



ZIG SHENG

2023

SUSTAINABILITY REPORT

Currently released version
August 2024

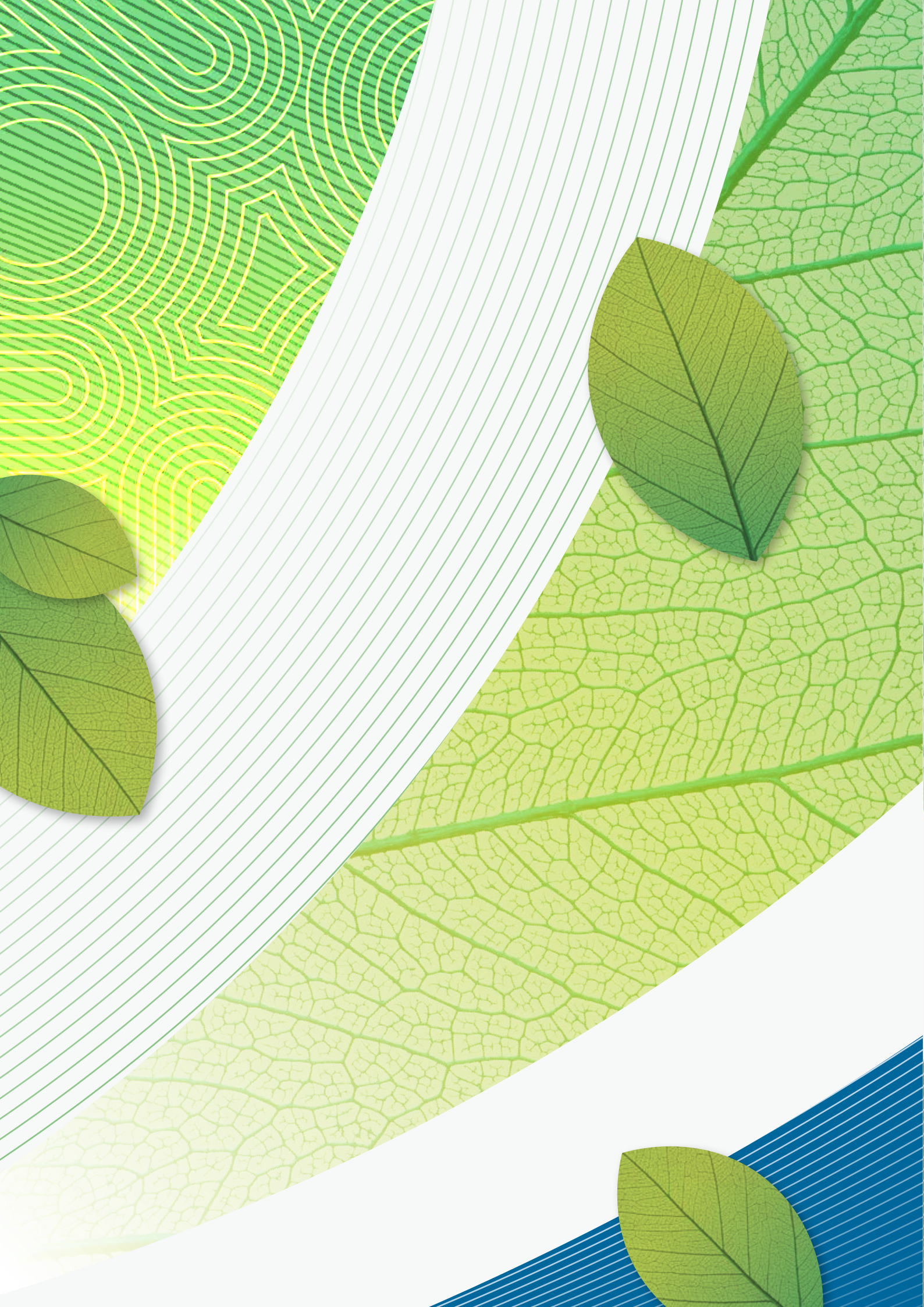


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Editorial Policy

About This Report

This report is the "Sustainability Report" issued by Zig Sheng Industrial Co., Ltd. (hereinafter referred to as Zig Sheng). Through this report, we provide information to our stakeholders about 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 in Taipei and five plants in Taoyuan from January 1, 2023, to December 31, 2023. The disclosed financial performance results include a compilation of financial information on our subsidiaries (Nicest Int'l Trading Corp., Ding Sheng Material Technology Co., Ltd., Suzhou Hongyousheng Trading Co., Ltd. and Ding Cheng Material Technology Corp.). 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 material topics related to 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) Group Singapore Pte Ltd., to be in compliance with AA1000 AS v3 TYPE I Moderate Level, as detailed in the guarantee statement in the appendix.

Release Date

The Company will continue to publish the "Sustainability Report" annually and disclose it publicly in the "ESG Section" of the Company's website at the same time.
Previous publication release date: June 2023; Current publication release date: August 2024;
Next publication release date: Planned for August 2025.



Contact Information

Should you have any questions or suggestions regarding this report, please do not hesitate to contact us. Our contact information is as follows:

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Contact	President's Office	Fax	(02) 2550-5652
Address	2F, No. 70, Xining North Road, Datong District, Taipei	Email	CSR@zigsheng.com

Message from the Management

In 2023, the unfavorable international economic trends of high inflation, high interest rates, high costs, and low growth from 2022 continued. Economic momentum remained weak with no signs of improvement, leading to a significant decrease in purchasing power and a persistent lack of demand downstream. In the first three quarters, orders were insufficient and operations declined. Fortunately, starting from the fourth quarter, orders gradually recovered, and operating performance improved significantly. It is expected that overall operations in 2024 will be more optimistic than in 2023.

Additionally, in response to the global net-zero carbon emission trend, the Company has continued to promote energy-saving and carbon-reduction initiatives and has set specific carbon reduction goals, strategies, and action plans, working towards the target of achieving net-zero emissions.



CHAIRMAN
Sou-Tsun Yeh



PRESIDENT
Pat-Huang Su

Corporate governance

To enhance corporate governance, the Company has established an "Operating Risk Management Process" that addresses risks in three aspects: environmental, social and corporate governance. The procedure involves risk planning and assessment, formulating risk management policies or strategies and implementing them accordingly. Each year, the Company reports to the Board of Directors on the implementation for that year.

In order to promote integrity in business operations, the Company conducted ethics and integrity training and education in 2023 for a total of 197 managers at the division level or above, accumulating 394 participant hours. Additionally, the company required its suppliers to sign an "Integrity Management Commitment." By the end of 2023, 508 suppliers had signed the commitment.



Economic Effectiveness

Starting from the fourth quarter of 2023, the high inventory levels on the client side began to ease, leading to a gradual recovery in demand for the Company's various products. From December, the utilization of DTY machines approached full capacity, while the utilization rates of machines for nylon chips, nylon filament, and composite materials also increased. The Company's operations have emerged from the previous slump, with fourth-quarter revenue growing by approximately 25% compared to the average of the first three quarters, resulting in a turnaround from loss to profit.

With the broader economic environment emerging from its downturn, the Company will take a more pro-active approach to optimizing its product mix, expanding its portfolio of differentiated and high-value-added products, and strengthening sales in overseas markets. The newly established Nylon 66 product line commenced production in the fourth quarter and both the production capacity and quality of in-house polyester filament have significantly improved. Overall, operations in 2024 are expected to see substantial growth compared to this year.

Sustainability and Environmental Protection








In recent years, the Company has established and implemented three major strategies for achieving a net-zero transition: process improvement, energy transition and circular economy. In 2023, the company continued to upgrade its energy-efficient equipment, saving a total of 4.85 million kWh of electricity throughout the year, which reduced CO₂e emissions by 2,399 tons. Additionally, the company has been gradually setting up solar power plants, with a total generation of 4.02 million kWh in 2023 and a cumulative generation reaching 13.13 million kWh by the end of 2023. To further promote the circular economy, the Company is expanding the proportion of its operations dedicated to recycled and eco-friendly products, aiming to enhance its sustainable competitiveness.



Giving Back to Society

The Company has always attached great importance to protecting the rights and interests of employees. From the second half of 2022 to the second half of 2023, due to a shortage of long-term orders and a low machine utilization rate, the Company experienced significant production losses, leading to severe financial losses. However, in fulfilling its corporate social responsibility and prioritizing employee livelihoods, the Company did not implement unpaid leave, salary reductions, or layoffs, thus ensuring the protection of employee rights. Furthermore, the Company has established a comprehensive retirement system and provided sufficient retirement reserves. Each year, the Company provides retirement payments to employees who qualify for retirement based on years of service but do not meet the mandatory retirement conditions in accordance with the Labor Standards Act. In 2023, we paid NT\$17,293 thousand in pensions to employees, and the accumulated amount of pensions we paid from 2008 to 2023 amounted to NT\$273,694 thousand.

Sustainability Performance

Aspect	Topic	SDGs	Performance Measurement Indicators	Page	2023 Annual Performance	2024 Annual Targets
Economy	Corporate Governance	—	Corporate Governance Evaluation	23	Our ranking in the 2023 Corporate Governance Evaluation for Companies Listed in the Taiwan Stock Exchange is in the top 36%-50%.	Our corporate governance continues to steadily improve.
	Economic Performance	—	Net income	22	Turned a deficit in the fourth quarter of 2023, with a net profit after tax of NT\$35 million.	We continue to strive to achieve profitability goals.
	Supplier Management	—	Supplier's Pledge	27	1. Suppliers are required to fulfill their social responsibility, and 207 suppliers have signed our Supplier's Pledge by the end of 2023. 2. The Contractor's Pledge has been signed by 301 project contractors by the end of 2023.	217 suppliers and 315 contractors have signed pledges to comply with the Company's commitment to corporate social responsibility.
			Demand for Ethical Suppliers	27	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	35	Energy savings totaled 4.85 million kWh with an average annual saving rate of 1.19% and a cumulative energy savings performance of 12.39% from 2015 to 2023.	Total energy savings were 1.03 million kWh; the average annual energy saving target is 1.15%.
			Developing Renewable Energy	38	The solar power plant had a capacity of 3,368.38kW and the power generation in 2023 was 4.02 million kWh.	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	34	By switching from coal to low-carbon natural gas fuel, the Company reduced CO ₂ e emissions by 1,639 metric tons in 2023, with total emissions reduced by 32,371 metric tons of CO ₂ e compared to 2022.	In addition to maintaining ongoing carbon reduction measures, the Company regularly conducts greenhouse gas inventories, continuously working towards the goal of achieving net-zero carbon emissions.
	Green Products		Recycling Products	40	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.	The Nylon Polymerization Plant 2 and the DTY Plant 2 have implemented and obtained ISCC (International Sustainability and Carbon Certification).
			Recycling rate of packaging materials	40	Recycled 7,516 polymer bags; recycling rate is 100%. Recycled 366,425 textile hole boards; recycling rate is 100%. Recycled 1,192,072 paper tubes at Spinning Plant 1; recycling rate is 93%. Recycled 873,529 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 85%. Recycling rate for paper tubes at Spinning Plant 2 is 100%.
Society	Occupational Health and Safety		Health and Safety Performance	50	Disabling Injury Frequency Rate (FR) < 3.49 times/million work hours, which did not meet the target (≤ 1.8 times/million work hours) Disabling Injury Severity Rate (SR): 99 days/million work hours, which did not meet the target (≤ 6 days/million work hours)	Disabling Injury Frequency Rate (FR) ≤ 1.8 times/million work hours Disabling Injury Severity Rate (SR) ≤ 6 days/million work hours
			Number of occupational accidents	53	The Company had 8 occupational accident (1 in 2022) and our partner contractors had 1.	We continue to promote disaster reduction programs, working towards "zero occupational accidents" while enhancing occupational safety training and awareness efforts.
	Social Welfare		Scholarships and Bursaries	56	Provided scholarships to Targets: The National Yunlin University of Science and Technology and the National Chin-Yi University of Technology	Continue to plan activities to give back to local communities and invest in culture and education.

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

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, the Company operates a total of eleven plants, including three DTY plants, one ATY plant, two spinning plants, two nylon 6 polymerization plants, one nylon 66 polymerization plant, one compounding plant and one Membrane Plant, making us the largest chemical fiber company in Taiwan.



Dayuan Plant 5

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



Taipei Office

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



Guanyin Plant 2

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



Guishan Plant 1

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



Guanyin Plant 3

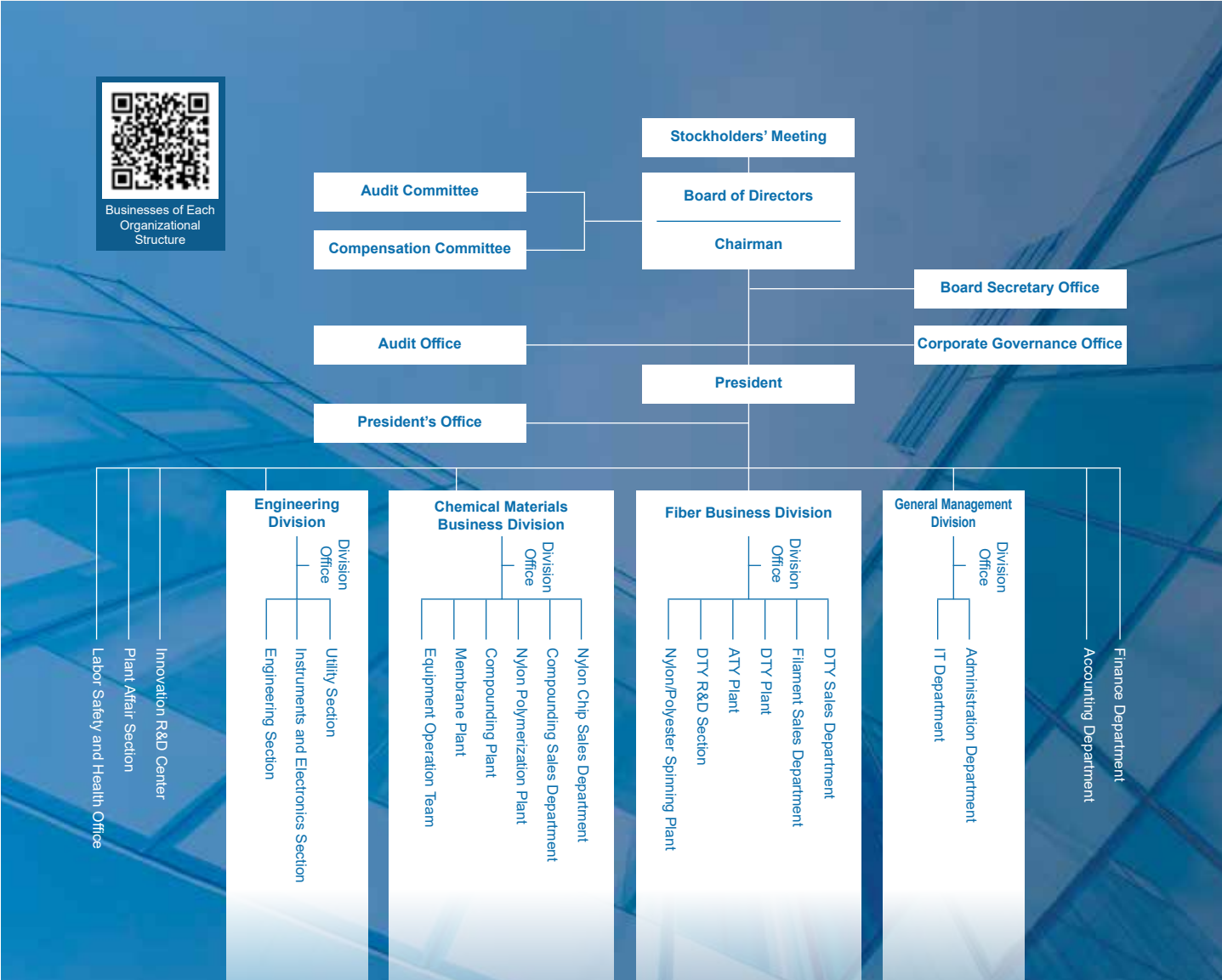
No. 506, Sec. 1, Chenggong Road, Guanyin
Industrial Zone, Taoyuan City
TEL: 886-3-483-2267
FAX: 886-3-483-2429



