendly nylon chips made from waste yarn, and eco-friendly nylon chips made from fishing nets.	In addition to keeping carbon reduction measures in place and conducting regular greenhouse gas verification, we have applied for carbon offset projects; our goal is net zero emissions.
		Green Products		Recycling Products	42	Our polyester and nylon products have passed the Global Recycled Standard (GRS), which covers seven types of products, including nylon chips, nylon filament, polyester chips, polyester filament, DTY, ATY, and compound materials. These products utilize recycled materials such as nylon filament scraps, fishing nets and polyester bottle chips, which were put into production via regenerative processes. Not does this comply with customers' demand for environmentally-friendly products, but also increases the added value of the products.
	Recycling rate of packaging materials		41	Recycled 10,780 polymer bags; recycling rate is 100% Recycled 531,759 textile hole boards; recycling rate is 100% Recycled 1,342,570 paper tubes at Spinning Plant 1; recycling rate is 87% Recycled 888,756 paper tubes at Spinning Plant 2; recycling rate is 100%	Polymer bag recycling rate is 100% Textile hole board recycling rate is 100% Recycling rate for paper tubes at Spinning Plant 1 is 80% Recycling rate for paper tubes at Spinning Plant 2 is 100%	
Society	Occupational Health and Safety		Health and Safety Performance	53	Disabling Injury Frequency Rate (FR) is 0.41 times/million work hours; Achieved goal (< 1.90 times/million work hours) Disabling Injury Severity Rate (SR) is 0 days/million work hours; Achieved goal (< 7 days/million work hours)	Disabling Injury Frequency Rate (FR) < 1.80 times/million work hours Disabling Injury Severity Rate (SR) < 6 days/million work hours
			Number of occupational accidents	54	The Company had 1 occupational accident (4 in 2021) and our contractors had 2.	Continue to promote disaster reduction programs and move toward our goal of zero occupational accidents
	Social Welfare		Scholarships and Bursaries	57	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



# 01

## ORGANIZATION INFORMATION

## 1.1 About Our 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.

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



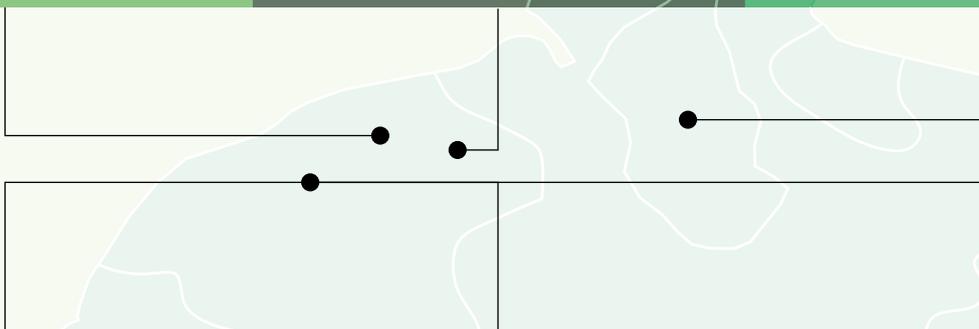
### Guishan Plant 1

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 City 103  
TEL—886-2-2555-7151  
TEL—886-2-2555-7151



### 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



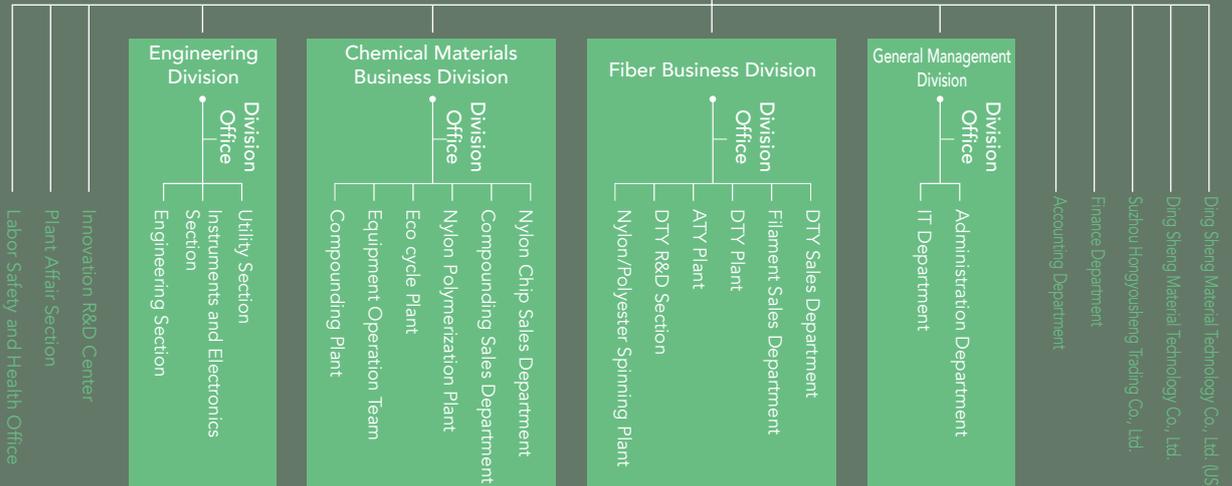
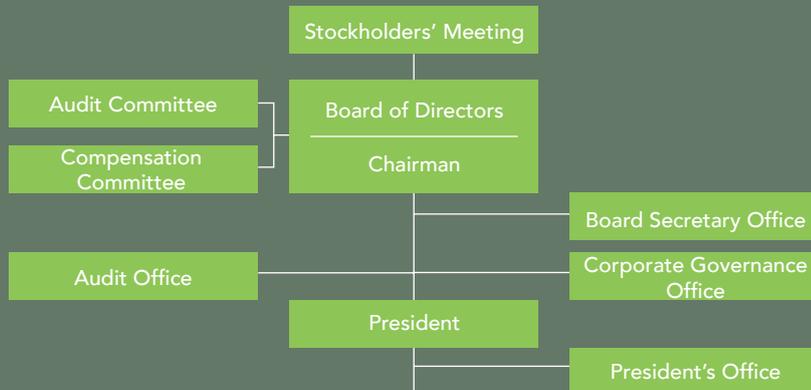
### Guanyin Plant 4

No. 2, Ronggong South Road, Guanyin 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 City
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	2022 revenue: NT\$9.3 billion (sales share of products) ① DTY---- 34.2%      ③ Nylon Chips----- 44.0%      ⑤ Other--- 0.4% ② Filament---- 14.4%      ④ Compound Materials---- 7.0%
9	Employees Hired	Total: 1261
10	Company Website	<a href="http://www.zigsheng.com">http://www.zigsheng.com</a>



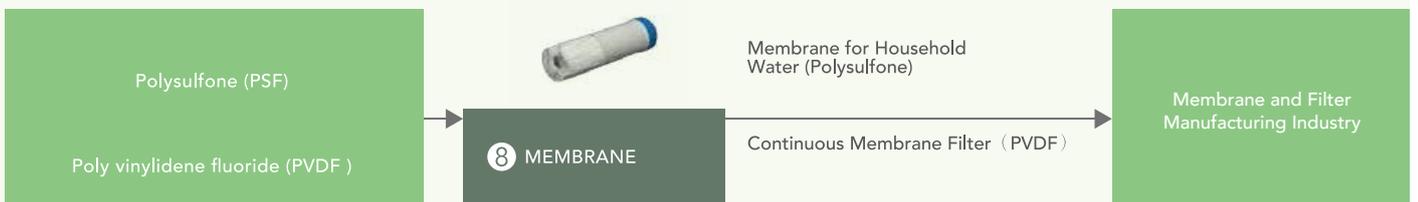
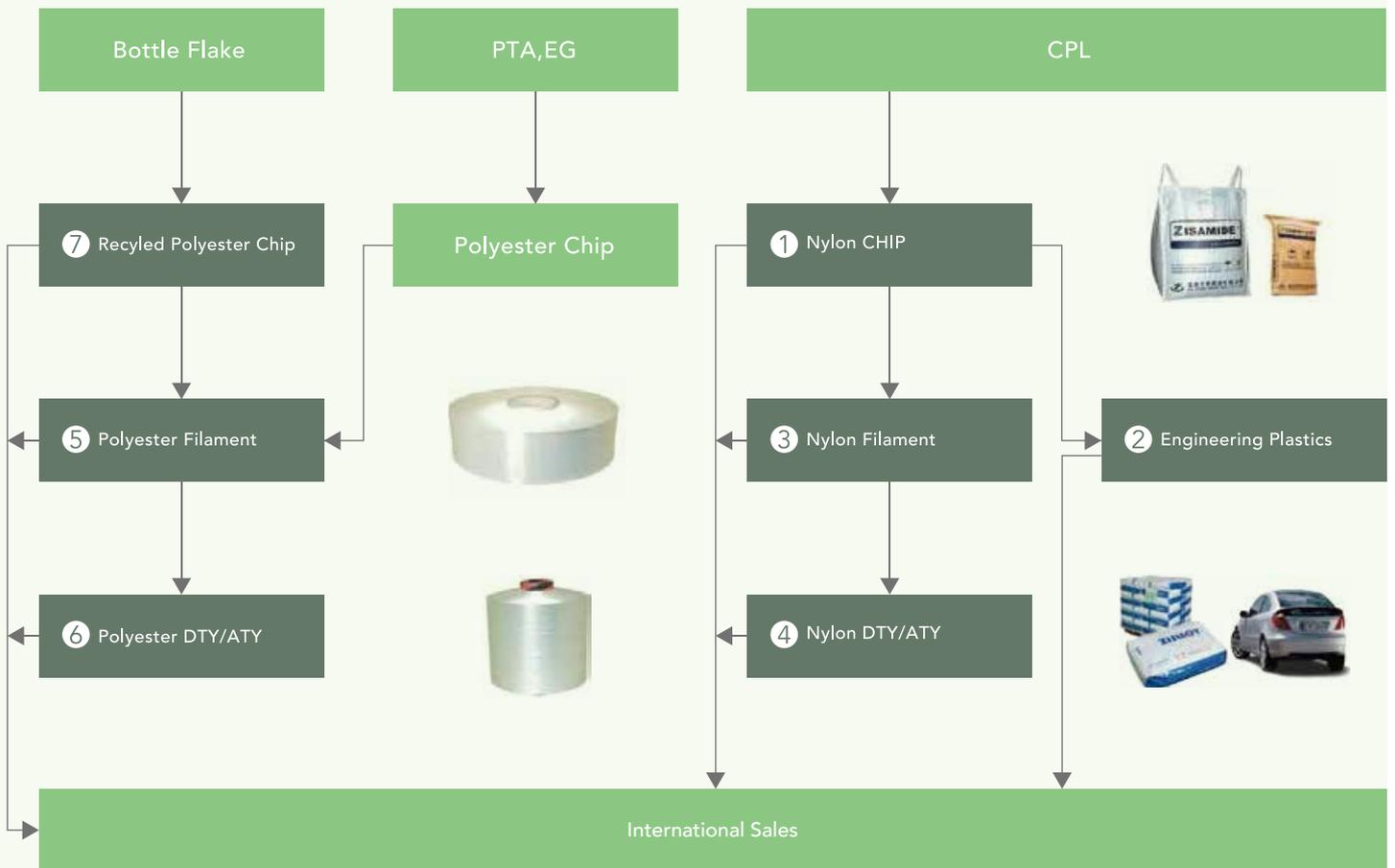
For the businesses of each organizational structure, please see the Company's website for details.

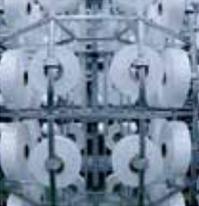


## 1.2 Products and Services

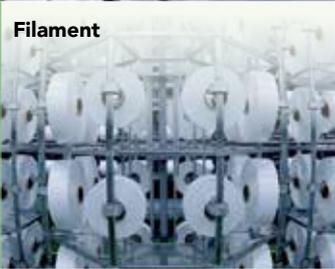
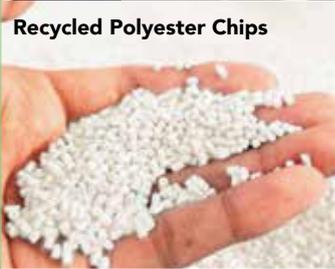
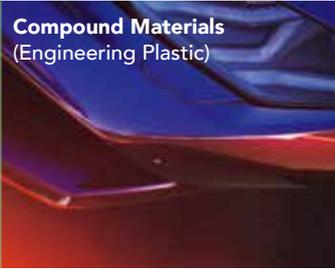
	<p><b>Fiber Division</b></p> <ul style="list-style-type: none"> <li>③ Nylon Filament</li> <li>④ Nylon DTY/ATY</li> <li>⑤ Polyester Filament</li> <li>⑥ Polyester DTY/ATY</li> </ul>		<p><b>Chips Division</b></p> <ul style="list-style-type: none"> <li>① Nylon CHIP</li> <li>② Engineering Plastics</li> <li>⑦ Recycled Polyester Chip</li> <li>⑧ MEMBRANE</li> </ul>
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### 1.2.1 Upstream, Midstream and Downstream Industry Structure



Product	Number of Downstream Customers	Business Activity Type	Business Relationship	Location
 <b>DTY</b>	380	Manufacturer, distributor, trader, wholesaler	Long-term, short-term, contractual, non-contractual	Taiwan, Mainland China, Hong Kong, India, Japan, South Korea, Turkey, the United States, Vietnam, Thailand, Malaysia, Indonesia, Mexico, Bangladesh, Spain, Australia, Mauritius, Colombia
 <b>Filament</b>	127	Manufacturer, trader	Long-term, short-term, contractual	Taiwan, Japan, South Korea, Vietnam, the Philippines, Mainland China, Sri Lanka, the United States, Colombia, Thailand, Mexico, Brazil, India
 <b>Nylon Chips</b>	86	Manufacturer, trader	Long-term, short-term, contractual, non-contractual	Taiwan, Mainland China, Hong Kong, India, Japan, South Korea, Turkey, the United States, Germany, Vietnam, Thailand, Malaysia, Indonesia, Mexico, Belgium, Singapore, Bangladesh
 <b>Compound Materials</b>	104	Manufacturer, distributor, trader, wholesaler	Long-term, contractual, non-contractual	Taiwan, Mainland China, Hong Kong, Vietnam, Malaysia, Indonesia, Thailand, South Africa, the United States, Sri Lanka, New Zealand, Australia, Bangladesh, South Korea, Mexico, Singapore
 <b>Water resource materials</b>	9	Clean water and wastewater equipment manufacturer	Long-term, non-contractual, specific projects	Taiwan, Mainland China

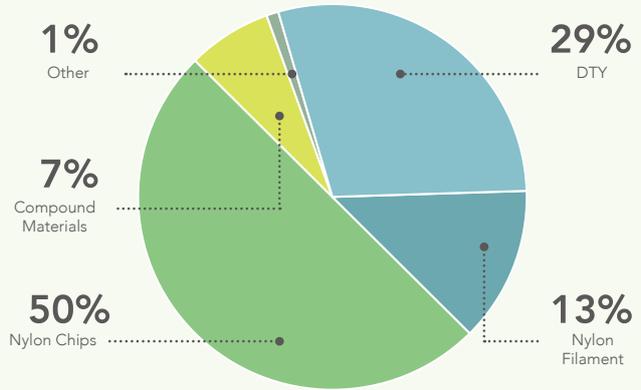
1.2.2 Product Use and Contribution to the Environment

