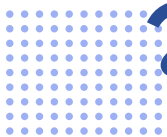


Zeng Hsing



2020 Corporate Social Responsibility Report



About CSR report

Zeng Hsing Industrial CO., Ltd (Zeng Hsing) focuses on the household sewing machine business and provides excellent quality products and services to meet our client's requirements. This report discloses sustainability strategies and implementation performance information in environment (E), society (S), and governance (G). The goal of CSR reports is to give stakeholders a better understanding of Zeng Hsing's efforts and commitments to continued improvements in the sustainable development in ESG.

CSR report Scope and reporting period [102-45 、 50]

Reporting period: January 1 to December 31, 2020

Report Scope: Zeng Hsing Group`s Taiwan headquarters and important manufacturing centers.

Report Guidelines and Certification

The content and structure of this report are based on the Core Options of the GRI Standards of the Global Reporting Initiative (GRI). The GRI Standards Content Index is attached to this report for reference purposes. Zeng Hsing commissions TUV to verify the report, which was compiled in accordance with the GRI Standards Core Options with limited assurance, based on AA1000. The assurance statement is attached to this report.

Issue time [102-48 、 102-49 、 102-51 、 102-52]

We are delighted that you are reading the 7th Corporate Social Responsibility report issued by Zeng Hsing. We will continue to issue this report every year in both Chinese and English versions. There are no significant changes from previous reporting periods in the list of material topics and topic Boundaries. To learn more about Zeng Hsing's efforts and achievements in corporate social responsibility, please visit our dedicated CSR website.

Previous issue: June 2020

Current version: July 2021

Next issue: June 2022

Report compilation units 【102-53】

If you have any comments or questions about this report, please contact us:

Contact person : Claire Chung

Address : No. 78, Yongcheng Rd., Taiping Dist., Taichung City 411, Taiwan (R.O.C.)

Telephone : 886-4-2278-5177 (EXT : 589)

E-mail : csr@zenghsing.com.tw

Web : www.zenghsing.com.tw



Location of operations 【102-4】

The SARS-CoV-2 virus strain was declared a global threat in 2020, with the ensuing pandemic significantly impacting the world in just a few short weeks. COVID-19 not only posed an existential threat to humanity but also ravaged the global economy. Many enterprises found themselves facing major challenges, including a lack of labor and resources necessary for maintaining normal operations and a shortage of shipping containers for moving products, etc.

In response, we set up a COVID-19 Response Team at our Taiwan headquarters. Led by our general manager, department heads and executives came together to formulate countermeasures and hold regular meetings to keep up with the latest news, ensuring that we would be able to maintain operational continuity amid a fast-evolving pandemic. We also adhered to local epidemic prevention regulations by strictly enforcing our own employee health management policy. Our employees were also requested to attend a self-health management and training program and partake in health monitoring. In addition, to keep our employees safe, we implemented strict measures for tracking and handling suspected cases of infection.

With the collective effort of our colleagues in 2020, Zeng Hsing was able to overcome the challenges brought about by the pandemic, successfully capitalizing on the immense demand for DIY masks in Europe and the United States to achieve record sales and revenue! I am humbly grateful to all of our colleagues for their hard work and dedication in providing our clients with the best products and services possible. Your hard work has allowed Zeng Hsin to continue to pursue sustainable development while giving back to society.

Message From CEO



Corporate Governance and Sustainable Development

The Corporate Governance Report issued by the Taiwan Stock Exchange (TSE) provides insight into the internal risk and overall mechanisms of a company. In hopes of improving corporate governance, Zeng Hsing has actively participated in the evaluation process since 2015. Although the TSE adjusts its evaluation criteria yearly to increase stringency, Zeng Hsing has managed to not only consistently maintain its original scores but also obtain scores in most of the newly added criteria needed investment resources and labor allocation. To meet evaluation requirements, our Taiwan headquarters establishes a new improvement plan each year to consistently refine our management guidelines. Over the course of five years, we advanced to Tier 2 (6%~20%) for the first time in 2020, bringing us one step closer to Tier 1. Although there are challenges on the road to Tier 1 (top 5%) that are currently unsurmountable for us, we will nonetheless strive to do better moving forward.

Where There are Volunteers, There Is Love

We established the Zeng Hsing Volunteer Team in 2020, encouraging employees to participate in charity activities and use their professional skills to help those in need. In the past year, our team has been involved in various events organized by the local community development association and disadvantaged children's organizations by way of providing free sewing lessons or donating handcrafts to rural charity fundraisers. A highlight of 2020 was the 3R (reduce, recycle, reuse) event hosted by the Social Affairs Bureau, Taichung City Government, in which 17 volunteer groups repurposed **3,500 vests** discarded by the 2018 Taichung World Flora Exposition into **3,142 new items** for donation to 19 charities, thereby providing our volunteers opportunities to help those in need while also doing their part to protect the earth.

Reducing Carbon Footprint Through Green Design

We conducted a company-wide survey of the carbon footprint of our products in 2019 and received the **BSI ISO14067 Verification Statement** for our K-series household machines in March 2020. We hope that we can use the carbon footprint reports to identify opportunities to reduce the carbon footprint in our product lifecycles and further utilize green design to substantially reduce carbon emissions.



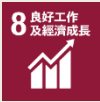
Sustainability Starts with Stakeholder Communication






At Zeng Hsing, we are committed to providing our customers with the highest quality products and services, which can only be achieved by listening to the demands and opinions of our customers. To this end, 2019 and 2020 corporate social responsibility Office (CSRO) focused on surveying the CSR expectations of our major clients to ensure that our green policy coincides with client expectations. We also published our first English CSR report in 2020 to serve as a channel of communication with our foreign stakeholders, providing further evidence of our determination to build an eco-friendly, socially responsible, and sustainable enterprise.

CEO Charles Lin 2021/05/25



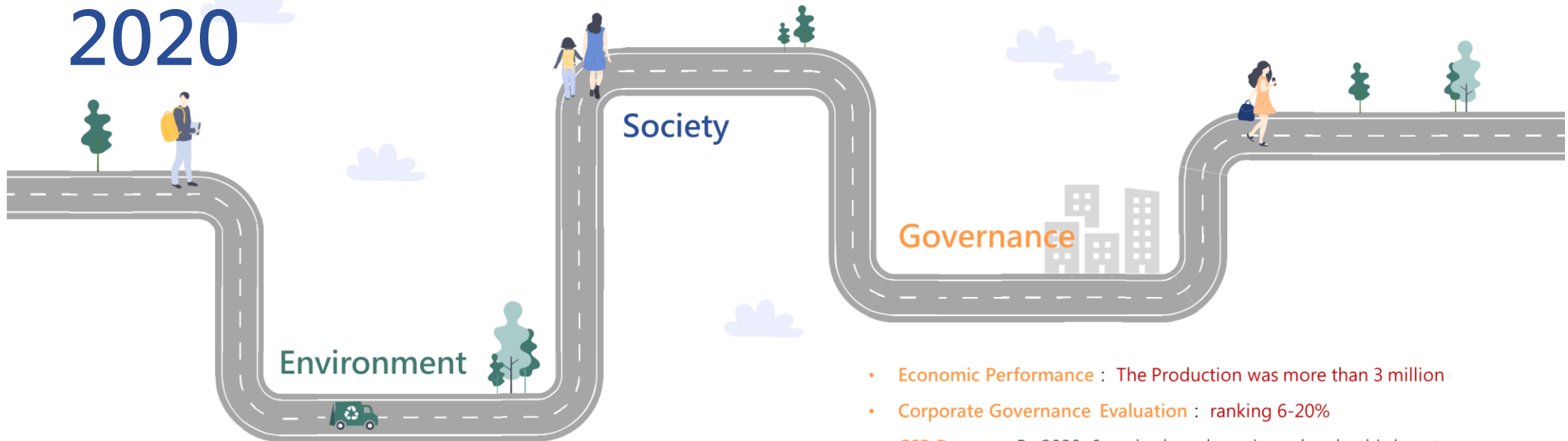
Sustainability and results

	2021	2020	2020 Implementation Results
<p>Promoting the circular economy, carbon reduction, and environmental sustainability</p> 	<p>In terms of the production dimension, besides encouraging green design, green logistics, as well as energy conservation and carbon reduction in the factory, the Company also promotes circular economy and mountain clean-up environmental activities.</p>	<p>Promote green design, energy conservation and carbon reduction, waste reduction, and water-saving measures to contribute towards environmental protection.</p>	<ul style="list-style-type: none"> ● Obtained ISO14067 verification opinion statement for the K series household sewing machine ● Completed 3 green design projects ● ZH Taiwan: Environmental goal has not been attained and improvement is required ● ZH Vietnam: Achieved the carbon reduction goal of 0.88% ● Shinco: Achieved the carbon reduction goal of 0.1%
<p>Encouraging growth through care for employee well-being and occupational safety</p> 	<p>Vigorously promote human rights, cultivate the employees' diverse skills and courses, and implement employee health promotion activities to endow them with diversity and physical/mental well-being.</p>	<p>Optimize employee welfare, promote human rights education and training, as well as comprehensive employee education and training development policies to ensure that the employees can stay as the driving force behind the Company's growth.</p>	<ul style="list-style-type: none"> ● ZH Taiwan, ZH Vietnam, ZH-China, Shinco: Achieved the average training hours goal ● ZH Taiwan, Shinco: Achieved the education and training satisfaction goal ● ZH Taiwan accumulated 250 hours of human rights education and training
<p>Strengthening corporate governance, information disclosure, and the sustainability of operations</p> 	<p>Implement corporate governance, reinforce the employees' legal compliance, strengthen information security risk management, and minimize the Company's operational risk to ensure business sustainability.</p>	<p>Optimize corporate governance by establishing the Information Security Committee, promoting business ethics, and bolstering legal compliance to ensure business sustainability.</p>	<ul style="list-style-type: none"> ● Completed 2 corporate governance optimization projects. ● Completed 84 hours of business ethics training and education. ● New suppliers have all signed the integrity statement. ● ZH Taiwan has accumulated a total of 117 hours in legal education and training. ● Established and submitted the Information Security Committee to the Board of Directors.

	2021	2020	2020 Implementation Results
<p>Striving for exceptional quality, reliable products, and high customer satisfaction</p> 	<p>Pursue customer satisfaction, focusing on the priority of meeting the customers' demands. At the same time, continue to shape a friendly manufacturer image, and foster sustainable economic growth with the customers.</p>	<p>Shape a friendly manufacturer image to enhance the product's added values and promote corporate social responsibilities with Zeng Hsing's customers.</p>	<ul style="list-style-type: none"> ● Published the English CSR report and distributed posters to overseas clients to promote the Company's CSR performance and create a friendly manufacturer image. ● In 2020, the Company introduced restricted substance-related regulations to our suppliers to ensure legal compliance.
<p>Strengthening relationships with our supply chain partners to create co-prosperity</p> 	<p>Bolster the suppliers' CSR know-how through the supplier CSR forum and counseling to jointly promote CSR and co-prosperity.</p>	<p>Established the supplier ESG evaluation system and the supplier CSR on-site inspector training project in preparation for fostering a sustainable supply chain.</p>	<ul style="list-style-type: none"> ● ZH Group audited 27 suppliers, and those that failed to meet the requirements have already made the necessary improvements. ● Completed CSR on-site inspection training for the purchasing personnel in Taiwan.
<p>Promoting the craft of sewing, contributing to society, and giving back to the community</p>   	<p>Continue to give back to society in the form of sewing machines/cash donations and reach out to NPOs through the Zeng Hsing volunteer team to serve the public and strengthen social influence.</p>	<p>Conduct sewing machines/cash donations, gratuitous public sewing lessons, and produce products offered to underprivileged groups for charity bazaars to give back to society.</p>	<ul style="list-style-type: none"> ● Donated 74 sewing machines and NT\$1.02 million in cash. ● Conducted 7 public lessons, accumulating 936 hours of volunteer service.

Sustainable Highlights 2020

- **Social Welfare** : Charity Donation in the past ten years was 9.25 Million and 1,147 sewing machines.
- **Volunteer Team** : 2020 has accumulated 936 hours of service and held 7 charity activities
- **Employee Benefits** : A total of 141 gift vouchers were issued, and 16 hours of volunteer leave were added per person.
- **Human Rights** : Taiwan HQ held 250 hours of human rights training.
- **Supplier CSR evaluation** : 27 supplier site visits were completed, 27 qualified.
- **Customer satisfaction score** : 8.35 points (out of 10) ◦



- **Energy saving and carbon reduction** : Each subsidiary conducts annual greenhouse gas inventory inspections in accordance with ISO14064-1 and reveals group emissions data.
- **Green product** : K series household sewing machines obtained ISO14067 carbon footprint verification statement.
- **Green design** : A total of 3 green design projects have been completed in research and development.
- **Circular Economy** : Repurposing 3500 Flora Expo Vests.
- **Working environment testing** : All subsidiaries complied with local standards.

- **Economic Performance** : The Production was more than 3 million
- **Corporate Governance Evaluation** : ranking 6-20%
- **CSR Report** : By 2020, 6 copies have been issued and a third-party verification statement has been obtained. Launched the English version of the report.
- **Anti-corruption education and training** : Taiwan headquarters accumulated 84 hours of training.
- **Regulatory compliance** : No major violations occurred. A total of 117 hours of legal courses for employees in Taiwan headquarters

Major Issues Key Performance

	Topic specific Standards	KPI	Subsidiaries	2019	2020	DMA Chapter
Economic	Economic performance ⁴	Revenue Sales	ZH Group	5.9 Billion(NT\$) 3 Million(units)	7.0 Billion(NT\$) 3.58 Million(units)	1.3 Operation Overview and Financial Performance
	Corporate Governance ⁶	Corporate Governance Evaluation System	Taiwan	Corporate Governance Evaluation 21~35%	Corporate Governance Evaluation 6~20%	3.1 Corporate Governance
	Procurement practices ¹⁴	Supplier's transactions amount percentage	Taiwan Vietnam Shinco China	95% Local Suppliers 63% Local Suppliers 62% Local Suppliers 88% Local Suppliers	95% Local Suppliers 61% Local Suppliers 97% Local Suppliers 88% Local Suppliers	4.5 Supply Chain Management
	Indirect economic impacts ¹⁶	Cumulative donation amount since 2010(million) Cumulative donation machines since 2010(pcs)	Taiwan Taiwan	8.20 1,070	9.25 1,147	6.1 Social Welfare
Environmental	Environmental compliance ⁵	Major violations of fines or penalties(cases)	ZH Group	None	None	3.5 Regulatory Compliance
	Energy ⁹	Energy intensity (KJ/pcs)	ZH Group	43,820 (ZH Group)	36,042 (ZH Group)	7.1 Energy and Resource Usage and Greenhouse Gas Inventory
	Emissions ¹²	Total GHG emissions (TON CO2e)	ZH Group	21,830 (ZH Group)	24,283 (ZH Group)	7.1 Energy and Resource Usage and Greenhouse Gas Inventory
	Effluents and waste ¹³	Recycling rates & water pollution test (Recycling rates - general waste are not included in ZH Vietnam and China)	ZH Group	63% (Not included ZH China) ; Certified	70%(Not included ZH China) ; Certified	7.2 Waste Management

	Topic specific Standards	KPI	Subsidiaries	2019	2020	DMA Chapter
Social impact	Labor management relation ¹	Employee complaints (number of cases)	ZH Group	None	None	5.2 Employee Benefits and Rights
	Socioeconomic compliance ²	Major violations of fines or penalties (number of cases)	ZH Group	None	None	3.5 Regulatory Compliance
	Occupational health and safety ³	Absence Rate \ Injury Rate \ Lost Day Rate	Taiwan Vietnam Shinco China	0.67% ; 2.18 ; 35.36 1.28% ; 0.34 ; 2.53 0.08% ; 0.00 ; 0.00 1.94% ; 2.97 ; 302.9	0.42% ; 2.02 ; 1.71 0.88% ; 0.13 ; 1.69 0.03% ; 0.02 ; 0.12 1.03% ; 1.13 ; 112.45	5.4 Occupational Health and Safety Management
	Employment ⁷	Parental leave (Return rate & Retention rate)	Taiwan	80% ; 100%	100% ; 100%	5.2 Employee Benefits and Rights
	Customer health and safety ⁸	Major violations of fines or penalties (number of cases)	ZH Group	None	None	4.4 Green Procurement
	Marketing and labeling ¹⁰	Follow international regulations & environmental certifications	ZH Group	Zeng Hsing follows international product safety standards (such as CE, GS, and UL) and green product standards (such as RoHS, WEEE, and REACH).		4.2 Marketing of Products and Services
	Training and education ¹¹	Average training hours (hrs)	ZH Group	Male 10.6 ; Female 8.8	Male 14.4 ; Female 14.1	5.3 Employee Training and Development
	Child labor ¹⁵	Major violations of fines or penalties (number of cases)	ZH Group	None	None	3.5 Regulatory Compliance



Content

About CSR Report	1
Message From CEO	3
Sustainability and Result	5
Sustainable Highlights in 2020	7
Major Issues Key Performance	8

1 Organization Profile

1.1 ZH Group Overview	11
1.2 Our Products	15
1.3 Operating & Financial Info	19
1.4 Membership of associations	20

2 Stakeholders Identification and Communication

2.1 Stakeholders interactive	21
2.2 Stakeholders Identification and Materiality Assessment	24

3 Corporate governance

3.1 Corporate Governance	29
3.2 The CSR Office and Its Organizational Structure	36
3.3 Enforcing Ethical Management	38
3.4 Risk Management	41
3.5 Regulatory Compliance	43

4 Sustainable Products and Services

4.1 Corporate Certifications	47
4.2 Marketing of Products and Services	48
4.3 Customer Satisfaction	49
4.4 Green Procurement	51
4.5 Supply Chain Management	53

5 Inclusive Workplace

5.1 Global workforce structure as of 2020	56
5.2 Employee Benefits and Rights	60
5.3 Employee Training and Development	65
5.4 Occupational Health and Safety Management	70
5.5 Employee Health Management and Promotion	75

6 Social Involvement

6.1 Social Welfare	78
6.2 Zeng Hsing Volunteer team	80
6.3 Campus CSR Mission	84

7 Environmental Sustainability

7.1 Energy and Resource Usage and Greenhouse Gas Inventory	88
7.2 Waste Management	91
7.3 Efficient Energy Use in Products and Services	94
7.4 Circular Economy	98

8 Appendix

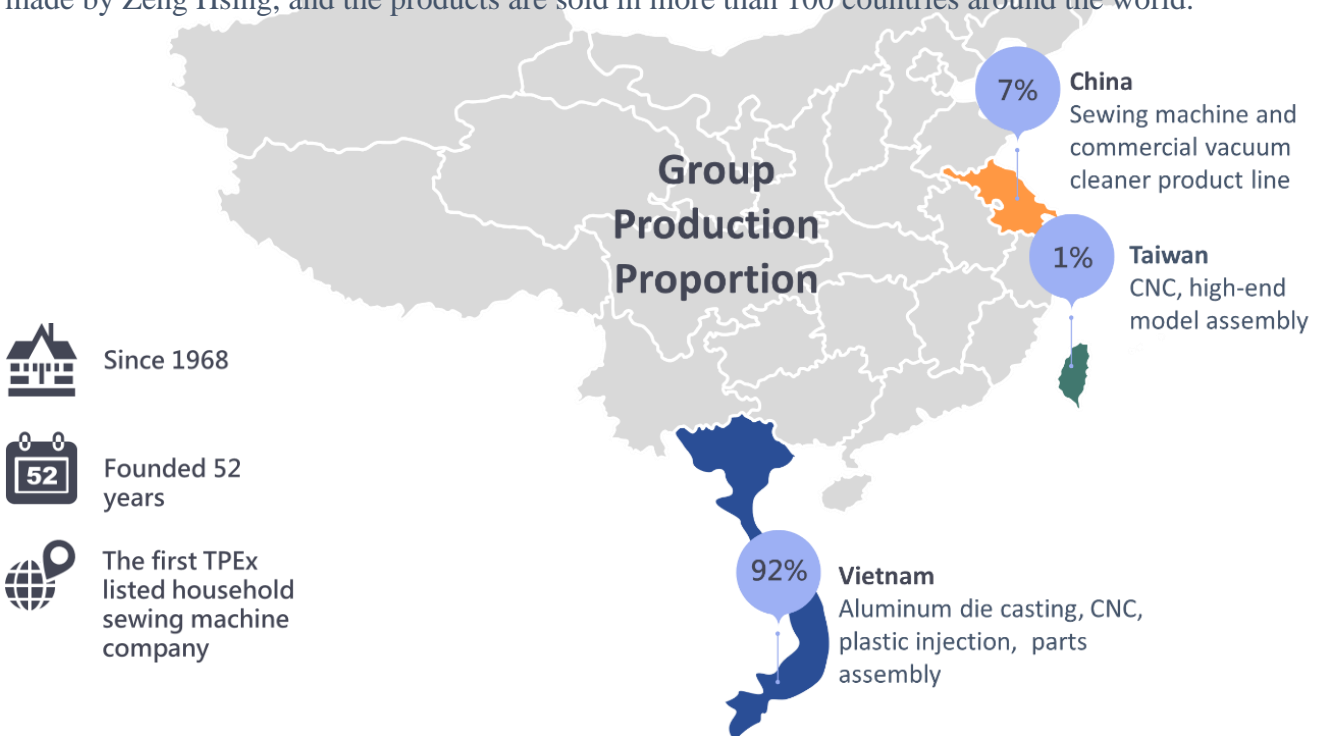
8.1 GRI Standards Comparison Table	101
8.2 Independent Assurance Statement	110

1 Organization Profile

1.1 Zeng Hsing Group Overview

The hidden champion of the sewing machine industry

Shinco Ind. Co. Ltd was founded in 1968 and renamed Zeng Hsing. The main operating activities are the manufacturing of household sewing machines, commercial vacuum cleaners, and related parts ODM. The global output of household sewing machines is about 10 million, and the output of Zeng Hsing is about 3 million. In other words, one out of three household sewing machines in the world is made by Zeng Hsing, and the products are sold in more than 100 countries around the world.

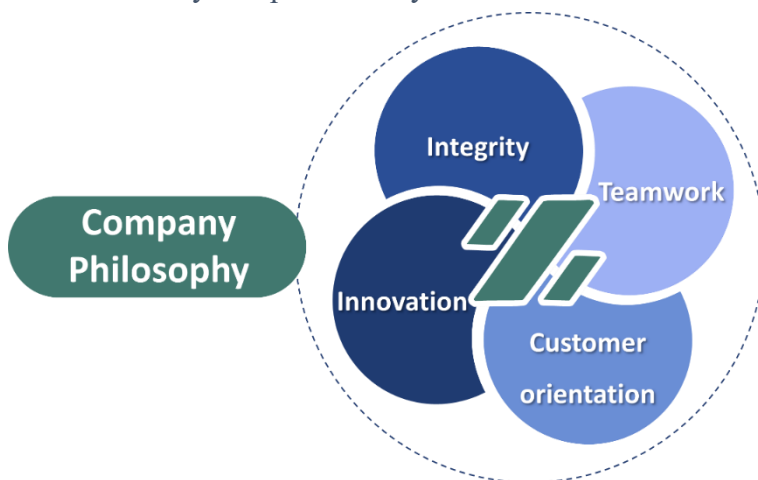


Zeng Hsing is headquartered in Taichung, Taiwan. Taiwan Headquarter includes administrative management indirect units such as business marketing, human resources, research and development, engineering technology, quality management, financial management. Zeng Hsing’s main production base is in Vietnam. Vietnam’s 1st and 2ND factories account for 92% of total production. Zhangjiagang Factory in China accounts for 7% of total production, and Taiwan Headquarter accounts for 1% of total production. Shinco Technologies Vietnam is another factory that produces aluminum die casting products. It supplies aluminum die casting components not only to our factories but also to other automotive industries.

In the future, Zeng Hsing will not only continue to develop new customers in emerging markets, but also develop a full range of services, through marketing planning, digital marketing platform, exhibition support, maintenance, and other services to increase consumer stickiness. Furthermore, to enhance the niche of research and development, new product development continues to improve key component technology through cooperation with external organizations, establish verification laboratories, and actively participate in world-renowned design competitions to stimulate multiple creativity and enhance innovation energy.



Our company philosophy is “Integrity” “Teamwork” “Innovation” and “Customer orientation”. Facing up to a changing world, Zeng Hsing continues to enhance business development strategy and also workplace management, to achieve greater efficiency and productivity. 【102-16】



Integrity

We have adopted a pragmatic approach to conducting ourselves; we treat people honestly and abide by our commitments. We communicate everything we know honestly based on facts, we do not conceal or hide information, we do not cut corners or act opportunistically, and we do not use company resources for the sake of personal gain. We refrain from selfish motives at work, admit to our faults readily, and take corrective actions immediately.

Innovation

We are glad to embrace new things and attempt new methods; we will not impose limitations on ourselves and are willing to borrow others’ experiences. We propose innovative approaches based on previous knowledge or experience. Constantly contemplating ways to improve and increase work efficiency. Able to engage in diverse thinking and boldly propose new ideas and techniques.

Customer orientation

We can think from the internal/external customers’ perspective to implement win-win solutions. Faced with internal/external customers, we can maintain a professional, helpful, and positive attitude. When a problem occurs, we will proactively communicate with our internal/external customers to reach a resolution, thereby earning their trust and satisfaction. We value customer satisfaction and maintain good partnerships with our internal/external customers.

Teamwork

We are eager to collaborate with others to accomplish a common task. During work execution, we are willing to encourage the participation of other team members, in turn demonstrating the spirit of teamwork. In a team, we can support one another, placing the group’s interest above personal gain. We are willing to share our resources and experience to facilitate communication within the team and unleash the greatest performance. Create a friendly ambiance as well as excellent team morale and rapport.

Zeng Hsing basic information 【102-1、102-3、102-7】

Topic	Details
Company Name	Zeng Hsing Industrial Co., Ltd.
Stock Symbol	1558
Industry Category	Manufacture of Machinery
Head Office	No.78, Yongcheng Rd., Taiping Dist., Taichung City 411, Taiwan (R.O.C.)
CEO	Charles Lin
GM	Leo Liu (Since 2021/12/1)
Main Business	Household sewing machines and commercial vacuum cleaners.
Listed Date	2007/12/28
Paid-up Capital	NT\$ 605,356,310
Employees (ZH Group)	3,903 人 (as of 2020/12/31)
Operating Revenue	NTD 6,965,819,000

Subsidiary 【102-5】

Investment company	Subsidiary	Main Business	Shareholding Rate% (2020/12/31)
Parent Company	ZENG HSING INDUSTRIAL CO., LTD. (BVI)	Holding company investing in CHINA	100%
	Zeng Hsing Industrial (VIETNAM)	Manufacturer of household sewing machines	100%
	Shinco Technologies –Die Casting (VIETNAM)	Aluminum die casting and CNC processing	100%
	Mitsumichi Industrial CO., LTD.	Manufacturer of household sewing machines	53%
ZENG HSING INDUSTRIAL CO., LTD. (BVI)	ARCORIS PTE LTD.	Holding company	100%
	Zhangjiagang Zeng Hsing Machinery & Electronics(CHINA)	Manufacturer of household sewing machines and vacuum cleaners	100%
	Jetsun Technology Co., Ltd (Seychelles)	Holding company	100%
Zhangjiagang Zeng Hsing Machinery & Electronics(CHINA)	Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. 【Cheau Hsing】	Trading of household sewing machines and vacuum cleaners parts	100%
	Zhangjiagang Zeng hsing Trade Co.ltd.	Trading of household sewing machines and vacuum cleaners parts	100%
Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. 【Cheau Hsing】	Shanghai Debra Trading Company Limited	Selling household sewing machines and spare parts	100%
Jetsun Technology Co., Ltd (Seychelles)	Jetsun Technology Company Limited	Research and design of filtration equipment	100%
ZORCA WORLDWIDE LTD.	TAIWAN CHEER CHAMP CO., LTD.	Selling household sewing machines	69%
ARCORIS PTE LTD.	ZORCA WORLDWIDE LTD.	Holding company	100%

【102-10】 There are no significant changes to the organization’s size, structure, ownership, or supply chain, except

1. Changes in equity structure in 2020 : To accelerate the expansion of sales channels and talents in Asia. In 2020, it will increase its investment in Taiwan CHEER CHAMP by US\$770,000, and its shareholding will be increased from 32.12% to 68.53%. it is expected to increase the distribution channel and revenue of Zeng Hsing Group.
2. **Changes in the supply chain structure** : In 2020, COVID-19 will not only affect the development of the global economy, but also cause a shortage of global containers, and freight costs will hit a record high. To reduce the cost of aluminum raw materials, Shinco changed the global supply chain to local procurement. (See 4.5 Supply chain management)

1.2 Our Products [102-2]

As a leader in the household sewing machines industry, Zeng Hsing focuses on the research of the sewing machines industry. Along the way, Zeng Hsing continuously improves the key point of the research, and develops new products, in order to create products that meet customer needs and market trends.

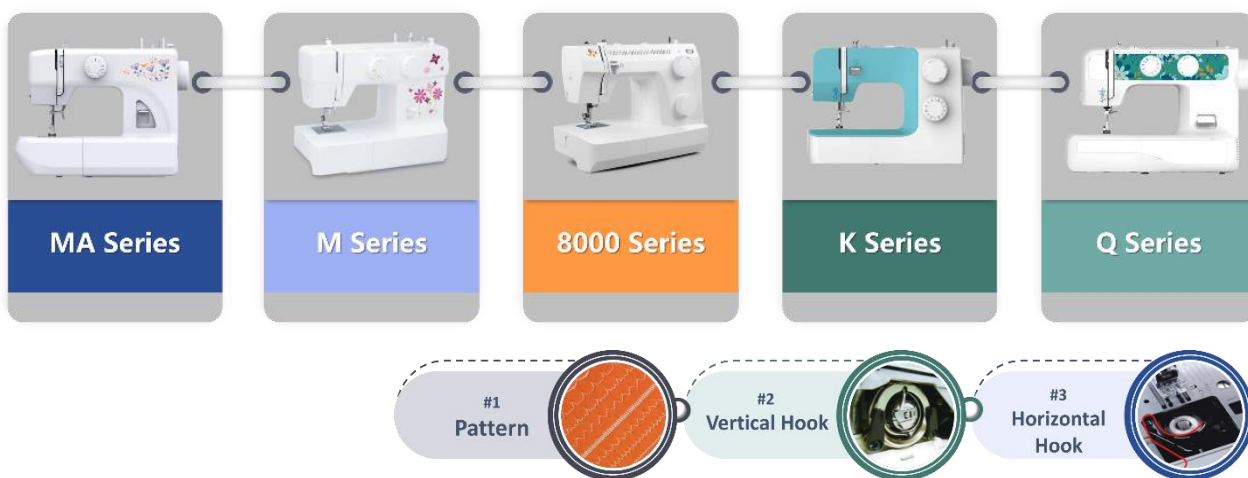
In response to the trend of the expanded APP market, the Zeng Hsing R&D team has developed an embroidery design APP in 2020. Users can use the tablet to design embroidery patterns. In addition, Zeng Hsing introduced WIFI connection technology, allowing the users to quickly transmit embroidery pictures to the machine. Moreover, to meet customer needs, Zeng Hsing developed the H7 high-speed model sewing machine. Expect to meet customer expectations and improve customer loyalty.