Guanyin Plant 4

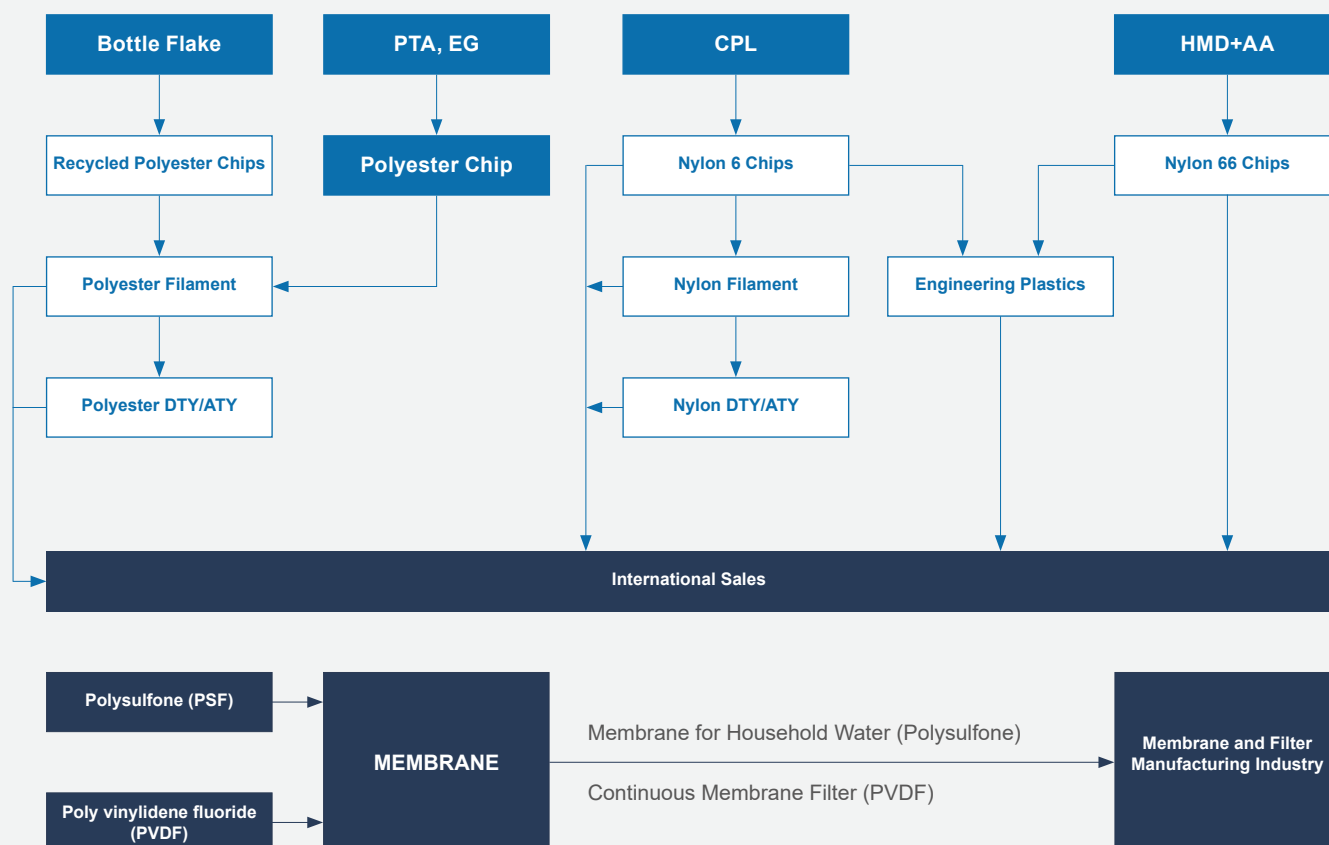
No. 2, Ronggong South Road, Guanyin
Industrial Zone, Taoyuan City
TEL: 886-3-483-2267
FAX: 886-3-483-2429

Item	Contents
Company Name	Zig Sheng Industrial Co., Ltd.
Country and Location of Operation	Taiwan (Taipei, Taoyuan)
Date of Establishment	Aug. 18, 1969
Listing Date	October 7, 1993
Head Office Location	2F, 3F, 5F of No. 70, Xining North Road, Datong District, Taipei City
Ownership (Shareholder Structure)	For a detailed list of major shareholders, please refer to the annual report or the Market Observation Post System.
Financial Scale	Capital: NT\$5.316 billion
Size of Served Market	(Proportion of main products sold) 2023 Operating Revenue: NT\$7.7 billion ① DTY 30.8% ② Filament 13.7% ③ Nylon Chips 48.5% ④ Composite materials 6.9% ⑤ Others 0.1%
Employees Hired	Total: 1,264
Company Website	http://www.zigsheng.com/en/home/



1.2 Products and Services

1.2.1 Upstream, Midstream, and Downstream Industry Structure



1.2.2 Product Use and Contribution to the Environment

Business	Product	Applications	Contribution to the Environment
Fiber Business Division	DTY/ATY	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	Developed environmentally-friendly products in line with the trend among upstream manufacturers, solution-dyed polyester filament is processed into high-performance, sunlight-resistant, and color-fast DTY. Produce recycled products to reduce the damage to the environment.
	Filament	Sleeping bags, suitcases, tents, backpacks, umbrellas, women's clothing, casual wear, stockings, socks, lining, sportswear, swimwear, rhythm suits, webbing, fishing nets, ropes, sewing thread, industrial yarn	Strengthen the sales of warp knitting filament and develop functional products, solution-dyed filament, and recycled nylon. Among such products, collagen nylon fiber is made of collagen from discarded fish scales to make the circular economy production model a reality.
Chemical Materials Business Division	Nylon Chips	Spinning, injection molding grade, electrical and electronic components, information equipment components, tool housings, dual-use for injection and extrusion, compounding, staple fiber cutting, sporting goods, gears, automotive parts, carpets, extrusion grade, fishing nets, monofilament, seat belts, membrane packaging, 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, hook-and-loop fasteners, cable ties, tire cord fabric and airbags	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.
	Recycled Polyester Chips	Spinning grade, injection grade, non-food packaging, shoe materials, and consumer products	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.
	Compound Materials (Engineering Plastics)	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.	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.
	Water resource materials (Hollow Fiber Membrane)	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.	Environmentally-friendly products that remove contaminants such as impurities, particulates and bacteria, make drinking water clean and safe without producing wastewater, and consume little energy. In response to the scarcity and importance of global water resources, and to promote the circular economy and environmental protection, we use high-tech membrane filtration technology to efficiently separate industrial wastewater for recycling and to promote the sustainability of water resources in a comprehensive manner.

1.2.3 Product Sales and Service Satisfaction Level

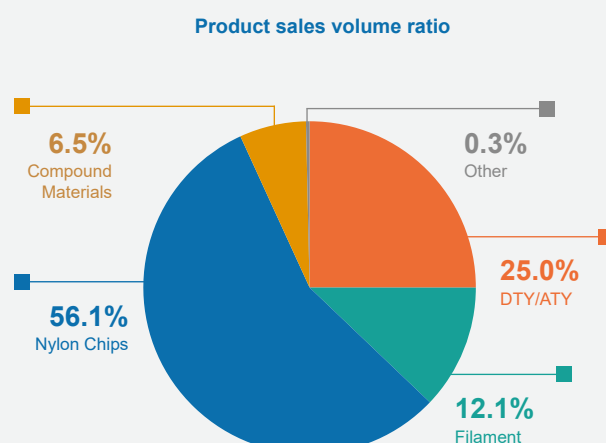
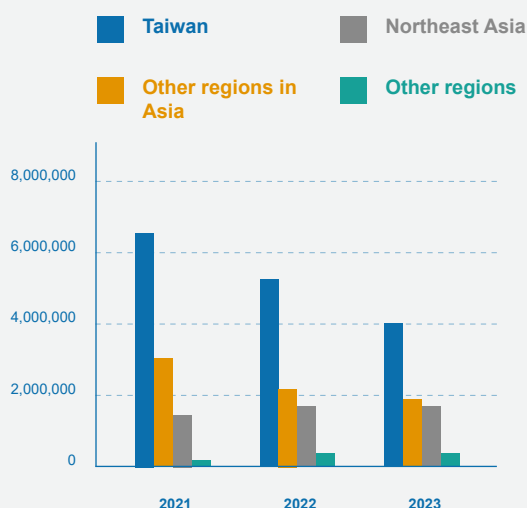
(1) Product sales

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:

Regions	2021		2022		2023	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Taiwan	6,596,152	58.80%	5,297,544	56.95%	4,114,511	53.16%
Other regions in Asia	3,001,595	26.76%	2,144,475	23.06%	1,894,789	24.48%
Northeast Asia	1,423,919	12.69%	1,548,046	16.64%	1,483,260	19.16%
Other regions	196,847	1.75%	311,380	3.35%	248,028	3.20%
Total	11,218,513	100%	9,301,445	100%	7,740,588	100%

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

Unit: NTD thousand



For the sales volume of each product, please refer to Zig Sheng's annual report - V. Operational Highlights on P.152
<http://www.zigsheng.com/en/investor-relations/shareholder-information/annual-calendar/>

(2) Regions where the products are sold

Product	Number of Downstream Customers	Business Activity Type	Business Relationship	Location
DTY/ATY	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
Filament	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
Nylon Chips	86	Manufacturer, trader	Long-term, short-term, contractual, non-contractual	Taiwan, Mainland China, India, Japan, South Korea, Turkey, the United States, Germany, Vietnam, Thailand, Malaysia, Indonesia, Mexico, Belgium, Singapore, Bangladesh
Compound Materials	90	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
Water resource materials	9	Clean water and wastewater equipment manufacturer	Long-term, non-contractual, specific projects	China, Taiwan, Japan

Note: Recycled polyester chips are mainly used for the Company's internal production of polyester filament.

(3) Satisfaction with Products and Services

Each year, we set the number of customers to be surveyed by product (85% or more of our sales), and conduct customer satisfaction surveys by in-person visits, phone, fax, e-mail, and other methods to monitor customer satisfaction with the overall performance of our products and services.

After the completion of the survey, we inform the relevant departments to review and confirm the items that need to be improved after customer's response. We also present and discuss these items in the annual management review meeting-part of our quality management system-to improve customer satisfaction. The survey results for 2023 are as follows:

Customer Satisfaction Assessment Items

- 1. Customer Satisfaction Survey (20%)** → Based on the total score from the 2023 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/ATY	2021	18.8	50.0	14.3	10.0	93.1	In 2023, shipping costs increased due to the Red Sea crisis, which extended shipping times and affected delivery schedules. The rise in shipping costs also impacted customers' willingness to place orders.
	2022	18.9	50.0	15.0	10.0	93.9	
	2023	18.5	50.0	15.0	10.0	93.5	
Filament	2021	18.1	50.0	12.8	10.0	90.9	In 2023, shipping costs rose due to the Red Sea crisis, which extended shipping times and affected delivery schedules. However, for spinning products, the impact on short-haul shipments was relatively minor, leading to more stable orders and shipments.
	2022	18.0	50.0	12.3	10.0	90.3	
	2023	18.5	50.0	12.9	10.0	91.4	
Nylon Chips	2021	17.2	50.0	11.9	10.0	89.1	With stable quality and ensured supply reliability, customer satisfaction has been maintained. In 2023, some customers experienced reduced demand due to unfavorable market conditions, but long-term customers remained stable. In December 2023, Nylon 66 chips were officially put into production.
	2022	18.0	50.0	14.1	10.0	92.1	
	2023	18.0	50.0	13.1	10.0	91.1	
Compound Materials	2021	19.0	50.0	15.7	10.0	94.7	Initially, inflation and the impact of war caused customers to maintain high inventory levels and reduce orders. However, by 2023, existing inventories were gradually depleted to low levels, leading to a gradual recovery in order volumes.
	2022	18.8	50.0	14.7	10.0	93.5	
	2023	18.9	50.0	15.8	10.0	94.7	
Water Filters	2021	19.9	50.0	6.7	10.0	86.6	In 2023, both the sales volume and revenue of commercial water filter cartridges experienced significant growth and the growth momentum is expected to remain stable this year. As for industrial filter cartridges, the global trends toward net-zero carbon emissions and ESG sustainable development goals have been favorable for industry growth. As economic conditions improve and production capacity gradually recovers across various industries, there has been an increase in the operation, maintenance, and expansion of wastewater treatment equipment systems. With more engineering projects underway, future operations are expected to maintain stable growth.
	2022	19.6	50.0	8.6	10.0	88.2	
	2023	19.2	50.0	11.4	10.0	90.6	

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

02

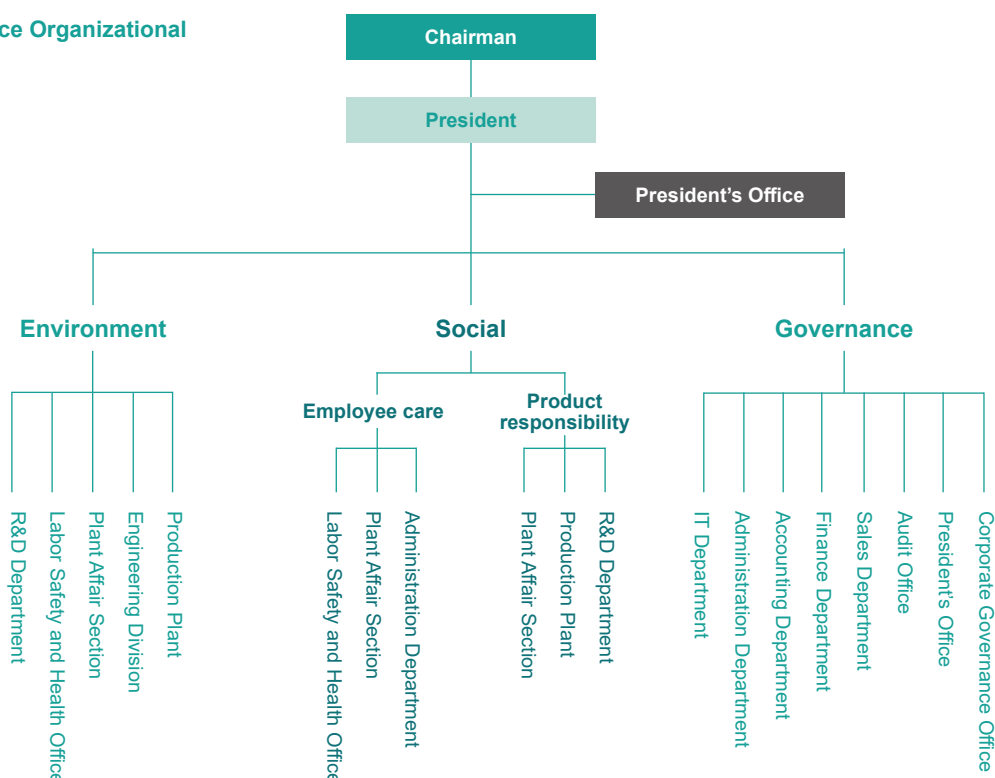
STAKEHOLDER INTERACTIONS



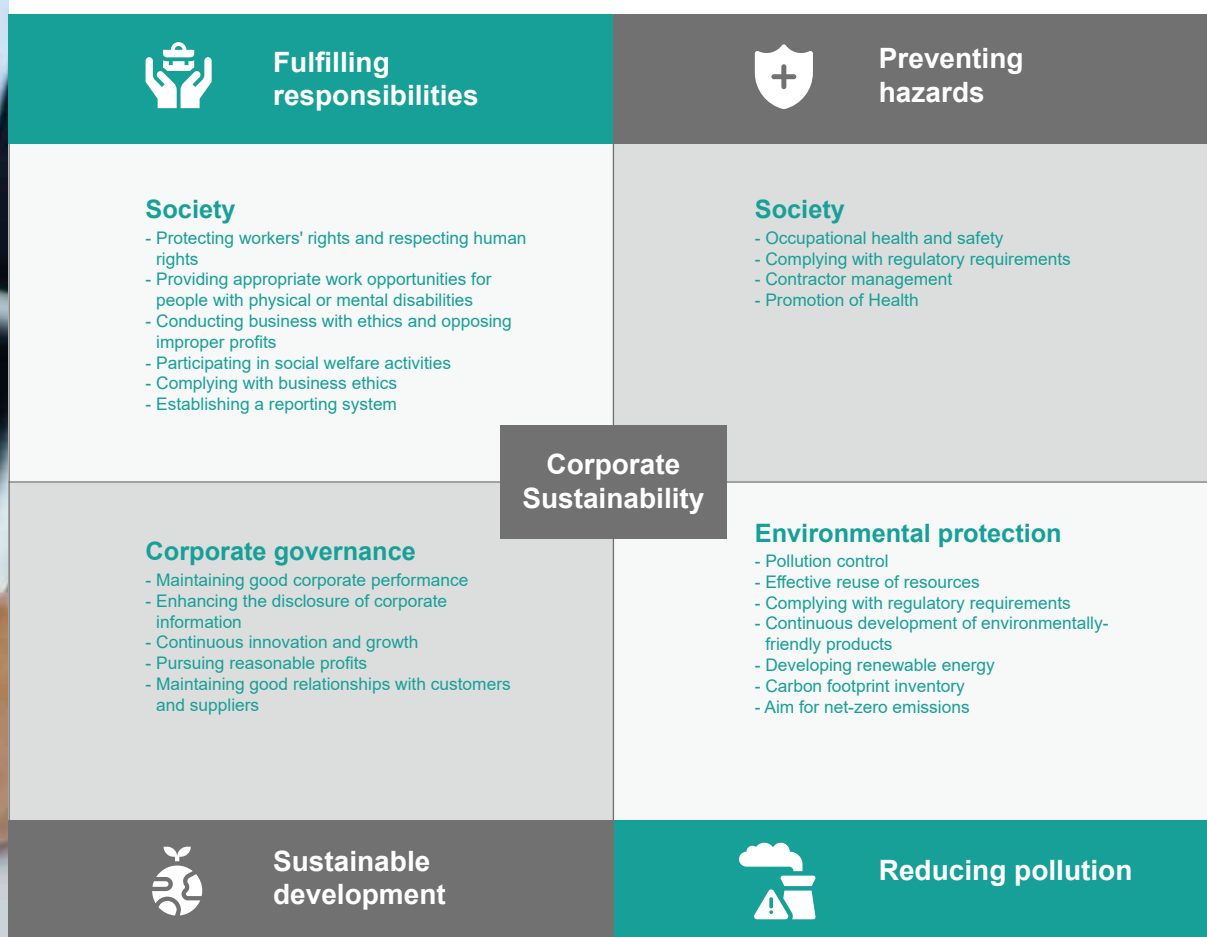
2.1 ESG Operation and Implementation

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.