Business	Product	Applications	Contribution to the Environment
Fiber Business Division	 <p><b>DTY</b></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>	<p>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.</p> <p>Produce recycled products to reduce the damage to the environment.</p>
	 <p><b>Filament</b></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, and industrial filament</p>	<p>Increase the sales of warp knitting filament, and develop performance products as well as solution-dyed filament and recycled nylon.</p> <p>Among such products, collagen nylon fiber is made of collagen from discarded fish scales to make the circular economy production model a reality.</p>
Chemical Materials Business Division	 <p><b>Nylon Chips</b></p>	<p>For spinning, electrical appliances and electronic parts, plastic extrusion/injection, mixing, cut cotton pads, car parts, carpet, fishing nets, monofilament, safety belts, and packaging film</p>	<p>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>
	 <p><b>Recycled Polyester Chips</b></p>	<p>Spinning grade, injection grade, non-food packaging, shoe materials, and consumer products</p>	<p>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>
	 <p><b>Compound Materials (Engineering Plastic)</b></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>	<p>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>
	 <p><b>Water Resource Materials (Hollow Fiber Membrane)</b></p>	<p>Water purifiers, functional water dispensers, whole house water filtration, commercial filtration, and 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 centers, UF pretreatment for seawater desalination plants, and raw water quality and toxicity monitoring and filtration systems.</p>	<p>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.</p> <p>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.</p>

1.2.3 Product Sales and Service Satisfaction Level

(1) 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:

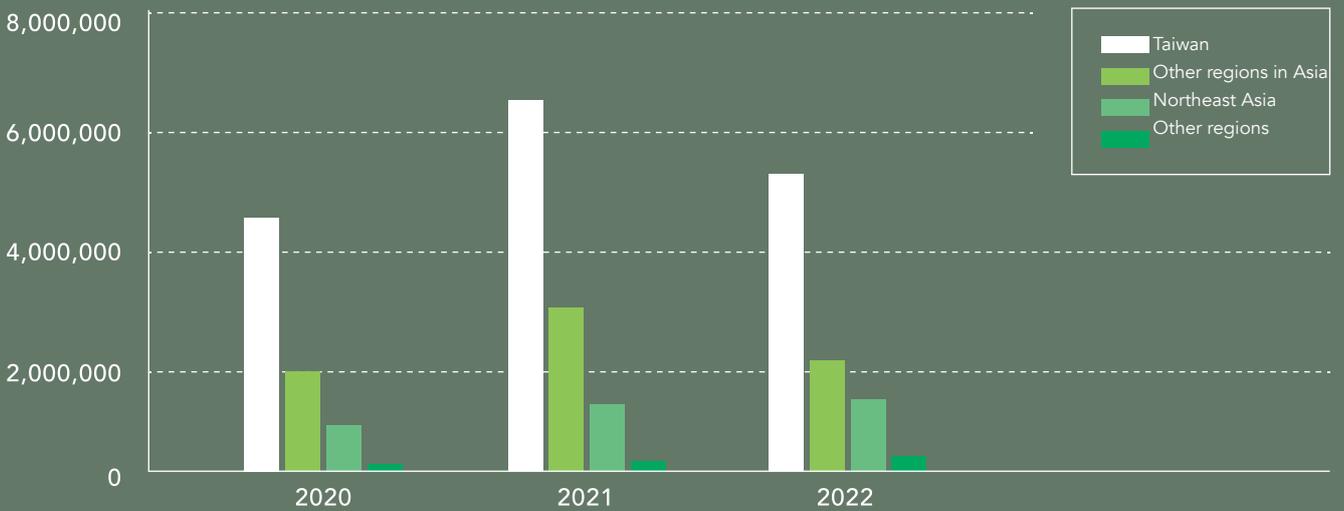


For the sales volume of each product, please refer to Zig Sheng's annual report - 5. Operation Overview.

<http://www.zigsheng.com/en/investor-relations/shareholder-information/annual-calendar/>

Regions		2020		2021		2022	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
Asia	Taiwan	4,640,224	60.45%	6,596,152	58.80%	5,297,544	56.95%
	Other regions in Asia	2,006,025	26.14%	3,001,595	26.76%	2,144,475	23.06%
Northeast Asia		868,822	11.32%	1,423,919	12.69%	1,548,046	16.64%
Other regions		160,536	2.09%	196,847	1.75%	311,380	3.35%
Total		7,675,607	100.00%	11,218,513	100.00%	9,301,445	100.00%

Unit: NTD thousand



Note 1: Other regions in Asia include Southeast Asia, Mainland China, Hong Kong, etc.  
 Note 2: Other regions include the Americas, Africa, Europe, and Oceania

## (2) 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 2022 are as follows:



#### Customer Satisfaction Assessment Item

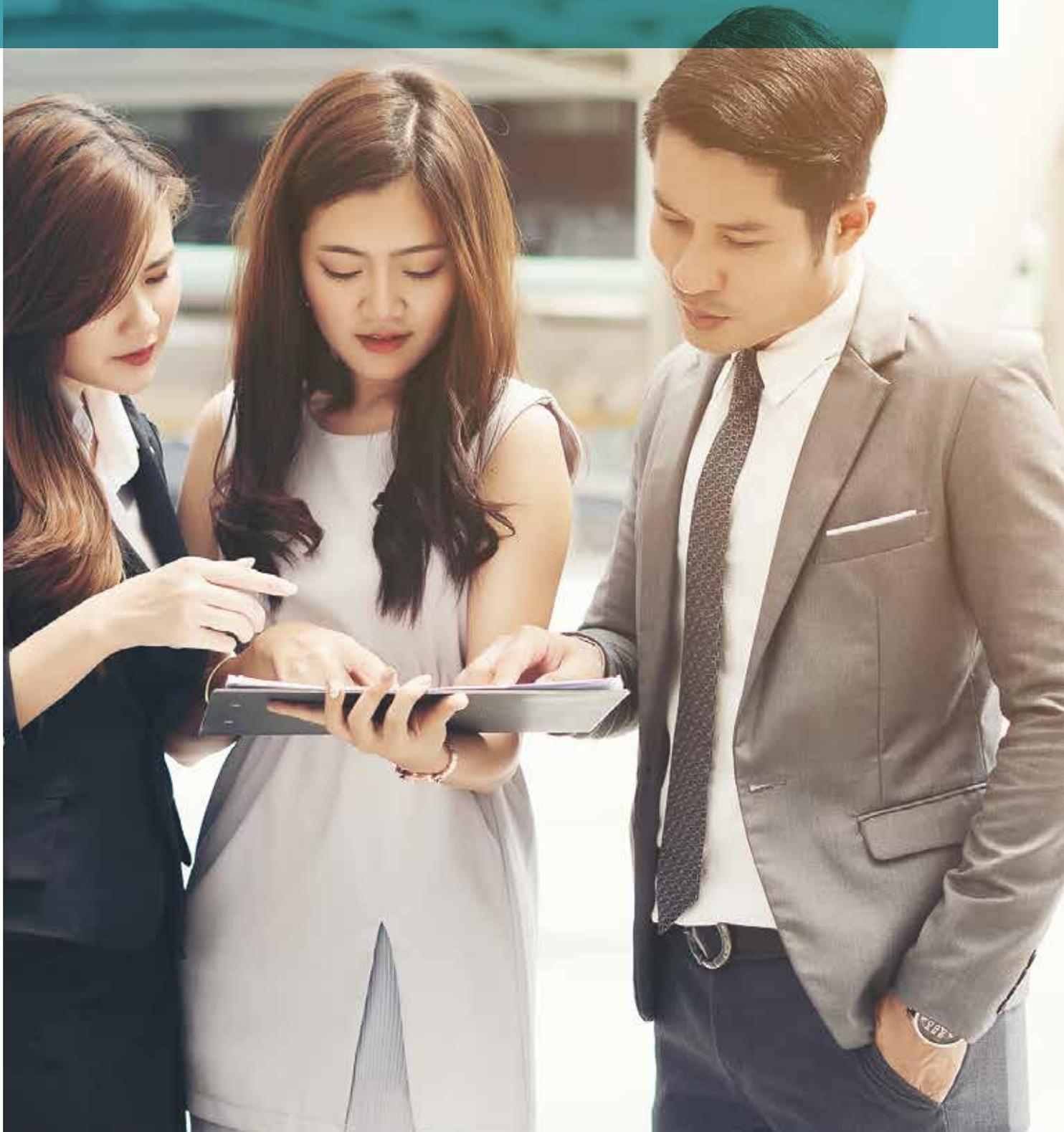
1. Customer Satisfaction Survey (20%) → Based on the previous year's total score provided by domestic and international customers' ranking survey\*20%. (Includes 50% for quality, 20% for transportation, 15% for level of accommodation in operations, and 15% for document processing)
2. Handling of customer 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	2020	19.0	48.6	14.5	10.0	92.1	In 2022, there was a steady downward revision of freight rates, and schedules gradually returned to normal. Some ocean vessel shipping schedules were affected occasionally, and some order quantities were affected by war.
	2021	18.8	50.0	14.3	10.0	93.1	
	2022	18.8	50.0	15.0	10.0	93.8	
Filament	2020	17.7	50.0	13.2	10.0	90.9	In 2022, there was a downward revision of freight rates, and the near-ocean shipping schedule gradually returned to normal. Order volume was affected by war, but order volume and shipments were stable for some regions.
	2021	18.1	50.0	12.8	10.0	90.9	
	2022	18.0	50.0	12.3	10.0	90.3	
Nylon Chips	2020	17.5	50.0	12.8	10.0	90.3	Compared with the unstable delivery schedule in 2021, this year's schedule is more stable than last year's, in addition to the downward revision of freight rates. In addition, we regularly confirm the estimated quantities with our customers to ensure a stable supply, which has led to an increase in the level of customer satisfaction. In the year before last, due to the end of production at Polymerization Plant 3, we conducted re-planning for production lines and customers. This year, the relevant adjustments have been completed, so the stability of customers has increased.
	2021	17.2	50.0	11.9	10.0	89.1	
	2022	18.0	50.0	14.1	10.0	92.1	
Compound Materials	2020	19.0	50.0	15.7	10.0	94.7	The impact of inflation and war led to high inventory levels for our customers, resulting in a sharp decrease in the number of orders. Even customers with smaller orders stopped placing orders to wait out the situation, resulting in a high rate of customer churn rate.
	2021	19.0	50.0	15.7	10.0	94.7	
	2022	18.8	50.0	14.7	10.0	93.5	
Water Filters	2020	18.6	50.0	11.5	10.0	90.1	Sales of household water purification filters grew significantly in both volume and revenue in 2022. Growth is expected to remain steady in the current year. As for industrial filters, due to the impact of the pandemic in recent years, many manufacturers have postponed their planned expansion of plants and production lines; however, the demand for products related to water resources in the future remains promising, thus cases of product development and sales performance will grow steadily year after year.
	2021	19.9	50.0	6.7	10.0	86.6	
	2022	19.6	50.0	8.6	10.0	88.2	

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.

# 02

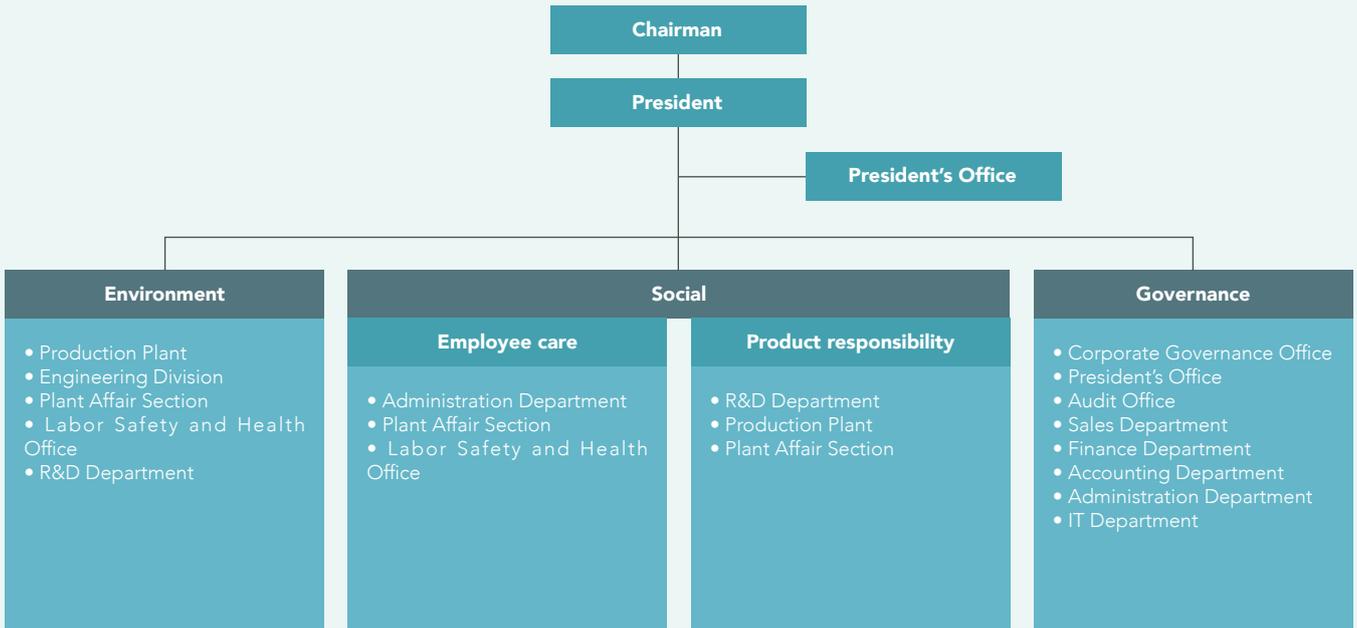
## STAKEHOLDER INTERACTIONS



## 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



## 2.2 Stakeholder Identification and Communication

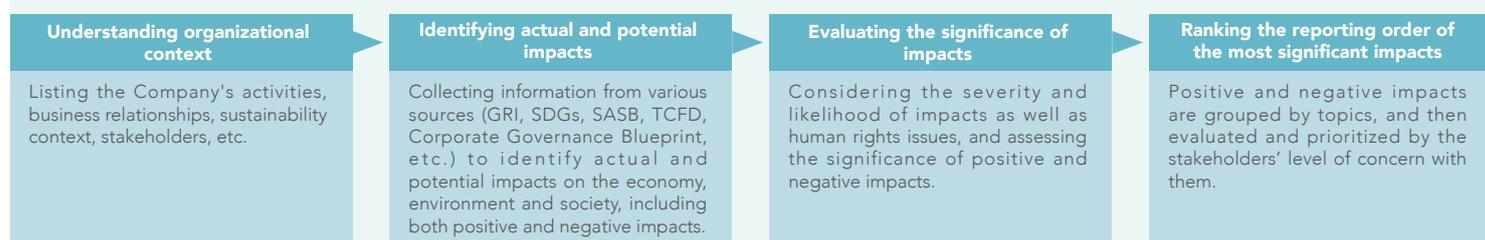
In pursuit of the sustainable development of Zig Sheng and the best interests of its shareholders, the President's Office convened the executives from each department to identify ESG topics of concern to stakeholders. In accordance with the guidelines of AA1000 SES: 2015 Stakeholder Engagement Standard (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.



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 Climate Change Risk Management	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 Circular Economy	Telephone or email				•
					New products or services			•	•
					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	Supply Chain Management 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 Risk Management Energy Management Greenhouse Gas Emissions Circular Economy 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	Social Welfare	A communication channel with stakeholders is set up on the website				•
					Participating in community activities				•

## 2.3 Identification Process for Significant Sustainability Topics



## 2.4 Substantive Analyses for Significant Sustainability Topics

The ESG editorial team of Zig Sheng discussed the issues together, assessed the degree of positive and negative economic, environmental and social(including human rights) impacts, 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 final list of material topics based on the degree of impact each sustainability topic has on the Company, and the results of the analysis. The analysis was 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 nine major economic, environmental, and social sustainability topics plus one additional sustainability topic, for a total of ten, would serve as the basis for the disclosure of information in this sustainability report in order to conduct effective communication with stakeholders.

