



2021

Zhen Ding Technology Holding Limited

Sustainability Report



Our Sustainability Website



Our Sustainability Report

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 sixth CSR report, which has also been renamed as Sustainability Report for the first time. It covers data for 2021 (January 1 to December 31, 2021). The previous reporting period was June 15, 2021. For information integrity and comparability, a portion of the performance data will be traced back to December 31, 2020 and earlier information.

Boundaries and Scope of this Report

This report has included Zhen Ding Technology Holding Limited and its subsidiaries. The regions of operation are Taoyuan (including Boardtek), Taiwan and Shenzhen, Huai'an, and Qinhuangdao in 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 Zhen Ding'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. 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 Global Reporting Initiative (GRI) guidelines and the core disclosure options in the guidelines. Please refer to the GRI indicators for more information. It has adopted the TCFD framework and SASB guidelines for disclosure to further enhance the integrity of ESG information. Please refer to the Comparison Table of the GRI Guideline Index and the SASB Content Index.

Report Assurance

The company has engaged PwC Taiwan to conduct limited assurance on this report in accordance with the Assurance Standard No. 1 "Assurance Engagement of Examinations or Audits of Non-Historical Financial Information" (based on ISAE 3000) issued by the Accounting Research and Development Foundation of the Republic of China. Please see the Accountant Limited Assurance Report in this report.

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Message from the Chairman

The year 2021 has been a challenging but meaningful year for Zhen Ding, with the supply shortage and the ongoing COVID-19 pandemic making the business environment even more volatile. However, the company's overall operations have shown excellent resilience and flexibility. Under the prudent leadership of the Board of Directors and the hard work of our employees make the 2021 a successful year for Zhen Ding. Both the annual revenue of NT\$155 billion and the net profit of NT\$13.7 billion have achieved new record highs in 2021. In addition to maintain our leading position in the PCB industry, the Board of Directors and the management team of Zhen Ding are devoted to setting key strategies for the long-term development of the PCB industry. Zhen Ding will continue to execute its growth plan and offer a diversified portfolio of products in various fields under the "One ZDT" strategy.



In the pursuit of sustainable business growth, Zhen Ding is actively working together with its team members, partners, and customers to drive the sustainable impact of the industry as a whole and move towards the goal of becoming an innovative leader of sustainability. We have been selected as a constituent of the Taiwan Corporate Governance Index (CG100) for the third consecutive year, and selected as a constituent of the "FTSE4Good TIP Taiwan ESG Index" for the second consecutive year. We received a low risk rating in the ESG Risk Ratings by Sustainalytics published in April 2022, and improved our ranking to the 16th place in the global Technology Hardware industry category. Most Recently, we also received the historical high of the " TWSE/TPEx Corporate Governance Evaluation for Listed Companies ", with a total score of 99.77 points, ranking among the top 25 electronic listed companies with a market value of more than NT\$10 billion for the first time.

In 2021, Zhen Ding continued to receive external recognition in all aspects of ESG and engaged in more transparent disclosure of the actions we have taken and the results we have achieved on ESG issues. When it comes to environmental aspects, the total water reuse rate achieved 50.5% and all the production sites in China received platinum-rating certifications under both standards of Zero Waste to Landfill and Alliance for Water Stewardship (AWS). In terms of the social aspects, the retention rate of critical talents reached 93%, 15% of our managers are women, and a total of 26 industry-academia-research collaboration on technology development projects were executed. With respect to governance, we actively led the development of a green supply chain for the industry, and for the first time invited 15 suppliers to participate in the setting of common goals for environmental protection, and completed audits of quality, hazardous substance, and social responsibility for 166 suppliers.



10 Sustainability Commitments for a Greener Earth

In the face of increased uncertainty in the post-pandemic era, we are actively responding to the global concerns in ESG governance. The Board of Directors resolved to establish the Nominating Committee and Sustainability Committee in December 2021. The Nominating Committee establishes criteria for the diversity of professional knowledge, skills, experience, and independence required of board members, and identifies, reviews, and nominates director candidates based on these criteria. The Sustainability Committee will lead Zhen Ding to further deepen the overall environmental, social, and governance (ESG) sustainability management program, set long-term and short-term goals actively, and supervise the company's top management team to be responsible for the planning and implementation of sustainable development, thereby ensuring the fulfillment of the key indicators to measure the overall performance of EPS+ESG. We will continue to apply innovative thinking in response to the growing risks and opportunities in the future.

To achieve the Zhen Ding's sustainable mission of "developing technologies for the betterment of human beings and protecting the environment for a greener earth", we are developing the concrete plans for the following "10 Sustainability Commitments", which will be ingrained in our daily core operations.

Green Products and Low Carbon Manufacturing

- We will continue to accumulate green manufacturing capabilities in terms of technology development and production equipment enhancement so that the circular use of raw materials and precious metals will bring more innovative value of green economy.
- We will set targets in line with the Science Based Targets initiative (SBTi), therefore to develop a multiple strategies for carbon neutrality and realize 100% use of renewable energy in the long-term.
- We will continue to minimize greenhouse gas (GHG) emissions and reduce GHG emissions per unit of revenue by more than 40% in 2025 compared to the 2013 base year.

Resource Recycling and Sustainable Use

- We will promote various solutions for water conservation at the source and reuse of wastewater at the end of production through smart water treatment systems, and achieve a total water reuse rate of more than 60% by 2025.
- We will facilitate the three major control processes of waste reduction, resource recycling, and, hazard-free so that the waste recycling ratio will be maintained above 90% annually.

Human Capital Development and Management

- We will focus on talent cultivation and development continuously with the aim to reach an average training hours of over 50 hours for each employee by 2025.
- We will strengthen talent attraction and retention with the aim to achieve a retention rate of 92% for crucial talents by 2025.

Cornerstone of Sustainability

- We will fully support the establishment of the internal compliance management system, while the core value "integrity" serves as the primary principle of compliance management and ethical conducts.
- We will continuously propose innovation equations and review the Group's Business Continuity Plan (BCM) on a rolling basis to accelerate transformation and upgrade, and strengthen organizational resilience so that we can quickly and flexibly respond to the challenges of emerging risks in the future.
- We will ensure that sustainability management indicators are incorporated into the core operations of the company, which supports each of the Group's EPS+ESG performance results is linked to each executive's performance and compensation.

Chairman

SUSTAINABLE DEVELOPMENT GOALS

2021 ESG Achievements

Zhen Ding has integrated our existing ESG management mechanism and actively responded to the United Nations Sustainable Development Goals (SDGs) through the devoted efforts and collaboration with employees, customers, and suppliers. We focus on the following 6 key SDGs.



Environment | Performance Highlight



Climate Action



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

TCFD | TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

Become a supporter of
TCFD



Water Stewardship



ALIANCE FOR

WATER STEWARDSHIP

Receive platinum ratings
under AWS standard

50.5%

Water recycling rate



Waste Management

93%

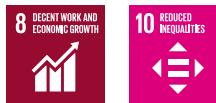
Recycled waste



Achieve UL 2799 zero waste to
landfill certification with
platinum ratings



Social | Performance Highlight



Diversity, Equality and Inclusion

42,000+

Worldwide team members

34%

Team members are women

15%

Women in executive positions



Talent Development and Growth Opportunity

98%

Learning through on-line platform

1,478

On-line training courses

48

Average training hours



Talent Attraction and Retention

93%

Retention rate for crucial talents

80%

Employee engagement



Human Rights

0.6 million

Human rights related training hours

100%

All employees completed human rights related training



Join the RBA as a regular member



Corporate Citizenship

26

Technological development projects through industry-academia collaboration

479

Academically outstanding students were awarded scholarships

297

Financially disadvantaged students received sponsorship



NT\$21.53 million

Charitable donations

10+ hectares

Reforestation program

Governance | Performance Highlight



Boar of Directors and Governance



Establishment of the Nominating Committee and Sustainability Committee



Appoint a dedicated corporate governance officer



Perform evaluations of the Board of Directors and its functional committees by a third party



Ethics and Compliance

0

No significant violations of laws and regulations

0

No significant codes of conduct/ethics breaches

0

No legal actions involving any infringement of anti-competitive behaviors, anti-trust, and monopoly practices and their outcomes



Risk Management



Board of Directors resolved to establish the Group's Risk Management Policy



Establishment of the Risk Management Steering Committee



Information Security/ Cybersecurity



Establishment of the Information Security Management Committee

0

No information security breaches, or other cybersecurity incidents have occurred

160,000+

Security/cybersecurity awareness training hours

Public Advocacy

Every year, Zhen Ding participates in various international and local industry associations and non-profit organizations to promote initiatives and work in the areas of industrial sustainability, technological innovation, environmental projects, human rights protection, and supply chain responsibility. The total contribution by the Group's participation in external initiatives was approximately NT\$1.27 million in 2021. As a leader in the PCB industry, we look forward to working with all our partners to drive the synergy of upward influence for the community.

Associations and Non-profit Organizations

Taiwan Printed Circuit Association (TPCA)

Membership

From 2002 to 2021, we have been an official member of the TPCA under the name of "Zhen Ding Technology Co., Ltd.". Our chairman also served as the ninth to fourteenth honorary director from 2016 to 2021.

China Printed Circuit Association (CPCA)

Member



Innovation, Research and Development

NT\$ 7.3 billion

Annual R&D expenses increase
by 32% year-over-year

5,700+

Team members engaged in
R&D, accounting for 13%
of total employees

1,193

Total global patents

NT\$ 5.1 billion

Annual cost improvements
resulting from engineering
innovations



Responsible Supply Chain

100%

Suppliers signed the
Supplier's Declaration
of Business Management

100%

Procurement of
non-conflict minerals

15

Suppliers were invited
to join the green
supply chain



Product and Service

100%

Compliance with EU RoHS,
EU REACH chemical regulations,
IEC62474 Material Declaration
standards

166

Supplier audits were
conducted for quality,
hazardous substances
and social responsibility

87%

Average customer
satisfaction score

Associations and Non-profit Organizations

Guangdong Printed Circuit Association (GPCA)

Membership

Member

Carbon Disclosure Project (CDP)

Participated in the CDP and responses to the Climate Change Questionnaire for six consecutive years and the Water Security Questionnaire for four consecutive years

Responsible Business Alliance (RBA)

In 2021, Zhen Ding became a regular member of RBA and 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. We will also use this standard for supplier audit management.

2021 Resources invested (NT\$ million)

1.27

ESG Governance and Implementation

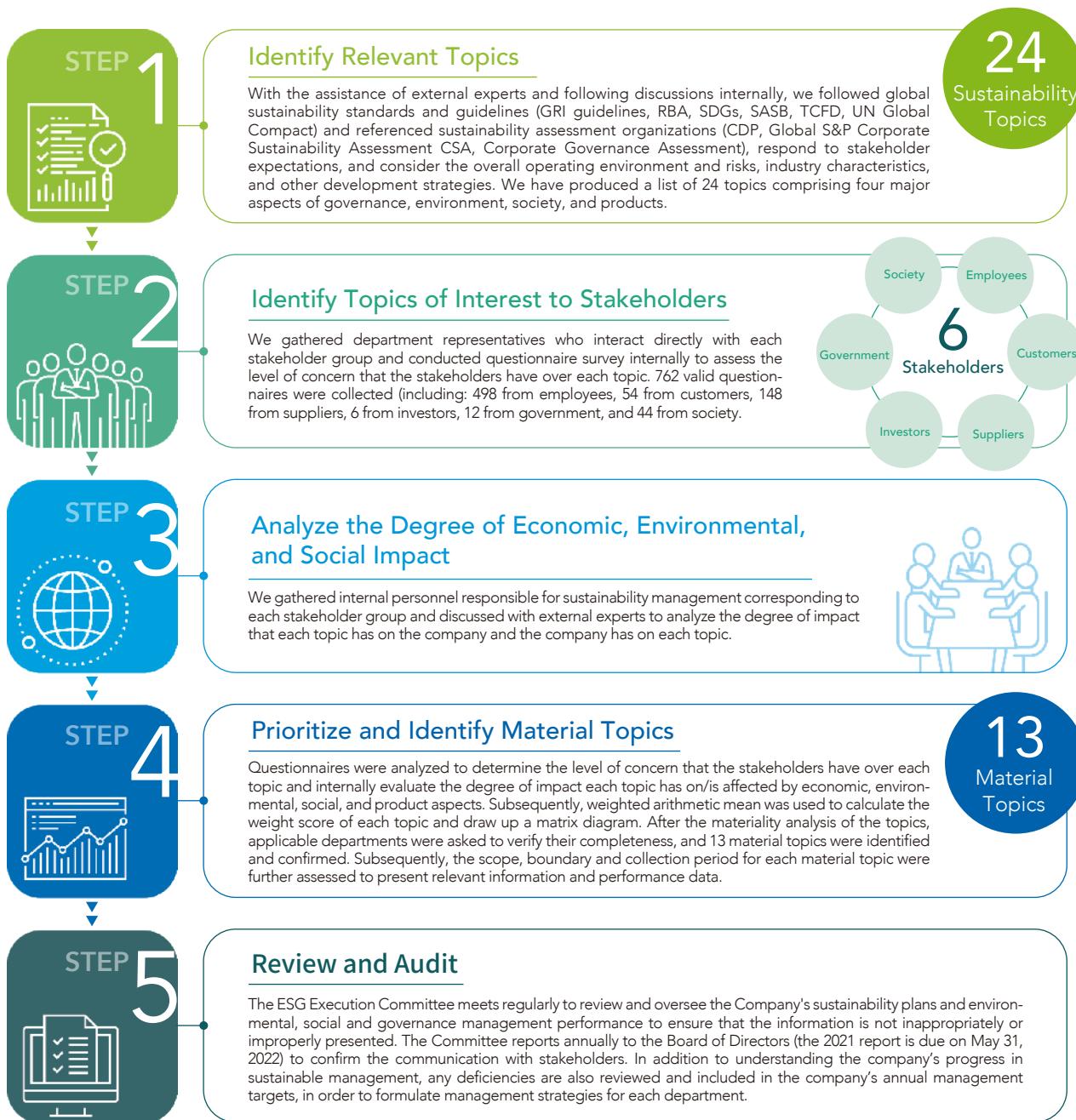
"Integrity, Responsibility, Innovation, Excellence, and Altruism" are the core values of Zhen Ding. We believe that people form the foundation of a company and that we must create an excellent enterprise to achieve the vision of becoming a leading company in the PCB industry. When we seek growing profit and prosperity, we must also fulfill our social responsibilities. Therefore, our corporate mission is "developing technologies for the betterment of human beings and protecting the environment for a greener earth." We are committed to the sustainability management and continuing to extend a broader value for the ESG (environmental, social and economic aspects) developments.



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. On December 28, 2021, the company's Board of Directors approved the organizational procedures for the Sustainable Development Committee Charter and established a functional committee under the Board of Directors, the "Sustainability Committee" as the highest-ranking governance unit, consisting of the Chairman and two independent directors. The Chairman also serves as the chair of the "ESG Execution Committee" and is responsible for overseeing the four executive task forces formed by the company's senior team: Sustainable Governance execution team, Green Products execution team, Environmental Circularity execution team, and Social Inclusion execution team, which hold quarterly meetings to discuss and formulate the company's ESG sustainability management policy and specific metric or target used to measure respective progress. On the other hand, the responsibility of ESG Executive Secretariat is to coordinate the committee works to identify the sustainability topics to be managed by each team, conduct ESG related performance appraisals and reporting disclosures, and submit the report to the Board of Directors at least once a year.

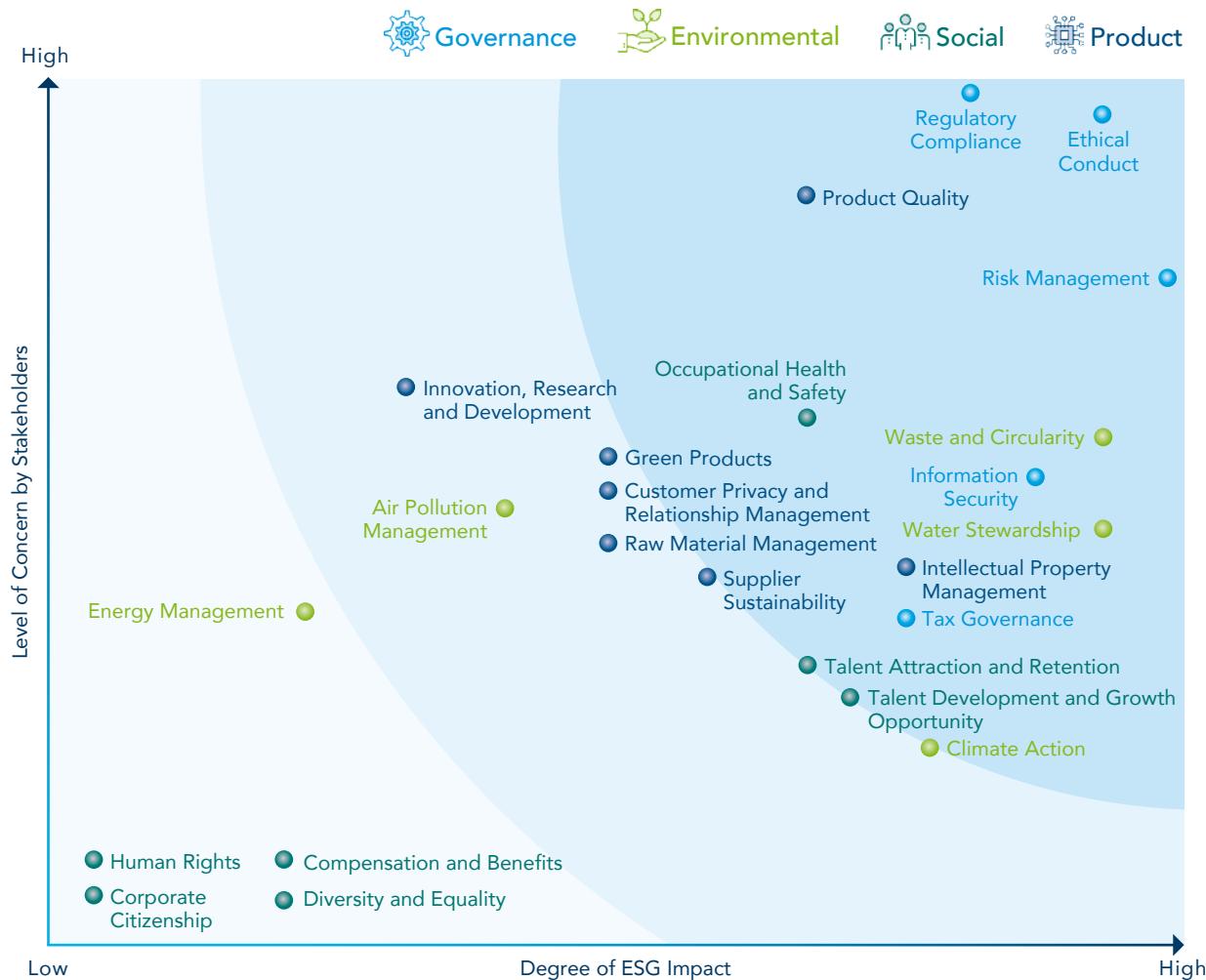


Zhen Ding uses meetings held by ESG Execution Committee to discuss and identify stakeholder groups that interact closely with the company and generate significant economic, environmental, and social impact on the company. We identified six major stakeholder groups for Zhen Ding based on dependency, responsibility, influence, diverse perspectives, focus, and the company's actual operations. The major stakeholders are employees, customers, suppliers, investors, government, and society ^(note). We identified and confirmed 13 material topics of concern to stakeholders through the following five steps:



Note: "Society" is a combination of "public associations and industrial management centers", "non-governmental and non-profit organizations", "media", and "academic institutions and research institutes" into a single stakeholder group.

2021 Materiality Matrix



Sustainability Awards and Recognition

S&P Global

Ranked in the top 14% of S&P Corporate Sustainability Assessment (CSA) in the industry group of Electronic Equipment, Instruments & Components.



Received a "Low Risk" by Sustainalytics' ESG Risk Ratings



Selected as a constituent of the FTSE4Good TIP Taiwan ESG Index for two consecutive years.



Selected as a constituent of the Corporate Governance Index (CG100) of the Taiwan Stock Exchange for three consecutive years.



Our subsidiary, Avary Holding (Shenzhen) Co., LTD, was awarded with a "A List Industry" by Wind ESG Rating



Received a "B Score" for Water Security and a "B- Score" for Climate Change by CDP Survey.



Material Topics and Impact Boundaries

Aspect	2021 Material Topic	GRI Material Topics	Where the Impact Occurs			
			Internal	Customers	Suppliers	Communities
 Governance	Ethical Conduct	GRI 205 Anti-corruption; GRI 206 Anti-competitive Behavior	V	V	V	V
	Regulatory Compliance	GRI 307 Environmental compliance; GRI 416 Customer Health and Safety; GRI 419 Socioeconomic Compliance	V	V	V	V
	Risk Management	GRI 102 General Disclosures	V	V	V	
	Information Security	GRI 418 Customer Privacy	V	V	V	
	Tax Governance	GRI 207 Tax	V			
	Intellectual Property Management	*based on GRI 101 Foundation (topic identified by the Company)	V	V	V	
 Product	Product Quality	*based on GRI 101 Foundation (topic identified by the Company)	V	V	V	
 Environmental	Waste and Circularity	GRI 306 Waste	V	V		V
	Water Stewardship	GRI 303 Water and Effluents	V	V		V
	Climate Action (Note)	GRI 201 Economic Performance; GRI 305 Emissions	V	V		V
 Social	Occupational Health and Safety	GRI 403 Occupational Health and Safety	V			V
	Talent Attraction and Retention	GRI 401 Employment	V	V		V
	Talent Development and Growth Opportunity	GRI 404 Training and Education	V	V		V

Note: Including greenhouse gas and air pollution emissions

Certification / Validation

Quality management systems (ISO 9001:2015)

Scope: major production sites in China and BoardTek in Taiwan received certifications

Environmental management systems (ISO 14001:2015)

Scope: major production sites in China and BoardTek in Taiwan received certifications

Greenhouse gases (ISO 14064-1:2018)

Scope: major production sites in China and BoardTek in Taiwan received certifications

Energy management systems (ISO 50001:2018)

Scope: major production sites in China received certifications

Hazardous substance process management systems (QC 080000:2017)

Scope: major production sites in China and BoardTek in Taiwan received certifications

Automotive quality management systems (IATF 16949:2016)

Scope: major production sites in China and BoardTek in Taiwan received certifications

Telecommunications quality management systems (TL9000)

Scope: BoardTek in Taiwan received a certification

Information security management systems (ISO/IEC 27001:2013)

Scope: major production sites in China received certifications

Occupational health and safety management systems (ISO 45001:2018)

Scope: major production sites in China and BoardTek in Taiwan received certifications

Security and resilience — Business continuity management systems (ISO 22301:2019)

Scope: major production sites in China received certifications

Alliance for Water Stewardship (AWS)

Scope: major production sites in China received a platinum-ranking certifications

Zero waste to landfill (UL2799)

Scope: major production sites in China received a platinum-ranking certifications

GOVERNANCE



2025 ESG Management Targets



Sustainability Governance

Strengthening ESG Disclosures and Content Quality



Regulatory Compliance

Achieving a Legal Compliance System to Control Risks in the Group's



Information Security

Establishing a Security Operations Center (SOC)

01



1-1 Our Business

Zhen Ding Tech Group (hereinafter refer to as "Zhen Ding" or "the Group") 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) and modules, high-density interconnection (HDI), substrate-like PCB (SLP), Mini LED ultra-thin board, IC substrates, and multi-layer PCB. 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 offices in 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 2021, Zhen Ding Holding Group and its subsidiaries have more than 42,820 employees in total.



The Largest 1 PCB Manufacturer in the World

Total Sales Volume of **6.95** billion Units in 2021



Consolidated Revenue Reached a Record High of NT\$ **155.02** billion in 2021



Total Cash Dividend Paid to Shareholders in 2021: NT\$ **4.26** billion



Note: The total capital increased to NTD 9,470,491,610 as a result of the acquisition of the BoardTek Electronics Corp. by issuing 44,819,274 new common shares in November 4, 2020.

Our Business

The main function of printed circuit board (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-weight, thin, short, small, high-frequency, high speed, low pollution, low loss, low power consumption, multi-functional, precision, aesthetics, refinement, and intelligence. 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.

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 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, Responsibility, 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 Zhen Ding to 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 of Zhen Ding.

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.

The Culture of Zhen Ding:

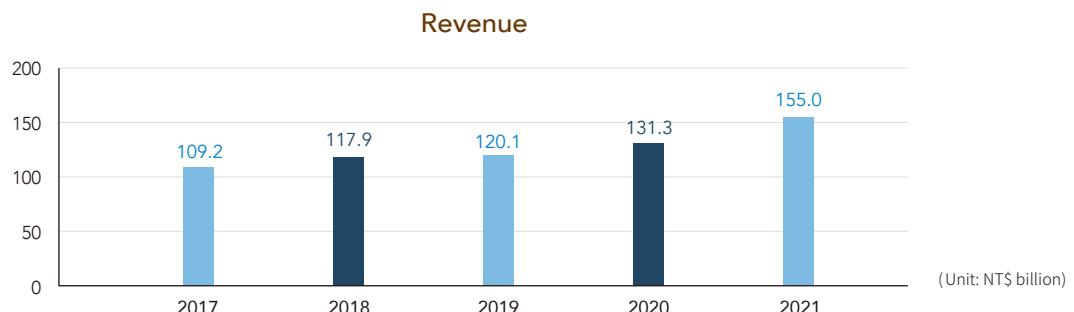
A culture in which we "do not engage in things that render sleepless nights, we work hard and diligently, we take responsibility, we work and share resources as a team, and we gain if we contribute".



1-2 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 2021, our annual revenue grew by 18% to NT\$155.02 billion, and our net profit after tax was approximately NT\$13.69 billion.

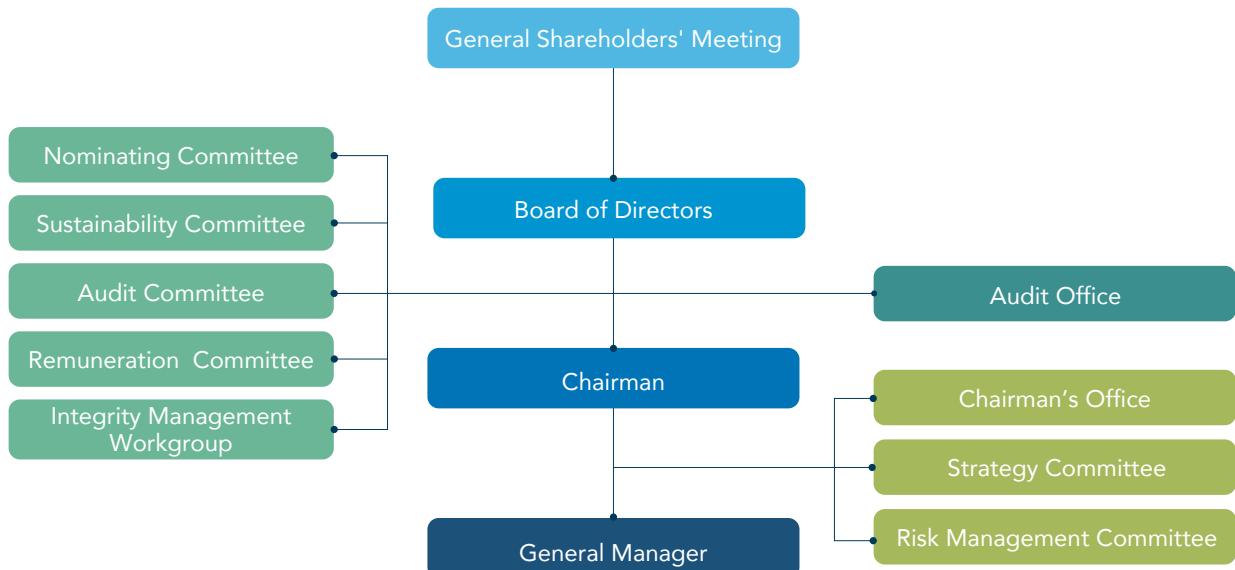
In the 2021 Shareholders' Meeting, the company approved the distribution of cash dividends for 2020 at NT\$4.5 per share. In 2021, the company distributed NT\$4.26 billion in cash dividend to holders of ordinary shares. Zhen Ding continues to maintain steady operation and profit. Between 2012 and 2021 the company has distributed NT\$27.64 billion in cash dividend.



1-3 Board of Directors

The Board of Directors is the governing body in charge of promoting corporate governance. To improve the operational efficiency of the Board of Directors, the Company has set up an Audit Committee, Remuneration Committee, Nominating Committee, Sustainability Committee, and Integrity Management Workgroup to assist the Board to carry out its supervision responsibilities and to ensure that all motions are carefully discussed and submitted to the Board of Directors for report or resolution, so as to effectively exercise independent supervision and a check-and-balance management mechanism. If there is a conflict of interest with the director or the institution represented by the director, the director shall recuse him/herself, so that benefits are maximized for all stakeholders. In total, seven board meetings were held in 2021 and were attended by all the directors (100% attendance rate). The ratio of all directors' remuneration to the company's net income after tax was 0.16% for 2021.

Governance Structure



Diverse Background and Expertise of the Board

Zhen Ding's Board of Directors is the highest decision-making body of the company and is responsible for overseeing the overall operation and management of the company. The Board of Directors consists of seven directors, of which three are independent directors and two are external directors, and more than 70% of the directors are not managers. The term of office of two independent directors is under three years, while the independent directors cannot serve as the independent director for more than three public companies.



Our Business	Financial Performance	Board of Directors	Tax Governance	Ethical Conduct	Risk Management	Regulatory Compliance	Information Security/Cybersecurity
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According to Zhen Ding's "Principles of Corporate Governance Best Practice", the composition of the Board of Directors is based on diversity, independence and professionalism, and the specific management objectives and achievements of the company's diversity policy are as follows:

Goals	Directors concurrently serving as the company's managers do not exceed one-third of the total number of the Board members	Number of independent directors exceeding one-third	Equipped with diversified industry experience, professional knowledge and skills
Achieved	Directors who are also company managers make up 29% in 2021	Independent directors make up 43% in 2021	For individual board members who have diversified professional experience and industry expertise, please refer to " Company website - Board Diversification and Industry Professional Background ".

Governance Improvements

Functional Committees	Basic Composition	2021 Implementation Status	2021 Operational Details
Audit Committee	The Audit Committee of Zhen Ding is composed of three independent directors, including two financial experts. The Committee operates in accordance with the company's "Audit Committee Charter" and meets at least once a quarter.	In 2021, the Audit Committee held 5 meetings with 100% attendance rate. The Audit Committee has regular and adequate communication with internal auditors and accountants.	Please click on the link to visit the company website: 2021 Audit Committee Detailed Operations 2021 Communication between Independent Directors and CPAs 2021 Communication between Independent Directors and Chief of Auditors
Remuneration Committee	The Remuneration Committee of Zhen Ding is composed of two independent directors and one external experts. The Committee operates in accordance with the company's "Remuneration Committee Charter" and meets at least twice a year.	In 2021, the Remuneration Committee held 3 meetings with 100% attendance rate. The Remuneration Committee regularly reviews and evaluates the policies, systems, standards, and structures for performance evaluation and remuneration of directors, Audit Committee, and managers.	Please click on the link to visit the company website: 2021 Remuneration Committee Detailed Operations
Nomination Committee	The Nomination Committee of Zhen Ding was established by a resolution of the Board of Directors on December 28, 2021, composed of the Chairman of the Board of Directors as the convener and two independent directors. The Nomination Committee operates in accordance with the company's "Nomination Committee Charter".	The Nomination Committee adopts a "Candidate Nomination System" and its main duties are to establish the criteria of diversity and independence in terms of professional knowledge, skills, and experience required of the members of the Board of Directors, to identify, review and nominate candidates for election as directors, and to submit its recommendations to the Board of Directors for resolution.	Please click on the link to visit the company website: 2021 Nomination Committee Detailed Operations
Sustainability Committee	The Sustainability Committee of Zhen Ding was established by a resolution of the Board of Directors on December 28, 2021, composed of the Chairman of the Board of Directors as the convener and two independent directors. The Sustainability Committee operates in accordance with the company's "Sustainability Committee Charter".	The main responsibilities of the Committee include at least: 1.To formulate corporate social responsibility and sustainable development directions and goals, and to draw up relevant management guidelines and specific promotion plans. 2.To promote and implement the work related to the company's ethical management and risk management. 3.To track, review, and revise the implementation and effectiveness of corporate sustainable development.	Please click on the link to visit the company website: 2021 Sustainability Committee Detailed Operations

The company arranges continuing education courses for directors from time to time to continuously impart new knowledge to directors and improve their governing functions. In 2021, all board members completed at least 6 credits of continuing education courses, and the average number of hours of continuing education for each board member exceeded 10 hours. To continuously strengthen the referencing and review of the board of directors' functions, the company has appointed the "Taiwan Corporate Governance Association", an external professional and independent organization, to conduct the evaluation of the board of directors' performance for 2021 in accordance with the "Regulations Governing the Evaluation of the Performance of the Board of Directors and Functional Committees". The report released on January 7, 2022, concluded that the Zhen Ding Board of Directors is composed of multi-disciplinary members. The company actively consults with its independent directors, while the Remuneration Committee focuses on the remuneration and performance evaluation of top-level management personnel, linked to ESG long-term development goals. In addition, board members are fully involved in the company's operational decisions, overall risk management, and succession planning for the top-level management team through various functional committees and management meetings. At the first quarterly board meeting of 2022 (March 16), Zhen Ding reported the results of the evaluation and carried out the following key improvements according to the recommendations made by the Association.