Zeng Hsing's products can be targeted at sewing beginners, amateurs, sewing masters, and even professional craftsmen. Zeng Hsing has a wide range of product lines, including mechanical, electrical, computerized, overlock and embroidery.

Sewing Machines Product Line

Mechanical sewing machines

Mechanical sewing machines functions are enough for beginners to do some simple projects and cloths repairs. Mechanical sewing machines use knobs and dials to change the setting, and it has limited choice stitch patterns you can choose. There are two models of mechanical sewing machines, Vertical and Horizontal Hook. Mechanical Vertical hook sewing machines are traditional design, mostly metal parts are relatively noisy, and the placement of hook is relatively complicated, but the advantage is that the price is relatively low. The Horizontal Hook model is a new product under the advancement of technology, with low noise and simple installation, but the price is higher than the Vertical Hook model. Although Mechanical sewing machines are fewer patterns and functions, it is more durable than the computerized sewing machine.

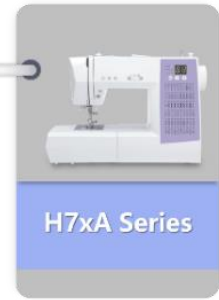


Computerized sewing machines

Computerized sewing machines with LCD screen and which have many automatic functions that can help sewers save time. Such as tension adjustment, bobbin winder, thread cutter, patterns are chosen, etc. Computerized sewing machines are all Horizontal HOOK models therefore the way to place the bottom thread is relatively easy, and customers can observe whether the bottom thread is sufficient while sewing.



H Series



H7xA Series

Embroidery sewing machines

Embroidery machines are usually for the professional sew maker. It includes multiple embroidery patterns that can be applied to clothes, bags, and hats. Besides, designers can design their embroidery patterns, transfer them to the embroidery machine via USB or mobile APP.



Embroidery Series

Overlock sewing machines

Overlock machine has more function and complexity than the sewing machine. It is a semi-professional machine and is often used for making edging, hemming, and seaming. The biggest difference from the sewing machine is threading. Generally, the sewing machine only needs 1 thread but the Overlock machine needs 3~5 threads. Its function is to fix cloth edges so that the fabric is not easy to produce fringes.



Overlock Series

Vacuum Cleaner Product Line

Zeng Hsing started manufacturing vacuum cleaners in 1985. Now we have Commercial Upright Vacuum Cleaner & Backpack Vacuum Cleaner. Both are sturdy, durable, long-lasting, and have high cleaning performance. In addition, Zeng Hsing also regularly conducts research and analysis to improve product design capabilities and meet consumer needs.

Commercial upright vacuum cleaners

The commercial upright vacuum cleaner is the most popular in North American. The agitator from the bottom plate uses clutch design, which is driven by a motor and a belt to rotate at a high speed for deep cleaning of the carpet.



N2000



ZV300A



ZV300B



ZV301B

Backpack vacuum cleaners

A backpack vacuum cleaner has been created keeping in mind the comfort factor of those using them. It is almost like walking around the home or office with a backpack except that this one comes with a brush. Once you have a backpack vacuum cleaner, you won't have to go through the motions of an awkward drag that most people experience while using the canister vacuum cleaner. But most importantly, it offers portability. The Zeng Hsing made backpack vacuum cleaners have 4 stages filters, including HEPA. In addition, the ergonomically-designed shoulder harness can be adjusted to suit different users to offer maximum comfort.



2020 Technology and product development

ZH development model code	Development model category	feature
H71ES1/H73ES	Computerized Horizontal Hook	New appearance and high-speed motor
Q61KST	Mechanical Horizontal Hook	New appearance
HXXP	Computerized Horizontal Hook	New appearance
K35NP	Mechanical Vertical Hook	Increase the double belt mechanism to improve the penetration force
CH02AX	Computerized Horizontal Hook& Embroidery Combo machine	The sewing function button is replaced by the embroidery function

In addition to designing new appearances based on customer needs and attracting different consumers. We also develop APPs that can use the tablets to design embroidery patterns with embroidery APP. After consumers finish drawing on their mobile phones or tablets, they can directly transfer them to the embroidery machine via WIFI and apply the embroidery images to the work. Generally, it takes about 10 minutes to complete embroidery patterns of 5,000 stitches. Compared to the past, creators had to check the progress of the work in front of the embroidery machine regularly. Now you can watch the embroidery progress anytime and anywhere through the phone and remind you what to do, when you need to change the thread (different colors), whether there is a broken thread, when the embroidery is completed, etc., this allows the creator to use the waiting time to complete other creations.

In 2020, Zeng Hsing also developed the first dual-belt K35NP model with high torque for better penetration power at low speed, allowing consumers to use thicker needles (#16 needles \ #18 needles) to easily sew jeans, Leather, canvas, and thick fabrics.

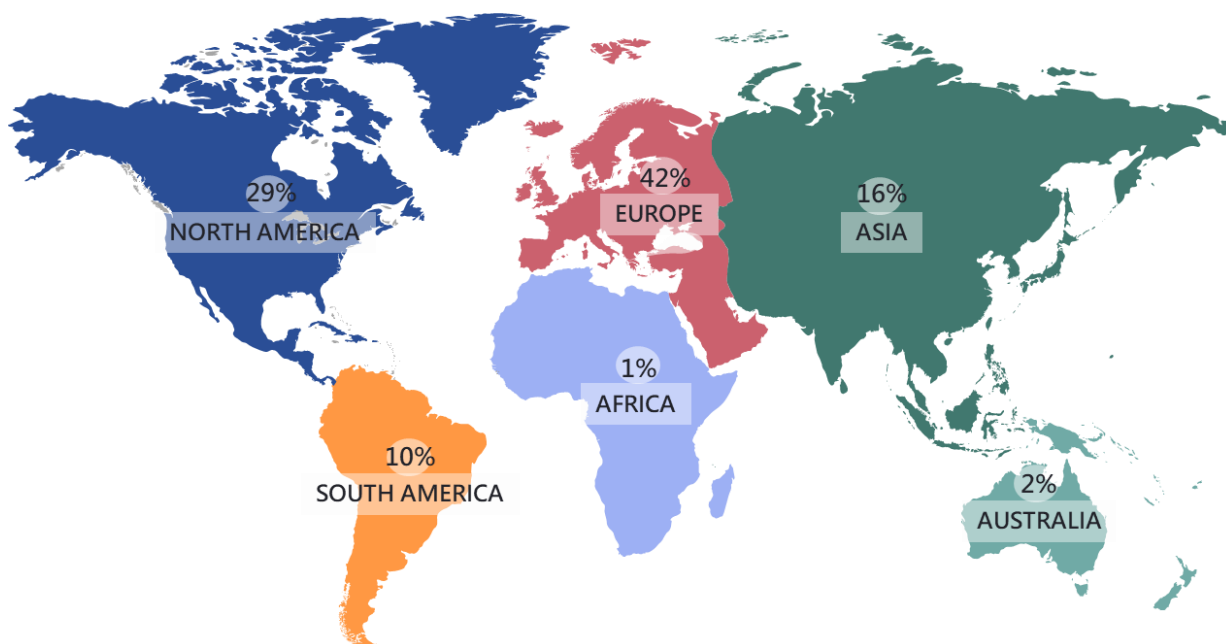


Moreover, most household sewing machines on the market are 700RPM (Rounds Per Minute). For skilled sewing workers who seek speed, Zeng Hsing develops a high-speed (1,000RPM)

computerized sewing machine, which is the H71ES1~H73ES series. Compared with semi-professional sewing machines (above 1,500RPM), this series can not only satisfy heavy users in speed but also have more competitive advantages in price. Therefore, they are very popular in European and American markets.

Sales market share [102-6]

Customer loyalty and retention are important, so besides developing new markets and new customers, we are also trying hard to increase customer satisfaction to improve loyalty. Today we market our products in over 100 countries.



The outbreak of coronavirus caused a huge impact last year. Many cities, regions, and countries were under lockdown. Customers live longer at home, which has led to the rise of a DIY trend at home. In addition, when the supply of masks is in short supply, people are buying sewing machines and DIY masks, which has driven the purchase of sewing machines, especially in North America, where sales accounted for an increase of 8% compared to 2019.

1.3 Operating and financial information [201-1]

The global economy has now sunk to its deepest crisis in peacetime, but the sales of sewing machines were not affected at all. On the contrary, Zeng Hsing’s revenue has increased last year. The combined revenue of 2020 was 6.69 billion, and the sales volume of household sewing machines reached 3.58 million units, and sales reached a record high. The overall shipment volume last year grew by about 19% compared to the previous year. It is hoped that the purchase boom of sewing machines driven by DIY masks in Europe and the United States will continue to grow in the post-pandemic world and bring more positive benefits and expansion of the user population.

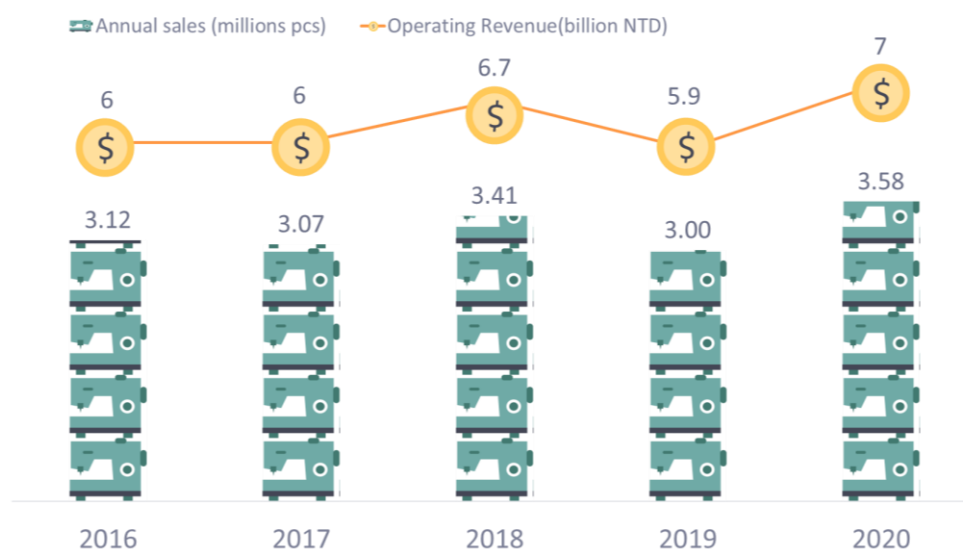
Even if the market continues to be optimistic about the development of this industry due to the pandemic, Zeng Hsing will not slacken its efforts and will continue to develop sewing-related apps, such as cloud/digital manuals, operating instructions, embroidery software, etc., which will be combined with mobile phones/tablets in the future. Develop high-end but easy-to-operate products with sewing/embroidery machines.

Operational Date

Date/Year	2018	2019	2020
Operating Revenue	6,670	5,936	6,966
Operating costs	5,628	5,085	5,776
Employee payroll and benefits/welfare	968	891	1,065
Tax expenditure	341	217	285
Retained earnings	2,975	2,983	3,280
Dividends expenditure	666	533	575

Unit : Millions (NTD)

- * Company to distribute profits to shareholders in the form of dividends and are distributed by the resolution of the board of directors in the following year.
- * Employee salary and benefits include salary expenses, labor and health insurance, retirement expenses, directors’ remuneration, and other employee welfare expenses.



Operating Revenue (billion NTD) and Annual sales

DMA-Economic Performance

Reporting requirements		Disclosure Requirements
103-1	An explanation of why the topic material	The company has a responsibility to ensure that the company is well managed, to ensure profit maximization.
	Boundary	ZH Group
	Specific limitation	This disclosure pertains to the entire Zeng Hsing Group.
103-3	Evaluation Mechanisms	ZH Group : To ensure company operation effectively, Corporate Management Committee held a monthly meeting to check the production and sales status.
	Performance	ZH Group : 2020 Operating revenue=7 billion NTD 2020 Annual Sales=3.580million Pcs

1.4 Membership of associations

Zeng Hsing attends the sewing machine industry association to exchange information with competitors. The purpose is to better understand the sewing industry environment and hope to accelerate the improvement and development of the industry.

ZH group membership of association [102-13]

Category	NO.	Unit	Job title	Participant
Sewing machine industry	1	Taichung Sewing Machine Guild	Supervisor	Operational advisor of ZH Taiwan
	2	Taiwan Sewing Machine Industry Association	Managing Director	Operational advisor of ZH Taiwan
	3	Taipei Sewing Machine Association	Member	CEO of ZH Group
	4	China Sewing Machinery Association-household sewing machine	Vice President	GM of ZH China
Business association	5	The Entrepreneur Club	Member	CEO of ZH Group
	6	Taichung professional management association	Member	CEO of ZH Group
Others	7	Taiwan Business Association in Vietnam (BTBVN)	Member	CEO of ZH Group GM of ZH Vietnam GM of Shinco

2 Stakeholders Identification and Communication

Stakeholder identification and communication are the basis of corporate social responsibility. In order to understand stakeholders' concern level of Zeng Hsing's economic, human rights, social impact, product responsibility, and environmental aspect, Zeng Hsing solicited more shareholder opinions by questionnaire, customer mail, shareholders' meeting, and staff welfare committee.

2.1 Stakeholders interactive

【102-40、43、44】Zeng Hsing CSR office convenes meetings with relevant units and identifies key stakeholders with reference to the same-industry experiences and stakeholder definitions in the GRI Standard guidelines. **The 6 main types** of Zeng Hsing stakeholders are employees, Suppliers, local community, customers, banks, shareholders, and government agencies.

A total of 210 online questionnaires responses were collected in 2020. After analysis, there are **16** major issues of high priority and high impacts were compiled.

	Type	Numbers
Questionnaire -Level of impact on company	Executives of the rank of manager or above	26
	External experts/consultants	6
	Subtotal	32
Questionnaire -Level of concern from stakeholders	Banks & Shareholders	29
	Public interest groups	2
	Government agencies	6
	Customers	12
	Suppliers	35
	Local communities	10
	Employees	84
	Subtotal	178
	Total	210

Issues of Concern to Stakeholders and Communication Channels

Businesses that ignore CSR run a risk to their brand. Having a bad reputation of environmental, social, human rights, products responsibility, labor practice, and decent works can create serious negative effects on the overall profitability and success of a company. Therefore, Zeng Hsing is concerned about the opinions of stakeholders.

Internal stakeholders

The company announces employee benefits, working conditions, and company policies through departmental meetings or weekly meetings. Moreover, the company also has a welfare committee to secure employees' benefits. In 2016, Zeng Hsing Taiwan formulated an employee grievance policy, to protect the rights of employees. The purpose of the grievance policy is to provide a mechanism for

employees to raise a grievance arising from their employment. The Policy will also ensure that such grievances are dealt with promptly, fairly, and in accordance with other related policies of the Organization.

External stakeholders

Through supplier conferences, suppliers can understand Zeng Hsing product relevant quality policy. Customers can communicate with Zeng Hsing through mail or phone. Other external stakeholders can follow the latest news of Zeng Hsing from the website, interviews, or reports by social media. In addition, Zeng Hsing also has the following communication channels such as phone and e-mails.

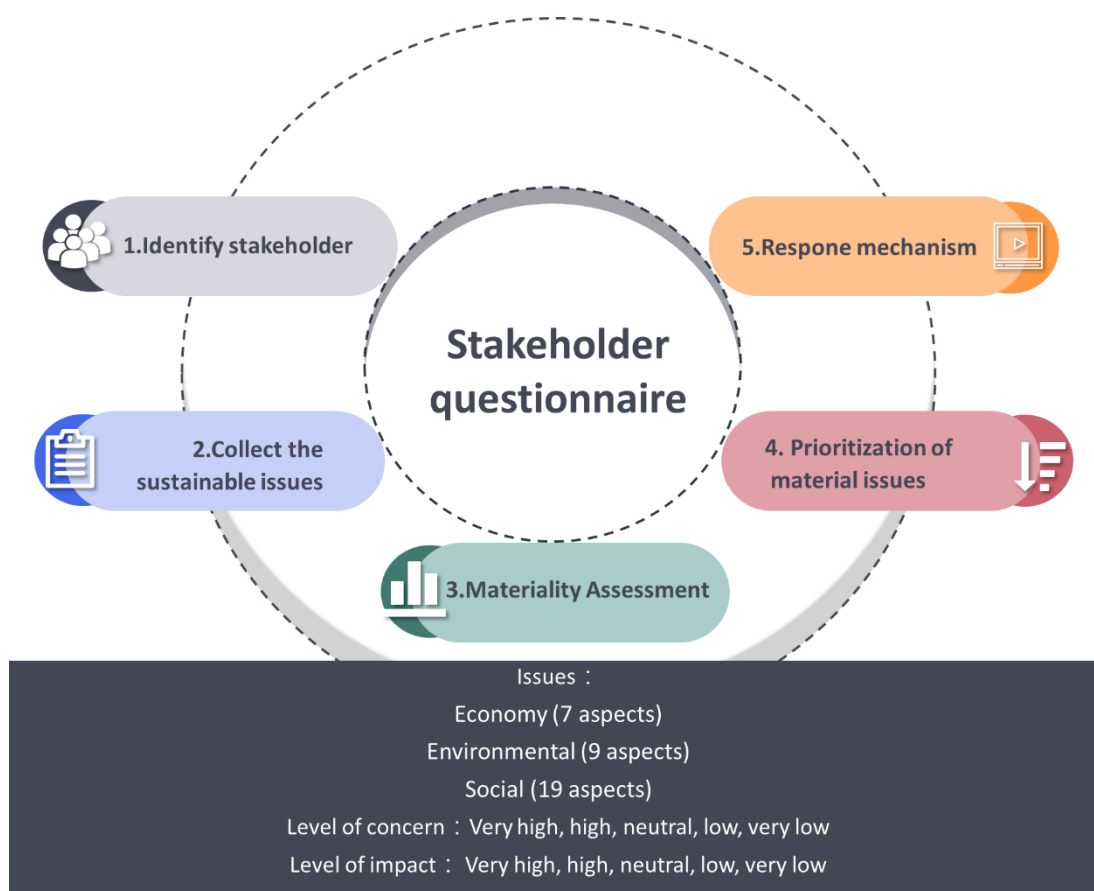
Communication channels	Name	Phone number	Email
Switchboard Operator		04-2278-5177 #9	
Spokesman	Sam Chou	04-2278-5177 #182	spokesman@zenghsing.com.tw
Deputy spokesman	Jerome Chuang	04-2278-5177 #211	jerome_chuang@zenghsing.com.tw
Board supervisor	Huang Hui Yu		supervisor_huang@zenghsing.com.tw
Customer service	Rita Hsueh	04-2278-5177 #133	sales@zenghsing.com.tw
CSR	Claire Chung	04-2278-5177 #589	csr@zenghsing.com.tw
Procurement	Kelly Wan	04-2278-5177 #255	kelly_wan@zenghsing.com.tw

2020 Zeng Hsing compliance with laws and regulations in the Environment, Social and Economic area.

Stakeholder concern issues and Communication Channels

Stakeholder	Issues	Communication Channel
Customers	Product quality/ cost/delivery, Company operation status, Compliance with laws and regulations, Marketing and labeling	<ol style="list-style-type: none"> 1. Visits customer company (non-scheduled) 2. Customer service mailbox (non-scheduled) ° 3. Customer satisfaction surveys (Customers who have transactions in 2020) 4. Email ∙ phone (frequently ∙ non-scheduled) 5. Participation in exhibitions. (non-scheduled) ° 6. Customer representatives visiting Zeng Hsing factory (non-scheduled)
Shareholders/ Banks	Company operation status, Compliance with laws and regulations, Dividend policy, Tax policy	<ol style="list-style-type: none"> 1. Institutional investor visits (monthly) 2. Annual shareholder meeting (annually) 3. Zeng Hsing website, financial report (annually) 4. Investor services mailbox 5. Spokesman and Dedicated personnel replies 6. online communication platform (non-scheduled) 7. Bank visits (non-scheduled)
Employees	Employee compensation and benefits, Labor Relations Occupational health and safety, Training and education	<ol style="list-style-type: none"> 1. Zeng Hsing website 2. The Employee Welfare Committee 3. Labor Union
Local communities	Occupational & environment Management, Charity activities	<ol style="list-style-type: none"> 1. Zeng Hsing website & Email 2. Participation in Charity activities
Government agencies	Occupational health and safety, Human rights	<ol style="list-style-type: none"> 1. Official letters 2. Participation in government meetings
Suppliers	Supply chain management ∙ Compliance with laws and regulations	<ol style="list-style-type: none"> 1. Supplier conference 2. Onsite Audit

2.2 Stakeholders Identification and Materiality Assessment



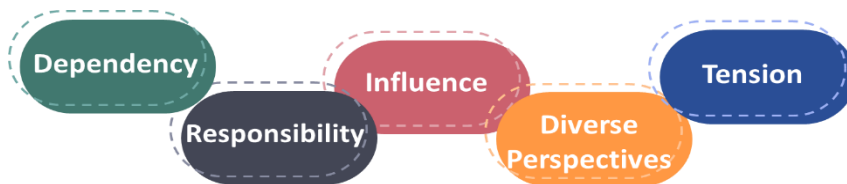
We established the systematic major analysis to identify the concern of stakeholders, and it becomes a basic framework to achieve effective communication between the stakeholders and CSR report. Zeng Hsing has divided the major analysis process into five major processes 【102-46】 :

Step 1 Identify stakeholder 【102-42】

According to Zeng Hsing CSR Management Measures, stakeholders need to be re-identified every three years. If there are major operational changes, the CSR committee will re-identify them in the current year. The identification method refers to the five principles of the AA1000 (AA1000 Stakeholder Engagement Standard) Stakeholder Engagement Standard (dependency, responsibility, influence, multiple views, tension). The evaluation standard is from 1 to 5 points, with 5 being the highest score.

In the 2020 CSR Committee regular meeting, CSRO specially invited the consultants of National Cheng Kung University Industrial Sustainable Development Center to guide all members, referring to the AA1000 stakeholder participation standard, from 13 objects (refer to the stakeholder groups identified by the industry) In this, six major types of stakeholders of ZengHsing are identified, including customers, investors/banks, employees, local community, government agencies, and suppliers. In 2019, there were seven major stakeholders, but in this identification of stakeholders, insurance companies were excluded based on the average score. According to analysis, the main reason that insurance companies have been listed as interested parties is that the Vietnamese subsidiary has

suffered due to the riots caused by the anti-Chinese protests. However, after years of policies such as maintaining employee relations and localizing supervisors, the risk is relatively reduced, making The degree of dependence and liability with insurance companies has relatively decreased. In the future, we will continue to observe whether it is necessary to re-identify the stakeholders.



Step 2 : Collect the sustainable issues: questionnaire

Base on GRI Standards 35 aspect, we established the Zeng Hsing CSR report framework. The issues are collected from internal and external sources include CSR regulations/standards and international initiatives. Two new topics Corporate governance and Tax be added in 2020. Tax is a new indicator of GRI. The corporate governance part is due to cooperation with the preparation and reporting of corporate social responsibility reports for listed companies on the Stock Exchange. Method, so adds this topic to the questionnaire.

Step 3 : Materiality Assessment

Defines the interaction and criticality of the 6 major stakeholders with Zeng Hsing and decides the survey targets. According to the questionnaire results, 16 issues are analyzed and discussed in 2020.

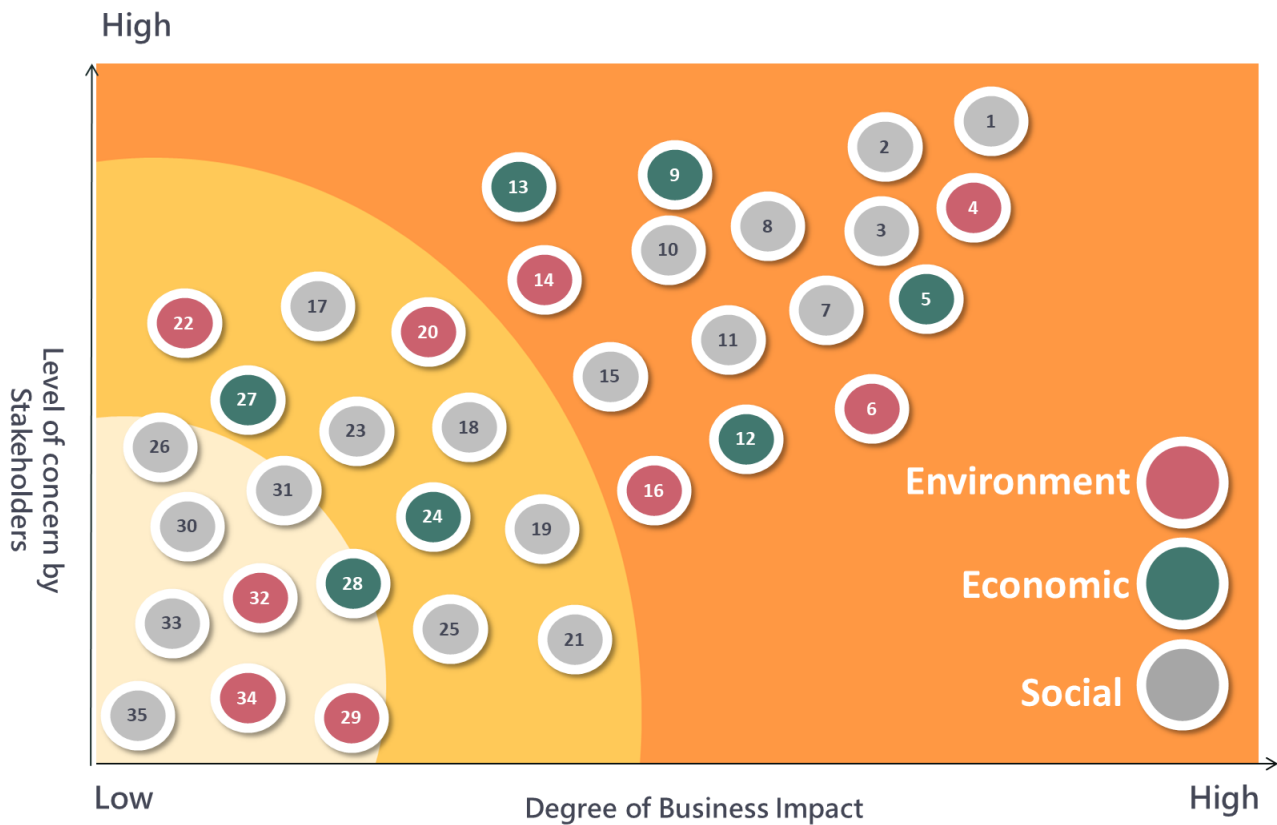
Step 4 : Prioritization of material issues

According to the materiality assessment, Zeng Hsing CSR Office discussed with senior managers to decide the boundaries and scope of issues. These issues are disclosed as top priorities for Zeng Hsing's CSR report.

Step 5 : Response mechanism

Zeng Hsing development strategy included all of the material issues, with the PDCA method to control and continuous improvement of ESG, to strengthen the communication with stakeholders.