Aspect	Topic	Positive Ranking	Negative Ranking	Overall Ranking	Material Topic
Economy	Economic Performance	6	6	5	●
	Supply Chain Management	8	6	7	●
	Integrity and Ethics	11	10	12	
	Corporate Governance	11	10	13	
Environment	Circular Economy	2	6	3	●
	Energy Management	3	6	4	●
	Water Resource Management	11	14	14	
	Biodiversity	18	17	18	
	Greenhouse Gas Emissions	4	1	2	●
	Waste Management	8	3	8	●
	Climate Change Risk Management	1	1	1	●
Society	Employee-employer Relationship	6	3	9	●
	Occupational Health and Safety Management	4	5	6	●
	Talent Cultivation	15	17	15	
	Employee Diversification	15	14	16	
	Freedom of Association	15	14	17	
	Human Rights Evaluation	11	10	11	
	Social Welfare	8	10	10	■

★ : The overall ranking is the result of considering positive impacts, negative impacts, and stakeholder concerns.  
 ★ : The material topics are the same as those in the previous report; only the titles of the topics have changed.



## 2.5 Boundaries of 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	Material Topic	GRI Corresponding GRI Code	Concern	Impact					
				Employees	Customers	Suppliers/Contractors	Stockholders/Investors	Local Residents	Government Agencies
Economy	Economic Performance	201-1	Direct economic value generated and distributed	▲	●	▲	●	×	▲
	Employee-employer relationship (salary)	202-1	Ratio of standard salary for entry-level employees of different genders in key operating locations to local minimum pay	●	×	×	▲	▲	▲
	Supply Chain Management	204-1	Ratio of procurement expenses from local suppliers for key operating locations	●	▲	●	▲	×	×
Environment	Climate Change Risk Management	201-2	Financial impacts and other risks and opportunities that arise from climate change	●	▲	▲	●	▲	●
	Energy Management	302-4	Reducing energy consumption	●	▲	▲	▲	▲	●
	Greenhouse Gas Emissions	305-1	Greenhouse gas emissions (direct emissions)	●	▲	×	×	●	●
		305-2	Volume of greenhouse gas emissions through energy consumption (indirect emissions)	●	▲	×	×	●	●
		305-3	Volume of greenhouse gas emissions through other means (other indirect emissions)	●	▲	×	×	●	●
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions	●	▲	▲	▲	●	●
	Waste Management	306-3	Waste generation	×	×	×	×	▲	●
	Circular Economy	Self-determined	Eco-friendly recycled products	▲	●	●	●	×	×
Description of the percentage of sold packaging material that is recycled			●	●	●	▲	×	●	
Society	Employee-employer Relationship (Employee Composition and Benefits)	401-1	Total number and ratio of new employees and departed employees by age group, gender, and region	●	×	×	●	▲	▲
		401-2	Benefits provided only to full-time employees (excluding temporary or part-time employees) by key operating locations	●	×	×	●	▲	▲
	Occupational Health and Safety	403-1	Occupational Health and Safety Management System	●	▲	●	×	×	●
		403-2	Hazard identification, risk assessment, and incident investigation	●	×	▲	▲	▲	×
		403-3	Occupational health services	●	×	×	×	×	×
		403-4	Worker involvement, consultation and communication regarding occupational health and safety	●	×	×	×	×	×
		403-5	Worker training related to occupational health and safety	●	×	●	×	×	×
		403-6	Promotion of health for workers	●	×	×	×	×	×
		403-7	Preventing and mitigating occupational health and safety impacts directly related to company business	●	×	×	×	×	×
	403-9	Occupational injury	●	×	●	×	×	●	
Social Welfare	Self-determined	Planning activities to give back to local communities and investing in culture and education	▲	×	×	▲	●	●	

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

## 2.6 Consultation on Issues of Interest

 <p><b>Opinion Survey</b></p>	<p>Zig Sheng has set up a “Feedback or Suggestions” page on the company’s website for internal and external stakeholders to use.</p> 
 <p><b>Immediate Response</b></p>	<p>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.</p>
 <p><b>ESG Page</b></p>	<p>We have also set up an ESG page on our website to regularly disclose information from our Sustainability Report each year to respond to issues of interest to all internal and external stakeholders.</p> 

## 2.7 Management Guidelines for Significant Topics

Topic Category	Material Topic	Description of Significance	Policy or Commitment	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 engage in innovation and R&D Increase operating performance Pursue reasonable profits	<ol style="list-style-type: none"> <li>1. Ensure an adequate supply of raw materials, and achieve balance in production and sales</li> <li>2. Control operating costs, and maintain a sound financial structure</li> <li>3. Develop new markets, and meet customer requirements</li> </ol>	Management Level	<ol style="list-style-type: none"> <li>1. Quarterly management meeting to report on performance targets, and continuously improve and maintain performance</li> <li>2. Monthly sales profit report for each product is used as the basis for the management’s decision making</li> </ol>	p. 24	Financial reports are verified by third-party accountants
	Employee-employer Relationship - Salary	To raise the salary of employees so that they can meet basic needs.	Ensure the competitiveness of our employees’ salaries Localization of management	<ul style="list-style-type: none"> <li>• Strive to improve operating performance to raise the salaries of employees</li> </ul>	Management Level	In accordance with Taiwan’s labor laws and regulations	p. 46	Analyze the average and median salaries of full-time employees who are not in executive positions
	Supply Chain Management	We choose 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.	Prioritize local procurement Emphasize ethical corporate management Prohibit dishonest behavior with vendors	<ol style="list-style-type: none"> <li>1. Have the proportion of domestic procurement of key raw materials reach 60% or above</li> <li>2. Have the percentage of vendors who signed pledges reach 80%</li> <li>3. Prohibit unethical conduct in interactions between Zig Sheng and vendors, and ensure that the quality of the products and services vendors provide meet our needs so that our company can operate normally in all aspects.</li> </ol>	Administration Department   Procurement	<ol style="list-style-type: none"> <li>1. Selecting suppliers based on quality, price, lead time, stability in quantity, and attention to expectations</li> <li>2. Requiring vendors to sign pledges</li> </ol>	p.29	Supplier Evaluation

Topic Category	Material Topic	Description of Significance	Policy or Commitment	Target	Competent Authority	Management Method	Performance Results	Evaluation Mechanism
Environment	Climate Change Risk	Climate change has become one of the most critical issues in the world, and net-zero emissions has also become a shared global goal. Early assessment of the related risks will enable early response to the impact of climate change.	Emphasize the issue of climate change and formulate net-zero policies: process improvement, energy transformation, and circular economy.	Aim for net-zero emissions	President's Office	Conduct climate change risk assessment based on the TCFD framework, and formulate relevant responses and measures.	p.34	Regular review of TCFD
	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 Emphasis on climate change and global warming issues Reduce greenhouse gas emissions	1. Gradually switch from fuel-fired boilers to natural gas boilers to reduce emissions, and continue to improve 2. Add pollution prevention equipment to coal-fired boilers to reduce air pollution emissions	Plant Affair Section, production units, and Utility Section	Emission inventory is conducted according to ISO 14064-1	p. 36	ISO 14064-1 inventory data
	Energy Management	The amount of non-renewable energy available globally is limited. Since the manufacturing industry uses a large amount of energy, it is important to manage the efficiency of energy use.	Continued promotion of energy conservation measures Participation of all employees in energy saving and carbon reduction activities Increase renewable energy usage	Continued reduction of energy consumption and CO <sub>2</sub> 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 the ISO 14001, ISO 14064-1, and ISO 50001 energy management systems to manage major sources of power consumption and make improvements.	p.38	Reporting annual electricity savings to the Bureau of Energy
	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.41	Waste Statistics
	Circular Economy	We create value through recycled products to achieve our goal of striking a balance between economic performance and environmental sustainability.	Develop recycled products, and continue to recycle packaging materials	1. Continue to develop recycled products 2. Recycling packaging materials Polymerization Plant-polymer bag recycling rate is 100% Spinning Plant-hole board recycling rate is 100% Spinning Plant 1-paper tube recycling rate is 80% Spinning Plant 2-paper tube recycling rate is 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. 42	Statistics on the Carbon Footprint of Products and Recycling Rates
Society	Employee-employer Relationship - Employees Composition and Benefits	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 Fair treatment of all employees Reduce 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 collaborations	p. 44	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 moving forward with health promotion initiatives.	Compliance with occupational safety regulations Fulfillment of corporate responsibility Promote education and training Enhance personnel response Prevent potential hazards Implement risk management Realize health promotion Establish a friendly workplace	1. We 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) < 1.8; Disability Injury Severity rate (SR) < 6 3. Making zero occupational accidents a long-term goal	Plant manager of each plant Labor Safety Office	Self-management contests, health and safety education and training, health promotion programs	p. 53	Occupational accident statistics
	Social Welfare	Providing care to members of communities and disadvantaged groups is important to the company, and this in turn enhances our corporate image.	Build good relationships with communities Care and assistance for vulnerable groups Nurturing 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 and bursaries	p.57	Regular review



# 03

## CORPORATE OPERATIONS AND GOVERNANCE

## 3.1 Economic Performance

### 3.1.1 Operational Guidelines

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.

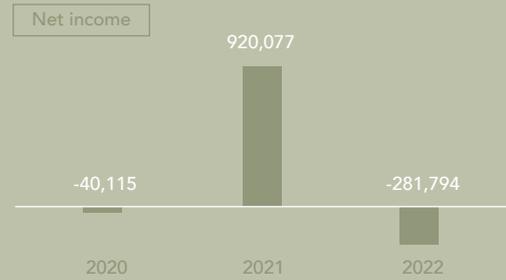
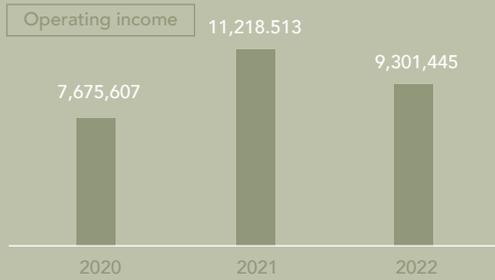
### Business Philosophy

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 ethics, 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 make 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	<p>We never simply talk the talk; we walk the walk, have the patience and the perseverance, and we are committed to fulfilling our promises to our customers. Doing things ethically is Zig Sheng's motto.</p> <p><b>Hardworking:</b> 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.</p> <p><b>Customer-oriented:</b> We listen to our customers' needs, solve problems, and guarantee quality, becoming an irreplaceable partner to our customers.</p> <p><b>Sensibility:</b> 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.</p>
Uniqueness and Innovation	<p>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.</p> <p><b>Diversification:</b> We regularly update and modify our machines, create new services, control and manage quality and function, satisfy needs in customization, and provide diversified products.</p> <p><b>Acumen:</b> 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.</p> <p><b>Foresight and vision:</b> 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.</p>

### 3.1.2 Operating Performance

Item \ Year	2020	2021	2022
Operating income	7,675,607	11,218,513	9,301,445
Operating costs	7,591,144	9,996,561	9,087,845
Operating profit	-279,614	647,895	-245,210
Net income	-40,115	920,077	-281,794
Earnings per share (NTD)	-0.07	1.73	-0.53
Current ratio	147.71	156.03	149.63
Debt ratio	26.89	32.17	28.24

Unit: NTD thousand



Item \ Year	2020	2021	2022
Employee salary and benefits	893,660	1,063,867	956,243
Payments to funders	11,374	173,413	446,058
Payments to the government	2,482	31,512	307
Community investments	728	1,018	738

For the detailed consolidated financial information, please refer to the annual report (disclosed under the Investor Relations page of our website) (<http://www.zigsheng.com/en/investor-relations/financial-information/financial-reports/>)

## 3.2 Corporate Governance

### 3.2.1 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.

For the nomination of candidates for the Company's Board of Directors, the Company has adopted a candidate nomination system for in accordance with the Company's Articles of Incorporation. The Company evaluates each candidate's academic qualifications and experience, professional background, integrity, and relevant professional qualifications, and submits them to the shareholders' meeting for election after the Board of Directors resolves to approve the nomination of the candidates. The Board of Directors also takes into account the opinions of stakeholders and complies with the "Regulations Governing the Election of Directors" and the "Corporate Governance Practices Guidelines" in order to ensure that the members of the Board of Directors are pluralistic and independent.

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 every quarter, and the attendance of the directors at the board meetings shall comply with the relevant regulations and meets the quorum; the members of the Board of Directors, their attendance at the board meetings and their further education, as well as the diversity policies of the Board of Directors and their implementation status are disclosed on the Company's website in a dedicated page for "Corporate Governance".

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

Corporate Governance-Board of Directors' Website:

<http://www.zigsheng.com/en/investor-relations/corporate-governance/board-of-directors/>



### 3.2.2 Operations of the Compensation Committee

The number of members of the Compensation Committee is three (Yu-Lun Ou, Ko-Wu Lin, and Herr-Yeh Sung), who were appointed by the Board of Directors. Yu-Lun Ou is the convener of the Compensation Committee. The 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.

For information on the qualifications of the members of the Compensation Committee, please refer to the Functional Committee page on the Company's website; their term of office expires on the same date as that of the directors.

Corporate governance - Website of our functional committee:

<http://www.zigsheng.com/en/investor-relations/corporate-governance/functional-committees/>



### 3.2.3 Operations and Management

In 2022, the Company's ranking in the 9th Corporate Governance Evaluation for Companies Listed on the Taiwan Stock Exchange was in the top 21%-35%.

<b>System (Process) Management</b>	Standardization, rationalization, and digitization
<b>Target (Efficiency) Management</b>	Goal setting, implementation control, review, and self-improvement
<b>Performance (Improvement) Management</b>	Quantitative indicators, process monitoring, evaluation, and continuous improvement
<b>Corporate (Satisfaction) Management</b>	Product diversification, sustainable growth, profit sharing, and social contribution



## 3.3 Integrity and Ethics

### 3.3.1 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.

### 3.3.2 Ethical Management

Based on our management philosophy of integrity, transparency and accountability, we have established an "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.

#### 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.



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

Company Regulations

### 3.3.3 Grievance and Reporting Mechanism

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.

<b>Grievance</b>	We have a variety of internal grievance and communication channels (such as mailboxes, email, and interviews with managers), as well as a page dedicated to stakeholders and 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.
<b>Filing a Report</b>	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.
<b>Handling</b>	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.
<b>Response</b>	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.
<b>Confidentiality</b>	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.
<b>Preservation of Records</b>	The information related to the investigation process and investigation results of grievances and reports are all kept in a complete and proper manner.

Zig Sheng has internal and external grievance and reporting channels for communication to be conducted smoothly, so that when an employee's rights and interests are jeopardized, he/she can fight for his/her rights and interests through official channels and report the case in the employee-employer meetings.

Page Dedicated to Stakeholders  
<http://www.zigsheng.com/en/csr/corporate-sustainability-practices/>



Feedback and Grievance  
<http://www.zigsheng.com/en/contact-us/feedback-and-complaints/>



Ethics Violation Reporting System  
<http://www.zigsheng.com/en/contact-us/integrity-and-ethics/>



In 2022, a total of 5 cases were made through grievance channels; in the same year, there were no cases of violations of ethics. The Company actively and properly handles grievances and whistleblowing cases, which are handled confidentially for the protection of the parties involved. All grievances and whistleblowing cases made in 2022 have been closed.

Content of Item		Number of Cases		
		2020	2021	2022
Grievance	Salary	0	0	1
	Leave	0	0	1
	Other	3	0	3
Reports Filed	Ethics	0	1	0
	Other	0	2	0
Total number of grievances filed		3	1	5
Total number of cases filed and resolved		3	1	5

### 3.3.4 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	Director	Industrial Policy Committee-Member Energy Policy Committee-Member Environment & Work Safety Committee-Member
Taiwan Man-Made Fiber Industries Association	Supervisor, member	
Taiwan Knitting Industry Association	Member	
Taiwan Technical Textiles Association	Vice President, member	
Taiwan Textile Federation	Director, member	
Taiwan Textile Technology Association	Director , member	
Taiwan Synthetic Resins Manufacturers Association	Director , member	
Functional Water Association of Taiwan	Member	
Taiwan Environmental Manufacturers Association	Member	
Taoyuan City Guanyin Industrial Zone Manufacturers Association	Executive director	
Dayuan Industrial Zone Manufacturers Association	Member	
Sustainable Excellence Alliance	Member	
Taiwan Circular Textile Initiative	Member	
Taiwan Industrial Holding Association	Member	

# 3.4 Supplier Management

## 3.4.1 Supply Chain of the Organization

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).