- Consider increasing the number of female directors in the next re-election of directors.
- A "Directors' Handbook" will be set up to assist new directors in familiarizing themselves with the company's business and duties as directors through a written orientation mechanism.
- The "Procedures for Handling Crisis Incidents" have been revised to include "procedures for the notification of occasional significant incidents, including significant corporate information that must be announced as required by law". The reporting level has been raised to the Board of Directors.

For details on the results of the 2021 performance evaluation of the Board of Directors and functional committees, please refer to the company website "[2021 Performance Evaluation of the Board of Directors Report](#)".

Corporate Governance Officer

On May 7, 2021, Zhen Ding's Board of Directors approved the appointment of Tun Ling, a senior manager with extensive experience as treasurer of public companies, to serve as the head of corporate governance. His main responsibilities include handling matters related to board and shareholders' meetings, preparing minutes of board and shareholders' meetings, assisting directors in their appointment and continuing education, providing information necessary for directors to perform their duties, and assisting directors in complying with laws and regulations.

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 president of the company 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 Remuneration Committee that is responsible for assisting the Board to propose the company's overall remuneration policies, remunerations to directors (including independent directors) and managerial officers, and how remunerations 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.

1-4 Tax Governance

Tax Policy

In response to the international situation, Zhen Ding fully complies with tax regulations to achieve sustainable corporate development, risk control, enhance shareholder value, and fulfill the Group's social responsibility.

Zhen Ding's Commitment

1. Comply with local tax laws and regulations in all operating regions and file tax returns in a timely manner.
2. Disclose tax information in our financial statements in accordance with regulations to ensure information transparency.
3. The Group's related transaction arrangements are based on the principles of transfer pricing reports and regular transactions, and are in line with the Base Erosion and Profit Shifting (BEPS) principles published by the Organization for Economic Cooperation and Development (OECD).
4. Assess tax risks and consider the impact of tax leases in the face of important decisions and changes in the tax laws of the environment in which we operate.
5. We do not use tax havens or engage in tax planning for the purpose of tax evasion.
6. Establish a relationship of mutual trust and respect with tax authorities, communicate and explain tax issues in a timely manner, and maintain a harmonious interaction.
7. Support the government's tax policies that encourage innovation and promote economic growth.

Tax Governance

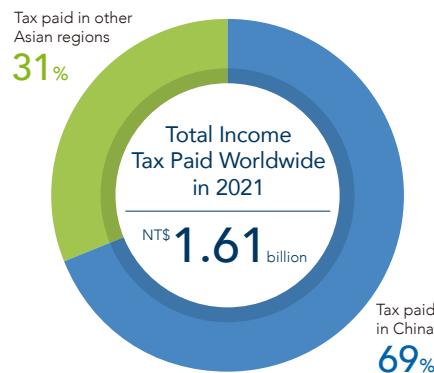
Zhen Ding has set up a tax planning unit, with the CFO as the highest-ranking person with dedicated tax management responsibility. The day-to-day tax administration and management is delegated to the Controller, who is assisted by qualified and experienced tax professionals in fulfilling the tax obligations of Zhen Ding. In addition, we have a long-standing relationship with external tax consulting organizations to enhance our expertise through their professional services.

Tax Risk Management

Zhen Ding operates and expands its business worldwide while complying with the tax laws of each jurisdiction in which it operates. Any adverse changes in tax laws and regulations can increase a company's effective tax rate and adversely affect its results of operations. To effectively manage tax risks, Zhen Ding has incorporated tax risk management into its Enterprise Risk Management (ERM) program, which is described in more detail in the "1-6 Risk Management" section of this Report.

Effective Tax Rate Analysis

Zhen Ding's main operations are located in China and the statutory income tax rate is 25%. The Group's effective tax rate and cash tax rate for 2021 was 15.6% and 9.9% respectively, which are not only lower than the statutory income tax rate, but also lower than the average effective tax rate of 23.5% and the average cash tax rate of 24.4% in the Information and Communications Technology (ICT) industry. The Group's lower tax rate is mainly due to that most of the subsidiaries in China, where the Group's main operations are located, enjoy preferential tax rate of 15% for High and New Technology Enterprise (HNTE) and additional deduction for research and development expenses. Some subsidiaries have deductions for losses from previous years.



Our Business	Board of Directors	Board Governance	Tax Governance	Ethical Conduct	Risk Management	Regulatory Compliance	Information Security/Cybersecurity
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1-5 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 Sustainability 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 "Integrity Management Workgroup" under the Chairman Office 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 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, Zhen Ding regularly holds educational training for employees. In 2021, a total of 2,248 internal and external education and training courses (including training for new recruits, ethical management regulations, food safety and hygiene management, accounting system, internal control and insider trading) were held, with a total of more than 1.04 million people participating in related training and promotion.

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. The conflict of interest policy is to prevent conflicts of interest. 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. Managers can make reports to the legal compliance unit.

Risk Control and Auditing

The company has established the control measures of risk management and internal control system. The responsible project owner shall conduct the monitoring for potential risks and the audit personnel shall establish applicable audit plans internally, 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.

Our Business	Financial Performance	Board of Directors	Tax Governance	Ethical Conduct	Risk Management	Regulatory Compliance	Information Security/Cybersecurity
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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), online reporting system, and an appeal hotline +886(0)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 management in 2021.

1-6 Risk Management

Risk Management Policy

To reduce the risks that may be faced by the operations, the Group's "Risk Management Policy" was approved by the Board of Directors on December 28, 2021, as a reference basis for the formulation of business strategies to ensure the long-term sustainable and stable development of the company's business and overall operation. In accordance with the global political and economic development trends and changes, we adhere to the tenet of "long-term attention, sustainable development, and striving for the best", actively implement the policy of "prevention-oriented control of source, full participation for comprehensive control", and fully carry out the principle of "whoever is in charge must be responsible". Risks are defined according to the company's overall business policy, and we have set up risk management mechanisms for early identification, accurate measurement, effective supervision, and rigorous control. Given acceptable risk, the policy prevents possible losses and achieve the goal of optimal resource allocation.

Risk Management Organization



1. The Chief of Staff is the top supervisor of risk management, who presides over the operation of the risk management organization and is responsible for supervising the risk identification operation of the Group through the participation of R&D, manufacturing, sales, and peripheral units. The front-line risk management personnel detects, identifies, evaluates, and formulates countermeasures for each risk, and regularly carry out reviews and supervision at risk management-related meetings. In case of different risks, the Chief of Staff may set up a response team according to different events and assign the responsible supervisor to coordinate the response.

The Chief of Staff, who is the highest-ranking person with responsibility for risk management, should be aware of the impact of different types of risks to the Group and ensure the effectiveness of risk management. His/her main responsibility is not only to pay attention to the risks borne by each business unit, but also to consider the effects of the aggregation of various risks from the overall perspective of the company and coordinate cross-departmental communication.

2. The company has set up a Risk Management Steering Committee, which is composed of the top executives of each business unit, to supervise the improvement and identification of risk control and approve the priority of risk control, and report to the Board of Directors.

Our Business	Financial Performance	Board of Directors	Tax Governance	Ethical Conduct	Risk Management	Regulatory Compliance	Information Security/Cybersecurity
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3.Under the Risk Management Steering Committee, a Risk Management Project Groups is set up to identify potential risks and operational impacts, implement countermeasures according to risk categories, and establish and practice crisis management procedures. The Risk Management Project Group is headed by a regional director as the front-line risk manager, whose main responsibilities include:

- Ensure that risk information is communicated in a timely and correct manner.
- Ensure the effective implementation of risk regulations within the relevant units.
- Depending on the external environment and internal strategy changes, determine the type of risk and recommend ways to deal with it.

4.The personnel in charge of the Risk Management Steering Committee participates in internal and external risk management training from time to time each year to enhance the execution of risk management projects. The implementation status of the education and training participation in 2021are as follows:

Unit: trainees	Less than 25 hours of training	26-50 hours of training	51-100 hours of training	More than 100 hours of training
Non-executive Directors	6 persons			
Managers	17 persons	4 persons	2 persons	13 persons

5.In the internal control system, the audit office is responsible for auditing the implementation and regularly reports on the company's changing risk environment, risk management priorities, risk assessment, and response measures in the audit committee meetings.

Risk Management Procedures

To improve the risk management function, the Group's risk management is carried out through (1) risk identification, (2) risk assessment, (3) risk control, and (4) risk monitoring and communication to clearly grasp the scope of each risk. Through PDCA (Plan, Do, Check, Act) management measures, we will continue to improve and manage the risk factors to reduce the chance and degree of risk loss, and take appropriate measures to efficiently implement risk management.





Our Business	Financial Performance	Board of Directors	Tax Governance	Ethical Conduct	Risk Management	Regulatory Compliance	Information Security/Cybersecurity
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1.Risk Identification: The company performs risk identification based on the environmental, social, and corporate governance aspects of its operations, where 14 risk factors have been formulated based on the four major aspects defined in the risk management policy, and the management scope includes various risk items at different levels as follows:

Operational perspective	1. Market Risks: changes in market trends, changes in product demand, changes in raw material prices, customer and supply chain performance risks.
	2. Regional Risks: review of the impact of changes in local political and economic conditions on the company's operations.
	3. Information Security Risks: the operational maintenance and management of information security, including software and hardware setup, management, maintenance, and personnel education and promotion and other related matters.
	4. Supply Chain Risks: the ability to check and respond to supply chain imbalances caused by domestic and foreign political and economic situations and environmental changes.
	5. Quality Process Risks: prevention and review of operational issues in quality management of products, materials, manufacturing, packaging.
	6. Occupational Health and Safety Risks: handling and response to workplace hazards including workplace injuries, fire, explosion, chemicals, and other environmental contamination.
	7. Human Resource Risks: review of employment management, employee environment, and welfare issues.
	8. Intellectual Property Risks: intellectual property risk and response measures, impacts of changes of domestic and foreign policies and laws on the company, and the response measures.
Strategic	9. Strategic Risks: corporate development direction, positioning of products, prices and technologies, and the impact of supply chain operations on the company's operations.
	10. Business Ethics Risks: review of compliance with laws and regulations and environmental/community responsibilities, protection of company information and property, prevention of bribery, money laundering, and unfair competition.
Financial	11. Investment Risks: assessment of the internal and external environment of each investment, review of efficiency and investment management.
	12. Financial and Tax Regulatory Risks: review and response to changes in financial and tax policies in various regions and international financial situations that affect the company's interests.
Hazardous Events	13. Natural Disaster Risks: prevention and response capabilities for typhoons, rainstorms, earthquakes, lightning, fires, explosions, epidemics, and infectious diseases (e.g.: COVID-19, SARS, etc.), bird flu, high temperature, heat wave.
	14. Environmental Risks: impact of long-term natural environmental changes on the company and response: carbon neutrality, climate change.

Please refer to the "[Sustainable Focuses - Governance](#)" section on the company website for the 2021 risk management control implementation plan and mitigation measures.

2.Risk Assessment: All of the subsidiaries of the Group follow the "Strategic Risk Control Practices". Each functional unit identifies the risk factors it may face, and may use Failure Mode and Effects Analysis (FMEA), or may develop its own identification and evaluation criteria to identify and evaluate the risk levels of different risk items and implement corresponding controls. Based on the risk evaluation, the three characteristic exponent of "severity, frequency, and difficulty of detection" are summarized to express the possibility of risk occurrence and its degree of influence, which are used as reference bases for the subsequent prioritization of risk control and the selection of response measures.

3.Risk Control: Risks that belong to the daily operation of each business unit are controlled by each business unit. Cross-departmental or cross-plant risk assessment are carried out for important cross-departmental or cross-plant crisis incidents. The

Chief of Staff or designated personnel is responsible for directing and negotiating, identifying feasible strategies to prevent crisis incidents, and formulating crisis management procedures and recovery plans based on the crisis incident.

Each functional unit will monitor its business risks after assessing and compiling the risks, implement appropriate response measures and propose countermeasures, and provide the risks and countermeasures to the risk management team for review and tracking, and report to the risk management committee and the chairman of the Board of Directors on a regular basis.

4. Risk Monitoring: For the 14 major risk management areas, regular rolling reviews and complete records of risk management execution results are kept to understand the effectiveness of risk management projects and related control operations. The Risk Management Steering Committee regularly (at least once a year) reports and explains the implementation results to the Board of Directors.

Long-Term Emerging Risks

To comply with the principle of sustainable development and to fulfill our responsibility as a global citizen, we review the risk issues of the Group's operational impacts and challenges in accordance with the emerging risk profiles proposed by the World Economic Forum's "Global Risks Report", and continue to focus on two key risks in the medium and long term: the climate crisis and the supply chain crisis.

1. Climate Crisis and Changes in the Natural Environment

In the face of rising temperatures, water supply and natural disasters such as flood prevention will be a major challenge to the company's future operations for businesses that require large amounts of water resources. We will continue to pay attention to the following measures to reduce the impact on business operations.

- Review the five key physical risks of climate change: Flood prevention, water resources, lightning protection, strong winds, and temperature are all analyzed and simulation tools are used to formulate responses, according to the natural environment of each site. We will continue to follow the recommendations of global environmental organizations to update and monitor the changes in the natural environment. (Please refer to Chapter Three of this report for details)
- In light of climate change, the trend of carbon neutral products required by customers and the government's net-zero emission policy, how to accurately measure and manage direct and indirect carbon emissions is an emerging issue in the future, and will certainly affect the company's operation. In addition, we have developed and monitored the items based on the framework of the carbon management system, and started the phased development planning in conjunction with the data collection of the Group's digital transformation, and maintained up-to-date tracking of the proposal and development of international organizations.

2. Impact of Natural Resource Demand and Price Changes on the Supply Chain

In response to climate change, many countries around the world have implemented carbon fees or taxes, and the European Union is actively planning a carbon border adjustment mechanism, which will have a direct impact on the global supply chain layout. The future changes in the global supply chain will be a major challenge for sustainable operations. To reduce the impact of uncertainty in raw material resources on the Group's operations, we will strengthen the cooperation with strategic partners and the management of resources, lay out the digital transformation to effectively utilize resources and accurately control the inventory, closely track the tax changes in trade locations, combine resources from different regions for effective risk diversification, and determine the changes in material prices in real time as a reference basis for procurement. At the same time, we also continue to strengthen the research on the effective use of resources related to manufacturing processes and pay attention to the actions of international organizations as a reference for strategic planning. (Please refer to Chapter Two of this report for details)



1-7 Regulatory Compliance

Compliance and Implementation

Zhen Ding 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, Zhen Ding did not engage in any significant violations of laws (penalties exceeding NT\$1 million). PCB is a mature industry. According to Prismark statistics, the market size of this industry is roughly about NT\$ 2,238.18 billion in 2021. Zhen Ding reported an operating revenue of NT\$155.02 billion in 2021, accounting for 6.9% of the global market. In 2021, Zhen Ding was not involved in any legal actions for anti-competitive behavior, anti-trust, and monopoly practices in Taiwan and overseas. As our business grows, we formulated the "Procedure for Business Code of Conduct", in which we made a promise to strictly adhere to standards relevant to fair trade, advertising and competition. We have set zero material violations as our long-term goal for 2025. In future, we will continue to deepen our anti-competitive management system to fulfill our compliance responsibilities.

Privacy and Personal Data Protection

Zhen Ding takes the protection of privacy and personal information seriously, and has formulated the "Privacy and Personal Information Protection Management Manual" to gradually establish a management system and improve management responsibilities at all levels. We strictly follow the privacy and personal data management policies and relevant laws and regulations to ensure the security of personal data of our employees, customers, suppliers, visitors and other personal data subjects, and to prevent disclosure and improper use of personal data. We systematically review and improve our privacy and personal data protection work and continue to implement privacy and personal data protection.



1-8 Information Security/Cybersecurity

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 have also officially passed the British Standards Institute (BSI) certification on May 8, 2020. We conduct and pass annual reviews every year. In 2021, the manufacturing sites of Shenzhen, Qinhuangdao, and Huai'an have obtained external audit certificates on April 29, August 26, and August 31, respectively. By implementing the sound operation of the company's information security management and establishing a secure and reliable information operating environment, we can protect the company's electronic data, systems, equipment, and network security, and further ensure the non-repudiation, authentication, and Attributability of the overall information assets.

Policy, Organization, and Goal of Information Security

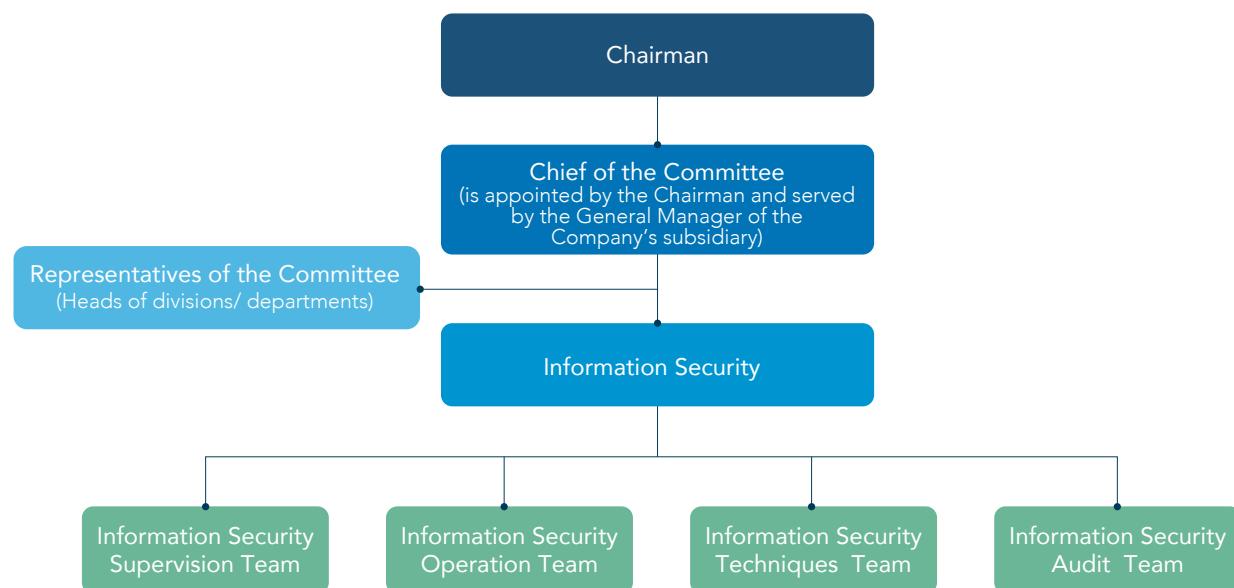
Based on the three principles of information security management - confidentiality, integrity, and accessibility, Zhen Ding has established the "Policy for Information Security Management" to provide an information environment for the continuous operation of the Group's overall business and to establish appropriate management systems and standard procedures, with the aim of achieving compliance with relevant regulatory requirements and protection from intentional or accidental threats, both internal and external.

In 2021, Zhen Ding formally established the Information Security Management Committee. The committee is subordinate to the chairman of the board and meets quarterly to discuss information security management, review guidelines and directions with the company, and adjust information security policies and management. The chairman of the Information Security Management Committee is a general manager of the Group's subsidiaries appointed by the chairman of the Board of Directors, who is the highest authority in overseeing the Group's information security work. Each division has appointed representatives to serve as committee members to promote and implement information security policies. At the same time, the company's Board of Directors includes Chen-Fu Chien, an independent director with a professional background in information security, who is responsible for overseeing and guiding the Group's management strategies and planning objectives related to information security.





Information Security Management Committee



Note: Please refer to the "Sustainability Focus - Sustainability Governance" section on the company website for the information security policy and related external certifications of Zhen Ding.

Zhen Ding has set three key management objectives for information security to protect the security of company and customer trade secrets, manage data in a hierarchical manner, properly review and optimize the management measures for company products and customer information, set up a special security zone for customer secrets, and control access to networks, computers and personnel with authorization.

- 1.Information Equipment Security Management
- 2.Network and Anti-Virus Management
- 3.Personnel InfoSec Education and Training

Information Security Implementation and Protection

Information Equipment Security Management

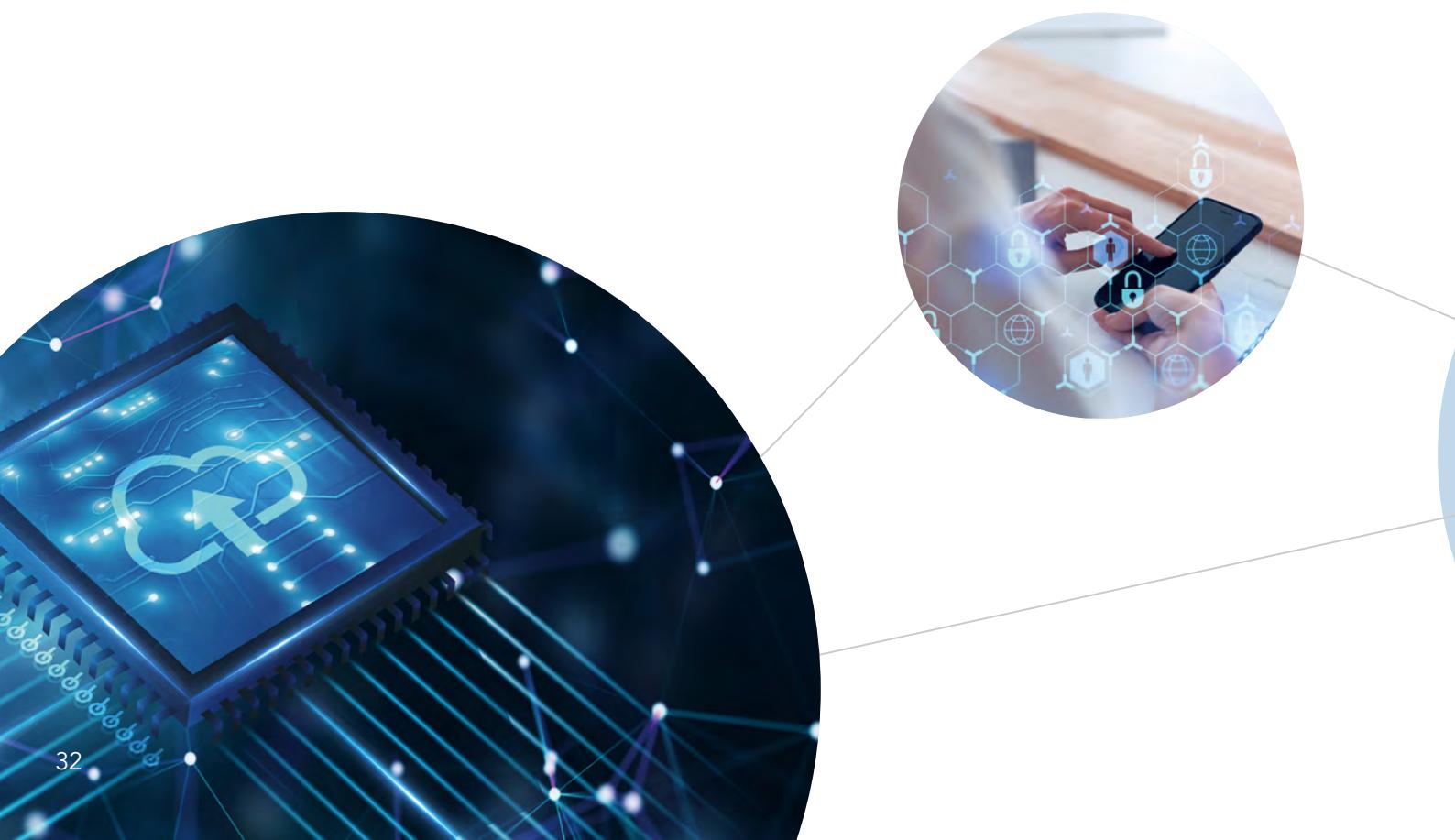
The company controls the information devices carried by the personnel to and from the server room, production line and control area, and also controls the network, computers, operating systems and applications of different units with different levels of authorization. The "Procedure for Business Continuity Work Method" have been formulated to classify systems and establish a business continuity management mechanism to ensure uninterrupted operations. We conduct backup recovery drills every six months to ensure rapid recovery of operations in the event of an incident or disaster, in order to reduce potential risks and minimize losses caused by incidents and disasters. In 2021, we conducted 9 backup drills, 3 in Shenzhen, Huai'an and Qinhuangdao, including 1 major equipment switch and 2 backup data recovery tests.

Network and Anti-Virus Management

To prevent network attacks and collect network trends, the company has set up firewalls, intrusion prevention systems, email security filtering systems, virus protection systems, and other security measures. In 2021, we blocked an average of over 77,000 attacks and 3,000 malicious emails per month, preventing malicious behavior from causing company losses. At the same time, we regularly commission external professional information security experts to conduct penetration testing and social engineering exercises to strengthen information security, fix vulnerabilities in a timely manner, and establish a secure operating environment to ensure sustainable operations.

InfoSec Education and Training

In 2021, we have accumulated 167,403 hours of information security education and training courses, with a total of 329,641 participants. The company places special emphasis on education and training for new employees to strengthen the concept of the importance of information security, and has set up information security education and training courses on the knowledge management platform. All new employees are required to complete the training within a specified period of time. In the Employee Handbook, the company has set up a reward and discipline system for information security: "Anyone who installs, modifies, dismantles, damages or moves information processing equipment without permission, or downloads, stores, distributes, shares, installs, or uses software (including portable application and freeware) other than the standard configuration, or logs on to other people's computers without permission, will be punished by dismissal in severe cases. In addition, the company regularly conducts social engineering drills for all employees, and disseminates information security-related regulations and concepts through various channels, including setting up large electronic viewing boards to show promotional videos, posting information security posters in the plants, and publishing information security knowledge in the company's monthly column to continuously raise employees' awareness of information security protection.



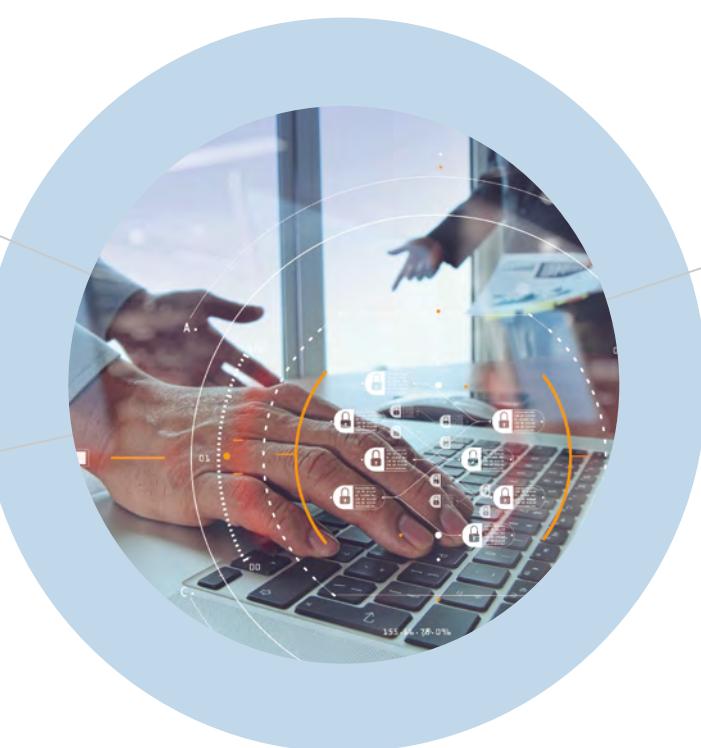


Information Security Incident Notification Process

When an information security incident occurs, company employees shall immediately notify the department head in accordance with Zhen Ding's "Process for Treatment of Information Security Event", and the department head shall notify the information security officer, who shall determine the level of the incident in accordance with the Regulations based on the scope of impact, damage caused, and the sensitivity of the leaked or damaged information, and categorize the incident as a severe security incident, a major security incident, a general security incident, or minor information security incident. After categorization, the information security task force will issue a notice to the supervisors and personnel of the affected departments to take immediate control measures. If the incident is judged to be a major information security incident, it shall be reported to the relevant plant/division supervisors and the chief operating officer, and if it also involves a breach of confidentiality, it shall be reported to the Human Resources Division and Legal Affairs in accordance with the law or in accordance with company regulations. During or after the handling of information security incidents, the information security task force will analyze the information security incident, summarize the causes of the incident, and carry out timely corrective measures together with relevant units. At the same time, collect the necessary evidence as a basis for subsequent investigation of responsibility.

From 2019 to 2021, Zhen Ding has not violated any information security-related laws and regulations, and has not experienced any information security incidents or complaints from customers for violation of their privacy or losing their data:

Information security incident management implementation in the past three years	2019	2020	2021
Total number of information security/cyber security incidents	0	0	0
Number of information security incidents affecting customers' personal data	0	0	0
Total number of customers affected by information security incidents	0	0	0
Total amount of fines related to information security/cyber security incidents	0	0	0



PRODUCT STEWARDSHIP



2025 ESG Management Targets



Supplier Due Diligence Management
Over 185 audits are expected to be completed



Green Supply Chain
More than 25 suppliers are expected to participate



Customer Satisfaction Survey
Average score reached 88%

02



2-1 Innovation, Research and Development

Zhen Ding has long focused on participating in the pre-development and design verification of customers' products. We attach great importance to technology innovation and quality, and actively keep abreast of future product trends and deploy cutting-edge technologies, to effectively enhance market competitiveness and sales of the products. Zhen Ding has spared no effort in integrating innovative technology sharing platforms, promoting industry-academia research collaboration, and fostering R&D talents to build up our long-term core competitiveness and growth momentum. In 2021, Zhen Ding invested approximately NT\$7.3 billion in research and development, a significant increase of 32% compared to 2020, accounting for approximately 5% of its revenue in 2021. As of December 2021, there were 5,722 employees working in R&D, accounting for 13% of the total number of employees, an increase of 10% compared to 5,198 R&D employees at the end of 2020.

R&D Investment	2019	2020	2021
R&D Expenditures (Unit: NT\$ million)	6,140	5,545	7,302
R&D expenditure as a percentage of revenue (Unit: %)	5%	4%	5%
R&D talents (Unit: people)	4,930	5,198	5,722
R&D talent to total employee ratio (Unit: %)	14%	11%	13%

Core R&D Ecosystem

"Leading Industry Technologies and Exceeding Customer Expectations" has always been the vision of Zhen Ding's technology research and development. The company has set up a Business Strategy Committee at the management level to regularly plan the long-term strategy and direction of the company, and set up a R&D center for forward-looking technological development. The company invests resources in the long term to develop new products, new processes, new technologies, new materials, and new equipment. We are also actively working with strategic partners to create a core R&D ecosystem. The company follows three major R&D strategies in order to accumulate innovative energy in the short, medium, and long term, to provide customers with optimized and diversified R&D projects, so that advanced technologies can be transformed into commercially valuable products, and create more opportunities for growth.

Research and Development Phase	Goal	Strategy and Policy
Short-Term	Meet customer needs	Cost Leadership Competition: Innovative technologies for process simplification, reasonable cost and high-performance material development.
Mid-Term	Exceed customer needs	Competitive Differentiation: Participate in the early development and design of products for key customers, and collaborate to develop advanced technology blueprints to build a competitive advantage.
Long-Term	Innovate technology and lead the industry	Focus on Competition: Collaborate with industry, government, academia and research to develop advanced technology capabilities at our core.

Examples of Technological R&D Achievements in 2021

Innovative Technologies	R&D Achievements
Flexible circuit boards (FPC) – 5G high-frequency transmission line material technology	Successfully mass-produced high-frequency flexible substrates, such as Liquid Crystalline Polymer (LCP) and modified-Polyimide (MPI), with electrical specifications meeting dielectric loss (Df) $\leq 0.002@10\text{GHz}$. The main applications include 5G millimeter-wave antennas, RF front-ends, transmission lines, etc.
Rigid printed circuit boards (RPCB) – Smart antenna technology for Internet of Vehicle (IoV)	We have successfully worked with our customers to develop bendable automotive copper clad laminate (CCL) to overcome the space constraints of antenna products and significantly increase the scanning range of automotive surveillance systems by 1-2 times, which are mainly used in automotive applications.
Rigid printed circuit boards (RPCB) – 4D imaging radar sensor technology	Air-Filled Substrate Integrated Waveguide (AFSIW) technology solutions are proposed to customers for next-generation 4D imaging radar sensing related products, which are mainly used in autonomous vehicle and security.

Note: For more details on the "Specific Examples of Technological R&D Achievements" in 2021, please refer to the "["Sustainable Focuses –Innovation, Research and Development"](#) section on the company website.

