



Sustainability Report

2021

Everlight Chemical



**Everlight
Chemical**

Scope and Methodology of This Report (GRI 102-50) (GRI 102-54)



The 2021 Sustainability Report is the tenth report of the Everlight Chemical, disclosing Everlight Chemical's commitments and achievements in the economy, society and environment. The report has been approved by the Chairman. To comply with Taiwan government regulations regarding "enhancing information transparency of listed companies" per the "Corporate Governance 3.0" roadmap, Everlight has updated the title of the report from "CSR Report" to "Sustainability Report."

Reporting Period : Jan 1, 2021 to Dec 31 2021 (GRI 102-50)

Reporting Scope : (GRI 102-45) (GRI 102-49)

We have expanded the scope of our sustainability reporting in 2021. Reporting on environmental indicators mainly covers our production plants and subsidiaries, which include four plants in Taoyuan, Trend Tone Imaging, Inc. in Hsinchu, and Everlight (Suzhou) Advanced Chemicals Ltd. Reporting on non-environmental indicators covers Everlight Chemical Group, which refers to Everlight's Taipei headquarters, four plants in Taoyuan, Trend Tone Imaging, Inc. in Hsinchu, Everlight (Suzhou) Advanced Chemicals Ltd. and other subsidiaries in China as well as subsidiaries worldwide.

Report Guidelines and Principles (GRI 102-54)

The content and structure of this report are prepared in accordance with GRI Standards 2016 (Core option) published by the Global Reporting Initiative (GRI) as well as newly added items in 2018 and 2020. Disclosures are also made according to the Sustainability Accounting Standard Board (SASB) standards for the Chemicals industry. Details can be found in the GRI Content Index and SASB Index in the appendix of this report. Financial data is disclosed according to the International Financial Reporting Standards (IFRS). Environment, health and safety (EHS) performance is disclosed according to internationally-recognized indicators. Other specific significance of quantitative data disclosed in the report will be explained in a separate note.

Restatements of information (GRI 102-48)

This is the first time we report the aggregated performance of Everlight Chemical Group including subsidiary companies, Trend Tone and Suzhou Everlight. There may exist some minor differences in values of previous years due to data calibration; but this does not affect the direction of overall performance.

External Assurance (GRI 102-56)

We entrust the British Standards Institution in Taiwan (BSI Taiwan) to provide third-party assurance for this Sustainability Report based on the AA1000 Assurance Standard (AA1000 AS v3) Type 1 at a moderate level of assurance. In addition, for the first time we entrust KPMG to perform a limited assurance engagement on the information in this report relevant to the four key EHS topics in the chemical industry (energy, water management, waste management and occupational safety & health) according to ISAE3000 guidelines, as stipulated by the Accounting Research and Development Foundation (ARDF) of Taiwan, so as to ensure that the quality of this report is in line with requirements of competent authorities.

Report Publication (GRI 102-51)(GRI 102-52)

Release time of this report: June 2022

Release time of the previous and next report: May 2021; June 2023

Distribution and contact information (GRI 102-53)

As part of our conservation efforts, this sustainability report is mainly issued online (made available on Everlight Chemical's website). All stakeholders are welcome to view and download it online. In case of any error correction or information updates in the report, please refer to the electronic version released on our website. If you have any comments, suggestions or inquiries about the content, please contact us through the following contact points:

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Better Chemistry Better Life

Better Chemistry, Better Life sits at the heart of our commitment at Everlight Chemical

We aim to be a powerhouse that facilitates circular economy via our specialty chemical product offerings and solutions

We will continue to fulfill our corporate social responsibilities and enable a sustainable environment and a better future for all human beings

Vision

Become a high-tech specialty chemicals provider that contributes to better life for mankind

We dedicate ourselves to the R&D and production of visionary specialty chemical products, which we believe will contribute to all mankind and help improve the quality of life of all stakeholders. As we deliver on this mission, we are also committed to supporting our employees, raising the bar for the chemical industry, improving the well-being of the society and facilitating a sustainable future.

Unique Positioning

Continue to raise the quality bar of our products and services, and by doing so, further create added value to share with our customers

Our mission is to help every client succeed. By offering high-quality products, services and solutions, we help clients move toward a sustainable future together.



Message From the Chairman (GRI 102-14)

Dear stakeholders :

Since the start of the pandemic, there has been a renewed global focus on the impact of climate change and, along with that, demand for ESG management has accelerated. As a specialty chemical manufacturer, Everlight Chemical faces a myriad of challenges. For example, on the carbon management front, such challenges include the need to communicate our carbon reduction commitments with upstream raw material suppliers, to improve our energy management policy, and to make sure that we continue to meet our brand customers' requirements regarding green chemical products and supply chain carbon reduction. As we put in these efforts, we also continue to implement the 12 Principles of Green Chemistry to provide sustainable chemical products that enhance user benefits.

On the ESG disclosure front, we continue to raise the bar for ourselves. This year, on top of adhering to the GRI standards, we also included SASB indicators and followed TCFD recommendations in our sustainability reporting. In corporate governance, besides more third-party certifications and compliance with the AA1000 standard, this year we also engaged an independent auditor to perform an assurance audit on four leading EHS metrics in accordance with the assurance engagement standards ISAE3000. These measures represent our continued commitment to compliance, practices and disclosure on ESG issues.

Our environmental (E), social (S) and governance (G) efforts last year are summarized below to help readers learn about Everlight's progress on various sustainability issues:

1.Environmental Accomplishments

We have made tremendous improvement in water and energy conservation as well as carbon reduction compared to 2020.

- (1) Regarding energy management, we have conserved a total of 1,190 MWh of electricity and reduced carbon emissions by 619 tCO₂e, which translate into a saving of 4,284 GJ in energy consumption.
- (2) Regarding water resource management, despite an increase in business volume in 2021, we have increased our water recovery rate (from 81% to 86%) and reduced total water consumption by 10%, which is a commendable achievement.
- (3) Regarding industrial waste management, we recovered resources from a total of 8,007 tons of waste with a waste recycling rate up to 69% (vs 68% in 2020).
- (4) Regarding greenhouse gas (GHG) emissions, we began tracking our greenhouse gas emissions in 2005. Last year, our total GHG emissions were at 82,813 tons (19,141 tons in scope 1 and 63,672 tons in scope 2), 14% greater than the previous year but the emission intensity has dropped by 7% (from 9.6 to 8.9).

Not only is Everlight committed to energy conservation, water conservation and waste recycling, we have also incorporated ESG concepts in our product R&D and elevated our product development approach from simply producing "environmentally-friendly products" to developing "sustainable products" that promote user benefits.

Regarding product stewardship, Everlight has begun deploying GreenScreen® List Translator, an internationally-recognized chemical safety evaluation tool, to help identify if any of our materials or products are considered as chemicals of high concern.

Everlight has been promoting circular economy for years. Last year, we received the 2nd Green Chemistry Application and Innovation Award from the EPA of Taiwan and the 2021 Circular Economy Achievement Award from the Taiwan Chemical Industry Association.

On October 21, 2021, we have announced "Preparing Against Environmental Risk for Environmental Sustainability" as our new environmental policy with four commitments for all our employees to follow.

Since we presented the 1st Everlight Award for Green Chemistry Research at the annual Chemical Society National Meeting in March 2021, the award has attracted the attention and recognition of the academic community, which has led to incredible growth in the number of applicants for the 2nd award. It is our hope that more scholars in chemistry-related departments will inspire young students to use their chemistry expertise to protect the environment and the planet.

2.Social Responsibility

(1) **Corporate commitment:** Everlight will continue to fulfill its commitment and responsibility towards occupational safety and health as well as improving its the process safety management systems at our facilities.

(a) Regarding occupational safety and health management, there were 4 incidents of occupational injury in 2021, with 4 injured, 23 days lost and a frequency severity index (FSI) rating of 0.08. The supervisors responsible had conducted an investigation and improved the working environment and equipment safety accordingly. Safety awareness training was also provided for employees.

In addition to the ISO 45001 occupational safety and health management we have in place, we have also adopted the Responsible Business Alliance (RBA) Code of Conduct last year to align our practices in employee rights and occupational safety and health with international standards.

(b) Regarding industrial safety, we have hired external experts to provide guidance and initiated our process safety management (PSM) program.

Additionally, regarding employee diversity and inclusion, in line with global emphasis on human rights issues, Everlight continues to uphold its commitment to the Declaration of Human Rights. Due to the nature of the chemical industry, we have fewer female employees. However, we understand the importance of having female senior executives, which is a goal we continue to work on. Currently, we have one female director on our Board. In the spirit of diversity and inclusion, we will continue our mission to build a happy work environment for all.

To ensure our employees' health during the pandemic, we have held many health-promoting activities to take care of our people and offer support.

(2) **Community engagement:** we donate part of our revenues to nearby schools every year. And to help fight against the pandemic, we have donated protective equipment to the communities nearby, which have been well-received by the local government and the communities.

Since water resource management is a crucial issue to the chemical industry, in addition to our existing environmental efforts, we also respond to government initiatives on river adoption and community education. For instance, Plant II is fully committed to the adoption and community education program for a section of the Daku River and received a distinction award from the Taoyuan City Government. These engagements demonstrate our devotion to not just environmental sustainability but also corporate social responsibilities. We are equally committed to community engagements and to giving back to the community.

3.Corporate Governance

Due to the pandemic, our shareholders' meeting last year was postponed to July 29, on which our 18th term directors were elected. The Board of Directors added the Strategy Committee to the current lineup of audit, compensation and nomination committees and appointed Independent Director Dr. Wei-wen Yang as the chairperson of the Strategy Committee. In light of market and ESG trends worldwide, we plan to devote more resources to develop our sustainable development strategy.

In the 8th Corporate Governance Evaluation by the Corporate Governance Center of TWSE, Everlight ranks among the top 6-20% companies in the Listed Company category, and among the top 11-20% of listed companies in non-financial/electronics sectors with a market value over NT\$10 billion.

To ensure our information and communication security, last year Everlight put in place an information security management system, which has been certified by the ISO 27001 standard.

2022 marks the 50th anniversary of Everlight and we have set the goal of "Celebrating 50 by Surpassing 10B." As we enter the next 50 years, we will work towards sustainable operations, environmental sustainability, diverse and inclusive workplace as well as doing more in giving back to the society.

As part of our efforts in promoting green chemistry and circular economy, we will further introduce ESG management approaches, including carbon management, energy conservation and carbon reduction practices, to keep up with current trends and clients' needs. We will continue to improve ourselves, expand our influence, and work with our partners to pursue sustainable development.

On the night of March 10, 2022, a fire broke out at Plant III in Guanyin. By the grace of God, only one building was affected and there were no casualties. And the water used to extinguish the fire did not cause any river or farmland pollution. The fire was brought under control in about 3.5 hours. However, the incident caused air pollution, emotional distress and many inconveniences. For this, we have sent staff members to apologize to those living in the neighboring houses in person. On behalf of Everlight, I would like to, once again, sincerely apologize to the businesses and communities in the area as well as friends that care about us. I have since requested our staff to inspect the safety of all of our plants and review all aspects of our operations, including management practices, personnel, equipment and processes, for areas of improvements to prevent future fires.

Lastly, I would like to wish everyone great health and happiness.

Chen, Chien-Hsin
Chairman

Overview of Our Sustainability Accomplishments in 2021

【Corporate Governance】 Outstanding Business Integrity Earning Wide Recognition

- ◆ Everlight Chemical ranked among the top 6-20% companies in the 2021 TWSE Corporate Governance Evaluation. The Company also ranked among the top 11-20% of listed companies in the Non-Finance/Electronics category.
- ◆ Everlight's Plant I and Plant III have been awarded the A+ grade for bonded factories by Taipei Customs of the Customs Administration under the Ministry of Finance.

【Environmental Sustainability】 Green Chemistry and Circular Economy Practices

- ◆ The Company received the 1st and 2nd Green Chemistry Application and Innovation Awards by the Environmental Protection Administration (EPA) of Taiwan.
- ◆ Everlight's Plant III received the 2021 Circular Economy Award by the Taiwan Chemical Industry Association (TCIA).
- ◆ Everlight's Plant IV received another Green Factory Label.
- ◆ Environmental management performance:
 - Achieved 1,190 MWh in electricity savings (1.2% of total power consumption), 4,284 GJ in energy savings and 619 tCO₂e in carbon emissions reduction.
 - Reduced total water consumption by 10% and achieved a water reuse rate (R₂) of 86%.
 - Achieved a waste recycling and reuse rate of 69%, with 3.2% of hazardous industrial waste recycled.
 - Achieved a greenhouse gas emissions intensity of 8.9 GJ per NT\$ million in output value, representing a reduction by 7% from 2020.
 - Achieved an atom economy of 67.1%.



【Social Responsibility】 Community Engagement and Industry-Academia Collaborations

- ◆ Everlight's Plant II received the high distinction award for its participation in the Taoyuan City River Adoption Program for Businesses.
- ◆ Each of our plants continues to support elementary schools and high schools in local communities through annual donations.
- ◆ The Company established the Everlight Award for Green Chemistry Research to honor the work of outstanding researchers in the field.
- ◆ The Company provides access to the Global Kids Junior Monthly and Global Kids Monthly magazines by the Commonwealth Publishing Group for 21 elementary schools in rural Taoyuan.

【Supply Chain Management】 Green Procurement Practices and Corporate Responsibility

- ◆ The Taipei headquarters and all Everlight plants received green purchasing awards from the local government.
- ◆ All four of Everlight's plants in Taiwan have passed follow-up audits for the Bluesign certification.

【COVID Response】 Efforts in Disease Prevention and Business Continuity

- ◆ In response to the pandemic, the Company set up a remote work system and held multiple webinars. These practices have been greatly appreciated by our clients and were also featured in the special report in the 1757th issue of Business Weekly.

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Chapter 1 Overview of the Company

1. About Everlight Chemical

Company name (GRI 102-1)	Everlight Chemical Industrial Corporation
Founded	1972
Listed on the Taiwan Stock Exchange	1988
Total Capital (GRI 102-7)	NT\$ 5.5 billion
Revenue in 2021	NT\$ 7.5 billion (Everlight Chemical); NT\$ 9.2 billion (Group)
Operational Headquarters (GRI 102-3)	5F-6F, No. 77, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei 106, Taiwan
Employee Headcount (GRI 102-8)	1,253 (Headquarters); 495 (Subsidiaries); 1,748 in total
Location of Headquarters (GRI 102-3)	5F-6F, No. 77, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei 106, Taiwan
Ownership and Legal Form (GRI 102-5)	Everlight Chemical is a publicly listed company in Taiwan. The Company went public in 1988. Everlight Chemical is a limited company and is owned by its shareholders.

Production Facilities and Contact (GRI 102-4)

- Plant I** : No. 271, Zhongshan N. Rd., Dayuan Dist., Taoyuan City, Taiwan; (03)386-8081; mainly produces color chemicals
- Plant II** : No. 12, Gongye 3rd Rd., Guanyin Dist., Taoyuan City, Taiwan; (03)483-8088; mainly produces color chemicals
- Plant III** : No. 937, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City, Taiwan; (03)483-7682; mainly produces specialty chemicals
- Plant IV** : No. 399, Datan N. Rd., Guanyin Dist., Taoyuan City, Taiwan; (03)473-7366; mainly produces electronic chemicals
- Pharmaceutical Factory** (inside Plant II) mainly produces pharmaceutical APIs
- Electronic Chemical Factory** (inside Plant II) mainly produces electronic chemicals
- Trend Tone Imaging, Inc.:** No. 3, Gungye E. 1st Rd., East Dist., Hsinchu City, Taiwan; (03)578-3620; mainly produces and sells toner and cartridges for laser printers, photocopiers and fax machines
- Everlight (Suzhou) Advanced Chemicals Ltd.:** No.33, Ping Sheng Road, Suzhou Industrial Park, Suzhou, P.R.C.; mainly produces and sells high-tech chemicals for toner and electronics

【 Everlight Chemical operates 17 overseas locations. For more information, please check our website:<https://www.ecic.com/about/location/#Taiwan> 】

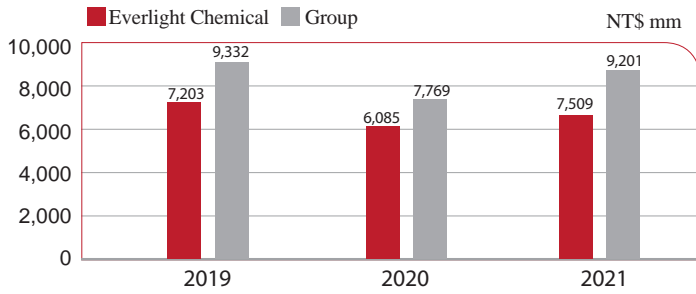


2.Operational Performance (GRI 102-2)(GRI 102-6)(GRI 102-7)(GRI 201-1)

Everlight Chemical is engaged in the research and development, production and sales of specialty chemicals. Its industry coverage includes textiles, electronics, optoelectronics, automobiles, consumer goods, pharmaceuticals and other industries. The Company has five major business units by product type. Everlight’s R&D and production bases are mainly in Taiwan, while its products are sold all over the world.

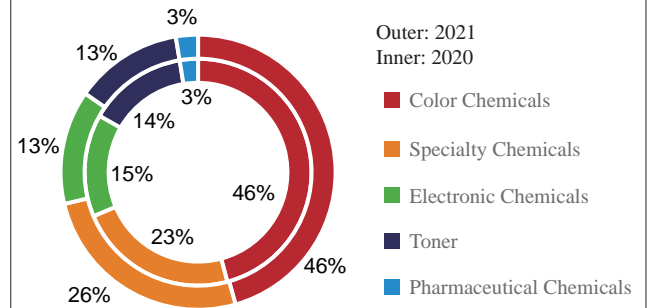
As a % of 2020 Revenue (Group)	As a % of 2021 Revenue (Group)	Production Base	Main Offerings
Color Chemicals 46%	Color Chemicals 46%		Textile dye, leather dye, high-purity dye used in ink jet printing, high-purity dye used in digital textile printing, ink for digital textile printing, anodized aluminum dye, paper dye, functional chemicals used in textiles, solar energy dye
Specialty Chemicals 23%	Specialty Chemicals 26%		UV-absorber, hindered amine light stabilizers, formulated products, functional masterbatches, antioxidants, high-molecular polymerizable dye
Electronic Chemicals 15%	Electronic Chemicals 13%		Photoresists, developers, slurry, photosensitive polyimide, functional ink and glue
Toner 14%	Toner 13%		Toner and cartridges for printers and photocopiers; carriers, developers, ceramic toner
Pharmaceuticals 3%	Pharmaceuticals 3%		Prostaglandin active pharmaceutical ingredients (APIs) and other APIs

Operating Revenue, 2019-2021



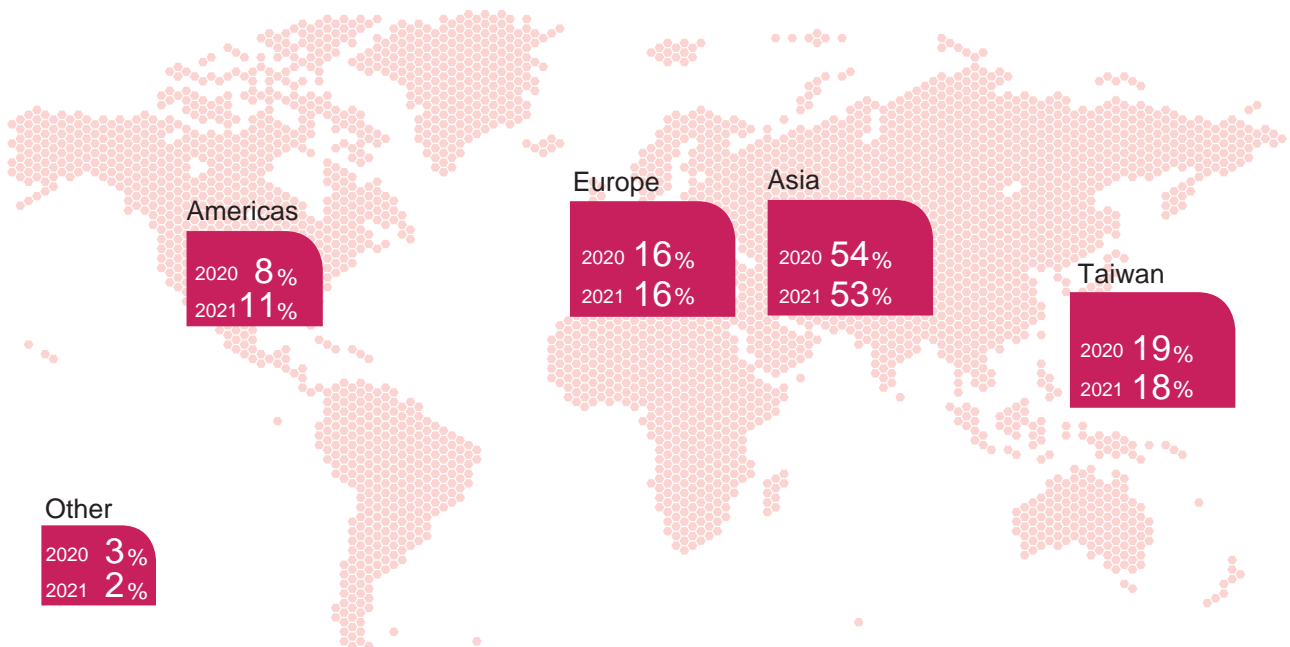
Although the pandemic continued to affect our business in 2021, thanks to the hard work of our employees and our customers' support, our annual operating **revenue posted a 18% increase** from 2020.

Revenue Mix: 2020 vs 2021 (Group)



Markets of Main Products (GRI 102-6)

%: as a percentage of total sales



Individual and Consolidated Operating Revenue and EPS, 2019-2021 (GRI 102-7)

Everlight Chemical:

Item	2019	2020	2021
Operating revenue (NTD thousand)	7,203,554	6,085,544	7,509,370
Operating cost (NTD thousand)	5,801,125	5,005,499	5,847,516
Operating profit (NTD thousand)	354,298	210,185	450,009
Net income after tax (NTD)	362,447	213,279	472,970
Earnings per share (EPS) (NTD)	0.66	0.39	0.86

Consolidated:

Item	2019	2020	2021
Operating revenue (NTD thousand)	9,332,076	7,769,066	9,200,988
Operating cost (NTD thousand)	7,294,736	6,200,244	6,987,506
Operating profit (NTD thousand)	403,633	204,636	552,776
Net income after tax (NTD)	349,237	205,022	481,829
Earnings per share (EPS) (NTD)	0.66	0.39	0.86

3.Green Chemistry & Sustainable Products (GRI 102-16) (RT-CH-410b.2)

The Specialty Chemical Supply Chain (GRI 102-9)

Everlight Chemical operates in the specialty chemical industry, with chemical raw materials and organic intermediates as its direct upstream. Further up the supply chain are the petrochemistry, coke and natural gas industries. Our clientele spans across various industries, including textile and leather, plastics/coating, optoelectronics/semiconductor, healthcare and pharmaceuticals, etc.



As specialty chemicals are a vital part of the supply chain, Everlight Chemical needs to maintain effective management of key raw materials from the upstream, while catering to the needs of downstream industries. To that end, the Company continues to develop innovative technologies and sustainable products to meet the demands and expectations of customers across a wide range of sectors. By providing quality chemical products and services, Everlight Chemical, together with its supply chain partners, is able to create more value for customers.

Everlight's Culture and Philosophy

As we develop sustainable products at Everlight Chemical, we embody the principles of Business by Integrity and Management by Love. These are the core business principles established by our Founder and Honorary Chairman, Ding-Chuan, Chen. We incorporate **business integrity and adherence to the law** into our day-to-day operations. And by upholding the practice of **Love** as taught in the Bible as a key business philosophy, we have established **a set of corporate sustainability principles**, emphasizing **the pursuit of improvement and innovation, bringing out the best in people and advancing the well-being of mankind**.

1. Pursuing Improvement and Innovation: Pursue Technological Innovation to Drive Product Benefits and Value

Providing quality chemical products and services remain the heart of our business at Everlight Chemical. In the spirit of innovation and improvement and in response to the diverse needs of our customers, we provide innovative products and technologies that deliver greater user benefits and also improve our own business performance.

- Everlight Chemical places a strong emphasis on R&D. Besides further strengthening our R&D capacity and encouraging business units to develop high-tech, high value-added products, we also leverage the 12 Principles of Green Chemistry to drive product benefits.
 - Our R&D expenses in 2021 were around NT\$390 million, accounting for 4.3% of our operating revenue.
 - Intellectual property rights: with 9 additional patents granted in 2021, the Company owns a total of 191 patents as of the end of 2021.
 - Product development projects completed in 2021 by business unit: 26 projects under Color Chemicals; 5 under Specialty Chemicals; 16 under Electronic Chemicals; 1 under Pharmaceuticals; and 19 from Toner (67 projects completed in total).



Everlight's Plant IV (second left) receives another Green Factory Label



General Manager Wei-Wang Chen (second left) shares insights on circular economy concepts and practices

2. Bringing out the Best in People: Foster a Happy Workplace that Is Diverse and Inclusive

- Everlight Chemical has been promoting character education over the years. We believe in leading by example and continue to build towards a caring and respectful work culture where people respect each other.
 - Placing great value on diversity and inclusion, the Company continues to increase the percentage of female hires and female managers and also provides female employees with a comfortable and thoughtful work environment.
 - We hold family and cultural days for foreign employees to help foster a sense of belonging.

3. Advancing the Well-Being of Mankind: Promote Green Chemistry Principles to Optimize Resource Utilization and Create Value along the Supply Chain

- Everlight has been implementing eco-friendly and circular economy practices for years. The Company uses atom economy as an internal metric to measure and optimize resource efficiency.
 - In 1996, Everlight Chemical obtained the ISO 14001 certification for environmental management systems (EMS).
 - In 1998, the Company became the first among its peers in the chemical industry in Taiwan to introduce environmental accounting standards (green accounting standards).
 - Since 2005, we have adopted the concept of atom economy, a metric proposed by experts from the international chemistry community, to review our production processes, from starting materials to end products, so as to reduce waste, lower environmental pollution or impact and maximize material utilization. This practice also aligns with the GRI 306: Waste Standard (GRI 306: Waste 2020).
 - Starting from 2015, Everlight Chemical has been implementing the 12 Principles of Green Chemistry. From product development to mass production and late-stage processing, we promote green chemistry principles and apply them in our day-to-day operations. We have begun to see results from the years of efforts we have put in. We will continue to pioneer green chemistry practices in our industry and deliver our brand commitment to Better Chemistry, Better Life.

Chemical Safety Management & Product Stewardship (GRI 416-1) (GRI 417-1) (RT-CH-410b.1)

Everlight Chemical has established a Product Stewardship Division, which is responsible for compliance management and compliant labeling for all products. We set goals according to our internal Product Health Index and have obtained international certifications required by our clients from industries at the downstream of the supply chain. We recognize chemical safety management as a key element of corporate sustainability, so we implement the following safety management measures:

1. Providing Safety Data Sheets (SDS)

To ensure the health and safety of users of our chemical products, and to reduce the impact of such chemicals on human health or the environment, Everlight Chemical provides compliant safety data sheets (SDS) and labels. The SDS is an important document that provides information about the hazards of a chemical. Our SDS practices include the following:

- ▶ We have formulated the Safety Data Sheet & Product Label Format Guidelines (0-1A-003, 3-GG-084), which are based on classification and labeling information from internationally recognized chemical substance registry databases, such as the databases maintained by the U.S. Environmental Protection Agency (EPA) and the European Chemicals Agency (ECHA).
- ▶ We have established the 3-A3-25 Chemical Inventory Guidelines, according to which we conduct tests to understand the physical and chemical properties as well as animal and environmental toxicological properties of chemicals. We also perform hazard and risk assessment on chemical substances and relevant products in accordance with Taiwan's National Standards 15030 for Chemical Classification and Labeling (CNS 15030), GHS standards in various countries as well as the REACH and CLP Regulations.
- ▶ We prepare SDSs and labels in multiple languages and share them with our customers across the supply chain for their use and reference. If any material information needs to be added to an SDS, we will update it accordingly and send the updated SDS to customers, so as to comply with regulations and requirements in our customers' countries and reduce the impact of chemicals on human health or the environment.

Accomplishment in 2021:

Our products that belong to Category 1 and Category 2 in terms of health and environmental hazards according to the GHS hazard classification system produced a revenue of NT\$5.4 billion, accounting for 65.18% of the Company's consolidated revenue. These types of products have been 100% verified according to our hazard and risk assessment requirements.

2. Creating Protocols for Hazardous Substance Management

- ▶ Everlight Chemical referred to the IECQ QC080000 Hazardous Substance Process Management (HSPM) system to set up and operate its hazardous substance management protocol.
- ▶ In 2015, Everlight Chemical became a Bluesign® System Partner and qualified API supplier. The Company also joined the ZDHC Foundation the same year, which makes Everlight one of the first dyestuff manufacturers to become a ZDHC member. Everlight has made the commitment that all its products would conform to the ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) and that the Company would avoid adding hazardous substances to its products. The Company has also committed to working with supply chain partners to gradually phase out hazardous substances and to work together towards a future of zero discharge of hazardous chemicals.
- ▶ Besides our commitment to not source conflict minerals, we continue to work towards the goal of 100% compliance rates across international standards and industry requirements.

3. Introducing the GreenScreen List Translator (GSLT) for Better Substance and Product Management

- ▶ To better understand the inherent hazards and safety of each chemical substance, Everlight Chemical has begun using the GreenScreen® List Translator (GSLT) in 2021. This makes us the first company in Taiwan to introduce the globally recognized method. So far, we have completed building product profiles for 96 chemical raw materials and 17 products, documenting their sequencing and hazard information. We also plan to expand the use of GSLT to review the inherent hazards of all chemical substances involved in our business, so as to gain a better understanding of the health and environmental impact our raw materials and products have on our stakeholders. We will then develop further measures and shift to using chemicals that are safer.

Accomplishment in 2021:

Deploying the GSLT method: We tasked the Safety and Health Technology Center (SAHTECH) to provide internal training to help us ensure effective integration and application of the GreenScreen® method. Twenty employees completed the training in 2021 (340 training hours in total).

4. Product Labeling Compliance & Hazard Communication

- ▶ Our SDSs and product labels are prepared according to the Classification, Labelling and Packaging (CLP) Regulation and the UN Globally Harmonized System of Classification and Labeling of Chemicals (GHS). We provide information in Mandarin, English, French, Spanish and Italian and also continue to add new languages. We also issue product safety and registration certificates for customers so that they can use our products without concerns.

Accomplishment in 2021:

Total number of product safety and registration certificate applications: 1,313 (1,214 applications in 2020 and 1,374 applications in 2019)

5. Product Health Index: Meeting International Standards and Moving towards 100% Compliance Rate

- ▶ Besides maintaining proper chemical safety management, Everlight Chemical actively seeks third-party certifications for greater product safety assurance, providing global brands with safe chemical products without hazardous substances.

Accomplishment in 2021: the third-party certifications we have obtained include the following:

Applicable to all products: RoHS Directive: 100% / WEEE Directive: 100% / SVHC: 99%

Applicable to textile, leather and dyestuff products: ZDHC MRSL: > 99% / REACH Annex XVII: 100% / Standard 100 by OEKO-TEX: > 98%

Number of products certified by third-party organizations or brands (as of December 2021):

Global Organic Textile Standard (GOTS): 206

The Bluesign® label: 424

Zero Discharge of Hazardous Chemicals (ZDHC) Certification: 777



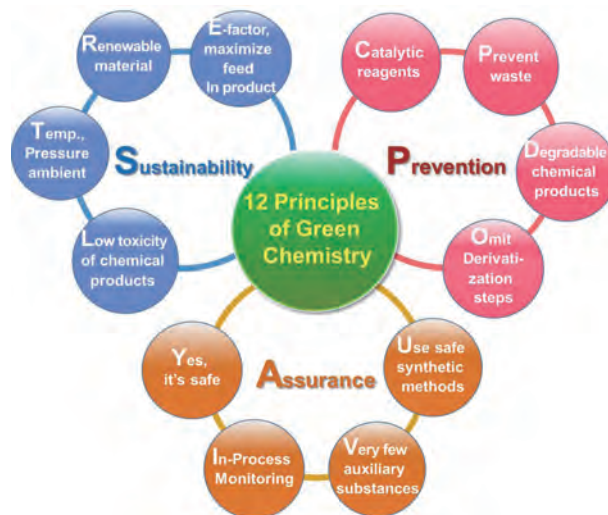
Development of Our Green Chemistry Practices and Sustainable Products

Everlight Chemical follows the 12 Principles of Green Chemistry in its product development and manufacturing process, with atom economy as a key internal operational metric. The Company is committed to adhering to the principles.

The 12 Principles of Green Chemistry are developed by Paul Anastas and John Warner.

The principles are:

- ▶ P: Prevent wastes
- ▶ R: Renewable materials
- ▶ O: Omit derivatization steps
- ▶ D: Degradable chemical products
- ▶ U: Use safe synthetic methods
- ▶ C: Catalytic reagents
- ▶ T: Temperature, Pressure ambient
- ▶ I: In-Process Monitoring
- ▶ V: Very few auxiliary substances
- ▶ E: E-factor, maximize feed in product
- ▶ L: Low toxicity of chemical products
- ▶ Y: Yes, it's safe



<http://topic.epa.gov.tw/greenchem/mp-1.html>



Commitment to Sustainable Products and Chemical Safety Management to Drive Resource Efficiency and Low Carbon Transition (RT-CH-410a.1)

Everlight Chemical established the Sustainable Product Team in 2021. The team is responsible for defining what sustainable products mean for Everlight and managing the Company's sustainable products.