## 3.4.2 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.

- We also require suppliers to pay attention to the environment/social impacts/human rights/ personnel safety and hygiene when we are selecting suppliers.
- Environment: We comply with relevant environmental regulations, reduce the use of non-renewable resources and use resources efficiently to reduce environmental impact.
- Health and Safety: We provide a safe working environment, appropriate education and training, and protective measures when employees work with hazardous equipment, and we 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.
- We find 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.
- We choose local and creditable suppliers to effectively ensure on-time delivery and shortened lead times.

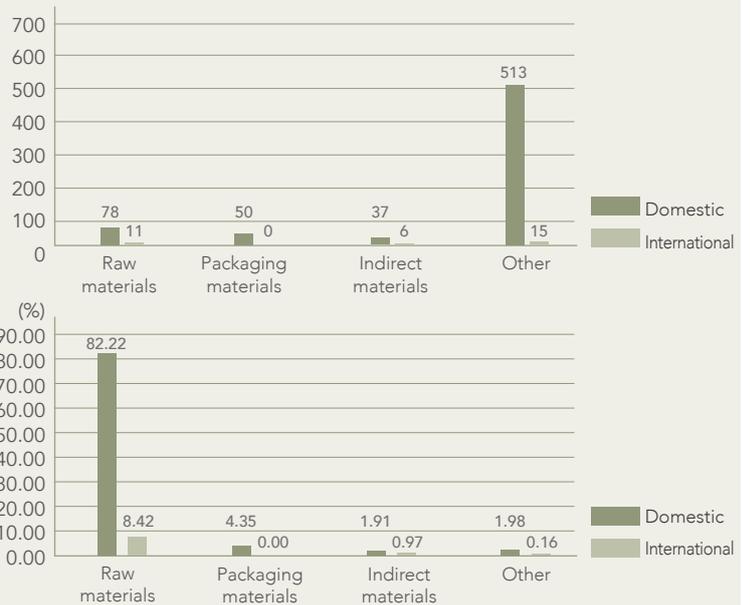
### 2022 Statistics on Major Domestic and Foreign Supplier (Type/Number)

Table of Vendor Statistics

Item	Domestic	International	Total
Key raw materials	78	11	89
Key packaging materials	50	0	50
Key indirect materials	37	6	43
Other	513	15	528
Percentage	95.49%	4.51%	100%

Table of the Percentage of Procurement Amount

Item	Domestic	International	Total
Key raw materials	82.22%	8.42%	90.64%
Key packaging materials	4.35%	0.00%	4.35%
Key indirect materials	1.91%	0.97%	2.88%
Other	1.98%	0.16%	2.14%
Total	90.46%	9.55%	100%



Note: The definition of local: "Domestic" is Taiwan, and "foreign" is imports. For CPL raw materials, we 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 2022, 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 (on-site audits were not conducted in 2022 due to the COVID-19 pandemic) in order to ensure that the suppliers' materials meet our needs and enable our operations to run normally.

In 2022, we worked with our suppliers to fulfill corporate social responsibility, and the percentage of major suppliers who have signed our Supplier's Pledge has reached 75% (137/182) and the percentage of project contractors who have signed has reached 62% (252/407), an increase of 10% compared to last year. In 2023, the percentage of major supplier signatories continued to increase to 80%.

Suppliers  
Table of Number and Percentage  
of Supplier Signatories



**3.4.3 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.

Contractor's Pledge	Before Construction	During Construction	After Construction
<ul style="list-style-type: none"> <li>Signing of the Contractor's Pledge</li> </ul>	<ul style="list-style-type: none"> <li>Joint operation agreement organization</li> <li>Personnel control (trained and qualified)</li> <li>Hazard notification</li> <li>Facility (equipment) inspection</li> <li>Process inspection</li> <li>Control of electrical equipment</li> <li>Application for special operations</li> </ul>	<ul style="list-style-type: none"> <li>Control for hazardous and environmental operations</li> <li>Inspections of operations on an irregular basis</li> <li>Accident correction and prevention</li> <li>Emergency response for accidents</li> </ul>	<ul style="list-style-type: none"> <li>Restoration of construction site</li> <li>Prompt departure of workers from the plant</li> </ul>

In 2022, 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.

## 3.5 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 Risk

#### 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 inventory 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, align with international trends to promote environmental protection, and strengthen the overall textile supply chain's move towards low carbon and net zero emissions.
- We have obtained emission reduction credits through the carbon offset projects in order to comply with environmental regulations and policies in Taiwan and the EU carbon trading mechanism.

#### 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 experiences concerning occupational safety with one another, 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 "Corporate Governance Best Practice Principles for TWSE/TPEX 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.
- In accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", we have formulated our "Sustainable Development Best Practice Principles" to ensure timely and accurate disclosure of CSR-related information. We work to fulfill our corporate social responsibility and promote social progress, as well as strike a balance between driving economic performance and protecting 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:

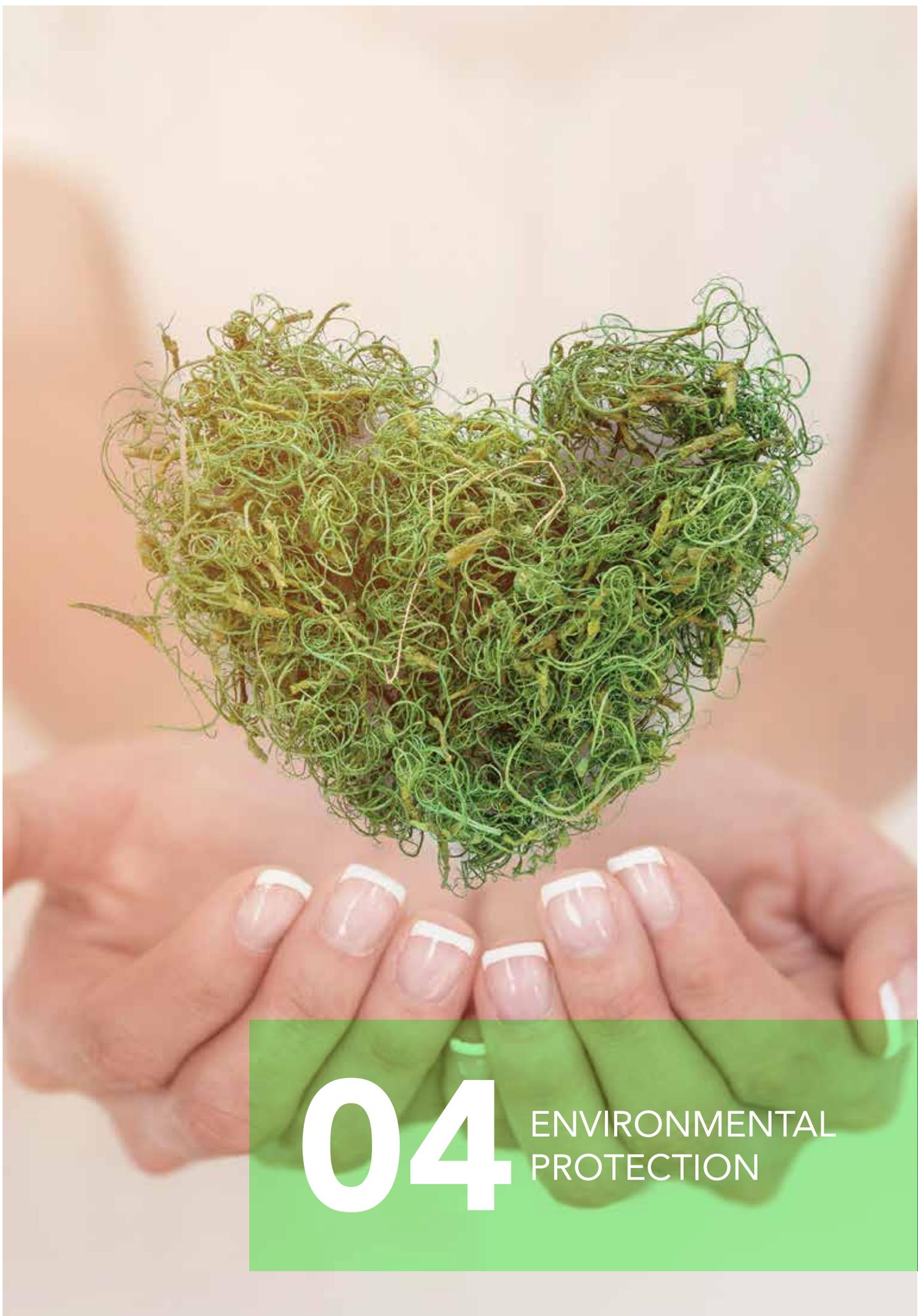
1. Pandemic prevention measures are announced by email.
2. In April 2022, the COVID-19 pandemic surged once more in Taiwan. For flexible adjustment of manpower, a rotational work-from-home system was implemented on April 19, 2022. Employees worked remotely by linking their home computers to company computers so as to avoid cross-infection by reducing the number of employees working in the same space at the same time. Also, employees working in the office were required to take precautionary measures against the pandemic. When the pandemic subsided in mid-June, we returned to the office.
3. Alcohol is provided at the entrance of each floor of the office for those who need to disinfect before entering the office area.
4. We encourage employees to receive COVID-19 vaccination to reduce the risk of infection. We ask employees to do a good job of personal health management. If they feel any discomfort, they need to do a rapid antigen screening test. If they get a positive result, then they should handle the matter according to the guidelines of the Central Epidemic Command Center by informing their unit supervisors so that the supervisors can notify the Administration Department, and obtaining leave to rest at home. Their unit supervisors will then make adjustments to manpower to maintain the normal operation of their departments.
5. Starting from 0:00 on October 13, 2022, the travel notice for COVID-19 was downgraded to level 2. Employees avoid going to areas affected by the pandemic or countries where the pandemic is severe unless it is absolutely necessary, and contact is maintained through other means, such as video or phone.
6. When arranging overseas business trips, employees should check and follow the Taiwan Centers for Disease Control's Travel Health Notices table to learn the latest guidelines and recommendations for the country they are traveling to. Employees who go on business trips are required to receive a complete set of vaccinations in advance, implement personal protective measures such as maintaining hand hygiene, coughing etiquette and wearing face masks, and avoid visiting crowded places or places with a high risk of infection in order to safeguard their personal health.

### Taoyuan Plant

Since 2019, COVID-19 has affected work and life for everyone. In accordance with the policies of the Central Epidemic Command Center, we have enacted pandemic prevention measures, such as enhancing plant disinfection, taking temperatures of personnel, promoting proper hand washing and providing information on vaccinations. We also assist employees who are willing to get vaccinations to do so, and care for and track the health of employees who are confirmed to have COVID-19, even adopting management measures such as work zones to ensure the health and safety of our plant personnel.

During the peak of Taiwan's COVID-19 outbreak from April to June 2022, the plants immediately formed an "Epidemic Prevention and Response Organization" and formulated plans and rehearsals, including emergency manpower deployment and management in the production units, assisting employees who contracted COVID-19 to be sent to hospitals for diagnosis, preparing dormitories and epidemic prevention supplies, and other contingency measures, as well as continuously reviewing the existing epidemic prevention measures so as to facilitate the maintenance of the plant's stable and smooth operation.





04

ENVIRONMENTAL  
PROTECTION

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.

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).

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.

## 4.1 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 gives updates once a year. They have yet to give their report to the Board of Directors.
Strategy	<ul style="list-style-type: none"> <li>Discussed and identified short-, medium- and long-term climate change risks through cross-departmental communication</li> <li>Evaluated the business, strategic and financial impacts of significant climate change risks and opportunities to our company</li> <li>Conducted situational analyses and evaluated Science Based Targets (SBT)</li> </ul>	<ul style="list-style-type: none"> <li>Regarding risks and opportunities associated with climate change, 8 risks and 3 opportunities were identified</li> <li>Proposed countermeasures to address major risks</li> <li>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</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>Established our climate-related risk identification process using the TCFD framework</li> <li>Developed relevant response plans based on the results of the climate-related risk identification and ranking</li> <li>Integrated into the overall risk management system</li> </ul>	<ul style="list-style-type: none"> <li>Identified and ranked climate-related risks and opportunities, and assessed their financial impact</li> <li>Implemented countermeasures based on the assessment results and financial impacts of climate-related risks and opportunities</li> <li>Zig Sheng's Operating Risk Management Process</li> </ul>
Indicators and Targets	<ul style="list-style-type: none"> <li>Set climate-related risk management targets</li> <li>Conduct ISO 14064-1 greenhouse gas inventory on a regular basis</li> <li>Set climate change management targets and review performance achievement statuses</li> </ul>	<ul style="list-style-type: none"> <li>Reduce energy consumption per unit of product, accumulate energy savings, and build solar power plants</li> <li>Continuously implement carbon reduction measures</li> </ul>

Transformation Risks	Physical Risks	Opportunities
<ul style="list-style-type: none"> <li>• Increase in greenhouse gas emission pricing</li> <li>• Costs in transitioning to low carbon technology</li> <li>• Tightened environmental regulations</li> <li>• Change in customer behavior</li> <li>• Cost of raw materials</li> </ul>	<ul style="list-style-type: none"> <li>• Increased severity of extreme weather events such as typhoons and floods</li> <li>• Changes in rainfall patterns and extreme changes in climate patterns</li> <li>• Increase in average temperature</li> </ul>	<ul style="list-style-type: none"> <li>• Recycling scrap material</li> <li>• Use of low-carbon energy</li> <li>• Participation in renewable energy projects and adoption of energy saving measures</li> </ul>



**Note on the three high-level risks**

Climate Risk	Potential Financial Impacts	Responses and Measures
<b>Increase in greenhouse gas emission pricing</b>	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.
<b>Costs in transitioning to low carbon technology</b>	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 recycled polyester products and adding related equipment to increase the added value of our products. 2. Implementing ISO 14067 product carbon footprint to confirm the reduction in carbon for our environmentally-friendly products. 3. Continuous energy saving and carbon reduction
<b>Tightened environmental regulations</b>	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.

In response to the impact of climate change, net-zero emissions has become a global endeavor. Zig Sheng has formulated a net-zero strategy, which consists of process improvement, energy transformation, and circular economy.

## 4.2 Process Improvement

### 4.2.1 Greenhouse Gas Emission Management

In order to implement the Company's environmental policy of greenhouse gas carbon management, we regularly conduct an inventory of greenhouse gas emissions every year.

Since 2012, the Company has been collecting data in compliance with ISO/CNS 14064-1 for information management. In 2012, Guanyin Plant 4 and Dayuan Plant 5 expanded their production lines, and formally started mass production in 2013, so the base year was set to be 2013. The Company has maintained the services of BSI Taiwan for inspection and approval.

We referred to the ISO 14064-1 standards, the Greenhouse Gas Emissions Inventory Guidelines of Taiwan's Environmental Protection Administration, and 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 inventory, including the Guishan Plant, the three plants in Guanyin, and the Dayuan Plant. In 2022, the scope of the inventory was expanded to include our Taipei office.

Because of the Environmental Protection Administration's requirements, the Global Warming Potential (GWP) values of various greenhouse gases announced in IPCC AR4 are used for Guanyin Plant 2, Guanyin Plant 3 and Dayuan Plant 5 are, while IPCC AR6 is used for Guishan Plant 1, Guanyin Plant 4, and the Taipei Office. The calculation of greenhouse gas emissions is based on the emission coefficient method, which enhances the reliability of greenhouse gas inventory data.

