



2020
CORPORATE
SOCIAL
RESPONSIBILITY
REPORT

**Zhen Ding
Technology
Holding
Limited**



About this Report

Reporting Period

Zhen Ding Technology Holding Limited has been issuing corporate social responsibility (CSR) reports on an annual basis since 2016. The current issue is the fifth CSR report and covers data for 2020 (January 1 to December 31, 2020). The previous report was issued on June 19, 2020. For information integrity and comparability, a portion of the performance data will be traced back to December 31, 2019 and earlier information.

Boundaries and Scope of this Report

The boundaries and scope of this report has included Zhen Ding Technology Holding Limited (hereafter referred to as "ZDT") and its subsidiaries. The regions of operation are Taoyuan, Taiwan and Shenzhen, Huai'an, and Qinhuangdao in Mainland China. The Company's business scale, business activities, and supply chain did not change significantly during the reporting period.

Data Collection Process and Method of Measurement

The information and statistical data in this report were sourced from the results of statistical calculations and surveys performed by the Company. Performance data relevant to this report were collected by inviting applicable departments to provide routine management data, education and training, discuss issues and take part in interviews. The data were then compiled in accordance with the requirements of GRI guidelines and indicators to reflect ZDT's performance in economic, social, and environmental aspects. The data for each indicator were collected, measured, and calculated according to local regulations. International standards are used where no local regulations apply. If there are no international standards available then industry or applicable standards are used. Financial data in the financial performance section of this report are partially derived from consolidated financial statements certified by a CPA, and are expressed in New Taiwan Dollars (NTD). Financial information is calculated by using the average exchange rates in 2020 (RMB/NTD=4.2816). If the disclosed quantitative indicator has a special meaning, a note will be added to explain the meaning.

Reporting Guidelines and Principles

This report is compiled by following the GRI guidelines issued by The Global Reporting Initiative (GRI) and the core disclosure options in the guidelines. Please refer to the GRI indicators for more information.

Independent Limited Assurance

The Company has engaged PricewaterhouseCoopers, Taiwan to conduct independent limited assurance on this report in accordance with the Assurance Standard No. 1 "Assurance Engagement of Examinations or Audits of Non-Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China, which is based on the International Standard on Assurance Engagement ISAE3000. Please refer to Appendix for the independent limited assurance report.

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CORPORATE
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Our Sustainability Website

Download Full CSR Report





Message from the Chairman |

“

**The Pandemic has Changed the World,
but Not Zhen Ding's Goal of Sustainable Management**

沈慶芳

”

In 2020, the COVID-19 pandemic brought about the greatest challenge of the century to businesses around the world, testing their operations ability as well as their humanity. The companies that can best adhere staunchly to their management beliefs of sustainable operation and ride out the storm together with their stakeholders will make important contributions to the global battle against the pandemic.

According to the "Financial Times", some companies were committed to taking care of their customers, employees, shareholders, and all stakeholders during the pandemic; while some companies just wanted to profit from it. An HSBC survey found that companies with a long-standing focus on sustainable operations suffered less severe losses in the pandemic, and that the key lies in how well they manage their economic, social, and environmental sustainability strategies.

Since its founding, Zhen Ding set up our mission of "protecting the environment for a greener earth". We fully understand the importance of the co-existence and co-prosperity between "business", "people", "the environment", and "society". We also firmly believe in the core value of altruism, which is the cornerstone of sustainable business operations. Therefore, in the face of the impact of the COVID-19 pandemic, we were able to activate the pandemic prevention mechanisms at all of Zhen Ding's global locations and respond quickly to employees, customers, investors, suppliers, and the environment, in order to face the risks and opportunities brought about by environmental changes and social transfor-

mation. In 2020, Zhen Ding's annual revenue reached NT\$131.278 billion, achieving a record high. We have continued to invest in new projects around the world and are expanding our operations to improve our global layout and strengthen our industry leadership and competitiveness.

In recent years, we have integrated our existing ESG management mechanism and actively responded to the United Nations Sustainable Development Goals (SDGs) through joint efforts and cooperation with employees, customers, and suppliers, focusing on six key SDGs. Certain implementation results have also received affirmation from various sectors.

With regards to sustainability governance, in 2020, Zhen Ding was selected for the first time as a constituent of the "FTSE4Good TIP Taiwan ESG Index" jointly compiled by Taiwan Index Plus Corporation and FTSE4Good, and was also selected as a constituent of the Taiwan Corporate Governance Index (CG100) of the Taiwan Stock Exchange for two consecutive years. In terms of product quality requirements, in order to achieve a zero-defect quality policy, 100% of the company's external quality system audits were passed in 2020. We continue to extend our social responsibility ideals to the supply chain and establish partnerships with suppliers for joint management. We require companies to adhere and commit to such regulations and ensure that all of their operations meet the applicable environmental laws, labor laws, and international corporate social responsibility regulations.

In terms of environmental protection, we have responded to the international Carbon Disclosure Project (CDP) by participating in the "Climate Change" assessment project for five consecutive years since 2016 and the "Water Safety" assessment project for three consecutive years since 2018. In 2020, we formally introduced the Task Force on Climate-Related Financial Disclosures (TCFD) governance framework and risk management to effectively manage the impacts and opportunities that may arise from climate change.

In addition, we introduced a number of water-saving measures to our manufacturing and production processes to effectively improve the recycling efficiency of water resources through management at the source and optimization at the end. We are committed to completing sustainable water management and a transparent water disclosure system. In 2019, we began preparing for the implementation of the Alliance for Water Stewardship (AWS) Standard. Our manufacturing sites in China's Shenzhen, Qinhuangdao, and Huai'an, became the first in the industry to receive the AWS Platinum Certification consecutively from 2019 to 2020.

In the face of changes and uncertainties in the future, we have implemented a rotating CEO system to train its successors. We also launched a key talent development program to continuously expand the channels and platform for talent cultivation. We are actively collaborating with universities and colleges at home and abroad to promote research projects in various related disciplines. We have set up the "Elite Training Scholarship" to encourage students to devote themselves to academic research and technological innovation. Through industry-academia research collaboration projects, we are able to accumulate innovative energy and cultivate future talents in order to strengthen the foundation of our long-term competitiveness.

The pandemic has changed the world, but not our commitment to sustainable business operations, not only for now, but also in the future.

The catastrophe of the century is a test of our resilience to respond quickly and our dedication to stable growth. We will strengthen our management policy and goal planning for sustainable management from the experience of fighting the pandemic. We will not let the pandemic hinder our corporate development, nor will we let the impact of the pandemic impair from the rights of our stakeholders. The more difficult the challenge, the more we will invest in sustainable development, not less.

The Cornerstone of ZDT's Sustainability Culture

"Integrity, Accountability, Innovation, Excellence, and Altruism" are the core values of ZDT and the cornerstone of our corporate culture. We invariably believe that people form the foundation of a company and that we must create an excellent enterprise to achieve the company's vision of becoming a leading company in the PCB related industry. Our first task should involve placing high value on the ethical value of employees to encourage them to assume responsibilities and practice this belief in life, thereby exerting a positive influence on their family and eventually on the entire society. ZDT's mission is "developing technologies for the betterment of human beings and protecting the environment for a greener earth." With this cornerstone, we realize our commitment to sustainability and create the value of sustainable development for the economy, society, and environment.



Stakeholder Engagement and Material Topics

In the beginning of 2016, the Company decided to conduct a comprehensive inventory of the ESG activities that we have engaged in since our establishment. Through discussions and performance management internally and externally, we hope to focus on the core business competencies of Zhen Ding and implement strategies related to sustainable development into our daily operations. Top managements, including the Finance Division, Spokesperson and Investor Relations Division, Audit Office, Legal Affairs Division, Central Quality Assurance Division, Supply Chain Management Division, Research and Development Division, Sales Division, Environmental Protection and Energy Conservation Division, Industrial Safety Division, and Human Resources Division jointly established the Sustainable Development Committee as a dedicated unit. The Chairman serves as the convener, convenes meetings at least once every quarter, and reports the status of handling to the Board of Directors. Our long-term goal is to create a sound ESG ecosystem, strengthen the content diversity and quality of disclosures, communicate with stakeholders and identify their concerns on a continuous basis, promote the management of each major topic so that the company can prepare in advance for various risks and opportunities, and support the long-term and stable development of the company and its partners, in order to serve as a model of sustainable value.



Zhen Ding's Sustainable Development Committee compiles and publishes corporate social responsibility (CSR) reports on an annual basis, and strengthens the disclosure and transparency of information on major ESG-related topics in order to effectively communicate with all stakeholders. Zhen Ding uses the Committee's internal work meetings to discuss and identify stakeholder groups with significant economic, environmental, and social impact on the company. We identified eight major stakeholder groups for Zhen Ding based on dependency, responsibility, influence, diverse perspectives, focus, and the company's actual operations. The major stakeholders are employees, customers, suppliers, contractors, investors, community, government, and banks. We identified and confirmed 13 material topics of concern to stakeholders through the following five steps:



2020 Material Topic Matrix



Note: The three topics of "Social and Economic Compliance", "Product Compliance", and "Environmental Compliance" was integrated as the single material topic "Regulatory Compliance".

Sustainable Commitments and Recognitions



Actively respond to the United Nations Sustainable Development Goals (SDGs) with our focuses on six key SDGs



Selected as a constituent of the FTSE4Good Taiwan ESG Index for the first time





TAIW
STOCK EXC

IP Selected as a constituent of the Taiwan Corporate Governance Index (CG100) for two consecutive years from 2019 to 2020



Formally introduced the Task Force on Climate-Related Financial Disclosure (TCFD) governance framework and management in 2020 to effectively manage the impacts and opportunities that may arise from climate change



Our major operating locations in Shenzhen Campus, Qinhuangdao Campus, Huai'an Campus I and Huai'an Camps II has received the Platinum Certification of Alliance for Water Stewardship (AWS) consecutively from 2019 to 2020.



Responded to the international Carbon Disclosure Project (CDP) by participating in the "Climate Change" assessment project for five consecutive years and the "Water Safety" assessment project for three consecutive years, receiving a B rating in 2020, which is higher than the average in Asia and the industry.

Areas of focus on the UN SDGs

Zhen Ding is committed to integrating the company's resources to achieve long-term value for our stakeholders by properly deploying our capital to establish ESG management strategies for each of the major topics, and setting up targets and tracking their effectiveness. To address global sustainability issues, Zhen Ding has integrated our existing ESG management mechanism and actively responded to the relevant indicators and visions covered by the United Nations Sustainable Development Goals (SDGs). Please refer to the following table for the specific SDGs, management policies, results, and long-term goals relevant to Zhen Ding:

01 SUSTAINABLE MANAGEMENT

Regulatory Compliance, Disclosure and Whistleblowing

Management Guideline

- Continuously improved our legal systems and compliance mechanisms, paying close attention to any changes made at the location of business operations, particularly with regards to governmental policy trends and regulatory amendments, in order to ensure that we abide by local laws and regulations
- A confidential mechanism is in place to handle whistleblowing cases, allowing anonymous reports and issuing written statements to keep the identity of the whistleblower and the contents of the report confidential, in order to fully protect the whistleblower from being improperly disposed of as a result of raising a report
- The Sustainable Development Committee compiles and publishes corporate social responsibility (CSR) reports on an annual basis, and strengthens the disclosure and transparency of information on major ESG-related topics in order to effectively communicate with all stakeholders

2020 Achievements

- No significant violations of laws (penalties exceeding NTD 1 million)
- Selected as a constituent of the Taiwan Corporate Governance Index (CG100) for **two consecutive years**
- Selected for the first time as a constituent of the "FTSE4Good TIP Taiwan ESG Index" jointly compiled by Taiwan Index Plus Corporation and FTSE4Good

Long-term Targets

- Deepen the company's culture of sustainability and implement employee regulatory compliance education and training
- Enhance the functions and risk management of the Board of Directors to support the company in developing strategies related to sustainability values
- Create a sound ESG ecosystem, strengthen the content diversity and quality of disclosures, communicate with stakeholders on a continuous basis



Management Guideline

2020 Achievements

Long-term Targets

02

ETHICAL CONDUCT

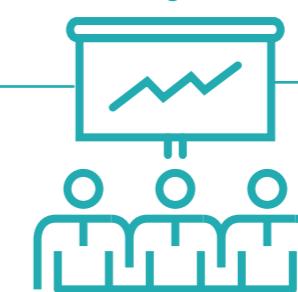
Anti-corruption, Anti-competitive Behavior

- The "Ethical Corporate Management Work Group" will take charge of the establishment, supervision, and execution of ethical corporate management policies and prevention solutions, and reports to the Board of Directors once a year
- The audit office reports to the Board of Directors from time to time on the handling of irregularities or reports raised in the course of daily operations, as well as the follow-up review of improvement measures
- Formulated the Ethical Code of Business Conduct, in which we made a promise to strictly adhere to standards relevant to fair trade, advertising and competition. In future, we will continue to deepen our anti-competitive management system
- Developed a mechanism for assessing the risk of unethical conduct, collect information through interviews, email tracking, and other methods, identify higher risks through regular analyses and evaluations, and assist in the audit mechanism of the internal audit unit

- No major violations of ethical management
- No legal actions involving any violation of domestic or overseas anti-competitive behavior, anti-trust, and monopoly practices and their outcomes

- Continued to deepen anti-competitive management system
- Our major suppliers have received awareness training on the Company's sunshine policy and signed letter of commitment
- 100% Completion of confidentiality and ethical education and training, and all of them have passed examinations

100%



03

RESPONSIBLE SUPPLY CHAIN

Procurement and Supplier Management

Management Guideline

- Established a complete supply chain management system, formulated regulatory documents "Supplier Social Responsibility Management Regulation" and "Supplier Conflict Minerals Management Regulations", and conducted regular education and audit management of internal procurement team members and suppliers on social responsibility-related issues
- We also raised suppliers' awareness and requirements of labor, ethical, health and safety, and environmental management systems in accordance with the RBA Code of Conduct and SA 8000, which is an international standard that encourages social responsibility, and actively promoted the value chain of the industry to improve the effectiveness of environmental protection actions

2020 Achievements

- A total of 194 suppliers completed the audit and training related to Quality, Hazardous Substances, Social Responsibility

- 100% of suppliers have signed the Corporate Social Responsibility Letter of Undertaking

Long-term Targets

- A total of 205 suppliers has carried out the audit and training related to Quality, Hazardous Substances, Social Responsibility in 2021
- In the first half of 2021, we plan to hold a green supply chain seminar and launch green supply chain environmental projects
- Achieve 100% green supply chain promotion rate by 2023



04

PRODUCTS AND SERVICE

Product Quality, Customer Satisfaction



- Followed the principle of not designing, not purchasing, not introducing, not manufacturing, and not releasing in each step of managing product-related aspects (people, machine, materials, laws, and environment) and adopted the PDCA model for continual improvement to achieve zero-defects
- Continuously monitor, analyze, and understand how customers evaluate the company's product quality (including environmental requirements), engineering capability, services, goods delivered, and cost (price); conduct customer satisfaction survey at least once every year, from the results, we analyze items with which customers are dissatisfied and adopt corrective and preventive actions accordingly

- Actualized 5,509 improvement proposals, generating improvements to the value of NTD1,712 million

- The average of customer satisfaction survey results is 86.41%
- To continuously improve service quality and product competitiveness
- The 2021 average results of customer satisfaction survey to achieve 86%



05

CIRCULAR

Waste Disposal

Management Guideline

- Dedicated waste treatment team was set up in respective manufacturing site and implemented a Total Waste Management program across the sites in order to sort and manage wastes, establish waste management transport procedures and carry out these procedures accordingly
- Regularly audit waste treatment vendors to ensure that there is no risk of environmental pollution in the waste disposal
- Took the lead to introduce the "zero-landfill in waste processing" system, and managed waste according to the system standard



2020 Achievements

- The proportion of waste recycled reached 93.7%, which is more than 90% in the past years
- The manufacturing sites in both Shenzhen and Qinhuangdao achieved the UL 2799 Platinum Certification for zero-landfill in waste processing standard

Long-term Targets

- In 2021, Huai'an Campus I and Huai'an Campus II are scheduled to be certified for the UL 2799 certification for zero-landfill in waste processing standard



06

WATER EFFICIENCY

Water Resource Management

Management Guideline

- The wastewater discharged from each manufacturing site have been treated by the manufacturing site's own wastewater facilities and confirmed to have complied with the discharge standard before being incorporated into the local municipal wastewater treatment plant for legal discharge after treatment
- Each wastewater treatment plant at the manufacturing sites is equipped with a professional water quality laboratory for designated personnel to review the water quality in the wastewater treatment system on a daily basis, to ensure 100% compliance with the discharge standards of all wastewater types
- Introduced smart central control systems to monitor the operating status of wastewater recycling facilities and the quality of wastewater recycled
- Engaged in multiple water recycling projects, such as recycling of reverse osmosis (RO) water from cooling towers, overflow flow improvement projects. The amount of water recycled by manufacturing sites has surpassed the regulatory requirements of local governments by practicing water-saving management and introducing water recycling technologies

2020 Achievements

- Annual amount of water reused reached **7,522** million liters, an increase by 33.4% from previous year
- A reduction of Water intensity achieved **51.8%** (target: 40%); Water recycling rate achieved **45.8%** (target: 45%)
- Manufacturing sites in Qinhuangdao, Huai'an Campus I & II all obtained the **AWS** Platinum Certification

Note: Manufacturing site in Shenzhen already received the AWS Platinum Certification in 2019



Water Reuse



Water Intensity Reduction



Water Recycling Rate

Long-term Targets

- 2025 Target: reduce water consumption per unit revenue by 45% or more compared with 2011
- 2025 Target: achieve water recycling rate of 60%

6 CLEAN WATER AND SANITATION



13 CLIMATE ACTION



07

ACT ON CLIMATE CHANGE

Greenhouse Gas Emissions

Management Guideline

- Voluntarily implemented GHG inventories annually and obtained ISO 14064-1 greenhouse gas external certification to monitor the status of carbon emissions of the company's subsidiaries
- Integrated local government requirements and our sustainable development strategies to establish specific energy conservation and carbon emissions reduction goals for each department at the beginning of the year and actively implemented various GHG emissions reduction programs
- Carried out management and information disclosure in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)
- Adopted different methods to reduce the use and consumption of energy resources, and actively carried out energy saving actions and improvement measures in each of our manufacturing sites

2020 Achievements

- Majority of manufacturing sites completed the **ISO14064-1** greenhouse gas emissions external certification
- Annual energy savings of approximately **41,639 GJ**, a total reduction of **5,888** tons of CO₂ emissions compared to last year
- A reduction of GHG emissions per unit revenue by **30%** compared to 2013
- Introduced **TCFD** management measures and disclosure in line with international practice

Long-term Targets

- In 2021, future carbon reduction targets will be assessed based on the Science Based Targets initiative (SBTi) methodology
- 2025 Target: GHG emissions per unit revenue decreased by 40% compared to 2013
- Formulate long-term targets for 100% renewable energy and carbon neutrality

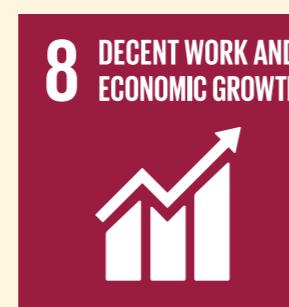
08

INCLUSIVE WORKPLACE

Forced and compulsory Labor, Occupational Health and Safety, Economic Performance

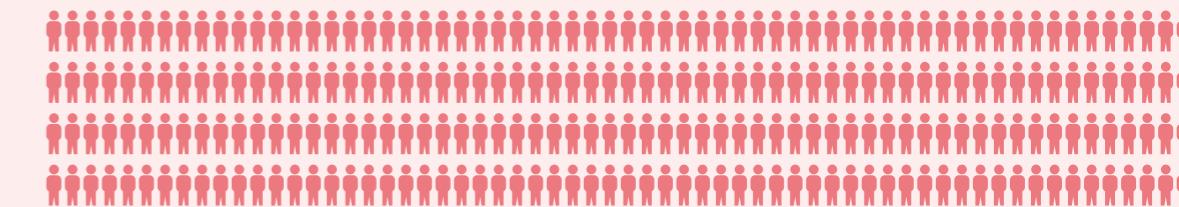
Management Guideline

- Comply with local government labor laws and regulations, international standards, and the company's "Humane Management Rules", respect employees and eliminate any forced or involuntary labor
- Set up an alarm in the attendance system to review and control employees' working hours on a daily basis
- Use multiple management measures such as safety risk identification, safety training, safety problem inspection and elimination, and risky equipment control to implement safety prevention
- Regularly conduct safety drills to improve employees' emergency preparedness and ability to handle emergency situations
- Established employee retirement programs according to the Labor Standards Act and Labor Pension Act to ensure employees in Taiwan receive a fixed pension fund
- The Company's subsidiaries in China set aside pension insurance based on the mandatory ratio in accordance with the retirement and pension system required by the government of the People's Republic of China



2020 Achievements

- Total number of training hours for human rights protection exceeded 500,000 hours, and 100% of employees have completed human rights-related training
- Safety awareness assessment held once every quarter with participation and pass rate of 100%
- Total of 14,901 employees received physical examinations before they start/during their time/after they resigned from work



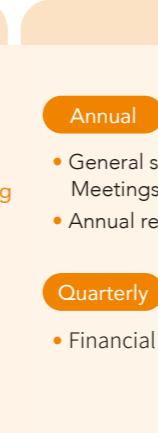
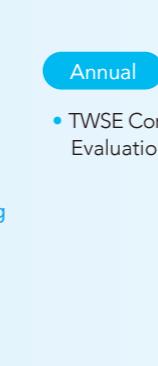
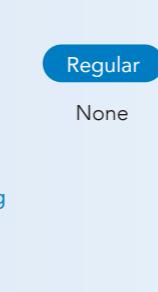
- Total of 223 facility safety drills and 75 fire drills were held in all manufacturing sites
- 100% of employees in all manufacturing sites are covered by pension benefits

Long-term Targets

- 100% of employees have completed human rights-related training, related education and training will continue to be promoted to raise awareness on human rights protection
- 2021 target: the number of emergency drills to be increased to 336; fire protection system maintenance coverage to reach 100%
- Zero cases of occupational diseases and fire incidents
- Maintain 100% of employees are covered by retirement benefits



2020 Stakeholder Communication

	Topics of Concern	Communication Channel	
	Topics of Concern	Communication Channel	
	<ul style="list-style-type: none"> • Occupational Health and Safety • Training and Education • Forced and Compulsory Labor • Employee-employer Relations 	<ul style="list-style-type: none"> • Annual • Occupational hazard factor inspection • Education and training programs for employees <ul style="list-style-type: none"> • As needed • Employee safety training • Occupational health check • Safety precaution management project <ul style="list-style-type: none"> • Semi- annual • Fire drills <ul style="list-style-type: none"> • Quarterly • Safety awareness assessment • Labor-management meetings <ul style="list-style-type: none"> • Monthly • Safety Production Committee 	
	<ul style="list-style-type: none"> • Anti-corruption • Forced and Compulsory Labor • Regulatory Compliance • Customer Satisfaction 	<ul style="list-style-type: none"> • Annual • Satisfaction survey <ul style="list-style-type: none"> • As needed • Hazardous substances requirement compliance • Assessment to meet customer requirement • Education and training on customer confidential information protection • Customer service contact by emails • Quality improvement proposals 	
	<ul style="list-style-type: none"> • Economic Performance • Anti-corruption • Regulatory Compliance • Waste Disposal 	<ul style="list-style-type: none"> • Annual • Environmental and social responsibility audit • Quality and hazardous substance audit • Greenhouse gas inventory <ul style="list-style-type: none"> • Quarterly • Sunshine policy awareness 	
	<ul style="list-style-type: none"> • Energy Management • Waste Disposal • Regulatory Compliance • Training and Education 	<ul style="list-style-type: none"> • Monthly / Biweekly • Work coordination meetings <ul style="list-style-type: none"> • Daily • Safety reminder morning meetings 	
			
			
			
			

2020

CORPORATE
SOCIAL RESPONSIBILITY
REPORT

1

GOVERNANCE

- 1-1 Company Overview
- 1-2 Sustainable Management
- 1-3 Ethical Conduct
- 1-4 Regulatory Compliance

Key Achievements

- Selected as a constituent of the **Taiwan Corporate Governance Index (CG100)** for two consecutive years
- No major violations of ethical management and no significant violations of laws (penalties exceeding NTD 1 million)
- Selected for the first time as a constituent of the "**FTSE4Good TIP Taiwan ESG Index**" jointly compiled by Taiwan Index Plus Corporation and FTSE4Good
- No legal actions involving any violation of domestic or overseas anti-competitive behavior, anti-trust, and monopoly practices and their outcomes



1-1 Company Overview



Zhen Ding Tech subsidiaries include Zhen Ding Technology Holding Limited (Taiwan Stock Exchange stock code: 4958), Avary Holding (Shenzhen) Co., Limited (Shenzhen Stock Exchange stock code: 002938), BoardTek Electronics Corp., and Leading Interconnect Semiconductor Technology (Shenzhen) Co., Ltd. Zhen Ding is mainly engaged in the research and development, manufacturing, and sales of flexible circuit boards (FPC), substrate-like PCB (SLP), high-density interconnection (HDI), rigid printed circuit boards (RPCB), IC substrates, rigid-flex printed circuit boards (Rigid Flex), chip-on-film (COF), and modules. The products are widely used in computing, consumer electronics, network communication, automotive, high-performance computing, and medical sectors. We are a professional service company that provides one-stop purchase and comprehensive solutions.

With over 20 locations across Taiwan, China, North America, Japan, Korea, Vietnam, and India, Zhen Ding Group provides real-time business and technical services to our global customers. As of the end of 2020, Zhen Ding Holding Group and its subsidiaries have a total of 46,919 employees worldwide.



The Largest PCB Manufacturer in the World

Total Sales Volume: 5.36 Billion Units



Consolidated Revenue Reached a Record High of NTD 131.28 billion in 2020

Our Business

The main function of PCB is to connect various electronic components to form connections between predetermined circuits and provide transmission functions. PCBs are key components in the assembly of electronic components. They provide electrical connections for electronic components and are responsible for the transmission of digital and analog signals, power supply, and sending and receiving radio frequency and microwave signals for electronic devices. They are necessary equipment for most electronic devices and products and they are therefore referred to as the "mother of electronic products". 5G, Internet of Things, Internet of Vehicles, Industrial Internet of Things, and Artificial Intelligence are leading current trends and development for electronic products, while the development of PCBs is advancing toward properties of light, thin, short, small, high, low, multiple, fast, precise, aesthetic, fine and smart. Product applications include but not limited to consumer electronics such as smartphones, smart watches, communication electronics, tablet computers, new energy vehicles, base stations, cloud servers, wireless communications, and smart home and smart city hardware products.

The Culture of Zhen Ding:
A culture in which we do not engage in things that render sleepless nights,
we work hard and diligently, we take responsibility,
we work and share resources as a team, and we gain if we contribute.

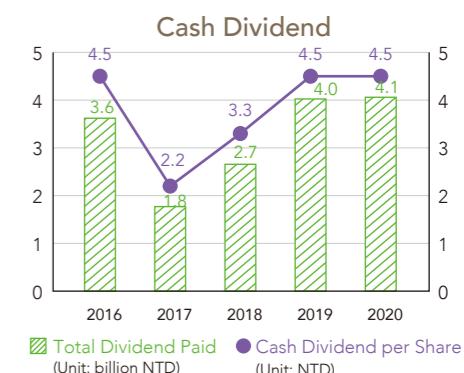
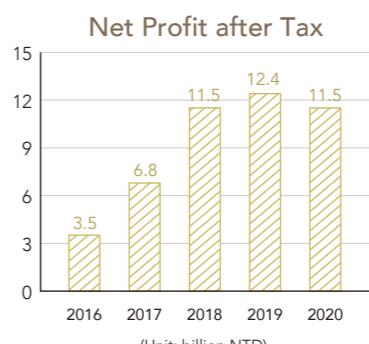
To ensure an enterprise can maintain sustainable operations and a long-lasting foundation, the company's mission and core values should serve as the key cornerstones. At Zhen Ding, we have become an industry leader through the pursuit of innovation and making changes in response to the current situation. In 2006, the company management team decided to adopt "developing technologies for the betterment of human beings; and protecting the environment for a greener earth" as the mission of Zhen Ding.

"Integrity, Accountability, Innovation, Excellence, and Altruism" have inherently been the core value of Zhen Ding. We believe that only through ethical management can we achieve breakthroughs constantly as we pursue for excellence. We encourage every member of the Company voluntarily take their own responsibilities and pursue excellence. By making a model example out of our management and raising awareness, we strive to internalize our corporate culture and core value in the day-to-day routines.

As the leader of the PCB industry, we are focused on enhancing "technologies, quality, customer service, and employee competency". At the same time, we are actively setting up sounder information systems and industrial IoT frameworks to become a smart factory. We hope to leverage our personal experiences and strengths to drive the development of industries relevant to our supply chain, in order to serve as a model of sustainable value.

Financial Performance

Zhen Ding adheres to the business strategy of "stable growth, restructuring, innovation and risk control", and continues to create long-term investment value for shareholders. In 2020, our annual revenue grew by 9.3% to NTD131.28 billion, and our net profit after tax was approximately NTD11.51 billion (net profit attributable to the parent company is about NTD8.09 billion). In the 2020 Shareholders' Meeting, the company approved the distribution of cash dividends for 2019 at NTD4.5 per share. In 2020, the company distributed NT\$4.06 billion in cash dividend to holders of ordinary shares. Zhen Ding continues to maintain steady operation and profit. Between 2013 and 2020 the company has distributed accumulative dividend payment of NTD22.71 billion in cash.



R&D and Innovation

With respect to product development, the company has constructed a complete technology R&D, and has long focused on participating in the pre-development and design verification of customers' products. We attach great importance to technology innovation and quality. Therefore, we invest heavily in technology research and development every year to actively keep abreast of future product trends and deploy cutting-edge technologies. We strive to develop new products, technologies, materials, processes, and equipment that meet customers' needs. With regards to patents application for our R&D results in advanced technologies, as of the end of 2020, we have accumulated 1,057 effective global patents, including 453 patents received in Taiwan, 418 patents received in China, and 186 patents received in the United States. Our 2020 implementation status and results for our R&D was reported to the Board of Directors on June 15, 2021.

In addition to R&D, the Company has also established a platform for cooperating with industries, the government, academia, and research institutes to engage in advanced technological R&D projects. We have also established a technological R&D center to work on R&D projects with 20 prestigious universities and 3 research institutes in Greater China,

including Taiwan's Industrial Technology Research Institute (ITRI), The Shenzhen Institutes of Advanced Technology (SIAT) of the Chinese Academy of Science (CAS), China Academy of Information and Communication Technology (CAICT), Tsinghua University, Cheng Kung University, Chiao Tung University, Taiwan University of Science and Technology, National Central University, National Taipei University of Technology, Chung Hsing University, Feng Chia University, Chung Yuan University, Yuan Ze University, Tsinghua University in Beijing, Peking University, City University of Hong Kong, Harbin Institute of Technology, Nanjing Southeast University, Shenzhen University, Yanshan University, Guangdong University of Technology, Sun Yat-Sen University and Hebei University of Technology. R&D works are aimed at increasing the depth and width of technological developments and integrating up/mid/downstream industries to develop new models and achieve independence in key technologies. Concurrently, the Company has established dedicated units to carry out technology investments and research and achieve the strategic goal of developing technologies and materials independently, so that we may strengthen the Company's core technologies, guide customers in long-term partnerships, fully satisfy customers' demands for new products, and continue to create win-win partnerships for mutual prosperity.



INDUSTRY
Platform for advanced technology and R&D



GOVERNMENT
Technology under development



ACADEMIA
20 universities



RESEARCH
3 research institutes

Participation in Industry Associations

From 2002 to 2020, we have been an official member of the Taiwan Printed Circuit Association (TPCA) in the name of ZDT. The chairman also served as the ninth to thirtieth honorary director from 2016 to 2020. We hope to improve the overall competitiveness of the PCB industry by interacting with peers, participating in international circuit related activities, and training talented professionals.

In 2021, Zhen Ding became a full member of the Responsible Business Alliance (RBA) and we are committed to complying with the RBA Code of Conduct to ensure that our global operations meet the requirements of labor, health and safety, environment, ethics, and management systems. The RBA Code of Conduct ensures compliance with labor, health and safety, environmental, ethical, and management system requirements in all global operations. We will also use this standard for supplier audit management and encourage suppliers to adopt the standard and tools to promote the sustainable development of the overall industry chain.



Technology and R&D Achievements of ZDT and Subsidiaries



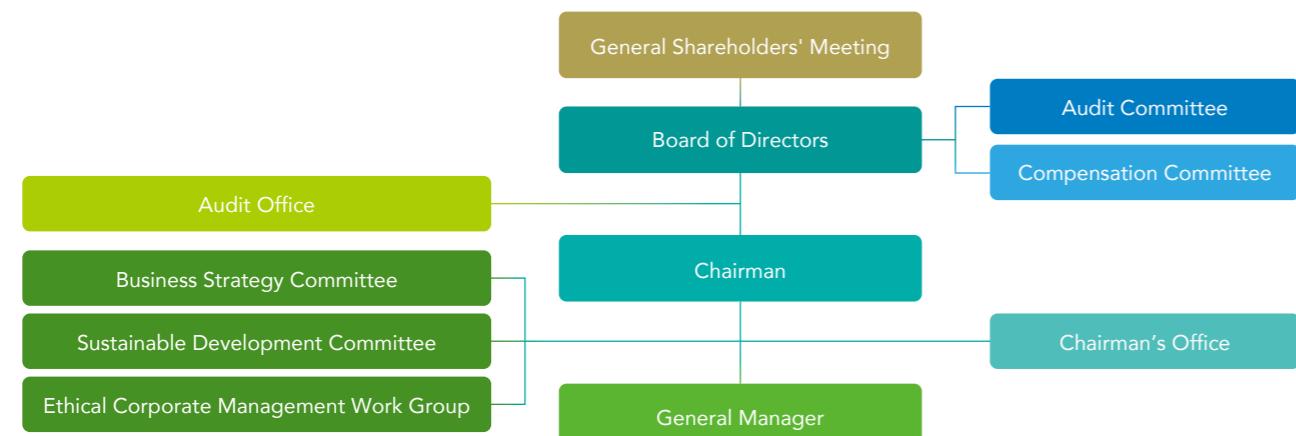
1-2 Sustainable Management



The Board of Directors is the governing body in charge of promoting corporate governance. The company has set up an Audit Committee and Remuneration Committee to assist the Board to carry out its supervision responsibilities and to improve the management mechanism. Each functional committee periodically reports to the Board of Directors on its activities and resolutions.

To deepen the company's sustainable corporate culture and implement it in our daily operations, the "Sustainable Development Committee" was established in 2015. It is responsible for developing and implementing CSR policies, systems, related management directives, and actual execution plans; it also reports regularly to the Board of Directors.

Governance Structure



- Board of Director: 3 independent Directors
- Audit Committee: 3 Members (100% independent directors)
- Compensation Committee: 3 Members (100% independent members)

Diverse Background and Expertise of the Board of Directors

Zhen Ding's Board of Directors is composed of seven directors with different professional backgrounds (tenure starting from June 19, 2020 to June 18, 2023), of which three were independent directors. All members are knowledgeable about industries and are equipped with the skills to lead, make decisions, make judgment calls for business operations, and run a business. Chang-Fang Shen has served as Chairman of the Board since 2010 and has led an elite team to expand the company's business and establish a leading position in the global PCB industry. In total, seven board meetings were held in 2020 and were attended by all the independent directors (100% attendance rate) and by 98% of all the directors. The Company did not report of any recusals of Directors due to conflicts of interests. For details on the composition, fields of expertise, and practical working experience of the Board of Directors and functional committees, please refer to "Chapter Three: Corporate Governance" in [the company's 2020 Annual Report](#).

Corporate Governance Officer

Ms. Duen Ling, Company Spokesperson and Senior Manager, was appointed as the company's Corporate Governance Officer, who is responsible to safeguards shareholder interests and strengthen the functions of the Board of Directors. She has more than three years of experience as a financial executive. Her main duties are to provide information required for business execution by Directors, assist with legal compliance, and process matters related to board meetings and shareholders' meetings.

Governance Improvements

The company arranges continuing education courses for directors from time to time to continuously impart new knowledge to directors and improve their governing functions. The directors completed 88 hours of continuing education in 2020. The Company's Board of Directors approved the "Board of Directors and Functional Committees Performance Evaluation Guidelines" on August 10, 2018 and requires at least one performance evaluation of the Board of Directors and functional committees each year. The Company completed evaluations of members in January 2021. The evaluation results and plans for continuous improvement in the following year will be presented to the Board of Directors on March 30, 2021.