Innovative Technology Sharing Platforms



The "Technology Platform" aims to provide customers with a full-service "one-stop platform" solution. Through the three-way cooperation with customers and suppliers, we provide one-stop services for individual product and technology development, including product stack design, simulation, testing, and reliability verification. To further expand the depth and scope of technology development, we combine external resources from industry, academia, and research to construct process principles and cultivate technical personnel, effectively close the gap between academia and application, and introduce the academic theory of advanced technology into industrial practice. We also cooperate with equipment and material suppliers to develop specific technologies and materials for customer product; internally, we conduct rapid optimization of product development and provide product solutions through design and simulation. For example, according to the statistics of "High Frequency High Speed Platform", the number of cases in which customers requesting for optimization solutions accounted for about 56% of the signal integrity simulation cases in the R&D department in the past year. The simulation optimization projects focus on the initial design of customers' antenna transmission lines, connection cables (USB/HDMI), camera heads, etc. We propose



product stacking and material suggestions, optimize product design during the development process to reduce experimental design solutions, and provide technical support such as comparison with actual test data; In addition, we combine in-plant process technology development and product reliability and validation processes to provide key independent technologies that meet the needs of our customers' individual product characteristics. Through this platform, we have completed 26 cases of internal industry-academia-research cooperation in 2021, and cooperated with famous universities on both sides of the Taiwan Strait, such as Tsinghua University, Yuan Ze University, Feng Chia University, Shenzhen University, Southeast University, etc. In 2021, we participated in 213 projects of simulation and solution optimization related to high frequency and high speed for our customers. In order to keep pace with the technical capabilities of customers, R&D teams hold regular meetings with important customers to discuss technical blueprints and development progress, and synchronously improve the functions of the shared platform, then strengthen the development of technical core capabilities, driving the company and the overall supply chain to work together to quickly grasp industry trends and market opportunities.

Comprehensive Technology Solutions

As a professional service manufacturer with the ability to design, develop, manufacture, and sell a wide range of PCB products, Zhen Ding provides a one-stop platform to provide a full range of PCB products and services to our customers, and we can plan ahead for future generations of products with our customers. This one-stop professional comprehensive service not only shortens the trial period from procurement to development by 6 to 12 months for customers, but also saves the development and investment cost of the whole supply chain by about 30%, and helps customers to develop end products with competitive advantages in the market.

Through the "Technology Platforms" shared by the company, the R&D team and customers share a complete database of information and can simulate a full range of development processes, including advanced material development, RF simulation, structural design, manufacturing, processing equipment, and performance testing, according to the specific performance requirements of various products, helping customers to accurately evaluate the actual development results of various products and compare and analyze different specifications. This virtual prototype approach effectively shortens the R&D process and saves the cost of trial production, and also allows us to meet the differentiated needs of our customers and provide the most suitable solutions, as well as to determine the development blueprint of future-generation products in advance. We provided customized technical solutions to at least 20 customers in 2021.

In addition, the R&D team has established "Product & Technology Platform". Through various project meetings, we share resources and learn the expertise about the process integration, process refinement, yield improvement, and production cycle time reduction of different PCB products. The five main axes of R&D innovation - new technologies, new products, new processes, new materials and new equipment, are explored through continuous mutual discussions and communication. At the same time, we have introduced advanced equipment from home and abroad, combined with our expertise in smart manufacturing, digital transformation, high-quality management, and global supply chain management to effectively improve the yield rate and economic scale efficiency at the mass production stage, which helps our customers launch high-end products and win market opportunities. Since the establishment of this platform, there were over a total of over 16,841 successful engineering innovation improvement projects developed as of the end of 2021, covering five major areas: 6,800 new processes, 858 new technologies, 3,783 new materials, and 5,400 new equipment, with a total improvement cost of NT\$5.138 billion, an increase of 200% compared to 2020.

Investment in Innovation and Improvement	2019	2020	2021
Engineering Innovation Improvement Projects (unit: number of projects)	2,585	5,509	16,841
Total Cost of Innovation Improvements (unit: NT\$ Million)	46	1,712	5,138

Engineering Innovation Improvement Projects in 2021

Results Category	Engineering Innovation Improvement Projects	Total Number of Projects
New Processes	525 human factors improvement projects, 5,812 quality improvement projects, 203 process improvement projects, 66 production cycle shortening projects, 194 plant optimization projects	6,800
New Technologies	289 labor streamlining projects, 569 environmental improvement projects	858
New Materials	2,691 cost reduction projects, 986 safety improvement projects, 106 waste reduction projects	3,783
New Equipments	1,906 efficiency improvement projects, 1,020 equipment upgrade projects, 2,474 additional optimization projects	5,400

Intellectual Property Management Plan

Enterprises are the subject of self-owned innovation and more importantly, the subject creating, managing, using, and protecting intellectual property rights. Improving how Zhen Ding manages its intellectual property rights enables the enterprise to reinforce its self-owned innovation capability. The intellectual property team of Zhen Ding's Legal Affairs Division is responsible for promoting self-owned intellectual property and legal services of science and technology, integrating resources for patent strategy planning to strengthen patent quality. It has formulated four major strategies for intellectual property management, including "Accumulation", "Focus", "Innovation", and "Enhancement".

1. Accumulation - Deploying Core Technology Intellectual Property

In the spirit of "patent comes first in technology development", Zhen Ding has been leading the Group's self-owned R&D and innovation, and we are actively deploying high-value intellectual property rights to strengthen the effective protection of core technologies.

2. Focus - Extracting Patent Analysis Value

We have built an industrial patent information platform to control the PCB patent technology positioning, align the Group's technology development direction, and deploy effective intellectual property rights in line with market trends.

3. Innovation - Linking Innovative Services of Science and Technology

Link global patent databases to provide efficient and accurate industrial patent technology analysis, clarify patent strategy maps, and build patent portfolios to avoid potential technology risks.

4. Enhancement - Enhancing Quality and Efficient Operations

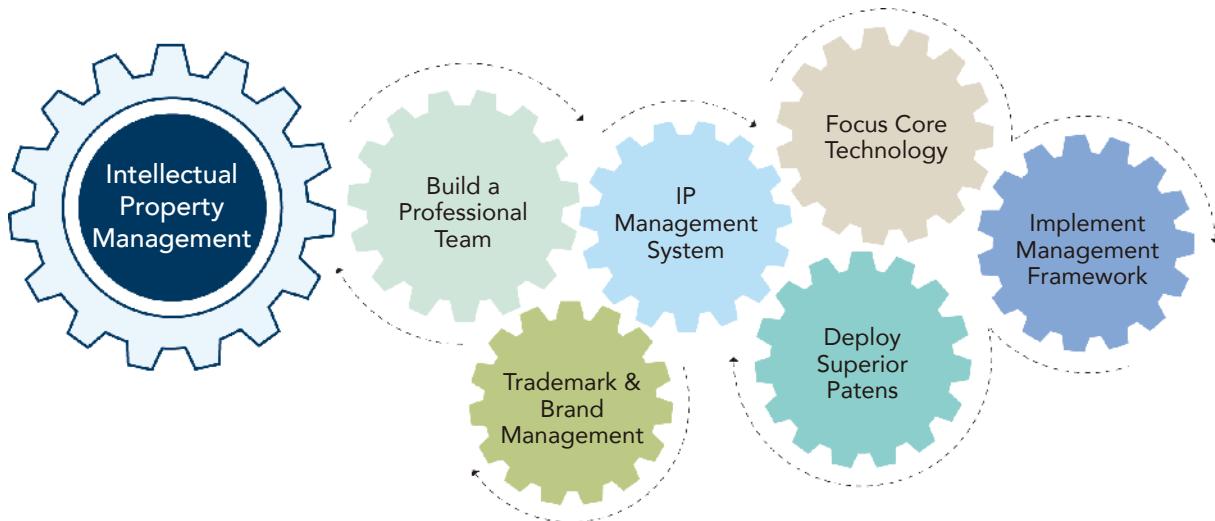
In order to strengthen the Group's industrial leadership, we have established a patent incentive system to encourage innovation and self-owned R&D, refine the quality of patent technologies, and implement the patent technology achievements.

In accordance with Zhen Ding's operations policy and technology development plan, and in conjunction with the intellectual property strategy, we not only abide by laws and regulations, but also plan our patent deployment plan according to the intellectual property management policy requirements of each important production base, and strive to develop advanced technologies and build our self-owned core technologies. Besides catching the future trends of the industry





through long-term cooperation with world-class customers, and actively investing in R&D resources to deploy core technologies, the company's position on intellectual property rights protection policies is to actively deploy core technology intellectual property rights and strengthen its own R&D technical protection to ensure the competitive advantage of the company in this industry field. In addition, we have applied for company's logo as by trademarks overseas to meet the requirements of market and product expansion, and we will also apply for trademarks for important proprietary technologies to facilitate promotion and to build a brand image for our technology services.



To establish efficient intellectual property management, Zhen Ding has introduced an electronic operation system based on the existing intellectual property management system in accordance with the spirit of ISO standardization. In the meanwhile, we have created a digital intellectual property management platform, and collected information on the development of PCB-related technologies, and established a technical database.

Implementation status

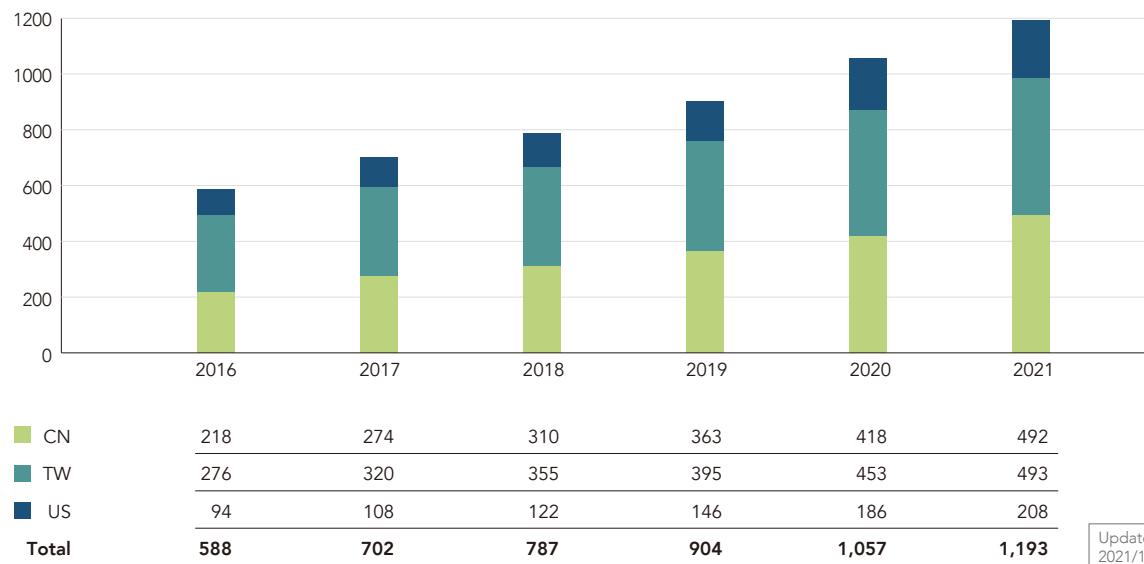
Zhen Ding implements technical investigations before the development of new products and new processes to avoid infringing on the third-party intellectual property rights. In the new technology development stage, it investigates market applications and advanced technology conditions, introduces risk assessments, and implements confidentiality management. The documents, equipments, and areas within confidential information of the company are controlled to avoid the risk of leakage. For the research and development results of self-owned core technologies, various intellectual property rights are actively deployed.

1. Management system results

To comprehensively and effectively manage intellectual property such as patents and business secrets, as of December 31, 2020, the company has actively established an intellectual property management system and has completed the establishment of relevant regulations, including the "Intellectual Property Rights Management Manual", the "Procedures for Intellectual Property Rights Application", the "Third-Party Intellectual Property Rights Policies and Investigation Procedures", and the "Confidentiality Management System".

2. Intellectual property achievements

Zhen Ding actively applies for patents in Taiwan, Mainland China, and the United States to strengthen its competitive advantages. In 2021, 387 patent applications were filed and 136 patents were granted. As of December 31, 2021, the company owned 1,193 valid patents, including 492 in Taiwan, 493 in Mainland China, and 208 in the U.S. The company expects to file 340 patent applications in 2022 to protect the results of our own research and development of advanced technologies. The annual implementation plan and results have been reported to the Board of Directors on March 16, 2022.



Certification

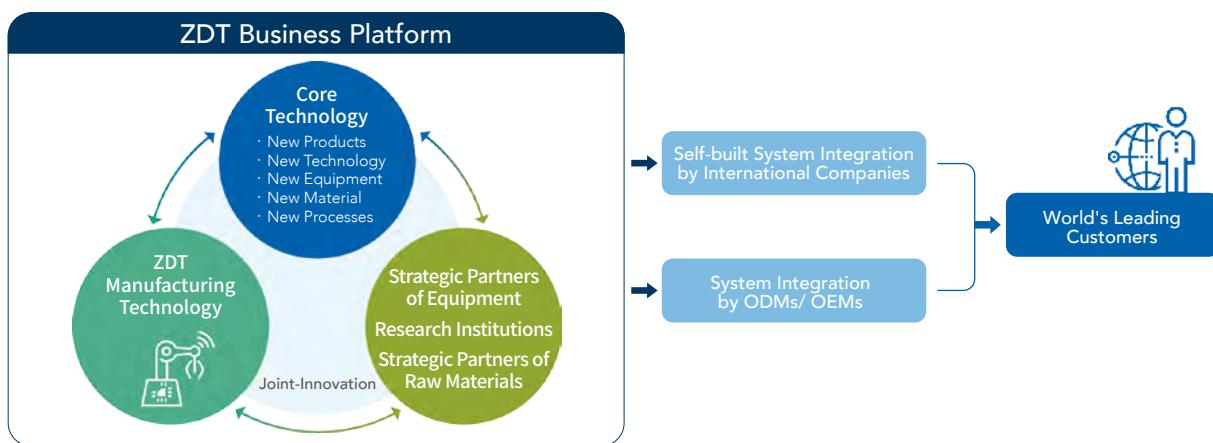
The main legal entities of Zhen Ding in Mainland China, has completed the implementation of the intellectual property management system standard and obtained certification in accordance with the requirements of the local intellectual property management policy.

- 1.Qing Ding Precision Electronics (Huain) Co., Ltd.: Obtained the certification of "Enterprise Intellectual Property Management GBT-29490" on June 18, 2020, and the certificate will be valid until June 17, 2023.
- 2.Avary Holding (Shenzhen) Co., Ltd.: Obtained the certification of "Enterprise Intellectual Property Management GBT-29490" on June 16, 2021, and the certificate will be valid until June 15, 2024.
- 3.Hong Qi Sheng Precision Electronics (Qinhuangdao) Co., Ltd.: Expected to complete the certification of "Enterprise Intellectual Property Management GBT-29490" before end of June, 2022.



2-2 Responsible Supply Chain

Zhen Ding PCB Business Platform is a stage on which Zhen Ding 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 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.



Local Purcurement

Zhen Ding's supply chain can be divided into four categories, namely, raw materials, engineering, equipment, and molding suppliers, among which the number of raw materials suppliers is the highest, with 405 suppliers as of 2021. Based on monetary amount of purchases, 84% of our purchases were made from raw material and equipment suppliers.

We adhere to the Zhen Ding Seven Greens principle, and with the assistance of the suppliers, we select quality raw materials that meet our quality requirements and are friendly to the environment. Zhen Ding's key raw materials include flexible copper clad laminate (FCCL), copper clad laminate (CCL), polypropylene (PP), and potassium gold cyanide. The following table shows the percentage of purchase amount and usage in 2021:

Cost of Key Raw Materials	Flexible Copper Clad Laminate (FCCL)	Copper Clad Laminate (CCL)	Pre-pregnant (PP)	Potassium Gold Cyanide	Other Raw Material
Share of Raw Material Cost in 2021 (%)	21%	10%	7%	6%	56%

Usage of Key Raw Materials	Unit	2017	2018	2019	2020	2021
Flexible Copper Clad Laminate (FCCL)	Square meter (M ²)	3,822,656	3,976,834	4,039,165	4,831,937	5,366,018
Copper Clad Laminate (CCL)	Square meter (M ²)	3,288,816	4,111,084	4,195,303	3,965,961	5,405,496
Pre-pregnant (PP)	Square meter (M ²)	8,718,670	11,142,987	11,059,428	11,070,888	15,382,360
Potassium Gold Cyanide	Kilogram (Kg)	1,480	1,496	1,610	1,668	1,852

Note: Estimated usage is based on procurement volume.

The key raw materials used by Zhen Ding include gold, palladium, and tin, involving potassium gold cyanide, palladium salt/palladium solution, copper powder/copper balls/copper foil, solder paste/tin balls, and copper foil contained in FCCL and CCL. The PCB industry as a whole is striving to find alternative materials or reduce the amount of rare metals used, and Zhen Ding is working hard to keep in close contact with related suppliers and pay attention to the future trend of related technology applications. However, due to quality considerations and the current level of industry technical standards, there are currently no other feasible alternative metals. Nevertheless, in order to increase the diversity of sources to ensure supply, and 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 metals. The introduction of recycled potassium gold cyanide has been tested in the first half of 2021 and has already been introduced into the production of some of our business units, with the annual amount of recycled potassium gold cyanide reaching 7% of the potassium gold cyanide usage. More business units and more products are expected to introduce the use of recycled potassium gold cyanide in 2022. In addition, the amount of copper recycled in copper powder/balls is still under investigation, but in the copper clad laminate (CCL) segment, we have already requested suppliers to use copper foil made from recycled copper, and some upstream copper foil manufacturers of CCL already use more than 90% recycled copper. We are currently testing the use of CCL made of 100% recycled copper and expect to partially introduce it by 2022.

Zhen Ding's main production base is located in mainland China. To promote local industry cluster, boost regional economic development, and reduce CO₂ emissions caused by transportation, we choose to work with local suppliers as much as possible, except for chemicals and equipment, because the technology is in the hands of overseas suppliers. In 2021, 67% of the company's purchases were made from local suppliers, of which 99% and 92% were from local engineering and molding/contract suppliers, respectively.

Supply Chain Management

Zhen Ding 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 date, and service quality of suppliers to eventually achieve reciprocity and mutually beneficial outcomes. Zhen Ding establishes monitoring indicators relevant to supplier management:

Annual Target of Supplier Management	2021 Target	2021 Results	2025 Target
Annual Audit Completion Rate	100%	100%	100%
Performance Achievement Rate	100%	100%	100%
Promotion Rate for Green Supply Chain (Note)	100%	100%	100%

Note: 100% of promotion rate for green supply chain refers to manufacturers based in China.

Zhen Ding has established a complete supply chain management system and set up a department in charge of supplier management. By using the Procedure for Supplier (Sub-contractor) Management, we systematically and comprehensively manage the quality, delivery, technology support, and prices of goods supplied. Zhen Ding also established the Supplier Social Responsibility Management Regulations, Supplier Conflict Minerals Management Regulations, and other regulatory documents, and regularly provide training to our internal procurement staff on issues such as integrity, honesty, and supplier social responsibility management. We 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. Zhen Ding has requested suppliers to provide a Letter of Commitment before working with them. The Letter

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 2021, 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 invited 15 suppliers to attend the "Green Supplier Day 2021" held in September 2021 to initiate the green supply chain environmental protection project. We assist suppliers to improve the environmental management of factory operations, establish and certify ISO management systems, and implement environmental protection projects such as water and electricity saving, waste reduction and carbon reduction to improve environmental performance and expand the influence and contribution of environmental protection.

Supplier Selection

Zhen Ding has established a complete set of applicable management regulations in order to continuously sustain a stable supply of materials that meet quality, environmental, delivery, technology support, and price requirements and to facilitate the completion of a comprehensive management system for suppliers. 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:** the selection process needs to be 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 impact 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 Audits – Quality, Hazardous Substances and Social Responsibility

Zhen Ding conducts yearly onsite audit on high-risk suppliers by using the material risk classification and annual rating standards in the Supplier Audit Regulations. In 2021, a total of 128 suppliers were selected to receive the annual quality and hazardous substance audit, accounting for 70.3% of existing suppliers; 25.8% (33 companies) of the suppliers passed the audit, 73.4% (94 companies) of them passed with condition, and 0.8% (1 company) (n=1) failed the audit. For suppliers who passed with condition had the following deficiencies that require improvement, they were encouraged to complete the improvement of 1,720 defects (including 512 major deficiencies and 1,208 general deficiencies), and there was an improvement completion

rate of 100%. The main deficiencies were failure to practice onsite management as requested by written documents, unclear designation of materials area, and incomplete supply chain management mechanism. The one non-conforming supplier had the following deficiency that required improvement: incomplete quality management system and onsite management. These suppliers have corrected these deficiencies with our assistance and finally passed the re-audit.

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 2021, there were 38 suppliers to be evaluated onsite for their social and environmental responsibilities (SER), with reference to RBA audit items including labor, health and safety, environment, ethics, and management system. According to 2021 evaluation results, 13, 20, and 5 suppliers obtained green, yellow, and red rating, respectively, while 5 suppliers failed the audit, accounting for 13.2% of the total (Note). In 2021, suppliers were encouraged to improve 334 deficiencies (70 major deficiencies and 264 general deficiencies), and there was an improvement completion rate of 100%. Low-scored items were primarily occupational health and safety, emergency response, and working hour. With respect to these potential negative impact, we have asked these suppliers to propose improvement plans. We continue to guide, engage, and interact with them to meet the requirements of Zhen Ding, downstream clients, and laws. Among the 5 suppliers with red rating, they have corrected their deficiencies under guidance, and passed the re-audit. There are no high-risk suppliers.

Note: 1.The number of suppliers audited based on the number of production sites; there were a total of 182 companies (excluding electronic parts and customer accessories).

2.Total score=200; green=score < 180; yellow= 160 < score < or equal to 180; and red=score < or equal to 160. Green, yellow, and red mean that a supplier has passed, passed with condition, and failed the audit, respectively.

3.Audit results are based on the initial audit result.

4.The criteria for identifying high-risk suppliers are those who have any of the following condition:

A.SER abnormalities have occurred in the past 12 months (including media exposure), or SER abnormalities have occurred in the last three years but have not completed improvement.

B.A supplier who is currently being reported for ineligibility as a supplier due to SER-related issues, or who is no longer qualified as a supplier.

C.Supplier is found to be using conflict minerals from the Democratic Republic of the Congo (DRC) and neighboring countries.

D.Failure to improve SER deficiencies identified during on-site audits within the required timeframe.

We have set the 2022 target to conduct the social responsibility audit for a total of 40 suppliers. Furthermore, Zhen Ding encourages major suppliers to monitor and report their GHG emissions, guide them on establishing ISO systems, and collaborate with suppliers to ensure green practices, thereby enhancing the company's positive impact of sustainability on business.

Supplier Audits	2021 Results	2022 Targets	2025 Targets
Quality and Hazardous Substance Audits	128	130	140
Passed Ratio	25.8%	/	/
Passed With Condition Ratio	73.4%	/	/
Failed Ratio	0.8%	/	/
Environment and Social Responsibility Audits	38	40	45
Passed Ratio	34.2%	/	/
Passed With Condition Ratio	52.6%	/	/
Failed Ratio	13.2%	/	/
Total Number of Supplier Audits	166	170	185

Audit Procedure



Planning	Preparation	Implementation	Report/Improvement
<ul style="list-style-type: none"> Confirm audit requirements Establish audit group 	<ul style="list-style-type: none"> Supplier's self-assessment and information collection Audit schedule arrangements 	<ul style="list-style-type: none"> On-site Review 	<ul style="list-style-type: none"> Release an audit report Follow up on non-conforming items

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 environmental 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 Code of Conduct (RBA CoC) 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 more details, please refer to the "["Sustainability Focus - Responsible Supply Chain"](#) section on our website.

Zhen Ding's Eight Zero Tolerance

1	Prohibition of any media crisis and serious mass disturbances, including the unnatural death (suicide, homicide, jump off building, sudden death etc.), collective labor dispute or strikes, mass fights, mass poisoning or other mass death or injury events	2	The supplier provides Zhen Ding Tech Group with fraudulent documents	3	Environmental issues that can immediately cause serious harm to the community	4	Health and safety issues that can cause immediate danger to life or serious injury	5	Child labor	6	Forced or prison labor	7	Retaliate the employees who provide information to auditor	8	Prohibition of collective infection event due to improper internal management and protection of any epidemic situation of infectious disease, or significant impact on employee health and safety or normal business operation due to failure to prepare protective materials (such as mask, gloves, protective clothing, disinfectant, etc.) in advance.
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Supplier Training

To strengthen suppliers' understanding of Zhen Ding's socially responsible behavior, environmental protection policy, and common quality tools (e.g.: APQP, PPAP, FMEA, MSA, SPC and 8D), we set up a training program for suppliers at the beginning of each year. In 2021, four quality-related courses were offered to suppliers, with 117 suppliers and 253 participants.

Grievance Mechanism

Zhen Ding 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 a letter of commitment (which includes integrity requirement), we also inform suppliers of applicable requirements via email or at supplier conferences. We have set up a reporting channels for suppliers to use to file anonymous or registered reports on blackmails, briberies and other unethical business conducts: Company website - "[Contact Us - Business Ethics](#)" section, or email us at zdt-report@zdtco.com.

Hazardous Substance Management

Since 2008, each operational location of Zhen Ding have passed the hazardous substance management system certification (IECQ QC080000). The objective of our hazardous substance 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 5 Nos principle of no designing, no purchasing, no introducing, no manufacturing, and no 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 spectrophotometryUV-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. In addition, we also establish a Green Product organization and established a "Green Product Management Platform" to continuously promote the management of hazardous substances.



Nowadays, the electronic technology industry is developing rapidly and consumers' awareness of environmental protection is rising, which has driven the increasingly stringent regulations on hazardous substances in products. Zhen Ding pays constant attention to international or local regulations and incorporates them into Zhen Ding's legal knowledge network for evaluation and integration, so that we can respond in a timely manner and reduce the risk of non-compliance. In 2021, we evaluated 15 sets of laws and regulations on hazardous substances, mainly regarding the 2 new substances in the list of substances with restricted use in Annex II of RoHS; the 24th and 25th update of EU's REACH (registration, evaluation, authorization, and restriction of chemicals) Candidate List on substances of very high concern (SVHC); the five persistent, bioaccumulative and toxic substances (PBT substances) that are subject to the Expedited Actions required by the U.S. Environmental Protection Agency (EPA). In response to the update of laws and regulations as mentioned above, Zhen Ding has organized timely self-inspection of relevant suppliers, and the investigation results show that the raw materials used by Zhen Ding can meet the requirements of various laws and regulations.

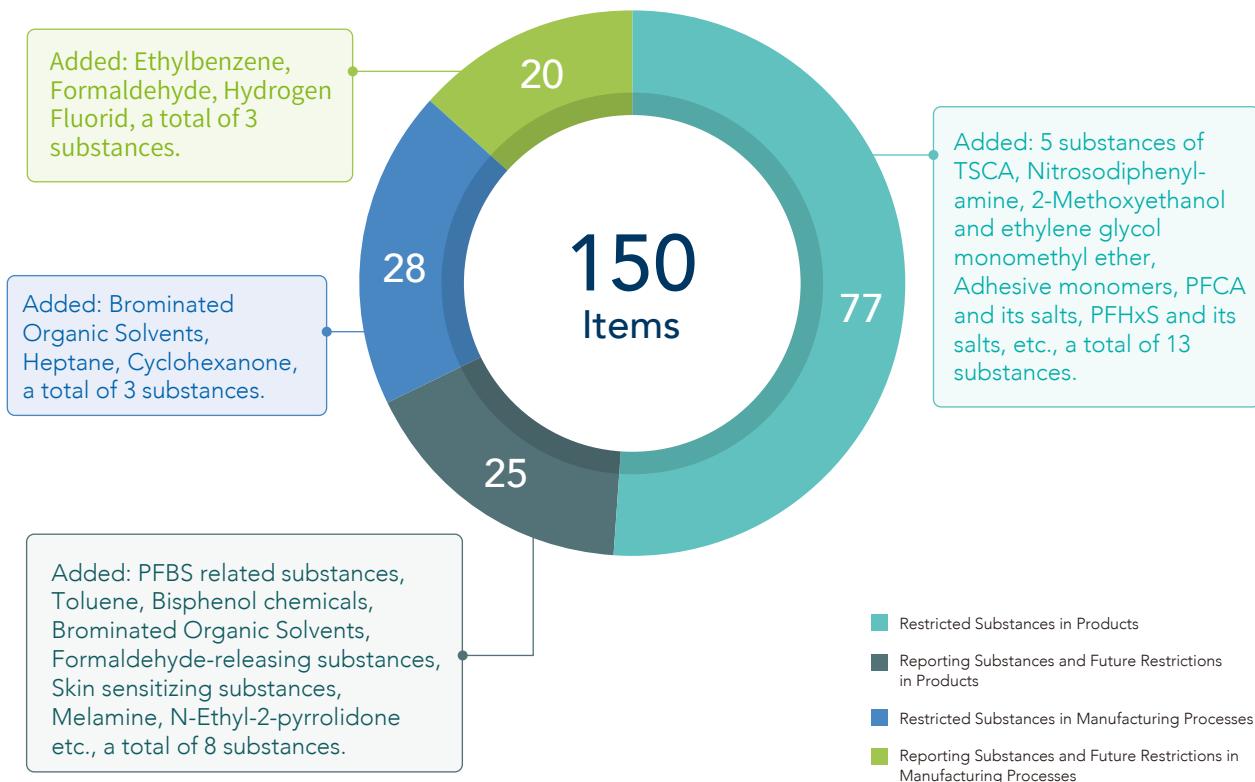
In 2021, 108 customer requirements were evaluated; 26 of them were new, and 82 were revised. We exchange and communicate our opinions regarding the appropriateness of customer requirements; for example, the feasibility of their technology is controlled with the strictest standards. We also update the company's documents on hazardous substance control. The documents contain 77 items of restricted substances in products, mainly collected from suppliers' test reports and material composition declaration forms for monitoring. There were 25 items of reported substances and future restricted substances in the products. If there are intentional additions or exceeding the control thresholds in the materials, they need to be declared through the declaration of hazardous substances form. There are 28 restricted substances in the manufacturing process, mainly for cleaning agents, degreasing agents, demolding agents; there are a total of 20 declared substances and future restricted substances in the manufacturing process, mainly for chemicals in the process other than cleaning agents, degreasing agents, and demolding agents. If a requirement cannot be met or replaced in a timely manner, in case of technical limitations, we will assess industry standards, and provide reasonable suggestions to customers.

2021 Number of Hazardous Substances Assessments Required by Regulations	No Change	New	Canceled
Unit: number of assessments	278	15	0

2021 Number of Hazardous Substances Assessments Required by Customers	New	Amended	Canceled
Unit: number of assessments	26	82	0

2021 Management of Hazardous Substances

2021 Control Substances



For companies to comply with the relevant regulations, manufacturers and suppliers must conduct multiple tests for different products, which would increase the economic burden on manufacturers and suppliers, and even adversely affect the free flow of products. The Material Declaration (IEC 62474) standard was developed by the International Electrotechnical Commission for the Environmental Standardization for Electrical and Electronic Products and Systems (IEC/TC 111). The Material Declaration specifies the conditions that must be met by manufacturers and suppliers for material declarations, the materials to be declared, and a standardized data exchange format to increase the acceptability of material declarations within the global supply chain. Although Zhen Ding does not manage chemical substances in products according to the IEC 62474 specification framework, the chemical substances under our control are up to 98% consistent with the declared substances in the IEC 62474 specification list. The company has also made compliance with the IEC 62474 standard a priority in the supply chain management of declared substances and restricted substances in products, requiring suppliers to declare and return the declaration of hazardous substances form if the provided products or materials contain the regulated substances on the list. Currently, all products or materials supplied by our current suppliers are 100% compliant with the IEC 62474 list of regulated substances.

In 2021, all products manufactured by Zhen Ding were 100% compliant with the EU RoHS standard, the IEC 62474 list of declared substances specification, and the requirements of the "Procedure for Management of Controlled Substances of Product and Material" established by the company, and those products account for 100% of the Company's revenue.

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), tungsten (Wu), and cobalt (Co) 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. In 2021, Zhen Ding promoted the elimination of 31 smelters that did not pass or meet customer specifications, and monitored them at all times to ensure 100% compliance with regulations and customer requirements.

Conflict Minerals Management Policy

- The Company promises that the smelters from which it purchases 3TG and cobalt (Co) 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 and cobalt (Co) from the Democratic Republic of the Congo and adjoining countries.
- Suppliers shall impose the same conflict minerals management requirements on their upstream suppliers.

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

2. RMI refers to Responsible Minerals Initiative

Conflict Minerals Management Target

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 Minerals Management Process

- Conduct investigation to trace conflict minerals in gold salts, electronic parts, tri-tin, and all materials in PCB that mainly contain 3TG and cobalt (Co).
- 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 minerals management on their upstream suppliers.
- Require suppliers to sign a Declaration of Conflict-Free Minerals.