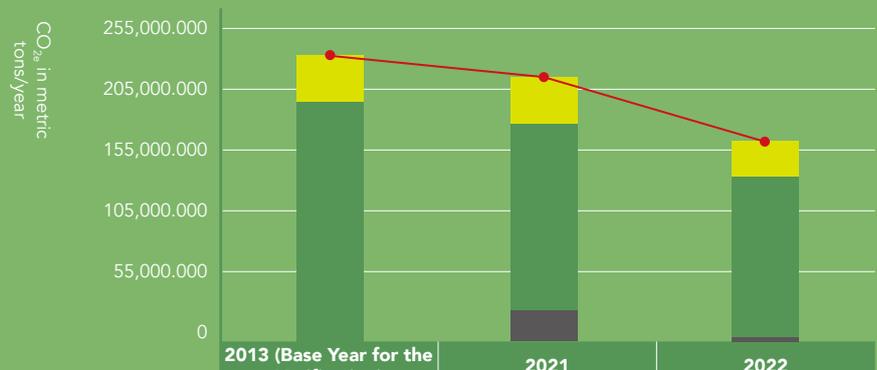
2022 (Jan. 1, 2022-Dec. 31, 2022) was the eleventh year that we have conducted an inventory of our greenhouse gas emissions. The inventory was conducted in accordance with ISO 14064-1:2018 and the requirements of the Environmental Protection Administration, and other indirect emissions (upstream electricity) was disclosed from 2020 onwards to provide our management with information to refer to when making operational performance decisions for continuous improvement.

The types of greenhouse gases verified in 2022 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 99.66%.

The coefficient is based on the GHG emission factor management table version 6.0.4, Taipower's electricity coefficient of 0.509 kg CO<sub>2e</sub>/kWh in 2021, and the upstream electricity coefficient of 0.0882 kg/CO<sub>2e</sub> announced on the EPA's product carbon footprint information website in 2022.

### Volume of Greenhouse Gas Emissions

\* Note on scope of the figures:  
2013: Plants 1-5 (including off-site dormitories).  
2021: Plants 1-5 and other indirect emissions from each plant.  
2022: Plant 1-5, Taipei Office, and other indirect emissions from Plant 1, Plant 4, and Taipei Office only.



\*We have converted the inventory data in this image to AR6.

**Comparison of Greenhouse Gas Emissions of Each Plant** Unit: Metric tons of CO<sub>2e</sub>

Plant	2013 (Base Year)	2021	2022	Difference Between 2013 (Base Year) and 2022
Guishan Plant 1	20,468.182	16,965.467	14,712.233	(5,755.950)
Guanyin Plant 2	54,215.717	47,154.368	42,181.117	(12,034.600)
Guanyin Plant 3	81,131.009	75,203.379	60,669.983	(20,461.026)
Guanyin Plant 4	5,921.688	5,884.850	3,967.731	(1,953.956)
Dayuan Plant 5	68,914.567	42,887.852	35,677.550	(33,237.017)
Taipei Office	-	-	103.997	-
<b>Total</b>	<b>230,651.163</b>	<b>188,095.916</b>	<b>157,312.611</b>	<b>(73,338.552)</b>

\*All data in this table have been converted to AR6 calculations, and the scope of emissions is only direct emissions and indirect emissions from energy sources.

Due to the decrease in production in 2022, the total greenhouse gas emissions decreased by 30,783 metric tons of CO<sub>2e</sub> compared to 2021. Since 2020, we have made adjustments in our source of energy, gradually switching from fuel oil to natural gas. The transition to natural gas was completed in 2022. Increases or decreases in major greenhouse gases are as follows:

**Electricity: Reduced by 21,687.2 metric tons of CO<sub>2e</sub>.**

**Fuel oil: Reduced by 10,229.4 metric tons of CO<sub>2e</sub>.**

**Bituminous coal: Reduced by 3,211.3 metric tons of CO<sub>2e</sub>.**

**Steam: Reduced by 60.8 metric tons CO<sub>2e</sub>.**

**Natural gas: Increased by 4,432.5 metric tons of CO<sub>2e</sub>.**

To fulfill our corporate responsibility to protect the environment as a global citizen, we continued to adhere to the following greenhouse gas reduction measures in our greenhouse gas policy in 2023:

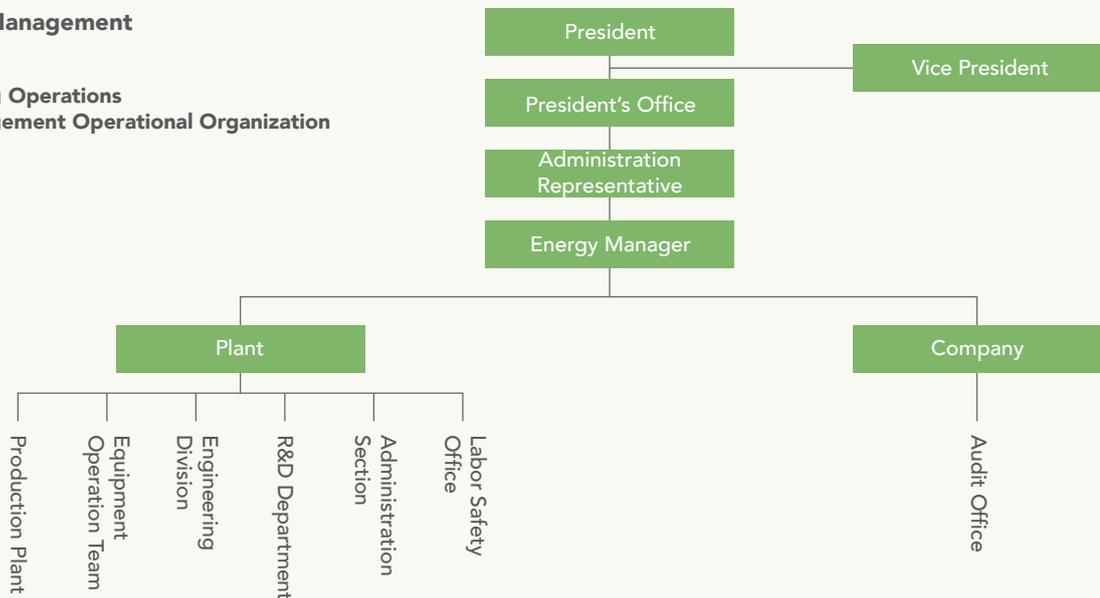
- Continued promotion of energy conservation measures
- Participation of all staff in energy saving and carbon reduction activities
- Comply with environmental regulations, customer needs, and other relevant regulations

**Types of Greenhouse Gas in the 2022 Inventory**



**4.2.2 Energy Management**

**(1) Energy Saving Operations  
Energy Management Operational Organization**



**(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 to the right:

Since four DTY machines were used for the application of the offset project, the actual energy savings were not included in the statistics, and part of the energy savings and the production volume were affected by each other. The availability factor in 2022 did not meet expectations, so the actual value was less than the target value of 499,758.4 kWh.

2022 Progress in Power Saving Targets		
Target Value	Actual Value	Power Saving Programs
1,784,137 (kWh)	1,284,378.6 (kWh)	Replacing DTY machines Adjusting equipment capacity and frequency Adding variable-frequency drives Tube lights are replaced by LED lights
Actual value less than target value by 499,758.4 kWh		

**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.



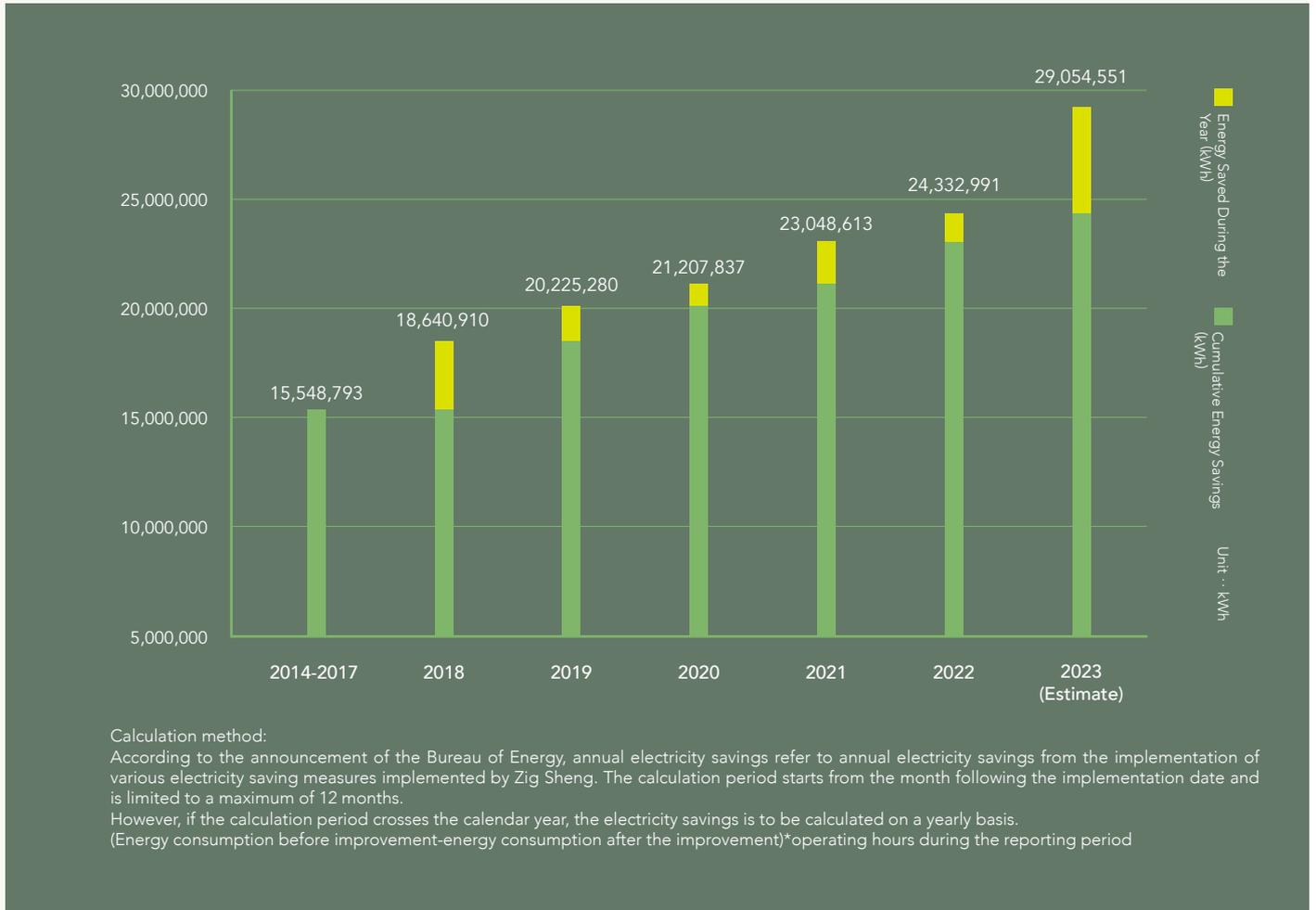
(Bureau of Energy's calorific value table for energy products per unit)  
 Electricity: 1 kWh=860 kcal=860\*4.184\*10<sup>3</sup> MJ=3.6 MJ  
 Fuel oil: 1 L=9600 kcal=9600\*4.184\*10<sup>3</sup> MJ=40.2 MJ

(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 ton=661.93 kcal=661.93\*4.184\*10<sup>3</sup> MJ=2.8 MJ

(the calorific value provided by the supplier)  
 (Plant 2) Bituminous coal: 1 kg=4820.46 kcal=4820.46\*4.184\*10<sup>3</sup> MJ=20.2 MJ  
 (Plant 3) Bituminous coal: 1 kg=4739.03 kcal=4739.03\*4.184\*10<sup>3</sup> MJ=19.8 MJ  
 (Plant 2) Natural gas: 1 m<sup>3</sup>=8536.39 kcal=8536.39\*4.184\*10<sup>3</sup> MJ=35.7 MJ  
 (Plant 3) Natural gas: 1 m<sup>3</sup>=8839.76 kcal=8839.76\*4.184\*10<sup>3</sup> MJ=37.0 MJ  
 (Plant 5) Natural gas: 1 m<sup>3</sup>=8812.00 kcal=8812.00\*4.184\*10<sup>3</sup> MJ=36.9 MJ

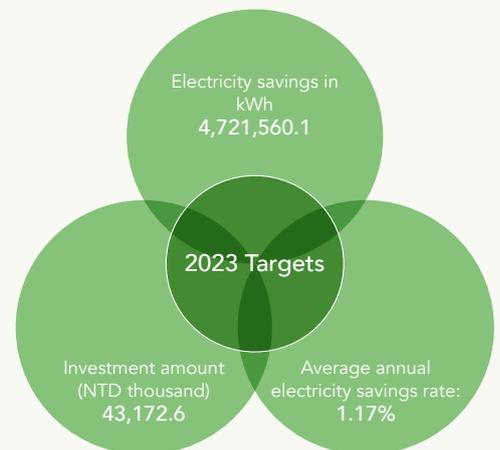
**Energy Efficiency**

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 11.11% for eight years from 2015 to 2022. 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.



**(3) Energy Saving Planning**

Power Saving Programs	Estimated Electricity Savings in kWh	Percentage
DTY machine replacement	113,017.8	2.4%
Air compressor replacement	3,521,358.8	74.6%
water chiller replacement	530,856.0	11.2%
Replacing equipment and adding variable-frequency drives	440,845.7	9.3%
Reducing motor usage by utilizing gravity flow	61,120.8	1.3%
Tube lights are replaced by LED lights	54,361.0	1.2%



Note: The average annual electricity savings rate from 2015 to 2023; electricity consumption in 2023 is assumed to be the same as that of 2022, and then calculations are done in accordance with the regulations of the Bureau of Energy.

## 4.3 Energy Transformation

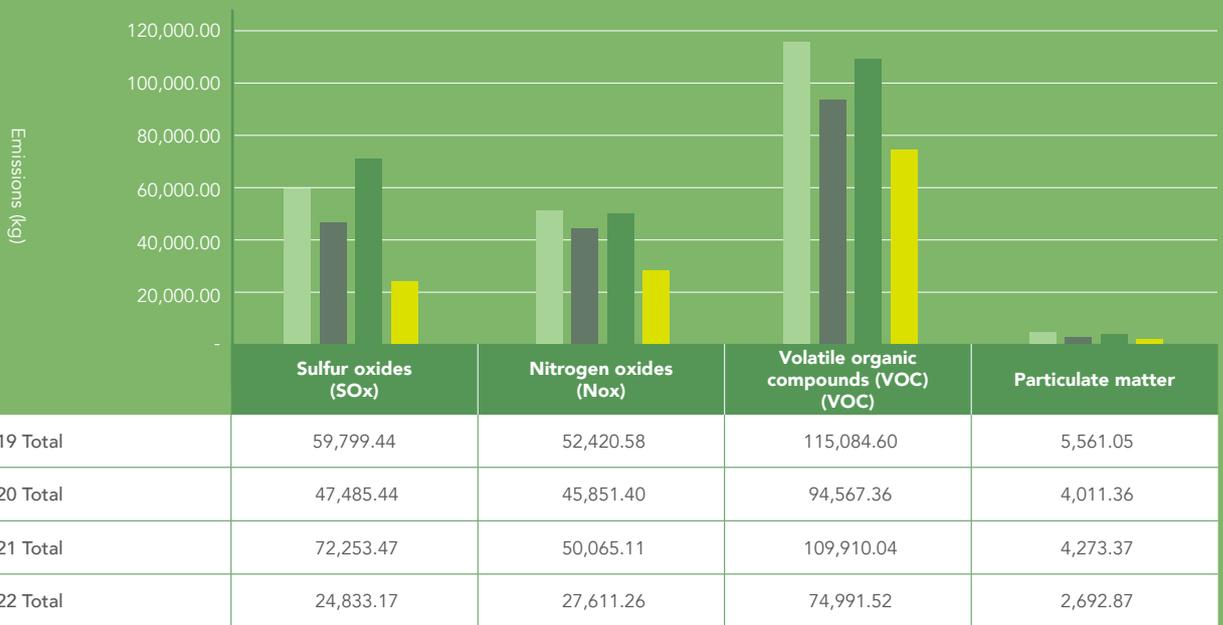
### 4.3.1 Natural Gas

The fuel oil-fired boilers were gradually replaced by natural gas boilers from 2020 onwards in order to reduce emissions and comply with regulatory standards. In 2020, two natural gas boilers were completed; in 2021, one was completed; and in 2022, three were completed, with a cumulative total of 6 natural gas boilers. All of them have completed flue inspections and are in compliance with environmental protection regulations and standards. The natural gas burners of the boilers were put into operation upon the completion of the renovation, and the use of fuel oil was stopped, thus air pollutant emissions were significantly reduced in 2022.