✳ Results of Materiality Analysis



Issues	Order	Issues	Order	Issues	Order
Labor Management Relations	1	Waste	13	Supplier Social Assessment	25
Socioeconomic Compliance	2	Procurement Practices	14	Human Rights Assessment	26
Occupational Health and Safety	3	Child Labor	15	Water and Effluents	27
Economic Performance	4	Indirect Economic Impacts	16	Materials	28
Environmental Compliance	5	Customer Privacy	17	Tax	29
Corporate governance	6	Forced or Compulsory Labor	18	Freedom of Association and Collective Bargaining-	30
Employment	7	Local Communities	19	Security Practices	31
Customer Health and Safety	8	Anti corruption	20	Anti competitive Behavior	32
Energy	9	Nondiscrimination	21	Rights of Indigenous Peoples	33
Marketing and Labeling	10	Market Presence	22	Biodiversity	34
Training and Education	11	Diversity and Equal Opportunity-	23	Public Policy	35
Emissions	12	Supplier Environmental Assessment	24		

✳ **Materiality issue scope and boundary** [102-47]

▲ = Materiality Issue ● = Materiality Issue, disclosure in this report

Aspect	Order	Material Issue	Within organization				Outside organization			DMA Related Chapter
			ZH Taiwan	ZH Vietnam	ZH China	Shinco	Suppliers	The Community and the Public	Customers	
Economic 	4	Economic Performance	●	●	●	●			▲	1.3 Operating and financial information
	6	Corporate governance	●	●	●	●			▲	3.1 Corporate Governance
	14	Procurement Practices	●	●	●	●			▲	4.5 Supply Chain Management
	16	Indirect Economic Impacts	●	●						6.1 Social Welfare
Environment 	5	Environmental Compliance	●	●	●	●	▲	▲		3.5 Regulatory Compliance
	9	Energy	●	●	●	●				7.1 Energy and Resource Usage and Greenhouse Gas Inventory
	12	Emission	●	●	●	●	▲	▲		7.1 Energy and Resource Usage and Greenhouse Gas Inventory
	13	Waste	●	●	●	●		▲		7.2 Waste Management

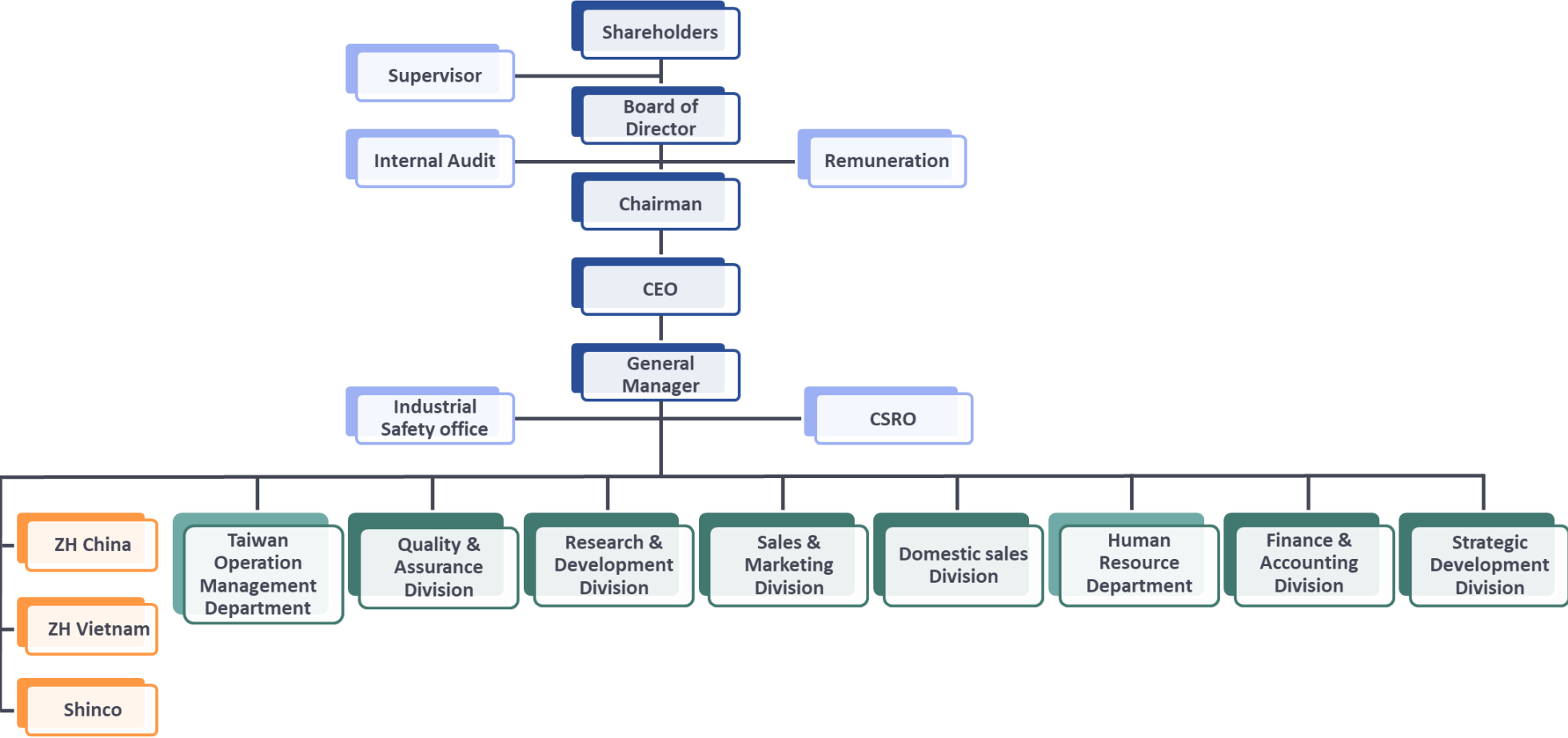
Aspect	Order	Material Issue	Within organization				Outside organization			DMA Related Chapter
			ZH Taiwan	ZH Vietnam	ZH China	Shinco	Suppliers	The Community and the Public	Customers	
Social 	1	Labor Management Relations	●	●	●	●				5.2 Employee Benefits and Rights
	2	Socioeconomic Compliance	●	●	●	●		▲		3.5 Regulatory Compliance
	3	Occupational Health and Safety	●	●	●	●	▲	▲		5.4 Occupational Health and Safety Management
	7	Employment	●							5.2 Employee Benefits and Rights
	8	Customer Health and Safety	●	●	●	●	▲		▲	4.4 Green Procurement
	10	Marketing and Labeling	●	●	●	●	▲			4.2 Marketing of Products and Services
	11	Training and Education	●	●	●	●	▲			5.3 Employee Training and Development
	15	Child Labor	●	●	●	●				3.5 Regulatory Compliance

3 Corporate Governance

3.1 Corporate Governance

Version : 2020/10/1

Organizational Structure [102-18]



*** Zeng Hsing Ranked in the Top 6%~20% in the 7th Corporate Governance Evaluation System**

Zeng Hsing participated in the 2020 Corporate Governance Evaluation System co-commissioned by the Taiwan Stock Exchange Corporation (TWSE) and Taipei Exchange Securities Market Foundation (TPEX) and administered by the Securities and Futures Institute (SFI). We were among the 1,617 publicly traded companies reviewed—a group that included 905 TWSE-listed and 712 TPEX-listed companies. An internal review was conducted by the company between October of 2020 and January 2021, followed by an external review conducted by the SFI with an explanation by the company of the discrepancies between the two reviews. The result was that Zeng Hsing ranked in the top 6%–20% of all participating companies (see notes below¹).

Scoring criteria: The final score was calculated as the sum of the individual scores for all four constructs (maximum 100 points available) with applicable bonus points added (for item categories AA and A+) and penalty points subtracted. The score for each construct was calculated as follows:

$$\text{Construct score} = \frac{\text{No. of indices satisfied}}{\text{No. of indices in the construct} - \text{No. of inapplicable constructs}} \times \text{Weight} \times 100$$



By reviewing the corporate governance framework, Zeng Hsing has effectively improved its internal control protocols and mechanisms. Therefore, Zeng Hsing actively participates in evaluation every year, further enabling the Company to achieve sustainable operations. The Finance & Accounting Division has listed the improvement of corporate governance evaluation as one of its CSR goals since 2019. In 2020, two important plans have been formulated. One is to establish an information security committee and report the company’s related information security policies and regulations to the board of directors, and the second is to conduct board performance evaluations by third-party units. The Finance and Accounting Division invited The Taiwan Corporate Governance Association to conduct an evaluation. A total of 3 recommendations in this evaluation report have been discussed at the 2020 board of directors. Another recommendation will be discussed at the first board of directors in 2021.

¹According to the Corporate Governance Review Manual, companies are divided into two groups, TWSE-listed and TPEX-listed. Each group is then listed in one of seven categories: top 5%, top 6%–20%, top 21%–35%, top 36%–50%, top 51%–65%, top 66%–80%, and 81%–100%. Following audits by the Corporate Governance Review Committee and Corporate Governance Consulting Committee, the final results will be published on the Corporate Governance Center’s website for investors to reference.

Director and Supervisor Information [102-22]

Title	Name	Sex	Education and Experience	Other Positions Held in or outside of the Company
Chairman	Chih-Cheng Lin	M	<ul style="list-style-type: none"> EMBA, National Chung Hsing University General Manager of the Company 	<ul style="list-style-type: none"> Chairman of Zeng Hsing Machinery & Electronics Co., Ltd. Chairman of Zhangjiagang Zeng Hsing Trading Co., Ltd. Director of Zeng Hsing Industrial Co., Ltd. Chairman of Zeng Hsing Industrial Co., Ltd. (VN) Chairman and President of Shinco Technologies Limited (VN) Chairman of Mitsumichi Industrial Co. Ltd. Chairman of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Director of Chiuan Hung, Ltd.
Director	Rui-Yi Hong	M	<ul style="list-style-type: none"> Dept. of Electrical Engineering, National United University Supervisor of the Company 	
	Shu-Cheng Liao	M	<ul style="list-style-type: none"> Dept. of Electrical Engineering, National Chin-Yi University of Technology Supervisor of the Company 	<ul style="list-style-type: none"> General Manager of Long Huan Enterprise, Ltd. Chairman of Shenghong Investment Co., Ltd.
	Chong-Guang Tsai	M	<ul style="list-style-type: none"> Dept. of Secretarial Studies, Shih Chien University Manager at Can Xin investment Co., Ltd. 	<ul style="list-style-type: none"> Chairman of Yirujie Investment Co., Ltd. Director of Chan Yao Enterprise Co., Ltd.
	Feng-Ji Li	M	<ul style="list-style-type: none"> Own Lead Primary School Supervisor of the Company 	<ul style="list-style-type: none"> Director of Yingfeng Aluminum Industry Co., Ltd. Chairman of Quancheng Machinery Co., Ltd.
Independent Director	Zhi-Sheng Wu	M	<ul style="list-style-type: none"> Bachelor of Information Management, Tamkang University Master of Management Science, National Chiao Tung University Vice-President of HSBC Hong Kong 	<ul style="list-style-type: none"> Vice Chairman of Turvo International Co., Ltd. Director of Zhu Ling Investment Director of Matec Southeast Asia (Thailand) Co., Ltd.
	Ming-Liang Tang	M	<ul style="list-style-type: none"> Bachelor of Accountancy, National Cheng Kung University Master of Accountancy, National Cheng Kung University Manager at Ernst & Young LLP CFO of Dongguan Rongtai Plastic Materials Co., Ltd. Partner at Sunpower CPAs & Co. 	<ul style="list-style-type: none"> Partner at Sunpower CPAs & Co. Member of the Salary and Remuneration Committee, Lung Pien Vacuum Industry Co., Ltd. Member of the Salary and Remuneration Committee, Zeng Hsing Industrial Co., Ltd. Member of the Audit Committee/ Remuneration Committee, Lagis Enterprise Co., Ltd.
	Jun-Ming Xu	M	<ul style="list-style-type: none"> Ph.D. in Finance, Syracuse University Associate Professor and Director of Corporate Lectures, Department of Business Administration, Tunghai University Dean, Department of Finance, Tunghai University 	<ul style="list-style-type: none"> Professor, Department of Finance, National Chung Hsing University Independent Director at Horizon Securities Co., Ltd. Independent Director of CALIN TECHNOLOGY CO., LTD.

Title	Name	Sex	Education and Experience	Other Positions Held in or outside of the Company
Supervisor	Meng-Zong He	M	<ul style="list-style-type: none"> • Taya Elementary School • Dept. of Interior Design, Ming-Der Senior High School • Factory Director at the Company • President of Shanghai Antu International Trade Co. • Director of the Company • President, Magiclife International Co., Ltd. 	N/A
	Bai-Song Zhang	M	<ul style="list-style-type: none"> • EMBA, Feng Chia University • Career Development Manager at the Company • New Business Development Manager at the Company • Chief Project Manager of the Company 	Director of TAIWAN CHEER CHAMP CO., LTD.
	Hui-Yu Huang	F	<ul style="list-style-type: none"> • EMBA in Finance, National Chung Hsing University • Certified public accountant of the Republic of China • Accounting Manager, Hungkuang University • Audit Manager, Zhongxin United Accounting • Deputy Chair of the Professional Advancement Center and Secretary at Hungkuang University 	Partner at Yangtze CPAs & Co.

Directors (including independent directors) and supervisors are nominated by the Board of Directors and elected at the Shareholders Meeting. The incumbent Board of Directors consists of five directors and three independent directors aged between 48 and 80, each with rich experience in academia and the industry. At least one board meeting is convened every quarter. In 2020, 9 board meetings were convened. 【102-24】

Attendance Records for the 17th Board of Directors (2020) Meetings

Title	Chair-man	Director				Independent Director			Supervisor		
		Rui-Yi Hong	Shu-Cheng Liao	Chong-Guang Tsai	Feng-Ji Li	Zhi-Sheng Wu	Ming-Liang Tang	Jun-Ming Xu	Bai-Song Zhang	Hui-Yu Huang	Meng-Zong He
Attended	9	9	9	9	9	9	9	8	8	9	9
Absent/attended by a proxy	0	0	0	0	0	0	0	1	1	0	0
Attendance rate	100%	100%	100%	100%	100%	100%	100%	89%	89%	100%	100%

Continuing Training Received by Directors and Supervisors in 2020 (hours)

Training	Chairman	Director				Independent Director			Supervisor		
	Chih-Cheng Lin	Rui-Yi Hong	Shu-Cheng Liao	Chong-Guang Tsai	Feng-Ji Li	Zhi-Sheng Wu	Ming-Liang Tang	Jun-Ming Xu	Bai-Song Zhang	Hui-Yu Huang	Meng-Zong He
2020.05.06 The latest development trend of corporate governance and performance evaluation practices	3	3	3	3	3	3	3		3	3	3
2020.06.18 Looking at the future of financial technology from the development of electronic payment in Taiwan.								3			
2020.07.09 Looking at the impact of corporate governance, internal control, and directors and supervisors from the latest revisions to the Company Act.							3				
2020.07.09 Obligations and Responsibilities of Companies and Directors and Supervisors under Securities Regulations.							3				
2020.11.09 Risk management trends after COVID-19.	3	3	3	3	3	3		3	3	3	3
total	6	6	6	6	6	6	9	6	6	6	6

【102-25】 Pursuant to the *Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies* and other applicable regulations prescribed by the competent authority, Zeng Hsing has established the following internal control guidelines to increase its operational transparency, strengthen its corporate governance, and protect the rights of its investors and stakeholders: ***Principles of Corporate Governance, Principles of Ethical Corporate Management, Guidelines and Standard Operating Procedures for Ethical Corporate Management, Rules of Procedure for Board of Directors Meetings, Rules of Procedure for Shareholders Meetings, Rules Governing Financial and Business Matters Between Zeng Hsing and its Affiliated Enterprises, and Articles of Incorporation.*** In addition, in order to implement corporate governance, improve internal balances and strengthen risk control, the board of directors approved the appointment of a new general manager on 2016.12.18 to separate ownership and management rights and give full play to the effects of corporate governance.

The Board of Directors is responsible for determining the direction of the Company, monitoring operational outcomes, preventing conflicts of interest, identifying and mitigating risks, and ensuring that the Company is in compliance with various laws and regulations. The Company's ***Rules of Procedure for Board of Directors Meetings, Principles of Ethical Corporate Management, and Code of Ethical Conduct*** all have explicit stipulations on the avoidance of conflicts of interest. Directors or their representatives who have a conflict of interest in regard to any motion that may be detrimental to the Company's interest may still be present at the meeting to express their opinions and address stakeholders' concerns, but they are forbidden from participating in discussion or voting, and they shall not authorize another director to vote on their behalf.

In 2020, Zeng Hsing had 8 directors (3 of whom were independent directors) and 3 supervisors. Their remuneration was recommended by the Remuneration Committee and approved by the Board of

Directors. In order to streamline communication with stakeholders, Zeng Hsing has a spokesperson, a corporate website, and an investor mailbox in place to address shareholders' concerns and inquiries. The names of the Company's major shareholders are published in the annual reports distributed to shareholders at Shareholders Meetings. In addition, information on equity transfer is reported to the competent authority by the 15th day of the succeeding month to ensure complete transparency to our stakeholders.



✿ Directors', Supervisors', and Managers' Remuneration [102-35 · 36]

Remuneration Committee Charter: To ensure a sound system for the compensation of directors, supervisors, and managerial officers of the Company. Zeng Hsing has adopted this Remuneration Charter pursuant to Article 14-6 of the *Securities and Exchange Act* and the *Regulations Governing the Appointment and Exercise of Powers, by the Remuneration Committee of a Company Whose Stock is listed on the Taiwan Stock Exchange or the Taipei Exchange*. 3 Remuneration Committee Meetings were convened in 2020. The committee consists of three members appointed by the Board of Directors, two of whom also serve as independent directors of the Company. The third member of the committee is an assistant professor at a university who has extensive knowledge and experience in human resources management. Mr. Jun-Ming Xu currently serves as the convener and chairperson of the committee. In May 2020, committee member Zhao Mingchong resigned from the position of remuneration committee due to his busy personal business, and the board of directors resolved to change to independent director Wu Zhisheng.

Remuneration Committee Members' Educational and Work Background

Name	Education	Qualifications
Jun-Ming Xu	Ph.D. in Finance, Syracuse University	<ul style="list-style-type: none"> • Associate Professor and Director of Corporate Lectures, Department of Business Administration, Tunghai University • Dean, Department of Finance, Tunghai University • Professor, Department of Finance, National Chung Hsing University • Independent Director at Horizon Securities Co., Ltd. • Independent Director of CALIN TECHNOLOGY CO., LTD.
Ming-Liang Tang	Bachelor of Accountancy, National Cheng Kung University Master of Accountancy, National Cheng Kung University	<ul style="list-style-type: none"> • Partner at Sunpower CPAs & Co. • Member of the Remuneration Committee, Lung Pien Vacuum Industry, Co. Ltd. • Lecturer at Asia University • Lecturer at Dayeh University • Manager at Ernst & Young LLP • CFO of Dongguan Rongtai Plastic Materials Co., Ltd. • Partner at Sunpower CPAs & Co.
Ming-Chong Zhao	Ph.D. in Human Resources Management, National Sun Yat-sen University	<ul style="list-style-type: none"> • Assistant Professor at the Department of Health Care Administration and Director of the Shengen Development Center, Chang Gung University • Vice President and Chief Advisor, Watson Wyatt Associate Manager of Consulting at KPMG
Zhi-Sheng Wu	• Master of Management Science, National Chiao Tung University	Vice-President of HSBC Hong Kong

The remuneration paid to executives is determined by the Remuneration Committee in accordance with applicable regulations and is disclosed in the Company's annual reports. In determining remuneration, members of the Remuneration Committee may consult outside experts in salary and compensation to resolve important issues as necessary. The compensation package for general managers and deputy general managers includes base salary, bonuses, employee dividends, and employee stock options. Their remuneration is determined based on the position they hold, the responsibilities they undertake, the operational outcomes they contributed to, and average compensation amounts among our competitors. The remuneration paid to directors and supervisors totaled NT\$ 4.7 million in 2020 and NT\$ 4.6 million in 2019, accounting for 0.77% and 0.82% of distributed earnings or 0.44% and 0.53% of EBIT (net of estimated employee compensation and director/supervisor remuneration).

According to the consolidated financial statements of the Company and its subsidiaries, compensation paid to general managers and deputy general managers accounted for 3.51% and 3.85% of our net income in 2020 and 4.45% and 4.82% in 2019. We believe that such compensation is reasonable.

3.2 The CSR Office and Its Organizational Structure

【102-19 · 20 · 21】 To continue strengthening its corporate social responsibility efforts, Zeng Hsing launched its official Corporate Social Responsibility Office (CSRO) in April 2018 along with a CSR Committee and a set of CSR policies.

The chairperson of the Company serves as advisor to the CSR Committee, and the general manager serves as the chair of the committee. Each functional organization appoints the department head to serve as a committee member, responsible for overseeing the implementation of CSR policies, and one executive director and one secretary each to be in charge of collecting and providing data for their respective divisions, to help the Company achieve its CSR objectives according to plan.

The CSRO collects and analyzes data on sustainable development trends and issues involving risk from around the world. For example, for the first time, the top 5 risk factors identified in the 2020 Global Risks Report all pertain to environmental issues. Therefore, carbon emissions reduction continues to be one of our top CSR concerns. Furthermore, the CSRO conducts annual surveys of stakeholders' needs and identifies the relevant risks and opportunities for the Company. Based on the results, the CSRO then works alongside the CSR Committee to draw up strategies and action plans to mitigate their impacts on the Company's operations. All CSR objectives and implementation outcomes are disclosed in our annual CSR report.

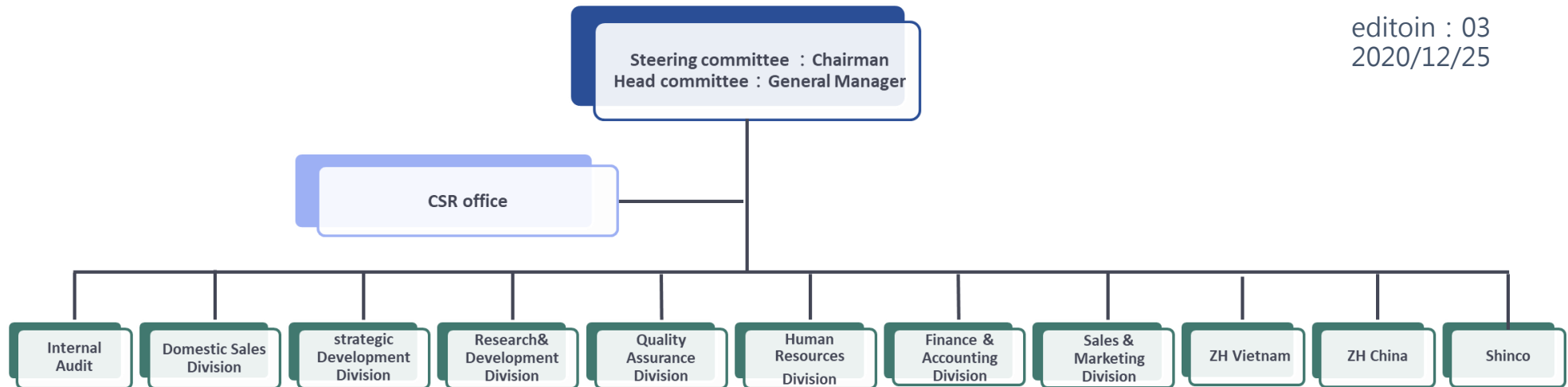
At the end of each year, the CSRO calls an Annual CSRO Consensus Meeting to review the latest CSR trends and set new goals for the coming year. The meeting also provides an opportunity for various divisions of the Company to consolidate their resources and coordinate their CSR efforts, which helps ensure that projects are carried out in accordance with the predefined timeline and that outcomes are up to par. A CSR target review meeting is convened in the second quarter of each year. Each division's CSR achievements are presented to and reviewed by all members of the CSR Committee and are then made available to all Zeng Hsing employees through the CSR section of the Company's intranet.

In August 2020, after consultation with the chairperson and advisor of the CSR Committee, the CSRO established six priority CSR policy areas as the Company's central CSR guidelines, after which the CSRO entered into a 10-hour discussion with the executive director, secretary general, and heads of each functional organizations to set CSR targets for each division. In October of the same year, the annual CSR Consensus Meeting was convened, during which 53 CSR targets involving 11 business divisions were formulated for the year 2021 following a two-hour discussion by members of the CSR Committee. These targets mostly pertain to environmental protection and employee welfare.

CSR Policy



Corporate Social Responsibility Committee



editoin : 03
2020/12/25

3.3 Enforcing Ethical Management

【102-17】 To enforce ethical management within the Company, the Strategic Development Office has been tasked with promoting ethical management. Its responsibilities include providing leadership and guidance on the implementation of ethics strategy, irregularly auditing, and reports to the Board of Directors. The Strategic Development Office reported the state of ethical management to the Board of Directors on November 9, 2020.

In July 2020, all of Taiwan's employees and overseas business unit management team signed the ethics agreements, commit to compliance with all relevant laws and regulations. In addition, all supervisors at the division level or higher were required to complete an advocacy course on professional ethics, anti-corruption, and recusal from conflict of interest, and to work together in creating an ethical management environment consistent with the requirements of the government, thereby minimizing corruption within the Company. At the end of 2020, the Company organized the Corporate Ethical Management Forum and invited representatives from the Department of Civil Service Ethics, Ministry of Economic Affairs, to train Company executives and relevant employees. A total of 42 employees attended the forum, collectively completing 84 hours of coursework.



Invite the Department of Civil Service Ethics of the Ministry of Economic Affairs to hold a Lecture on Corporate Integrity Management"

Zeng Hsing set up internal and external communications channels for reporting such behavior. **In 2020, neither the supervisor’s mailbox nor the CSR mailbox received any complaints related to unethical behavior.**



* Fighting corruption 【205-1、3】

To fight corruption, Zeng Hsing has formulated its *Workplace Management Rules*, *Code of Ethical Conduct*, *Principles of Ethical Corporate Management*, and *Guidelines and Standard Operating Procedures for Ethical Corporate Management* to ensure that the Company’s directors, managers, and employees act in accordance with ethical standards. Any acts of corruption, bribery, or extortion are strictly prohibited and are grounds for immediate dismissal. **No employees were dismissed as a consequence of corruption, bribery, or extortion in 2020.** The Company has implemented the following measures to further enhance our anti-corruption and ethical management efforts:

1. Clearly communicating Zeng Hsing’s *Principles of Ethical Corporate Management* with our business partners
2. Immediately ceasing all business relationships with partners engaging in unethical behavior and putting them on a blacklist
3. Explicitly including the *Principles of Ethical Corporate Management* in the contract whenever a new business relationship is established

Zeng Hsing has a supervisor’s mailbox and a CSRO hotline in place to receive complaints about unethical behavior, which are then forwarded to the Audit Office for processing in accordance with applicable regulations. The auditing staff undergoes regular training on investigating unethical behavior, and they are equipped with the professional knowledge needed to conduct investigations.

The Audit Office conducted a group-wide risk assessment for fraud at every business location. The Audit Office paid an onsite visit to locations with a higher level of risk. In November 2021, the Audit Office performed an onsite inspection at the Taiwan headquarter, and no material internal control risks were identified.

DMA– Anti corruption

	Reporting requirements	Disclosure Requirements
103-1	An explanation of why the topic material	To win our customers' and partners' trust, respect, and continued business, it is of the utmost importance that Zeng Hsing strictly abides by its belief in ethical corporate management.
	Boundary	Group
	Specific limitation	This disclosure pertains to the entire Zeng Hsing Group.
103-2	Purpose of the management approach	Creating and fostering a corporate culture of integrity and ethical management.
	2021Goals	<ol style="list-style-type: none"> 1. Holding ethical management and anti-corruption workshops 2. Requiring new suppliers to sign an ethics agreement
103-3	Evaluation Mechanisms	The Company has formulated the <i>Workplace Management Rules, Code of Ethical Conduct, Principles of Ethical Corporate Management, and Guidelines and Standard Operating Procedures for Ethical Corporate Management</i> . We also require all suppliers to sign the <i>Integrity and Confidentiality Agreement</i> as guidelines for ethical behavior. The Audit Office performs periodic audits to ensure compliance, the results of which are reported to the Board of Directors for review.
	Performance	<p>Zeng Hsing Group</p> <ol style="list-style-type: none"> 1. No cases of corruption were reported in 2020. 2. All new suppliers of Zeng Hsing's four plants have signed the <i>Integrity and Confidentiality Agreement</i>. <p>Taiwan Headquarters</p> <ol style="list-style-type: none"> 1. The Strategic Development Office assisted in the organization of an anti-corruption training workshop, which was attended by a total of 42 employees. 2. All employees have signed the <i>Integrity and Confidentiality Statement</i>.

3.4 Risk Management

✳ Corporate Consensus Meeting 【102-11 · 15】

The outbreak of SARS-COV-2 in 2020 constricted global economic demand and created unprecedented challenges. However, as positive news about vaccine development continues to be released, markets are becoming increasingly optimistic about a global economic recovery in 2021.

However, the COVID-19 pandemic has not yet ended, and there is still considerable uncertainty as to when vaccinations will be freely available. Additionally, since the global economy will not fully recover from the impact of the pandemic in the short term, there are still challenges we must overcome before the world returns to normal.

In actuality, the pandemic minimally impacted Zeng Hsing's operations in 2020, due to the rise in DIY home improvement as European and American cities successively went into lockdown. Nonetheless, the Company is prepared for a possible drop in sewing demand as the world emerges from the pandemic in 2021. Detailed plans and response measures are also being formulated to cope with a weakening US Dollar, increasing material prices, and restructuring of the shipping industry.

Zeng Hsing executives met with external consultants at the Corporate Consensus Meeting in October 2020 to discuss internal and external risks and opportunities that the Company might face. Based on the risk analysis results, a strategic roadmap and a set of operational goals were formulated. The Strategic Development Office was then responsible for following up on the progress of each division in achieving these goals and making quarterly adjustments to the roadmap based on actual performance. The ultimate goal is to improve Company management while lowering its exposure to risk by continuously monitoring and adjusting its goals.

The results of a risk evaluation conducted in 2020 highlighted two major challenges. The first challenge involves an overly high proportion of one-time customers and the question of how the Company would make up for lost revenue if customers reduce purchases or experience financial difficulties, and the second challenge is that of outdated internal standard operating procedures. Therefore, it is imperative that the Company develop measures to maintain product quality and deadlines while improvements are made.

✳ Group-wide auditing plan

The Audit Office under Zeng Hsing's Board of Directors is responsible for establishing an annual group-wide auditing plan in accordance with administrative orders issued by the competent authority. The auditing plan (which details the items to be audited, as well as the date and duration of the audit) is drafted based on the rate of occurrence of compliance deficiencies in the past, the shareholding percentage of each subsidiary in the Group, internal control risks for each of the nine business transaction cycles, and the level of risk identified by each functional organization within the Company. When the audit is completed, a report is drawn up, and the Audit Office will follow up on compliance deficiencies identified during the audit to ensure that improvements are implemented and that group-level operational risks are under control.

✿ Environmental and operational risk management

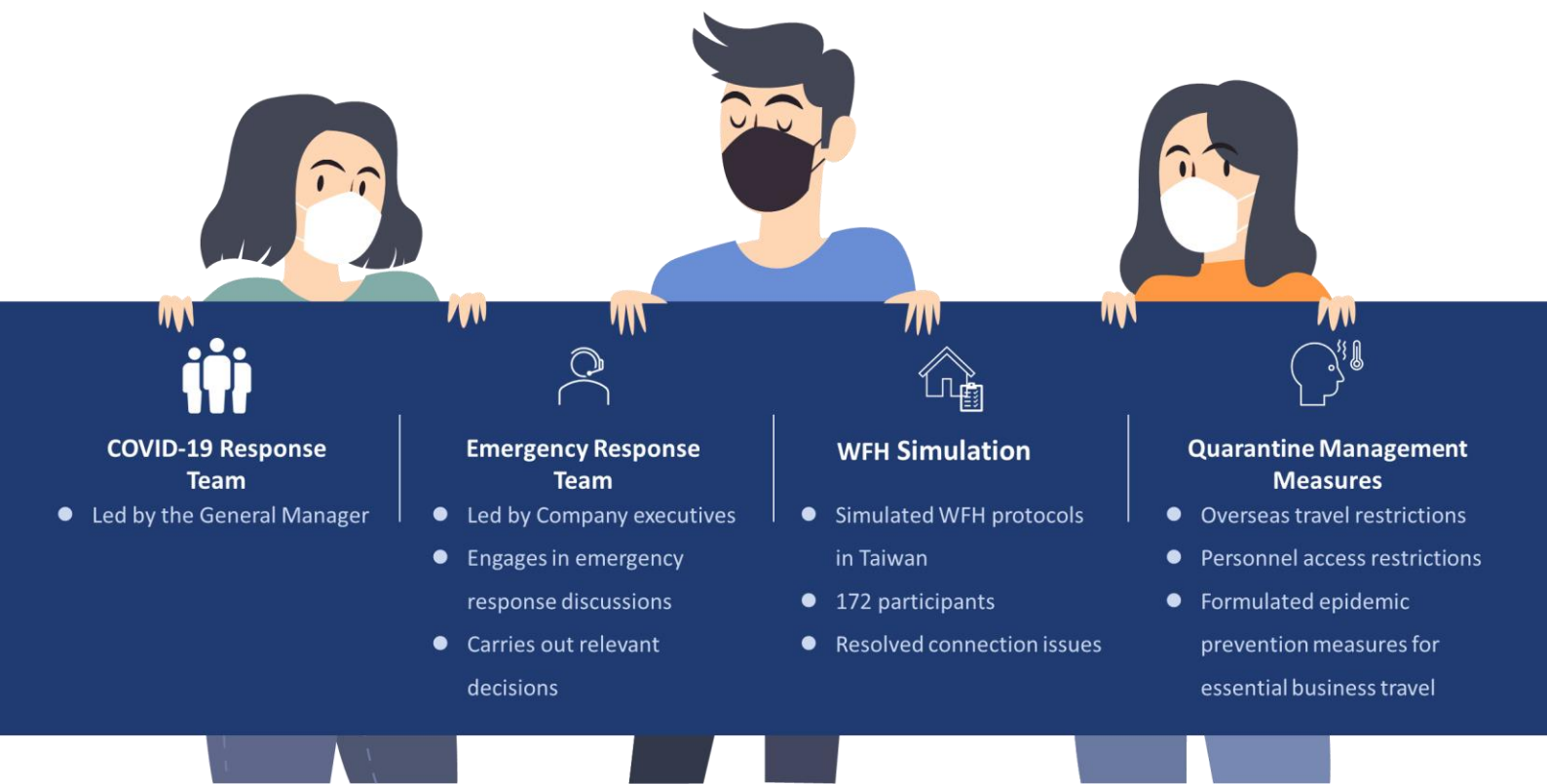
Pursuant to ISO 14001 and OHSAS 18001/TOSHMS certification requirements, Zeng Hsing has formulated the *Environmental Management System Manual* and *Occupational Safety and Health Manual* in order to identify, address, mitigate, and control environmental and operational risks, enforce occupational safety and health, make good on our commitment to a safe workplace, and ensure complete compliance with government regulations.