2-3 Product Quality

Company Quality Policy and Certification



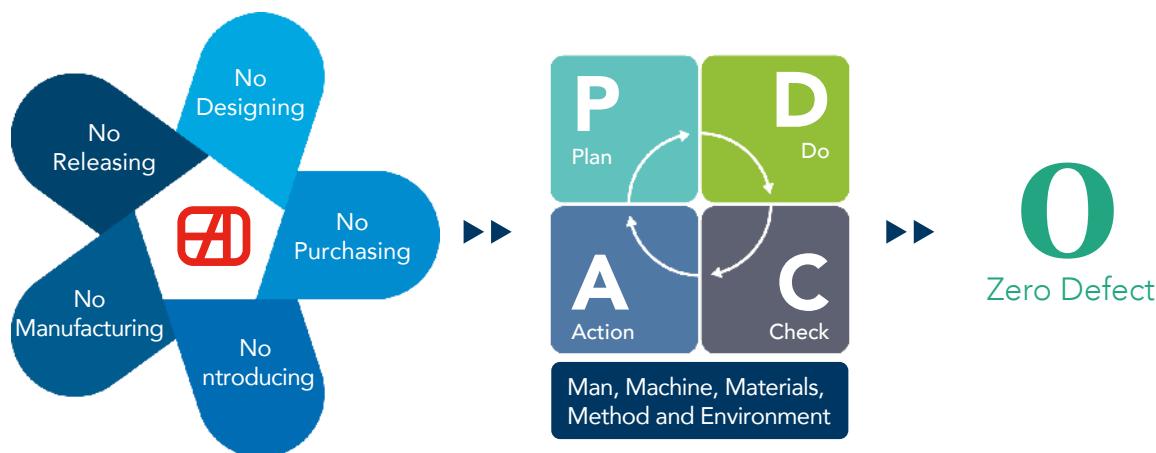
Quality is the first step toward value and respect and also the lifeline of a company's existence. The company has always persisted in implementing total quality management to provide customers with high-quality products and services. Since the establishment of the company, we have passed ISO9001, IATF16949, ISO14001, QC080000, ISO50001, ISO45001, and UL/CQC certifications. Please refer to the "[Sustainability Focus - Quality Policy](#)" 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 quantity of products developed.



The company also follows the 5 Nos principle of no designing, no purchasing, no introducing, no manufacturing, and no releasing in each step of managing product-related aspects (people, machine, materials, laws, and environment) and adopts the PDCA model for continual improvement to achieve the target of zero-defect. To ensure the materials purchased and products shipped meet the requirements stipulated by customers and law, Zhen Ding has established a Physics Laboratory and Chemical Laboratory where product-related reliability tests, physical tests, chemical tests, and failure analysis can be conducted independently.



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 target of zero defect". To realize the zero defect target, 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 2021, 100% of the company's external quality systems passed evaluation.

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.



2-4 Customer Satisfaction

Exceeding customer expectation is one of the strategic goals in Zhen Ding'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. For questions related to quality (including hazardous substances) and engineering, please visit the "[Contact Us - Business Services](#)" section on our company website, or email us at zdt-sales@zdtco.com.

Zhen Ding values the opinions of every one of our customers and establishes a multi-function team in charge of customer services. Whenever customers need anything, they can call us, send us letters, or inform us in any way, and each of our customer service personnel will immediately verify their needs. When customers complain of a quality problem, our customer service personnel will call on the department involved to cooperate and respond to customers' needs as quickly as possible, according to the "Eight Disciplines Problem Solving" (8D) method, in order to respond to customers' needs and feedback in the shortest possible time.

Customer Service Process

1 ▷ 2 ▷ 3 ▷ 4 ▷ 5 ▷ 6 ▷ 7 ▷ 8



Excellent Customized Manufacturing Service

Zhen Ding's main clients are major electronics system brands or main electronics OEM companies across the world. To meet customers' needs, we provide rapid design, development, sample production, and fast mass production services within a short time, to help customers to shorten product launch schedule and quickly seize market opportunities. 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, thereby keeping abreast of market trends and business opportunities for new products.

The company provides customers with flexible and high-quality custom manufacturing services and the advantages of a multi-factory production base that closely meet customers' needs. We have created a comprehensive one-stop service platform for PCB products to meet the customers' goal of only needing to make a one-time purchase, thereby establishing a long-term partnership with customers.

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 2021, 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 2021 was 87%. In order to continuously improve the quality of service and competitiveness of products, the average score target of the customer satisfaction survey in 2022 has been set at 86%.

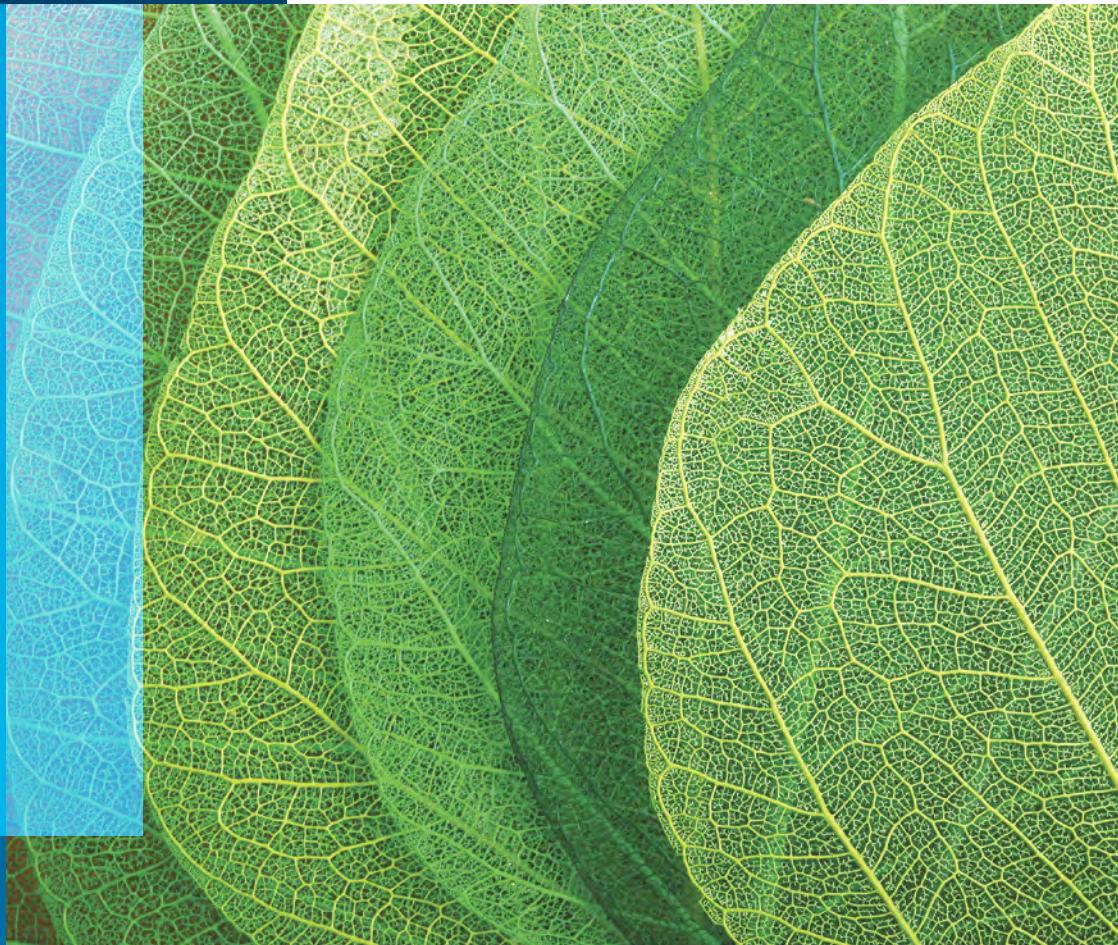
Customer Satisfaction Survey Process



Continuously improve customer satisfaction from three directions:



ENVIRONMENT



2025 ESG Management Targets



Climate Action

Develop a multiple long-term strategies for carbon neutrality



Water Stewardship

Achieve a total water recycling rate of more than 60% by 2025



Waste and Circularity

Maintain an annual waste recycling rate of more than 90%

03

3-1 Environmental Sustainability

At the end of 2015, the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) was held in Paris, where the Paris Agreement was approved to set a goal of "limiting global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels". The 26th Conference of the Parties (COP26) to the UNFCCC was held in Glasgow, Scotland, from October 31 to November 12. Alok Sharma, President of the 26th UN Climate Change Conference, said it will be more difficult to achieve better results at COP26 than at the Paris Climate Conference in 2015. Getting nearly 200 countries to commit to an emissions reduction target of keeping global temperature increase within 1.5°C of pre-industrial levels will be a daunting task. All parties around the world must act proactively to address climate change. 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. China's new target for 2020: 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 a global 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 can definitely 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. The Division 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 efficiency of various energy and resources to reduce carbon emissions and waste generations, thereby propelling companies to become an excellent green company.

Zhen Ding aims to build a model of new environment-friendly PCB production base and become the promoter and example of environmental sustainability.

Zhen Ding Green Culture

Charles Shen, the Chairman of Zhen Ding, proposed the idea of "Seven Greens" practices in 2008, which include: Green Service, Green Production, Green Existence, Green Chain of Supply, Green Innovation, Green Actions on Recycle, Green Logistics. These practices provide a comprehensive guide for employees to carefully examine and analyze every aspects in production



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

processes and activities of daily living and to engage in green practices such as saving energy, reducing consumption, reducing waste, and increasing efficiency. We adopt the CAPDCA 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.

The company has hosted environmental protection and energy saving activities in designated month for 14 consecutive years since 2007 and collaborated with more than 50 government agencies, elementary and junior high schools, and environmental groups to organize such activities. In total, we have hosted over 130 edutainment activities with more than 120,000 participants over the years to promote greenification and enable our employees and the society to jointly build a better and harmonious green environment and sustainable society.

Under the leadership of our Chairman Chang-Fang Shen, Zhen Ding has always treated environmental protection and safety as the foundation for developing a new environmentally friendly PCB business. Therefore, we established an Environment and Conservation Division with teams of professional management experts. The team works with various departments to promote green visions of Zhen Ding. In 2013, we set up "Resident Environmental Protection Personnel", where they applied a series of optimal control measures, including energy saving, water saving, and waste emission reduction, to the three stages of our manufacturing sites: source, process and end of process. The scope of these measures cover five major categories: 8S, energy saving, water saving, emission and waste management. We engage in environmental projects based on the characteristics of our industry; these projects are aimed at reducing manufacturing/production wastes at the source by using water sparingly and reducing the use of chemically treated water. By implementing detailed source management and introducing new green technologies, we clearly stipulate requirements for responsible departments and for developing key performance indicators that will reduce environmental impacts and achieve the objectives of energy performance improvement and green recycling. We pay considerable attention to the impact of climate change on our 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) and responded to "Climate Change" and "Water Security" program. We shared our green development concepts and performance as we benchmarked against other world-class companies in the field of carbon and water management. (3) Introduced TCFD management structure and management. (4) Introduced the Science Based Targets (SBT).

Zhen Ding has established an email (zdt-contact@zdtco.com) and a mailbox for employees and the general public to provide feedback on environmental protection and environmental issues. The feedback collected will be sent to various dedicated units and department head for appropriate handling. Our plants have established feasible environmental contingency plans that clearly describe the relevant requirements of department heads and fast-response mechanisms when the company encounters environmental emergencies. The company adopts information disclosure, electronic methods, and systematic strategies to emphasize Zhen Ding's care on environmental protection.

Zhen Ding's major production campuses in China have all passed the certification of environmental safety and health related management systems, and the certification rate is 100%, including: ISO 14001 Environmental Management System, ISO 14064-1 Greenhouse Gas Inventory, ISO 50001 Energy Management System, and Cleaner Production Audit in China.



Environmental
SustainabilityAct on Climate
ChangeWater
StewardshipGreen
ManufacturingEco-Friendly Practices
and Promotions

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: UL2799 Zero Waste for Landfill and AWS International Water Stewardship Standard. The Campus of Boardtek^(Note), which is included in the 2021 Sustainability Report, will carry out relevant ISO system certifications.

Note: On November 4, 2020, Boardtek Electronics Corporation officially became a 100% owned subsidiary of Zhen Ding.

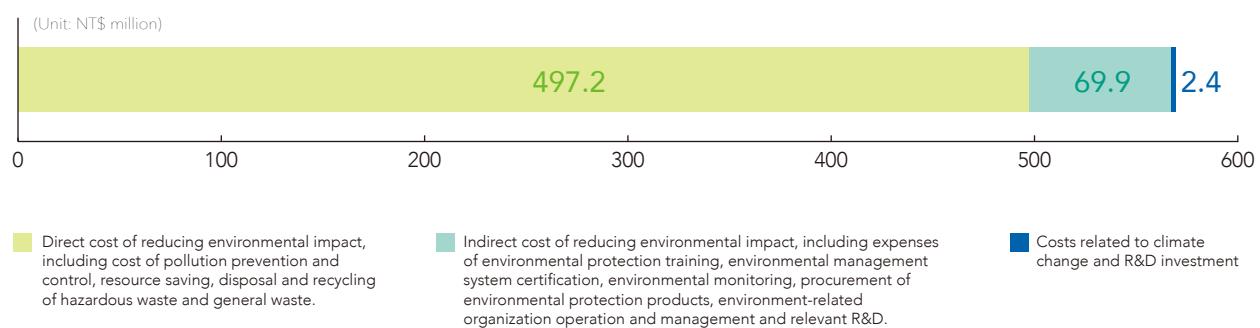
Expenditure and Investments for Environmental Protection

The rise in environmental awareness across sectors 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, chemicals saving, emission reduction, and water recycling. Through these technologies, we hope to reduce the environmental impact of our operations and guide the industry toward sustainable development. Our investments for environmental protection totaled NT\$570 million in 2021.

To further ensure our commitments for local environment and stakeholders, Zhen Ding has voluntarily purchased environmental liability insurances since 2013 to the value of NT\$25 million as of 2021.



2021 Environmental investment and expenditures: NT\$ 570 million



3-2 Act on Climate Change

Zhen Ding began voluntarily implementing GHG inventories since 2007 and has passed the ISO14064-1 greenhouse gas external certification. In 2021, 100% of our main production plants were certified with ISO 14064-1. We monitor the status of carbon emissions of the company's subsidiaries and 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.

To continuously improve our energy management and operation, ISO50001 energy management system was introduced to our main production plants which were then all certified in 2015. While managing our energy conservation efforts in greater depth, we emphasize the benefits of using energy-saving technologies. Our manufacturing sites and supporting 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, we achieved a "B-" rating for climate change performance and scored a "B" rating for water security performance in 2021, which was higher than the industry's average in Asia and one of the leading companies among worldwide PCB peers.

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 creating a firm foundation for the company's future long-term business development.

Climate Related Policies and Commitments

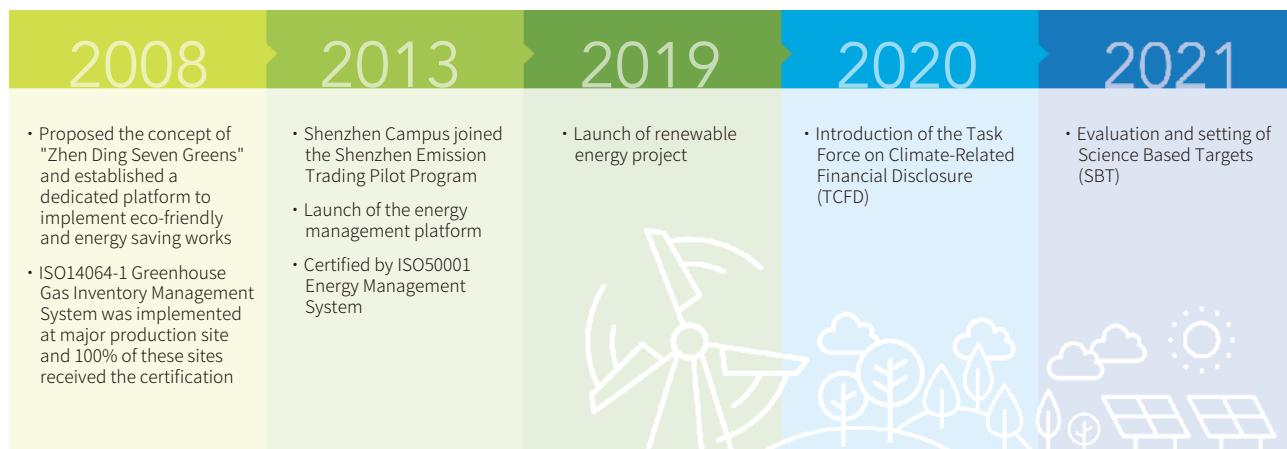
As Zhen Ding continues to develop and grow, we have been adhering to our business mission and implementing our environmental policy. Responding to climate change is our responsibility of being sustainable, our goal is to establish the "model of new environment-friendly PCB production base" and become the promoter and example of environmental sustainability. We believe that only through the cooperation of industry organizations, associations, partners, industry academia, and the whole society we can overcome the severe challenges brought by climate change.

As more and more advanced processes progress, the product manufacturing process also becomes more complex and electricity consumption continues to rise. Zhen Ding is actively exploring ways of green development. In 2021, 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 Change Response Progress

Zhen Ding's Responsive Approaches



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).

Governance



Environmental responsibility issues reported to the Sustainability Committees

2021 Performance Results

- Annual stakeholder dialogue
- Response to the United Nations SDGs:
 - Management policy, performance, and sustainable development goals of water efficiency and water management
 - Management policy, performance, and sustainable development goals of recycling and waste management
 - Management policy, performance, and sustainable development goals of climate change and greenhouse gas emissions
- Recommendation of global initiatives or organizations participation
- Use of renewable energy and implementation of solar energy projects
- Green awards received
- Green supply chain energy saving and carbon reduction plan
- Green concept promotion and communication effectiveness: Joined TCFD, TPCA Online Environment and Safety Conference, Green Technology Thesis Award
- Climate change strategy sharing and suggestions, physical risk response and countermeasures

Future Green Development Plans

- Planning for medium and long-term climate change response, strengthening climate risk assessment and physical risk prevention.
- Continue to develop renewable energy projects, expand scope of solar energy projects, and strive to use 100% green electricity.
- Continue to introduce and develop energy-saving and emission-reducing technologies and energy-saving equipment to achieve energy-saving and carbon-reducing performance, and improve energy efficiency.
- Continue with resource conservation and recycling, develop waste reduction technologies, goals to achieve 100% recovery of precious metals, evaluate recycling, and continuous improvement in water reuse rate.
- Strengthen the green supply chain, continue to promote supplier risk assessment, promote environmental protection projects, and enhance the supply chain accountability.

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 customer recognition, and win market share



Category	Climate Topics	Risks	Operational Impact	Potential Occurrence	Level of Impact	Risk Management Measures	Possible Derivative Opportunities
Policies/ Regulations	Green-house Gas-Relat-ed Regula-tions	The Shenzhen campus is participating 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, gain customer recognition and win market share
	Water Resourc-es-Related Regula-tions	There are currently no regulations on water abstraction/supply/use/recycling. At present, the competent authorities are encouraging enterprises to manage water resources voluntarily	1. Increase in operating costs 2. 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, no excessive consumption, and continuously improve water efficiency	Improve water efficiency, reduce production costs, ensure business continuity, gain customer recognition, and win market share
	Energy Saving-Relat-ed Regula-tions (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	1. Increase in operating costs 2. 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 equipments, such as permanent magnet motors and magnetic bearing chiller 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 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	1. Increase in operating costs 2. 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 2. Provide the current pricing trend and the impact of material increase for the business to propose price increase to customers	Be prepared with diversified sources of raw materials to reduce the risk of material interruption, and in times of tight supply, customers will favor 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 an imbalance between supply and demand and price increase due to a significant increase demand for copper	Increase in operating costs	High	Medium		

Category	Climate Topics	Risks	Operational Impact	Potential Occurrence	Level of Impact	Risk Management Measures	Possible Derivative Opportunities
Market	Down-stream - 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	<ol style="list-style-type: none"> Evaluate new or changed laws and regulations in accordance with ST-2B0-006 (compliance assessment management system for regulatory and other requirements), and make timely improvements to non-compliant items Strictly follow the "five NO" principle of hazardous substance control to eliminate the inflow and outflow of hazardous substances 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	Difficulties in fundraising	High	Low	<ol style="list-style-type: none"> Refine ESG practices (objectives and strategies, impact of implementation, effectiveness and sustainability, performance results and leadership) Improve report quality (completeness, credibility, communication) Enhance external disclosure channels (multi-media design and interactive functions, stakeholder communication and feedback channels, website of sustainability 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
Physical Risks	Extreme high temperature	May cause heatstroke or food poisoning, equipment abnormalities, and the risk of spontaneous combustion of materials	<ol style="list-style-type: none"> Increase in operating costs Suspension of operations 	Low	Low	<ol style="list-style-type: none"> Notify all departments in a timely manner according to the weather forecast of the weather station, and supervise all departments to make emergency preparations Air conditioning temperature should be lowered, reduce the time of high-temperature operation, and health stations are well-prepared with medicine to prevent heatstroke 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 fire-fighting and other fuel transportation lines	<ol style="list-style-type: none"> Increase in operating costs Suspension of operations 	Medium	Low	<ol style="list-style-type: none"> Notify all departments in a timely manner according to the weather forecast of the weather station, and supervise all departments to make emergency preparations Air conditioning temperature should be raised, reduce the time of low-temperature operation, and health stations are well-prepared with medicine to prevent frostbite The dormitory management department should prepare bedding against the cold to meet the needs of employees who are stranded and cannot return home The mechanical and electrical department should take measures to keep machines, equipment, and pipes warm 	Strengthen contingency mechanism to enhance the resilience of company operations



Category	Climate Topics	Risks	Operational Impact	Potential Occurrence	Level of Impact	Risk Management Measures	Possible Derivative Opportunities
Physical Risks	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 interruption or output cut and loss of resources	1.Increase in operating costs 2.Suspension of operations	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 3.Each campus shall have flood control facilities, such as flood discharge stations, flood gates, flood pumps, barriers and other facilities and equipment	None
	Drought	Drought may cause water supply shortage for manufacturing process, living, and firefighting needs, which may affect the production	Suspension of operation	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

Analysis of Physical Climate Risk Scenarios and Response

Zhen Ding uses Climate Central's Sea Level Rise Map to evaluate the rising sea level under different warming scenarios. Analysis of the topography, altitude, plant and ground drop, and other timing conditions of each manufacturing site, and the overall risk assessment result of each operating manufacturing site is low risk. Scenario simulation: Sea level rise due to rising temperature was simulated.

Results of Sea Level Rise Risk Analysis

Scenarios Simulation	Risk analysis results for each operational location			
	Shenzhen Campus	Huai'an Campus	Qinhuangdao Campus	Boardtek Campus
The temperature rises by 2°C and the sea level rises by 4.7m	Low	Low	Low	Low
The temperature rises by 4°C and the sea level rises by 8.9m	Low	Low	Low	Low

Although the risk of rising sea level is evaluated to be low, in order to cope with possible extreme weather and heavy rainfall, each manufacturing site has built flood prevention facilities, such as flood control stations, flood gates, flood pumps, flood barriers and other facilities. In addition, Zhen Ding has also assessed the risk of water resources in the future climate scenario, please refer to "Water Resources Management" in this report for more details. Simulation of extreme weather, even though the plant buildings in the manufacturing site do not accumulate water. To prevent the

accumulation of water on the lowest road surface of the manufacturing site, flood control facilities such as flood control stations, flood gates, flood pumps and flood barriers have been built in each park.

Measures and Contingency for Flood Prevention

Campus	Height of physical walls in each campus (m)	Height difference between the plant and the roads at the campus (m)	Risk Contingency				Measures
			Flood pump	Flood barrier	Sand bag	Waterproof basement door	
Shenzhen Campus	0.4	0.3	V	V	V	V	<ol style="list-style-type: none"> 1. Daily inspection of rainwater drainage facilities (roof and underground) 2. Pay attention to the rainfall forecast and the rain drainage valves should be opened immediately in case of any heavy rainfall 3. Monitor the water level of the river, when a blockage was discovered, which will be reported to the government for immediate assistance 4. A flood pump (connected to emergency electricity) should be tested regularly. In the event of a heavy rain, if the water level of the river rises and rainwater cannot be discharged, the valve of rainwater discharge should be closed, and the flood pump should be activated to pump water outside the fence.
Huai'an Campus	1.2	0.15	V	V	V	V	
Qinhuangdao Campus	1.8	7.1	V	V	V	V	

Strategies and Targets

Zhen Ding 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 2021. 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 has been launched in 2021.

Action	Key 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 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 (Scopes 1 and 2) per unit revenue by 40% or more (2013 as baseline for comparison) 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 (i.e. magnetic bearing chiller, permanent magnet motors, thermal insulation coatings) Promote green upgrade and improvement, pursue our goals toward circular economy and being one of the leading green enterprises.
 Increase Energy Efficiency	<ul style="list-style-type: none"> Continue to implement ISO50001 Energy Management System Engage in advanced water reuse projects, continue to increase wastewater reuse 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 water reuse rate target of 60% based on our consumption

Energy management

The Shenzhen manufacturing site completed the establishment of the ISO 50001 energy management system in 2013, and continues to improve the company's energy management and operation standards. The company's major production campuses in China has completed ISO 50001 energy management certification and operations in all plants, and have 100% obtained ISO 50001 energy management system certificate. In 2021, the company continued to its efforts on the ISO 50001 energy management system to reduce energy and resource 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.

In accordance with the 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 excessive energy usage, 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 photovoltaic power generation in the Huai'an Campus II, with 10,300 square meters of solar energy area, 2.1 million kWh of annual power generation, and 1,068 tons of carbon reduction. The construction of the solar project in the Huai'an Campus I was completed in 2021, which has been connected to the power grid to achieve power generation in early 2022. With 15,100 square meters of solar power generation area, the annual capacity is 3.36 million kWh and its carbon reduction of 1,709 tons. In 2021, we have expanded the new manufacturing campus in Taiwan, which should meet the requirement of at least 10% use of green electricity according to the regulation. We are already looking for renewable energy partners to maximize our deployment of renewable energy with the aim of 100% renewable energy in the future.

2021 Energy Consumption

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.

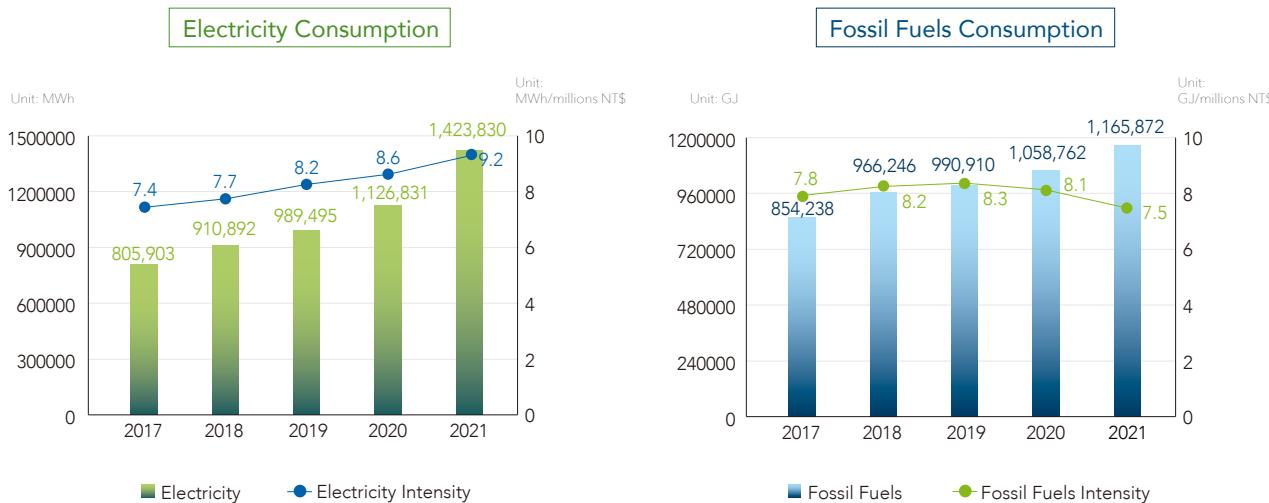
The total energy used by our subsidiaries was 6,291,662 gigajoules (GJ) (excluding solar power) in 2021 and 5,115,354 GJ of energy in 2020. The total energy intensity was 40.59(GJ/millions NT\$) in 2021 and 38.97(GJ/millions NT\$) in 2020; the total energy intensity in 2021 increased 4.1% from 2020. Due to the impact of the COVID19 epidemic in 2020 and 2021, the shortage of semiconductor materials, resulting in revenue delays. On the other hand, the new plant expansion, the development of high-end products, the R&D of leading-edge technologies, and the testing and implementation of automation have increased the consumption of electricity. In the future, we will continue to promote energy saving and consumption reduction from the source to improve production efficiency, and through product portfolio adjustment and optimization, we will enhance revenue growth momentum to achieve the long-term goal of energy consumption reduc-

tion. The major business locations of our subsidiaries consumed 1,423,830 MWh (5,125,789 GJ) of electricity in 2021 with a power intensity of 9.2 MWh/millions NT\$ (33.06 GJ/ millions NT\$).

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

1. Energy intensity = energy value × energy used ÷ revenue

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



2021 Energy-Saving and Carbon Reduction

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 introducing magnetic bearing chillers, 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. In total, 14,469 tons of CO₂ were saved in 2021. Our major energy saving plan for 2021 is described below. In total, 14,469 tons of CO₂ were saved in 2021. Our major energy saving plan for 2021 is described below. By introducing energy-saving technologies, we were able to save roughly 103,500 gigajoules (GJ) of electricity in 2021 and emit 14,469 tons less CO₂. We primarily reduced Scope 2 emissions.

Since 2010, Zhen Ding has hosted a conference every year during the Environmental Protection and Energy Saving 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 Ding Shen Monthly. 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 employees.

Month of Energy Conservation and Low Carbon

In response to the call from local governments to reduce energy consumption, Zhen Ding took the initiative to carry out the "Energy Saving and Carbon Reduction, Green Plan of the Future during the Energy Saving and Carbon Reduction

Month" in October 2021. Each department in the enterprise evaluated the amount of indoor lighting, reduced unnecessary lighting, adjusted the temperature of indoor air conditioning, and adjusted the number of air conditioning systems in operation to achieve reasonable electricity consumption. In addition, through the "Zhen Ding Seven Greens" platform, we organized training on energy saving management for all departments to raise the energy-saving awareness at the workplace. To ensure that the energy-saving measures really play a part in actual practice with more effective control. The energy-saving representative from each operating locations regularly conduct energy-saving self-inspection, formulate the energy-saving audit plan according to the company's environmental protection and energy-saving management practice, conduct random inspection of each manufacturing campus, and coordinate with relevant units for joint audit and evaluation to ensure the implementation of energy-saving work and promote the enterprise energy-saving and carbon reduction activities.

Major Energy Saving Plans and Performance



Note: Annual carbon reduction = Electricity consumption x 0.502 kgCO2e/kWh, where 0.502 kgCO2e/kWh is the emission coefficient for electricity published by the Bureau of Energy in 2020.

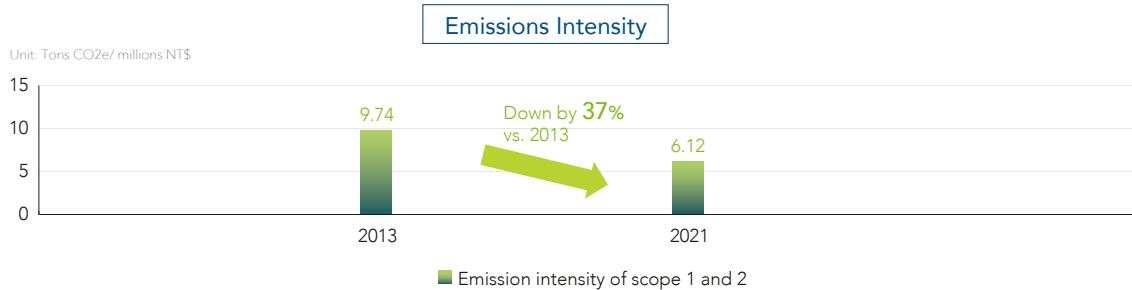
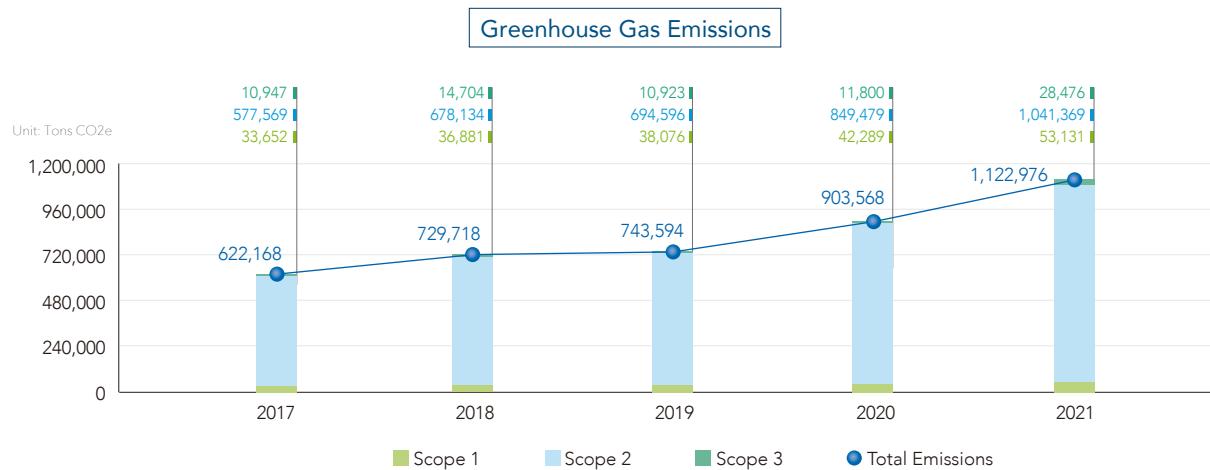
Greenhouse Gas Emissions

We believe that an accurate calculation of GHG emissions is an important step for adapting to climate change and global warming. GHG monitoring offers an accurate account of a company's GHG emissions and also provides companies with a basis for reduction to set reasonable reduction targets. Therefore, since 2007, we have periodically conducted annual GHG verification in accordance with the ISO14064-1 standard, and obtained third-party verification certificates. The scope of verification includes our five major production campuses in areas where our subsidiaries are located. Achieved 100% ISO 14064-1 greenhouse gas external certification for the main manufacturing sites in 2021.

