

# SHARED

# FUTURE

**2024  
SUSTAINABILITY  
REPORT**



**ZIG SHENG**



**SUSTAIN-**

**ABILITY**

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## Editorial Policy

### About This Report

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

### Reporting Period and Scope

This report covers the period from January 1, 2024 to December 31, 2024. The organizational boundaries covered by the report include the Taipei headquarters and five production sites in Taoyuan. The information and data in the report encompass economic, environmental, and social performance of these operating locations. Information and statistics on greenhouse gas emissions is disclosed within the scope of the consolidated financial statements. Disclosure of financial performance, including consolidated financial information of subsidiaries (Nicest Int’L Trading Corp., Ding Sheng Material Technology Co., Ltd., Suzhou Hong Sheng Trading Co., Ltd., and Ding Sheng Material Technology Corporation) has been audited and certified by Crowe (TW) CPAs. Environmental and social data are compiled by the responsible departments, and the accuracy of the data is confirmed by the General Manager’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) relating to the compilation and disclosure of material topics related to strategies, objectives, and measures, and was written and compiled in accordance with the guidelines as proposed in the GRI Standards. The General Manager’s Office confirms the completeness of this report covering all material topics and submits it to the Board of Directors for approval before publication. Finally, an indicator comparison table is included in the appendix to this report.

### External Assurance

In order to enhance the credibility of this report and the accuracy of its data, the report was verified by an independent third party, the British Standards Institution (BSI) Taiwan, and confirmed to be in compliance with AA1000 AS v3 Type I Moderate Level. For details, please see the Appendix for assurance statement.

### Release Date

The Company will continue to publish the “Sustainability Report” annually and publicly disclose it on the ESG section of its website. The previous edition was published in August 2024, the current edition was published in August 2025, and the next edition is scheduled for publication in August 2026.





**CHAIRMAN**  
**Sou-Tsun Yeh**



**PRESIDENT**  
**Pat-Huang Su**

## Message from the Management

Although customers' high-end inventory improved in 2024, Taiwan's chemical fiber industry was adversely affected to a considerable extent by the large-scale spillover of chemical fiber products from mainland China. Therefore, the overall operating environment is still quite difficult. However, Zig Sheng strives to improve its product and market layout, and adjusts its operating strategy and quality in order to improve operating performance. The overall operating performance in 2024 increased compared to last year in both revenue and profit. To address the global trend of net-zero carbon emissions, the government will impose a carbon fee starting in 2025. In response, the Company is actively promoting various carbon reduction measures and plans to submit a voluntary reduction plan to the Ministry of Environment in order to reduce the burden of carbon fees and move towards the goal of net-zero carbon emissions.

### 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:

**Company** Zig Sheng Industrial Co., Ltd.  
**Contact** President's Office  
**Address** 2F, No. 70, Xining North Road,  
Datong District, Taipei

**Telephone** (02) 2555-7151 (Ext. 8006)  
**Fax** (02) 2550-5652  
**Email** CSR@zigsheng.com

## Corporate Governance

The Company places great importance on corporate governance. To enhance the effectiveness of its functional committees, it will conduct annual performance evaluations of the Audit Committee and the Remuneration Committee starting in 2024 and submit reports to the Board of Directors. To implement the "Code of Ethics" and "Unethical Conduct Prevention Program", an internal online questionnaire was used in 2024, with a total of 453 person-hours. Suppliers were also required to sign the "Ethical Corporate Management Commitment Letter", and by the end of 2024, 542 suppliers had signed the letter.

## Economic Effectiveness

In 2024, the Company's revenue reached NT\$9.4 billion, a 22% increase from 2023, and its pre-tax net profit also turned from loss to profit. Among them, processed yarn can ensure stable profits due to its niche product applications and its quality being highly recognized by customers. Under the lean production and sales management strategy, the operating performance of other products has also improved compared with last year. Looking ahead to 2025, the Company will actively adjust its operating strategy, enhance product value, and improve operating performance to generate profits.

## Sustainability and Environmental Protection

Facing the challenges of global climate change and sustainable development, the Company is actively engaged in net-zero emissions initiatives, establishing and promoting three major strategies for net-zero transformation, including process improvement, energy transition, and the circular economy. In 2024, we continued to replace older equipment with high-efficiency energy-saving equipment, saving 2.78 million kWh of electricity and reducing 1,373 tons of CO<sub>2</sub>e annually. The Company also plans to introduce energy storage equipment in 2025 to improve electricity efficiency and reduce energy waste. The Company began to build solar power plants in 2018, with electricity generation capacity of 3.78 million kWh in 2024 and total electricity generation capacity of 16.91 million kWh by the end of 2024. In 2025, part of the solar power generation will be converted to self-use. In order to develop a circular economy, the Company not only promotes the recycling and reuse of major packaging materials, but also continues to develop recycled and environmentally friendly products. We completed ISCC international sustainability and carbon verification by the end of 2024 and received certification in January 2025. We will continue to expand the proportion of recycled and environmentally friendly products in operations to enhance sustainable competitiveness.

## Giving Back to Society

The Company has long prioritized workplace safety and employee well-being and has been actively implementing its occupational safety and health management system. In 2024, to enhance employees' knowledge and awareness of preventing unlawful infringements in the workplace, the Company held 10 training sessions on this topic, with a total of 302 participants. In accordance with the annual education and training plan, we also organize a number of safety and health education lectures to actively promote a healthy workplace culture. In terms of labor-management relations, we are committed to maintaining a robust and comprehensive retirement system and ensuring the future rights and interests of our employees, while also fostering harmonious and trustworthy labor-management relationships. In 2024, retirement benefits paid to employees amounted to NT\$18,895 thousand, bringing the total retirement benefits paid since 2008 to NT\$292,589 thousand. The Company also actively fulfills its social responsibilities by continually participating in community and charity activities, including beach cleanups, community environmental cleaning, street tree adoptions, and blood donations, practicing the sustainable value of social integration. Looking ahead, we will continue to enhance safety management and social care, fostering a corporate culture of responsibility and resilience.

## Sustainability Performance

| Aspect      | Topic                                | SDGs                                                                                | Performance Measurement Indicators            | Page | 2024 Performance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2025 Targets                                                                                                                                                                                                   |
|-------------|--------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Economy     | Corporate Governance                 | —                                                                                   | Corporate Governance Evaluation               | —    | The Company ranked in the 36%-50% range in the 2024 Corporate Governance Evaluation of listed companies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Our corporate governance continues to steadily improve.                                                                                                                                                        |
|             | Economic Performance                 | —                                                                                   | Net income                                    | 22   | Net profit after tax turned from loss to profit in 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | We continue to strive to achieve profitability goals.                                                                                                                                                          |
|             | Supplier Management                  | —                                                                                   | Supplier's Pledge                             | 27   | 1. Suppliers are required to fulfill their social responsibilities and sign the "Supplier Commitment Letter". By the end of 2024, 213 suppliers had signed this letter.<br>2. By the end of 2024, 329 engineering contractors had signed the "Contractor Commitment Letter".                                                                                                                                                                                                                                                                                                                                                                                                                                             | 220 suppliers and 340 engineering contractors signed the agreement, complying with the Company's corporate social responsibility commitments.                                                                  |
|             |                                      |                                                                                     | 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                   | 36   | The total energy saved was 2.78 million kWh, with an average annual energy savings rate of 1.21%. The cumulative energy-saving performance from 2015 to 2024 was 12.07%.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Energy savings amounted to 1.25 million kWh.                                                                                                                                                                   |
|             |                                      |   | Developing Renewable Energy                   | 39   | The solar power plant had a capacity of 3,368.38kW and generated 3.78 million kWh of electricity in 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 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             |  | The total energy saved from reducing carbon   | 38   | Replacing coal with low-carbon natural gas reduced carbon emissions by 8,554 metric tons of CO <sub>2</sub> e in 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 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   | 1. 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.<br>2. Guanyin Plant No. 2 has completed ISCC international sustainability and carbon certification, and its products include nylon chips and processed yarn. | Green products accounted for 10% of total revenue.                                                                                                                                                             |
|             |                                      |  | Recycling rate of packaging materials         | 40   | Recycled 7,840 polymer bags; recycling rate is 100%.<br>Recycled 352,320 textile hole boards; recycling rate is 100%.<br>Recycled 1,181,486 paper tubes at Spinning Plant 1; recycling rate is 88%.<br>Recycled 713,798 paper tubes at Spinning Plant 2; recycling rate is 99%.                                                                                                                                                                                                                                                                                                                                                                                                                                          | Polymer bag recycling rate is 100%.<br>Textile hole board recycling rate is 100%.<br>Recycling rate for paper tubes at Spinning Plant 1 is 85%.<br>Recycling rate for paper tubes at Spinning Plant 2 is 100%. |
| Society     | Occupational Health and Safety       |  | Health and Safety Performance                 | 52   | The disabling injury frequency rate (FR) was 2.44 times/million working hours, which did not meet the target ( $\leq 1.8$ times/million work hours)<br>The disability injury severity rate (SR) was 99 days/million working hours. ( $\leq 6$ days/million working hours)                                                                                                                                                                                                                                                                                                                                                                                                                                                | Disabling injury frequency rate (FR) $\leq 1.8$ times/million working hours.<br>Disabling injury severity rate (SR) $\leq 6$ days/million working hours.                                                       |
|             |                                      |                                                                                     | Number of occupational accidents              | 53   | A total of 17 occupational accidents occurred in the Company.<br>(6 cases of disabling injuries and 11 cases of minor injuries)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | We continue to promote disaster reduction programs, working towards "zero occupational accidents" while enhancing occupational safety training and awareness efforts.                                          |
|             | Social Welfare                       |  | Industry-Academia Collaboration Student Award | 57   | To reward students who participate in industry-academia collaboration and whose household registration is in the central, southern, and eastern Taiwan regions, bonuses will be given while they are in the factory.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Continue to plan activities to give back to local communities and invest in culture and education.                                                                                                             |

# 01

## ORGANIZATION INFORMATION



## 1.1 Introduction of the Company

Founded in August 1969, Zig Sheng is currently operating in Taiwan. Our industrial processes span polymerization, spinning, DTY, compounding, and water resources, and we have developed a diversified business model by producing and selling DTY, nylon/polyester filament, nylon/polyester chips, compound materials, and hollow fiber membranes in a consistent production process.

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



**Guishan Plant 1**

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



**Taipei Office**

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



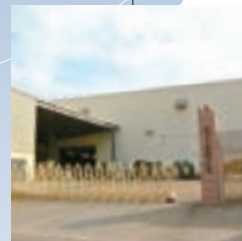
**Guanyin Plant 2**

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



**Guanyin Plant 3**

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

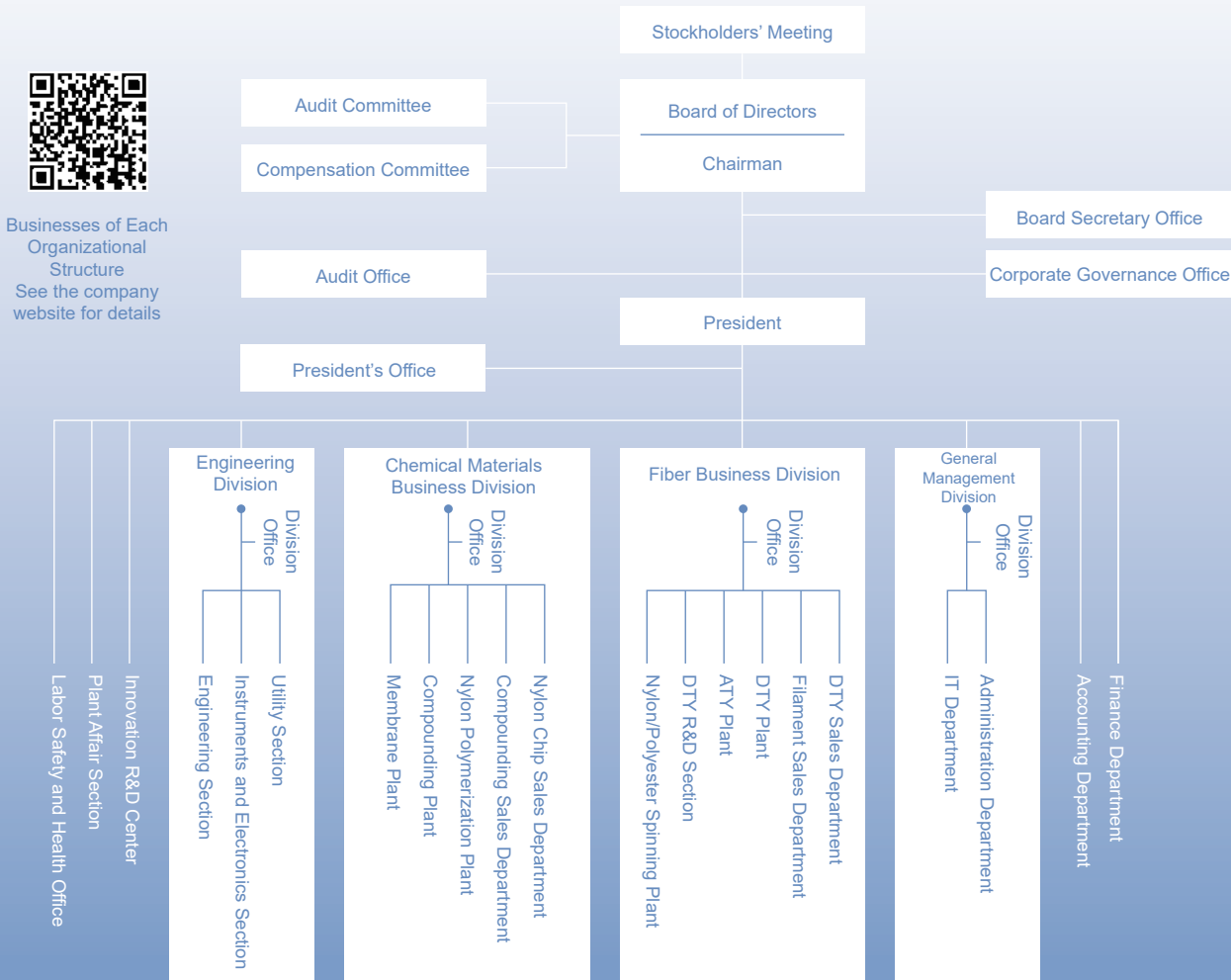


**Guanyin Plant 4**

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

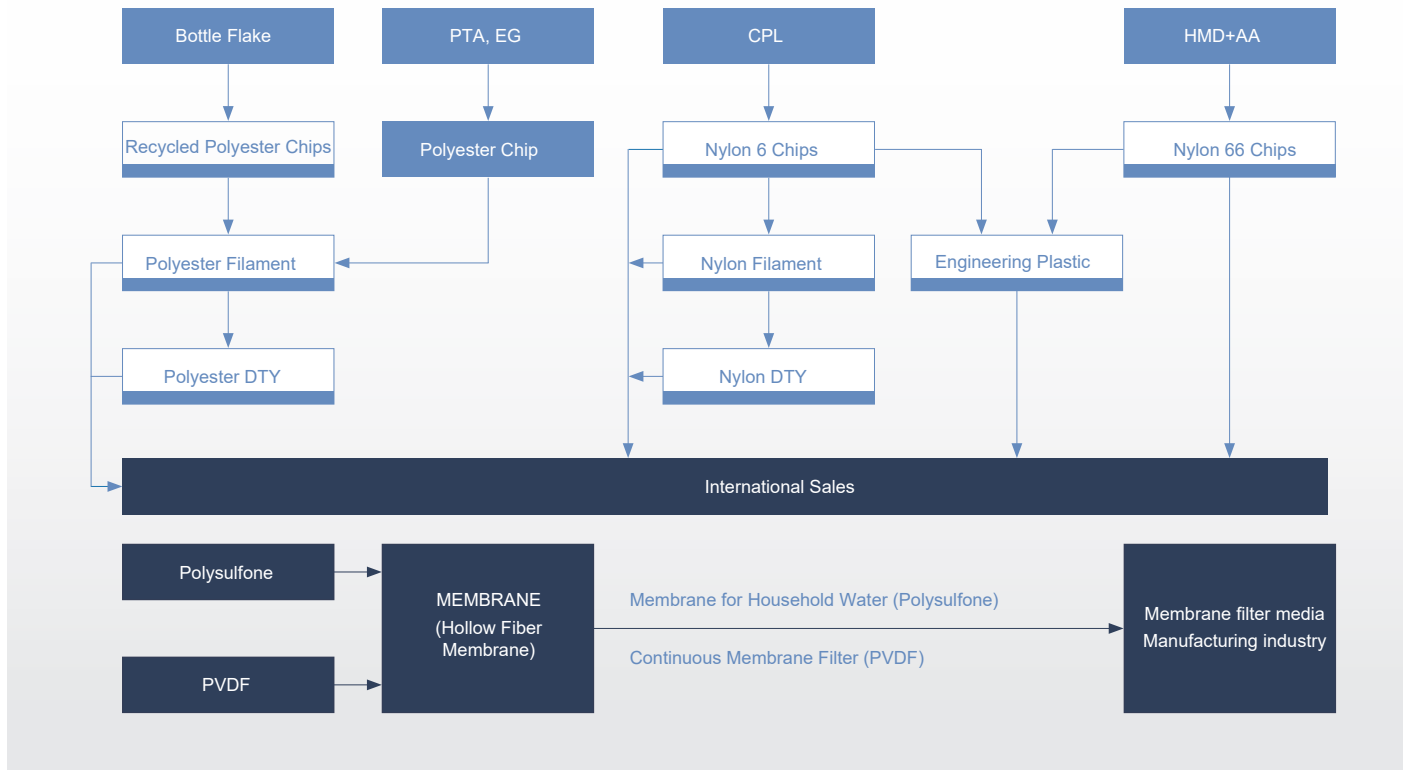
| Item |                                   | Contents                                                                                                                                                                                                     |
|------|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | Company Name                      | Zig Sheng Industrial Co., Ltd.                                                                                                                                                                               |
| 2    | Country and Location of Operation | Taiwan (Taipei, Taoyuan)                                                                                                                                                                                     |
| 3    | Head Office Location              | 2F, 3F, 5F of No. 70, Xining North Road, Datong District, Taipei City                                                                                                                                        |
| 4    | Industry sector                   | Textile fibers                                                                                                                                                                                               |
| 5    | Date of Establishment             | Aug. 18, 1969                                                                                                                                                                                                |
| 6    | Listing Date                      | October 7, 1993                                                                                                                                                                                              |
| 7    | Ownership (Shareholder Structure) | For a detailed list of major shareholders, please refer to the annual report or the Market Observation Post System.                                                                                          |
| 8    | Financial Scale                   | Capital: NT\$5.316 billion                                                                                                                                                                                   |
| 9    | Size of Served Market             | (Proportion of main products sold) operating revenue in 2024 was NT\$9.4 billion<br>① DTY----- 31.3%    ③ Nylon Chips -----51.8%    ⑤ Other ---- 1.1%<br>② Filament -----9.3%    ④ Compound materials---6.5% |
| 10   | Employees Hired                   | Total: 1274                                                                                                                                                                                                  |
| 11   | Company Website                   | <a href="http://www.zigsheng.com/en/home/">http://www.zigsheng.com/en/home/</a>                                                                                                                              |

Organizational chart



## 1.2 Products and Services

### 1.2.1 Upstream, midstream and downstream industry structures



### 1.2.2 Product Use and Contribution to the Environment

| Business                             | Product                                             | Applications                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Contribution to the Environment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fiber Business Division              | DTY                                                 | Medical apparel: Knee braces.<br>Transportation upholstery materials: Car seat covers.<br>Fabrics for interiors and furniture: curtains, bed sheets, duvet covers, blankets, towels.<br>Sportswear: leotard, sportswear, waterproof and breathable fabrics.<br>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, pantyhose, socks, lining, sportswear, swimwear, leotards, straps, fishing nets, ropes, sewing thread, industrial filament.                                                                                                                                                                                                                                                                                                                                                                                                          | 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.                                                                                                                                                                                                                                                             |
|                                      | Recycled Polyester Chips                            | Spinning grade, injection grade, non-food packaging, shoe materials, 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.                                                                                                                                                                                                                                                                                                                           |
| 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.                                                                                                                                                                                               |
|                                      | Compound Materials<br>(Engineering Plastic)         | 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<br>(Hollow Fiber Membrane) | We also provide water purifiers, functional water machines, whole-house filtration, commercial catering filtration systems, and outdoor portable filtration systems. Municipal sewage treatment, recycled water filtration and treatment at water resource recycling centers, pre-treatment of seawater desalination, raw water toxicity monitoring and filtration systems for fish farming, CMP wastewater recycling in semiconductor factories, industrial wastewater filtration and treatment, recycled water for industrial processes, and groundwater treatment.                                                     | 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

#### (1) Product sales

Our primary products are chemicals and fibers, which are sold in Europe, Asia, and Africa, but our main customer base is still in Asia (including mainland China and Hong Kong).

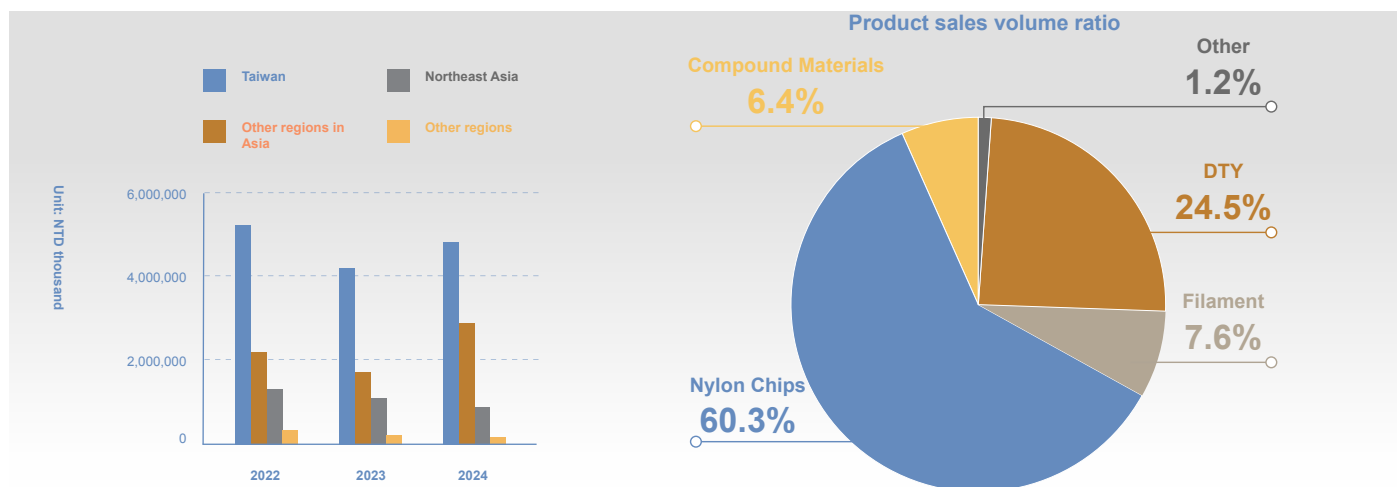
Sales revenue by major sales region and sales ratio of each product category for the past three years are as follows:

| Regions               | 2022      |            | 2023      |            | 2024      |            |
|-----------------------|-----------|------------|-----------|------------|-----------|------------|
|                       | Amount    | Percentage | Amount    | Percentage | Amount    | Percentage |
| Taiwan                | 5,297,544 | 57%        | 4,114,511 | 53%        | 4,850,595 | 52%        |
| Other regions in Asia | 2,144,475 | 23%        | 1,894,789 | 25%        | 2,945,265 | 31%        |
| Northeast Asia        | 1,548,046 | 17%        | 1,483,260 | 19%        | 1,403,741 | 15%        |
| Other regions         | 311,380   | 3%         | 248,028   | 3%         | 227,401   | 2%         |
| Total                 | 9,301,445 | 100%       | 7,740,588 | 100%       | 9,427,002 | 100%       |

Note 1: Other regions in Asia include Southeast Asia, Central Asia, the Middle East, Mainland China, Hong Kong, etc.