Another fuel oil boiler will be converted to use natural gas in 2023. In the future, we will switch to the use of natural gas in order to reduce air pollution. In order to prevent pollution and industrial safety hazards caused by natural gas leakage, leak detectors and emergency shut-off valves for the natural gas pipeline were added to the boiler room of the polymerization plant.

A set of air pollution prevention equipment was installed at the Dayuan Plant in 2022, which passed the emissions test in December 2022 and we are currently in the process of applying for the usage permit.

Year-by-year comparison of air pollutant emissions



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

### 4.3.2 Solar Power

Zig Sheng has been actively building renewable energy facilities since 2018 and continues to build solar power panels on the roofs of its plants, reaching a capacity of 3,368.38kW by 2022. We will continue to make plans to find space to install more solar panels to increase our solar energy capacity in the future.



## 4.4 Circular Economy

### 4.4.1 Waste Management

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

All of the waste generated is non-hazardous business waste, and the total amount removed in 2022 was 1,494.30 metric tons, which is approximately 15% less than the total amount in 2021 (1,762.73 metric tons).

Waste Code	Type of Waste	Treatment Method	Amount to be Treated in 2022				
			Plant 1	Plant 2	Plants 3 and 4	Plant 5	Total
D-1801	Combustible waste (domestic waste)	Incineration	22.79	51.65	157.13	86.70	318.27
D-0299	Waste plastic mixture	Incineration	0	100.87	51.40	46.06	198.33
D-1504	Organic waste liquid or waste solvents	Incineration	17.29	0	0	0	17.29
D-1506	Waste (polluted) water (pH 6.0-9.0)	Incineration	0	0	12.23	0	12.23
D-1703	Waste lubricants	Physical treatment	0	0	106.86	0	106.86
R-1107	Bottom ash	Recycled and reused	0	381.42	363.61	0	745.03
D-0901	Organic sludge	Heat treating	0	0	96.29	0	96.29

### 4.4.2 Resource Recycling

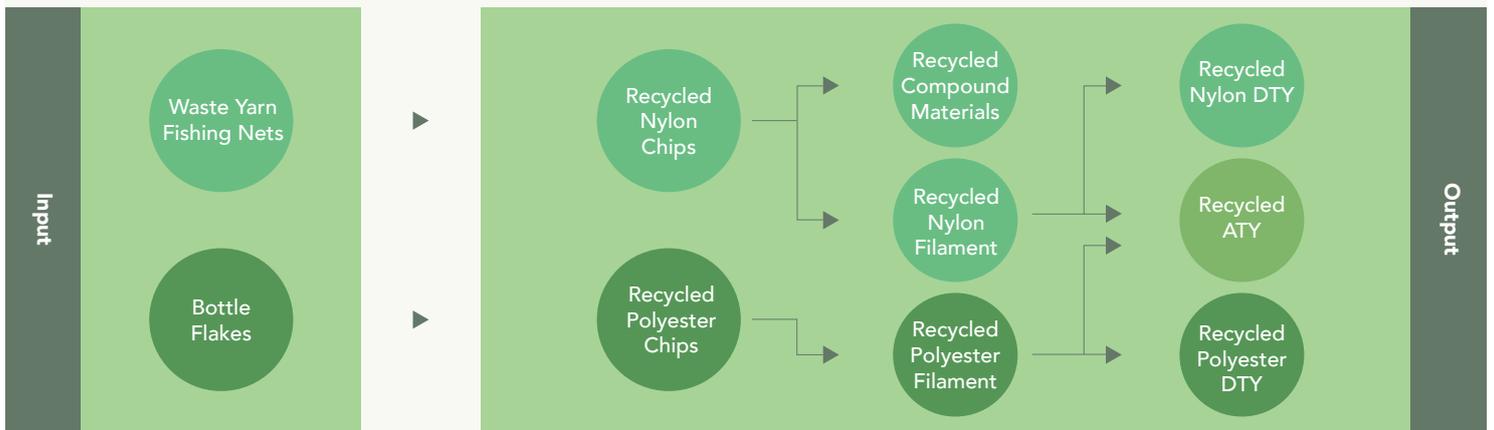
Each year, we set annual recycling targets in accordance with our environmental policy. We selected recyclable packaging materials for domestically-sold products (polymer bags, filament hole boards, and paper tubes) that are available in large quantities for recycling management, and we keep monthly 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 2022, all of our targets were reached; details are as follows:

Recycling rate:  $\text{Recycled amount} \div \text{Amount of domestic sales} \times 100\%$

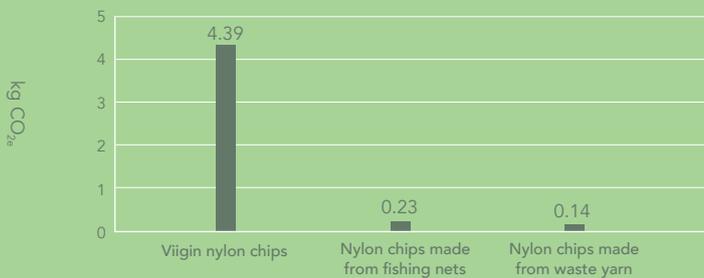
Item	Year	2020	2021	2022		2023
		Actual Value	Actual Value	Target Value	Actual Value	Recycled amount (piece) Target Value
Polymerization Plant-polymer bag recycling rate		100%	100%	100%	100%	10,780 100%
Spinning Plant-hole board recycling rate		100%	100%	100%	100%	531,759 100%
Spinning Plant I-paper tube recycling rate		74%	80%	80%	87%	1,342,570 80%
Spinning Plant No.2-paper tube recycling rate		96%	95%	100%	100%	888,756 100%

### 4.4.3 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, ATY, and compound materials, totaling seven products made across nine 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. In addition to recycling waste filament from the Company's own spinning plant, purchasing discarded fishing nets, putting the materials through regenerative processes, as well as integrating spinning processes and the production line of recycled bottle chips, the Company will add a new composite material plant that is GRS-certified in 2023, using waste filament to replace some of the industrial-plastic-grade raw materials, and producing recycled composite materials that can be utilized in goods used in daily lives and sporting goods. This will not only allow us to do our part in environmental protection, but also increase the added value of our products and improve profitability.



Carbon footprint per kilogram of product



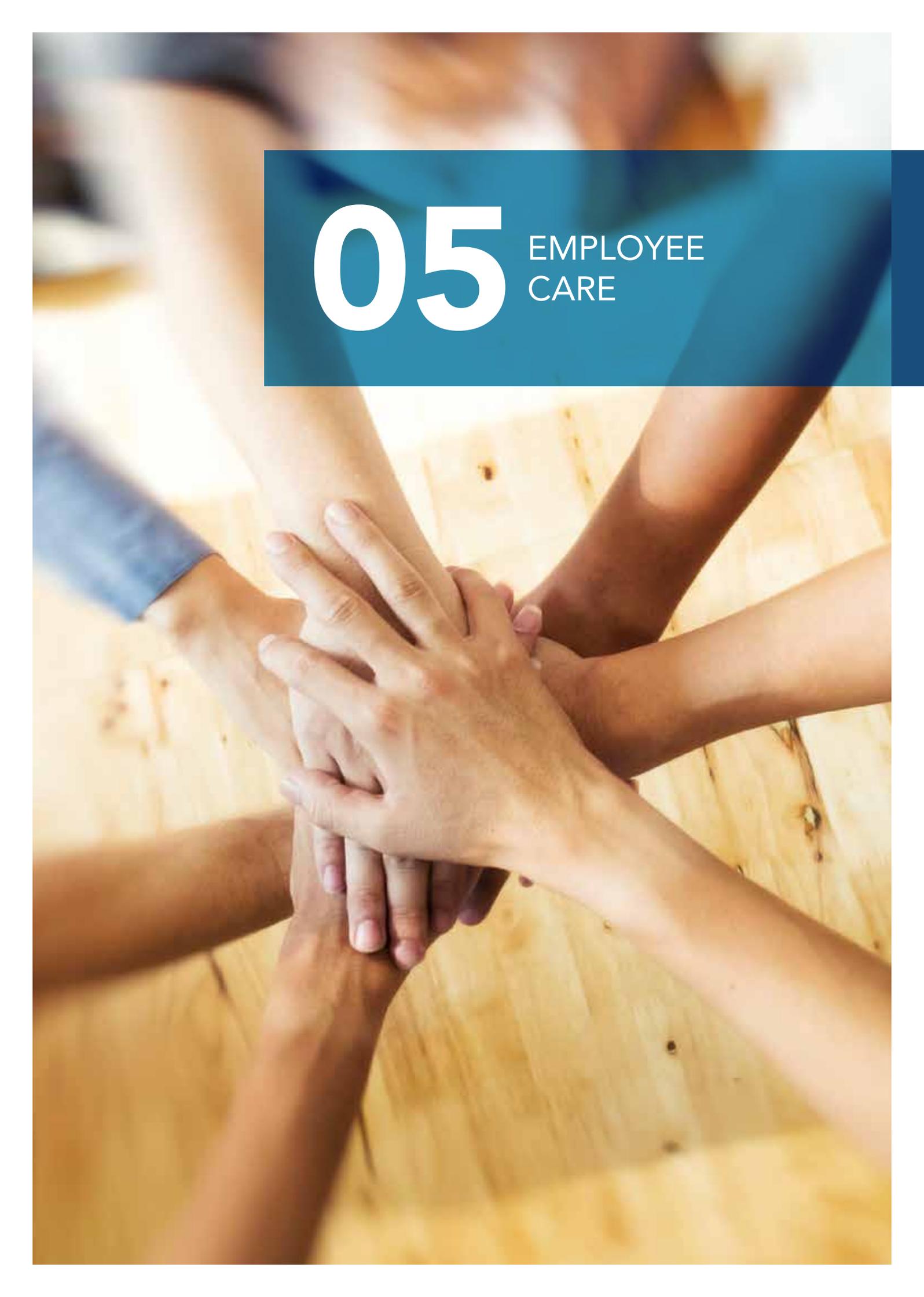
The Company completed a carbon footprint inventory of its nylon chip products in 2022, which was verified by a third party (BSI). The results of the inventory showed that the use of recycled nylon chips resulted in a 95-97% reduction in carbon footprint when compared to regular nylon chips.

## 4.5 Compliance with Regulations

Item	Violation	Penalty	Improvement Measures
1	The Company's air pollution prevention specialists are also designated as occupational health and safety managers.	200,000	Immediate replacement of the Head of Occupational Health and Safety Operations; future applications will be made after checking the declared list.
2	Sold waste packing straps (waste plastic) to Taian instead of removing and disposing it through a legal recycling organization and signing a contract to do so.	6,000	Immediately looked for another vendor that complies with regulations, and finalized the contract. Then, we enhanced our verification process by checking the information of the waste disposal vendor more closely, and confirmed facts before signing the contract.

		2020	2021	2022
Number of Cases	Economy	0	0	0
	Environment	2	1	2
	Society	0	0	0
Fine		200,000	6,000	206,000

Zig Sheng will endeavor to make improvements to prevent similar situations from recurring.



# 05

EMPLOYEE  
CARE

# 5.1 Employee-Employer Relationship

## 5.1.1 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.

	Female	Male	Total
<b>Number of Employees</b>	411	850	1261
<b>Number of workers employed on a permanent basis</b>	308	588	896
<b>Number of temporary workers</b>	103	262	365
<b>Number of workers with no guarantee of hours of work</b>	0	0	0
<b>Number of full-time employees</b>	411	850	1261
<b>Number of part-time employees</b>	0	0	0



\*Number of employees as of December 31 of the year  
 \*All work locations are in Taiwan

Our employees in 2022 numbered 1,261, a increase of 0.25% compared to last year (1,230 employees). In 2022, the number of non-managerial full-time employees was 1,181 (same as 2021). In 2022, there were no part-time employees, with all major positions filled by full-time employees. 67.41% of employees were male, and 32.59% were female, which did not show a marked difference from last year.

### Employment Rate of People with Disabilities

- ▲ Employment Rate
- Regulatory Requirements



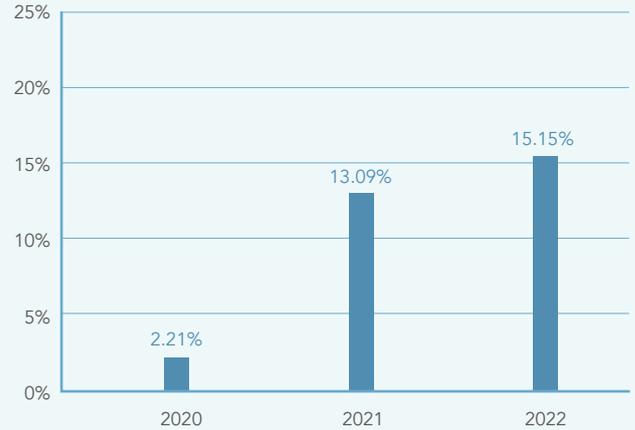
In 2022, a total of 21 people with physical or mental disabilities were employed, exceeding the 1% (13 people) stipulated by government regulations.

**Analysis of New and Departed Employees**

**New employee recruitment rate**

With the relaxation of domestic and international control measures in late June 2022, the number of local and expatriate employees increased slightly, with a total of 191 new employees (126 male and 65 female employees) in 2022, representing an increase in the new employee rate of 15.15% (compared to last year's new employee rate of 13.09%).

2022		≤ 30 years old	31-49 years old	≥ 50 years old	Subtotal
Male	Number of People	68	52	6	126
	Percentage	5.39%	4.12%	0.48%	9.99%
Female	Number of People	30	34	1	65
	Percentage	2.38%	2.70%	0.08%	5.15%
Total	Number of People	98	86	7	191
	Percentage	7.77%	6.82%	0.56%	15.15%

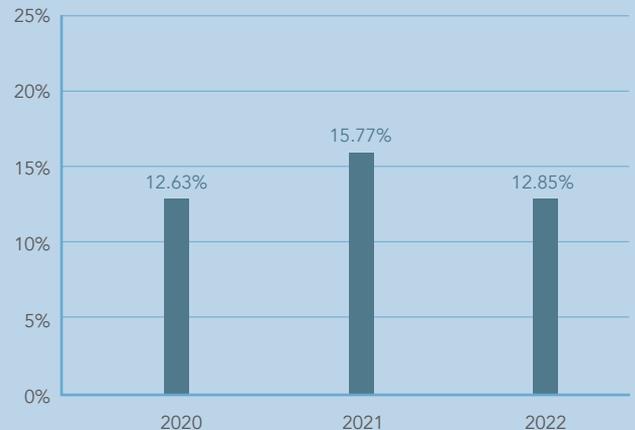


Note 1: Employment rate = Total number of new employees/total number of employees  
 Note 2: Includes foreign migrant workers who have completed their three-year term of employment, and excludes non-official staff (cooperative education students, part-time student workers).

**Employee Resignation Rate**

The pandemic gradually subsided in the second half of 2022, and staff turnover was more stable. The overall turnover rate was lower than that of the previous year, with a total of 162 departures (112 male and 50 female employees), representing a turnover rate of 12.85% (compared to last year's turnover rate of 15.77%).

2022		≤ 30 years old	31-49 years old	≥ 50 years old	Subtotal
Male	Number of People	39	65	8	112
	Percentage	3.09%	5.15%	0.63%	8.88%
Female	Number of People	16	31	3	50
	Percentage	1.27%	2.46%	0.24%	3.97%
Total	Number of People	55	96	11	162
	Percentage	4.36%	7.61%	0.87%	12.85%



Note 1: Resignation rate=Total number of departed employees/total number of employees  
 Note 2: Includes foreign migrant workers who have completed their three-year term of employment, and excludes non-official staff (cooperative education students, part-time student workers).