Zhen Ding 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, out-sourced waste treatments, and up/downstream transportations.

The Scopes 1 and 2 emissions of the Company's main manufacturing locations totaled 1,094,500 tons CO2e in 2021. The Scopes 1 and 2 emissions in 2021 increased by 23% compared to 2020. The increase is mainly due to the revenue delays as a result of the shortage of semiconductor materials during the COVID19 epidemic in 2020 and 2021. On the other hand, the new plant expansion, the development of high-end products, the R&D of leading-edge technologies, and the testing and implementation of automation have also increased the consumption of electricity. In future, we will continue

to promote energy conservation and consumption reduction at the source, improve production efficiency, and enhance the momentum of revenue growth through product portfolio adjustment and optimization to achieve the long-term goal of reducing energy intensity. Going forward, we will continue to introduce energy-saving and low-carbon technologies to more effectively manage our carbon emissions. These include plans to develop renewable energy projects and expand the scope of solar energy capacity, purchase more green electricity, and reduce overall carbon emissions.



Note: 1.GHGs are monitored by operational control.

2.Emission coefficient is calculated using the latest standards announced by local governments in China and Taiwan (electricity emission coefficient: Shenzhen 0.5271kg CO₂/kWh, Qinhuangdao 0.8843 kg CO₂/kWh, Hua'an 0.7035 kg CO₂/kWh, Taoyuan 0.502 kg CO₂e/kWh).

3.The six types of gases included in the calculation are: carbon dioxide, methane, nitrous oxide, chlorofluorocarbon, perfluorocarbons, and sulfur hexafluoride. The global warming potential (GWP) ratios used are based on the data from IPCC's Fifth Assessment Report.

4.In 2013, the infrastructures were complete, therefore, 2013 is used as the baseline for comparison with environmental data. For the baseline year of 2013, scope 1 emissions were 35,282 tons CO₂e, scope 2 emissions were 593,025 tons CO₂e, and scope 3 emissions were 4,486 tons CO₂e. The emissions intensity of scope 1 and 2 was 9.74 tons CO₂e /millions NT\$.

5.Emission intensity = Emissions of scope 1 and 2 ÷ Revenue

6.The carbon intensity reduction target for 2025 is 40% (based on the 2013 carbon intensity of 9.74 tons CO₂e/ millions NT\$).

7.On November 4, 2020, Boardtek Electronics Corporation officially became a 100% owned subsidiary of Zhen Ding and its relevant data is included in the 2021 Sustainability Report. As the calculation of carbon intensity of scope 1 and 2 for the year 2013 (as baseline for comparison) does not include Boardtek, the same applies to year 2021.

Climate Related Issue Engagement

In the course of Zhen Ding's continuous development, we have been adhering to our mission of "protecting the environment for a greener planet", 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 experience 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 performances have made us a model company for the promotion of environmental protection by local government.

The main environmental-related associations, organizations, and alliances in which Zhen Ding participates include: China Printed Circuit Association (CPCA), Guangdong Printed Circuit Association (GPCA), Shenzhen Printed Circuit Association (SPCA), Taiwan Printed Circuit Association (TPCA), Institute of Public and Environmental Affairs (IPE), Carbon Disclosure Project (CDP), 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) and Task Force on Climate-Related Financial Disclosure (TCFD).

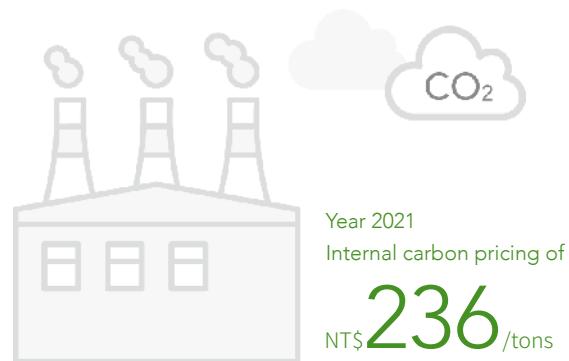
Zhen Ding actively practices the concept of green environmental protection and implements the green supply chain. We are also the pioneer in the PCB industry to introduce the use of renewable green energy and support renewable energy. We will drive the development of the green power industry to develop 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 cities and provinces to launch the Carbon Emission Trading Market. In response, Zhen Ding'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 manufacturing sites in China, while there is no carbon trading market in other sites. Taking into account the situation of all the sites in China, the carbon price in the carbon market of Guangdong Province has been adopted as the internal carbon pricing of the Company, and the price per ton of carbon dioxide equivalent is NT\$ 236 (RMB 55). 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.



Year 2021
Internal carbon pricing of
NT\$ **236** /tons

Forest Restoration

The establishment of a sound ecosystem is important for coping with climate change. Therefore, we have proposed a forest restoration program. "River Tamarind Invasive Alien Species Removal and Forest Rehabilitation in Hengchun Peninsula Taiwan Project". Through the River Tamarind removal and forest rehabilitation operation, it will establish biodiverse flora and fauna habitats, accelerate flora and fauna succession, restore the native tropical ecosystem of Hengchun Peninsula, and restore the original biodiverse ecological chain. In addition, it will also build a bridge between environmental reconstruction and the industry. Furthermore, in China, Zhen Ding will start cooperation with the Futian Mangrove Nature Reserve in Shenzhen in 2022 to help establish a healthy mangrove ecosystem, so that the world can become a better place.

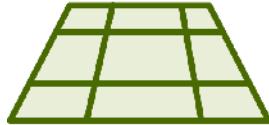
River Tamarind Invasive Alien Species Removal and Forest Rehabilitation in Hengchun Peninsula Taiwan Project

Restoration Area

Restoration Volume

2022~2023

2024



More than
10 hectares



More than
30,000 trees



Removal of invasive
species and native
plants planted after
removal



More than 10 hectares
of native species
planted will be managed
and raised into forests

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 reuse technologies to prepare for the oncoming pressure on the water environment. Given our characteristics as a PCB industry, Zhen Ding 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 reuse 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 departments through the Seven Greens culture; subsequently, monthly/quarterly reviews and annual reports are conducted to review the target achievement status and implement improvements. In 2021, the reduction of water intensity was 37% (exclude Boardtek Campus), and the water reuse rate was 50.5%. The company will continue to manage water more strictly by setting the annual target.

Water Risk Identification and Response

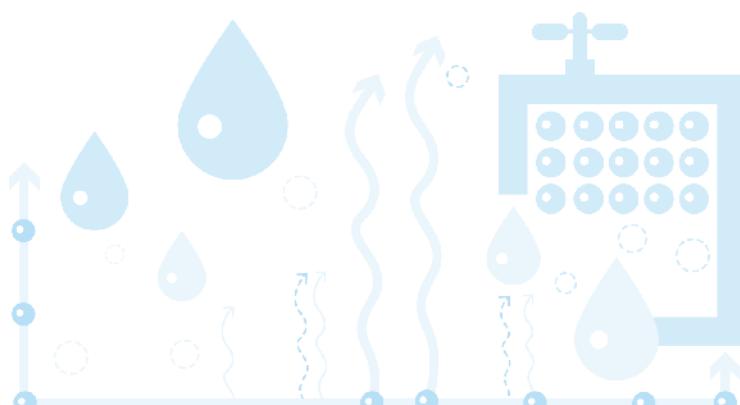
Water Risk Assessment

1. Water Risk Filter AWS (a regional water crisis scoring tool of WWF World Wide Fund for Nature)

Zhen Ding's major production campuses in China conducts AWS system audit and certification every year. Annual water risk identification and assessment are carried out, and 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 resources 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 resources 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.

2. Aqueduct Water Risk Atlas Assessment, WRI (World Resources Institute) Water Assessment Tool

In addition, We used the WRI water assessment tool, Aqueduct Water Risk Atlas, to simulate and test water stress in each operating campus by analyzing the baseline and the Worst-case scenarios. The results of the simulation analysis are incorporated into the operational resilience strategy.



Water Resources Situation of Each Manufacturing Campus in the WRI Baseline

Assessment categories	Shenzhen Campus	Huai'an Campus	Qinhuangdao Campus	Boardtek Campus
Baseline of water stress	Low	Low	Low	Low
Water depletion	Low	Low	Low	Low

Note:1.Water pressure baseline description: Water pressure baseline measures the ratio of total water withdrawal to available renewable surface water and groundwater supply. Withdrawals include domestic, industrial, irrigation, and livestock consumption and non-consumption uses. Available renewable water supply includes the impact of upstream water consumption users and large dams on downstream water availability. Higher values indicate greater competition among users.

2.Water depletion description: Water consumption baseline measures the ratio of total water consumption to available renewable surface water. Total water use includes domestic, industrial, irrigation, and livestock consumption. Available renewable water supply includes the impact of upstream water consumption users and large dams on downstream water availability. Higher values indicate a greater impact on local water supplies and reduced availability for downstream users. Water depletion and water stress are similar. However, instead of looking at total withdrawals (consumption plus non-consumption), only consumption withdrawals are used to calculate water consumption baseline.

The results of the WRI assessment of water resources in the most severe scenario (SSP3 RCP8.5) for each manufacturing campus in 2030 are as follows:

Assessment categories	Shenzhen Campus	Huai'an Campus	Qinhuangdao Campus	Boardtek Campus
Water stress	High	High	Extreme High	Medium-low
Water supply	100-300cm	100-300cm	3-10cm	100-300cm

Note:1.Scenario Simulation: The "worst-case" scenario (SSP3 RCP8.5) represents a fragmented world with uneven economic development, higher population growth, lower GDP growth, and lower urbanization rates, all of which may affect water use. Global carbon emissions increase steadily, reaching about 1370 ppm of CO₂ by 2100, with a global average temperature increase of 2.6-4.8°C relative to 1986-2005 levels.

2.Water stress description: Water stress is an indicator of water competition, informally defined as the ratio of human society's demand for water divided by the availability of water.

3.Water supply description: Total blue water (renewable surface water) is our water supply indicator. The projected change in total blue water is equal to the 21-year average around the target year divided by the 1950-2010 baseline period.

Response to Water 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. In addition, each of Zhen Ding's manufacturing site are seeking multiple water supply sources, and has built emergency water tanks within the sites to ensure emergency water needs as a priority.



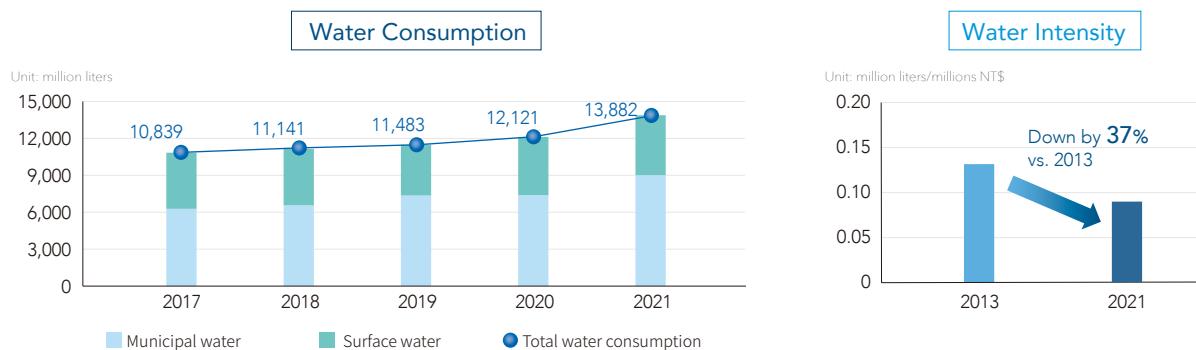
Water supply and risk management in each campus

Campus	Source of supply	Daily supply or reservoir capacity of water source (unit: m ³ /d)	Reserve tank capacity (unit: m ³)	Backup hours (unit: hour)	Risk Management Approach (If the water quality of the reservoir shows major abnormalities due to flooding, the turbidity of municipal water increases and our plant has to use this as our water supply source.)
Shenzhen	Wuzhiba Water Plant of Songgang Water Supply Co., Ltd.	0.14 million	8,202	30.3	<ol style="list-style-type: none"> Increase in water reuse rate and reduction of fresh water consumption Can be treated by recycled water system for process use (need expansion space) + water truck
	Luotian Reservoir and Wuzhiba Reservoir	22 million			
Huai'an	I Huai'an Third Water Treatment Plant and groundwater	0.10 million	6,648	30.7	<ol style="list-style-type: none"> Add PP cotton filter at the water supply end in Huai'an Campus I. No direct supply of filtered water and soft water to the outside production line in Huai'an Campus I. In case of high turbidity of tap water, in addition to increasing the backwashing frequency, we can increase the replacement frequency of PP filter of RO security filter. There are four tap water pools in Huai'an Campus II, which can be switched to alternate water inlet and outlet (such as pool #1 inlet in the morning and outlet in the afternoon, pool #2 outlet in the morning and inlet in the afternoon); increase the retention time of tap water and reduce turbidity. (6,000 tons of water can be treated daily) The turbidity of filtered water can be reduced by increasing the frequency of rewashing or adding PP cotton filtration at the manufacturing or water supply end. (300 tons of water can be treated daily)
	II Huai'an Fourth Water Treatment Plant and Feihuang River	0.11 million	17,712	35.4	
	III (Note) Huai'an Fourth Water Treatment Plant and Feihuang River	0.11 million	20,000	36.9	
Qinhuangdao	Taisheng Water Co.	0.49 million	12,192	20.2	<ol style="list-style-type: none"> There are two raw water pools, normally serving as storage pools, when the turbidity of incoming water increases, add PAC chemical coagulation and sedimentation for emergency use. Ultra filtration UF system is used to treat raw water with high turbidity during rainy season. Increase the cleaning frequency and reduce the influent flux, the water quality will not be affected. Contingency capacity for handling abnormally high concentration of raw water: 7,000 tons/day Most of the industrial water comes from raw water (river water), reducing the reliance on tap water and water pressure. Improve water conservation from the source (please refer to the "Water Saving Plans" in this chapter for details) and increase water reuse rate at the end (please refer to the "Water Reuse at Each Campus" in the appendix for details).
	Taolinkou Reservoir (raw water)	700 million			
Boardtek	Shihmen Reservoir	154 billion	8,042	67.2	<ol style="list-style-type: none"> Utilize the raft foundation as backup water storage (1,700m³) Engage water trucks from Longtan for water supply

Note: The Huai'an campus III is still under construction and is not ready yet for production.

Current Water Consumption Status

In 2021, Zhen Ding and its major manufacturing sites used a total of 13,882 million liters water, including municipal water and surface water. The intensity of water consumed was 0.0829 million liters /millions NT\$ (As the calculation of water intensity for the year 2013 is used for baseline for comparison, which does not include Boardtek, the same applies to year 2021). Zhen Ding's manufacturing sites have sufficient supplies of water, which comes from water treatment plants. In addition, the manufacturing sites are built with reservoirs so that when water shortage occurs, the reservoirs can guarantee 12 to 24 hours of normal operation. The graph below shows our water usage over the years.



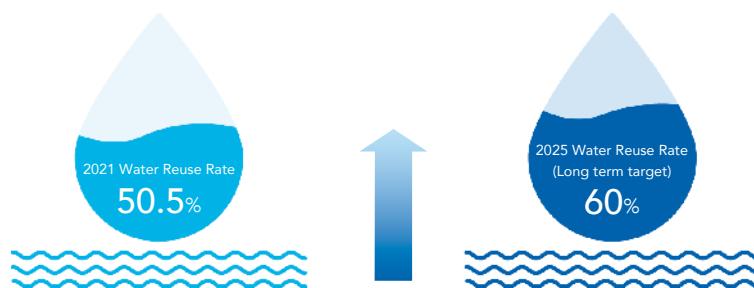
Water Reuse and Reduction

PCB industries require significant amounts of water for their production processes. To effectively reduce the environmental impact of the company, we have introduced high-performance water reuse equipment to process wastewater for use based on demands. Water is recycled for reuse in production, environmental cleaning, and irrigation. In 2021, the company has engaged in multiple water reuse projects, such as recycling of high-concentration wastewater, and War Horse Water Saving Project (lower overflow rate). The amount of water reused by manufacturing sites has surpassed the regulatory requirements of local governments. By practicing water-saving management and introducing water reuse technologies, the company has recycled roughly 10,118 million liters of water in 2021, which is 50.5% of the water reuse rate. The graphic below shows the amount of water reuse by the Company and the water-saving plans it has implemented over the years.

Water Reuse



Water Reuse Rate



Note: Starting from 2020, water reuse rate calculation has been modified to: Water reuse rate = Water recycled for reuse ÷ (Water recycled for reuse + Total wastewater discharge) × 100%

Water Saving Plans

Campus	2021 Water Saving Results	Water Saving Plans	Description
Shenzhen	146 million liters	Process overflow reduction	Reduce process overflow and change water quality without affecting production, and reuse better quality overflow water, thus achieving water conservation.
Qinhuangdao	9 million liters	Improvement of overflow from chemical immersion gold stripping process	The overflow water with better water quality is recycled to other processes to reduce water consumption.
		Surface treatment process overflow improvement project	By continuously adjusting the flow rate of the water outlet, adjust the original overflow rate to achieve the effect of overflow reduction and meeting the demand.
		Equipment water valve water saving improvement project	Adding an electromagnetic water valve to the machine's deionized water outlet to control the water flow and prevent excessive water.
Huai'an Campus I	19 million liters	Copper reduction process optimization project	Without affecting the quality of the product, change the copper foil model to simplify the copper reduction process and achieve the effect of water saving.
Huai'an Campus II	0.3 million liters	Rainwater and backwash wastewater reuse project	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. The rainwater can be reused in the production process once it meets the water quality standard after using advanced filtration systems.
		Improvement of washing overflow from stripping line	Reduce water consumption by adjusting the washing overflow rate of the stripping line.

Water 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 (GRR) has ranked water crises as the greatest risks to society in the next ten years. Therefore, how to use water properly 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. We have participated in the CDP for nine years in a row. We completed the water security questionnaire for the fourth time in 2021. We received a B rating on the 2021 water security questionnaire, which is higher than the average in Asia and the industry. In the future, we will continue to ramp up our efforts in water management and fulfill our duties and obligations in water stewardship.

Alliance for Water Stewardship (AWS)



The AWS (Alliance for Water Stewardship) is a global partnership of businesses, non-governmental organizations, and the public sector. AWS members contribute to the sustainability of local water resources by adopting international water management standards, understanding watershed challenges, and seeking opportunities for improvement in response to those challenges - reducing water consumption, improving water use efficiency, and reducing the environmental impact of pollution discharges.

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. The manufacturing campus in Shenzhen is the first in the industry to have completed the AWS Platinum Certification at the end of 2019, while Qinhuangdao Campus, Huai'an Campus I, and Huai'an Campus II all obtained the AWS Platinum Certification in 2020. In 2021, the major manufacturing campuses in China passed the annual audits and continued to achieve AWS Platinum Certification. Furthermore, we are committed to achieving sustainable water management and a transparent water disclosure system. China has introduced the Soil Pollution Prevention and Control Act in 2018, and formal implementation began in 2019. Since the related regulations came into effect, our manufacturing campuses have taken the initiative to monitor our soil and groundwater. Starting in 2018, we have carried out soil monitoring annually and groundwater monitoring every two years in each campus. All the results are disclosed on the Company's website. For more information on the implementation of AWS water performance results, please refer to the "Sustainable Focuses - AWS Sustainable Water Management" section of the Company's website.

Wastewater Discharge Management

Our wastewater management implementation strategy is: recycle and reuse, to reduce our consumption of and dependence on tap water. PCB production requires significant amounts of water, electricity, and chemicals. Moreover, the characteristics of wastewater generated from these processes and the procedures required to treat these wastewater are complicated. Therefore for each product manufacturing step and the characteristics of the pollutants it produces, we classify the source of wastewater generated into more than 20 waste streams. Based on the characteristics of wastewater generated from different processes in each manufacturing campus, 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 operation of wastewater treatment and recycling facilities and the quality of effluent. The effluent of all our campuses discharges over the years complied with relevant regulations.

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 main production campus' wastewater effluent outlet is equipped with an online water quality/water volume monitoring device. The data collected 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 the Board-Tek campus enters the industrial park wastewater treatment plant to bring the water quality up to standards, and then it is discharged to the Taiwan Strait through a ditch. The wastewater from each manufacturing campus 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 pub-

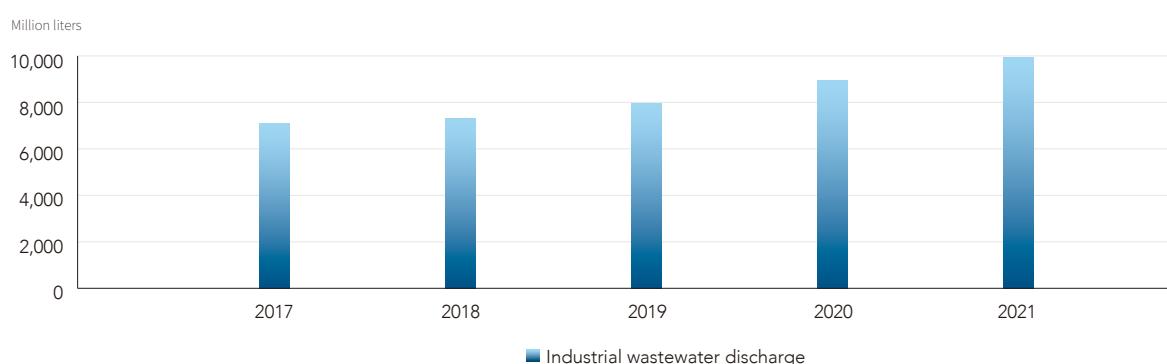
lish the testing data of wastewater discharge by third-party testing institutions on the company website every quarter. To avoid the impact of tightening environmental regulations, we will continue to invest in improving and expanding the efficiency of our wastewater treatment facilities, reducing pollutants 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.

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 campuses, 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 influence to provide green ideal solutions to the government sector and play our part in social contribution.



In 2021, 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 discharged in 2021 was significantly higher than the total wastewater discharged in 2020, but the water intensity decreased by 3% 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 the mainland China and Taiwan regions, 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



Note: On November 4, 2020, Boardtek Electronics Corporation officially became a 100% owned subsidiary of Zhen Ding and its relevant data is included in the 2021 Sustainability Report.

3-4 Green Manufacturing

Clean Production Plans and Certification

Zhen Ding actively adopts Taiwan and China's clean production laws and clean production standards, and follow the "Cleaner Production Assessment System Guidelines for PCB Manufacturing" and the "Cleaner Production Promotion Law" to establish management standards for our manufacturing processes. 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

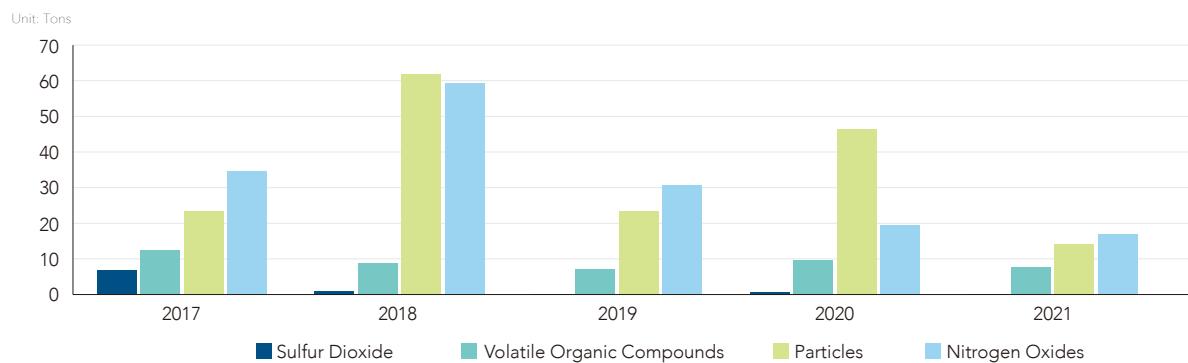
Location of Each Campus	Plan	Description
Shenzhen Campus	Insulated Coating Implementation Project	An insulated coating is applied to the exterior of the furnaces to provide thermal insulation and reduce the energy consumption of the furnace and indoor air conditioning.
	Energy-Saving Hot Blower Implementation 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.
Qinhuangdao Campus	DES Line Wastewater Discharge Improvement Project	Add a temporary storage tank to the wastewater discharge of the DES line, chemicals are pumped into the temporary storage tank to shorten the wastewater discharge time. At the same time, a pump is added to the dosing tank to reduce the dosing time.
	Router 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%
Huai'an Campus I	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 achieve energy saving.
	Increasing Stack-up Layers of Drilling Project	The original number of stack-up layers of drilling for individual material production was one layer, but after testing and adjustment, the number of drilling stack-up layers are now three layers, with improved efficiency.
	Welding Efficiency Improvement Project	Before improvement: One piece welding After improvement: Welding increased from one piece to two pieces, no abnormality has been found during testing, and the number of welding times can be reduced once to achieve energy saving.
Huai'an Campus II	Router Optimization Project	At present, there are three types of laser router in the plant, out of which the routers with unstable depth opening and lower recognition will be replaced and the work efficiency will be improved

Air Pollution Control

Air Pollution Treatment Mechanism and Emissions

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 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.

Status of Air Pollutant Emissions



Note: 1. Emission of air pollutants is calculated as follows: Emission = Air flow rate x The duration of daily emission x Number of days of emission in a year, where velocity is manually tested by an external agency.

2. On November 4, 2020, Boardtek Electronics Corporation officially became a 100% owned subsidiary of Zhen Ding and its relevant data is included in the 2021 Sustainability Report.

Waste Management

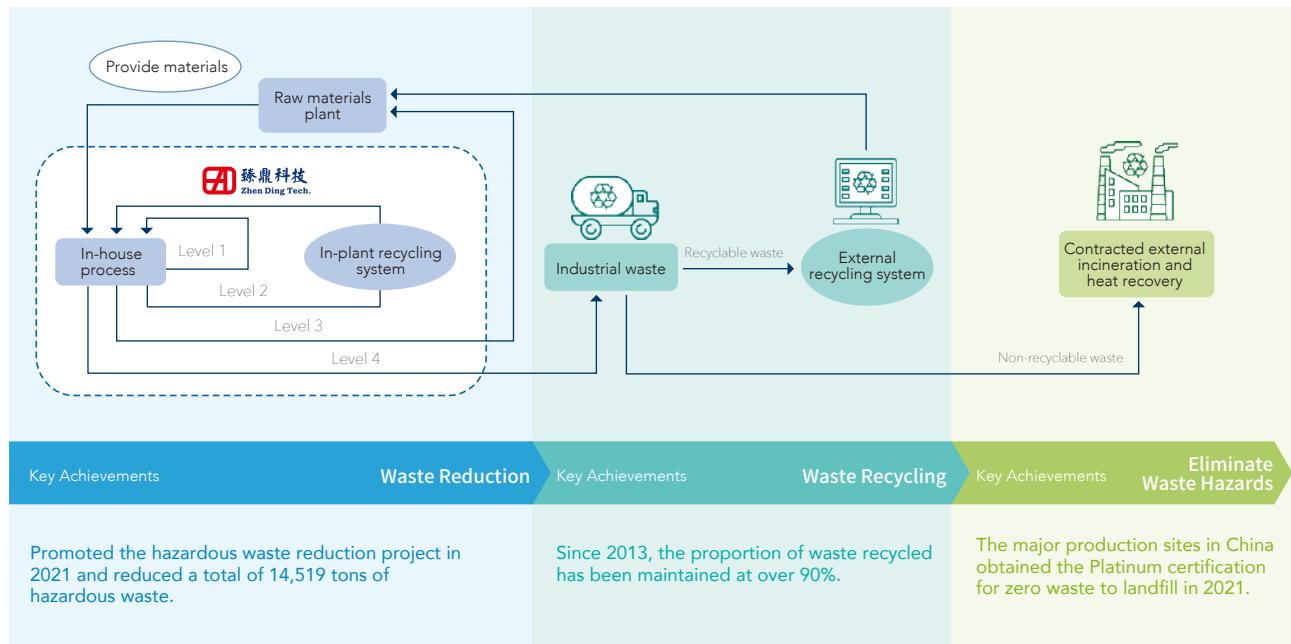
Zhen Ding's waste management implementation strategy is to reduce waste, recycle waste, and remove hazardous waste from the source to the end, to achieve the goal of minimizing the harm caused by waste to the environment. With the concept of "green innovation, green chain of supply, green production", Zhen Ding optimizes the design, procurement, and production process to optimize the use of raw materials and achieve the maximum reduction from the source.

After the raw materials are put into the production process, four levels of recycling will be carried out, the first level - "direct reuse in the factory" and the second level - "reuse after recycling in the factory" are our first priority. For example, the plating plate can be directly recycled about three times, and the micro-etching solution produced by the production process can be reused after treatment by the recycling system in the factory. The third level - "reuse by original" and the fourth level - "reuse after external processing" are carried out externally to maximize reuse and recycling.

In order to reduce environmental hazards, the non-recyclable waste is handed over to an external qualified professional organization for harmless treatment - incineration for power generation or heat recovery. To implement multiple waste reduction technologies, Zhen Ding has specially established a team of environmental experts to develop innovative technologies for resource recycling that constantly extend the value of recycled wastes by minimizing the amount of waste generated and its impact on the environment.

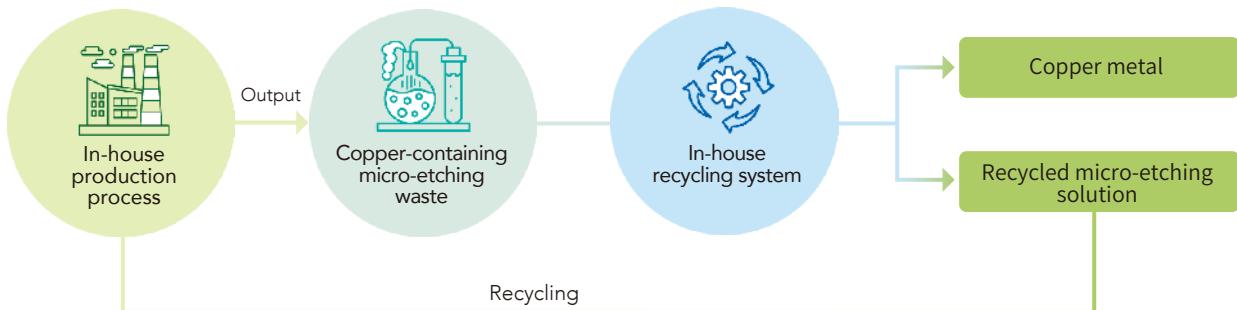
Please refer to the "Sustainable Focuses - Resource Conservation and Recycling" section of the company's website for the specific results of the implementation of waste reduction technologies.

“Three ways” of Waste Management Strategy



Case of Copper-containing Micro-etching Circulation:

The copper-containing micro-etching waste is processed by the in-plant recycling system to recover copper metal and recycle micro-etching solution. The copper metal can be recycled and the micro-etching solution is reused in the manufacturing process to achieve the effect of reducing both hazardous waste and raw materials. In 2021, through the copper-containing micro-etching solution circulation project, a total of 42 tons of resources were saved.



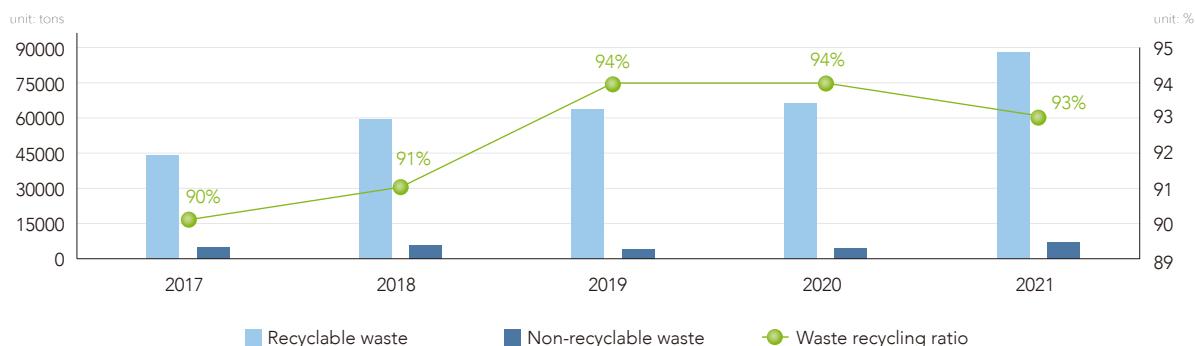
At present, our waste is divided into two categories according to waste properties: general waste and hazardous waste, and two categories according to recycling properties: recyclable waste and non-recyclable waste. In 2021, the waste recycling ratio was 93%, we have reached the goal of recycling more than 90% of waste annually for nine consecutive years. The total amount of general waste from the major business locations of our subsidiaries is 32,095 (tons), the total amount of hazardous waste is 62,545 (tons), and the intensity of hazardous waste is 0.40 (tons/millions NT\$) (Note).

Waste Disposal Statistics

Waste Properties



Recycling Properties



Intensity of Hazardous Waste



Note: 1. Wastes are disposed of by certified waste disposal companies.