Unit: NTD thousand

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



#### (2) Regions where the products are sold

| Product                  | Number of Downstream Customers | Business Activity Type                            | Business Relationship                               | Location                                                                                                                                                                                  |
|--------------------------|--------------------------------|---------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DTY                      | 380                            | Manufacturer, distributor, trader, wholesaler     | Long-term, short-term, Contractual, non-contractual | Taiwan, China, Hong Kong, India, Japan, South Korea, Turkey, 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, Singapore                                          |
| 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.

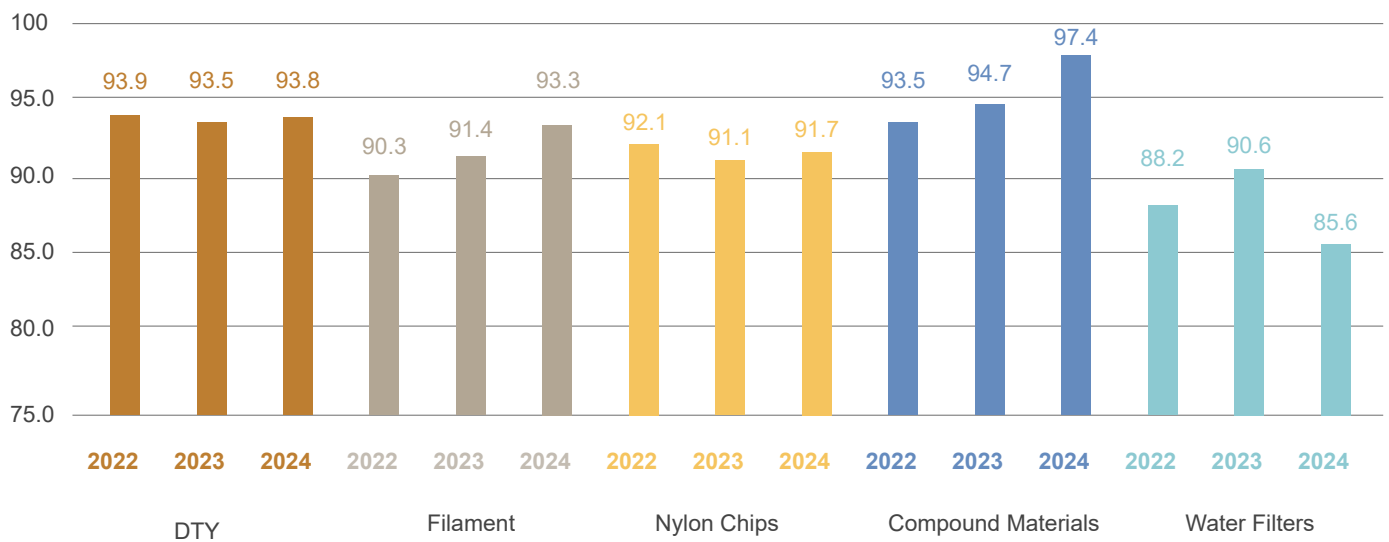
### (3) Satisfaction with Products and Services

The Company's sales and service departments periodically check and confirm the implementation of various customer policies, accept and handle customer complaints, and assist frontline sales staff in resolving customer complaints, thereby safeguarding customer rights. When there is reasonable basis to believe that a product or service poses a risk to the safety and health of consumers or other stakeholders, it should immediately be recalled or services stopped immediately.

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. Customer satisfaction assessments cover quality, shipping, operational cooperation, document handling, customer complaint resolution, customer churn management, and incidents involving excess shipping costs. After investigation, any items that require improvement as reported by customers are notified to the relevant departments for review and confirmation. These items are also reported and discussed during the annual quality management system review meeting to enhance customer satisfaction.

The survey results for 2024 are as follows:

#### Satisfaction assessment



In response to customer feedback, relevant departments have promptly reviewed and improved issues, and performed follow ups to ensure compliance. Overall product satisfaction has steadily increased, except for a slight decline in satisfaction with water products, mainly due to issues with handling customer churn. The sales volume and turnover of commercial water purification filters in 2024 declined slightly compared with last year mainly because the terminal catering customers slowed down the store expansion due to the impact of market conditions, and the actual sales order decreased. However, we expect to see a gradual recovery in the catering industry this year. In the industrial filter element sector, driven by global net-zero carbon emission targets and ESG sustainability goals, the industry has implemented development plans targeting water resource management goals. As a result, our business development efforts are primarily focused on industrial ultrapure water systems, wastewater recycling and filtration for semiconductor CMP (Chemical-Mechanical Planarization), and municipal water reclamation applications. Future operations are expected to maintain stable sales growth.

# 02

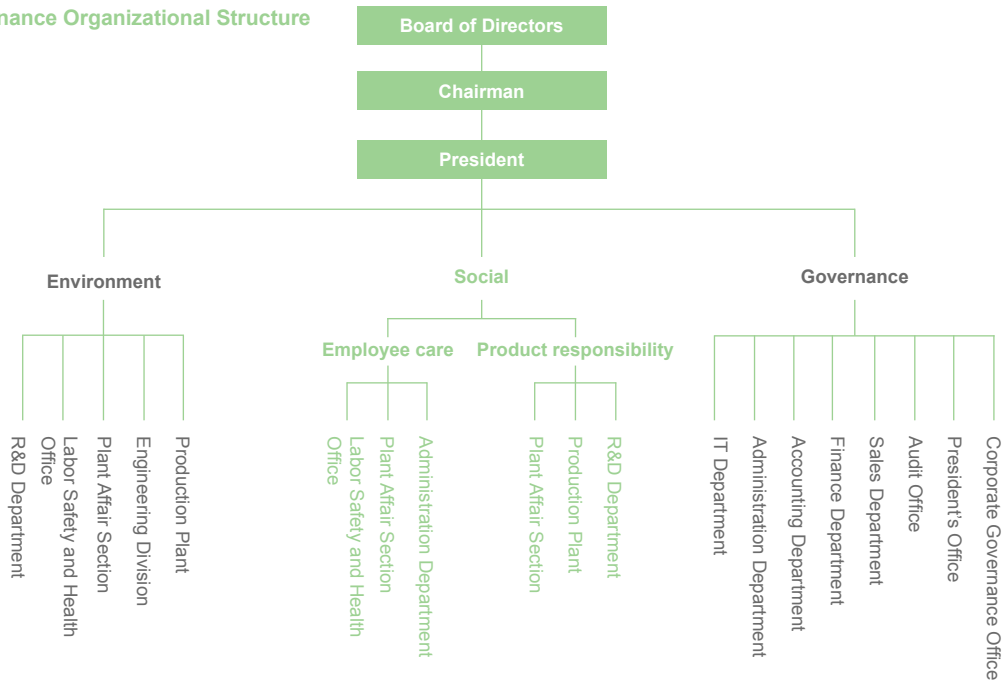
## STAKEHOLDER INTERACTIONS



# 2.1 ESG Operation and Implementation

Zig Sheng has established the Sustainable Development Governance Organization to ensure sound corporate governance, maintain strong economic performance, foster a sustainable environment, safeguard public welfare, and improve corporate information disclosure. The organization sets annual goals, monitors implementation results, and submits a yearly report to the Board of Directors. The board regularly reviews the organization's reports each year and provides recommendations for adjusting its management strategies on material topics including policies, objectives, and action plans.

Sustainability Governance Organizational Structure



Internal and External Implementation of ESG



## 2.2 Stakeholder Identification and Communication

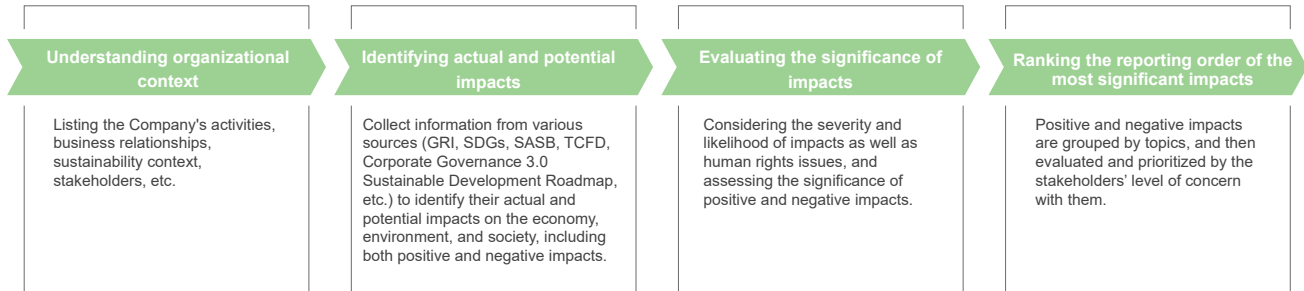
To pursue the sustainable development of Zig Sheng and maximize the best interests of its shareholders, the President's Office convened the executives from each department to identify ESG topics of concern to stakeholders. In accordance with the guidelines of AA1000 SES: 2015 Stakeholder Engagement Standard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



The Company communicates with its key stakeholders through open communication channels and with regular frequency regarding their concerns related to material topics of economic, social, and environmental, which are summarized as follows:

| Item | Stakeholder                | Issues of concern                                                                                                                                   | Contact                                                                                                                                                                                                                                                                                 | Communication channels, methods of response and frequency                                                                                                                                                                                                                                                                                                                                                                                                                                             | Communication results in 2024                                                                                                                                                                                                                                                                                                                                                                                                           |
|------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 01   | Shareholders and Investors | Sustainable Operations<br>Corporate Governance<br>Integrity and Ethics<br>Economic Performance<br>Market Position<br>Climate Change Risk Management | Acting Spokesperson<br><br>General Manager, Mr. Kuo<br>jason_kuo@zigsheng.com<br><br>Finance Department, Ms. Yen<br>teana_yen@zigsheng.com                                                                                                                                              | <ul style="list-style-type: none"> <li>Monthly revenue announcement.</li> <li>Financial reports are published quarterly.</li> <li>We publish an annual report and hold a shareholders' meeting each year.</li> <li>Important information is occasionally published on the MOPS and disclosed on the Company's website.</li> </ul>                                                                                                                                                                     | <ol style="list-style-type: none"> <li>14 important news announcements.</li> <li>Two corporate briefing sessions were held.</li> </ol>                                                                                                                                                                                                                                                                                                  |
| 02   | Customers                  | Customer Relationships<br>Green Products<br>Circular Economy                                                                                        | Nylon Granules Department, Ms. Huang<br>ann_huang@zigsheng.com<br><br>Compound Materials Department, Ms. Chang<br>celine_chang@zigsheng.com<br><br>Filament Sales Department, Mr. Lin<br>Duncan_lin@zigsheng.com<br><br>Textured Yarn Department, Ms. Huang<br>alice_huang@zigsheng.com | <ul style="list-style-type: none"> <li>Communication with business units is conducted as necessary via telephone, email, and on-site visits.</li> <li>After-sales service units promptly handle customer requests.</li> <li>New product satisfaction surveys are conducted monthly.</li> <li>Customer satisfaction surveys are conducted annually.</li> </ul>                                                                                                                                         | <ol style="list-style-type: none"> <li>A total of 86 new product satisfaction surveys were conducted this year, with an average score of 95.4 points.</li> <li>A total of 119 customer satisfaction surveys were received this year, with an average score of 91.5 points.</li> </ol>                                                                                                                                                   |
| 03   | Suppliers Contractors      | Supply Chain Management<br>Occupational Health and Safety                                                                                           | Procurement Department, Ms. Yeh<br>sandy_yeh@zigsheng.com<br><br>Occupational Safety and Health Office, Mr. Chen<br>h100-1@zigsheng.com<br><br>Public Works Engineering Department, Mr. Chou<br>james_chou@zigsheng.com                                                                 | <ul style="list-style-type: none"> <li>New supplier evaluations are conducted before transacting with new suppliers.</li> <li>Supplier evaluations are conducted regularly every year.</li> <li>New suppliers sign the supplier commitment letter; new contractors sign the contractor commitment letter.</li> <li>Prior to starting work on site, contractors shall be provided with information regarding potential safety hazards.</li> </ul>                                                      | 542 suppliers and contractors have signed the letter of commitment.                                                                                                                                                                                                                                                                                                                                                                     |
| 04   | Employees                  | Labor-management Relations<br>Occupational Health and Safety<br>Sustainable Operation<br>Economic Performance                                       | Factory Management Office, Mr. Liu<br>jason_liu@zigsheng.com<br><br>Occupational Safety and Health Office, Mr. Chen<br>h100-1@zigsheng.com<br><br>Human Resources Department, Mr. Chuang<br>peter_chuang@zigsheng.com                                                                   | <ul style="list-style-type: none"> <li>Multiple channels are provided for complaints and feedback (complaint mailbox on the website, feedback form, and feedback mailbox)</li> <li>Department meetings are held monthly, and management meetings, employee welfare committee meetings, and occupational safety and health committee meetings are held quarterly.</li> </ul>                                                                                                                           | In 2024, a total of 2 complaints were received, 1 of which was not established and the other handled and closed.                                                                                                                                                                                                                                                                                                                        |
| 05   | Government Agencies        | Climate Change Risks<br>Energy Management<br>Greenhouse Gas Emissions<br>Circular Economy<br>Occupational Health and Safety                         | Engineering Department, Instrumentation & Electrical Division, Mr. Chen<br>hl_chen@zigsheng.com<br><br>Occupational Safety and Health Office, Mr. Chen<br>h100-1@zigsheng.com<br><br>Factory Management Office, Mr. Liu<br>jason_liu@zigsheng.com                                       | <ul style="list-style-type: none"> <li>We fulfill annual environmental reporting requirements in accordance with the law.</li> <li>We file workplace environment monitoring reports, hazard notifications, and special operation reports annually, as required by occupational safety and health regulations.</li> <li>We cooperate with the competent authority's on-site visits and inspections.</li> <li>We respond promptly to official correspondence from the competent authorities.</li> </ul> | <ol style="list-style-type: none"> <li>Environmental reporting for air pollution, water pollution, waste, and greenhouse gas emissions is performed in accordance with regulations.</li> <li>Occupational safety and health reporting procedures are carried out according to the prescribed schedule.</li> <li>All official correspondence from competent authorities must be responded to within the prescribed timeframe.</li> </ol> |
| 06   | Local Community residents  | Social Welfare                                                                                                                                      | Factory Management Office, Mr. Liu<br>jason_liu@zigsheng.com<br><br>Administration Department, Mr. Chuang<br>peter_chuang@zigsheng.com                                                                                                                                                  | <ul style="list-style-type: none"> <li>Participate in community activities from time to time.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                              | <ol style="list-style-type: none"> <li>Caota Sand Dunes Marine Ecology Beach Cleanup and Energy Conservation and Carbon Reduction Environmental Awareness Campaign.</li> <li>Beach cleanup activity organized by Taoyuan, Hsinchu, and Miaoli.</li> <li>Environmental cleanup day at Guanyin Industrial Park.</li> <li>Street tree adoption.</li> <li>Blood donation.</li> </ol>                                                        |

## 2.3 Identification Process for Material Topics



## 2.4 Substantive Analysis of Material Topics

The ESG Compilation Team of Zig Sheng jointly discussed and analyzed the positive and negative impacts of various topics on the economy, environment, and society (including human rights). Taking into account the experience of relevant departments, the likelihood of occurrence and the degree of impact of sustainability topics on stakeholders were determined. Management then decided on final material topics based on the impact of sustainability issues on the Company and through the analysis results. After ranking the analysis results, topics with a total score of 6 or above were set for disclosure, resulting in the identification of 9 material topics in the economic, environmental, and social dimensions, plus 1 additional disclosure, for a total of 10 sustainability topics. These serve as a reference for information disclosure in the sustainability report and facilitate effective communication with stakeholders.

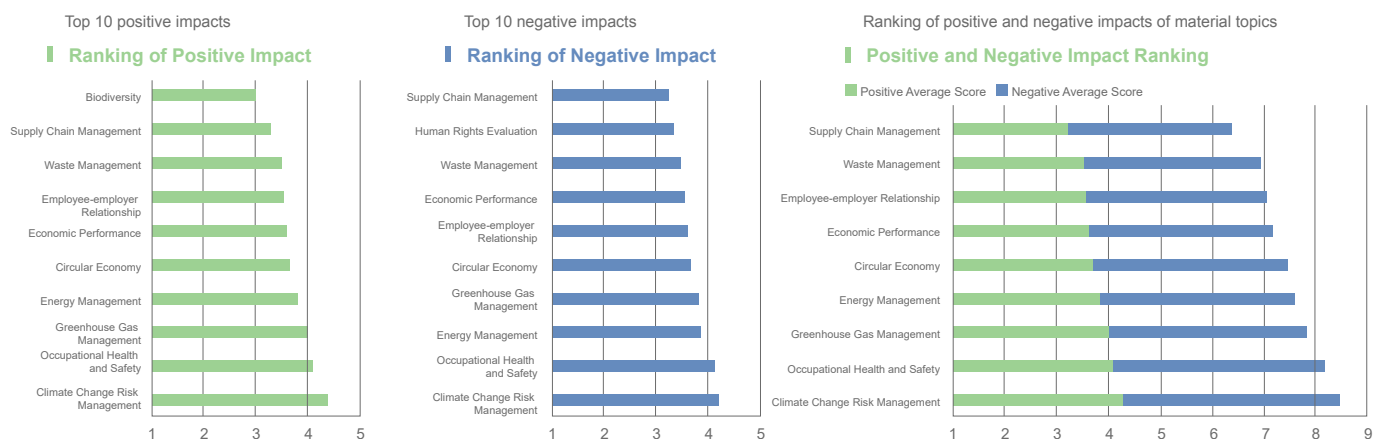
| Aspect      | Topic                            | Ranking in 2023 | Ranking in 2024 | Change   | Material Topic |
|-------------|----------------------------------|-----------------|-----------------|----------|----------------|
| Economy     | Economic Performance             | 5               | 6               | -1       | •              |
|             | Supply Chain Management          | 7               | 9               | -2       | •              |
|             | Integrity and Ethics             | 12              | 10              | 2        |                |
|             | Corporate Governance             | 13              | 12              | 1        |                |
| Environment | Circular Economy                 | 3               | 5               | -2       | •              |
|             | Energy Management                | 4               | 4               | -        | •              |
|             | Water Resource Management        | 14              | 18              | -4       |                |
|             | Biodiversity                     | 18              | 14              | 4        |                |
|             | Greenhouse Gas Emissions         | 2               | 3               | -1       | •              |
|             | Waste Management                 | 8               | 8               | -        | •              |
|             | Climate Change Risk Management   | 1               | 1               | -        | •              |
| Society     | Employee-employer Relationship   | 9               | 7               | 2        | •              |
|             | Occupational Health and Safety   | 6               | 2               | 4        | •              |
|             | Talent Cultivation               | 15              | 15              | -        |                |
|             | Employee Diversification         | 16              | 20              | -4       |                |
|             | Freedom of Association           | 17              | 19              | -2       |                |
|             | Human Rights Evaluation          | 11              | 11              | -        |                |
|             | Social Welfare                   | 10              | 13              | -3       | ※              |
|             | Product quality and safety       | -               | 16              | Addition |                |
|             | Customer Relationship Management | -               | 17              | Addition |                |

\* 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 topics \* ※ : Additional disclosure topics

### Ranking of positive and negative impacts



## 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 Code        | Concern                                                                                                                                                                                  | Impact    |           |                           |                            |                 |                     |
|-------------|--------------------------------------------------------------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|---------------------------|----------------------------|-----------------|---------------------|
|             |                                                                    |                 |                                                                                                                                                                                          | Employees | Customers | Suppliers and Contractors | Shareholders and Investors | Local Residents | Government Agencies |
| Economy     | Economic Performance                                               | 201-1           | Direct economic value generated and distributed                                                                                                                                          | ▲         | ●         | ▲                         | ●                          | ×               | ▲                   |
|             | Employee-employer Relationship (Salary)                            | 202-1           | Ratio of standard salary for entry-level employees of different genders in key operating locations to local minimum pay<br>Percentage of local minimum wage                              | ●         | ×         | ×                         | ▲                          | ▲               | ▲                   |
|             | Supply Chain Management                                            | 204-1           | Ratio of procurement expenses from local suppliers for key operating locations                                                                                                           | ●         | ▲         | ●                         | ▲                          | ×               | ×                   |
| Environment | Climate Change Risk Management                                     | 201-2           | Financial implications and other risks and opportunities due to climate change                                                                                                           | ●         | ▲         | ▲                         | ●                          | ▲               | ●                   |
|             | Energy Management                                                  | 302-4           | Reduction of 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                                                                                                                | ●         | ●         | ●                         | ▲                          | ×               | ●                   |
| Society     | Employee-employer Relationship (Employee Composition and Benefits) | 401-1           | Total number and ratio of new employees and departed employees by age group, gender and region<br>Total number and proportion                                                            | ●         | ×         | ×                         | ●                          | ▲               | ▲                   |
|             |                                                                    | 401-2           | Benefits provided only to full-time employees (excluding temporary or part-time employees), by key operating locations<br>Employee benefits (excluding temporary or part-time employees) | ●         | ×         | ×                         | ●                          | ▲               | ▲                   |
|             | 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 on occupational health and safety                                                                                                                                        | ●         | ×         | ●                         | ×                          | ×               | ×                   |
|             |                                                                    | 403-6           | Promotion of workers health                                                                                                                                                              | ●         | ×         | ×                         | ×                          | ×               | ×                   |
|             |                                                                    | 403-7           | Preventing and mitigating of occupational health and safety impacts directly linked by business relationships                                                                            | ●         | ×         | ×                         | ×                          | ×               | ×                   |
|             |                                                                    | 403-9           | Work-related injuries                                                                                                                                                                    | ●         | ×         | ●                         | ×                          | ×               | ●                   |
|             | 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



### Opinion Survey

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



Feedback and Grievance



### Immediate Response

The Company also has a General Management Department that serves as the dedicated unit to handle and respond to issues of concern in a timely manner and regularly report operational status to the Board of Directors, the top level of management. The topics to be disclosed in the following year are determined by the President’s Office based on internal and external communications.



### ESG Section

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.