✿ COVID-19 Risk Control

To respond to the pandemic, Zeng Hsing established a COVID-19 Response Team in 2020. The team is led by the general manager, and staff members from various departments and divisions serve as *ex officio* members. External communication is managed by the Strategic Development Office and the Finance and Accounting Division. The Sales and Marketing Division runs the Customer Assurance Team and is responsible for customer contact and delivery confirmation. The Operations Team handles operation- and production-related affairs. The Human Resources Department runs the Quarantine Control Team and is responsible for factory sanitization and employee home quarantine affairs. Finally, the IT Team ensures the normal operation of the Company's information systems.

Taiwan HQ ran a work-from-home (WFH) simulation in March 2020 to ensure that operations are not disrupted if confirmed cases arise in the Company. A total of 172 employees split into three units participated in the three-day simulation. During the simulation, several participants encountered software and connection issues, but such issues were immediately resolved by the Information Technology Department, ensuring that Company hardware and software would continue to operate normally in the case that WFH protocols are instated.

As the pandemic persists, employees and visitors must take their body temperatures when entering Company facilities and wear a mask at all times. Furthermore, all overseas and domestic business trips have been suspended, and employees are provided regularly with the latest epidemic prevention information. Employees are also discouraged from traveling overseas.



3.5 Regulatory Compliance

* Compliance with certification standards

In order to ensure compliance with government regulations and meet customer needs, Zeng Hsing has received ISO 9001, ISO 14001, and OHSAS 18001/TOSHMS certifications. The compliance teams at the Taiwan Headquarters, Zeng Hsing China, Zeng Hsing Vietnam, and Shinco Technologies **each formulate their annual audit plans and perform an onsite audit of every department within the Company to ensure that internal processes are in compliance with the aforementioned standards.** In addition to internal audits, the Company regularly commissions third-party auditors to perform external audits of environmental protection and occupational safety and health to ensure that all aspects of the Company’s internal processes are in compliance with the law.

* Regulatory compliance audits

Zeng Hsing is committed to complying with the *Company Act, Securities, and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest,* and other local business regulations applicable to publicly traded companies as prerequisites for ethical corporate management.

To verify that each division has established an effective system for consulting, coordination, and communication in matters related to regulatory compliance, and to see to the timely updating of internal guidelines and standard operating procedures in response to regulatory changes, the Audit Office performed 4 regulatory audits in 2020 to ascertain that every division was in compliance with corporate guidelines.

These mandated audits are performed on an annual basis pursuant to the *Regulations Governing Establishment of Internal Control Systems by Public Companies.* To mitigate risk, the Audit Office performs one audits at all our subsidiaries each year.



DMA : Socioeconomic & Environmental Compliance 【307-1、419-1】

	Reporting requirements	Disclosure Requirements
103-1	An explanation of why the topic material	Regulatory compliance is of the utmost importance to the Zeng Hsing Group. Lack of effective management in this regard may lead to regulatory fines in the future.
	Boundary	Group
	Specific limitation	This disclosure pertains to the entire Zeng Hsing Group.
103-2	Purpose of the management approach	Following local environmental, manufacturing, and social regulations to mitigate operational risk and safeguard the Company's image.
	2021 Goals	<ol style="list-style-type: none"> 1. Holding regulatory compliance workshops to ensure that employees are aware of the law and minimize the risk of regulatory violations 2. Zero violations of occupational safety/health and product marketing/labeling regulations
	Resource	To reduce violations, Taiwan HQ launched the Online Human Rights and Legal Compliance Program. Two courses were uploaded in 2020, namely, Employment Discrimination Prevention and Epidemic Prevention and Labor Laws. In 2020, 360 employees attended the courses, collectively attending 117.47 hours.
	Evaluation Mechanisms	The Company conducted one legal compliance audit of its plants in China and Vietnam. The audit results showed differences between current laws and regulations and those ratified in the Chinese plant, and that in the Vietnam plant, the regulatory information was outdated and that the accounting processes were different from local tax laws. These issues have since been rectified, and measures have been implemented in these plants to highlight the importance of legal compliance.
103-3	Performance	<p>ZH Group :</p> <ol style="list-style-type: none"> 1. Regulatory compliance audits: The Audit Office performed 1 audit each at all our subsidiaries. All compliance deficiencies were addressed. The Audit Office will continue to promote awareness of regulatory compliance among the Company's employees. 2. Zero Violations: No material fines or punishments pertaining to violations of occupational health/safety regulations or voluntary product and service guidelines were issued to Zeng Hsing in 2020. Furthermore, none of Zeng Hsing's business locations received material fines or punishments pertaining to human rights, environmental protection, or labor law violations.² We will continue to work towards our goal of zero regulatory violations.

²According to Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities, a "material punishment" is a fine for a single violation that amounts to NT\$ 1 million or more.

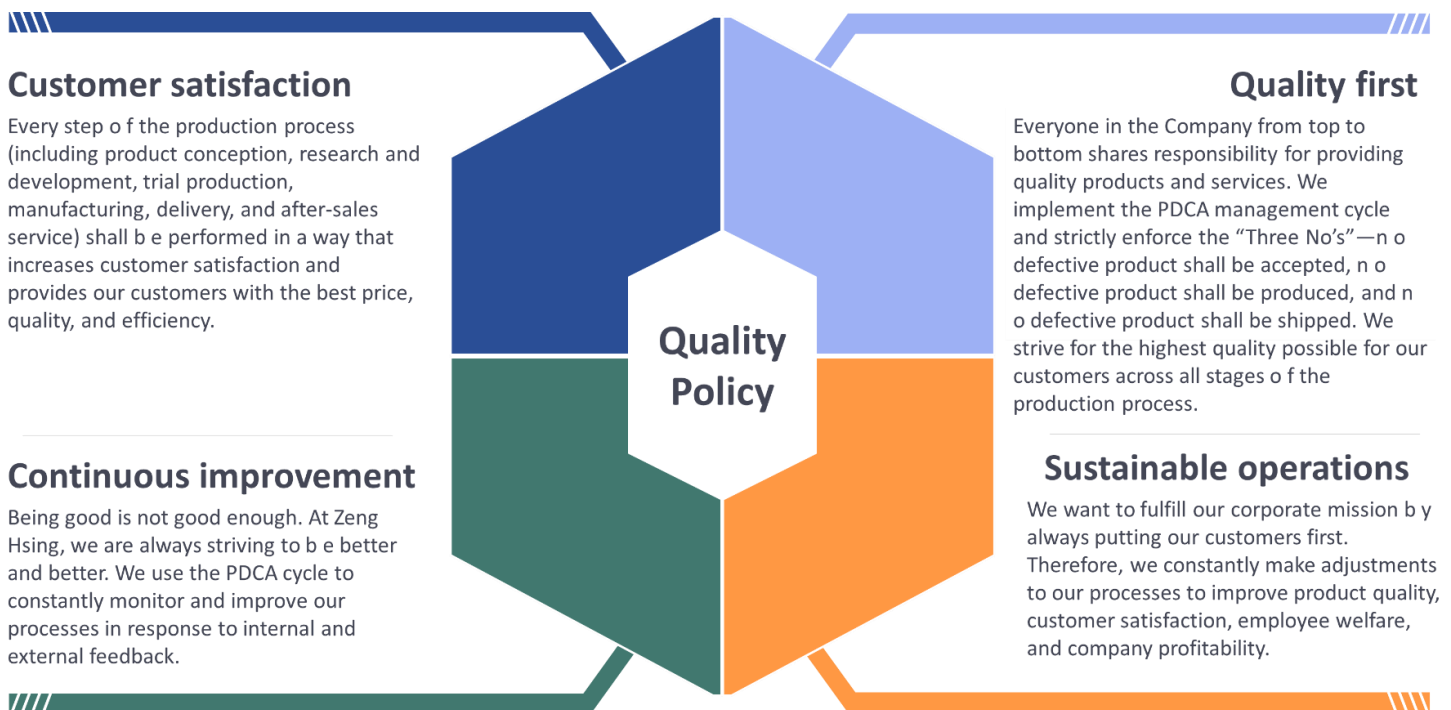
✿ Protection of minor employees [408-1]

	Underage Employee Protection Measures Within Zeng Hsing	Policy on Minor Employees at Suppliers' Plants
Taiwan	<p>The <i>Labor Standards Act</i> of Taiwan defines a child worker as “a worker over 15 years old but less than 16 years old.” According to the Act, no child worker and no worker under the age of 18 shall be permitted to do work that is potentially dangerous or hazardous in nature.</p> <p>Zeng Hsing did not have any child workers on its payroll in 2020.</p> <p>In 2020, Zeng Hsing employed 2 teenage interns under the age of 18 and the work content does not involve dangerous or harmful work.</p>	<p>To ensure that our suppliers do their part to fulfill corporate social responsibility, the Taiwan Headquarters’ supplier evaluation sheet contains sections pertaining to environmental protection and human rights.</p> <p>No regulatory fines pertaining to environmental protection violations or the hiring of underage employees were levied in 2020 among 5 existing suppliers.</p>
Zeng Hsing Vietnam	<p>The <i>Labor Code</i> of Vietnam defines a child worker as a worker under 15 years of age and a teenage worker as a worker aged 15–18. Zeng Hsing Vietnam has drawn up a <i>Child and Teenage Labor Protection White Paper</i>, which prohibits the hiring of any child labor and stipulates that teenage employees shall not work in hazardous environments.</p> <p>In 2020, Zeng Hsing Vietnam employed 5 teenage interns under the age of 18. Pursuant to the Labor Code of Vietnam, the subsidiary obtained the consent of these employees’ legal guardians before hiring.</p>	<p>Zeng Hsing Vietnam’s procurement department conducted on-site inspections at the plants of 12 suppliers. No evidence of child labor was found or reported.</p>
Shinco Technologies	<p>The HR department at Shinco Technologies confirms that all employees are at least 18 years of age to prevent the unintentional hiring of workers not of legal age.</p>	<p>To ensure that our suppliers do their part to fulfill corporate social responsibility, the supplier evaluation sheet contains sections pertaining to environmental protection and human rights.</p> <p>No regulatory fines pertaining to environmental protection violations or the hiring of underage employees were levied in 2020 among 5 existing suppliers</p>
Zeng Hsing China	<p>The <i>Labor Law</i> of the People's Republic of China defines an underage worker as a worker aged 16–18. To prevent the unintentional hiring of child laborers, Zeng Hsing China’s <i>Employee Management Guidelines</i> stipulate that no workers under 16 shall be hired.</p> <p>In addition, its SA 8000 management system also has drawn up a set of guidelines to protect underage employees.</p>	<p>In accordance with SA 8000 requirements, Zeng Hsing China requires all its suppliers to sign a Suppliers’ Social Accountability Agreement, which stipulates zero child labor.</p>

** No fines or punishments related to child labor were issued to the Zeng Hsing Group in 2020.**

4 Sustainable Products and Services

To ensure that the quality of our products and services meets customer needs and government regulations, all employees are required to follow Zeng Hsing's **Quality Management Manual**, which was formulated in accordance with the ISO **Quality Management System** standard. The Company has developed and enforced several other quality control guidelines to maintain and continue to improve the quality of our products. Through efficient teamwork, we have been able to achieve our operational objectives in quality control and improve our manufacturing processes to meet customer needs. The scope of our total quality control system covers the entire production process, including product realization planning, quotes, order acceptance, product development and design, materials procurement, manufacturing, monitoring of after-sales service, and comprehensive product quality assurance of measuring instruments.



4.1 Corporate Certifications

【102-12】 In order to reduce the risk of occurrence and reduce the impact of risk, Zeng Hsing actively promotes various international system verification. Zeng Hsing has received the following quality management and environmental safety and health certifications: **ISO 9001** (Quality Management Systems), **ISO 14001** (Environmental Management Systems), **OHSAS 18001** (Occupational Health and Safety Assessment Series), and **TOSHMS** (Taiwan Occupational Safety and Health Management System). In response to certain ISO standards being updated, Zeng Hsing subsidiaries are in the process of converting to the latest standards. The table below shows the progress of each subsidiary

1. **ISO50001 : 2018 system revision** : Zeng Hsing Vietnam switched to the new ISO 50001 standard in 2019 and complete external verification in September 2020.





2. **OHSAS 18001 transfer to ISO 45001** : Taiwan Headquarters has obtained the transfer certificate in July 2020, and Zeng Hsing Vietnam has obtained the transfer certificate in June 2021.

Subsidiary	ISO system	Certificate validity
ZH Taiwan	ISO 9001 : 2015	2022.05.19
	ISO 14001 : 2015	2022.05.19
	ISO 45001 : 2018 TOSHMS CNS 45001 : 2018	2022.06.14
	ISO14067 : 2018	2022.03.17
ZH China	ISO 9001 : 2015	2024.02.10
	ISO 14001 : 2015	2024.03.22
ZH Vietnam	ISO 9001 : 2015	2023.10.02
	ISO 14001 : 2015	2022.04.10
	ISO 45001 : 2018	2024.06.06
	SA 8000 : 2014	2021.10.11
Shinco	ISO 50001 : 2018	2024.06.14
	ISO 9001 : 2015	2024.05.10
	IATF 16949 : 2016	2024.05.10

4.2 Marketing of Products and Services

Zeng Hsing follows international regulations (RoHS, CE, etc.) and seeks environmental certifications (GS, UL, etc.) to ensure that our products comply with various national safety standards. We also formulate related rules such as the design management rule and product restricted substances management rule, to ensure from design to manufacturing meets the requirements of customers in various countries.

Because of the different regulations in countries where our customers are based, we work closely with our clients to manufacture products that meet their specific needs, and we disclose product and service information on the user manual, the packaging, and the product itself. We have a wide range of sewing products, from mechanical sewing machines to overlocks, each of which is UL or TUV certified. We want our customers to be assured of the quality of our sewing machines, so we make sure that every aspect of our products is in compliance with national safety requirements. Furthermore, the R&D and Quality Assurance departments periodically organize workshops on product safety regulations and restricted substances to communicate the latest regulations to all employees and help them understand the importance of regulatory compliance.

RoHS	RoHS short for Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment, was adopted by the European Union.		UL	UL, LLC is a global safety certification company headquartered in N.A. UL is one of several companies approved to perform safety testing by the U.S. federal agency	
GS	The Geprüfte Sicherheit ("Tested Safety") or GS mark is a voluntary certification mark for technical equipment		CE	CE (as the logo Ce) mean that the manufacturer or importer affirms the good's conformity with European health, safety, and environmental protection standards.	

DMA – Marketing and Labeling

	Reporting requirements	Disclosure Requirement
103-1	An explanation of why the topic material	If the product's label or marketing content is incorrect, there will be a risk of being removed or returned in violation of the regulations, which will have a significant impact on the company's goodwill.
	Boundary	The Zeng Hsing Group
	Specific limitation	This disclosure pertains to the entire Zeng Hsing Group.
103-2	Purpose of the management approach	To comply with national product safety regulations
103-3	Evaluation Mechanisms	Reports of regulatory violations are reviewed at the weekly executive meeting, where improvement plans are subsequently drafted.
	Performance	No violations of marketing regulations, product/service disclosures, or labeling were reported in 2020.

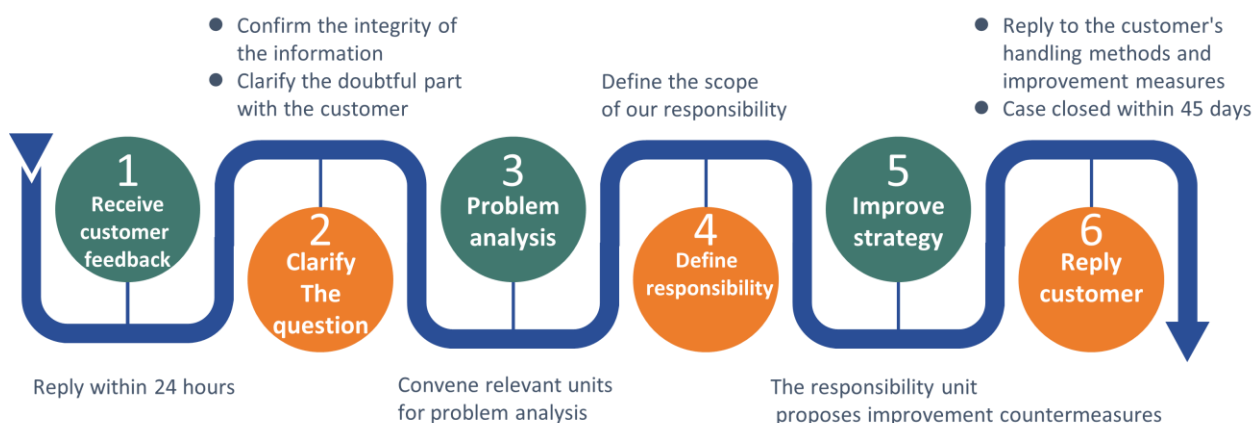
In 2020, Zeng Hsing participated in the Japan GOOD DESIGN Award competition, hoping to continue to maintain its exposure internationally. Use our QM model to compete with CMF appearance. And finally won a total of 4,769 entries around the world Shortlisted.



4.3 Customer Satisfaction

* Guidelines for Processing and Managing Customer Complaints

If our products fall short of expectations, or if our customers are dissatisfied with our services, they will inevitably feel disappointed and have doubts about Zeng Hsing. To ensure that our customers are satisfied with our products and services, we formulated our *Guidelines for Processing and Managing Customer Complaints* in accordance with our *Quality Control Manual* to process customer complaints in an appropriate manner, preserve the Company’s image, and build lasting loyalty. If a complaint is received, employees are instructed to put themselves in the customer’s shoes and provide timely support to resolve any issues and keep the customer satisfied. The customer complaint handling process is as follows.



A long-lasting customer relationship must be built on trust, especially with regard to privacy protection and information security. Both as a matter of integrity and for practical purposes, we pay particular attention to safeguarding our customers’ privacy and personal data. We require all personnel who come into regular contact with customer information to sign a non-disclosure agreement to prevent leaks of sensitive information or trade secrets. No personal information leaks or other privacy-related issues were reported in 2020.

* Customer Satisfaction and Customer Service Management Guidelines

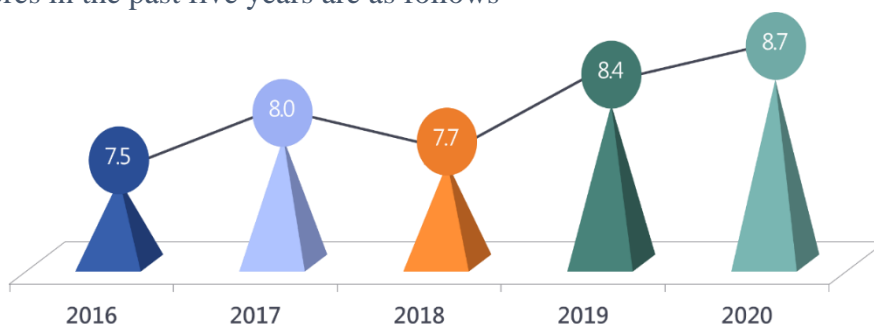
Zeng Hsing has always put the customer first by listening to customers’ actual needs in terms of product materials, exterior design, functionality, and other specifications. We want every aspect of our products to be up to customer standards. To further improve customer satisfaction, we formulated our *Customer Satisfaction Management Guidelines* and *Customer Service Management Guidelines*. The former requires that customer needs customer satisfaction surveys be conducted on a regular basis, while the latter ensures that our pre-and post-sales services (including product sample deliveries, usage status surveys, responses to customer complaints, and availability of repair parts) are in line with customer expectations.

In accordance with these guidelines, we began sending out an online satisfaction survey to customers who file complaints, to be delivered electronically after a case is closed. The survey was developed for customers who have placed an order within the previous year. It uses a five-point Likert scale (available score options: 2, 4, 6, 8, and 10; higher scores indicate greater satisfaction). The customer service department is responsible for analyzing the results from the previous quarter and

producing a quarterly customer satisfaction report. If necessary, a meeting is convened by the R&D, manufacturing, and procurement departments, where long-term improvements are implemented to prevent similar problems from occurring in the future.

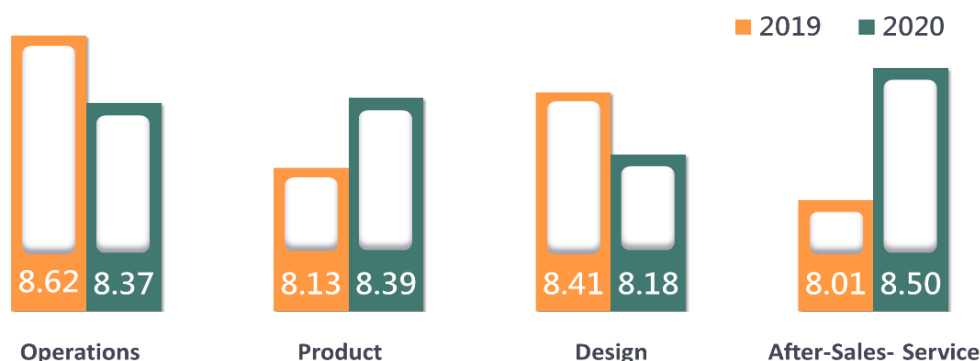
The quality assurance and customer service department send out customer satisfaction surveys electronically to customers who have placed orders within the previous year and draws up improvement strategies to address aspects of our services that receive low customer satisfaction ratings, with the goal of building a loyal customer base. On average, the Company invests 60 hours in distributing, collecting, and analyzing satisfaction surveys every year. Three employees in the quality assurance and customer satisfaction department are in charge of data collection, and another employee is in charge of database construction and maintenance. Responses are analyzed to identify major complaint categories in order to provide customers with the timeliest solutions possible. To further improve the efficiency of our customer service, the Taiwan Headquarters will be launching a dedicated customer service platform in the near future to help us better understand customer needs and create value for both the Company and our clients.

51 questionnaires were distributed in 2020 and 25(51%) were recovered. The average customer satisfaction score for the year was 8.73, which was higher than our target (8 points). The customer satisfaction scores in the past five years are as follows



Notes : The quality assurance and customer service department adjusts the questionnaire questions according to product characteristics every year, so it is not suitable for comparison with previous scores.

2016~2020 average customers satisfaction score



2020 VS 2019 satisfaction score by sides

The questionnaire administered in 2020 was the same one used in 2019. The questionnaire comprised four sections: Operations, Product, Design, and After-Sales Service. The scores for 2019 and 2020 are as follows:

1. **Operations:** Due to the pandemic, turnover was longer in 2020 than in 2019. Therefore, the satisfaction score for operations in 2020 was slightly lower than that of 2019. In a time of high market demand, the Sales and Marketing Division periodically updates customers on the Company's productivity and informs customers on potential delays.
2. **Product:** Due to enhancements in appearance and quality, the satisfaction score for the product was higher in 2020 than in 2019.
3. **Design:** With the rise in eco-friendly packing materials and the shift of consumer demand to small-quantity and diversified production, customers expressed the expectation for diversified, eco-friendly designs. Therefore, the satisfaction score for design in 2020 was lower than that of 2019. In the future, the Company plans to engage in several more rounds of customer confirmation before deciding on product designs, packaging, and styles, thereby remaining in touch with its customers. The Company will also continue to refine its operations and find a better balance between cost and eco-friendliness.
4. **After-Sales Service:** The satisfaction score for after-sales service increased by 0.5 in 2020 compared to 2019 due to improved customer **complaint** response and dispute handling.

4.4 Green Procurement

In response to increasingly fierce competition and restrictions in the European market, Zeng Hsing implements strict supply chain controls to ensure that every stage of the production process—from materials and parts procurement to manufacturing, and all the way to final assembly and delivery to the customer—complies with international environmental protection regulations as well as our customers’ green product review standards.

Based on regulations in jurisdictions where our products are sold, we formulated the **Restricted Substance Management Standard for Zeng Hsing and Its Suppliers** to restrict the use of hazardous substances in the manufacturing process and lessen our impact on the environment. The standard was formulated to meet not only local regulations but also customer needs. **[416-2] We did not receive any reports of health and safety violations pertaining to our products in 2020.**



DMA – Customer Health and Safety

	Reporting requirements	Disclosure requirements
103-1	An explanation why the topic material	Europe is a major market for Zeng Hsing. Therefore, whether the Company and its supply chain can adjust operations to meet European environmental regulations (including RoHS, REACH, and other green regulations promulgated by the EU Parliament and Council) directly influences its competitiveness in the EU market.
	Boundary	Group
	Specific limitation	This disclosure pertains to the entire Zeng Hsing Group.
103-2	Purpose of the management approach	Satisfying regulatory requirements in jurisdictions where our customers are located in order to achieve sustainable operations, increase product competitiveness and create additional value.
	2021 Goals	customers Satisfaction
	Resource	<p>Taiwan Headquarters:</p> <p>Since the adoption of our <i>Green Procurement Policy</i> in 2004, x-ray fluorescence (XRF) spectrometers have been installed at all Zeng Hsing subsidiaries to screen incoming materials. In 2014, we began introducing the Green Product Management (GPM) Portal to each of our subsidiaries, investing a total of NT\$ 11.3 million in software and hardware updates and a dedicated staff of 53 employees.</p> <p>2006: Adopted the <i>Green Procurement Manual</i>³ as the restricted substance management standard for our components suppliers.</p> <p>2014: Introduced the Green Product Management (GPM) Portal⁴ for reviewing product information provided by our upstream suppliers so that we can provide downstream customers with accurate information regarding our products' eco-friendliness.</p> <p>2019: Invested NT\$ 1.04 million in RoHS/Phthalate/SCCP/PAHs compliance tests for incoming components, whole-machine restricted substance tests, and GPM system maintenance.</p>
103-3	Evaluation Mechanisms	The Zeng Hsing Group performs regular PDCA reviews of the effectiveness of its restricted substance management procedures in accordance with ISO 9001.
	Performance	<p>Taiwan Headquarters:</p> <ol style="list-style-type: none"> Qualified parts : QA performs a total of 8 parts sampling tests in 2020. It includes ROHS, Phthalate, PAHs and SCCP, and all items have passed the test results. Education and training : QA organizes internal education and training on restricted substances from time to time. A total of 36 sessions were held from 2018 to 2020, with a total of 217 participants. Customer satisfaction: 8.7 points for 2020 satisfaction Customer health and safety plan: Complete the project to reduce the leakage risk of high-frequency transformer units.

³ Green Procurement Manual: a collection of hazardous substances regulations compiled by Zeng Hsing as a reference for its suppliers.

⁴ Green Product Management Portal: a tool for searching and managing restricted substances, powered by a database of materials and components that comply with restricted substance regulations.

4.5 Supply Chain Management

The key to effective supply chain management lies in maintaining and ensuring the quality of components in the face of rising materials costs. All four Zeng Hsing plants have developed their own supplier management guidelines based on Zeng Hsing Group’s *Quality Manual* and procurement policies for effective control over suppliers and the procurement process.

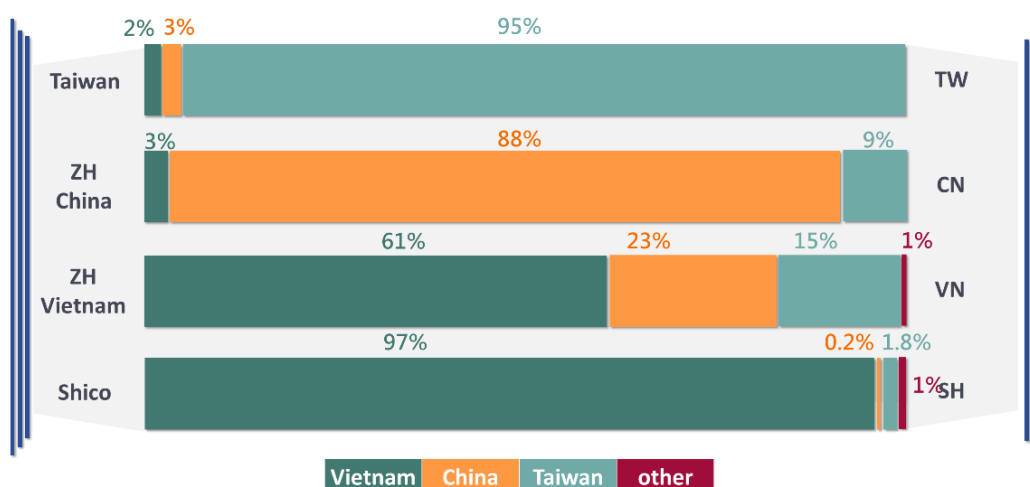
✳ Procurement and supplier management 【102-9 · 204-1】

Zeng Hsing’s group-wide procurement policy requires each subsidiary to formulate a set of procurement and supplier management guidelines based on local regulations and needs. The guidelines must include stipulations on the procurement processes for raw materials, hardware, components, equipment, and other supplies.

New supplier screenings: Before establishing a relationship with a new supplier, the procurement department of each subsidiary must perform a review based on the aforementioned guidelines to ensure the supplier’s manufacturing, quality control, and production management capabilities are up to par.