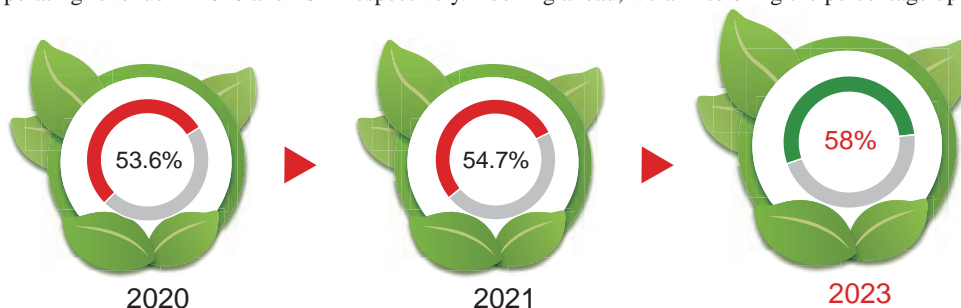
The Company places great emphasis on chemical safety management. From developing/manufacturing safer chemicals to eco-friendly products, we seek to reduce and mitigate environmental impact of hazardous substances as much as possible. Starting from 2021, in response to the need for a low carbon transition, we referenced the SASB Standard for the Chemical industry (Topic 8: Product Design for Use-phase Efficiency) and practices of leading international companies to devise the **Seven Indicators for Sustainable Products** to help us define sustainable products:

1. Water conservation
2. Energy conservation (carbon/greenhouse gas emissions reduction)
3. API conservation
4. Reduced use of volatile organic compounds (VOCs)
5. Reduced environmentally hazardous substances
6. Extended product life
7. Use of bio-based materials

We also conduct customer satisfaction surveys to understand client needs and actively develop products with greater use-phase efficiency (UPE). These measures represent how we implement our quality policy of Caring for Customers and Creating Value Together and achieve a win-win for our business and our customers.

Safe and Compliant Chemical Products => Eco-Friendly Products => Sustainable Products (RT-CH-410a.1)

Based on our definition of sustainable products, we estimate that the revenue generated by our sustainable products accounted for 53.6% and 54.7% of our operating revenue in 2020 and 2021 respectively. Looking ahead, we aim to bring the percentage up to 58% in 2023.



Future Goals & Actions

Everlight Chemical remains steadfast to its commitment to proper management of chemicals and hazardous substances, green procurement, green supply chain and other initiatives.

We are taking the following actions:

1. Commit to ensure all chemicals used in textile, leather and footwear products are 100% compliant to the ZDHC Manufacturing Restricted Substances List (ZDHC MRSL).
2. Ensure that chemicals used in other industry verticals continue to comply with international standards (e.g. REACH SVHC and the RoHS Directive).
3. Continue to hold seminars about zero discharge of hazardous chemicals and chemical management for participants in our industry and supply chain to raise safety awareness for chemical handling among our supply chain partners.
4. Develop green energy and eco-friendly products to fulfill our vision of providing green chemistry solutions, provide sustainable products for customers, and ultimately contribute to efforts in advancing environmental sustainability.

4. Membership of Associations and External Initiatives (GRI 102-12)(GRI 102-13)

- Besides working with partners across the supply chain, Everlight Chemical also participates in various organizations and associations to support relevant initiatives.
- Everlight Chemical's business units hold memberships in 65 domestic or international industry associations and organizations.
- The Chairman, general managers and other executives at the Company also serve as supervisors, directors or managing directors of external associations and organizations, including Taiwan Corporate Governance Association (TCGA), Chinese International Economic Cooperation Association (CIECA), Taiwan Responsible Care Association (TRCA), Taiwan Flat Panel Display Materials and Devices Association (TDMDA), Taiwan Chemical Industry Association (TCIA), Taiwan Dyestuffs and Pigments Industrial Association, Business Council for Sustainable Development of the Republic of China (BCSD-Taiwan) and so on.
- Trend Tone Imaging, one of the Company's subsidiaries, is a member of the Allied Association for Science Park Industries (ASIP) and the Taiwan Dyestuffs and Pigments Industrial Association. The Hsinchu Science Park division of ASIP has 16 specialty committees established to help member firms enhance business management capabilities.
- Everlight (Suzhou) Advanced Chemicals Ltd., one of Everlight Chemical's subsidiaries in China, has joined local associations, including the National Technical Committee for Standardization in Copying Machines (SAC/TC147), the China Culture & Office Equipment Association (CCOEA) and a subdivision of the Taiwan Compatriot Investment Enterprise Association of Suzhou. These memberships help the company understand the local political and economic context and evaluate operational goals and strategies accordingly.

Everlight Chemical supports economic, environmental and social standards/principles or initiatives raised by domestic and international organizations, such as the following:

	External Initiatives	Objectives of Engagement
1	Zero Discharge of Hazardous Chemicals (ZDHC) Programme	In support of ZDHC's Roadmap to Zero, the Company continues to offer chemical solutions that conform with the ZDHC MRSL guidance on chemicals and sustainability; make efforts to protect consumers, workers and the environment in the textile, apparel and footwear industries; and manage the chemical supply chain in a sustainable manner, so as to advance towards zero discharge of hazardous chemicals.
2	Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers (ETAD)	The Company adheres to the ETAD Code of Ethics (Highly Ethical Standards for Manufacturing and Product Safety Management) and is committed to taking all reasonably practicable steps to ensure human and environmental safety in the use of dyestuffs and organic pigments (synthetic organic colorants) manufactured or distributed by the Company.
3	Responsible Care Global Charter by the International Council of Chemical Associations (ICCA)	The Company is a signatory to the Charter and is committed to the safe management of chemicals throughout their life cycle, while promoting their role in improving quality of life and contributing to sustainable development.
4	The Taiwan Chemical Industry Association (TCIA) Circular Economy Declaration	The Company is committed to the goals set forth in the Declaration, which include to integrate technologies and resources of members of TCIA, to continuously promote sustainable development of the industry, to help the industry respond to opportunities presented by the global trend of circular economy and to support the chemical industry to achieve the ultimate goal of zero pollution, zero emissions and zero accidents.
5	Pledge by Members of Taiwan Circular Economy 100 (TCE 100), an Alliance Led by the Ministry of Economic Affairs (MOEA)	Everlight Chemical is committed to: (1) Starting from within the business to form an inner loop in business operations: to improve energy and resource efficiency, develop key materials and technologies, design recyclable and reusable products and develop innovative business models. (2) Expanding energy and resource-related collaborations among businesses: to build an industrial symbiotic system of energy and resource circularity, help the industry to move from supply chains to "supply nets" and expand regional integration and interdisciplinary exchange. (3) Working with others to build a resource circulation system: to understand and tap into dynamic needs at home and abroad, drive cultural change in manufacturing processes and consumer behavior and promote values of sustainability, so as to transition to a new economic model where resources can be reutilized indefinitely.
6	Four Fundamental Principles and Rights at Work by the International Labour Organization (ILO)	In response to international trends and corporate governance practices, Everlight Chemical has formulated the Everlight Chemical Human Rights Policy. The Policy is underpinned by our core business philosophy and commitment to ensure compliance with regulations at all branches across the globe. It also embodies our goal of building a Happiness Enterprise.
7	Safety Partnership Declaration of the Occupational Safety and Health Administration (OSHA) under the Ministry of Labor	The Company is committed to building a safe and inclusive workplace, strengthening protection of workers' physical and mental health and correcting poor work habits, so as to improve behavior-based safety (BBS) at work and prevent occupational injuries and accidents.



Chapter 2: Values of Sustainability

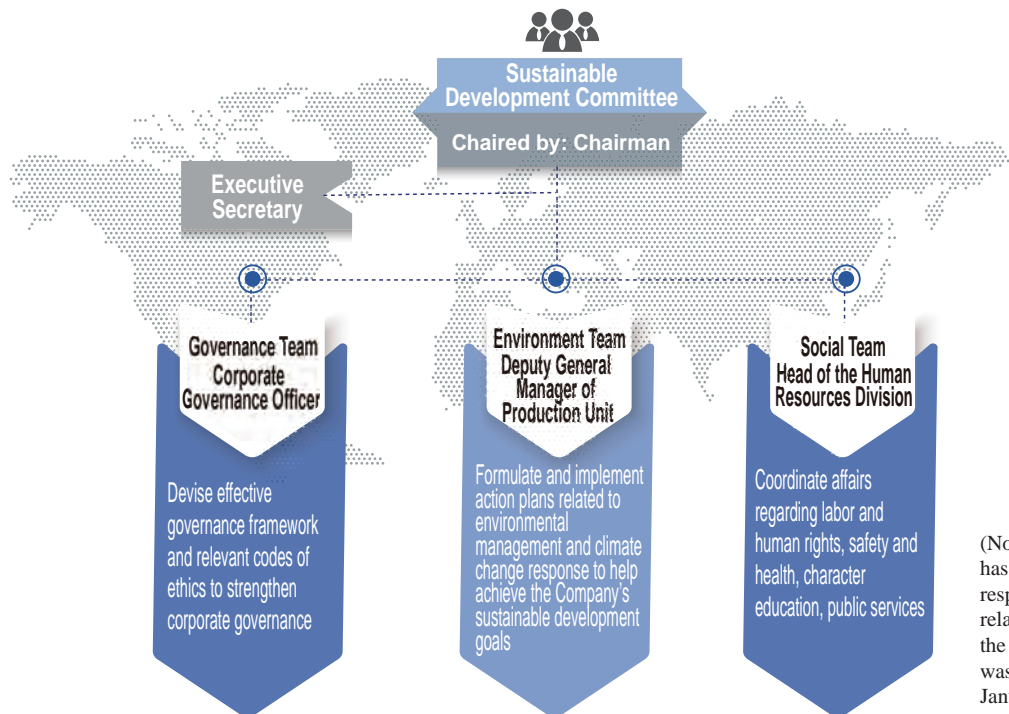
1. ESG Governance Bodies (GRI 102-19) (GRI 102-20) (GRI 102-26) (GRI 102-32)

Everlight Chemical has established its Corporate Social Responsibility Committee and implemented the Everlight Code of Corporate Social Responsibility. On January 4, 2022, the committee was renamed as the Sustainable Development Committee (hereinafter referred to as ESG Committee or the Committee). The Company’s Chairman has been appointed by the Board of Directors to chair the ESG Committee and coordinate the Company’s sustainable development goals and directions. The Governance Team, Environment Team and Social Team have been established under the ESG Committee, each of which are headed by senior managers at or above the plant or business unit level.

The chairman and members of the Committee regularly review performance and progress of each team, and the executive secretary of the Committee reports the Company’s ESG progress and future plans to the Board of Directors on an annual basis. At the board meeting on August 12, 2021, besides the results of the Committee’s work, the executive secretary also presented results of its 2021 material topic identification work, key issues and challenges of the year as well as actions taken by the Company (including improving ESG risk ratings, complying with Corporate Governance 3.0 requirements, enlisting the help of ESG consultants, setting up a climate change task force, creating an ESG section on the company website and so on). The Committee also reminded board directors to take ESG, TCFD and SASB trainings to refine their corporate governance capabilities.

Through the coordinated efforts of each team, the Committee has been able to effectively leverage internal and external resources to gradually achieve Everlight Chemical’s vision of “becoming a high-tech chemical group that helps advance the well-being of mankind” in a systematic and organized manner.

The organization and responsibilities of the ESG Committee are illustrated in the following chart:

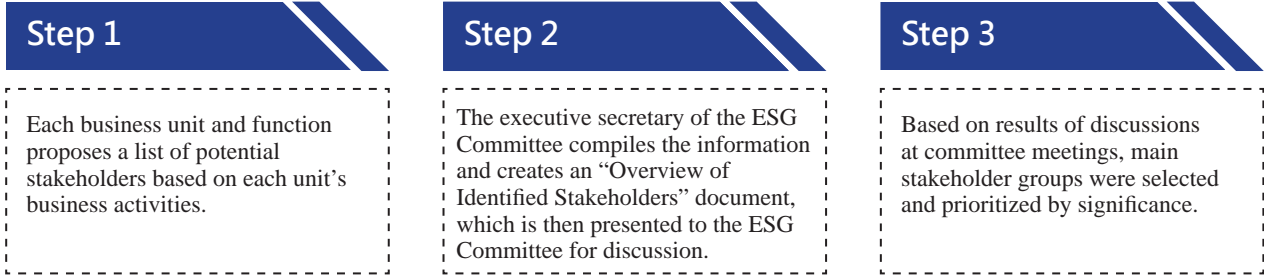


(Note: Since the Company has a dedicated unit responsible for affairs related to business integrity, the Business Integrity Team was removed starting from January 2022.)

2. Stakeholders and Material Topics (GRI 102-21)(GRI 102-37)(GRI 102-40)(GRI 102-42)

Stakeholder Identification

Referencing the AA1000 Stakeholder Engagement Standard (AA1000SES) and practices of leading companies, and through meetings and discussions, Everlight Chemical has identified 7 key stakeholder groups. Our identification process is as follows:



Everlight Chemical has identified 7 groups of stakeholders, as outlined below:




Stakeholder Communication (GRI 102-43)

Everlight Chemical utilizes diverse channels of communication to regularly communicate with each stakeholder group and gain their input. We also conduct reviews and make improvements according to suggestions from our stakeholders, making sure to enable mutual understanding and dialogue.

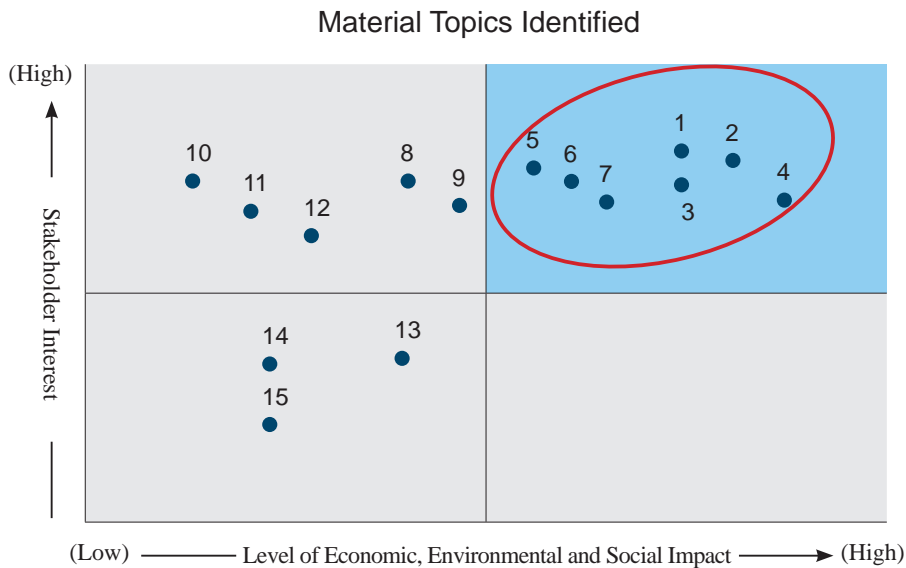
Overview of Stakeholder Communication in 2021:

(Presented to the Board of Directors on August 12, 2021) (GRI 102-33) (GRI 102-44)

Stakeholder Group	Topics of Interest	Channels and Frequency of Communication	Implementation in 2021
 <p>Shareholders/ Investors</p>	<ul style="list-style-type: none"> Business operation and profitability Corporate governance Operational policy Investment plan 	<ol style="list-style-type: none"> Annual reports and annual general meetings (annual) Company website and the Market Observation Post System of the TSE (whole year) Investor hotline and mail box (whole year) Corporate information sessions (2 times/year) 	<p>All communication plans were executed per original schedule.</p> <p>Required by competent authorities: releasing annual reports and holding shareholders meetings and corporate information sessions</p>
 <p>Customers/ Brand Owners</p>	<ul style="list-style-type: none"> Business operation and profitability Green innovation and green products Environmental responsibility Labor relations 	<ol style="list-style-type: none"> Customer satisfaction surveys (annual) Customer visits and/or audits by certification bodies (ad hoc) Dealer conference (annual) Company website, phone line and email communications (whole year) 	<p>All communication plans were executed per original schedule.</p> <p>Passed all customer/brand owner audits and inspections in 2021, earning a firmwide customer satisfaction score of 91 (vs 89 in 2020).</p> <p>Further information:</p> <ol style="list-style-type: none"> Each business unit held their annual dealer conference and also arranged client visits. The Company passed all client inspections and audits in 2021, including providing data supporting its ESG claims and allowing on-site inspections by clients. We will continue to do our best to fulfill customer needs and create value with customers.
 <p>Employees</p>	<ul style="list-style-type: none"> Business operation and profitability Employee benefits and protection Labor conditions Labor relations 	<ol style="list-style-type: none"> Internal meetings (labor meetings, supervisor meetings and monthly meetings) Internal committees (for occupational safety and health, meal services, anti-sexual harassment, etc.) 1-1 meetings or satisfaction surveys (annual) Employee mailbox and public announcement bulletin (whole year) 	<p>Internal meetings were held (including regular monthly meetings, monthly meetings of the Occupational Safety and Health Committee, manager meetings, labor-management consultations, etc.) to communicate important information. Supervisors also discussed career development prospects with employees and provided necessary support at the semiannual performance review meetings.</p>
 <p>Suppliers/ Contractors</p>	<ul style="list-style-type: none"> Supplier management Environmental management Business integrity 	<ol style="list-style-type: none"> Supplier visits and/or audits (ad hoc) Supplier training Company website, phone line and email communications (whole year) 	<p>Annual supplier visit plans and trainings were held.</p> <ol style="list-style-type: none"> In 2021, 24 supplier audits/counseling sessions, 57 exchange visits and 137 video conferences were conducted. In 2021, three training sessions were held to inform/communicate our quality and occupational safety and health standards with suppliers.
 <p>Neighborhood/ Nearby Communities</p>	<ul style="list-style-type: none"> Environmental responsibility Public services 	<ol style="list-style-type: none"> Personnel visits (ad hoc) Participation in community meetings Participation in community activities 	<p>Actively took part in community activities and conducted local visits</p> <p>Assigned dedicated personnel from each plant to regularly pay visits to local borough chiefs (on a quarterly basis in general); participated in/assisted with community disaster prevention efforts; donated pandemic relief supplies; participated in the river adoption program; held beach cleanup days; supported and donated to local elementary and high schools, etc.</p>
 <p>Government Agencies</p>	<ul style="list-style-type: none"> Corporate governance Environmental responsibility Labor relations 	<ol style="list-style-type: none"> Participation in info sessions, educational activities, symposiums and seminars Fulfilling filing and reporting duties and allowing on-site inspections Communication via official correspondence and phone 	<p>Everlight assigned representatives to participate in all relevant government info sessions and activities to understand actions needed on the Company's end. Besides fulfilling legal reporting duties and allowing inspections across business divisions, the Company proactively sought guidance from competent authorities through phone calls or in-person visits.</p>
 <p>Banks</p>	<ul style="list-style-type: none"> Business operation and profitability Corporate governance 	<ol style="list-style-type: none"> Face-to-face visits (ad hoc) Company website (ad hoc) Phone communications (ad hoc) 	<p>Regular communications were conducted with banking personnel, usually phone calls, to ensure smooth communication.</p>

Identification and Prioritization of Material Topics (GRI 102-46)(GRI 102-47)

We use a “Topics of Interest for Stakeholders” questionnaire to identify material topics. Taking into account important economic, environmental, social and governance issues as well as international trends in industrial development, we consider relevance and characteristics of the industries we operate in to come up with 15 topics (as outlined below), which were listed in the questionnaire. Based on the results of the survey, we then analyze and rank topics by their respective level of economic, environmental and social impact and level of stakeholder interest, as shown in the Materiality Matrix below:



Number	Material Topic	Number	Material Topic
1	Business performance	9	Waste management
2	Value creation through R&D and technological innovation	10	Reducing environmental impact from our products
3	Measures and response to risk impact	11	Reducing energy, resource and raw material consumption
4	Regulations to comply with in business operations	12	Greenhouse gas emissions and air pollution management
5	Regulations to comply with in business operations	13	Customer privacy and personal information management
6	Occupational health and industrial safety	14	Workplace gender equity and respect for employees
7	Product quality and services	15	Anti-corruption policy or precautionary measures
8	Protection of labor rights and welfare		

Confirming on Material Topics (GRI 102-46)(GRI 102-47)

The results of our survey on material topics were submitted for internal review and discussions at the ESG Committee, through which we determined the seven material topics.

Everlight Chemical's management approaches towards these material topics are outlined below: (GRI 103-1) (GRI 103-2) (GRI 103-3)

Order by Significance	Material Topic	Materiality (Description of Significance)	Disclosure on Management Approaches	Corresponding Indicator	Scope of Impact/Stakeholder Involvement				
					Shareholde	Customers	Employees	Supplier	Community
1	Business Performance	Giving back to investors and caring for employees	Focus on niche sectors; innovate business models; accelerate innovation and improve overall efficiency	GRI 201-1	●	○	●	◎	
2	Value Creation through R&D and Technological Innovation	Enhancing competitiveness and profits	Develop eco-friendly or green energy-driven products through green chemistry solutions; meeting customer needs through products with high value for money	GRI 201-1	●	○	●	◎	
3	Measures and Response to Risk Impact	Improving organizational resilience and reducing loss	Implement a business continuity management system (BCMS); devise firmwide BCM plans for medium and high risks Establish a compliance management system; utilize cloud software for compliance checks and management	GRI 102-30	◎	○	●	◎	◎
4	Regulations to Comply with in Business Operations	Regulations to Comply with in Business Operations	Establish a compliance management system; utilize cloud software for compliance checks and management	GRI 419-1	◎	○	●	○	
5	Water Resource Management & Wastewater and Sewage Treatment	Complying with regulations and reducing environmental impact	Increase water reuse in manufacturing processes; improve water efficiency	GRI 303-3 GRI 303-4 GRI 303-5			●	○	
6	Occupational Health and Industrial Safety	Ensuring employee health and safety	Implement an occupational health and safety management system (by ISO 45001 standard); enhance occupational safety awareness and mitigate occupational health and safety risks	GRI 403-8 GRI 403-9 GRI 403-10	○	◎	●	○	
7	Product Quality and Services	Meeting customer needs and create value	Implement a quality management system (by ISO 9001 and IATF 16949 standards); increase quality standards and customer satisfaction	Quality standards and customer satisfaction		●	●	◎	

- The organization directly causes impact ◎ The organization contributes to impact
○ The organization is directly linked to the impact through its business relationships





The material topics outlined above show that issues that stay on top of mind of our stakeholders mainly concern the environment, business performance, occupational safety and health and corporate governance. Details about each of these aspects will be elaborated in the following chapters.

3.Sustainable Development Goals (SDGs)



According to the material topics we identified and the development direction of the Company, we have selected four SDGs which Everlight can respond to and reviewed the relationship between these four SDGs goals, their targets and corresponding indicators to adjust or devise practical and specific indicators to measure our progress. These indicators are laid out in the table below:

Performance in 2021: among all 11 indicators, we missed the mark on three indicators, which were total water withdrawal, waste recovery rate, and greenhouse gas emissions intensity. To make improvements, we continue to strengthen related management actions and the resources we invest (as described in Chapter 4 Sustainable Environment).

The UN SDGs	Our indicators	2020 performance	2021 target	2021 performance	Remarks
Goal 6. Clean Water and Sanitation 6.4 Increase water-use efficiency across all sectors 	Water recovery rate (R2) (%)	E 83 G 81	E ≥ 84 G ≥ 83	E 87 G 86	V
	Wastewater treatment compliance rate (%)	E 100 G 100	E 100 G 100	E 100 G 100	V
	Total water withdrawal (million liters)	E 627 G 688	E ≤ 671 G ≤ 872	E 748.0 G 824.5	X*
Goal 7. Affordable and Clean Energy 7.3 Improve global energy efficiency 	Electricity savings (%)	E 1.1% G 0.8%	E ≥ 1% G ≥ 1%	E 1.3% G 1.2%	V
	Energy intensity (GJ/NT\$ million output value)	E 86 G 85	E ≤ 85 G ≤ 86	E 80 G 80	V
Goal 12. Responsible Consumption and Production 12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse 	Atom efficiency	E 62.4% G 66.4%	E ≥ 61.4% G ≥ 66.1%	E 63.7% G 67.1%	V
	Waste recovery rate	E 71% G 68%	E ≥ 73% G ≥ 70%	E 72% G 69%	X**
	Disposal of hazardous industrial waste (%)	E 100% G 100%	E 100% G 100%	E 100% G 100%	V
	Recycling rate of hazardous industrial waste (%)	E 3.2 G 2.8	E ≥ 3.3 G ≥ 3.1	E 3.4 G 3.2	V
	Emissions reduction rate per unit of production (%)***	E -22% G -22%	E ≥ 8% G ≥ 5%	E 10% G 6%	V
Goal 13. Climate action 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning 	GHG emissions intensity (tCO ₂ e/ NT\$ million output value)	E 9.4 G 9.6	E ≤ 8.0 G ≤ 8.6	E 8.6 G 8.9	X****

Note: E stands for Everlight Chemical, and G stands for the Everlight Chemical Group.

* Due to increase in customer demand for liquid products, which led to increased process water demand in 2021.

** Individual sales performance grew by 23% in 2021, and waste grew by 25% compared with 2020. The proportion of waste recycling was slightly insufficient, however, on a standalone basis, Everlight Chemical's waste recovery rate has increased compared with that of 2020.

*** Emissions reduction rate per unit of production (%) = [1 - (Total air pollution discharge (kg)/ production (tons) /benchmark)] x100. The benchmark refers to the average air pollutant emissions per unit of output (kg/ton of output) from 2018 to 2020. The benchmark values are 1.93 (Group) and 2.50 (Everlight Chemical).

**** The overall output value in 2021 increased by 23% compared to 2020, and greenhouse gas emissions increased by 14%. Though the 2021 target was not met, the Company did improve on overall greenhouse gas emission intensity in comparison to the previous year.



Chapter 3 Corporate Governance

1. Corporate Governance Structure

Everlight Chemical, in line with its philosophy of “Business by Integrity and Management by Love”, has formulated the Everlight Chemical Business Philosophy and Principles Whitepaper. As an honest and law-abiding corporation, Everlight continues to adhere to relevant laws and regulations, at home and abroad, as well as internationally-recognized business ethics. We have also established a sustainability management system, which includes the following:

Business Sustainability Management Framework

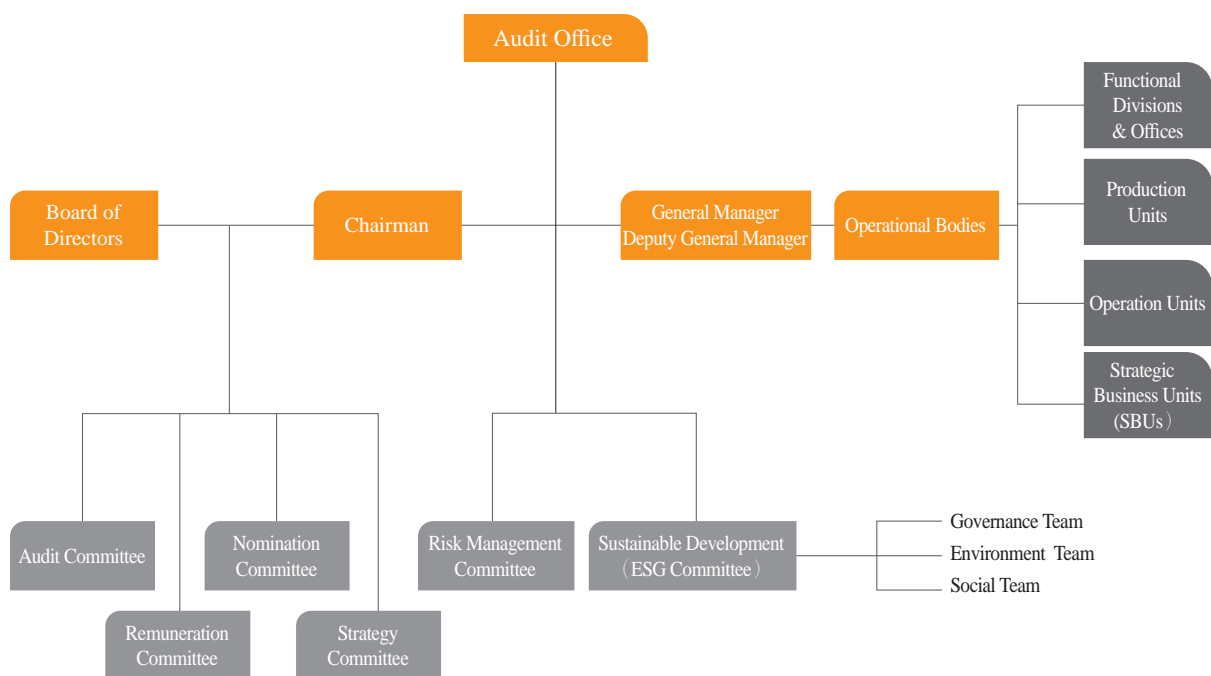
- | | |
|---|---|
| 1. Corporate Governance Structure | 7. Risk Management |
| 2. Board of Directors and Independent Directors | 8. Cyber Security Management |
| 3. Functional Committees | 9. Intellectual Property Rights Management |
| 4. Ethical Management and Code of Conduct | 10. ISO 22301 Business Continuity Management System |
| 5. Insider Trading Prevention | 11. Customer Relation and Product Quality Management System |
| 6. Internal Audit Policy | |

Organizational Structure of the Highest-Level Decision-Making and Governance Body (GRI 102-18) (GRI 102-22) (GRI 102-23) (GRI 102-24)

The Company’s highest decision-making and governance body is the Board of Directors, which exercises its power, formulates governance guidelines, elects its directors and evaluates their performance in compliance with Taiwan’s regulations and Everlight’s by-laws. The Company’s governance structure is illustrated in the image below:

- The Board of Directors consists of 1 chairman and 10 directors (including 3 independent directors).
- A total of 4 functional committees assists the board with specialized governance.
- A Risk Management Committee and Sustainable Development Committee are also in place for the management of the issues in their respective field. The Sustainable Development Committee submits a ESG Committee Progress Report at least once a year to the Board. The report covers economic, environmental and social and other relevant issues. The latest report was submitted to the Board on August 12, 2021.
- Operational bodies include 4 business units, 6 operation units, 6 production units and 10 functional divisions & offices.

Corporate Governance Framework



The tenure of the 18th term of Directors spans from July 29, 2021 to July 28, 2024. The Board has convened 4 meetings as of now.

Diversity and Independence of the Board of Directors (GRI 405-1)

The Company implements the following policies to ensure the diversity and independence of the board of directors:

- All directors must have rich expertise and experience to facilitate the Company's development.
- In compliance with the Company's corporate governance requirements, the number of directors serving as a manager should be limited. The Company has 2 directors serving as executives in the Company. The ratio of directors serving as executives is only 18%, lower than the 1/3 threshold.
- Composition of the board should demonstrate gender diversity. Our current goal is to designate at least one seat for female directors. This target has been met in the 18th term election, where one female director has been elected, representing 9% of the Board.
- The Board should have 3 independent directors (accounting for 27% of the Board, close to 1/3) to ensure its independence.

The chart below illustrates the diversity and independence of the Company's Board of Directors:

Name	Title	Gender	Expertise	Age			Terms of Office			Also mm
				<60	60~69	>70	7~9	4~6	1~3	
Chen, Chien-Hsin	Chairman	Male	Public health	V						
Chen, Ding-Chuan	Director	Male	International business, management			V				
Chen, Ding-Chi	Director	Male	Education			V				
Chen, Wei-Wang	Director	Male	Industrial engineering	V						V
Chen, Chien-Ming	Director	Male	Mechanical engineering	V						V
Lee, Yung-Long	Director	Male	Public administration			V				
Ken, Wen-Yuen	Director	Male	Information science		V					
Chao, Rong-Shiang	Director	Male	Business administration		V					
Wu, Chung-Fern	Independent Director	Female	Accounting and information management		V		V			
Yang, Way-Wen	Independent Director	Male	Law	V						V
Chang, Yuan-Jan	Independent Director	Male	Engineering-economics, civil engineering, mechanical engineering	V						V

Evaluating Performance of the Board of Directors (GRI 102-28)

According to the Company's "Board of Directors Performance Evaluation Guidelines," the entire Board, individual directors and functional committees should conduct a self-evaluation and submit the results to the Board. In 2020, the self-evaluation score of the board was 4.7 out of 5. In 2021, Taiwan Corporate Governance Association was invited to the Company to conduct on-site evaluation on February 24, 2021.

The association delivered their evaluation report on March 8, 2021. The report was submitted to the Board on March 25, 2021, and the Board made adjustments based on the two recommendations in the report (For the board evaluation report, please visit: https://www.ecic.com/corporate-governance-structure/board_of_directors/board-performance-evaluation-results/)

Strengthening Board Performance (GRI 102-27)

Members of the Board never cease to better their professional knowledge via continuous learning that helps improve overall governance capacity. Between January 1, 2021 and December 31, 2021, board members logged a total of 88 hours of continuous education. 12 hours were from newly elected directors and 76 hours from the re-elected directors. In addition, with the ESG committee progress reports produced annually, the ESG Committee members and/or external experts discuss ESG issues with the Board to enhance their overall knowledge on economic, environmental and social issues.

For details regarding the board's continuous learning, please refer to the "Directors and Supervisors' Board Meeting Attendance and Continuous Learning Record" under "Information about directors and supervisors," under the "Corporate Governance Section" on the Market Observation Post System website (link: https://mops.twse.com.tw/mops/web/t93sc03_1)

In 2020, the 17th term Board of Directors appointed Associate Manager Mr. Ming-wen, Lee as the Corporate Governance Officer to protect shareholders' rights and enhance the Board's functions. Mr. Lee has more than 3 years of experience working as a financial/corporate governance executive at public companies. The main responsibilities of the Company's Corporate Governance Officer include convening board meetings and shareholder meetings in compliance with the regulations, producing meeting minutes for board/shareholder meetings, assisting with directors' inauguration and continuous learning, providing documents necessary for directors to perform their duties, assisting the Board with compliance affairs, etc. Mr. Lee's continuous learning record in 2021 is outlined below:

Training Date	Training Organization	Title of Training Course	Training Hours	Total Training Hours of the Year
2021/04/10~ 2021/09/04	Taiwan M&A and Private Equity Council (MAPECT)	Professional Merger and Acquisition (M&A) Practices: Advanced Training	24	30
2021/09/01	Financial Supervisory Commission (FSC)	The 13th Taipei Corporate Governance Forum	6	

Functional Committees

The Board of Directors has established the Audit Committee, Nomination Committee, Remuneration Committee and Strategy Committee to help the Board fulfill its duty as a supervisory body. Articles of association for all committees have been approved by the Board.