ESG Section

## 2.7 Management Guidelines for Significant Topics

| Topic Category | Material Topic                          | Positive and negative impacts                                                                                                                                                                                                                                                                                    | Policies and Commitments                                                                                                                                                         | Target                                                                                                                                                                                                                                                                                                                                                                                                                                       | Competent Authority                     | Action Plan                                                                                                                                                                                                                                                                         | Performance Results | Evaluation Mechanism                                                                              |
|----------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------------------------------------------------|
| Economy        | Economic Performance                    | <b>Positive/Actual</b><br>Enhance corporate profitability, strengthen competitiveness to attract investment, create more employment opportunities, and foster local economic development.                                                                                                                        | <ul style="list-style-type: none"> <li>Continue to engage in innovation and R&amp;D</li> <li>Increase operating performance</li> <li>Pursue reasonable profits</li> </ul>        | <ol style="list-style-type: none"> <li>Ensure an adequate supply of raw materials, and achieve a balance between production and sales.</li> <li>Control operating costs, and maintain a sound financial structure.</li> <li>Develop new markets, and meet customer requirements.</li> </ol>                                                                                                                                                  | Management Level                        | <ol style="list-style-type: none"> <li>Performance targets are reported at quarterly management meetings and continuously improved and maintained.</li> <li>Monthly operating profit statements for each product are used as the basis for management’s decision-making.</li> </ol> | P.22                | Financial reports are verified by third-party accountants                                         |
|                | Employee-employer Relationship (Salary) | <b>Positive/Actual</b><br>Increase employee remuneration levels to attract and retain top talent, and maintain market competitiveness.                                                                                                                                                                           | <ul style="list-style-type: none"> <li>Ensure the competitiveness of our employees’ salaries</li> <li>Localization of management</li> </ul>                                      | Strive to improve operating performance to raise the salaries of employees.                                                                                                                                                                                                                                                                                                                                                                  | Management Level                        | In accordance with domestic 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                 | <b>Positive/Actual</b><br>Establish a stable and reliable supply chain to improve operational efficiency, and increase local procurement to reduce logistics costs and carbon emissions.<br><br><b>Negative/Potential</b><br>If suppliers are not managed properly, quality issues or delivery delays may occur. | <ul style="list-style-type: none"> <li>Prioritize local procurement</li> <li>Emphasize ethical corporate management</li> <li>Prohibit dishonest behavior with vendors</li> </ul> | <ol style="list-style-type: none"> <li>The proportion of major raw materials purchased domestically was over 60%.</li> <li>Increase the number of suppliers signing the letter of commitment.</li> <li>Prohibit unethical conduct in interactions between Zig Sheng and vendors, and ensure that the quality of the products and services vendors provide meet our needs so that our company can operate normally in all aspects.</li> </ol> | Administration Department - Procurement | <ol style="list-style-type: none"> <li>We select suppliers based on quality, price, delivery time, stable quantity, integrity and ethics, and our expectations of them.</li> <li>Suppliers are required to sign the supplier commitment letter.</li> </ol>                          | P.27                | Regularly conduct supplier evaluations                                                            |

| Topic Category | Material Topic                                                        | Positive and negative impacts                                                                                                                                                                                                  | Policies and Commitments                                                                                                                                                                                                                                                                     | Target                                                                                                                                                                                                                                                                                                                                                                                  | Competent Authority                                             | Action Plan                                                                                                                                                                                                                                                                                                                                       | Performance Results | Evaluation Mechanism                                                                                            |
|----------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------------------------------------------------|
| Environment    | Climate Change Risk Management                                        | <b>Negative/Potential</b><br>Insufficient comprehensive risk management could lead to operational disruptions and affect investor confidence.                                                                                  | 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                                              | <b>Negative/Actual</b><br>High carbon emissions will attract greater government attention, necessitating more aggressive carbon reduction and a careful assessment of how carbon fees will affect operations.                  | <ul style="list-style-type: none"> <li>Comply with relevant regulations</li> <li>Emphasis on climate change and global warming issues</li> <li>Reduce greenhouse gas emissions</li> </ul>                                                                                                    | Gradually replace coal with natural gas to reduce emissions and achieve continuous improvement.                                                                                                                                                                                                                                                                                         | Plant Affair Section/Production Unit/Public Utilization Section | Carbon emission inventory is conducted according to ISO 14064-1.                                                                                                                                                                                                                                                                                  | P.34                | Verification of ISO 14064-1 inventory data                                                                      |
|                | Energy Management                                                     | <b>Positive/Actual</b><br>Switching to high-efficiency equipment reduces energy use and lowers costs.<br><b>Negative/Actual</b><br>Rising costs of low-carbon or green energy.                                                 | <ul style="list-style-type: none"> <li>Continued promotion of energy conservation measures</li> <li>Participation of all employees in energy saving and carbon reduction activities</li> <li>Increase renewable energy usage</li> </ul>                                                      | 1. Continued reduction of energy consumption and CO <sub>2</sub> emissions.<br>2. Reduce electricity consumption by at least 1% each year.                                                                                                                                                                                                                                              | Energy management personnel at each factory                     | To effectively manage energy conservation goals, we have implemented and passed ISO 14001, ISO 14064-1, and introduced the ISO 50001 energy management system to manage and improve major sources of power consumption.                                                                                                                           | P.35                | 1. Inventory of energy use according to ISO 14064-1<br>2. Report annual energy savings to the Bureau of Energy. |
|                | Waste Management                                                      | <b>Negative/Potential</b><br>Failure to properly sort and dispose of waste may cause ecological damage and affect the corporate image.                                                                                         | Comply with waste disposal regulations and reduce waste                                                                                                                                                                                                                                      | 1. Commission qualified company for waste disposal<br>2. Regularly review the waste disposal handbook<br>3. The output of combustible and non-combustible waste was reduced by 10%.                                                                                                                                                                                                     | Plant Affair Section                                            | 1. Report the amount of waste based on the regulations processing capacity.<br>2. Waste sorting and reduction.                                                                                                                                                                                                                                    | P.39                | Waste Statistics                                                                                                |
|                | Circular Economy                                                      | <b>Positive/Actual</b><br>Recycling technology can minimize resource waste, while continuously expanding our portfolio of eco-friendly recycled products to improve market competitiveness.                                    | <ul style="list-style-type: none"> <li>Develop recycled products</li> <li>Continue to maintain packaging material recycling</li> </ul>                                                                                                                                                       | 1. Continue to develop recyclable and recycled products, with green products accounting for 10% of revenue.<br>2. Recycling and reuse of packaging materials.<br>Polymerization Plant-polymer bag recycling rate is 100%<br>Spinning Plant-hole board recycling rate is 100%<br>Spinning Plant 1-paper tube recycling rate is 85%<br>Spinning Plant 2-paper tube recycling rate is 100% | Production unit<br>Plant Affair Section                         | 1. Developed recycled products and obtained GRS and ISCC certification.<br>2. Large quantities of packaging materials used for products sold in Taiwan are included in recycling management.                                                                                                                                                      | P.40                | 1. GRS Verification<br>2. ISCC Verification<br>3. Product Carbon Footprint<br>4. Recycling Rate Statistics      |
| Society        | (Employee Composition and Benefits)<br>Employee-employer Relationship | <b>Positive/Actual</b><br>Maintaining good labor relations and protecting employee rights to avoid labor disputes and ensure stable operations.                                                                                | 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.   | 1. Protect the rights and interests of employees.<br>2. Fair treatment of all employees.<br>3. Reduce staff turnover.                                                                                                                                                                                                                                                                   | Administration Department - Human Resources                     | 1. Improve grievance mechanism to maintain a good employee-employer relationship.<br>2. Higher percentage of employees with physical and mental disabilities than required by the government.<br>3. Maintain the ratio of industry-academia collaboration.                                                                                        | P.42                | Regular labor-management meetings are held                                                                      |
|                | Occupational Health and Safety                                        | <b>Positive/Actual</b><br>Continuously improve the safety of working environment.<br><b>Negative/Potential</b><br>Failure to implement occupational safety and health management may result in casualties and property losses. | 1. Compliance with occupational safety regulations, fulfillment of corporate responsibility.<br>2. Promote education and training, enhance personnel response.<br>3. Prevent potential hazards, implement risk management.<br>4. Implement health promotion, establish a friendly workplace. | 1. We comply with laws and regulations related to occupational health and safety as well as the ISO 45001 occupational health and safety management system standards to create a healthy and safe work environment.<br>2. Disabling Injury Frequency Rate (FR) ≤ 1.8; Disabling Injury Severity Rate (SR) ≤ 6.<br>3. "Zero disaster" is our long-term goal.                             | Plant manager of each plant<br>Labor Safety Office              | 1. Self-management competition.<br>2. Safety and health education and training.<br>3. Health promotion program.                                                                                                                                                                                                                                   | P.52                | 1. ISO 45001 Certification<br>2. Occupational hazards Statistics                                                |
|                | Social Welfare                                                        | <b>Positive/Actual</b><br>Create positive impact on society to foster strong relationships.<br><b>Negative/Potential</b><br>If public welfare projects are not managed properly, it may affect the Company's reputation.       | Establish good relations with communities, care for and assist the disadvantaged, and cultivate talents to contribute to society.                                                                                                                                                            | Continue to plan activities to give back to the local communities and invest in cultural and educational sponsorship.                                                                                                                                                                                                                                                                   | Plant Affair Section                                            | 1. We support and sponsor the communities where our factories are located.<br>2. Provide internship and job opportunities for disadvantaged students.<br>3. We provide internship students with bonuses and transportation allowance upon completion of their internship (up to 6 months for residents of central, southern, and eastern Taiwan). | P.56                | Regular review                                                                                                  |

03

**CORPORATE  
OPERATIONS  
AND  
GOVERNANCE**



## 3.1 Economic Performance

### 3.1.1 Operating Policy

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

### 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              | 2022      | 2023      | 2024      |
|--------------------------|-----------|-----------|-----------|
| Operating income         | 9,301,445 | 7,740,588 | 9,427,002 |
| Operating costs          | 9,087,845 | 7,889,709 | 9,286,778 |
| Operating profit         | -245,210  | -515,072  | -266,103  |
| Net income               | -281,794  | -240,156  | 5,250     |
| Earnings per share (NTD) | -0.53     | -0.45     | 0.01      |
| Current ratio            | 149.63    | 164.20    | 187.35    |
| Debt ratio               | 28.24     | 38.83     | 42.71     |

Unit: NTD thousand



| Item \ Year                  | 2022    | 2023    | 2024    |
|------------------------------|---------|---------|---------|
| Employee salary and benefits | 956,243 | 912,364 | 954,052 |
| Payments to funders          | 446,058 | 88,084  | 54,435  |
| Payments to the government   | 307     | 282     | 714     |
| Community investments        | 738     | 136     | 685     |

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

In 2024, the Company's Board of Directors was changed to nine members (including three independent directors), and exercised its powers and duties in accordance with regulations. Each member serves a three-year term. Among them, there is one female director, accounting for 11% of the total number of directors. 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 2024. Please refer to Annual Report - Corporate Governance Operation for more information.

The Board of Directors shall convene at least once every quarter, and the attendance of the directors at board meetings shall comply with the relevant regulations. Information on board members, board attendance and training, the board diversity policy and its implementation, and the results of board performance evaluations are disclosed on the "Corporate Governance" page of the Company's website.

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 Functional Committee

The Company has established functional committees, including the Remuneration Committee and the Audit Committee, each consisting of three members. Details regarding the member profiles and terms of office can be found on the Company's website under "Functional Committees".

#### (1) Remuneration Committee

The Company established the Remuneration Committee in December 2011. The committee is composed of independent professionals with relevant expertise, and meets twice a year to regularly evaluate the performance and compensation of the Company's directors and managers, providing recommendations to the Board of Directors for decision-making.

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.

#### (2) Audit Committee

The Company established an Audit Committee in June 2019, holding meetings at least quarterly. Its main functions include reviewing financial reports, establishing or revising internal controls, and procedures for acquiring or disposing of assets, engaging in derivative transactions, providing loans to others, endorsing or providing guarantees for others, evaluating the effectiveness of the internal control system, selecting and dismissing CPAs, as well as assessing their independence and performance, and handling other significant matters as required by the Company or competent authorities.

Functional Committee member profiles and terms of office's website :  
<http://www.zigsheng.com/en/investor-relations/corporate-governance/functional-committees/>



## 3.3 Integrity and Ethics

### 3.3.1 Code of Ethical Conduct

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 2024, an internal online questionnaire was used to conduct integrity and ethics promotion and assessment, with a total of 453 participants. 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.

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



### 3.3.3 Complaint 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.

|                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Grievance</b></p> <p>The Company has established multiple channels for complaints (e.g., mailbox, email, and supervisor interviews). In accordance with Taiwan Stock Exchange regulations, we have also established the "Stakeholder Area" and "Opinion Survey and Complaints" sections on our website for internal and external stakeholders.</p> |  <p><b>Reports Filed</b></p> <p>The Company has established and published an independent reporting mailbox and hotline on its website, and has established the "Violation of Integrity and Ethics Reporting System" on its internal and external websites. All stakeholders are encourage to report any violation of integrity or ethics through these reporting methods.</p> |  <p><b>Handling</b></p> <p>When we receive a complaint or report, we have dedicated personnel to investigate and handle the case appropriately. When the complaint or report involves a director or senior executive, it will be reported to the independent director or supervisor.</p> |
|  <p><b>Response</b></p> <p>The Company will assign dedicated personnel to handle complaints or reports, using the contact methods (such as mailbox, email, or face-to-face interviews) desired and required by the complainant or whistleblower, and respond to their complaints or reports.</p>                                                          |  <p><b>Confidentiality</b></p> <p>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.</p>                                                                                                                                        |  <p><b>Preservation of Records</b></p> <p>The information related to the investigation process and investigation results of grievances and reports are all kept in a complete and proper manner.</p>                                                                                     |

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



#### Feedback and Grievance



#### Ethics Violation Reporting System



In 2024, we received two appeals. One appeal was dismissed after mediation, and the other was closed. No integrity complaints were filed in 2024.

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 2024 have been closed.

| Content of Item                          |        | Number of Cases |      |      |
|------------------------------------------|--------|-----------------|------|------|
|                                          |        | 2022            | 2023 | 2024 |
| Grievance                                | Salary | 1               | 3    | 2    |
|                                          | Leave  | 1               | 0    | 0    |
|                                          | Other  | 3               | 0    | 0    |
| Reports Filed                            | Ethics | 0               | 0    | 0    |
|                                          | Other  | 0               | 0    | 0    |
| Total number of grievances filed         |        | 5               | 2    | 1    |
| Total number of cases filed and resolved |        | 5               | 2    | 1    |

### 3.3.4 Participating Associations and Organizations

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

| Name of Public Association                                     | Form of Participation                        | Participating Committee                                                                                            |
|----------------------------------------------------------------|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Chinese National Federation of Industries                      | Industry consultant                          | Industrial Policy Committee-Member<br>Energy Policy Committee-Member<br>Environment & Work Safety Committee-Member |
| Taiwan Man-Made Fiber Industries Association                   | Convener and member of the Supervisory Board | -                                                                                                                  |
| 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                                       | -                                                                                                                  |

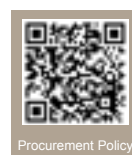
## 3.4 Supplier Management

### 3.4.1 The Supply Chain of the Organization

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

### 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 More flexible purchasing techniques and a quicker response to market price fluctuations are needed to reduce procurement costs while meeting quality standards.

## 2024 Statistics on Major Domestic and Foreign Supplier (Type/Number)

Table of Vendor Statistics

| Item                    | Domestic | International | Total |
|-------------------------|----------|---------------|-------|
| Key raw materials       | 74       | 19            | 93    |
| Key indirect materials  | 39       | 10            | 49    |
| Key packaging materials | 48       | 3             | 51    |
| Other                   | 499      | 15            | 514   |
| Total                   | 660      | 47            | 707   |
| Percentage              | 93.35%   | 6.65%         | 100%  |

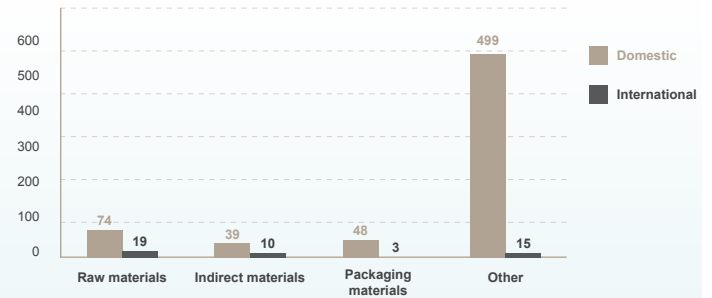
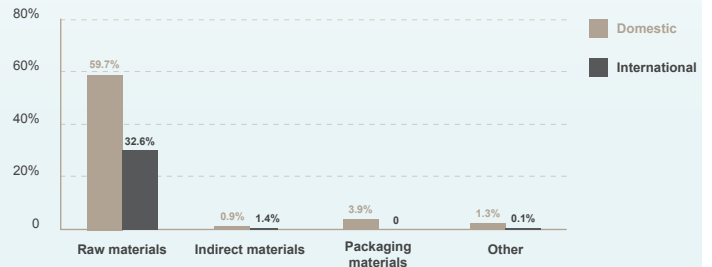


Table of the Percentage of Procurement Amount

| Item                    | Domestic | International | Total |
|-------------------------|----------|---------------|-------|
| Key raw materials       | 59.7%    | 32.6%         | 92.3% |
| Key indirect materials  | 0.9%     | 1.4%          | 2.3%  |
| Key packaging materials | 3.9%     | 0.0%          | 3.9%  |
| Other                   | 1.3%     | 0.1%          | 1.5%  |
| Total                   | 65.8%    | 34.2%         | 100%  |



Note: The definition of local: "Domestic" is Taiwan, and "foreign" is imports. The raw materials for Caprolactam (CPL) depend on imports.

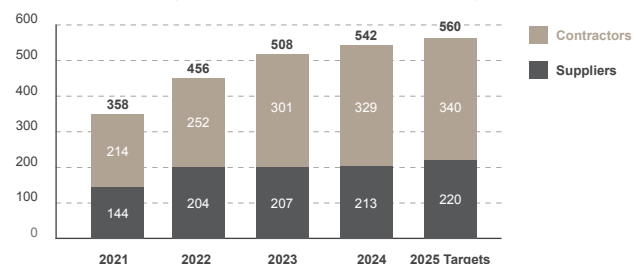
### Supplier Performance Management

Zig Sheng conducts supplier evaluations for new and qualified suppliers of key raw materials, purchased finished products, filling materials, packaging materials, process oils and additives, outsourced finished products, instrument calibration, finished product inspection, and infrastructure equipment in accordance with company regulations. The results are logged into the Company's ERP system for management. Suppliers that do not meet regulations are required to make improvements. In 2024, all suppliers passed evaluations based on relevant quality certifications, price rationality, supply coordination, production capacity, and the signing of supplier commitment letter.

In accordance with the stipulated conditions, we conduct on-site audits of major domestic suppliers whose raw materials, auxiliary materials, and packaging materials account for more than 20% of our total supply (two suppliers were audited in 2024 and the results were satisfactory) in order to ensure that the suppliers' materials meet our needs and ensure effective operations.

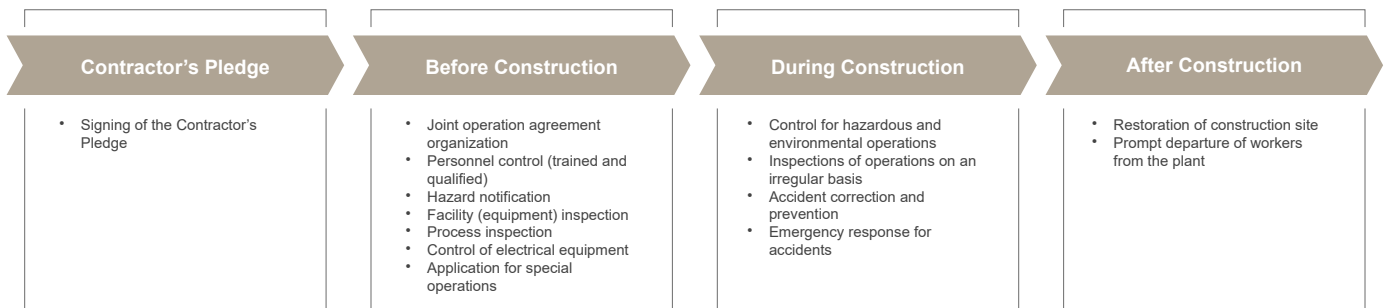
In 2024, the Company collaborated with suppliers on corporate social responsibility initiatives. A total of 213 suppliers and 329 contractors have signed the Company's "Supplier's Pledge" to adhere to these standards. The number of signatories has continued to increase in 2025 to 560 (220 suppliers and 340 contractors).

Number of signatories of the Contractor's Pledge



### 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.



In 2024, 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 Compliance with Regulations

|                 |              | 2022    | 2023    | 2024    |
|-----------------|--------------|---------|---------|---------|
| Number of Cases | Economy      | 0       | 0       | 0       |
|                 | Environment  | 2       | 0       | 0       |
|                 | Society      | 0       | 4       | 3       |
|                 | Firefighting | 0       | 0       | 2       |
|                 | Building     | 0       | 0       | 1       |
| Fine            |              | 206,000 | 282,000 | 714,000 |

The following is a description of the plant-wide violations and improvements in 2024:  
Zig Sheng will endeavor to make improvements to prevent similar situations from recurring.