2. General wastes are disposed of including recycling for reuse/recycling.

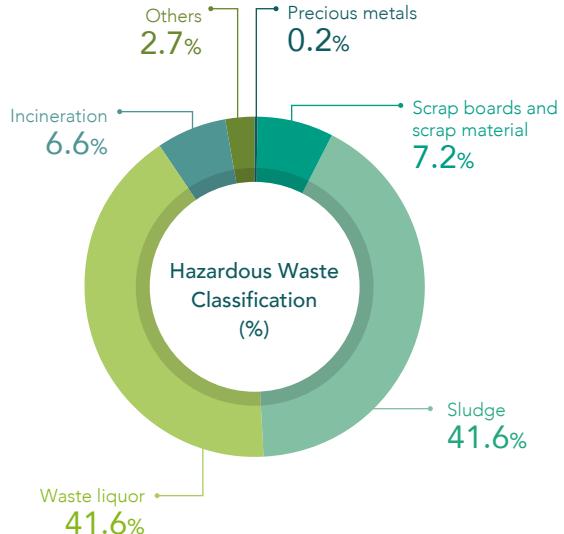
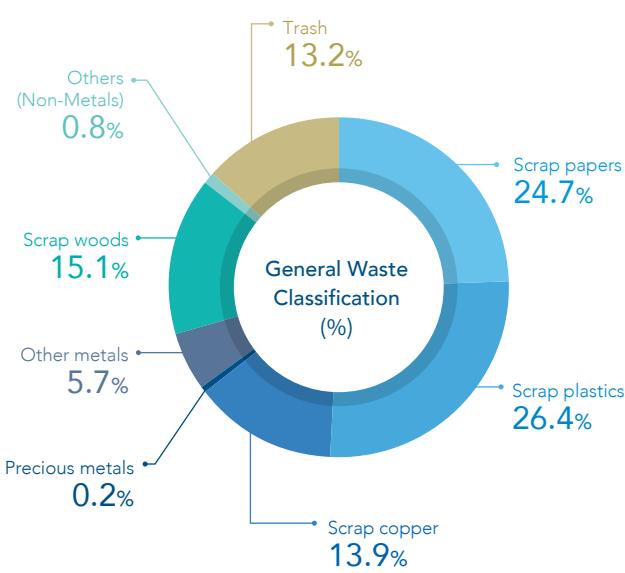
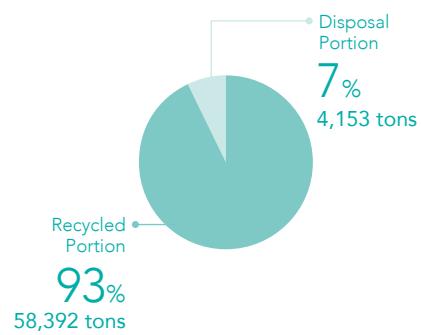
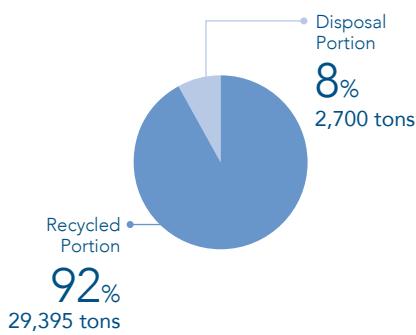
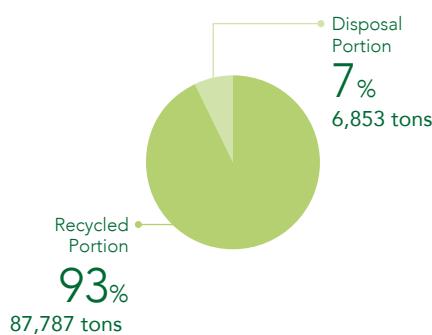
3. Intensity of hazardous waste = Total hazardous waste generated ÷ revenue.

4. Recycling ratio = Total amount of recyclable waste ÷ total amount of waste.

5. Due to the new production of one new plant in Huai'an Campus I and two new plants in Huai'an Campus II, as well as the new Boardtek Campus, the production of hazardous waste has increased, and the intensity of hazardous waste generation could not meet the target.

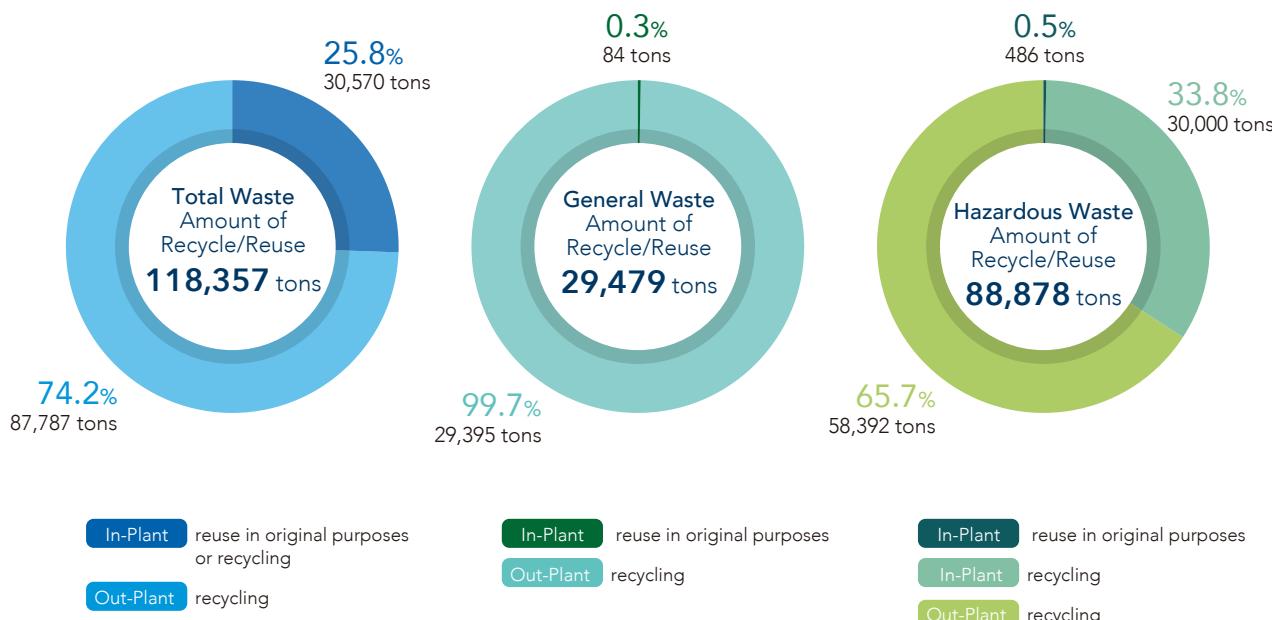
6. Boardtek has been included in the Sustainability Report since 2021.

2021 Waste Classification and Disposal



Note: The weight of waste generated includes only the actual weight of waste removed from the plant, but does not include the weight recycled in the plant.

2021 In-Plant and Out-Plant Waste Recycle/Reuse



Note: 1. The weight of the recycled waste in the plant is estimated because it is not weighted as no disposal vendors are engaged.
 2. The weight of general waste reused in the plant is estimated according to the following principles: Based on the actual number of reuses, multiplied by the estimated weight of each individual unit, and estimate the total reuse weight.
 3. The weight of hazardous waste reused in the plant is estimated according to the following principles: the reuse of waste acid is estimated based on the amount of acid produced and the amount of new materials saved.

2021 Final Disposal of Waste



Total Waste Management

Due to the characteristics of the industry, hazardous wastes are generated during the production process of products, therefore we have established a special management system for hazardous waste - "Hazardous Waste Transfer Procedures"

We have implemented a company-wide "Total Waste 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 located in designated 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 being responsible for the environment, the waste that cannot be recycled is handed over to professional contractors with legal qualifications for disposal.

In-Plant Management

1. Source Classification Management

All waste is defined with classification standards and are strictly classified at the source of generation. All employees are educated and trained to know how to classify correctly. All the waste labels, garbage bags, garbage bins, and garbage trolleys in the shop floor are separated into three main categories: recyclable (green), non-recyclable (white) and hazardous waste (red) to ensure color management of the waste throughout the entire process from generation, collection, transportation, and storage. We distinguish packaging, individual storage, specific containers, and designated warehouses to enhance the recycling value of waste.

"Waste is divided into three main categories and color management is implemented"





2. In-plant transfer and storage management

After the waste is dispatched out of the shop floor to the loading gate of the shop floor, the waste is sealed, and transported to the resource recycling center according to the fixed route. After checking the integrity of the seal by the resource recycling center, the waste is weighted and the data is automatically stored in the waste management system before entering the resource recycling warehouse, and the daily waste inventory is generated for management. After entering the warehouse, general waste and hazardous waste is stored individually, and the information online system (WMS) platform is adopted to record the incoming waste information daily. By scanning the QR code, it can instantly track the source, name, weight and other information of each batch of waste, to help complete the preparatory work before the transportation by external vendors.



Out-Plant Management

In the process of waste transportation and disposal by the external vendor, we can also connect to the WMS platform for real-time checking of relevant data, to achieve real-time online monitoring and recording. For the transportation and treatment process of hazardous waste, the appointed vendor follows the treatment standards stipulated in the Environmental Impact Assessment and the waste is transported by a GPS-equipped truck in accordance with the prescribed route, to monitor and ensure that the hazardous waste is not misplaced during the transportation process. Zhen Ding conducts annual on-site audits and regular spot checks to confirm whether the treatment facilities are in normal operation, whether the hazardous waste has entered the treatment facilities in accordance with the regulations, whether the inventory accounts meet the requirements, and whether the wastewater and emission is discharged in accordance with the standards to ensure that the hazardous waste is safely utilized and treated without causing any impact on the environment. In 2021, Zhen Ding completed regular audits of 8 general waste vendors and 43 hazardous waste vendors. For more information on the introduction of the evaluation system on new waste vendors and the vendor management system, please refer to the "Sustainable Focuses - Waste Vendor Management" section of the Company's website.

Environmental Regulation Compliance

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. From time to time, we collect government regulations and policy requirements, analyze the operation compliance of each campus, and evaluate the compliance with regulations. In 2021, all the manufacturing campuses complied with the corresponding requirements and there were no non-compliance issues such as violation of laws and regulations.

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 CAPDCA process 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.

Our manufacturing campuses have acquired legitimate permits and licenses relevant to environmental operations. Various environmental and energy conservation tasks are steadily and effectively carried out on the Zhen Ding Seven Greens platform. Since the establishment, our subsidiaries have never been sanctioned for environmental violations.

3-5 Eco-Friendly Practices and Promotions

Low-Carbon Transportation

Zhen Ding Seven Greens is our key strategy and platform for promoting environmental and energy-saving activities. We are looking for opportunities of improving our environmental performances at all aspects of our production and daily living (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 Logistics". 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. We carry out monthly review of cargo vehicle dispatching rate to reduce exhaust emission by optimizing loading of each vehicle dispatch. In 2021, we were able to save more than 1.23 million litres of gasoline and diesel by transporting materials together with a single vehicle and offering employees green electric commuting buses. In total, about 2,788 tons of carbon emissions were reduced. In future, we will continue to improve cargo loading efficiency, and encourage employees to take more carbon-friendly choices in their mode of travel that can reduce more commute related emissions.

Environmental Protection and Energy Saving Month

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, 2021, marks the 14th time the event is held, with participants including our employees, people from the general public, government, schools, and environmental groups. In total, 25,760 people had participated, which shows that these activities were welcomed by our employees and local communities. By hosting all types of internal and external awareness activities, we attempt to raise people's environmental awareness, transform Zhen Ding Seven Greens idea into corporate social responsibility practices, and take actions to fulfill Zhen Ding's unique new green value.

For more information regarding the 2021 Environmental Protection and Energy Saving Month, please refer to the " Sustainable Focuses - Environmental Protection and Energy Saving Month" section of the Company's website.



WORKPLACE



2025 ESG Management Targets

 100%
Human Rights-related
Training

 Over 30% of
Team Members are
Women

 50
Average Training
Hours

 A Zero-incident
Company

 92%
Retention of Critical
Talents

04



4-1 Human Rights

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 Zhen Ding employee and also Zhen Ding's basic commitment to the society and sustainable operations.

Human Rights Policies and Regulations

Zhen Ding strictly abides by Taiwan's Labor Standard Act and the laws and regulations of People's Republic of China, including the Labor Law/Employment Contracts Law/Social Insurance Law and Provisions on the Prohibition of Using Child Labor. With respect for internationally recognized labor human rights principles, the company constructs a human resource management system that collectively applies to Taoyuan, Shenzhen, Hua'an, Qinghuangdao, and India to protect the legal rights of all employees. In addition to self-discipline, Zhen Ding 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 grade: 200 points or more with all deficiencies corrected Gold grade: 180 points or more with priority and major deficiencies corrected Silver grade: 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 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. To thoroughly implement the requirements of the Code of Conduct for

the electronics Industry and to review the compliance of internal systems with the latest Responsible Business Alliance (RBA), Zhen Ding formally joined the RBA as a member on May 24, 2021. At the same time, we conduct the Self-Assessment Questionnaire (SAQ) through the official website of RBA Online every year to access internal risks. In 2021, the SAQ scores in the campuses of Shenzhen, Huai'an and Qinhuangdao were all at a low risk level. 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 VAP is valid for two years. The Huai'an Campus I and Huai'an Campus II completed the VAP assessment in 2020 and scored 173.8 and 187.2 respectively. The Shenzhen campus and Qinhuangdao campus completed the VAP assessment in 2021 and scored 187.1 and 170.4 respectively. The following table shows the SAQ and VAP scores of each campus.

Location	SAQ	VAP	Risk
Shenzhen	93.3	187.1	Low Risk
Qinhuangdao	93.3	170.4	Low Risk
Huai'an Campus I	94.5	173.8	Low Risk
Huai'an Campus II	95.2	187.2	Low Risk
Taiwan (Note)	87.7	-	Low Risk

Note: On November 4, 2020, BoardTek Electronics Corp. officially became a 100% owned subsidiary of Zhen Ding.

In addition to the assessment of the company through the RBA third-party organization, the company also took the initiative to join the international non-profit organization Business for Social Responsibility (BSR) and became a BSR member in 2021. We proactively conducted internal human rights assessment of the company to help learn social responsibility practices, identify potential risks, improve mitigation and remediation measures, and further ensure the protection of employees' labor human rights.

Human Rights Concerns and Practices

In compliance with the RBA Code of Conduct and internationally recognized labor human rights principles, Zhen Ding conducts internal human rights assessments and formulate internal management policies through the BSR organization. Zhen Ding has established internal management policies that address human rights "concerns" such as labor, equal pay for equal work, child labor, discrimination/harassment, forced labor, human trafficking, freedom of association, provision of a safe working environment, and corporate culture building. We ensure that labor and human rights are protected through continuous improvement of mitigation and remedial measures such as awareness-raising and regular risk assessment.

Issues Items	Providing a safe and healthy work environ- ment	Equal pay for equal work/ Prohibition of child labor	Anti-discrimina- tion/ Anti-Har- assment	Prohibition of forced labor and human trafficking	Helping employees maintain physical and mental health and work-life balance	Freedom of association
Target Group	- All employees - Number of high risk employees: 2,844	- Child labor - Number of high risk employees: 0	- All employees - Number of high risk employees: 0	- All employees - Number of high risk employees: 0	- All employees - Number of high risk employees: 0	- All employees - Number of high risk employees: 0



Issues Items	Providing a safe and healthy work environment	Equal pay for equal work/ Prohibition of child labor	Anti-discrimination/ Anti-Harassment	Prohibition of forced labor and human trafficking	Helping employees maintain physical and mental health and work-life balance	Freedom of association
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. 	<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. Anti-discrimination/ anti-harassment awareness training will be conducted for new employees/ respective management levels /on-the-job training. 	<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. 	<ul style="list-style-type: none"> · 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. · 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 established the "Management Regulations for the Right to Join Trade Unions and Collective Bargaining", which stipulates those employees have the right to freely organize and participate in trade unions of their choice, to collective bargaining and to peaceful assemblies in accordance with the law, while also respecting the right of employees to recuse themselves from such activities. Employees or employee representatives are able to publicly communicate with management and share their thoughts and concerns about working conditions and management methods without fear of discrimination, retaliation or harassment.</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>Observations of any anti-discrimination or anti-harassment are carried out through interviews with employees or regular on-site visits.</p>	<p>In addition to the internal system to control working hours, the complaint and communication mechanisms has been established to strengthen internal supervision and inspection (i.e. employee interviews via meetings, calls, and on-site visits, etc.). In addition, the external audits was required or invited by third parties.</p>	<p>Employees' 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>

Items	Issues	Providing a safe and healthy work environment	Equal pay for equal work/ Prohibition of child labor	Anti-discrimination/ Anti-Harassment	Prohibition of forced labor and human trafficking	Helping employees maintain physical and mental health and work-life balance	Freedom of association
Mitigation Measures	<p>The Company has established the Safety Production Committee, which performs periodic review of the company's safety, occupational health, fire management system, and implementation statutes to continuously improve the company's safety management.</p> <p>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.</p>	<p>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 and ensure equal pay for equal work.</p>	<p>From the beginning of the recruitment, the Company conducts the process according to the law to eliminate illegal discrimination or harassment. Also, the annual training and assessment at all levels and monthly on-site audit visits or interviews via calls has been implemented regularly.</p>	<p>Training on preventing forced labor/ human trafficking is provided annually to recruiting team and employees. Set up an working hour early warning function in the attendance system to review and control employees' working hours on a daily basis.</p> <p>Also, the annual training and assessment at all levels and monthly on-site audit visits or interviews via calls has been implemented regularly.</p>	<p>The welfare committee, labor union, and the Company work together and actively promote and encourage employee participation.</p>	<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. 	<p>In the event of an incident, refer to the "Regulations for the Protection of Special Groups" to carry out remedial action.</p>	<p>In the event of discrimination or harassment, the responsible person shall carry out corrective actions immediately and handle it according to the "Employee Reward and Punishment Management Measures". Relevant training shall be also provided to people who has involved in that matter.</p>	<p>In the event of forced labor/ human trafficking, the responsible person shall carry out corrective actions immediately and handle it according to the "Employee Reward and Punishment Management Measures". Relevant training shall be also provided to people who has involved in that matter.</p>	<p>Conduct employee satisfaction surveys as a basis for continuous improvement.</p>	<p>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.</p>	
Channels for Filing Complaints	<p>Each campus has a 24-hour on-call telephone number, which is manned by the industrial safety department.</p>	<p>The Company has a number of unobstructed channels for complaints, including the Employee Suggestion Boxes, Complaint Feedback Email, Employee Service Center, and Care Hotline. Through a variety of online and offline multimedia of communication, employees can reflect their problems at any time employee via interviews or employee representative meetings held regularly.</p>					



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 2021, the total number of training hours for human rights protection exceeded 600,000 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 human trafficking, prohibition of child labor, equal pay for equal work, 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. In 2021, in order to better understand the needs of grassroots employees and listen to what they have to say, Zhen Ding has upgraded the existing communication channels such as employee communication hotline, mailboxes, suggestion boxes, and employee service centers, as well as promoted diversified channels through online, offline, and multi-media methods. The online promotion methods include the internal communication app (Team+), Ding Sheng E-Learning APP, Ding Ding Daming Applet, and company website announcements. Offline promotion methods include orientation for new hires, SER cards, flyers are posted in the multiple areas of bulletin board, living space, manufacturing sites, canteen and dormitories. Multi-media promotion methods include LED screens in the common areas, public area displays in the machine shops and dormitories, and broadcasting system. 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

Zhen Ding has established an Employee Welfare Committee. In addition to implementing various welfare activities, campuses in Taiwan also convene labor-management meetings each quarter to facilitate bidirectional communication and coordination on the Company's recent and future policies to reach a consensus. In addition, the "Employee Guidance and Complaint Management Measures" have been established. Our employees can 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 protect employees' legal rights.

The campuses in China have established labor unions to protect the rights of employees and provide a variety of benefits. 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 campus in China.





4-2 Diversity, Equality and Inclusion

Diversified Talents

Zhen Ding believes that "talent" is the key to corporate development. Therefore, the company always insists on upholding the core values of "Integrity, Responsibility, Innovation, Excellence, and Altruism" and actively develops a diverse, inclusive, and friendly workplace, as well as 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 comprehensive and diversified training and fostering programs to make our employees competent enough to grow and develop together with the company.

Personnel Distribution

Category	Group	Male		Female		Group total and percentage	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Position	Managerial	3,635	84.9	649	15.1	4,284	10.0
	Technical	12,161	59.5	8,275	40.5	20,436	47.7
	Others	12,260	67.7	5,840	32.2	18,100	42.3
Total		42,820					

Note: "Management" is defined as all levels of management personnel. "Technical personnel" is defined as the technical staff of each unit's grassroots operation.

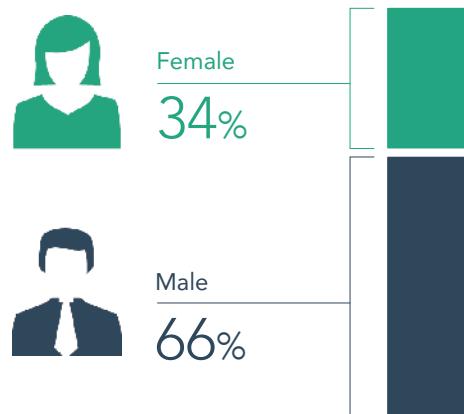
Category	Group	Male		Female		Group total and percentage	
		Number of people	Percentage (%)	Number of people	Percentage (%)	Number of people	Percentage (%)
Locations	China	26,491	66.0	13,669	34.0	40,160	93.8
	Taiwan	1,346	59.2	929	40.8	2,275	5.3
	Other locations	219	56.9	166	43.1	385	0.9
Total		42,820					

Category	Group	Male		Female		Group total and percentage	
		Number of people	Percentage (%)	Number of people	Number of people	Percentage (%)	Number of people
Age	0 – 20 years old	1,096	3.9	525	3.6	1,621	3.8
	21 – 30 years old	14,278	50.9	6,091	41.3	20,369	47.6
	31 – 40 years old	10,665	38.0	6,350	43.0	17,015	39.7
	41 – 50 years old	1,847	6.6	1,718	11.6	3,565	8.3
	51+ years old	170	0.6	80	0.5	250	0.6
Total		28,056	100	14,764	100	42,820	100

Category	Group	Male		Female		Group total and percentage	
		Number of people	Percentage (%)	Number of people	Number of people	Percentage (%)	Number of people
Education	Doctoral and master's degree	305	1.1	145	1.0	450	1.1
	Bachelor degree	4,751	16.9	1,903	12.9	6,654	15.5
	College degree	7,409	26.4	2,765	18.7	10,174	23.8
	High school and under diploma	15,591	55.6	9,951	67.4	25,542	59.6
Total		28,056	100	14,764	100	42,820	100

Female Workers

Zhen Ding values diversity and inclusiveness, pays attention to female employees' issues, respects employees' self-improvement, and welcomes more women to join the company, so that more female employees can remain in their jobs on a long-term basis, continue to develop their personal value, and contribute to the company and society. Due to the specificity of the company's product line, the current production line employees are still mainly male.



4-3 Talent Retention and Development

Attracting Talent

We recruit talented employees with an open and tolerant attitude and provide equal employment opportunities and the right to choose a career. In the recruitment process, the overall salary and benefits of employees are offered without discrimination regardless of gender, age, nationality, race, gender identity, religion, marital status, disabilities, and political affiliation. All of our employees are given equal pay for equal work. We comply with local laws and regulations, the "Human Rights Policy of Zhen Ding Technology Holding Limited", and the RBA Code of Conduct to protect and respect human rights. Any of child labor, forced labor or human trafficking is strictly prohibited in the company. We have developed recruitment strategies based on the situation of each business location and have adopted multiple recruitment channels, including graduate recruitment, employee referral programs, industry-academia technology collaboration programs, head-hunters, and online job announcements on social media platforms.

To avoid subjective judgments, we use scientific evaluation tools comprehensively to confirm the suitability of new employees. Apart from dedicated personnel 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 it comes to talent selection, we look for three qualities in new hires: sense of responsibility, the determination to be better, and ambition. In addition to objective indicators such as work experience, educational background, and professional skills, employee commitment to work is also valued. We hope that through this process, we can recruit talents who are an effective and agreeable team player. As of the end of 2021, 190 people with disabilities were formally employed; there were 27,679 male and 14,421 female employees in the entire Zhen Ding Group; there were 377 male and 343 female supervised (contract) employees.

Retaining Talent

Key talents are the core human resource asset of the company. The company creates conditions for key talents to build the best stage for them to give full play to their expertise, allowing them to showcase their outstanding management talents and professional skills. This will stimulate their strengths, release their potentials, guide them to merge into an ocean of wisdom, coalesce into a formidable force to be reckoned with, which will create lasting momentum for the company's development, thus driving operational growth. The retention rate of key talents reached 93% as of 2021.

Note: Retention Rate of Critical Talent = (number of employees who received year 2020 performance rating of A (and above) and remain working at the company before December 31, 2021) ÷ (number of employees who received year 2021 performance rating of A or (and above));
This applies to employees with Grade 4 and above as of December 31, 2020.

Engagement Survey

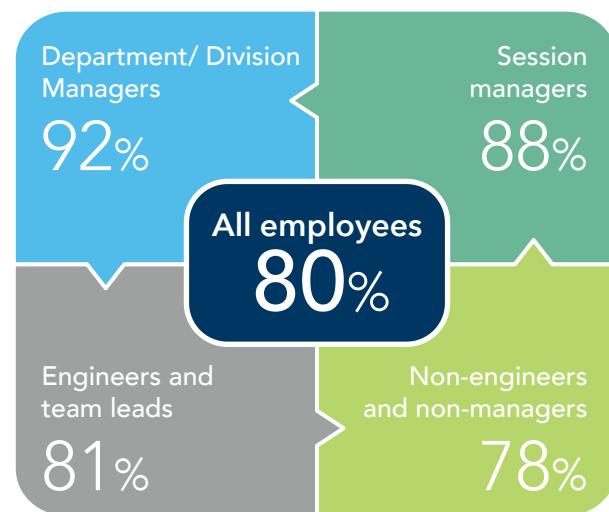
As the company grows year by year, the company's talent attraction and retention and culture review are increasingly important to ensure that the organization's energy keeps up with the development needs. Based on the results of the engagement survey, we continue to adjust the organizational efficiency, convey the company's transformation direction through physical and online activities, and reinforce positive behavior development with career planning. Employees are the most important asset of the company, and effective utilization of human capital can create value. The company conducted an internal engagement survey in 2021 with 33,034 participants and 73% coverage in order to understand the

level of commitment of employees to the company and their work. The survey results show that the average engagement rate of the employees is 80%. The employee engagement survey helps us to effectively understand and collect employee opinions as a strategic tool for attracting and retaining talent, and to strengthen the fit between the company and our employees.

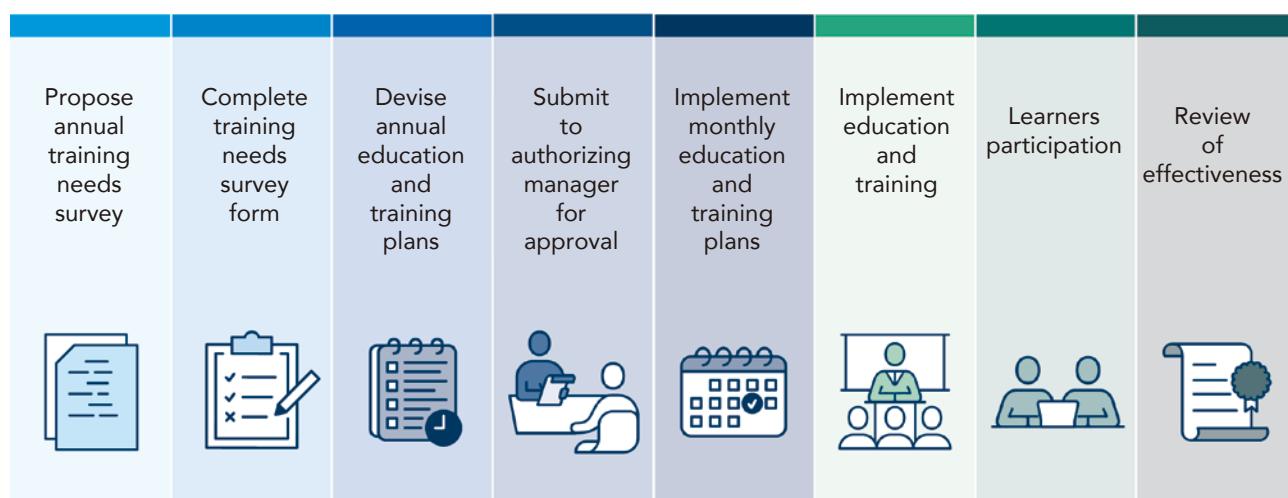
Training and Development

Zhen Ding believes that the right talent and the right personality will enable employees to help the company create higher value. We are committed to learning development and talent development, so that employees in both management and technical positions can properly develop according to their personal characteristics and expertise, and employees can find corresponding training programs at each stage of development to meet their growth needs. To strengthen the management ability of supervisors at all levels, we have introduced a large number of corresponding courses according to different levels to encourage employees to learn independently and grow together with the company.

Talent is the most valuable asset of the company, and the growth of the company is related to the learning and development of employees. Therefore, the training system of Zhen Ding is centered on the strategic development of the company and we aim to become a learning organization, actively promoting self-learning and on-the-job training for employees. Internal training courses proceed as follows:



1 ➡ 2 ➡ 3 ➡ 4 ➡ 5 ➡ 6 ➡ 7 ➡ 8

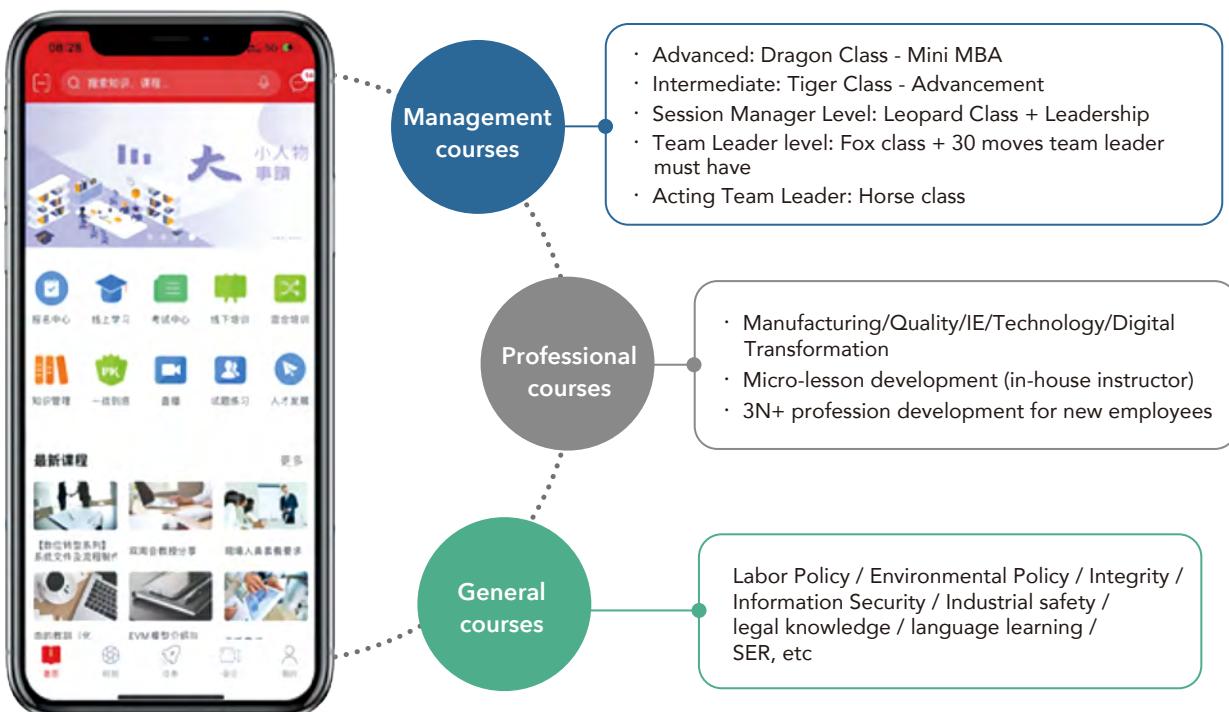


Encourage multi-skilled workers and establish a talent cultivation system

Focus on on-the-job training and planning of job development map to develop future talents.

In response to the rapidly changing global environment, and to meet the needs of manufacturing sector, customer requirements, and to fulfill our corporate responsibility, Zhen Ding has established a talent cultivation system with corresponding training contents designed for different positions and specialties, in order to effectively integrate internal resources and systematically cultivate the various talents required for the operation and development of the organization. Zhen Ding established a talent training system and designed education and training contents for corresponding job levels and departments to effectively integrate internal resources and systematically foster all types of professionals required for organizational operations and development. To this end, in 2021, Zhen Ding formulated a learning plan for our employees and encouraged them to choose learning resources and learning methods according to their needs. The Mini MBA management course was introduced to address the core competencies of supervisors at different levels, providing solid and systematic training on management functions for supervisors at all levels, with an average satisfaction rating of over 95 points.