Name	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee
Chen, Chien-Hsin, Chairman			<input type="radio"/>	<input type="radio"/>
Chen, Ding-Chuan, Director			<input type="radio"/>	<input type="radio"/>
Chen, Wei-Wang, Director				<input type="radio"/>
Chao, Rong-Shiang, Director				<input type="radio"/>
Wu, Chung-Fern, Independent Director	<input type="radio"/> Committee Chair	<input type="radio"/>	<input type="radio"/>	
Yang, Way-Wen Independent Director	<input type="radio"/>	<input type="radio"/>	<input type="radio"/> Committee Chair	<input type="radio"/> Committee Chair
Chang, Yuan-Jan Independent Director	<input type="radio"/>	<input type="radio"/> Committee Chair	<input type="radio"/>	<input type="radio"/>

Audit Committee

This committee consists of 3 independent directors serving a term of 3 years. Ms. Chung-Fern, Wu, the Chairperson, specializes in accounting and finance. The committee holds at least one meeting per quarter and can call for a meeting anytime as needed. The committee serves the following purposes:

- (1) Ensure Company's financial statements are prepared properly.
- (2) Elect/dismiss certified accountants and ensure their independence and performance.
- (3) Proper implementation of the internal controls of the Company.
- (4) Monitor the Company's compliance with related laws and regulations.
- (5) Manage the Company's existing or potential risks.

Remuneration Committee(GRI 102-35) (GRI 102-36)

This committee consists of 3 independent directors serving a term of 3 years. The chairperson is Mr. Yuan-Jan Chang. The committee is responsible for evaluating the remuneration policy and system for the Company's directors and managers in an objective and professional manner. The committee holds at least two meetings per year and can call for a meeting anytime as needed. The committee submits suggestions to the Board and serves the following purposes:

- (1) Periodically review the Company's remuneration measures and provide suggestions accordingly.
- (2) Formulate and periodically review the policy, system, standards and structure of performance assessment and remuneration of directors and managers.
- (3) Periodically review the remuneration of the Company's directors and managers.

Nomination Committee

This committee consists of 3 independent directors and 2 directors, each serving a term of 3 years. The chairperson is Mr. Way-Wen, Yang. The committee holds at least two meetings per year and can call for a meeting anytime as needed. The committee submits suggestions to the Board and serves the following purposes:

- (1) Formulate the nomination standards of directors and executives and discover, review and nominate candidates based on the standards.
- (2) Formulate and develop the organizational structure of the Board of Directors and all committees, evaluate the performance of the board of directors, all committees, all directors and executives and assess the independence of the independent directors.
- (3) Formulate and periodically review the Board's continuous learning plan and the succession plan for directors and executives.
- (4) Formulate the Company's corporate governance practice guidelines.

Strategy Committee

To enhance the mid and long-term development of the Company and the Group, the Strategy Committee was established on August 12, 2021. The committee consists of the Chairman, 3 directors and 2 independent directors. The chairperson is Independent Director Mr. Wei-wen, Yang. The chairperson's term on this committee is the same as that of directors. The committee holds at least two meetings per year and serves the following purposes:

- (1) Review the Company's and the group's mid and long-term development direction, the implementation strategies and result
- (2) Review the Company's implementation strategies against its vision, positioning and corporate culture and evaluate the results of implementing these strategies.
- (3) Other key strategic issues.

2. Business Integrity and Ethics (GRI 102-17)

Management Approach (GR1 103-3)

The Company has formulated its Principles of Business Integrity, Operating Procedures and Action Guidelines for Business Integrity as well as Codes of Ethical Conduct for Directors and Managers. These policies stipulate that any director, manager, employee or entity with control at the Company must not engage in any dishonest business practices, such as bribery or illegal political contributions. The Company has also formulated its Rules of Work Ethics and Professional Conduct as the standard for employees' actions. The Company's management also takes measures to prevent any business practices that are dishonest, against the Company's business ethics or contributive to conflict of interest. Every year, trainings about related regulations are conducted to remind directors, managers and employees to abide by the law. Any unlawful conduct will be reported according to the law.



Management Practices to Prevent Conflicts of Interest (GRI 102-25)

In compliance with the law, the Company has formulated guidelines and procedures for the prevention and management of conflicts of interest that also cover the highest governance body. These guidelines include Management & Operating Procedures to Prevent Insider Trading, Principles of Business Integrity and Operating Procedures and Action Guidelines for Business Integrity (Please visit: <https://www.ecic.com/corporate-governance-structure/regulation/>).

In its annual reports or on the official website, the Company has disclosed the following information to stakeholders: (1) Directors serving on other companies' boards; (2) cross-shareholding with the suppliers or other stakeholders; (3) existence of controlling shareholders; (4) stakeholder groups, among other disclosures (Please refer to the Company's annual reports or official website: https://www.ecic.com/corporate-governance-structure/board_of_directors/).



Whistleblower System

The Company has implemented the Reporting System for Violations of Business Integrity Policies with a dedicated phone line (+886-2-2326-3502) and email (informant@ecic.com.tw) for whistleblowers. The Audit Office is appointed to handle information from whistleblowers, with the Audit Committee's email AuditCommittee@ecic.com.tw as the contact point. Once a complaint is received, it will be entered into the record for preliminary review, based on which the Audit Office will determine, within three days of receipt, whether or not to launch an investigation. The Company rigorously protects the identity and information submitted by whistleblowers and allows anonymous reports. The Company is also committed to protecting whistleblowers from any form of retaliation. If a complaint is found to be true, the Company will impose disciplinary actions in accordance with relevant company policies.

In 2021, the Company made available the electronic copy of its policy for the Reporting System in Traditional Chinese (for headquarters employees), Simplified Chinese (for employees in China and other Chinese-speaking regions) and English (for foreign workers in Europe, the U.S. and Taiwan). No complaint was made in 2021.



Performance on Business Integrity & Ethics in 2021 (GRI 205-2)

The headquarters provides educational videos or materials on anti-corruption and business integrity practices, which are played and distributed during monthly or key meetings at all branch offices. The electronic versions of our Principles of Business Integrity and our policy for the Reporting System for Violations of Business Integrity Policies are available on the Company website in both Chinese and English for everyone's reference.

- Training on Principles of Business Integrity: in 2021, 1,760 employees (447 managers and 1,313 non-managers) took and completed the training, with a training completion rate of 100%.
- Training on the Reporting System for Violations of Business Integrity Policies: in 2021, 1,762 employees (445 managers and 1,317 non-managers) took and completed the training, with a training completion rate of 100%. The training was also provided for all 11 directors of the Board at board meetings.



Anti-corruption, Anti-competitive, Anti-trust or Monopoly Practices (GRI 205-1) (GRI 206-1)

All 24 plants or divisions and 11 subsidiaries have conducted an assessment on their internal control system of corruption-related risks, and no business activity involving corruption risks had been identified. The Company did not engage in any corruption, anti-competitive, anti-trust or monopoly practices in 2021.



Insider Trading and Conflict of Interest Prevention Measures

The Company's Operating Procedures for Prevention of Insider Trading aim to protect the rights of both investors and the Company. The Company conducts awareness training at least once a year to educate directors, managers and employees on the Company's insider trading prevention procedures as well as relevant regulations. New directors and managers are arranged to receive the same training within 3 months of taking office, and new hires receive relevant training during orientation training.

- Results: As part of the insider trading prevention training, a five-minute promotional video was played to incumbent directors (on August 12, 2021) and managers and employees (at monthly meetings in October 2021). A total of 1,178 people finished viewing the video, representing a 100% training completion rate.

The Company has other guidelines and measures in place to prevent and manage conflicts of interest at the highest governance body. Please refer to "III. Corporate Governance Report" and "Note (7) Related Party Transactions" under "VIII. Consolidated Financial Statements" in the Company's annual report.



Internal Audit System

To assist the Board and managers with corporate governance and strengthen internal controls and auditing, the Company's Audit Office reports directly to the Board of Directors. The Audit Office is headed by an auditor general with 1-2 auditors working under him/her. The appointing and dismissal of the auditor general must be approved by the Audit Committee and the Board of Directors. The scope of internal auditing encompasses the design and implementation of internal controls and the review of self-assessment of internal controls. The Company's internal audit activities include the following:

1. By the end of each year, an annual audit plan is formulated based on the risk assessment results. The plan is then submitted to the Audit Committee and the Board for approval, upon which the plan will be filed with competent authorities in accordance to laws and regulations.
2. Conduct planned and project-based audits.
3. Monthly internal audit reports and quarterly follow-up audit reports are submitted to independent directors for review and approval. The auditor general shall attend and present on the progress of internal audits at related board meetings and Audit Committee meetings.
4. Review the self-assessments and high-level diagnostic work on internal controls; report on the effectiveness of the internal controls and present the Statement on Internal Controls (to be filed in compliance with regulations) to the Audit Committee and the Board.
5. The Company has ISO 9001, IATF 16949, GMP, ISO 14001, ISO 22301, ISO 27001, ISO 45001, TIPS and other management systems in place and implements the PDCA (Plan-Do-Check-Action) cycle through internal audits.

3. Risk Management (GRI 102-29)

Management Approach (GRI 102-11)

The Company formulated its Risk Management Procedures based on ISO 31000:2018 Risk Management—Principles and Guidelines. The Procedures outline seven major risks (market risk, political risk, environmental risk, legal risk, financial risk, operational risk and other risks) and principles to address/manage such risks. Each responsible unit follows the Procedures to evaluate potential risks in their scope of business operation, reports such risks and implements plans to address such risks or mitigate their potential impact.

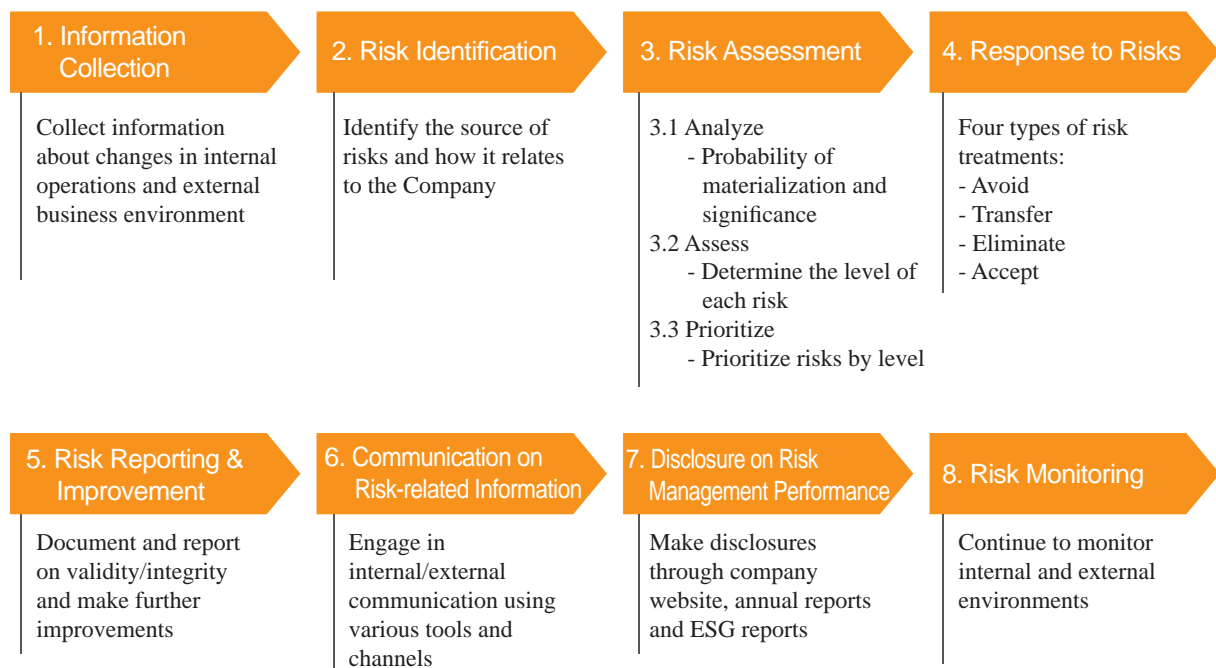
Governance Body: Risk Management Committee (GRI 102-31)

- The Company has established a Risk Management Committee chaired by the Chairman.
- The committee consists of the General Manager and heads of Production, R&D, EHS, Environment & Resource Management, Human Resources, Finance, Procurement, Information, Internal Audit, etc.
- Meeting frequency: 2 meetings per year
- Focus of meetings: Related departments will present and discuss changes in the external business environment as well as risk management issues related to the Company's internal operations. The committee will discuss such issues, formulate a strategy in response and follow up its implementation.
- Report to the Board: The executive secretary of the Risk Management Committee reports to the Board on the committee's work over the year, its deliberation on related topics and implementation of response measures. Board directors may provide feedback and suggestions, which will inform further adjustments and implementation on the operations front.

Implementation in 2021

- (1) The Risk Management Committee held two meetings, on April 9 and September 17 respectively.
- (2) Resolution from the meeting on September 17: to report more frequently at the board meetings and to report committee meeting results at the most recent board meetings.
- (3) On November 11, the executive secretary presented to the Board the Risk Management Committee’s work in 2021 and its conclusions on various topics (including the challenges in supply chain management and the potential strategies, strategies to address risks and opportunities from climate change, risk-related items in the annual report, proposed changes to risk management policy, ESG project and TCFD project, risks and issues related to business continuity, and selected BCM topics).

Risk Management Process



Risk Identification Process

To help identify risks, the Risk Management Committee would request related departments to gather and present further information according to changes in internal or external environment. Such information includes analysis on changes in external business environment or potential risk management issues related to the Company’s internal operations.

Risk Categories and Definitions

Categories of risks and their definitions are listed below. There is also a dedicated section for climate change-related risks (categorized under Environmental Risk) in this report.

Type of risks	Definition
Market	Risks related to market demand or supply and competition
Political	Risks related to changes of political status or policy change
Environmental	Risks related to natural disasters, climate change, infectious disease and other uncontrollable risks
Legal	Risks related to fines as a result of non-compliance to regulations or litigations which will cause reputation damage or financial loss
Financial	Risks related to any financial activities which will create financial loss to the corporation
Operational	Risks as a result of malfunction of internal control or management which create loss in financial asset or profit
Other	Other risks which will cause financial and non-financial loss to the company

Risk Treatment Principles

As determined by the Risk Management Committee, the Company addresses risks of different natures according to the following principles:

- Preventable risks: actions should be taken to actively prevent such risks. The Company shall formulate standard operating procedures to guide employees in taking actions and making relevant decisions. Effectiveness of relevant management systems should be monitored and verified through internal controls and audits.
- Strategic risks and external risks: the management team should engage in open discussions to identify cost-effective ways to reduce the possibility and impact of such risks.

Implementation and Results in 2021 (GRI 102-30)

1. All departments have evaluated the potential risks involved in their operations, reported on such risks and implemented plans to address or prevent such risks to reduce potential impact.
2. Supply chain management: on-time delivery (OTD) rate is 78%; mid/high risk suppliers account for 4% of our suppliers.
3. Number of mid/high-level risks addressed in key operational activities: 6.
4. Information and communication management: 0 incident of key system and service malfunctions
5. HR management: employee turnover rate was at 2.2% (2021).
6. Third-party audits: the effectiveness of our business continuity management system has been verified by a third-party audit per the ISO 22301 Business Continuity Management System (BCMS) Standard.

2022 Risk Management Objectives: Enhance organizational resilience and ensure business continuity.(GRI 102-30)

1. ESG Risk Rating \leq 30.
2. Supply chain management: on-time delivery (OTD) rate \geq 85%; proportion of mid/high-risk suppliers \leq 3%.
3. Number of mid/high-level risks addressed in key operational activities: 6.
4. Information and communication management: occurrence of key system and service malfunctions \leq 1.
5. HR management: turnover rate \leq 1.5%.



Image: ISO 22301 Certificate

ESG Risk Evaluation

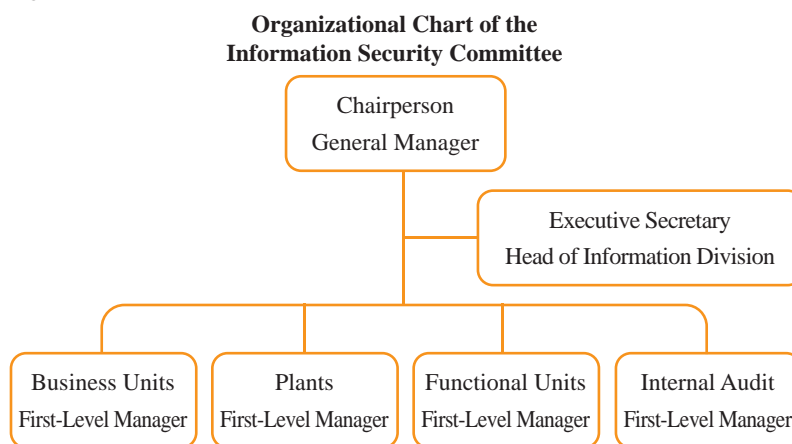
With “implementing risk management to ensure sustainable operations” as the guiding principle for the Company’s risk management policy, in 2021, the Company performed an assessment on ESG-related risks in its business operations by applying the materiality principle and has formulated the following management policies and strategies:

Category	Focus of Risk Assessment	Risk Management Policy/Strategy and Implementation in 2021
Environment (E) 	Environmental protection and management	<p>1. Based on the Company’s environmental policy of “preparing against environmental risks and promoting sustainability,” the Company has taken the following actions:</p> <ul style="list-style-type: none"> (1) Implement the ISO 14001 environmental management system with annual action plans and targets; periodically follow up and review progress of all action plans to ensure we can achieve the targets. (2) Continuously improve manufacturing processes and resource utilization by following the 12 Principles of Green Chemistry. (3) Reduce industrial waste (water resources, air pollutants and waste), carry out pollution prevention measures, increase recycling rate and reduce overall emissions. (4) Align with the government’s annual goal of >1% electricity savings by actively promoting various energy conservation and carbon reduction measures. (5) Develop eco-friendly technologies to improve effectiveness of pollution treatment. (6) Continue to develop environmentally-friendly products (sustainable products) to reduce environmental impact from our products. (7) Improve all employees’ environmental awareness and capabilities via education and training. <p>2. The Company takes the issue of GHG emissions seriously. We monitor GHG emissions at all of our plants and actively engage in carbon management. In line with the ISO 14064-1 standard, we continue to reduce GHG emissions at all plants and subsidiaries.</p> <p>3. The Company has incorporated the TCFD framework in building our climate risk identification process. We also organize trainings to enhance employees’ skills and knowledge about the impact of climate change. We have engaged in interdepartmental discussions about risks and opportunities related to climate change, from which 4 key risks and 2 opportunities were identified.</p> <p>4. We continue to promote “Everlight Chemical Green Partner Certification System,” implementing green supply chain management and green procurement. We also ask our suppliers to place emphasis on corporate social responsibility.</p> <p>5. We formulate and execute annual internal audit plans to evaluate the Company’s compliance with various environmental regulations and ensure all operating processes are compliant.</p> <p>6. We continue to monitor and provide disclosures on our compliance with environmental regulations in accordance with the GRI Standards.</p>
	Occupational safety and health	<p>1. The Company puts great emphasis on occupational safety and health. We have a safety and health policy of “Respect for life and zero accident” and focus on implementing the requirements of our environmental safety and health management system, setting various management indicators and targets to further reduce hazards and EHS risks, protect employees’ physical and mental health, and promote industrial safety.</p> <p>2. The Company’s headquarters, subsidiaries and plants have obtained the ISO 45001 Occupational Safety and Health Management System certification in 2021.</p> <p>3. Annual fire trainings, drills and occupational safety training are held to equip employees with knowledge and skills in emergency responses and safety management.</p>
Social (S) 	Product management	<p>1. We have established and implemented its Protocols for Hazardous Chemical Substance Management and Product Safety Assurance System and Management Process to ensure our products are compliant with registration regulations and GHS labeling requirements in various countries. The Company also actively implement measures to fulfill its commitment to Zero Discharge of Hazardous Substances and ensure safe product transportation and use.</p> <p>2. The Company’s quality policy is “Caring for customers and creating value together.” We continue to implement our quality management system (by ISO 9001 and IATF 16949 standards) to further improve product quality and customer satisfaction.</p>
	Society, economy and compliance	<p>1. Our core philosophy is Business by Integrity and Management by Love. Through our corporate governance system, internal controls and annual training on business integrity and whistleblowing system, we strengthen the awareness of our employees, ensuring that employees and various operations duly comply with relevant laws and regulations. The Company also uses the “Regulations Cloud” software to effectively keep up with the latest changes and updates in laws and regulations.</p> <p>2. The Company has obtained the ISO 22301 Business Continuity Management System certification.</p> <p>3. The Company values information security. We have established an Information Security Management Policy and obtained the ISO 27001 Information Security Management System certification.</p> <p>4. In 2018, the Company obtained the Level A certification by the Taiwan Intellectual Property Management Standards (TIPS). In addition to implementing various intellectual property management policies, complying with government regulations and respecting the intellectual property of others, the Company also ensures that its own key technologies, patents, trademarks, copyrights, and trade secrets are properly protected.</p>
Governance (G) 	Enhancing directors’ functions	<p>1. In 2020, the Company appointed a Corporate Governance Officer, who provides information and assistance to help board directors fulfill their duties and enhance the board’s effectiveness.</p> <p>2. We arrange continuous training on various topic for board directors and inform them of the latest regulatory updates and system or policy developments on an annual basis.</p> <p>3. Self-assessment of performance for the entire board, each director and functional committees is conducted during Q1 each year. Every three years, an external organization is commissioned to conduct a third-party evaluation of the performance of these governance bodies and individuals. Evaluation results are made available on the Company’s website.</p>
	Stakeholder communication	<p>1. In line with the materiality principle, the Company values stakeholder engagement and communication. Our biennial questionnaire collects and analyzes issues that our stakeholders care about. We publish sustainability reports annually to disclose information on material topics and also provide the latest information on our official website and social media.</p> <p>2. Based on different types of stakeholders, the Company has established various communication channels and frequencies for active communication. These channels include the company website, phone, email, meetings, visits and event participation.</p>

4. Information Security Management

Management Approach and Practices

With information security risks on the rise, the Company established the Information Security and Personal Information Management Committee in 2016. The committee is responsible for preventing external cyber threats and internal control issues. With the General Manager as the chairperson, the Head of the Information Division as the executive secretary, and one high-level manager from each unit as information security representatives, the committee convenes an information security management and review meeting and a meeting with the information security representatives every quarter. The Head of the Information Division is responsible for reporting the Company's performance in information security to the Board on a regular basis.



ISO 27001 Information Security Management System certificate



External Threat Prevention

1. Scan the Company's network for vulnerabilities and patch them up to prevent hacker attacks.
2. Deploy firewalls to protect the network from malware.
3. Deploy anti-spam software to catch any virus and spam in emails.
4. Update anti-virus software regularly to prevent all kinds of computer viruses.
5. Commission an external service provider to inspect the Company's network on-site. The service provider is required to sign a Confidentiality Agreement with Contracted Service Provider beforehand.

Internal Management

1. Enhance information security promotion and training.
2. Implement an encryption system to encrypt all confidential documents and prevent information leaks.
3. Regularly back up mainframe data, work with a remote backup service provider and conduct information breach drills annually.
4. Periodically review and manage privileged and regular accounts.
5. Put in place a testing environment for system development to reduce manmade errors.
6. External personnel must apply in advance to access the Company's intranet resources (Wi-Fi).
7. Collect and monitor system logs to prevent any illegal access to the Company's system.
8. External hard drives must be registered before being used on company computers.

Implementation Results and Actions

The Company did not have any information security incident in 2021 and has obtained the ISO 27001 Information Security Management System certification.

5. Intellectual Property Rights Management Plan

Management Approach and Practices

Everlight Chemical considers intellectual property rights as a significantly important asset. Therefore, the Company continues to strengthen its technological capabilities and develop high-tech products. The Company has put in place a business model that drives value creation through intellectual property strategies to ensure its competitive advantages.

Intellectual Property Strategies

1. Establishing and continuously improving IP Management System.
2. Integrating IP resources, and seizing the commercial values of IP's.
3. Enhancing IP awareness through communication & training.

Intellectual Property Management System

We have introduced an electronic management platform and defined an Intellectual Property Management Manual. Via daily management, continuous improvement, internal/external audits and management reviews, We review the details in the system to ensure its effectiveness and strengthen the Company's intellectual property management capabilities.

Patent Protection Measures

We have established a Patent Management Committee. Through an evaluation mechanism, incentive programs and training, we encourage employees to participate in innovation and takes actions to protect the Company's R&D results. The committee regularly reviews and maintain the Company's patents to ensure that the Company's intellectual property is properly managed and protected.

Protection of Trade Secrets

Trade secrets are crucial to our technical edge, exceptional processes and trust earned from our clients. In measures taken to protect the confidentiality, integrity and availability of trade secrets in our operation, we combine the Taiwan Intellectual Property Management System (TIPS) and the Information Security Management System (ISMS) to further protect our core competitiveness.

Implementation Results and Actions

Accomplishments since the establishment of our Intellectual Property Right Management System in 2010 include the following:

- Passed the Class A certification of Taiwan Intellectual Property Management System (TIPS) in 2018.
- Passed the Class A re-certification of Taiwan Intellectual Property Management System (TIPS) in 2020 (certificate remains valid until December 31, 2022).
- Thanks to the increase in intellectual property management activities, the Company was granted 9 patents in 2021. As of the end of December 2021, the Company has been granted a total of 191 invention patents (vs a total of 182 patents in 2020).



TIPS Class A Certification

6. Quality Management System

Everlight Chemical's quality policy is "caring for customers and creating value together." It also serves as a key principle of our customer relationship management. Everlight understands that product quality is essential to customer satisfaction. The Company implements the Six Sigma (6σ) methodology to fulfill our product quality management objectives. By providing comprehensive training, operating a proprietary 6σ certification system, implementing process management practices and utilizing statistical tools, the Company seeks to deliver the highest product quality and meet customers' needs.

Quality Management System

The Company has obtained ISO 9001 and IATF 16949 international quality management system certifications. Through internal audits and management reviews, the Company ensures the effectiveness of its quality management system.

- All company branches/facilities have obtained the ISO 9001 certification.
- All operating facilities related to the automobile supply chain as well as production facilities for electronic and specialty chemicals have obtained the IATF 16949 international quality management system certification.

To facilitate the quality management system's operation, the Company has established 6 core processes (customer relationship management, product development and management, production management, supplier relationship management, logistics management and technical marketing and services), 4 fundamental processes (HR management, infrastructure management, internal audit management and instrument/measuring tool management) and 2 business management processes (business strategy management and continuous improvement tool management). With all the processes working together, we are able to ensure the effectiveness of our quality management system.

There had been no incident of quality management violations in 2021.

7. Supply Chain Management (GRI 102-9)(GRI 102-10)

The headquarters in Taiwan is responsible for raw materials procurement for Everlight Chemical. All materials procured in Taiwan are considered as materials sourced locally. In 2021, 24% of the Company's procurement came from local suppliers and 76% from non-local suppliers. Due to the pandemic, procurement from Europe and the US has declined over the past two years. In the future, the Company will increase the ratio of local procurement.

Everlight Chemical Taiwan Headquarters Local Procurement

Ratios between 2019 and 2021 (GRI 204-1)

Type	Source	2019	2020	2021
Local procurement	Taiwan (%)	23	26	24
Non-local procurement	China (%)	37	37	42
	India (%)	27	23	24
	Europe and the Americas (%)	13	14	10

Everlight Chemical Group Local Procurement Ratios between 2019 and 2021

Type	Entity	Value by Entity %	Value of Group %
Local procurement	Everlight Chemical Taiwan	24	20.2
	Everlight Suzhou	8	
	Trend Tone Imaging	0*	
Non-local procurement	Everlight Chemical Taiwan	76	79.8
	Everlight Suzhou	92	
	Trend Tone Imaging	100	

* Trend Tone Imaging is a toner company that works with key domestic/foreign upstream suppliers of resin, metal powder and color chemicals to ensure steady supply of materials. In 2021, Trend Tone Imaging sourced 0% of its raw materials locally but 99% of its materials locally.

Supply Chain Changes in 2021

In 2021, Everlight Chemical imported 76% of its raw materials. To shorten the shipping process, we have gradually shifted our import suppliers from Europe and the U.S. to China, India, Japan, South Korea and other neighboring countries.

In recent years, China has been raising its environmental protection standards, particularly regarding air, water and soil pollution, which has added to the uncertainty of material supply from intermediate suppliers. In addition to seeking more suppliers and shifting to suppliers in other nations, the Company has also implemented hedging practices to avoid the risk of supply disruption.

In addition to the continued impact from the pandemic, the ice storms hitting Europe and the U.S. as well as the extremely cold winter in China have affected manufacturing in Q1, 2021. On top of this, port congestion, labor shortage, container shortage, longer shipping routes and other factors also affected material supply. In response, Everlight Chemical has enhanced production-marketing coordination internally, while maintaining close communications with suppliers via diverse information communication tools. The Company has also various measures, including accelerating purchasing work, increasing inventory, monitoring shipping availability more closely, using air transport instead of sea freight, to ensure sufficient supply of raw materials for production.

The Company maintained a good relationship with its key suppliers and the entire supply chain in 2021 without any drastic changes.

Supply Chain Risk Management

The Company implements the 9-AA-05 Risk Evaluation Procedures. We also monitor major changes in the overall business environment (e.g. by referencing the BCI Horizon Scan Reports) and select issues of top priority for discussions, based on which we then formulate responsive measures. Our plants implement various management systems (ISO 9001, IATF 16949, ISO 14001, ISO 45001, ISO 22301, TIPS, GMP and other standards) to review potential risks and take preventive measures.

An emergency response mechanism will be launched in the case of drastic changes in external business environment. For example, in response to global container shortage, labor shortage, port congestion and other situations in 2021, the Resource Management Division proposed and implemented contingency measures, which were then reported at the two meetings of the Risk Management Committee. Our production units and operational units also engaged in close coordination to keep track of order fulfillment and production scheduling, so as to mitigate the impact of material shortage and ensure uninterrupted product deliveries. In addition, the Company convenes crisis management meetings as needed to discuss and formulate related contingency measures.

To ensure stable supply of raw materials, in 2021, the Company switched from evaluating the risk of obtaining a type of raw materials from a sole supplier with monthly follow-up on raw material inventory to evaluating suppliers by all raw material items. The adjustment was in line with the Company's goal of enhancing organizational resilience and ensuring supply of raw materials. The risk evaluation result is as follows:

Year	2020		2021	
	Risk level	Number	Percentage (%)	Number
Low	497	96.7	529	96.7
Medium	13	2.5	14	2.6
High	4	0.8	4	0.7
Total	514	100	547	100

In response to higher supply chain risk resulting from the pandemic, the Company had increased its inventory and made advanced procurement. Therefore, the number of mid/high-risk suppliers has not increased substantially. This means that increased inventory and advanced procurement had successfully lowered the risk.

In the future, the Company will keep track of the inventory of the raw materials with only one single supplier and add new suppliers to reduce the risk of supply disruption. Meanwhile, the Company will continue to increase inventory, make advanced procurement and utilize weekly reports to monitor material consumption and restocking progress. The Company will provide a Supplier Evaluation Form to mid- and high-risk suppliers to increase management intensity and monitor suppliers' performance in quality, process management, environmental protection system, safety and health system and business continuity.

Green Supply Chain Management

To provide safe, reliable, high-quality and sustainable green chemical products, Everlight Chemical works with its raw material supply chain partners to jointly fulfill the responsibility for sustainable development, with business integrity as the foundation for partnerships. We promote green procurement practices and implement a supplier management policy to monitor suppliers' performance in corporate social responsibilities. We expect our supplier partners to follow applicable labor and human rights regulations, implement proper EHS practices, ensure quality and timely delivery, offer competitive prices and provide quality services, all of which would benefit both parties in the partnership.



Mechanism for Evaluating Raw Material Suppliers

Supplier evaluation covers:

- Business integrity
- Risk identification and business continuity capabilities
- Occupational safety & health and ISO 45001 requirements
- Labor rights
- Product and service quality, timeliness and pricing
- Supplier's corporate social responsibilities
 1. Commit to providing (workers with) acceptable living (working) environment [please refer to RBA-B (7) and SDG 6].
 2. Forbid forced labor (GRI 409-1).
 3. Freedom of association and collective bargaining [please refer to RBA-A (7) and (GRI 407)].
 4. Ensure employees' health and safety [please refer to RBA-B].
 5. Guarantee minimum wages [please refer to RBA-A (4)].
 6. Humane treatment of employees with disciplinary procedures clearly defined and communicated to employees [please refer to RBA-A (5)].
 7. Adhere to the maximum working hours limit [please refer to RBA-A (3)].
 8. Non-discrimination [please refer to RBA-A (6) and (GRI 406-1)].
 9. Prohibit child labor [please to RBA-A (2) and (GRI 408-1)].
- Supplier's environmental responsibilities and ISO 14001 requirements.
 1. Awards by government agencies for environment-related accomplishments.
 2. No record of environmental violations.
 3. Management of toxins, restricted substances, solid waste, wastewater and exhaust:

Dedicated specialist(s) with management capabilities or a license/proposal that is compliant with local regulations.
 4. Energy, resources and GHG management:
 - (1) Records of energy and resources consumption and/or greenhouse gas emissions.
 - (2) Energy/Resource consumption and/or greenhouse gas emissions reduction plan.
 5. Handling of environment-related risks and opportunities
 - (1) Conduct assessment on significant environmental impacts.
 - (2) Implement measures to mitigate significant environmental impacts

Continue to promote the Everlight Green Partner Certification System.



Supplier Compliance and Obligation to Manage Restricted Substances in Raw Materials

Everlight expects all suppliers to comply with related standards, national regulations, brand requirements, relevant association standards and other requirements. The Company requires suppliers to sign a Letter of Hazardous Substance Free (HSF) Commitment. We also provide our Policy Manual for Controlled Substances in Raw Materials for the suppliers’ reference. The manual is updated from time to time.



Supply Chain Risk Management

- We implement the 9-AA-05 Risk Evaluation Procedures and relevant ISO management systems to identify related risks and take preventive measures accordingly.
- We also have emergency response procedures in place.



Supplier Training

Via supplier training (virtually on Zoom), supplier interviews (virtually on Zoom), on-site visits, supplier visits, our procurement webpage and other channels, we promote environmental responsibilities, social responsibility standards and green supply chain practices to our supplier partners.