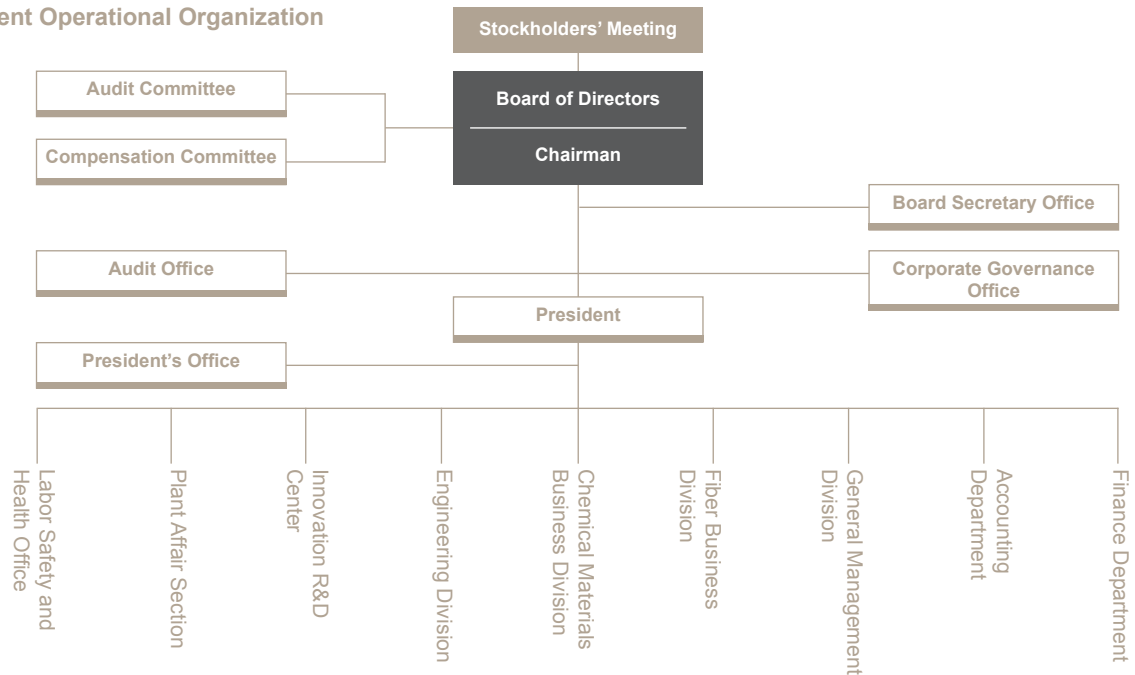
\*Major violations: Regardless of the penalty amount, incidents subject to administrative penalties

| Item | Violation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Penalty | Improvement Measures                                                                                                                                         |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | The employer failed to install adequate guardrails, covers, or other protective equipment around the edges and openings of workplaces over two meters high where workers might be at risk of falling, and failed to ensure that workers used safety belts, helmets, and other necessary protective gear when working at heights over two meters where workers might be at risk of falling.                                                                                                                                  | 110,000 | Guardrails are installed at edges and openings next to the cooling water tower to prevent people from falling.                                               |
| 2    | When cleaning, lubricating, inspecting, repairing, or adjusting machinery that presents a hazard to workers, the operation of the relevant machinery and feeding of materials should be stopped. To prevent unauthorized operation of the machine's starting devices or incorrect feeding materials, locking mechanisms or warning signs should be implemented. Additionally, safety equipment and measures must be in place to prevent falling objects from endangering workers.                                           | 100,000 | 1. Revise operating specifications.<br>2. Conduct education and training.<br>3. Install placards and warning signs.                                          |
| 3    | Employers are responsible for ensuring that drivers or relevant personnel are responsible for performing the following duties concerning workplace vehicles and machinery: 1.... 14. When using a seat-operated counterbalanced forklift or side-lift forklift, the driver must wear a seatbelt at all time. However, this requirement does not apply if the driver's seat is equipped with a guardrail or other protective device to prevent the driver from being crushed by in the event of vehicle tipping over. 15.... | 100,000 | 1. Promote safe and hygienic driving practices and machine maintenance to forklift users within the factory.<br>2. Replace seatbelts and add warning sounds. |
| 4    | Indoor storage tanks (diesel tanks) are not equipped with a discharge device.                                                                                                                                                                                                                                                                                                                                                                                                                                               | 220,000 | Install the discharge device.                                                                                                                                |
| 5    | Violation of general handling and indoor storage regulations for hazardous materials.                                                                                                                                                                                                                                                                                                                                                                                                                                       | 130,000 | Review and reduce the storage and handling of public hazardous materials to below regulatory limits.                                                         |
| 6    | Construction of additional workshops has begun.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 54,000  | Follow the legal application procedures.                                                                                                                     |

## 3.6 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)          | <ul style="list-style-type: none"> <li>Tightened environmental regulations</li> <li>Net-Zero Carbon Emissions</li> </ul>                           | <ol style="list-style-type: none"> <li>We attach importance to the issues of climate change and global warming, and comply with environmental laws and regulations.</li> <li>Net-Zero Emissions Strategy: We will continue to promote energy conservation through process improvement, energy conversion, and a circular economy, with all employees participating in energy conservation and carbon reduction.</li> <li>Continuously promote energy conservation and involve all employees in energy conservation and carbon reduction.</li> </ol> | <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"> <li>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. Certificate validity period: October 1, 2023 – September 30, 2026</li> <li>We conduct our GHG inventory in accordance with ISO 14064-1 greenhouse gas inventory standard and obtain third-party verification by the end of April each year.</li> <li>To implement environmental protection measures and develop green energy, we will continue to promote the installation of additional solar power generation equipment, with power generation reaching 3.78 million kWh in 2024, and will convert part of the solar power generation to self-use starting in 2025.</li> <li>We have obtained the Global Recycled Standard (GRS) and the International Sustainability and Carbon Certification (ISCC) certification, and are committed to implementing a circular economy policy of recycling and reuse, manufacturing high-quality and environmentally friendly products to meet customer needs, and contributing to environmental protection. Green products accounted for 10% of total revenue in 2024.</li> <li>Conduct climate change risk assessment and management in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. In 2024, we addressed major risks and opportunities through measures such as closely monitoring regulatory changes, replacing high energy-consuming equipment, and tracking water consumption. In response to changes in regulations regarding carbon fee collection in 2024, the Company has proposed a voluntary reduction plan in 2025. The main reduction measures in 2024 were the replacement of high energy-consuming air compressors and chiller units, saving a total of 2.78 million kWh of electricity. Regarding water resources, we continuously monitor water usage and have implemented water-saving measures, saving a total of 13,389.8 tons of water.</li> <li>To improve energy efficiency, we are continuously implementing energy-saving improvements and will introduce energy storage equipment in 2025 to reduce energy waste.</li> </ol> |
| Society (S)              | <ul style="list-style-type: none"> <li>Employee Safety Awareness</li> <li>Employee Health Management</li> </ul>                                    | <ol style="list-style-type: none"> <li>Compliance with occupational safety regulations and fulfillment of corporate responsibility</li> <li>Promote education and training to enhance personnel response.</li> <li>Prevent potential hazards and implement risk management.</li> <li>Realize health promotion and establish a friendly workplace.</li> </ol>                                                                                                                                                                                        | <p>Obtained the ISO 45001 Occupational Health and Safety Management System certification. Certificate validity period: October 12, 2022 – October 12, 2025</p> <ol style="list-style-type: none"> <li>To prevent hazards, we provide a safe working environment for high-risk operations and equipment, and ensure personnel receive timely occupational health and safety education and training. In 2024, we held 54 training sessions with a total of 1,882 participants. A total of 245 work safety improvement proposals were submitted in 2024, and 99% of the improvement proposals have been completed.</li> <li>To promote occupational health, a health checkup is conducted and appropriate health promotion activities are planned every year. Health check-up rate reached 99.5% in 2024. In 2024, 12 health education courses were held, including topics like prevention and treatment of the triple highs, CPR, dental hygiene, and medication safety, with a total of 444 participants.</li> <li>We actively promote fire safety management, and each factory conducts fire drills every six months to ensure employees are familiar with emergency response procedures. To address fire incidents, we implement improvement measures to enhance safety. In 2024, we participated in the Guanyin Industrial Park's fire and disaster relief drill and the migrant worker dormitory's fire evacuation drill to strengthen our response capabilities and ensure the safety of personnel and property.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Corporate Governance (G) | <ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Sustainable Operations</li> <li>Ethical Management</li> </ul> | <p>Establishing robust corporate governance and risk control mechanisms to foster sustainable economic development</p>                                                                                                                                                                                                                                                                                                                                                                                                                              | <ol style="list-style-type: none"> <li>In accordance with "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", we have established the "Corporate Governance Best Practice Principles" 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.</li> <li>In accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the Company has formulated "Sustainable Development Best Practice Principles" to ensure timely and accurate disclosure of CSR-related information. We work to fulfill our corporate social responsibility and promote social progress, as well as strike a balance between driving economic performance and protecting the environment in order to achieve our sustainability goals.</li> <li>In accordance with the provisions of our "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," we have established an ethical management policy and a good corporate governance and risk management mechanism based on our business philosophy of integrity, transparency and accountability. In 2024, an internal online questionnaire was used to conduct integrity and ethics promotion and assessment, with a total of 453 participants.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

# 04

ENVIRONMENTAL  
PROTECTION



Zig Sheng actively tries to reduce pollution through its environmental protection policy, and is committed to energy conservation, carbon reduction, industrial waste reduction, pollution prevention and control, resource recycling and reuse, and continuous improvement through effective internal and external communications and relationships. 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 factories have completed and implemented environmental management tasks, and all three factories in Guanyin have been certified by the third-party independent verification institution, DNV.

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.

## 1. Governance



The Company's Sustainable Development Governance Organization conducts annual discussions and assessments related to climate change, formulates countermeasures for significant risks and opportunities, and submits an annual report to the Board of Directors. This years report was submitted on May 9, 2025.

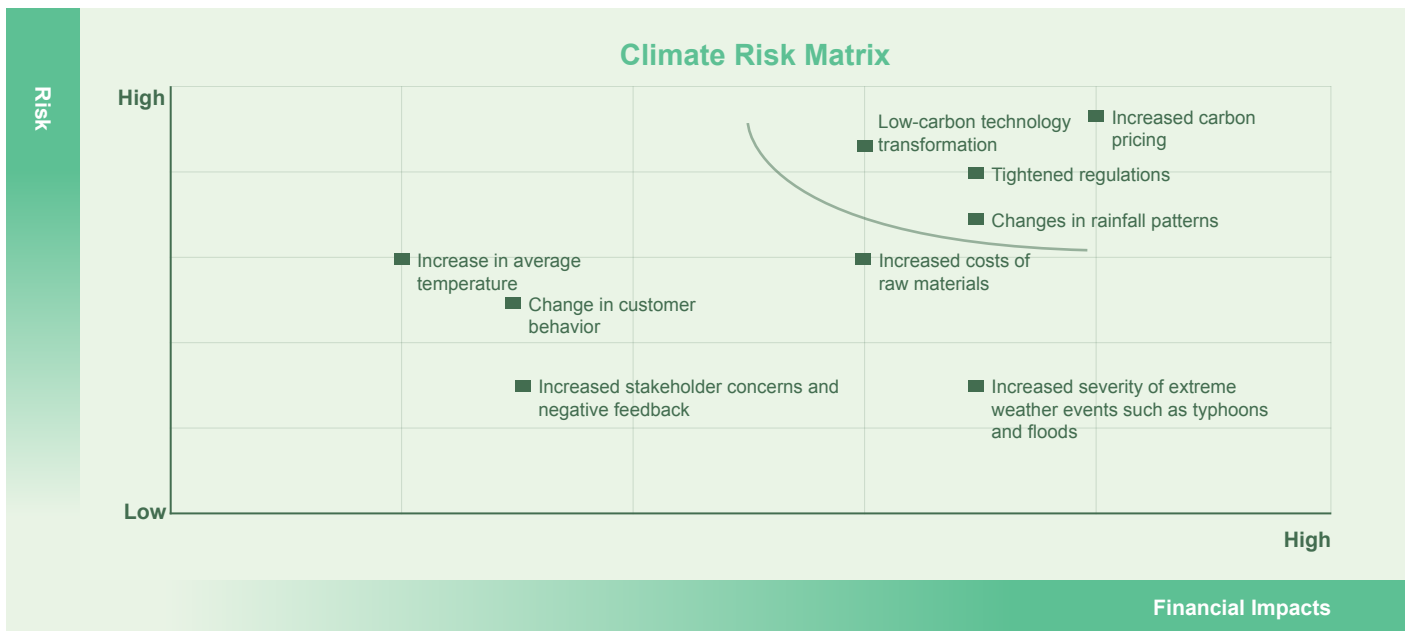
## 2. Strategy and Risk Management



Sustainable Development Organization analyzes climate risks in operational processes through cross-departmental communication and discussion, leveraging the United Nations Intergovernmental Panel on Climate Change (IPCC)'s 2°C global warming scenario (RCP8.5) to identify annual short, medium, and long-term climate risks and opportunities. Analysis results indicate that climate change will have a relatively low impact on the factory's location over the next ten years. However, extreme weather events such as heavy rainfall over a short period, drought, and typhoons could still cause flooding or water shortages. These may damage equipment and factory buildings, disrupt production, reduce water availability for normal operations, and impair equipment functionality, all of which could increase operating costs. The Company has established operational risk management procedures, covering financial risk, climate risk, environmental risk (E), social responsibility (S), corporate governance (G), etc. The Sustainability Governance Team gathers climate-related information and, based on domestic and international climate risk reports, evaluates the potential impact and likelihood of occurrence. Relevant risks to the Company are then identified through discussion. Identify significant risks using the risk matrix, discuss mitigation strategies and measures for these risks, and define relevant indicators targets. The main impact of extreme weather is changes in rainfall patterns, which increase the risk of water shortages. It is necessary to understand water availability in advance and evaluate measures to counter water shortage in order to prevent equipment damage and production losses that could lead to higher costs and reduced revenue. The main impacts of transition risks include higher carbon fees, increasingly stringent regulations, and a move towards low-carbon technologies, all of which require more costs to make related improvements.

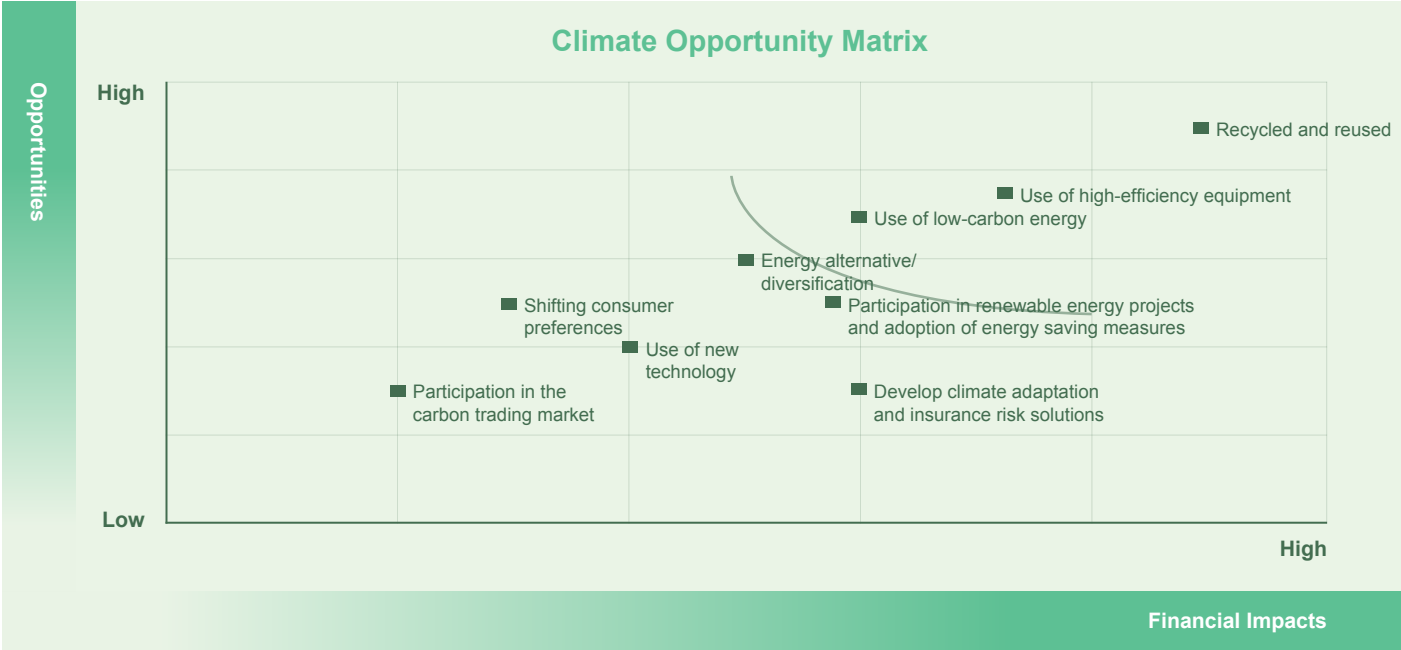
## Climate Risks and Opportunities

| Risk categories and opportunities |                      | Short-term (1-3 years)                                                                                          | Mid-term (3-5 years)                                                                                                                                                                                                                                                                                         | Long-term (5+ years)                                                                                                                                                |
|-----------------------------------|----------------------|-----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk                              | Transformation Risks | <ul style="list-style-type: none"> <li>Increased carbon pricing</li> <li>Tightened regulations</li> </ul>       | <ul style="list-style-type: none"> <li>Low-carbon technology transformation</li> <li>Change in customer behavior</li> </ul>                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>Increased costs of raw materials</li> <li>Increased stakeholder concerns and negative feedback</li> </ul>                    |
|                                   | Physical Risks       | —                                                                                                               | <ul style="list-style-type: none"> <li>Changes in rainfall patterns</li> </ul>                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>Increased severity of extreme weather events such as typhoons and floods</li> <li>Increase in average temperature</li> </ul> |
| Opportunities                     | Opportunities        | <ul style="list-style-type: none"> <li>Recycled and reused</li> <li>Use of high-efficiency equipment</li> </ul> | <ul style="list-style-type: none"> <li>Use of low-carbon energy</li> <li>Participation in the carbon trading market</li> <li>Shifting consumer preferences</li> <li>Participation in renewable energy projects and adoption of energy saving measures</li> <li>Energy alternative/diversification</li> </ul> | <ul style="list-style-type: none"> <li>Use of new technology</li> <li>Develop climate adaptation and insurance risk solutions</li> </ul>                            |



### Major Risk Assessment and Response Strategies:

| Risk Category  |                          | Related Risks                        | Business and Financial Impacts                                                                                                                                                                                                                                                                                                                                                          | Responses and Measures                                                                                                                                                                                                                                                                                                                                                              |
|----------------|--------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transformation | Policies and Regulations | Increased carbon pricing             | <ol style="list-style-type: none"> <li>If carbon fees increases, then operating costs will increase.</li> <li>Switching to low-carbon equipment, resulting in early write-off and scrapping of assets.</li> </ol>                                                                                                                                                                       | <ol style="list-style-type: none"> <li>Closely monitor regulatory changes and international trends.</li> <li>Strengthen energy management by replacing high-energy-consuming equipment with low-energy alternatives to reduce carbon emissions.</li> </ol>                                                                                                                          |
|                |                          | Tightened regulations                | <ol style="list-style-type: none"> <li>Expanded carbon emission disclosure requirements will increase verification costs.</li> <li>The Renewable Energy Development Act requires the use of a certain percentage of renewable energy, which will raise green energy costs.</li> <li>Increased energy-saving rate requirements necessitate higher investment in improvements.</li> </ol> | <ol style="list-style-type: none"> <li>Offer relevant training courses to enhance employees' skills and experience in carbon audits to meet increasing demands.</li> <li>Establish solar power plants and apply for green energy certificates to comply with regulatory requirements.</li> <li>Engage professional team to identify further energy-saving opportunities.</li> </ol> |
|                | Technology               | Low-carbon technology transformation | The installation of additional equipment and the construction of new facilities will increase costs.                                                                                                                                                                                                                                                                                    | <ol style="list-style-type: none"> <li>Developing polyester recycled products to increase the added value of our products.</li> <li>Continuous energy saving and carbon reduction.</li> </ol>                                                                                                                                                                                       |
| Physical       | Long-term                | Changes in rainfall patterns         | Water shortages can affect equipment cooling, leading to equipment malfunction, disrupted production, and reduced revenue.                                                                                                                                                                                                                                                              | <ol style="list-style-type: none"> <li>Monitor water consumption and implement water-saving measures.</li> <li>Increase the water resource recycling rate.</li> </ol>                                                                                                                                                                                                               |



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).<br>2. Promote recycled products and increase the sales share of green products.<br>3. Expand our range of environmentally friendly products and pass ISCC certification                                               |
|               |                     | 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         | 1. Use renewable energy to reduce electricity bills.<br>2. The cost of using low-carbon energy is higher. | 1. Since 2018, we have been continuously building solar power plants and complying with regulatory requirements by using 10% of the contracted capacity from renewable energy.<br>2. We anticipate shifting a portion of our solar energy production to self-generation and self-use in 2025 and applying for green energy certificates. |

In 2024, the climate management costs were approximately NT\$11.39 million

3. Climate Indicators and Targets

The Company has set net-zero emissions as its ultimate goal and has established a net-zero strategy encompassing process improvement, energy transformation, and the circular economy. The following outlines the net-zero transition strategies and goals:

| (1) Process improvement                                                                                                                                             | (2) Energy transformation                                                                                                                                        | (3) Circular economy                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• Replace high energy-consuming equipment.</li><li>• Continuously promote energy conservation and carbon reduction.</li></ul> | <ul style="list-style-type: none"><li>• Switch to natural gas as boiler fuel.</li><li>• Build solar power plants and obtain green energy certificates.</li></ul> | <ul style="list-style-type: none"><li>• <b>Develop sustainable green products and obtain relevant certifications.</b><ul style="list-style-type: none"><li>(a) Global Recycled Standard (GRS) System - Recycling of scrap silk, fishing nets, PET bottles, and fabrics.</li><li>(b) International Sustainability and Carbon Certification (ISCC) - Using ISCC raw materials to produce nylon chips and processed yarn.</li></ul></li></ul> |

## 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 the information management requirements of the international standard ISO/CNS 14064-1. Starting in 2013, inventories have been conducted and verified by the Taiwan branch of BSI, a member of the British Standards Institution Group (Singapore), with successful certification.

The Company's greenhouse gas emission boundary setting principles follow the requirements and recommendations of ISO 14064-1 standard, the Greenhouse Gas Emission Inventory Guidelines, and the WBCSD/WRI Greenhouse Gas Inventory Protocol. Organizational boundaries are defined by 100% operational control and include the Guishan, Guanyin, and Dayuan factories, the Taipei Office, and subsidiary Suzhou Hong Sheng, all of which are fully included in the emissions inventory. The Company completed the greenhouse gas inventory for its 2023 consolidated financial statements ahead of schedule, and uses 2023 as the base year for the Group's greenhouse gas inventory.

2024 (January 1, 2024 – December 31, 2024) represents the thirteenth year of our inventory audit. The audit was conducted in accordance with ISO 14064-1:2018 and the requirements of the Ministry of Environment. Scope 3-other indirect emissions, upstream power-has been disclosed since 2020. Upstream transportation and wastewater treatment services were added in 2024. This data is provided to management as a reference for operational performance decision-making and to promote continuous improvement.

The types of greenhouse gases verified in 2024 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 emission factor is calculated based on greenhouse gas emission factor published by the Ministry of Environment, the electricity carbon emission factor announced by the Ministry of Economic Affairs for 2023, and the factor calculated from the Ministry of Environment's Product Carbon Footprint Information Network.

|                         |                                                                          | 2023         | 2024         |
|-------------------------|--------------------------------------------------------------------------|--------------|--------------|
| Category 1              | Direct emissions                                                         | 23,883       | 31,374       |
| Category 2              | Energy indirect emissions                                                | 101,062      | 110,750      |
| Subtotal                |                                                                          | 124,944      | 142,124      |
| Density                 | Production volume (tons)                                                 | 0.82         | 0.79         |
|                         | Revenue (NTD million)                                                    | 16.14        | 15.08        |
| Category 3              | Indirect greenhouse gas emissions from transportation                    | Not material | 2,089        |
| Category 4              | Indirect greenhouse gas emissions from products used by the organization | 18,487       | 20,113       |
| Category 5              | Indirect greenhouse gas emissions from using the organization's products | Not material | Not material |
| Category 6              | Indirect greenhouse gas emissions from other sources                     | Not material | Not material |
| Other indirect subtotal |                                                                          | 18,487       | 22,203       |
| Total                   |                                                                          | 143,431      | 164,327      |

Emission factors are based on the Global Warming Potential (GWP) as defined in IPCC AR6.