In 2021, the average learning hours per employee was 48 hours [total learning hours / average annual workforce (average number of employees at the end of month)], and the total annual training expenses exceeded NT\$32.67 million. Developing corresponding management courses for different levels:



Promote independent learning and E-Learning learning platforms

Provide multiple learning channels to encourage employees to learn on their own to enhance their potential

Due to the impact of the COVID-19 pandemic, Zhen Ding began to systematically introduce the online learning platform "Ding Sheng E-Learning APP" in August 2020, officially opening a new chapter of digital learning. However, due to the continued spread and instability of the pandemic in 2021, Zhen Ding strengthened the promotion and use of Ding Sheng E-Learning APP and planned various learning development projects to meet the needs of the organization. Through the use and promotion of the internal learning platform, together with online, offline, and mixed training channels, employees are encouraged to use their spare time for learning, and at the same time, examinations are used to promote learning and strengthen employees' learning efficiency and cultivate independent learning habits.

At the same time, to encourage employees' active participation, we welcome employees to contribute their knowledge and upload and share courses, with an internal course development rate of nearly 59.5% in 2021. Up to now, most of our employees have become accustomed to the use and learning through the platform of Ding Sheng E-Learning APP.

In 2021, a total of 1,478 in-house courses were available on the platform for employee. In 2021, the usage rate of the platform was 98%, and the learning rate reached 88%.





4-4 Compensation and Benefit

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 a 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. At the same time, depending on the annual profit situation, a certain percentage of the annual profit is allocated as employee performance bonus.

To keep the Group's general salary offers competitive, the Office of Human Resources plans and reviews remuneration policies of different operating locations 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 of each manufacturing site. In addition, 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 the basis of gender, age, nationality, race, religion, gender identity, marital status, disabilities, and political affiliation. In general, employees working at respective location 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		China		
		Taoyuan	Dayuan	Shenzhen	Qinhuangdao	Huai'an
Male		100%	100%	100%	105%	109%
Female		125%	100%	100%	105%	109%

Note: 1. As Taoyuan do not hire 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 regularly conducts performance appraisal of employees and also provides incentives in the form of bonuses, salary adjustments, profit sharing, and promotions accordingly. 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, performance is one of the key topics of discussion between supervisors and subordinates for the year. 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		Qinhuangdao		Huai'an		Other Locations		Total
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Number of employees receiving regular reviews of performance and career development		1,199	844	7,940	3,972	7,870	4,146	7,231	4,049	198	164	37,613
Total number of employees		1,346	929	8,797	4,241	9,432	4,981	8,262	4,447	219	166	42,820
Percentage		89%	91%	90%	94%	83%	83%	88%	91%	90%	99%	88%

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.

For employees under the former labor pension system, the company has established the "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 pension system" stipulated in the Labor Pension Act, for employees who were covered by the former labor pension system 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 personal 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	Qinhuangdao	Huai'an
The Company's Contribution	Non-Shenzhen residents:14% Shenzhen residents:15%	16%	16%
Percentage of Employees Covered by Pension Benefits	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 to employees and protecting their rights to work, Zhen Ding provides promotion and salary adjustment opportunities every year to reward the employees with excellent performance, and also provides various bonuses such as production incentives and year-end bonuses depending on the company's operational performance. The company also provides other related benefits.





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 campuses 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	7,229	24,178	2,747	4,061	1,749	17,774	11,108

Sincere Communication

The Ding Sheng Time Magazine not only repeatedly advocates the company's corporate culture and core values of Integrity, Responsibility, Innovation, Excellence, and Altruism, but also provides brief reports of major activities held in each operating location. In addition, there are columns dedicated to knowledge on laws, poems, 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 external events and the Bao'an Development Exhibitions to interact with, learn from, and grow with external communities and showcase the corporate image of Zhen Ding and the unique qualities of our employees.

The company encourages employees to participate in joint management to improve the company's performance. In addition to the monthly extended morning meetings to communicate the major issues of the internal and external environment, the union committee also conducts regular communication meetings with employees. Through diversified communication platforms, we conduct timely and effective exchange of opinions with employees, actively shape a culture of mutual respect, communication and trust, in order to enhance employees' sense of identity, belonging and achievement with the company, thereby creating a harmonious labor-management relationship.

4-5 Health and Safety

Occupational and Health and Safety Management Policies

Safety is the basis and prerequisite for all activities. In a constantly developing society wherein economic globalization intensifies and technological advancement continues, the safety during production has become a prominent issue in the course of economic and societal development. "People-oriented, paying attention to employee health and safety" is an important guarantee for the development of a modern enterprise.

Medium to Long-Term Targets

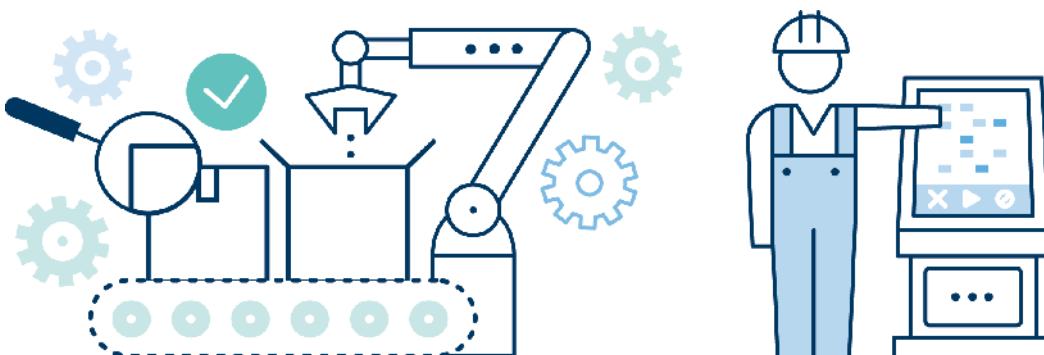
1. Mid-Term Target: Autonomous/team-based safety management

2. Long-Term Target: A zero-incident company (zero incidents: no major disasters)

Standards for Assessing Management Direction and Performance

Occupational Health and Safety Issues	Targets	2021 Actual Results	2021 Target Achieved	2022 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%

The following table shows the occurrence of occupational injuries and occupational diseases in each site of Zhen Ding in 2021. The number of fatalities caused by occupational injuries, the number of fatalities caused by occupational diseases, and the number of recordable occupational diseases for the year were all 0. The incidence rate of recordable occupational injuries was 0.27, and the types of injuries were mainly mechanical injuries and chemical burns.



2021 Occupational Injury Statistics

Employees	Number of fatalities caused by occupational injuries	0
	Incidence of fatalities caused by occupational injuries	0
	Incidence of recordable occupational injuries	0.27
	Major type of occupational injuries	Mechanical injuries and chemical burns
	Number of fatalities caused by occupational diseases	0
	Incidence of fatalities occupational diseases	0
	Number of recordable occupational diseases	0
	The rate of loss of 1,000,000 work hours	9.84
	The rate of loss of 200,000 work hours	1.97
	Number of fatalities caused by occupational injuries	0
Non-employee Workers or Contract Workers	Incidence of fatalities caused by occupational injuries	0
	Number of fatalities caused by occupational diseases	0
	Incidence of fatalities occupational diseases	0
	Number of recordable occupational diseases	0
	Number of fatalities caused by occupational injuries	0

	2018	2019	2020	2021
The rate of loss of 200,000 work hours	2.32	2.08	3.31	1.97
The rate of loss of 1,000,000 work hours	11.58	10.38	16.56	9.84

Note: 1.The rate of loss of 200,000 work hours = Number of days lost to occupational injury ÷ Total number of work hours × 200,000.

2.The rate of loss of 1,000,000 work hours = Number of days lost to occupational injury ÷ Total number of work hours × 1,000,000.

3.Incidence of fatalities caused by occupational injuries = Number of fatalities caused by occupational injuries ÷ Total number of work hours × 1,000,000.

4.Incidence of recordable occupational injuries = Number of recordable occupational injuries ÷ Total number of work hours × 1,000,000.

5.Incidence of fatalities occupational diseases = Number of fatalities caused by occupational diseases ÷ Total number of work hours × 1,000,000.

Occupational Health and Safety Policy and System

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 health and safety policies. Of which, the occupational health and safety policies are as follows:



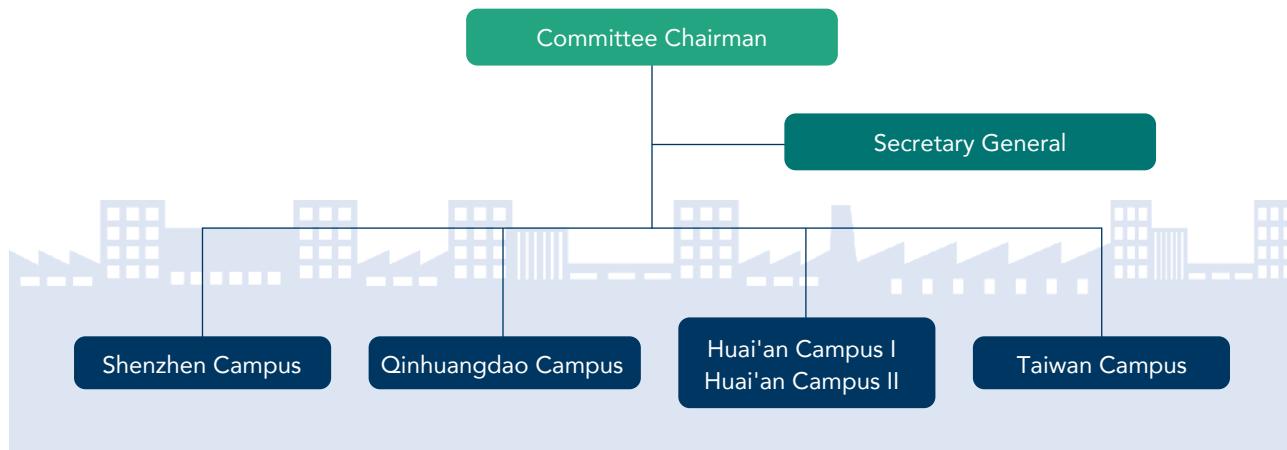
For a safe and healthy working environment for employees and contracted employees working in our company, and to continuously improve occupational health and safety performance, Zhen Ding has implemented the Occupational Safety and Health Management System ISO45001, which has covered 100% of workers, activities, and workplaces. In 2021, the Shenzhen Campus, Qinhuangdao Campus, Huai'an Campus I, Huai'an Campus II, and Taiwan Campus, have all passed ISO45001:2018 annual audits to ensure that both employees and contractors meet regulatory and other requirements.

According to Article 4 of the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Disease": the employer shall create a working environment and conditions for workers that meet national occupational health standards and hygiene requirements, and take measures to ensure that workers receive occupational health protection.

Article 11 of the "Provisions on the Administration of Occupational Health at Workplaces": employers with occupational hazards shall prepare plans and implementation schemes for the prevention and control of occupational diseases, and establish and improve the following occupational health management rules and operating procedures.

The industrial safety department of each campus has specialized personnel responsible for the business planning and promotion of safety and health management in their respective campus, who are licensed to work in their position, while the industrial safety department of each campus is directly under the administration supervisor of the campus.

Safety Production Committee



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. Promoting safety regulations, reviewing industrial safety incidents, improving industrial safety management, and exchanging ideas among different campuses is achieved through the meetings.

The Safety Production Committee, which is composed of members from production, manufacturing, and peripheral departments. A meeting will be joined by the representative of the safety division or the member of safety committee, and manager of contract workers, who shall be responsible for communicating any action items and safety-related requirements discussed in the meeting.

Campus	Shenzhen Campus	Qinhuangdao Campus	Huai'an Campus I	Huai'an Campus II	Taiwan Campus
Frequency	Once per month	Once per month	Once per month	Once per month	Once per month
Discussion Topics	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, reviews of work-related injuries/accidents, safety management of contracted workers and trainings for new employees.				

In addition to the company-level safety committee, in order to promote local management, each plant has a safety meeting at least once a month chaired by the plant manager or his/her proxy to analyze potential hazards and promote safety issues.

Occupational 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, 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.

According to Article 41 of the "Law of the People's Republic of China on Safety Production" - "production and operation units shall establish a safety risk classification and control system and take corresponding control measures according to the safety risk classification", we have developed a safety assessment system to effectively prevent the occurrence of occupational hazards. Every three years, we ask a third-party evaluation organization to identify the risks in the workplace, analyze the risk points step by step according to the operation process, and continuously improve the management measures. At the same time, we organize risk identification within the company once a year and prioritize engineering and technical measures for unacceptable risks to reduce the frequency of occupational accidents. We also evaluate new machines and equipment and establish safety regulations for the equipment procurement evaluation. Safety assessment and acceptance are conducted before procurement, during installation, and before production. We eliminate the unsafe condition of equipment at the source, reduce the risk during personnel use, identify the hazards, and request the contractor to rectify the equipment posing actual danger, and only import the equipment after the rectification is passed. Source control measures such as the selection of less toxic chemicals instead of highly toxic chemicals for chemicals used on site are evaluated to ensure the safety of employees and working places.

In addition, for unscheduled high-risk operations, contractors are required to submit an application before the operation, and industrial safety personnel will check whether the work site environment and protective measures are in compliance with the regulations and give approval before the operation. In the process of operation, the relevant departments will conduct supervision throughout or conduct inspection regularly.

Safety Problem Inspection and Correction

To identify and deal with potential hazards in a timely and efficient manner, we are constantly refining our inspection methods and approaches, moving from reliance management to autonomous management. 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 campuses, and construction safety. The audit for deficiencies are classified into G, P and K. Items under G are less difficult to improve and should be improved immediately. Items under P require a process of improvement and needs to be completed as soon as possible. Items under K are difficult to improve or has a significant impact, and the production need to be suspended or construction carried out for improvement.

Types of deficiencies	Classification	Instance
G	Generally can be immediately rectified: refers to the degree of harm is small, if not handled in the short term will not cause a major impact, even if the impact is not significant and controllable, but will affect the site management, such hidden dangers shall be rectified within designated time.	The absence of the safety device does not affect the function, i.e. there is a heating trend, and the 5S affects of the environment
P	Rectification requires a process, can not be rectified immediately, need to be rectified as soon as possible: refers to the degree of harm is larger, if not handled, may cause a certain impact of the safety incidents, in the short term will not cause major abnormalities, such hidden dangers shall be rectified within a short period of time	The absence of safety devices affects some functions, i.e. the safety exit is blocked and needs to be cleared before it can pass through, the temperature is over-alert, and the 5S affects of safe operation/fire risk
K	General rectification is difficult, need to stop production or construction improvement, or significant impact of rectification deficiencies: refers to the degree of serious harm, which may immediately lead to fire / serious injury to personnel / serious leakage of chemicals / equipment downtime and other accidents, such hidden dangers must be immediately rectified or stopped for rectification (before the suspension of production and improvements, the temporary and feasible effective countermeasures of remaining risks shall be approved by the top manager of the department and the safety supervisor)	The safety device loses function, i.e. the safety exit is blocked and cannot be removed, or the lock cannot be opened, the over-temperature, the over-pressure, and the 5S risks of immediate fire

Employees have the right to report to the supervisor about any plant, production line, or equipment that does not meet the requirements of safe production and pose serious danger. In case of serious danger to life and property, employees have the right to stop operation and report to the senior supervisor immediately.

Inspection Measures	Description
Daily Inspection	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 each campus every month.
Special Inspection	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.
Cross Inspection	Plants learning from each other from the cross-inspection per month
Self-inspection of Safety	Self-inspection organized internally by respective departments
Inspection led by Plant Manager	Inspection led by plant manager or his/her proxy at least once a month

Preventing and Mitigating the Impact of Occupational Safety and Health Directly Related to Business

Project Name	Implements	Improvements
Investigation of the level of work injuries/ accidents	In the event of a work injury/accident, the safety department formulates an inspection project, and meantime each campus carries out the investigation	Prevention the recurrence of similar events effectively
Cross-inspection between business units and reporting to audit safety committee	Joint audits by different departments to identify hidden dangers from different angles	Improve auditor's inspection professions
Multi-channel training on safety and occupational health knowledge	Promote safety production knowledge through channels such as mini programs, advertising machines, broadcasting and mobile APPs	Raise employee safety awareness

Employee Safety and Work Environment Protection Measures

Zhen Ding attaches great importance to safety production work and has formulated various measures to protect employees' personal safety and environment. Whether they are new employees, returning workers, personnel changing to different posts, or contractors, 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. For female workers with long hair, they must wear their hair under the caps 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 the equipment, personnel should turn off the power supply to prevent electric shock or being touched by the rotating part. 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, all of Zhen Ding's operational locations have developed solutions to emergency production safety incidents as required by law, and provided these solutions to the government's safety management department for reference. Meanwhile, we inform peripheral departments of the company's nature of accidental risks, range of impact, and emergency prevention measures, and work with these departments to implement joint rescue operations and reduce the impact of incidents.



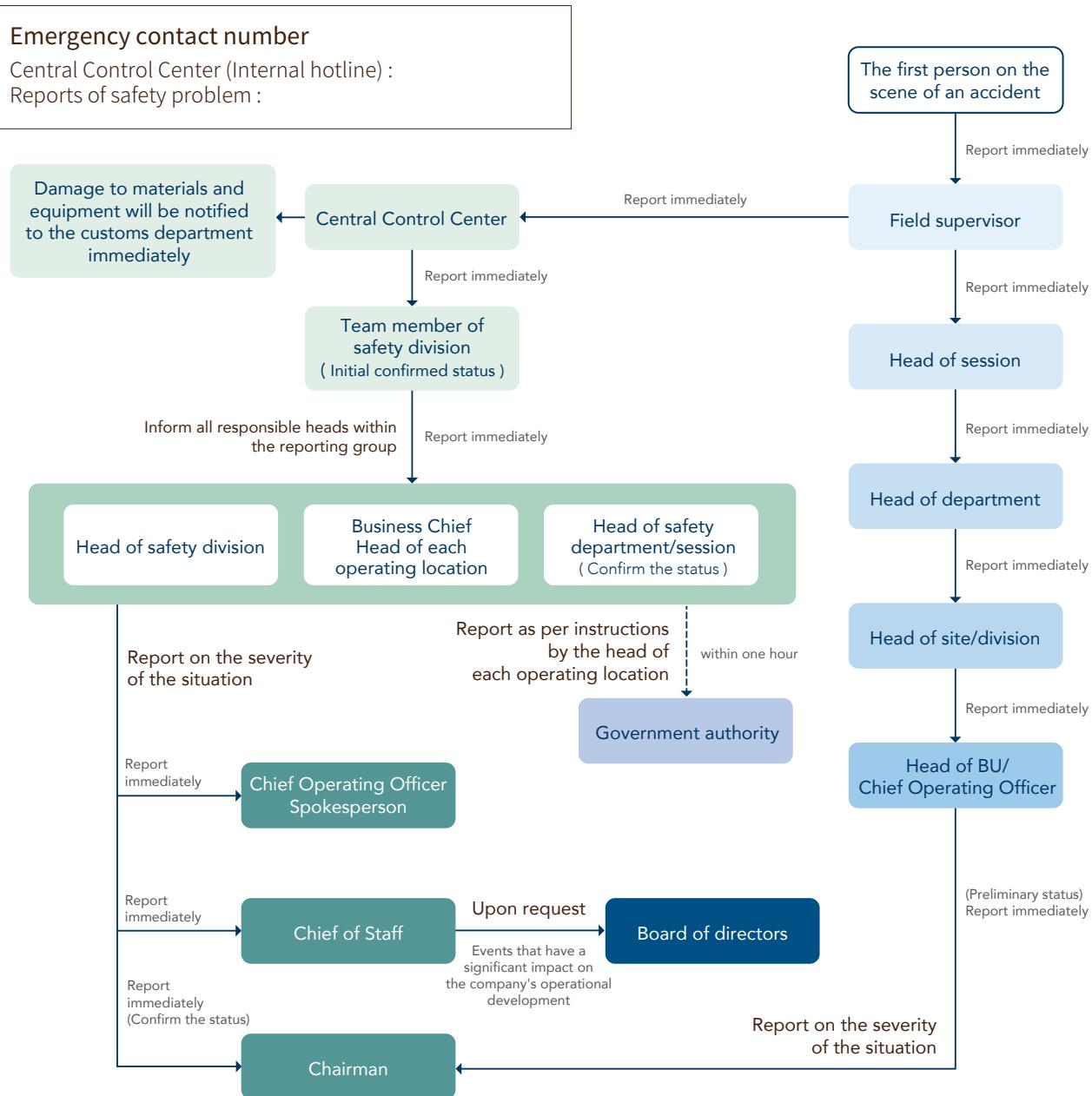
Occupational Safety Incident Management

To ensure that the relevant units can respond quickly when occupational safety incidents occur, the company has formulated the "Occupational Safety Incident Management Guidelines" SOP, which specifies the process of reporting and handling after the occurrence of an incident, and the process of follow-up investigation and handling. After the incident, the responsible unit should review the causes of the incident and propose short-term and long-term corrective measures according to the classification of the causes of the incident, and all corrective measures should be carried out according to the standards of each operational locations to prevent the recurrence of similar incidents.

Zhen Ding regularly requires its employees to practice safety drills to improve their emergency preparedness and ability to handle emergency situations. Fire drills are held once every six months. In 2021, 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. Zhen Ding's operational locations have held 381 facility safety drills and 100 fire drills.

The company implements closed-loop management of occupational safety incidents. After an occupational 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.

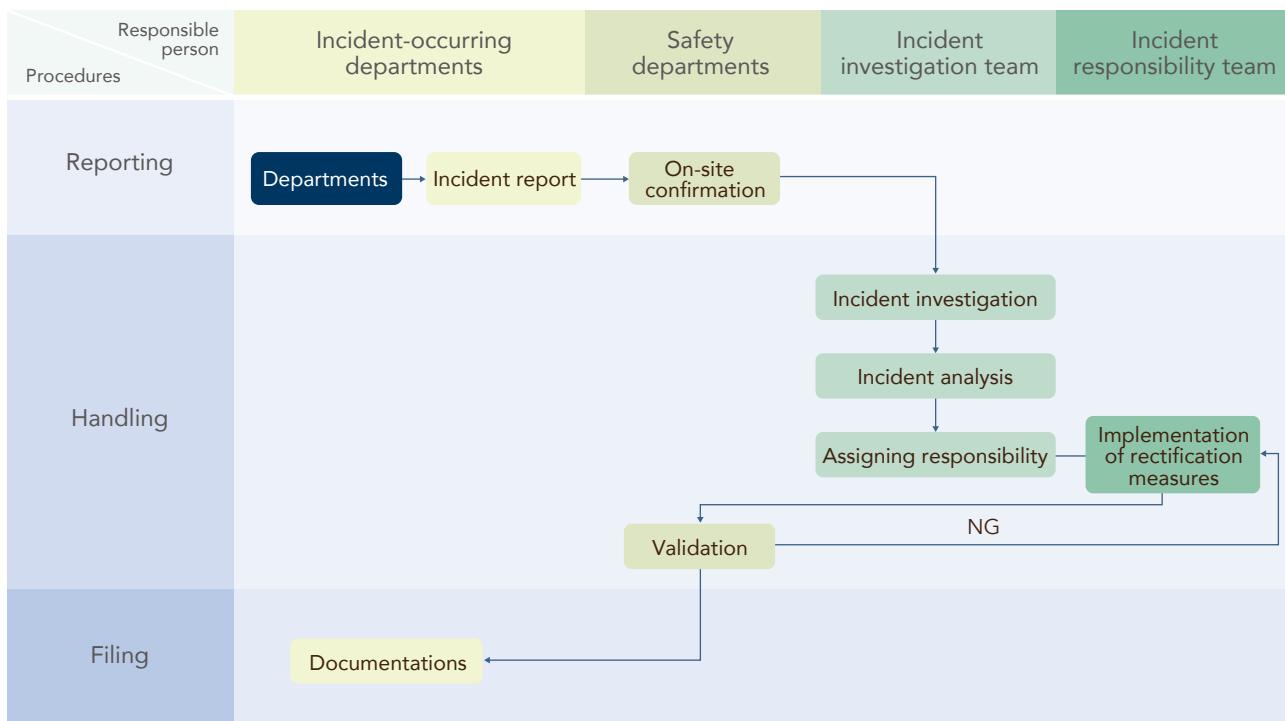
To ensure the quality of the entire reporting process, emergency drills are conducted regularly to simulate accident scenarios and actions are taken in accordance with the instructions of the plan in order to achieve the expected results. According to the different levels of incidents, the notification process is as follows:



After an incident occurs, the notification process is activated and the incident reported up each level until it reaches the chairman according to the severity of the incident. In the case of a major occasional incident (especially for significant company information that is required to be published by law), a report is made at the board of directors' meeting to ensure that board members can immediately get updated with the latest status of the company's occasional incident. If the notification to the government has to be approved by the administration supervisor, the external (including customer) spokesperson will be designated uniformly.

- **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 appoint 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 executive chief of each campus, business lead, CMO, and Chairman.

Incident investigation process



Grievance System for Safety Problems

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. Each of Zhen Ding's campus 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 on factory machines. 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.

Health Service Promotion

Chemicals Management and Occupational Health Services

To ensure the health of employees, priority is given to the use of non-toxic or low-toxic chemicals instead of highly hazardous

and highly toxic chemicals. If no viable alternatives are available, the risk level is assessed before use, while effective control measures, including labor protective equipment and engineering technical measures, are taken during operation and use. If there are non-national employees in the plant, the information about the corresponding hazardous chemicals will be translated into the language of the employees to ensure that they understand the relevant hazard information.

We have strict procedures for the entry, storage, use, and disposal of chemicals, including the inspection of suppliers' qualifications before entering the plant, and the application of relevant documentation and approval procedures for precursor chemicals. The storage in designated warehouses is managed by a designated personnel, and the highly toxic chemicals are double-locked, double-recorded, and double-accepted/delivered (by two people). According to the type and characteristics of the hazardous chemicals, the corresponding ventilation, sun protection, temperature control, fire prevention, fire suppression, explosion-proof, moisture, lightning, static electricity, anti-leakage, protective barrier are set up at the storage and operation site. Small amounts of chemicals are dispensed in small bottles and labor protective equipment is worn on site, while large amounts are added automatically by the chemical supply system. Chemical waste and empty drums are recycled by professional units.

Zhen Ding hires certified third-party 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. Each of Zhen Ding's campus have completed the annual inspection for 2021. In addition, the company conducts internal quarterly noise inspections (once a quarter) 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. The company reported 0 cases of occupational diseases in 2021.

The Industrial Safety Department of campus will report the annual environmental risk factor test 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	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.

Each campus has employed local medical institutions or hospitals with medical practice permits to conduct occupational health checkups of employees working in hazardous positions before they start/during their time/after they resign from working dangerous jobs. Subsequently, physical examination items are determined according to the various risk factors associated with these jobs.

In 2021, a total of 18,387 employees received physical examinations before they start/during their time/after they resign from working dangerous jobs. Employees who returned abnormal results or occupational contraindications will be tracked to verify their status and have their position adjusted for improvement.

Unit: number of employees

Locations	Shenzhen Campus	Qinhuangdao Campus	Huai'an Campus I	Huai'an Campus II	Taiwan Campus	Total
Physical examinations before job	2,175	3,327	2,298	3,763	N/A	11,563
Physical examinations during job	1,346	1,629	835	859	196	4,865
Physical examinations after resignation	425	644	417	473	N/A	1,959

Pandemic Prevention Measures

To fight against the COVID-19 epidemic together with the world, the company has developed simple and concise material (text and image) on pandemic prevention knowledge, all employees shall pass the test online to make sure that everyone has relevant pandemic prevention knowledge. In addition, the company put up posters in public locations such as operational sites 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 carried out a series of statistics and analysis on the changes of the pandemic situation at the plants and the adjacent areas, so as to prepare for the corresponding countermeasures and preparations. When risk areas appear, each operational location will strictly follow the government policies and cooperate with the government to complete the pandemic investigation and implement the measures of isolation and nucleic acid testing. If there is an outbreak of the pandemic at any of operational location, we will fully cooperate with the government to carry out nucleic acid testing of all employees. We will control the entry of employees from major pandemic areas, check their trip itinerary cards and nucleic acid testing results when they enter the plant, and ensure that they report their personal information truthfully to establish the first line of defense.

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 14 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. We ensure that 100% of control, 100% of investigation, and 100% of confirmation is properly implemented.

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, and vehicles.

In the event of a serious outbreak in the location/city where the operational location is located, 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.

To actively respond to the national policy and improve the immune barrier, the company arranged the first dose, second dose and third dose of COVID-19 booster vaccination in the campus of Shenzhen, Qinhuangdao and Huai'an. In Taiwan Campus, employees made their own appointment to go to the hospital for vaccination. Vaccination as of April 2022 are as follows:

Vaccination Arrangements for Employees	The first dose	The second dose	The third dose
Vaccination Coverage	100%	99.7%	94.5%

Note: Some employees were unable to receive the vaccine due to personal health issues, pregnancy, breastfeeding, and other factors.

The vaccination work at each operational location has received the firm affirmation of the government and media, and is highly regarded as a model to be followed. Vaccination of employees will continue to be arranged for each campus.

Occupational Health and Safety Promotion

Employee Education and Training

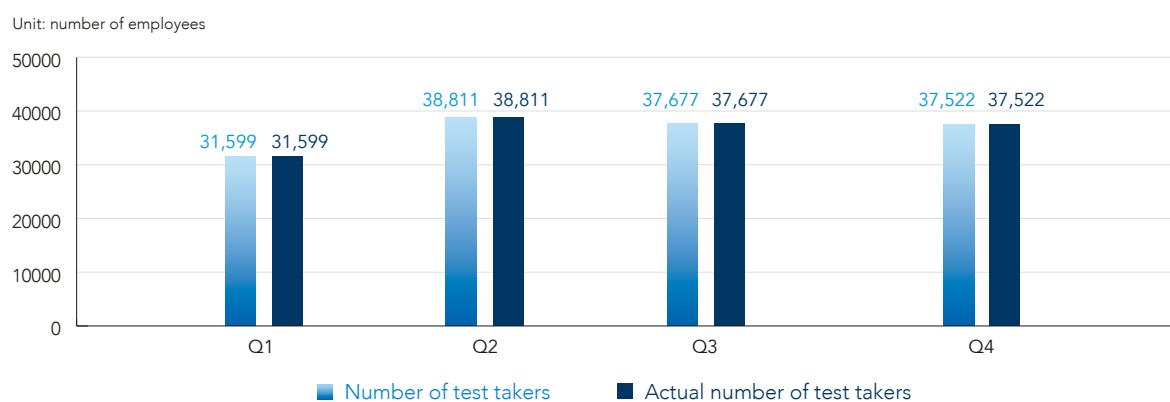
In addition to the education and training courses required by law, Zhen Ding has set up an "Safety Column" in the company's internal publication "Ding Sheng Time Magazine", broadcasted safety videos on the TVs and advertisers in each of the company's operational location, broadcasted safety-related knowledge on a regular basis, and promoted safety knowledge through the WeChats "Ding Ding Daming Applet" of the Ding Sheng E-Learning APP to raise the safety awareness of employees across the board.

In 2021, in the campus of Shenzhen, Qinhuangdao, Huai'an, and Taiwan, safety training for in-service employees includes A-level personnel training, emergency response, fire drills, safety training for the introduction of new equipment, and licenses required by law (e.g. electrician's license, pressure vessel operator's license) etc. Classes are conducted in the local language or the language of the non-national employees, and return visits are made after the training to ensure the effectiveness of the training. All of the training time took place during working hours.

The company plans a series of safety awareness tests on the basis of its safety training. The tests are aimed at improving the safety competency of Zhen Ding employees and improving their ability to respond to emergency situations and provide first aid assistance in the event of danger. From April 2017, an online safety awareness test was integrated into the company's internal app. 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 2021, some departments have conducted the test on specific topics, including the following:

Test Items	Q1	Q2	Q3	Q4
General Knowledge	Fire safety Electrical safety Hazardous chemical safety Transportation safety	Fire safety Electrical safety Hazardous chemical safety Transportation safety Safety in summer	Fire safety Electrical safety Hazardous chemical safety Transportation safety Facility safety education	Electrical safety Transportation safety
Manufacturing	Manufacturing safety	Manufacturing safety	Manufacturing safety	Manufacturing safety
Equipment/ Electricity	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, 145,609 employees took the test in 2021, for a participation and pass rate of 100%. Quarterly statistics on the implementation status is as follows:





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 knowledge quiz, safety knowledge competition, emergency response equipment on-hand practice, safety cartoon/poster competition. These lively and dynamic approaches are used to enhance employees' understanding of safety knowledge. In 2021, Zhen Ding's operational location have organized 12 safety activities.

Shenzhen Campus	Qinhuangdao Campus	Huai'an Campus I / Campus II
Safety production management report evaluation	Safety production management report evaluation	Safety production management report evaluation
Online safety knowledge learning	Safety knowledge competition	Safety knowledge competition
Facility safety drills	Facility safety drills	Facility safety drills
Firefighting operation competition	Firefighting operation competition	Firefighting operation competition

We not only implement internal safety management properly, but also interact extensively with the outside world, such as on-site visits to industry associations and outstanding enterprises, online learning and exchange, online article submission and publication. We will share our good practices with the outside world and bring back the external good practices for self-improvement management to continuously improve the safety management standards of ourselves and the industry.