Information Management Platform

We utilize a supplier management system (LANSA-based) and also disclose our procurement policy, supplier management policy, supplier environmental responsibilities, supplier social responsibility standards and other information on the Company’s procurement webpage. We work with our suppliers to further fulfill our environmental and corporate social responsibilities and promote sustainable development.

Green Supply Chain Management Results

In order to better understand our suppliers’ ESG implementation, we conduct surveys on our suppliers, which are categorized into three types: (1) Major Suppliers (2) Critical Suppliers (3) New Suppliers. The results are as below:

Item	Major Supplier	Critical Supplier	New Supplier
Definition	Suppliers with more than 5 million NT dollars in procurement value (Aggregatedly, they account for ~85% of total procurement value in 2021)	Top 15 suppliers (annual procurement value over 30 million NT dollars)	Suppliers added during the year surveyed

Item	Major Supplier	Critical Supplier		New Supplier
Key survey focus/questions	ESG/CSR policy and implementation	Via "Supplier Evaluation Form" which includes indicators on Environmental and Social performance	Survey on the following indicators (a) Wastewater per ton of finished products (b) Company's compliance with occupational safety and health regulations (GRI 414-2) (c) Company's compliance on labor employment with local regulations(GRI 414-2)	Via "Supplier Evaluation Form" which includes indicators on Environmental and Social performance
Number of suppliers	143 (2021)	15 (2021)	15 (2021)	19 (2021)
Number of suppliers that completed the survey	74	13	15	19
Survey response rate	52%	87%	100%	100%
Compliance Rate	100%	100%	(a) 60% same or less volume of wastewater generated (b) 93% (c) 100%	100%

In 2021, we distributed the Supplier Evaluation Form to 15 critical suppliers to collect information about their performance on Environmental and Social indicators. The 13 suppliers that completed the form demonstrated a 100% compliance rate.(GRI 308-2) (GRI 414-2)

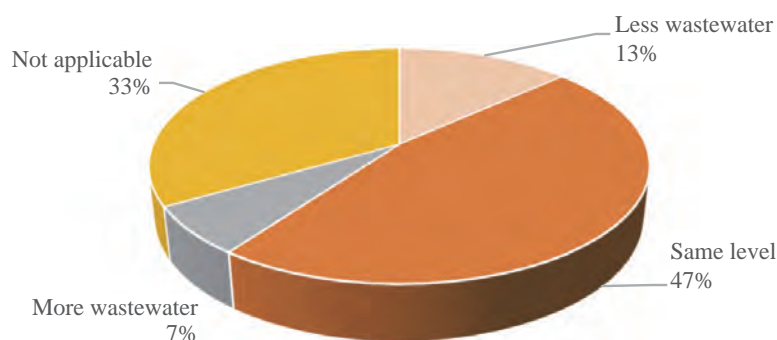
We also distributed questionnaires to the 15 suppliers to understand their performance on the following indicators (all 15 suppliers responded to the survey):

- (a) Wastewater per ton of finished products
- (b) Company's compliance with occupational safety and health regulations(GRI 414-2)
- (c) Company's compliance on labor employment with local regulations(GRI 414-2)

Results are as follows:

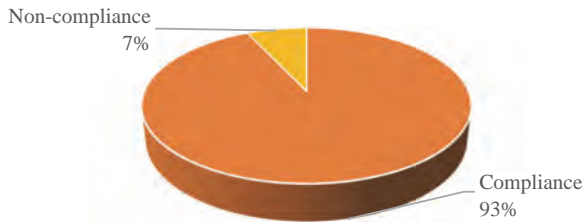
Water Treatment of Critical Suppliers in 2021

(a) Wastewater Generated Per Ton of Finished Products*



* In our 2021 results, our supplier in China produced more wastewater compared to the previous year. This was due to the fact that some of the supplier's production lines were not in operation during the previous year, which led to a lower level of wastewater generation that year. These production lines came back online in 2021 and thus wastewater generation increased. That said, the supplier's wastewater management was fully in compliance with local regulations

(b) Compliance of Critical Suppliers on Occupational Safety and Health in 2021*



(c) Compliance of Critical Suppliers on Hiring Practices based on Local Regulations in 2021



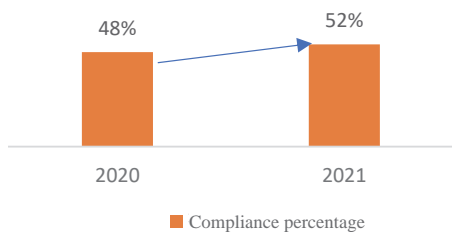
* One critical supplier (a publicly listed company in Taiwan) reported a non-compliance incident, which has been disclosed in the supplier’s ESG report and addressed in accordance with local regulatory requirements

1. Major Suppliers:

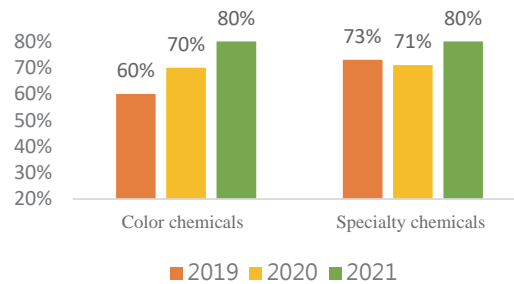
In 2021, we conducted a survey about ESG/CSR policy on our 143 major suppliers. 52% of them had implemented or formulated their ESG/CSR policy, indicating progress compared to the percentage achieved in 2020 (48% of 150 major suppliers). Everlight will continue to advocate the importance of ESG/CSR policy towards suppliers.

In addition, to support green supply chain initiatives, we continued to encourage supplies to adopt the ISO14001 standard. Among the major suppliers in Color Chemicals and Specialty Chemical Business Units, 80% have obtained ISO 14001 certification in 2021 .

Among major suppliers, 52% implemented ESG policy in 2021
n=143



Percentage of suppliers that are ISO 14001 certified in 2021



2. New suppliers:

In terms of compliance with Environmental and Social indicators listed in our Supplier Evaluation Form, compliance rate of new suppliers in 2021 was 95%(GRI 308-1) (GRI 414-1)

Year	2020	Compliance rate %	2021	Compliance rate %
Newly added suppliers	19		19	
Number of suppliers in compliance with Environmental indicators	19	100	18 *	95
Number of suppliers in compliance with Social indicators	19	100	18 *	95

* Our supplier of auxiliaries in China did not fill out the Supplier Evaluation Form. To note, the supplier only supplies one type of material to us. We will continue to ask the supplier to fill out the evaluation form and further monitor its performance on Environmental and Social indicators.

In 2022, we will continue to communicate with our suppliers and conduct surveys to understand their performance on environmental and social indicators, so as to guide them to join us in promoting green chemistry practices.



Chapter 4 Sustainable Environment

Everlight Chemical has taken measures to support sustainability initiatives, including those for climate-related financial disclosures, net-zero emissions, renewable energy, green chemistry, and circular economy. We have incorporated ISO14001 in our environmental management system and day-to-day operations. With the goal of protecting the planet and delivering value in mind, we continue to promote sustainability actions in numerous aspects, including climate change, energy, water resources, waste management and air pollution prevention.

1.Sustainability Management Approach (RT-CH-530a.1)

Environmental Policy

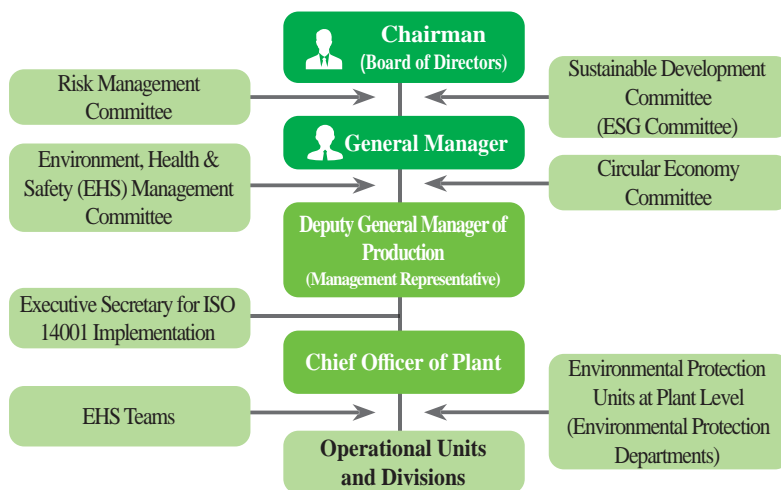
Everlight Chemical’s guiding environmental policy is to “prepare against environmental risks and promote sustainability.” We are committed to the following actions:

- 1.Implement the ISO14001 standard for environmental management systems (EMS) and continue to improve our performance.
- 2.Regularly consult stakeholders to understand environmental issues they care about.
- 3.Formulate, monitor and realize environmental goals.
- 4.Comply with local and international regulations and regularly disclose relevant information.



Environmental Management Framework and Responsibilities

As illustrated below, we have established a comprehensive management framework to enhance our performance on environmental management. The structure set out responsibilities at each level to guide us to achieve various objectives in environmental management.



- 【 Organizational Structure & Responsibilities 】**
- The Risk Management Committee and the Sustainable Development Committee are chaired by the Chairman of the Company.
 - The General Manager chairs the EHS Management Committee and the Circular Economy Committee, overseeing Everlight’s sustainability performance.
 - The Deputy General Manager of Production supervises the implementation of the ISO 14001 standard and oversees the operation of environmental management systems at each plant.
 - Chief Officers of plants lead the EHS Teams to oversee environmental protection departments and other operational divisions in their implementation of environmental protection measures and to monitor key environmental risks and opportunities.

Frequency of Environmental Management Meetings

- Environment management meetings are held annually.
- Annual policy review meetings are held quarterly to increase the Company’s performance on environmental management with the aid of the PDCA methodology

Environmental Management System and Process

As a way to align our EHS policy and practices with international standards, we implement ISO 14001 in our environmental management system. The four Everlight plants in Taiwan as well as Trend Tone Imaging and Everlight (Suzhou) Advanced Chemicals Ltd. have all obtained ISO 14001 certification.

Plants regularly hold environmental, health, and safety (EHS) policy review meetings, implementing the PDCA (Plan-Do-Check-Act) cycle to review and improve performance on different environmental goals. Our environmental management process includes the following steps:



Scope of Environmental Management System Certification



ISO 14001 Environmental Management System Certification
Plant I-IV of Everlight Chemical (Taiwan), Everlight (Suzhou) Advanced Chemicals
Valid through: 2019/11/21-2022/11/21





ISO 14001 Environmental Management System Certification
Trend Tone Imaging (Taiwan)
Valid through: 2020/7/29-2022/7/17

Commitments and Response to Environmental Issues

Starting from 2021, Everlight has expanded the scope of its sustainability reporting, extending communication on environmental topics to cover its subsidiaries. The Company has also identified the Sustainable Development Goals (SDGs) it can address meaningfully, which include SDG 6 (Clean Water and Sanitation), SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Actions). As illustrated in the table below, with these SDGs in mind, we have reformulated the management approaches and targets across our pollution prevention measures. Renewed measures and targets have been approved by the ESG Committee on May 28, 2021 and December 29, 2021 respectively and have been implemented thereon.

Key Environmental Issues and Management Indicators






We referred to GRI Standards, SASB Standards, local regulations and client requirements to set the following targets and indicators:

UN SDGs	Our Focus	Measures	Performance Indicators
 <p>Target 6. Clean Water and Sanitation 6.4 Increase water-use efficiency across all sectors</p>	Water Pollution Prevention	<ul style="list-style-type: none"> ● Increase water-recycling measures ● Conduct water use surveys ● Enhance wastewater treatment capacity ● Regularly inspect water quality of treated wastewater ● Incentivize proposals and measures for improvements 	1. Water recovery rate (R2) % 2. Wastewater treatment compliance rate (%) 3. Total water withdrawal (megaliter)
 <p>Target 12. Responsible Consumption and Production 12.5 Substantially reduce waste generation through prevention, reduction, recycling, and reuse</p>	Air Pollution Prevention	<ul style="list-style-type: none"> ● Use clean fuels ● Install more pollution prevention equipment ● Strengthen maintenance of pollution prevention equipment ● Incentivize proposals and measures for improvements 	4. Waste reduction rate per unit of production (%)
	Waste Management	<ul style="list-style-type: none"> ● Reuse and recycle more waste ● Classify and reduce waste at the source ● Properly dispose of and track waste ● Incentivize proposals and measures for improvements 	5. Waste recycling rate (%) 6. Disposal of hazardous industrial waste (%) 7. Recycling rate of hazardous industrial waste (%)
	Resource Utilization	<ul style="list-style-type: none"> ● Continuously renew product selection ● Continuously improve our manufacturing processes ● Conduct survey to understand our atom efficiency ● Incentivize proposals and measures for improvements 	8. Atom efficiency (%)
 <p>Target 7. Affordable and Clean Energy 7.3 Improve global energy efficiency</p>	GHG Inventory and Energy Use	<ul style="list-style-type: none"> ● Improve manufacturing processes and equipment ● Introduce innovative management techniques ● Promote GHG reduction projects ● Evaluate GHG reduction goals 	9. Electricity conservation (%) 10. Energy intensity (GJ/NT\$ million output value)) 11. GHG intensity (tCO ₂ e/NT\$ million output value)
 <p>Target 13. Climate Action 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>			

Note: For more information about communication channels, please visit our webpage for stakeholder engagement and communication: <https://www.ecic.com/csr/stakeholder/>

2021 Performance

Starting from 2021, we have included branch offices, Trend Tone Imaging and Everlight (Suzhou) Advanced Chemicals Ltd. in the scope of our sustainability reporting. We have reset our short-, mid- and long-term goals for different environmental indicators. In the case of Everlight Chemical, Trend Tone Imaging, Inc., and Everlight (Suzhou) Advanced Chemicals Ltd., performance on all environmental indicators in 2021 has met regulatory requirements and outperformed that of the previous year. This progress has shown our dedication and effort to help protect the environment.

Focus of Environmental Management	Indicators	2020 Performance	2021 Performance	2021 Targets	Short-term Targets (by 2022)	Mid-term Targets (by 2025)	Long-term Targets (by 2030)
 Water Pollution Prevention	Water recovery rate (R2) (%)	81	86	≥ 83	≥ 83	≥ 84	≥ 86
	Wastewater treatment compliance rate (%)	100	100	100	100	100	100
	Total water withdrawal (megaliter)	688.1	824.5	≤ 872	≤ 872	≤ 872	≤ 872
 Air Pollution Prevention	Waste reduction rate per unit of production (%)	-22	6	≥ 5	≥ 5	≥ 5	≥ 6
 Waste Management	Waste recycling rate (%)	68	69	≥ 70	≥ 70	≥ 72	≥ 73
	Disposal of hazardous industrial waste (%)	100	100	100	100	100	100
	Recycling rate of hazardous industrial waste (%)	2.8	3.2	≥ 3.1	≥ 3.1	≥ 3.3	≥ 3.5
 Resource Utilization	Atom efficiency (%)	66.4	67.1	≥ 66.1	≥ 66.6	≥ 67.6	≥ 68
 GHG Inventory and Energy Use	Electricity conservation (%)	0.8	1.2	≥ 1	≥ 1	≥ 1	≥ 1
	Energy intensity (GJ/NT\$ million output value)	85	80	≤ 86	≤ 85	≤ 84	≤ 83
	GHG intensity (tCO ₂ e/ NT\$ million output value)	9.6	8.9	≤ 8.6	≤ 8.6	≤ 8.6	≤ 8.5

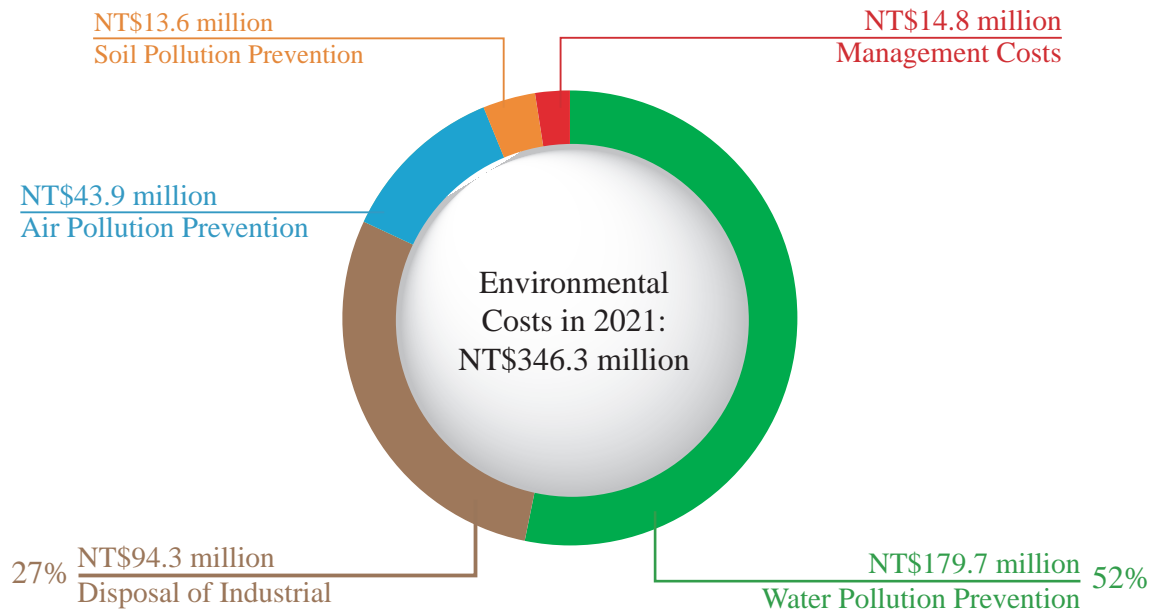
2. Environmental Costs and Environmental Performance

Environmental Costs

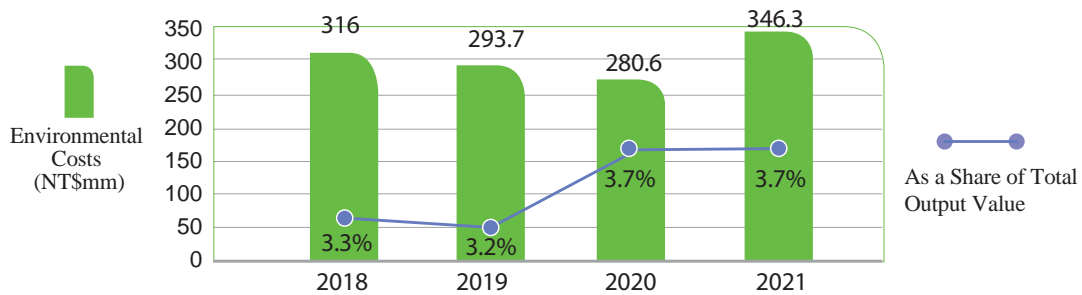
In 1998, Everlight Chemical became the first among its industry peers in Taiwan to introduce environment accounting (or green accounting) standards, by which we document and analyze environment-related costs to fully understand our environmental performance from a financial point of view. Our environmental costs include operational costs (from activities such as water pollution prevention, industrial waste disposal, air pollution prevention, soil pollution prevention and others) and management costs. Environmental costs are incurred to mitigate and control risks from tighter environmental regulations and laws, improve business competitiveness and reduce the impact of our manufacturing activities on the environment.

In 2021, our total environmental costs were NT\$346.3 million, which were equivalent to 3.7% of total output value. Measures to prevent water pollution continue to be the largest source of our environmental expenses. These expenses are necessary as regulations on wastewater treatment continue to tighten at each manufacturing site. Expenses were mainly spent on compliance with regulatory requirements related to water discharge.

Total Environmental Costs from Plant Operations in 2021 (Unit: NT\$ million)



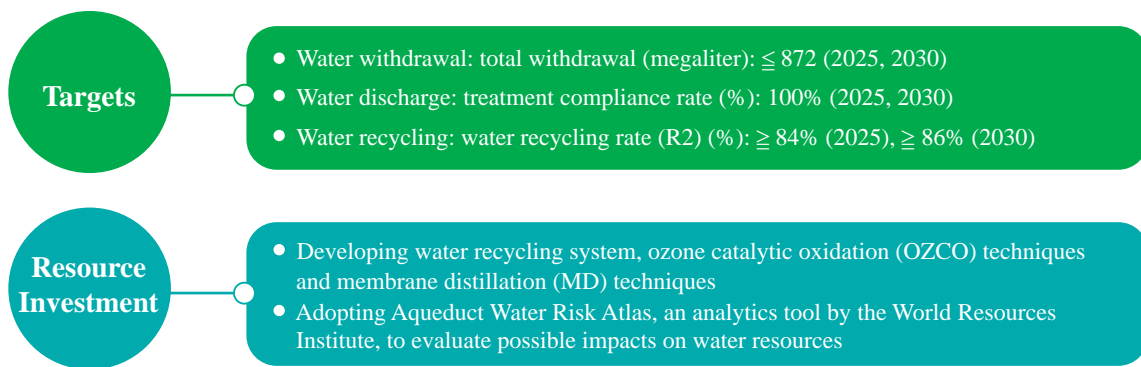
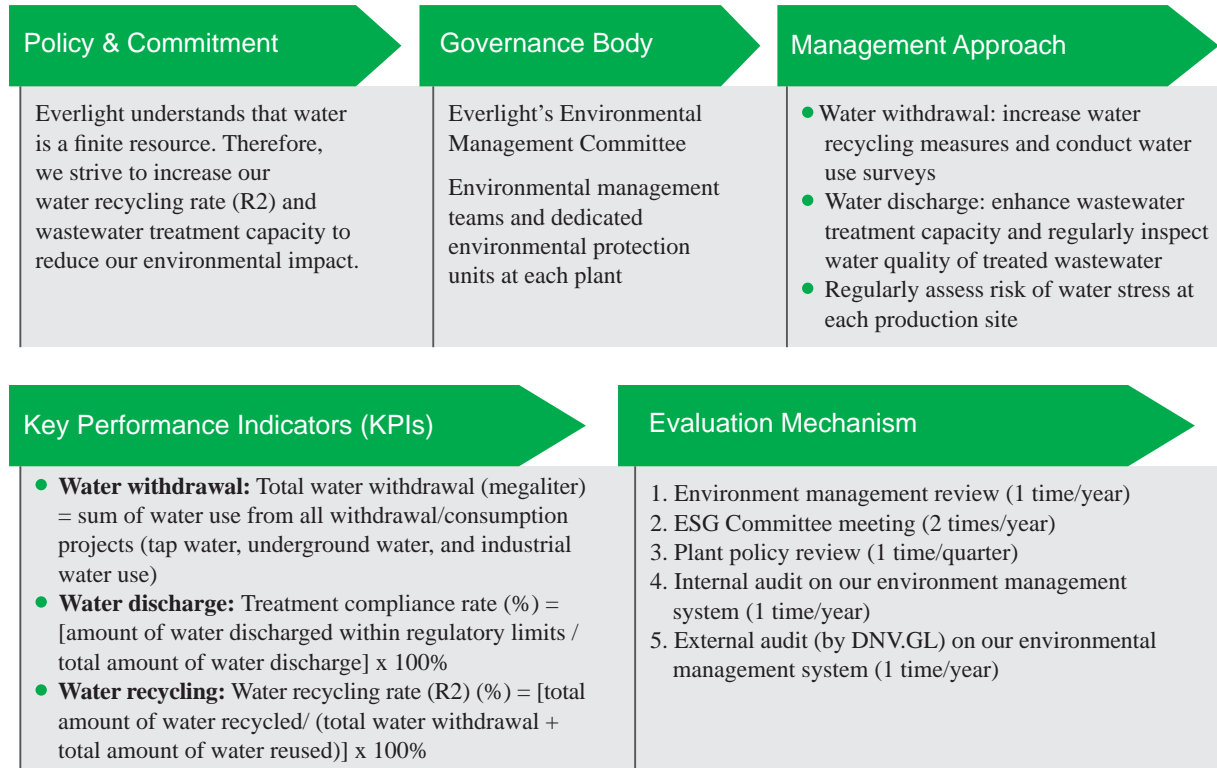
Everlight Group's Total Environmental Expenses, 2018-2021



Environmental Performance

We have achieved significant progress in water conservation, energy conservation and carbon reduction. Our accomplishments in each of these aspects are detailed in the following sections.

3. Water Management and Water Pollution Prevention (GRI 303-1) (GRI 303-2) (GRI 303-3) (GRI 303-4) (GRI 303-5) (RT-CH-140a.3)



Below is further information about three key water management indicators: water recycling rate (R2) (%), wastewater treatment compliance rate (%) and total water withdrawal (megaliter). We also provide a further breakdown of Everlight Chemical Group’s performance on these indicators in 2018-2021 to give stakeholders a better idea of our current performance and progress towards mid-term (2025) goals.

Water Withdrawal Management

1. Evaluate areas where water withdrawal management could be strengthened

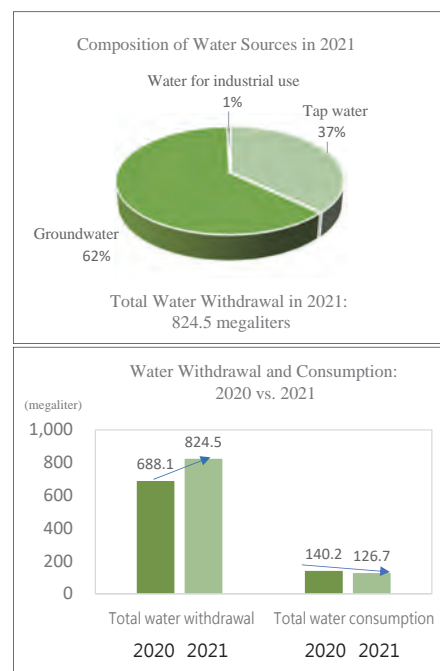
We inspect water usage at each plant and identify plants that are in water-stressed areas. Using the Aqueduct Water Risk Atlas by the World Resources Institute, we found that Everlight (Suzhou) Advanced Chemicals Ltd. is in a water-stressed area and has since then strengthened water management there to mitigate risks.

2. Water Sources

Our withdrawal sources include groundwater, tap water, and water for industrial use. When planning water withdrawal and usage, we consider government regulations, our own operations, industry developments and water needs of nearby communities. For example, we collaborated with competent authority to install groundwater intakes for local residents' use during drought seasons. Through measures like this, we allocate water resources in the most efficient way and avoid negative impacts that water withdrawal may have on the neighboring areas and residents.

Total water withdrawal in 2021 (824.5 megaliters) is 20% higher than that of 2020 (688.1 megaliters).

- Accounting for 62% of the water we use, groundwater is Everlight Chemical Group's main water source, followed by tap water and water for industrial use.
- Increase in total water withdrawal is mainly due to increased demand for liquid products (such as digital textile printing inks, developer and cleaning agents) from clients, which led to greater water use in manufacturing processes.



Water Withdrawal and Consumption, 2018-2021 (RT-CH-140a.1)

(Unit: megaliters)

Location	Year	Tap Water	Groundwater	Water for Industrial Use	Total Water Withdrawal	Total Water Consumption
Everlight Plant I-IV	2018	266.5	467.5	1.3	735.3	103.5
	2019	203.9	439.5	2.0	645.4	95.9
	2020	215.8	407.9	2.6	626.3	114.5
	2021	229.3	514.9	3.8	748.0	86.1
Trend Tone Imaging, Inc.	2018	19.1	-	-	19.1	3.8
	2019	19.3	-	-	19.3	3.9
	2020	17.3	-	-	17.3	3.4
	2021	18.5	-	-	18.5	3.7
Everlight (Suzhou) Advanced Chemicals Ltd.	2018	38.2	-	-	38.2	24.1
	2019	47.2	-	-	47.2	24.9
	2020	44.5	-	-	44.5	22.3
	2021	58.0	-	-	58.0	36.9

Note 1: In order to present accurate figures in the 2021 ESG report, some numbers regarding the Everlight Plant I-IV from the previous reports may contain rounding errors.

Note 2: Values are presented in megaliters. All water sources listed are freshwater sources with a total dissolved solid (TDS) level equal to or lower than 1,000 mg/L.

Note 3: Water consumption = Total withdrawals - Total discharge

Total water withdrawal in 2021 (824.5 megaliters) is 20% higher than that of 2020 (688.1 megaliters). The increase is mainly due to increased demand for liquid products (such as digital textile printing inks, developer and cleaning agents) from clients, which led to greater water use in manufacturing processes. Meanwhile, total water consumption in 2021 (126.7 megaliters) is 10% lower than that of 2020 (140.2 megaliters). The significant decrease demonstrates the progress and efforts by all production units in ensuring efficient use of water resources.

Water Discharge Management (GRI 303-4)

1. Water Discharge Abides by the Laws

For discharged wastewater, our company will thoughtfully plan wastewater treatment facilities based on the characteristics of the wastewater. Furthermore, Everlight has taken measures to reduce the amount of wastewater at the source and used different treatment facilities and technology to effectively degrade pollutants in the water. In addition, we regularly examine the quality of discharged water (for example, commission external party to sample water for testing or examine water quality following the methods announced by local authorities) to make sure that discharged wastewater meets the standards set by component authorities. Plants will first acquire permits from local authorities before discharging wastewater. These are the measures we have taken to prevent water pollution and to protect our ecosystem.

Our plants' domestic sewage and industrial wastewater are discharged to sewage system of the industrial parks or municipal sewer networks. (Wastewater from Plant I goes to wastewater treatment plant in Dayuan Industrial Park, Plant II and Plant III to wastewater treatment plant in Guanyin Industrial Park, Plant IV to wastewater treatment plant in Taoyuan Industrial Park, Trend Tone Imaging to wastewater treatment plant in Hsinchu Science Park, Everlight Suzhou to wastewater treatment plant in Suzhou Industrial Park) Discharged wastewater from Everlight meets every standard set by each wastewater treatment plant.

2021 Industrial Wastewater Discharge:

Plant	Wastewater Treatment and Discharge
Plant I	Wastewater will be first treated at internal treatment equipment and then be discharged to effluent management system of Dayuan Industrial Park to be treated at wastewater treatment plant. Finally, treated wastewater will be discharged to Laojie River*.
Plant II	Wastewater will be first treated at internal treatment equipment and then be discharged to effluent management system of Guanyin Industrial Park to be treated at wastewater treatment plant. Finally, treated wastewater will be discharged to Fulin Creek.
Plant III	Wastewater will be first treated at internal treatment equipment and then be discharged to effluent management system of Guanyin Industrial Park to be treated at wastewater treatment plant. Finally, treated wastewater will be discharged to Da-Jue Creek.
Plant IV	Wastewater will be first treated at internal treatment equipment and then be discharged to effluent management system of Taoyuan Industrial Park to be treated at wastewater treatment plant. Finally, treated wastewater will be discharged to Guanyin Creek.
Trend Tone Imaging	Domestic sewage** will be collected by sewers and then flows to wastewater treatment plant in Hsinchu Science Park. Treated wastewater will be discharged to Keya Creek.
Everlight Suzhou	Wastewater will be first treated at internal treatment equipment and then be discharged to effluent management system of Suzhou Industrial Park to be treated at wastewater treatment plant. Finally, treated wastewater will be discharged to Wusong (Woosung) River.

* In order to meet the wastewater discharge standards of Dayuan Industrial Park and help government to improve the water quality of Laojie River, starting from November, 2021, Plant I is included in effluent management system of Dayuan Industrial Park. This will not affect the previous discharge standards.

** Trend Tone Imaging leaves a small proportion of wastewater as waste and commissions a third party to dispose of it. The remaining wastewater is domestic sewage and is discharged to sewers at Hsinchu Science Park.

Note 1: Each plant's discharge standards comply with the standards set by local authority and industry.

Note 2: Discharged wastewater from each plant don't have significant impacts on receiving waters and animal habitats.

2. Discharge Performance Indicator

Discharge Indicator: Treatment compliance rate (%) = [the amount of discharged water within the limit set by the competent authority/ total amount of discharge] x 100%

The amount of discharged wastewater in 2021 is 27% higher than that of 2020 because demand for products was higher and therefore manufacturing processes produced more wastewater.

2018-2020 Water Discharge

(Unit: megaliters)

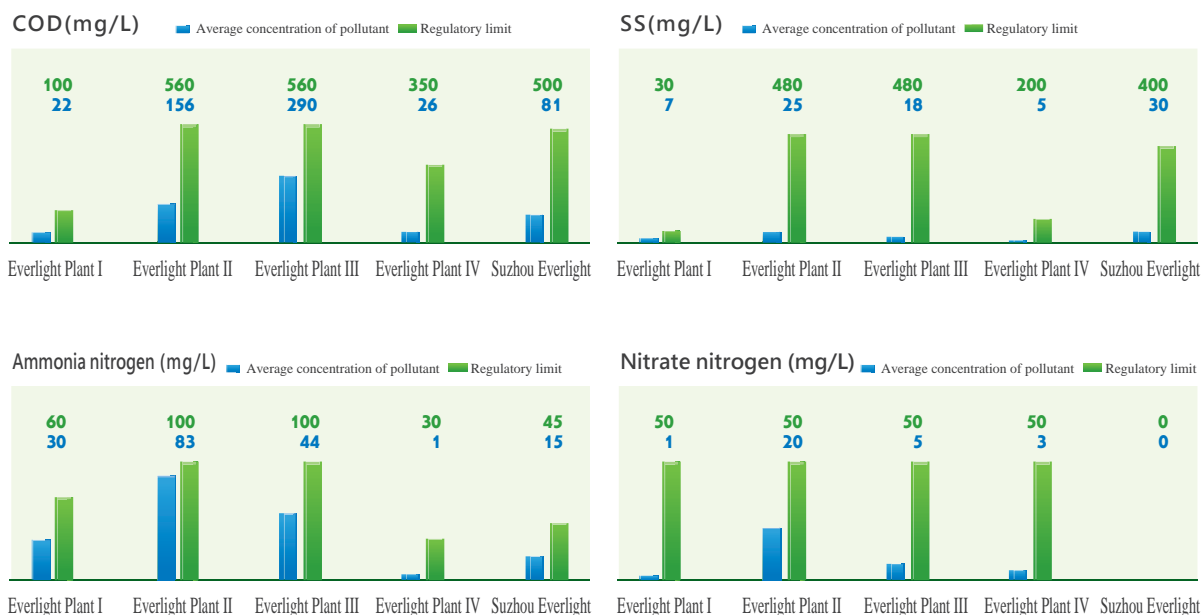
Location	2018	2019	2020	2021
Everlight (Plant I-IV)	631.8	549.5	511.8	661.9
Trend Tone	15.3	15.4	13.9	14.8
Suzhou Everlight	14.1	22.3	22.2	21.1
Total	661.2	587.2	547.9	697.8

Note 1: We classified the discharges into different sources according to GRI 303. Total dissolved solids of discharged water from Trend Tone Imaging is $\leq 1,000$ mg/L and is classified as freshwater. Total dissolved solids of discharged water from other plants is $\geq 1,000$ mg/L and is classified as other water. Unit of measurement is megaliter.