Unit: Metric tons of CO<sub>2</sub>e

\* Category 1: Scope 1; Category 2: Scope 2; Categories 3-6: Scope 3

#### \* Scope:

- (1) Direct and indirect energy include Plant 1 to 5 (including off-site dormitories), Taipei Office, and subsidiary Suzhou Hong Sheng. Based on the scope of consolidated financial statements, Ding Sheng Material Technology Co., Ltd., Ding Sheng Material Technology Corporation, and Nicest International Trading Corp. do not have greenhouse gas emissions resulting from their operations in their respective locations and are therefore not included in the relevant calculations.
- (2) Other indirect emissions are inventoried based on the principle of materiality, using emission factors published by the Ministry of Environment's Product Carbon Footprint Information Network:
  - A. Upstream energy - Electricity (0.0973 kg CO<sub>2</sub>/kWh). Because indirect emission factors for China's electricity are difficult to obtain, electricity consumption outside of Taiwan is excluded.
  - B. Wastewater treatment service volume - Based on the 2020 announcement for the wastewater (sewage) treatment services (Zhunan Park Wastewater Treatment Plant, Hsinchu Science-based Industrial Park Administration, Ministry of Science and Technology) (0.533 kg CO<sub>2</sub>/m<sup>3</sup>).
  - C. Upstream transportation - Based on the 2022 published emission factor for commercial diesel trucks (0.131 metric tons CO<sub>2</sub> per ton-kilometer).

\*Intensity - Production (tons) = Emissions (direct + energy indirect) metric tons CO<sub>2</sub>e per ton of production.

\*Intensity - Turnover (millions) = Emissions (direct + energy indirect) metric tons CO<sub>2</sub>e / Turnover (NTD million)

## Greenhouse gas reduction planning

In accordance with the Company's net-zero policy: We will continue to evaluate the energy efficiency of various equipment in the future, focusing on process improvement, energy conversion, and circular economy. We will prioritize energy efficiency when replacing equipment and promote low-carbon education and energy conservation and carbon reduction concepts internally to reduce greenhouse gas emissions.

Greenhouse gas reduction efforts began in 2013, with emissions (direct and energy indirect) of 235,798.276 metric tons of CO<sub>2</sub>e recorded in 2013. Carbon reduction targets are set every five years, and a reduction of 13,233 metric tons of CO<sub>2</sub>e was achieved in 2024, representing cumulative reduction of 52,601 metric tons of CO<sub>2</sub>e and a cumulative reduction of 22%. The Company expects to achieve a cumulative reduction of 25% by 2028.

The main greenhouse gas reduction targets for 2025-2028 are as follows:

| Net-Zero Emissions Strategy | Action plan                                                                                                                                                                                                                                                                           |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Process Improvement         | <ul style="list-style-type: none"> <li>Establish a voluntary reduction plan.</li> <li>Continuously plan and implement energy-saving measures, such as replacing old, high energy-consuming equipment with more energy efficient models, etc.</li> </ul>                               |
| Energy Transformation       | <ul style="list-style-type: none"> <li>Plan to install solar panels.</li> <li>Solar energy is converted to self-generation and self-use.</li> <li>Increase natural gas usage and reduce coal consumption.</li> <li>Establish energy storage system to reduce energy waste.</li> </ul> |
| Circular Economy            | <ul style="list-style-type: none"> <li>Sustainable development of green and environmentally friendly products: GRS and ISCC certified products.</li> <li>Increase the proportion of revenue from green products.</li> </ul>                                                           |

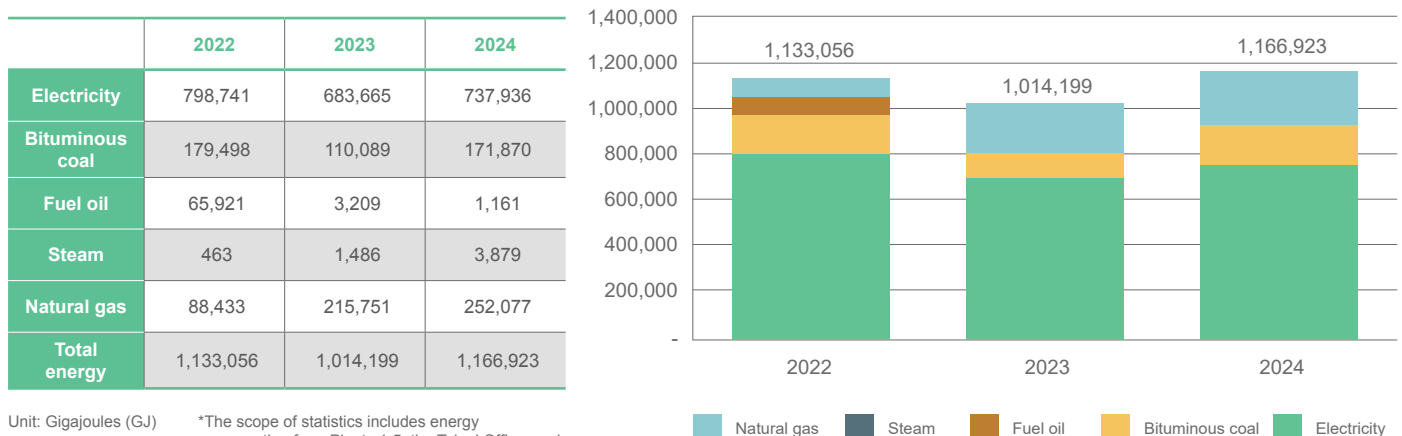
## 4.2.2 Energy Management

Zig Sheng is committed to achieving the Energy Administration's target of an average annual electricity savings rate of at least 1% from 2015 to 2024, and continues to promote its energy management plan to ensure efficient resource utilization. Zig Sheng's energy management plan incorporates a range of initiatives designed to meet annual energy savings targets through energy efficiency improvement projects, including equipment upgrade, adoption of high-performance machinery, and process optimization. To align with global trend of sustainable development, we have set a long-term goal of reducing electricity consumption by 30% by 2030, with 2021 set as the base year, and are progressively reducing overall energy consumption.

To increase the proportion of green energy used, we plan to invest in solar power generation equipment to reduce our dependence on conventional energy sources. We will also actively adopt energy storage solutions to enhance energy efficiency, minimize waste, and guarantee a stable energy supply. In recent years, we have actively sought assistance from external professional consultants and technical teams to evaluate and introduce more advanced energy-saving technologies and management strategies to ensure that our energy management plans can be continuously optimized and meet the latest environmental protection and energy-saving requirements. Through these measures, Zig Sheng will continue its efforts to achieve energy conservation and carbon reduction goals, fulfill its corporate social responsibility, and contribute to environmental sustainability.

### (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.



(2) Energy Saving Results

To comply with the Energy Administration's energy conservation target of achieving an average annual electricity savings rate of at least 1% from 2015 to 2024, Zig Sheng has continued to propose energy saving plans and tracked its progress since 2015. Each factory controls energy use from the demand side, achieving a balance between energy supply and demand through monitoring, control, and optimization of energy use. Through years of effort, overall energy efficiency has been significantly improved. With an investment of approximately NT\$11.39 million in 2024, actual electricity savings reached 2.78 million kWh, which reduced energy consumption by approximately 10,008 GJ and carbon emissions by approximately 1,373 tons of CO<sub>2</sub>e. From 2015 to 2024, the Company achieved an average annual electricity savings rate of 1.21%, accumulating a total savings rate of 12.07%.



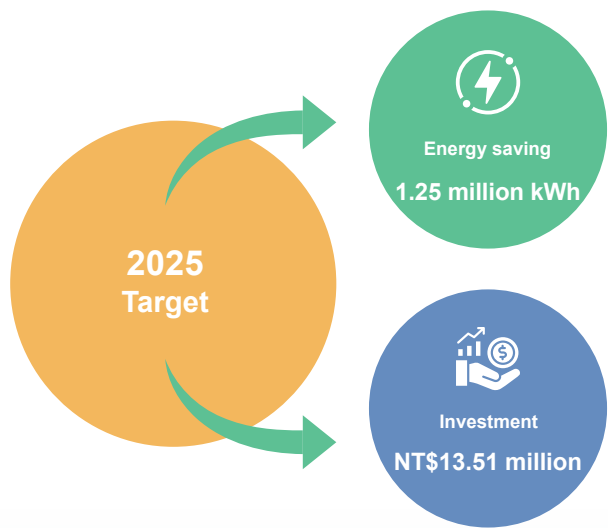
Achievement of electricity saving targets in 2024

| Electricity saving targets | Actual electricity saving | Power Saving Programs                                    | Electricity saved (MWh) |
|----------------------------|---------------------------|----------------------------------------------------------|-------------------------|
| 1.03 million kWh           | 2.78 million kWh          | Air compressors replacement                              | 2,452                   |
|                            |                           | Replacing chillers                                       | 166                     |
|                            |                           | Replacing equipment and adding variable-frequency drives | 77                      |
|                            |                           | Adding level controllers                                 | 11                      |
|                            |                           | Tube lights are replaced by LED lights                   | 23                      |
|                            |                           | Current reduction operations                             | 47                      |

\*Carbon reduction was calculated based on the 2023 electricity emission factor of 0.494kgCO<sub>2</sub>e/kWh    \*Energy consumption 1GJ=1kWh\*3.6

(3) Energy Saving Planning

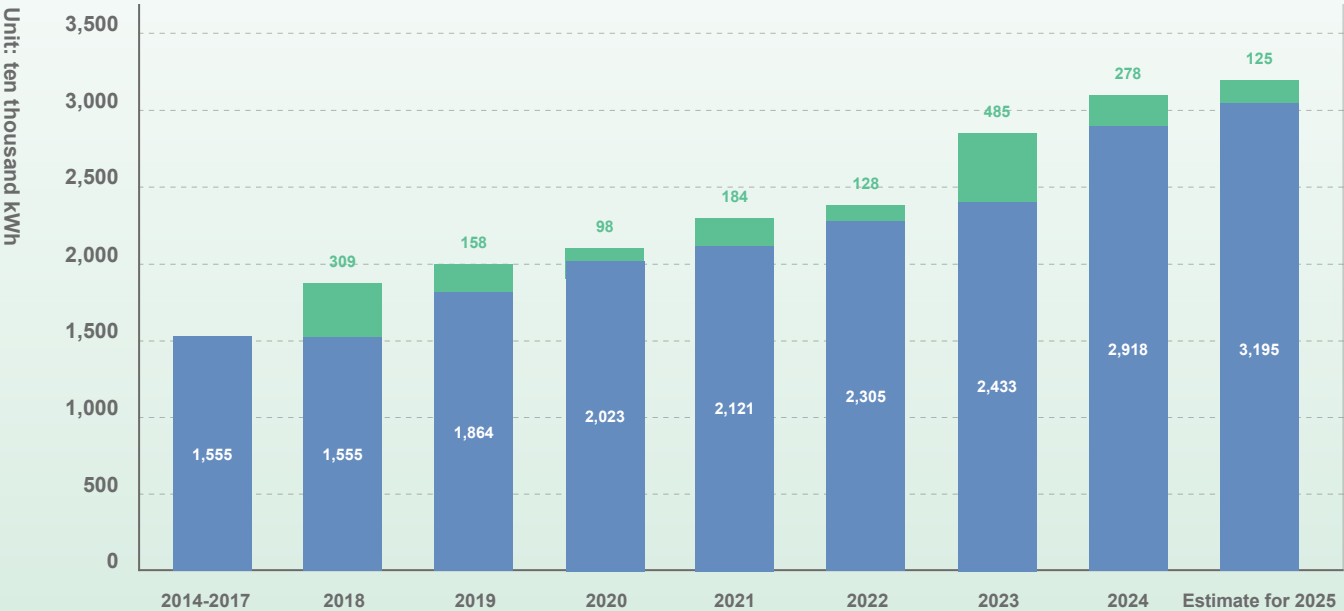
| Power Saving Programs                                        | Estimated electricity savings (MWh) |
|--------------------------------------------------------------|-------------------------------------|
| Air compressors replacement                                  | 490                                 |
| Replacing equipment and adding variable-frequency drives     | 71                                  |
| Adding level controllers                                     | 1                                   |
| Current reduction or regulating operations                   | 646                                 |
| Introduction of high-efficiency fan blades in cooling towers | 42                                  |



The cumulative carbon reduction from electricity savings reached 16,546 tons of CO<sub>2</sub>e in 2024, and is expected to reach 17,163 tons of CO<sub>2</sub>e by 2025.

Cumulative Energy Saving Statistics Table

Cumulative Energy Savings    Energy Saved During the Year



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 improvement) \* Operating hours during the reporting period  
\*Carbon reduction is calculated based on the electricity emission factor published in the annual electricity saving report.

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 average water consumption over the past five years, the goal is to reduce consumption by 2% each year. The 6.9% reduction in water consumption in 2024 exceeded the target value.

Main water conservation plans for 2024:

| Water-saving initiatives                            | Results                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The pure water system has been changed to RO/EDI/MD | Recycled water increased by 13,045 tons, reducing wastewater by 13,045 tons, reducing hydrochloric acid usage by 30,670 kg, and reducing liquid caustic soda usage by 38,377 kg. Additionally, the conductivity and oxygen content of pure water also dropped to below 1 ppm, significantly improving quality. |
| Air compressor condensate was recycled and reused,  | recovering 335.8 tons of water.                                                                                                                                                                                                                                                                                |
| Reuse of waste liquid distilled water               | recovering 9 tons of water.                                                                                                                                                                                                                                                                                    |

The water consumption of each factory in Taoyuan is as follows:

| Water consumption statistics |                          |         |
|------------------------------|--------------------------|---------|
| Year                         | Water consumption (tons) | Density |
| 2022                         | 545,553                  | 3.18    |
| 2023                         | 512,364                  | 3.35    |
| 2024                         | 588,123                  | 3.29    |

Note: Intensity = Water consumption (tons) / Output (tons)

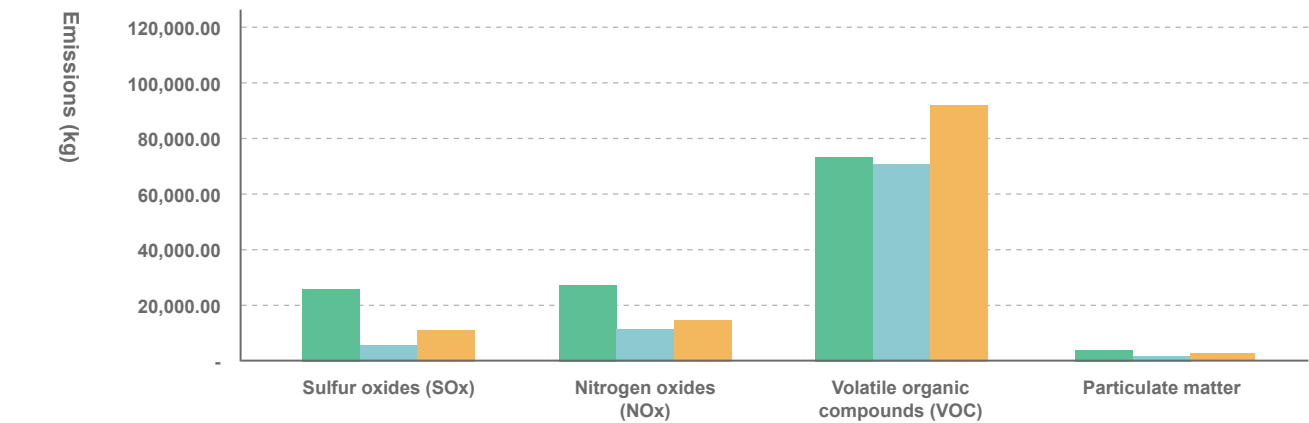
4.3 Energy Transformation

4.3.1 Natural gas

Since 2020, we have gradually converted seven oil-fired boilers to natural gas boilers to reduce emissions and comply with regulatory standards. In 2024, we used 6,080 m³ of natural gas, reduced coal use, and reduced carbon emissions by approximately 8,554 metric tons of CO₂e. We plan to replace another heavy oil boiler burner with natural gas burner before the end of 2025 and install a high-efficiency air preheater to lower exhaust gas temperature and increase combustion air temperature, thereby reducing natural gas consumption. In 2024, the increase in overall air pollutant emissions was due to increased production and adjustments to energy usage ratios based on cost considerations.

Year-by-year comparison of air pollutant emissions

Note: Calculated based on the emission coefficients announced by the Ministry of Environment



| Year       | Sulfur oxides (SOx) | Nitrogen oxides (NOx) | Volatile organic compounds (VOC) | Particulate matter |
|------------|---------------------|-----------------------|----------------------------------|--------------------|
| 2022 Total | 24,833.17           | 27,611.26             | 74,991.52                        | 2,692.87           |
| 2023 Total | 5,979.93            | 10,236.66             | 70,845.24                        | 1,052.08           |
| 2024 Total | 10,035.77           | 16,561.81             | 90,320.99                        | 1,464.42           |

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 2024, the power generation amounted to 3,780,455 kWh, a reduction of approximately 1,868 tons of CO<sub>2</sub>e. Starting in January 2025, part of the solar energy generated will be designated for self-consumption.



| Year | Total power generation (kWh) |
|------|------------------------------|
| 2022 | 3,455,053                    |
| 2023 | 4,022,511                    |
| 2024 | 3,780,455                    |

\*Carbon reduction = Electricity generation x Electricity emission factor, calculated based on the 2023 electricity emission factor of 0.494 kgCO<sub>2</sub>e/kWh

4.4 Circular Economy

4.4.1 Waste Management

Zig Sheng takes waste management very seriously. Its primary wastes include domestic garbage and waste generated during the production process. To avoid ecological harm from waste, the factory's general industrial waste, sludge, coal slag, etc. are all entrusted to qualified vendors for disposal and treatment, and are reported regularly in accordance with regulations.

All waste generated is classified as non-hazardous industrial waste. The total amount removed in 2024 was 1,666.29 metric tons, an increase of approximately 35% compared to the previous year. The increase in coal slag production was primarily due to higher overall output and increased use of coal to manage rising operational costs. Furthermore, waste paper and waste plastic were added to the list of reported items in 2024.

In 2024, the goal was to reduce the average output of combustible and non-combustible waste generated by 10% compared to 2022-2023. In 2024, the amount of combustible and non-combustible waste totaled 391.4 tons, a decrease of 77.6 tons from 469 tons in 2023, or a decrease of 16.5%.

The declared waste disposal volume in 2024 is as follows:

| Type of Waste                                       | Treatment Method             | Waste disposal volume |          | Difference |
|-----------------------------------------------------|------------------------------|-----------------------|----------|------------|
|                                                     |                              | 2023                  | 2024     |            |
| Combustible waste (domestic waste)                  | Incineration                 | 300.40                | 251.60   | -48.80     |
| Non-combustible garbage (mixture of waste plastics) | Incineration                 | 168.60                | 139.80   | -28.80     |
| Organic waste liquid or waste solvents              | Incineration                 | 14.62                 | 19.31    | 4.69       |
| Wastewater (pH value between 6.0-9.0)               | Incineration                 | 8.06                  | 9.72     | 1.66       |
| Waste lubricants                                    | Physical treatment           | 91.47                 | 101.68   | 10.21      |
| Bottom ash                                          | Recycled and reused          | 542.16                | 744.53   | 202.37     |
| Organic sludge                                      | Heat treating                | 102.77                | 109.73   | 6.96       |
| Waste paper                                         | Public announcement of reuse | -                     | 256.35   | 256.35     |
| Plastic waste                                       | Public announcement of reuse | -                     | 33.57    | 33.57      |
| Total                                               |                              | 1,228.08              | 1,666.29 | 438.21     |

Note: Waste statistics include Plant 1 to 5 Unit: Tons

4.4.2 Resource Recycling and Reuse

Each year, the Company sets annual recycling targets in accordance with its environmental policy. For domestically produced packaging materials, we select recyclable and reusable materials (bulk bags, spinning spinnerets, and paper tubes) that account for the largest proportion of these materials and include them in recycling management. We keep monthly statistics on the quantity, recovery rate, and achievement rate of recycled packaging materials. The implementation results are reported to senior management in the management meeting on a quarterly basis. In 2024, most of these targets had been achieved, as shown below:

The analysis indicated that the possible reason for the second-spin paper tubes not meeting the target was an increase in customer inventory, which had not yet been used and therefore could not be recycled.

| Item                                            | Year | 2022         | 2023         | 2024         |              | 2025         |
|-------------------------------------------------|------|--------------|--------------|--------------|--------------|--------------|
|                                                 |      | Actual Value | Actual Value | Target Value | Actual Value | Target Value |
| Polymerization Plant-polymer bag recycling rate |      | 100%         | 100%         | 100%         | 100%         | 100%         |
| Spinning Plant-hole board recycling rate        |      | 100%         | 100%         | 100%         | 100%         | 100%         |
| Spinning Plant I-paper tube recycling rate      |      | 87%          | 93%          | 85%          | 88%          | 85%          |
| Spinning Plant II-paper tube recycling rate     |      | 100%         | 100%         | 100%         | 99%          | 100%         |

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

4.4.3 Eco-friendly Recycled Products

GRS/RCS environmentally friendly products

The Company implements its environmental policy resource recycling and reuse by producing high-quality recycled products that meet international environmental standards. The raw materials used are primarily waste fiber generated within spinning mills, along with discarded fishing nets and recycled bottle flakes. These materials are recycled and integrated with the spinning process to produce seven product categories: nylon chips, nylon filament, polyester granules, polyester filament, processed yarn, air-textured yarn, and compound materials. The Company obtained GRS (Global Recycled Standard) certification in 2015 and obtained RCS (Recycled Claimed Standard) certification in 2024. All products are annually verified by the third party, the International Down and Feather Testing Laboratory (IDFL). In addition to meeting market and customer demands, we also increase product value and improve profitability, all while contributing to environmental sustainability.

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 10% of total revenue in 2024, achieving the 2025 target ahead of schedule.

**Management of restricted chemical substances**

In order to prevent the use of restricted substances during production, we start from procurement control at the very beginning, requiring suppliers to comply with ZDHC Conformance or related safety standards and 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.

ISCC environmentally friendly products

ISCC (International Sustainability Carbon Certification) is a globally applicable sustainability certification system. In response to the global trend of carbon reduction, the adoption of ISCC can give businesses greater long-term development advantages. Through ISCC certification, we ensure supply chain transparency and compliance with stringent environmental standards to meet global customer demand for green products. Nylon chips and processed yarn products of the Company's Guanyin Plant No. 2 were verified by a third-party, Bureau Veritas (BV), at the end of 2024, and obtained the certification in January 2025.