Executive Compensation and Incentives

The company establishes a clear and effective reward and disciplinary system through the annual performance evaluation system. The company has established the "Continuing Service Incentive Bonus Distribution Method", which clearly specifies the applicable targets, percentage, length of time and return mechanism to ensure employment retention and employee encouragement. We also launched a key talent development program. Through regular senior management strategy meetings and large annual review meetings, it strengthens the performance link between senior management and the company, and provides reasonable compensation and bonuses as well as talent selection and promotion. The Company's General Manager and the Vice Presidents of the Group with outstanding performance are also included for consideration as the potential successor of members of the Board of Directors.

The Board of Directors already has sound supervisory functions and management mechanisms. The Company has integrated corporate sustainability with the ESG standard of "Environmental, Social, and Governance", so that the senior management team can take up the management responsibility of promoting corporate sustainability. The Company has a Compensation Committee that is responsible for assisting the Board to propose the company's overall compensation policies, compensations to directors (including independent directors) and managerial officers, and how compensations are distributed. The compensation is effectively linked to the performance return mechanism of the Business Strategy Committee, and the Company's revenue and profitability as indicators of change in compensation.

Risk Management

Our Board of Directors plays a key role in helping the Company to identify and manage economic risks. Our Risk Management Organization periodically briefs our Audit Committee on the ever-changing risk environment facing the company, the focus of our risk management, and risk assessment and response measures. Our Audit Committee's Chairperson also briefs the Board on the risk environment and the risk control measures taken.

The Company and its subsidiaries are committed to proactively and cost effectively integrating and managing strategic, operational, financial and hazardous risks together with potential consequences to operations and revenue. The Company operates a corporate risk management system based on both its corporate vision and its long-term sustainability, and responsibility to both industry and society. The system seeks to provide the appropriate management of risks by the Company on behalf of all stakeholders, assess the frequency and impact severity of risk events, define risk control priority and risk level, and adopt risk management strategies in response to the identified risks. For more information on the Company's risk management, please refer to "Chapter Seven: Review and Analysis of the Financial Conditions and Operating Performance, and Risk Assessment" in [the Company's 2020 Annual Report](#).

1-3 Ethical Conduct



Business Code of Conducts

The Company has formulated ethical corporate management policies that have been approved by the Board of Directors, which clearly stipulate that the Company shall not accept any improper benefits or carry out any conducts that would be construed as a breach of trust or unlawful. The Company also reviews, adjusts and revises the policies from time to time with reference to changes in external regulations and the implementation of internal supervision, in order to implement ethical management policies.

Ethical Related Regulations

- Principles of Corporate Governance Best Practice
- Principles of Corporate Social Responsibility Best Practice
- Principles of Ethical Corporate Management Best Practice
- Ethical Corporate Management Operating Procedures and Code of Conduct
- Code of Ethical Conduct
- Procedures for Handling Material Inside Information
- Report for Illegal & Misconduct Rule
- Internal Material Information Processing Procedures

Responsible Organization

The Company's Human Resources Division, Legal Affairs Division, Investment Management Division jointly formed the "Ethical Corporate Management Work Group" under the Board of Directors is responsible for the establishment, supervision, and execution of ethical corporate management policies and prevention solutions. Once a year, the Group reports to the Board of Directors. The audit personnel also supervise the implementation of the policy in their daily audits and report to the Board of Directors from time to time if they find any irregularities or reports raised, as well as the follow-up review of improvement measures.

Implementation and Execution

Important rules, regulations, and procedures related to ethical management have been announced on the Company's website and internal network for external parties or internal employees to view at any time. In the content of the standard contract signed by the Company with the business transaction partners, they are also requested to comply with the terms of the ethical management policies. The Board of Directors and senior management have signed written statements to guarantee the active implementation of ethical management policies, and have set the following goals to be gradually implemented in the Company's internal management and business activities:

- All of our employees have completed confidentiality and ethical education and training, and all of them have passed examinations.
- Our major suppliers have received awareness training on the company's sunshine policy and signed letter of commitment.
- There were no violation of laws.

Education and Promotion

To strengthen the promotion of ethical concepts, the Company holds regular education and training for directors, managers, and employees. The internal and external education and training on ethical management in 2020 includes the following:

Trainees	Program	Training Results
 Independent Directors and Members of Compensation Committee	<ul style="list-style-type: none"> • How directors and supervisors supervise fraud detection and whistle blowing measures of the Company and strengthen corporate governance • Corporate risk management and internal controls • Corporate fraud detection • Corporate Governance 3.0 - Blueprint for Sustainable Development • Issues related to risk management, corporate sustainability and ESG that need to be considered by the directors and supervisors after the pandemic 	Total of 15 training hours with 5 participants
 Indirect Employees	<ul style="list-style-type: none"> • Training on confidentiality and ethical conducts 	99.54% of total employees complete the training and 99.69% pass the examinations
 Direct and Indirect Employees	<ul style="list-style-type: none"> • Business operation conducts 	1,002 employees completed the training and 95% pass the examinations

To ensure that all employees can internalize the concept of ethical management, the Company has established the Code of Conduct, and set out the relevant ethical code of conduct in the "New Employee Guide" and the "Employee Handbook" to provide all employees with a guideline for their daily work. The employment contract signed by the employees also specifies the terms the employee must abide by after negotiations between labor and management, including: intellectual property right ownership, non-infringement guarantee, confidentiality regulations, external communication, information security, integrity and self-disciplinary clause, non-competition restriction, and avoidance of conflicts of interests, in order to ensure that all employees understand the legality of ethical practices and implement it properly.

Counterparties Assessment

The Company evaluates the legal compliance and unethical conduct records of its agents, suppliers, customers, or other transaction counterparties before conducting business transactions to prevent transactions with companies that have records of unethical conduct. When entering into contracts with others, the Company includes in such contracts terms requiring compliance with ethical management policies. In the event that the trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts, ensuring the compliance of others with the Company's ethical management policies.

Prevention from of Conflicts of Interest

The Company's "Code of Ethical Conduct" stipulates that the Company's personnel should handle business in an objective and efficient manner, and avoid using their positions in the Company to obtain improper gains for themselves, others, or other companies. In addition, the "Ethical Corporate Management Operating Procedures and Code of Conduct" specify in detail how stakeholders should avoid conflicts of interest with respect to various proposals of the Board of Directors. In the event of a potential conflict of interest, a member of the Board of Directors must present it to the Chairman's Office. The Company's Managers shall make reports to the legal compliance departments accordingly.

Risk Control and Auditing

The Company has established an effective accounting system and internal control system. The internal audit personnel shall establish applicable audit plans, which include the audit target, scope, items, and frequency, based on the results of unethical conduct risk assessment, and use the plans to audit unethical conduct prevention solutions. The audit results shall be presented to top management and the dedicated ethical corporate management unit and shall be produced into an audit report for the Board of Directors. In addition, in order to ensure the continuous and effective design and implementation of the system, the Company conducts annual inspections and revisions to establish good corporate governance and risk control mechanisms as the basis for evaluating the effectiveness of the overall internal control system and issuing internal control system declarations.

The Company has also established a mechanism for assessing the risk of unethical conduct, collect information through interviews, email tracking by the information unit, and other methods, identify higher risks through regular analyses and evaluations, and assist in the audit mechanism of the internal audit unit, in order to stipulate measures against unethical behavior, such as bribery, providing illegal political contributions or gains, infringing intellectual property rights, and unfair competition.

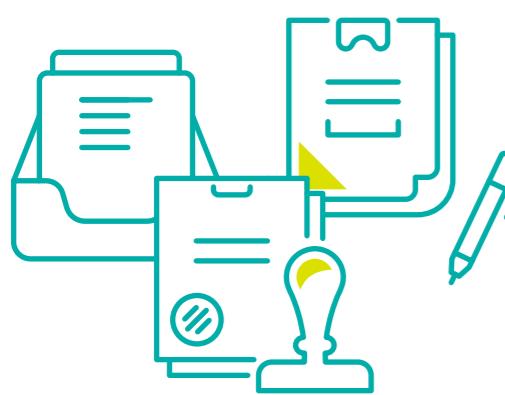
Reporting Channels and Process

The Company has established a disciplinary and appeal system for violations of ethical management regulations, and has set up employee suggestion boxes, [email \(zdt-report@zdtco.com\)](mailto:zdt-report@zdtco.com), [online reporting system \(www.zdtco.com/en/contact/report\)](http://www.zdtco.com/en/contact/report), and an appeal hotline +886 3 383-5678 on the Company's factory premises and internal and external websites to encourage internal and external personnel to report unethical or improper behavior if they suspect or discover any such misconduct. The Company has established a disciplinary system for violations of the ethical management regulations and the Code of Ethical Conduct. The Company shall immediately disclose information regarding wrongful acts of personnel, managers or directors on the Company's intranet site or the Market Observation Post System. The Company also established a relevant complaint system to provide the violator with remedies.

Investigation and Protection

The Company has set up the standard operating procedures for reported matters and the need to keep records of accepted cases, investigation process, investigation results, and related documents. With respect to confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. When material violations or concerns involving material damage to Company come to their awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the independent directors in writing.

A confidential mechanism is in place to handle whistleblowing cases, allowing anonymous reports and issuing written statements to keep the identity of the whistleblower and the contents of the report confidential, in order to fully protect the whistleblower from being improperly disposed of as a result of raising a report. There were no major violations of ethical conducts founded in 2020.



1-4 Regulatory Compliance



ZDT has continuously improved its legal systems and compliance mechanisms ever since its establishment. It pays close attention to any changes made at the location of business operations, particularly with regards to governmental policy trends and regulatory amendments, in order to ensure that we abide by local laws and regulations. As of the publication date of the CSR report, ZDT did not engage in any significant violations of laws (penalties exceeding NTD 1 million). PCB is a mature industry. According to Prismark statistics, the market size of this industry is roughly USD 63.9 billion. ZDT reported an operating revenue of USD 4,442 million in 2020, accounting for 6.9% of the global market. In 2020, ZDT was not involved in legal actions for anti-competitive behavior, anti-trust, and monopoly practices in Taiwan and overseas. As our business grows, we formulated the Ethical Code of Business Conduct, in which we made a promise to strictly adhere to standards relevant to fair trade, advertising and competition. In future, we will continue to deepen our anti-competitive management system.



2020

CORPORATE
SOCIAL RESPONSIBILITY
REPORT

2

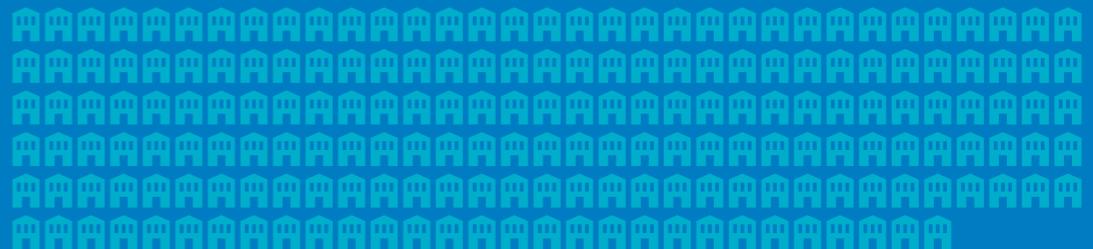
PARTNERS AND CUSTOMERS

- 2-1 Supply Chain Partnership
- 2-2 Product Quality
- 2-3 Customer Service & Support



Key Achievements

A total of **194** suppliers completed the audit and training related to Quality, Hazardous Substances, Social Responsibility in 2020.



The 2020 average of customer satisfaction survey results is **86.41%**



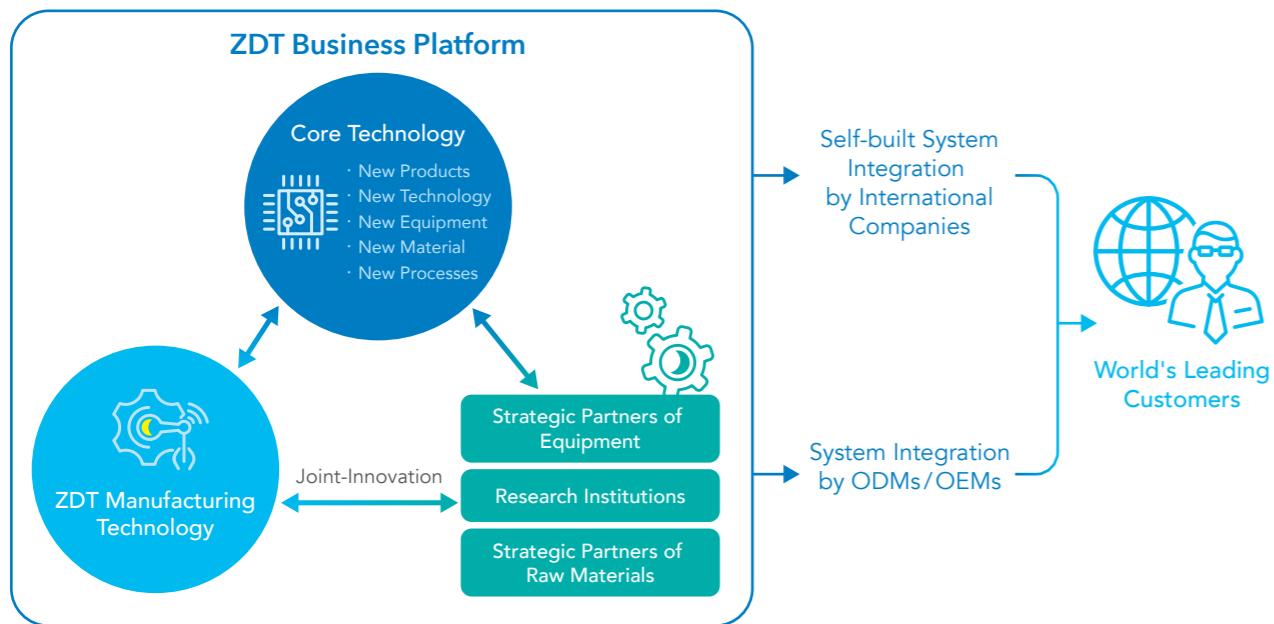
Actualized **5,509** improvement proposals in 2020, generating improvements to the value of **NTD 1,712 million**



2-1 Supply Chain Partnership



The Company has always been happy to share our experience with strategic partners and learn from each other in research and innovation. ZDT PCB Business Platform is a stage on which ZDT and its suppliers, professional agencies, and other strategic partners can grow together and share results. We firmly believe that business management is not a zero-sum game but it is about coexistence and joint prosperity with strategic partners. We hope to form alliances with strategic partners to jointly innovate and develop core technologies (new products, new technologies, new equipment, new materials, and new processes) and share the results. We also hope that our high-quality circuit boards can be widely adopted in products of end-customers for the benefit of consumers and society, thereby realizing ZDT's mission of "developing technologies for the betterment of human beings and protecting the environment for a greener earth."



Local Procurement

ZDT views suppliers as strategic partners. We firmly believe that business management requires coexistence, joint prosperity, and joint development with partnering suppliers. ZDT's supply chain can be divided into four categories, namely, raw material, engineering, equipment, and module suppliers, with the number of raw material suppliers being the highest at 381 as of 2020. Based on monetary amount of purchases, 86.8% of our purchases were made from raw material and equipment suppliers. In 2020, the total amount of base materials in the purchase of raw materials accounted for 34%, the total amount of PP films accounted for 7%, and the total amount of potassium gold cyanide accounted for 5%.

Zhen Ding adheres to the Seven Green Principles and aims to satisfy customers' needs. To this end, we consider our suppliers as strategic partners, and with their assistance, we select quality raw materials that meet our quality requirements and are friendly to the environment. The key raw materials used by Zhen Ding are flexible copper clad laminate (FCCL), copper clad laminate (CCL), polypropylene (PP), and potassium gold cyanide. The usage amount in 2020 were 4,831,937 square meters of FCCL, 3,965,961 square meters of CCL, 11,070,888 square meters of PP, and 1,668 kilograms of potassium gold cyanide, respectively. Although 100% virgin raw materials are currently used due to quality considerations, based on the company's philosophy of caring for the earth, Zhen Ding has been working with suppliers and customers to promote the use of recycled potassium gold cyanide in order to achieve resource saving.

Key Raw Materials	Unit	2016	2017	2018	2019	2020
FCCL	m ²	3,117,499	3,822,656	3,976,834	4,039,165	4,831,937
CCL	m ²	3,505,985	3,288,816	4,111,084	4,195,303	3,965,961
PP	m ²	9,462,495	8,718,670	11,142,987	11,059,428	11,070,888
Potassium Gold Cyanide	kg	1,227	1,480	1,496	1,610	1,668

Note: estimated usage based on procurement volume

ZDT's main production base is located in mainland China. To promote local industry cluster and boost regional economic development, we choose to work with local suppliers as much as possible, except for chemicals and equipment, which are outsourced from overseas. In 2020, 37.1% of the Company's purchases were made from local suppliers, of which 98.3% and 93.8% were from local engineering, module suppliers, respectively.

Supply Chain Management

ZDT has invariably adopted the strategy of "buying technologies, talents, markets, and products that are reasonably priced in the long run". We cultivate competitive and excellent suppliers. Through periodic auditing, guidance, and performance monitoring, we continuously improve the quality, price, delivery, and service quality of suppliers to eventually achieve mutual benefit. ZDT establishes the following monitoring indicators relevant to supplier management:

Annual Target of Supplier Management	2019 Target	2019 Results	2020 Target	2020 Results	2023 Target
Annual Audit Completion Rate	100%	100%	100%	100%	100%
Performance Achievement Rate	80%	82%	90%	100%	100%
Promotion Rate for Green Supply Chain	80%	80%	90%	100%	100%

Note: Green supply chain promotion rate refers to manufacturers in China.

ZDT has established a complete supply chain management system and set up a department in charge of supplier management. Via procedure for supplier (sub-contractor) management, we systematically and comprehensively manage the quality, delivery, service, and prices of goods supplied. ZDT also established the Procedure for Supplier Social Responsibility Management, Process for Supplier Conflict Minerals Management, and other documents to provide regular training on integrity, honesty, and supplier social responsibility management for internal procurement staff and extend our social responsibility ideals to the supply chain and establish partnerships with suppliers for joint management. We require suppliers to adhere and commit to such regulations and ensure that all of their operations meet the applicable environmental laws, labor laws, and international corporate social responsibility regulations. ZDT has requested suppliers to provide a Letter of Supplier's Undertakings before working with them, which covers ethical conduct, human rights, and environmental aspects, as well as provisions that state that agreements shall be terminated or canceled when suppliers violate corporate social responsibility policies to an extent that poses significant impact on the environment and society. In 2020, 100% of our suppliers have signed this Letter.

To fulfill our responsibility to protect the global environment and promote the value chain of the industry to enhance the effectiveness of environmental protection actions, we have selected green supply chain partners through a questionnaire survey of suppliers at the end of 2020. We plan to hold a green supply chain seminar in the first half of 2021 to launch the green supply chain environmental protection project. Through the implementation of this project, we hope to assist suppliers to improve the environmental management of factory operations, establish and certify ISO management systems, and implement environmental projects such as water and electricity saving, waste reduction, and carbon reduction to improve environmental performance, in order to expand the impact and contribution of environmental protection.

Supplier Selection

ZDT has established a complete set of applicable management regulations in order to continuously sustain a stable supply of materials that meet quality, environmental, delivery, service, and price requirements and to facilitate the completion of a comprehensive management system for suppliers, thereby achieving mutual benefit. Competitive suppliers are selected by following six major principles through material assessments with the assistance of professional audit teams.

Supplier Selection Principles

- 1. Simplification:**
suppliers shall be simplified in quantity and developed in scale and competition power
- 2. Resource Sharing:**
each business unit shall share their resources concerning the suppliers
- 3. Comparison:**
it needs open in the course of comparison and appraisal and wholly considers price, quality, compatibility and engineering technology, etc.
- 4. Exclusion:**
any supplier who has ever brought serious loss or negative influence to the Company shall be excluded
- 5. Competitive Selection:**
it shall analyze material market and select the suppliers with competitiveness
- 6. Second Source:**
there should be an alternative supplier of a material



*Note: Apart from the above principles, priority is given to ISO9001/ISO14001/ISO45001/QC080000-certified suppliers.

Supplier Quality, Hazardous Substances, Social Responsibility Audit and Training

ZDT conducts annual on-site audit on high-risk suppliers by using the material risk classification and annual assessment results according to Process for Supplier Audit. In 2020, a total of 153 suppliers were selected to receive the annual quality and hazardous substance audit; 19.6% of the suppliers (30 suppliers) passed the audit, 73.2% of them (112 suppliers) passed with condition, and 7.2% of them (11 suppliers) failed the audit. Suppliers who passed with condition had the following deficiencies that require improvement: failure to practice onsite management as requested by written documents, unclear designation of materials area, and incomplete supply chain management mechanism. The 11 non-conforming suppliers had the following deficiency that required improvement: incomplete quality management system and onsite management. These suppliers have been improved with our assistance and finally passed the re-audit.

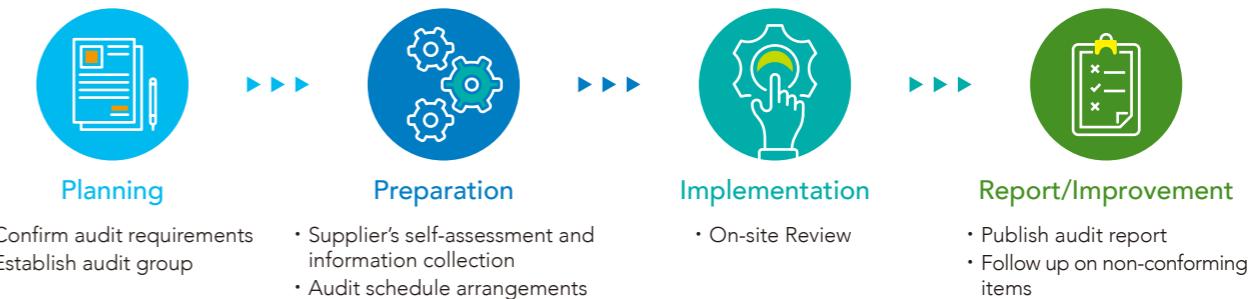
Quality and Hazardous Substance Audit	2017 Results	2018 Results	2019 Results	2020 Results	2021 Target
Number of Suppliers	66	96	112	153	160
Passed	20.0%	38.6%	27.0%	19.6%	
Passed With Condition	73.3%	53.1%	68.5%	73.2%	
Non-Conforming	6.7%	8.3%	4.5%	7.2%	

To ensure that suppliers manage the environment, maintain labor health and safety activities, comply with customers' and regulatory requirements relating to social responsibility, and commit to continuous improvement, in 2020, there were 41 suppliers onsite to be evaluated their social and environmental responsibilities. According to the evaluation results, 2, 34, and 5 suppliers obtained green, yellow, and red rating, respectively (Note). The three lowest scored items were occupational health and safety, emergency response, and working hours. With respect to these potential negative impact, we have, in line with our corporate social responsibility strategy, asked these suppliers to propose improvement plans. We continue to guide, engage, and interact with them to meet the requirements from the Company, end-customers, and regulations. All of 5 suppliers with red rating have been improved under guidance, and passed the re-audit in 2020.

Note: 1. The number of suppliers audited is based on the number of production sites.
 2. Total score is 200; green rating: passed the audit with score > 180; yellow rating: passed the audit conditionally with score > 160 and ≤ 180; red rating: failed the audit with score ≤ 160.
 3. Audit results are based on the initial audit result.
 4. Audit items include labor, health and safety, environment, ethical conducts, and management systems.

Zhen Ding has set the 2021 target to conduct social responsibility audit with 45 suppliers. In addition, we encourage major suppliers to conduct inventory of GHG emissions, guide them on establishing ISO systems, and increase the green performance of suppliers, thereby enhancing the Company's CSR impact.

Audit Procedure



Global concerns over corporate environmental protection issues have spread from companies themselves to their respective supply chain. This trend suggests that companies should not only fulfill environmental responsibilities but also responsibly manage the danger that their supply chains pose to the environment, thereby minimizing the risks of supply chain. In addition to addressing product and hazardous substance issues, Zhen Ding also raises suppliers' awareness and requirements of labor, ethical, health and safety, and environmental management systems in accordance with the Responsible Business Alliance (RBA) Code of Conduct and SA 8000, which is an international standard that encourages social responsibility. Moreover, we also propose the eight items for which we have zero tolerance. [For details, please refer to the "Sustainability Focus - Responsible Supply Chain" section on our website.](#)



Supplier Sustainability Training

To strengthen suppliers' effective implementation of the Company's social responsibility code of conduct, environmental protection policy, and common quality tools (APQP/PPAP/FMEA/MSA/ SPC/8D), a supplier training program is planned at the beginning of each year. In 2020, a total of 10 quality-related courses were offered and 136 suppliers have participated the training.

Grievance Mechanism

ZDT advocates "fairness and impartiality, integrity and self-discipline, honesty and cooperation in building an environment that embraces honest and ethical purchasing" to eliminate any conducts in violation of supply chain management principles. In addition to asking certified suppliers to sign Supplier's Undertaking (which includes integrity requirement), we also inform suppliers related requirements via email or at supplier conferences. We have set up a reporting channel for suppliers to use to file anonymous or registered reports on briberies and other unethical business conducts: [Company website - "Contact Us - Business Ethics" section; or email us at zdt-report@zdtco.com](#)

Hazardous substances Management

Since 2008, the production sites of ZDT have passed the hazardous substances management system certification (IECQ QC080000). The objective of our hazardous substances control is "reducing or avoiding the use of hazardous substances to meet regulatory and customer requirements". We control the use of hazardous substances by following the principle of not designing, not purchasing, not introducing, not manufacturing, and not releasing hazardous substances. Testing devices such as X-ray fluorescence (XRF) spectrometer, inductively coupled plasma (ICP), gas chromatography-mass spectrometry (GC-MS), and ultraviolet-visible spectroscopy or ultraviolet-visible spectrophotometry (UV-VIS) are used to conduct scheduled tests in order to strengthen the management of hazardous substances in raw materials and products. Meanwhile, in compliance with customer requirements and regulatory requirements concerning applicable hazardous substances, we establish target indicators that need to be met when shipping out products, and constantly monitor the status of these indicators.

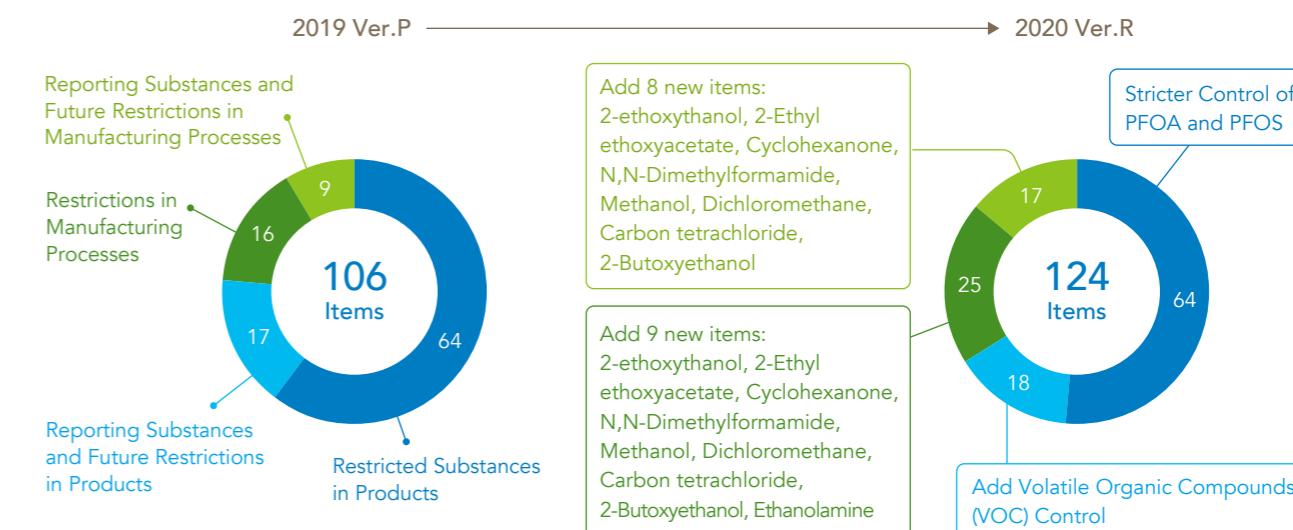
With respect to supplier management, suppliers that transact with ZDT need to sign a Suppliers' Undertaking as indication that they promise the hazardous substances in the products and parts they supply to the Company are in complete compliance with environmental standards and regulations. In addition, we also establish a Green Product organization and construct a green product management platform to continuously promote the management of hazardous substances.

Green Product Management Platform

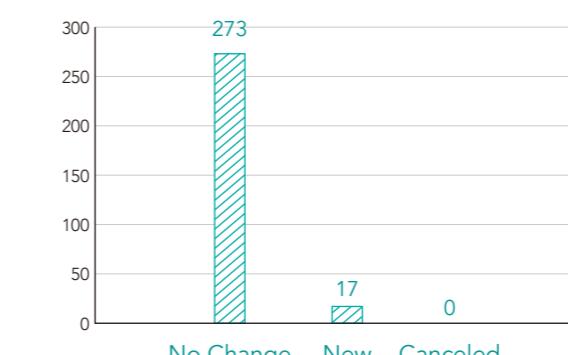
As amendments to international laws on hazardous substances in products frequently made, we periodically collect legal documents from different countries or regions (EU regions), and file them in Zhen Ding's legal database for integrated management to facilitate review by applicable departments. In 2020, we evaluated 17 sets of laws and regulations on hazardous substances. Amendments included the 23rd update of the REACH Candidate List. Out of which, the new substance 2-methyl-1-(4-methylthiophenyl)-2-morpholine-1-propanone (71868-10-5) is used as a light-emitting agent in ink and is a high-risk substance. We require the supplier to declare the content within the material, and to provide a collaborative manufacturer's test report if necessary. There were four new additions to Volatile Organic Compounds (VOCs), including paints, inks, adhesives, cleaning agents. The Company has set up a project to actively respond to the inventory of our related materials, and the materials that do not meet the requirements have been replaced to ensure that they can meet the regulatory requirements.

Concerning new regulations added by clients, we conduct compliance evaluation every year. In 2020, 73 customer requirements were evaluated; 27 of them were new, and 46 were revised. We exchange and communicate our opinions regarding the appropriateness of customer requirements; If it is feasible, the strictest standards will be set for implementation. We also update the company's documents on hazardous substances control. A total of 64 restricted substances in the products are now included in the document, with mainly the tightening of control limits of PFOA and PFOS, and monitoring is carried out by collecting third-party test reports of materials and material composition declaration forms. There are a total of 18 declared substances and future restricted substances in the products. The main new additions are the control of volatile organic compounds (VOCs). The test reports of third-party manufacturers of inks, adhesives, cleaning agents and coatings have been reviewed, and new materials have been tested for VOCs. There are 25 restricted substances in the manufacturing process, mainly on chemicals other than cleaning agents, which are monitored through the ingredient list in the material MSDS. There are a total of 17 declared substances and future restricted substances in the manufacturing process, mainly on the cleaning agents used in the manufacturing process, which are monitored through the ingredient list in the material MSDS. If a requirement cannot be met, we will assess industry standards, and provide reasonable suggestions to customers.

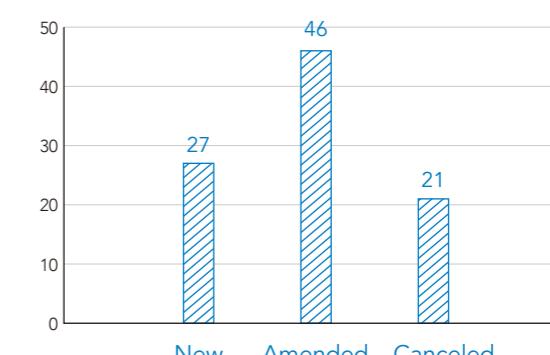
Management of Hazardous Substances



2020 Number of Hazardous Substances Assessments Required by Regulations



2020 Number of Hazardous Substances Assessments Required by Customers



Conflict Minerals Management

Conflict minerals refer to minerals mined in areas of armed conflict or under conditions that violate human rights, specifically precious metal minerals mined by the Democratic Republic of the Congo and adjoining countries. Conflict minerals include gold (Au), tin (Sn), tantalum (Ta), and tungsten (Wu) and are mainly used in electronic parts. In response to global control measures for conflict minerals, the Company has incorporated conflict minerals into its supplier management policies, and proposed policies, objectives and management practices to meet international trends and customer requirements.

Conflict Mineral Management Policy

- The Company promises that the smelters from which it purchases 3TG are RMI's smelters or customer-approved smelters.
- The Company promises to follow the OECD due diligence guidelines to conduct due diligence on its supply chain.
- The Company promises to not directly or indirectly purchase conflict minerals that directly or indirectly finance armed conflict groups.
- The Company shall not purchase 3TG from the Democratic Republic of the Congo and adjoining countries.
- Suppliers shall impose the same conflict mineral management requirements on their upstream suppliers.

Note: 1. 3TG refers to gold (Au), tin (Sn), tantalum (Ta), and tungsten (Wu)

2. RMI: Responsible Minerals Initiative

Conflict Mineral Management Objectives

The Company continues to promote supply chain improvement as required by laws and customers in order to eliminate the use of conflict minerals in its supply chain.

Conflict Mineral Management Practices

- Conduct investigation to trace conflict minerals in gold salts, electronic parts, tri-tin, and all materials in PCB that mainly contain 3TG.
- Use the list of conformant smelters provided on the RBA website. If a smelter is not on the list, request for a response plan from the supplier.
- Require suppliers to impose the same conflict mineral management on their upstream suppliers.
- Require suppliers to sign a Declaration of Conflict-Free Minerals.



2-2 Product Quality



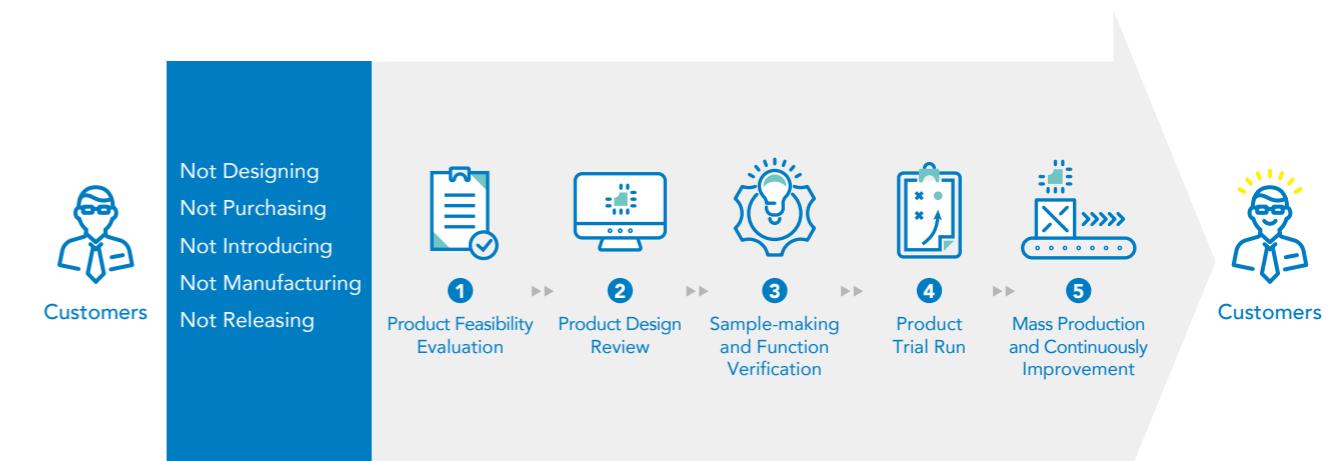
Company Quality Policy and Certification

Quality contributes to the company's value, dignity and lifeblood. The Company has always persisted in implementing total quality management to provide customers superior products and services. Since our inception, we have passed several system certifications (e.g., ISO9001, IATF16949, ISO14001, QC080000, ISO50001, ISO45001) and product qualifications (e.g., UL/CQC). [For details, please refer to the "Sustainability Focus – Quality Enhancement" section on our website.](#)

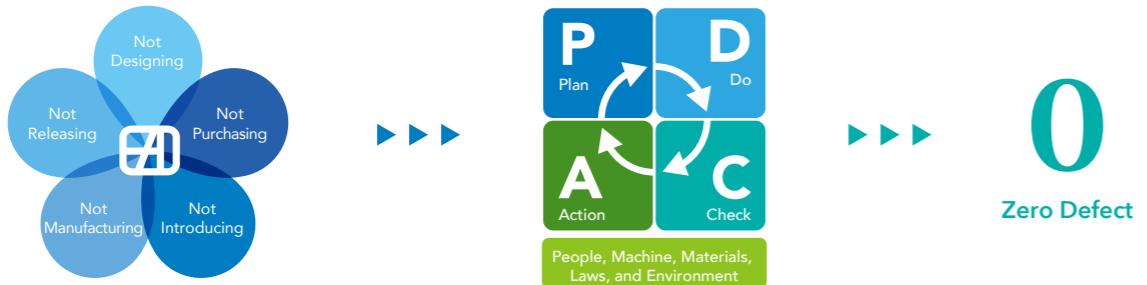


Product Development Process

The Company develops products in five phases in order to effectively carry out product development tasks and ensure that products meet customer requirements and regulatory requirements on the quality and safety of product related developments.