## 5.1.2 Employee Salaries

In September 2022, Zig Sheng increased the overall salary by approximately 3% in order to enhance its operating performance and ensure the competitiveness of its employees' salary level. The average starting salary for male employees is NT\$33,800 and for female employees, it was NT\$30,200, 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.

### Ratio Between the Salary of Entry-Level Employees and the Local Minimum Wage

Unit: NTD

Category	Minimum Wage	Standard Salary	Percentage
Male	25,250	33,800	1.34
Female	25,250	30,200	1.20

1. 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.
2. Minimum wage in 2022 was NT\$25,250, and the salary of our entry-level employees, regardless of gender, was higher than NT\$25,250.
3. Key operating location: Taiwan

### Full-time employees who are not in managerial positions

Unit: NTD thousand

Category	2020	2021	2022
Average Salary	567	691	651
Median Salary	490	587	569
Number of Full-time Employees	1,282	1,181	1,181

The ratio of the annual total compensation of the highest-paid individual (the Chairman) to the median annual total compensation of other employees was 11.22, and the ratio of the percentage of increase in the annual total compensation of the highest-paid individual to the median percentage of increase in the annual total compensation of other employees in the organization was 14.01.

Note: Other employees—all employees with six months of service or more.

## Remuneration Policy

### I. Fixed wages and floating wages

The remuneration of the Company's managers consists of: 1) Fixed monthly wage 2) year-end bonus and employee compensation 3) manager's bonus.

The description is as follows:

(I) Consideration factors, and the regulations or principles upon which they are based

Item	Consideration factor				Regulations or principles upon which they are based
	Industry peers Salary level	Responsibilities and work performance	Internal differences Multiple	Company Profit	
Fixed Monthly Salary	★	★	★		Regulations on the payment of salaries of employees of Taipei Office and those above Grade 12
Year-end bonus and employee compensation	★			★	Year-end Bonus and Employee Compensation Payment Method
Manager's bonus	★	★		★	Based on the Company's profits and the employee's responsibilities and work performance

## (II) Description of managers' compensation

### (1) Fixed monthly salary:

1. Includes basic salary, position bonus, performance bonus, environmental bonus, transportation allowance, and meal allowance, and takes into account the salary level of industry peers, the difference in ranks, and the principle of ensuring the employees' ability to meet basic needs to determine the regulations on the payment of salaries of employees of Taipei Office and those above Grade 12.
2. Internal difference multiple: 1.5-2.5 times of the manager's salary for those in the position of Vice President or above.

### (2) Year-end bonus:

In accordance with the Company's Year-end Bonus and Employee Compensation Payment Method, year-end bonuses and employee compensation are based on the annual return on capital, with reference to industry peers' year-end bonus level and the principle of ensuring the employees' ability to meet basic needs.

### (3) Manager's bonus:

Based on the profits of the Company in the current year; each manager is granted a bonus based on his/her rank and responsibilities and his/her performance.

## II. The Compensation Committee

The Compensation Committee was established in accordance with relevant laws and regulations and shall faithfully perform the following duties with reasonable efforts and submit its recommendations to the Board of Directors for discussion:

- (I) Regularly review the regulations and propose amendments.
- (II) Formulate the policies, systems, standards and structure for the annual and long-term performance objectives and compensation of directors and managers of the Company, and review them on a regular basis.
- (III) Evaluate the achievement of the performance goals of the Company's directors and managers, and determine the content and amount of their individual compensation.

## III. Pension Plan

### (I) The old pension plan:

The Company has a comprehensive employee pension plan, and sets aside an adequate amount for the employees' retirement. Pensions are paid annually in accordance with the Labor Standards Act to employees who meet the seniority requirements.

### (II) The new pension plan:

In accordance with the Labor Pension Act, which was last amended on May 15, 2019, employees who choose to go by the new pension plan after July 1, 2005 will be required to contribute 6% of their total salary on a monthly basis to their individual labor pension account set up by the Bureau of Labor Insurance; employees can make deposits at their own discretion. All employees in the Company have chosen the new pension plan.



### 5.1.3 Employee-Employer Communication

We have adopted an open approach and respect the rights of employees. Since the relationship between employer and employees has 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 holds 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.

### 5.1.4 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.

#### (Key Operating Locations) Full-time Employees

Benefit	
Stipulated By Law	<ul style="list-style-type: none"> <li>·Special leave</li> <li>·Childcare leave without pay</li> <li>·Retirement plan</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>·Group accident and medical insurance</li> <li>·Annual health checkup</li> <li>·Travel subsidy</li> <li>·Gift certificates given on birthday/Dragon Boat Festival/Mid-Autumn Festival</li> <li>·Wedding/funeral subsidy</li> <li>·Financial support for the family of an employee who was injured or passed away</li> </ul>
Other	<ul style="list-style-type: none"> <li>·Operating performance bonus</li> <li>·Year-end Bonus</li> </ul>

Retirement Plan	
The Old Plan	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.
The New Plan	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.

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



## 5.2 Providing a Safe and Healthy Work Environment

### 5.2.1 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 Confined Spaces, etc.), 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.

### 5.2.2 Hazard Identification and Risk Assessment

#### (1) Health and Safety Hazard Identification and Risk Assessment

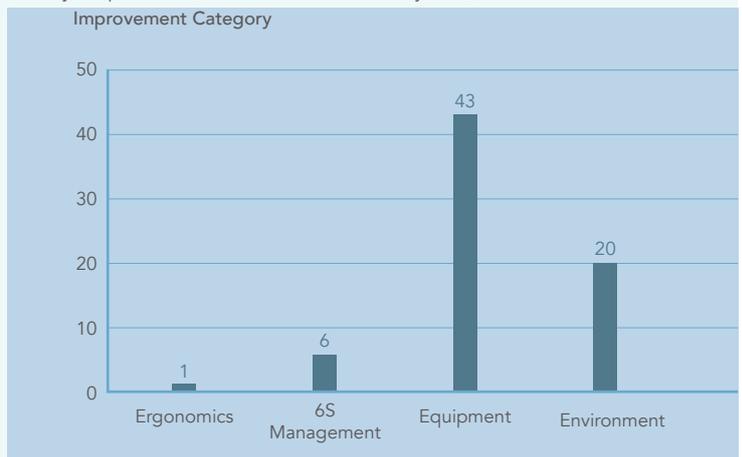
Zig Sheng continues to perform hazard identification and risk assessment on a regular basis each year in accordance with our occupational health and safety risk assessment procedures, and proposes preventive management measures to eliminate hazards and reduce risks.

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 Occupational safety and health management entities and then control measures are set, including equipment replacement, workflow changes or the addition of new protective devices, etc. Occupational safety and health management entities 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 keep work processes safe. Due to the impact of the pandemic, the assessment program is suspended for education and training, internal inspections, while other are kept, such as external safety inspections, unit accidents and injuries, and environmental equipment.

The company encourages employees to take the initiative to identify potential hazards in the workplace, such as false alarms and unsafe working conditions or equipment, and have discussions with their units to propose preventive measures to eliminate the hazards together. 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 2022, a total of 70 improvement projects were made, and the categories they fall into are human factors and ergonomics, 6S management, and equipment and environment. Improvements are shown in the image on the right.



Major improvements are as follows:

Before Improvement	After Improvement	Note
		<p>There are no guardrails along the ventilation towers, so guardrails were installed for all of the towers in the premises.</p>
		<p>The quality of coal varies, and if the load of the equipment is increased, the equipment may be damaged. It is necessary for personnel to remove the center partition in the slag discharge machine to check the electric current. To avoid having personnel being electrocuted, an electric current meter was installed so that the personnel can check the electric current visually without having to turn on the distribution board.</p>
		<p>Personnel need to replace filters regularly. Originally, they would have to have one hand hold the filter and the other hand operate the high-pressure washer. The recoil from the column of water is strong and can easily cause injury when the water gun is not held firmly, so the Company made a cleaning rack so that personnel do not have to bend down and the filters are fixed to one place, thus minimizing the occurrence of hazards.</p>
		<p>Numerous pipes are located in the area above the storage tanks. According to production plans, personnel need to climb up to a high place to operate the three-way valves. The improvement method is to move the three-way valves to a location where there is no need to climb up, so as to reduce the risk of falling.</p>
		<p>The oil drum transportation trucks cannot keep the drums in place, and dumping the oil takes effort, so we added a hand-cranked oil drum dumping machine to lessen the burden for our employees and to keep them from sustaining injuries.</p>

### 5.2.3 Safety Training

#### Personnel Hazard Awareness Training

To enhance the Company's safety culture and the employees' awareness of health and safety, the Company provides quality education and training. In accordance with the law, we provide occupational health and safety education and training for new recruits, education and training for contractors entering the plants, education and training for current employees, fire drills, special operation training and promotion of health issues, as well as emphasize the employees' ability to carry out their duties in a healthy and safe way. For forklifts, fixed cranes, hazardous equipment or machines and organic solvents, the Company appoints qualified organizations or collaborates with Guanyin Service Center to provide training courses for employees to receive professional training and obtain relevant licenses.

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. To facilitate effective communication and convey the correct health and safety information, we hire interpreters to assist in the courses.

#### The Statistic of Occupational Accident

The Company provides employees with a healthy and safe workplace and prevents occupational accidents by formulating a comprehensive accident investigation and prevention program. When an occupational accident or a suspected case of occupational disease occurs in the workplace, an investigation team consisting of occupational health and safety management personnel, plant nurses, occupational medicine specialists, manager of the workplace where the case occurred, labor representatives and victims will come together to investigate the cause of the disaster, conduct an analysis, record results, and develop appropriate responses.

#### Professional First-Aid Training

In order to ensure that first-aid providers are readily available to handle accidents and to comply with legal requirements, the Company invites instructors to the plants every year to provide on-the-job first-aid education and training. In terms of hardware, the Company is working with the government to promote the use of AEDs to carry out first-aid, and has had AEDs installed at all plants since 2011. In 2022, one AED was installed in the dormitory at Guishan and one in the dormitory at Guanyin to minimize the occurrence of accidents.



## 5.2.4 Promotion of Health

### 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.

In 2022, in response to the pandemic, not only did we spread information related to pandemic prevention, provide employees with general occupational safety training and led them to exercise together, we also continued to push forward our health promotion program that ranges from making adjustments to the employees' meals for a more balanced diet to encouraging exercise habits and chronic disease management so that employees can gradually develop a healthy lifestyle and implement what we know to be healthy practices.



### Health Care Course

We attach great importance to the health of our employees and provide all employees with an annual general health checkup; for the 618 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, so as to help employees better understand the condition of their health.



## 5.3 Health and Safety Performance Management

### 5.3.1 Implementation Results

2022 Implementation Performance			
Item	Target Value	Actual Value	Unit
Disabling Injury Frequency Rate (FR)	≤ 1.90	0.41	Times/million work hours
Disabling Injury Severity Rate (SR)	≤ 7	0	Days/million work hours
Accident Frequency Rate (FR)	≤ 1.56	2.90	Times/million work hours
Minor injuries	≤ 6	5	Times

(1) Disabling Injury Frequency Rate (FR):  
 $(\text{Annual number of people who suffer disabling injuries} \times 1,000,000) \div \text{Total work hours}$

(2) Disabling Injury Severity Rate (SR):  
 $(\text{Annual number of lost days due to disabling injuries} \times 1,000,000) \div \text{Total work hours}$

(3) Accident Frequency Rate (FR):  
 $(\text{Annual number of accidents} \times 1,000,000) \div \text{Total work hours}$

\*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 a "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".

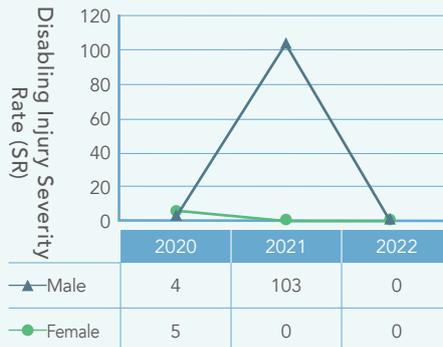
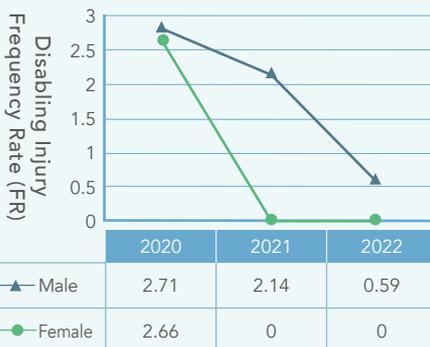
Implemented measures are as follows:

Enhancing personnel awareness through training to prevent hazards, as in 5.2.3

Occupational health and safety self-management contests, as in 5.2.2(2)

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

Plant	Gender	2020		2021		2022	
		FR	SR	FR	SR	FR	SR
Guishan Plant 1	Male	4.21	3	-	-	-	-
	Female	-	-	-	-	-	-
Guanyin Plant 2	Male	4.05	5	-	-	-	-
	Female	-	-	-	-	-	-
Guanyin Plant 3	Male	1.47	4	4.13	262	1.55	1
	Female	9.22	14	-	-	-	-
Guanyin Plant 4	Male	12.46	19	-	-	-	-
	Female	-	-	-	-	-	-
Dayuan Plant 5	Male	-	-	3.18	9	-	-
	Female	-	-	-	-	-	-
All Plants	Male	2.71	4	2.14	103	0.59	-
	Female	2.66	5	-	-	-	-



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

### 5.3.2 Occupational Injury

In 2022, there were no employee fatalities. There was one accident that caused a disabling injury, and five minor injuries. This year's employee disabling injury frequency rate (FR=0.41) and severity rate (SR=0) were the best in the past five years. In addition, there was one fatality and one disabling injury involving non-employee workers (contractor, customer, self-employed worker, etc.). All of the above accidents were reviewed, and improvements were made.

In addition to reviewing the accidents, we have strengthened the management of contractors and non-employee workers by holding toolbox meetings before they enter the plants, making it necessary for them to submit construction plans in contracts, conducting safety inspections from time to time, conducting 6S workplace management, and engaging in self-care, mutual care and monitoring behaviors in order to achieve continuous improvement.

In 2022, there were 196 cases of noncompliance during health and safety audits. The deficiencies found in the audits were submitted to managers for review and investigation, and the units with deficiencies were notified immediately for them to make improvements. The deficiencies were also reviewed during Health and Safety Committee meetings and interim meetings, which aids the management and improvement of on-site health and safety.

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. Furthermore, we test for noise levels, dust, chemical hazards, and other factors that may impact health. Employees working in noisy areas or in areas where special operations are carried out 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 2022

	Employees	Contractors	
Number of Occupational Injuries	1	2	Occupational injury rate (employee)=(Number of occupational injuries/total work hours)*200,000 Occupational injury rate (contractor)=(Number of occupational injuries/total work hours)*100,000 Severe occupational injury rate (employee)=(Number of severe occupational injuries/total work hours)*200,000 Severe occupational injury rate (contractor)=(Number of severe occupational injuries/total work hours)*100,000 Job-related death rate (employee)=(Number of job-related deaths/total work hours)*200,000 Job-related death rate (contractor)=(Number of job-related deaths/total work hours)*100,000
Rate of Occupational Injuries	0.08	2.32	
Number of Severe Occupational Injuries	0	0	
Rate of Severe Occupational Injuries	0	0	
Number of Job-related Deaths	0	1	
Rate of Job-related Deaths	0	1.16	
Work Hours	2,413,975	86,264	

In addition to employees, the people we most commonly see are contractors. Based on the number of visits to the plants every day, there were a total of 10,783 visits in 2022. In 2021, there were 12,559 visits; there were more visits due to the construction of additional equipment and natural gas equipment and other factors.