GRS Certification



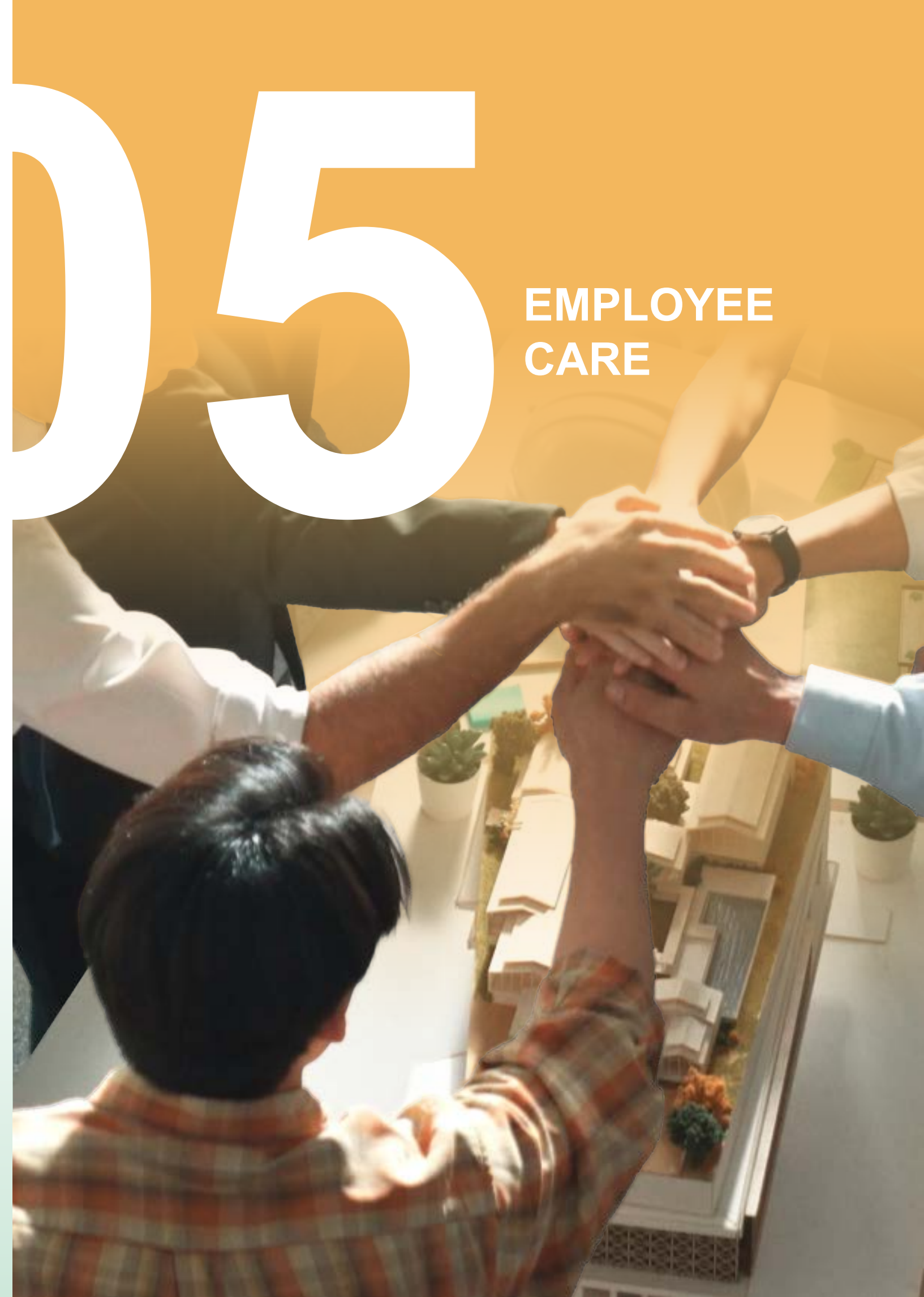
RCS Certification



ISCC PLUS certification

# 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.

| Year                                                 | Female | Male | Total |
|------------------------------------------------------|--------|------|-------|
| Number of Employees                                  | 416    | 858  | 1274  |
| Number of workers employed on a permanent basis      | 296    | 539  | 835   |
| Number of temporary workers                          | 120    | 319  | 439   |
| Number of workers with no guarantee of hours of work | 0      | 0    | 0     |
| Number of full-time employees                        | 416    | 858  | 1274  |
| Number of part-time employees                        | 0      | 0    | 0     |

\* Number of employees as of December 31 of the year

\* The statistics for employee structure, new hires, and resignations include only personnel working in Taiwan

In 2024, the Company had 1,274 employees, an increase of approximately 0.8% from the headcount in 2023 (1,264 employees).

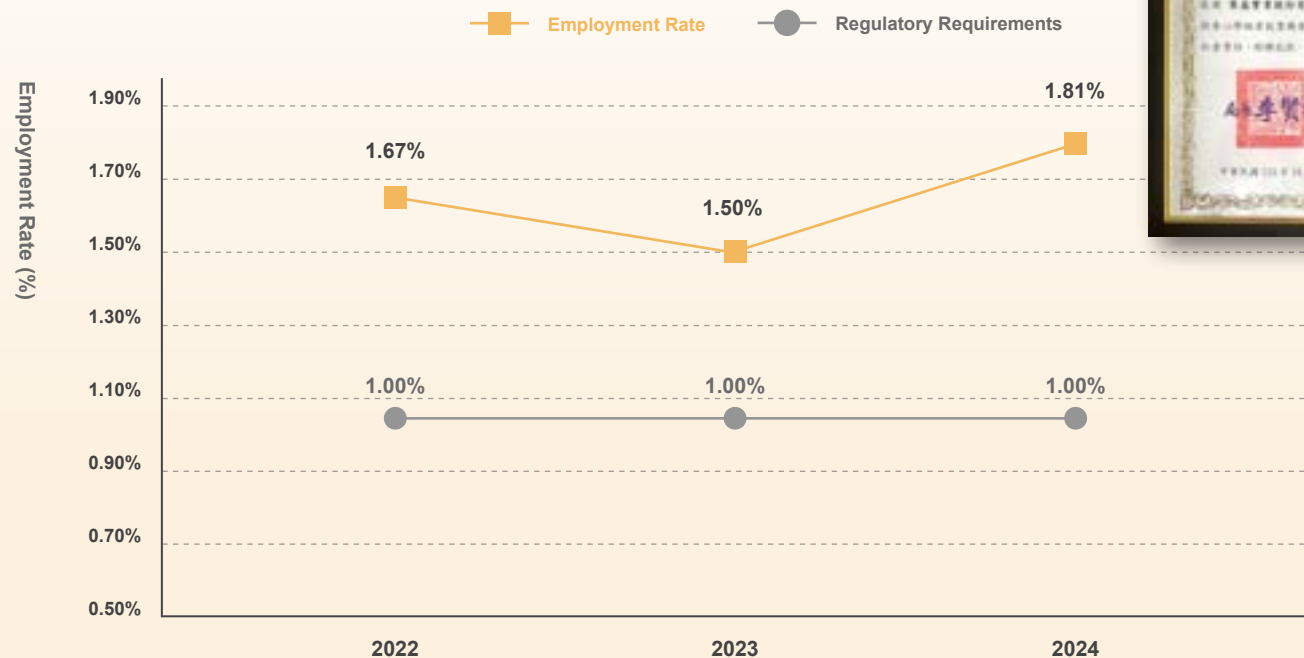
In 2024, there were no part-time employees, with all major positions filled by full-time employees.

Male employees account for approximately 67.35% and female employees account for approximately 32.65% (no significant change compared to the previous year).

According to statistics in 2024, there were approximately 17 non-employee workers, including cooks and factory security guards (a decrease of approximately 5.6% compared to 2023), and approximately 7,168 engineering contractors.

### Employment Rate of People with Disabilities

In 2024, a total of 23 people with physical or mental disabilities were employed, with an employment rate of 1.81%, exceeding the 1% (13 people) required by government regulations.



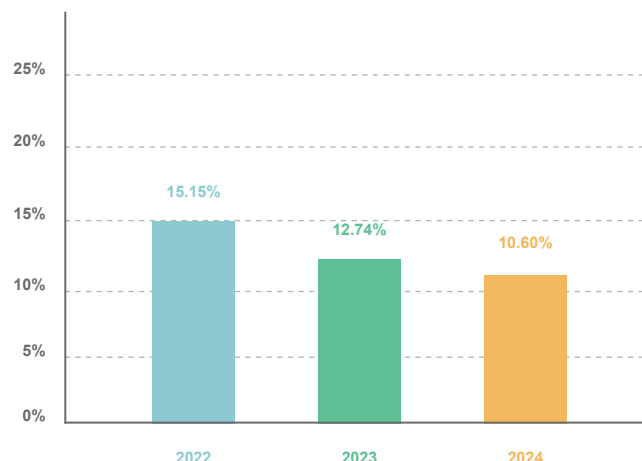
## Analysis of New and Departed Employees

### New employee recruitment rate

| 2024   |                     | ≤ 30 years old | 31-49 years old | ≥ 50 years old | Subtotal |
|--------|---------------------|----------------|-----------------|----------------|----------|
| Male   | Number of new hires | 54             | 26              | 3              | 83       |
|        | Number of Employees | 186            | 506             | 166            | 858      |
|        | Percentage          | 29.03%         | 5.14%           | 1.81%          | 9.67%    |
| Female | Number of new hires | 31             | 19              | 2              | 52       |
|        | Number of Employees | 91             | 238             | 87             | 416      |
|        | Percentage          | 34.07%         | 7.98%           | 2.30%          | 12.50%   |
| Total  | Number of new hires | 85             | 45              | 5              | 135      |
|        | Number of Employees | 277            | 744             | 253            | 1274     |
|        | Percentage          | 30.69%         | 6.05%           | 1.98%          | 10.60%   |

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).



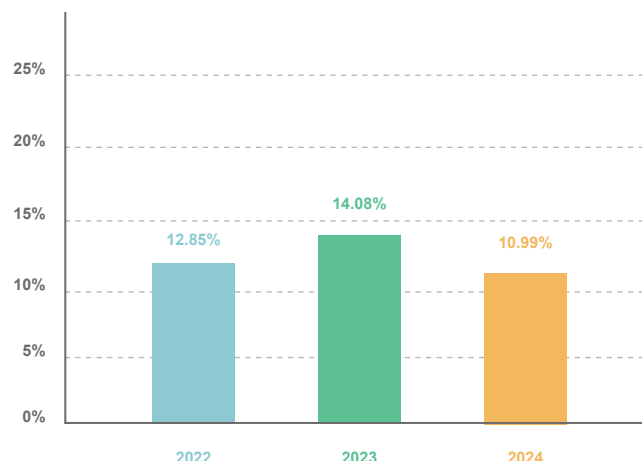
In 2024, the declining birth rate and severe labor shortage led to changes in employment patterns, creating an imbalance in the labor supply and demand, and resulting in poor human resource recruitment outcomes. Currently, recruitment efforts are focused on attracting graduates and university students from Southeast Asia to participate in internships at the Company, with the aim of nurturing future talent and addressing labor shortages. A total of 135 new employees were hired (83 males and 52 females), with a hiring rate of 10.60%, down from 12.74% the previous year.

### Employee Resignation Rate

| 2024   |                     | ≤ 30 years old | 31-49 years old | ≥ 50 years old | Subtotal |
|--------|---------------------|----------------|-----------------|----------------|----------|
| Male   | Number of new hires | 34             | 50              | 11             | 95       |
|        | Number of Employees | 186            | 506             | 166            | 858      |
|        | Percentage          | 18.28%         | 9.88%           | 6.63%          | 11.07%   |
| Female | Number of new hires | 19             | 18              | 8              | 45       |
|        | Number of Employees | 91             | 238             | 87             | 416      |
|        | Percentage          | 20.88%         | 7.56%           | 9.20%          | 10.82%   |
| Total  | Number of new hires | 53             | 68              | 19             | 140      |
|        | Number of Employees | 277            | 744             | 253            | 1274     |
|        | Percentage          | 19.13%         | 9.14%           | 7.51%          | 10.99%   |

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).



The overall turnover rate in 2024 was slightly lower than the previous year, with a total of 140 employees leaving the Company (95 men and 45 women), and a turnover rate of 10.99% (a decrease from last year's turnover rate of 14.08%).

## 5.1.2 Employee Remuneration

The average starting salary for entry-level male employees at Zig Sheng is NT\$36,000, while that for entry-level female employees is NT\$32,700. Both starting salaries are higher than the domestic statutory minimum wage to ensure that employees are able to 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     | 27,470       | 36,000          | 1.31       |
| Female   | 27,470       | 32,700          | 1.19       |

Unit: NTD

- The standard starting salary for (Taiwanese) employees that are in Level 2 or below are listed in the calculation; their salary does not include overtime (short-notice, holiday, night-time). Since the salary of foreign employees is based on minimum wage, their standard starting salary does not include overtime pay (temporary, holiday, and night shift pay), and therefore is not included in the calculation.
- Minimum wage in 2024 was NT\$27,470, and the average salary of the Company's entry-level employees, regardless of gender, was higher than NT\$27,470.
- Key operating location: Taiwan.

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

| Item                                   | 2023  | 2024  | Change ratio |
|----------------------------------------|-------|-------|--------------|
| Average salary (NTD thousand)          | 603   | 629   | 4.13%        |
| Median salary (NTD thousand)           | 548   | 568   | 3.52%        |
| Number of full-time employees (person) | 1,214 | 1,225 | 0.90%        |

#### 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 9.4, 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 0.55.

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

### Remuneration Policy

#### 1. Board of Directors

The remuneration of board members includes: 1. Travel expenses 2. Attendance fees 3. Directors' remuneration (excluding independent directors) 4. Independent directors' remuneration 5. Remuneration received for concurrent positions (such as description of managers' remuneration).

#### 2. Managers

##### (1) Fixed wages and floating wages

The remuneration for company managers consists of: 1. Fixed monthly salary 2. Year-end bonus and employee remuneration 3. Management bonus 4. Travel expenses and attendance fees. The considerations and regulations or principles based on which this is determined are as follows:

| Item                                     | Consideration factor   |                                       |                                |                       | Regulations or principles upon which they are based                                           |
|------------------------------------------|------------------------|---------------------------------------|--------------------------------|-----------------------|-----------------------------------------------------------------------------------------------|
|                                          | Salary levels of peers | Responsibilities and work performance | Multiple of internal variation | 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

###### (a) Fixed monthly salary:

i. Includes basic salary, position bonus, performance bonus, environment bonus, transportation allowance and food allowance, and taking into account current industry standards to ensure the livelihood of employees

Principles for establishing the "Salary Payment Methods for Taipei Office and Personnel of Grade 12 and Above".

ii. Multiple of internal variation: For those at the deputy general manager level and above, the internal variation is 1.5 to 2.5 times manager-level salaries.

###### (b) Year-end bonus:

Year-end bonuses and employee remuneration are issued in accordance with the Company's "Year-end Bonus and Employee Remuneration Distribution Policy" based on the annual rate of return on capital, with reference to industry year-end bonus levels and the principle of protecting employee livelihoods.

###### (c) 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.

### 3. Remuneration Committee

The Remuneration 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:

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

### 4. Linking Senior Executive's Remuneration to Sustainable Performance

- (1) To implement sustainable development and enhance competitiveness, the Company has integrated remuneration with corporate governance rankings in its senior management remuneration policy to promote the Company's continued development and create long-term corporate value.
- (2) Each year, the sustainable performance achievement rate is determined based on the Company's ranking in the previous year's corporate governance evaluation for listed companies.
- (3) Year-end bonuses for managers are distributed annually, with 10% of the bonus amount based on the annual sustainability performance rate.

## 5. Pension System:

### (1) The old pension plan:

The Company has established a comprehensive employee retirement system. A monthly retirement reserve fund is allocated at 2.5% of total salary of employees under the old labor retirement system. The fund is deposited in the Bank of Taiwan. The balance in the special account is reviewed at the end of each year. If the balance is insufficient to pay employees who reach statutory retirement within the following year, the fund will be paid by the end of March of the following year to ensure the benefits of employees under the old labor retirement system. Retirement benefits are paid annually to employees who meet the requirements of seniority in accordance with the Labor Standards Act.

### (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.

### (3) Implementation status

- (a) As of January 1, 2024, the balance in the Bank of Taiwan's Labor Retirement Reserve Account was NT\$8,584 thousand.
- (b) In 2024, those under old pension system were paid a total of NT\$18,895 thousand from the Bank of Taiwan's Labor Retirement Reserve Account.
  - i. Settlement of seniority under old system: 26 employees, with a payment of NT\$18,056 thousand.
  - ii. Pension processing: 1 person, payment of NT\$839 thousand.
- (c) At the end of 2024, the reserve requirement for the Bank of Taiwan's account was NT\$5,480 thousand.

## 5.1.3 Employee Benefits

### Welfare system



- Generous year-end bonuses and employee remuneration
- Cash bonuses for three major festivals and birthdays
- Coverage under labor insurance, health insurance, and group accident insurance
- Special leave, parental leave, maternity leave, menstrual leave, pregnancy care leave, prenatal checkup leave
- Health check-ups for employees
- The factory has an employee cafeteria and centrally air-conditioned suite-style dormitories (free for non-local employees)

- Scholarships and grants for employees' children
- Travel vouchers and meal subsidies
- A comprehensive retirement system, with retirement contributions made in accordance with regulations
- Childcare leave without pay
- Uniforms provided annually for plant personnel
- The factory has a recreation center with various leisure and entertainment facilities

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

## 5.1.4 Labor-Management Communication

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

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

5.1.5 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

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 plans for human rights management:

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 2024, human rights protection training was provided to employees, with a total of 170 training hours completed by 170 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 Safety and Health 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. To achieve this goal, we continuously improve and adhere to the ISO 45001 occupational safety and health management system. The workers covered are our employees and contractors, and the workplace is Zig Sheng's operating locations. This system is verified annually by the third-party impartial organization, DNV Business Assurance Co., Ltd. We continue to perform hazard identification and risk assessment operations every year in accordance with the Company's 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, hazard notification, equipment inspection, education and training, health education, first aid and disaster relief, and incident reporting.

Establish work safety reward and punishment regulations to regulate the basis for rewards and penalties for employees and contractors who have performed well in implementing safety and health operations or violated safety and health regulations.

#### Health education and management measures include:

Zig Sheng strictly abides by the Personal Data Protection Act regarding the collection, handling, and utilization of employees' health checkup information, and such information is kept by dedicated staff to ensure the safety of our employees' personal data. For employees who have abnormal results in their health checkup report or suspect they have musculoskeletal or overexertion issues through symptoms they experience, our occupational health nurse will provide health education and arrange a time for employees to meet with the occupational medicine specialist. If the employee is deemed by the doctor to be unsuited for their original post, we will take the doctor's advice and move the employee to another workplace/post or shorten working hours, and take health management measures. We take preventive and protective measures against diseases that may be triggered by repetitive work, shift work, night work, etc. We also instruct our employees to report to their supervisors immediately if they feel unwell or abnormal. By providing care in multiple aspects, including in terms of personnel, equipment, environment and regulations, the occupational disease rate at Zig Sheng is 0. For special operation areas (those with noise, dust, or Confined Spaces, etc.), there are visible signs to inform employees of the hazards of the operation area and precautions to take, and require them to wear protective equipment when entering the area to ensure their health and safety.

### 5.2.2 Hazard Identification and Risk Assessment

#### (1) Identification and Risk Assessment of Occupational Safety and Health Hazards

Zig Sheng maintains a procedure for occupational safety and health risk assessments, and conducts hazard identification and risk assessments annually. Personnel performing hazard identification must complete at least three hours of professional skills training and are responsible for proposing preventative measures for various operational risks and standardizing the qualifications of operational personnel (such as operators of boilers, pressure vessels, fixed cranes, aerial work vehicles, and forklifts). They also propose corresponding 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. Risk assessment results for existing preventive control measures, including equipment replacement, operational process changes, or the addition of protective devices are submitted to the Occupational Safety and Health Office, which reviews the feasibility of control measures and the progress of improvements.

#### (2) Promotion and implementation of the right to withdrawal:

During internal occupational safety education and training, we inform our employees that when an imminent danger is discovered while performing duties, in accordance with Article 18 of the Occupational Safety and Health Act, they may voluntarily cease operations, retreat to a safe location, and immediately report to their immediate supervisor. Zig Sheng shall not take any adverse disciplinary actions against employees exercising their right to withdraw to a safe distance. If it is verified that the worker has abused the right to stop work, the competent authority shall be notified and the incident shall be investigated before further punishment is imposed. In the event of unsafe working conditions, unit supervisors must immediately take corrective actions.

#### (3) Workplace Violence Prevention

To prevent employees from suffering physical or mental harm due to the actions of others while performing their duties, Zig Sheng implemented workplace violence prevention measures during its 2024 on-the-job occupational safety and health training. These measures involve assessing employee suitability for their roles, job design, the work environment, physical conditions, and administrative management. In 2024, the Company experienced two unlawful infringement incidents. Following the guidelines from the Ministry of Labor's Guidelines for Preventing Unlawful Infringement in the Performance of Duties, we conducted investigations, adjusted work duties, and implemented ten education and training sessions, which were completed by 302 employees to strengthen their knowledge and awareness of preventing illegal infringement in the workplace and actively create a friendly workplace environment.

#### (4) Maternity Protection Plan

To safeguard the physical and mental well-being of our female employees during pregnancy, childbirth, and breastfeeding, we have developed and implemented necessary safety and health measures in accordance with the law and have established workplace maternity health protection measures. When a supervisor learns that a female employee is pregnant, protective measures are implemented, such as maternity vests, adding fruit to meals, on-site assessments by occupational physicians, provision of breastfeeding rooms, workplace improvements, and operational adjustments. In 2024, seven female employees received maternity protection measures.

### (5) Ergonomic Hazard Prevention Plan

To prevent workers from being exposed to a work environment with suboptimal ergonomic design for a long time, which may lead to various direct and indirect work-related impacts, including causing or contributing to human errors and accidents, resulting in musculoskeletal injuries and serious impacts on workers' health and safety, an ergonomic hazard management mechanism has been established. Each November, we distribute questionnaires on perceived musculoskeletal symptoms to department workers for completion and collection. Based on the severity of the injury or illness, we work with occupational physicians, on-site supervisors, and workers to conduct assessments and plan improvements.

### (6) Prevention Plan for Abnormal Workload

To prevent workers from experiencing illnesses caused by abnormal workloads, such as shift work, night shift work, and long working hours, health management measures are provided to prevent workers from developing brain and cardiovascular diseases due to overwork, thereby ensuring the physical and mental health of workers and establishing workload health management measures. Occupational health workers will assess risk levels based on the abnormal workload assessment form and the correlation coefficient of personal health examinations. Five individuals were required to conduct face-to-face interviews in 2024. They discussed human resource allocation, adjusted shifts and work processes, and began participated in the active tracking of their health status in conjunction with occupational physicians, occupational safety officials, and on-site supervisors.

### (7) Occupational Accident Statistics

The Company provides employees with a healthy and safe workplace and prevents occupational accidents. We have established a comprehensive accident investigation and corrective prevention process. When an occupational accident or suspected occupational disease occurs in the workplace, an investigation team is activated, including occupational safety and health management personnel, on-site nurses, occupational medicine specialists, workplace managers, labor representatives, and victims. The team investigates, analyzes, and records the cause of the accident, and formulates appropriate response measures.