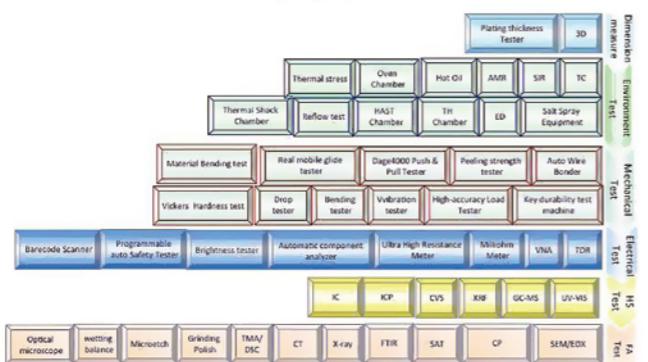


The Company also follows the principle of not designing, not purchasing, not introducing, not manufacturing, and not releasing in each step of managing product-related aspects (people, machine, materials, laws, and environment) and adopts the PDCA methods for continual improvement to achieve zero-defects.



To ensure the materials purchased and products shipped meet the requirements of customers and legal regulations, ZDT has established a Physics Laboratory and Chemical Laboratory where reliability tests, physical tests, chemical tests and failure analysis can be conducted independently.

Laboratory Equipment Introduction-overall



Continuous Improvement

The Company is invariably committed to improving product quality, which is evident by its quality policy: "Implement total quality management to provide quality that meets customers' needs, and ensure total participation in immediate response to achieve the goal of zero defects". To realize the zero defect goal, the Company sets quality goals for each of its product category at the beginning of the year, and conducts daily, weekly, and monthly review meetings to analyze and review non-conforming items. Subsequently, a team is established to carry out projects for improving important items. In 2020, the Company has certified by all external quality systems.

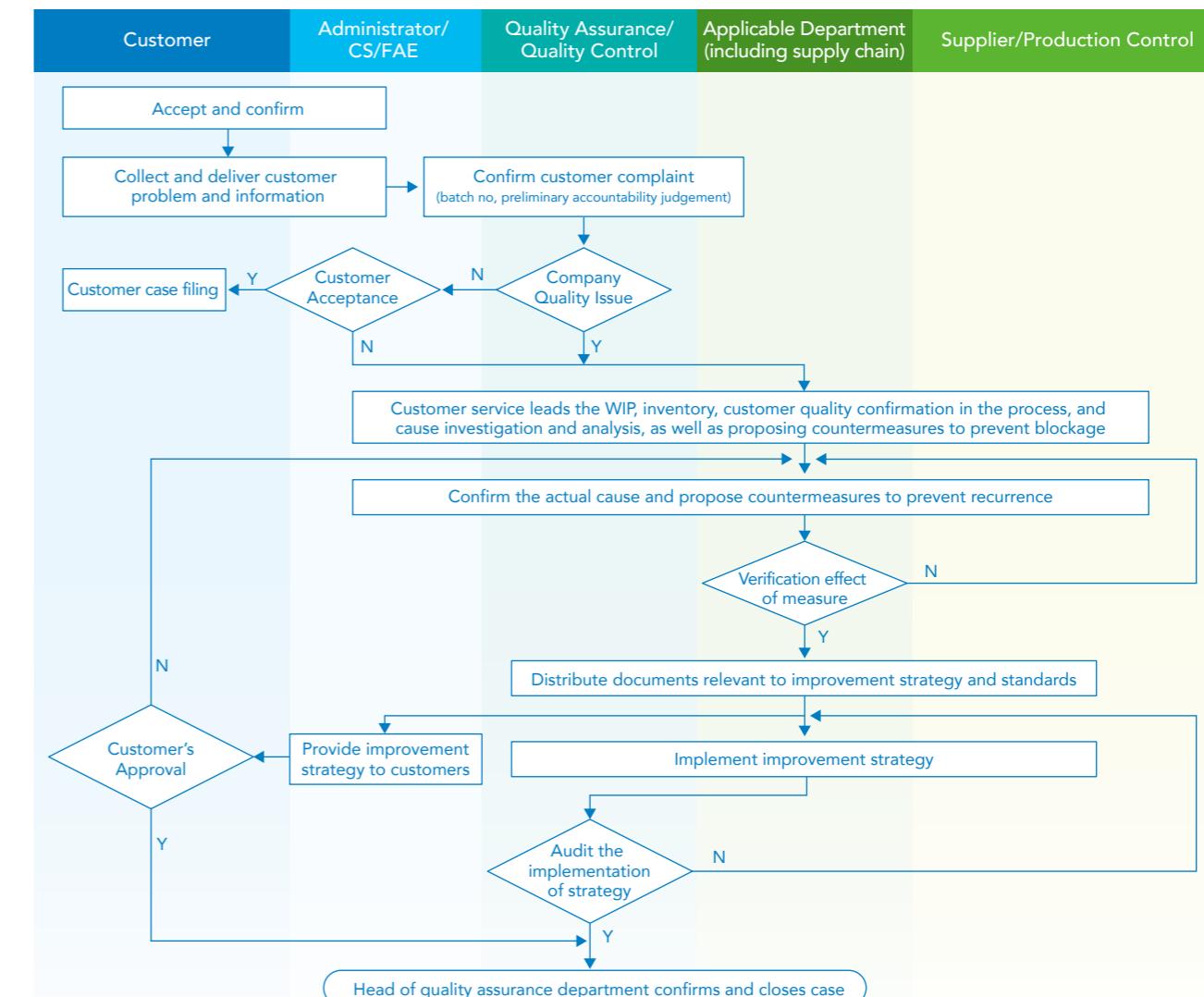
The Company continues to engage in activities relevant to continuous improvement and hold conferences on a yearly basis, in order to comprehensively improve the environment where operators work, raise their quality awareness, improve product quality, increase production and work efficiency, save costs, and reduce wastage. Through conferences and bonuses, we inspire the spirit of "continuous improvement" among employees, boost cross-department cooperation, and strengthen employees' problem-solving and innovation skills, to in turn bolster the company's competitive advantage and achieve customer satisfaction. The Company actualized 5,509 improvement proposals in 2020, generating improvements to the value of NTD 1,712 million.

Annual Improvement Proposals	2018	2019	2020
Number of Proposals (Unit: proposal)	1,787	2,585	5,509
Improvement Amount (Unit: NTD)	42,350,000	46,483,200	1,712,054,900

2-3 Customer Service & Support

Exceeding customer expectation is one of the strategic goals in ZDT's development. We provide excellent customized manufacturing services, continue to upgrade our manufacturing facilities, and actively participate in the early research, development, and designing of customers' products so that customers will rely on our products and services. In addition, we attach importance to customer satisfaction ratings and protection of customers' confidential information. We hope to bolster our competitiveness through continuous improvement of product quality and service contents, thereby becoming customers' long-term strategic partners. Problems relevant to quality (including hazardous substances) and technical problems can be reported via [Company website - "Contact Us - Business" section; or email us at zdt-sales@zdtco.com](#)

Zhen Ding have out great values on the opinions of every customers and establishes a multi-function team in charge of customer services. Whenever customers need anything via a call, an e-mail, or related notification, our customer service personnel will immediately verify their needs. When customers have complaints about quality issues, our customer service personnel will call on the departments involved to cooperate and respond to customers' needs as quickly as possible. Specific process is as follows:



Excellent Customized Manufacturing Service

Zhen Ding's top customers are world's leading brands of electronics system or largest electronics OEM companies. To meet customers' needs, we provide rapid design, development, sample production, and fast mass production services within a short time. Efficient services help customers to shorten product launch schedule and quickly seize market opportunities. In other words, we help customers by building a successful operation model of Time to Market + Time to Volume + Time to Money / Market Share.

To ensure that all mass-produced products satisfy the needs of customers, the Company works closely with customers in the initial period of the product design phase, and continues to strengthen and refine our technology platform. We also leverage our expertise in R&D and focus on developing technologies and enhancing engineering services, thereby keeping abreast of market trends and business opportunities for new products.

Zhen Ding provides flexible and excellent customizable manufacturing services nearby customers' production network. We expand our product portfolios and creating a one-stop shopping experience for customers, thereby forging a long-standing relation with them.

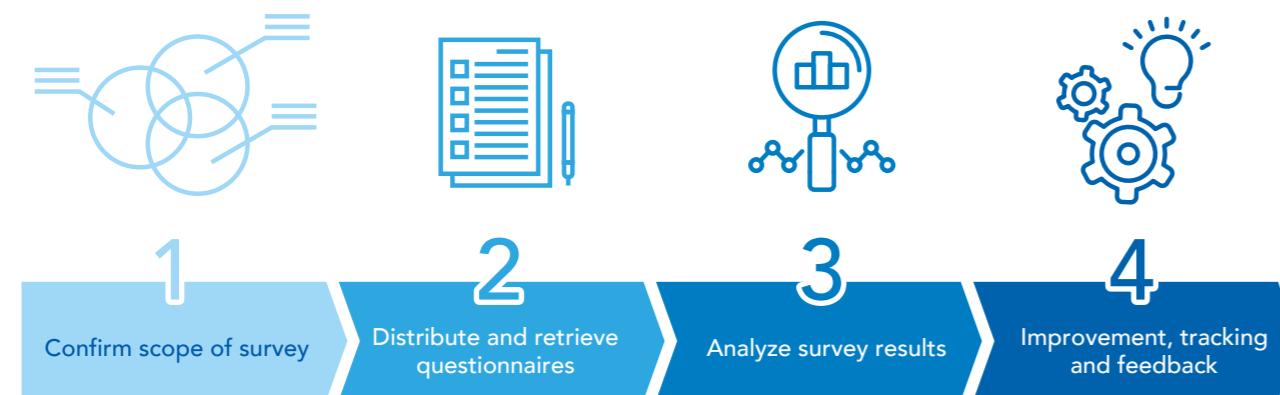
Product Labeling

We manufacture printed circuit boards by strictly adhering to the production control and quality control processes and referring to information provided by customers on materials, electronic components, and design data. When shipping products, we voluntarily provide customers with information on the name of materials, ingredients, environmental testing reports (compliance with RoHS, HF, and REACH among other requirements), and safety regulations, we then label the outer box accordingly for customer identification. In 2020, 100% of our products were clearly labeled according to the actual test results and customer requirements.

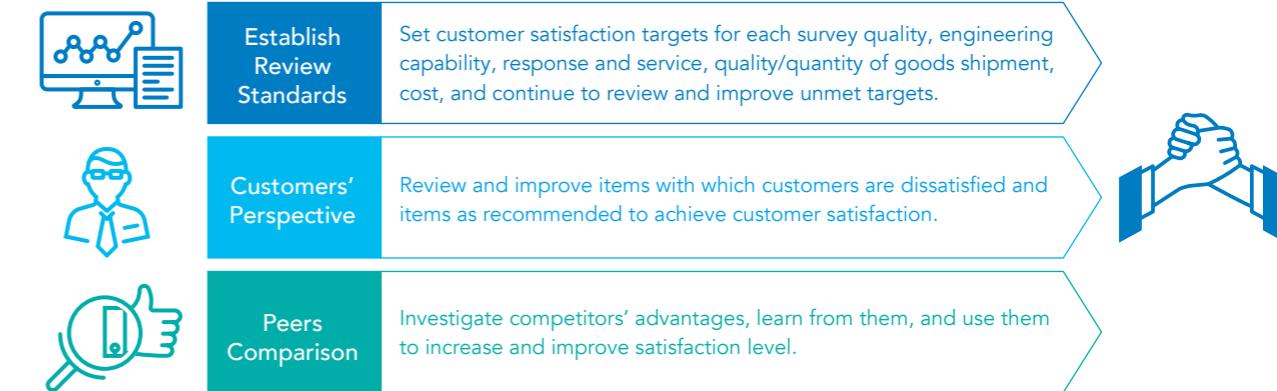
Customer Satisfaction

In order to continuously monitor, analyze, and understand how customers evaluate the company's product quality (including environmental requirements), delivery quality, engineering capability, services, and cost (price), we conduct customer satisfaction survey at least once every year. From the results, we analyze items with which customers are dissatisfied and adopt corrective and preventive actions accordingly as to achieve maximum customer satisfaction. The average score of the customer satisfaction survey in 2020 was 86.41%. In order to continuously improve the quality of service and competitiveness of products, the average score target of the customer satisfaction survey in 2021 has been set at 86%.

Customer Satisfaction Survey Procedure



Three Aspects to Improve Customer Satisfaction

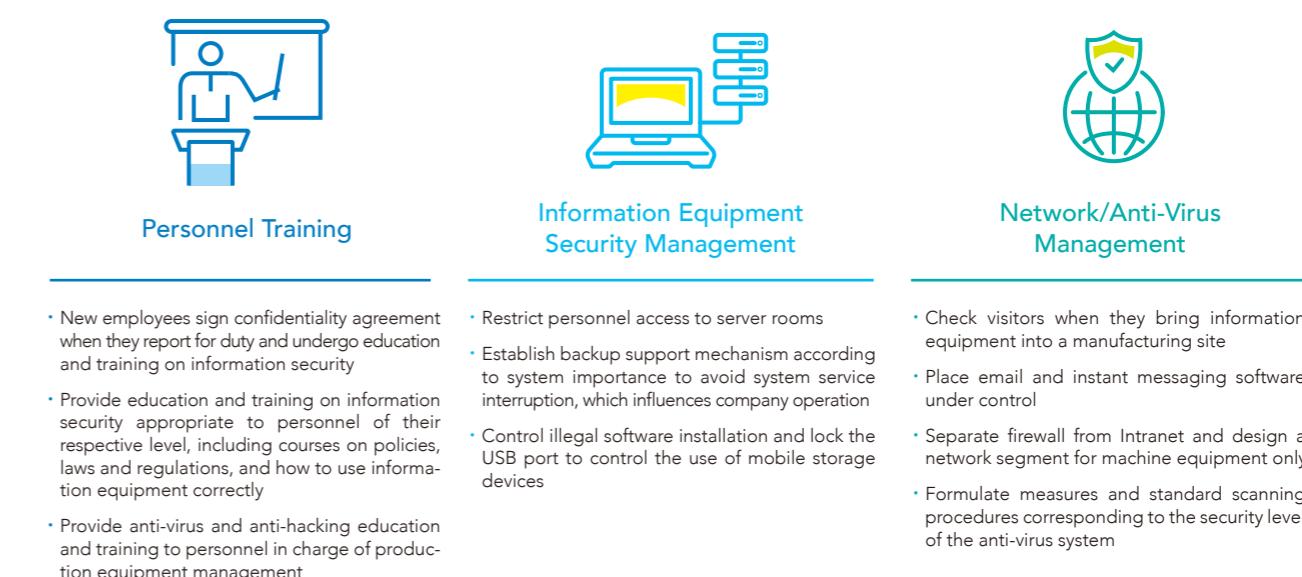


Protection of Customer Confidentiality

Zhen Ding formulates information security management related policies in accordance with customers' needs for information security management and with the international information security standard ISO27001. We build a safe and reliable environment where information can be used safely to ensure the security of our computing information, systems, equipment, and networks. By adhering to the three principles of information security—confidentiality, integrity, and accessibility, we protect the non-repudiation, authenticity, and accountability of the overall information assets to ensure the sustainable operation of our business.

To assure the business secrets between the company and its customers, Zhen Ding specifies items to be managed for information security, including personnel training, information equipment security management, network and anti-virus management. Personnel training is focused on new employees' training on the importance of information security; 164,987 hours of information security training courses were provided in 2020 to a total of 244,479 participants. The Company did not report of any customer complaints as a result of privacy infringement or loss of customer information in 2020.

Information Security Control



3

ENVIRONMENT

- 3-1 Our Environment Commitments
- 3-2 Act on Climate Change
- 3-3 Water Stewardship
- 3-4 Green Manufacturing
- 3-5 Eco-Friendly Promotion

Key Achievements

Annual amount of water reused reached **7,522 million liters** in 2020, an increase by **33.4%** from previous year

2019  5,637 million liters

2020  7,522 million liters



The proportion of waste recycled reached **93.7%** in 2020
In recent years, the recycling rate has already reached
more than **90%**

Introduced **TCFD** management
measures and disclosure in line with
international practice



3-1 Our Environment Commitments

At the end of 2015, the 21st session of the Conference of the Parties to the UNFCCC was held in Paris, where the Paris Agreement was approved to set a goal of limiting global warming to "well below 2°C" compared to pre-industrial levels. One of the largest national emitters, mainland China, also approved this agreement in 2016. In 2018, the IPCC Special Report on Global Warming of 1.5°C indicated that increase in the global average temperature shall not exceed 2°C above pre-industrial levels and efforts should be pursued to limit the temperature increase to 1.5°C. In response, mainland China successively introduced a series of laws, including the New Environmental Protection Law and Atmospheric Pollution Prevention and Control Law, and officially implemented the Soil Pollution Control Act on January 1, 2019. In the Intended Nationally Determined Contributions, China mentioned that its CO₂ emissions are projected to rise until at least 2030 and it will exert efforts to reach its target in advance and cut its CO₂ emissions per unit of gross domestic product by 60-65% from 2005 levels by 2030. In 2020, China has set a new target to achieve carbon neutrality by 2060. On June 15, 2015, Taiwan also passed the Greenhouse Gas Reduction and Management Act, which stipulates achieving the long-term national greenhouse gas (GHG) emission reduction goal by 2050 in stages on a five-year basis. Taiwan also sets to reduce GHG emissions by 50% from the business-as-usual level by 2030, which is equivalent to another 20% reduction from 2005.

As the world's leading PCB company, Zhen Ding realizes the risks of climate change and the potential impacts. We are also deeply aware of the importance of green environmental protection to corporate sustainable development. We believe that if we can play a leading innovator role in environmental protection and energy conservation, we are able to encourage the entire industry to actively take green actions.

For this reason, Zhen Ding established the Environment and Conservation Division as the unit dedicated to managing matters related to environmental protection and energy conservation in 2007. The Office is in charge of undertaking tasks involved in internal environmental project planning, adding values to resource benefits, practicing environmental management, and introducing innovative energy-saving technologies. Thus, as we engage in production and manufacturing, we can also maximize the energy and resources efficiency and reduce carbon emissions and waste generations, thereby propelling companies to become an excellent green company. ZDT aims to build a new environment-friendly PCB-conforming demonstration production site and become the promoter and model example of environmental sustainability.



Zhen Ding's Environmental Policy

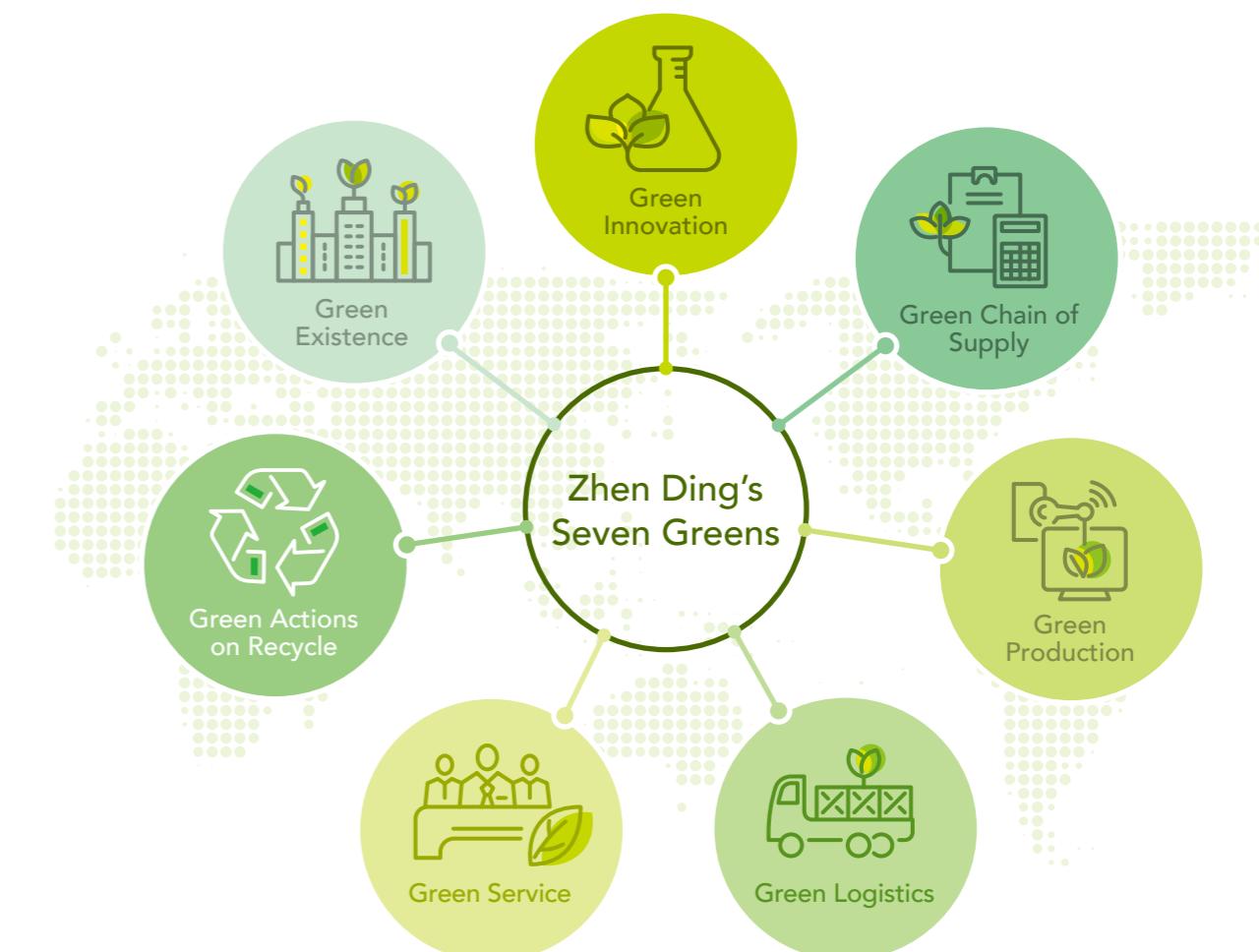
Prevent and Control Pollution, Continue to Reduce Waste, Produce and Provide Green Products, Energy Saving, Protect the Earth, and Engage in Green Enterprise

Zhen Ding's Seven Greens

Chang Fang Shen, the Chairman of Zhen Ding Group, proposed the idea of "Seven Greens" practices in 2008, which include: Green Innovation, Green Chain of Supply, Green Production, Green Logistics, Green Service, Green Actions on Recycle and Green Existence. The green practices provide a comprehensive guide for employees to carefully examine and analyze every aspects in production processes and activities of daily living, such as saving energy, reducing consumption, reducing waste, and increasing efficiency. We adopt the PDCA model and brainstorming methods to realize this green culture in day-to-day operations at work and slowly become a habit among all of our employees, thus creating a special green corporate culture that cultivates our most valuable intangible assets.

Meanwhile, we also constantly contemplate ways to plant green seeds deep in the minds of our employees so that everyone will value the concept of environmental protection and take actions to realize it, and in turn spread this spirit to the society. Every year, we designate the period from April 22 to June 5 as the Environmental Protection Month. Bearing in mind the importance of sustainability, we cooperate with the governments, communities, schools, and environmental groups in areas where our subsidiaries are located. By working with these entities, we share our green ideals and experiences, all in an effort to care for the environment, contribute to the society, and make earth a better place.

The Company has hosted environmental protection and energy saving activities in designated month for 13 consecutive years since 2007 and collaborated with more than 46 government units, elementary and junior high schools, and environmental groups to organize such activities. We have hosted over 120 edutainment activities in our plants with more than 110,000 participants to motivate our employees and surrounding communities to jointly build a greener and sustainable environment.



Under the leadership of the Company's Chairman, Zhen Ding has always treated environmental protection and safety as the foundation for developing a new environmentally friendly PCB business. Therefore, we set up the division of Environmental Protection and Energy Conservation to work with various departments to promote green engineering works across the company. Since 2013, we have set up a resident team with environmental expertise to enhance the control measures of energy saving, water saving, and waste emission reduction during the process of input, production, and output at our manufacturing sites. Furthermore, we engage in environmental projects based on the characteristics of our industry. These projects are aimed at reducing consumption at source by using water sparingly and reducing chemical use. By implementing detailed source management and introducing new green technologies, we clearly stipulate requirements for responsible managerial departments and for developing green key performance indicators that will help the company to minimize its environmental impact and simultaneously achieve the objectives of energy performance improvement and green recycling. The Company pays considerable attention to the impact of climate change on its business operations. In addition to taking actions for energy conservation and carbon reduction, we expanded the scope of the following activities to achieve greenhouse gas reduction: (1) We inventoried the greenhouse gas emissions of our major suppliers, guided them on establishing ISO systems, and increased the depth of suppliers' green management to enhance the Company's green influence; (2) We participated in the international Carbon Disclosure Project (CDP Supply Chain program). We share our green development ideals and performance in energy conservation and carbon reduction as we learn about carbon management from world-class companies. (3) We introduce the TCFD governance structure and management.

Employees and the public can provide their eco-friendly suggestions or environmental issues to the Company via email contact (zdt-contact@zdtco.com) or physical mail. The feedback collected will be sent to various dedicated units and department head for appropriate handling. Our campus have established feasible environmental contingency plans that clearly describe the relevant requirements of department heads and fast-response mechanisms when the company encounters environmental problems. The Company adopts information disclosure, electronic methods, and institutionalized strategies to strengthen Zhen Ding's focus on and management of environmental protection.

ESH Management Systems

The main production sites of Zhen Ding have all been certified with the environmental safety and health related management systems, which including ISO 14001 Environmental Management System, ISO 14064-1 Greenhouse Gas Inventory Management System, ISO 50001 Energy Management System, and Clean Production Review in China. At the same time, we also follow the international development trend of environmental protection, introducing and certifying the latest **international environmental management system standards**, such as: certification for zero-landfill in waste processing, certification for AWS sustainable water management.

Management System	Manufacturing Campuses Worldwide	Shenzhen	Qinhuangdao	Huai'an Campus I	Huai'an Campus II
ISO14001 Environmental Management System	V	V	V	V	V
ISO14064-1 Greenhouse Gas Inventory Management System	V	V	V	V	V
ISO50001 Energy Management System	V	V	V	V	V
China: Clean Production Review	V	V	V	V	V
UL2799 Certification for Zero-landfill in Waste Processing	V	V	/	/	/
Certification for AWS Sustainable Water Management	V	V	V	V	V

* V – Passed the certification and obtained the corresponding certificate

Environmental Investments and Expenditures

The rise in environmental awareness in recent years has promoted members of the society to scrutinize corporates' environmental efforts. China has implemented increasingly strict control over the emission of pollutants. In the foreseeable future, companies will find it difficult to expand production capacity without increasing total waste generation. To prepare for this trend, we actively develop advanced technologies that facilitate environmental protection through energy conservation, water conservation, emission reduction, and resource recycling. Through these technologies, we hope to reduce the environmental impact of our operations and guide the industry toward sustainable development. Our expenditures and investment for environmental protection totaled NTD 715 million in 2020. Please see the company's annual expenditures and investment for environmental protection as shown below.

In addition, we provide additional commitments and assurance for the local environment and applicable stakeholders. Zhen Ding has voluntarily purchased environmental liability insurances since 2013 and the insured amount was NTD 25 million as of 2020.

Expenditures and Investment for Environmental Protection (Unit: thousands NTD)



*1 Costs related to climate change and R&D investment

*2 Cost of pollution prevention and control + cost of resource saving + cost of recycling business waste and general office waste disposal

*3 Environmental protection education and training expenses + environmental management system certification expenses + environmental monitoring expenses + procurement of environmental protection products + environmental protection and organization operation and management expenses + research and development





3-2 Act on Climate Change

To slow down the climate change, the Company began voluntarily implementing GHG inventories since 2007 to monitor the status of carbon emissions of the company's subsidiaries. Our major operation sites have obtained ISO 14064-1 greenhouse gas external certification in 2020. We integrated local government requirements and our sustainable development strategies to establish specific energy conservation and carbon emissions reduction goals for each department at the beginning of the year and actively implemented various GHG emissions reduction programs.

We completed the establishment, certification and implementation of the ISO50001 energy management system in 2015, and continue to improve the company's energy management and operation standards. While managing our energy conservation efforts in greater depth, we also attach importance to the benefits of using energy-saving technologies. The Company's manufacturing sites and other peripheral departments have engaged in multiple energy conservation and reduction projects, such as energy efficiency improvement projects, water management projects, and waste management projects. Meanwhile, we were also invited to participate in the Carbon Disclosure Project (CDP), allowing us to share our green performances and experiences with the international community. As a result, Zhen Ding received a B rating for its CDT performance in 2020, which was higher than the average industries in Asia and the highest among PCB industries in the world.

We also actively participate in the trading of carbon emission in Shenzhen and become a part of China's carbon trading market, not only to ensure that the company maintains sufficient carbon quotas in the future, but also to promote energy-saving measures using advanced technologies, thereby laying a solid foundation for the company's future long-term business development.

Climate Related Policies and Commitments

As Zhen Ding continues to develop and grow, we have been adhering to our business mission and implementing our environmental policy. Responding to climate change is the responsibility of sustainable management, our goal is to establish the "New Environment-Friendly PCB-Conforming Demonstration Production Site" to become the promoter and demonstrator of environmental sustainability. We believe that only through the cooperation of industry organizations, associations, partners, industry and academia, and the whole society can we overcome the severe challenges brought by climate change.

As advanced manufacturing processes evolve, the product manufacturing process also becomes more complex and electricity consumption continues to rise. Zhen Ding is actively exploring ways of green development. In 2020, we invested a lot of resources in the development and utilization of renewable energy, implemented energy-saving measures, and introduced advanced energy-saving equipment to continue to create energy-saving and low-carbon benefits.

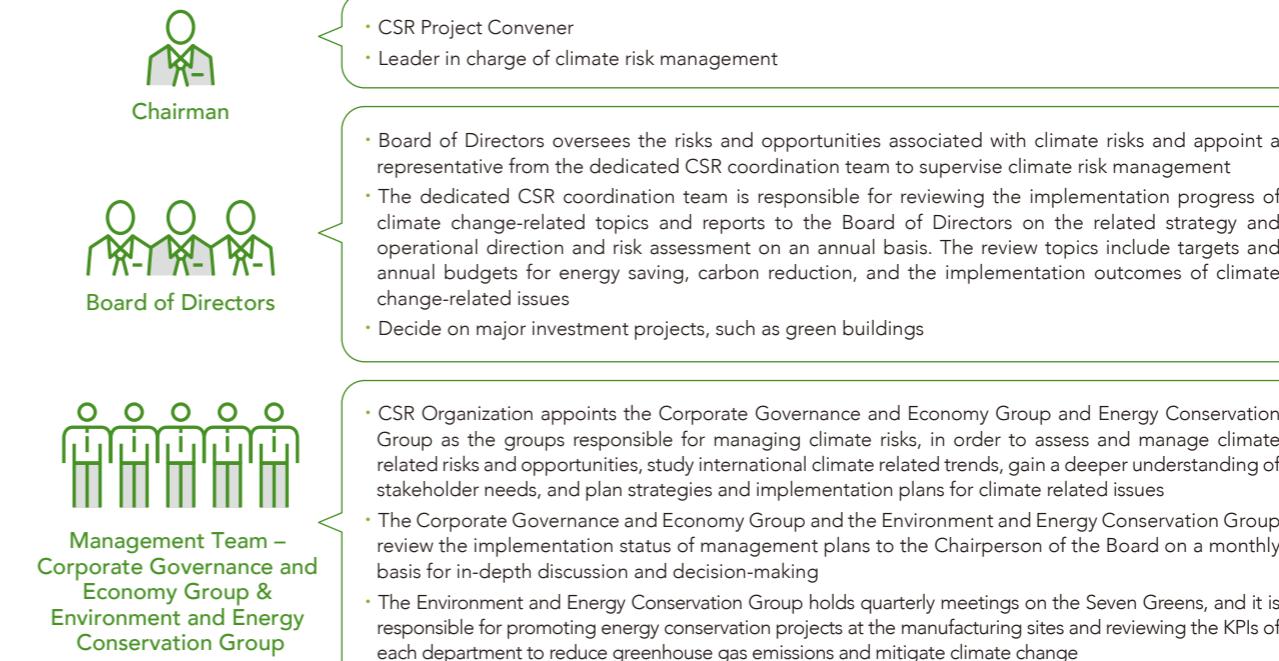
Climate Actions



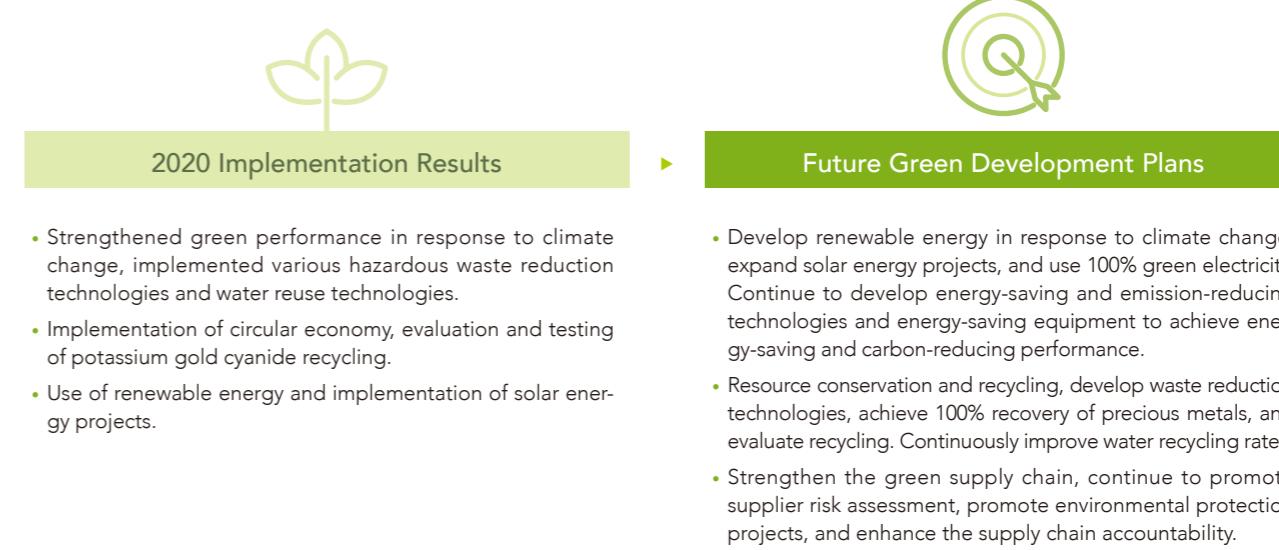
Response to Climate Change

To effectively manage the impact of climate change, we carried out management and information disclosure in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Climate Governance



Environmental Topics Reviewed by the Board



Climate Change Risk Identification and Management

We identified 12 risk issues through cross-departmental focused discussions by referring to the TCFD risk list, analyzing the risk factors of our operating locations, and comparing them with industry benchmarks. We then conducted internal assessments of these issues based on the likelihood of occurrence and the level of impact in three levels: high, medium, and low. Finally, we selected issues with medium or high impact and likelihood of occurrence and classified them as major risks, and the results were in three categories, including greenhouse gas-related regulations, upstream raw material cost increases, and downstream product low-carbon environmental requirements. For these risk issues, we have prepared corresponding management measures according to the risk level.