Important stakeholders



Stockholders/Investors

Contribute funds to the company



Customers

Main source of the company's revenue



Suppliers/Contractors

Provide products and services



Employees

Employees are the foundation of the company



Government Agencies

Establish and comply with regulations



Residents of Local Communities

Positive impact through social feedback



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
01	Stockholders/ investors	President's Office Finance Department	Acting Spokesperson Mr. Kuo: jason_kuo@zigsheng.com Ms. Yen: teana_yen@zigsheng.com	Sustainable Operations Corporate Governance Integrity and Ethics 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				•
02	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 Relations Green Products Circular Economy	Telephone or email				•
					New products or services			•	
					Visit customers				•
					Annual customer satisfaction survey	•			
					A communication channel with stakeholders is set up on the website				•
03	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	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				•
04	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		•		
05	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				•
06	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 Material Topics

Understanding organizational context	Identifying actual and potential impacts	Evaluating the significance of impacts	Ranking the reporting order of the most significant impacts
Listing the Company's activities, business relationships, sustainability context, stakeholders, etc.	Collecting information from various sources (GRI, SDGs, SASB, TCFD, Corporate Governance 3.0 Sustainable Development Roadmap, etc.) to identify actual and potential impacts on the economy, environment, and society, including both positive and negative impacts.	Considering the severity and likelihood of impacts as well as human rights issues, and assessing the significance of positive and negative impacts.	Positive and negative impacts are grouped by topics, and then evaluated and prioritized by the stakeholders' level of concern with them.

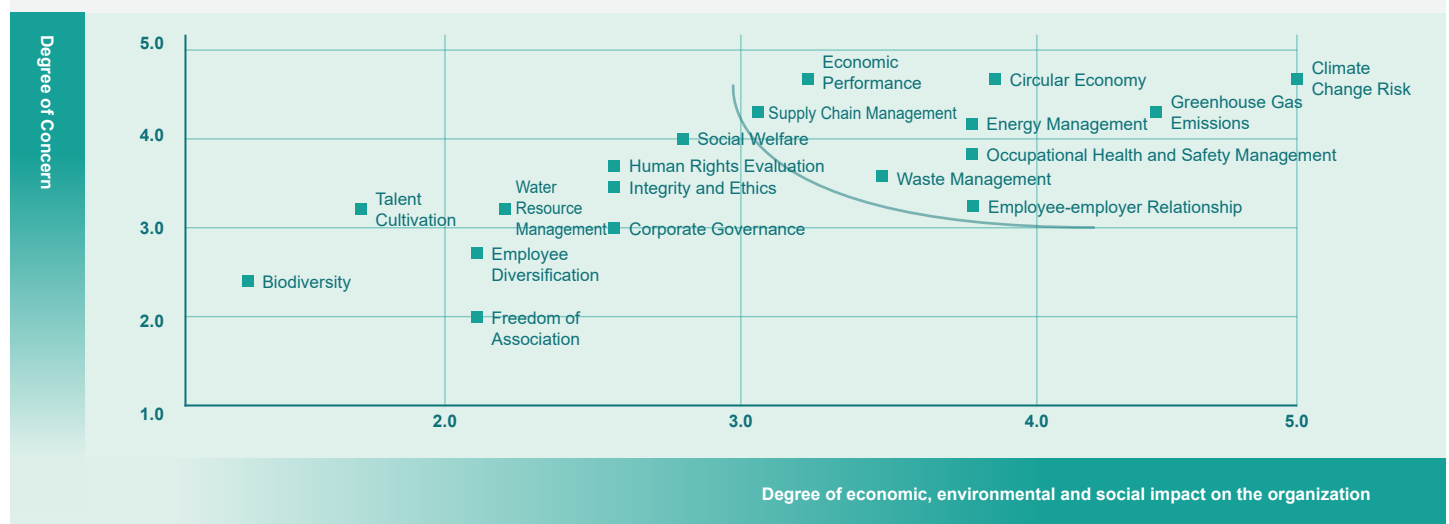
2.4 Substantive Analysis for Material Topics

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 material economic, environmental, and social 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	●
Social	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 remain the same as in the previous report. * ●: Material topic; ○: Additional disclosed topic








2.5 Material Topic Boundaries

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

Aspect	Material Topic	GRI Corresponding GRI Code	Concern	Impact					
				Employees	Customers	Suppliers/ Contractors	Stockholders/ Investors	Local Residents	Government Agency
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	306-1	Waste generation and significant waste-related impacts	×	×	×	×	▲	●
		306-2	Management of significant waste-related impacts	×	×	×	×	▲	●
		306-3	Waste generation	×	×	×	×	▲	●
	Circular Economy	Self-determined	Eco-friendly recycled products	▲	●	●	●	×	×
			Description of the percentage of sold packaging material that is recycled	●	●	●	▲	×	●
Social	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

	<h3>Opinion Survey</h3> <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>Feedback and Grievance</p>
	<h3>Immediate Response</h3> <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>
	<h3>ESG Page</h3> <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>  <p>ESG Page</p>

2.7 Management Guidelines for Significant Topics

Topic Category	Material Topic	Description of Significance	Policies and Commitments	Target	Competent Authority	Action Plan	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.	<ul style="list-style-type: none"> Continue to engage in innovation and R&D Increase operating performance Pursue reasonable profits 	<ol style="list-style-type: none"> Ensure an adequate supply of raw materials, and achieve balance in production and sales Control operating costs, and maintain a sound financial structure Develop new markets, and meet customer requirements 	Management Level	<ol style="list-style-type: none"> Quarterly management meeting to report on performance targets, and continuously improve and maintain performance Monthly sales profit report for each product is used as the basis for the management’s decision making 	P.22	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.	<ul style="list-style-type: none"> Ensure the competitiveness of our employees’ salaries Localization of management 	Strive to improve operating performance to raise the salaries of employees.	Management Level	In accordance with Taiwan’s labor laws and regulations	P.43	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.	<ul style="list-style-type: none"> Prioritize local procurement Emphasize ethical corporate management Prohibit dishonest behavior with vendors 	<ol style="list-style-type: none"> Have the proportion of domestic procurement of key raw materials reach 60% or above Increase the number of signatories of the Contractor’s Pledge 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. 	Administration Department - Procurement	<ol style="list-style-type: none"> Selecting suppliers based on quality, price, lead time, stability in quantity, integrity, and attention to expectations Requiring vendors to sign the Contractor’s Pledge 	P.26	Evaluation of suppliers

Topic Category	Material Topic	Description of Significance	Policies and Commitments	Target	Competent Authority	Action Plan	Performance Results	Evaluation Mechanism
Environment	Climate Change Risk Management	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.31	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.	<ul style="list-style-type: none"> Comply with relevant regulations Emphasis on climate change and global warming issues Reduce greenhouse gas emissions 	Gradually replace coal with natural gas to reduce emissions and continue to improve	Plant Affair Section/ Production Unit/Public Utilization Section	Emission inventory is conducted according to ISO 14064-1	P.34	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.	<ul style="list-style-type: none"> Continued promotion of energy conservation measures Participation of all employees in energy saving and carbon reduction activities Increase renewable energy usage 	<ol style="list-style-type: none"> Continued reduction of energy consumption and CO₂ emissions Reduce electricity consumption by at least 1% per year 	Instruments and Electronics Section	To effectively manage energy saving targets, we have implemented and approved ISO 14001, ISO 14064-1, and ISO 50001 energy management systems to manage major sources of power consumption and make improvements	P.35	ISO14064-1 Inventory of energy consumption, declaration of annual energy savings from the Energy Administration
	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	<ol style="list-style-type: none"> Commission qualified disposal service providers Regularly review the waste disposal handbook Reduce the output of combustible and non-combustible waste by 10% 	Plant Affair Section	Report the amount of waste disposed based on the regulations	P.39	Waste Statistics
	Circular Economy	We create value through recycled products to achieve our goal of striking a balance between economic performance and environmental sustainability.	<ul style="list-style-type: none"> Develop recycled products Continue to maintain packaging material recycling 	<ol style="list-style-type: none"> Continue to develop recycled products, with green products accounting for 10% of revenue Recycling packaging materials <p>Polymerization Plant-polymer bag recycling rate is 100% Spinning Plant-hole board recycling rate is 100% Spinning Plant 1-paper tube recycling rate is 85% Spinning Plant 2-paper tube recycling rate is 100%</p>	Production unit Plant Affair Section	<ol style="list-style-type: none"> Develop recycled products and obtain GRS certification Large quantities of packaging materials used for products sold in Taiwan are included in our recycling management. 	P.40	Statistics on the Carbon Footprint of Products and Recycling Rates
Social	(Employee Composition and Benefits) Employee-employer Relationship	Employees are important partners of Zig Sheng, and we protect their rights and benefits as well as provide them with good salaries and benefits.	We provide job opportunities for those who are physically or mentally disabled as well as members of disadvantaged groups in accordance with Taiwanese labor laws and regulations, and we continue to promote internship programs as part of our collaboration with academic institutions.	<ol style="list-style-type: none"> Protect the rights and interests of employees Fair treatment of all employees Reduce turnover rate 	Administration Department - Human Resources	<ol style="list-style-type: none"> Improve grievance mechanism to maintain a good employee-employer relationship. Higher percentage of employees with physical and mental disabilities than required by the government. Maintain the ratio of industry-academia collaboration. 	P.42	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.	<ol style="list-style-type: none"> 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. 	<ol style="list-style-type: none"> 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. Disabling Injury Frequency Rate (FR) ≤ 1.8; Disabling Injury Severity Rate (SR) ≤ 6 Making zero occupational accidents a long-term goal 	Plant manager of each plant Labor Safety Office	Self-management competition Safety and health education and training Health promotion program	P.50	The Statistic of Occupational Accident
	Social Welfare	Providing care to members of communities and disadvantaged groups is important to the company, and this in turn enhances our corporate image.	Establish good relations with communities, care for and assist the disadvantaged, and cultivate talents to contribute to society.	Plan activities to give back to local communities, and invest in culture and education	Plant Affair Section	<ol style="list-style-type: none"> Support and sponsor the communities near where our plants are located Provide internship and job opportunities for disadvantaged students Provide scholarships and bursaries 	P.55	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	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.	
	Hardworking	We are proud of our excellent employees; they are hard-working, and do not give up easily. Our corporate spirit is being down-to-earth and sincere in our attitude.
	Customer-oriented	We listen to our customers' needs, solve problems, and guarantee quality, becoming an irreplaceable partner to our customers.
Uniqueness and Innovation	Sensibility:	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.
	Our competitiveness lies in our focus on the industry, our pursuit of excellence, and our innovation. We invest in technology research and development to get ahead in the market.	
	Diversification	We regularly update and modify our machines, create new services, control and manage quality and function, satisfy needs in customization, and provide diversified products.
	Acumen	We have the ability to do the right thing; to quickly judge the market, to implement corresponding strategies, to use our know-how as our foundation, to work consistently, to integrate vertically, and to expand horizontally.
	Foresight and vision	We response quickly to the market, adapting, integrating and positioning our business to create an advantage in the midst of disadvantages, creating a blue ocean future.

3.1.2 Operating Performance

Item \ Year	2021	2022	2023
Operating income	11,218,513	9,301,445	7,740,588
Operating costs	9,996,561	9,087,845	7,889,709
Operating profit	647,895	-245,210	-515,072
Net income	920,077	-281,794	-240,156
Earnings per share (NTD)	1.73	-0.53	-0.45
Current ratio	156.03	149.63	164.20
Debt ratio	32.17	28.24	38.83

Unit: NTD thousand



Item \ Year	2021	2022	2023
Employee salary and benefits	1,063,867	956,243	912,364
Payments to funders	173,413	446,058	88,084
Payments to the government	31,512	307	282
Community investments	1,018	738	136

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

Unit: NTD thousand

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. In 2024, the number of directors is reduced to nine.

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. There was no conflict of interest in 2023. Please refer to Annual Report - Corporate Governance Operation for more information.

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, the diversity policies of the Board of Directors and their implementation status, and the Board's performance evaluation results and follow-up actions are all 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 corporate social responsibility, 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.

Website of Resumes of Compensation Committee Members:
<http://www.zigsheng.com/en/investor-relations/corporate-governance/functional-committees/>



3.2.3 Operations and Management

In 2023, the Company's ranking in the 10th Corporate Governance Evaluation for Companies Listed on the Taiwan Stock Exchange was in the top 36%-50%.

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

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.

Education, training and promotion have been arranged to implement the "Ethical Corporate Management Best Practice Principles" and the "Unethical Conduct Prevention Program." In 2023, a total of 197 managers at the section level and above participated in a themed campaign promoting integrity and ethical regulations. In addition to requiring suppliers to sign commitment letters, the company has added an "Ethical Corporate Management Declaration" clause to sales and purchase contracts, engineering agreements, and purchase orders to demonstrate its commitment to upholding integrity and ethical standards.

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.









Company Rules

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

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.

 Grievance	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.
 Reports Filed	We have disclosed an independent reporting mailbox and hotline on our website, and set up a "Reporting System for Breach of Integrity and Ethics" on our internal and external websites, through which all stakeholders can report any breach of integrity or ethics.
 Handling	When we receive a grievance or a report, we have staff dedicated to investigate and handle the case appropriately. When the grievance or report involves a director or a senior executive, it will be reported to the independent director or supervisor.
 Response	Dedicated staff will respond to the grievance or report in the contact method (e.g. mailbox, email, face-to-face meeting) designated by the complainant or whistleblower.
 Confidentiality	The identity of the complainant or whistleblower and the content of their complaint are kept confidential in order to prevent mishandling of the case due to the grievance or report being made.
 Preservation of Records	The information related to the investigation process and investigation results of grievances and reports are all kept in a complete and proper manner.

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 2023, a total of three complaints were received. One of the cases was dismissed after mediation, and no integrity-related whistleblower cases were reported during the year.

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 2023 have been closed.

Content of Item		Number of Cases		
		2021	2022	2023
Grievance	Salary	0	1	3
	Leave	0	1	0
	Other	0	3	0
Reports Filed	Ethics	1	0	0
	Other	2	0	0
Total number of grievances filed		1	5	2
Total number of cases filed and resolved		1	5	2

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	Vice Chairman, 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

The Company's supplier categories consist of key raw materials, key packaging materials, key indirect materials (such as fillers, process oils, and additives), and others (including outsourced finished products, product transportation, instrument calibration, product inspection, and infrastructure equipment). These suppliers are involved in transactions related to products and services.

3.4.2 Local Procurement Policy

We select suppliers based on their quality, price, lead time, stability in quantity, integrity, 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.



1 Avoid dealing with suppliers involved in unethical conduct.

2 When dealing with suppliers, we shall explain the Company's ethical management policy to them, and explicitly prohibit any dishonest behavior such as bribery and offering or accepting illegitimate benefits with the Company's personnel. If any such behavior is found, it shall be reported to the Company.

When selecting suppliers, suppliers are required to pay attention to the following issues:

1 Human rights and social impact.

2 Environmental protection: Comply with all applicable environmental laws and regulations, ensure the safe discharge of waste, waste gas and sewage, and minimize the use of non-renewable resources, make efficient use of all resources, and reduce the impact on the environment.

3 Personnel Safety and Health: The Company provides a safe working environment for its employees, including appropriate education and training, protection for hazardous machinery and equipment, and adherence to relevant labor health and safety regulations.



1 We find out about the quality of a vendor's supplies through supplier interviews, on-site evaluations, and market data collection.

1 Raw materials are supplied by multiple vendors to maintain flexibility in supply source and stability in the amount of supply.

1 We choose local and creditable suppliers to effectively ensure on-time delivery and shortened lead times.

1 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.