### (8) Occupational Safety and Health Self-Management Competition

To foster a strong safety culture, Zig Sheng continuously promotes the "Occupational Safety and Health Self-Management Competition" to encourage active participation through competition and rewards, thereby strengthening the safety awareness of all personnel and protecting the work safety of all Company personnel. The items for evaluation include education and training participation rate, internal and external safety inspections, unit accidental injuries, and self-suggested improvement items. In addition to routine inspections by occupational health and safety personnel, we also encourage employees to take the initiative to identify potential hazards in the workplace, such as false alarms and unsafe working conditions or equipment, and discuss with their colleagues to propose preventive measures to eliminate the hazards. Cultivate employees' ability to proactively identify hazards and solve problems, strengthen their awareness of the importance of workplace safety, and use proactive safety management to enable employees to work with peace of mind in an excellent working environment. In 2024, a total of 245 proposals were received, of which 243 have been implemented, achieving a 99% completion rate for improvement initiatives. For uncompleted cases, tracking and improvement will continue in the next year.

|                        | Plant 1 | Plant 2 | Plant 3 | Plant 4 | Plant 5 | Total |
|------------------------|---------|---------|---------|---------|---------|-------|
| Total number of pieces | 28      | 52      | 55      | 22      | 88      | 245   |
| After improvement      | 28      | 51      | 54      | 22      | 88      | 243   |
| Improvement is needed  | 0       | 1       | 1       | 0       | 0       | 2     |
| Completion rate        | 100%    | 98%     | 98%     | 100%    | 100%    | 99%   |

Major improvements are as follows:

| Before Improvement                                                                 | After Improvement                                                                   | Note                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | During the operation of the thermal medium boiler, the body generates high temperatures (approximately 150°C to 160°C). Since there are many instruments above the body that require regular inspection and recording, and personnel must go there to check in the event of an abnormality, stepping on the surface without safety shoes can easily result in burn injuries. An isolation iron plate was installed above the thermal medium boiler body, and the gap between the iron plate and the boiler body was filled with insulation to block heat transfer to the plate. In addition, surrounding equipment also generating high temperatures was wrapped with insulation to prevent burn injuries to personnel. After improvement, the body temperature decreased from 159°C to 61°C. |
|  |  | The nitrogen plant's evaporator has no protection from the liquid nitrogen to the evaporator pipeline, and people may get frostbite if they accidentally touch it. Therefore, a protective sleeve is added to the pipeline to prevent direct contact.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

| Before Improvement                                                                  | After Improvement                                                                   | Note                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |    | <p>To improve potential hazards associated with the forging furnace doors, chain gear protection covers and transmission belt protection covers are made to prevent winding and clamping, and guardrails are added to prevent people from tripping over during operation.</p>                                                                                                                                                                                                                                  |
|   |   | <p>Workers in the feeding area need to work under the bulk bags an average of 40 times a day, and they could be easily crushed in the event of a malfunction. Therefore, a bulk bag safety removal rack is made and placed directly under the bulk bags to prevent the bulk bags from falling and directly crushing the workers, thus avoiding the risk of crushing injuries.</p>                                                                                                                              |
|  |  | <p>When personnel are cleaning under the forklift, the coal hopper must be raised. If the lifting hydraulic cylinder leaks and fails, the coal hopper will slide down and there is a risk of people being crushed. Therefore, a retractable cross bar has been added. When personnel are cleaning the forklift, the coal hopper is raised and the cross bar is secured in place. If the lifting hydraulic cylinder fails, the cross bar will support the coal hopper to prevent people from being crushed.</p> |
|  |  | <p>If there is a natural gas leak in natural gas boiler room, electrical sparks in the boiler panel may cause an explosion; therefore, a control panel cooler is installed. The positive pressure inside the panel can prevent natural gas from escaping into the panel and thus prevent the possibility of explosion.</p>                                                                                                                                                                                     |

#### (9) Chemical Safety Management

The Company has established "Procedures for the Assessment and Management of Hazardous Chemicals" to manage internally used chemicals that pose health hazards. It also implements legal assessments of their hazards and exposure levels, classifies them into risk levels, and adopts corresponding graded management measures to prevent users from developing health-related diseases. Beginning in 2021, we have used chemical cloud to establish chemical hazard labels, chemical inventories, safety data sheets, and promote hazard communication training within the factory to encourage employees to comply with safety and health standard operating procedures and relevant regulations. Ongoing planning and implementation of workplace environmental monitoring, and posting of workplace monitoring plans and results at the work site. For chemicals with allowable exposure standards, an exposure assessment of allowable concentrations will be conducted based on the results of work environment monitoring. Second-level and third-level managers are to strengthen on-site management, equipment maintenance, and improvements to relevant process equipment and work procedures. If there are no allowable exposure standard chemicals, the hazard identification management process and tools (CCB) will be used for assessment. According to the management method corresponding to the assessment risk level, reference control sheets will be used to conduct management control and regular assessment (once every three years).

### 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. In April 2024, a training session was held for Filipino drivers of forklifts with capacity of more than 1 ton, with a total of 8 people participating in the training and skills certification.

Commuting accidents caused by employees going to and from work or on business trips are occurring frequently. In 2024, there were 5 commuting accidents, one of which was fatal. Additionally, one employee was killed and another seriously injured in a traffic accident that occurred while they were on leave. This is the first work-related commuting fatality and the first traffic death involving a foreign employee since the establishment of Zig Sheng. To address this, the special committee requested that the Taoyuan City Government Transportation Bureau and the Luzhu Branch of the Police Department send instructors to the factory to conduct road safety training to strengthen employees' correct safe driving concepts and prevent accidents. At the same time, various traffic safety laws and accident case analyses were also promoted to enhance employees' traffic safety knowledge and reduce traffic accidents. A total of 377 local and foreign personnel participated in 9 training sessions.

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.

Illustrated procedure in 2024 (including foreign languages): 15 items have been completed. This will continue in 2025, and will help both domestic and foreign employees gain a clearer understanding of the operating procedures, thus preventing occupational hazards.



#### Automated External Defibrillator (AED) Setup

Exceeding regulatory requirements, 10 AEDs have been installed since 2011 in various factory areas, including Guishan, Guanyin Dormitory, Yongji Hall, etc. AED management personnel have been assigned to regularly maintain the AEDs to keep them in a usable state.



#### 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.

Guanyin Industrial Park Service Center and the regional joint defense organization held the "2024 Guanyin Industrial Park Fire and Disaster Rescue Live Drill and Migrant Worker Dormitory Fire Evacuation Drill" at the Company on December 12, 2024. Taoyuan City's industrial zones have the highest number of migrant workers in the country. Factory productivity relies heavily on migrant workers who are an integral part of the factory. Through regular emergency response drills, all employees have significantly enhanced their awareness of factory fire safety and further strengthened the migrant worker dormitories' autonomous fire response capabilities to ensure their safety. The Taoyuan City Government's Labor Inspection Office was present on-site to provide guidance for this event. In the initial stages of the incident, a self-defense firefighting team and personnel evacuation were immediately activated. Caoluo Detachment deployed ladder trucks and firefighting robots to assist with rescue efforts. The event attracted 150 observers and participants, with enthusiastic feedback deeming the event a complete success.



### Fire management

The Company has established the QP-L-37 Fire Equipment Management Procedures, and fire equipment is registered and maintained. Fire fighting management personnel of each unit conduct monthly inspections and any damage is repaired immediately. Public safety inspections and fire inspection reports for buildings shall be conducted annually in accordance with the law. Fire/public hazardous materials disaster prevention drills are conducted every six months in accordance with the law.

|                                                       |          |
|-------------------------------------------------------|----------|
| Number of fire incidents                              | 2 cases  |
| Fire casualties                                       | 0 people |
| Ratio of fire casualties to total number of employees | 0%       |

| Incident description                                                                                                                                                | Improvement Measures                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The night shift supervisor traced smoke to the spontaneous combustion of coal slag due to excessive temperature.                                                    | <ol style="list-style-type: none"> <li>1. A direct watering system is installed at the source of the coal-fired boiler slag discharger.</li> <li>2. On-duty personnel will enhance inspections by undertaking more frequent rounds and using tablets to record their findings.</li> <li>3. When the coal slag bags are taken out during the shift, water is sprinkled directly on the coal slag to cool it down.</li> <li>4. After the coal slag is sprinkled with water, it is transported to the temporary storage area for observation for 2 days. Only after it is confirmed that the coal slag is not emitting smoke and there is no danger of spontaneous combustion can it be transported to the coal slag storage area.</li> <li>5. Increase the frequency of coal slag removal to prevent it from spontaneously combusting and emitting smoke if left for too long.</li> </ol> |
| For unknown reasons, the cooling fan in the outdoor cooling water tower room broke, and the blades rubbed against the cooling water tower air duct, causing a fire. | <ol style="list-style-type: none"> <li>1. Revise operating procedures to include blade inspection, repair, and maintenance items.</li> <li>2. Check whether the equipment and items in the existing fire extinguisher box located at the cooling water tower area can be used normally.</li> <li>3. Install protective netting on cooling tower fan housings.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

## 5.2.4 Promotion of Health

### Walking challenge

Walking is the fundamental unit of exercise. To promote a culture of walking and health among employees, foster exercise habits, and support De Lin's walking challenge initiative, we organized a two-month ESG walking challenge with the participation of 40 teams from 7 companies. A total of 70 employees from the Company, divided into 7 teams, took part. After two months of continuous effort and perseverance, our employees walked a total of 64,350,620 steps (an average of 14,827 steps per person per day), covering 38,641 kilometers (equivalent to 0.97 laps around the globe), reducing carbon emissions by 9,173 kilograms. They also won first and second place in De Lin's group awards, as well as first and third place in the individual awards.



### Health Check-ups

The Company places great emphasis on employee health, going beyond legal requirements. All employees receive annual general health checks, and additional preventive screenings for cerebrovascular diseases, cancer, and other conditions. In 2024, a total of 1,065 employees participated in these check-ups. The Company analyzes and evaluates the results of these health checks, cares for, and tracks employees' health indicators. When necessary, it arranges interviews with occupational physicians and arranges for job adjustments to help employees better understand their health.



### Infectious disease prevention and control

#### (1) Tuberculosis

In 2024, the Company received several reports from health authorities about employees diagnosed with tuberculosis. We began aiding employees in their treatment program, including handling their prescribed medication. In addition, the CDC cultured the strains of bacteria from the two cases and found that they were both the same strain. As a result, the expert committee and other relevant health authorities conducted an environmental survey at the factory and held meetings to discuss this cluster event. In the environmental survey, experts made suggestions for improving the ventilation at the factory work site and living quarters. To protect the health of employees, the Company has installed ventilation and wind-resistant equipment in each dormitory, and advised employees to keep a safe distance during meals, while adding partitions in the dining area to reduce the chance of transmission of infectious respiratory diseases.

#### (2) Dengue fever

We cooperated with the Taoyuan City Government's Labor Bureau and Health Bureau to jointly investigate and boost awareness of dengue fever, produced dengue fever promotional materials, and asked all units to clean their factories, workplaces, and dormitories regularly to prevent stagnant water, thereby reducing the risk of infectious diseases caused by mosquitoes.

### Lung cancer screening.

Lung cancer is the number one cause of cancer deaths in Taiwan. Early screening can improve survival rates and lower the mortality rate of lung cancer. Following the screening of 93 employees in 2023 in support of the Taoyuan City Government Economic Development Bureau's lung cancer screening program, we partnered with the Guanyin District Health Center in 2024 to help eligible employees register and complete the necessary procedures. A total of 20 employees registered for screening in 2024.

### Occupational Disease Prevention

In 2024, a total of 639 employees across all factories were examined for health hazards associated with their work (such as noise, ionizing radiation, dust, chromic acid, mercury, and tetrachloroethane). Among them, there were 14 people who fell under Level 4 noise classification management, and 43 people who required Level 2 management for ionizing radiation, dust, chromic acid, mercury, and tetrachloroethane. Hearing protection plans and health guidance have been launched in accordance with regulations.

Vaccination

In response to the COVID-19 and influenza epidemics, and to increase the accessibility and convenience of vaccination for employees, Tung Hsing Clinic was invited to the factory to assist employees in administering the COVID-19 vaccine to a total of 21 employees and the influenza vaccine to a total of 38 employees, in order to reduce the risk of severe complications.

Health Promotion

The medical office regularly organizes various health promotion courses. This year's courses are as follows:

| Course                                                                                         | Session | Number of participants |
|------------------------------------------------------------------------------------------------|---------|------------------------|
| Collaboration with Cardinal Tien Hospital to organize a course on understanding hyperlipidemia | 4       | 87                     |
| De Lin Management Consulting Co., Ltd. organizes a course on occupational therapy activities   | 5       | 252                    |
| Guanyin District Health Center organizes CPR courses                                           | 1       | 41                     |
| Dental care course                                                                             | 1       | 30                     |
| Medication safety course                                                                       | 1       | 34                     |



# 5.3 Health and Safety Performance Management

5.3.1 Implementation performance

Zig Sheng continues to advance its disaster mitigation initiatives, striving towards its goal of "zero disasters". The implementation performance in 2024 was as follows.

| 2024 Implementation Performance      |              |              |                          |                                                                                                                                                                                                       |
|--------------------------------------|--------------|--------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Item                                 | Target Value | Actual Value | Unit                     | Calculation methodology                                                                                                                                                                               |
| Disabling Injury Frequency Rate (FR) | ≤ 1.8        | 2.44         | Times/million work hours | (Annual number of people who suffer disabling injuries×1,000,000) ÷ Total work hours                                                                                                                  |
| Disabling Injury Severity Rate (SR)  | ≤ 6          | 99           | Days/million work hours  | (Annual number of lost days due to disabling injuries×1,000,000) ÷ Total work hours                                                                                                                   |
| Number of property loss cases        | ≤ 6          | 6            | Cases                    | Refers to losses such as shortage, damage, loss of assets caused by natural disasters, accidents or abnormal operations during the production and operation process (excluding natural wear and tear) |
| Minor injuries                       | ≤ 5          | 11           | Cases                    | Number of cases where the number of days lost due to disability is less than one day                                                                                                                  |
| Frequency-Severity Indicator (FSI)   | ≤0.18        | 0.49         | Million work hours       | [(Disability Injury Severity Rate SR × Disability Injury Frequency Rate FR) ÷ 1000]^0.5                                                                                                               |
| Health Check Achievement Rate        | 100          | 99.5         | %                        | Number of people actually tested ÷ Number of people who should be tested x 100%                                                                                                                       |
| Overload interview rate              | 100          | 100          | %                        | Number of people interviewed due to abnormal workload ÷ Number of people to be interviewed x 100%                                                                                                     |

### 5.3.2 Work-related Injuries

In 2024, there were no employee fatalities. The Company recorded 6 incidents of disabling injuries and 11 incidents of minor injuries. This year, the frequency rate (FR=2.44) and severity rate (SR=99) of employee disabling injuries were high. All the above incidents have been reviewed and improved.

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 2024, there were 245 cases of non-compliance identified during health and safety audits (99% of which have already been improved). The deficiencies were submitted to managers for review and investigation, and the responsible units were immediately notified to make corrections. These deficiencies were also reviewed during safety and health committee meetings, which supported on-site safety and health management and continuous improvement.

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 2024

|                                                 |                  | Employees | Contractors |
|-------------------------------------------------|------------------|-----------|-------------|
| Work-related injuries                           | Number of Cases  | 17        | 0           |
|                                                 | Ratio            | 1.39      | 0           |
| Serious occupational injuries                   | Number of Cases  | 2         | 0           |
|                                                 | Ratio            | 0.16      | 0           |
| Fatal accidents caused by occupational injuries | Number of People | 0         | 0           |
|                                                 | Ratio            | 0         | 0           |
| Work Hours                                      |                  | 2,451,951 | 57,344      |

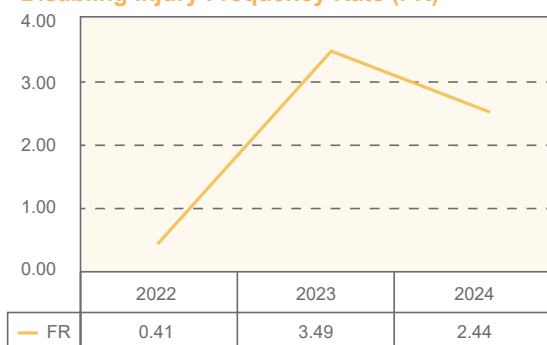
Besides employees, the most common visitors are engineering contractors. According to statistics on the number of people entering the factory every day, there were 7,168 people in 2024, which was less than the previous year (16,540 people). The main reason was that with the expansion of Polymer Plant No. 3, the number of people entering the factory has decreased.

Notes:

|                                               |             |                                                                                               |
|-----------------------------------------------|-------------|-----------------------------------------------------------------------------------------------|
| Rate of Occupational Injuries                 | Employees   | (Number of occupational injuries/Total working hours)*200,000                                 |
|                                               | Contractors | (Number of occupational injuries/Total working hours)*1,000,000                               |
| Rate of Severe Occupational Injuries          | Employees   | (Number of serious occupational injuries (excluding fatalities)/Total working hours*200,000   |
|                                               | Contractors | (Number of serious occupational injuries (excluding fatalities)/Total working hours*1,000,000 |
| Fatality rate caused by occupational injuries | Employees   | Number of fatal accidents caused by occupational injuries/Total working hours x 200,000       |
|                                               | Contractors | Number of fatal accidents caused by occupational injuries/Total working hours x 1,000,000     |

Frequency and severity of disabling injuries in the past three years:

Disabling Injury Frequency Rate (FR)



Disabling Injury Severity Rate (SR)



Statistics of injury type in 2024

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

| Injury Type       | Employees       |            | Improvement Measures                                                                                                                                                                                                                                                                                                           |
|-------------------|-----------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   | Number of Cases | Percentage |                                                                                                                                                                                                                                                                                                                                |
| Falling           | 1               | 6%         | Install guardrails at edge openings. Re-perform hazard identification and risk assessment, and update relevant operating procedures.                                                                                                                                                                                           |
| Tripping          | 4               | 23%        | Guardrails were installed along the conveyor belt, and personnel were instructed to walk along the designated paths. When going up or down the stairs, they must hold the handrail and walk slowly.                                                                                                                            |
| Spray or Burns    | 2               | 12%        | When employees were dealing with residual glue in the bag sealing machine, they did not pay attention to the position of bag sealing machine's heater, resulting in three burns. Notice boards have been posted, and personnel are required to wear personal protective equipment and receive relevant education and training. |
| Caught In         | 2               | 12%        | Update operating standards and strengthen personnel training to increase hazard awareness and the importance of safety protection.                                                                                                                                                                                             |
| Traffic Accidents | 1               | 6%         | Reflective mirrors have been installed to the shipping docks to minimize blind spots.                                                                                                                                                                                                                                          |
| Cuts              | 3               | 17%        | Rubber gaskets were made to block the roller RB shaft to prevent rotation, and wires were cut using only one hand to prevent similar incidents from recurring. Strengthen personnel education and training                                                                                                                     |
| Being hit         | 2               | 12%        | Anti-collision foam was attached to the reactor feed cover, guardrails were added to the carton sealer, safety warnings were posted, and personnel training on operating standards was strengthened.                                                                                                                           |
| Chemical burns    | 1               | 6%         | Strengthen personnel protection awareness and post relevant hazard information.                                                                                                                                                                                                                                                |
| Sprain            | 1               | 6%         | Promote the correct way to evacuate during an earthquake.                                                                                                                                                                                                                                                                      |

5.3.3 Future Planning for Safety and Health

Occupational health and safety indicator management in 2025

| 2025 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        | ≤ 5          | Cases                    |
| Minor injuries                       | ≤ 5          | Cases                    |
| Frequency-Severity Indicator (FSI)   | ≤0.18        | Million work hours       |
| Health Check Achievement Rate        | 100          | %                        |
| Number of Level 4 noise manager      | ≤12          | People                   |

| Planned Measures                                                                                                                                        |                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| <br>Participating in the industrial zone's firefighting competition | <br>Increasing the strength of safety inspections           |
| <br>Health promotion courses and activities                         | <br>Occupational health and safety self-management contests |

# 06

## SOCIAL PARTICIPATION

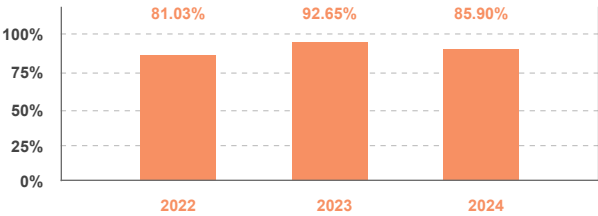


# 6.1 Implementation Results

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 |        |        |
|---------------------------------------------------------------|--------|--------|
| 2022                                                          | 2023   | 2024   |
| 81.03%                                                        | 92.65% | 85.90% |

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



## 6.1.1 Participation in Activities

### Beach Cleanups

In 2024, Zig Sheng participated in the “Caota Sand Dunes Marine Ecology Beach Cleanup and Energy Conservation and Carbon Reduction Love the Earth Promotion Event” organized by the Taoyuan City Government’s Department of Environmental Protection on May 5, as well as the “Taoyuan, Hsinchu, and Miaoli Joint Beach Cleaning Event” hosted by the Hsinchu City Environmental Protection Bureau on September 28. The joint event was held on the south bank of Guanyin Coastal Recreation Area. Through these beach cleanup events, we hope to instill environmental awareness in the community, emphasize the importance of marine conservation, raise attention to coastal environmental protection, and foster environmental stewardship and a spirit of caring service.



### Environmental cleanup day at Guanyin Industrial Park

The Guanyin Industrial Park’s “Clean Home for All” initiative, held in collaboration with Shulin Village, community environmental volunteers, the Guanyin Industrial Park Manufacturers’ Association, and ten local companies, included participation from Zig Sheng employees in a district-wide environmental cleanup on April 28, 2024. The event promoted “ESG Clean Home” initiative, with corporate groups, volunteers, and their families working together to maintain a clean community environment.

### Blood donation

The Taoyuan City Government Health Bureau, the Dayuan Industrial Park Manufacturers Association, the Taoyuan Peach Blossom Spring Rotary Club, and the Da-Yuan Min-Sheng Hospital worked together to hold the “Dayuan Industrial Park Blood Donation Event” at the Dayuan Industrial Park Service Center on May 9. The event held 6 services: Blood Donation, Taoyuan City Expanded Lung Cancer Screening Appointment, Oral Cancer Screening, Hepatitis B and C Screening for Adults, XBB Vaccination, and Lung X-ray Exam. Zig Sheng participated in the initiative by sending staff to take part. Employees rolled up their sleeves to donate blood. Although a simple act, it can save countless precious lives. Donating

blood is not only beneficial to one’s health but also helps those in need, replenishes the blood bank, and contributes to the health and well-being of society. This blood donation activity brings warmth to our social welfare undertakings, and every contribution helps save lives and inspire hope.





#### Street tree adoption

Initiated by Guanyin Industrial Park, this initiative encourages companies within the park to adopt and care for the roadside trees surrounding their facilities. Responsibilities include tree pruning, pest control, fertilization, lawn mowing, grass and flower replacement, support installation, facility repair, garbage removal, and the removal of advertisements. Maintaining a clean environment around the factory area is also part of every enterprise's social responsibility.

#### Mutual assistance

Zig Sheng supports the neighboring communities around its Guishan, Guanyin, and Dayuan factories through sponsorships and assistance. In 2024, it sponsored regional cultural festivals, beach cleanup activities, development associations, campus activities, and participated in activities such as the Dragon Boat Festival, Mid-Autumn Festival, and other festivals to build strong community relationships.

### 6.1.2 Care and assistance for vulnerable groups

Zig Sheng understands that education is the key that enables economically disadvantaged students to cultivate a successful future. We provide internships and job opportunities with reasonable salaries and benefits. We also provide students from economically disadvantaged families with educational opportunities, job opportunities, scholarships, and free accommodation. 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 23 employees benefit from the above benefits.

Zig Sheng further helps the community by employing people with disabilities at a ratio higher than is required by law. In 2024, we were invited to participate in the "Beyond Obstacles, Creating the Future - 2024 Disability-Friendly Employer Appreciation Dinner" organized by the Taoyuan City Government's Department of Labor. The Company provides employment opportunities, supports and promotes employees with disabilities, and enables them to overcome obstacles, fully utilize their strengths, and become valuable contributors to the Company. At the same time, Zig Sheng fulfills its corporate social responsibility, enhances its corporate image, and fosters a friendly and inclusive workplace.