Category	Climate Topics	Risks	Operational Impact	Potential Occurrence	Level of Impact	Risk Management Measures	Possible Derivative Opportunities
Policies/Regulations	Renewable Energy-related Regulations	Policies and regulations require mandatory purchase and use of a certain percentage of renewable energy, which may lead to shortage of renewable energy supply and relocation of factories in the future	Increase in operating costs	Low	High	1. Advance planning to adjust the energy structure and sign long-term cooperation agreements in advance with power supply companies on the market to ensure the supply of renewable energy 2. Research renewable energy development projects and negotiate in advance for cooperation	Use renewable energy to meet the expectations of external parties, gain affirmation from customers, and win market share
	Greenhouse Gas-Related Regulations	The Shenzhen Manufacturing Site is a market-controlled enterprise as it is a part of the Shenzhen Emission Trading Pilot Program. It is mandatory to participate in the inventory and carbon trading, and it has set up emission limits (emissions per unit of industrial value added). In the future, if there are excessive emissions, carbon credits must be purchased, which may increase operating costs	Increased expenses	High	Medium	1. Continue ISO14064 verification, pass certification, and set reasonable carbon management goals 2. Study the development trend and cooperate with international organizations to develop carbon management plans	Establish a viable carbon management system, control carbon management targets, reduce the cost of excessive carbon emissions, gain government policy support and incentives, meet the expectations of external stakeholders, win customer recognition and win market share
	Water Resources-Related Regulations	There are currently no regulations on water abstraction/supply/use/recycling. At present, the competent authorities are encouraging enterprises to manage water resources voluntarily	Increase in operating costs, suspension of operations	Low	Medium	1. Develop water conservation measures, including wastewater reuse, machine shop reuse, process water conservation measures 2. Implement advanced management systems, such as CWP and AWS 3. Monitor and control water consumption targets, review regularly, do not waste, and continuously improve water utilization efficiency	Improve water efficiency, reduce production costs, ensure business continuity, gain customer recognition, and win market share
	Energy Saving-Related Regulations (electricity restrictions)	Currently, there is no regulation on power saving or restrictions in Zhen Ding's industry, but in the future, we may face power shortage and restriction on production, such as restricting the time of electricity consumption for those with low unit energy production value	Increase in operating costs, suspension of operations	Low	Medium	1. Develop power saving measures, including energy saving in production equipment and automatic water and electricity shutdown 2. Use advanced energy-saving equipment, such as permanent magnet motors and magnetic levitation ice machines 3. Promote energy management platforms to monitor equipment operating rates and automatically analyze energy consumption rationality 4. Monitor and control power consumption targets, review regularly, and continuously improve power utilization efficiency	Improve power efficiency, reduce production costs, ensure business continuity, gain customer recognition, and win market share
Market	Upstream - Material supply cut off	Extreme cold weather in North America can cause upstream chemical raw material suppliers to reduce production and shut down transportation, resulting in delays in raw material shipments and post-production	Increase in operating costs and reduced revenue	High	Low	1. Establish a second source to prevent the risk of having only a single supplier, in order to ensure uninterrupted supply and improve price negotiation and services	Be prepared with diversified sources of raw materials to reduce the risk of material interruption, and in times of tight supply, customers will give priority to manufacturers who can supply without fail.
	Upstream - Increase in raw material costs	In response to climate change, different countries are investing in green energy development and regulations require the use of new energy vehicles, resulting in a significant increase in demand for copper and an imbalance between supply and demand, resulting in a significant increase in copper prices	Increase in operating costs	High	Medium	2. Provide the current pricing trend and the impact of material increase for the business to propose price increase to customers	

Category	Climate Topics	Risks	Operational Impact	Potential Occurrence	Level of Impact	Risk Management Measures	Possible Derivative Opportunities
	Downstream - Low carbon and environmental requirements for products	Increasingly stringent product environmental regulations, such as RoHS 2.0, REACH, and California Proposition 65, or specific customer's demand for environmentally friendly materials (e.g., halogen-free materials) that surpass regulations, resulting in more costs for products, in order to control the risk of exceeding harmful substance standard or to meet customers' expectations	Increase in operating costs	High	Medium	1. Evaluate new or changed laws and regulations in accordance with ST-280-006 (compliance assessment management system for regulatory and other requirements), and make timely improvements to non-compliant items 2. Strictly follow the "five-step" principle of hazardous substance control to eliminate the inflow and outflow of hazardous substances 3. Improve the Company's level of inspection of hazardous substances and increase the items or frequency of inspection	Reduce the amount of hazardous substances in our products to comply with most countries' environmental regulations, expand our competitive advantage in the market, and enhance our positive image
	Investment - ESG Ratings	Currently included as a constituent of the FTSE4GoodTIP Taiwan ESG Index and TWSE Taiwan Corporate Governance 100 Index, failure to continuously improve ESG performance may affect the company's reputation, which in turn affects capital raising	Not easy to raise capital	High	Low	1. Refine ESG practices (objectives and strategies, impact of implementation, effectiveness and sustainability, performance results and leadership) 2. Improve report quality (completeness, credibility, communication) 3. Enhance external disclosure channels (multi-media design and interactive functions, stakeholder communication and feedback channels, website CSR area management, electronic version of reports)	Obtain third-party accreditation, so that investors can decide whether to invest (amount) or borrow (interest rate) based on the Company's ESG performance to stabilize capital sources and stock prices.
Entities	Extreme rising temperature	May cause heatstroke or food poisoning, equipment abnormalities, and the risk of spontaneous combustion of materials	Increase in operating costs, suspension of operations	Low	Low	1. Notify all departments in a timely manner according to the weather forecast of the weather station, and supervise all departments to make emergency preparations 2. Air conditioning temperature should be lowered, reduce the time of high-temperature operation, and health stations are well-prepared with medicine to prevent heatstroke 3. The equipment department and the mechanical and electrical department should increase the frequency of equipment and facility inspections and maintenance and prepares equipment for cool down.	
	Extreme cold	May cause frostbite to personnel or food shortage, equipment abnormalities, freezing and bursting of firefighting and other fuel transportation lines	Increase in operating costs, suspension of operations	Medium	Low	1. Notify all departments in a timely manner according to the weather forecast of the weather station, and supervise all departments to make emergency preparations 2. Air conditioning temperature should be raised, reduce the time of low-temperature operation, and health stations are well-prepared with medicine to prevent frostbite 3. The employee dormitory department should prepare bedding against the cold to meet the needs of employees who are stranded and cannot return home 4. The mechanical and electrical department should take measures to keep machines, equipment, and pipes warm	Strengthen contingency procedures to enhance the resilience of company operations
	Heavy rainfall and flooding	Floods affect employee attendance and wastewater treatment systems, and may cause disruptions in water and electricity supply, logistics and transportation, or supply chain disruptions, resulting in production stoppages or reductions and loss of resources	Increase in operating costs, suspension of operation	Medium	Low	1. Before the arrival of heavy rainfall, forward the typhoon warning from the city weather station to the departments and immediately prepare for the storm after receiving the announcement of heavy rainfall 2. Activate contingency mechanism, prepare drainage pumps for E&M, conduct comprehensive inspection of the system, environmental workers should check blockage of sewage pipes, different departments should check blockage of drainage outlets, and contact government units for assistance if necessary	None
	Drought	Drought may cause water demand failure for manufacturing process, living, and firefighting needs, which may affect the production	Suspension of operations	Low	Low	Pay attention to the weather conditions, and when there is a continuous abnormally high temperature or a significant drop in precipitation compared with previous years, start to prepare for drought, prepare for water storage, check whether the firefighting and residential water tanks have enough water, strengthen message promotion, and promote water conservation.	None

Climate Strategies and Targets

The Company began voluntarily implementing GHG inventories since 2007 to monitor the status of carbon emissions of the Company's subsidiaries. We obtained ISO 14064-1 greenhouse gas external certification, achieved 100% completion of ISO 14064-1 external certification of greenhouse gases in major production plants in 2020. We integrated local government requirements and our sustainable development strategies, formulated climate change management strategies and green development goals, and actively implemented various GHG emissions reduction programs. The future carbon reduction targets will be assessed based on the Science Based Targets initiative (SBTi) methodology, and the corresponding work plan will be launched in 2021.

Action	Strategies	Targets
 Promote Low-Carbon Green Manufacturing	<ul style="list-style-type: none"> Conduct ISO14064 inventory of Scopes 1, 2, and 3 GHG emissions and pass external verification Continue to implement various innovative energy conservation and emission reduction projects Participate in CDP disclosure program Use clean/renewable energy 	<ul style="list-style-type: none"> Set the 2025 green sustainability carbon emission target based on our energy consumption: Reduce GHG Emission per unit revenue by 40% or more compared to 2013 Formulate long-term targets for 100% renewable energy and carbon neutrality Further improve the effectiveness of ongoing projects and introduce new energy-saving carbon-reducing technologies (magnetic levitation ice machines, permanent magnet motors, thermal insulation coatings) Promote green upgrade and reforms, accelerate our steps toward becoming a green company dedicated to excellence in circular economy
 Increase Energy Efficiency	<ul style="list-style-type: none"> Introduce ISO50001 Energy Management System Engage in advanced water recycling projects, continue to increase wastewater recycling rate, and improve the efficiency of water resources 	<ul style="list-style-type: none"> Optimize electrical power systems systematically, constantly increase energy efficiency, and fulfill corporate social responsibilities by protecting the environment and saving energy. Set the 2025 green sustainability water consumption and water recycling targets based on our consumption: Reduce water consumption per unit revenue by 45% or more and recycle 60% of water consumed (2011 as baseline for comparison)

Energy management

The manufacturing site in Shenzhen completed the establishment of the ISO 50001 energy management system in 2013, and continues to improve the Company's energy management and operation standards. All of the company's manufacturing sites have completed ISO 50001 energy management certification and operations in, and have 100% obtained ISO 50001 energy management system certificate. In 2020, the Company continued to its efforts on the ISO 50001 energy management system to reduce energy use and consumption through various means, improve energy utilization efficiency, and actively launch energy saving and carbon reduction actions in each plant. ISO 50001 energy management system's energy guidelines: energy saving, emission reduction, greening, recycling, compliance, standardization, integration, and responsibility. Under the standard operation of ISO 50001 energy management system, we continue to strengthen energy management to ensure:

- Compliance with legal and regulatory requirements and the implementation of national and regional energy conservation policy requirements
- Proper investment of resources to ensure the completion of energy saving targets
- Meet the energy needs of production and manufacturing, actively adopting technically sound and economically feasible solutions, and continuously improving energy performance
- Avoid energy waste, reduce energy consumption, and achieve low-carbon environmental protection
- Support the procurement of energy-efficient products and services and accelerate the elimination of outdated equipment and technologies
- Raise the awareness of all employees and fully implement energy management

Renewable Energy Use

In 2020, we have officially launched solar power generation in the Huai'an manufacturing site, with 10,300 square meters of solar energy area, 2.1 million kwh of annual power generation, and 1,068 tons of carbon reduction, and we will continue our efforts to plan for 100% renewable energy use in the future. In 2021, we will expand the new manufacturing site in Taiwan according to Taiwan regulations: at least 10% of total corporate electricity use must be green. We are already looking for renewable energy partners to plan for greater corporate use of renewable energy in the future.

2020 Energy Usage

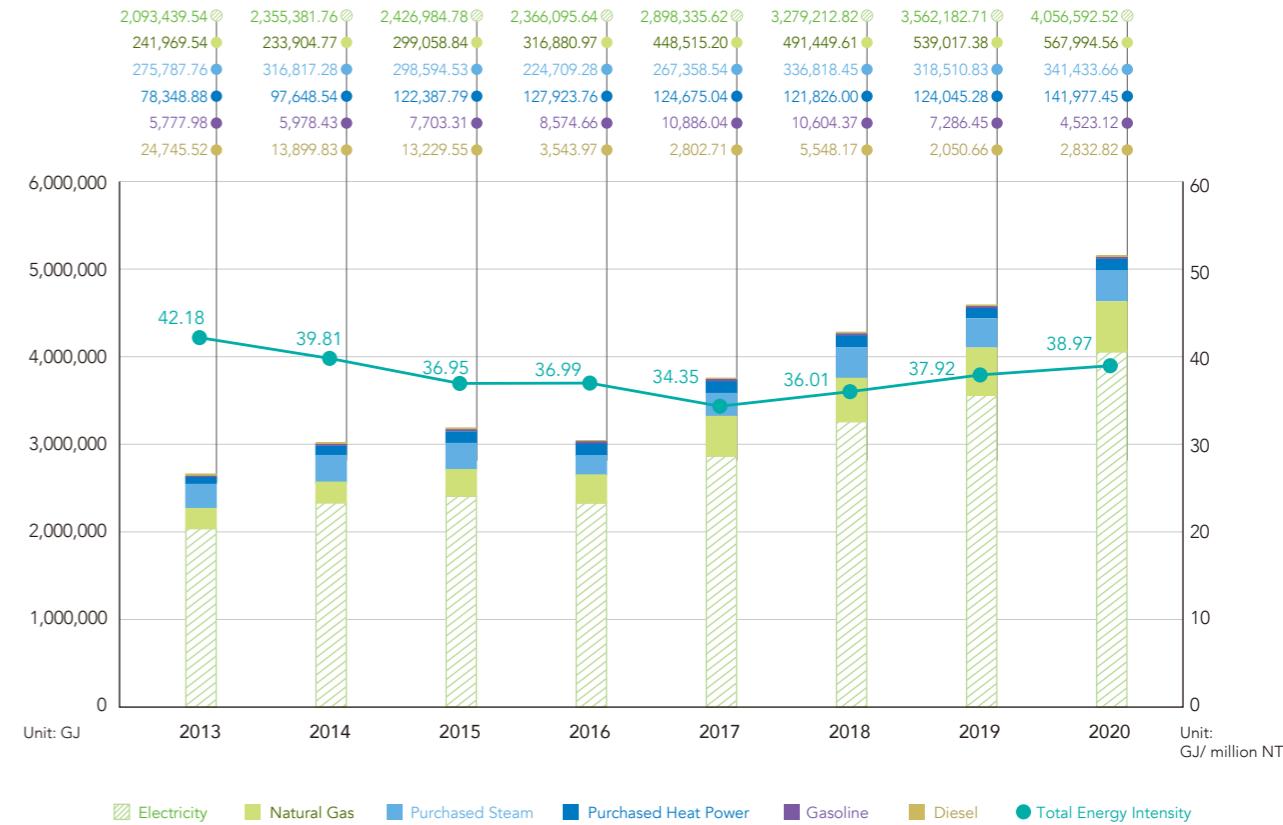
Zhen Ding primarily uses electricity to power its production and manufacturing processes, followed by natural gas. Other forms of energy used include purchased steam, purchased heat power for heating purposes in winter, and gasoline and diesel for company vehicles and cargo transport trucks in manufacturing sites.

Our subsidiaries used 5,115,354.19 GJ of energy in 2020, and 4,553,093.30 GJ in 2019. The total energy intensity was 38.97 and 37.92 (GJ/million NTD) in 2019 and 2018, respectively; the total energy intensity in 2020 increased by 2.77% from 2019. The major business locations of our subsidiaries consumed 1,126,831 thousand kWh of electricity in 2020, and registered a power intensity of 30.90 (GJ/million NTD) (Note), which has exceeded our 2020 target of 32.0 (GJ/million NTD).

* Note: Sources of equation for calculating energy intensity and energy values

1. Energy intensity=Energy value × Energy Used ÷ ZDT's Consolidated Revenue

2. Electricity energy value: 3,600 KJ/kWh; Gasoline = 43,070KJ/kg; Diesel = 42,652 KJ/kg; Natural gas = 38,931KJ/m³; Purchased steam = 2,768.86KJ/kg for Huai'an campus

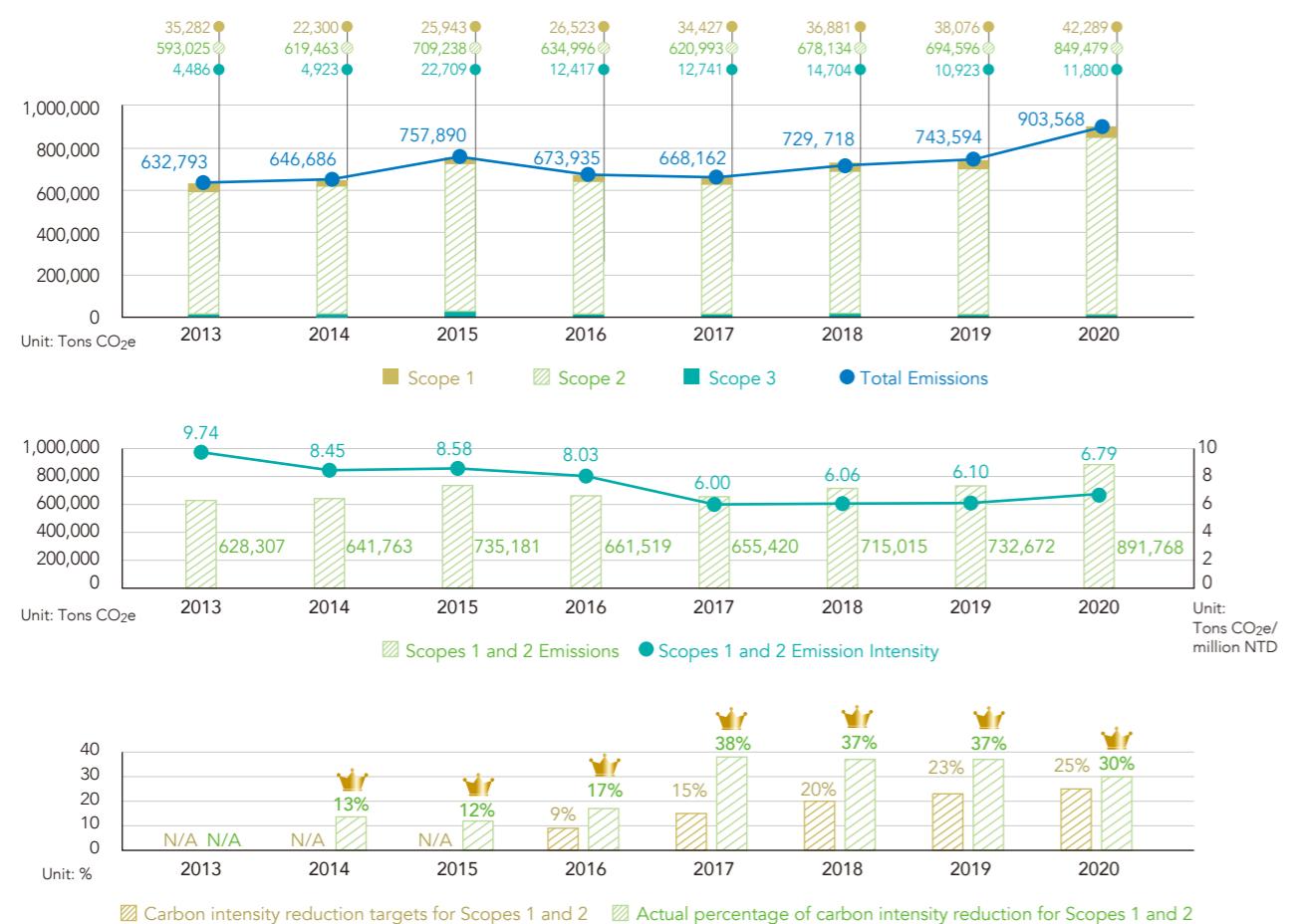


Greenhouse Gas Emissions Reduction

We believe that an accurate calculation of GHG emissions is an important step for adapting to climate change and global warming. GHG inventory offers an accurate account of a company's GHG emissions and provides companies with a basis for reduction to set reasonable reduction targets. Therefore, since 2007, we have periodically conducted annual GHG inventories in accordance with the ISO14064-1 standard and obtained third-party verification certificates. The scope of inventory includes our four major production sites in areas where our subsidiaries are located. 100% of our major manufacturing sites have achieved ISO 14064-1 greenhouse gas external certification in 2020.

ZDT emits three types of GHGs: Scope 1 emissions are direct emissions from manufacturing sites and include process-emitted GHGs (carbon dioxide, methane, perfluorinated compounds, hydrofluorocarbons) and GHGs emitted from fuel consumption (e.g., natural gas, gasoline, and diesel). Scope 2 emissions are indirect emissions from use of purchased electricity, steam, and heat power. Scope 3 emissions are other indirect sources of emissions such as business trips, outsourced waste treatments, and up/downstream transportations. The company's GHG emission status is shown in the chart below.

The Scopes 1 and 2 emissions of the Company's major manufacturing sites totaled 891,768 tons CO₂e in 2020. The Scopes 1 and 2 emissions in 2020 increased by 21.7% compared to 2019 primarily because mass production in new sites and advanced technologies development for high-end products, which increased our electricity consumption. In future, we will continue to introduce energy-saving and low-carbon technologies to manage our carbon emissions more effectively.



*Note: 1. GHGs are inventoried by operational control. The baseline year is 2013 when Scopes 1 and 2 emissions were 628,307 tons CO₂e and hardware infrastructures were complete. Therefore, 2013 is used as the baseline for comparison with environmental data.
2. Emission intensity = Emissions ÷ Zhen Ding's consolidated revenue.
3. Emission coefficient is calculated using the latest standards announced by local governments in China (Electricity emission coefficient: Shenzhen=0.5271kgCO₂e/kWh; Qinhuangdao=0.8843 kgCO₂e/kWh; Huai'an=0.7035 kgCO₂e/kWh).
4. The types of gases included in the calculation are: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride.
5. The global warming potential (GWP) ratios used are based on the data from the IPCC 5th Assessment Report.
6. The carbon intensity reduction target for 2025 is 40% (based on the 2013 carbon intensity of 9.74 tons CO₂e/million NTD).

Climate Related Issue Engagement

In the course of Zhen Ding's continuous development, we have been adhering to our mission of "continuous technology development for better human life", and we have continued to refine our requirements for environmental sustainability such as energy and carbon reduction, water conservation, and waste reduction. The Company also devotes significant attention to environmental sustainability issues in the industry associations and nonprofit organizations in which it participates. In addition to participating in the following organizations for exchange and sharing, we also actively lead environmental public welfare activities and hold global partner conferences to promote the concept of green development. At the same time, our outstanding environmental management and effectiveness have made us a model unit for the promotion of environmental protection by local government units. The main environmental-related associations, organizations, and alliances in which Zhen Ding participates include:

- China Printed Circuit Association (CPCA)
- Guangdong Printed Circuit Association, Shenzhen Printed Circuit Association (GPCA/SPCA)
- Taiwan Printed Circuit Association (TPCA)
- Institute of Public and Environmental Affairs (IPE)
- Carbon Disclosure Project (CDP) Climate Change / Water Security Disclosure
- Shenzhen Emissions Exchange
- Ministry of Environmental Protection (China Environment News) of the People's Republic of China
- Alliance for Water Stewardship (AWS)
- Responsible Business Alliance (RBA)



ZDT actively practices the concept of green environmental protection and implements the green supply chain. We are also the first in the PCB industry to introduce the use of renewable green energy and support renewable energy. We will drive the development of the green power industry to develop technology for the benefit of mankind, while slowing down the trend of global warming and realizing a better future of environmental sustainability.

Emission Trading

In October 2011, the National Development and Reform Commission of the People's Republic of China announced the Notice on Initiating Pilot Emissions Trading Programs, which approved Beijing, Shanghai, Tianjin, Chongqing, Hubei, Guangdong, and Shenzhen to initiate pilot emission trading programs. Over the past two years, Shenzhen has actively initiated studies and practices relating to emission trading, completing institutional designs, data checks, quota allocation, and building construction. On June 18, 2013, Shenzhen was the first of the seven provinces to launch the Carbon Emission Trading Market. In response, ZDT's manufacturing site in Shenzhen undertook a series of energy-saving and carbon-reducing projects, which gained the recognition of the local government, rendering us one of the first companies in China to adopt the pilot emission trading program. In 2021, the first batch of industries to be included in the national carbon trading market will be the power industry. The Company's Shenzhen manufacturing site is an active participant of the Shenzhen carbon emission trading system, and we are also cooperating with the government to enhance our ability to manage carbon assets.

Internal Carbon Pricing

At present, only Shenzhen has carbon trading among our production sites in China, while there is no carbon trading market in other locations. Considering the situation of all the sites in China, the price in the carbon market of Guangdong Province has been adopted as the internal carbon pricing of the Company, and the price equivalent per ton of carbon dioxide is RMB25 (approximately NTD107). When evaluating the investment benefits of energy saving and carbon reduction projects, the internal carbon pricing can be used to monetize the value of the environmental benefits of carbon reduction, which will in turn help the implementation of energy saving projects.



Reducing Greenhouse Gas Emissions

To mitigate global warming, reduce the operational risks resulting from climate change, and simultaneously improve the effectiveness of our "Seven Greens" culture, we continue to devote our efforts to saving energy, reducing emissions, recycling, and making our operations greener. By adopting all types of methods to reduce the use and consumption of energy resources, we took a series of action to save the use of energy in our manufacturing sites. These actions include the introduction of magnetic levitation ice machines, the optimization of air-conditioning wind cabinet inverters, the optimization and improvement of the operating frequency of exhaust tower fans, the introduction of photovoltaic power generation, and the energy-saving improvement projects for blowers. Our major energy saving plan for 2020 is described below. By introducing energy-saving technologies, we were able to save roughly 41,639 GJ of electricity in 2020 and emit 5,888 tons less CO₂ compared to 2019. We primarily reduced Scope 2 emissions.

Major Energy Saving Plan and Performance

Major Energy Saving Plan	Description	Environmental Performance
The introduction of magnetic levitation ice machines	Energy saving effect is achieved by improving the cooling efficiency of the ice machines	<p>Energy savings of 31% compared to conventional equipment, with total electricity savings of 3,960 gigajoules (GJ) from the introduction of magnetic levitation ice machines in 2020.</p> $1,100,000\text{ kWh} \times 0.509/1000$ $= 559.9 \text{ tCO}_2\text{e/year emissions reduced in 2020}$
The optimization and improvement of the operating frequency of exhaust tower fans	Energy-saving effect is achieved by reducing the frequency of exhaust tower operation while ensuring that the exhaust towers work can meet the demand.	<p>Total energy savings of approximately 3,960 GJ of electricity after adjustment.</p> $1,100,000\text{ kWh} \times 0.509/1000$ $= 559.9 \text{ tCO}_2\text{e/year emissions reduced in 2020}$
The optimization of air-conditioning wind cabinet inverter	Converted the wind cabinet from industrial frequency operation to variable frequency operation to achieve energy savings while meeting the cooling needs.	<p>Total energy savings of approximately 2,484 GJ of electricity after inverter replacement.</p> $690,000\text{ kWh} \times 0.509/1000$ $= 351.21 \text{ tCO}_2\text{e/year emissions reduced in 2020}$
The Introduction of solar power generation	Installation of solar panels on the building floor to reuse solar energy and increase the use of green electricity.	<p>Total energy savings of approximately 5,375 GJ of electricity after installation of solar power generation.</p> $1,492,654\text{ kWh} \times 0.509/1000$ $= 760 \text{ tCO}_2\text{e/year emissions reduced in 2020}$
The improvement of water-cooled magnetic levitation inverter centrifugal units	Replacement of old centrifugal units with new energy-saving water-cooled magnetic levitation inverter centrifugal units to reduce equipment energy consumption.	<p>Total energy savings of approximately 3,773 GJ of electricity after improvement.</p> $1,048,136\text{ kWh} \times 0.509/1000$ $= 533.5 \text{ tCO}_2\text{e/year emissions reduced in 2020}$
The energy-saving improvement for blowers	<p>Before improvement: Blast adsorption dryer used electric heating</p> <p>After improvement: Recovery of waste heat from rotary screw compressors and use of waste heat by blast adsorption dryers to achieve energy savings.</p>	<p>Total energy savings of approximately 5,248 GJ of electricity after improvement.</p> $1,457,664\text{ kWh} \times 0.509/1000$ $= 742.0 \text{ tCO}_2\text{e/year emissions reduced in 2020}$

Note: Annual carbon reduction = Electricity consumption * 0.509kgCO₂e/kWh, where 0.509kgCO₂e/kWh is the emission coefficient for electricity published by the Bureau of Energy in 2019

3-3 Water Stewardship



The frequent occurrence of climate change and extreme weathers in recent year has put waters resources at risk of shortage and contamination. Therefore, one of the key focuses in corporate management is managing water resources effectively and improving water recycling technologies to prepare for the oncoming pressure on the water environment. Given our characteristics as a PCB industry, ZDT has introduced a number of water-saving measures to our manufacturing and production processes to minimize the risks of water consumption through management at the source and optimization at the end. By engaging in technology innovation, we continue to increase wastewater recycling rate, and improve the efficiency of water resources.

Regarding water management, the Company sets annual targets for its water intensity and water recycling rate. The targets are allocated to each department through the Seven Greens culture; subsequently, monthly/quarterly reviews and annual reports are conducted to review the target achievement status and implement improvements. The water intensity target for 2020 was a reduction of 40%, and a reduction of 51.8% was achieved; the water recycling rate target was 45%, and 45.8% of water was recycled. Both targets were achieved. Thereafter, the Company will constantly increase its target value to impose a stricter management on water.

Water Resources Risk Assessment

Each of Zhen Ding's manufacturing sites conducts annual water risk identification and assessment. We use the Water Risk Filter AWS, a regional water crisis scoring tool, of the WWF (World Wide Fund for Nature) to analyze the water risk in the regional watersheds, and all sites have low risks and have no water-related impacts. Every year, we conduct questionnaire surveys with suppliers, customers, government agencies, shareholders, neighboring companies, residents, employees, and other stakeholders to understand the water concerns of each party, and then compile and formulate the Company's future directions for water management improvement. Every year, we collect the background information of the watershed to which each manufacturing site belongs, compile the background report of the watershed, and analyze the water risks and opportunities by combining the concerns of the relevant parties. None of the manufacturing sites fall within a water stress area.

Response to Water Resources Risks

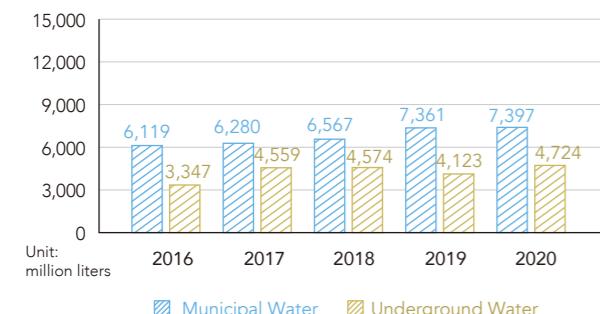
Zhen Ding actively improves the amount of wastewater reused after wastewater treatment and increases the water reuse rate year by year. We are also vigorously implementing water conservation projects in our machine shops and setting up KPI indicators for each product to regularly review their performance and improve water efficiency. At the same time, we are also implementing Alliance for Water Stewardship (AWS) projects. Not only do we manage our own water resources well, conserve water, improve the efficiency of water utilization, and meet the discharge standards for wastewater, but we also strive to protect the water resources of local watersheds and work together with relevant parties to improve the sustainable development and utilization of water resources in local watersheds.

Water consumption status

In 2020, Zhen Ding and its major manufacturing sites used a total of 12,121 million liters water, including municipal water and underground water. The intensity of water consumed was 0.0923 million liters/million NTD. Zhen Ding's manufacturing sites have a sufficient supply of water, which comes from water companies and water treatment plants. In addition, the manufacturing sites are built with a reservoir so that when water shortage occurs, the reservoir can guarantee 12 to 24 hours of normal operation. The chart below shows the company's use of water resources over the years



Our Environment Commitments
Act on Climate Change
Water Stewardship
Green Manufacturing
Eco-Friendly Promotion



Note: 1. Figures for municipal water and underground water are from water bills; and the amount of water recycled for reuse and the amount of water used for production are estimated using the water meter.

2. Water intensity = total water consumption ÷ Zhen Ding's consolidated revenue; reduction rate is based on water intensity of 0.1914 million liters/million NTD in 2011, which is also the beginning year in which the 12th Five-Year Plan was implemented.

3. Source of Municipal Water: Shenzhen campus – Shenzhen Baoan Water Affair Group Limited Company (Shenzhen Water Company, Yanchuan Luotian Water Plant); Qinhuangdao campus – China Energy Conservation Taisheng Qinhuangdao Water Affair Limited Company (Qinhuangdao Development Zone Taisheng Water Affair Limited Company); Huai'an campus – Huai'an Water Limited Company (Huai'an Economic Development Zone Water Plant); Yingkou campus – Yingkou Water Affair Limited Company (Sixth Water Plant of Yingkou Water Affair Limited Company).

4. The above water resources are all from freshwater (total dissolved solids \leq 1,000mg/L).

Water Recycling and Reduction

PCB industries require massive amounts of water for their production processes. To effectively reduce the environmental impact of the company, we have introduced high-performance water recycling equipment to process wastewater for use based on the requirements of water usage sites. Water is recycled for reuse in production, environmental cleaning, and irrigation. In 2020, the Company has engaged in multiple water recycling projects, such as process optimization improvement projects and overflow flow improvement projects. The amount of water recycled by manufacturing sites has surpassed the regulatory requirements of local governments. By practicing water-saving management and introducing water recycling technologies, the Company has recycled roughly 7,522 million liters of water in 2020, which is 45.8% of the water used. The chart below shows the amount of water recycled by the Company and the water-saving plans it has implemented over the years.



Note: 1. Water recycling rate = water recycled for reuse ÷ total water consumption $\times 100\%$

2. In order to have a more scientific water recycling rate, the calculation for 2020 has been changed to: Water recycling rate = water recycled for reuse ÷ (water recycled for reuse + total wastewater discharge) $\times 100\%$.

Water Saving Plans

Location of Each Campus	Water Saving Plans	Description
Shenzhen	Reduce Overflow	Reduce overflow and change water quality without affecting production, thus achieving water conservation.
	Reuse of Water Discharged	Reuse the water discharged after use, provided that the quality of the water does not affect the quality of the product.
Qinhuangdao	OSP Overflow Improvement	Through continuous testing, adjust the original overflow rate to achieve the effect of overflow reduction and meeting the demand.
	Water Saving Improvement	The machine DI water has no solenoid valve, no water saving mode. Added on solenoid water valve so that the machine can have a water saving mode, thereby reducing water waste.
Huai'an Campus I	Copper Foil Model Optimization	By changing the copper foil model and optimizing the manufacturing process, the water saving effect can be achieved.
	Reuse of Rainwater and Backwash Wastewater	The water quality of rainwater and backwash wastewater is relatively good, mainly containing solid suspended matter. Conventional rainwater recycling is generally poor in quality after simple sedimentation treatment, and can only be reused for greening, toilet flushing, and other domestic water, and the quality of reuse is not high. By using an ultra-filtration (UF) system to treat rainwater, the water quality can reach the useable filtered water standard and be directly reused in the production process.
Huai'an Campus II	Adjusting the Pressure Washing Overflow	Reduce water consumption by adjusting the pressure washing overflow rate of the stripping line.

Water Resource Management and Disclosure

Participation in CDP Water Program



Freshwater resources on earth that are available to humans have fallen below 1.2%. The United Nations predicted that there will be a 40% shortfall in freshwater resources by 2030. The World Economic Forum's 2016 Global Risk Report (GR) has ranked water crises as the greatest risks to the society in the next ten years. Therefore, how to use water correctly and manage water resources well is a project that companies should engage in. The CDP hopes that through the Water Program, companies will be made more aware of the water crises and effectively manage their use of water by disclosing their water risks. The CDP Water questionnaire asks questions about the company's water usage situation, water risk assessments, water-related target settings, and water governance problems. It helps us to manage our water usage comprehensively by disclosing past, present, and future data and disclosing information on the water usage of our upstream suppliers and downstream customers. The Company has participated in the CDP for eight years in a row. We completed the water security questionnaire for the third time in 2020. We received a B rating on the 2020 water security questionnaire, which is higher than the average in Asia and the industry. In future, we will continue to ramp up our efforts in water resource management and fulfill our duties and obligations in water resource management.

Alliance for Water Stewardship (AWS)

The AWS International Water Stewardship Standard Version 1.0 published in April 2014 during the UN CEO Water Mandate conference is the world's first water management system standard. The AWS has sought for public opinions multiple times through the AWS International Water Stewardship Standard Version 1.0. Following two years of review and revision, the AWS International Water Stewardship Standard Version 2.0 was announced on March 22, 2019. The AWS Standard follows the principle of system management and offers a complete set of evaluation projects, indicators, and technical guidelines to help water-using organizations to build an effective water management system. The Standard employs systematic management methods to reduce the consumption of water resources, increase water efficiency, and reduce the impact of pollutant emissions on the environment, and provides a systematic approach to realizing water-saving and emission-reducing measures and technologies in practice within site and catchment contexts.

In 2019, we began preparing for the implementation of the AWS Standard by disclosing information relevant to water, formulating, executing, and evaluating water-related plans to complete sustainable water management and effective use. The Shenzhen manufacturing site is the first in the industry to have completed the AWS certification at the end of 2019, while other manufacturing sites in Qinhuangdao, Huai'an campus I and campus II all obtained the AWS Platinum Certification in 2020. Furthermore, we are committed to completing sustainable water management and a transparent water disclosure system. China has introduced the Soil Pollution Prevention and Control Law in 2018, and formal implementation began in 2019. Since the law came into effect, our manufacturing sites have taken the initiative to test their soil and underground water environments. Starting in 2018, we have conducted one soil test and two groundwater tests in each site every year and presented the results to members of the public.

