

2.2 Stakeholder Identification and Communication

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

Important stakeholders



Stockholders/Investors

Contribute funds to the company



Customers

Main source of the company's revenue



Suppliers/Contractors

Provide products and services



Employees

Employees are the foundation of the company



Government Agencies

Establish and comply with regulations



Residents of Local Communities

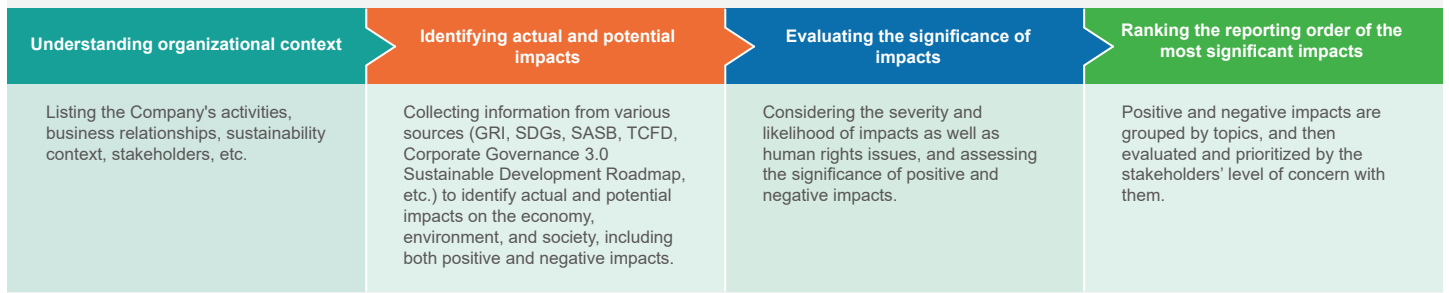
Positive impact through social feedback



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

Item	Stakeholder	Responding Department	Contact	Main Topic	Communication Channel	Communication Frequency			
						Year	Season	Month	Occasional
01	Stockholders/ investors	President's Office Finance Department	Acting Spokesperson Mr. Kuo: jason_kuo@zigsheng.com Ms. Yen: teana_yen@zigsheng.com	Sustainable Operations Corporate Governance Integrity and Ethics Economic Performance Market Position Climate Change Risk Management	Revenue Announcement			•	
					Annual reports are published regularly	•			
					Financial reports are published regularly		•		
					Annual stockholders' meeting is held	•			
					Major announcements are made on the Market Observation Post System				•
					Spokesperson and acting spokesperson				•
					Announcements are made on the company website				•
					A communication channel with stakeholders is set up on the website				•
02	Customers	Sales Department	Nylon Chips: Ms. Huang ann_huang@zigsheng.com Compound Materials: Ms. Chang celine_chang@zigsheng.com Filament: Mr. Lin Duncan_lin@zigsheng.com DTY: Ms. Huang alice_huang@zigsheng.com	Customer Relations Green Products Circular Economy	Telephone or email				•
					New products or services			•	
					Visit customers				•
					Annual customer satisfaction survey	•			
					A communication channel with stakeholders is set up on the website				•
03	Suppliers/ Contractors	Procurement Department Labor Safety and Health Office Engineering Section, Engineering Division	Ms. Yeh: sandy_yeh@zigsheng.com Mr. Chen: H400@zigsheng.com Mr. Chou: james_chou@zigsheng.com	Supply Chain Management Occupational Health and Safety	Evaluation of New Partners				•
					Regular evaluation of qualified partners	•			
					Supplier's Pledge				•
					Contractor's Pledge				•
					Contractor safety hazard notification				•
					A communication channel with stakeholders is set up on the website				•
04	Employees	Plant Affair Section Labor Safety and Health Office Human Resource Department	Mr. Liu: jason_liu@zigsheng.com Mr. Chen: H400@zigsheng.com Mr. Chuang: peter_chuang@zigsheng.com	Employee-employer Relationship Occupational Health and Safety Sustainable Operations Economic Performance	Multiple complaint channels (Email, mail, supervisors, website, feedback, interview)				•
					Departmental meetings are held			•	
					Operational meetings are held		•		
					The Employee Welfare Committee convenes		•		
					The Labor Health and Safety Committee convenes		•		
05	Government Agencies	Instruments and Electronics Section, Engineering Division Labor Safety and Health Office Plant Affair Section	Mr. Chen: hl_chen@zigsheng.com Mr. Chen: H400@zigsheng.com Mr. Liu: jason_liu@zigsheng.com	Climate Change Risk Management Energy Management Greenhouse Gas Emissions Circular Economy Occupational Health and Safety	Official documents				•
					The competent authorities visit the factory for inspection				•
					Regular reporting of information related to industrial safety and environmental protection operations			•	
					A communication channel with stakeholders is set up on the website				•
06	Residents of Local Communities	Plant Affair Section Administration Department	Mr. Liu: jason_liu@zigsheng.com Mr. Chuang: peter_chuang@zigsheng.com	Social Welfare	A communication channel with stakeholders is set up on the website				•
					Participating in community activities				•