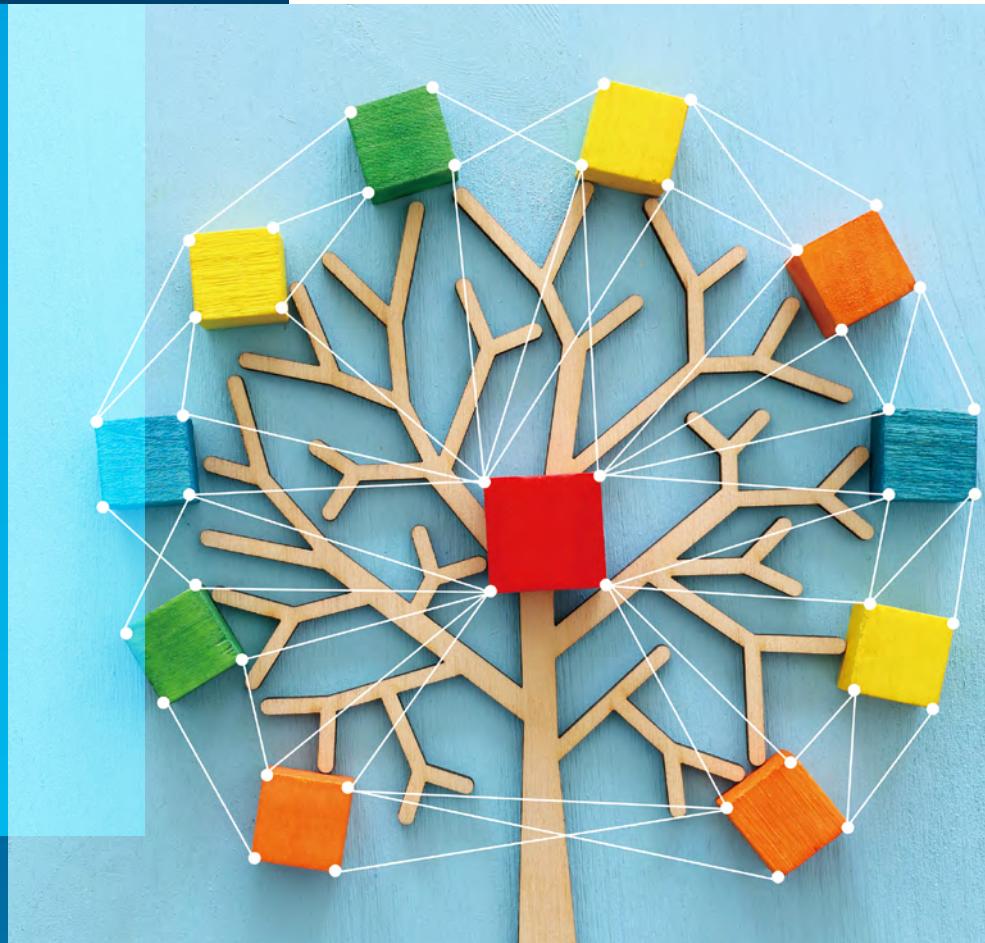
The company values its ties with governmental and community safety management units and actively arranges employees to participate in safety activities organized by the government and community. In 2021, Zhen Ding participated in safety activities that were organized by the local government in respective operational locations as follows:

1. Guanyin Industrial Zone Fire Fighting Competition: CPR project won the third place
2. Hebei Firefighting Industry Vocational Skills Competition: Winner
3. "I am a Firefighter Competition" in Qinhuangdao City Development Zone: Winners of Top1~3

Contractor Education and Training

Contractor education and training is also an important part of Zhen Ding's safety management. Zhen Ding has formulated the "Contractor 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 also require contractors to conduct safety training for their employees, while special operators need to obtain training certificates. 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 Zhen Ding campuses are required to obtain a safety training certificate (valid for one year; they must undergo training and examination again next year). In 2021, the company provided safety training to 6,480 construction workers and 999 supervisors.

COMMUNITY



2025 ESG Management Targets



60

Philanthropic Activities Supported



18

Environmental Activities Promoted



140

Financially-disadvantaged
Students Sponsored

05

5-1 Corporate Citizenship

Zhen Ding's 6 Love

We hope that employees could care for the people around them from the inside out and spread this sentiment of love around the world, starting with themselves. Our events throughout the year revolved around the "6 Love" theme so that employees could participate and demonstrate their commitment to the society. Through the "6 Love", we care for our employees and build a harmonious environment. We have also set up the Ding Sheng Time Magazine 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. In 2021, we organized 5,274 sessions of the "6 Love" events with approximately 745,372 participants.



Zhen Ding's 6 Help

We fulfilled our corporate social responsibility through a series of "6 Help" 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. In 2021, we organized 95 sessions of the "6 Help" events with approximately 27,668 participants and 2,505 volunteer service hours.

It is a traditional virtue of the Chinese culture to respect, honor, love, and help the elderly. The company regularly organizes visits to elderly people who live alone and we organize employees to provide volunteer services in retirement homes to improve employees' gratitude and awareness for respecting their elders, and provide them with love and care. **In 2021, 17 elderly care events were held, and 5,792 people participated in the activities.**

The company sponsors children's homes and provides care to environmental health workers, and lead employees to care for and spend time with disadvantaged groups in society. We organize volunteer service teams and use our actions to implement the volunteer's spirit of "sacrifice, love, helping others, and progress". **In 2021, a total of 7 assistance events were held, with a total of 1,438 participants.**

In order to further realize the company's value of "benefiting people" and fulfilling its social responsibility, the company provides disabled people with jobs to help them become self-reliant and fulfill their own goals. We also pay regular visits to the disabled home for care and comforts. In 2021, a total of 12 disabled assistance events were held, with a total of 2,302 participants.



The company encourages our employees to provide different volunteering services, such as collecting funds to set up a library, donating books and other learning materials to help children to broaden their horizon and expand their knowledge base. At the same time, we have helped to improve the teaching environment and sponsored financially-disadvantaged college students to help them grow and become successful. Zhen Ding has established a long-term support mechanism to enable more underprivileged students with excellent academic performance to complete their education. **In 2021, 29 education assistance events were held, and 3,551 people participated in the activities.**

We promote transportation safety and increase pedestrians' awareness of traffic laws to construct a civilized and orderly transportation environment. We encourage compliance with traffic laws and civilized driving. We provide citizens and environment sanitation workers with drinking water and we distribute environmentally friendly bags to fulfill our low-carbon environmental protection ideals and show how much the company cares. **In 2021, a total of 15 transportation events were held, with a total of 9,310 participants.**

We take action to demonstrate the importance of environmental health and protect the health of the environment around our manufacturing sites, in order to foster environmental awareness in employees. Volunteers spend their rest time cleaning beaches and parks, transforming their care for the environment into actions in their daily lives, and putting into practice the concept of loving the earth. **In 2021, a total of 15 cleaning events were held, with a total of 5,275 participants.**



5-2 Philanthropic Contributions



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 to have zero accidents and protect the safety of employees commuting to work and leaving work.

Giving Back to the Community

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 "6 Help" public welfare brand activities, Zhen Ding pays great attention to education in our "Helping with Education" public welfare activities. In 2021, 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.

Philanthropic Fundraising

Locations	Name of Activity	Description	Fund Raised (NT\$ 10 thousand)
Shenzhen	Fundraising for Guangdong Poverty Alleviation Day	Donation of RMB 300,000	129
Shenzhen	Cash contribution for poverty alleviation of "the Target Hundred Villages"	Donation of RMB 300,000	129
Shenzhen	Sponsorship for "2021 Shenzhen Baoan International Marathon"	Donation of RMB 500,000	214
Huai'an	Cash contribution event of Development Zone	Donation of RMB 200,000	85
Huai'an	Cash contribution of Charity Day	Donation of RMB 300,000	129
Qinhuangdao	Philanthropic Contributions of the 1000 enterprises	Donation of RMB 10,000	4
Qinhuangdao	Cash contribution for poverty alleviation efforts	Donation of RMB 50,000	21
Taiwan	Food donations to Taoyuan Armed Forces General Hospital, Hong-Hua Child Home and Chung Yi Social Welfare Foundation	Donation of 380 boxes of rice	22
Total			733

Philanthropic Contributions

NT\$ 10 thousand	Helping the Elderly	Helping the Disadvantaged	Helping the Disabled	Helping with Education	Help Transportation	Help Cleanliness	Subtotal
In-kind donations (daily necessities, epidemic prevention supplies, educational supplies, etc.)	10	9	9	58	38	6	130
Cash donations			1,290				1,290
Total							1,420



My Piece of Land

We are fully aware of the importance of environmental conservation and sustainable management, and we are committed to environmental protection and the preservation of the natural ecology, to create a model of a green company. For the 10th year running, we have carried out the rice field adoption program. Zhen Ding has supported over 11.5 hectares of eco-friendly rice fields and worked together with farmers to ensure that nearly 30,000 kilograms of natural-farming rice can ripen. The adopted rice fields are all cultivated using the "natural farming method", which means that the non-toxic rice grown will not cause soil or environmental pollution and will return the healthiest ecosystem to nature.

In 2021, we will continue to cooperate with local rice farmers in Daxi and through this volunteering activity, we hope employees and their spouse can contribute to Taiwan with actual actions. Furthermore, Zhen Ding also donates a portion of the crops harvested to disadvantaged groups in need of help 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. The "Elite Training Scholarship" was set up to encourage students to devote themselves to relevant academic research and technological innovation, so that we can identify outstanding talents for Zhen Ding early on. In 2021, a total of 26 technological development projects through industry-academia collaboration were carried out, and NT\$2.16 million in scholarships and grants have been awarded to help students grow and develop their potential.

In 2021, Zhen Ding worked with the Education Bureau of the Taoyuan City Government to support the Technical and Vocational Training Program and set up a scholarship program for students with outstanding performance and with their household registration in Taoyuan City. In 2021, 363 technical and vocational scholarships, 86 technical and vocational bursaries, and 30 technical and vocational special merit scholarships were awarded to a total of 479 students, with a total award amount of NT\$5.07 million.



Philanthropic Support for Education

Zhen Ding focuses on education and continues to make efforts to eliminate the gap in educational resources and promote the growth and success of young talents. In 2021, a total of 297 financially-disadvantaged students from 13 schools were sponsored and 7 financially-disadvantaged elementary schools were visited, with the amount totaling over NT\$6.25 million.

1. 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. During 2021, we visited seven elementary school and donated about NT\$330,000 in desks, chairs, books, and winter warming materials, as well as set up book corners in financially-disadvantaged schools. At the same time, classes on traffic safety and green school activities were held for the students, and interactive games were used to help them broaden their horizons.

2. Continued with philanthropic activities to support financially-disadvantaged students with outstanding academic performance

Zhen Ding has continued with the 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, we carry out care interactions to keep an eye on the growth and learning of our students. At the same time, volunteers visit the families of financially-disadvantaged students in the mountainous areas, pay attention to the growth environment of students, and encourage the development of students. In 2021, a total of 297 financially-disadvantaged students from 13 schools were sponsored and the amount totaled over NT\$5.67 million.



At the same time, Zhen Ding regularly interacts with the students and cares about their growth and learning, and presents them with a gift package at the beginning of the school year. Before the Chinese New Year, we visited financially-disadvantaged elementary schools to prepare Chinese New Year's gifts for students and celebrate the festivities. We donated about NT\$250,000 in total.



List of Scholarships

No.	Location	Sponsored Schools	2019 Number of Sponsored Students	2020 Number of Sponsored Students	2021 Number of Sponsored Students
1	China	Shenzhen University		20	19
2		Guangdong University of Technology		15	15
3		Dongguan University of Technology		15	14
4		Yanshan University		20	20
5		Hebei University of Technology		15	15
6		Hebei Normal University of Science and Technology		15	15
7		Huaiyin Institute of Technology		20	20
8		Huaiyin Normal University		15	15
9		Nanjing Institute of Technology		15	15
10		Schools located in Ziyang, Shaanxi	12	42	89
11	Taiwan	National Tsing Hua University		18	28
12		Chung Yuan Christian University	3	7	17
13		Yuan Ze University		5	15
Total			15	222	297



APPENDIX





Environmental Data

Expenditures and Investment for Environmental Protection (Unit: thousands NT\$)

Category	Items	2017	2018	2019	2020	2021
Costs of climate change	Costs related to climate change and R&D investment	21,440	1,744	11,152	6,426	2,367
Direct Cost of Reducing Environmental Load	Cost of pollution prevention and control					
	Cost of resource saving	201,717	358,436	605,131	662,797	497,251
	Cost of recycling general waste and hazardous waste					
	Environmental protection education and training expenses					
Indirect Cost of Reducing Environmental Load (environment-related management expenses)	Environmental management system certification expenses					
	Environmental monitoring expenses	19,622	21,299	26,598	45,253	69,872
	Procurement of environmental protection products					
	Environmental protection and organization operation and management expenses					
	Research and development					
Total		242,779	381,479	642,881	714,476	569,490

Note: On November 4, 2020, Boardtek Electronics Corporation officially became a 100% owned subsidiary of Zhen Ding and its relevant data is included in the 2021 Sustainability Report.

Energy Consumption

Category	Unit	2017	2018	2019	2020	2021
Electricity	MWh	805,903	910,892	989,495	1,126,831	1,423,830
Gasoline	Liters	343,041	333,612	229,540	141,660	105,076
Diesel	Liters	78,447	155,904	57,292	79,081	114,463
Natural gas	m ³	11,520,773	12,623,606	13,845,454	14,589,776	15,099,001
Purchased steam	Metric Ton	101,308	121,466	114,901	123,312	141,398
Purchased heat power	GJ	124,675	121,826	124,045	141,977	179,057
Total energy	GJ	3,752,573	4,245,459	4,553,093	5,115,354	62,91,661

Energy Intensity

Category	Unit	2017	2018	2019	2020	2021
Electricity intensity	GJ/ millions NT\$	26.53	27.81	29.67	30.90	33.05
Gasoline intensity	GJ/ millions NT\$	0.10	0.09	0.06	0.03	0.02
Diesel intensity	GJ/ millions NT\$	0.03	0.05	0.02	0.02	0.03
Natural gas intensity	GJ/ millions NT\$	4.11	4.17	4.49	4.33	3.79
Purchased steam intensity	GJ/ millions NT\$	2.45	2.86	2.65	2.60	2.53
Purchased heat power intensity	GJ/ millions NT\$	1.14	1.03	1.03	1.08	1.16
Total energy intensity	GJ/ millions NT\$	34.35	36.01	37.92	38.97	40.58

Note: On November 4, 2020, Boardtek Electronics Corporation officially became a 100% owned subsidiary of Zhen Ding and its relevant data is included in the 2021 Sustainability Report.

Greenhouse Gas Emissions

Category	Unit	2017	2018	2019	2020	2021
Scope 1	Tons CO ₂ e	34,427	36,881	38,076	42,289	53,131
Scope 2	Tons CO ₂ e	620,993	678,134	694,596	849,479	1,041,369
Scope 3	Tons CO ₂ e	12,741	14,704	10,923	11,800	28,476
Scope 1and Scope 2	Tons CO ₂ e	655,420	715,015	732,672	891,768	1,094,500
Total GHG emissions	Tons CO ₂ e	668,162	729,718	743,594	903,568	1,122,976
Scope 1+ Scope 2 GHG intensity	Tons CO ₂ e / millions NT\$	6.00	6.06	6.10	6.79	7.06
Scope 1+ Scope 2 GHG intensity reduction target	%	15%	20%	23%	25%	30%
Scope 1+ Scope 2 GHG intensity reduction results	%	38%	37%	37%	30%	37%

Note: 1.GHGs are monitored by operational control.

2.Emission coefficient is calculated using the latest standards announced by local governments in China and Taiwan (electricity emission coefficient: Shenzhen 0.5271kg CO₂/kWh, Qinhuangdao 0.8843 kg CO₂/kWh, Huai'an 0.7035 kg CO₂/kWh, Taoyuan 0.502 kg CO₂/kWh).

3.The six types of gases included in the calculation are: carbon dioxide, methane, nitrous oxide, chlorofluorocarbon, perfluorocarbons, and sulfur hexafluoride. The global warming potential (GWP) ratios used are based on the data from IPCC's Fifth Assessment Report.

4.In 2013, the infrastructures were complete, therefore, 2013 is used as the baseline for comparison with environmental data. For the baseline year of 2013, scope 1 emissions were 35,282 tons CO₂e, scope 2 emissions were 593,025 tons CO₂e, and scope 3 emissions were 4,486 tons CO₂e. The emissions intensity of scope 1 and 2 was 9.74 tons CO₂e/millions NT\$.

5.Emission intensity = Emissions of scope 1 and 2 ÷ Revenue

6.The carbon intensity reduction target for 2025 is 40% (based on the 2013 carbon intensity of 9.74 tons CO₂e/ millions NT\$).

7.On November 4, 2020, Boardtek Electronics Corporation officially became a 100% owned subsidiary of Zhen Ding and its relevant data is included in the 2021 Sustainability Report. As the calculation of carbon intensity of scope 1 and 2 for the year 2013 (as baseline for comparison) does not include Boardtek, the same applies to year 2021.

Water Consumption

Category	Unit	2017	2018	2019	2020	2021
Municipal water	Million liters	6,280	6,567	7,360	7,397	9,020
Underground water	Million liters	4,559	4,574	4,123	4,724	4,862
Total water consumption	Million liters	10,839	11,141	11,483	12,121	13,882
Water intensity	Million liters/ million NT\$	0.0996	0.0945	0.0956	0.0923	0.0829
Water intensity reduction results	%	24	28	27	30	37

Note: 1.Total water consumption = municipal water + underground water

2.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.

3.Water intensity = total water consumption ÷ revenue; reduction rate is based on water intensity of 0.1314 million liters/million NT\$ in 2013, the same years applies to carbon intensity.

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

5.As the calculation of water intensity for the year 2013 (as baseline for comparison) does not include Boardtek, the same applies to year 2021.

Water Reuse

Category	Unit	2017	2018	2019	2020	2021
Water recycled for reuse	Million liters	3,287	3,717	5,637	7,522	10,118
Water recycling rate – actual results	%	30.3	33.4	49.1	45.8	50.5
Water recycling rate – targets	%	30	31	40	45	48

Note: the calculation of water recycling rate from 2007 to 2019 is "water recycled for reuse ÷ total water consumption $\times 100\%$ ". Starting from 2020, the calculation of water recycling rate has been changed to "water recycled for reuse ÷ (water recycled for reuse + total wastewater discharge) $\times 100\%$ ".



Water Reuse at Each Operation Location

Location	Unit	2017	2018	2019	2020	2021
Shenzhen Campus	Million liters	1,280	1,316	1,646	1,819	2,187
Huai'an Campus I	Million liters	131	489	522	593	1,322
Huai'an Campus II	Million liters	116	236	415	671	1,528
Qinhuangdao Campus	Million liters	1,673	1,605	3,005	4,439	4,972
Boardtek Campus	Million liters	N/A	N/A	N/A	N/A	109

Targets and Achievements of Wastewater Quality

Location	Water Quality Indicator	Unit	2021 Status	Standard	Target	Achievement
Shenzhen Campus	Hydrogen ion concentration (pH)	-	7.51	6-9	6-9	Exceed the Target
	Chemical oxygen demand (COD)	mg/L	92	160	100	Exceed the Target
	Copper ion (Cu)	mg/L	0.06	1.0	0.6	Exceed the Target
Qinhuangdao Campus	Hydrogen ion concentration (pH)	-	0.51	6-9	6-9	Exceed the Target
	Chemical oxygen demand (COD)	mg/L	165	400	200	Exceed the Target
	Copper ion (Cu)	mg/L	0.06	0.5	0.4	Exceed the Target
Huai'an Campus I	Hydrogen ion concentration (pH)	-	7.69	6-9	6-9	Exceed the Target
	Chemical oxygen demand (COD)	mg/L	183	400	320	Exceed the Target
	Copper ion (Cu)	mg/L	0.23	2.0	1.5	Exceed the Target
Huai'an Campus II	Hydrogen ion concentration (pH)	-	7.25	6-9	6-9	Exceed the Target
	Chemical oxygen demand (COD)	mg/L	149	400	320	Exceed the Target
	Copper ion (Cu)	mg/L	0.13	2.0	1.5	Exceed the Target
Boardtek Campus	Hydrogen ion concentration (pH)	-	7.82	6-9	6-9	Exceed the Target
	Chemical oxygen demand (COD)	mg/L	280	560	448	Exceed the Target
	Copper ion (Cu)	mg/L	0.8	1.5	1.2	Exceed the Target

Targets and Achievements of Emissions

Location	Emission Indicator (unit: mg/m ³)	2021 Status	Standard	Target	Achievement
Shenzhen Campus	Nitrogen Oxides (furnaces)	66.29	150	120	Exceed the Target
	Sulfur Dioxide (furnaces)	Nil	50	40	Exceed the Target
	Volatile Organic Compounds	2.30	80	64	Exceed the Target
	Particles	0.24	120	96	Exceed the Target
Qinhuangdao Campus	Nitrogen Oxides (furnaces)	15.72	30	25	Exceed the Target
	Sulfur Dioxide (furnaces)	0.34	10	8	Exceed the Target
	Volatile Organic Compounds	1.14	50	40	Exceed the Target
	Particles	0.88	120	96	Exceed the Target
Huai'an Campus I	Nitrogen Oxides (furnaces)	19.67	50	40	Exceed the Target
	Sulfur Dioxide (furnaces)	3.77	100	80	Exceed the Target
	Volatile Organic Compounds	0.97	40	35	Exceed the Target
	Particles	2.87	120	96	Exceed the Target
Huai'an Campus II	Nitrogen Oxides (furnaces)	44.36	50	40	Exceed the Target
	Sulfur Dioxide (furnaces)	4.4	100	80	Exceed the Target
	Volatile Organic Compounds	0.15	40	35	Exceed the Target
	Particles	2.13	120	96	Exceed the Target
Boardtek Campus	Volatile Organic Compounds	0.015	NA	60	Exceed the Target
	Particles	2.00	100	80	Exceed the Target

Social Data

Workplace Data Summary

Category	Unit	2017	2018	2019	2020	2021
Number of employee	Person	41,522	36,330	36,181	46,919	42,820
Total female managers	Person	840	370	448	567	649
Total male managers	Person	3,115	2,002	2,567	3,244	3,635
Ratio of female managers	%	21.2%	15.6%	14.9%	14.9%	15.1%
Ratio of male managers	%	78.8%	84.4%	85.1%	85.1%	84.9%
Total female employees	Person	12,956	11,345	11,399	15,448	14,764
Total male employees	Person	28,566	24,985	24,782	31,471	28,056
Ratio of female employees	%	31%	31%	32%	33%	34%
Ratio of male employees	%	69%	69%	68%	67%	66%
Human Capital ^(Note)	Thousands NT\$	13,253,527	14,504,787	16,544,669	17,314,142	21,552,494
Human capital ROI	%	8.5	8.4	7.5	7.9	8.1
Training expenses	Thousands NT\$	24,858	24,638	25,218	35,960	32,670
Average training expenses	Thousands NT\$	0.6	0.7	0.7	0.8	0.8
Average training hours	Hours	48	60	58	45	48

Note: Human capital includes wages and salaries, employees' remuneration, labor and health insurance fees, pension expenses and other personnel expenses for the year.

Philanthropy Data Summary

Category	Unit	2017	2018	2019	2020	2021
Charitable activities held	Events	115	89	45	109	95
Participation in philanthropic activities	Participants	55,742	25,000	7,727	7,521	27,668
Volunteer hours	Hours	N/A	N/A	N/A	N/A	2,505
In-kind donations	Thousands NT\$	14,502	466	631	716	1,300
Cash donations	Thousands NT\$	1,530	3,105	2,042	14,351	12,900

Customer Satisfaction Data Summary

Category	Unit	2017	2018	2019	2020	2021
Customer Satisfaction Measurement	%	81%	83%	86%	86%	87%



2021 Stakeholder Engagement

Stakeholders	Topics of Concern	Communication Channel	Frequency
Employees	<ul style="list-style-type: none"> · Talent Attraction and Retention · Talent Development and Growth Opportunity · Occupational Health and Safety · Compensation and Benefits 	Engagement survey	As needed
		Education and training programs for employees	Annual
		Online training platform "E-learning"	As needed
		Employee service center, employee suggestion boxes, whistleblowing hotline, internal/external contact by emails, employee welfare committees/labor unions, and Social & Environmental Responsibility (SER) policy awareness training	As needed
		Occupational hazard factor inspection	Annual
		Fire drills	Semi-annual
		Labor-management meetings	Quarterly
Customers	<ul style="list-style-type: none"> · Ethical Conduct · Regulatory Compliance · Customer Privacy and Relationship Management · Intellectual Property Management · Information Security · Climate Action · Energy Management 	Safety production committee	Monthly
		Occupational health check, employee safety training, safety awareness promotions, reporting system for safety issues, safety precaution management project, and emergency response drills	As needed
Suppliers	<ul style="list-style-type: none"> · Ethical Conduct · Regulatory Compliance · Risk Management · Climate Action 	Customer satisfaction survey	Annual
		Hazardous substances requirement compliance, assessment to meet customer requirement, training on customer confidential information protection, customer service contact by emails, and quality improvement proposals	As needed
		Audits on suppliers' environmental and social responsibility, quality and hazardous substance, and greenhouse gas inventory	Annual
Investors	<ul style="list-style-type: none"> · Tax Governance · Waste and Circularity · Climate Action · Water Stewardship · Air Pollution Management · Energy Management 	Sunshine policy awareness promotion	Quarterly
		Training and reporting channels	As needed
		General shareholders' meetings, annual report, and sustainability report	Annual
Government	<ul style="list-style-type: none"> · Regulatory Compliance · Waste and Circularity · Climate Action 	Market Observation Post System, corporate website, investor conference, domestic/overseas investor forums, and meetings with domestic/overseas institutional investor, and communications via e-mails	As needed
		TWSE's corporate governance evaluation	Annual
Society ^(Note)	<ul style="list-style-type: none"> · Regulatory Compliance · Waste and Circularity · Climate Action · Water Stewardship · Air Pollution Management 	Market Observation Post System, contact via website, forum/ seminar/ orientation/ fraternity, industry association activities, and official documents	As needed
		Environmental protection month and ESG assessments by third parties	Annual
		Participate in local environmental awareness activities, self- monitoring of water quality around operation sites, contact via website, and corporate charity and volunteer activities	As needed

Note: Society is a combination of public associations and industrial management centers, non-governmental and non-profit organizations, media, and academic institutions and research institutes into a single stakeholder group.

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Occupational Health and Safety

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Material Topics and Impact Boundaries 4-5 Health and Safety 4-5 Health and Safety	13 97 98	
GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation, and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships 403-8 Workers covered by an occupational health and safety management system 403-9 Work-related injuries	4-5 Health and Safety 4-5 Health and Safety	98-99 99, 100-101, 102-105 105-106 98 108-109 105-106 101-102 100 98	

Talent Attraction and Retention

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary 103-2 The management approach and its components 103-3 Evaluation of the management approach	Material Topics and Impact Boundaries 4-3 Talent Retention and Development 4-3 Talent Retention and Development	13 89-92 89-92	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	4-4 Compensation and Benefit Appendix	94-95 130	



GRI Standard	Disclosure	Related Content	Page	Remark
Talent Development and Growth Opportunity				
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Material Topics and Impact Boundaries	13	
	103-2 The management approach and its components	4-3 Talent Retention and Development	89-92	
	103-3 Evaluation of the management approach	4-3 Talent Retention and Development	89-92	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	4-3 Talent Retention and Development Appendix	91	
	404-3 Percentage of employees receiving regular performance and career development reviews	4-4 Compensation and Benefit	93-94	
Other Topics				
Economy				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	4-4 Compensation and Benefit	93	
Environment				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	2-2 Responsible Supply Chain	41	
GRI 302: Energy 2016	302-1 Energy consumption within the Organization	3-2 Act on Climate Change Appendix	65-66	
	302-3 Energy intensity	3-2 Act on Climate Change Appendix	127	
	302-4 Reduction of energy consumption	3-2 Act on Climate Change Appendix	65-66	
			127	
Society				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	4-2 Diversity, Equality and Inclusion	87-88	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	4-1 Human Rights	82-84	
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	4-1 Human Rights	81-84	
	412-2 Employee training on human rights policies or procedures	4-1 Human Rights	85	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	5-1 Corporate Citizenship	121	

Sustainability Accounting Standards Board

Topic	Code	Accounting Metric			
Activity Metrics	TC-HW-000.A	Number of units produced by product category			
	TC-HW-000.B	Area of manufacturing facilities Shenzhen Campus: 40,322 m ² Huai'an Campus: 142,507 m ² Qinhuangdao Campus: 70,629 m ² Taiwan Campus: 51,394 m ² Total: 304,852 m ²			
	TC-HW-000.C	Percentage of production from owned facilities 100%			
Topic	Code	Accounting Metric	Related Content	Page	Remark
Product Security	TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	1.8 Information Security/Cyber-security	30	
Employee Diversity & Inclusion	TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	4-2 Diversity, Equality and Inclusion 4-3 Talent Retention and Development	95 97	
Product Lifecycle Management	TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	2-2 Responsible Supply Chain	47-48	
	TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	-	-	Non-end products, not applicable
	TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	-	-	Non-end products, not applicable
	TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	-	-	The number of scraps after the product is sold to the customer were not collected currently
Supply Chain Management	TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	2-2 Responsible Supply Chain	42-45	
	TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	2-2 Responsible Supply Chain	42-45	
Materials Sourcing	TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	2-2 Responsible Supply Chain	41-42	

Note: SASB metrics is applied in accordance with the version 2018-10 for the Technology and Communications industry hardware.



Summary of Assurance List

No.	Item	Assurance Subject	Page	Applicable Criteria
1	Number of Suppliers Evaluated for SER and Result	In 2021, there were 38 suppliers to be evaluated onsite for their social and environmental responsibilities (SER), with reference to RBA audit items including labor, health and safety, environment, ethics, and management system. According to 2021 evaluation results, 13, 20, and 5 suppliers obtained green, yellow, and red rating, respectively.	44	<p>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.</p> <p>Note: 1.The number of suppliers audited based on the number of production sites; there were a total of 182 companies (excluding electronic parts and customer accessories). 2.Total score = 200; green = score<180; yellow = 160<score<or equal to 180; and red = score<or equal to 160. Green, yellow, and red mean that a supplier has passed, passed with condition, and failed the audit, respectively. 3.Audit results are based on the initial audit result.</p>
2	Electricity Usage and Intensity	The major business locations of our subsidiaries consumed 1,423,830 MWh (5,125,789 GJ) of electricity in 2021 with a power intensity of 9.2 MWh/millions NT\$ (33.06 GJ/ millions NT\$).	66	<p>Energy intensity is total consolidated revenue of Zhen Ding Technology Holding Limited divided by its electricity energy value which based on the energy bills provided by energy companies of all the operation campuses. The scope includes Shenzhen Campus, Qinhuangdao Campus, Huai'an Campus I, Huai'an Campus II and Boardtek Campus.</p> <p>Note: Sources of equation for calculating energy intensity and energy values are (1) Energy intensity= energy value × energy used ÷ revenue; (2) Electricity energy value: 3,600 KJ/kWh</p>
3	Hazardous Waste Disposal and Intensity	In 2021, the total amount of hazardous waste from the major business locations of our subsidiaries is 62,545 (tons), and the intensity of hazardous waste is 0.40 (tons/millions NT\$).	80	<p>The total amount of hazardous waste diverted from disposal in 2021 is collected from the transfer notes reported by all the operation campuses. The scope includes Shenzhen Campus, Qinhuangdao Campus, Huai'an Campus I, Huai'an Campus II and Boardtek Campus. The intensity of hazardous waste is total amount of hazardous waste divided by total consolidated revenue of Zhen Ding Technology Holding Limited.</p> <p>Note: 1.Intensity of hazardous waste = total hazardous waste generated ÷ revenue. 2.The weight of waste generated includes only the actual weight of waste removed from the plant, but does not include the weight recycled in the plant. 3.Wastes are disposed of by certified waste disposal companies.</p>
4	General Waste Disposal	In 2021, the total amount of general waste from the major business locations of our subsidiaries is 32,095 (tons).	80	<p>The total amount of general waste diverted from disposal in 2021 is collected from the big data table jointly confirmed by the qualified waste disposal contractors and the company. The scope includes Shenzhen Campus, Qinhuangdao Campus, Huai'an Campus I, Huai'an Campus II and Boardtek Campus.</p> <p>Note: 1.The weight of waste generated includes only the actual weight of waste removed from the plant, but does not include the weight recycled in the plant. 2.Wastes are disposed of by certified waste disposal companies.</p>
5	Incidence of recordable occupational injuries	The incidence rate of recordable occupational injuries was 0.27.	105	<p>Total numbers of work hours and recordable occupational injuries in 2021 is according to the company's internal management protocol and the classification standards for employees' casualties and accidents regulated by workplace safety rules and regulations for enterprise. The scope includes Shenzhen Campus, Qinhuangdao Campus, Huai'an Campus I, Huai'an Campus II and Boardtek Campus.</p> <p>Note: Incidence of recordable occupational injuries = Number of recordable occupational injuries ÷ Total number of work hours × 1,000,000 1.Number of recordable occupational injuries: The number of recordable occupational injuries directly related to the work is calculated according to the company's internal management protocol and the classification standards for employees' casualties and accidents regulated by workplace safety rules and regulations for enterprise. 2.Total number of work hours: It is calculated according to the employees' working hours recorded in the attendance system, and the related data is consolidated by the IT department.</p>

Third Party Assurance Statement



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 2021 Sustainability Report (hereinafter referred to as the “ESG 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 139 of the ESG Report.

Management’s Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the ESG 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 ESG 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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- 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 ESG 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

May 31, 2022

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.

Operation Locations

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Zhen Ding Technology
Holding Limited



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