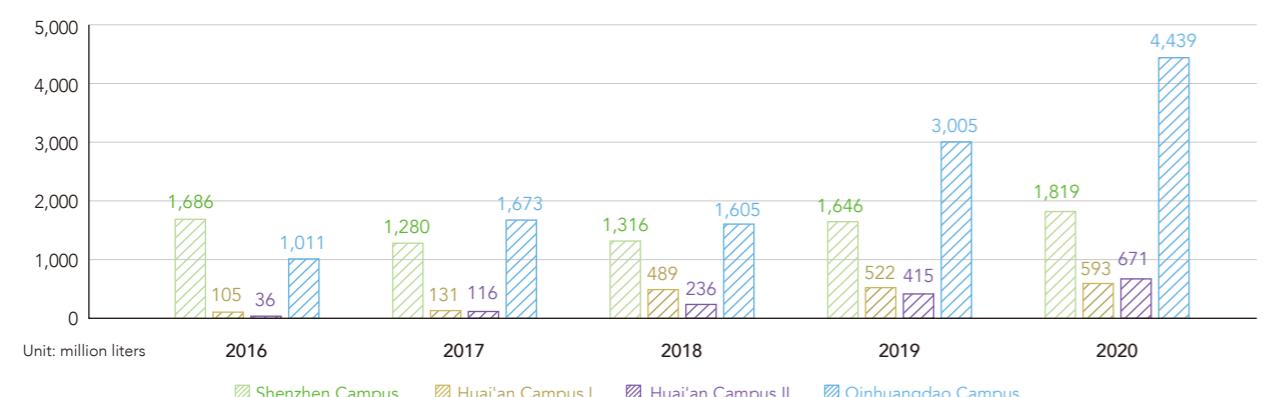
AWS Implementation Performance

Since 2007, the Shenzhen site has continuously implemented numerous water management enhancement projects. In 2016, the China Ministry of Industry and Information Technology gave the Company the title "Green Factory" for green manufacturing companies. The Company has also received environmental credit ratings by multiple provincial governments of Mainland China, including the Green Brand Enterprise, the 2009 and 2010 Advanced Group in Shenzhen's Water Conservation Tasks in 2010, and the Shenzhen Water Conservation Construction Award and the Advanced Water Conservation Unit in 2013 and 2016 respectively. The Shenzhen site has been recycling and reusing water since 2013, and this trend has grown by 25.1% in 2019 compared to 2018. In 2019, the Shenzhen site took the lead in adopting the world's only sustainable water management standard (the AWS) in order to practice green manufacturing and continue to use and manage water resources more effectively. With the support of our customers and the concerted efforts of our employees, the Shenzhen site received the AWS Platinum Certification in December 2019, making us the first PCB company in the world to receive the AWS Platinum Certification. In 2020, the Shenzhen manufacturing site continued with water management and set more stringent self-management targets based on the guidance of AWS Water Management 2.0 to continuously improve water management. In 2020, the site passed the audit and continued to achieve AWS Platinum Certification.

The manufacturing site in Huai'an campus II commenced operation in 2016. It was rated as a "Green Factory" of Green Manufacturing Companies in 2017 by the China Ministry of Industry and Information Technology. The Huai'an campus I and campus II successively received honorary titles: Water-Saving Enterprise in Jiangsu Province, Water-Saving Enterprise in Huai'an City, and Huai'an Leader in Water Efficiency. Since commencing production, the Huai'an Site has been recycling and reusing water. To practice the Company's sustainable water management, Huai'an campus II initiated a preliminary AWS assessment in November 2019, and at the same time, Huai'an campus I also began planning to apply for AWS certification. In 2020, Huai'an campus I and campus II were both awarded "Green Enterprise" in the 2019 Environment Protection Credit Rating by the Department of Ecology and Environment of Jiangsu Province and "2020 Environmental Demonstration Enterprise of Huai'an City". Huai'an campus II was also awarded the China Ministry of Industry and Information Technology's "2020 Green Supply Chain Management for Green Manufacturing Companies". In addition, Huai'an campus I and campus II both obtained the AWS Platinum Certification in 2020.

The Qinhuangdao site was officially put into operation in 2008. Based on the experience of water management in Shenzhen, we have continued to promote and introduce more advanced water management technologies. Since 2016, the Qinhuangdao site has been awarded "Advanced Water Saving Unit" in Qinhuangdao City for three consecutive years; in 2018, it was awarded the China Ministry of Industry and Information Technology's "2017 Green Factory for Green Manufacturing Companies"; in 2019, it was awarded the "Model Environmentally Friendly Enterprise of Hebei Province"; in 2020, it was awarded the "2018 Provincial Water Saving Enterprise" and obtained the AWS Platinum Certification. Zhen Ding will invest more efforts to our commitment to sustainable water management. We will persevere and continue moving forward to setting an unprecedented example of water resource management for other companies.

Water Recycling at Each Manufacturing Site



Achievement of AWS Performance Targets for Each Manufacturing Site

Target	Shenzhen's Achievement	Huai'an's Achievement	Qinhuangdao's Achievement
Implement AWS project to improve water management and capability and obtain the highest certification level	The audit was conducted again at the end of 2020 and was successfully passed and continued to achieve AWS Platinum Certification	Huai'an campus I and campus II both obtained the AWS Platinum Certification in 2020	Received Platinum Certification in 2020

Target	Shenzhen's Achievement	Huai'an's Achievement	Qinhuangdao's Achievement
Improve understanding on indirect use of water by supply chains by: Inspecting major suppliers and service providers and completing comprehensive risk assessment	Distributed questionnaires to 54 suppliers (45 responded, for a response rate of 83%), and completed one supplier risk assessment	Distributed questionnaires to 85 suppliers (69 responded, for a response rate of 81.18%), and completed one supplier risk assessment	Distributed questionnaires to 65 suppliers (55 responded, for a response rate of 84.62%), and completed one supplier risk assessment
Hold environmental awareness activities to raise the environmental awareness of employees and the public	In 2020, the Shenzhen Manufacturing Site's school-enterprise activity series was jointly organized by the Environmental Protection and Energy Saving Department, Longteng Project, and the Labor Union under Avary Holding, as well as the Shenzhen Taoyuan Chinese-English Experimental School, and two community organizations of the Maozhou River Management Center. During the period from April 22 to August 15, 6 activity sessions were held, with more than 660 participants, and more than 87 works were completed, including 60 works with outstanding awards. Four activities were held at the manufacturing site, with more than 1,000 participants.	In collaboration with the Provincial Department of Ecology and Environment, the Municipal Bureau of Ecology and Environment, the Ecology and Environment Bureau of the Plant, the Management Committee of the Development Zone, the Municipal Water Resources Bureau, and schools, the "Green Environmental Protection Walk" and the "Green School Walk" events were held from April 22 to June 5, with 4,600 participants. There were 190 outstanding entries and 190 prizes awarded at the "Green School Walk". A total of 200 copies of environmental protection publications, 150 sets of prizes, 35 copies of AWS promotional brochures, and 500 environmental carry bags were distributed. The event received unanimous praise from government units and the general public.	In the month of 2020, the Qinhuangdao site held activities such as filming environmental protection and energy saving videos, energy saving and emission reduction, ecological and environmental protection concept and knowledge promotion, and the Avary Holding Tongba online prize competition and quiz. The event was jointly organized by the Environmental Protection and Energy Saving Department, Longteng Project, and the Labor Union. Over 8,000 people participated and 200 prizes were awarded.
Devise peripheral water quality monitoring plans to improve understanding on the water environments around the company	Obtained 12 sets of monitoring data in 2020, which showed that 100% of the Company's discharge achieved the target	Obtained 12 sets of monitoring data in 2020, which showed that 100% of the Company's discharge achieved the target	Obtained 12 sets of monitoring data in 2020, which showed that 100% of the Company's discharge achieved the target
Determine the manufacturing sites' soil and underground water quality	Designated eight points of measurement around the manufacturing sites and six underground water monitoring wells, and one third-party monitoring report, one proposal, and one potential hazard survey were completed and issued for the year 2020.	Huai'an campus I and campus II have completed the status of soil and groundwater quality of their manufacturing sites, as well as one third-party monitoring report, one proposal, and one potential hazard survey were completed and issued for the year 2020.	The Qinhuangdao site completed the status of soil and groundwater quality of its manufacturing site, as well as one third-party monitoring report, one proposal, and one potential hazard survey were completed and issued for the year 2020.
Reduce water consumption and wastewater discharge	Adopted improvement projects such as recycling heavy metal wastewater, to increase recycling rate, and saved 138,000 tons of water in 2020.	Adopted improvement projects such as recycling wastewater, to increase wastewater recycling rate. Huai'an campus I: Added ROR concentrated water reuse project, and the water reuse rate was 29% in 2020. Huai'an Campus II: Adopted ROR system and recycled RO concentrated water back to softened water. Adopted the UF+RO system and recycled recyclable wastewater back to filtered water. Adopted UF process and recycled condensate and rainwater back to filtered water, the reuse rate was 49% in 2020.	Adopted improvement projects such as recycling wastewater, to increase wastewater recycling rate. Adopted reuse equipment to improve reuse water quality, adopting ROR system, RO concentrated water recycled back to softened water. Adopted the MCR+RO system and recycled recyclable wastewater and heavy metal wastewater back to filtered water. Adopted the UF process and recycled condensate and rainwater back to filtered water. The average reuse rate was 48.9% in 2020.
Set internal control target of 80% for the quality of discharge to ensure water quality and achieve target	In 2020, the average concentration of discharge was controlled well within the 80% target, the average volume of discharge was about 4,000 tons, meaning that total discharge was effectively controlled.	In 2020, the average concentration of discharge of Huai'an campus I and campus II were controlled well within the 80% target. The average volume of discharge of Huai'an campus I was about 5,700 tons, Huai'an campus II was about 3,300 tons, meaning that total discharge was effectively controlled.	In 2020, the average concentration of discharge was controlled well within the 80% target, the average volume of discharge was about 14,000 tons meaning that total discharge was effectively controlled.

AWS Innovation Projects at Each Manufacturing Site

Shenzhen: Wetland Park Activities



Located on the banks of Maozhou River, the Shenzhen Manufacturing Site organizes the "Green School Walk" every year with special focus on water resources. On August 15, 2020, the school-enterprise activity was held in Yanluo Wetland Park with Shenzhen Taoyuan Chinese-English Experimental School. At the event, the managers of the company and the school teachers explained the concept of environmental protection and small acts of environmental protection to the children. The students were inspired and eager to sign the pledge of caring for the earth on the signature wall where the quote "Protect the Water Environment, Cherish Water Resources" can be found. In the subsequent game sessions, such as the interactive poster presentation area, environmental knowledge quiz, connect the dots for waste items, and eco-bottle DIY, the children thoroughly enjoyed themselves and completed the challenges with ease. They had a lot of fun while immersing themselves in the ocean of environmental knowledge.

Qinhuangdao: El Niño Effects



To avoid the impact of heavy rainfall in summer, the site in Qinhuangdao plans various flood prevention measures in advance every year, including promoting the renovation of local municipal stormwater drains. They have promoted the relevant parties to take action to ensure the unobstructed discharge of rainwater to the nearby rivers during heavy rainstorms, so as to safeguard the production safety of local facilities and surrounding enterprises. At the same time, the Company's internal industrial safety department will be responsible for collecting local high temperature trends and analyzing rainfall conditions and coordinating with other relevant departments of the Company to properly implement flood prevention and control. These include the establishment of the El Niño project organization structure, routine point inspection forms, emergency facilities list, emergency handling procedures, etc.

Huai'an: Smart Water Treatment Center



Conforming to the trend of industrialization and smartization, Huai'an Second Park has adopted advanced smart wastewater treatment facilities and control system to implement automatic operation and smart management of wastewater treatment. For example, the amount of chemicals to be added is automatically calculated according to the wastewater quality and quantity, online automatic monitoring, smart maintenance, and graphical smart control center. This ensures the efficient operation of the wastewater treatment system, effectively guaranteeing 100% compliance with wastewater standards, and allows automatic monitoring of raw water quality, influent flow, and effluent concentration. Increased efficiency of system operation and improved accuracy of command line citation. Reduced operation cost and precise control of chemical dosing quantity. Reduced the inventory of equipment spare parts and consumables, replacing consumables on time, and arranging precautionary maintenance smartly.

Wastewater Discharge Management

Our strategy for wastewater management includes recycle and reuse, to reduce our consumption of and dependence on tap water. PCB production requires massive amounts of water, electricity, and chemicals. Moreover, the characteristics of wastewater generated from these processes and the procedures required to treat these wastewaters are complicated. Therefore, for each product manufacturing step and the characteristics of the pollutants it produces, we classify the source of effluents into 20 categories. Based on the characteristics of wastewater generated from producing different types of products in the manufacturing sites, we have designed ten main treatment systems integrating high-efficiency equipment, multi-stage treatments, 3-dimensional designs for various processing units, and smart central control systems to monitor the operating status of wastewater recycling facilities and the quality of wastewater recycled. The quality of wastewater recycled by our subsidiaries over the year is stable and meets requirements.

Achievement of the Primary Indicator Targets of Wastewater Quality

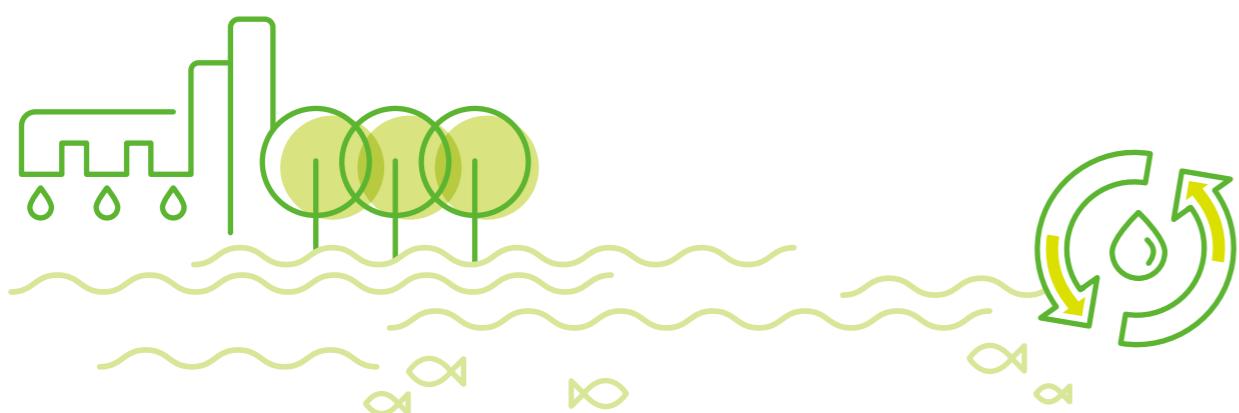
Locations	Water Quality Indicators	Unit	2020 Current Status	Regulatory Standards	The Company's Target	Target Achievement Status
Shenzhen	Hydrogen ion concentration (pH)	-	7.31	6-9	6-9	Exceed the Original Target
	Chemical oxygen demand (COD)	mg/L	75	160	100	Exceed the Original Target
	Copper ion (Cu)	mg/L	0.12	1.0	0.6	Exceed the Original Target
Qinhuangdao	Hydrogen ion concentration (pH)	-	7.22	6-9	6-9	Exceed the Original Target
	Chemical oxygen demand (COD)	mg/L	147	400	200	Exceed the Original Target
	Copper ion (Cu)	mg/L	0.07	0.5	0.4	Exceed the Original Target
Huai'an Campus I	Hydrogen ion concentration (pH)	-	7.14	6-9	6-9	Exceed the Original Target
	Chemical oxygen demand (COD)	mg/L	99	400	320	Exceed the Original Target
	Copper ion (Cu)	mg/L	0.36	2.0	1.5	Exceed the Original Target
Huai'an Campus II	Hydrogen ion concentration (pH)	-	7.13	6-9	6-9	Exceed the Original Target
	Chemical oxygen demand (COD)	mg/L	81	400	320	Exceed the Original Target
	Copper ion (Cu)	mg/L	0.28	2.0	1.5	Exceed the Original Target

Each wastewater treatment plant at the manufacturing sites is equipped with a professional water quality laboratory for designated personnel to review the water quality in the wastewater treatment system on a daily basis. Each of our wastewater effluent outlet is equipped with an online water quality/water volume monitoring device. The data produced are linked to environmental protection agencies for comprehensive 24-hour monitoring. This is to ensure that all types of effluent are discharged in accordance with standards.

The wastewater discharged from each manufacturing site have been treated by the manufacturing site's own wastewater facilities and confirmed to have complied with the discharge standard before being discharged legally to the Maozhou River (Shenzhen), Qing'an River (Huai'an) and Tang River (Qinhuangdao) after treatment. The wastewater from each manufacturing site is legally discharged after treatment, and the quality of discharge far surpasses the approved standards of local laws and regulations and will not pose any threat to the environment of the local watershed or natural waterbodies. We also take the initiative to publish the third-party testing data of wastewater discharge on our official website every quarter. To avoid the impact of tightening environmental regulations, we will continue to invest in improving and expanding the efficiency of our wastewater treatment facilities, reducing pollutants at the source, and establishing internal wastewater discharge control standards that are higher than the regulations, in order to reduce environmental pollution and the impact of our operations. To ensure the water quality of local watersheds, we proactively focus on the watershed water quality by conducting monthly water quality tests upstream and downstream of the rivers and sharing the corresponding water quality test results with the local environmental protection authorities, so that we can jointly promote the improvement of water quality in the watersheds.

In 2020, the expansion of product scope, product renewal and update, and the increase of demand for high-end products, the total demand for production water increased due to the Company's development. As a result, the total wastewater discharge in 2020 was significantly higher than the total wastewater discharge in 2019, but the water intensity decreased by 3.6% compared to last year. However, we are still doing our best to ensure that the quality of our external water discharge not only meets the wastewater discharge standards implemented in China, but also pursue better water quality. In addition, we continue to promote new water reuse projects to further increase the reuse of water, so that the use of water resources can be more efficient and economical.

Wastewater Discharge



3-4 Green Manufacturing



The Company actively adopts Taiwan and China's clean production laws and clean production standards for the PCB industry. In 2010, our subsidiaries began taking initiative to implement clean production review and introduce the Company's environmental management concept to manage emissions at the source and end. Our goal is to surpass the level one clean production standards. To date, we have launched multiple clean production initiatives for improving our manufacturing processes, to not only cut down the use of materials but also lower production costs, thereby bolstering the Company's green competitiveness.

Process Improvement Plans and Performance

Location of Each Sites	Plan	Description
Shenzhen	Insulated Coating Introduction Project	An insulated coating is applied to the exterior of the furnaces to provide thermal insulation and reduce the energy consumption of the furnace and indoor air conditioning.
	Energy-Saving Hot Blower Introduction Project	Raise the temperature of the equipment's incoming air through the functions of the hot blower to reduce the electricity used for heating, in order to achieve the energy saving effect.
	DES Line Waste Discharge Improvement Project	Add a temporary storage tank to the waste discharge of the DES line, chemicals are pumped into the temporary storage tank to shorten the waste discharge time. At the same time, a pump is added to the dosing tank to reduce the dosing time.
Qinhuangdao	Slitter Efficiency Improvement Project	Before improvement: The equipment power was 6kW, and the working hours were 202.33s/pnl. After improvement: The equipment power is 6kW and the working hours are 151.86s/pnl, and other production conditions remain unchanged. Reduced working time by 25%
	Multilayer Printed Circuit Board Gold Finger Production Optimization Project	Before improvement: Previously, the plant used the mold slotting method to produce multilayer PCB. After improvement: Now we use PI tape and then molding, which has been tested to reduce the beveling process and the molding process time to effectively implement energy saving.
Huai'an Campus I	Drilling Stack-up Layer Quantity Increasing Project	The original number of drilling stack-up layers for individual material production was one layer, but after testing and adjustment, the number of drilling stack-up layers are now three layers.
	Fusing Efficiency Improvement Project	Before improvement: One piece fusing After improvement: Fusing increased from one piece to two pieces, no abnormality has been tested, and the number of fusing times can be reduced once to achieve energy saving.
Huai'an Campus II	Slitter Optimization Project	At present, there are three types of laser slitters in the plant, out of which the cutting slitters with unstable depth opening and lower lens recognition will be replaced, and the work efficiency will be improved.

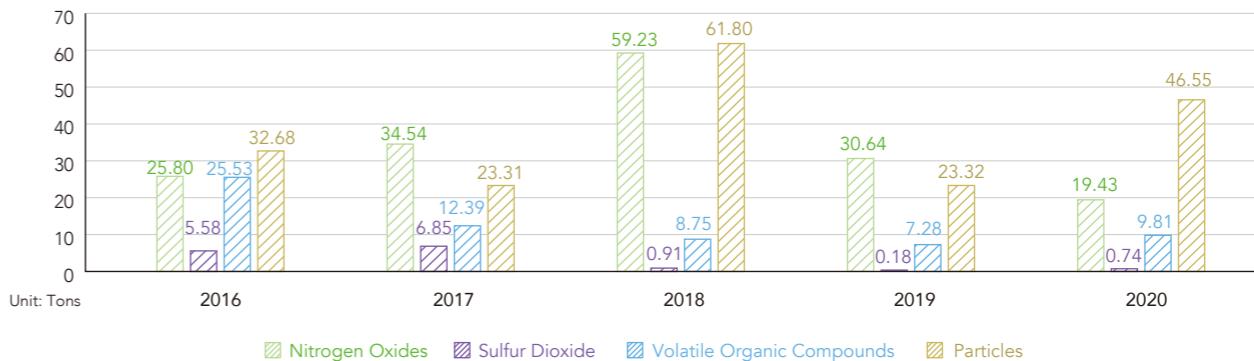
Air Pollution Control

Air pollutants emitted by Zhen Ding's subsidiaries primarily include nitrogen oxide, sulfur dioxide, particulate matters, and volatile organic compounds (VOCs), which are generated from our manufacturing processes. However, we introduce innovative technologies integrated with waste gas scrubber, dust collector, and activated carbon to reduce the emission of air pollutants. Every year, we regularly employ external institutions to conduct tests and continue to track various pollutant monitoring data to ensure that our gas emissions are compliant with law and kept within the emission standards.

Achievement of Major Emission Targets

Location of Each Sites	Atmospheric Key Indicators (Unit: mg/m ³)	Status in 2020	Regulatory Standards/Targets	The Company's Target	Achievement
Shenzhen	Nitrogen Oxides (furnaces)	65.64	150	120	Exceed the Target
	Sulfur Dioxide (furnaces)	7.0	50	40	Exceed the Target
	Volatile Organic Compounds	3.03	80	64	Exceed the Target
	Particles	4.75	120	96	Exceed the Target
Qinhuangdao	Nitrogen Oxides	16.72	30	25	Exceed the Target
	Sulfur Dioxide	0.6	10	8	Exceed the Target
	Volatile Organic Compounds	0.95	50	40	Exceed the Target
	Particles	19.56	120	96	Exceed the Target
Huai'an Campus I	Nitrogen Oxides	5.32	50	40	Exceed the Target
	Sulfur Dioxide	41.4	550	450	Exceed the Target
	Volatile Organic Compounds	1.99	50	40	Exceed the Target
	Particles	3.87	120	96	Exceed the Target
Huai'an Campus II	Nitrogen Oxides	35.83	50	40	Exceed the Target
	Sulfur Dioxide	12.0	550	450	Exceed the Target
	Volatile Organic Compounds	0.26	50	40	Exceed the Target
	Particles	3.08	120	96	Exceed the Target

Status of Air Pollutant Emissions



Note: Emission of air pollutants is calculated as follows: Emission = velocity × 24 hours × number of days of emission in a year, where velocity is manually tested by an external agency.

Waste Management

Our strategy for waste management is to generate harmless wastes, reduce wastes, and recycle them if possible. Because the PCB production process generates some dangerous wastes, which if not properly disposed of will pose danger to the environment and the human body. For this reason, we have set up dedicated waste treatment unit in the manufacturing sites and implemented a Total Waste Management program across the sites. A project manager and a small group of employees are designated to represent their manufacturing sites and work with the Office of Environmental Protection and Energy Conservation to sort and manage wastes, establish waste management transport procedures, and carry out these procedures accordingly.

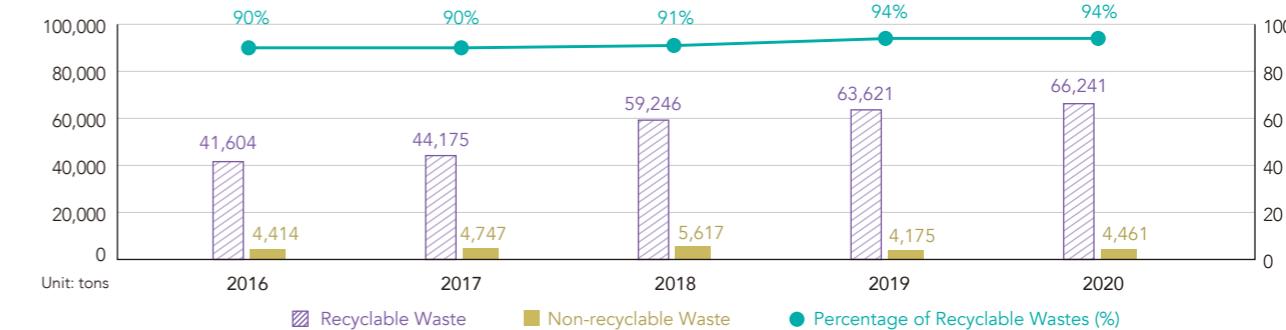
Moreover, we have also established a panel of environmental experts to develop innovative resource recycling technologies that constantly add value to recycled wastes, thereby minimizing the environmental impact of pollutant emissions. Presently, our wastes are classified into recyclable industrial wastes, non-recyclable industrial wastes, and hazardous wastes.

Our wastes are sorted and collected at the beginning of the production line. Take Shenzhen as an example, wastes are classified into 69 categories. Resources are fully recycled to create value. Waste that cannot be recycled is contracted to licensed professional contractors for processing. The percentage of recyclable wastes over the years were more than 90%. The major business locations of our subsidiaries generated a total of 40,771 tons of hazardous waste in 2020, registering a hazardous waste intensity of 0.31 (tons/million NTD) (Note 3 and Note 4). The diagram below shows the wastes generated by the Company over the years, and how subsidiaries dispose of their hazardous wastes:

Sorting by Waste Attribute



Sorting by Recyclability





Our Environment Commitments
Act on Climate Change
Water Stewardship
Green Manufacturing
Eco-Friendly Promotion

Hazardous Waste Intensity Reduction Status



Note: 1. Wastes are disposed of by certified waste disposal companies
2. General wastes are disposed of by recycling for reuse, recycling other active ingredients, and recycling for use as fertilizers or soil remediation agents
3. Intensity of hazardous waste = total hazardous waste generated ÷ Zhen Ding's consolidated revenue
4. Hazardous wastes from Huai'an Campus I and Campus II are calculated by multiplying the unit weight of an empty container by the number of trips made to transport wastes.

Hazardous Waste Management

Due to the characteristics of the industry, hazardous waste are generated during the products' manufacturing process, and Zhen Ding has specially established the "Hazardous Waste Transfer Operation Regulations" to manage hazardous waste. The disposal method of hazardous waste of each manufacturing site is determined by the nature of the waste and local environmental regulations. In 2020, around 37,096 tons of hazardous waste undergone resource recovery and 3,674 tons were processed via incineration.

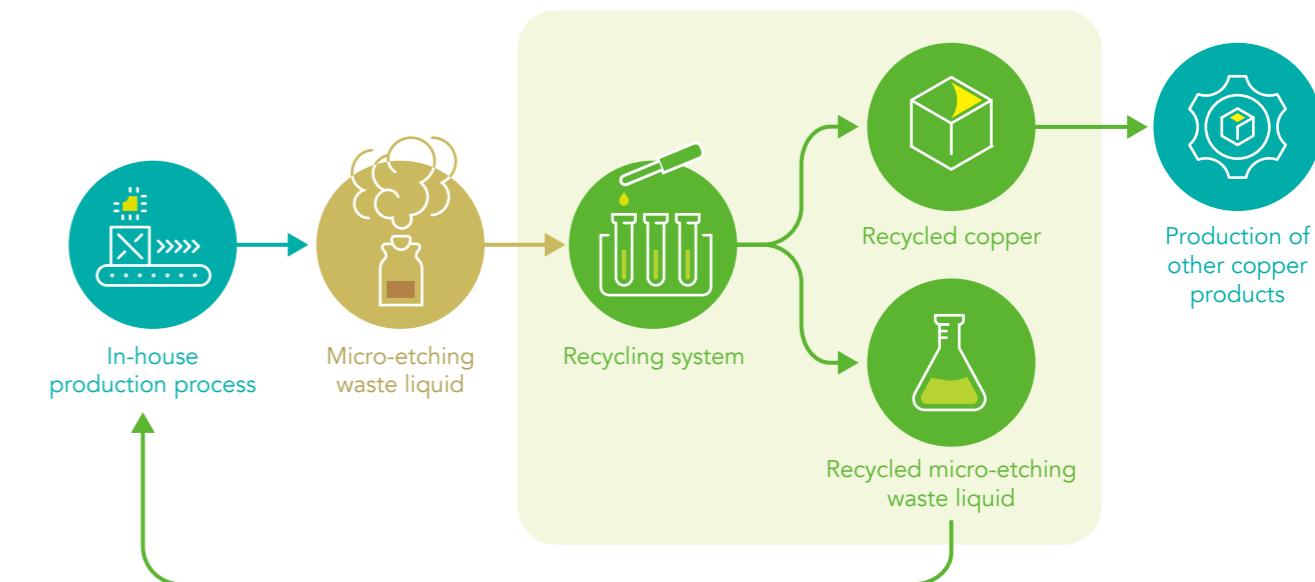
We have implemented a company-wide "Total Waste Process Management" program, in which all waste is strictly categorized from the source of production. All hazardous waste is packaged and stored separately in special containers, and stored in separate storage areas, with corresponding labels posted at the storage locations, which also include environmental and safety reminders. The warehouse where hazardous waste is placed is managed by a dedicated personnel who records the daily incoming and outgoing log of the waste. All warehouses are equipped with anti-corrosion and anti-permeation facilities, as well as emergency collection and ditching facilities. The warehouses are equipped with monitoring and control systems, all of which are connected to the control center for real-time monitoring and recording to ensure the safety of hazardous waste management. In accordance with the requirements of laws and regulations, as well as the aim and attitude of being responsible for the environment, the waste that cannot be recycled is handed over to professional contractors with legal qualifications for disposal. We regularly conduct environmental audits on disposal companies every year to ensure the proper disposal of waste. We also promote multiple hazardous waste reduction technologies to reduce the amount of waste generated.

Achievement of Hazardous Waste Reduction Targets



Resource Conservation and Recycling

Zhen Ding has always been committed to our mission of "Protecting the environment for a greener earth". We have been promoting circular economy to maximize the use of resources and recycling.



Achievement of Resource Conservation Targets

Resource Item	Unit	2020 Actual Results	2020 Target	Achievement
Copper Cathode Recovery Volume	Tons	191	170	Exceed the Target
Copper Oxide Recovery Volume	Tons	2,201	2,000	Exceed the Target

UL Certification for Zero-landfill in Waste Processing

To continuously improve our green supply chain and ensure that all waste is treated and disposed of properly, safely and legally, we regularly audit our waste disposal contractors, visit waste recycling sites, and check waste recycling and disposal methods to ensure that there is no risk of environmental pollution in waste disposal. To this end, we also follow the international trend of environmental protection and took the lead to introduce the "zero-landfill in waste processing" system and manage waste according to the system standard. Currently, both of the manufacturing sites in Shenzhen and Qinhuangdao achieved the UL 2799 Platinum Certification for zero-landfill in waste processing. Huai'an campus I and campus II also launched the project in 2020 and are expected to pass the zero-landfill certification in 2021.

Compliance with Environmental Regulations

China has provided numerous investment incentives in the past to encourage foreign companies to set up plants in China. These investments have powered the country's economic growth but at the cost of the environment. Therefore, the Chinese government has imposed stricter environmental protection regulations in recent years and increased the level of implementation while imposing rigid controls over the issuance of wastewater effluent licenses. Because large amounts of water and chemical substances are required in the manufacturing of PCBs, effluent and waste would impact the environment if they are not properly processed.

In January 2020, China's National Development and Reform Commission, and the Ministry of Ecology and Environment issued the "Opinions on Further Strengthening the Control of Plastic Pollution (2020)". In May, the International Day for Biological Diversity was promoted in Beijing. In June, China's Ministry of Emergency Management, the Ministry of Industry and Information Technology, the Ministry of Public Security, and the Ministry of Transport jointly announced the "Catalogue of Hazardous Chemicals Subject to Special Control (First Edition)", which stipulates that chemicals related to operations must meet specific management requirements for the identification of packaging, safe production, and transportation and storage of hazardous goods. In July, the "Technical Guidelines for the Development of Water Pollutant Discharge Standards for Watersheds" came into force. In the same month, Hebei Province implemented the "Hebei Province Ecosystem and Environment Protection Regulations", which highlights the scientific, precise, and legal treatment of pollution. In August, India's government proposed the fifth edition of the draft "Chemical (Management and Safety) Regulations", which require the notification and registration of 750 substances of concern. In September, "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", the "Classification of Electroplating Sludge Treatment and Disposal" and the "Treatment and Disposal of Sludge Containing Copper" came into force. As of 2020, the "Inventory of Existing Chemical Substances in China" of the Ministry of Ecology and Environment of China has increased to 45,947 substances. The fifth anniversary of the Paris climate agreement was in 2020. After European countries, a wave of "carbon neutrality" has blown through Asia this year. In November, the international training and exchange event for environmental NGOs was successfully held in Beijing; In the same month, the 14th Congress passed the "Environmental Protection Law" (amendment), the first step to meeting the requirements of national development. The 4th China Sustainable Environmental Remediation Conference was held in Hefei, Anhui. Nearly 700 representatives from the government, enterprises, and research institutions gathered in Hefei to discuss high-quality development plans for the environmental remediation industry.

To improve employees' knowledge on environmental and energy laws, the Company's subsidiaries have tasked the supervisors of environmental and human resources units with providing training and educational courses on environmental protection and energy conservation to employees. These courses cover information on laws relevant to the environment such as air, water, waste, soil, and toxic and hazardous substances, procedures for reporting environmental activities, and practical training on auditing skills. The purpose of these courses is to implement a PDCA model in environmental management and increase personnel's experience and capabilities in environmental protection and energy conservation. Thus, employees could serve the company with greater expertise and ensure that the company meets environmental requirements.

In addition, we constantly introduce high-performance equipment and technologies to recycle more wastewater without generating more wastes. We also continuously optimize processes and actively promote our Seven Greens culture, to not only keep pace with global trends and environmental laws in Taiwan and China, but also fulfill our corporate social responsibilities.

The Company's manufacturing sites have acquired legitimate permits and licenses relevant to environmental operations. Various environmental and energy conservation tasks are steadily and effectively carried out on ZDT's Seven Greens platform. Since their establishment, our subsidiaries have never been sanctioned for environmental violations.



3-5 Eco-Friendly Promotion



Low-Carbon Transportation

ZDT's Seven Greens is our key guidance and platform for promoting environmental and energy-saving activities. We analyze all aspects of production and general usage and examine methods and practices of improving our environmental efforts (e.g., energy conservation, emissions reduction, efficiency improvement, consumption reduction, greenification, and recycling) in order to implement them in our daily lives or at work.

Specifically, transportation is an aspect of "green operations". We believe that energy conservation and environmental protection are equally important as employees' travel safety; therefore, we provide scheduled electric-powered shuttles to pick up/drop off employees from/at large crowded areas during rush hours. Each year, we perform monthly review of the rate at which materials are combined and transported together to reduce the emission of waste gas during the transportation of goods. In 2020, we were able to save more than 1,596 Kiloliters of gasoline and diesel by transporting materials together and offering employees a mode of transport. In future, we will continue to improve cargo loading efficiency, increase modes of green transportation for employees, and offer more shuttle time options to encourage employees to travel in green style and play a part in reducing CO₂ emission for earth.