2.3 Identification Process for Material Topics

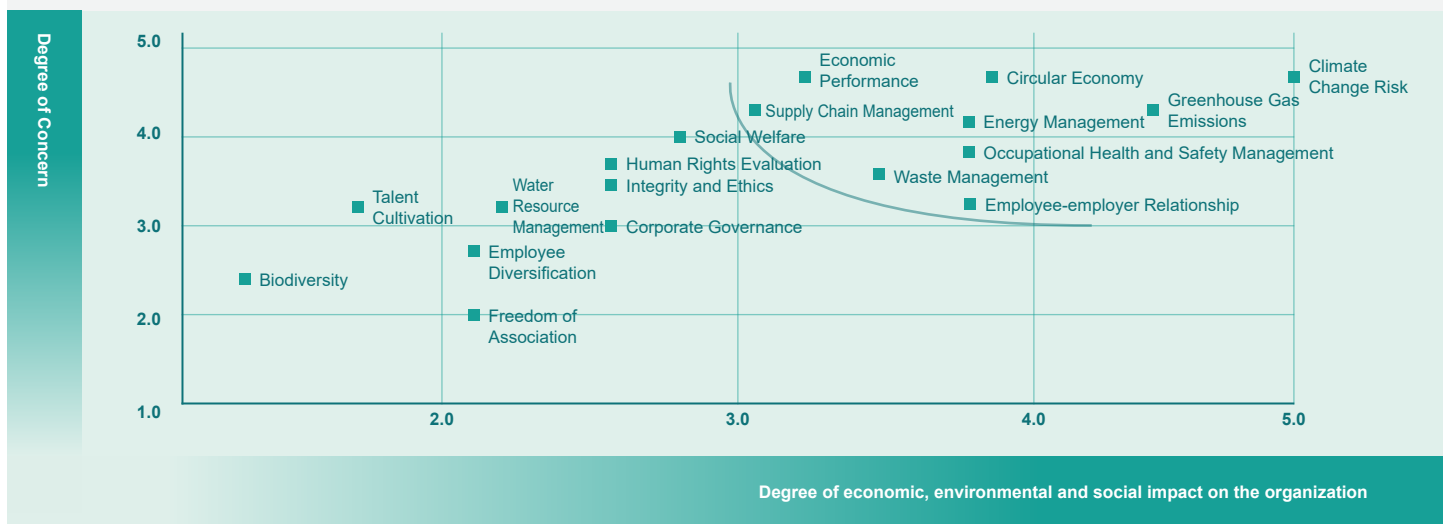


2.4 Substantive Analysis for Material Topics

The ESG editorial team of Zig Sheng discussed the issues together, assessed the degree of positive and negative economic, environmental, and social(including human rights) impacts, and then referred to the experience of the relevant departments to determine the degree of concern stakeholders have about each sustainability topic. The management decided on the final list of material topics based on the degree of impact each sustainability topic has on the Company, and the results of the analysis. The analysis was based on two aspects. Once the results of the analysis were ranked, it was confirmed that topics with a score of 3.5 or higher, including nine material economic, environmental, and social topics plus one additional sustainability topic, for a total of ten, would serve as the basis for the disclosure of information in this sustainability report in order to conduct effective communication with stakeholders.