Existing supplier review: Periodic audits are performed by subsidiaries to assess suppliers’ product quality, timeliness of delivery, service attitude, and compliance with our environmental protection and human rights policies. Zeng Hsing Vietnam also conducts supplier social responsibility surveys regularly to evaluate their suppliers’ performance in safeguarding human rights, providing for employee welfare, and maintaining a safe work environment. We want to make sure that our suppliers are doing their part to fulfill their corporate social responsibility.

As of 2020, Zeng Hsing has 392 materials suppliers and is currently working with 5 waste disposal service providers. In addition to product/service quality, timeliness of delivery, and their ability to continue to serve our needs, we consider the stability of the local economy when we choose which providers to work with. Therefore, more than 60% of the procurement budget of each subsidiary was spent locally in 2020. The Taiwan Headquarters led with 95% locally sourced procurement, followed by Zeng Hsing China’s 88%, Zeng Hsing Vietnam’s 61%, and Shinco Technologies’ 97%.



Proportion of supplier transaction value to local procurement

Supplier Profile

Item	Materials Suppliers	Waste Disposal Providers
Number	392	5
Transaction volume (%)	99.82%	0.18%
Potential environmental risks	Risk of emissions over legal limits	Risk of violating environmental protection regulations
Potential labor welfare risks	Risk of overtime	Risk of working overtime
Potential human rights risks	Risk of incomplete (or lack of) human rights complaint procedures	Risk of incomplete (or lack of) human rights complaint procedures
Potential societal risks	Risk of excessive noise impacting the community	Risk of bad odors impacting the community

Note: The above indicated waste disposal providers process the general waste produced by the Zeng Hsing Group

Supplier CSR Promotion

Zeng Hsing's most extensive base of operations is in Vietnam. Therefore, in compliance with international trends and customer demands, the Company implemented the SA8000 standards and obtained third-party accreditation. The system contains stringent regulations on supplier CSR, which requires that management representatives complete a self-evaluation before contracting new suppliers and also to draw up on-site audit plans and carry out on-site audits.

Because Taiwan HQ, ZH China, and Shinco have relatively smaller scales of operations compared to Vietnam Factory 1 and 2, a comprehensive supplier CSR evaluation process has yet to be set up in these locations. Therefore, the CSRO successively requested the Company to establish a comprehensive supplier CSR evaluation process for these three plants starting in 2014, recommending that the Company implement simple self-evaluations and on-site audits and then evaluate the need for third-party audits.

Taiwan HQ started conducting on-site audits in 2019, for which at least five suppliers are audited annually depending on need. Additionally, ZH China and Shinco began conducting on-site audits in 2020 and also require that at least five suppliers are audited annually to determine their CSR implementation statuses. On-site audits focus on the environment, product responsibility, human rights, and labor practices, and inspections include whether suppliers have violated local labor or human rights laws and whether approved vendors are contracted to dispose of harmful waste.

In 2020, the four factories collectively audited 27 suppliers, with all 27 suppliers passing the audit and no significant non-compliances found. The audit results discovered slight policy inadequacies concerning workplace safety and staff benefits for several suppliers, who were asked to propose an improvement plan within a specified period.

On-site Audit Results

	ZH Vietnam	Taiwan	Shinco	ZH China
Number of evaluated suppliers	12	5	5	5
Number of qualified	12	5	5	5
Number of Unqualified	0	0	0	0
Pass rate	100%	100%	100%	100%

DMA –Procurement Practices, Supplier CSR Assessment

	Reporting requirements	Disclosure Requirements
103-1	An explanation why the topic material	Through close cooperation with local suppliers, Zeng Hsing has been able to reduce its carbon footprint by decreasing the amount of transportation needed while still bringing prosperity to the local economy
	Boundary	Group
	Specific limitation	This disclosure pertains to the entire Zeng Hsing Group.
103-2	Purpose of the management approach	To comply with local regulations and spur the local economy
	2021 Goals	<ol style="list-style-type: none"> 1. On-site supplier CSR audits 2. Supplier CSR Self-evaluation 3. Supplier CSR Promotion
103-3	Evaluation Mechanisms	Reports of supplier violations are reviewed at the weekly executive meeting and improvement plans are subsequently drafted.
	Performance	Training auditors for on-site supplier CSR audits 100% Establishing a supplier ESG ratings system 80% 27 on-site provider CSR audits

5 Inclusive Workplace

5.1 Global workforce structure as of 2020 [102-8]

As of 2020, the Zeng Hsing Group has 3,903 employees, 38% of whom are male and 62% female. 80% of all employees are based in Vietnam, making that country our largest manufacturing base. Zeng Hsing is in the manufacturing industry, and employees are mainly responsible for product manufacturing and assembly. Therefore, young factory workers under 30 years of age account for 55% of our workforce.

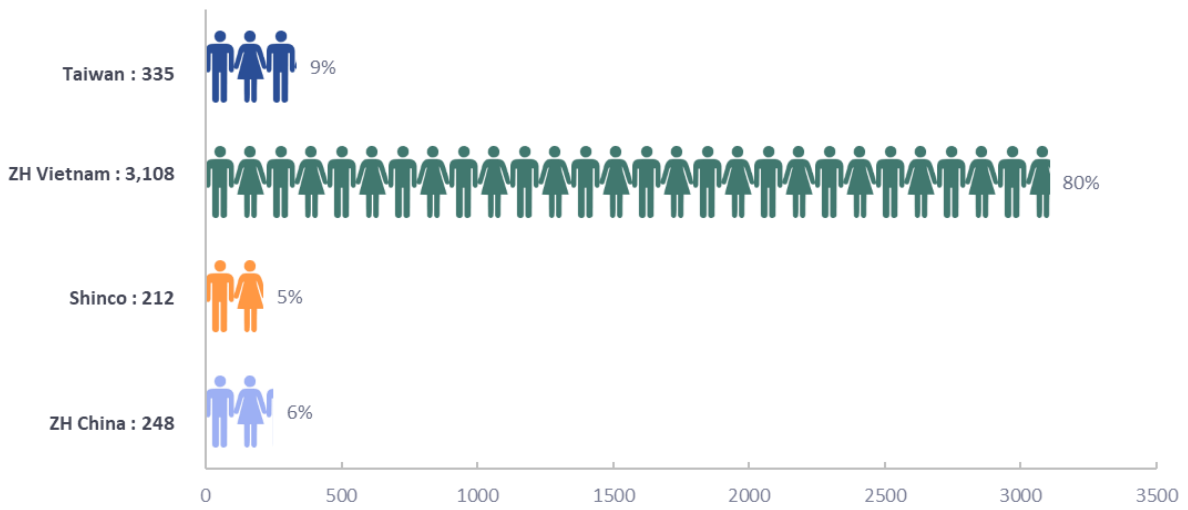
As of the end of 2020, all employees are permanent, full-time workers. Within 2020, the highest concurrent number of employees was 3,903, and the lowest was 2,596.

Categories	Groups	Male		Female		Total Number	Group%
		Number	Group %	Number	Group %		
Subsidiary	ZH Taiwan	170	51%	165	49%	335	9%
	ZH Vitenam	1,134	36%	1,974	64%	3,108	80%
	Shinco	127	60%	85	40%	212	5%
	ZH China	47	19%	201	81%	248	6%
	total	1,478	38%	2,425	62%	3,903	100%
Age	18~29	810	38%	1,341	62%	2,151	55%
	30~50	619	37%	1,039	63%	1,658	43%
	51+	49	52%	45	48%	94	2%
	total	1,478	38%	2,425	62%	3,903	100%
Education	Below High School	791	38%	1,303	62%	2,094	54%
	High School	486	35%	885	65%	1,371	35%
	Bachelor's	156	42%	214	58%	370	9%
	Master's & Ph.D	45	66%	23	34%	68	2%
	Total	1,478	38%	2,425	62%	3,903	100%
Job Category	Direct	1,028	38%	1,692	62%	2,720	70%
	Indirect	239	34%	570	66%	809	21%
	Manager	211	56%	163	44%	374	9%
	total	1,478	38%	2,425	62%	3,903	100%

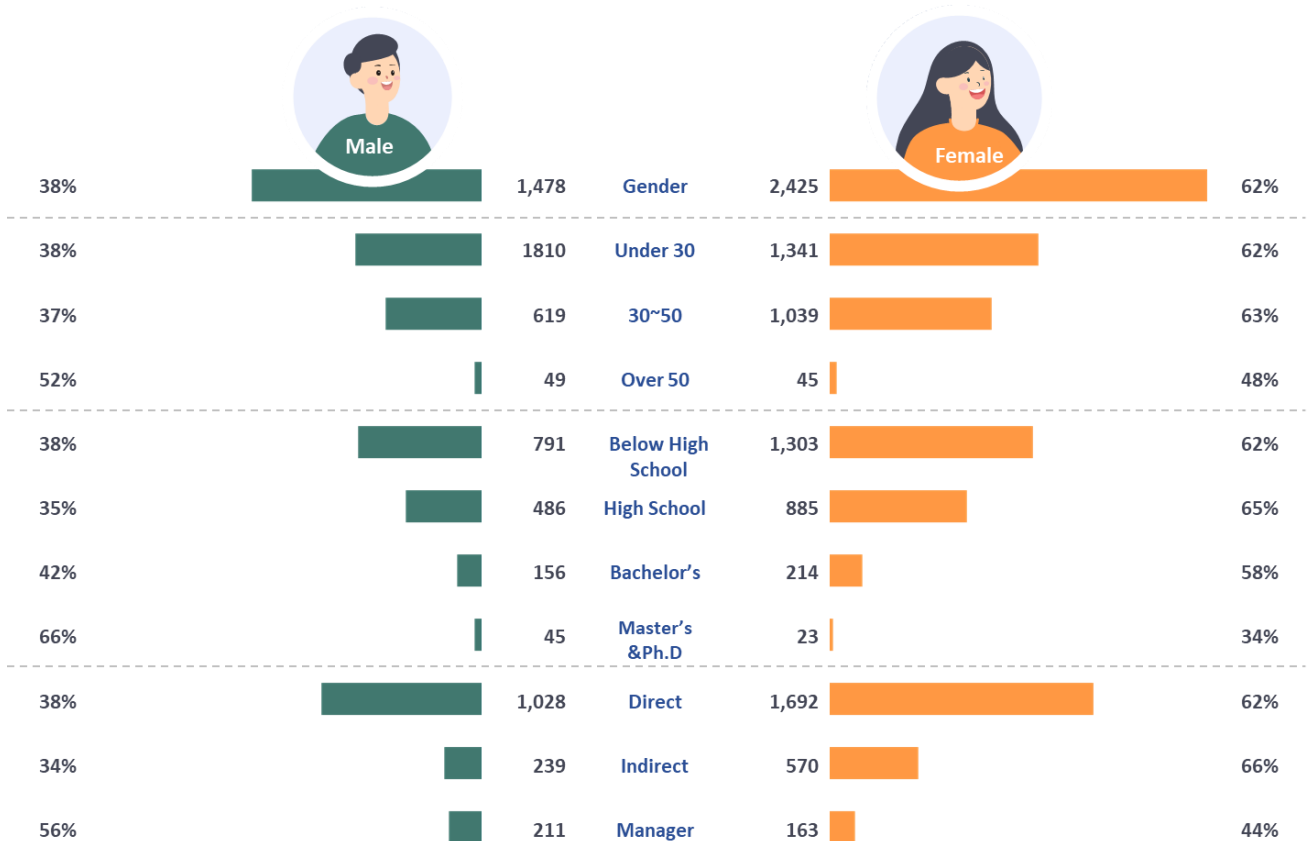
Notes:

1. The Taiwan Headquarters hired 83 fixed-term contract employees in 2020, and our overseas subsidiary plants hired 4.
2. "Management" refers to section manager and above.
3. Data were extracted from the Company's online Human Resource Management (HRM) system. All figures are actual numbers, not estimates.

The proportion of employees of each plant in 2020



Global workforce structure as of 2020



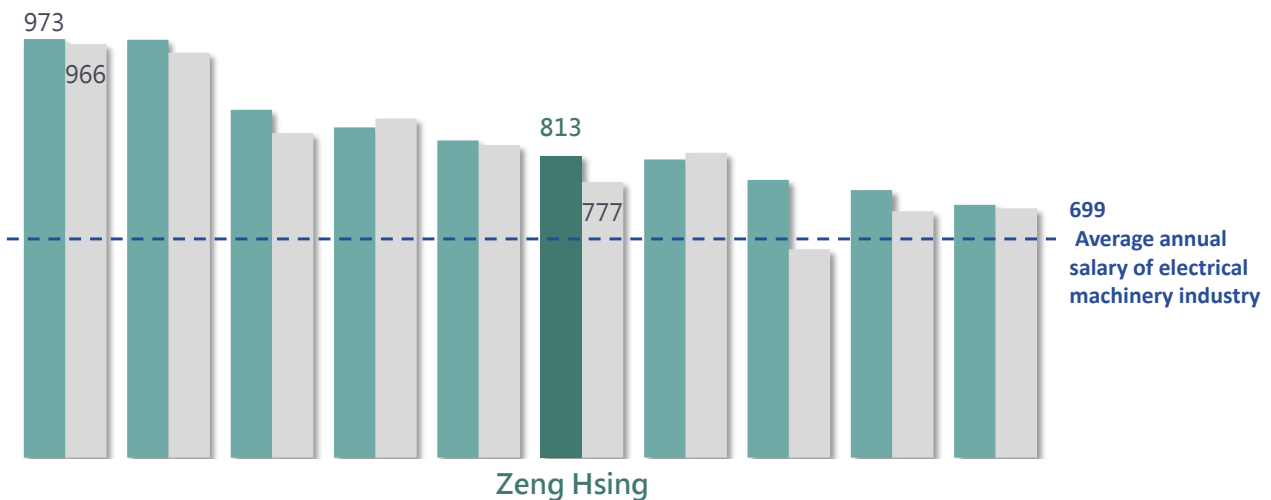
*** Recruitment**

Every subsidiary of **the Zeng Hsing Group** has a set of hiring guidelines in place to ensure that recruitment protocols are followed. At the end of each year, each department is required to formulate a staffing and hiring plan for the following year in accordance with current operational needs. These plans serve as the basis for budgetary decisions. Once the plans are drafted, the HR Department begins the recruitment and selection process **in accordance with local regulations. The process must be conducted in a fair, just, and transparent manner without discrimination of any kind, whether based on applicants’ ethnicity, gender, cultural background, religion, or age.** The HR Department is in charge of new employee onboarding and orientation, which includes an introduction to the company, its rules and regulations, employee welfare policies, occupational safety and health, employee responsibility, and workplace human rights. Supervisors are required to conduct a performance review of new hires to determine whether they are suitable for their positions by the end of their trial period.

*** Talent retention**

Recruiting new blood brings vitality to a company, yet retaining outstanding employees is equally important. In order to retain competitive talent, Zeng Hsing is committed to fostering a friendly work environment, promoting a good work-life balance, and offering opportunities for career advancement and continuous learning.

Reviews and audits carried out by external accountants show that the average annual salary of full-time non-management employees at the Taiwan Headquarters was NT\$ 813,000 in 2019 according to the Salary Information of Full-time Non-Managerial Employees filing requirements set forth by the Taiwan Stock Exchange Corporation (TWSE), an increase of NT\$ 36,000 over 2018, putting us in the top 6 highest paying companies in the same industry and well above our competitors, according to TWSE data.



2019 Salary Information of Full-time Non-Managerial Employees filing requirements (Thousand NTD per Capital)

✿ **Employee Attrition Management Guidelines**

To regulate matters related to resignations, extended unpaid leaves, layoffs, and retirements, **the Zeng Hsing Group** and its subsidiaries formulated the **Employee Attrition Management Guidelines** in accordance with internal control policies and local labor laws. The guidelines deal with resignation procedures, notice periods, job handovers, non-disclosure agreements, HR follow-up processes, attrition analyses, etc. The purpose of the guidelines is to prevent disputes and ensure a smooth attrition process.

5.2 Employee Benefits and Rights

* Employee benefits package [401-2]

The Zeng Hsing Group’s employee benefits plans are determined through discussion and negotiation between HR/management, the labor union, and the employee welfare committee in accordance with local regulations. Each subsidiary may have different benefits options, but the fundamental provisions, including work regulations, work hours, breaks and holidays, the pension system, occupational safety and health, labor/health insurance, and training requirements, are all processed in accordance with the law.

Furthermore, each location may include additional benefits based on employees’ needs. These may include domestic or international travel reimbursements, Family Day events, holiday bonuses, emergency relief funds, and subsidies for employee clubs and competitions.



To encourage company employees to participate in company events and foster team cohesiveness, Taiwan HQ launched the 2020 Company Culture Participation System, inviting all staff members in Taiwan HQ to participate. Staff members are awarded points for participating in a company event, such as sewing competitions, volunteer activities, self-learning and development programs, and departmental 6S competitions, and the points are tallied at the end of the year to be used for the redemption of convenience store vouchers. In 2020, a total of 141 gift vouchers were issued, with the general manager personally presenting the prizes for the three highest scorers at the end of the year to encourage even more employee participation.



✿ Parental leave without pay [401-3]

Subsidiaries in China and Vietnam are required to process maternity leave in accordance with local regulations. Employees at the Taiwan Headquarters may apply for parental (childcare) leave in addition to maternity leave: In 2020, since no male employees have applied for parental leave, 100 of them were female, and 100% of them returned to work at the completion of the leave period. See the following table for details.

Employees on Unpaid Parental Leave	Male	Female	Total
A. Employees applied for parental leave	0	4	4
B. Employees expected to return to work after parental leave in 2020	0	4	4
C. Employees expected to return to work in 2020 after parental leave and returned as scheduled or in advance	0	4	4
D. Actual number of employees returned to work in 2019	0	2	2
E. Employees actually returned to work in 2019 and are still in service in 2020	0	2	2
Return rate(C/B)	-	100%	100%
Retention rate(E/D)	-	100%	100%

DMA – Employment

Report requirements	Disclosure Requirements
103-1 An explanation why the topic material	Employees are the key to sustainability in a company's operations. Zeng Hsing is committed to maintaining a friendly work environment to attract and retain outstanding talent, foster loyalty to the organization, and create a wholesome corporate image.
Boundary	ZH Group
Specific limitation	This topic mainly reveals related information of ZH Group
103-2 Purpose of the management approach	The company offers above average compensation, a clear career advancement path, and a generous benefits package to retain and cultivate potential talent within the company while attracting prospective employees to the Zeng Hsing family.
2021 Goals	ZH Taiwan : 1. Employee benefits - New employee opinion survey 2. Human Rights Course – Human rights knowledge training
103-3 Evaluation Mechanisms	ZH Group Employee benefits –HR/management, the labor union, and the employee welfare committee of each subsidiary convene periodically to review employee benefits to ensure that employees receive the best care possible. An annual CSRO meeting is convened to track the progress and status of CSR objectives.
Performance	ZH Group : 1. Employee benefits –No complaints about employees' dissatisfaction with the salary and welfare policies ZH Taiwan : 1. Human Rights Course –250 hours Human rights knowledge training 2. Employee benefits – Added 16 hours of public welfare leave 3. New employee retention rate -90%

Comprehensive Employee Benefits Package



Bonuses

- Employee bonus
- Annual bonus
- Holiday bonus
- Birthday bonus



Leisure & Recreation

- Subsidies and travel passes for domestic/international travel
- Employee clubs
- Family Day



Insurance

- Labor insurance
- National health insurance (NHI)
- Group accident insurance
- Safety insurance for employees stationed abroad



Training & career development

- Orientation and new hire training
- Annual training plans
- Planned job rotation at foreign subsidiaries
- Industry-academia collaboration projects



Holidays/leaves

- Annual paid leave
- Maternity/paternity leave
- Family leave
- Parental leave
- Menstrual leave
- public welfare leave **2020 added**



Others

- Meal allowances
- Parking space
- Discounts at partner stores
- Wedding/funeral gifts
- Employee education grants
- Healthcare center/laboratories
- Employee health examinations
- Employee stock ownership trust



✳ Minimum notice period regarding operational changes [402-1]

A stable workforce with strong organizational loyalty is a crucial factor in sustainable operations. Therefore, we make it a point to give employees early notice when job rotations are planned and to provide clear career advancement paths for key personnel. In order to increase organizational loyalty and work efficiency, HR and other relevant departments are required to plan ahead for any personnel changes and notify the affected employees within a reasonable notice period. Each subsidiary may set different notice periods, which can be as short as 10 days or as long as 45 depending on employee seniority and local labor laws. Both the employer and employees shall abide by the notice period rule. Zeng Hsing Corporation received no employee complaints in this regard in 2020. The collective agreements for our Vietnamese and mainland Chinese subsidiaries also include similar stipulations.

DMA – labor management relations

	Reporting requirements	Disclosure Requirements
103-1	An explanation why the topic material	Employees are the core of the company's pursuit of sustainable development. In order to attract outstanding talents to stay and gather employee recognition and centripetal force, we are committed to establishing a friendly work environment and creating a happy corporate image.
	Boundary	ZH Group
	Specific limitation	This topic mainly reveals related information of ZH Group
103-2	Purpose of the management approach	A harmonious employer-employee relationship: In order to minimize anxiety due to job rotation, the Company notifies employees ahead of the notice period stipulated by local regulations so that the process can go as smoothly as possible and the risk of interrupted operations can be mitigated.
	2021 Goals	ZH Group: Legal compliance
103-3	Evaluation Mechanisms	Taiwan & Shinco As part of our CSRO review, we conduct an annual selective review of resignation/job rotation cases to verify that they have been processed in accordance with the law. ZH Vietnam & ZH China Furthermore, we follow SA 8000 standards in carrying out the PDCA four-step management cycle.
	Performance	ZH Group: In 2020, none of our subsidiaries received complaints related to personnel changes.

✳ Pension system

The Zeng Hsing Group and each of its subsidiaries have established a pension system in accordance with local regulations to ensure that employees can enjoy a financially secure post-retirement life. **For Zeng Hsing Industrial China, employees are entitled to social insurance and employer pension contributions pursuant to local regulations. For Zeng Hsing Industrial Vietnam and Shinco Technologies, employees are entitled to social, medical, and unemployment insurance pursuant to local regulations. For the Taiwan Headquarters, the Company contributes the appropriate amount to employees' pension funds pursuant to the Labor Standards Act (the old system) or the Labor Pension Act (the new system), whichever may apply.**

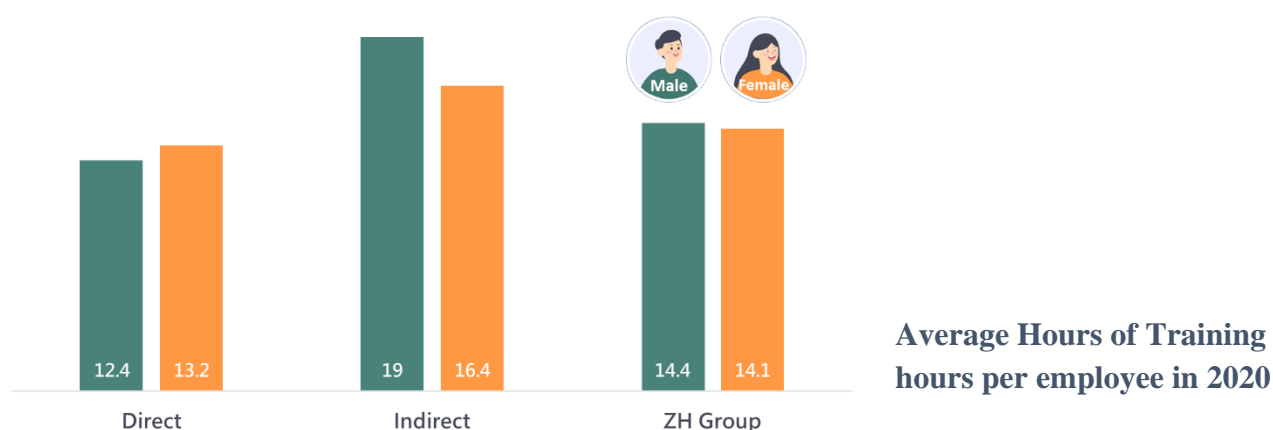
✿ Labor agreements 【102-41】

In accordance with local regulations, **employees of the Zeng Hsing Group have the freedom to form or join labor unions** as a means of safeguarding their rights and fostering the employer-employee relationship. Within the company, labor unions are responsible for representing employees in labor disputes and promoting occupational safety and health, work environment improvements, and employee welfare, as well as organizing recreational activities for union members. A general assembly is convened once a year, and a union council meeting is convened four times a year (once every quarter). Union participation rates stand at 100% for all of our foreign subsidiaries and 100% at the Taiwan Headquarters (not including management representatives and periodic contracts). All subsidiaries have signed applicable collective bargaining agreements or communicated and negotiated with the management through labor unions in accordance with local laws and regulations.

5.3 Employee Training and Development

【404-1】 The Zeng Hsing Group and its subsidiaries provide a wide range of learning opportunities to help employees cultivate the professional knowledge and skills necessary for furthering their careers. As shown in the figure below, no significant differences exist between the average training hours received by our male and female employees, which were 14.4 and 14.1 hours respectively. This is evidence that Zeng Hsing cares about all of its employees regardless of gender. The significant increase in average direct training hours versus last year can be attributed to one is due to the sharp increase in the number of new recruits in the Vietnam plant last year, which led to a sharp increase in the training hours of new recruits. The second is due to COVID-19 our production line canceled and the employees went to assembly training.

With a view to enhancing the comprehensiveness of training and career development opportunities to help employees achieve professional growth, our CSR Committee has required all subsidiaries to set training goals for 2021 and beyond in terms of training hours, and review them on a semiannual basis. Please refer to the management policy for details.



DMA – Training and Education

	Reporting requirements	Disclosure Requirements
103-1	An explanation why the topic material	Training: To familiarize employees with necessary knowledge and skills so that product and service quality will meet clients' standards. Development: To provide a clear career advancement path for talented employees who can help the Company grow.
	Boundary	ZH Group
	Specific limitation	This topic mainly reveals related information of ZH Group
103-2	Purpose of the management approach	Effective management of training and development: To prioritize training that is specific to employees' professional needs and that corresponds with the Company's business operations while encouraging employees to realize their full potential and helping the Company reach new heights.
	2021 Goals	ZH Group: Average training hours, training satisfaction surveys, human rights workshops
103-3	Evaluation Mechanisms	ZH Group: Each subsidiary may adopt one or more methods to evaluate training effectiveness, including post-training online assessments, written tests, oral exams, etc. Employees' training outcomes are recorded either digitally or on paper.
	Performance	ZH Taiwan & ZH Vietnam & Shinco : Average training hours met the target ZH Group : training satisfaction surveys met the target ZH Taiwan : 250 hours of Human rights workshop

* ZH Group Multilingual Program

To help our Vietnamese employees learn Mandarin Chinese, Zeng Hsing Industrial Vietnam has launched a Chinese language training and certification program. Employees who receive the certification are entitled to a bonus. To keep employees motivated to learn, this policy was continued in 2020, and two certification exams were held in the first and second halves of 2020. In total, 36 employees took the exams, 33 of whom passed and received the bonus.

Vietnam is an important manufacturing base for the Company, and the management team appointed there must have language proficiency. Therefore, the Taiwan Headquarters purchased an online Vietnamese learning course, which was made available to all employees in Taiwan.

* Taiwan Headquarters eHRD Learning Platform

In 2015, the Taiwan Headquarters invested NT\$ 10 million in an e-Human Resource Development (eHRD) system (including system installation and consulting). We began utilizing the training module, skills development module, professional competency module, and operational performance module in 2016. We also introduced standardized job specifications and an internal lecturer cultivation program to increase the effectiveness and efficiency of human resource development. Later that year, we named the eHRD Learning Platform the “Hsing School.” Employees may enroll in any of the online or physical classes on the platform depending on their personal learning needs. Beginning in 2017, departments within the Company can integrate their internal training courses, professional competency evaluations, and performance reviews into the Hsing School to help employees quickly identify areas in which their skills could use improvement and take the appropriate courses to address their needs, thus creating a streamlined learning experience.

In 2020, all eHRD course implementation rate is 91%, and average course satisfaction is 4.53 points. In addition, in order to provide a basis for employee training. In 2020, each department made a “training plan” to set the capabilities and curriculum standards of each department and convert the courses into online courses for new colleagues or rotation colleagues. They were 20 training plans collected, which include recruits, common functions, new supervisors, and management functions.

* ZH Group Associate Training Program

To enhance the proficiency of its employees, Zeng Hsing has invested considerable time and resources into designing the Management Training Program. A total of 36 department and division supervisors participated in the program for a 100% completion rate, while as of Q3 2020, the competency rate for supervisors increased by 12.1%. As a result, the Program helped department and division supervisors to quickly adjust to their roles and responsibilities and also effectively improved the leadership and management qualities of the Company's supervisors.





Taiwan Headquarters : Book Club & Team Building Activities

To strengthen the unity and cohesion of our mid-to high-level management team, the HR Department at the Taiwan Headquarters established the quarterly Executive Book Club. Divisional and departmental managers are invited to participate, and a college professor provides reading guidance. After selecting a topic for the quarter, HR divides managers into small groups to facilitate discussion. Each group selects a leader who will be responsible for sharing the group's discussion results with other groups on the day of the event. Through book discussions, managers from different departments are able to interact with each other, get inspired, and conceive new ideas.

To strengthen corporate culture and team cohesiveness, in 2020 the Strategic Development Office organized a film appreciation event, in which department supervisors invited their colleagues to watch films relevant to a theme. Different themes were announced each season, including Happiness, Comes Naturally, Dreams Come True, Inheritance, and Playing Your Strengths. By sharing their impressions of the films, colleagues were able to bond with their peers and supervisors, thereby increasing team collaboration and harmony.



* Taiwan Headquarters Sewing Skills Training

The Company began promoting Sewing Culture in 2020 based on the ideology of "sewing machine manufacturing employees need to know how to use a sewing machine." The Creative Pencil Bag Competition was also launched in the same year, whereby Company employees compete in creating attractive items using company sewing machines for a grand prize of NT \$40,000. The competition was ultimately a success, receiving 262 entries and achieving a satisfaction score of 4.52, and served to help employees familiarize themselves with product functions and how products integrate into everyday life while also creating a positive corporate culture and enhancing team cohesiveness.



第六組

遊 綉 有 魚

設計理念

Just keep swimming! Just keep sewing!