Note 2: In order to accurately present the numbers of 2021 ESG report, some numbers regarding Plant I-IV from the previous reports may have rounding error.

We selected COD, SS, ammonia nitrogen, and nitrate nitrogen as substances of focuses of treatment and disclosure. We referred to standards set by local authorities to manage our discharges.

Discharge Disclosure Indicators



Note 1: Manufacturing processes and discharge standards of each plant vary. Therefore, treatment and water quality standards are different.

Note 2: Wastewater from Trend Tone Imaging is classified domestic sewage and therefore Trend Tone Imaging does not have any industrial wastewater to treat.

Note 3: Average effluent concentration is converted from testing average and will be rounded to number.

Note 4: Everlight Plant I complies with the previous effluent standards to abide by the discharge policies set by Dayuan Industrial Park.

Treatment Compliance Rate (%) (RT-CH-140a.2)

Last year, treatment compliance rate of Everlight Chemical in 2021 was 100%. Our short-, mid-, and long-term is still 100%.



**Wastewater
Treatment
Compliance Rate
100%**

Water Recycling and Reuse (GRI 303-5)

1. Management Indicator

We have promoted different water-conserving measures and strategies for a long time. These measures have yielded tangible results in reducing daily water usage and saving a lot of water through recycling and reusing water. But we want to save more water and therefore set up water recycling rate, R2 in 2021 as our performance indicator. (does not include water used by cooling towers) This rate has become the main focus of the year and can help us better understand our current performance in water usage, recycling, and reuse so that we can review and analyze water policies and projects.

2. Tangible Results in 2021

Because of implementing water recycling rate, R2 and water-conserving measures, total water usage and circulation amounted to 5,227 megaliters. In order words, the amount of water we saved can fill in 2,091 standard swimming pools*. Our water recycling rate, R2 was 86% this year which was 5% higher than that of 2020 (81%). This is because we increased the amount of water circulation in our cleaning towers.

Note: According to Chinese Taipei Swimming Association, the size of a standard swimming pool is 50 meters x 25 meters x 2 meters. Each swimming pool can store about 2.5 megaliters of water. Take the amount of water we saved, 5,227 megaliters and divided by 2.5 megaliters, the result is 2,091 swimming pools.



**Water
Recovery Rate
86%**

2018-2021 Total Water Usage and Circulation

Item		2018	2019	2020	2021
Total Water Reused	Condensate/Rain water recovery	41.7	38.7	45.2	54.6
	Wastewater recovered from production processes	393.4	361.1	353.3	392.1
	(Total volume recovered for secondary use)	14.3	17.3	11.5	27.8
Total Water Circulation	Water circulation in cleaning towers	2,756.5	2,651.1	2,534.5	4,752.5
Total Water Reused + Total Water Circulation		3,205.9	3,068.2	2,944.5	5,227.0
Water Recovery Rate (R2) (excl. condensate circulation)		80%	81%	81%	86%

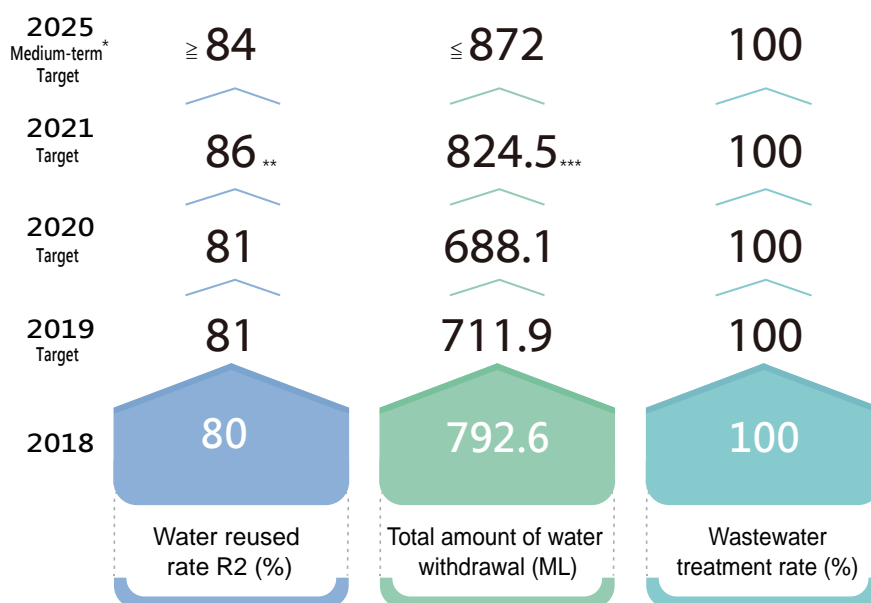
Note 1: The unit of measurement is megaliter.

Note 2: Water reuse rate in 2018-2020 ESG reports did not include water circulation. Water circulation is included in water recycling rate, R2.

Note 3: Water Recycling Rate R2= [(Total water usage+ total water circulation)/(Total water withdrawal+ total water circulation)] x 100

The chart below summarizes our performance in water management and water pollution prevention in 2021. We have set more ambitious targets for the years to come to take further actions in managing water resource.

Water Resource and Water Pollution Prevention Management Indicators of Previous Years and Progress on Mid-term Targets



* Branch offices were included in the scope in 2021. Therefore, their mid-term goals were based on the headquarters' performance and future plans.

** This was because increased amount of water circulation of cleaning towers.

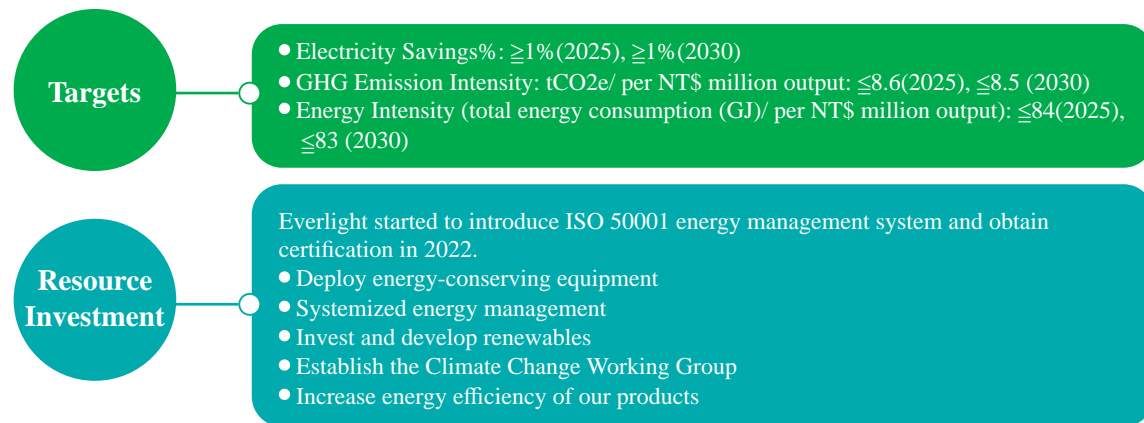
*** Clients have higher demand for liquid products and therefore manufacturing processes used more water (for example, digital textile printing inks, developer, and cleaners).

4. GHG Inventory and Energy Use (GRI 305-1)(GRI 305-2)(GRI 305-4)

Everlight Chemical pays great attention to GHG management. In 2021, we established a Climate Change Working Group. This group not only finished evaluating risks and financial impacts brought by climate change (TFCD) but also continuously set short-, mid-, and long-term GHG reduction targets and measures. Starting from 2022, we have introduced science-based quantitative methods to manage GHG issues. Furthermore, we proactively adopt different energy management systems and innovative equipment to promote carbon reduction and energy conservation.

Policies and Commitments	Governance	Management Approach
We continuously pay attention to the international trend of climate change and value the goal of GHG reduction. We hope to reach maximum energy efficiency through energy use management and energy-conserving measures, for example, increased efficiency of our equipment. The ultimate purpose is to reduce GHG emissions. In order to reduce the impacts brought by climate change, we will continuously promote GHG inventory and reduction. In addition, we will proactively adopt different energy management systems and innovative equipment to promote carbon reduction and energy conservation	Everlight Environmental Management Committee Environmental management groups and environmental dedicated units at each plant	We have taken the following measures to control and reduce GHG emissions: <ul style="list-style-type: none"> ● Improve manufacturing processes and equipment ● Introduce innovative management methods ● Conduct GHG inventory following ISO 14064-1 or standards set by competent authorities ● Continue to promote GHG reduction measures

Key Performance Indicator	Evaluation Mechanism
<ul style="list-style-type: none"> ● Electricity Savings%: [electricity savings/(total electricity usage+electricity savings)] *100 ● GHG Emission Intensity: Total GHG emissions((Scope1+Scope2) tCO₂e)/ per million output ● Energy Intensity: total energy consumption (GJ)/ per NT\$ million output 	<ol style="list-style-type: none"> 1. Environment management review (once every year) 2. ESG Committee meeting (twice every year) 3. Plant policy review (once every quarter) 4. Internal environment management system audit (once every year) 5. External certification body (DNV.GL) conducts environment management system audit



Energy Management (Control Energy Intensity) (GRI 302-1) (GRI 302-3) (GRI 302-4) (GRI 305-1)(GRI 305-2)

In 2021, total energy consumption was 745.97×10^3 GJ. Compared with 2020, our energy consumption increased by 103.01×10^3 GJ (16% higher). The main reason behind this increase is that business in 2021 was thriving and therefore production increased. Our electricity, natural gas, steam, and diesel consumption increased by 8-28%. However, energy intensity decreased by 6%. (2021: 80 GJ/per NT\$ million output), 2020: 85 GJ/per NT\$ million output) Decreased energy intensity indicated that our energy efficiency is high and our energy management was effective during that year.

Everlight has acquired ISO 14064-1 accreditation six years in a row during 2005-2010 (Everlight Plant I, Plant II and Plant III). Although accreditation conducted by the third-party stopped, we built our own carbon footprint inventory database (including Everlight Plant IV, Trend Tone and Suzhou Everlight) following inventory guidance to make sure we can control our GHG emissions and continue to improve our performance in energy management. We will introduce ISO 50001, energy management system to manage risk related to energy supply and identify areas of improvement to perform better in the future. This purpose is to decrease energy consumption and related expenses.

Our GHG emission intensity in 2021 was 8.9 tCO₂e/per NT\$ million output. Compared with 2020's 9.6 tCO₂e/per NT\$ million output, we saw a 7% decrease. However, we still did not reach our 2021 goal which was 8.6 tCO₂e/per NT\$ million output. In order to continuously decrease carbon emissions, we aim at reducing 1% of emissions every year and 2021 was our baseline year. From 2022 to 2026, our targeted GHG emission intensity is 8.45 tCO₂e/per NT\$ million output. Another goal is to decrease our emissions by 5% by 2026.

When we conduct GHG inventory, we discovered equipment that uses refrigerants mostly use R22 (is a substance limited by The Montreal Protocol and was excluded from GHG inventory but depletes ozone layer). In the future, we will gradually phase out equipment that uses R22 refrigerant.

We continuously promote different measures to conserve energy and reduce carbon emissions. Our goal is to save more than 1 % of electricity* and continue to promote projects that conserve energy and reduce carbon emissions. In 2021, we saved 1,190 MWh of electricity and reduced 619 tCO₂e of carbon emissions which is equivalent to planting 51,583 trees to absorb carbon dioxide in a year**. In other words, we have saved 4,284 GJ and 1.2% of electricity.

* Electricity savings (%)= [electricity savings/ (total electricity consumption/electricity savings)] *100

** According to the Environmental Quality Protection Foundation (EQPF), every year, a tree can absorb about 12 kilograms of CO₂e (<http://www.eqpf.org/sf/3-1.htm>). Therefore, 619 tons divided by 0.012 ton of CO₂e/ per tree is 51,583 trees.

2018-2021 Energy Consumption Breakdown (RT-CH-130a.1)

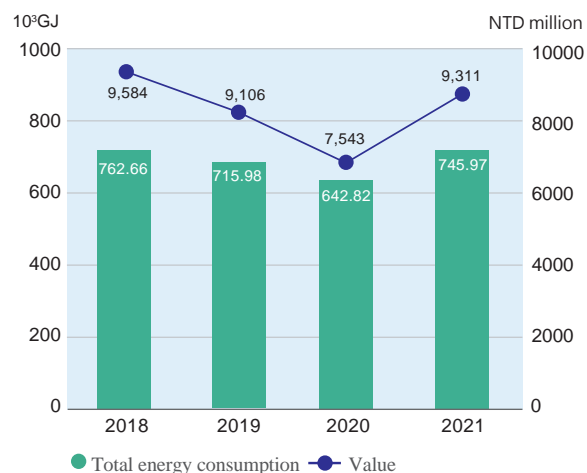
Location	Year	Electricity	Vapor	Natural gas	Diesel fuel	Gasoline	liquefied petroleum gas	Total
Everlight (Plant I-IV)	2018	212.74	211.18	175.07	3.33	1.56	0.88	604.76
	2019	207.50	192.85	163.07	3.19	1.41	0.75	568.77
	2020	195.30	169.56	154.45	2.85	1.29	0.82	524.27
	2021	223.28	197.36	198.25	3.14	1.20	0.72	623.95
Trend Tone	2018	89.39	0.00	0.00	0.00	0.23	0.00	89.62
	2019	80.55	0.00	0.00	0.00	0.24	0.00	80.79
	2020	60.27	0.00	0.00	0.00	0.20	0.00	60.47
	2021	71.54	0.00	0.00	0.00	0.12	0.00	71.66
Suzhou Everlight	2018	67.49	0.00	0.00	0.17	0.52	0.10	68.28
	2019	65.87	0.00	0.00	0.19	0.36	0.00	66.42
	2020	57.75	0.00	0.00	0.10	0.23	0.00	58.08
	2021	50.17	0.00	0.00	0.05	0.14	0.00	50.36
Total	2021	344.99	197.36	198.25	3.19	1.46	0.72	745.97

Note 1: Unit of measurement is 10³GJ.

Note 2: Results above used heating value published by the Bureau of Energy to calculate, for example, heating value of electricity is 860 MJ/KWh and heating value of natural gas is 8,000 MJ/ m³

Note 3: Consumption (GJ)=[per unit of energy used x heating value (MJ/unit) x calorific value (4.187 x 10³ J/MJ)] ÷ 10⁹

Energy Intensity of Previous Years



Year	2018	2019	2020	2021
Energy Intensity (GJ/NT\$ million output)	80	79	85*	80

* Because of Covid-19, the production output of 2020 was only 83% of that of 2019. Plants took different energy-conserving measures to control energy intensity at 85.

2018-2021 GHG Emission Intensity (RT-CH-110a.1)

Year	Item	Everlight (Plant I-IV)	Trend Tone	Suzhou Everlight	tCO ₂ e Sum(1)	Value(2)	GHG emission intensity (1) ÷ (2)
2018	Scope 1 (A)	13,840.86	40.57	146.24	14,027.67	9,584	1.5
	Scope 2 (B)	51,660.75	13,753.58	9,226.94	74,641.27		7.8
	Sum(A)+(B)	65,501.61	13,794.15	9,373.18	88,668.94		9.3
2019	Scope 1 (A)	17,548.20	40.32	130.45	17,718.97	9,106	1.9
	Scope 2 (B)	49,070.06	11,923.72	7,013.42	68,007.20		7.5
	Sum(A)+(B)	66,618.26	11,964.04	7,143.87	85,726.17		9.4
2020	Scope 1 (A)	14,025.65	76.59	130.98	14,233.22	7,543	1.9
	Scope 2 (B)	43,405.64	8,519.64	6,206.63	58,131.91		7.7
	Sum(A)+(B)	57,431.29	8,596.23	6,337.61	72,365.13		9.6
2021	Scope 1 (A)	18,910.37	123.15	107.54	19,141.06	9,311	2.1
	Scope 2 (B)	48,306.65	9,973.10	5,391.95	63,671.70		6.8
	Sum(A)+(B)	67,217.02	10,096.25	5,499.49	82,812.76		8.9

Note 1: The greenhouse gas emissions factor was based on the GHG Emission Factor Management Table Version 6.0.4 announced by the Environmental Protection Administration.

Note 2: Information on global warming potential in the Fifth Assessment Report (2013) conducted by the United Nations Intergovernmental Panel on Climate Change (IPCC) was used as the basis for the calculation.

Note 3: We adopt operation control to include GHG emission from Scope 1 and Scope 2. Our GHG inventory included carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.

Note 4: Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization and therefore the exact amount of emissions is hard to collect. As a result, scope 3 was excluded from inventory.

2021 Performance on Energy Conservation and Carbon Reduction (GRI 305-5)

Location	Energy Conservation and Carbon Reduction Measures	Electricity Savings (MWh)	Heating Value (10 ⁹ kcal)	Emissions Savings (tCO ₂ e)	Energy Savings (GJ)
Everlight Plant I	Replacement of process blowers in Building W	233	200	117	839
	Replacement of oil-lubricated air compressors in Building A	69	59	35	249
Everlight Plant II	Programming update for exhaust fans	180	155	90	647
	Installation of frequency converters for injection pumps (30kW) for ozone units	96	83	51	347
	Remote temperature control for 240HP chillers	108	93	58	390
Everlight Plant III	Replacement of air compressors	33	28	17	118
	Pressure reduction and loop piping for air compressors	25	22	13	90
Trend Tone	Replacement of fire-tube boilers	77	66	41	277
	Replacement of 1500 adsorption dryers in Building A with water-cooled refrigerated dryer	269	231	143	967
Everlight Suzhou	Upgrading to energy-efficient water pumps with permanent magnet motors	52	45	28	187
	Upgrading to permanent magnet motors in the 75kW variable-speed drive (VSD) air compressors	48	41	26	173
Total		1,190	1,023	619	4,284

Note 1: The calculation of electricity savings and carbon emissions was based on the electricity emission factor of 0.533 kg CO₂e/kWh announced by the Bureau of Energy in 2018 and Energy Statistics Handbook published in 2019.

Note 2: Heating value savings (kcal) = [Electricity savings (MWh) X heating value of electricity (8.6x10⁵ kcal/MWh)]

Note 3: Carbon reduction (tCO₂e) = [electricity savings (MWh) X the latest electricity emission factor (0.502 tCO₂e/Mwh)].

Note 4: Energy savings (GJ) = [heating value savings (kcal) X heating value factor ((4.187 x 10³ (J/kcal)) ÷ 10⁹]

The Emissions of Ozone Depleting Substance (ODS) (GRI 305-6)

Year	2018	2019	2020	2021
Consumption of R22 refrigerant (tons)	2.39	2.27	3.71	1.97
Consumption of CFC-11 (tons)	0.13	0.12	0.20	0.11

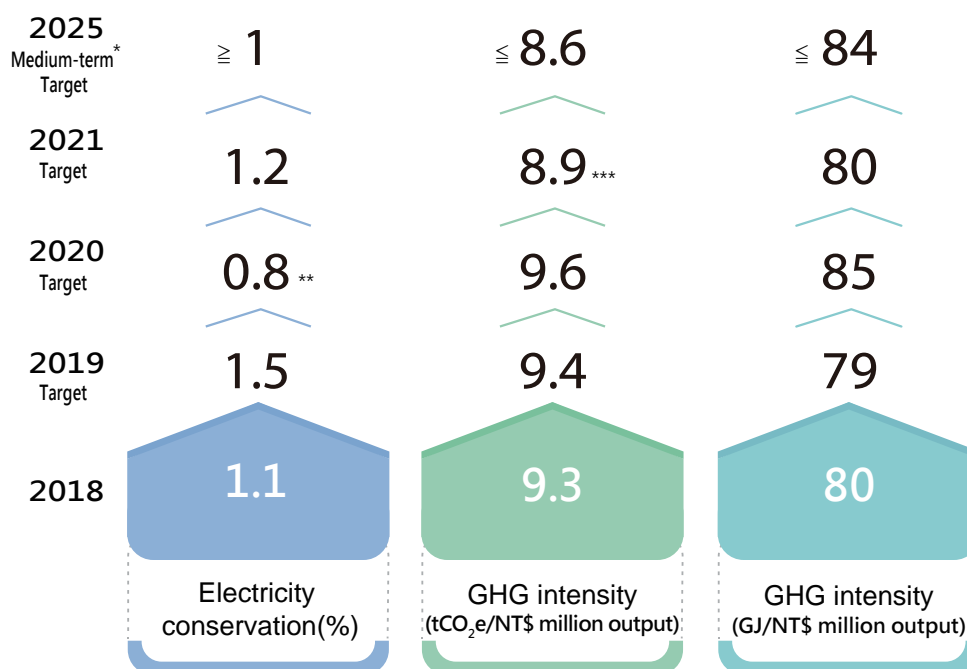
Note 1: The calculation of ODS was based on the ozone depletion potential (ODP) published by the Montreal Protocol

Note 2: The ODP of R22 refrigerant is 0.055 (in accordance with the Montreal Protocol) and the ODP of CFC-11 is 1. The above chart converted R22 usage to CFC-11 usage (ton).

Performance in GHG Inventory

We put forward three management indicators for GHG inventory and energy use. The three management indicators are: electricity savings, GHG emission intensity (ton, CO₂e/per NT\$ million output), and energy intensity (GJ/per NT\$ million output). Down below is the list of our management indicators and their information. We hope that stakeholders can understand our current performance and progress on mid-term goal (2025).

Management Indicators of Previous Years and Progress on Mid-term Targets (RT-CH-110a.2)



* Branch offices were included in the scope in 2021. Therefore, their mid-term goals were based on the headquarters' performance in 2018-2020 and future plans.

** The main reason is because Covid-19 lowered our production and increased the production of some energy-consuming products.

*** Compared with GHG emission intensity in 2020, this year, we saw a 7% decrease. However, in order to continuously reduce carbon emissions, we put forward an annual 1% reduction goal to make progress on our mid-term goal.

5. Task Force on Climate-related Financial Disclosures (TCFD) (GRI 201-2)

In response to global trends in climate change actions, in 2020, Everlight Chemical conducted its first assessment of climate-related risks and opportunities according to the Task Force on Climate-related Financial Disclosures (TCFD) framework established by Financial Stability Board (FSB). In 2021, Everlight further adopted the TCFD framework and scenario analysis tools to analyze climate-related risks the Company may face under different scenarios. We calculated the potential financial impacts on operation and proposed different response plans. Our main approaches in four core areas—governance, strategy, risk management, metrics and targets—are elaborated below.

1. Governance

(1) The Board's Oversight of Climate-related Risks and Opportunities

Everlight Chemical's Board of Directors is the highest governance body for climate-related risks and opportunities. The Board and the Audit Committee jointly oversee the effectiveness of risk management and controls. In addition, directly under the Board are the Risk Management Committee and Sustainable Development Committee. The committees are tasked to evaluate issues related to impacts of climate change. Board members have a thorough understanding of the significance and impact of climate change and would thus factor impacts of climate change issues when making major investment decisions.

- **Risk Management Committee:** the Chairman of the Board serves as the chairperson of the Risk Management Committee. Each year, committee members hold at least two meetings to discuss risk-related issues. The committee also reports its work in risk management to the Board. Climate-related risks are addressed by the committee as they are classified as environmental risks.
- **Sustainable Development Committee (ESG Committee):** the ESG Committee is chaired by the Chairman of the Board. A Governance Team, Environment Team and a Social Team have been established under the ESG Committee.
- In 2021, the Environmental Team established the Climate Change Working Group, which is responsible for performing identification, assessment and recommendations on climate change-related risks and opportunities. The Executive Secretary of the ESG Committee reports regularly to the Board on the progress and effectiveness of these efforts.

(2) The Role of Management-level Personnel in the Evaluation and Management of Climate-related Risks and Opportunities

Climate change covers a variety of issues. The Deputy Chairman of the Environmental Unit underneath the ESG Committee leads the Climate Change Working Group to consider the opinions and discuss preventive measures from different departments. The Working Group includes members from the treasury, procurement, R&D, logistics, production, resource and energy management, risk management, and Environmental Safety and Health departments. The Climate Change Working Group holds regular meetings and presents the assessment and evaluation results on climate-related risks and opportunities according to the regulations of the administrative management system. In addition, the Working Group also follows up on progress and improvements.

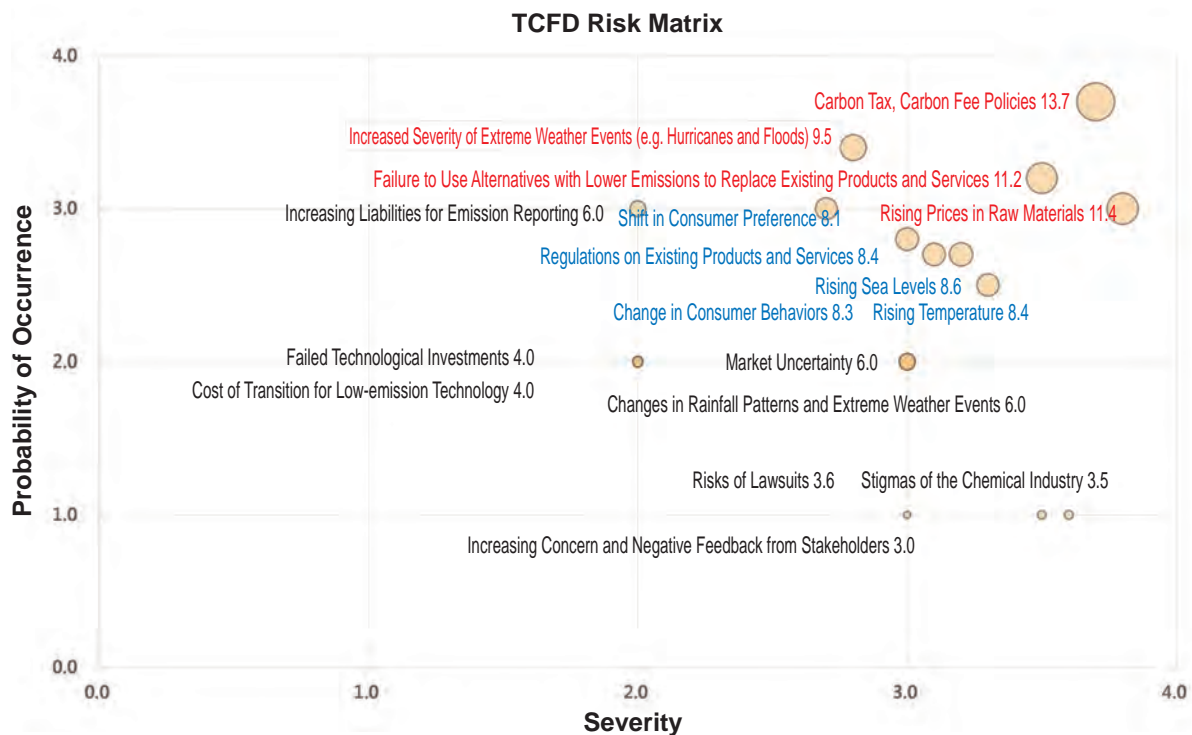
2.Strategy: The Impact of Climate-related Risks and Opportunities on the Operation, Strategy, and Financial Planning of the Organization

(1) Short-, Medium-, and Long-term Climate-related Risks and Opportunities Identified by the Organization

The Climate Change Working Group evaluates the effects and the potential financial impacts of climate change by assessing climate-related risks based on the TCFD framework, WBCSD chemical sector guidance, and CDP questionnaire. The company also conducted risk identification based on the unique nature of the chemical sector. The identified climate-related risks and issues are ranked by importance using the risk matrix. The company uses the risk management system to help control and manage risks before the company formulates relevant regulatory plans to minimize the impact of possible hazards.

Short-, Medium-, and Long-term Risks and Opportunities - Identification Results of Climate-related Risks and Opportunities

Everlight Chemical has categorized climate-related risks according to their severity and probability of occurrence. We have quantified the relative impacts of each risk and the possible opportunities and responses. A matrix of climate risks was created in order of importance and is shown as follows:



Notes: The above figures are climate-related risk scores for ranking purposes only. The items in red are high risks, and items in blue are medium risks. Items in black are low risks.

Severity is measured on a four-point scale. Level one is negligible, level two is marginal, level three is critical, and level four is catastrophic.

Probability of Occurrence is measured on a four-point scale in accordance with the frequency of occurrence: Level one refers to a probability of one occurrence in >15 years; level two a probability of one occurrence in 10-15 years; level three a probability of one occurrence in 5-10 years; and level four a probability of one occurrence in 5 years.

Follow-up Actions: Response to Transition Risks and Opportunities

Based on the risk identification results and the development goals of Everlight, the Climate Change Working Group has identified four main transition risks, including

- Policy changes: For instance, carbon tax/carbon fee policies.
- Increasing costs of using renewable energy in response to carbon reduction regulations.
- Failure to replace existing products and services with lower-emission products; market/consumer shifts towards low-carbon products.
- Shortage of raw materials due to climate change, resulting in higher costs.

We have also identified two opportunities for transition, including

- The need to develop low-carbon products.
- The need to develop sustainable products that help users reduce carbon emissions to promote user benefits.

After the financial assessment of the above-mentioned climate-related risks, the company has planned the following mitigation and adaptation activities:

Climate-related risks and opportunities	Corresponding actions	Description	Resources 2021~2023 expected actions
Enhance users' energy usage efficiency, reduce GHG mission in downstream users	Develop Sustainable products	Products that can enhance user efficiency and reduce energy consumption during production process	E.g. Everzol ERC Solution (reactive dyes) provides better energy conservation solution, equivalent to reduction of 10,000 tons of CO ₂ e GHG emission
Reduce usage of energy and resources Reduce GHG emission	Develop Green Chemistry production technology	Execute product design and production based on the 12 Principles of Green Chemistry	We have applied the 12 Principles of Green Chemistry and have been awarded for 2 consecutive years of the "Green Chemistry Application and Innovation Award" by the Environmental Protection Bureau
	Promote Circular Economy	Increase resource usage efficiency by cooperation with different levels of industry participants	We have invested in Circular Economy for years and was awarded by TCIA in 2021 "the Circular Economy Achievement Award"
Increase energy usage efficiency	Introduce ISO management process	Establish ISO 50001 Energy Management System	We have applied ISO 9001 and ISO 14001 and plan to introduce ISO 50001 by 2022
Carbon Management	Introduce carbon footprint calculation project	Introduce/Update ISO 14064-1 2018 process	Evaluate and involve external resources and experts
Transition of low-carbon production process	Introduce carbon reduction target setting and process	Introduce/Update ISO 14067:2018 version, and establish science-based target and carbon reduction methods	Evaluate and involve external resources and experts

After taking into consideration the risk adaptation strategies and transition opportunities, we expect to achieve the following goals:

1. Short-term goals: Increase production and distribution efficiency, and implement new technologies to develop low-carbon manufacturing processes.
2. Medium-term goals: Accelerate the development of environmentally friendly products/sustainable products.
3. Long-term goals: Achieve carbon neutrality/net-zero carbon emission goals.

(2) The impact of climate-related risks and opportunities on the operation, strategy, and financial planning of the organization

The Climate Change Working Group assesses that the company must consider product development and manufacturing, supply chain management, and market operations when formulating responses. We will apply the carbon management process to five major product categories of the Everlight Group. The company will assess the impact of low-carbon products on operational costs and revenues to understand the overall financial impact and develop a plan and timeline accordingly.

The Financial Impact of Climate-related Risks and Opportunities

Risks and opportunities	Description of impact	Potential financial impact	Actions	Type of financial impact	
Risks	Renewable energy increases cost	Cost of renewable energy may increase due to increasing demand	Medium to high negative impact	Introduce ISO 50001 to increase efficiency; replace unsuitable equipment and hardware	Capital increase; Operational cost increase
	Carbon tax /carbon fee	Impact of CBAM may expand and other countries may follow suit	Medium to high negative impact	Introduce energy management system, carbon footprint management and carbon footprint	Operational cost increase
	Raw material cost increases	Raw material shortage and cost may increase accordingly	Medium negative impact	Introduce carbon management and risk assessment tools	Operational cost increase
	Market/consumers turns to low-carbon products	Consumers may shift to low-carbon products and services	Medium negative impact	Develop low-carbon products	Operational cost increase
Opportunities	Necessity to shift to low-carbon product	According to consumers' preference, we need to produce low-carbon products	Medium to high positive impact	Apply Green Chemistry and implement Circular Economy	Income increase from green products
	Develop sustainable products	Develop low-carbon products based on consumer demand	Medium to high positive impact	Develop sustainable products	Income increase from green products

The Climate Change Working Group has conducted a risk assessment matrix by following the standards of the Task Force on Climate-related Financial Disclosures (TCFD). The Climate Change Working Group found that carbon management is one of the most critical issues, and relevant sub-issues include:

- Regulations concerning carbon taxes or carbon fees may have a tremendous impact on the company's operation.
- Under the global consensus of achieving net-zero emission by 2050, the company focuses on carbon emission management.

Everlight Chemical's 2021 greenhouse gas inventory and data from the past four years showed that the Group's annual emissions were 82,813 tons of carbon dioxide equivalent (CO₂e). Scope 1 emissions accounted for 23.1%, of which 15.5% resulted from fuel used by stationary pollution sources. Scope 2 emissions accounted for 76.9%, of which 56.1% were from purchased electricity.

Due to the complexity and uncertainty of the issues involving concrete carbon reduction targets and pathways, adequate resource investments in assessing and confirming its achievability are necessary. The company hopes to formulate a plan backed by scientific evidence to build resilience when undergoing the low carbon transition process.

(3) The Organization's Strategy Resilience across Different Climate Change Scenarios

We have considered the following three scenarios to assess possible carbon reduction strategies. The company will present carbon peak targets and reduction targets in future annual evaluations.