Combined Transport at Each Manufacturing Site

Manufacturing Sites	Approach	Environmental Impact	Description
Shenzhen	Increase utilization of combined transport	Reduce use of fuel (gasoline)	By integrating the needs for goods transport, the Company combined goods and transported them together to reduce the overall number of trips. In 2020, we needed to make 11,965 trips and actually only made 4,315 trips, a reduction of 7,650 trips.
Qinhuangdao	Increase utilization of combined transport	Reduce use of fuel (gasoline)	By integrating the needs for goods transport, the Company combined goods and transported them together to reduce the overall number of trips. In 2020, we needed to make 5,779 trips and actually only made 2,866 trips, a reduction of 2,913 trips.
Huai'an Campus I	Increase utilization of combined transport	Reduce use of fuel (gasoline)	By integrating the needs for goods transport, the Company combined goods and transported them together to reduce the overall number of trips. In 2020, we needed to make 1,431 trips and actually only made 1,225 trips, a reduction of 206 trips.
Huai'an Campus II	Increase utilization of combined transport	Reduce use of fuel (gasoline)	By integrating the needs for goods transport, the Company combined goods and transported them together to reduce the overall number of trips. In 2020, we needed to make 5,339 trips and actually only made 3,022 trips, a reduction of 2,317 trips.

Environmental Protection Month Events

Since 2007, Zhen Ding has held environmental activities in its manufacturing sites during the period from April 22 (Earth Day) to June 5 (World Environment Day) every year. This year, 2020, marks the 13th time the event is held, with a total of 10,650 participants, including the Company's employees, members of the public, governmental departments, schools, and environmental groups. These activities were well-received by our employees and the public. By hosting all types of internal and external awareness activities, we attempt to raise people's environmental awareness, implement Zhen Ding's Seven Greens idea into the Company's sustainability responsibilities, and take actions to realize our unique new green value.

Activities Held During 2020 Environmental Protection Month

Location of Each Site	Activities	Unit and Participants
Shenzhen	Waste classification evaluation	The Company's employees
	Environmental knowledge sharing, environmental video viewing by employees	
	Environmentally friendly knowledge competition	
	6.5 Environment Day poster exhibition in the campus	
	Environmental protection knowledge promotion and explanation	Teacher and student representatives from Taoyuan Chinese and English Experimental School, Avary Holding management and staff, manager of the Maozhou River Management Center
	Signing activity to protect the water environment and cherish water resources	
	Environmentally friendly knowledge competition activities	
	Interactive simulation game of garbage categorization	
	Microscopic eco-bottle making	
	Interactive game of "Earth Protection Battle"	
Qinhuangdao	Filming videos on environmental protection and energy conservation	The Company's employees
	Promotion of energy saving and emission reduction, eco-environmental concepts and knowledge	
	Avary Holding Tongbao online quiz	
Huai'an Campus I and Campus II	Green Walk	All the employees of Huai'an campus I and campus II
	Green School Day	Teachers and students of Qingongzhen Central Primary School
	Environmental Protection Walk	Huai'an Economic and Technological Development Zone Management Committee, Huai'an Environmental Protection Bureau, Huai'an citizens
	Sponsored environmental protection photography competition	Huai'an citizens

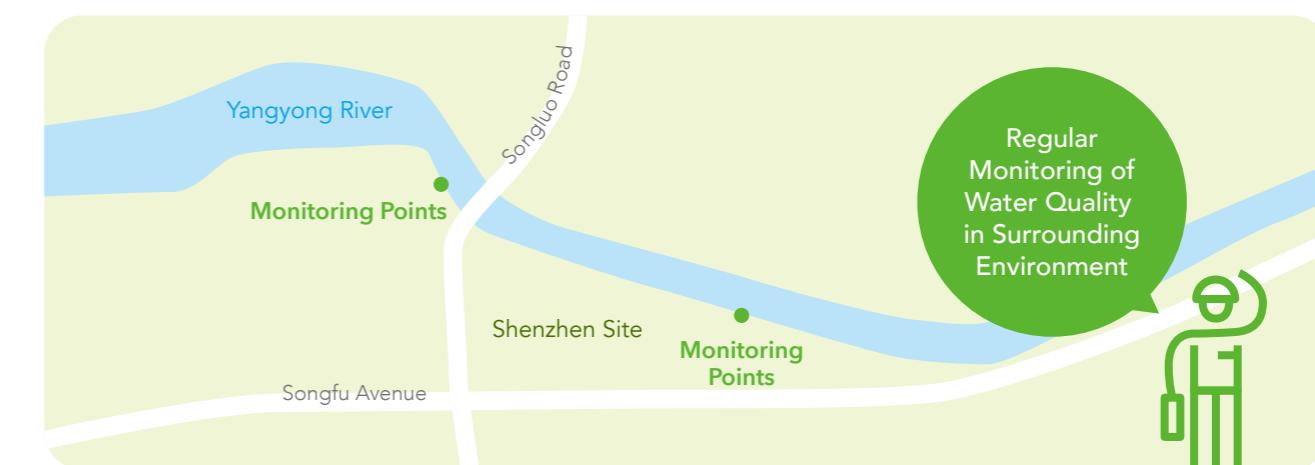


Energy Conservation and Emission Reduction Conference

Since 2010, Zhen Ding has hosted a conference every year during the Environmental Protection Month to encourage continuous improvement in green performances. In this conference, employees are encouraged to propose energy conservation and emission reduction ideas, which are presented by providing information on three topics: energy conservation, water conservation, and waste reduction. Top-performing proposals are rewarded and published in the Company's weekly publication. This conference offers different departments of the Company an opportunity to learn from one another. Over the years, representatives from each manufacturing site have introduced excellent improvement ideas. Through rewards and experience sharing, habits and methods of environmental protection and energy conservation can be integrated in the daily operations of grassroot employees.

Environmental Protection of Our Communities

Zhen Ding insists on contributing to the environment and society. Apart from organizing a series of activities during the Environmental Protection Month, we also play an active part in community care by joining forces with the government, schools, and communities to co-host environmental awareness activities. With the ecological environment always on our mind, we voluntarily conduct periodic monitoring on the quality of water within a 1 km radius of our manufacturing sites and assist the governmental departments in solving problems experienced by municipal wastewater treatment plants. While staying committed to enhancing the Company's green performance, we continuously expand our power of influence to provide green ideal solutions to the government sector and play our part in social contribution.



2020

CORPORATE
SOCIAL RESPONSIBILITY
REPORT

4

WORKPLACE

- 4-1 Human Rights
- 4-2 Talent Development
- 4-3 Diversity, Equity & Inclusion
- 4-4 Health & Safety

Key Achievements

Total number of training hours for human rights protection exceeded **500,000 hours**, and **100%** of employees have completed human rights-related training



Safety awareness assessment held once every quarter with participation and pass rate of **100%**



Total of **14,901** employees received physical examinations before they start/during their time/after they resigned from work

Total of **223** facility safety drills and **75** fire drills were held in all manufacturing sites

100% of employees in all manufacturing sites are covered by pension benefits



4-1 Human Rights Protection



Zhen Ding embraces a corporate culture in which we do not engage in things that render sleepless nights. Therefore, how to effectively implement and comply with laws and regulations is something that must be achieved by every employee and also the Company's basic commitment to the society and sustainable operations.

Human Rights Policies and Regulations

Zhen Ding strictly abides by Taiwan Labor Standards Act and the laws and regulations of People's Republic of China, including the Labor Law/Labor Contract Law/Social Insurance Law and Provisions on the Prohibition of Using Child Labor. On the foundation of a respect for internationally recognized labor human rights principles, the Company constructs a human resource management system that collectively applies to Taoyuan, Shenzhen, Huai'an, Qinhuangdao, and India to protect the legal rights of all employees. In addition to self-discipline, the Company also voluntarily complies with and regularly collects information on, assesses the social laws of competent authorities and customer requirements to ensure the legitimacy and appropriateness of these laws and requirements.

Zhen Ding supports international human rights standards. In compliance with the basic human rights principles such as the "United Nations Universal Declaration of Human Rights", the "United Nations Global Compact", the "United Nations Guiding Principles on Business and Human Rights", and the "Responsible Business Alliance Code of Conduct", as well as the laws and regulations of each location where we operate worldwide, we have established the ["Human Rights Policy of Zhen Ding Technology Holding Limited"](#) to protect the rights and interests of our employees.

Human Rights Risk Assessment and Indicators

Item	SAQ	VAP
Indicator (Rating Score)	Low risk (≥85 points) Medium risk (≥65 points & <85 points) High risk (< 65 points)	Platinum: 200 points or more with all deficiencies corrected Gold: 180 points or more with priority and major deficiencies corrected Silver: 160 points or more with priority deficiencies corrected

To ensure the basic labor and human rights and workplace safety of our employees, as well as to comply with the laws and regulations of each operating location, the Company established a Social and Environmental Responsibility (SER) Committee in 2017, whose management responsibilities cover labor, health and safety, environment, code of ethical conducts, and management systems. The Social and Environmental Responsibility (SER) Committee clearly defines the mission of the Committee and its members' duties and responsibilities, formulates relevant policies and performance targets, tracks implementation plans, and conducts regular evaluations and reviews. The Committee proactively reviews on a yearly basis whether the internal system complies with the latest RBA standards to thoroughly implement the provisions of the Electronic Industry Citizenship Coalition (EICC) Code of Conduct. In addition, it further conducts the internal risk level self-assessment (SAQ-Self Assessment Questionnaire) through the official website of RBA Online to prevent the occurrence of potential risks. In 2020, the SAQ scores of each plant in Shenzhen, Huai'an and Qinhuangdao were all above 90, which is a low risk level. In addition to the internal self-assessment mechanism, Zhen Ding also accepts the RBA "Validated Assessment Program" (VAP) from partner organizations entrusted by customers to further identify sustainable improvements through external audits.

The following table shows the results of each plant's rating in 2020, in which Huai'an Campus I (Hong Heng Sheng) and Huai'an Campus II (Qing Ding) completed the VAP assessment in 2020 and scored 173.8 and 187.2 respectively.

Manufacturing Campuses	SAQ	VAP	Risk
Avary Holding (Shenzhen) Co., Limited	92.7	-	Low Risk
Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.	94.0	-	Low Risk
Hong Heng Sheng Electronical Technology (Huai'an) Co., Ltd.	94.4	173.8	Low Risk
Qing Ding Precision Electronics (Huai'an) Co., Ltd.	94.5	187.2	Low Risk

Human Rights Concerns and Practices

In compliance with the Responsible Business Alliance (RBA) Code of Conduct and internationally recognized labor and human rights principles, Zhen Ding has established internal management policies that address human rights concerns such as labor, child labor, discrimination, forced labor, freedom of association, provision of a safe working environment, and corporate culture building. We ensure that labor and human rights are protected through measures such as awareness-raising and regular risk assessment.

Issues	Providing a safe and healthy work environment	Prohibition of child labor	Anti-discrimination	Prohibition of forced labor	Helping employees maintain physical and mental health and work-life balance	Freedom of association
Target	<ul style="list-style-type: none"> All employees Number of high risk employees: 0 	<ul style="list-style-type: none"> New employees Number of high risk employees: 0 	<ul style="list-style-type: none"> All employees Number of high risk employees: 0 	<ul style="list-style-type: none"> All employees Number of high risk employees: 0 	<ul style="list-style-type: none"> All employees Number of high risk employees: 0 	<ul style="list-style-type: none"> All employees Number of high risk employees: 0
Objectives and Actions	<ul style="list-style-type: none"> Preventing disasters, caring responsibly, and providing a safe and healthy environment. Comply with laws and regulations and make continuous improvements to become a zero-incident company. Take preventive measures to ensure the health and safety of our employees by equipping them with protective equipment and occupational health checkups for positions that may be hazardous. 	<p>The Company has revised and implemented the "Operation System for Employee Appointment Management Operation System" in accordance with the Responsible Business Alliance (RBA) Code of Conduct. The Company does not employ child laborers under the age of 16 and employs underage workers over the age of 16 and under the age of 18 in strict accordance with the Law of the People's Republic of China on the Protection of Minors. Applicants are checked during the application process and double-checked to ensure that nothing is amiss.</p>	<ul style="list-style-type: none"> Comply with local government labor laws and regulations, international standards and the Company's SER policy, and implement internal regulations. Promote and implement internal control procedures and implement anti-discrimination policies in the "Humane Management Rules". The Company conducts interview officer training and certification for hiring supervisors, which includes anti-discrimination regulations, and only those who obtain an interview officer certificate are allowed to participate in interviews. 	<ul style="list-style-type: none"> Comply with local government labor laws and regulations, international standards, and the company's "Humane Management Rules", respect employees and eliminate any forced or involuntary labor. In accordance with the "Working Hours and Employee Overtime Regulations", employees must apply for overtime work voluntarily and are not forced to work overtime in any form and are provided with compensatory time off or overtime pay in accordance with the law. Establishing cultural venues: gym, cinema, dance studio, library, basketball court, badminton court, etc. to provide employees with rich entertainment venues. We actively mobilize the participation of employees through a wide range of club activities 	<p>The Company carries out diversified activities under the theme of "Six Assurances and Six Loves" to pay attention to the physical and mental health of employees. Through activities, we relieve work pressure and enrich employees' lives to achieve work-life balance.</p>	<p>The Company established the "Management Regulations for the Right to Join Trade Unions and Collective Bargaining", which stipulates those employees have the right to join and organize trade unions in accordance with the law and have the right to negotiate on an equal footing.</p>
Risk Assessment	<ul style="list-style-type: none"> Employees in occupational hazard management positions are recorded and tracked. Non-compulsory health programs and independent participation to present the Company's effectiveness in assisting employees to promote health. 	<p>Applicants are required to provide relevant identification documents to the Company for age verification, and face-to-face checks are conducted using an ID card authentication machine.</p>	<p>The Company follows internal control procedures to eliminate unlawful discrimination and conducts regular anti-discrimination campaigns and employee seminars for employees review and feedback.</p>	<p>In addition to the internal system to control working hours, we also provide information and review through various complaint channels and employee seminars set up by the company.</p>	<p>Employee Participation Rate</p>	<p>The Company holds annual meetings with employee representatives and ensures that they are accessible to employees in all environments to ensure mutual communication.</p>

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Issues	Providing a safe and healthy work environment	Prohibition of child labor	Anti-discrimination	Prohibition of forced labor	Helping employees maintain physical and mental health and work-life balance	Freedom of association
Mitigation Measures	<ul style="list-style-type: none"> The Company has established the Safety Production Committee, which performs periodic review of the company's safety, occupational health, fire management system, and implementation statuses to continuously improve the company's safety management. Frequency of Safety Production Committee meetings: Once a month to discuss the establishment of safety standards, audit analysis statistics on safety problems, and safety project implementation. 	From the beginning of the recruitment process, the Company conducts the hiring process in accordance with the law to eliminate the issue of child labor.	From the beginning of the recruitment, the Company conducts the hiring process according to the law to eliminate illegal discrimination.	Set up an working hour early warning function in the attendance system to review and control employees' working hours on a daily basis.	The welfare committee, labor union, and the Company work together and actively promote and encourage employee participation.	<ul style="list-style-type: none"> The Company supports employees to join and organize labor unions and provides office and activity space for labor unions. The unions conduct annual family care activities to encourage employee participation.
Remedial Measures	<ul style="list-style-type: none"> Immediate job transfer. Provide medical assistance. Provide leave of absence and salary compensation in accordance with the law. Prevent recurrence. 	In the event of an incident, refer to the "Regulations for the Protection of Special Groups" to carry out remedial action.	In the event of discrimination, the responsible person shall carry out corrective actions immediately and handle it according to the "Employee Reward and Punishment Management Measures".	In the event of forced labor, the responsible person shall carry out corrective actions immediately and handle it according to the "Employee Reward and Punishment Management Measures".	Conduct employee satisfaction surveys as a basis for continuous improvement.	The union has set up a complaint window to find out the situation of employees in a timely manner and to serve as a basis for improvement.
Channels for Filing Complaints	Each manufacturing site has a 24-hour on-call telephone number, which is manned by the industrial safety department.	The Company has a number of unobstructed channels for complaints, including the Employee Suggestion Boxes, Complaint Feedback Email, Employee Service Center, and Care Hotline. At the same time, employee seminars and employee representative meetings are held so that employees can reflect their problems at any time.				

Human Rights Protection Promotion and Training

To mitigate human rights risks and ensure that the work environment, labor health and safety, and compliance with relevant laws and regulations are maintained during the work process, the Company conducts human rights protection-related training and promotion for employees in accordance with the concept corporate social responsibility. The training and promotion are mainly conducted through online and offline courses, announcements, communication channels, posters, SER policy card promotion, and promotion meetings. In 2020, the total number of training hours for human rights protection exceeded 500,000 hours, and 100% of employees have completed human rights-related training. Zhen Ding will continue to promote related education and training to raise awareness on human rights protection.

Human Rights Protection Training Practices

- Provide employees with awareness on compliance with relevant laws and regulations: these include prohibition of forced labor, prohibition of child labor, anti-discrimination, anti-harassment, management of working hours, wages and benefits, freedom of association, humane treatment, communication channels, occupational safety, and management systems.
- Implementation of promotion through communication channels: assist employees in resolving issues in work and life, and create a harmonious working environment where they are happy to communicate with each other.
- Provide complete occupational safety training: We provide different safety training for different workplace situations, such as new employee safety training, fire-fighting training, emergency first aid training, and on-the-job safety training.

Communication and Complaint Channels

Zhen Ding values the opinions and rights of employees and advocates that everyone has the right to participate in the management of the company on an equal footing. All employees are welcome to give their opinions and suggestions on the management of the company or to complain about the unreasonable aspects of the company and its management level. To better understand the needs of our employees, in 2020, Zhen Ding appointed employee relations officers in each department to care for our employees at all levels and to provide more diverse channels to protect their rights and interests. In addition to a number of channels for employee feedback, the identity of the complainants is kept confidential, and the complaint records are kept by dedicated personnel. The complaints are handled and responded to immediately to effectively increase employee satisfaction.

Zhen Ding believes that the successful fulfillment of the Company's operation targets relies on employees' dedication and contributions. A harmonious relationship between labor and management is therefore necessary to achieve solidarity among employees. We uphold the ideals of caring for employees and creating mutual prosperity. Our policies are designed to benefit employees and simultaneously create a positive work environment, so that both employers and employees can advance toward the common goal of pursuing growth for the Company. For this reason, the Company's internal control system and management regulations specify the duties and interest of all employees. To protect the rights and interests of our employees, we also specify Work Rules in the Employee Handbook, which is made known to new employees and also available to employees at all times on the human resource digital platform.

Communication Channels

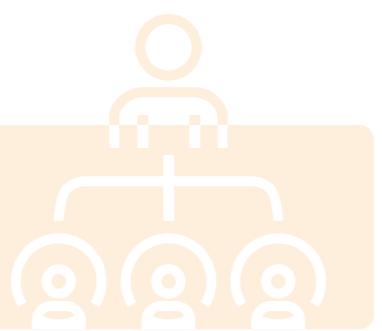


Employee Welfare Committee and Labor Unions

ZDT has established an Employee Welfare Committee to implement various welfare activities. The manufacturing sites in Taiwan hold quarterly labor-management meetings in accordance with the law to facilitate bidirectional communication and coordination on the Company's recent and future policies to reach a consensus. In addition, the Company has Management Rules for Employees to File a Complaint and Provide Suggestions. Our employees can also use the Company's employee opinion box, digital platform, and other grievance channels to provide suggestions and feedback to the Human Resources Department or senior managers in order to maintain positive relations and ensure barrier-free communication.

Manufacturing sites in mainland China have established trade unions to protect the rights of employees and offer different benefits for employees. The labor union stipulates that all workers, regardless of ethnicity, race, gender, occupation, religious belief, and education level, can apply for membership through the employees' own will and approval by the grassroots trade union committees. At present, the percentage of employees covered by collective bargaining is 100% in each manufacturing site in China.

4-2 Hiring and Talent Development



ZDT believes that "talent" is the key to corporate development. Therefore, the Company always insists on upholding the core values of "Integrity, Accountability, Innovation, Excellence, and Altruism" and actively develops a system of recruiting, cultivating, hiring, and retaining talents. From cooperative education to the development of various expertise, general knowledge, management, and talents, we offer a comprehensive range of training and fostering programs to make our employees competent enough to grow and develop together with the company.

Diversified Talents

We recruit talented employees with an open and tolerant attitude and provide equal employment opportunities and the right to choose a career. In 2020, 163 employees with physical and mental disabilities were employed. To avoid subjective judgments, we use scientific evaluation tools comprehensively to confirm the suitability of new employees. Apart from a staff member from the human resource department who interviews the candidates to get an understanding of their basic information and personal traits, immediate supervisors also take part in in-depth interviews to talk about skills and experiences. All new employees are selected through a consistent and impartial process. When recruiting, the human resource department looks for three qualities in new hires: sense of accountability, determination, and ambition. In addition to objective indicators such as work experience, educational background, and professional skills, employee commitment to work is also valued. As of the end of 2020, the Company had 31,240 male and 15,241 female full-time employees; there were 231 male and 207 female supervised (contract) employees.

Workforce Breakdown

Category	Group	Male		Female		Group total and percentage	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Job Role	Managerial	3,244	85.1	567	14.9	3,811	8.1
	Non managerial	28,227	65.5	14,881	34.5	43,108	91.9
Total							46,919

Category	Group	Male		Female		Group total and percentage	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Locations	China	29,669	67.5	14,299	32.5	43,968	93.7
	Taiwan	1,558	61.2	987	38.8	2,545	5.4
	Other locations	244	60.1	162	39.9	406	0.9
Total							46,919

Category	Group	Male		Female		Group total and percentage	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Age	0 - 20 years old	1,757	70.4	740	29.6	2,497	5.3
	21 - 30 years old	17,537	71.1	7,132	28.9	24,669	52.6
	31 - 40 years old	10,402	63.3	6,027	36.7	16,429	35.0
	41 - 50 years old	1,643	52.7	1,477	47.3	3,120	6.7
	51+ years old	132	64.7	72	35.3	204	0.4
Total							46,919

Category	Group	Male		Female		Group total and percentage	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Education	Doctoral and master's degree	318	66.4	161	33.6	479	1.0
	Bachelor degree	5,209	74.7	1,768	25.3	6,977	14.9
	College degree	7,246	73.9	2,559	26.1	9,805	20.9
	High school and under diploma	18,698	63.0	10,960	37.0	29,658	63.2
Total							
							46,919

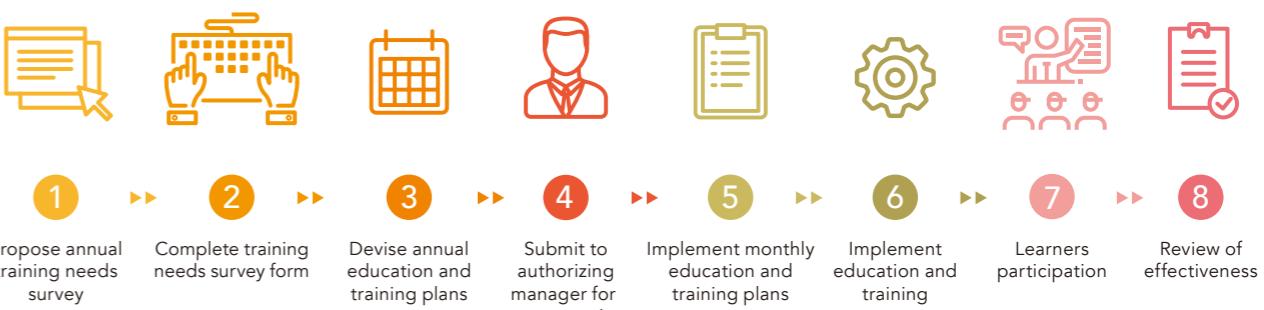
Female Workers

Due to the specificity of Zhen Ding's product line, the current production line employees are still mainly male.



Training and Development

Zhen Ding believes that only with skills and personality fit for their job can employees create greater corporate value and feel a greater sense of achievement at work, thereby achieving self-development and self-actualization. With this belief in mind, we are heavily committed to fostering professional talents, from talent recruitment, education and training, annual performance evaluations, personalized career planning, to farewell blessings when employees leave the company; every nitty gritty bits of this process show traces of our careful consideration for our employees. At Zhen Ding, we offer a wide array of training. Each employee can choose different ways of development according to their personal competency, interests, and expertise, to achieve the dual objectives of career advancement and professional development. At different stages of development, employees can find corresponding training courses to fulfill their development needs. Internal training courses proceed as follows:



Training System

Zhen Ding established a talent training system and designed education and training contents for corresponding job levels and departments to effectively integrate internal resources while systematically fostering all types of professionals required for organizational operations and development. Currently, we offer the following types of training: new employee training, elite training program, internal lecturers, general education courses, professional courses, and management courses, which are conducted online or offline according to training needs. In 2020, the average learning hours per employee was 45 hours [total learning hours/average annual workforce (average number of employees at the end of each month)], and the total annual training expenses exceeded NTD 35.96 million.



New Employee Training

Company's history, corporate culture, SER promotion, management system, and various work safety training to prepare new employees for their job development after joining the company.



Elite Training Program

For college students, we provide training on introduction to the company, factory job rotation, departmental learning, presentation of results, and 1-on-1 mentoring to help employees integrate into the Company and develop the correct working attitude.



Internal Lecturers

Lecturer competency enhancement, micro-lesson development, Teacher's Day activities, and annual thanksgiving to encourage lecturers to continuously improve their competency and pass on their experience in order to create a learning-oriented organization.



General Knowledge Training

Environmental safety and health, workplace skills, professionalism, language enhancement, academic education, and the Ding Shen Hall of Fame provide a variety of learning channels to enable employees to fully realize their potential and enhance performance.



Specialized Training

Professional certification training, quality management, IE techniques, equipment renewal, big data, etc. The classes are carried out with consultants or senior colleagues who share their experiences to enhance the Company's competitive advantage.



Management Training

To help with the advancement of managers at all levels, we have arranged training for corresponding management skills to assist managers in work and management.

E-Learning Platform

In August 2020, Ding Sheng's online learning platform, Ding Sheng E-Learning College app, was officially launched, allowing employees to learn anytime, anywhere. The Company has opened a new chapter of digital learning, including for registration, sign-in, leave-taking, evaluation, practice, exams, questionnaires, reviews, awards, and video conferences.

The Ding Sheng E-Learning College introduced more than 3,000 online courses in management, English, finance, workplace skills, administrative services, personal and development. In order to enrich the course content and learning transformation, Zhen Ding introduced external resources to guide internal lecturers to produce corporate micro-courses, and a total of 256 internal self-produced courses were placed on the platform for employee learning in 2020. In 2020, the usage rate of the platform was 95%, and the learning rate reached 70%, among which the learning rate of the Company's self-made courses was 97%.



Ding Sheng E-Learning College - Functions



Training
Registration/Sign-in/Questionnaire/
Online Learning/Live Streaming



Examinations
Questions Database/Exam Database/
Exam Practice/Games



Talent Development
Position Awareness/Employee Mentoring/
Talent Development



Big Data
Learning Files/Data Overview/
Various Reports



Interaction
Announcement/Images/Pop-up Box/Like/
Comment/Friend Circle/Community



Rewards
Honor Roll/ Ranking/ Credit/ Points/
Promotion

4-3 Happy Workplace



We provide a complete range of benefits and regularly hold different types of social, cultural, and health-promoting activities so that employees not only pursue personal achievements and development in the company but also enrich their spiritual mindset.

Remuneration Policy and Performance

Remuneration Policy

Zhen Ding provides an externally competitive and internally reasonable salary management system to effectively retain talented people. We also review overall compensation and develop strategies to ensure that the Company has sufficient market competitiveness.

In addition to paying monthly salary, the Company also provides various types of monetary rewards as a form of encouragement to boost morale when needed and retain well-performing employees. These rewards include year-end performance bonuses, bonuses for continuous services, employee bonus, and monetary rewards for innovative research and development and for proposing improvement ideas.

To keep the company's general salary offers competitive, the Human Resources Division plans and reviews remuneration policies of the Company's manufacturing sites according to changes in the external economic environment. We also draft salary adjustment plans as needed by referring to the minimum wage policies of local governments, reviewing the salary survey reports provided by professional consulting companies, and measuring the salary levels of the local market where the manufacturing site is located. Employees' individual job performance is accounted for when adjusting their salary.

The Company determines the salary of new employees by considering the employees' educational background, work experience, and competency (years of seniority and level of expertise) without discrimination on gender, age, race, ethnicity, gender identity, religions, marital status, disabilities, nationalities and political affiliation. In general, employees working at our manufacturing sites earn a salary that is higher than the minimum stipulated by the local government.

Minimum Pay for Entry-level Workers as a Percentage of Local Minimum Wage

Gender	Locations		Taiwan Campuses		China Campuses		
	Taoyuan	Dayuan	Shenzhen	Dongguan	Qinhuangdao	Huai'an	

	Male	151%	100%	100%	219%	105%	109%
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	Female	151%	100%	100%	219%	105%	109%
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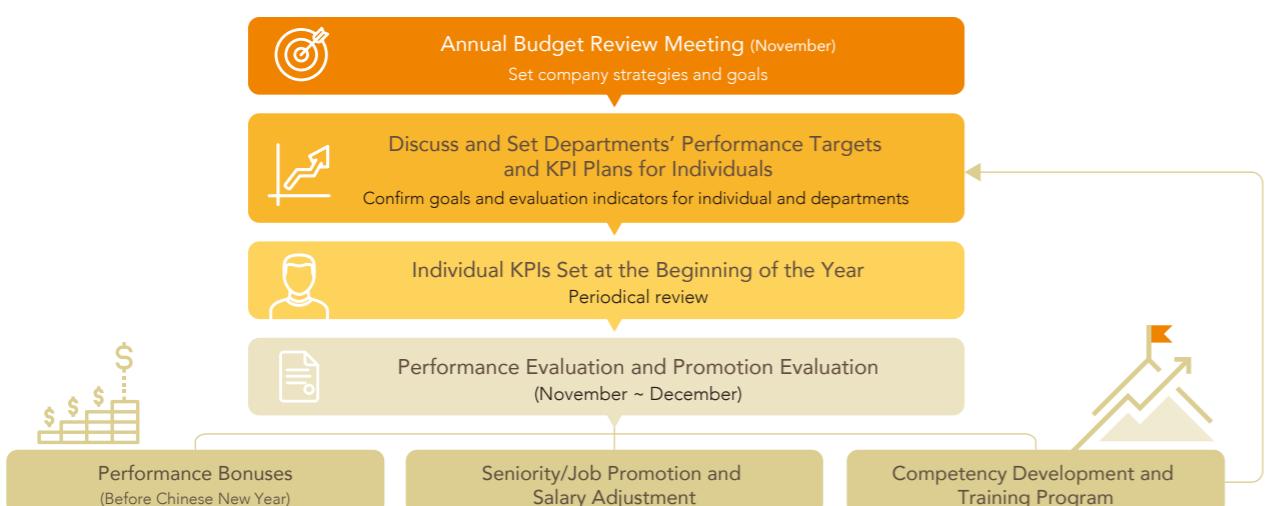
Note: 1. As Taoyuan and Dongguan do not adopt entry-level employees, the salary percentage is based on the minimum wage of engineers/administrators.

2. The minimum salary standard is in accordance with the local provisions regarding minimum wage.

Performance Management

The Company conducts employee performance evaluation every year and also provides incentives in the form of rewards, salary adjustments, bonuses, and promotions based on performance evaluations. After the conclusion of the annual review and budget meeting, one-on-one meeting between managers from each level and department or functional heads is arranged to establish personal goals and main KPIs that are agreeable to both parties. Each department or functional head also interviews employees on a one-on-one basis to establish main KPIs that are agreeable to both parties.

At Zhen Ding, one of the key topics of discussion between supervisors and subordinates for the year is performance planning. Supervisors must fulfill their duty to performance planning and discussion. We believe that bilateral communication and discussion is not only related to a person's annual performance but also influences the company's general performance. Therefore, interviews should involve detailed discussions and rules about matters related to performance, such as the priority order of duties, employee expectation, aspects to be improved, and goals, etc.



Category	Locations		Taiwan		Shenzhen/ Dongguan		Qinhuangdao		Huai'an		Other Locations		Total
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Number of employees receiving regular reviews of performance and career development	1,558	987	11,211	5,096	10,268	5,246	8,190	3,957	244	162			46,919
Percentage	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%			
Total number of employees		2,545		16,307		15,514		12,147		406			

Employee Benefits

Insurance System

The employee welfare measures for the Company's employees in Taiwan include the National Health Insurance, Labor Insurance, and labor pension systems required by the Labor Standards Act of the Republic of China. We also provide employees with group insurance to protect their related benefits. Zhen Ding's group insurance in Taiwan includes a certain amount of term life insurance, accident insurance, hospitalization and medical insurance, cancer insurance, accident injury medical insurance, and occupational hazards insurance. In addition, employees' family members can also purchase the Company's group insurance with lower insurance premiums. In addition to paying for social insurance (pension, medical,

work injury, maternity, and unemployment insurance) and housing provident fund in accordance with the law, employees in China are provided with annual health checkups.

Retirement System

To take care of employees' post-retirement lives and to enhance the spirit of service during their employment, Zhen Ding has established employee retirement programs according to the Labor Standards Act and Labor Pension Act to ensure employees in Taiwan receive a fixed pension fund.

Employees under the former labor pension system, the Company has established retirement and pension management regulations in accordance with the Labor Standards Act to take care of employees after retirement and improve their services during employment. The Company also established the Supervisory Committee of the Labor Retirement Reserve in accordance with regulations. The labor retirement reserve fund is appropriated each month in accordance with the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds" to the Committee's dedicated account in the Central Trust of China and managed by the Committee. Since July 1, 2005, in conjunction with the implementation of the "new system" stipulated in the Labor Pension Act, for employees who were covered by the Labor Standards Act and opt for the new system or employees who commence their job after the new system is implemented, their seniority shall be calculated by the defined contribution plan. The Company shall pay pension by allocating 6% of the employee's monthly salary to the personal labor pension account established for each employee. Employees may also choose to allocate 0-6% of their monthly salary to their person pension account; once employees meet the legal retirement age prescribed by the government, they may apply for monthly pension payments or a lump-sum pension payment from the government.

The Company's subsidiaries in China set aside pension insurance based on the mandatory ratio in accordance with the retirement and pension system required by the government of the People's Republic of China. All pension funds of current and retired employees are organized and managed by local governments.

Category	Shenzhen	Dongguan	Qinhuangdao	Huai'an
The Company's Contribution	Non-Shenzhen residents: 14% Shenzhen residents: 15%	14%	16%	16%
Percentage of Employees Covered by Pension Benefits	100%	100%	100%	100%

Other Incentive and Benefit Programs

Employees' benefits include special leaves (public holidays, paid annual leaves, marriage leave, bereavement leave, maternity leave, paternity leave, etc.), pension fund, labor and health insurance, and employee insurance (endowment, healthcare, occupational injury, child birth, unemployment insurance), as well as housing provident funds, as stipulated by applicable labor laws and regulations in the area of operation. For the purpose of showing solicitude as well as protection of work rights, the Company provides promotion opportunities and salary adjustments to reward our employees in terms of their performance every year. Depending on the company's operating results, the Company also gives out productivity incentives, annual bonuses, and other relevant benefits for our employees.



Diverse Social Activities

It is Zhen Ding's mission to foster employees' interests and hobbies, create a talent cultivation space, and build a pool of talented artists and athletes. We also organize and fund different employee clubs and cultural and health-promoting activities. We actively renovate, optimize, and upgrade activity areas for employees. The manufacturing sites also have a movie theater, gym facility, and yoga class to create a happy work and living environment for employees.

Name of Social Club	Basketball Club	Badminton Club	Youth Dance Club	Bicycle Club	ZDT Lifestyle Club	Table Tennis Club	Music Club/ Radio Host Club
Number of participants of club activities in 2020	248	255	685	249	3,453	88	5,550

True Value of Internal Communication

Our Ding Sheng Monthly publication not only repeatedly advocates the company's corporate culture and core values of Integrity, Accountability, Innovation, Excellence, and Altruism, but also provides brief reports of major activities held in each manufacturing site. In addition, there are columns dedicated to knowledge on laws, poems sharing, articles written by employees, and photos of Zhen Ding. Our newsletter allows employees to apply their creative writing skills, and it also communicates information about the Company's manufacturing sites.

We also actively participate in government-organized marathons and the Bao'an Development Exhibitions to interact with, learn from, and grow with external communities and showcase the corporate image of ZDT and the unique qualities of our employees.

Labor-Management Relations

To protect the interests and rights of employees, we comply with the provisions of the Labor Standards Act regarding the minimum period of advance notice, in the event of the following changes:

1. Where the company's businesses is suspended, or has been transferred.
2. Where the company's businesses suffer operating losses, or business contractions.
3. Where the change of the nature of business necessitates the reduction of workforce and the terminated employees cannot be reassigned to other suitable positions.
4. Where force majeure necessitates the suspension of business for more than one month.
5. A particular employee is clearly not able to perform satisfactorily the duties required of the position held.