伸與就像有著豐富魚群的海洋，員工如海洋中的魚類來自四面八方，有著專屬自己獨一無二的外型和特性，互相理解、包容與尊重力量更甚於單打獨鬥，使其資源豐富多元；另一方面也意味著當你工作或生活遇到瓶頸時「Just keep swimming! Just keep sewing!」，只要前進就會成長和突破難關，成功與夢想就在兩方。



小組成員

研發技術組：劉煥成
 總經理助理：張宇璇
 產品設計師：
 陳美蘭、謝維慈、何佳敏、陳淑芬、劉寶芬、
 蔡淑儀、林潔芬、游麗娟、陳怡靜、黃文惠、
 廖怡華、林蔚華、廖麗芬、陳麗娟

2020 金興獎 伸興第二屆

The Company also organized the 2nd Gorden Star Sewing Competition and Awards Ceremony to allow employees to hone their sewing skills, discover the joys of sewing, and showcase their talents. This year's competition was for individual contestants and used Extending Love as the theme, in which contestants were required to design and complete a creative entry in 8+8 hours. The competition was extremely fast-paced and exciting: On the first day, eight contestants had to create their designs within the eight hour time frame and were led by the organizers to the store to procure the materials needed for their designs; the contestants then arrived at the venue the next day empty-handed and had to complete their entries in the eight hour time frame. For this year's competition, senior tailors were specially invited to ensure that all entries were judged stringently and fairly.

- 暖心 by 懿敏 
- 瀾心如玉 by 素玫 
- 心中有Love by 純好 
- 伸伸不息興興向榮 by 怡惠 
- 伸"象"愛 by 筠蕓 
- 初心 by 慧芳 
- 環保禮物 by 羽雅 
- 心心相印 by 詩芸 



Human Rights Training [412-2]

Taiwan Headquarters: According to the internal Employment Training Management Guidelines, all new employees must undergo orientation within one month of reporting for duty. Orientation includes an introduction to the Company, an overview of its operations and regulations, and a friendly workplace workshop (including anti-discrimination). Headquarters hired 37 new employees in 2020, **100% of whom received training on human rights policies and procedures, amounting to 188 hours of human rights training in total.** In recent years, the increasing volume of seasonal orders has resulted in the hiring of a greater number of temporary workers. Due to location and time constraints, not all of them are able to undergo formal human rights training. Therefore, the Company provides certain temporary workers with the New Employee Handbook to help them learn more about the Company’s history, organization, regulations, and manufacturing processes, as well as their rights and responsibilities, on their own. In addition to the implementation of education and training for existing personnel in Taiwan headquarters, a total of two courses will be implemented in the first and second half of 2020, namely, prevention of employment discrimination and understanding of labor human rights. The total number of annual human rights courses is 421 people, with a total of 250 hours.

Zeng Hsing Vietnam: The HR Department organizes 4-hour long SA8000 training on an annual basis for employees hired that year to ensure compliance with standards. **100% of new employees have received human rights training, for a total of 5,142 hours (est.) of training.**

There is currently no human rights training offered at Shinco Technologies and Zeng Hsing Industrial China.



Performance Management

To help management keep track of employee performance and to ensure that their hard work and dedication do not go unrecognized and unrewarded, each of Zeng Hsing’s subsidiaries has formulated its performance evaluation procedures based on local needs. Criteria may include attendance, core competencies, professional competencies, work ethics, personal goals, etc. With the exception of new hires in their trial period, all employees must undergo performance appraisals on a regular basis. Those who fail an appraisal are required to take make-up training courses to address their deficiencies.

Internal regulations at the Taiwan Headquarters further stipulate that managers above the section level must meet with individual employees in person prior to every performance appraisal. This serves as an effective communication channel to help each employee understand their manager’s expectations and accept feedback or guidance to help them perform better.



5.4 Occupational Health and Safety Management

At Zeng Hsing, we strive to provide a safe and secure work environment to reduce the risk of safety and health hazards, foster a culture of safety, and create a positive workplace so that employees can do their best without worries.

Safety and Health policy



* Occupational Safety and Health Management System [403-1、2、4、7、8]

In 2020, **Taiwan Headquarters and Zeng Hsing Vietnam** have obtained ISO45001 certificates and complete external verification. The planning, execution, and tracking of various safety and health services are the responsibility of the workplace safety office, and the representative members of the safety and health committee are the heads of each department.

Dedicated Occupational Safety and Health Team : Pursuant to the **Occupational Safety and Health Act**, at least one-third of the labor representatives at the Taiwan Headquarters are union members. Labor representatives are responsible for communicating and coordinating safety matters to ensure the safety and health of the staff, increase their awareness of occupational safety and health, and contribute to the establishment of a culture of safety



The Company's quarterly Health and Safety Committee Meetings entailed legal compliance, stakeholder communication, and expectations, the status of health and safety goals, occupational incident investigations and corrective/preventative measures, occupational safety inspections and case studies, workplace health management, and occupational hazard prevention.

The Workplace Safety Office conducts a **hazard risk assessment** each year in accordance with relevant risk assessment and management protocols, using incidence rate and severity matrix as the measurements for quantifying risk. Each year, various Company procedures are reviewed to identify risk and opportunities for improvement to eliminate/minimize occupational risk, while the Workplace Safety Office works together with various divisions and departments to assess risks and hazards, implement improvements based on the perception of said risks, and evaluate improvement performance based on the pre-established KPIs.

In terms of external **legal compliance**, the Workplace Safety Office periodically reviews and updates Company regulations to ensure that the Company meets local occupational safety laws and regulations and international standards. In addition, the company places important value on **vendor management**, requiring that the employees hired by partner companies fulfill their contractual obligations and that relevant personnel participate in occupational health and safety training, abide by necessary protective measures, and follow all health and safety requirements, such as waste management, chemical management, and fire prevention management.

Each department is responsible for establishing **health and safety SOPs** based on their respective manufacturing, shipping, and office operations. In addition, occupational safety officers are tasked with periodically conducting factory-wide inspections to ensure that factory staff abide by relevant regulations and prevent the occurrence of health and safety issues. To reduce the risk and hazard of newly procured items or services (incl., machinery, equipment, items, and engineering-related services), the Workplace Safety Office is notified of all **procurement operations**, and health and safety inspections (and, when necessary, pre-entry safety inspections) are conducted to ensure that all factory items meet safety requirements, thereby creating a safe workplace for Company employees and preventing the occurrence of occupational accidents. Lastly, **PPE** is also inspected by the Workplace Safety Office to ensure that the equipment is in good condition and that corresponding safety and material requirements are met.

Taiwan HQ and the Vietnam 1st and 2nd Factories are tasked with formulating annual risk-oriented **audit plans**, which encompass the conducting of workplace audits by external inspectors and competent authorities, as well as the Audit Office's use of internal controls to assess the potential risks of various operations.

In 2020, the Taiwan headquarters set a total of 2 goals, all of which were completed according to the plan. Zeng Hsing Vietnam has set a total of 42 goals, completed 38, and 4 goals that have not been implemented according to the plan will be improved in 2021.

2020 ISO45001 Improvement Goals and Implementation at the Taiwan Headquarters and Zeng Hsing Industrial Vietnam

	2020 Target	2020 Achievements	Description
Taiwan HQ	2	2	Goals included installing an opening guard and installing a ladder cage.
ZH Vietnam	42	38	Goals included installing protective railings to prevent falls, improving warning signs, and translating the machine facility instructions into Vietnamese. The target achievement rate was 90%.



Although **Zeng Hsing Industrial China** and **Shinco Technologies Vietnam** are not bound by the management system, they have put their **internal workplace safety procedures** in place, including periodic workplace safety and environmental hazard inspections (e.g., for CO₂ and dust concentrations), to ensure a safe working environment. Employees may raise safety concerns with the head of workplace safety, who will report such issues to Headquarters.

DMA – Occupational Health and Safety

	Reporting requirements	Disclosure Requirements
103-1	An explanation why the topic material	Provide employees with a safe environment in which workplace incidents such as occupational injuries or fatalities, damage to manufacturing equipment, or financial losses for the Company do not occur.
	Boundary	ZH Group
	Specific limitation	This topic mainly reveals related information of ZH Group
103-2	Purpose of the management approach	Minimize the risk of occupational injuries or deaths and equipment damage; comply with local governments' occupational health and safety codes as well as internal health regulations.
	2021 Goals	ZH Taiwan : Health promotion activities held
103-3	Evaluation Mechanisms	ZH Taiwan & ZH Vietnam Conduct a yearly PDCA review of occupational safety and health management effectiveness in accordance with internal OHSAS compliance policies. ZH China & Shinco : In the event of an occupational safety and health incident, safety personnel and the responsible departments shall review the incident and draw up an improvement plan.
	Performance	ZH Group : Absence rate 0.46% Injury rate 0.18 Lost day rate 2.99 (Including traffic injuries, so relatively high) ZH Taiwan & ZH Vietnam : ISO45001 revision

* Statistics on Workplace Injuries [403-9]

The **Zeng Hsing Group** recorded 13 workplace incidents in 2020, which marks a decrease over the previous year. The majority of work-related incidents involved pinch-point injuries and traffic accidents. Among them, the incidents of pinching are mainly caused by the unsafe behavior of employees. They have been promoted in the weekly meeting to continuously improve the safety awareness of colleagues, and regularly review and improve in the safety and health committee.

Statistics on Group-wide Occupational Incidents and Employee Attendance [403-9]

	Gender	Taiwan	ZH Vietnam	Shinco	China	ZH Group
Absence rate	Male	0.22%	0.79%	0.04%	1.50%	0.42%
	Female	0.61%	0.96%	0.01%	0.56%	0.49%
	Average	0.42%	0.88%	0.03%	1.03%	0.46%
Injury rate	Male	1.76	0.22	0.00	1.85	0.24
	Female	2.25	0.04	0.04	0.41	0.12
	Average	2.02	0.13	0.02	1.13	0.18
lost day rate	Male	1.79	2.88	0.00	224.07	5.56
	Female	1.64	0.51	0.23	0.83	0.42
	Average	1.71	1.69	0.12	112.45	2.99

Notes:

1、 Methodology

1. Absence Rate :

Male Absence Rate = Male (No. of lost days + sick leave days) / (total workdays*no. of employees)

Female Absence Rate = female (No. of lost days + sick leave days) / (total workdays*no. of employees)

Average Absence Rate = (Male Absence Rate + Female Absence Rate)/2

2. Injury Rate :

Male Injury Rate = male injury cases /male total workdays*8*200,000

Female Injury Rate = female injury cases /female total workdays*8*200,000

Average Injury Rate = (Male Injury Rate + Injury Absence Rate)/2

3. Lost Day Rate :

Male Lost Day Rate: male No. of lost days/ male total workdays*8*200,000

Female Lost Day Rate: Female No. of lost days/Female total workdays*8*200,000

Average Lost Day Rate: (Male Lost Day Rate+ Female Lost Day Rate)/2

4. ZH Group Absence Rate, Injury Rate, and Lost Day Rate are the averages of four subsidiaries

2、 Data sources

- Days of sick leave and injury-related leave are actual numbers extracted from the HRM leave management system.
- Workdays and hours are estimates based on data reported by the workplace safety office to the Taiwan Headquarters. The standard number of workdays at Zen Hsing Industrial China, Zen Hsing Industrial Vietnam, and Shinco Technologies is 300 days per year.
- Cases of work-related injuries are actual numbers extracted from the HRM system.

3、 Miscellaneous

- Coefficient 200,000 = 100 employees × 50 workweeks × 40 work hours per week
- The number of work-related injuries is higher as it includes deaths and injuries at the worksite or during commutes.
- The rates of work-related injuries and delays are both zero as no work-related deaths or disabilities occurred at Shinco Technologies in 2020.
- All workplace incidents were injuries; no deaths were recorded in 2020.

4、 Workers and contractors not directly employed by the Company

A. No work-related deaths were recorded in the Zeng Hsing Group in 2020.

B. No work-related injuries involving contract workers were recorded at Zeng Hsing Taiwan, Zeng Hsing Industrial China, Zeng Hsing Industrial Vietnam, or Shinco Technologies.

- In the event of an incident, department heads notify the workplace safety team for an immediate response as well as after-the-fact investigation, reporting, and safety improvements. Subsidiaries are also required to report such incidents to the Taiwan Headquarters, which then works in tandem with them to draw up improvement plans and prevent similar incidents from occurring.

5.5 Employee Health Management and Promotion

Zeng Hsing Group: Each subsidiary provides regular health examinations in accordance with local health regulations to help employees maintain good health and detect potential health risks at an early stage. Employees working in high-risk environments may receive additional tests (such as hearing tests and ionizing radiation tests). If an issue is identified, the Company will keep track of it at regular intervals to prevent major harm to the employee.

Taiwan Headquarters: The Company provides employees under 65 with annual health checkup services that are more comprehensive than the legal requirements. In the event of any health issues, our partner healthcare institutions will notify the affected employees to return for a follow-up examination. Employees' family members may also receive the same services at a discounted rate. In 2020, the Company paid NT\$ 700,000 in health checkup service fees to give 291 employees free health checkups.

✳ Employee Care Services [403-3]

Physician consultation : A physician specializing in occupational health provided on-site clinic services on a monthly basis for a total of 12 visits in 2020. This allowed employees to consult a healthcare professional during work hours and learn more about their health. In the meanwhile, the factory nurse continued to keep track of the condition of the 3 employees who were identified as having a level 2 risk of abnormal workload-induced health conditions during the year health examinations. A physician made regular phone calls to these employees to offer medical consultation and health advice.

Health Information Sharing : A health promotion section was included in the environment, health, and safety website on the corporate intranet to provide information on common major diseases and the top 10 health risk factors among employees. In 2020, the Company held a number of health promotion workshops on a variety of topics, including cardiopulmonary resuscitation, understanding hypertension, and stroke, an introduction to hyperthyroidism, hearing protection in the workplace, tobacco hazard prevention, and lung health care and Anti-drug advocacy. These workshops had a combined attendance of 162 employees.

Health Center and Equipment : The new headquarters building in Taiwan is equipped with a health center that offers emergency care to employees and a place to rest and take blood pressure measurements. Two automated external defibrillators (AEDs) were installed to ensure employee safety in case of an emergency.

Nursing room : In order to create a female-friendly workplace, the company is sympathetic to the breastfeeding needs of professional women, and has specially set up a breastfeeding room with refrigerator and sterilizer equipment to provide an excellent breastfeeding friendly environment. This can not only reduce the conflict between employees' family care and work but also increase their focus on work, thereby increasing the productivity of the company

✳ Mask Covers: An Eco-Friendly Way to Ensure Staff Safety

Due to the initial outbreak of COVID-19 at the beginning of 2020, masks were suddenly in short supply, to which Taiwan HQ took advantage of its sewing expertise and initiated the production of



reusable mask covers. Spearheaded by the Factory Affairs Department, 600 mask covers were made and provided to Company employees. Later, the Company's Vietnam factories appointed 30 staff members to the initiative, completing the outlining, cutting, ironing, and sewing of 2,700 masks in a single day, with the masks being distributed to staff members in all three plants in Vietnam.

✿ Employee Health Promotion [403-6]

The Taiwan Headquarters puts great emphasis on employee health. We establish annual health promotion plans and set aside corresponding budgets to implement them. An occupational health nurse in charge of employee health management conducts a yearly health survey to identify major health concerns (such as obesity, hyperlipidemia, hyperglycemia, or elevated liver enzymes) and design weight loss or exercise plans to address these concerns. And regularly participate in the Department of Health Workplace Safety and Health Week series of activities to implement plans to actively promote employee health-related activities.


To help employees lose weight and achieve their health goals, the Company organized a weight-loss activity in 2020. Fifty-five employees participated in the five-month activity, collectively losing 137.5 kg and with each participant losing 2.95 kg on average.

✿ Occupational Safety and Health Training [403-5]


Pursuant to the **Occupational Safety and Health Act** and its enforcement rules, all new and existing employees must participate in occupational safety and health training and promotion workshops in accordance with the timeline stipulated by law. These workshops are designed to help employees develop an acute awareness of safety issues as soon as they report for duty, thereby lowering the likelihood of workplace incidents. Contents include the relevant laws and regulations, key concepts and principles of occupational safety and health, pre-/mid-/post-shift self-inspection, standard operating procedures, emergency response protocols, fire safety and first-aid drills, and other knowledge related to occupational safety and health.

Employees performing hazardous manual tasks must undergo the required training or present qualifying certification, and they must wear personal protective equipment while performing the tasks.


Employee Health Promotion




Physician consultation




Cardiopulmonary resuscitation workshop



Nutrition course



Physical examination



Tobacco hazard prevention

A set of contractor management guidelines were formulated to impose similar requirements on contract workers and supplier quality engineers to prevent non-employee accidents at our plants.

As required by local fire ordinances, two plant-wide fire and emergency response drills took place in 2020 to promote a culture of fire safety at the plant.

*** Prevention of Occupational Diseases [403-10]**

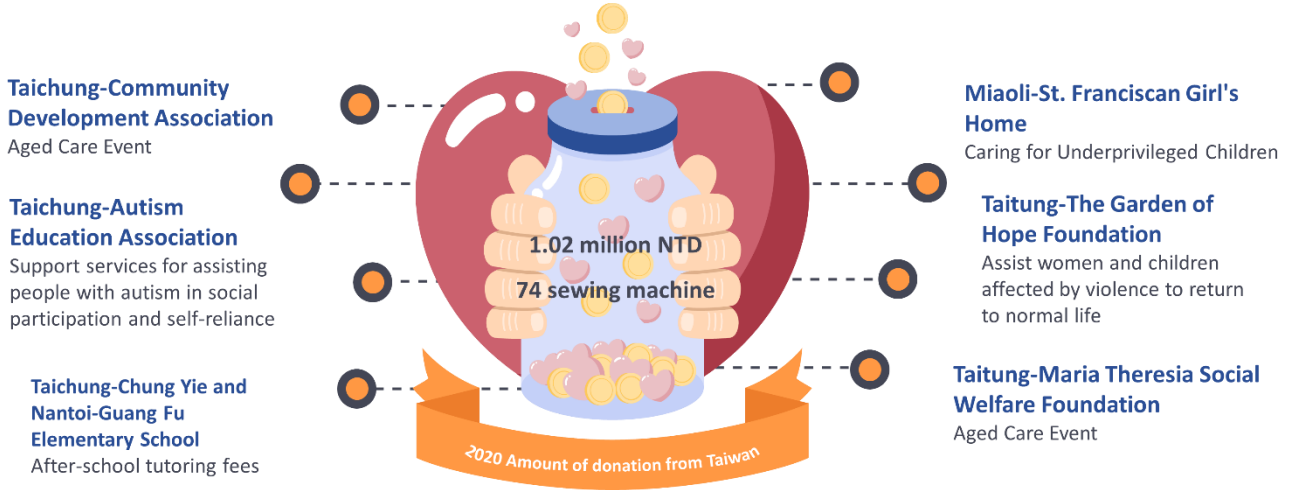
The Taiwan Headquarters relies on employee work environment monitoring and enhanced health examinations to minimize the harmful impacts of workplace hazards on employees' health. Additionally, an occupational physician visits the plant in person every month to conduct workplace inspections and provide healthcare advice for any issues discovered. Through health promotion, training, and inspection, employees have developed a habit of putting on their personal protective equipment whenever they enter the plant, which drastically reduces the risk of exposure to workplace hazards and the likelihood of occupational diseases. As a result, no occupational injuries were recorded at the Taiwan Headquarters in 2020.

6 Social Involvement

6.1 Social Welfare [203-1]

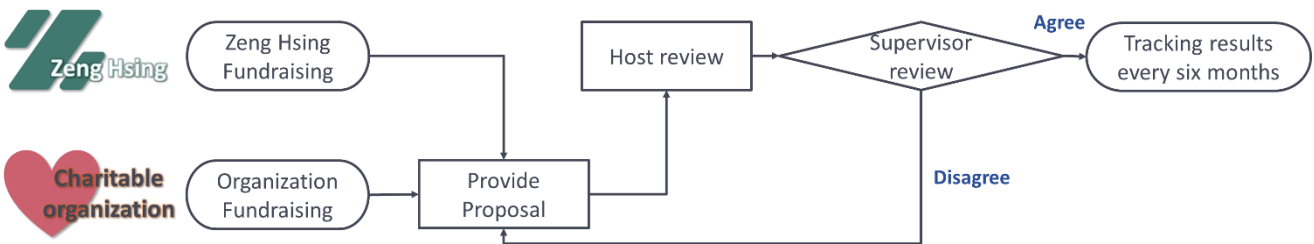
Taiwan Headquarters

Zeng Hsing continued to fulfill its CSR in 2020, with the main efforts placed on providing tangible resources to rural communities and disadvantaged groups. In 2020, NT \$1.02 million and 74 sewing machines were donated to seven organizations in hopes of resolving the resource inadequacies in rural areas and shaping a better Taiwan.



Donation Application Procedures

To maximize the benefits of donations, the Company established a donation application and tracking system in 2020. Based on the Company's annual budget, the CSRO is tasked with proposing annual donation plans and inviting organizations to pitch plans for the following year; in addition, recipient organizations are asked to submit bi-quarterly performance reports to track effectiveness.



* Sewing Machine Donations to Stella Matutina Girls' High School

In 2020, Zeng Hsing donated a total of 12 sewing machines to Stella Matutina Girls' High School for the use of home economics instruction. The school used the sewing machines to organize a clothing repurposing event, allowing students to learn the basics of operating a sewing machine while at the same time breathing new life into old clothing. The final products produced included masks, coasters, cup holders, and denim bags.



ZH Vietnam

* Golf Cart Donations to Red Cross

Keeping the spirit of giving back and helping those in need, Zeng Hsing Vietnam answered the call of Binh Phuoc Red Cross, donating golf carts to support older adults with reduced mobility living in nursing homes in April 2020. Through these donations, the Company hopes to raise awareness towards the needs of underprivileged groups.



* Preschool Charity Event

The General Manager of Zeng Hsing Vietnam led 12 Taiwanese, Chinese, and Vietnamese employees to organize a preschool charity event in November 2020. On the day of the event, the staff members brought the ingredients for hamburgers and steamed buns so as to prepare lunch for the children. In addition, the volunteer team donated 200 sets of stationery as Christmas gifts, a food steamer, and 300 kg of rice to the preschool in hopes of taking care of children in need.

Although Zeng Hsing Vietnam has continued to organize charity events over the years, the majority of such events focused on material or cash donations. The preschool charity event marked the first time that employees physically visited an underprivileged group, allowing our employees to interact with the children, learn about their living conditions, and show their support and love through concrete actions.



6.2 Zeng Hsing Volunteer Team

At Zeng Hsing, we firmly believe that resources taken from society must be applied back to society. Therefore, the Company has actively strived to fulfill its CSRs, both in terms of environmental protection and social welfare. However, past efforts were limited by a lack of strategic integration and scattered resources, while donations were largely centered on the provision of cash, resources, or sewing machines.

To expand the Company's social welfare policy, the Zeng Hsing Volunteer Team was formed with the help of the Topkey Foundation in 2020, inviting passionate employees, loved ones, retirees, and suppliers to work together to physically give back to society and spread the ideology that giving is always better than receiving. The activities of the Zeng Hsing Volunteer Team are categorized into three main types, namely, mobile sewing classroom, handcrafted donations, and environmental protection.



DMA – Indirect Economic Impact

	Reporting requirements	Disclosure Requirements
103-1	An explanation why the topic material	In the process of maximizing shareholder value, corporations often cause significant impacts on society and the environment. Therefore, taking action to give back to society and protect the environment is essential to corporate sustainability.
	Boundary	ZH Group
	Specific limitation	This topic mainly reveals related information of ZH Group
103-2	Purpose of the management approach	We remain committed to giving back to society and the environment. We formulate a social welfare action plan on an annual basis and set aside a corresponding budget to carry it out.
	2021 Goals	Volunteer activities, donate money, donate sewing machines
103-3	Evaluation Mechanisms	CSRO convene regularly to review implementation status.
	Performance	<p>ZH Group : Monetary and equipment donations amounted to NT\$ 9.25 million between 2010 and 2020, including 1,147 sewing machines and 53 commercial vacuum cleaners</p> <p>Zeng Hsing Volunteer team : A total of 7 activities, including sewing teaching, handcrafted items for charity, clean mountain cleanup, and a total of 936 hours of volunteer service hours.</p>

✿ Aged Care Event Taichung-Taiping Community Development Association

Due to the erosion of home care functions brought about by birthrate decline and population aging, the lack of psychological care for older adults has consequently become a major social issue. Accordingly, Zeng Hsing has been providing free sewing lessons at the Taiping Community Development Association every six months since 2020, with between 40 and 50 older adults participating in each event. With the help of community volunteer teams, the Zeng Hsing Volunteer Team successively organized two events in 2020 that allowed older adults to make their own tissue pouches and stuff sacks.

Before the charity sewing event, our volunteers undergo intensive training to familiarize themselves with the sewing machines and how to make various items. An expert tailor is invited to serve as the trainer for the training courses, and the courses include an introduction to the principles of sewing machines, basic operations, basic troubleshooting, and sewing practice. Through the carrying out of each successive training, the Company hopes to foster professional sewing volunteers capable of promoting sewing to the masses.



✿ Aged Care Event

Between 2019 and 2020, Zeng Hsing donated ten mechanical sewing machines, ten computerized sewing machines, one embroidery machine, and ten sets of sewing tools (incl., cloth scissors, rulers, cutting boards, and threads) to Stella Matutina Hill Elderly Housing and Nursing Home Center, while also assisting in designing sewing courses, creating and providing free material packages, and providing free lessons. This year marks the third year of collaboration. Two events for older adults are held each year for a total of 48 sewing and handcraft lessons. The items made during the lessons include plush bunnies and screen cleaners, stuff sacks, and lunchbox bags. Some older adults show their love for their community by donating their items to Stella Matutina to sell at charity sales.



* Caring for Underprivileged Children

Zeng Hsing offers sewing lessons to orphanages and children's homes in hopes of developing the confidence and patience of children through sewing and encouraging students to have fun trying new things.

The sewing lessons are also one of the most popular events among Company volunteers. In every event, a crowd of adorable children can be seen surrounding the volunteers, which affords them a strong sense of accomplishment.



* Charity Sale

The volunteer team handcrafted 100 items (incl., purses, phone pouches, bags, and stuff sacks) to sell at a charity sale and made 100 reusable sanitary pads that were donated to Africa with the help of Love Binti International to improve women's health and hygiene. Through this event, the Company hopes to cultivate selflessness and a culture of caring among its volunteers.





* Mountain Cleanup

The **Stella Matutina Social Welfare Foundation** is committed to providing welfare services to older adults while also actively working to promote nature education. However, due to its mountainous location and low human traffic, the complex has been overrun with wild plants and animals. In addition, the remoteness of the location makes it difficult to maintain, resulting in a growing need for volunteers to help manage the complex. Accordingly, the Zeng Hsing Volunteer Team invited volunteers from other companies on an expedition to clean up the villa and the surrounding mountainous area.

In October 2020, the Zeng Hsing Volunteer Team and Sacred Love staff led 88 volunteers and their friends and family members in weeding, removing unwanted vegetation, and clearing surrounding trails. After considerable sweat and toil, the originally weed-infested villa and trails were completely transformed, with the team completing its first cleanup of Trail No. 2 in under two hours.



The trail becomes clean and refreshing



6.3 Campus CSR Mission

In August 2020, the CSRO was invited for an interview on CSR theories and practice by Prof. Huang of the Department of International Business, National Taichung University of Science and Technology.

Prof. Huang led a panel of six research students on the day of the interview. First, a representative of the CSRO informed the panel of the Company's CSR promotion performance over the years and how the Company overcame the challenges it faced, and also shared the Company's implementation of GRI guidelines and the current state of its CSR development trends.

During the interview, the CSRO referenced the actual cases of the Company to explain GRI provisions, effectively demonstrating the implications of GRI to Prof. Huang and his students and resolving some of the research issues encountered by Prof. Huang and his team.

CSRO benefited immensely from this industry-school collaboration, learning that NUTC was actively promoting USR and that some of the action plans adopted by the university could even serve as references for the Company. As such, the Company looks forward to future collaborations toward the greater promotion of CSR and USR!



7 Environmental Sustainability

✿ Environmental Protection Handbook 【103 Energy/emissions】

Zeng Hsing Industrial Taiwan, Zeng Hsing Industrial Vietnam, and Zeng Hsing Industrial China have developed the **Environmental Management Quality Handbook** in accordance with ISO 14000 standards (CNS 14001 and 14004 series) to help safeguard the environment, prevent pollution, find a balance between economic growth and environmental protection, and fulfill the group's CSR responsibility by formulating a clear set of environmental policies, goals, and review procedures in line with the vision and characteristics of the Zeng Hsing Group.



Green Environmental policy



1. Inspire and integrate our supplier chain to join the environmental protection together and meets all requirements.
2. Commit and follow environmental protection requirement.
3. Improve our environments by all employees' efforts and prevent the environment from pollution in advance.
4. Enhance the awareness and literacy of environmental protection by internal education training for all employees.

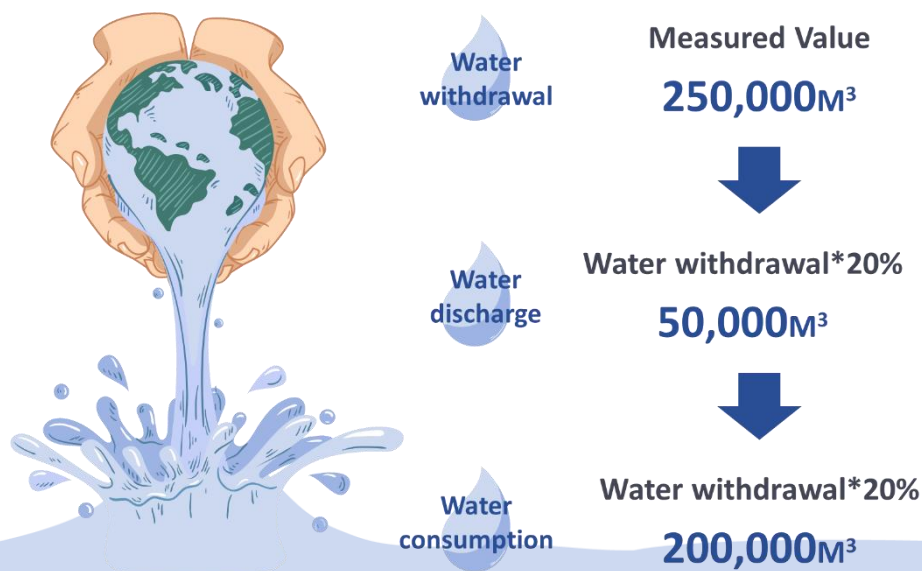
7.1 Energy and Resource Usage and Greenhouse Gas Inventory

✿ Water Resources [303-1、3、4、5]

The water used by the Zeng Hsing Group is sourced from municipal water supplies and other public and private water facilities. The **total water inflow** for 2020 was calculated based on the 12 monthly water bills issued to all Zeng Hsing plants. **Total discharge** of the group amounted to 80% of the total inflow (see note 3). **Water usage** at each plant could not be calculated directly and was arrived at by subtracting total discharge from the total inflow. Currently, only the Taiwan headquarters building and Zeng Hsing Industrial Vietnam have rainwater recycling facilities. The collected rainwater is mainly used for watering the landscaped areas of the plants.