The Business-as-Usual (BAU) scenario indicates the worst-case scenario. Although the initial investment is limited, the failure to respond to the trend of low-carbon transition over a long period will lead to the eventual loss of competitiveness and higher transition costs. In this scenario, national electricity prices and international carbon prices may not have a huge impact. Yet, after 2021 COP26 in November, global communities have agreed to take more aggressive climate action. Hence, the continuation of the BAU scenario is considered unlikely.

The intended Nationally Determined Contribution or INDC scenario (before the amendment of the Greenhouse Gas Reduction and Management Act in 2021) falls in the middle of the range, which means that by 2030, emissions will achieve a 20% reduction from 2005 level, and by 2050, 50% reduction from 2005 level. With this scenario, the company will have medium-level competitiveness and medium-level capacity to withstand transition risks.

The 1.5-degree scenario is the most aggressive carbon reduction target and represents the best-case scenario. In this case, the company seeks to find more aggressive carbon reduction methods while reducing Scope 1 and Scope 2 emissions. During the initial stage, aggressive low-carbon investments will result in higher costs. But this scenario yields the highest and most long-term competitive advantages.

3. Climate Change Risk Management

(1) The Organization on Identification and Evaluation of Climate-related Risks

In 2020, Everlight Chemical followed the ISO 31000:2018 Risk Management Guidelines and introduced the risks management procedure. The company then developed principles and strategies for risk management based on probability of occurrence and severity, risk attributes, and risk categories, including market, politics, environment, law, finance, and operation.

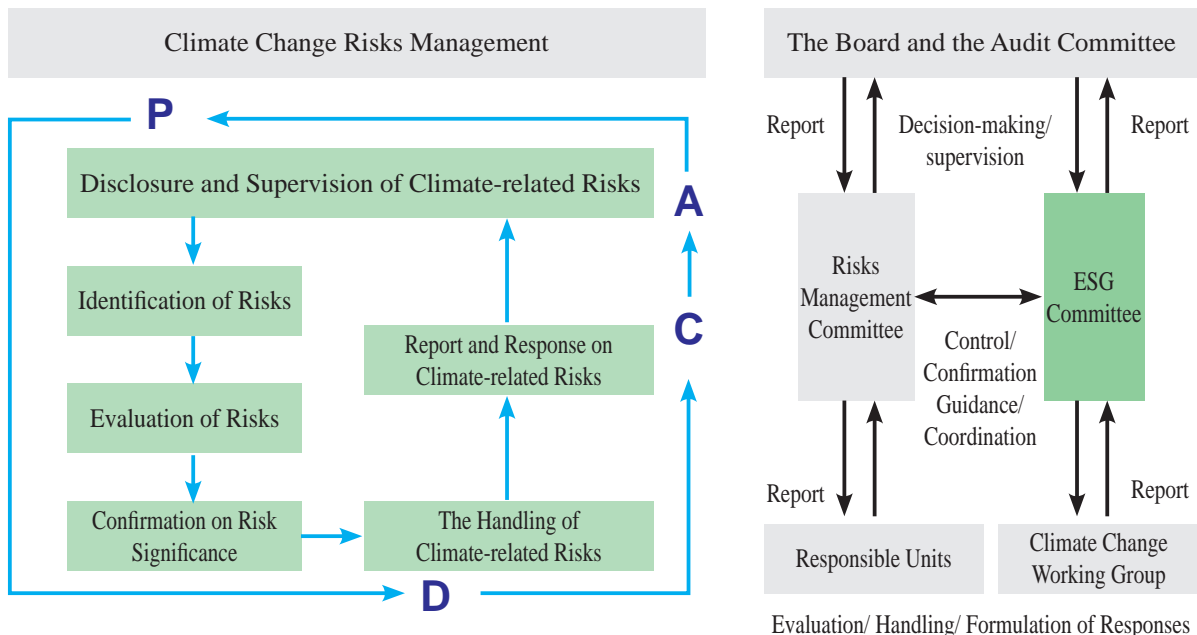
- Climate-related risks are part of environmental risks. In 2021, the Environmental Unit under the Sustainability Committee established an inter-departmental Climate Change Working Group to identify and evaluate climate-related risks and opportunities.
- We classified climate-related risks into two categories, transition risks, and physical risks. Everlight evaluates transition and physical risks based on our current risk management system, which considers policies and regulations, technology, markets, company reputation, and the potential impact of immediate and long-term climate risks on Everlight.
- The evaluation process: Risk identification => Risk ranking => Risk impact assessment => Integration of Risk Adaptation and Responses into the existing risk management system.

When a climate-related risk is considered catastrophic, the company will propose specific countermeasures based on the risk management process.

- Risk reporting, responses, and monitoring: Each responsible unit shall continuously monitor risks related to operations and track and confirm that the residual risks have been effectively controlled. In addition, the Risk Management Committee or each of the management systems shall conduct inspections and shall also report the status and results of risk handling as references for risk control mechanisms and operational strategies.

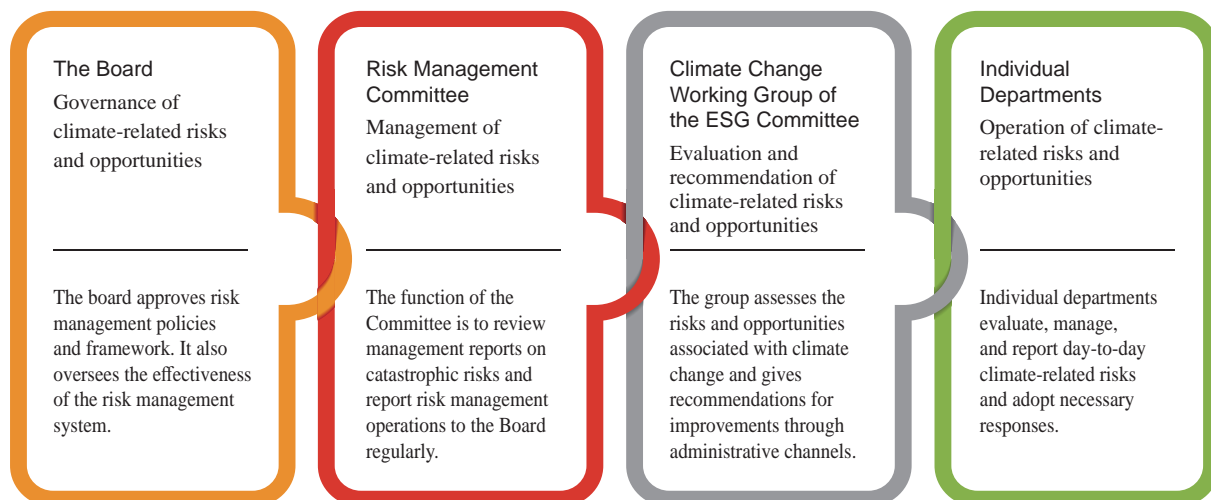
(2) Climate-related Risks Management Process of the Organization

Everlight's climate risk management follows the PDCA management process, which is as follows:



(3) How Processes for Identifying, Assessing, and Managing Climate-related Risks are Integrated into Overall Risk Management

Everlight's climate-related risk management system integrates the management mechanisms of different units and levels. The company considers management policies, conduct evaluation, and preventive measures to reduce operational impacts.



The ESG Committee's Climate Change Working Group identifies and evaluates transition risks before reporting the results through the administrative channel and formulating responses. In addition, the Risk Management Committee oversees the effectiveness of all climate change mitigation and adaptation plans.

4. Metrics and Targets

(1) The Disclosure of the metrics used by the organization to assess climate-related risks and opportunities that are in line with its strategy and risk management process

Everlight Chemical is the first Chemical company in Taiwan with the ISO 14001 Environmental Management certification. Everlight continues to make improvements by following the environmental management standards. We continuously conduct reviews and evaluations to increase energy efficiency. To respond to carbon reduction trends, the company plans to introduce the ISO 50001 Energy Management standards in 2022.

The Climate Change Working Group estimates that implementing energy management and improving the efficiency of energy resources will help Everlight address the risks associated with climate change and promote a circular economy. The company has therefore set the following targets and goals for energy conservation and carbon reduction:

Type of Risk	Source of Risk	Issues	Corresponding Opportunities and Strategies	Management Approach	2022 Targets
Transition Risks	Changes in carbon-related policies and regulations	Carbon tax and carbon fee policies	1. Implement an energy management system 2. Consult experts to set carbon reduction targets and pathways	Progress on ISO 50001 energy management system implementation	100%
		Regulations on existing products and services	3. Implement carbon inventory and carbon risk management 4. Implement carbon reduction strategy to reduce GHG emissions intensity: Replace energy-intensive equipment Use low-carbon energy sources Improve energy efficiency	Progress on setting carbon reduction goals and pathways	100%
	Reputational risks	Shifts in consumer preferences	5. Devise a roadmap for development of sustainable products	GHG emissions intensity (TCO ₂ e/ NTS million output)	≤ 8.8
	Technology risks	Failure to use alternatives with lower-carbon emissions to replace existing products and services	6. Improve water recycling rate 7. Improve waste recycling rate	Share of revenue from sustainable products	≥ 56%
Physical Risks	Immediate risks	Shifts in consumer behavior		Water recycling rate (R2)	≥ 83 %
		Increased cost of raw materials		Atom efficiency	≥ 70 %
Physical Risks	Immediate risks	Severity of extreme weather events (e.g., hurricanes and floods)	Improve drainage at each plant and increase resilience of the organization	Incidence of flooding at production sites due to heavy rainfall	0 次

These targets correspond with the Sustainable Development Goals set by the United Nations, including include SDG 6 on clean water and sanitation, SDG 7 on affordable and energy, SDG 12 on responsible consumption and production, and SDG 13 on climate action.

(2) Disclose Scope 1, Scope 2, and, If Appropriate, Scope 3 Greenhouse Gas (GHG) Emissions, and the Related Risks

Since 2005, Everlight has been accredited with the ISO 14064-1 Greenhouse Gases certification by a third-party inspection company. Accredited sites include Plant I, Plant II and Plant III of Everlight. The company has continuously followed the standards of the system to create a carbon footprint inventory for the Group, including other sites such as Everlight Plant IV, Trend Tone Imaging, Inc., and Everlight (Suzhou) Advanced Chemicals Ltd. A comprehensive inventory ensures the accuracy of the GHG emission data.

The result of 2021 GHG inventory, GHG emission data from recent years and GHG emission intensity from 2018 to 2021 are listed as follows:

Data of Greenhouse Gases Emission from 2018 to 2021

Year	Item	Plant I	Plant II	Plant III	Plant IV	Trend Tone	Suzhou Everlight	Everlight (Individual)	Everlight Group
2018	Scope 1 (TCO ₂ e)	3,827	8,089	1,914	11	41	146	13,841	14,028
	Scope 2 (TCO ₂ e)	15,261	14,813	21,296	292	13,754	9,227	51,661	74,641
	Total (TCO ₂ e)	19,088	22,902	23,210	302	13,794	9,373	65,502	88,669
	Output Value (NT\$ million)								7,666
2019	Scope 1 (TCO ₂ e)	3,889	9,645	3,999	15	40	130	17,548	17,719
	Scope 2 (TCO ₂ e)	15,459	13,774	19,331	506	11,924	7,013	49,070	68,007
	Total (TCO ₂ e)	19,347	23,419	23,331	522	11,964	7,144	66,618	85,726
	Output Value (NT\$ million)								7,227
2020	Scope 1 (TCO ₂ e)	3,555	7,585	2,863	22	77	131	14,026	14,233
	Scope 2 (TCO ₂ e)	12,818	12,823	17,118	647	8,520	6,207	43,406	58,132
	Total (TCO ₂ e)	16,373	20,408	19,981	669	8,596	6,338	57,431	72,365
	Output Value (NT\$ million)								6,084
2021	Scope 1 (TCO ₂ e)	3,890	12,126	2,869	25	123	108	18,910	19,141
	Scope 2 (TCO ₂ e)	12,598	14,966	20,015	728	9,973	5,403	48,307	63,672
	Total (TCO ₂ e)	16,489	27,092	22,884	753	10,096	5,511	67,217	82,813
	Output Value (NT\$ million)								7,773

GHG Emissions Intensity from 2018-2022

(Unit: tCO₂e/NT\$ million output)

Year	2018			2019			2020			2021		
	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total
Company	1.81	6.74	8.54	2.43	6.79	9.22	2.31	7.13	9.44	2.43	6.21	8.65
Group	1.46	7.79	9.25	1.95	7.47	9.41	1.89	7.71	9.59	2.06	6.84	8.90

(3) Targets and Performance on Targets on Climate-related Risks and Opportunities

Everlight Chemical views carbon management as the most crucial issue for its future development based on the TCFD climate-related risks and opportunities mechanism. After reporting the analysis to the Board, the company has formulated corresponding preventive measures, which will take effect in 2022.

➤ Carbon management-related targets are relevant to greenhouse gas emissions. Hence, we have set to reduce GHG emission intensity. (The unit of measurement is tCO₂e/ million NT\$ output value).

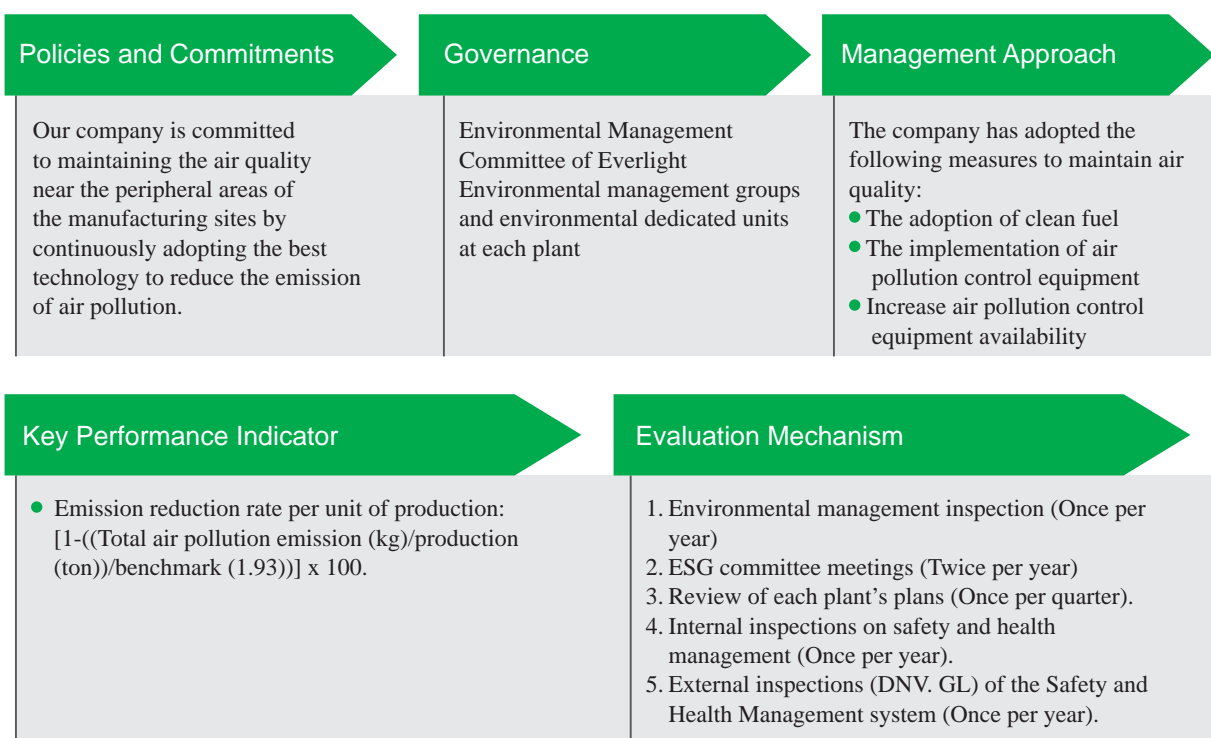
➤ The annual reduction target is 1%, with 2021 as the baseline. From 2022 until 2026, the Group's emission unit will be 8.45 CO₂e/ million NT\$ output value. The company aims to reduce emission by 5% in five years.

-5%Expected GHG Emissions
Reduction in 5 Years**GHG Emission Intensity Targets (Short/Medium/Long-Term)**(Unit: tCO₂e/NT\$ million output)

Year	2021			2022	2023	2024	2025	2026
Item	Scope 1	Scope 2	Total	Target for Total GHG Emissions				
Company	2.43	6.21	8.65	8.56	8.47	8.39	8.30	8.22
Group	2.06	6.84	8.90	8.81	8.72	8.63	8.54	8.45

6. Air Pollution Prevention (GRI 305-7)

Air pollution prevention is a critical area in environmental issues. Everlight Chemical follows the regulations and exceeds the requirements of air pollution prevention. The company adheres to air pollution prevention regulations implemented by the government. In addition, the company uses low-polluting clean energy and improves manufacturing processes to reduce emissions of Sulphur oxide (SO_x) and Nitric oxide (NO_x). Everlight also complies with domestic emission standards by monitoring the latest regulatory changes as a reference for improving air pollution in other areas. For example, the Stationary Pollution Source Hazardous Air Pollutant Emissions Standards.



T

Targets

- Annual increase in emission reduction rate per unit of production: Medium-term targets $\geq 5\%$ (2025); $\geq 6\%$ (2030).

R

Resource Investment

- Introduce the best processing technologies.
- Increase inspections in control equipment.

Everlight’s data on air pollution emissions from 2018 to 2020 showed a rebound and increase in total emission trends, including particulate pollutants, sulfur oxides, nitrogen oxides, and volatile organic compounds. The increase in emissions is because of two reasons. First, the company produces thousands of diverse products in batches to meet the needs of different customers. Second, the different types of manufacturing processes led to more challenges in air pollution treatment.

Therefore, we adopt the best air pollution control equipment and emission reduction measures during manufacturing to control air pollution. In 2021, the company formulated the emission reduction rate per production unit as an evaluation tool for air pollution emission to maintain and improve our air pollution control. In 2021, there was an overall 6% increase in emissions reduction per production unit compared to 2020. The decrease was due to a 20% emission reduction in volatile organic compounds.

-6%

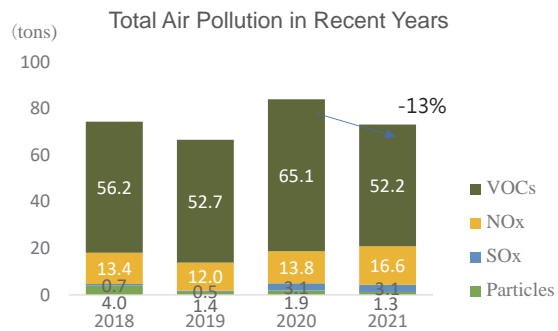
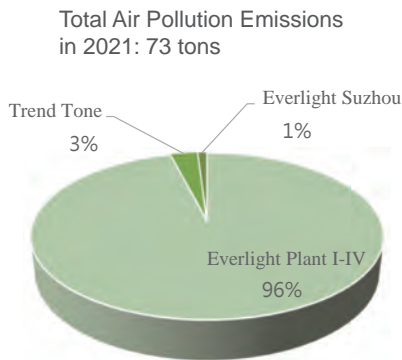
decrease in emission reduction rate per unit of production in 2021

-13%

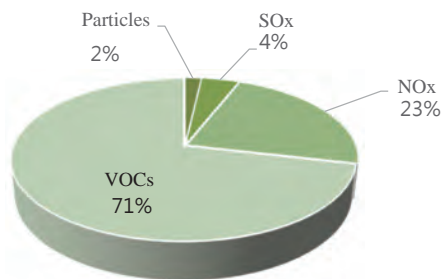
decrease in total air pollution emissions in 2021

Air Pollution Emissions Statistics from 2018 to 2021 (RT-CH-120a.1)

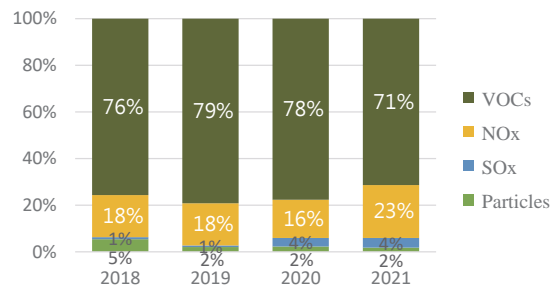
In 2021, total air pollution emissions of the Group decreased by 13% compared to 2020



Air Pollution Emissions in 2021, by Pollutant Type

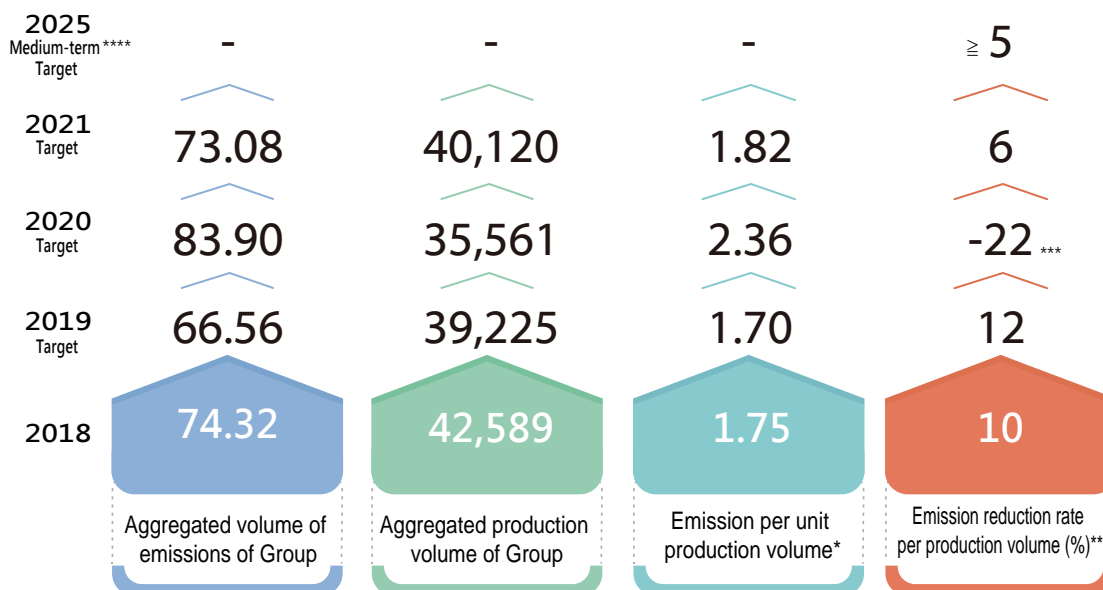


Air Pollutant Mix in Recent Years (Everlight Group)



In 2021, the emission reduction rate per production unit was the management metric for air pollution control. In addition, the management metrics of the Everlight Group from 2018 to 2021 are as follows. Stakeholders can understand our current performance and the medium-term targets (2025).

Emission Reduction Rate per Production Unit Over the Years



* Air pollutant emissions per production unit is the total air pollutant emissions of particulate pollutants, SO_x, NO_x, and VOCs (kg) / Production volume (t).

** Emission reduction rate per production unit: $[1 - ((\text{Air pollutant emissions per production unit} / \text{Benchmark (1.93)})] \times 100$.

*** In 2020, the emission reduction rate per production unit was -22%. The figure was due to two main reasons. First, COVID-19 reduced production capacity. Second, the production of products with high emission factors, including cleaning products and photoresists, increased. *** Each plant reported its emission factors in the documents. There was a 24% increase in the use of volatile organic compounds because of surging market demands for solvent-based products (e.g., cleaning products and photoresists).

**** In 2021, the scope extended to subsidiaries of the Everlight Group. Therefore, the Group's performance and plans from 2018 to 2020 were reviewed to formulate feasible medium and long-term goals.

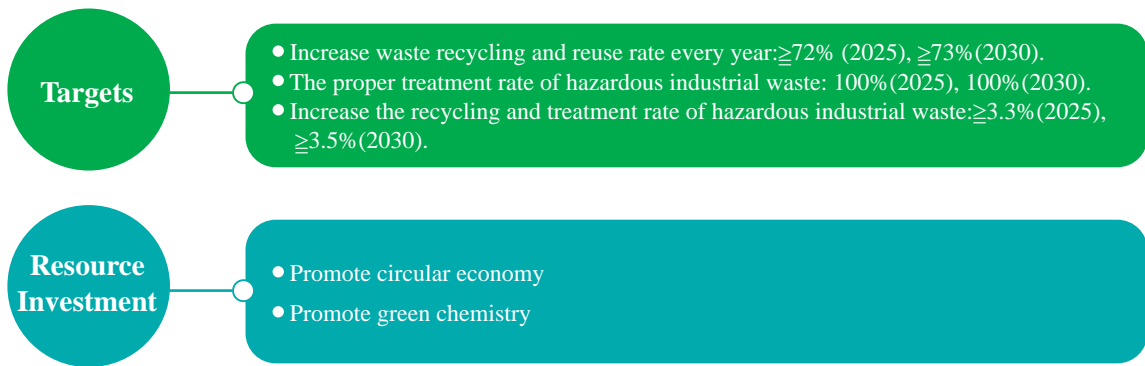
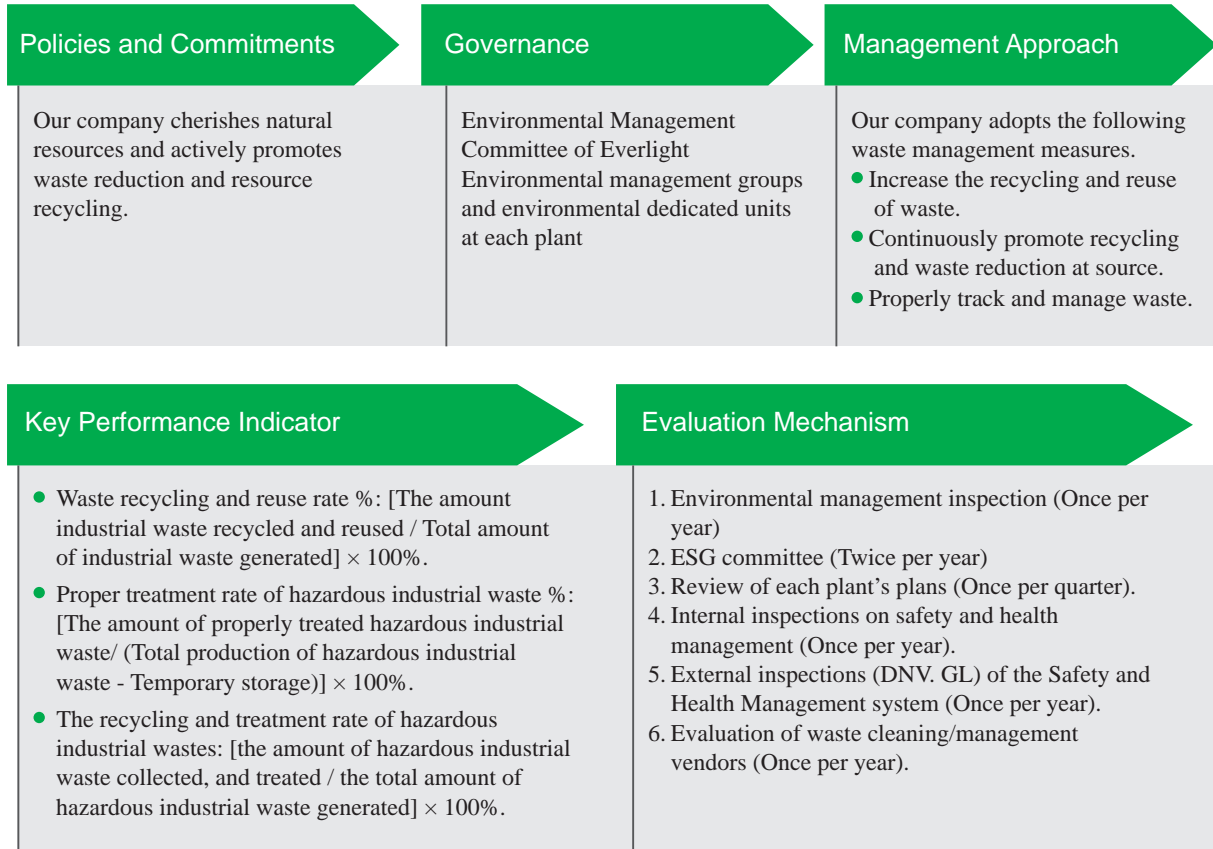
7. Waste Generation and Treatment (GRI 306-1) (GRI 306-2) (GRI 306-3) (GRI 306-4) (GRI 306-5) (RT-CH-150a.1)

Our company manufactures chemical products such as paint, specialty chemicals, electronic and pharmaceutical products. We recycle reusable materials in manufacturing raw materials, production, delivery, environmental pollution prevention, and daily activities. The process includes refilling products for customers and returning used products to suppliers for recycling.

In addition, Everlight promotes a circular economy in manufacturing and uses innovative technology (for instance, mixing dilute acid solutions and iron mud of different processes to form ferrous sulfate for wastewater treatment; using the phosphoric acid-containing solutions to create monosodium phosphate/disodium phosphate for manufacturing purposes; and introducing the thin-film evaporator to improve solvent recovery time). Our company shortens processes to increase efficiency by directly handing the by-product, zinc sulfate, to the customer to be made into zinc oxide. We cut waste at the source and actively encourage waste recycling to achieve resource circulation, increase resource efficiency and at the same time, realize a circular economy.

In accordance with regulations on waste disposal and Everlight's Waste Management Procedures, industrial waste generated is mainly outsourced to third-party services for recycling/reuse, incineration and landfilling. But certain hazardous industrial waste (solvent waste mainly) is processed internally through incineration for steam collection or is returned to suppliers for recycling and reuse. All outsourced waste disposal goes to nationally certified professional vendors (without any cross-border waste disposal practices). We also implement various waste management practices, including:

- Conduct on-site sorting, storage and labeling for waste
- Evaluate disposal service vendors and sign contracts with them
- Track and manage the trajectory of waste weighing and disposal trucks
- Check information on and file waste disposal manifests
- Regularly inspect disposal service vendors and conduct ad-hoc checks (random checks on disposal trucks to ensure outsourced waste has been properly handled)
- Set up contingency plans to prevent any additional environmental burden or pollution risks from waste disposal



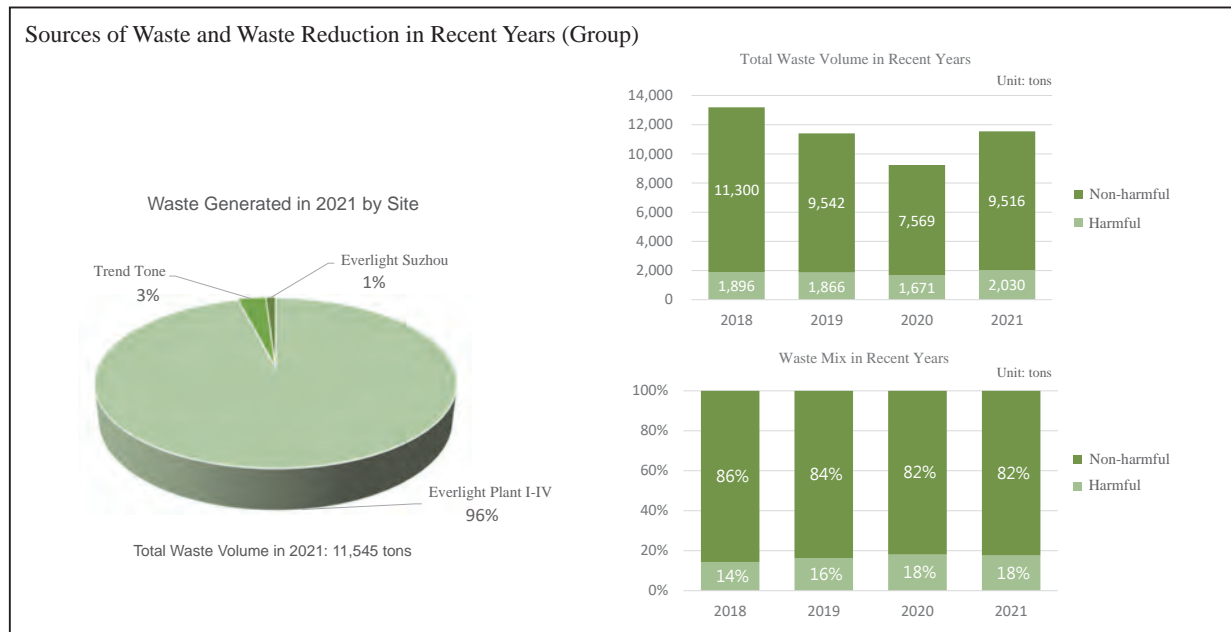
In 2021, the total amount of industrial waste was 11,542.4 tons, including 2,029.7 tons of hazardous industrial waste and 9,512.7 tons of general industrial waste. The amount of waste in 2021 showed an increase of 25% compared to that of 2020 due to an 18% growth in sales. The amount of recycled and reused waste was 8,007.7 tons, making the recycling and reuse rate of waste 69%. The amount of hazardous industrial waste recycled and treated reached 64.4 tons, and the rate of hazardous industrial waste recycled and treated hit 3.2%. Each plant has obtained the proper waste treatment records respectively. Records ensure appropriate management of industrial waste by the outsourced cleaning party.(RT-CH-150a.1)

2021 Waste Disposal Breakdown

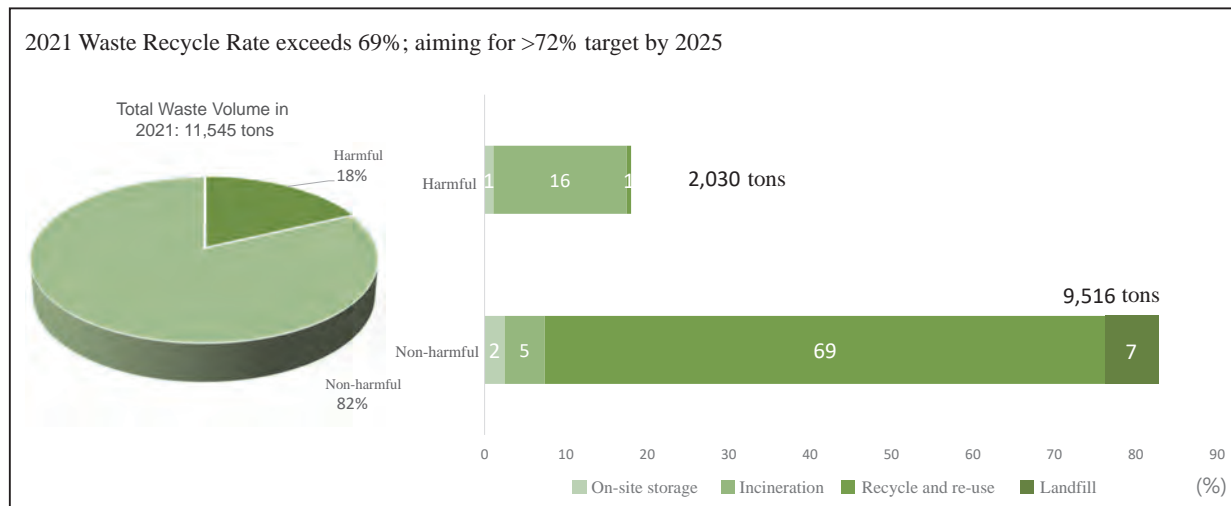
(Unit: ton)

Plant	Waste Type	Disposal Method				Sum	Total Weight of Waste
		Reuse & Recycling	Incineration	Landfill	On-site Storage		
All	Hazardous waste	64.40	1,844.80	-	120.70	2,029.90	11,545.40
	Non-hazardous waste	7,943.30	538.49	723.90	309.90	9,515.50	
	Hazardous + Non-hazardous waste	8007.70	2,383.20	723.90	430.60	11,545.40	

Waste Disposal and Recycling in 2018-2021



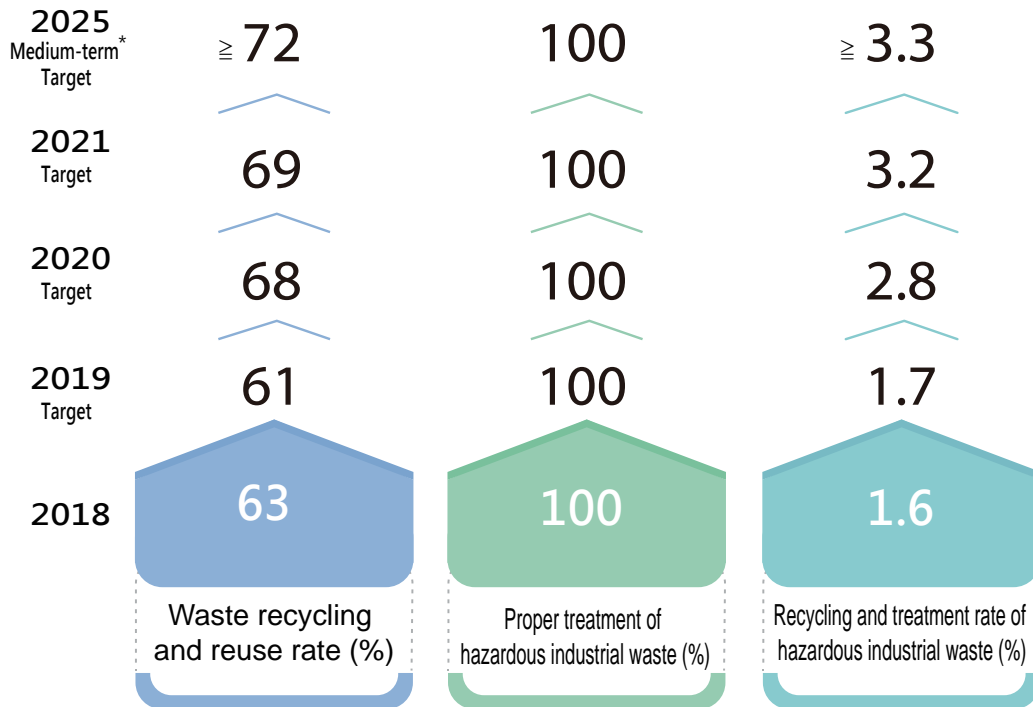
2021 Waste Recycle Rate exceeds 69%; aiming for >72% target by 2025



Conclusion: Waste Management Performance

The company has set three management metrics for waste management. The metrics include the rate for waste recycling and reuse, the proper treatment rate of hazardous industrial waste, and the recycling and treatment rate of hazardous industrial wastes. The Group’s management targets from 2018 to 2021 are listed below to help stakeholders understand our current performance and medium-term goals.