The period of advance notice shall be as follows:

1. Where an employee has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
2. Where an employee has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
3. Where an employee has worked continuously for more than three years, the notice shall be given thirty days in advance.

After receiving the advance notice referred to in the preceding paragraph, an employee may, during hours of work, ask for leave of absence for the purpose of finding a new job. Such leave of absence may not exceed two work days per week. Wages shall be paid during such leave of absence. Where an employer terminates the contract without serving an advance notice within the time limit prescribed in the preceding paragraph, the employer shall pay the worker wages for the advance notice period.

Except for the above-mentioned regulations for the Taiwan manufacturing sites, the rest of the manufacturing sites will follow the local laws and regulations.

4-4 Healthy and Safety



Safety is the basis and prerequisite for all activities. In a constantly developing society wherein economic globalization intensifies and technological advancement continues, safe production has become a blatant problem in Taiwan's socioeconomic development. ZDT establishes environmental protection and safety as the foundation for the company's development. The first and foremost core competitiveness of the Company is environmental protection and safety, an aspect also deemed as of utmost importance by Charles, the Chairman of the Company. He has stressed the importance of safety in multiple meetings, saying that he would rather not run this business if he cannot safeguard the safety of workplace and provide an Eco-friendly environment. As employees are most valuable asset, the health and safety of employees are the company's first priority.

Safe production is the fundamental requirement for the vigorous development of a company. Since the construction of its manufacturing sites, the Company has established an occupational safety organization in accordance with laws and the company's Business Rules. The organization is in charge of industrial safety and production tasks, including production safety, occupational health, and fire safety management. The Company adheres to applicable safety laws and regulations, adopts the "Three Simultaneous" system, perfects its safety management systems, provides employee safety training, implements risk identification and control, actively carry out self-examination and elimination of hidden dangers, inspects and improves the work environment, provides labor protection to employees, builds emergency response systems, and maintains its fire prevention system. These actions are aimed at building a safe and healthy work environment and safeguarding the safety and health of the company.

Occupational Health and Safety Management Policies



Management of Occupational Health and Safety

Mid-term/ Long-term Goals

1. **Mid-term goals:** autonomous safety management
2. **Long-term goals:** become a zero-incident company (zero incidents: no major disasters)

Standards for Assessing Management Direction and Performance

Occupational Health and Safety Issues	Targets	2020 Actual Results	2020 Target Achieved	2021 Target
KPI 1: Prevention of Safety Incidents	Number of fire disasters: 0 incident Fire disasters requiring external intervention (firefighters)	0	Achieved	0
KPI 2: Occupational Health Management	Number of occupational diseases: 0 incident	0	Achieved	0
KPI 3: Fire Prevention System Maintenance	Rate of properly maintaining fire prevention system: 100%	100%	Achieved	100%
KPI 4: Emergency Response	Emergency response drills: 220 drills Mainly refers to the workshop level (the periphery is the department level) emergency response	223	Achieved	336

The number of work-related fatalities of employees and contractors from 2017 to 2020 is 0, and the number of occupational diseases is 0.

Environmental Safety and Health Policies

Zhen Ding formulates environmental safety and health policies in compliance with regulatory requirements, customer guidelines, and the principles of corporate sustainable operation. These policies are aligned with the company's Business Rules and include environmental policies (environmental management and environmental management substance process management policies) and occupational safety and health policies. Specifically, the occupational safety and health policies are as follows:



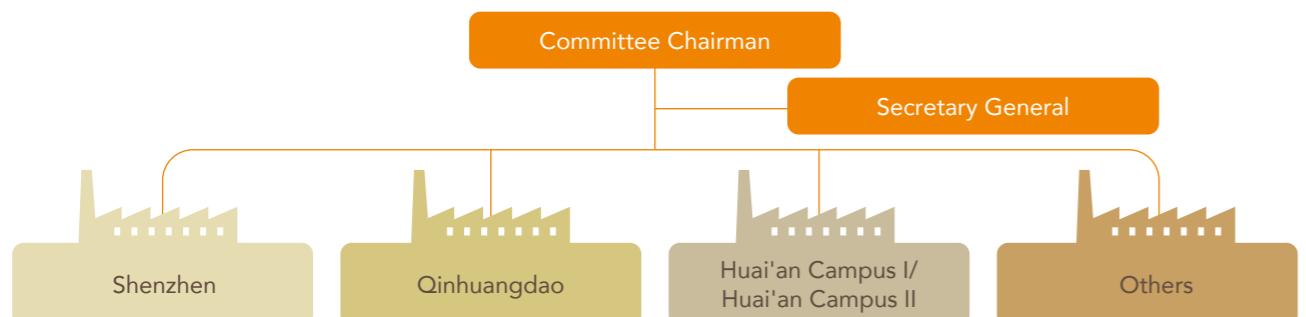
Occupational and Health and Safety Management Policies

The Company has implemented an occupational health and safety management system to provide a safe and healthy work environment for employees and other staff members, and we are committed to continuously improving occupational health and safety performance. Since our establishment, the Company has been actively promoting the OHSAS18001: 2007 system. In 2020, the manufacturing sites in Shenzhen, Qinhuangdao, Huai'an Campus I and Huai'an Campus II have all passed the ISO45001: 2018 certification.

The Company's safety and health management system covers 100% of the workers, activities, and workplaces of each manufacturing site, and there is a comprehensive system to ensure that the actions of employees and contractors comply with regulations and other requirements.

Safety Production Committee

Zhen Ding has established the Safety Production Committee, which is composed of members from production, manufacturing, and peripheral departments. Employees are represented by the plant industrial safety personnel or industrial safety officers, who are responsible for communicating meeting requirements and proposing safety requirements. The Safety Production Committee performs periodic review of the company's safety, occupational health, fire management system, and implementation statuses to continuously improve the company's safety management. The Safety Production Committee convenes a meeting once a month to discuss the establishment of safety standards, audit analysis statistics on safety problems, safety project implementation, new regulations and technical standards, emergency drill status, safety activities, safety proposal improvement, and work-related injuries/accidents. The Safety Production Committee is a platform that gathers together the awareness of the entire industrial safety management. The participation of senior executives of each unit personally reflects the importance that the Company places on industrial safety. Understanding the government policies, reviewing industrial safety incidents, improving industrial safety management, and exchanging ideas among different manufacturing sites is achieved through the meetings. Contractors regularly assign their representatives to participate in the Company's safety training and attend the occasional safety briefing and coordination meetings. In addition, the Company also conducts regular audits of contractors, including occupational health management, fire safety management, industrial safety management, etc., to ensure that the contractors fully understand the safety and health requirements and meet the relevant management requirements.

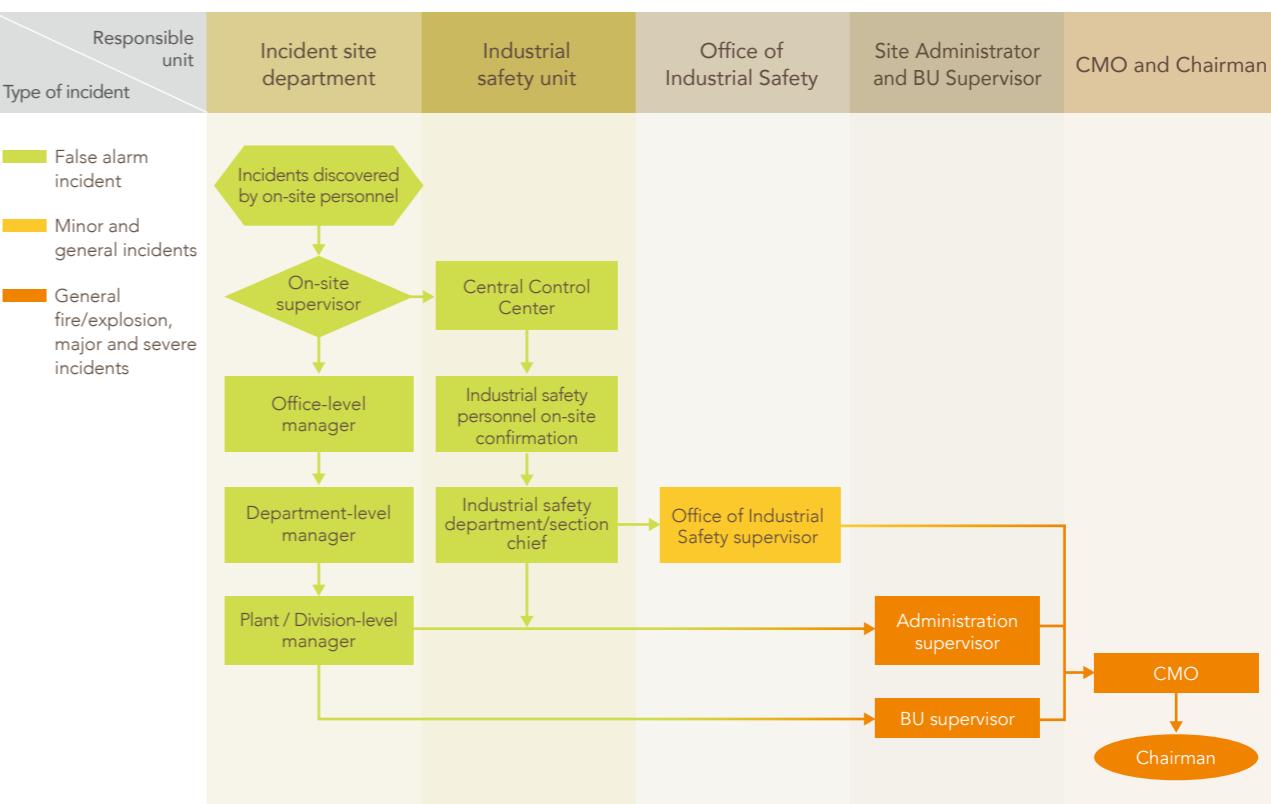


Death and Injury Incident Reporting and Follow-Up Process

The Company implements closed-loop management of industrial safety incidents. After an industrial safety incident occurs, the personnel of the incident unit shall immediately report to the central control center of industrial safety by telephone or mail, and the responsible personnel of the industrial safety unit shall file the record, which must indicate the reporting personnel's department, name, and contact telephone number to facilitate the investigation and clarification of the incident. For the personnel who successfully discover, eliminate, and report the incident, the Company gives awards and commendations. We will not disclose the information of the reporting personnel and will ensure that the reporting personnel (worker) is exempted from punishment (including termination, demotion, loss of subsidies, disciplinary actions, and any other unfavorable treatment). After filing a report, the industrial safety unit will immediately go to the site of the incident for further understand and verify the situation, and report the incident level according to the preliminary judgment. The incident-occurring unit organizes relevant departments to form an incident investigation team (the investigation team must include industrial safety personnel). The incident investigation team completes the analysis of the cause of the incident and improvement measures, and the incident-occurring unit fills out an "Industrial Safety Incident Report" to clarify which units are responsible. The units responsible for the incident shall implement rectification and improvement measures in accordance with the requirements of the "Industrial Safety Incident Report" and notify the incident-occurring unit for verification after completion. The incident investigation must adhere to the principles of scientific rigor, abiding by the law, seeking out truth from facts, and paying attention to effectiveness, as well as the timely and accurate investigation of the incident, the cause of the incident, and the losses due to the incident. Identify the nature of the incident, identify the responsible parties of the incident, summarize the lessons learned from the incident, and propose corrective measures and opinions on the handling of those responsible for the accident. In the event of an incident of the general level or above as stipulated by the state, the Company representative will report to the safety production supervision and management department of the People's Government at the county level or above, and to the relevant departments responsible for safety production supervision and management where the incident occurred within one hour.

To ensure the quality of the entire reporting process, emergency drills are conducted regularly to simulate accident scenarios and actions are taken in accordance with the instructions of the plan in order to achieve the expected results.

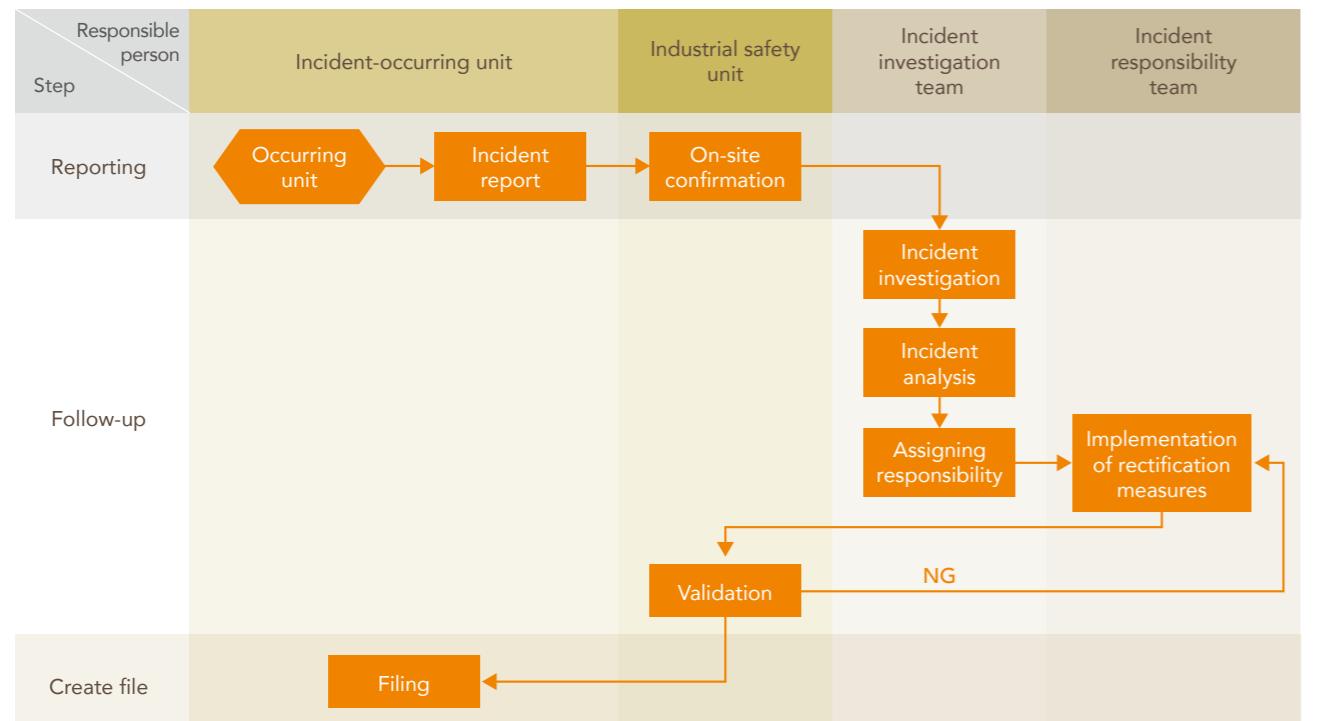
According to the different levels of incidents, the notification process is as follows:



- False alarm incident:** On-site personnel must immediately report the incident to the on-site supervisor, who must immediately report the incident to the Central Control Center and notify the office-level manager, who must report it to the department-level manager, who will report it to the plant/division-level manager. The Central Control Center will also send industrial safety personnel to confirm the incident on site and report to the industrial safety department/section chief.
- Minor and general incidents:** Add on industrial safety department/section chief reporting to the Office of Industrial Safety supervisor.
- General fire/explosion, major and severe incidents:** Report to site administrator, BU supervisor, CMO, and Chairman. Loss rate of 200,000 work hours over the years: 2.28 in 2017, 2.32 in 2018, 2.08 in 2019, and 3.31 in 2020.

Note: The rate of loss of 200,000 work hours = Number of days lost to work injury ÷ Total number of work hours to be worked × 200,000.

Incident Investigation Process:



Specific improvement plans to prevent the occurrence of incidents in the future:

- Establish a safety culture:** use online education, safety activities, prize quiz, etc. to promote the establishment of a safety culture.
- Improve fire prevention regulations:** enhance firefighting methods, establish regional files, track rate of properly maintaining fire prevention system.
- Refine classification and inspection:** sort high-risk equipment into categories, perform PAD checks, and include in the assessment.
- Introduction of professional talents for plant construction:** bring in industry professionals to participate in the early stage of plant construction to achieve intrinsic source safety.
- Dynamic monitoring of chemicals:** integrate the system to control the chemical life cycle.

Safety Production Preventive Management

The Company's occupational safety and health policies primarily involve integrating the concept of "prevention" in planning the Company's occupational safety and health management tasks. As employees are most valuable asset, we insist on a business philosophy that embraces responsible care for people to create a safe, comfortable, and healthy work environ-

ment. Zhen Ding strictly adheres to applicable laws and regulations of occupational safety and health and to the requirements of stakeholders. We continue to improve our occupational safety and health performance and ensure that the company grows steadily to achieve the ultimate goal: Becoming a zero-incident company (zero incidents: no major disasters).

New Business Health and Safety Risk Assessment

Before taking over a new business, the industrial safety unit organizes relevant professionals to identify and analyze hazardous and harmful factors, select qualitative or quantitative evaluation methods, and make evaluation conclusions, then formulate corresponding rules and regulations, operating procedures, and emergency plans for new businesses that meet the Company's requirements.

The industrial safety department introduces safety management during the planning and design of new plants, conducts reviews of building fire protection design, carries out contractor management, reviews high-risk equipment/areas, conducts evaluation of plant construction protective equipment, collects contingency equipment data, prepares operation SOP files, and carries out personnel recruitment/training.

The Company strictly complies with the provisions of the "The 'Three Simultaneous' Interim Measures for Supervision and Management of Safety Facilities in Construction Projects" and "The 'Three Simultaneous' Interim Measures for Supervision and Management of Occupational Health in Construction Projects", where the safety facilities and occupational disease protection facilities of construction projects are designed, constructed, and put into production and use at the same time as the main project. The Company has commissioned a third-party organization to conduct safety pre-evaluation and occupational disease hazard pre-evaluation at the feasibility study stage of the construction project.

Safety Problem Inspection and Correction

The direction of Zhen Ding's occupational health and safety policy is "preventive management". By using different methods such as safety risk identification, safety training, safety problem inspection and elimination, and risky equipment control, safety prevention management is carried out in various aspects from multiple directions, while industrial safety audits are divided into two forms: daily audits and special audits.

- Daily audits:** According to the actual situation, the industrial safety audit is conducted by the industrial safety department from time to time, as well as at a fixed frequency of daily, weekly, monthly and quarterly audits. The audit is systematic with the audit taking place on a daily basis and where at least one comprehensive audit is planned for the manufacturing site every month.
- Special audits:** Special audits are carried out by industrial safety organizations, taking a combination of weekly and random inspections, either independently or by organizing relevant personnel for the task. The audit results should be reported back to the responsible department and the corrective measures proposed on site should be reviewed.

Items being audited include: illegal operations, equipment safety protection measures, electrical facilities, operating environment, occupational health, labor protection of employees, firefighting facilities, safety of special equipment, safety education and training of employees, fire and explosion prevention in the manufacturing sites, and construction safety.

Projects to Prevent or Reduce Safety Hazards		
Key projects for safety prevention	Implementation Focus	Description of Effectiveness
El Niño Project	Resource preparation, pump testing, drainage testing, contingency drills, storm warning, activation of plans, manpower deployment, and deployment of defense lines.	Effective configuration, normal supply, smooth production, and continuous improvement
Improve fire protection and management	Sort personnel into categories, fire protection cover for fire catcher, and fireproof cloth for full containment	Improve safety coefficients and prevent fires
Occupational contraindications and fool-proofing functions	Systematic identification of prohibited personnel and prohibited positions	Precise control of prohibited personnel movement
Fire pump/broadcast system refinement	Sharing of water mist system and sprinkler system pump, sharing and automatic switching of fire broadcast and business broadcast system	Improve operational efficiency, reduce maintenance process, and make the system more secure and reliable

Emergency Response Policies and Measures

Zhen Ding attaches great importance to safety production work and has formulated various measures to protect employees' personal safety and environment. Whether it's new employees, returning workers, or personnel changing to different posts, they will all undergo safety training, and will not be assigned to work without obtaining the professional certification. Employees are required to wear protective equipment according to their posts before work, and female employees must tuck their hair into their hats or put it in a bun. All equipment, tools, and instruments have emergency stop buttons, lit-up barriers, and other protective measures, and on-site inspections must be conducted before starting the machinery. Equipment, carriers, and clamps are positioned and managed at the work site, with a high degree of consideration and requirements according to the actual situation at the site, to prevent injuries caused from falling and collapsing. In places, production lines, or equipment that generate gases, liquids, dust and debris, radiation, and noise harmful to humans, there are dust and poison prevention devices on location and corresponding safety technical measures. For high-level operations, electrically powered operations, fire operations, and operations with poisoning or asphyxiation hazards, the industrial safety personnel will conduct verification and testing, as well as take reliable safety precautions before operation. The moving of movable equipment such as electric fans, grinding wheels, welding machines that are in operation is prohibited. If there is a need to move these equipment, cut off the power supply to prevent electric shock or injury caused by the rotating parts. At least once a year, training and assessment is arranged for all employees in the relevant positions to ensure that the knowledge of safe production has been disseminated.

According to our development needs and the characteristics of our production activities, we formulate reporting and handling procedures for all types of emergency situations, so that we could address abnormalities in a timely and effective manner to reduce any disaster-related injuries and losses. To ensure swift, ordered, and effective initiation of emergency rescue operations, the Company's manufacturing sites have developed solutions to emergency production safety incidents as required by law, and provided these solutions to the government's safety management department to put on record. Meanwhile, we inform nearby companies of the company's nature of accidental risks, range of impact, and emergency prevention measures, and work with these nearby companies to implement joint rescue operations and reduce the impact of incidents.

Zhen Ding regularly organizes employees to carry out various emergency response drills to enhance employees' emergency response awareness and handling capabilities. Fire drills are held once every six months. In 2020, the Company continued to improve its fire prevention training (raise fire alarm, extinguish fire, switch off power supply, switch off ventilator, evacuate) and training on emergency responses in facilities. The Company's manufacturing sites have held 223 facility safety drills and 75 fire drills.

A competition on use of emergency equipment is organized and held in the Company's manufacturing sites at the same time. In the competition, units form a team or join with other teams and simulate emergency rescue operations when a fire occurs. The competition aims to hone employees' ability to respond to unexpected events, examine how well employees can use emergency equipment, and simultaneously foster teamwork in the event of emergency.

Internal Safety Activities

The Company designates June and November as Safety Month and Fire Prevention Month, respectively, during which a wide range of emergency response activities is held, including: safety quiz, safety knowledge competition, safety drill competition, emergency response with equipment on-hand practice, safety cartoon/poster competition, etc. These activities provide a vivid and lively approach to improving employees' understanding of safety practices. In 2020, the Company's manufacturing sites have held 13 safety activities with 1,542 participants.



• Safety production management report evaluation	• Online safety knowledge learning
• Safety knowledge competition	• Safety cartoon/poster competition
• Safety video promotion	• Firefighting competition
	• Fire prevention knowledge promotion
	• Fire prevention knowledge seminar

External Safety Activities

The Company values its ties with governmental and community safety management units and actively arranges employees to participate in safety activities organized by the government and community. In 2020, the Company's manufacturing sites have participated in five safety activities that were organized by the government.

1. Manufacturing site in Shenzhen showcased pandemic prevention at Shenzhen Industry Expo in August 2020.
2. Manufacturing site in Shenzhen participated in the "Strong Safety Cup" safety knowledge competition in Baoan District, Shenzhen, in November 2020 and won the Outstanding Organization Award.
3. Manufacturing site in Qinhuangdao took part in the Qinhuangdao City Development Zone Micro Fire Station firefighting skill contest in November 2020 and won first place in the Group category.
4. Manufacturing site in Qinhuangdao took part in "The 3rd Hebei Province I am a Firefighter" national firefighting competition in November 2020 and won first place in the Youth category.
5. On November 4, 2020, the Office of Industrial Safety sent personnel to share industrial safety experiences on behalf of the Company at the GPCA "Guangdong Circuit Board Industry Association".

Grievance System of Safety Issues

A company's safe development relies on the support and participation of its employees. Zhen Ding encourages employees to identify safety problems and propose solutions. The Company's manufacturing sites have established a central control center as well as a 24-hour hotline for reporting emergency situations. Employees are informed of the emergency telephone number through announcements, awareness meetings, and signs office phone. After receiving reports of safety problem, the person on duty will immediately confirm the problem at the scene, handle it accordingly, and document it for follow-up purpose.

Contractor Construction Safety Management

This is an integral part of the Company's safety management. Contractors are required to prevent and avoid hazards encountered by employees in the workplace through proper design, engineering, management, and control. If the source of the hazard cannot be effectively controlled by the above methods, appropriate personal protective equipment should be provided to employees. The Company has therefore established a management system for contractors: The Construction Safety Management Rules, which stipulate clear requirements and safety protective measures for managing the safety of three construction stages (before, during, and after construction). We require contractors to provide safety training for their own employees. Employees who engage in special operations must be certified. In addition, the Company provides safety training to any persons with access to construction sites, including supervisors of construction works, construction workers, responsible persons, and service providers. We also organize examinations, and those who pass the examination are given a certificate. Any construction workers working in the Company's five manufacturing sites are required to obtain a safety training certificate (valid for one year; they must undergo training and examination again next year). In 2020, the Company provided safety training to 9,953 construction workers and 911 supervisors, and 10,859 participants of them received a certificate at the end of training.

The following aspects were managed in 2020 for improvement:

1. Specify hot work protection requirements and check high-risk areas before performing hot works;
2. Hold morning/night safety meetings every day, ask contractors questions at random to make sure they are concentrating in training, and verify how well contractors mastered safety requirements;
3. Set up construction personnel insurance and validity period management and error prevention functions on the system. Attributed to the above management practices, we reduced the occurrence of industrial safety incidents and protected the safety of construction workers and service providers at the construction site.

A total of 1,427 morning meetings was held in 2020 to remind contractors about safety. The Company has convened 54 monthly/bi-weekly meetings with contractors in 2020, during which information on workplace safety was fully exchanged and communicated.

COVID-19 Emergency Response Policies and Measures

In 2020, in response to the COVID-19 pandemic, the Company developed an organizational structure for pandemic prevention and control, set up responsibilities, graded early warning responses, prepared emergency supplies, and set up handling procedures for various situations, so that the pandemic prevention work could be carried out in an orderly manner. In the event that the pandemic continues to develop, the Company will incorporate local requirements, develop measures specific to the local situation, organize group prevention and control, in order to implement the Company's pandemic prevention requirements quickly and effectively.



The Company has developed simple and concise material (text and image) on pandemic prevention knowledge, tested all employees online to make sure that every employee has relevant pandemic prevention knowledge. In addition, the Company put up posters in public locations such as machine shops and restrooms, and filmed pandemic prevention promotion videos to publicize the Company's relevant pandemic prevention methods and policies to improve employees' self-prevention ability.



To effectively manage the pandemic situation, the Company has made a series of statistics and analysis on the changes of the pandemic situation at the location of the plant and the adjacent areas, in order to establish corresponding countermeasures and preparations, and control the return to work of the employees in the key pandemic areas. All employees entering the plant sign a pledge of pandemic prevention which legally binds them to report their personal information truthfully, in order to safeguard the "front gate" of the Company.



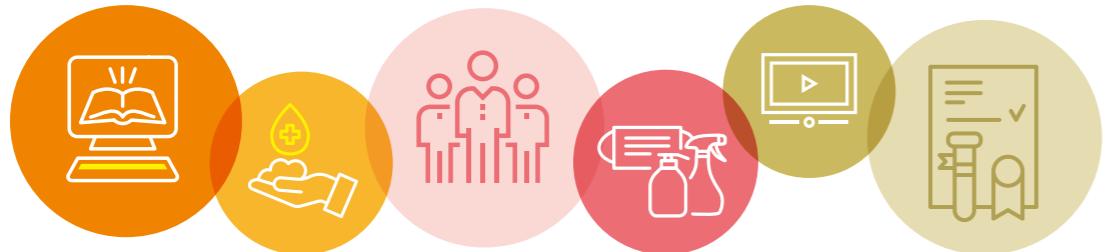
The Company has set up an employee care team with all employees to track and report the health status of each employee every day and to track the employees' movements within 30 days. We use the system to collect the daily status of each employee, analyze the data, and establish a "one person, one file" system to check the trajectory of employees and confirm whether they meet the requirements for employment. 100% control, 100% checks, 100% confirmation.

The Company has prepared ample supplies for pandemic prevention, including masks, protective clothing, hand sanitizer, temperature guns, and infrared temperature testing entrances to ensure that the pandemic prevention work is properly carried out. All employees are required to have their body temperature checked when they enter the company premises, and those with abnormal body temperature will be handled by special procedures.

The Company has formulated a comprehensive disinfection plan for each area, produced its own hypochlorous acid disinfectant, and regularly performs disinfection work, taking photos and keeping files to serve as evidence of implementation. These areas include: public areas, public items, vehicles, etc., to provide a safe and healthy environment for employees.

The Company adopts measures such as staggered work hours, staggered meal times, and staggered smoking breaks. Partitions are set up on the tables to avoid cross-contamination, posters are put up in the dining area, videos are shown to promote pandemic prevention knowledge, voice reminders are played throughout the process, and volunteers help maintain order.

The pandemic prevention measures at each manufacturing site have been steadily implemented and work resumed on time according to the plan. The government/media inspected and interviewed the manufacturing sites many times, and all of the manufacturing sites received a great degree of affirmation and regarded as models for learning.



Occupational Health and Safety Training

The objective of a company's production management is to maximize the general benefits. Achieving this objective inevitably requires safety training to secure the safety and stability of production operations. The ultimate goal of providing safety training is to prevent safety incidents from occurring, which can be achieved if only comprehensive safe production plans are actively implemented during the actual production process, and the skills, sense of responsibility, and safety awareness of employees are strengthened to a maximum degree. To enhance employees and contractors' safety awareness and skills, the Company offers multiple types of safety training that enables everyone to know their work environment, identify the sources of occupational health risks associated with their work station, and understand the causes of incidents and response measures, thereby forming a subjective safety awareness.

By putting up posters, making announcements, producing cards, broadcasting, and internal APPs, we keep our employees informed of the company's occupational safety and health policies and make sure they implement it accordingly. Other partners of the company (e.g., janitors, gardeners, construction workers, canteen employees, store attendants, laundry service providers, and truck drivers of logistic companies) are educated on the company's occupational safety and health policies through training, meetings, and posters to encourage them to work together with the company in keeping the work environment safe.

Industrial Safety Column and Multimedia Safety Video

The Company adopts various means to impart safety knowledge to employees. For example, there is an "Industrial Safety Column" in the company's Ding Shen Monthly publication; safety videos are played on TVs/digital billboards in manufacturing sites. Safety hot spot problems or important safety knowledge is printed in the monthly publications, and short safety videos are available at APPs "DING DING DAMING" periodically, which provide the Company's employees learning opportunities and raise their awareness on all aspects of safety.

Intensive training in 2020, online education and regular training are carried out in tandem. Ding Sheng E-Learning College adopts the training format of video teaching materials and regular teaching materials, and organizes activities such as traffic safety and fire safety at DING DING DAMING, as well as offline fire safety knowledge seminars. Enhance employees' safety awareness in various ways to prevent violations.

Employee Safety Training

Employee safety training requirements primarily include: training for new employees, training for existing employees, training for special operations, A-level safety officer (who assist with factory safety in promoting local management), and safety reading for employees and vendors.



A Level Safety Officer Training

Evaluate and train A-level safety officers in each departments, assist factory's safety in promoting local management, and conduct regular training.



Safety Training for Existing Employees

Training is provided by various responsible departments and the Industrial Safety Department and includes classes, meetings, practical demonstrations, rehearsals, and activities among other types of methods as required by law.



Safety Training for New Employees

Request new employees to commence work only after they complete the three-level safety training (company level, factory level, and section level). In 2020, 959 training sessions were provided to 41,653 participants in total.



Safety Training for Special Operations

According to the requirements of regulations, the organization which participate in the special safety training organized by qualified units, will be arranged for employment after obtaining the corresponding qualification certificates.



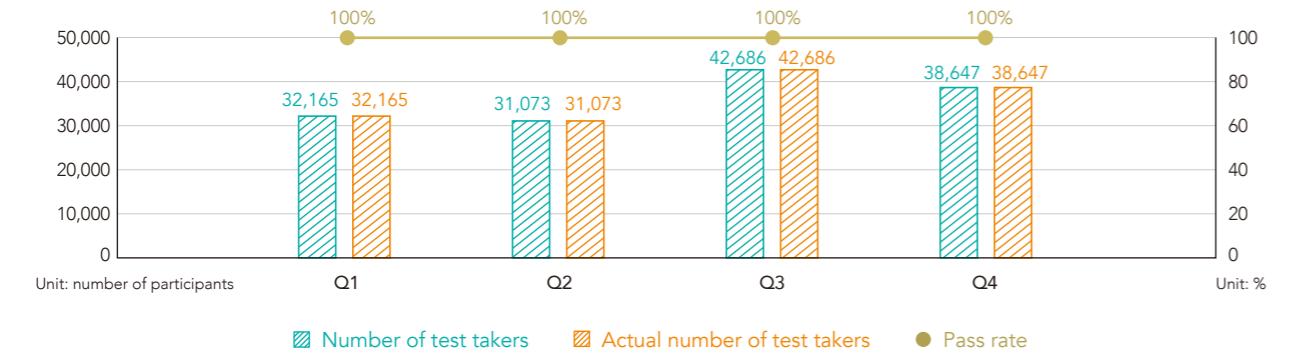
Safety Reading

Produce course contents accordingly, and update course materials every three months; raise safety awareness in BU morning/night meetings to increase employee participation and strengthen the effectiveness of training.

In order to improve the safety qualities of all ZDT's employees and to enable them to master the ability of emergency response and self-rescue of danger, the Company plans a series of safety awareness tests on the basis of its safety training. In April 2017, an online safety awareness test was integrated into the company's internal APPs. The safety awareness test can extend employees' safety knowledge and check the effectiveness of safety trainings. Results are stored in data systems to facilitate test result analysis for improving training contents. In 2020, some departments have conducted the test on specific topics, including the following:

Test Items	Q1	Q2	Q3	Q4
General Knowledge	• Pandemic prevention	• Fire safety • Electrical safety • Hazardous chemical safety • Tier Three safety education	• Fire safety • Electrical safety • Hazardous chemical safety • Safety of manufacturing sites in summer	• Fire safety • Electrical safety • Transportation safety • Emergency handling
Manufacturing Department	• Manufacturing safety	• Manufacturing safety	• Manufacturing safety	• Manufacturing safety
Equipment/ Electricity Department	• Electrical and mechanical equipment safety	• Electrical and mechanical equipment safety	• Electrical and mechanical equipment safety	• Electrical and mechanical equipment safety

The Company holds safety awareness test once every quarter. In total, 144,571 employees took the test in 2020, for a participation and pass rate of 100%. Quarterly statistics on the implementation status is as follows:



Health and Service Promotion

The Company attaches importance to the occupational health of its employees. Our production techniques determine the occupational risk factors in production activities. The Company defines job positions associated with occupational hazards. To protect the physical health of employees and eliminate occupational risks, we implement the management of occupational hazards in accordance with safety and occupational health laws and regulations. We conduct tests on occupational risk factors and health checks associated with noisy lamination and forming processes and surface processing using sulfuric acid, among other occupational hazards. In addition to providing health checks as required by law, the Company initiated a "pure tone audiometry project" in 2017 to determine employees' hearing status in advance. The project involved building our own audiometry examination room, purchasing pure tone audiometry instruments, and learning audiometry testing methods.

To promote the physical and mental health of our employees, the Company provides quality living facilities, gym, library, and cinema to meet the living and learning needs of all workers. Each machine shop/department, and team conducts general occupational health education and training based on the Company's annual occupational health training and education plan regularly and for all employees, taking into account the industrial environment and the actual situation of their positions. Daily safety broadcasts are regularly broadcasted with relevant safety and health knowledge.

Occupational Health Check

Our manufacturing sites have employed local medical institutions to check the health of employees before they start/during their time/after they resign from working occupational hazards jobs. Subsequently, physical examination items are determined according to the various risk factors associated with these jobs. To ensure that all employees receive a physical examination before they resign, the Company has introduced a digital system that employees use to register and receive approval for resignation. When an employee resigns and registers it on the system, the system automatically shows whether the employee engages in occupational hazards works; if yes, the system then sends information to the contact window for industrial safety and occupational health management, which then signs off that the employee is safe to leave the position. This process ensures that employees who work occupational hazards jobs receive physical examination after they resign.

In 2020, a total of 14,901 employees received physical examinations before they start/during their time/after they resign from working dangerous jobs. Employees who returned abnormal results will be tracked to verify their status and improvement progress. The Company reported 0 cases of occupational diseases in 2020.