Total water inflow for the group amounted to 250,000 m³⁵ in 2020. With the exception of Taiwan HQ which saw a slight increase in water use due to the opening of new factory space, water use decreased significantly in the other three factories. These reductions were primarily attributed to staff cuts in the Zhangjiagang Factory at the beginning of the year as manufacturing capacity was partially transferred to Vietnam. On the other hand, Zeng Hsing Industrial Vietnam was able to effectively reduce water use through the implementation of new water conservation measures.

In addition to regularly advocating water conservancy, the Company has implemented tangible water conservation measures, such as replacing old pipes/adding floats to reduce leakage, adjusting the water pressure of water basins, and installing water-saving toilets/urinals/faucets. A water meter monitoring system was also set up in Taiwan HQ, allowing personnel to track water use, identify anomalies, and prevent wastage.



1. Total water inflow includes that for the Taiwan Headquarters, Zeng Hsing Industrial China, Zeng Hsing Industrial Vietnam, and Shinco Technologies.
 2. The figure for total water inflow is the actual number derived from the 12 monthly water bills for all four plants in 2020 combined. The calculation periods are based on the billing cycles listed on the bills, not the calendar year, and the cycle for each plant may differ. Total water usage and discharge are estimates.
 3. Water inflow at the Vietnam plants accounts for 78% of the total water inflow for the group. Pursuant to regulations set forth by the Vietnam Industrial Zone Administration, water discharge is defined as 80% of water inflow. Therefore, we have used 80% as the water discharge rate for the entire group

According to the *Aqueduct Water Risk Atlas* published by the World Resources Institute, Taiping District, Taichung, where the Taiwan Headquarters is based, has a water risk level of low to medium (1–2). As for our overseas subsidiaries, Zeng Hsing Industrial Vietnam and Shinco Technologies are located in Bình Dương Province, Vietnam, which has a high water risk level (3–4), while Zeng Hsing Industrial China is located in Zhangjiagang City, Jiangsu Province, with a medium to high (2–3) water risk level. The manufacturing of sewing equipment is not a water-intensive process, so the majority of water usage is for employee activities. Therefore, the impact of water risks on the Zeng Hsing Group is relatively low. In 2020, however, in consideration of worldwide water shortages and deteriorating water quality, the Company required each plant to formulate a set of water resource management objectives for 2021. These objectives may include water conservation measures or setting water consumption intensity goals. The progress of each plant will be reviewed at the annual CSRO Consensus Meeting as a means of lessening the Company’s impact on the environment.

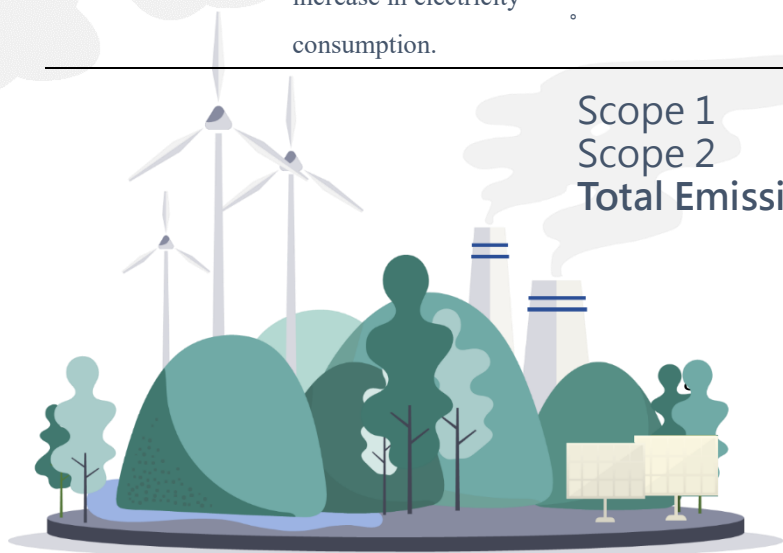
*** Energy [302-3、305-1、2、4]**

According to the results of the latest greenhouse gas (GHG) inventory, emissions from the four Zeng Hsing plants mainly resulted from the consumption of electric power, liquefied petroleum gas, natural gas, gasoline, and diesel fuel. The inventory also shows that Zeng Hsing’s **total GHG emissions amounted to 24,282 tCO₂e** (equivalent to **6.2 kg-CO₂e per sewing machine produced**), which is a 2,452 tCO₂e increase from 2019 levels but a 1.1 kg-CO₂e (~11%) decrease per sewing machine produced. A survey conducted by Taiwan HQ attributed the increase in overall emissions to the 30% increase in sewing machine production (1 million units) in 2020, which subsequently lead to increased power consumption by the Company's injection molders and increased LPG emissions for die casting. Meanwhile, since 2019, ZH Vietnam has gradually replaced its old energy-intensive Hydraulic injection molders with more energy-efficient all-electric injection molders, effectively reducing energy consumption per injection. The Company is also currently evaluating the feasibility of implementing a company-wide shift to all-electric machines to reduce carbon emissions.

The trends for GHG emissions in the four Zeng Hsing plants are shown in the table below:

	ZH Taiwan	ZH Vietnam	ZH China	Shinco
Emissions	↑ 17%	↑ 21%	↓ 10%	↓ 20%
Reason	The opening of the new building has increased the area used, resulting in an increase in electricity consumption.	Production increased 34%, and Vietnam’s electricity emission factor increased by 6%.	Due to Covid 19, the factory was shut down temporarily, and electricity emission factor decreased by 2%.	Due to Covid 19, production decreased.

Scope 1 2,257 TON CO₂e
 Scope 2 22,025 TON CO₂e
Total Emissions 24,282 TON CO₂e



✳ ISO14064-1: 2018 Revised Procedures for Greenhouse Gas Inventory

Due to the revision of ISO14064-1, ISO 14064-1:2006 will effectively become obsolete in 2022. Therefore, Taiwan HQ began to adjust its operations in 2021, first amending relevant SOPs and documents for Taiwan HQ and then incorporating such changes in the other three factories so as to meet international standards.

✳ Energy Intensity

Based on the consumption of gasoline, diesel, natural gas, liquefied petroleum gas, and electric power of the four plants, the **combined energy intensity for the group was 36,042 KJ in 2020** (an 18% decrease from 2019).

The main reason is that production has increased by 32% in 2020. But due to the improvement of production efficiency and economies of scale, there is no significant increase in energy consumption per unit.

✳ Energy Conservation and Pollution Prevention [302-4 · 305-5]

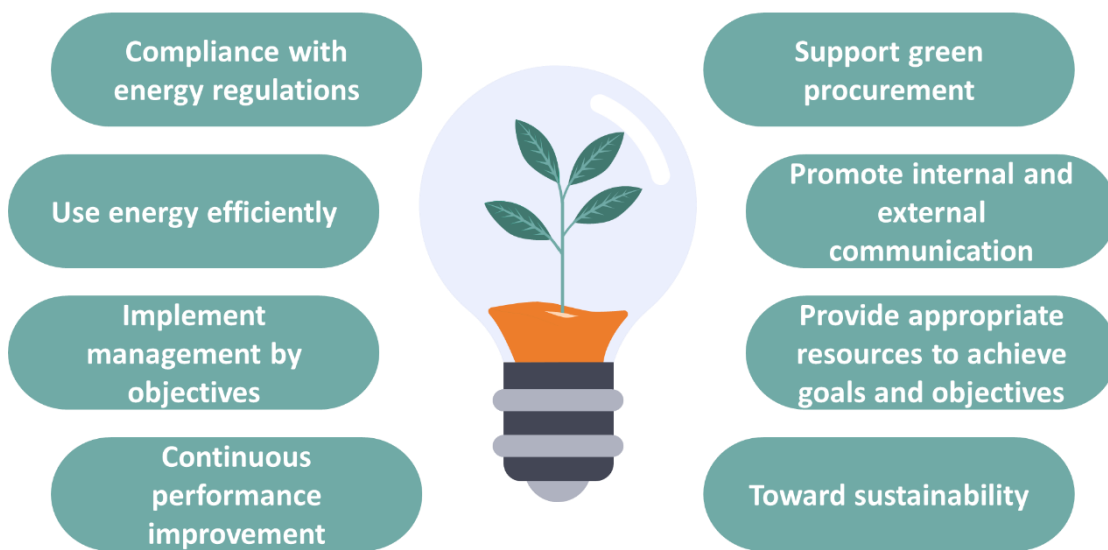
The Taiwan Headquarters, Zeng Hsing Vietnam, and Zeng Hsing China have all received ISO 14001 (Environmental Management Systems) certification. We review our environmental protection and pollution prevention policies on an annual basis to ensure compliance with local environmental regulations, and we take measures to prevent air and water pollution and reduce solid waste to decrease environmental impacts due to the manufacturing process. **We received no major fines or punishments related to the environment during the disclosure period of this report.**

Zeng Hsing Vietnam is the main production base of Zeng Hsing. The output of sewing machines starts at one million units every year. To effectively manage energy and carbon emissions. We introduced the ISO 50001 Energy Management System Standard to Zeng Hsing Vietnam, our main manufacturing hub in 2017. Zeng Hsing Vietnam conducts energy diagnosis and analysis every year, finds major energy-consuming equipment, formulates related energy-saving plans, and advances with the goal of reducing energy consumption by 0.5% per year

Specific energy efficiency improvement projects in 2020 included installing T5 LED tube lighting throughout the plants, replacing traditional injection molding machines with servomotor-based varieties, and canceling the kitchen, and replacing it with outsourced catering. These measures contributed to a 0.88% decrease in carbon emission in 2020, calculated based on the formula provided by Taiwan's Bureau of Energy. We will continue to set energy-saving plans in 2021. By using an energy management system regularly observe energy consumption data to ensure that Vietnam's responsible energy efficiency is optimized.

In response to the revision of the ISO50001 Energy Management Standards in 2018, the Energy Management Team completed the adjustment of Company procedures in 2020 and sought accreditation from TÜV Rheinland Taiwan in May 2021. Due to the pandemic, the verification process was extremely tedious, requiring that representatives from Taiwan HQ, TÜV Rheinland Taiwan, Energy Management Team of Zeng Hsing Vietnam, and TÜV RheinlandVietnam attend a 4-day virtual meeting to conduct audits and review relevant documents, in spite of which Zeng Hsing Vietnam ultimately passed the audit and received accreditation.

ZH Vietnam energy policy



DMA – Emission/Energy

	Reporting requirements	Disclosure Requirements
103-1	An explanation why the topic material	Material issues are determined by identifying the topics that most attract stakeholders' attention and have the most significant impact on our operations. Failure to comply with GHG emissions management regulations may lead to fines and legal liability. Effective management of GHG emissions, on the other hand, can reduce risk-related costs and increase the sustainable competitiveness of our products.
	Boundary	ZH Group
	Specific limitation	This topic mainly reveals related information of ZH Group
103-2	Purpose of the management approach	This is to ensure compliance with climate change and environmental regulations.
	2021 Goals	ZH Group: Emission intensity, energy saving, and carbon reduction
	Responsibilities	Each business location has a Greenhouse Gas Inventory Committee and an Audit Committee, headed by the general manager of that location.
	Resources	Management system establishment and education training: Each subsidiary has appointed a Greenhouse Gas Inventory Committee. ZH Vietnam has an energy management team, and these team members are responsible for the implementation of energy and carbon emission management. As of 2020, the Company has invested an accumulated NT\$ 2,070,000 in external consulting and training fees to train and certify personnel as GHG quantifiers and verifiers. In addition, Zeng Hsing Industrial Vietnam has invested NT\$ 5 million in an energy management system (EMS) and annual recertification of ISO 50001 compliance.
103-3	Evaluation Mechanisms	In accordance with the ISO14064-1 standard regarding the quantification and reporting by organizations of their greenhouse gas emissions, we perform an annual evaluation of the effectiveness of our PDCA management for GHG emissions.
	Performance	ZH Vietnam : ISO 14064-1 internal Verification and validation ; Annual carbon reduction 0.88% ZH China : ISO 14064-1 internal Verification and validation ZH Taiwan : ISO 14064-1 internal Verification and validation Shinco : ISO 14064-1 internal Verification and validation ; Annual carbon reduction 0.1% note: The carbon reduction was calculated based on the formula provided by Taiwan's Bureau of Energy.

7.2 Waste management

✿ Waste Storage and Disposal Management Guidelines [103 Effluent and solid waste, 306-2]

Zeng Hsing requires each of its subsidiaries to formulate guidelines for waste storage and disposal management. Currently, the waste management systems at the Taiwan Headquarters, Zeng Hsing Industrial Vietnam, and Zeng Hsing Industrial China have all received ISO 14001-2015 certification, which imposes strict rules on waste recycling, sorting, and disposal. These subsidiaries maintain detailed records of waste disposal activities and regularly report such records to the competent authority by local regulations. Although Shinco Technologies has not yet adopted the ISO standard, it strictly abides by Vietnamese laws and its internal waste management guidelines in processing waste disposal, including reporting toxic waste to the relevant government agencies and ensuring that waste disposal service providers comply with government regulations.

General waste produced by the group is either incinerated or sent to a landfill, whereas toxic waste is turned over to an EPA-certified waste disposal service provider for recycling. In 2020, there were no incidents of breach of contract or violation of regulations by waste treatment companies, and all waste treatment companies were approved by the local environmental protection bureau.

✿ Waste Management, Recycling, and Reuse

The waste produced in the four Zeng Hsing plants can be broadly categorized into non-recyclables (domestic waste, industrial waste, and hazardous waste) and recyclables (paper, plastic, and metal).

To prevent resource wastage and waste pollution, Zeng Hsing heavily invested in waste management and the implementation of the three Rs.

Zeng Hsing Group produced a total of 1,206 tons of waste in 2020—up 310 tons from 2019, with this increase being primarily attributed to the exponential increase in production (approx. 32%) in 2020. However, despite the increase in waste production, the Company achieved a recycling rate of 70% in 2020 (excl., ZH China)—up 7% from 2019, suggesting that a larger portion of the waste produced by the Company was recyclable. As Zeng Hsing greatly values waste management and seeks to eliminate resource wastage and enhance recycling rate, the Company has requested that all factories list recycling rate as a CSR and conduct bi-quarterly assessments on recycling performance bi-quarterly. In addition, if spikes in waste volume occur, factories are asked to assess the situation and formulate improvement strategies.

Note:

1. ZH China is not included in waste data due to the production capacity shifting.
2. Recycling rate = weight of recycled waste/total waste
3. ZH Vietnam is not included in the calculation because the "general household waste" is collected by the Industrial Zone Management Bureau. The actual weight is not included.

Zeng Hsing Group resources recycling rate



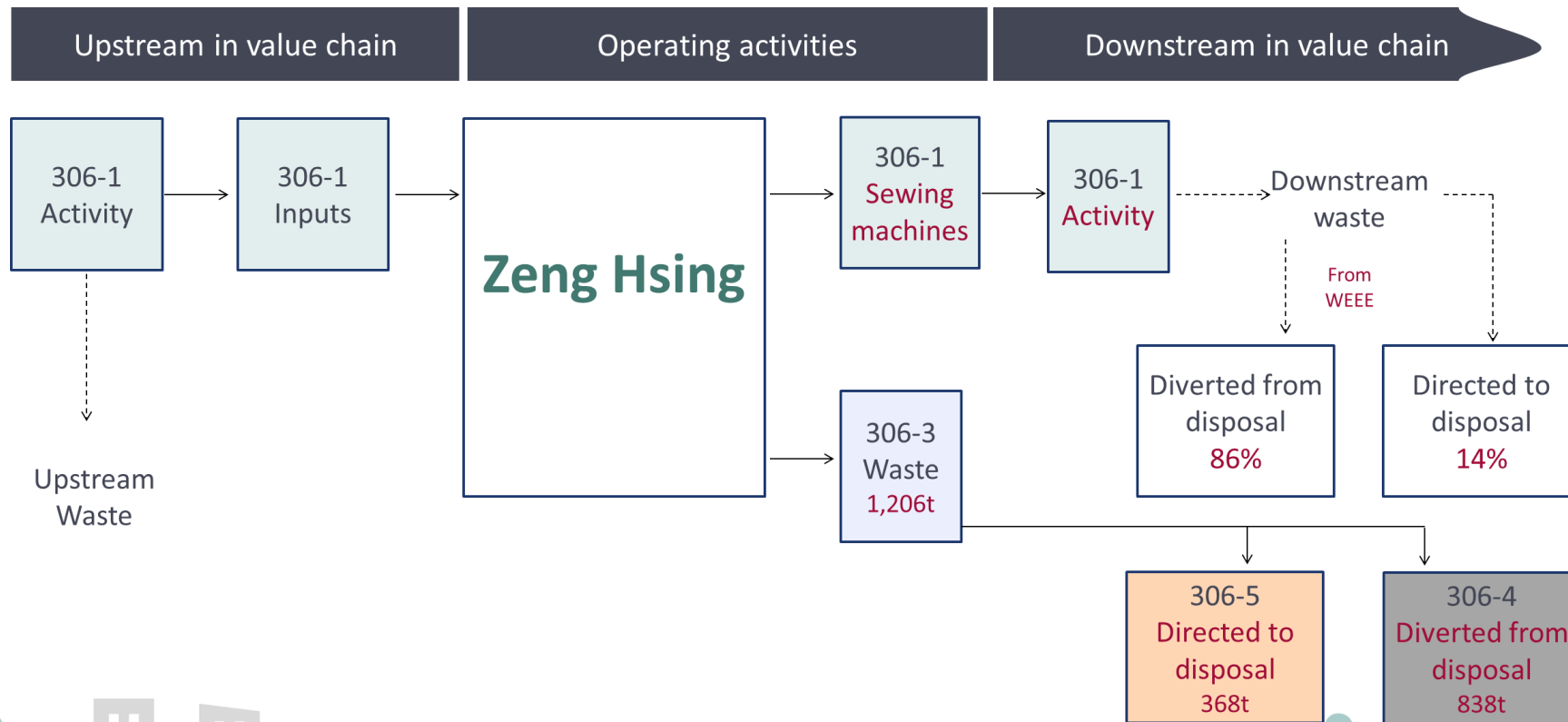
Notes: ZH China is not included

Zeng Hsing is a household sewing machine foundry involved in die-casting, injection molding, CNC processing, grinding, assembly, and packaging. The main raw materials used by the Company are ABS and aluminum ingots.

The waste generated during the production stage is handled by a qualified waste disposal company approved by the local environmental protection authority.

Most of the non-recyclable domestic and industrial waste is centrally managed by the Industrial Park Administration Office, while hazardous waste, such as waste oil and waste oil containers, is collected and disposed of by the supplier. Recyclable waste comprises a wide range of items, including office paper, packing boxes, plastics and plastic containers, aluminum waste, and scrap metal.

Because Zeng Hsing is primarily a B2B manufacturer, the Company's sales and marketing are typically handled by downstream partners. In terms of downstream waste, the 2020 BSI report indicated that the Company's K-series sewing machines and packaging can be disassembled into 86% recyclable parts and 14% non-recyclable parts.



* Environmental compliance inspections [305-7]

Environmental inspection standards vary from country to country. Each Zeng Hsing subsidiary is required to conduct annual inspections of wastewater effluents, suspended particulate matter, CO₂ levels, and drinking water quality (among others) in accordance with local environmental regulations. All subsidiaries passed the inspection in 2020, and no deviations from the standards were identified.



✓ Qualified ✗ Unqualified

Water pollution test	Compliance with local regulations			
	ZH China	Taiwan	ZH Vietnam	Shinco
 Water pollution test (SS、COD、BOD)	✓	✓	✓	✓
 environmental test (SO _x 、NO _x)	✓	✓	✓	✓

Note: Data comes from the 2020 water pollution and environmental inspection report of each subsidiary (conducted on an annual basis in accordance with local regulations).

DMA—Effluent and Waste

Reporting requirements	Disclosure Requirements
103-1 An explanation why the topic material	Failure to comply with effluent and solid waste management regulations may lead to fines and legal liability. Effective management of effluent and solid waste, on the other hand, can minimize the risk of regulatory violations.
Boundary	ZH Group
Specific limitation	This topic mainly reveals related information of ZH Group
103-2 Purpose of the management approach	This is to ensure that all waste produced by the Company is sorted, collected, stored, and disposed of in a manner that meets local regulations related to environmental protection and pollution prevention.
2021 Goals	ZH Group : recycle rate, waste reduction
103-3 Evaluation Mechanisms	The Company performs an annual evaluation of the effectiveness of our PDCA for solid waste management in accordance with the internal review procedures stipulated in ISO14001.
Performance	ZH Group : recycle rate 70%



7.3 Efficient Energy Use in Products and Services

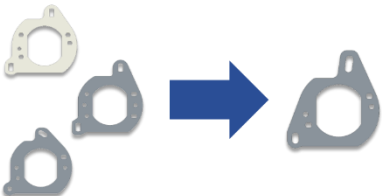
【302-5】 The R&D team at the Taiwan Headquarters incorporates environment-related KPIs into its annual departmental KT/KC plans to reduce energy and resource consumption. For example, the team has invested considerable time and energy in increasing the number of shared parts, lowering energy intensity during product transportation, and performing simulation-based design optimization. The same is true for improving the manufacturing process, as the design team is currently working on developing shared jigs for electro-mechanical integration in order to reduce the total number of jigs used and increase overall manufacturing efficiency

* Green Product Design

To reduce global energy consumption, the R&D Team at Taiwan HQ is committed to developing green designs, reducing product energy consumption, and simplifying the manufacturing process, particularly in regard to its sewing machine and vacuum lines. In 2020, energy reduction solutions included part universalization, design simplification, and paper/disc reduction.

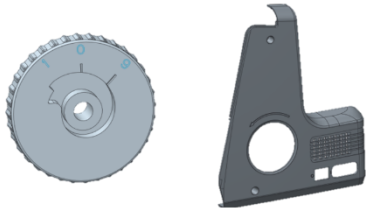
Part Universalization

The R&D Team at Taiwan HQ universalized the sizes of similar components to reduce the number of part categories used in the Company, enhance the utilization of individual parts, and reduce raw material inspection times, thereby minimizing energy consumption and maximizing human resource utilization.



8000,K and M series 3 types of AC motor fixed plates are integrated into 1 type

The different AC motors used in the 8000 series, K series, and M series were consolidated into a single unified motor fixed plate. Part sharing was also considered when designing product appearance, reducing the overall number of molds opened in 2020 by 57.

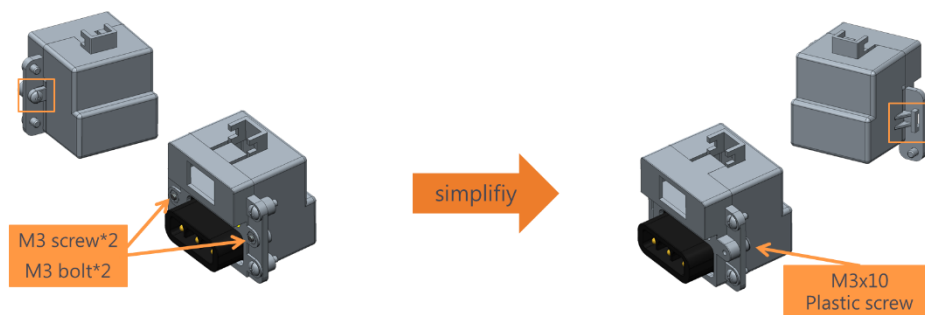


QXXLST Share Q60D part LBXXC Share LBXXB part

Design Simplification

The R&D Team at Taiwan HQ simplified the design of the inlet bracket screw by replacing the original fixture with a plastic screw, thereby **reducing the number of screws and nuts** from 2.1 g per unit to 1.34 g and shortening assembly time.

Based on an annual production capacity of 2 million 800 series, K series, and Q series units, roughly 1.52 tons of nuts and bolts can be saved a year.

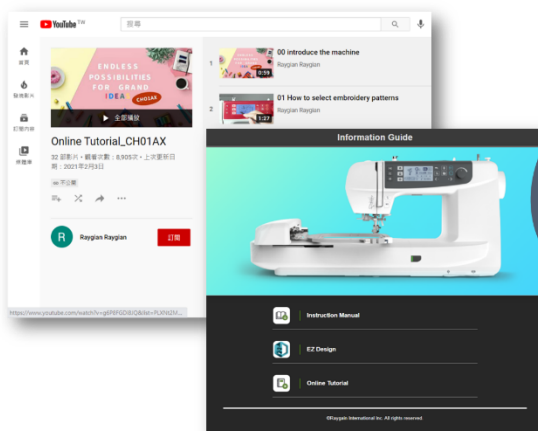


replacing the original fixture with a plastic screw

Paper/Disc Reduction

To save natural resources and reduce energy consumption, the R&D Team successively uploaded the product manuals and software of 30 models in 2020.

Based on a production capacity of 390,000 units in 2020, paper consumption is estimated to be reduced by 31 tons once all 30 models are uploaded, which translates to saving 629 trees a year or emitting 52 metric tons less carbon dioxide.

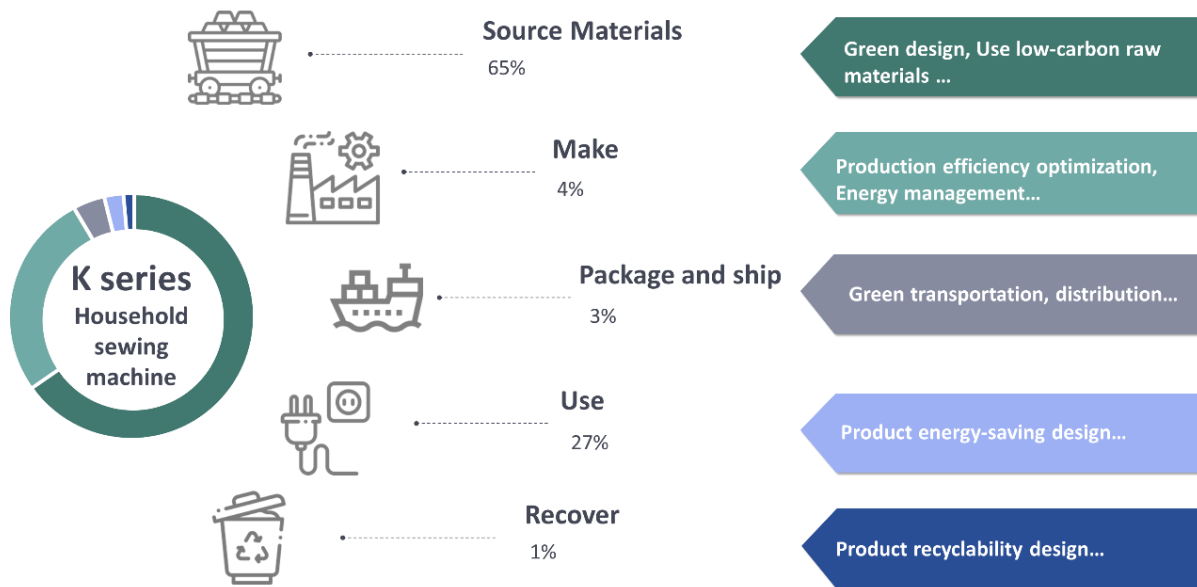


notes :

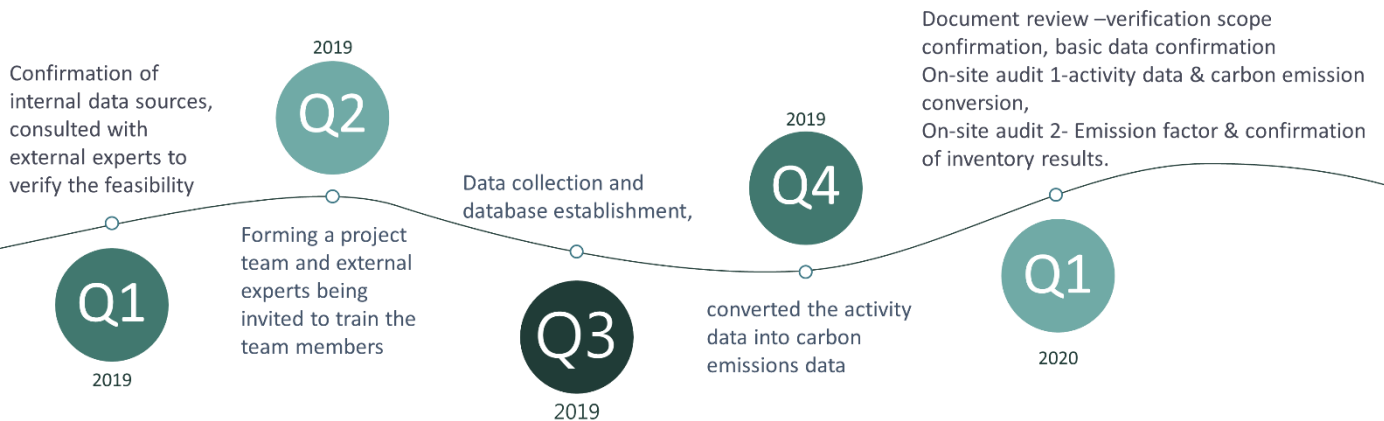
1. Paper weight : based on the output in 2020 X 30 model manual single weight
2. Carbon emission : paper weight X EPA Product Carbon Footprint Information Network-virgin wood pulp photocopying paper carbon emission factor
3. 1 ton of pulp is approximately equal to 20 trees

* Product Carbon Footprint ISO14067

To achieve its greenhouse gas reduction commitment, Zeng Hsing adopted a product carbon footprint inventory and conducted cradle-to-grave assessments of its products to determine carbon emissions. In the future, the Company expects to combine the information presented in its product carbon footprint reports with green design, low-carbon raw materials, production efficiency optimization, green transportation, and energy-saving/recyclable designs, etc. to reduce carbon emission and do its part to maintain the environmental sustainability.



Due to the roughly 400 parts used in each sewing machine and the differing weight, materials, and suppliers for different models, the taking of inventory for all products is an extremely tedious and costly process. In 2019, the CSRO consulted with external experts to verify the feasibility of a carbon footprint inventory, with the CSRO, R&D, IT, Sales and Marketing, and Manufacturing and Logistics Divisions subsequently forming a project team and external experts being invited to train the team members. Following a series of discussions, the team decided to take an inventory of the Company's K series products, which account for a large proportion of the Company's production. After three months of data collection and database establishment, the team converted the activity data into carbon emissions data. The quality of the activity data was measured in five dimensions: reliability, integrity, time relevance, geographic relevance, and technical relevance, with the results confirming the quality of the data.