Everlight Management Metrics throughout the Years and Medium-Term Goals (Unit: tons)



* In 2021, subsidiary companies of Everlight also followed the targets. Therefore, the Group's performance and plan from 2018 to 2020 will be used as a reference for formulating feasible medium- and long-term targets for the Group.

8. Improve Resource Utilization (GRI 302-5) (GRI 301-2) (GRI 302-5)

Resource utilization is one of the most crucial indicators in the Green Gold Vision plan proposed by Everlight Chemical in 2015. We improve manufacturing efficiency to reduce waste and minimize wear and tear in the manufacturing process. Everlight Chemical has introduced the Twelve Principles of Green Chemistry and used atom utilization rate as an indicator for evaluation and management. Our company has implemented manufacturing waste reduction projects, enhanced process recycling and reuse, and created innovative technologies. We continuously work towards our goals to promote the reuse and recycling of resources.

Also, the company will increase the use of renewable raw materials. Renewable raw materials are usually derived from agriculture or the life cycle of an organism. Compared to nonrenewable resources such as fossil fuels, natural gas, coal, and minerals, renewable raw materials are less harmful to the environment. Hence, the company uses renewable raw materials as much as possible to minimize the environmental impacts.

Policies and Commitments	Governance	Management Approach
Our company cherishes natural resources. The product design and manufacturing process follow the Twelve Principles of Green Chemistry.	Environmental Management Committee of Everlight Environmental management groups and environmental dedicated units at each plant	<ul style="list-style-type: none"> Continuous product selection (products that meet the requirements for sustainable products and adds value to the wellbeing of mankind). Continuously improve the manufacturing process. Continuously evaluate information with the atom utilization rate

Key Performance Indicator

- Atom Utilization Rate: (Total chemical products available for sale / Total chemical substance used) x 100%.

Evaluation Mechanism

1. Environmental management inspection (Once per year)
2. ESG committee (Twice per year)
3. Review of each plant's plans (Once per quarter).
4. Internal inspections on safety and health management (Once per year).
5. External inspections (DNV. GL) of the Safety and Health Management system (Once per year).
6. Circular Economy Committee (Once per quarter).

Targets

- Increase atom utilization rate on a yearly basis: $\geq 67.6\%$ (2025) ; $\geq 68\%$ (2030)

Resource Investment

- Promote circular economy
- Promote green chemistry
- Develop sustainable products

2021 Accomplishments

- In 2021, the atom utilization rate of the plants reached 67.1%. In the same year, Everlight's Plant III made improvements to the manufacturing process, improved the atom utilization rate, and generated 88 million NTD. Because of this, the plant won the Circular Economy Achievement Award from the Taiwan Chemical Industry Association (TCIA).
- In 2021, the use of renewable raw materials reached 2%, and the use of renewable materials reached 44%, which outperformed 2020. In 2020, the figure was 1% and 44%, respectively. In the future, the company will continue to increase the use of renewables.

9. Environmental Regulation Compliance (GRI 307-1)

Environmental Violations: There were no violations in 2021.

Progress on Remediation for Soil and Groundwater Pollution Sites

On December 9th, 2016, Everlight Plant III was listed as a Soil and Groundwater Contamination Remediation Site. On 2020 January 16th, the Taoyuan Government approved the remediation project. The annual budget for this remediation plan is 30 million NTD. The project is expected to be completed in June of 2025.

In 2021, the remediation wells in the entire area were completed, and the removal and treatment of pollutants began. The progress is in line with the targets. At the same time, a sewage collection tank was installed in the plant to prevent leakage and pollution.

In 2022, the company continues to carry out improvement projects according to plan by activating the sewage collection system and renovating the drains in the plant.

No major leakages in 2021

The manufacturing plants of Everlight Chemical are all listed as chemical operation sites by competent authorities. Therefore, the plants have all acquired documents from the government that abides by legal requirements. The plants also conduct safety management on all chemical substances and products. In addition, we proactively participate in joint organization for registered chemical substance control and the preparation of response equipment. Also, training and drills for hazard prevention and response plan are held every year to shorten worker response time, increases familiarity with protective gears, and reduces the incidence rate and impact. These procedures ensure that all controlled chemical substances can operate normally. There were no major leakage incidents in 2021.

Conclusion: Environmental Impact Assessment of the Local Community and Supply Chain (GRI 306-2) (GRI 413-1) (GRI 413-2) (RT-CH-210a.1)

Our manufacturing plants are in different areas. There are Dayuan Industrial Park, Guanyin Industrial Park, and Taoyuan Science Park in Taoyuan City. Hsinchu Science Park is in Hsinchu City whereas Suzhou Industrial Park resides in Jiangsu Province, mainland China. The environmental impacts of each plant on the regions are as follows:

Water withdrawal

Each plant has made an inventory using the Aqueduct Water Risk Atlas designed by the World Resource Institute to identify possible water-stressed areas in their locations. After evaluation, we found that Everlight (Suzhou) Advanced Chemicals Ltd. is in a water-stressed area. Therefore, we are strengthening water management in the area. In addition, each plant promotes the recycling and reuse of water which is why there was a lot of progress in water conservation.

Pollutant Emission Management

Each plant perform treatment on the pollutants according to local regulations before emission. Hence, there was no negative impact on the local environment.

Waste Management

Waste were effectively sorted, and properly treated. Qualified waste cleaning companies were commissioned to assist in the removal of waste. Documents record the amount of waste processed by the cleaning company to ensure proper treatment of industrial waste.

Management of controlled chemical substances

Most of our manufacturing plants are government-registered sites for chemical substance operations. Therefore, they all have documents issued by the competent authorities. The safety management of related chemical substances is well-conducted in these plants. Plants also participate in joint organizations for controlled chemical substances. They have response equipment during the use and transportation of controlled chemical substances. Annual drills and training are held on hazard prevention and contingency plans to enhance workers' ability to deal with emergencies. These procedures are in place to reduce the incidence rates and impact on environmental hazards.

Environmental impact management in the supply chain

After an environmental risk assessment of the supply chain in each manufacturing site, we found out that our biggest environmental impact is Scope 3 emissions. Therefore, we will conduct the carbon footprint inventory project and create carbon reduction targets and plans. These implementations will reduce the environmental impact of Scope 3 emissions.

Honest disclosures

All Everlight plants comply with governmental regulations. For example, the implementation of various environmental operations and the uploading and reporting of all required information. Our company ensures that everything is legal and in compliance with the law. We conduct all operations in such a way as to minimize any significant or potential negative impact on the local community. In the event of penalties for non-compliance, Everlight will honestly disclose them.



Chapter 5 Social Responsibility

Besides operating its business, Everlight Chemical also actively fulfills its corporate social responsibility (CSR). We provide employees with a safe and inclusive workplace and actively engage in public services, environmental issues and giving back to the community, which reflects our brand philosophy—Better Chemistry, Better Life. (RT-CH-530a.1)

1. Human Rights Issues and Assessment (GRI 406-1)

Guided by its policy of Management by Love, Everlight Chemical cares deeply about human-rights-related issues and continues to update its Work Rules to comply with regulations at home and abroad, revising provisions regarding working hours, salary and leave policies in accordance with the latest amendments to the Labor Standards Act, so as to cultivate a quality and inclusive workplace where all Everlight employees can work safely and enjoy proper protection and security.

In compliance with regulations, the Company holds labor-management consultation meetings on a quarterly basis, where management and labor representatives can thoroughly communicate. The Company approaches labor relations with a sincere attitude. We value our employees' opinions and always seek to offer proper responses, so as to manage labor relations effectively and facilitate cooperation. Every year, Everlight Chemical holds year-end employee symposiums and publishes quarterly journals to inform employees of the Company's key policies and achievements. We provide clear channels of communications for employees to promptly voice their opinions and feedback. These measures represent our efforts to put our core business principle of "Respecting Our Employees" into practice.

In response to international trends and corporate governance practices, Everlight Chemical adopted the Everlight Chemical Human Rights Policy on August 16, 2019. As outlined below, the Policy is based on the four fundamental principles and rights at work by the International Labour Organization (ILO). Formulated through rounds of meetings and discussions at both management and operational levels, the Policy embodies the Company's organizational culture and business philosophy, its mission to build a Happiness Enterprise, and its efforts to ensure compliance to local regulations at all branches across the globe. (GRI 408-1) (GRI 409-1)



Human Rights Assessment (GRI 407-1) (GRI 408-1) (GRI 412-3)

Everlight Chemical has taken steps to ensure that all its branches are compliant with local laws and regulations. With regard to the first article in the Company’s Human Rights Policy, which is to “respect employees’ freedom of association and rights to collective bargaining,” all Everlight branches in Taiwan have fully implemented relevant policies and prevented incidents of human rights abuses. The Company has also conducted supplier surveys to verify that each supplier is compliant with occupational safety and health regulations and other relevant local laws and regulations. In the 3,000+ procurement contracts we sign annually, we require suppliers to sign and attest that they do not use child labor as a prerequisite to become a qualified supplier. We have also fully disclosed our social responsibility standards on the supplier portal of our official website, so that suppliers understand our stance and requirements regarding employees’ freedom of association and collective bargain rights.

Human Rights Training (GRI 412-2)

Everlight Chemical provides educational training for all employees through its monthly meetings, HR website and quarterly publications.

1,174 employees completed our Human Rights Policy Training in 2021, which represented a 100% completion rate and 59 training hours in total.

Policy	Measures Implemented
Respect employees’ freedom of association and right to collective bargaining	<ol style="list-style-type: none"> 1. A trade union has been established. Around 80% of the employees are union members. 2. To maintain healthy labor relations, the Company holds labor-management consultations quarterly, as required by relevant regulations, and dinner meetings with union representatives at the end of each year. 3. Year-end employee symposiums are held on an annual basis to ensure open channels of communication and protection of employee rights.
Prohibit forced labor	According to the Labor Standards Act and the Company’s Work Rules, where it is necessary for an employee to work outside of regular working hours, such hours may be extended upon approval of the union.
Prohibit use of child labor	In accordance with the Labor Standards Act, no child labor is allowed.

Note: Number of employees that have completed the training refers to the number of employees in attendance of the training during the month the training was held.

Sexual Harassment Prevention

Effective corrective measures, remedial actions and adequate protection have been taken to prevent incidents of sexual harassment. The Company has formulated the Measures for Complaints & Disciplinary Actions against Workplace Sexual Harassment, which specifies the definition and scope of sexual harassment, establishment of a Sexual Harassment Complaints & Redressal Committee, a complaints and remedy system, arbitration procedures, duty of confidentiality, counseling support, medical referral services and more.

A dedicated phone line, fax, mailbox and email address have been set up for sexual harassment complaints, with relevant information and resources displayed in prominent places in the workplace. When faced with sexual harassment in the workplace, employees may file a complaint with a member of the above-mentioned Committee. Everlight Chemical also regularly holds anti-sexual harassment training to educate employees on proper prevention practices and help guard against workplace sexual harassment.

Policy	Measures Implemented
Zero tolerance for discrimination (GRI 406-1)	<ol style="list-style-type: none"> 1. The Company recruits and manages employees in accordance to the Act of Gender Equality in Employment, the Employment Services Act, the Labor Standards Act and relevant regulations. The Measures for Complaints & Disciplinary Actions against Workplace Sexual Harassment and the Complaints & Redressal Committee have been in place. No complaints of discrimination were filed in 2021. 2. The Company has listed “Respect Our Employees” as one of its core business principles. We follow a humanistic management approach where employees must respect each other and no discrimination, insult, verbal abuse or physical violence is allowed. 3. To protect the rights of employees that are indigenous people, we offer leave for traditional Indigenous ceremonies to allows employees to take leave and participate in traditional ceremonies and celebrations of their culture.

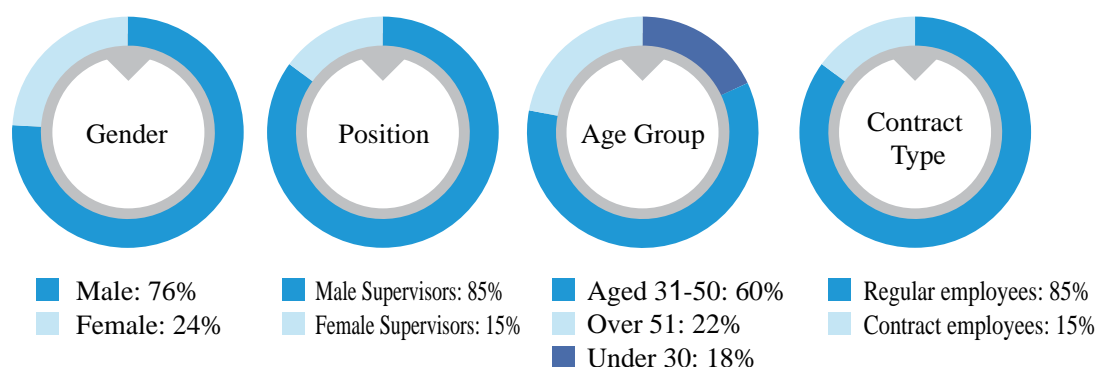
2. Building a Happy Workplace (GRI 102-8)

Talent is essential to Everlight Chemical's sustainable development. Aligned with the government's economic policies, Everlight Chemical continues to keep its main production bases and operational headquarters in Taiwan and to invest in cultivating operational and management talents across technology and other functions. Besides putting great emphasis on product quality, innovation, research and development (R&D), manufacturing capabilities and technical services, we have established deep roots in Taiwan, including setting up production bases and an R&D division to drive the growth of the high-tech chemical industry in Taiwan and to contribute to the human society.

Composition of Employees at Everlight Chemical

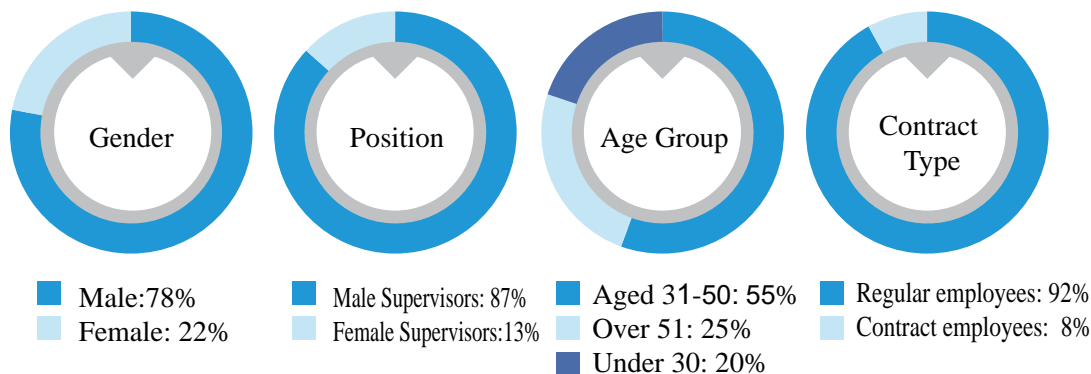
In 2021, the Everlight Chemical Group had 1,748 full-time employees in total, 76% of whom were male workers and 24% female workers.

The following is a general breakdown of the labor structure of the Everlight Chemical Group (inclusive of: Trend Tone Imaging and Everlight Chemical's subsidiaries in Suzhou, Shanghai, Guangzhou, Hong Kong, the Netherlands, the United States and Turkey):



Item	Male	Female	Total
Employee headcount	1,321 (76%)	427 (24%)	1,748 (100%)
Position			
Managerial positions	474	82	556
Non-Managerial positions	847	345	1,192
Age Group			
Under 30	236	76	312
Aged 31~50	776	282	1,058
Aged 51 or above	309	69	378
Contract Type			
Employees on non-fixed-term contracts	1,109	385	1,494
Employees on fixed-term contracts	212	42	254

Labor Structure of Everlight Chemical (Inclusive of: Taipei headquarters and Everlight Plant I-IV)



Item	Male	Female	Total
Employee headcount	973 (78%)	280 (22%)	1,253 (100%)
Position			
Managerial positions	343	52	395
Non-Managerial positions	630	228	858
Age Group			
Under 30	202	47	249
Aged 31~50	516	180	696
Aged 51 or above	255	53	308
Contract Type			
Employees on non-fixed-term contracts	873	279	1,152
Employees on fixed-term contracts	100	1	101

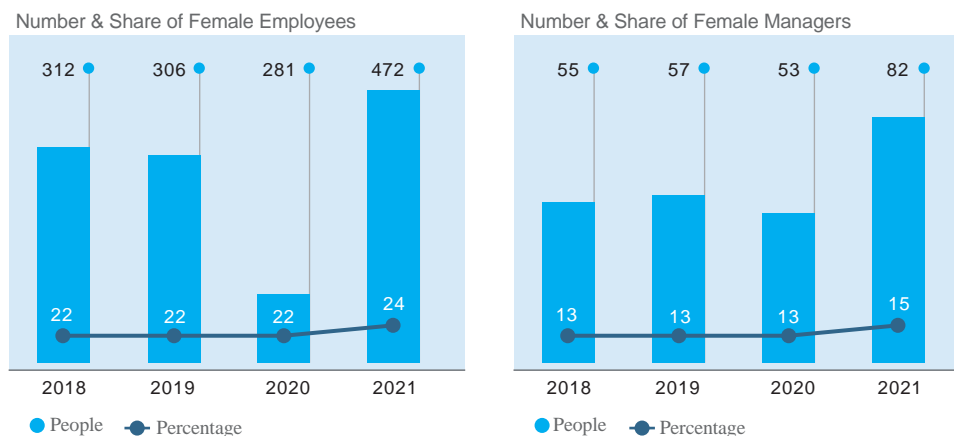
Note: The Company has met the target number of employees with disabilities it was required to hire, which was 11 employees (11 male employees and 0 female employee with disabilities have been employed). Although total employee headcount has dropped slightly by 2% from last year, the majority of both male and female workers belong to the 31-50 age group, representing the skilled and experienced group of the young and middle-aged adult workforce.

Commitment to a Diverse and Gender Inclusive Workforce (GRI 405-1)

Everlight Chemical recognizes that workforce diversity plays a critical role in driving business resilience and overall operational performance. Thus, we continue to focus on building a Happiness Enterprise with a diverse and inclusive workplace. Given the nature of the industry we operate in, female employees do not account for a large share of our workforce. That said, we remain dedicated to our diverse workplace commitment and have set the long-term goal of increasing the share of female employees we hire by the year, which constitutes part of our ongoing efforts to build a gender-inclusive workplace.

Currently, 24% of the employees of the Everlight Chemical Group are female workers, a percentage that is higher than our industry peers (whose share of female workers stands at around 11%~25%). Still, we aim to raise the percentage to an even higher end in the industry.

Number/Year	2018	2019	2020	2021
Number & share of female employees	312 (22%)	306 (22%)	281 (22%)	427 (24%)
Number & share of female managers	55 (13%)	57 (13%)	53 (13%)	82 (15%)
Number of female directors	1	1	1	1



Diversity Recruiting (GRI 401-1) (GRI 405-1)

In its recruitment and employment, Everlight Chemical considers a candidate's competency and character and does not discriminate against nationality, race or religion. As the Company continues to build towards a culture of diversity, it will continue to promote multi-skill development and job rotation programs to cultivate multidisciplinary talents and ensure equal pay for equal work between male and female workers.

In 2021, 238 new hires joined the Everlight Chemical Group, and 290 full-time employees left the Group. Most of the new hires were under the age of 30, and most of the resigned or discharged employees were between 31-50 years old. The numbers for both categories showed little difference from the numbers for 2020.

Breakdown of Newly Hired and Resigned/Discharged Employees, by Age Group (2021) (Inclusive of Everlight Chemical, Trend Tone Imaging and Everlight Chemical's subsidiaries in Suzhou, Shanghai, Guangzhou, Hong Kong, the Netherlands, the United States and Turkey)

Item	Age Group	Number of Male Workers	% of Male New Hires	Number of Female Workers	% of Female New Hires	Total (Male+Female)
New Hires	Under 30	109	64%	45	67%	154
	Aged 31~50	54	31%	22	33%	76
	Aged 51 or above	8	5%	0	0%	8
	Subtotal	171	100%	67	100%	238
Resigned or Discharged Employees	Under 30	87	38%	33	52%	120
	Aged 31~50	122	54%	27	42%	149
	Aged 51 or above	17	8%	4	6%	21
	Subtotal	226	100%	64	100%	290

Breakdown of Newly Hired and Resigned/Discharged Employees at Everlight Chemical, by Age Group (Inclusive of: Taipei headquarters and Everlight Plant I-IV)

Item	Age Group	Number of Male Workers	% of Male New Hires	Number of Female Workers	% of Female New Hires	Total (Male+Female)
New Hires	Under 30	92	73%	30	88%	122
	Aged 31~50	30	24%	4	12%	34
	Aged 51 or above	4	3%	0	0%	4
	Subtotal	126	100%	34	100%	160
Resigned or Discharged Employees	Under 30	67	43%	27	69%	94
	Aged 31~50	71	46%	10	26%	81
	Aged 51 or above	17	11%	2	5%	19
	Subtotal	155	100%	39	100%	194

In 2021, Everlight Chemical added 160 new hires in total, while 194 full-time employees left the Company.

Given the nature of the chemical industry, most of the new hires and resigned/discharged employees were under the age of 30. There was little difference between this year's and last year's statistics.

Our Talent Recruitment & Retention Practices

Guided by the principle of “Respecting Our Employees” and “Character First,” Everlight Chemical takes a humanistic approach to employee management and integrates character education in the daily aspects of employees’ life and work. Also, in adherence to our philosophy of Business by Integrity, we offer reasonable rights and benefits to employees and are committed to maintaining sound and collaborative labor relations.

Compensation Policy (GRI 102-35)

Everlight Chemical’s compensation and benefits policy is designed to provide employees with career opportunities and a salary they can thrive on. Our remuneration policy balances external competition and internal factors and takes into account the sustainable development of the Company. The policy also aligns incentives with employee performance and helps ensure market competitive salary across the board. The Company also offers variable compensation, such as bonuses, which are based on individual performance and achievement of organizational goals (or profit levels) to reward employees for their outstanding performance and share the fruits of the Company’s success with them.

Employee Salary (GRI 102-38) (GRI 102-39) (GRI 202-1) (GRI 405-2)

For the year 2021, the ratio of salary for both male and female employees at Everlight Chemical to the local minimum (NT\$24,000) is 1.18 to 1. Salary paid to each and every employee at Everlight Chemical is higher than the local minimum salary. In 2021, the average annual salary for full-time employees in non-managerial positions at the Company was NT\$741,000, representing an 8.7% increase from 2020. The median annual salary for the same category was NT\$707,000, representing an 8.4% increase from 2020.

Item	2019	2020	2021
Number of Full-Time Employees in Non-Managerial Positions (Persons)	1,310	1,257	1,173
Average Salary for Full-Time Employees in Non-Managerial Positions (NT\$000/Person)	713	676	741
Median Salary for Full-Time Employees in Non-Managerial Positions (NT\$000/Person)	680	647	707

Note: Calculation of “Number of Full-Time Employees in Non-Managerial Positions” is based on the method specified by the Taiwan Stock Exchange Corporation (TWSE): number of all company employees (or “regular employees,” inclusive of both resident and foreign nationals) less number of employees in managerial positions (managers), number of employees at overseas subsidiaries, number of part-time employees and other types of employees that are exempted from calculation. The Company has disclosed such information according to TWSE rules applicable to listed companies. The figures have excluded employees from Everlight Chemical’s overseas employees and included only employees of Everlight Chemical Industrial Corporation.

Training and Education (GRI 406)

Learning and Growth: Character Education

Everlight Chemical believes that employees with good character can deliver great results. Thus, we have remained devoted to character education for more than twenty years. Character is the most valuable asset a person can have and a crucial characteristic valued by Everlight Chemical. We encourage employees to demonstrate good character not only at work but also at home and in life and consider good character as a lifelong pursuit. To further our company culture, we have established the Everlight Character First Implementation Measures as the basis of our promotion and implementation of character education.

Character education is a unique part of Everlight's company culture. In terms of management, managers of all levels should embody the spirit of service and practice servant leadership. They should lead by inspiring team members and lead by example, so that employees can resonate and connect with the Company's culture and philosophy.

Focus	Measures Implemented
Character Commendation	Employees are featured and honored at monthly meetings at each plant/business unit for their acts of good character. In 2021, a total of 152 employees had been commended for good character.
Training and Exchange	<ol style="list-style-type: none"> 1. The Company teaches the concept of "Character over Accomplishment" through sharing at monthly meetings and coverage in quarterly publications. 2. The Company provides each employee with a free copy of the monthly character-themed journals it publishes for employees to study and share with family and friends. 3. Every month, each division holds a 30-minute discussion session about the featured monthly journal to help employees grasp key concepts and put them into practice. 4. Managers of all levels should familiarize themselves with the elements of good character. They should keep these concepts in mind and inspire team members by modeling acts of good character.
Content and Publications	<ol style="list-style-type: none"> 1. Include commendations of good character, educational information, personal stories and other resources in the Company's quarterly publications, as a way to provide employees with comprehensive information about character education. 2. Provide free affirmation cards that are easy to carry around and reference to when needed to help employees practice good character anytime, anywhere. 3. Design and display monthly character-themed posters on bulletin boards to serve as a reminder of the character education theme of the month. 4. Print monthly character education content on calendars and give them out as gifts for all employees.
Character Management	<ol style="list-style-type: none"> 1. Include character as a factor in performance reviews. 2. Require job applicants to fill out a character trait questionnaire upon application.



Employee Skills Upgrade (GRI 404-2)

Everlight Chemical conducts recruitment, employment, talent development and performance management based on the job function and competency framework the Company has developed. To help strengthen employees' skills across the board, we conduct annual surveys on training needs, where employees can raise their training needs in terms of general or technical competencies and in reference of a checklist for key business continuity management (BCM) roles and competencies. Managers also take the opportunity of annual performance reviews to discuss with employees the organizational development and changes at the Company, department needs and new task requirements, which helps employees improve work quality and acquire the necessary knowledge, mindset and skills for future work assignments. These practices help strengthen the organization as a whole and improve the Company's competitiveness.



Opportunities for Further Studies and Career Development (GRI 404-1)

Following each year’s employee training plan, the Company prepares and provides employees with training modules within its own educational training system, such as orientation training (including general and technical topics) as well as on-the-job training (including inspirational training, position-based training and professional training), in the hope of cultivating further capabilities across production, R&D, marketing, management and other functions and improving the Company’s competitiveness.

In addition, out of work-related necessity, the Company may assign employees to receive further training or study at home or abroad (including pursuing a master’s or PhD degree or professional/technical studies), which will allow employees to upgrade relevant skills and enhance performance at work.

- ▶ So far 35 employees have completed a master’s/PhD degree or an external training program while working at Everlight
- ▶ In 2020, a total of four colleagues pursued further studies. In 2021, six colleagues pursued further studies online (including four who enrolled in online master’s or PhD programs), with business management and technical expertise related to each of their positions as the main fields of study.

Average Training Hours per Year per Employee at the Everlight Chemical Group (Including Trend Tone Imaging and Everlight Chemical’s subsidiaries in Suzhou, Shanghai, Guangzhou, Hong Kong, the Netherlands, the United States and Turkey) (GRI 404-1)

Item	Male (Managerial)	Male (Non-Managerial)	Female (Managerial)	Female (Non-Managerial)
Everlight Chemical Group				
Number of employees	494	793	84	370
Total training hours (hours)	64,745	57,192	6,106	16,823
Average training hours per person	131	72	73	46
Everlight Chemical				
Number of employees	365	586	54	258
Total training hours (hours)	60,950	50,192	4,838	14,266
Average training hours per person	167	86	90	55

Note: 1. The figures above included all employees that were employed during the year 2021.
 2. In 2021, training costs and hours continued to grow as talent development and training continued despite the COVID-19 outbreak. On top of that, figures for 2021 also included training at the Company’s subsidiaries, and thus the total training hours per person, which was 83 hours, represented a 12% growth from last year.



Mentorship Program for New Hires

For new hires, the onboarding process is followed by a new hire orientation, where the Company provides an overview of its HR website, company policies and employee benefits. Besides providing new hire orientation in accordance with Everlight Chemical’s Educational Training Implementation Measures, the Company also implements a mentorship program that matches senior colleagues with junior employees. Senior-level employees would share technical know-how and expertise with junior employees through in-person interactions as well as video or audio resources, helping junior employees learn the skills needed in their new roles. Supervisors also actively check in with newly-onboarded employees to help them fit in smoothly and feel engaged at work.

The Taipei headquarters and company plants hold discussions/symposiums for new hires, where the management team or each plant’s executives and head of HR can directly learn about how newly-onboarded employees are doing at work and provide support when needed.



Percentage of Employees Receiving Regular Performance and Career Development Reviews (GRI 404-3)

Everlight Chemical regularly conducts performance reviews for all employees in accordance to its Performance Review Procedures. Performance reviews are conducted in May and November each year, with key annual objectives and goals set with employees as the focus of performance reviews. Performance reviews will also serve as a basis of future training and promotion. As of the end of 2021, performance reviews for all full-time employees have been completed.

Employee Assistance Program (GRI 404-2)

In 2021, Everlight Chemical continued to offer an employee assistance program (EAP), through which employees may seek phone or in-person counseling services from the Taiwan Institute of Psychotherapy. Employees can also resort to the EAP program if they have counseling needs regarding retirement or career transition. In 2021, 26 employees made use of the phone counseling services from the EAP program (no counseling services involved the topic of retirement).

Everlight Chemical also provides retirees with opportunities to transition to an advisory role based on their expertise. By the end of 2021, the Company has hired four such advisors to participate in projects/counseling. These advisors also provided guidance to the successors to their positions. Through this practice, Everlight Chemical provides a way for retired managers to adjust to life after retirement and pass on their wisdom and insights.

Labor-Management Consultations (GRI 102-41)

The trade union at Everlight Chemical was founded in 1987. As of 2021, the union has 968 members, which is equivalent to 77% of employees at Everlight Chemical. Though no collective agreements have been made, the Company has formulated its Work Rules and holds four labor-management consultation meetings each year, as required by regulations, enabling smooth communication between both sides through presentations and proposals. There has been no labor-related disputes so far. The Company also holds year-end dinner meetings with union representatives to coordinate on labor relations matters and facilitate cooperation.