2023 Statistics on Major Domestic and Foreign Supplier (Type/Number)

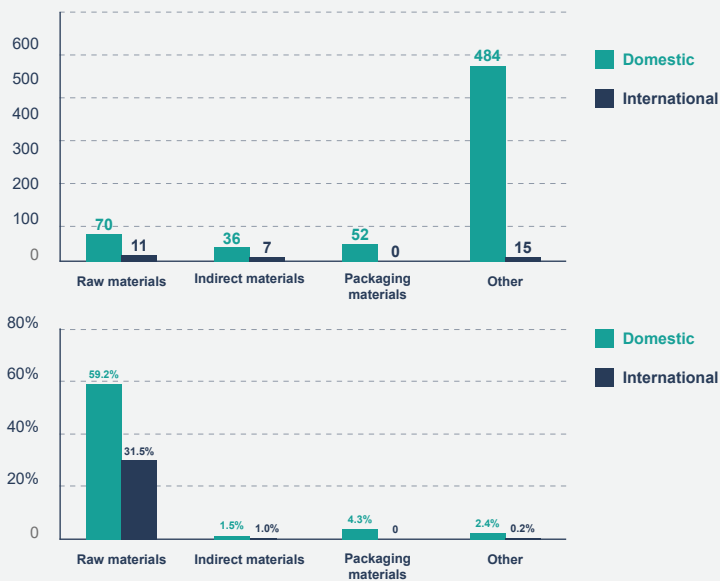
Table of Vendor Statistics

Item	Domestic	International	Total
Key raw materials	70	11	81
Key indirect materials	36	7	43
Key packaging materials	52	0	52
Other	484	15	499
Total	642	33	675
Percentage	95.11%	4.89%	100%

Table of the Percentage of Procurement Amount

Item	Domestic	International	Total
Key raw materials	59.22%	31.50%	90.72%
Key indirect materials	1.45%	0.95%	2.40%
Key packaging materials	4.29%	0.00%	4.29%
Other	2.39%	0.20%	2.59%
Total	67.35%	32.65%	100%

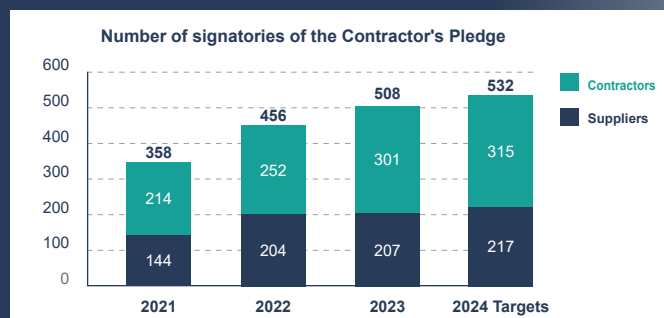
Note: The definition of local: "Domestic" is Taiwan, and "foreign" is imports. For CPL raw materials, we rely on imports.



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 2023, 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 (one supplier was audited on-site in 2023, with the result being satisfactory) in order to ensure that the suppliers' materials meet our needs and enable our operations to run normally. In 2023, the Company collaborated with suppliers on corporate social responsibility initiatives. A total of 207 suppliers and 301 contractors have signed the Company's "Supplier's Pledge" to adhere to these standards. The number of signatories has continued to increase in 2024 to 532 (217 suppliers and 315 contractors).



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.

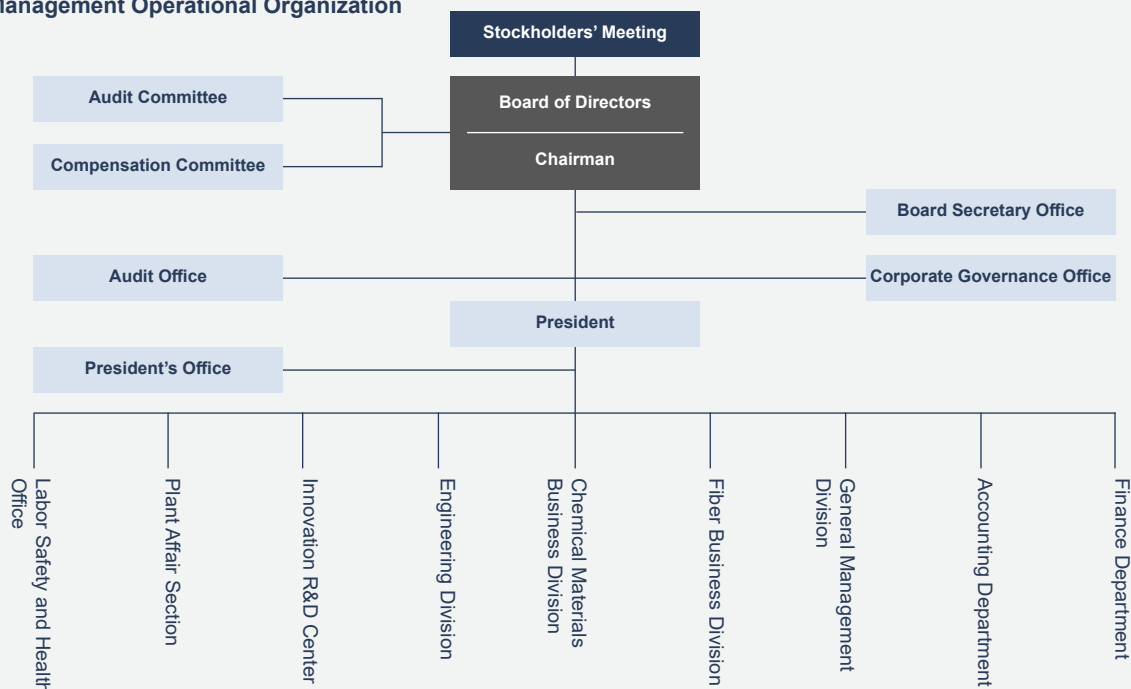
Contractor's Pledge	Before Construction	During Construction	After Construction
<ul style="list-style-type: none"> Signing of the Contractor's Pledge 	<ul style="list-style-type: none"> Joint operation agreement organization Personnel control (trained and qualified) Hazard notification Facility (equipment)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

In 2023, 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

The Company has established an "Operating Risk Management Process" that addresses risks in three aspects: environmental, social, and corporate governance. The President's Office serves as the unit responsible for promoting risk management, formulating risk management policies or strategies, and overseeing their implementation. Each year, the Company reports to the Board of Directors on the implementation for that year.

Risk Management Operational Organization



ESG Risks

Material Issues	Risk Assessment Items	Policy or Strategy	Implementation Status
Environment (E)	Environmental Policy <ul style="list-style-type: none"> Tightened environmental regulations Net-Zero Carbon Emissions 	<ol style="list-style-type: none"> We attach importance to the issues of climate change and global warming, and comply with environmental laws and regulations. Net-Zero Emissions Strategy: Process improvement, energy conversion, circular economy, continuous promotion of energy conservation, and full participation in energy conservation and carbon reduction. 	<p>Our company is committed to engaging in tasks related to energy saving, carbon reduction, industrial waste reduction, pollution control, and resource recycling.</p> <ol style="list-style-type: none"> 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. The Company has obtained GRS (Global Recycled Standard) certification to implement a circular economy policy focused on recycling and reuse. This allows the production of high-quality, environmentally friendly products that meet market demands and contribute to environmental sustainability. Conduct climate change risk assessment and management in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework, and propose measures for material risks and opportunities: pay more attention to regulatory changes, replace high energy-consuming equipment, and monitor water consumption.
Social (S)	Occupational Safety Policy <ul style="list-style-type: none"> Employee Safety Awareness Employee Health Management 	<ol style="list-style-type: none"> Compliance with occupational safety regulations and fulfillment of corporate responsibility Promote education and training to enhance personnel response. Prevent potential hazards and implement risk management. Realize health promotion and establish a friendly workplace. 	<p>Obtained the ISO 45001 Occupational Health and Safety Management System certification.</p> <ol style="list-style-type: none"> 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 (G)	Socioeconomic and Legal Compliance <ul style="list-style-type: none"> Sustainable Operations Ethical Management 	<p>Establish sound corporate governance and risk control mechanisms to create a business environment for sustainable development.</p>	<ol style="list-style-type: none"> In accordance with our "Code of Corporate Governance Practices for Listed Companies," we have established the "Code of Corporate Governance Practices" as the basis for corporate governance 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 "Code of Sustainability Practices" 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.

COVID-19 Prevention

(1) Taipei Office

Due to the steady decline of the domestic pandemic, epidemic prevention measures have become routine. Following the implementation of several eased restrictions by the Central Epidemic Command Center (such as "no isolation for mild cases of confirmed patients (0+n)" and "relaxed mask-wearing rules"), COVID-19 was reclassified from a Category 5 to a Category 4 notifiable communicable disease starting May 1, 2023.

As the pandemic subsides, various prevention measures are gradually being relaxed, and normal life is resuming. However, employees are still encouraged to pay attention to personal hygiene and health by practicing regular handwashing and proper cough etiquette. It is also recommended, when possible, to get vaccinated against COVID-19 to enhance personal protection and reduce the risk of disease transmission.

(2) 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.

While the COVID-19 situation in Taiwan gradually subsided in 2023, Zig Sheng continued to monitor the changes in the COVID-19 situation until the end of December, and arranged for employees to be vaccinated against influenza in December.



3.6 Compliance with Regulations

		2021	2022	2023
Number of Cases	Economy	0	0	0
	Environment	1	2	0
	Social	0	0	4
Fine		6,000	206,000	282,000

The following is a description of the plant-wide violations and improvements in 2023:
Zig Sheng will endeavor to make improvements to prevent similar situations from recurring.

Item	Violation	Penalty	Improvement Measures
1	When there is a risk of falling or scattered objects during operations that may endanger workers, employers must ensure that workers properly use safety helmets and other necessary protective equipment.	100,000	1. Promote the use of proper tools when assembling or disassembling valve components. 2. Follow the prescribed sequence of operations when replacing valve components. 3. If any issues arise during the work process, report them immediately and seek guidance on how to handle the situation.
2	For workplaces at heights of more than two meters, where workers are at risk of falling from edges or openings, appropriate protective equipment such as guardrails or covers with adequate strength was not in place.	60,000	On the day of the inspection, the removed guardrails were immediately reinstalled. Going forward, the construction team and supervising personnel are required to apply for a removal permit and notify occupational safety personnel before dismantling any guardrails.
3	Employers must provide appropriate safety and health protective gear, such as safety face shields, dust masks, gas masks, protective eyewear, and protective clothing, for workers who are at risk of exposure to high or low temperatures, non-ionizing radiation, biological pathogens, harmful gases, vapors, dust, or other hazardous substances. Employers must also ensure that workers properly use these protective gear.	100,000	1. Install new safety protection equipment and personal protective gear 2. Revise work regulations and conduct risk assessments 3. Provide education and training for personnel
4	The ventilation pipe of the indoor storage tank was not positioned at least 4 meters above the ground outside the building.	22,000	A contractor has been commissioned to install ventilation pipes for the indoor storage tanks (including those for the emergency generators' diesel storage tanks at Spinning Plant 1 and DTY Plant 3) in compliance with regulatory requirements for hazardous materials.

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	<ul style="list-style-type: none"> The Company's Sustainable Development Governance Organization conducts annual discussions and assessments related to climate change, formulating strategies for significant risks and opportunities, and reporting these to the Board of Directors. On May 10, 2024, a report on climate-related risks, opportunities, and the implementation of corresponding strategies was presented to the Board of Directors.
Strategy	<ul style="list-style-type: none"> Discussed and identified short-, medium- and long-term climate change risks through cross-departmental communication Evaluated the business, strategic and financial impacts of significant climate change risks and opportunities to our company Conducted situational analyses and evaluated Science Based Targets (SBT) 	<ul style="list-style-type: none"> Regarding risks and opportunities associated with climate change, 4 major risks and 3 major opportunities were identified Proposed countermeasures to address major risks Using the 2°C global warming scenario (RCP 8.5) from the UN's Intergovernmental Panel on Climate Change (IPCC), climate-related risks to operational processes were analyzed and mitigation measures were developed
Risk Management	<ul style="list-style-type: none"> Established our climate-related risk identification process using the TCFD framework Developed relevant response plans based on the results of the climate-related risk identification and ranking Integrated into the overall risk management system 	<ul style="list-style-type: none"> Identified and ranked climate-related risks and opportunities, and assessed their financial impact Implemented countermeasures based on the assessment results and financial impacts of climate-related risks and opportunities Zig Sheng's Operating Risk Management Process
Indicators and Targets	<ul style="list-style-type: none"> Set climate-related risk management targets Conduct ISO 14064-1 greenhouse gas inventory on a regular basis Set climate change management targets and review performance achievement statuses 	<ul style="list-style-type: none"> Reduce energy consumption per unit of product, accumulate energy savings, and build solar power plants Continuously implement carbon reduction measures

Climate Risks and Opportunities

Transformation Risks

- Increased carbon pricing
- Tightened regulations
- Low-carbon technology transformation
- Change in customer behavior
- Increased costs of raw materials
- Increased stakeholder concerns and negative feedback

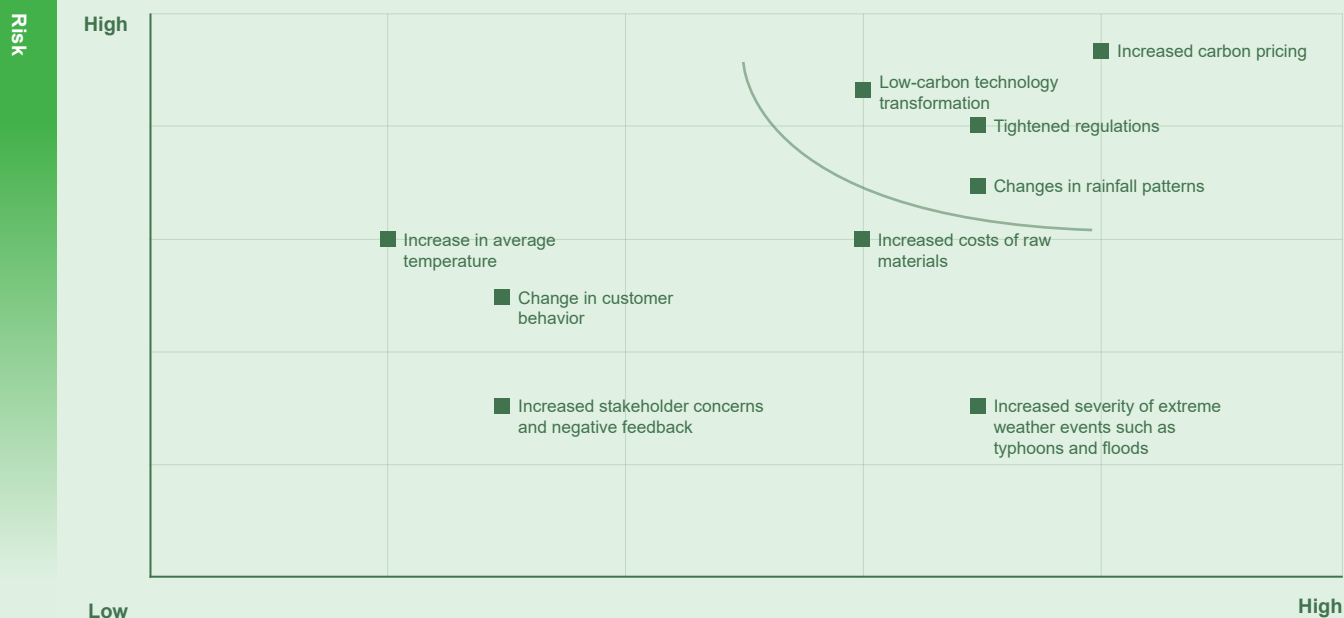
Physical Risks

- Increased severity of extreme weather events such as typhoons and floods
- Changes in rainfall patterns
- Increase in average temperature

Opportunities

- Recycled and reused
- Use of high-efficiency equipment
- Use of low-carbon energy
- Participation in the carbon trading market
- Use of new technology
- Shifting consumer preferences
- Develop climate adaptation and insurance risk solutions
- Participation in renewable energy projects and adoption of energy saving measures
- Energy alternative/diversification

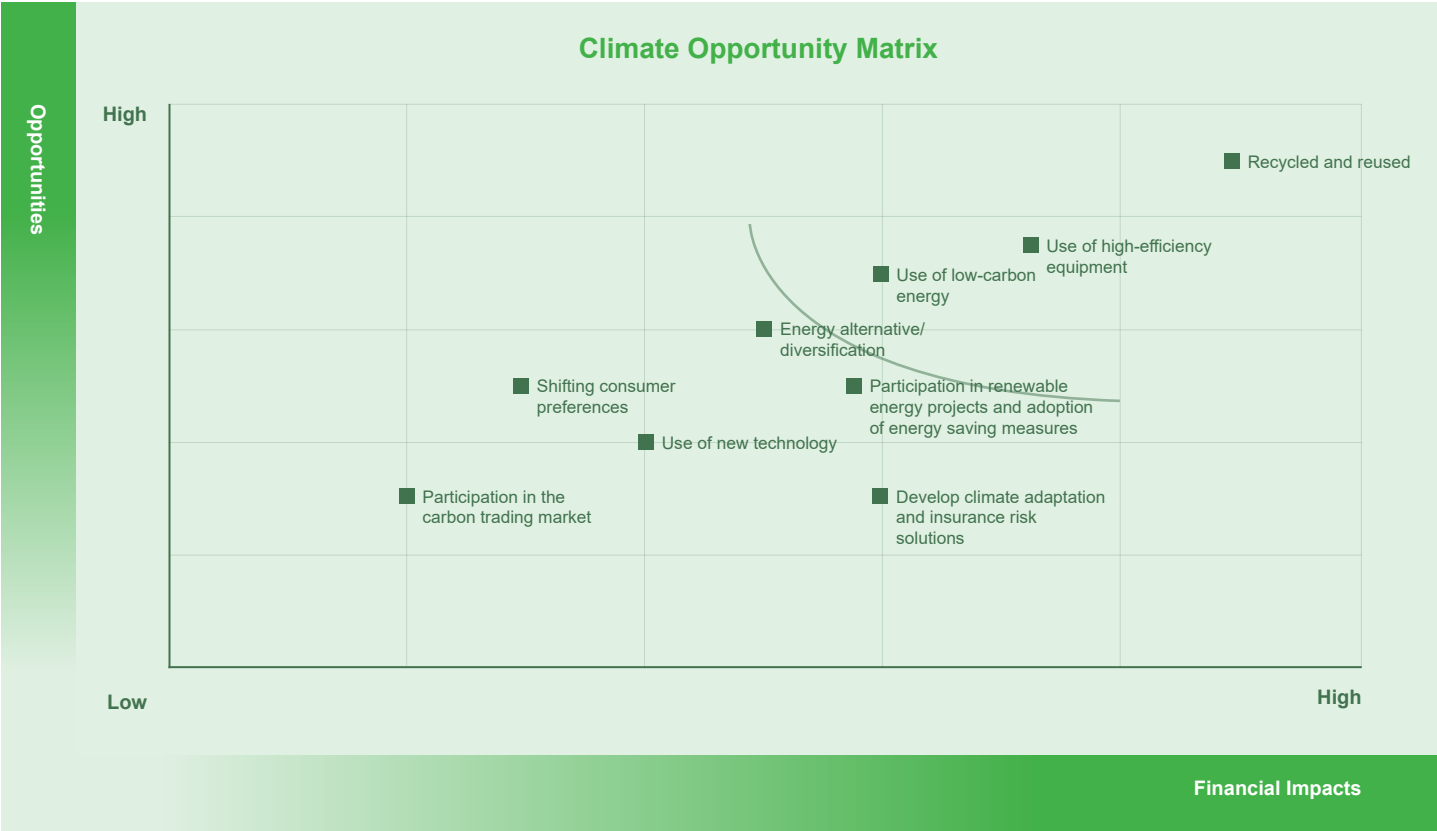
Climate Risk Matrix



Financial Impacts

Major Risk Assessment and Response Strategies:

Risk Category		Related Risks	Business and Financial Impacts	Responses and Measures
Transformation	Policies and Regulations	Increased carbon pricing	1. If carbon fees increases, then operating costs will increase. 2. Switching to low-carbon equipment, resulting in early write-off and scrapping of assets.	1. Closely monitor regulatory changes and international trends. 2. Strengthen energy management by replacing high-energy-consuming equipment with low-energy alternatives to reduce carbon emissions.
		Tightened regulations	1. Expanded carbon emission disclosure requirements will increase verification costs. 2. The Renewable Energy Development Act requires the use of a certain percentage of renewable energy, which will raise green energy costs.	1. Offer relevant training courses to enhance employees' skills and experience in carbon audits to meet increasing demands. 2. Establish solar power plants and apply for green energy certificates to comply with regulatory requirements.
	Technology	Low-carbon technology transformation	The installation of additional equipment and the construction of new facilities will increase costs.	1. Developing polyester recycled products to increase the added value of our products. 2. Continuous energy saving and carbon reduction.
Physical	Long-term	Changes in rainfall patterns	Water shortages can affect equipment cooling, leading to equipment malfunction, disrupted production, and reduced revenue.	1. Monitor water consumption and implement water-saving measures. 2. Increase the water resource recycling rate.



Major Opportunity Assessment and Management Strategies:

Risk Category		Related Opportunities	Business and Financial Impacts	Management Strategies and Goals
Opportunities	Resource Efficiency	Recycled and reused	Increasing Revenue from Green Products	1. Recycle scrap filament into environmentally friendly products, certified by the Global Recycled Standard (GRS). 2. Promote recycled products and increase the sales share of green products.
		Use of high-efficiency equipment	Reduce energy consumption, save energy costs, and reduce carbon emissions.	Replace high-energy consumption equipment with high-efficiency equipment, such as DTY machines, air compressors, and chillers.
	Energy Source	Use of low-carbon energy	Use renewable energy to reduce electricity bills.	Since 2018, solar power plants have been continuously installed, and the goal is to have renewable energy account for 10% of total energy use by 2024.

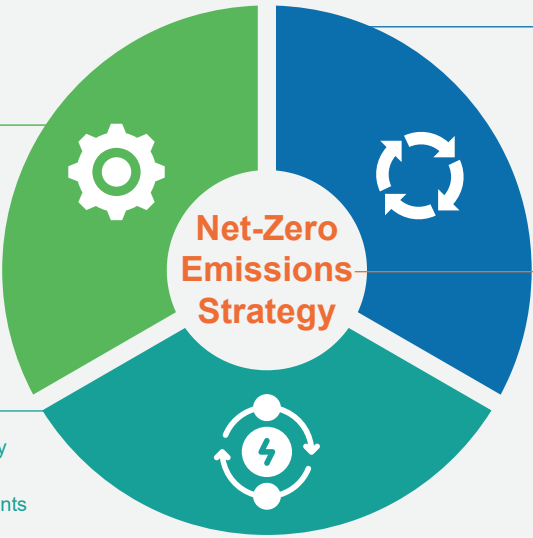
*In 2023, the climate management costs were approximately NT\$43.82 million.

Process Improvement

- 1 Switch to high-performance equipment
- 2 Continuous energy saving and carbon reduction

Energy Transformation

- 1 Switch to low-polluting energy
- 2 Installation of solar power plants



Circular Economy

- 1 Recycled and reused
- 2 Develop green products

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. The audits have continuously been verified and approved by the Taiwan branch of BSI Group Singapore Pte Ltd.

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, and starting in 2023, the subsidiary Suzhou Hongyousheng was also included. The Company has completed the greenhouse gas inventory for the 2023 consolidated financial report ahead of schedule, making 2023 the baseline year for the Group's greenhouse gas inventory.

2023 (Jan. 1, 2023-Dec. 31, 2023) was the twelfth 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 Ministry of Environment, 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.

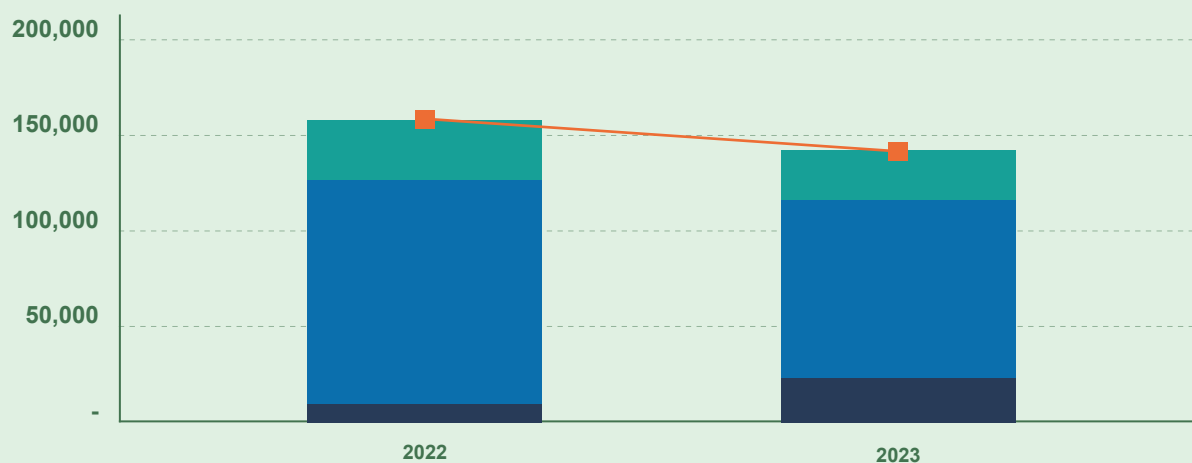
The types of greenhouse gases verified in 2023 are based on the seven greenhouse gases defined by the ISO 14064-1 standards; they include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride. The activities, products, and services of each plant have been taken into consideration, and the survey results show that carbon dioxide emissions takes up the majority of emissions.

The coefficient is based on the GHG emission factor management table version 6.0.4, Taipower's electricity coefficient of 0.495 kg CO₂e/kWh in 2022, and the upstream electricity coefficient of 0.0973 kg CO₂e announced on the EPA's product carbon footprint information website in 2023.

	2022	2023
Direct emissions-CO ₂ e in metric tons	27,860	23,883
Indirect emissions through energy consumption-CO ₂ e in metric tons	129,452	101,062
Other indirect emissions-CO ₂ e in metric tons	3,223	18,487
Total	160,536	143,431

Volume of Greenhouse Gas Emissions

CO₂e in metric tons/year



* Note on scope of the figures:

2022: Plant 1-5, Taipei Office, and other indirect emissions from Plant 1, Plant 4, and Taipei Office only.

2023: Direct, energy indirect, and other indirect emissions include Plants 1 to 5 (including off-site dormitories), the Taipei Office, and the subsidiary Suzhou Hongyousheng.

*This chart uses inventory coefficients based on IPCC AR6.

Comparison of Greenhouse Gas Emissions of Each Plant

Plant	2022	2023	Difference from the previous year
Guishan Plant 1	14,712	11,058	(3,654)
Guanyin Plant 2	42,181	40,784	(1,397)
Guanyin Plant 3	60,670	50,308	(10,362)
Guanyin Plant 4	3,968	2,406	(1,562)
Dayuan Plant 5	35,678	20,286	(15,392)
Taipei Office	104	100	(4)
Subsidiary – Hongyousheng	-	3	3
Total	157,313	124,945	(32,368)
Emission Intensity	0.92	0.82	-

*The scope of emissions in this table is only direct emissions and indirect emissions from energy sources.
 *Emission intensity = emissions (direct + energy indirect) metric tons of CO₂e/production (tons)

Unit: CO₂e in metric tons

Since 2020, the Company has been adjusting its energy sources by gradually replacing fuel oil with natural gas.

The natural gas improvement project was completed in 2022, and the key activity data for 2023 show the following changes:

Electricity decreased by 33,169.89 kWh,

Fuel oil decreased by 1,561.3 kiloliters

Bituminous coal decreased by 3,491.364 metric tons

Steam increased by 369 metric tons,

Natural gas increased by 3,555.69 thousand cubic meters.

As a responsible global citizen, and in line with the Company's commitment to environmental protection, the following greenhouse gas reduction initiatives will continue under the Company's greenhouse gas policy in 2024:

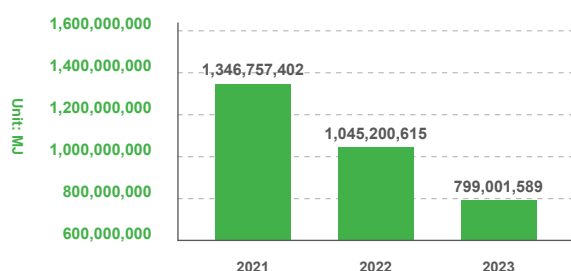
- Continued promotion of energy conservation measures
- Full participation in energy saving and carbon reduction activities
- Comply with environmental regulations, customer needs, and other relevant regulations

4.2.2 Energy Management

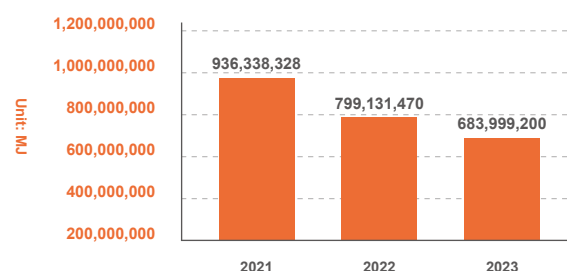
(1) Energy Consumption Statistics

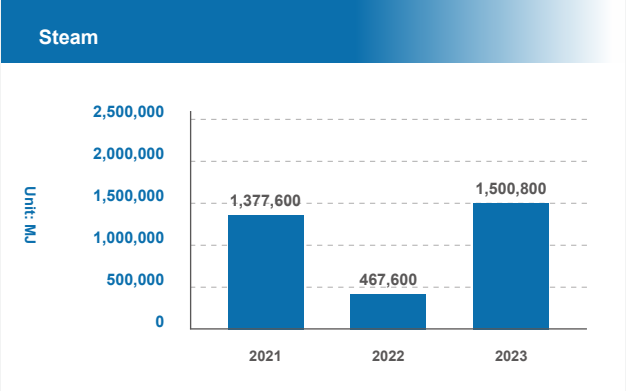
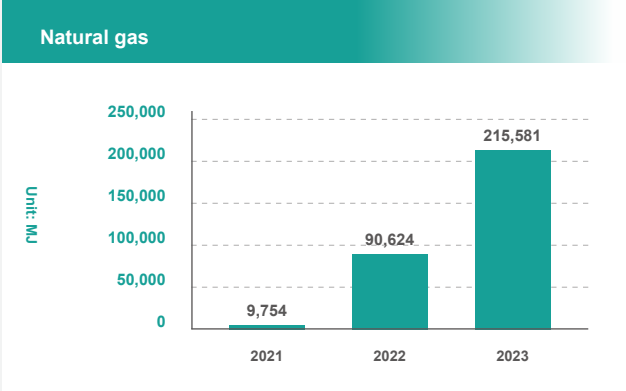
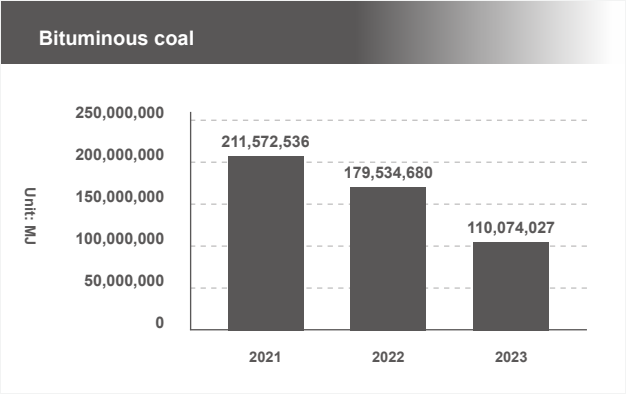
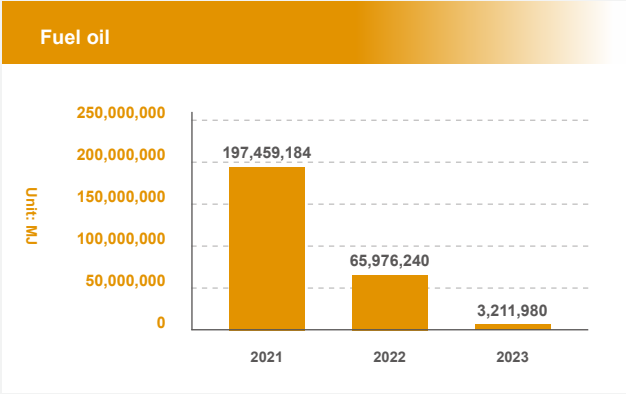
To continuously save energy and reduce carbon emissions while considering our use of electricity, fuel oil, natural gas, bituminous coal and steam, we aim to consume less energy each year compared to the previous year.

Total Energy Consumption



Electricity





(Energy Administration's calorific value table for energy products per unit)
Electricity: 1 kWh=860 kcal=860*4.184*10³ MJ=3.6 MJ
Fuel oil: 1 L=9600 kcal=9600*4.184*10³ MJ=40.2 MJ
(The calorific value for steam issued by the supplier is 667.96, which lowered to 662.61 after transported to user's end)
Steam: 1KG=662.61 kcal=662.61*4.184*10³ MJ=2.8MJ

(the calorific value provided by the supplier)
(Plant 2) Bituminous coal: 1KG=4842.69kcal=4842.69*4.184*10³ MJ=20.3MJ
(Plant 3) Bituminous coal: 1 KG=4550.27 kcal=4550.27*4.184*10³ MJ=19.0MJ
(Plant 2) Natural gas: 1m³=8540.77kcal=8540.77*4.184*10³ MJ=35.7MJ
(Plant 3) Natural gas: 1m³=8539.51kcal=8539.51*4.184*10³ MJ=35.7MJ
(Plant 5) Natural gas: 1m³=8881.46kcal=8881.46*4.184*10³ MJ=37.2MJ

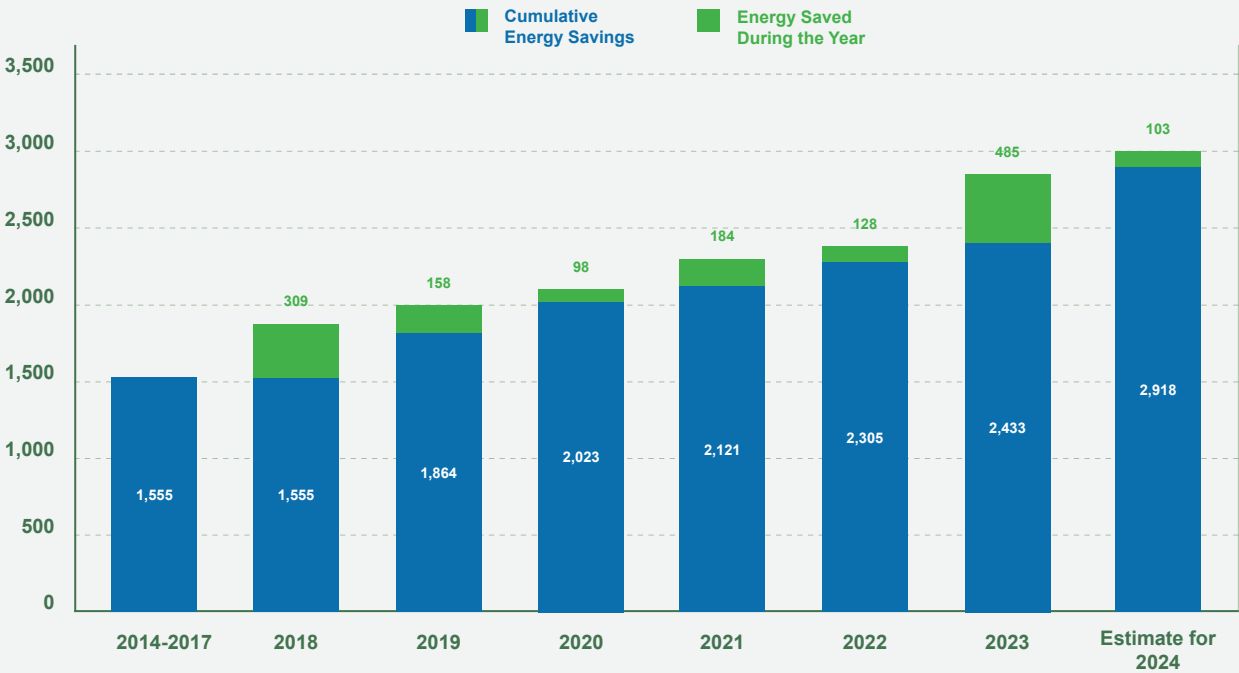
(2) Energy Saving Results

To comply with the energy saving target of achieving an average annual energy-saving rate of over 1% from 2015 to 2024 set by the Energy Administration, 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 monitoring, control, and optimization. Through these efforts over the past few years, overall energy efficiency has significantly improved. From 2015 to 2023, the Company's average annual energy-saving rate was 1.19%, with a cumulative energy-saving rate of 12.39%.