Locations	Shenzhen	Qinhuangdao	Huai'an Campus I	Huai'an Campus II	Total
Physical examinations before job	2,132	3,166	1,665	1,976	8,939
Physical examinations during job	1,135	2,020	747	906	4,808
Physical examinations after resignation	93	571	221	269	1,154

Occupational Health Environmental Inspection

Periodic occupational risk factor testing can help the company to keep abreast of the types of severity of occupational risk factors in the workplace and to adopt targeted preventive control measures to protect the occupational health of employees. Zhen Ding hires certified occupational health technical service providers in accordance with laws and regulations relevant to occupational health protection, to test (once a year) occupational risk factors in dangerous workplaces. Test items include physical and chemical factors. The Company's manufacturing sites all have completed the annual inspection in 2020.

The Safety Department of each manufacturing site will report the annual environmental risk factor inspection results to the management department and post the results on the occupational health announcement board to provide employees with real-time information on the status of the work environment.

Types	Risk factors	Jobs
Physical Property	Noise, high temperature, X-ray, etc.	Drilling holes, trimming, lamination machine, drilling target, etc.
Chemical Substance	Acid fog, ammonia water, methanol, nitrogen oxide, dust, etc.	Etching, plating, trimming, and dust-collector room, etc.



2020 CORPORATE SOCIAL RESPONSIBILITY REPORT

CORPORATE SOCIAL RESPONSIBILITY REPORT

5

COMMUNITY

- 5-1 The Power of Love and Support
- 5-2 Giving Back

Key Achievements



Sponsored a total of **222** students in 2020

Launch a total of **109** helping activities with **7,521** participants

5-1 The Power of Love and Support



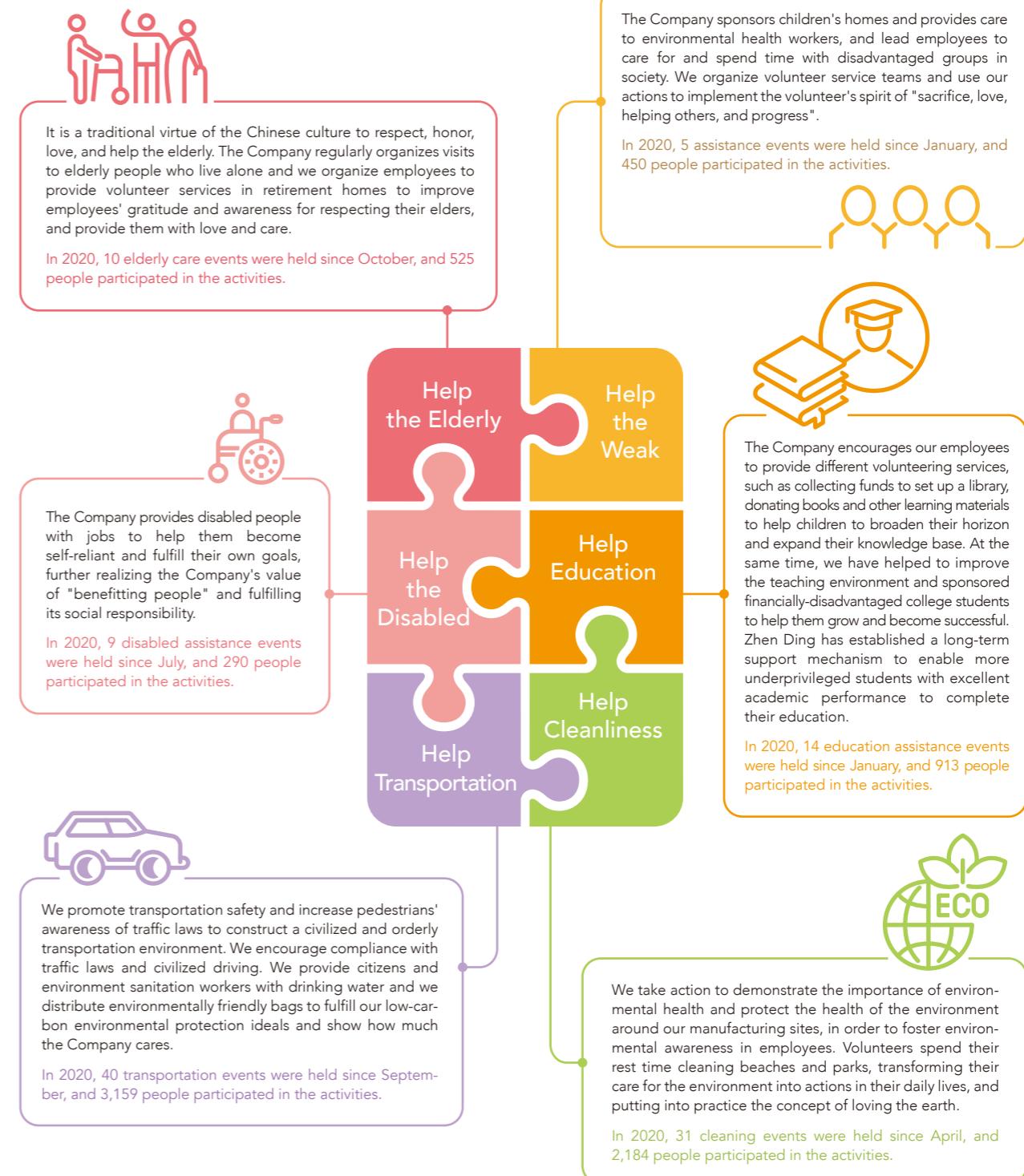
Zhen Ding Six Loves

We hope that employees could care for the people around them from the inside out and spread this sentiment of love around the world. Our events throughout the year revolved around the "Six Loves" theme so that employees could participate and demonstrate their commitment to the society. Through the "Six Loves", we care for our employees and build a harmonious environment. We have also set up the Ding Shen Monthly publication and the daily broadcast "Joyful Sounds of Zhen Ding" to enable employees to look out for the people around them, lead a fulfilling life, and identify more with the values and beliefs of the Company.

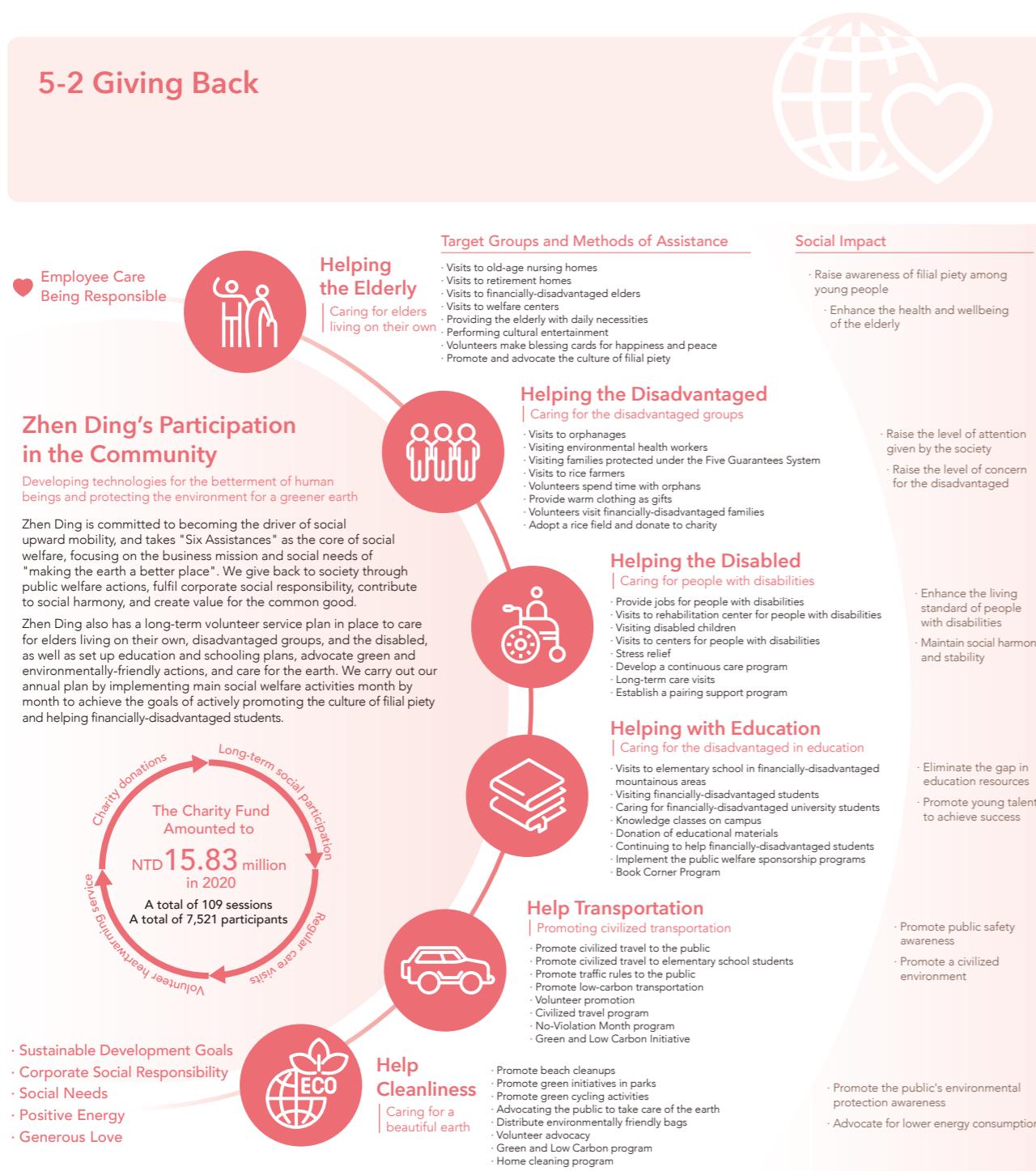


Help One Another

Zhen Ding fulfilled our corporate social responsibility through a series of "Six Helps" events. The Company adopted its own song "Let the World See" to deliver our corporate culture and take on corporate social responsibilities to contribute to social advancement. The Company shall uphold the spirit for continuous innovation and we hope to make ourselves, the environment, society, and the Earth better each day.



5-2 Giving Back



Community Impact Assessment

The Company's manufacturing sites maintain a positive interaction and communication with local communities and governmental agencies. Various operating activities in these sites conform to requirements relevant to environmental impact assessment. The Company continues to assess nonsignificant negative impacts on local communities and environments. Apart from these efforts, we also strive to act as the model example for the industry. In addition to minimizing negative impacts and completely abiding by environmental and social laws, we take further step in contemplating ways to improve our community and local environment. For instance, we take the initiative to assist with road planning and traffic management with regards to traffic congestions around our manufacturing sites. In doing so, we hope to safeguard areas around us against traffic accidents and protect the safety of employees commuting to work and leaving work.

Giving Back to Communities

Zhen Ding focuses on spreading great generosity and love. We actively participate in, organize, and sponsor public welfare activities with the concept of giving back to society what was taken from the society, and fulfilling corporate social responsibility. In addition to regularly launching the "Six Assurances" public welfare brand activities, Zhen Ding pays great attention to education in our "Helping with Education" public welfare activities. In 2020, more than half of the public welfare funds were spent on education activities to eliminate the gap in educational resources and promote the growth and success of young talents.

Donations

Name of Activity	Description	Amount of Fund Raised
Donation of pandemic prevention supplies from the Qinhuangdao Development Zone Management Committee	Donation of pandemic prevention supplies	476,900
Shenzhen Bao'an District Charity Association Epidemic Fundraising	Donation for pandemic prevention and control	4,281,600
Huai'an Development District Charity Association Donation for Assistance in Education	Donation for education and learning support	856,300
Huai'an Development District Charity Association Donation for the Pandemic	Donation for pandemic prevention and control	856,300
Poverty Alleviation in Du'an County/Duhua County, Guangxi	Donation for village improvement	770,600
Total		7,241,700

Sponsorship and Donation

Group	Help the Elderly	Help the Disabled	Help the Weak	Help Education	Help Transportation	Help Cleanliness	Total
Amount Sponsored/ Donated	64,000	88,000	170,000	8,131,200	43,000	100,000	8,596,200

My Piece of Land

To boost the rice industry in Taiwan and fulfill our corporate social responsibility, ZDT has launched a particularly meaningful activity, called "My Piece of Land". Through this volunteering activity, we hope employees and their spouse can contribute to Taiwan with actual actions. Furthermore, the Company also donates a portion of the crops harvested to charity organizations to fulfill our social responsibilities.

Industry-Academia Collaboration

For Zhen Ding, "talent" is the basis for competitiveness. To promote industry-academic cooperation and make use of schools' existing resources, the Company encourages young learners to focus on relevant academic research and technological innovation, so that we can identify outstanding talents for Zhen Ding early on. We cooperate with the relevant departments of various universities in Taiwan. We have set up the "Elite Training Scholarship" to encourage students to devote themselves to relevant academic research and technological innovation, and to recruit outstanding talents who are interested in serving and developing our Company. From 2015 to 2020, we have signed up 21 students and awarded a total of NTD6.8 million in scholarships. Through our internship program, Zhen Ding selects the most suitable candidates for the talent pool and enhance the students' understanding and knowledge of the industry and the Company.

Scholarship and Educational Supporting Program

In 2020, Zhen Ding sponsored 222 financially-disadvantaged students from 13 schools, as well as the teaching facilities of elementary school in mountainous areas, with a total donation of NT\$8.1312 million.

I. Sponsoring the construction of financially-disadvantaged elementary schools and caring for financially-disadvantaged elementary students

For many years, Zhen Ding has been donating regularly to elementary schools in financially-disadvantaged mountainous areas to help improve their teaching facilities. In 2020, the total amount of funding is around NTD1.02 million, which is used for donations of books, desks and chairs, sports facilities, music equipment, and laboratory equipment, as well as to set up a book corner in financially-disadvantaged schools. At the same time, classes on traffic safety, fire safety and environmental protection were held for the students, and interactive games were used to help them broaden their horizons.

II. Continued attention to elite talents, helping financially-disadvantaged students to realize their dreams of going to university

Zhen Ding has been sponsoring financially-disadvantaged students from mountainous areas for many years. Volunteers have traveled long distances and overcome the harsh terrain to visit the families of financially-disadvantaged students in the mountainous areas. In 2020, the total amount of financial support was around NTD 0.90 million, which assisted 42 financially-disadvantaged students leave the mountainous areas and study at their dream university.

III. Launching activities to support financially-disadvantaged students with outstanding academic performance

In 2020, Zhen Ding developed a long-term plan to provide financial support for financially-disadvantaged students with outstanding academic performance to complete their four years of university education. In addition to regular in-person counseling care sessions to stimulate students' growth, we also provide internship and employment opportunities. In 2020, a total of 180 financially-disadvantaged students from 12 schools were sponsored and the amount totaled over NT\$6.2112 million.

Locations	Funded Schools	Number of People Sponsored	Sponsored Schools	Sponsored Students
Taiwan	National Tsing Hua University	18		
	Chung Yuan Christian University	7		
	Yuan Ze University	5		
China	Ziyang Middle School, Shaanxi	42	Dongguan University of Technology	15
	Shenzhen University	20	Hebei University of Technology	15
	Yanshan University	20	Hebei Normal University of Science and Technology	15
	Huaiyin Institute of Technology	20	Huaiyin Normal University	15
	Guangdong University of Technology	15	Nanjing University of Information Science & Technology	15
	Total	13 Schools	222 Students	

Case Sharing

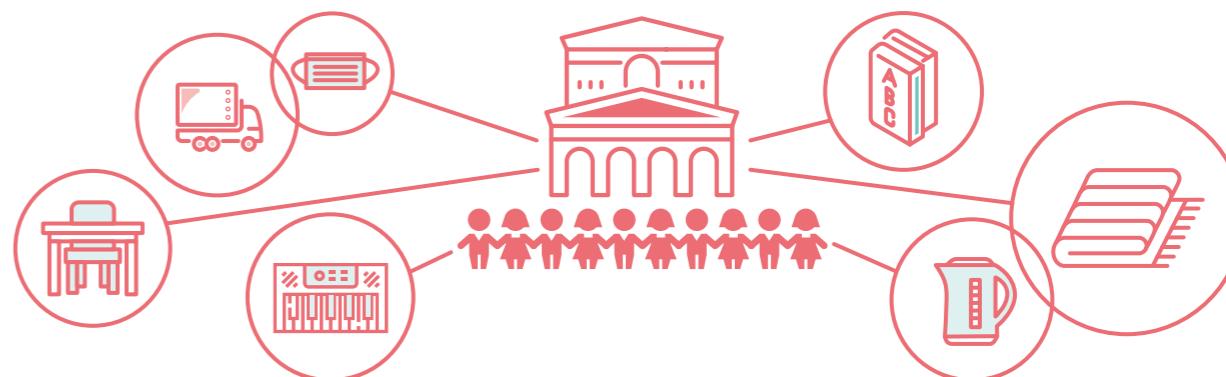


Meiling Elementary School, located in Lishui County, Huai'an, is a private elementary school with more than 200 staff and students. The school only has rudimentary facilities and the desks in the classrooms are old-fashioned double desks. Many of the desks have damaged desktops, broken drawers, and broken legs. The student dormitories are converted from the classrooms in single-story buildings, and each dormitory houses more than 20 people. The internal space is very small, and there is no hot water. Some of the dormitory windows are broken, most students don't have adequate warm bedding against the cold as they only have a duvet or a blanket.

After learning about the actual situation of the school, Zhen Ding has been committed to eliminating the gap in educational resources and has carried out support many times. In 2020, we replaced the desks and chairs of Meiling Elementary School with brand new ones to improve the learning environment; we donated books to enrich students' horizon; during the pandemic, we helped equip the school with pandemic prevention supplies to ensure the safety of the children. When they saw the truck full of supplies coming, the children had bright smiles on their faces and lined up in front of the truck to help carry the supplies. The classrooms were transformed with new desks and chairs, and the children were excited to see how much more spacious the rooms were. The volunteers also went into the student dormitories and provided duvets and thermos flasks to the 110 students who were boarding at school, so that the children could have warm bedding and hot water to use during the cold season. We showed our love and care before the arrival of winter, and provided a more suitable environment for students in which to grow up and warmed the hearts of the students.

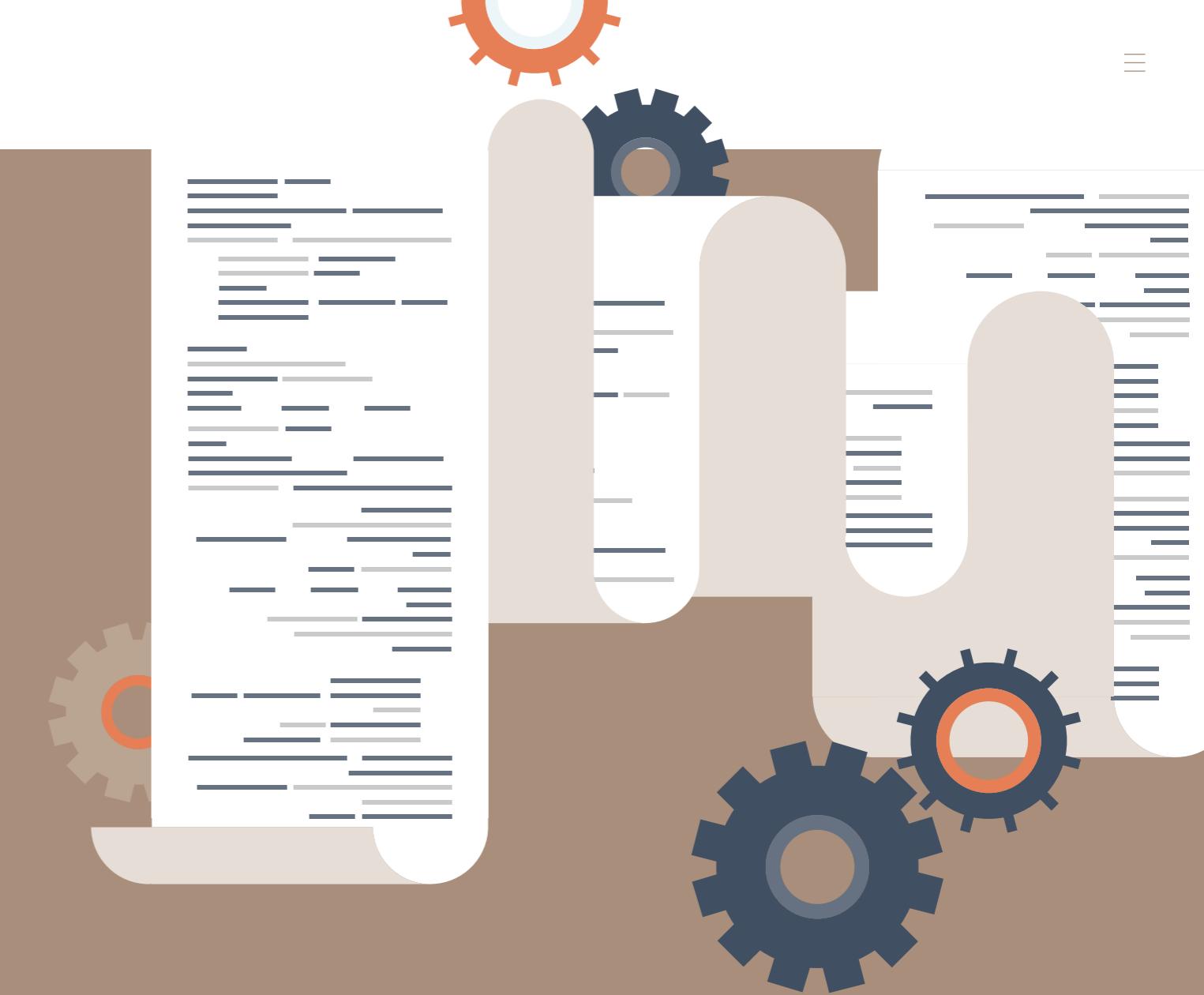
In addition, the volunteers interacted with the children in class, made safety education posters, and taught them general knowledge. They encouraged the students to aspire to greater things and also extend their help to others one day. The children were also motivated to learn and give back to the society with their own strengths one day.

At the end of the activities, the children rehearsed an ensemble piece with the donated musical instruments to express their gratitude to Zhen Ding. The principal of Meiling Elementary School said: "Zhen Ding's sponsorship brings not only material help to the school, but also spiritual inspiration. We will teach our students with all our heart and soul, and give back through their excellent performance."



2020

CORPORATE
SOCIAL RESPONSIBILITY
REPORT



APPENDIX

- Comparison Table of the GRI Guideline Index
- Summary of Subject Matters Assured
- Independent Limited Assurance Report
- Business Location and Contact Information

Comparison Table of the GRI Guideline Index

GRI Standard	Disclosure Items	Page	Supplementary Description
General Disclosure			
102-1	Name of the organization	22	
102-2	Activities, brands, products, and services	22-24	
102-3	Location of headquarters	22	
102-4	Location of operations	119	
102-5	Ownership and legal form	22	
102-6	Markets served	22	
102-7	Scale of the organization	22	
102-8	Information on employees and other workers	84	
102-9	Supply chain	34	
102-10	Significant changes to the organization and its supply	-	No significant change in 2020
102-11	Precautionary principle or approach	27	
102-12	External initiatives	8, 9, 80	
102-13	Membership of associations	25	
102-14	Statement from senior decision-maker	4, 5	
102-16	Values, principles, standards, and norms of behavior	28, 29	
102-18	Governance structure	26	
102-40	List of stakeholder groups	7	
102-41	Collective bargaining agreements	83	
102-42	Identifying and selecting stakeholders	7	
102-43	Approach to stakeholder engagement	18, 19	
102-44	Key topics and concerns raised	18, 19	
102-45	Entities included in the consolidated financial statements	1	
102-46	Defining report content and topic boundaries	1	
102-47	List of material topics	9	
102-48	Restatements of information	-	No restatement of information in 2020
102-49	Changes in reporting	9	
102-50	Reporting period	1	
102-51	Date of most recent report	1	
102-52	Reporting cycle	1	
102-53	Contact point for questions regarding the report	119	
102-54	Claims of reporting in accordance with the GRI Standards	1	
102-55	GRI content index	112-115	
102-56	External assurance	116-118	

**GRI102:
General Disclosures 2016**

GRI Standard	Disclosure Items	Page	Supplementary Description
Material Topics			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	9	
	103-2 The management approach and its components	16, 23, 89	
	103-3 Evaluation of the management approach	23, 89	
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	89	
Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	9	
	103-2 The management approach and its components	11, 28-30	
	103-3 Evaluation of the management approach	30	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	28	
	205-2 Communication and training about anti-corruption policies and procedures	29	
	205-3 Confirmed incidents of corruption and actions taken	30	
Regulatory Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	9	
	103-2 The management approach and its components	10, 31	
	103-3 Evaluation of the management approach	31	
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	31, 74	
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	31, 106	
Information Disclosure and Grievance System			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	9	
	103-2 The management approach and its components	6, 7, 10, 18, 19	
	103-3 Evaluation of the management approach	6, 7, 18, 19	
Anti-competition			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	9	
	103-2 The management approach and its components	11, 31	
	103-3 Evaluation of the management approach	31	
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	31	
Procurement and Supplier Management			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	9	
	103-2 The management approach and its components	12, 34-38	
	103-3 Evaluation of the management approach	34-38	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	34	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	36	
	308-2 Negative environmental impacts in the supply chain and actions taken	36	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	36	
	414-2 Negative social impacts in the supply chain and actions taken	36	

GRI Standard	Disclosure Items	Page	Supplementary Description
Product Quality			
	103-1 Explanation of the material topic and its boundary	9	
GRI 103: Management Approach 2016	103-2 The management approach and its components	13, 41, 42	
	103-3 Evaluation of the management approach	42	
Customer Satisfaction			
	103-1 Explanation of the material topic and its boundary	9	
GRI 103: Management Approach 2016	103-2 The management approach and its components	13, 43-45	
	103-3 Evaluation of the management approach	45	
Water Resource Management			
	103-1 Explanation of the material topic and its boundary	9	
GRI 103: Management Approach 2016	103-2 The management approach and its components	14, 61-66	
	103-3 Evaluation of the management approach	61-65	
	303-1 Interactions with water as a shared resource	61	
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	67	
	303-3 Water withdrawal	61, 62	
Greenhouse Gas and Air Pollution Emissions			
	103-1 Explanation of the material topic and its boundary	9	
GRI 103: Management Approach 2016	103-2 The management approach and its components	15, 52-60, 70	
	103-3 Evaluation of the management approach	52-60, 70, 71	
	305-1 Direct (Scope 1) GHG emission	58	
	305-2 Energy indirect (Scope 2) GHG emissions	58	
GRI 305: Emissions 2016	305-4 GHG emissions intensity	58	
	305-5 Reduction of GHG emissions	60	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	70, 71	
Wastewater and Waste Generation			
	103-1 Explanation of the material topic and its boundary	9	
GRI 103: Management Approach 2016	103-2 The management approach and its components	13, 67, 68, 71-73	
	103-3 Evaluation of the management approach	67, 68, 71-73	
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	67, 68	
	306-2 Waste by type and disposal method	71, 72	
Occupational Health and Safety			
	103-1 Explanation of the material topic and its boundary	9	
GRI 103: Management Approach 2016	103-2 The management approach and its components	16, 91, 92	
	103-3 Evaluation of the management approach	91, 92	

GRI Standard	Disclosure Items	Page	Supplementary Description
GRI 403: Occupational Health and Safety 2018			
	403-1 Occupational health and safety management system	92	
	403-2 Hazard identification, risk assessment, and incident investigation	93, 95	
	403-3 Occupational health services	100, 101	
	403-4 Worker participation, consultation, and communication on occupational health and safety	92	
	403-5 Worker training on occupational health and safety	99, 100	
	403-6 Promotion of worker health	100	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	95	
	403-8 Workers covered by an occupational health and safety management system	92	
Forced or Compulsory Labor			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	9	
	103-2 The management approach and its components	16, 80, 81	
	103-3 Evaluation of the management approach	80, 81	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	80, 81	
Other Topics			
Economy			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	87	
Environment			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	35	
	302-1 Energy consumption within the organization	57	
GRI 302: Energy 2016	302-3 Energy intensity	57	
	302-4 Reduction of energy consumption	60	
Society			
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	88-90	
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	90	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	86	
	404-3 Percentage of employees receiving regular performance and career development reviews	88	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	84, 85	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	81, 82	
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	80-82	
	412-2 Employee training on human rights policies or procedures	82	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	19, 105, 106	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	45	

Summary of Subject Matters Assured

No.	Item	Subject Matter	Page	Applicable Criteria
1	Number of Suppliers Evaluated for SER and Result	In 2020, there were 41 suppliers onsite to be evaluated their social and environmental responsibilities. According to the evaluation results, 2, 34, and 5 suppliers obtained green, yellow, and red rating, respectively (Note).	37	The amount and evaluated results of the suppliers in the year is based on Supplier Social Responsibility Management Regulation. Audit items include labor, health and safety, environment, ethical conducts, and management systems.
2	Electricity Usage and Intensity	The major business locations of our subsidiaries consumed 1,126,831 thousand kWh of electricity in 2020, and registered a power intensity of 30.90 (GJ/million NTD) (Note). Note: 1. The number of suppliers audited is based on the number of production sites. 2. Total score is 200; green rating: passed the audit with score > 180; yellow rating: passed the audit conditionally with score \leq 180; red rating: failed the audit with score \leq 160. 3. Audit results are based on the initial audit result. 4. Audit items include labor, health and safety, environment, ethical conducts, and management systems.	57	The scope includes Shenzhen plant, Qinhuangdao plant, Huai'an Campus I and Huai'an Campus II. Energy intensity is total operating revenue of Zhen Ding Technology Holding Limited divided by its electricity energy value which base on the energy bills provided by energy companies of all the plants mentioned.
3	Hazardous Waste Usage and Intensity	The major business locations of our subsidiaries generated a total of 40,771 tons of hazardous waste in 2020, registering a hazardous waste intensity of 0.31 (tons/million NTD) (Note). Note: 1. Intensity of hazardous waste = total hazardous waste generated + Zhen Ding's consolidated revenue 2. Hazardous wastes from Huai'an Campus I and Campus II are calculated by multiplying the unit weight of an empty container by the number of trips made to transport wastes.	71-72	The scope includes Shenzhen plant, Qinhuangdao plant, Huai'an Campus I and Huai'an Campus II. The intensity is total amount of hazardous waste generated of all the plants mentioned divided by total operating revenue of Zhen Ding Technology Holding Limited.
4	Number of Employees Who Received Physical Examinations Before/During Job and After Resignation	In 2020, a total of 14,901 employees received physical examinations before they start/during their time/after they resign from working dangerous jobs.	101	The number of employees received physical examinations before they start/during their time/after they resign from working dangerous jobs, as per the Company's Regulations for Filing and the Supervision and Care of Laborers' Occupational Health. Physical examinations for employees who work dangerous jobs may vary. Data statistics encompass manufacturing sites in Shenzhen, Qinhuangdao, Huai'an Campus I and Huai'an Campus II.
5	Total Learning Hours of Employees	In 2020, the average learning hours per employee was 45 hours [total learning hours/average annual workforce (average number of employees at the end of each month)]	86	According to the training rules of the company, the average learning time of the employees is based on total learning courses held and closed in the year divided by the number of average employees at the end of each month.

Independent Limited Assurance Report


資誠
 Independent Limited Assurance Report
 To Zhen Ding Technology Holding Limited

We have been engaged by Zhen Ding Technology Holding Limited ("Company Initial or Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2020 Corporate Sustainability Report (hereinafter referred to as the "CSR Report"), and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria
 The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Summary of Subject Matter Assured" on page 116 of the CSR Report.

Management's Responsibilities
 The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the CSR Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities
 We conducted our assurance work on the Subject Matter Information disclosed in the CSR Report in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material aspects, in accordance with the respective applicable criteria, and issue a limited assurance report.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems, and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and

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Independent Limited Assurance Report



- Based on the above understanding and the areas identified, performed analytical procedures on the Subject Matter Information and performed selective testing including inquiry, observation, inspection, and reperformance to obtain evidence for limited assurance.

We do not provide any assurance on the CSR Report as a whole or on the design or operating effectiveness of the relevant internal controls.

Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitations

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of Subject Matter Information to be prepared, in all material aspects, in accordance with the respective applicable criteria."

Other Matter

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

PricewaterhouseCoopers, Taiwan
CPA Hsu, Yung-Chien
June 7, 2021

For the convenience of readers and for information purpose only, the limited assurance report has been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language limited assurance report shall prevail.



Business Location and Contact Information

Subsidiary in China: [Avary Holding Investment \(Shenzhen\) Co., Ltd.](#)

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Subsidiary in China: [Qingding Precision Electronics \(Huai'an\) Co., Ltd.](#)

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Subsidiary in China: [Qiding Technology Qinhuangdao Co., Ltd.](#)

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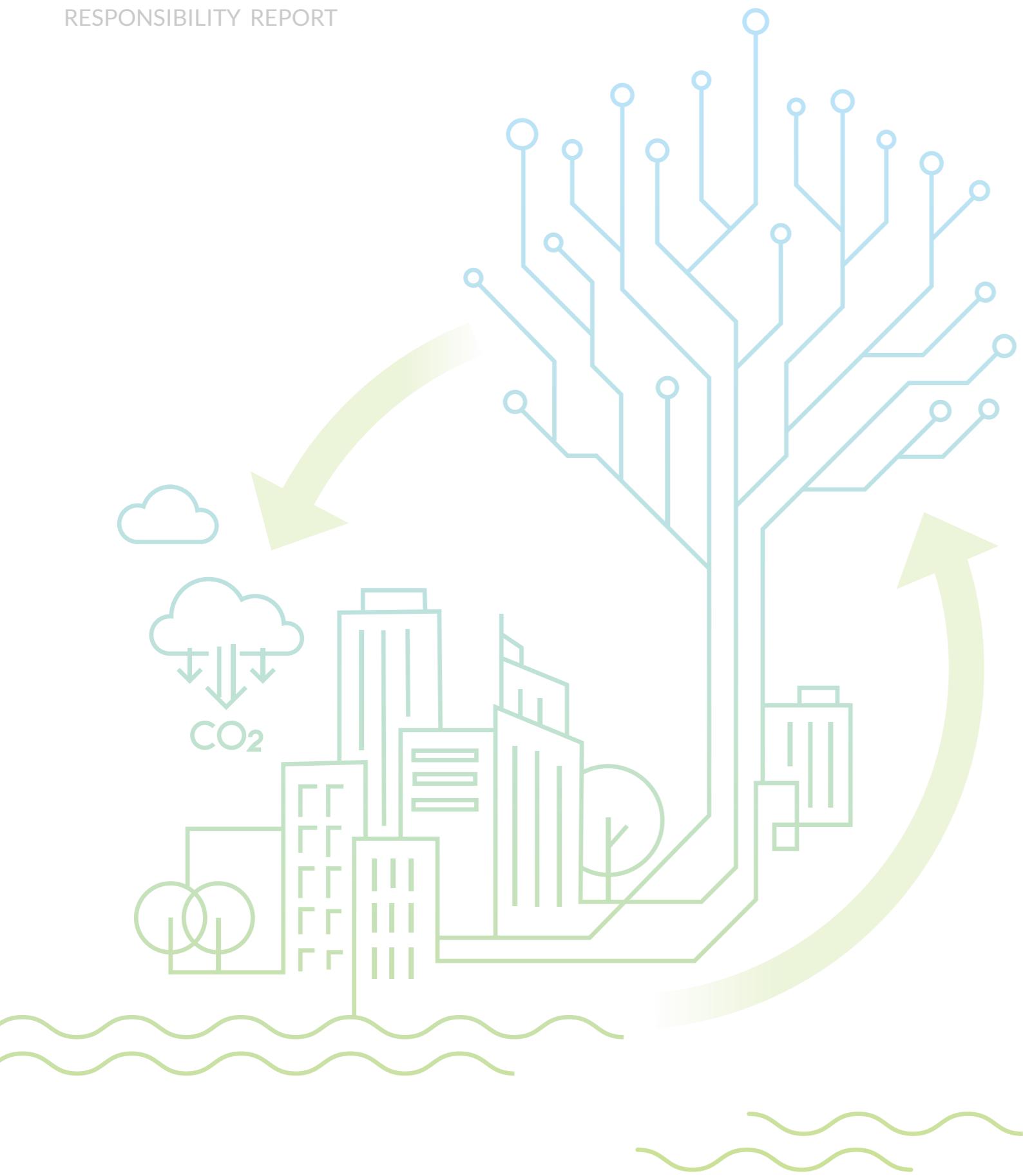
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2020

CORPORATE SOCIAL
RESPONSIBILITY REPORT



Developing technologies
for the betterment of human beings
Protecting the environment
for a greener earth