### 6.1.3 Industry-Academia Collaboration Student Award

In order to reward students who come to the Company for internships arranged through industry-academia collaboration, Zig Sheng began issuing bonuses at the end of the internship period starting from November 1, 2024. The bonuses encourage economic independence, supplement family income, and are a learning incentive, inspiring potential future employees and creating a win-win scenario for both the Company and the interns.

#### 2024 Industry-Academia Collaboration Student Award

| Internship type |               | Incentive bonus | Transportation allowance                                                                                                                                                            |
|-----------------|---------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1               | Semester      | NTD 10,000      | For employees whose household registration is in central, southern, or eastern Taiwan regions, the maximum subsidy period during their time at the factory is limited to six months |
| 2               | Academic year | NTD 20,000      |                                                                                                                                                                                     |



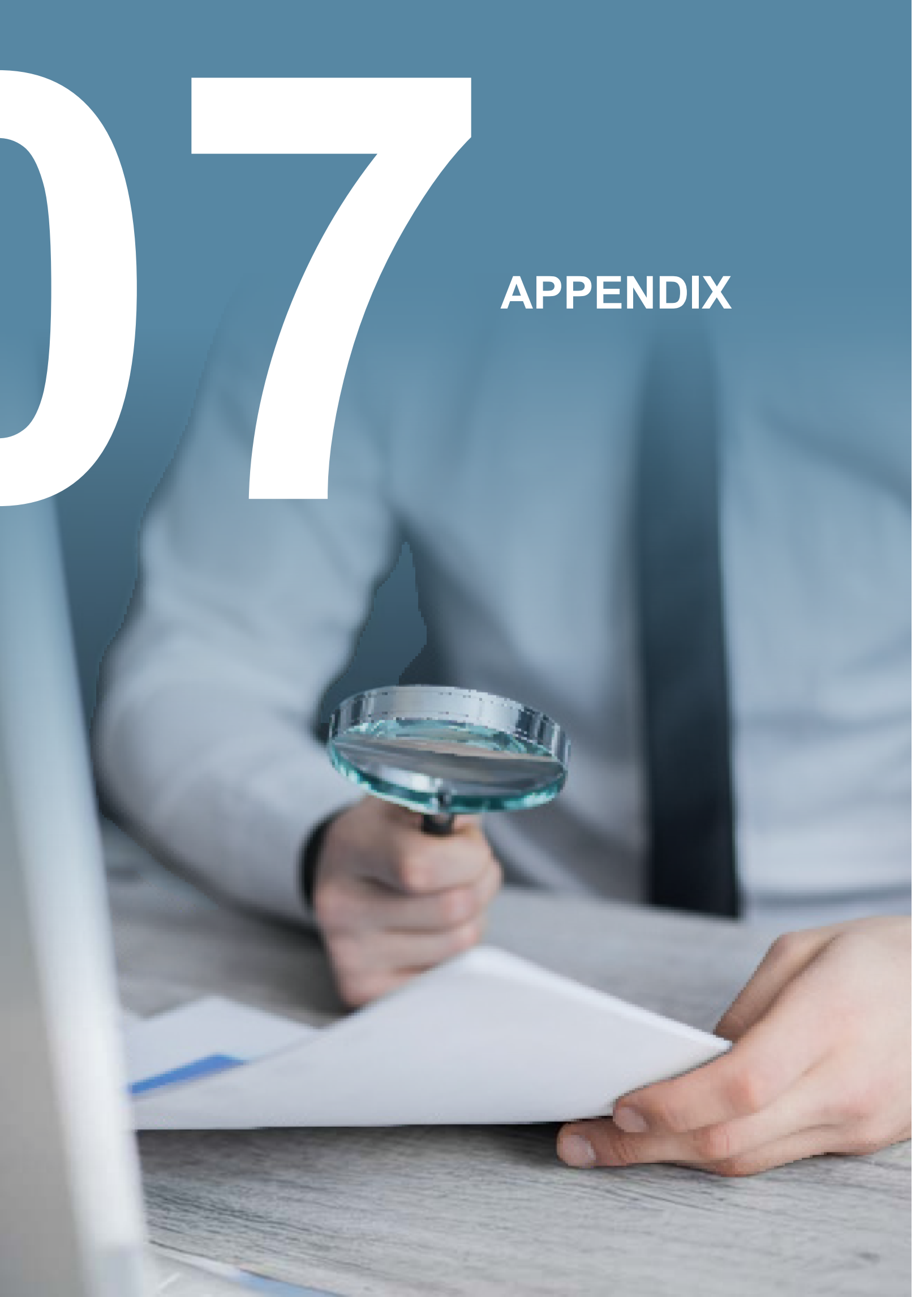
## 6.2 Future Planning

In 2025, 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 compiled in accordance with the Global Reporting Initiative (GRI) standards. "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, 2024 to December 31, 2024). |
| GRI 1 Used               | GRI 1: Foundation 2021                                                                                                               |
| Applicable GRI Standards | There are currently no applicable standards                                                                                          |

### 7.1.1 General Disclosures

| GRI Standards/<br>Other sources          | Disclosure Item                                                                  | Location                                                                                       |              |
|------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------|
|                                          |                                                                                  | Corresponding Chapter/Description                                                              | Page Number  |
| General Disclosures                      |                                                                                  |                                                                                                |              |
| GRI 2:<br>General<br>Disclosures<br>2021 | 2-1 Organizational details                                                       | Editorial Policy<br>1.1 About Our Company                                                      | p.2<br>p.7   |
|                                          | 2-2 Entities included in the organization's sustainability reporting             | Editorial Policy<br>1.1 About Our Company                                                      | p.2<br>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<br>7.5 Third-Party Guarantee Statement                                        | p.2<br>p.64  |
|                                          | 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.53         |
|                                          | 2-9 Governance structure and composition                                         | 2.1 ESG Operations and Implementation<br>3.2.1 Operations of the Board of Directors            | p.13<br>p.23 |
|                                          | 2-10 Nomination and selection of the highest governance body                     | For details, please refer to the Company's 2024 annual report - 2. 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/<br>Other sources          | Disclosure Item                                                      | Location                                                                                                                                                                                                                                                                                               |                                      |
|------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
|                                          |                                                                      | Corresponding Chapter/Description                                                                                                                                                                                                                                                                      | Page Number                          |
| General Disclosures                      |                                                                      |                                                                                                                                                                                                                                                                                                        |                                      |
| GRI 2:<br>General<br>Disclosures<br>2021 | 2-13 Delegation of responsibility for managing impacts               | 2.2 Stakeholder Identification and Communication<br>2.7 Management Guidelines for Material Topics                                                                                                                                                                                                      | p.14<br>p.18                         |
|                                          | 2-14 Role of the highest governance body in sustainability reporting | Editorial Policy<br>2.1 ESG Operations and Implementation                                                                                                                                                                                                                                              | p.2<br>p.13                          |
|                                          | 2-15 Conflicts of interest                                           | 3.2.1 Operations of the Board of Directors                                                                                                                                                                                                                                                             | p.23                                 |
|                                          | 2-16 Communication of critical concerns                              | Regular meetings every quarter<br>There were 14 major events in total, including operating financial reports and major resolutions. For details, please refer to the major information released by the Company on the MOPS. There were no events that had 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 Functional Committee                                                                                                                                                                                                                                                           | p.23                                 |
|                                          | 2-21 Annual total compensation ratio                                 | 5.1.2 Employee Salaries                                                                                                                                                                                                                                                                                | p.43                                 |
|                                          | 2-22 Statement on sustainable development strategy                   | Message from the Management                                                                                                                                                                                                                                                                            | p.3                                  |
|                                          | 2-23 Policy commitments                                              | All commitments are approved by the Chairman<br>3.3.2 Business Integrity<br>3.4.2 Local Procurement Policy<br>4. Environmental Protection<br>5.1.5 Human Rights Management<br>5.2.1 Occupational Safety and Health Operations                                                                          | p.24<br>p.26<br>p.31<br>p.46<br>p.47 |
|                                          | 2-24 Embedding policy commitments                                    | 3.3.2 Business Integrity<br>3.4.2 Local Procurement Policy<br>5.1.5 Human Rights Management<br>5.2.3 Safety Training                                                                                                                                                                                   | p.24<br>p.26<br>p.46<br>p.50         |
|                                          | 2-25 Processes to remediate negative impacts                         | 2.7 Management Guidelines for Material Topics<br>3.3.3 Complaint and Reporting Mechanism                                                                                                                                                                                                               | p.18<br>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                            | 3.5 Compliance with Regulations                                                                                                                                                                                                                                                                        | p.28                                 |
|                                          | 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 does not have an employee union, so there is no collective agreement<br>5.1.4 Labor-Management Communication                                                                                                                                                                               | p.45                                 |

## 7.1.2 Disclosure of Specific Topics

| 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 Review of 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 Main Products and Services<br>3.1.2 Operational Performance | p.9<br>p.22 |

| GRI Standards/<br>Other sources                                    | Disclosure Item                                                                                                      | Location                                                                               |              |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------|
|                                                                    |                                                                                                                      | Corresponding Chapter/Description                                                      | Page Number  |
| 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         |
| GRI 305-3:2016                                                     | Volume of greenhouse gas emissions through other means (other indirect emissions)                                    | 4.2.1 Greenhouse Gas Emission Management                                               | p.34         |
| GRI 305-7:2016                                                     | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant gas emissions                                      | 4.3 Energy Transformation                                                              | p.38         |
| 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.47         |
| GRI 403-2:2018                                                     | Hazard identification, risk assessment, and incident investigation                                                   | 5.2.2 Hazard Identification and Risk Assessment                                        | p.47         |
| GRI 403-3:2018                                                     | Occupational health services                                                                                         | 5.2.1 Occupational Health and Safety Operations                                        | p.47         |
| GRI 403-4:2018                                                     | Worker participation, consultation, and communication on occupational health and safety                              | 5.2.1 Occupational Health and Safety Operations                                        | p.47         |
| GRI 403-5:2018                                                     | Worker training on occupational health and safety                                                                    | 5.2.3 Safety Training                                                                  | p.50         |
| GRI 403-6:2018                                                     | Promotion of workers health                                                                                          | 5.2.4 Health Promotion                                                                 | p.51         |
| GRI 403-7:2018                                                     | Preventing and mitigating of occupational health and safety impacts directly linked by business relationships        | 3.4.3 Contractor Management<br>5.2.1 Occupational Safety and Health Operations         | p.27<br>p.47 |
| GRI 403-9:2018                                                     | Work-related injuries                                                                                                | 5.3.2 Occupational Injury                                                              | p.53         |
| Circular Economy                                                   |                                                                                                                      |                                                                                        |              |
| Self-determined                                                    | Recycling rate of packaging materials, environmentally-friendly products                                             | 4.4.2 Resource Recycling and Reuse<br>4.4.3 Environmentally Friendly Recycled Products | p.40<br>p.40 |
| Social Welfare                                                     |                                                                                                                      |                                                                                        |              |
| Self-determined                                                    | Donations and participation in activities                                                                            | 6. Social Engagement                                                                   | p.55         |

## 7.2 SASB Comparison Table

| Topic                                    | Indicator Code | Disclosure Indicator                                                                                                                                                                                                                                                                                                  | Unit           | Corresponding Chapter/Content                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Page Number |
|------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Management of chemicals in products      | CG-AA-250a.1   | Description of compliance with restricted substance regulations                                                                                                                                                                                                                                                       | Not applicable | 4.4.3 Eco-friendly Recycled Products                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 40          |
|                                          | CG-AA-250a.2   | Description of the risks and/or hazards associated with the assessment and management of chemicals in products                                                                                                                                                                                                        | Not applicable | 5.2 Providing a Safe and Healthy Work Environment                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 47          |
| Environmental Impact of the Supply Chain | CG-AA-430a.1   | Percentage of Tier 1 and non-Tier 1 suppliers complying with wastewater discharge permits and/or contracts                                                                                                                                                                                                            | Percentage (%) | No statistical data yet                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -           |
|                                          | CG-AA-430a.2   | Percentage of Tier 1 and beyond suppliers that have completed the Sustainable Apparel Alliance's Higg FEM environmental module assessment or equivalent environmental data assessments                                                                                                                                | Percentage (%) | No statistical data yet                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -           |
| Labor conditions in the supply chain     | CG-AA-430b.1   | Percentage of Tier 1 and non-Tier 1 suppliers who have completed labor-related code of conduct audits; Percentage audited by third-party units                                                                                                                                                                        | Percentage (%) | No statistical data yet                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -           |
|                                          | CG-AA-430b.2   | Rate of priority non-conformances in supplier labor-related code of conduct audits and rates of related corrective actions                                                                                                                                                                                            | Ratio          | No statistical data yet                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -           |
|                                          | CG-AA-430b.3   | Description of the largest labor, environmental, and health and safety risks in the supply chain                                                                                                                                                                                                                      | Not applicable | 3.4 Supplier Management - Procurement Policy                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 26          |
| Raw material procurement                 | CG-AA-440a.3   | 1. List of priority raw materials; for each priority raw material:<br>2. Environmental or social factors most likely to threaten procurement<br>3. Discuss business risks and opportunities related to environmental or social factors<br>4. Management strategies for responding to business risks and opportunities | Not applicable | 1. The priority raw materials are: CPL, POY polyester filament, recycled nylon chips, polyester recycled chips<br>2. Threat factors include: Labor human rights, supplier environmental laws and regulations, climate change impacts, labor health and safety<br>3. Risks and opportunities include: Stability of raw material supply, price fluctuation, stable delivery, stable quality, integrity and commitment to the environment and safety<br>4. 3.4 Supplier Management - Procurement Policy | 26          |
|                                          | CG-AA-440a.4   | 1. Prioritize the quantity of raw materials procurement by material<br>2. Quantity of each priority raw material certified by third-party environmental or social standards (by standard)                                                                                                                             | Ton (t)        | The quantity of priority raw materials procurement in 2024 is as follows:<br>(1) CPL: 104,718 tons, POY polyester filament: 17,696 tons, recycled nylon granules: 333 tons, recycled polyester granules: 7,613 tons<br>(2) POY polyester filament: 4,850 tons, recycled nylon granules: 243 tons, recycled polyester granules: 2,390 tons, all GRS certified.                                                                                                                                        | -           |
| Activity Indicator                       | CG-AA-000.A    | Number of Tier 1 and non-tier 1 suppliers                                                                                                                                                                                                                                                                             | Number         | The top 20 suppliers in terms of purchase amount of the year are the Tier 1 suppliers.                                                                                                                                                                                                                                                                                                                                                                                                               | -           |

## 7.3 TCFD Comparison Table

| Aspect                 | TCFD recommended disclosures                                                                                                     | Corresponding chapters                   | Page Number |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-------------|
| Governance             | How the Board of Directors oversees climate-related issues                                                                       | 4.1 Climate Change Risk Management       | p31         |
|                        | How management assesses and manages climate-related issues                                                                       | 4.1 Climate Change Risk Management       | p31         |
| Strategy               | Short, medium and long-term climate-related risks and opportunities identified by the Company                                    | 4.1 Climate Change Risk Management       | p31         |
|                        | The impact of climate-related issues on the Company's business models, strategies, and financial planning                        | 4.1 Climate Change Risk Management       | p31         |
|                        | Scenario analysis (including 2°C or more severe scenarios)                                                                       | 4.1 Climate Change Risk Management       | p31         |
| Risk Management        | Process for identifying and assessing climate-related risks                                                                      | 4.1 Climate Change Risk Management       | p31         |
|                        | Process for managing climate-related risks                                                                                       | 4.1 Climate Change Risk Management       | p31         |
|                        | Explain how the above risk identification and management process is integrated into the Company's overall risk management system | 4.1 Climate Change Risk Management       | p31         |
| Indicators and targets | Assess whether the indicators are consistent with company policies and risk management                                           | 4.1 Climate Change Risk Management       | p31         |
|                        | Disclosure of Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and related risks                            | 4.2.1 Greenhouse Gas Emission Management | p34         |
|                        | Management objectives and related performance                                                                                    | 4.2.1 Greenhouse Gas Emission Management | p34         |

## 7.4 Implementation of climate-related information

| Item                                                                                                                                                                                                                                                                                                                                                                                             | Corresponding chapters                                                                                                                                                                       | Page Number |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Describe the oversight of the Board of Directors and management and governance of climate-related risks and opportunities.                                                                                                                                                                                                                                                                       | 4.1 Climate Change Risk Management                                                                                                                                                           | p31         |
| Describe how the identified climate risks and opportunities will affect the Company's business, strategy and finances (short-term, medium-term and long-term).                                                                                                                                                                                                                                   | 4.1 Climate Change Risk Management                                                                                                                                                           | p31         |
| Describe the financial impacts of extreme climate events and transition actions.                                                                                                                                                                                                                                                                                                                 | 4.1 Climate Change Risk Management                                                                                                                                                           | p31         |
| Describe how the climate risk identification, assessment and management processes are integrated into the overall risk management system.                                                                                                                                                                                                                                                        | 4.1 Climate Change Risk Management                                                                                                                                                           | p31         |
| If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors and main financial impacts used should be explained.                                                                                                                                                                                                       | 4.1 Climate Change Risk Management                                                                                                                                                           | p31         |
| If there is a transition plan to manage climate-related risks, describe the content of the plan and the indicators and targets used to identify and manage physical and transition risks.                                                                                                                                                                                                        | 4.1 Climate Change Risk Management                                                                                                                                                           | p31         |
| If internal carbon pricing is used as a planning tool, the basis for setting the price should be explained.                                                                                                                                                                                                                                                                                      | Based on the Ministry of Environment's "Regulations for Charging of Carbon Fees" and the announced "Fee-charging Rates of Carbon Fees", our carbon pricing is set at NT\$300 per metric ton. | —           |
| If climate-related targets are set, the covered activities, scope of greenhouse gas emissions, planning period, and annual progress should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon reduction credits or the number of renewable energy certificates (RECs) used should be explained. | 4.1 Climate Change Risk Management                                                                                                                                                           | p31         |
| Greenhouse gas inventory and assurance status, reduction targets, strategies, and specific action plans (to be filled in 1-1 and 1-2).                                                                                                                                                                                                                                                           | 4.2.1 Greenhouse Gas Emission Management                                                                                                                                                     | p34         |
| 1-1-1 Greenhouse Gas Inventory Information                                                                                                                                                                                                                                                                                                                                                       | 4.2.1 Greenhouse Gas Emission Management                                                                                                                                                     | p34         |
| 1-1-2 Greenhouse Gas Assurance Information                                                                                                                                                                                                                                                                                                                                                       | 4.2.1 Greenhouse Gas Emission Management                                                                                                                                                     | p34         |
| 1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans                                                                                                                                                                                                                                                                                                                      | 4.2.1 Greenhouse Gas Emission Management                                                                                                                                                     | p34         |

## 7.5 Third-Party Assurance Statement



### INDEPENDENT ASSURANCE OPINION STATEMENT

#### ZIG SHENG INDUSTRIAL CO., LTD. 2024 Sustainability Report

The British Standards Institution is independent to ZIG SHENG INDUSTRIAL 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 INDUSTRIAL CO., LTD. 2024 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 INDUSTRIAL CO., LTD. 2024 Sustainability Report provides a fair view of the ZIG SHENG sustainability programmes and performances during 2024. 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.
- 5 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



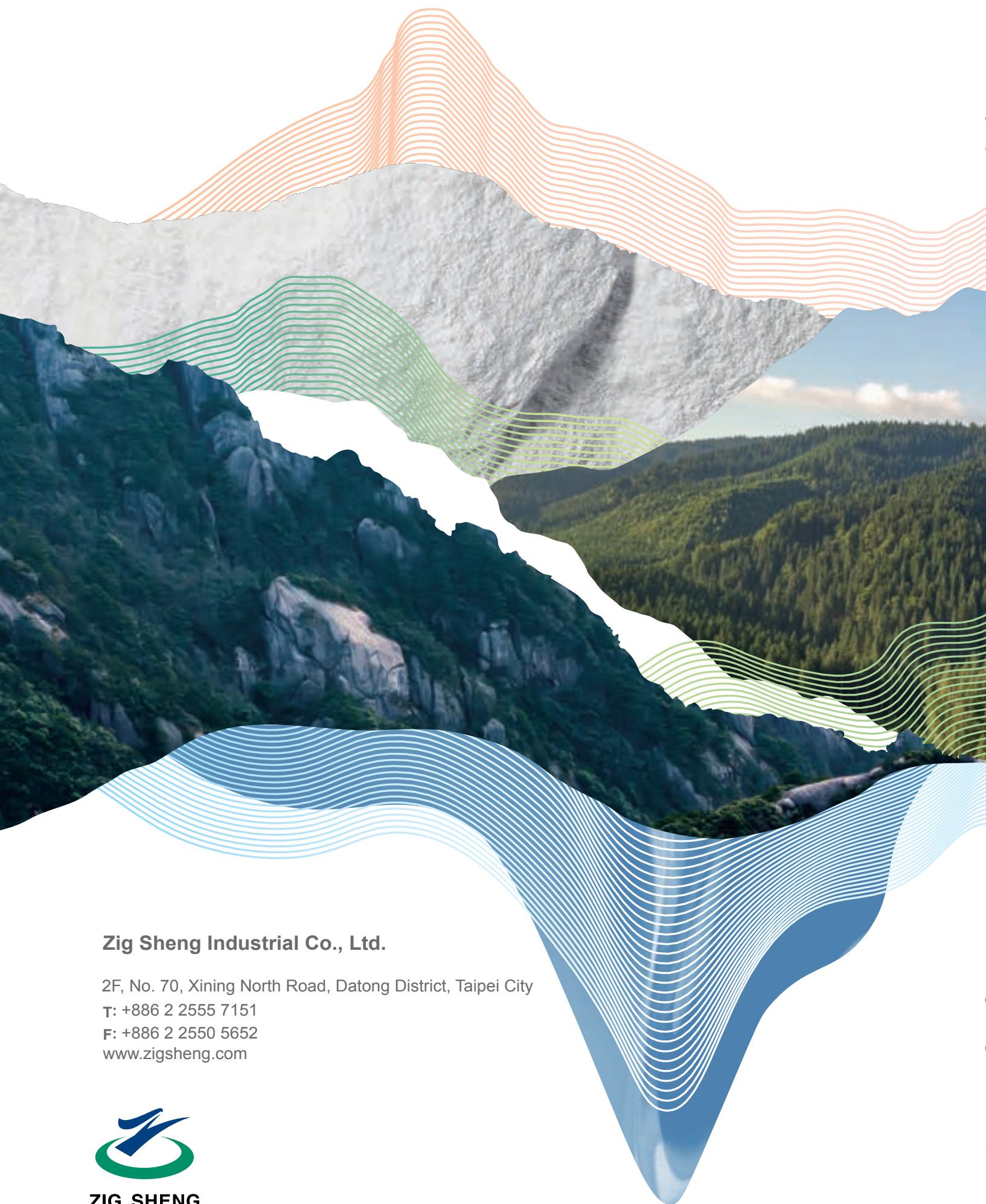
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**ZIG SHENG**