#### Occupational Injury Statistics 2022

Injury Type	Employees		Contractors		The Company reviews and makes improvements based on incidents in which personnel are injured during their work:  <b>Falls:</b> An employee of a subcontractor who was performing demolition work fell from a height of 21 meters since no safety harness was worn and no other safety measures were taken, which was in violation of regulations. The Labor Inspection Office involved in this case has made the Company the owner of this case. We have continued to follow up on this case as part of our corporate responsibility, and have strengthened our safety requirements to the contractor, such as toolbox meetings, the proposal of construction plans for high-risk operations, and safety inspections.  <b>Falling objects:</b> When vendors passed by finished polymer bags in the warehouse, it resulted in collision and injury, so the shipping area was re-planned to have clearly defined, separate lanes for people and vehicles, as well as hazard notification signs that prohibit people from entering work areas.  <b>Tripping:</b> Safety advocates should walk along the planned path and at the same time check the workplace to see if the lighting is insufficient. If so, it should be improved upon immediately to prevent people from falling.
	Number of Cases	Percentage	Number of Cases	Percentage	
Falling	0	0%	1	50%	
Falling objects	0	0%	1	50%	
Tripping	1	100%	0	0%	

All Employees							Contractors
Plant	Gender	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	0.38	0	0
	Female	0	0	0	1.94	0	0
Guanyin Plant 2	Male	0	0	0	0.15	0	1
	Female	0	0	0	0.55	0	0
Guanyin Plant 3	Male	0.31	0	0.46	0.28	1	0
	Female	0	0	0	1.20	0	0
Guanyin Plant 4	Male	0	0	0	0.79	0	0
	Female	0	0	0	0.14	0	0
Dayuan Plant 5	Male	0.64	0	1.91	0.15	0	1
	Female	0	0	0	0.97	0	0
All Plants	Male	0.12	0	1.42	2.05	1	2
	Female	0	0	0	8.52	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%

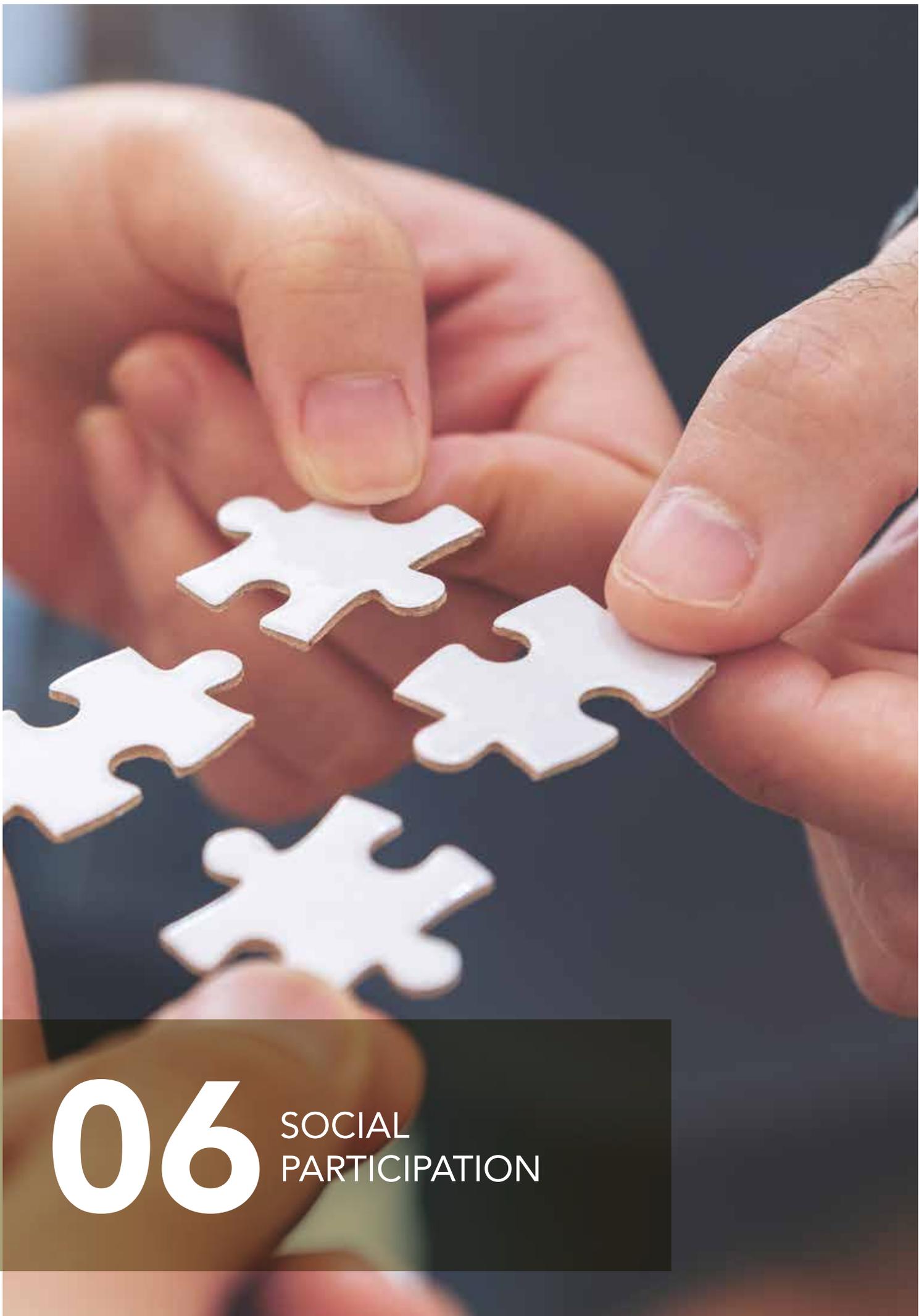
(5) Occupational injuries (workers)=Number of workers who suffered injuries in the current year.

### 5.3.3 Future Planning for Health and Safety

#### 2023 Occupational Health and Safety Indicator Management

2023 Targets			Planned measures are as follows: Participating in the industrial zone's firefighting competition Increasing the strength of safety inspections Health promotion courses and activities
Item	Target Value	Unit	
Disabling Injury Frequency Rate (FR)	1.80	Times/million work hours	
Disabling Injury Severity Rate (SR)	6	Days/million work hours	
Accident Frequency Rate (FR)	7	Cases	
Minor injuries	5	Cases	

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



06

SOCIAL  
PARTICIPATION

## 6.1 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 communities and nurturing talents.

Percentage of Donations to Social Welfare				
	Unit	2020	2021	2022
1	Giving Back to Communities/Society	12.1%	4.3%	9.7%
2	Scholarships and Bursaries	87.9%	95.7%	90.3%

### 6.1.1 Participation in Events and Sponsorship

#### Beach Cleanups

Organized by the Taoyuan City Environmental Educational, Cultural and Creative Association, the “2022 Caoluo Sand Dunes Beach Cleanup and Energy Saving and Carbon Reduction Promotion Event” was held at 2:00 p.m. on Saturday, March 26, 2022 at the Caoluo Sand Dunes. Nearly 1,000 people from various organizations, schools and vendors attended the event, and Zig Sheng also sent a team of employees to participate. We hope that while we are cleaning the beaches, we can plant the concept of environmental protection like a seed into everyone’s minds, so that we are able to view the importance of beach cleanliness and marine conservation seriously, and then change our habits and lifestyles so that we reduce the use of plastics, recycle resources, and do not litter in order to build a sustainable, clean, and healthy environment for the future.



#### Visits to Plants-Fu Jen Catholic University

Plant visits provide a way for students to understand the relationship between current industry demands and what they are learning in school. We are grateful to the Dean You of Fu Jen Catholic University for choosing Zig Sheng as the company for the students to visit, and through the guided on-site tour that Plant Manager Tseng provided of the plant’s production process, the students were able to learn more about Zig Sheng and consider a job at the Company as a career choice for when they enter the job market in the future.



### 6.1.2 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 benefited from the above measures.

### 6.1.3 Scholarships for Outstanding Students

In 2022, Zig Sheng also gave out scholarships and bursaries. At present, scholarships and bursaries are given to the two universities with which Zig Sheng closely collaborates, and they are given 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 shown on the right:

Scholarships and Bursaries Provided in 2022			
	Unit	Target	Number
1	National Yunlin University of Science and Technology	University	2
2	National Chin-Yi University of Technology	University	2

## 6.2 Future Planning

In 2023, Zig Sheng will continue to do a good job in giving back to local communities by providing job opportunities for youths in communities near our plants, and actively investing in culture and education to fulfill its corporate social responsibility.

# 07 APPENDIX



## 7.1 GRI Comparison Table

This report is based on 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.

<b>Statement of Use</b>	Zig Sheng has followed the GRI Standards to report on content from the reporting period (from January 1, 2022 to December 31, 2022).
<b>GRI 1 Used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Standards</b>	There are currently no applicable standards

### 7.1.1 General Disclosures

GRI Standards/ Other Sources	Disclosure Item	Location	
		Corresponding Chapter/Description	Page Number
General Disclosures	2-1 Organizational details	Editorial Policy 1.1 About Our Company	p.2 p.7
	2-2 Entities included in the organization's sustainability reporting	Editorial Policy 1.1 About Our Company	p.2 p.7
	2-3 Reporting period, frequency and contact point	Editorial Policy	p.2
	2-4 Restatements of information	No restatements of information	-
	2-5 External assurance	Editorial Policy 7.2 Third-Party Assurance Statement	p.2 p.61
	2-6 Activities, value chain and other business relationships	1.2 Products and Services	p.9
	2-7 Employees	5.1.1 Employee Structure	p.44
	2-8 Workers who are not employees	5.3.2 Occupational Injury	p.54
	2-9 Governance structure and composition	3.2.1 Operations of the Board of Directors	p.25
	2-10 Nomination and selection of the highest governance body	For details, please refer to the Company's 2022 annual report—3. Corporate Governance Report	-
	2-11 Chair of the highest governance body	3.2.1 Operations of the Board of Directors	p.25
	2-12 Role of the highest governance body in overseeing the management of impacts	2.1 ESG Operation and Implementation	p.15
	2-13 Delegation of responsibility for managing impacts	2.2 Stakeholder Identification and Communication	p.16
	2-14 Role of the highest governance body in sustainability reporting	2.1 ESG Operation and Implementation 2.2 Stakeholder Identification and Communication	p.15 p.16
	2-15 Conflicts of interest	3.2.1 Operations of the Board of Directors	p.25
	2-16 Communication of critical concerns	Meetings are held regularly every quarter For the nature and total number of material events, please refer to the material information published by the Company on the Market Observation Post System.	-
	2-17 Collective knowledge of the highest governance body	<a href="http://www.zigsheng.com/en/investor-relations/corporate-governance/board-of-directors/">http://www.zigsheng.com/en/investor-relations/corporate-governance/board-of-directors/</a>	-
	2-18 Evaluation of the performance of the highest governance body	<a href="http://www.zigsheng.com/en/investor-relations/corporate-governance/board-of-directors/">http://www.zigsheng.com/en/investor-relations/corporate-governance/board-of-directors/</a>	-
	2-19 Remuneration policies	5.1.2 Employee Salaries	p.46
	2-20 Process to determine remuneration	3.2.2 Operations of the Compensation Committee	p.25
	2-21 Annual total compensation ratio	5.1.2 Employee Salaries	p.46
	2-22 Statement on sustainable development strategy	2.7 Management Guidelines for Material Topics	p.20
	2-23 Policy commitments	2.7 Management Guidelines for Material Topics	p.20
	2-24 Embedding policy commitments	2.7 Management Guidelines for Material Topics	p.20
	2-25 Processes to remediate negative impacts	2.7 Management Guidelines for Material Topics	p.20
	2-26 Mechanisms for seeking advice and raising concerns	2.6 Consultation on Issues of Interest	p.20
	2-27 Compliance with laws and regulations	4.5 Compliance with Regulations	p.42
2-28 Membership associations	3.3.4 Public Associations We Joined	p.28	
2-29 Approach to stakeholder engagement	2.2 Stakeholder Identification and Communication	p.16	
2-30 Collective bargaining agreements	The Company's employees have not formed a union. 5.1.3 Employee-Employer Communication	p.48	
Material Topic	GRI 3: Material Topics 2021	3-1 Process to determine material topics	2.3 Identification Process for Significant Sustainability Topics p.17
		3-2 List of material topics	2.5 Boundaries of Significant Sustainability Topics p.19
		3-3 Management of material topics	2.7 Management Guidelines for Material Topics p.20

## 7.1.2 Topic Standards Disclosures

GRI Standards/ Other Sources	Disclosure Item	Location	
		Corresponding Chapter/Description	Page Number
<b>Economic Performance</b>			
GRI 201-1 :2016	Direct economic value generated and distributed by the organization	1.2 Products and Services 3.1.2 Operating Performance	p.9 p.24
<b>Climate Change Risk Management</b>			
GRI 201-2 :2016	Financial impacts and other risks and opportunities that arise from climate change	4.1 Climate Change Risk Management	p.34
<b>Employee-employer relationship (salary)</b>			
GRI 202-1 :2016	Ratio of standard pay for entry-level employees of different genders in key operating locations to local minimum pay	5.1.2 Employee Salaries	p.46
<b>Supply Chain Management</b>			
GRI 204-1 :2016	Ratio of procurement expenses from local suppliers for key operating locations	3.4.2 Local Procurement Policy	p.29
<b>Energy Management</b>			
GRI 302-4 :2016	Reducing energy consumption	4.2.2 Energy Management	p.37
<b>Greenhouse gas emissions</b>			
GRI 305-1 :2016	Greenhouse gas emissions (direct emissions)	4.2.1 Greenhouse Gas Emission Management	p.36
GRI 305-2 :2016	Volume of greenhouse gas emissions through energy consumption (indirect emissions)	4.2.1 Greenhouse Gas Emission Management	p.36
GRI 305-3 :2016	Volume of greenhouse gas emissions through other means (other indirect emissions)	4.2.1 Greenhouse Gas Emission Management	p.36
GRI 305-7 :2016	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions	4.3 Energy Transformation	p.40
<b>Waste Management</b>			
GRI 306-3 :2020	Waste generation	4.4.1 Waste Management	p.41
<b>Employee-employer relationship (employee composition and benefits)</b>			
GRI 401-1 :2016	Total number and proportion of new employees and departed employees by age group, gender, and region	5.1.1 Employee Structure	p.44
GRI 401-2 :2016	Benefits provided only to full-time employees, by key operating locations	5.1.4 Employee Benefits	p.48
<b>Occupational health and safety</b>			
GRI 403-1 :2018	Occupational health and safety management system	5.2.1 Occupational Health and Safety Operations	p.49
GRI 403-2 :2018	Hazard identification, risk assessment, and incident investigation	5.2.2 Hazard Identification and Risk Assessment	p.49
GRI 403-3 :2018	Occupational health services	5.2.1 Occupational Health and Safety Operations	p.49
GRI 403-4 :2018	Worker involvement, consultation and communication regarding occupational health and safety	5.2.1 Occupational Health and Safety Operations	p.49
GRI 403-5 :2018	Worker training related to occupational health and safety	5.2.3 Safety Training	p.51
GRI 403-6 :2018	Promotion of health for workers	5.2.4 Health Promotion	p.52
GRI 403-7 :2018	Preventing and mitigating occupational health and safety impacts directly related to company business	5.2.1 Occupational Health and Safety Operations	p.49
GRI 403-9 :2018	Occupational injury	5.3.2 Occupational Injury	p.54
<b>Circular Economy</b>			
Self-determined	Recycling rate of packaging materials, environmentally-friendly products	4.4.2 Resource Recycling 4.4.3 Eco-friendly Recycled Products	p.41 p.42
<b>Social Welfare</b>			
Self-determined	Donations and participation in activities	6. Social Engagement	p.56

## 7.2 Third-Party Assurance Statement



### INDEPENDENT ASSURANCE OPINION STATEMENT

#### ZIG SHENG IND. CO., LTD. 2022 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 purpose 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. 2022 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. 2022 Sustainability Report provides a fair view of the ZIG SHENG sustainability programmes and performances during 2022. 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 assurers 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 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.
- 8 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 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). 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



Statement No: SRA-TW-2022039  
2023-05-09

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