2023 Progress in Power Saving Targets				
Target Value	Actual Value	Power Saving Programs	Electricity saved (kWh)	Unit: NTD thousand
Saved 4.722 million kWh of electricity Invested in an amount of NTD 43.17 million	Saved 4.846 million kWh of electricity Invested in an amount of NTD 43.22 million	DTY machine replacement	74	-
		air compressors replacement	3,760	23,000
		Replacing chillers	442	19,135
		Replacing equipment and adding variable-frequency drives	423	900
		Reducing motor usage by utilizing gravity flow	62	12
		Tube lights are replaced by LED lights	85	170

Unit: 10,000 kWh

Cumulative Energy Saving Statistics Table



Calculation method:
According to the announcement of the Energy Administration, annual electricity savings refer to annual electricity savings from the implementation of various electricity saving measures implemented by Zig Sheng. The calculation period starts from the month following the implementation date and is limited to a maximum of 12 months.
However, if the calculation period crosses the calendar year, the electricity savings is to be calculated on a yearly basis.
(Energy consumption before improvement-energy consumption after the improvement)*operating hours during the reporting period

(3) Energy Saving Planning



Note: The average annual electricity savings rate from 2015 to 2024; electricity consumption in 2024 is assumed to be the same as that of 2023, and then calculations are done in accordance with the regulations of the Energy Administration.

Power Saving Programs	Estimated Electricity Savings in kWh	Unit: NTD thousand
air compressors replacement	802,718	5,500
Replacing chillers	147,456	-
Replacing equipment and adding variable-frequency drives	45,241	279
Adding level controllers	10,439	60
Tube lights are replaced by LED lights	22,888	18

4.2.3 Water Resource Management

Zig Sheng continues to collect statistics on the water consumption of each unit, review whether there is unreasonable water consumption on a monthly basis, and implement improvements as needed. The plant has two wastewater treatment facilities, where the treated water is regularly tested for discharge quality. The facilities adhere to approved water pollution prevention plans and possess the required permits.

The primary water sources are tap water and recycled water. In recent years, the Company has been planning water-saving initiatives, such as rainwater recycling system, reclaimed water recycling, condensate water recycling, etc. In addition to water conservation in the process, we also continue to promote the importance of water conservation in daily life. Based on the average water consumption of the previous five years, we aim to reduce water consumption by 2% per year. In 2023, the Company reduced water consumption by 26.6%.

In 2023, the pure water system at the Dayuan Plant was upgraded from ion-exchange resin treatment to an RO/EDI system, which is expected to reduce the generation of wastewater by 885 tons per year (approximately 14% of pure water consumption). The new system also eliminates the need to use regeneration chemicals such as hydrochloric acid and liquid caustic soda, reducing personnel and environmental hazards.

The water consumption and wastewater treatment volume of each plant in Taoyuan is as follows:

Water consumption statistics

	Water consumption (tons)	Water consumption intensity (tons)	Production volume (tons)
2021	695,569	3.00	232,057
2022	545,553	3.18	171,540
2023	512,364	3.35	152,882

Note: Water consumption intensity = water consumption (tons) / production volume (tons)
Note: Guanyin Plants includes Guanyin Plant 2, Guanyin Plant 3, and Guanyin Plant 4.

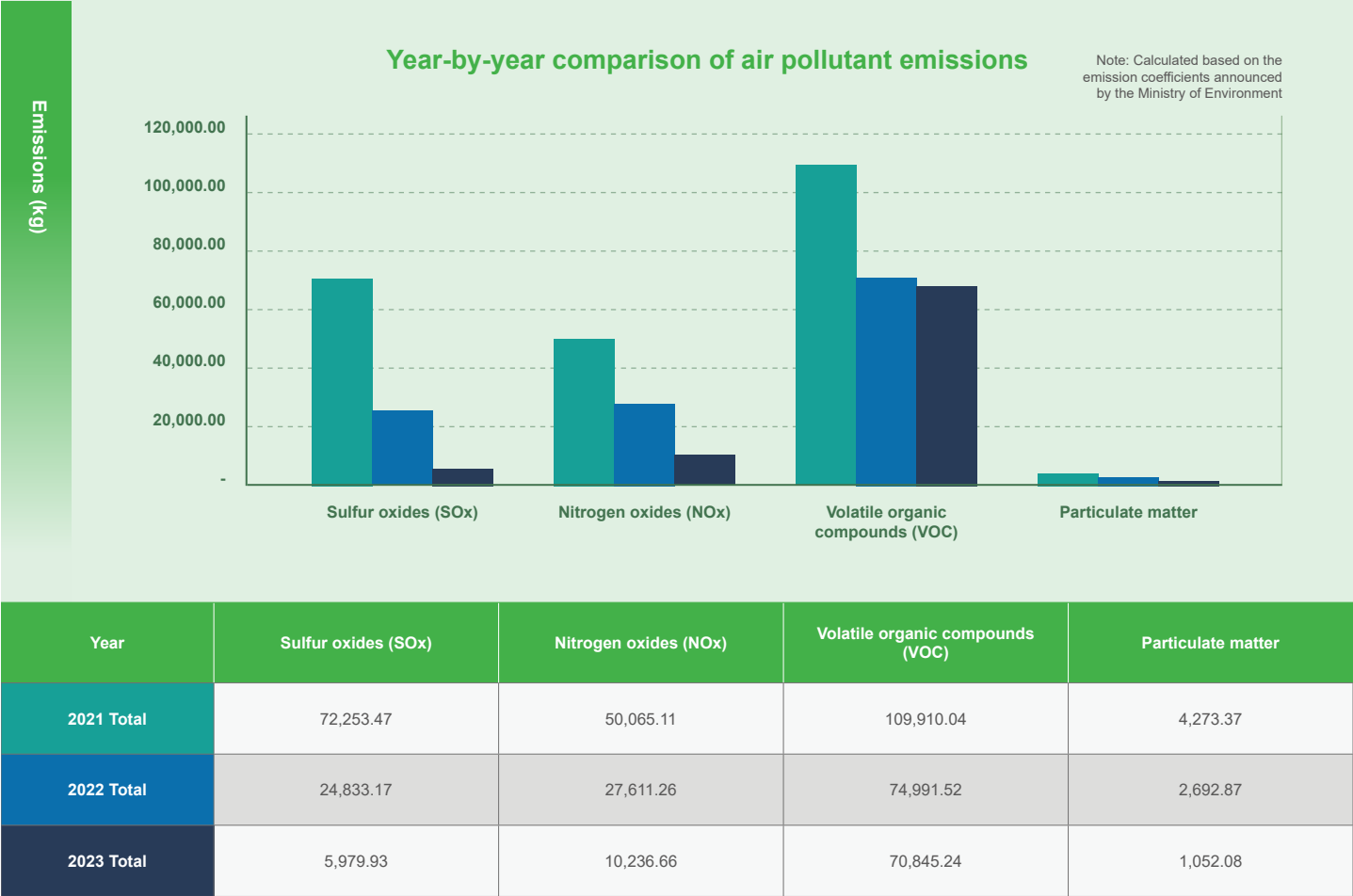
Wastewater treatment volume (tons)

	2021	2022	2023
Guanyin Plants	216,324	207,572	206,926
Dayuan Plant	64,221	53,479	45,920
Total	280,545	261,051	252,846

4.3 Energy Transformation

4.3.1 Natural Gas

From 2020 to 2023, we will complete the conversion of seven oil-fired boilers to natural gas boilers to reduce emissions and comply with regulatory standards. In 2023, we will complete one of the natural gas boilers, using 1877 km³ of natural gas. This transition has reduced coal usage, resulting in an estimated reduction of 1,639 metric tons of CO₂e emissions.



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 3,368.38 kW. We will continue to make plans to find space to install more solar panels to increase our solar energy capacity in the future. In 2023, the power generation amounted to 4,022,511 kWh, a reduction of approximately 1,991 tons of CO₂e.



Year	Total power generation (kWh)
2021	3,039,715
2022	3,455,053
2023	4,022,511

4.4 Circular Economy

4.4.1 Waste Management

Zig Sheng places great emphasis on waste management. The main types of waste include household waste and waste generated during the production process. To prevent waste from causing ecological damage, all general industrial waste, sludge, slag, and similar materials are transported and processed by qualified vendors.

All of the waste generated is non-hazardous business waste, and the total amount removed in 2023 was 1,228.08 metric tons, which is approximately 18% less than the total amount in 2022 (1,494.30 metric tons). In particular, due to the switch to natural gas to reduce the use of coal, the output and transportation of coal bottom ash has been greatly reduced. In 2023, it was 542.16 tons, a decrease of about 27% from 745.03 tons in 2022.

The waste reduction target for 2024 will focus on reducing the output of combustible and non-combustible waste that is not directly related to production volume or processes. The goal is to reduce the average waste output by 10%, based on the average output from 2022 and 2023, and this target will be included in the KPI efficiency management system.

The declared waste disposal volume in 2023 is as follows:

Type of Waste	Treatment Method	Amount to be Treated in 2023				
		Plant 1	Plant 2	Plants 3 and 4	Plant 5	Total
Combustible waste (domestic waste)	Incineration	19.03	47.62	148.06	85.69	300.40
Waste plastic mixture	Incineration	0.24	86.31	45.26	36.79	168.60
Organic waste liquid or waste solvents	Incineration	14.62	-	-	-	14.62
Waste (polluted) water (pH 6.0-9.0)	Incineration	-	-	8.06	-	8.06
Waste lubricants	Physical treatment	0.86	-	90.61	-	91.47
Bottom ash	Recycled and reused	-	445.73	96.43	-	542.16
Organic sludge	Heat treating	-	-	102.77	-	102.77

Unit: Ton

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 2023, all of our targets were reached; details are as follows:

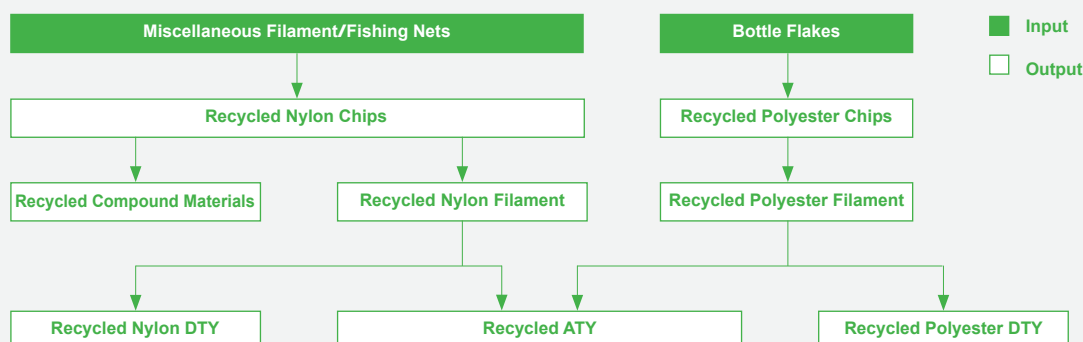
Item \ Year	2021	2022	2023			2024
	Actual Value	Actual Value	Target Value	Actual Value	Recycled amount (piece)	Target Value
Polymerization Plant-polymer bag recycling rate	100%	100%	100%	100%	7,516	100%
Spinning Plant-hole board recycling rate	100%	100%	100%	100%	366,425	100%
Spinning Plant I-paper tube recycling rate	80%	87%	80%	93%	1,192,072	85%
Spinning Plant No.2-paper tube recycling rate	95%	100%	100%	100%	873,529	100%

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

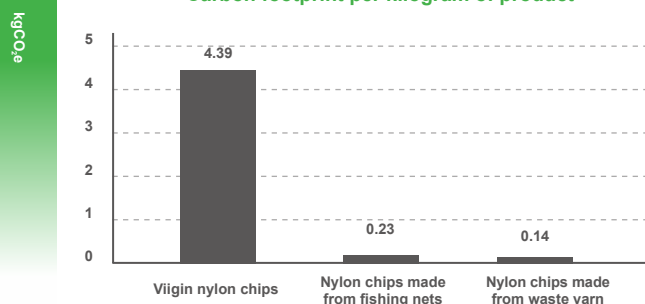
4.4.3 Eco-friendly Recycled Products

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 product categories. 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. Green products accounted for 8.3% of total revenue in 2023. The Company aims to increase this share to 10% by 2025.

Restricted Substance Management

In order to prevent the use of restricted substances in production, we start from the procurement control at the source, requiring suppliers to comply with the ZDHC Conformance or related safety standards and to provide inspection reports and Safety Data Sheets (SDS). After entering the plant, the raw material acceptance operation is carried out to confirm again whether the chemicals contain restricted substances, and the list of chemicals is regularly updated to keep track of all the chemicals used in the products. The production data is stored in accordance with the regulations and is traceable.

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.

Item	Female	Male	Total
Number of Employees	403	861	1,264
Number of workers employed on a permanent basis	305	577	882
Number of temporary workers	98	284	382
Number of workers with no guarantee of hours of work	0	0	0
Number of full-time employees	403	861	1,264
Number of part-time employees	0	0	0

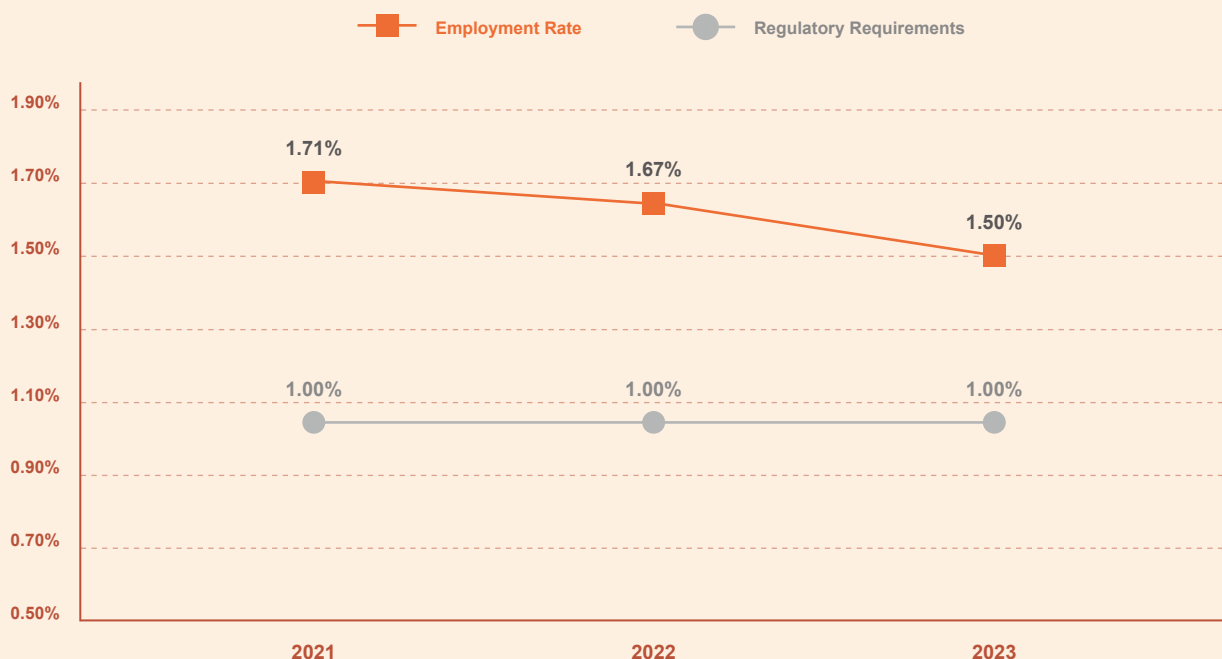
* Number of employees as of December 31 of the year

*All work locations are in Taiwan

In 2023, the Company had 1,264 employees, an increase of approximately 0.24% compared to 2022 (1,261 employees).
 In 2023, the number of non-managerial full-time employees was 1,214 (an increase of approximately 2.79% compared to 2022).
 In 2023, there were no part-time employees, with all major positions filled by full-time employees.
 68.12% of employees were male, and 31.88% were female (with no significant change compared to the previous year).
 In 2023, non-employee workers, including kitchen staff and on-site security personnel, totaled approximately 18 people, while engineering contractors made approximately 16,540 visits.