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

* The overall ranking is the result of considering positive impacts, negative impacts, and stakeholder concerns.
 * The material topics remain the same as in the previous report. * •: Material topic; ○: Additional disclosed topic




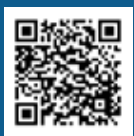



2.5 Material Topic Boundaries

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

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

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

2.6 Consultation on Issues of Interest

	<h3>Opinion Survey</h3> <p>Zig Sheng has set up a “Feedback or Suggestions” page on the company’s website for internal and external stakeholders to use.</p>  <p>Feedback and Grievance</p>
	<h3>Immediate Response</h3> <p>Our General Management Division is dedicated to handling and responding to issues of concern in a timely manner and reports on operations to the Board of Directors, the top level of management, on a regular basis. The topics to be disclosed in the following year are determined by the President’s Office based on internal and external communications.</p>
	<h3>ESG Page</h3> <p>We have also set up an ESG page on our website to regularly disclose information from our Sustainability Report each year to respond to issues of interest to all internal and external stakeholders.</p>  <p>ESG Page</p>

2.7 Management Guidelines for Significant Topics

Topic Category	Material Topic	Description of Significance	Policies and Commitments	Target	Competent Authority	Action Plan	Performance Results	Evaluation Mechanism
Economy	Economic Performance	Economic performance is a topic of the greatest concern to our stakeholders, and we will continue to improve our operational performance and maintain our competitiveness.	<ul style="list-style-type: none"> Continue to engage in innovation and R&D Increase operating performance Pursue reasonable profits 	<ol style="list-style-type: none"> Ensure an adequate supply of raw materials, and achieve balance in production and sales Control operating costs, and maintain a sound financial structure Develop new markets, and meet customer requirements 	Management Level	<ol style="list-style-type: none"> Quarterly management meeting to report on performance targets, and continuously improve and maintain performance Monthly sales profit report for each product is used as the basis for the management’s decision making 	P.22	Financial reports are verified by third-party accountants
	(Salary) Employee-employer Relationship	To raise the salary of employees so that they can meet basic needs.	<ul style="list-style-type: none"> Ensure the competitiveness of our employees’ salaries Localization of management 	Strive to improve operating performance to raise the salaries of employees.	Management Level	In accordance with Taiwan’s labor laws and regulations	P.43	Analyze the average and median salaries of full-time employees who are not in executive positions
	Supply Chain Management	We choose to work with good suppliers for the provision of products and services that are more stable in quality. The ratio of domestic procurement is also of concern to stakeholders.	<ul style="list-style-type: none"> Prioritize local procurement Emphasize ethical corporate management Prohibit dishonest behavior with vendors 	<ol style="list-style-type: none"> Have the proportion of domestic procurement of key raw materials reach 60% or above Increase the number of signatories of the Contractor’s Pledge Prohibit unethical conduct in interactions between Zig Sheng and vendors, and ensure that the quality of the products and services vendors provide meet our needs so that our company can operate normally in all aspects. 	Administration Department - Procurement	<ol style="list-style-type: none"> Selecting suppliers based on quality, price, lead time, stability in quantity, integrity, and attention to expectations Requiring vendors to sign the Contractor’s Pledge 	P.26	Evaluation of suppliers