The team accepted the BSI document review at the end of 2019, ultimately receiving BSI accreditation in March 2020 after two rounds of on-site audits and successive testing. Because no carbon footprint standards have currently been established for sewing machines both in Taiwan and internationally, the Company aims to continue to study relevant products so as to establish ideal standards and create a unified basis for comparing the carbon footprints of similar products.

仲興工業
ZENG HSING

仲興工業股份有限公司
越南責任廠
碳足跡盤查報告書
ISO 14067:2018

K 系列家用縫紉機

聯絡人：曾美/CSRO
TEL : 04-2278-5177#249
E-mail : claire_chung@zenghsing.com.tw

發行日期：109年3月23日
第二版

bsi.
By Royal Charter

Opinion Statement

Product Carbon Footprint Verification Opinion Statement

This is to verify that: **Zeng Hsing Industrial Co., Ltd.** (仲興工業股份有限公司)
No.78, Yongqiang Rd. (臺灣臺中市太平區永成路78號)
Taichung City (台中市)
41165 (41165)
Taiwan (台灣)

PCFV 245

Verification Information

The product carbon footprint with the functional unit of one set K series Household sewing machine (25.5kg CO₂e/kg) is **1.12** Kilograms of CO₂e equivalent.

As a result of carrying out the verification of product life cycle greenhouse gas emissions, it is the opinion of BSI with reasonable assurance that:

- The product carbon footprint with the functional unit of one set K series Household sewing machine (25.5kg CO₂e/kg) is **1.12** Kilograms of CO₂e equivalent.
- No material misstatements in this product life cycle greenhouse gas emission assertion were revealed.

The product life cycle GHG data quality was verified to be acceptable against the requirements of ISO 14067:2018.

This statement shall be valid for a maximum period of two years after the latest issue date on this certificate. Should there be a change in the life cycle of the product whose GHG emissions are being assessed, the validity of this opinion statement will cease.

Peter Pu
Managing Director BSI Taiwan, Peter Pu

For and on behalf of BSI: **Originally Registration Date: 2020-03-18** **Effective Date: 2020-03-18**
Latest Revision Date: 2020-03-18 **Expiry Date: 2022-03-17**

Page: 1 of 2

...making excellence a habit™

The British Standards Institution is independent of the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purpose of providing the assurance relating to its carbon emissions and is not intended to be used for any other purpose. The British Standards Institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) for actual liability for or in connection with any other purpose for which it may be used or for any person to whom the Opinion Statement may be made. This Opinion Statement is prepared on the basis of review by the British Standards Institution of information presented to it by the above named client. The review does not extend to any information not so provided to it. It is performing such review, the British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above named client only. This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract. An electronic certificate can be authenticated online. Printed copies can be validated at www.bsigroup.com/ClientDirectory or telephone +886(02)2353-2333. Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C. BSI Taiwan is a subsidiary of British Standards Institution.

Originally Registration Date: 2020-03-18 **Effective Date: 2020-03-18**
Latest Revision Date: 2020-03-18 **Expiry Date: 2022-03-17**

Page: 2 of 2

The British Standards Institution is independent of the above named client and has no financial interest in the above named client. This Opinion Statement has been prepared for the above named client only for the purpose of providing the assurance relating to its carbon emissions and is not intended to be used for any other purpose. The British Standards Institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) for actual liability for or in connection with any other purpose for which it may be used or for any person to whom the Opinion Statement may be made. This Opinion Statement is prepared on the basis of review by the British Standards Institution of information presented to it by the above named client. The review does not extend to any information not so provided to it. It is performing such review, the British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above named client only. This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract. An electronic certificate can be authenticated online. Printed copies can be validated at www.bsigroup.com/ClientDirectory or telephone +886(02)2353-2333. Taiwan Headquarters: 5th Floor, No. 39, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C. BSI Taiwan is a subsidiary of British Standards Institution.

7.4 Circular Economy

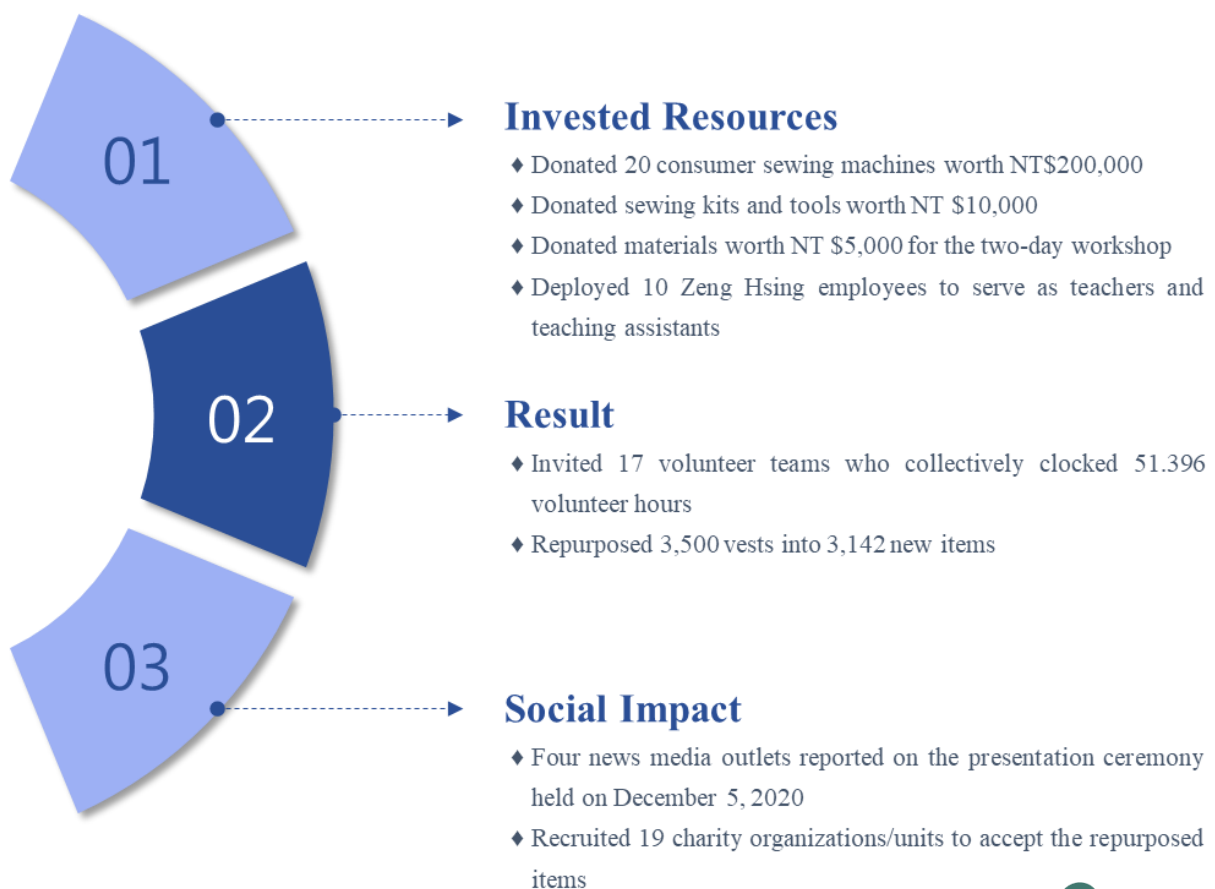
* Repurposing Flora Expo Vests

The Taichung City Government held the Taichung World Flora Exposition in 2018, with the event discarding over 3000 vests. To uphold its goal of recycling wasted resources, Zeng Hsing accepted the invitation by the Taichung Volunteer Service Development Center to repurpose the vests.

The Zeng Hsing Volunteer Team singlehandedly took on the task of designing and providing instruction on the use of four practical and easy-to-make items, which were respectively reusable shopping bags, stuff sacks, sun sleeves, and aprons. Thereafter, the Taichung Volunteer Service Development Center was commissioned by the Social Affairs Bureau, Taichung City Government to organize the Flora Expo Vest Repurpose Volunteer Program, for which the Taichung Volunteer Service Team was also invited to participate by providing a two-day sewing training workshop on July 16 and 17.

To ensure the successful commencement of the project, Zeng Hsing donated ten mechanical sewing machines, ten computerized sewing machines, and sewing kits to the volunteers.

A total of 17 volunteer teams participated in the project, collectively clocking 51,396 volunteer hours and transforming 3,500 vests into 3,142 new items that were all donated to 19 charities. Through the project, the Company hopes to attract people of all ages to sewing and experience the sense of achievement of making something themselves while repurposing old clothes for a charitable cause.



Repurposing 3,500 Floria Expo vest



Reuse
Reduce
Recycle



臺中市政府社會局
 SOCIAL AFFAIRS BUREAU TAINCHUNG CITY GOVERNMENT

感謝狀
 CERTIFICATE OF APPRECIATION

感謝
仲興工業股份有限公司
 協助109年度辦理推展本市特色與創新志願服務方案
 捐贈縫紉機貳拾臺
 特此狀 敬表謝忱

局長 彭懷真

中華民國 5 月 11 日

SOCIAL AFFAIRS BUREAU TAINCHUNG CITY GOVERNMENT 60981



✿ Use Less Paper and Save the Planet – Recycling and Reusing Old Boxes/Using Turnover Boxes Instead of Cardboard Boxes

In addition to employing volunteer teams to assist in the promotion of circular economy, Zeng Hsing also actively promoting green logistics to reduce packaging waste. The benefits of green logistics not only include the reduction of waste, but also that of the impact of deforestation on the environment.

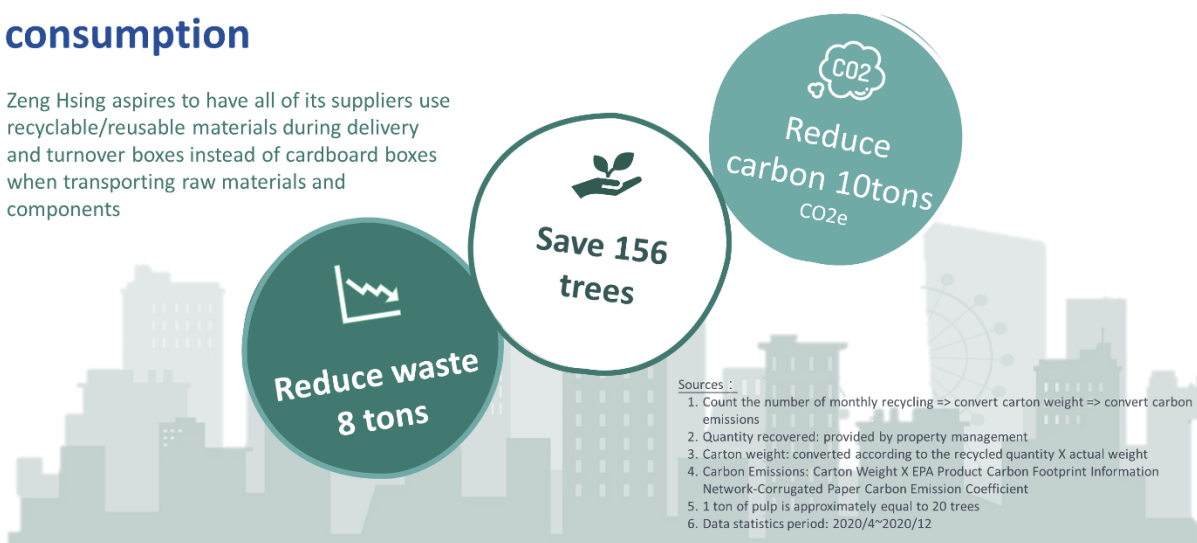
Zeng Hsing aspires to have all of its suppliers use recyclable/reusable materials during delivery and turnover boxes instead of cardboard boxes when transporting raw materials and components. Consequently, the CSRO and Manufacturing and Logistics Division met in 2020 to discuss how to advocate for Company suppliers to adopt green logistics and use data on cardboard/turnover boxes to evaluate green logistics performance. For this process, material staff would first ascertain the number of cardboard boxes recycled or replaced by turnover boxes each month. Then, the weight of specific boxes are calculated and monthly figures are reported to the CSRO. Finally, the CSRO calculates the annual reduction in boxes used and the amount of carbon emitted based on the carbon footprint of corrugated paper to determine the reduction in carbon emissions. At the same time, the CSRO also converts cardboard savings to tree savings to determine the quantity of trees saved.

Based on the statistics provided by the CSRO, cardboard box consumption was reduced by eight tons starting in March 2020, a figure equivalent to 156 trees or 10 tons of carbon. In the future, Zeng Hsing will continue to promote green logistics in hopes that all factories and suppliers will eventually incorporate green design, green production, green supply chain, and green logistics into their operations, thereby protecting the environment by way of the Company’s influence and partnerships with suppliers.

In addition to Taiwan HQ, this promotional campaign was expanded to Vietnam in 2021 in hopes of using the presentation of real data to attract more partners to achieve green environment goals.

2020 Taiwan Headquarter Reduce carton consumption

Zeng Hsing aspires to have all of its suppliers use recyclable/reusable materials during delivery and turnover boxes instead of cardboard boxes when transporting raw materials and components



- Sources :
1. Count the number of monthly recycling => convert carton weight => convert carbon emissions
 2. Quantity recovered: provided by property management
 3. Carton weight: converted according to the recycled quantity X actual weight
 4. Carbon Emissions: Carton Weight X EPA Product Carbon Footprint Information Network-Corrugated Paper Carbon Emission Coefficient
 5. 1 ton of pulp is approximately equal to 20 trees
 6. Data statistics period: 2020/4~2020/12

8 Appendix

8.1 GRI Standards Comparison Table [102-55]

General Disclosures

Type	Disclosure Number	Disclosure Title	Related Section	Page No.
1. Organizational profile				
Core	102-1	Name of the organization	1.1 Zeng Hsing Group Overview	8
Core	102-2	Activities, brands, products, and services	1.2 Our Products	12
Core	102-3	Location of headquarters	1.1 Zeng Hsing Group Overview	8
Core	102-4	Location of operations	About CSR Report	1
Core	102-5	Ownership and legal form	1.1 Zeng Hsing Group Overview	8
Core	102-6	Markets served	1.2 Our Products	12
Core	102-7	Scale of the organization	1.1 Zeng Hsing Group Overview	8
Core	102-8	Information on employees and other workers	5.1 Global workforce structure as of 2020	50
Core	102-9	Supply Chain	4.5 Supply Chain Management	47
Core	102-10	Significant changes to the organization and its supply chain	1.1 Zeng Hsing Group Overview	8
Core	102-11	Precautionary Principle or approach	3.4 Risk Management	35
Core	102-12	External initiatives	4.1 Corporate Certifications	41
Core	102-13	Membership of associations	1.4 Membership of associations	17
2. Strategy				
Comprehensive	102-14	Statement from senior decision-maker	Message From CEO	3
Core	102-15	Key impacts, risks, and opportunities	3.4 Risk Management	35
3. Ethics and integrity				
Core	102-16	Values, principles, standards, and norms of behavior	1.1 Zeng Hsing Group Overview	8
Comprehensive	102-17	Mechanisms for advice and concerns about ethics	3.3 Enforcing Ethical Management	33

Type	Disclosure Number	Disclosure Title	Related Section	Page No.
4. Governance				
Core	102-18	Governance structure	3.1 Corporate Governance	26
Comprehensive	102-19	Delegating authority	3.2The CSR Office and Its Organizational Structure	31
Comprehensive	102-20	Executive-level responsibility for economic, environmental, and social topics	3.2The CSR Office and Its Organizational Structure	31
Comprehensive	102-21	Consulting stakeholders on economic, environmental, and social topics	3.2The CSR Office and Its Organizational Structure	31
Comprehensive	102-22	Composition of the highest governance body and its committees	3.1 Corporate Governance	26
Comprehensive	102-24	Nominating and selecting the highest governance body	3.1 Corporate Governance	26
Comprehensive	102-25	Conflicts of interest	3.1 Corporate Governance	26
Comprehensive	102-35	Remuneration policies	3.1 Corporate Governance	26
Comprehensive	102-36	Process for determining remuneration	3.1 Corporate Governance	26
5. Stakeholder engagement				
Core	102-40	List of stakeholder groups	2.1 Stakeholders interactive	18
Core	102-41	Collective bargaining agreements	5.2 Employee Benefits and Rights	53
Core	102-42	Identifying and selecting stakeholders	2.2 Stakeholders Identification and Materiality Assessment	21
Core	102-43	Approach to stakeholder engagement	2.1 Stakeholders interactive	18
Core	102-44	Key topics and concerns raised	2.1 Stakeholders interactive	18
6. Reporting practice				
Core	102-45	Entities included in the consolidated financial statements	About CSR Report	1
Core	102-46	Defining report content and topic Boundaries	2.2 Stakeholders Identification and Materiality Assessment	21
Core	102-47	List of material topics	2.2 Stakeholders Identification and Materiality Assessment	21
Core	102-48	Restatements of information	About CSR Report	1
Core	102-49	Changes in reporting	About CSR Report	1
Core	102-50	Reporting period	About CSR Report	1
Core	102-51	Date of most recent report	About CSR Report	1

Type	Disclosure Number	Disclosure Title	Related Section	Page No.
Core	102-52	Reporting cycle	About CSR Report	1
Core	102-53	Contact point for questions regarding the report	About CSR Report	1
Core	102-54	Claims of reporting in accordance with the GRI Standards	About CSR Report	1
Core	102-55	GRI content index	8.1 GRI Standards Comparison Table	90
Core	102-56	External assurance	About CSR Report	1

Topic-specific disclosures

Material topics	Disclosure Number	Disclosure Title	Related Section	Page No.	
Economic Performance					
Economic Performance ^{*4}	201-1	Direct economic value generated and distributed	1.3 Operating & Financial Info	16	
	201-4	Financial assistance received from government	N/A	-	
Management Approach	103-1	Explanation of the material topic and its Boundary	1.3 Operating & Financial Info	16	
	103-3	Evaluation of the management approach	1.3 Operating & Financial Info	16	
Indirect Economic Impacts ^{*16}	203-1	Infrastructure investments and services supported	6.1 Social Welfare	68	
	Management Approach	103-1	Explanation of the material topic and its Boundary	6.1 Social Welfare	68
		103-2	The management approach and its components	6.1 Social Welfare	68
		103-3	Evaluation of the management approach	6.1 Social Welfare	68
Procurement Practices ^{*14}	204-1	Proportion of spending on local suppliers	4.5 Supply Chain Management	47	
Management Approach	103-1	Explanation of the material topic and its Boundary	4.5 Supply Chain Management	47	
	103-2	The management approach and its components	4.5 Supply Chain Management	47	
	103-3	Evaluation of the management approach	4.5 Supply Chain Management	47	
Anti-corruption	205-1	Operations assessed for risks related to corruption	3.3 Enforcing Ethical Management	33	
	205-3	Confirmed incidents of corruption and actions taken	3.3 Enforcing Ethical Management	33	
Management Approach	103-1	Explanation of the material topic and its Boundary	3.3 Enforcing Ethical Management	33	
	103-2	The management approach and its components	3.3 Enforcing Ethical Management	33	
	103-3	Evaluation of the management approach	3.3 Enforcing Ethical Management	33	

Material topics	Disclosure Number	Disclosure Title	Related Section	Page No.
Environmental Performance				
Energy ^{*9}	302-3	Energy intensity	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	302-4	Reduction of energy consumption	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
Management Approach	103-1	Explanation of the material topic and its Boundary	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	103-2	The management approach and its components	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	103-3	Evaluation of the management approach	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
Water and Effluents	303-1	Interactions with water as a shared resource	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	303-3	Water withdrawal	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	303-4	Water discharge	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	303-5	Water consumption	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
Management Approach	103-1	Explanation of the material topic and its Boundary	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	103-2	The management approach and its components	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	103-3	Evaluation of the management approach	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
Emissions ^{*12}	305-1	Direct (Scope 1) GHG emissions	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	305-2	Energy indirect (Scope 2) GHG emissions	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	305-4	GHG emissions intensity	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	305-5	Reduction of GHG emissions	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76

Material topics	Disclosure Number	Disclosure Title	Related Section	Page No.
Environmental Performance				
Management Approach	103-1	Explanation of the material topic and its Boundary	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	103-2	The management approach and its components	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
	103-3	Evaluation of the management approach	7.1 Energy and Resource Usage and Greenhouse Gas Inventory	76
Waste ^{*13}	306-1	Waste generation and significant waste-related impacts	7.2 Waste Management	80
	306-2	Management of significant waste-related impacts	7.2 Waste Management	80
	306-3	Waste generated	7.2 Waste Management	80
	306-4	Waste diverted from disposal	7.2 Waste Management	80
	306-5	Waste directed to disposal	7.2 Waste Management	80
Management Approach	103-1	Explanation of the material topic and its Boundary	7.2 Waste Management	80
	103-2	The management approach and its components	7.2 Waste Management	80
	103-3	Evaluation of the management approach	7.2 Waste Management	80
Environmental Compliance ^{*5}	307-1	Non-compliance with environmental laws and regulations	3.5 Regulatory Compliance	37
Management Approach	103-1	Explanation of the material topic and its Boundary	3.5 Regulatory Compliance	37
	103-2	The management approach and its components	3.5 Regulatory Compliance	37
	103-3	Evaluation of the management approach	3.5 Regulatory Compliance	37

Material topics	Disclosure Number	Disclosure Title	Related Section	Page No.
Social Performance				
Employment ^{*7}	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Employee Benefits and Rights	53
	401-3	Parental leave	5.2 Employee Benefits and Rights	53
Management Approach	103-1	Explanation of the material topic and its Boundary	5.2 Employee Benefits and Rights	53
	103-2	The management approach and its components	5.2 Employee Benefits and Rights	53
	103-3	Evaluation of the management approach	5.2 Employee Benefits and Rights	53
Labor/Management Relations ^{*1}	402-1	Minimum notice periods regarding operational changes	5.2 Employee Benefits and Rights	53
Management Approach	103-1	Explanation of the material topic and its Boundary	5.2 Employee Benefits and Rights	53
	103-2	The management approach and its components	5.2 Employee Benefits and Rights	53
	103-3	Evaluation of the management approach	5.2 Employee Benefits and Rights	53
Occupational Health and Safety ^{*3}	403-1	Occupational health and safety management system	5.4 A Culture that Encourages Safety and Responsibility	62
	403-2	Hazard identification, risk assessment, and incident investigation	5.4 A Culture that Encourages Safety and Responsibility	62
	403-3	Occupational health services	5.5 Employee Health Management and promotion	66
	403-4	Worker participation, consultation, and communication on occupational health and safety	5.4 A Culture that Encourages Safety and Responsibility	62
	403-5	Worker training on occupational health and safety	5.5 Employee Health Management and promotion	66
	403-6	Promotion of worker health	5.5 Employee Health Management and promotion	66
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4 A Culture that Encourages Safety and Responsibility	62
	403-8	Workers covered by an occupational health and safety management system	5.4 A Culture that Encourages Safety and Responsibility	62
	403-9	Work-related injuries	5.4 A Culture that Encourages Safety and Responsibility	62
	403-10	Work-related ill health	5.5 Employee Health Management and promotion	66
Management Approach	103-1	Explanation of the material topic and its Boundary	5.4 A Culture that Encourages Safety and Responsibility	62
	103-2	The management approach and its components	5.4 A Culture that Encourages Safety and Responsibility	62

Material topics	Disclosure Number	Disclosure Title	Related Section	Page No.
Social Performance				
	103-3	Evaluation of the management approach	5.4 A Culture that Encourages Safety and Responsibility	62
Training and Education ^{*3}	404-1	Average hours of training per year per employee	5.3 Employee Training and Development	57
Management Approach	103-1	Explanation of the material topic and its Boundary	5.3 Employee Training and Development	57
	103-2	The management approach and its components	5.3 Employee Training and Development	57
	103-3	Evaluation of the management approach	5.3 Employee Training and Development	57
Child Labor ^{*15}	408-1	Operations and suppliers at significant risk for incidents of child labor	3.5 Regulatory Compliance	37
Management Approach	103-1	Explanation of the material topic and its Boundary	3.5 Regulatory Compliance	37
	103-2	The management approach and its components	3.5 Regulatory Compliance	37
	103-3	Evaluation of the management approach	3.5 Regulatory Compliance	37
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	5.3 Employee Training and Development	57
Management Approach	103-1	Explanation of the material topic and its Boundary	3.5 Regulatory Compliance	37
	103-2	The management approach and its components	3.5 Regulatory Compliance	37
	103-3	Evaluation of the management approach	3.5 Regulatory Compliance	37
Customer Health and Safety ^{*8}	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	3.5 Regulatory Compliance	37
Management Approach	103-1	Explanation of the material topic and its Boundary	4.4 Green Procurement	45
	103-2	The management approach and its components	4.4 Green Procurement	45
	103-3	Evaluation of the management approach	4.4 Green Procurement	45
Marketing and Labeling ^{*10}	417-2	Incidents of non-compliance concerning product and service information and labeling	4.2 Marketing of Products and Services	42
	417-3	Incidents of non-compliance concerning marketing communications	4.2 Marketing of Products and Services	42
Management Approach	103-1	Explanation of the material topic and its Boundary	4.2 Marketing of Products and Services	42
	103-2	The management approach and its components	4.2 Marketing of Products and Services	42
	103-3	Evaluation of the management approach	4.2 Marketing of Products and Services	42
Socioeconomic Compliance ^{*2}	419-1	Non-compliance with laws and regulations in the social and economic area	3.5 Regulatory Compliance	37

Material topics	Disclosure Number	Disclosure Title	Related Section	Page No.
Social Performance				
Management Approach	103-1	Explanation of the material topic and its Boundary	3.5 Regulatory Compliance	37
	103-2	The management approach and its components	3.5 Regulatory Compliance	37
	103-3	Evaluation of the management approach	3.5 Regulatory Compliance	37

8.2 TÜV Independent Assurance Statement



Independent Assurance Statement

Introduction:

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (TÜV, We) has been entrusted by the management of ZENG Hsing INDUSTRIAL CO., LTD. (Zeng Hsing, the Company) to conduct independent assurance of Zeng Hsing Corporate Social Responsibility Report 2020 (the Report). All contractual contents for this assurance engagement rest entirely within the responsibility of Zeng Hsing. Our task was to give a fair and adequate judgment on the Zeng Hsing Report 2020.

The intended users of this assurance statement are stakeholders having relevance to the Zeng Hsing overall Sustainability Performance and impacts of its business activities during 2020 (January 2020 ~ December 2020). TÜV Rheinland is a global service provider of CSR & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and were not involved in the preparation of report contents.

Assurance Standard:

The Independent Assurance was carried out in accordance with AccountAbility, U.K Standard AA1000 Assurance Standard (2008) with 2018 Addendum and related standards AA1000 AccountAbility Principles (2018), AA1000 SES (2015), Principles of Inclusivity, Materiality, Responsiveness and Impact, Global Reporting Initiative (GRI), 'In accordance'-Core option' reporting guidelines as per GRI-Standards.

Scope & Type of Assurance:

Our Assurance engagement covers the following:

- Zeng Hsing Corporate Sustainability performance as described in the report 2020 in accordance with GRI reporting guidelines and performance indicators and according disclosure on management approach (DMAs) from Economic, Environment & Social category, also defined in Reporting boundaries.
- Evaluation of disclosed information in the report as per the Assurance Standards.
- Type-1, Moderate Level as per AA1000 Assurance Standard (2008) with 2018 Addendum

Limitation: The assurance engagement was carried out at Zeng Hsing at Taichung City, Taiwan. The consultations with external stakeholder were not carried out. We have not observed any significant situations to limit our assurance activity. The verification is carried out based on the data and information provided by Zeng Hsing, assuming they are complete and true. We did not verify the reported financial data as same is verified by another third party in annual report.

Assurance Methodology:

TÜV has challenged the report contents and assess the process undertaken by Zeng Hsing from source to aggregate in disclosure of information related to Sustainability performance. Our judgment is based on the objective review of reported and based on the principles defined in the assurance standards, the principles of inclusiveness, materiality, responsiveness and impact, and the integrity of the data provided in the report.

Analytical methods and the performance of interviews as well as verification of data, done as random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual Zeng Hsing Corporate Social Responsibility strategy (CSR) as mentioned in the report. Our work included consultation with over 10 Zeng Hsing representatives including senior management and relevant employees. The approach deemed to be appropriate for the purpose of assurance of the report since all data therein could be verified through original proofs, verified database entries.

The Assurance was performed by our multidisciplinary team of experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement. We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of our contract.

Adherence to AA 1000 principles:

Inclusivity: Zeng Hsing has continually sought the engagement of its stakeholders, identify and understand their stakeholder, and use the communication mechanism to identify the material issues and achieve an accountable response.

Materiality:

Zeng Hsing has implemented the material issues identification processing. The identification was based on the requirements and focus of attention of the stakeholder, the consideration of the company internal policy, shareholders meeting, questionnaires and the understanding and communication on the sustainable development content. The sustainability information disclosed enables its stakeholders to make informed judgements about Zeng Hsing's management and performance.

Responsiveness:

Zeng Hsing has implemented the policy including environment and safety, hazardous substances, quality, intelligent property management and corporate social responsibility. The report disclosed the management system of the company and stakeholder engagement, responding to their stakeholders against material issues of the sustainable development.

Impact:

Zeng Hsing has identified and fairly represented impacts that were measured and disclosed in effective way. Zeng Hsing has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization.

Conclusion:

In conclusion, we can mention that no instances or information came to our attention that would be to the contrary of the statement made below:

- Zeng Hsing Corporate Social Responsibility Report 2020 meets the requirement of Type-1, Moderate Level Assurance according to AA1000AS (2008) with 2018 Addendum and Global Reporting Initiative (GRI), 'In accordance'-Core option' reporting guidelines as per GRI-Standards.
- The Report includes statements and claims that reflects Zeng Hsing achievements and challenges supported by documentary evidences and internal records
- The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision about Zeng Hsing based on this Assurance Statement.



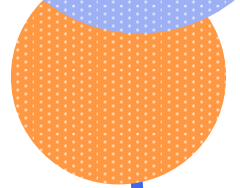
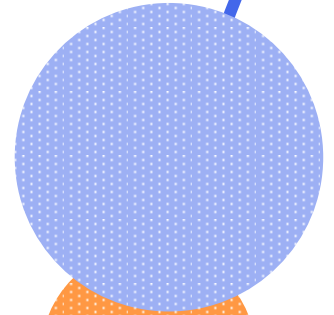
For TÜV Rheinland Group

Vito Lin

Vito C. C. Lin

Lead Verifier

Taipei, 20 July 2021



Corporate Social Responsibility Report