Employment Rate of People with Disabilities

Employment Rate (%)



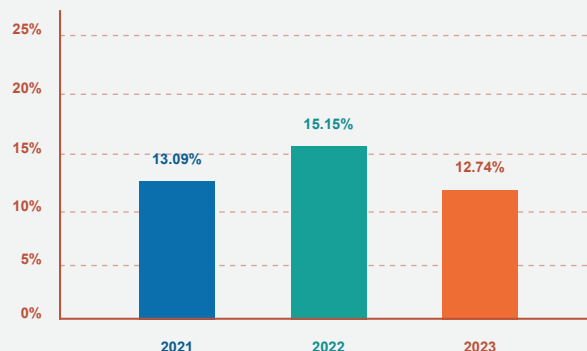
In 2023, a total of 19 people with physical or mental disabilities were employed, with an employment rate of 1.5%, exceeding the 1% (13 people) stipulated by government regulations.

Analysis of New and Departed Employees

New employee recruitment rate

In 2023, amid the challenges of the pandemic and economic fluctuations, coupled with a declining birthrate and labor shortages, the labor market experienced an imbalance in supply and demand and employment patterns also shifted, leading to poor recruitment outcomes. A total of 161 new employees were hired (111 males and 50 females), with a hiring rate of 12.74%, down from 15.15% the previous year. Currently, recruitment efforts are focused on attracting graduates and university students from Southeast Asia to participate in internships at the Company, with the aim of nurturing future talent and addressing labor shortages.

2023		≤ 30 years old	31-49 years old	≥ 50 years old	Subtotal
Male	Number of People	65	43	3	111
	Percentage	5.14%	3.40%	0.24%	8.78%
Female	Number of People	32	16	2	50
	Percentage	2.53%	1.27%	0.16%	3.96%
Total	Number of People	97	59	5	161
	Percentage	7.67%	4.67%	0.40%	12.74%



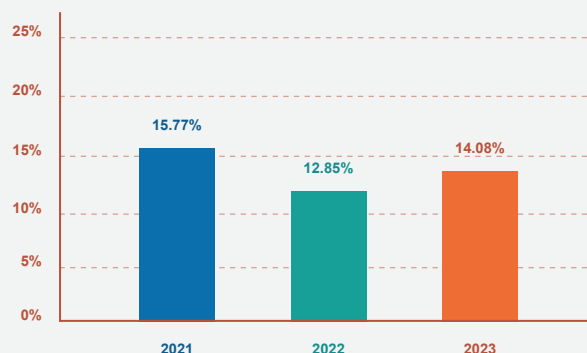
Note 1: Employment rate = Total number of new employees/total number of employees

Note 2: Includes foreign employees whose three-year contracts have ended, but does not include other temporary staff (such as student interns, contract workers, or consultants).

Employee Resignation Rate

In 2023, due to reduced production capacity and workforce adjustments, the overall turnover rate was slightly higher than the previous year. A total of 178 employees left the Company (115 males and 63 females), resulting in a turnover rate of 14.08% (up slightly from 12.85% the previous year).

2023		≤ 30 years old	31-49 years old	≥ 50 years old	Subtotal
Male	Number of People	27	73	15	115
	Percentage	2.14%	5.78%	1.19%	9.10%
Female	Number of People	19	35	9	63
	Percentage	1.50%	2.77%	0.71%	4.98%
Total	Number of People	46	108	24	178
	Percentage	3.64%	8.54%	1.90%	14.08%



Note 1: Dismissal rate=Total number of departed employees/Total number of employees

Note 2: Includes foreign employees whose three-year contracts have ended, but does not include other temporary staff (such as student interns, contract workers, or consultants).

5.1.2 Employee Salaries

At Zig Sheng, the average starting salary for male entry-level employees is NT\$33,800, while for female entry-level employees, it is NT\$30,200. Both starting salaries are higher than the legal minimum wage in Taiwan, ensuring that employees can meet their basic living 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

Category	Minimum Wage	Standard Salary	Percentage
Male	26,400	33,800	1.28
Female	26,400	30,200	1.14

- The standard starting salary for (Taiwanese) employees that are in Level 2 or below are listed in the calculation; their salary does not include overtime (short-notice, holiday, night-time). Since the salary of expatriate employees is based on minimum wage, and their standard starting salary does not include overtime (short-notice, holiday, night-time); therefore, they are not included in the calculation.
- Minimum wage in 2023 was NT\$26,400, and the salary of our entry-level employees, regardless of gender, was higher than NT\$26,400.
- Key operating location: Taiwan.

Unit: NTD

Full-time employees who are not in managerial positions

Item	2021	2022	2023
Average Salary (NTD thousand)	691	651	603
Median Salary (NTD thousand)	587	569	548
Number of Full-time Employees (people)	1,181	1,181	1,214

Compensation Ratio

The ratio of the annual total compensation of the highest-paid individual (the Chairman) to the median annual total compensation of other employees was 9.16, 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 5.72.

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

Remuneration Policy

1. Fixed wages and floating wages

The remuneration of the Company's managers consists of: 1. Fixed monthly salary 2. Year-end bonus and employee compensation 3. Managerial bonus details as follows:

(1) 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 Profitability	
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

(2) Description of managers' compensation

(1) Fixed monthly salary:

- 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.
- 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.

2. 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:

- Regularly review the regulations and propose amendments.
- 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.
- Evaluate the achievement of the performance goals of the Company's directors and managers, and determine the content and amount of their individual compensation.

3. Pension Plan

(1) 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.

(2) 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 Benefits

Welfare system

- Generous year-end bonuses and employee remuneration
- Cash bonuses for three major festivals and birthdays
- Scholarships and grants for employees' children
- Travel vouchers and meal subsidies
- Health check-ups for employees
- Coverage under labor insurance, health insurance, and group accident insurance
- A comprehensive retirement system, with retirement contributions made in accordance with regulations
- Uniforms provided annually for plant personnel
- Free meals offered at the plant, and air-conditioned suite-style dormitories (free for employees from other counties and cities)
- The plants have a recreation center with various leisure and entertainment facilities

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

5.1.4 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, resolves, 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.

5.1.5 Human Rights Management

Zig Sheng is committed to safeguarding the basic human rights of its employees. The Company recognizes and supports international human rights conventions such as the Universal Declaration of Human Rights and the United Nations Global Compact, and strictly prohibits any acts that infringe upon or violate human rights. This policy ensures that all employees are treated fairly and with dignity.



Human Rights Policy

Human Rights Policy and Management Plan

Compliance with Laws and Regulations: Adhere to all labor and environmental regulations in the regions where the Company operates.

Eliminating Unlawful Discrimination and Ensuring Equal Employment Opportunities: The Company does not discriminate against employees based on race, class, nationality, region, age, disability, gender, marital status, sexual orientation, social group, political beliefs or other personal characteristics, ensuring fair treatment and equal opportunities for all.

Prohibition of Forced Labor	No employee is subjected to involuntary labor, and grievance channels are available for reporting concerns.
Prohibition of Child Labor	Comply with local minimum age laws and regulations and do not employ child labor.
Providing a Healthy and Safe Work Environment	Preventive measures and protective equipment are provided, and regular safety, health, and fire safety training is conducted. Necessary precautions are taken to prevent occupational hazards, thereby reducing risks in the workplace.
Freedom of Association and Diverse Communication Mechanisms	Respect the rights of employees to form and join various clubs and organizations. Labor-management communication is fostered through regular labor-management meetings, as well as diversified communication platforms, ensuring a harmonious, win-win relationship.
Personal Data and Information Security Protection	Comprehensive measures are in place to protect personal data, ensuring the privacy rights of all customers, employees and stakeholders.

Specific Initiatives:

1. Provide relevant legal compliance awareness during the pre-employment training for new recruits, requiring them to comply with human rights laws and regulations. In 2023, human rights protection training was provided to employees, with a total of 110 training hours completed by 55 employees.
2. Providing Employee Environmental and Safety Training: Training sessions are conducted on occupational safety and health, fire safety, environmental protection, emergency response, etc.
3. A "Sexual Harassment Prevention, Complaint and Disciplinary Measures" policy was established to protect employees' rights and provide a harassment-free work environment. Preventive, corrective and disciplinary actions are taken in response to harassment incidents.
4. Suppliers are required to sign a "Supplier's Pledge" agreeing to cooperate with Zig Sheng in upholding social responsibility, environmental protection and legal compliance. The goal is to pursue sustainable corporate development through mutual cooperation.

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.



Safety Policy

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) Prevention of Workplace Abuse

In order to prevent employees from suffering physical or mental abuse due to the behavior of others in the performance of their duties, Zig Sheng implemented the workplace abuse prevention measure in 2023. The Company evaluated employee job assignments, job design, workplaces, physical environments and administrative management. Additionally, a comprehensive consultation and grievance system was established. Senior-level managers and employees participated in workplace violence awareness training. A psychologist was invited to conduct training sessions on harm prevention and communication skills. Different educational programs were designed based on job positions. A total of 8 training sessions were held, with 342 employees completing the courses. These efforts aimed to enhance employees' awareness of workplace violence prevention and foster a positive, safe work environment. There were no illegal infringement incidents in 2023.



(3) Occupational Accident Statistics

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.

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, aerial work platforms, hazardous equipment or machines and supervisors of hazardous tasks, 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.

As required by regulations, starting from January 1, 2024, only personnel who have completed specialized occupational safety and health training for high-risk operations will be permitted to operate aerial work platforms. In the first half of 2023, the Company conducted training sessions for aerial work platform operators and invited partner contractors to participate. This approach, where larger companies assist smaller ones, was designed to improve the occupational safety and health standards of contractor employees. A total of 6 training sessions were held, with 178 participants (112 from Zig Sheng and 66 from partner contractors) completing the training, passing the exam, and receiving their certification.

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.



Professional First-Aid Training

To ensure that first aid personnel can provide immediate assistance during emergencies and comply with legal requirements, the Company annually invites instructors to conduct on-site first aid training for employees. In 2023, two sessions were held, with a total of 62 participants. The goal is to equip all employees with first aid response skills for emergencies, emphasizing the importance of the golden 3-6 minute window for effective rescue and ensuring the accuracy of employees' first aid knowledge. Additionally, 15 CPR and AED training sessions were conducted by professional instructors, with a total of 346 participants (278 local employees and 68 foreign employees), further enhancing the quality of emergency response and first aid skills across the workforce.

In alignment with the government's promotion of Automated External Defibrillators (AED) for emergency response, the Company began installing AEDs across all plant sites and the Guanyin dormitory in 2011. These devices are managed by designated AED personnel who conduct regular maintenance to ensure they remain in operable condition.



Emergency Response Training

To prevent casualties in the event of an accident, fire drills and accident prevention drills for hazardous materials are conducted regularly at each plant every six months, so that employees can understand the essentials and techniques of dealing with a fire and how to escape one, ensuring that workers know how to survive as well as emergency response measures in the event of an accident to ensure their own safety.



Anti-Fraud Awareness Seminars

To address the growing sophistication of fraud schemes, the Company organized anti-fraud awareness seminars. Local police precincts or stations were invited to conduct seven sessions, with a total of 183 employees participating. The seminars covered various types of fraud, including fake online shopping auctions, investment scams, ATM installment payment scams, romance scams, and impersonation of family and friends. The crime methods were thoroughly explained to help employees avoid falling into fraud traps, thereby raising fraud awareness and improving their ability to detect and prevent scams.



5.2.4 Health Promotion

Health Check-ups

The Company places great emphasis on employee health, offering annual general health check-ups to all employees, exceeding legal requirements. In addition, screenings for diseases such as cerebrovascular conditions and cancer are provided. In 2023, a total of 1,052 employees participated in these check-ups. Based on the results, the Company analyzed and evaluated employees' health status, providing care and tracking health indices. When necessary, occupational doctor consultations and work adjustments were arranged to help employees better understand their health.



Occupational Disease Prevention

In 2023, special health examinations were conducted for workers in high-risk operations (e.g., exposure to noise, ionizing radiation and dust), with a total of 643 employees screened across all plants. To ensure workplace safety and establish safety and health awareness among employees, health management specialists from Cardinal Tien Hospital were invited to conduct 5 workshops on special health hazards in the plants. A total of 170 employees (116 local, 54 foreign) participated, and employees were guided on proper usage of protective gear.



Vaccination

To enhance employee access to vaccines for COVID-19 and influenza, Dongxing Clinic was invited to the plants to assist with vaccinations. A total of 28 employees received the COVID-19 XBB1.5 vaccine and 41 received the flu vaccine, helping to reduce the risk of severe complications.



Health Promotion

In collaboration with the Public Department of Public Health's chronic disease prevention initiatives, occupational health nurses produced educational materials on topics such as metabolic syndrome and dementia awareness. These materials were posted on bulletin boards and shared during morning meetings, shift handovers and training sessions to raise awareness of chronic diseases.



5.3 Health and Safety Performance Management

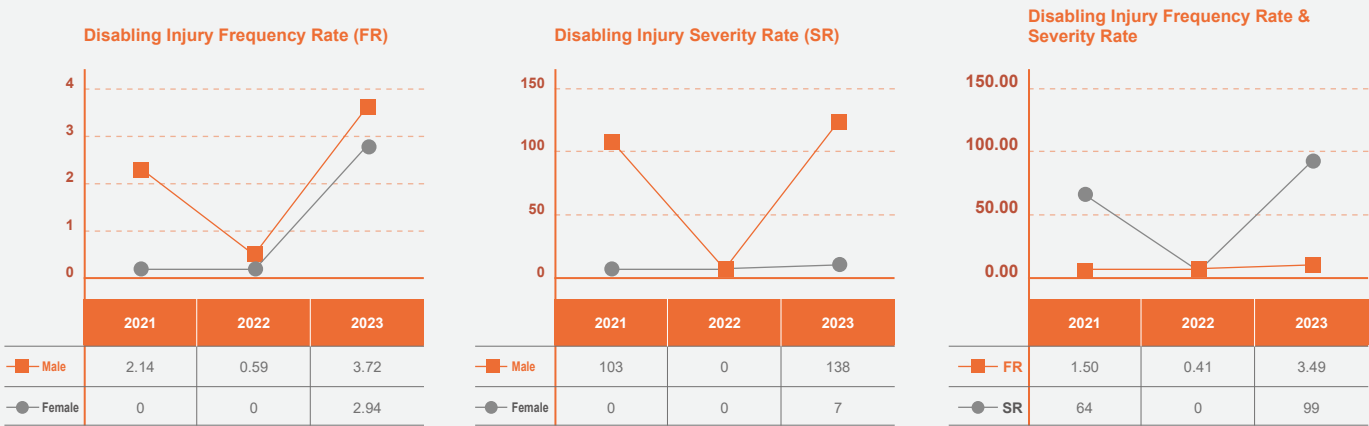
5.3.1 Implementation Results

2023 Implementation Performance			
Item	Target Value	Actual Value	Unit
Disabling Injury Frequency Rate (FR)	≤ 1.80	3.49	Times/million work hours
Disabling Injury Severity Rate (SR)	≤ 6	99	Days/million work hours
Property loss	≤ 7	6	Cases
Minor injuries	≤ 5	7	Cases
Health check execution rate	100	99	%
Overload interview rate	≥95	100	%

1. Disabling Injury Frequency Rate (FR): (Annual number of people who suffer disabling injuries×1,000,000) ÷ Total work hours
2. Disabling Injury Severity Rate (SR): (Annual number of people who suffer disabling injuries×1,000,000) ÷ Total work hours
3. Property loss: Refers to losses of assets occurring during the production and operational process due to natural disasters, accidents, or abnormal operations, resulting in shortages, damage or discrepancies in assets (excluding normal wear and tear).
4. Minor Injury: An injury resulting in less than one day of lost work due to disability
5. Health Check Execution Rate: (Number of people who completed health checks ÷ Number of people required to undergo health checks) × 100%
6. Overload Interview Rate: (Number of people who completed required interviews for abnormal workloads ÷ Number of people identified as needing interviews) × 100%

Plant	Gender	2021		2022		2023	
		FR	SR	FR	SR	FR	SR
Guishan Plant 1	Male	-	-	-	-	4.67	44
	Female	-	-	-	-	-	-
Guanyin Plant 2	Male	-	-	-	-	4.68	386
	Female	-	-	-	-	5.81	11
Guanyin Plant 3	Male	4.13	262	1.55	1	4.89	78
	Female	-	-	-	-	4.7	14
Guanyin Plant 4	Male	-	-	-	-	-	-
	Female	-	-	-	-	-	-
Dayuan Plant 5	Male	3.18	9	-	-	-	-
	Female	-	-	-	-	-	-
All Plants	Male	2.14	103	0.59	-	3.72	138
	Female	-	-	-	-	2.94	7

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



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

Implemented measures are as follows:
Enhance personnel awareness through training to prevent hazards-as in 5.2.3

5.3.2 Occupational Injury

In 2023, there were no employee fatalities. The Company recorded 8 incidents of disabling injuries and 7 incidents of minor injuries. The employee disabling injury frequency rate (FR) was 3.49 and severity rate (SR) was 99. In addition, there was one disabling accident involving non-employee workers (such as 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 2023, there were 307 cases of noncompliance during health and safety audits (with 97% of them already rectified). 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 2023

	Employees	Contractors
Number of Occupational Injuries (cases)	8	1
Rate of Occupational Injuries (%)	0.70	7.56
Number of Severe Occupational Injuries (cases)	1	0
Rate of Severe Occupational Injuries (%)	0.09	0
Job-related Deaths (persons)	0	0
Rate of Job-related Deaths (%)	0	0
Working hours (hours)	2,291,741	132,320

In addition to employees, the people we most commonly see are engineering contractors. Based on the number of visits to the plants every day, there were a total of 16,540 visits in 2023, significantly higher than the previous year's 10,783 visits. This increase was primarily due to the expansion of the Polymerization Plant 3 and the installation of related equipment.