Topic Category	Material Topic	Description of Significance	Policies and Commitments	Target	Competent Authority	Action Plan	Performance Results	Evaluation Mechanism
Environment	Climate Change Risk Management	Climate change has become one of the most critical issues in the world, and net-zero emissions has also become a shared global goal. Early assessment of the related risks will enable early response to the impact of climate change.	Emphasize the issue of climate change and formulate net-zero policies: process improvement, energy transformation, and circular economy.	Aim for net-zero emissions	President's Office	Conduct climate change risk assessment based on the TCFD framework, and formulate relevant responses and measures.	P.31	Regular review of TCFD
	Greenhouse Gas Emissions	Global warming is becoming more and more serious by the day, and the issue of air pollutant emissions is becoming more and more important to the stakeholders.	<ul style="list-style-type: none"> Comply with relevant regulations Emphasis on climate change and global warming issues Reduce greenhouse gas emissions 	Gradually replace coal with natural gas to reduce emissions and continue to improve	Plant Affair Section/ Production Unit/Public Utilization Section	Emission inventory is conducted according to ISO 14064-1	P.34	ISO 14064-1 inventory data
	Energy Management	The amount of non-renewable energy available globally is limited. Since the manufacturing industry uses a large amount of energy, it is important to manage the efficiency of energy use.	<ul style="list-style-type: none"> Continued promotion of energy conservation measures Participation of all employees in energy saving and carbon reduction activities Increase renewable energy usage 	<ol style="list-style-type: none"> Continued reduction of energy consumption and CO₂ emissions Reduce electricity consumption by at least 1% per year 	Instruments and Electronics Section	To effectively manage energy saving targets, we have implemented and approved ISO 14001, ISO 14064-1, and ISO 50001 energy management systems to manage major sources of power consumption and make improvements	P.35	ISO14064-1 Inventory of energy consumption, declaration of annual energy savings from the Energy Administration
	Waste Management	Waste that is not properly disposed of can easily cause environmental pollution. In addition to reducing waste and sorting it properly, choosing a waste disposal company of good renown also ensures that waste is properly disposed of to maintain environmental sustainability.	Comply with waste disposal regulations and reduce waste	<ol style="list-style-type: none"> Commission qualified disposal service providers Regularly review the waste disposal handbook Reduce the output of combustible and non-combustible waste by 10% 	Plant Affair Section	Report the amount of waste disposed based on the regulations	P.39	Waste Statistics
	Circular Economy	We create value through recycled products to achieve our goal of striking a balance between economic performance and environmental sustainability.	<ul style="list-style-type: none"> Develop recycled products Continue to maintain packaging material recycling 	<ol style="list-style-type: none"> Continue to develop recycled products, with green products accounting for 10% of revenue Recycling packaging materials <p>Polymerization Plant-polymer bag recycling rate is 100% Spinning Plant-hole board recycling rate is 100% Spinning Plant 1-paper tube recycling rate is 85% Spinning Plant 2-paper tube recycling rate is 100%</p>	Production unit Plant Affair Section	<ol style="list-style-type: none"> Develop recycled products and obtain GRS certification Large quantities of packaging materials used for products sold in Taiwan are included in our recycling management. 	P.40	Statistics on the Carbon Footprint of Products and Recycling Rates
Social	(Employee Composition and Benefits) Employee-employer Relationship	Employees are important partners of Zig Sheng, and we protect their rights and benefits as well as provide them with good salaries and benefits.	We provide job opportunities for those who are physically or mentally disabled as well as members of disadvantaged groups in accordance with Taiwanese labor laws and regulations, and we continue to promote internship programs as part of our collaboration with academic institutions.	<ol style="list-style-type: none"> Protect the rights and interests of employees Fair treatment of all employees Reduce turnover rate 	Administration Department - Human Resources	<ol style="list-style-type: none"> Improve grievance mechanism to maintain a good employee-employer relationship. Higher percentage of employees with physical and mental disabilities than required by the government. Maintain the ratio of industry-academia collaboration. 	P.42	Employee-Employer Meetings
	Occupational Health and Safety	It is important to take care of employees' health and provide a safe working environment. We are committed to preventing occupational diseases and moving forward with health promotion initiatives.	<ol style="list-style-type: none"> Compliance with occupational safety regulations, Fulfillment of corporate responsibility. Promote education and training, Enhance personnel response. Prevent potential hazards, Implement risk management. Realize health promotion, Establish a friendly workplace. 	<ol style="list-style-type: none"> We comply with laws and regulations related to occupational health and safety as well as the ISO 45001 occupational health and safety management system standards to create a healthy and safe work environment. Disabling Injury Frequency Rate (FR) ≤ 1.8; Disabling Injury Severity Rate (SR) ≤ 6 Making zero occupational accidents a long-term goal 	Plant manager of each plant Labor Safety Office	Self-management competition Safety and health education and training Health promotion program	P.50	The Statistic of Occupational Accident
	Social Welfare	Providing care to members of communities and disadvantaged groups is important to the company, and this in turn enhances our corporate image.	Establish good relations with communities, care for and assist the disadvantaged, and cultivate talents to contribute to society.	Plan activities to give back to local communities, and invest in culture and education	Plant Affair Section	<ol style="list-style-type: none"> Support and sponsor the communities near where our plants are located Provide internship and job opportunities for disadvantaged students Provide scholarships and bursaries 	P.55	Regular review