Notes:

Rate of Occupational Injuries	Employee = (Number of occupational injuries/total work hours)*200,000 Contractor = (Number of occupational injuries/total work hours)*1,000,000
Rate of Severe Occupational Injuries	Employee = (Number of severe occupational injuries - number of fatalities/total work hours)*200,000 Contractor = (Number of severe occupational injuries - number of fatalities/total work hours)*1,000,000
Rate of Job-related Deaths	Employee = (Number of job-related deaths/total work hours)*200,000 Contractor = (Number of job-related deaths/total work hours)*1,000,000

Injury Statistics 2023

The Company reviews and makes improvements based on incidents in which personnel are injured during their work:

Injury Type	Employees		Contractors		Improvement Measures
	Number of Cases	Percentage	Number of Cases	Percentage	
Falling	0	0%	1	100%	Strengthen the safety requirements for contractors, such as hazard notification, setting of safety operating standards and safety inspections.
Tripping	2	25%	0	0%	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.
Falling objects	1	13%	0	0%	When assembling or disassembling valves, it is important to use the correct tools. Valve replacement must be performed in the prescribed sequence according to regulations. If any issues arise during the work process, they must be reported immediately and further instructions should be requested before proceeding.
Spray or Burns	1	13%	0	0%	During filter replacement on the extrusion machines, molten nylon chips were expelled due to residual internal pressure, resulting in burns. In response, the relevant operating procedures were revised and the use of personal protective equipment was reinforced. Education and training were also implemented to ensure all personnel are aware of the proper procedures.
Caught In	2	25%	0	0%	Enhanced personnel training was provided, emphasizing the importance of stopping machinery during abnormal operations to prevent accidental activation by other individuals.
Traffic Accidents	1	13%	0	0%	Traffic safety awareness campaigns were conducted to increase risk awareness and promote defensive driving concepts.
Cuts	1	13%	0	0%	A new risk assessment was conducted for this task, and additional education and training were provided to improve safety awareness.

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	0.93	0	8.97	0.41	1	1
	Female	0	0	0	0.73	0	0
Guanyin Plant 2	Male	0.94	0	77.20	0.52	3	0
	Female	1.16	0	2	0.54	1	0
Guanyin Plant 3	Male	0.98	0	15.65	0.59	3	0
	Female	0.94	0	2.82	1.64	1	0
Guanyin Plant 4	Male	0	0	0	0.27	0	0
	Female	0	0	0	1.13	0	0
Dayuan Plant 5	Male	0	0	0	0.55	0	0
	Female	0	0	0	1.37	0	0
All Plants	Male	0.74	0	221	4.21	7	1
	Female	0.59	0	11.76	8.80	2	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

2024 Targets

Item	Target Value	Unit
Disabling Injury Frequency Rate (FR)	≤1.8	Times/million work hours
Disabling Injury Severity Rate (SR)	≤6	Days/million work hours
Number of property loss cases	≤6	Cases
Minor injuries	≤5	Cases
Frequency-Severity Indicator (FSI)	≤0.18	Million work hours
Health Check Achievement Rate	100	%
Overload Interview Rate	100	%

Note: Frequency-Severity Indicator (FSI): $[(\text{Disabling Injury Severity Rate SR} \times \text{Disabling Injury Frequency FR}) \div 1000]^{0.5}$

Planned Measures

01

Participating in the industrial zone's firefighting competition



02

Increasing the strength of safety inspections



03

Health promotion courses and activities



04

Occupational health and safety self-management contests



06

SOCIAL PARTICIPATION

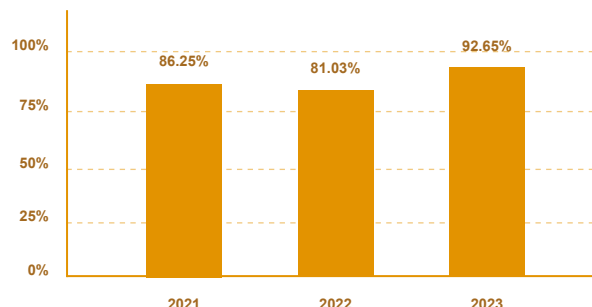


6.1 Implementation Results

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.

Social welfare expenditure as a percentage of total donations		
2021	2022	2023
86.25%	81.03%	92.65%

*Social welfare expenditure includes community/society contribution and scholarships.



6.1.1 Participation in Activities

Beach Cleanups

Organized by the Taoyuan City Environmental Educational, Cultural and Creative Association, the "2023 Caoluo Sand Dunes Beach Cleanup and Energy Saving and Earth Protection Promotion Event" was held at 2:00 p.m. on Saturday, April 15, 2023 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.



Industrial Park Middle-aged and Senior Recruitment Expo

The Office of Employment and Vocational Training of the Taoyuan City Government, in collaboration with the Workforce Development Agency of the Ministry of Labor, organized the "Industrial Park Middle-aged and Senior Recruitment Expo" on June 14, 2023, at the Cultural Plaza on the 3rd floor of the Center for Women of Taoyuan City. The event was planned by the Manufacturers United General Association of Industrial Park of R.O.C and featured participation from 10 companies across the 5 major industrial parks in Taoyuan, offering nearly 300 job vacancies. Zig Sheng participated in the event, offering 67 job openings. The aim was to promote the creation of age-friendly workplaces within industrial parks and support the re-employment of retirees, leveraging the expertise of mid-to-senior-aged workers for a win-win outcome.



One Company, One Food Safety Volunteer

Zig Sheng places great importance on food safety management within the company. In alignment with the Taoyuan City Government Health Bureau's 2023 initiative, "One Company, One Food Safety Volunteer," the Company trained its meal managers to join the ranks of food safety volunteers. Through on-site guidance from the Department of Health Bureau, improvements were made to the hygiene of meal preparation environments and the management of food traceability data, further enhancing food safety awareness. This process helped improve the knowledge of food hygiene and strengthened the adherence to food safety regulations, ensuring the safety of meals provided to employees. At the "One Company, One Food Safety Volunteer Presentation" held on November 29, 2023, Zig Sheng was awarded both the "Corporate Food Safety Volunteer Award" and the "Corporate Excellence in Catering Award," earning recognition from the city government and demonstrating the Company's commitment to safeguarding food safety.



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 benefit from the above benefits.

6.1.3 Scholarships for Outstanding Students

In 2023, Zig Sheng also gave out scholarships. At present, scholarships are given to the two universities with which Zig Sheng closely collaborates. The scholarships are to encourage financial independence, subsidize living expenses, help students learn skills, and train potential employees for our plants. The schools, recipients, and number of recipients are as follows:

Scholarships and Bursaries Provided in 2023			
Unit		Target	Number
1	National Yunlin University of Science and Technology	Master's Program in Chemical Materials	2
2	National Chin-Yi University of Technology	University	2

6.2 Future Planning

In 2024, Zig Sheng will continue to do a good job in giving back to local communities by providing job opportunities for youths in the neighboring areas, and actively investing in culture and education to fulfill its corporate social responsibility.



07

APPENDIX



7.1 GRI Comparison Table

This report is based on the GRI Standards published by the Global Reporting Initiative (GRI). "General Disclosures" and key " Specific Topic Disclosures" as well as their corresponding chapters are listed in the table below.

Statement of Use	Zig Sheng has followed the GRI Standards to report on content from the reporting period (from January 1, 2023 to December 31, 2023).
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Standards	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			
GRI 2: General Disclosures 2021	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 Third-Party Assurance Statement	p.2 p.63
	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.42
	2-8 Workers who are not employees	5.3.2 Occupational Injury	p.51
	2-9 Governance structure and composition	3.2.1 Operations of the Board of Directors	p.23
	2-10 Nomination and selection of the highest governance body	For details, please refer to the Company's 2023 annual report–3. Corporate Governance Report	-
	2-11 Chair of the highest governance body	3.2.1 Operations of the Board of Directors	p.23
	2-12 Role of the highest governance body in overseeing the management of impacts	2.1 ESG Operations and Implementation	p.13

GRI Standards/ Other Sources	Disclosure Item	Location	
		Corresponding Chapter/Description	Page Number
General Disclosures			
GRI 2: General Disclosures 2021	2-13 Delegation of responsibility for managing impacts	2.2 Stakeholder Identification and Communication	p.14
	2-14 Role of the highest governance body in sustainability reporting	2.1 ESG Operations and Implementation 2.2 Stakeholder Identification and Communication	p.13 p.14
	2-15 Conflicts of interest	3.2.1 Operations of the Board of Directors	p.23
	2-16 Communication of critical concerns	Meetings are held regularly every quarter There were 10 key material events in total, such as financial statements and major resolutions. Please refer to the material information released by the Company on the MOPS for details. There was no incident that caused a negative impact on stakeholders last year.	-
	2-17 Collective knowledge of the highest governance body	Please refer to Zig Sheng's website-Corporate Governance/Board of Directors	-
	2-18 Evaluation of the performance of the highest governance body	Please refer to Zig Sheng's website-Corporate Governance/Board of Directors	-
	2-19 Remuneration policies	5.1.2 Employee Salaries	p.43
	2-20 Process to determine remuneration	3.2.2 Operations of the Compensation Committee	p.23
	2-21 Annual total compensation ratio	5.1.2 Employee Salaries	p.43
	2-22 Statement on sustainable development strategy	2.7 Management Guidelines for Material Topics	p.18
	2-23 Policy commitments	All commitments are approved by the Chairman 3.3.2 Ethical Management 3.4.2 Local Procurement Policy Operations 4. Environmental Protection 5.1.5 Human Rights Management 5.2.1 Occupational Health and Safety	p.24 p.26 p.31 p.45 p.46
	2-24 Embedding policy commitments	3.3.2 Ethical Management 3.4.2 Local Procurement Policy 5.1.5 Human Rights Management 5.2.3 Safety Training	p.24 p.26 p.45 p.47
	2-25 Processes to remediate negative impacts	2.7 Management Guidelines for Material Topics 3.3.3 Grievance and Reporting Mechanism	p.18 p.25
	2-26 Mechanisms for seeking advice and raising concerns	2.6 Consultation on Issues of Interest	p.18
	2-27 Compliance with laws and regulations	3.6 Compliance with Regulations	p.29
	2-28 Membership associations	3.3.4 Public Associations We Joined	p.26
	2-29 Approach to stakeholder engagement	2.2 Stakeholder Identification and Communication	p.14
	2-30 Collective bargaining agreements	The Company's employees have not formed a union 5.1.4 Employee-Employer Communication	p.45

7.1.2 Topic Standards Disclosures

GRI Standards/ Other Sources	Disclosure Item	Location	
		Corresponding Chapter/Description	Page Number
Material Topic			
GRI 3-1: 2021	Process to determine material topics	2.3 Identification Process for Material Topics	P.16
GRI 3-2: 2021	List of material topics	2.5 Material Topic Boundaries	P.17
GRI 3-3: 2021	Management of material topics	2.7 Management Guidelines for Material Topics	P.18
Economic Performance			
GRI 201-1:2016	Direct economic value generated and distributed	1.2 Products and Services 3.1.2 Operating Performance	p.9 p.22
Climate Change Risk Management			
GRI 201-2:2016	Financial implications and other risks and opportunities due to climate change	4.1 Climate Change Risk Management	p.31
Employee-employer relationship (salary)			
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.43
Supply Chain Management			
GRI 204-1:2016	Ratio of procurement expenses from local suppliers for key operating locations	3.4.2 Local Procurement Policy	p.26
Energy Management			
GRI 302-4:2016	Reduction of energy consumption	4.2.2 Energy Management	p.35
Greenhouse gas emissions			
GRI 305-1:2016	Greenhouse gas emissions (direct emissions)	4.2.1 Greenhouse Gas Emission Management	p.34
GRI 305-2:2016	Volume of greenhouse gas emissions through energy consumption (indirect emissions)	4.2.1 Greenhouse Gas Emission Management	p.34
GRI305-3:2016	Volume of greenhouse gas emissions through other means (other indirect emissions)	4.2.1 Greenhouse Gas Emission Management	p.34
GRI305-7:2016	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions	4.3 Energy Transformation	p.38

GRI Standards/ Other Sources	Disclosure Item	Location	
		Corresponding Chapter/Description	Page Number
Waste Management			
GRI 306-1:2020	Waste generation and significant waste-related impacts	4.4.1 Waste Management	p.39
GRI 306-2:2020	Management of significant waste-related impacts	4.4.1 Waste Management	p.39
GRI 306-3:2020	Waste generation	4.4.1 Waste Management	p.39
Employee-employer relationship (employee composition and benefits)			
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.42
GRI 401-2:2016	Benefits provided only to full-time employees, by key operating locations	5.1.3 Employee Benefits	p.45
Occupational health and safety			
GRI 403-1:2018	Occupational Health and Safety Management System	5.2.1 Occupational Health and Safety Operations	p.46
GRI 403-2:2018	Hazard identification, risk assessment, and incident investigation	5.2.2 Hazard Identification and Risk Assessment	p.46
GRI 403-3:2018	Occupational health services	5.2.1 Occupational Health and Safety Operations	p.46
GRI 403-4:2018	Worker participation, consultation, and communication on occupational health and safety	5.2.1 Occupational Health and Safety Operations	p.46
GRI 403-5:2018	Worker training on occupational health and safety	5.2.3 Safety Training	p.47
GRI 403-6:2018	Promotion of workers health	5.2.4 Health Promotion	p.48
GRI 403-7:2018	Preventing and mitigating of occupational health and safety impacts directly linked by business relationships	5.2.1 Occupational Health and Safety Operations	p.46
GRI 403-9:2018	Work-related injuries	5.3.2 Occupational Injury	p.51
Circular Economy			
Self-determined	Recycling rate of packaging materials, environmentally-friendly products	4.4.2 Resource Recycling 4.4.3 Eco-friendly Recycled Products	p.40 p.40
Social Welfare			
Self-determined	Donations and participation in activities	6. Social Engagement	p.55

7.2 SASB Comparison Table

Topic	Code	Metric	Unit of Measure	Corresponding Chapter/Content	Page Number
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	n/a	4.4.3 Eco-friendly Recycled Products	40
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	n/a	5.2 Providing a Safe and Healthy Work Environment	46
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	Percentage (%)	No statistical data yet	-
	CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Percentage (%)	No statistical data yet	-
Labour Conditions in the Supply Chain	CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	Percentage (%)	No statistical data yet	-
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labour code of conduct audits	Rate	No statistical data yet	-
	CG-AA-430b.3	Description of the greatest (1) labour and (2) environmental, health, and safety risks in the supply chain	n/a	3.4 Supplier Management - Procurement Policy	26
Raw Materials Sourcing	CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	n/a	<ol style="list-style-type: none"> The priority raw materials are: CPL, POY polyester filament, recycled nylon chips, polyester recycled chips Threat factors include: Labor human rights, supplier environmental laws and regulations, climate change impacts, labor health and safety Risks and opportunities include: Stability of raw material supply, price fluctuation, stable delivery, stable quality, integrity and commitment to the environment and safety 3.4 Supplier Management - Procurement Policy 	26
	CG-AA-440a.4	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	Metric tons (t)	<p>The quantity of priority raw materials procurement in 2023 is as follows:</p> <ol style="list-style-type: none"> CPL: 83,460 tons, POY polyester filament: 15,033 tons, recycled nylon chips: 772 tons, recycled polyester chips: 9,155 tons POY polyester filament: 5,167 tons, recycled nylon chips: 16 tons, recycled polyester chips: 20 tons, GRS certified. 	-
Activity Metrics	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Number	The top 20 suppliers in terms of purchase amount of the year are the Tier 1 suppliers.	-

Note: SASB Accounting Standards for Sustainability - Apparel, Accessories and Footwear 2023-06 version

7.3 Third-Party Assurance Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

ZIG SHENG IND. CO., LTD. 2023 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. 2023 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. 2023 Sustainability Report provides a fair view of the ZIG SHENG sustainability programmes and performances during 2023. 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.
- 2 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 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



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