The Company has also set up a Staff Welfare Committee that allows employees to take charge of managing matters related to employee welfare. The Company offers diverse channels of communication to encourage colleagues to voice their opinions and participate in the discussion. Employees can submit work reports or proposals for discussion, which also helps facilitate smooth communication between employees and management.

In addition, monthly meetings are held to help employees understand the Company's operations and future directions. The Company also holds year-end employee symposiums and publish quarterly journals to inform employees of key company policies and future directions. These measures allow employees to voice their opinions in a timely manner and offer clear channels of communication, helping Everlight Chemical to put its philosophy of "Respecting Our Employees" to practice.



Meeting between the Company's chairman and union representatives



Employee Care and Support (GRI 201-3) (GRI 401-2)

With a commitment to supporting employees' well-being and protecting their rights and interests, Everlight Chemical has established the Staff Welfare Committee to coordinate matters and measures regarding employee welfare. As outlined in the key disclosures below, our support for employees also extends to the well-being of their families:

1. Annual Corporate Retreats Organized by the Staff Welfare Committee

676 employees participated in the annual corporate retreat in 2021. Other employees participated in self-organized trips among employees (around 369 participants). These amount to a total of 1,045 participants with 90% of employees utilizing their travel stipends.

2. Scholarships for Children of Employees

213 employees received education stipends in 2021, which supported the education of 597 family members during the two semesters of the year. For dependents of deceased employees, the Company provides a cost-of-living allowance for children and makes a condolence payment to the bereaved families every Lunar New Year and check in with them by phone.

3. Promotion of and Allowances for Club Activities

Everlight Chemical currently has 18 clubs and 403 club members. Not only do we regularly hold internal competitions like the Everlight Table Tennis Tournament, the Everlight Badminton Championship and Year-End Softball Tournament, our softball club also competes in external competitions (such as the Wenshan Director Cup Softball Tournament and the Shuang Ho Softball Summer League) to meet and learn from other sport lovers. However, due to the pandemic, this year most large-scale club activities had been canceled for infection prevention reasons.

4. Support and Assistance for Employees with Critical Illnesses or Injuries

To support employees with critical illnesses or injuries, Everlight Chemical implements a support program, provides them with necessary assistance in life, makes necessary adjustments to their work routines and supports employees through their recovery process. And towards families of deceased employees, the Company provides a cost-of-living allowance for children and makes a condolence payment to the bereaved families every Lunar New Year and check in with them by phone.

5. Low-Carbon and Healthy Kitchens

When it comes to physical and mental health, Everlight Chemical understands that prevention is better than cure. This is why we also cares for our employees by providing them with healthy meals. We have set up low-carbon central kitchens that supply healthy meals at our plants. Our kitchens has been certified by the Taoyuan City Government as "Low-Carbon & Healthy Kitchens."

6. Support for Foreign Workers

The Company currently has 100 foreign employees from Southeast Asia. To ensure that foreign workers are treated fairly and humanistically, we have established a Foreign Worker Management Policy. We also perform regular assessments on broker agencies and work with the government to conduct external evaluations to elevate the overall work quality.

7. Employee Assistance Program

To provide further support and assistance for employees, the Company operates an employee assistance program (EAP) that allows employees to make use of phone and in-person counseling services from the Taiwan Institute of Psychotherapy. The Company also offers sensitivity training for managers to ensure they are attentive to the needs of their team members.



Building a Diverse and Inclusive Workplace

Guided by Everlight Chemical's core values, Business by Integrity, Management by Love, and its commitment to build a Happiness Enterprise with an inclusive workplace, the Company is committed to supporting female employees and helping them to achieve their best potential. In the hope of creating a gender-inclusive workplace, the Company implements diversity and inclusion practices of standards higher than current regulatory requirements:

1. Offer nursing (lactation) rooms.
2. Offer maternity parking.
3. Adhere to regulations and requirements regarding prenatal and postpartum care for maternal health protection.

Through these measures, the Company hopes to bring accessibility to maternal health protection, support female employees to feel valued, and allow them to work in a truly comfortable and healthy environment.

Employee Reinstatement and Retention from Parental Leave in 2021 (the Everlight Chemical Group) (GRI 401-3)

To balance work and family life, employees can apply for parental leave to care for a newborn or newly adopted child. Compared with the figures in 2020, retention rate of female employees from maternity leave has grown by 33% in 2021, while retention rate of male employees from paternity leave stood at the same rate of 100%.

Item	Male	Female	Note
Number of employees qualified for parental leave in 2021*	72	40	Calculation beginning from January 1, 2018
Number of employees who took parental leave in 2021	10	15	
Number of employees who should return to work in 2021 (A)	3	12	Number of employees who applied for parental leave for 2020 and would return to work in 2021
Number of employees reinstated in 2021 (B)	3	9	Number of employees who applied for parental leave for 2020 and who actually returned to work in 2021
Rate of reinstatement in 2021 (B/A)(%)	100%	75%	(B) as a percentage of (A)
Number of employees reinstated in 2020 (C)	2	7	Number of employees who applied for parental leave for 2019 and actually returned to work in 2020
Number of reinstated employees who remained employed by us twelve months after (D)	2	7	Number of employees who remained employed by us twelve months after their reinstatement in 2020
Retention rate in 2021 (D/C)(%)	100%	100%	(D) as a percentage of (C)

* Inclusive of employees who had applied for maternity or paternity leave between January 1, 2018 and December 31, 2021 and who were still with the Company as of December 31, 2021.



Support for Employees Who Are Indigenous People or Foreign Workers (GRI 411)

Out of respect for the culture and traditions of indigenous peoples, Everlight Chemical offers leave for traditional indigenous ceremonies (there are currently six employees that are indigenous people). The Company also employs 100 foreign workers. The Company has implemented the following measures to help make Taiwan feel like home and help foreign workers feel included at work:

1. Offer space for sports and leisure activities.
2. Send counselors to our plants to check in with employees and provide support.
3. Hold year-end Thanksgiving services and dinners.
4. Hold sports competitions and leisure activities.
5. Provide access to satellite television.
6. Provide dishes from hometowns of foreign workers on weekends.





Diverse Group and Club Activities

1. Everlight Chemical has 18 clubs, which are formed by employees on a voluntary basis. The clubs regularly hold activities and are a great way for employees to enhance physical and mental well-being.
2. Recreation officers on the Staff Welfare Committee help plan annual corporate retreats, including proposing various travel itineraries.
3. Staff library officers on the Committee select and purchase quality publications as well as audio and video resources, all of which are available for employees to borrow to broaden their knowledge outside of work.
4. Officers in charge of meal services at each plant are tasked to monitor the quality of meal services and to meet regularly with meal service providers to ensure the safety and nutrition of meals provided for employees.
5. Foreign workers can participate in church and fellowship activities to seek a sense of belonging and community.



Retirement System (GRI 201-3)

Everlight Chemical offers retirement plans to all employees. In accordance with Article 56 of the Labor Standards Act (commonly referred to as the Old System), the Company makes deposits to a pension reserve fund, appropriating the required amount to a designated account in March every year. In accordance to the Labor Pension Act (commonly referred to as the New System), the Company makes contributions equivalent to at least 6% of the employee’s monthly wage to the employee’s individual labor pension account with the Bureau of Labor Insurance; employees who would like to make voluntary contributions to their pension accounts can have a portion of their monthly wage (at the rate of their choosing) appropriated to their individual pension accounts as well. The Company also offers an Early Retirement Program and the “Formula Sixty Program (Tenure of Service + Age)” to any employees in need. The Company gives out retirement awards and souvenirs to honor retiring employees. The highest-level manager of the retiree’s division will present the retiree with a certification of good character to honor their dedication and contribution to the Company.

3.Occupational Safety and Health (GRI 403-1) (GRI 419-1)

Everlight Group understands and recognizes occupational safety and health as the foundation for business operation. Therefore, each year the board of directors review the performance of safety and health objectives, targets, and programs before providing guidance and recommendations. Everlight Group believes in safety first, quality second, and efficiency third. Our company follows the framework of ISO 45001 on occupational safety and health management, establishes relevant management guidelines and incorporates best industry practices to improve safety of the workplace, equipment and operating procedures. In addition, Everlight Group trains our employees to be safe and ensure the safety and health of workers and stakeholders alike. Our company is dedicated to building a safe and healthy working environment. We continue to implement hazard prevention and control and ensure the safety and health of the employees and contractors in order to achieve the zero-accident vision.

Policies and Commitments	Governance	Management Approach
<p>Everlight Group adopts the occupational safety and health management system to build a safe working environment. We formulated the Occupational Safety and Health Policy as the highest guiding principle for safety and health management.</p>	<ul style="list-style-type: none"> • Head Office and Plant-Level Occupational Safety and Health Committee • Safety and Health Management Review • The Occupational Safety and Health Division and the dedicated safety and health unit at each plant • First-level safety and health business unit and personnel established in Head Office and the Plants 	<ul style="list-style-type: none"> • In order to comply with regulations, Everlight Global Operations Headquarters, Everlight Plant I-IV, and subsidiary companies to Everlight including Trend Tone Imaging, Inc. Plant I-III, and Everlight (Suzhou) Advanced Chemicals Ltd. were all accredited with the ISO 45001:2018 certification for occupational health and safety management systems. Furthermore, Everlight completed the annual verification issued by the DNV GL before 2021, August 13th. Hence, our certificate remains valid.

Key Performance Indicator	Evaluation Mechanism
<ul style="list-style-type: none"> In 2021, Everlight introduced Frequency–Severity Indicator as a management indicator to establish short-, medium-, and long-term targets. 	<ol style="list-style-type: none"> Safety and Health Management review (once/ year). The ESG committee meetings (twice/ year). Review of each plant’s plans (once/ quarter). Internal audit on safety and health management (once/ year). External organizations (DNV. GL) verification of the Safety and Health Management system (once/ year)



Occupational Safety and Health Policy: Respect life and pursue zero accident

Strategies

1. Establish an ISO 45001 Safety and Health Management System
2. Provide safe and healthy working conditions
3. Comply with health and safety regulations and other requirements
4. Eliminate hazards and reduce OH&S risks
5. Facilitate OH&S consultation with workers and encourage participation

Management Approach and Short/Medium/Long-Term Goals

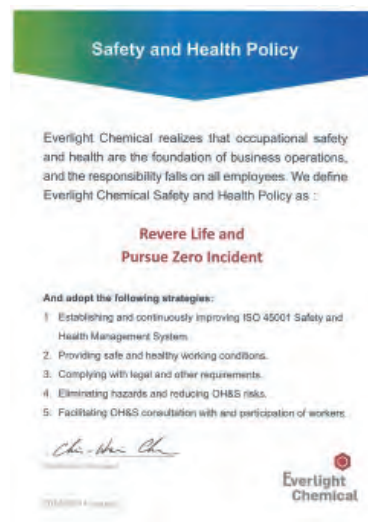
The company follows the safety and health policy and strategy and has set the following management indicators and targets in order to minimize health and safety accidents, promote process safety, and continuously improve occupational safety and health performance.

Item	Year	2021	2022	2025	2030
1. Frequency–Severity Indicator (FSI)		0.08	0	0	0
2. Process Safety Management (PSM)*		Onboarding	1st reporting year	Continue to improve	Continue to improve

Notes:

1. PSM was introduced to Everlight’s Plant I, Plant II, Plant III, Plant IV.
2. Between 2019 to 2021, the the average FSI for Taiwan’s chemical manufacturing industry is 0.65.

Occupational Safety and Health Policy



Adoption of ISO 45001: 2018 Standard



Grievance mechanism

1. Seek resolution under the provision of Article 32 of Labor Inspection Act (applicable to Taiwan)
2. File a complaint against illegal workplace abuse
3. File a complaint against the violation of workers' rights
4. File a complaint against workplace sexual harassment

Types, frequency, and the scope of internal and external audits

1. Audit scope: Everlight Headquarters, Everlight Plant I-IV, as well as Trend Tone Imaging, Inc. Plant I-III, and Everlight (Suzhou) Advanced Chemicals Ltd.
2. Internal audits: The audit team includes trained and qualified auditors. Internal audits are conducted once a year according to the auditing schedule. The dates of the internal audit in 2021 are as follows:

Location	Everlight HQ	Plant I	Plant II	Plant III	Plant IV	Trend Tone Plant I-III	Suzhou Everlight
Date of internal audit	April 7	March 15	March 18	March 31	March 25	March 17- April 1	March 23-25

3. External audits: Once a year, an external audit is conducted by an external certification company for ISO 45001 certified sites. The dates of DNV.GL external audits in 2021 are as follows:

Location	Everlight HQ	Plant I-IV	Trend Tone Plant I-III	Suzhou Everlight
Date of External audit	August 2	August 9-13	June 15-17	July 27

92% of the workers in the Everlight Group are covered by the occupational safety and health management system. 99.5% of people covered are employees while 0.5% are non-employees.(GRI 403-8)

Certification Type	Location with ISO 45001 certificate				Location without ISO 45001 certification		
	Everlight HQ	Everlight Plant I-IV	Trend Tone	Suzhou Everlight	Taiwan	China	US, the Netherlands, Turkey
Employee	152	1,091	194	164	10	84	53
Non-employee	0	6	2	0	0	0	0

Notes:

1.The number of employees in December 2021.

2.Non-employees refer to long term on-site service providers, their attendance schedule follows that of Everlight employees.

Eliminate hazards and reduce occupational safety and health risks by hazard identification and risk assessment (GRI 403-2) (RT-CH-320a.2)

Plants of Everlight Group that are accredited with ISO 45001 certification follow requirements of ISO 45001 clause 6.1 (Actions to Address Risks and Opportunities) to establish hazard identification, risk and opportunity assessment procedures. In addition, it is mandatory for all workers of different departments to participate in hazard identification and risk assessment activities within their respective departments. The workers mentioned above have all completed pre-employment training, on-the-job training and mandatory training (for special operators) and have the ability to identify and assess risks.

Hazard identification, risk, and opportunity assessment procedures

Hazard identification includes work arrangements, social factors, organizational structure and culture, routine and non-routine activities, past events, potential emergencies, personnel, and changes. Each department uses the Job Safety Analysis (JSA) process to identify the hazards for each step in the operation.

Our company identifies the severity and likelihood of the risks using the risk matrix that classifies risk levels as high, middle, low, and minor. After the identification, the five control measures—Elimination, Substitution, Engineering Control, Administrative Control, and Personal Protective Equipment—are applied to reduce high and middle level risks. Improvements are later put in place to minimize hazards and reduce the risks of occupational safety and health.

The table below illustrates the operations including high and middle risks and the results of safety and health measure implementation in 2021:



Inventory of catastrophic and critical risk events			Results of health and safety measure implementation		
Level of risk	Number of Risk	Types of hazards	Items	Set Goals	Achieved
High risk	0	None	Objectives	14	14
Middle risk	27	Fire, explosions, hazardous leaks, exposure to hazardous substances, exposure to extreme temperatures, electric shocks, falling of objects, collisions, entanglements and cutting.	Targets	18	18
			programs	31	31

Everlight Group directs occupational hazards and risks reported by the workers to the responsible department. In addition, in the case of a risk event, a safety and health feedback form or a nonconformity corrective action report is issued according to internal regulations for further control and examination. The relevant information was also shared among different plants. Preventive measures and emergency actions for workers including emergency evacuation and escape plans are shown in the Manufacturing Standard Operation Procedure, Safety Operation Standards, and Emergency Response Plans.

Expand Worker Participation, Consultation and Communication to Build a Safe and Healthy Work Environment (GRI 403-4)

Everlight Group has the Occupational Safety and Health Committee* at its headquarter and all production sites. The committee is also the highest body for Safety and Health. One third of workers, with the exception of Everlight (Suzhou) Advanced Chemicals Ltd., are representatives within the committee. Regular quarterly meetings are held to formulate, coordinate and supervise safety and health related affairs in each plant to implement safety and health management.

Location	Number of Meetings Held	Number of Committee Members	Number and Share of Worker Representatives	Additional Information
HQ (Taipei)	4	13	5 38%	The Roles of the Occupational Safety and Health Committee: <ul style="list-style-type: none"> • Recommendations on occupational safety and health policies. • Management plans for occupational safety and health. • Implementation of safety and health training programs. • Formulation of environmental monitoring plans, the release of monitoring results and measure implementation. (The worker representatives will be notified of the plan and the monitoring results will be published.) • Health management, occupational disease prevention and health promotion. • Proposal of safety and health plans. • Safety and health inspections and audits. • Preventive measures for hazards of machinery or raw materials. • Occupational hazards investigation report. • Review of on-site safety and health management. • Safety and health management for contractor-related affairs. • Other occupational safety and health management related issues.
Everlight Plant I (Dayuan)	4	27	15 56%	
Everlight Plant II (Guangyin)	4	32	11 34%	
Everlight Plant III (Guangyin)	4	14	6 43%	
Trend Tone Plant I-III (Hsinchu)	4	14	6 43%	
Everlight Suzhou (Suzhou)	12	25	6 24%	The law does not stipulate the rate of worker representatives required in a conference. The Safety Standardization only requires the Safety and Health Committee to hold at least one conference each quarter to pass on relevant information to employees.

*Per applicable regulations, Everlight Plant IV and other subsidiaries are not required to establish an Occupational Safety and Health Committee.

Procedures for Participation, Consultation, Communication and External Communications

Frequency of Procedures for Participation, Consultation, Communication		External Communications
Labor/Management Consultation	Quarterly	Company website, advertisements, participation in philanthropy, local gatherings or stakeholder-related activities, door-to-door visits, and internal publications.
Safety and Health Management Committee	Annual	
Safety and Health Management Division	Annual	
Year-End Staff Meeting	Annual	
Work Environment Survey	Annual	
Safety and Health Feedback Form	Anytime	
Nonconformity Corrective Action Report	Ad hoc	
Incident Investigation Meeting	Ad hoc	

Implement safety and health management measures and improve continuously to cultivate a safety culture (GRI 403-5) (GRI 403-7) (RT-CH-540a.2)

Everlight Group is committed to applying the 12 Principles of Green Chemistry, developing low-hazard processes, eliminating high-hazard raw materials, and promoting related safety and health management activities to prevent and mitigate the impact of occupational safety and health directly related to business.

► **Chemical Management**

1. Everlight conducts hazard awareness training, an inventory for hazard regulations, hazard labels on containers and packaging, safety data sheets, exposure assessment and classification management. The company also implements respiratory protection programs and provides sufficient amounts of personal protective equipment for employees.
2. In 2021, the company introduced the GreenScreen List Translator® (GSLT) to help identify chemicals of high concern and select safer alternatives.
3. Everlight regularly conducts inspections that comply with government regulations on the working environment. The results of all inspections meet the legally permitted standards. The following table shows the annual inspections and frequency for the relevant sites.

Location	Item	CO ₂	Organic solvents	Specific chemical materials	Noise	Dust	Radiation
Everlight HQ		2	-	-	-	-	-
Plant I		2	2	2	-	-	-
Plant II		2	2	2	2	2	-
Plant III		2	2	2	2	-	-
Plant IV		2	2	2	2	2	-
Trend Tone		2	2	-	2	2	-
Suzhou		-	-	1	1	1	1

► **Machinery Management**

Everlight acquired certificates and type approvals (e.g., forklift, explosion proof electrical equipment type approvals) of dangerous machines or equipment (e.g., boilers, first class pressure vessels, high-pressure gas equipment). Our company conducts self-inspections, key inspections, and daily inspections to ensure the functions and safety of machinery.

► **Procurement Management**

Procurements involving safety and health laws and regulations must be certified or reported before verification. For instance, the company must acquire hazardous equipment certification, type-approval certificate for forklifts, accreditation

of environmental inspection organizations, accreditation of health inspection organizations. In 2021, the cost of safety and health procurements was 17 million in NTD (which does not include procurements from Trend Tone Imaging, Inc. Plant I-III or Everlight (Suzhou) Advanced Chemicals Ltd).

► Contractor Management

Everlight abides by the Occupational Safety and Health Act as well as Everlight's regulation on contractor management. These regulations include qualification examination, safety and health commitments and contracts, consultative organizations and notification of occupational hazards, access control of personnel, vehicles and equipment, inspections and audits, reward and punishment, assessment and grading. In 2021, the consultative organization processed 1,262 cases. There were 20 cases of contractor non-conformance reports. There was one case of an accident involving contractors. In this instance, the pipe cutting machine was not disconnected while the contractor changed the saw blade. The power was accidentally switched on causing an injury on the first knuckle of the left ring finger.

► Change Management

Change occurs when a product, service, and procedure undergo temporary or permanent change. There could also be changes in compliance obligation, or informational and technological developments and changes in hazards and occupational safety and health related areas. There was a total of 98 cases of safety and health related changes.

► Permission Management

Before any high-risk operations begin, permission and preventive measures should be granted and implemented. In 2021, permission cases as listed as follows:

Type	Fire	Elevated	Limited space	Temporary electricity	Roofing	Other
Number	2,014	1,387	496	1,600	15	31

Occupational Safety and Health Training

Our company values the safety of our employees. Hence, we continue to implement Gemba walk and make observations to reduce unsafe conducts and eliminate environmental hazards. In 2021, senior level managers conducted 22 gemba walks, found 79 improvement opportunities, conducted 828 safety observations, and conducted safety meetings with 514 people. In addition, the company uses the safety climate index as an early warning mechanism to strengthen safety and health.

Everlight Chemical also provides safety and health training, and emergency response training. Our company also established a reward mechanism and zero accident competition to encourage employees to be proactive in participating in safety and health improvement activities. The annual top-performing departments will be selected and recognized publicly. In 2021, there were 93 security and safety proposals. Furthermore, the company held three safety culture events and four surveys on environmental satisfaction. The purpose of these activities was to understand the needs of the employees and continuously improve for the better. The results showed that adjustments should be made to the air quality, noise, and lighting on the sites. The results will be used as reference for future improvement plans.

► Educational Training (All sites included)

Type	Pre-employment training	Legal license training		On-the-job training
Target	New employee	Initial	Post	Specific or target
Total	357	60	113	1,652
Hours	2,036	1,115	645	2,333

► Drills (All sites included)

Type	COVID-19	Fire	Toxic	Specific target chemicals	Take refuge	Dye/dust leak	Other
Number	99	18	12	9	4	2	11

► Review of Incidents and Non-conformance Corrective Actions

Occupational injuries on all ISO 45001 accredited plants of the Everlight Group undergo investigation and corrective actions. All ISO 45001 accredited plants of the Everlight Group implement the “Procedure for Nonconformity” to establish the corrective actions of a non-conformity under the presence of workers and stakeholders. In 2021, there were 184 non-conformity cases, and 181 of them were resolved. The completion rate stands at 98%.

Everlight Group has not had a transport incident in four years (Note: Transporting goods belongs to the Everlight Group). The mortality rate of the Everlight Group is 0% for the past four years (Note: The mortality rate is calculated by dividing the number of deaths occurred in the year by the number of survivors at the beginning of the year.) (RT-CH-540a.2)

2021 statistics are listed below:(GRI 403-9) (RT-CH-540a.2)

Type	False alarms		Safety incidents	
	Manufacturing process	Non-manufacturing process	Manufacturing process	Manufacturing process
Company	13	8	0	19
Group	14	8	4	19

Notes:

- False alarms for non-manufacturing processes:
 - Workers were startled, yet no workers or property was harmed or damaged. In addition, the incident is not related the manufacturing process.
 - Workers were slightly injured. Nonetheless, no working hours were lost and there was no need for hospital visits.
- False alarms for manufacturing processes: Operation safety failure or the operation parameters shifted or deviated. But there were no injuries or deaths.
- Incidents of non-manufacturing processes: This category does not include false alarms for non-manufacturing processes, manufacturing processes or incidents of manufacturing processes.
- All false alarms and incidents are managed in accordance with incident investigation regulations. Meetings including relevant personnel of the incidents are held to find out the cause of the incident and what improvements should be made.

Statistics of Everlight Group 2021 and definition of incidents (RT-CH-320a.1) (RT-CH-540a.1) (RT-CH-540a.2)

Incidents	Definitions	2021
Absenteeism Rate (AR)	Absenteeism rate: (Total days of absence/ total working days) X 100% The number is rounded to the third decimal place. Absence refers to an employee leaving their post due to the loss of working ability. For example: Sick leaves (including general sick leaves, hospital leaves, menstrual leaves), personal leaves (including personal leaves, family care leave), occupational injury leaves, occupational sickness leave. This category does not include permitted vacations (e.g., annual leaves), maternity leaves, paternity leaves and funeral leaves.	1.07%
Fatality Rates Caused by Occupational Injuries	Fatality Rate: (The total number of deaths caused by work injuries/ the total number of labor hours at the company) X 1,000,000. The number is rounded to the third decimal place. Fatality refers to the loss of life due to occupational injuries regardless of the length of time between the injury and death.	0.00%
Occupational Disease Rate (ODR)	Occupational Disease Rate (ODR): (The total number of deaths caused by occupational disease/ the total number of labor hours at the company) X 1,000,000. The number is rounded to the third decimal place. Occupational diseases refer to (1) Musculoskeletal disorders caused by repetitive work. (2) Shifts, night work, long working hours and other abnormal workloads triggering the onset of a disease. (3) Experience of physical or mental abuse owing to the actions of another person while on duty. (4) Diseases caused by raw materials, ingredients, gasses, vapors, dusts, solvents, chemicals, toxic substances or Oxygen deficient atmosphere.	0.00
Incidence Rate (IR)	Severe work injury rate: (the number of severe work injury/ the total number of labor hours at the company) X 1,000,000. The number is rounded to the third decimal place. Severe work injury: The total number of permanent disability and permanent partial disability cases.	0.00
	Recordable work injury rate: (the number of recordable work injury/ the total number of labor hours at the company) X 1,000,000. The number is rounded to the third decimal place. Recordable work injury: The total number of temporary total disability, and minor work injury results in less than 1 lost workdays.	5.04

Incidents	Definitions	2021
Lost Day Rate (LDR)	Lost Day Rate (LDR): (the total number of lost workdays caused by disability /the number of employee labor hours at the company) X 1,000,000. The number is rounded to the third decimal place. Lost workdays refer to the total number of days that an individual is not able to work due to total permanent total disability, permanent partial disability, temporary total disability, and death.	6.44
Process Safety Total Incident Rate (PSTIR) (RT-CH-540a.1)	Process Safety Total Incident Rate (PSTIR): [(the total number of process safety incident 200,000)/the total working hours]. The number is rounded to the third decimal place. Incident that meets the following criteria is counted as process safety incident:(1) process that uses chemical substances or is a chemical process (2) production, distribution, storage, or use of the chemical substances happens inside the plant or experimental plant. (3) processes involving chemical substances result in chemical spill, fire, explosion, and implosion. (4) involves one of the following (a) injured workers need to be hospitalized and result in recordable work injuries, lost workdays, and death. (b) spend more than 75,000 NTD in cleaning up substances or preventing fire explosions from happening. (c) evacuation of workers (within and outside of the plant) and preventative evacuation outside of the plant (d) substance spill exceeds the maximum level of substance leakage set by The American Petroleum Institute (API).	0.22

Note: 1. The Process Safety Incident Severity Rate (PSISR) plan was introduced in 2022 and data collection started in 2023.

2. Non-routine duties performed by contracted workers are excluded from the calculation of recordable work injury rate of non-employees since the exact working hours can't be assessed.

► 2021 Statistics of disabling injury of Everlight Inc. (the headquarters, Everlight Chemical Plant I, Plant II, Plant III and Plant IV) and Corporation (including branch offices)

There were 4 occupational accidents and they resulted in 23 lost workdays. Compared with 2020 in which there were only 2 occupational accidents and 8 lost workdays, 2021 figures are higher. Four occupational accidents are one falling, one cutting, one bumping, and one crushing. Four people were injured at work (total number of employees at the end of 2021 was 1,748 and the share of people who were injured at work was 0.23%).

Safety measures of the working environment and mechanical equipment are not enough. Furthermore, workers were not aware of the importance of a safe working environment. All occupational accidents have been properly investigated. Competent authorities have convened relevant parties to look for the causes of the accidents and find ways to improve work safety, for example, increasing the size of pedals, labeling and fixing mechanical equipment, adding warning signs, carrying out safety training, and arranging interviews.

Occupational safety and health department is responsible for reporting and investigating severe and fatal occupational injuries to the general manager. Director of the workers who are injured at work is responsible for investigating and reporting recordable injuries to the Chief Officer of the plant.

Types of occupational injury	The definitions and categories of disabling injuries		Total number	Lost workdays
Death	Workers lost their life because of occupational injury. For fatal cases, the number of lost workdays is 6000 days no matter when the accident happened.	Everlight entity	0	0
		Everlight Group	0	0
Permanent total disability	Permanent total disability is a condition in which an individual suffers from total disability or lost one of the following functions or body parts because of work injury: 1. eyes 2. one eye and one arm or hand or leg or foot 3. lost two of the limbs: hand, foot, arm, or leg. For permanent total disability cases, the number of lost workdays is 6000 days.	Everlight entity	0	0
		Everlight Group	0	0
Permanent partial disability	Permanent partial disability is a condition in which an individual lost a partial body part or bodily function because of work injury regardless of the prior disability of the injured part.	Everlight entity	0	0
		Everlight Group	0	0
Temporary total disability	Injured employee is neither dead nor disabled permanently but cannot perform duties at work. Therefore, he has to take a leave. Injured employee who cannot work normally for more than one day (including national holidays, weekends, and rest days) is counted as temporary total disability case.	Everlight entity	0	0
		Everlight Group	4	23

Note: Traffic accidents during commute do not count as work injuries.

► **Promotion of Worker Health and Occupational Health Services to Reduce Health Risk** (GRI 403-3) (GRI 403-6) (RT-CH-320a.2)

According to laws, Everlight corporation arranges regular or special health examinations for new employees and transferred employees. Employees will have their regular and special health examinations every year. We hire health professionals to provide on-site health services and organize programs to safeguard the health of employees. Employees can receive their own reports after health examinations to understand their own health better. Furthermore, employees can sign up for health-promoting activities and seminars held by health professionals. These arrangements aim to help our employees to better manage their own health. The results of physical and health examinations are listed as following:

Type	Subject	Frequency	Items	The number of people who received examinations
Regular physical examination	New and transferred employee	Before onboarding	Items specified in the "Regulations of the Labor Health Protection" are included	215
Special physical examination	New and transferred employees that are exposed to special health hazards	Before onboarding and transferal	Items specified in the Regulations of the Labor Health Protection" are included.	37
Regular health examination	All employees	Employees of every age will take examination once every year	Besides items specified in the "Regulations of the Labor Health Protection", additional items like abdominal ultrasound, pulmonary function examination, BMD and cancer screening are also provided. Employees that are 40 years old and older can receive an ECG examination.	1,266
Special health examination	Employees that are exposed to special health hazards	Once every year	Items specified in the Regulations of the Labor Health Protection" are included.	331
Health examination for senior employees	Employees that have 10-year, 15-year, 20-year, 25-year, 30-year, 35-year, and 40-year seniority	Employees that meet the seniority requirement will be examined (seen as annual regular examination)	Besides basic items in regular health examinations, additional items like gastroscopy, colonoscopy, MRI, and echocardiogram are also provided.	83
Health examination for top-level managers	Managers that are above associate presidents	Once every two years	Besides basic items in senior examinations, CTA examination is also provided.	4

Note: Numbers include data from the headquarters, Everlight Plant I-IV, and branch offices.

In order to safeguard the health of our workers, Everlight has held various health-promoting activities at the headquarters, Plant I, Plant II, Plant III, Plant IV, and factories of Trend Tone Imaging, Inc.

- **Health Protection Plan:** Plans include maternity health protection, prevention of cardiovascular diseases, identification of personnel safety hazard, prevention of unlawful infringement, and protection of senior and night workers. The headquarters, and the plants of Everlight Chemical and Trend Tone all have protection plans in place.
- **Health-promoting Activities:** Plans include maternity health protection, prevention of cardiovascular diseases, identification of personnel safety hazard, prevention of unlawful infringement, and protection of senior and night workers. (The headquarters, and the plants of Everlight Chemical and Trend Tone all have protection plans in place)
- **Work Safety Week:** Series of events (Everlight Plant II)
- **Introduction of Healthy Diet:** Meals without red meat will be provided once every week. Canteen will provide a menu with calorie count and low-salt and low-fat meals. (Everlight Plant I, Plant II and Plant III)
- **Health-promoting plans for non-employees:** These plans are included in contracted projects. Workers need to sign affidavits specifying their work is not restricted by the Regulations of the Labor Health Protection. The company holds meetings to tell workers about potential hazards in the workplace. We also have other occupation and health regulations, for example, prevention measures, evaluation plan, and rescue plan. Other plans focus on the physical and mental wellbeing of these workers. For example, workers that are slightly injured during work will be cared for by emergency and medical professionals. Workers can sign up for health seminars held at the workplaces.

According to specialists, in the last four years, the number of people who died because of occupational disease is zero. (GRI 403-10)

On-site Medical Services Provided in 2021

	Headquarters	Everlight Plant I	Everlight Plant II	Everlight Plant III	Everlight Plant IV	Trend Tone	Suzhou Everlight
On-site medical services provided by doctors	4	6	12	4	0	4	0
On-site medical services provided by nurses	48	72	Fulltime	72	0	48	0
Employees who attended health education activities	113	35	16	0	0	110	0
Employees who had an interview for guidance	87	9	63	10	0	72	0

Note: Everlight Plant IV started to have on-site medical services after laws took effect in 2022. Everlight Suzhou's on-site medical services will adapt to the changes in local regulations.

Results of Four Major Health Protection Plans in 2021

Maternity Health Protection	Extreme workload	Improved human-factors engineering	Right infringement in workplace
Pregnant : 12 people 1 year after childbirth : 10 people Breastfeeding children one year after childbirth : 2 people	0	8	0

Certificate of Everlight Plant II Attending Work Safety Week



4.Social Engagement

One of Everlight Chemical's business philosophies is to improve the welfare of humanity. Everlight Chemical believes that the meaning and value of a company lies in its contribution to the welfare of mankind. Everlight Chemical gives back at least 1% of annual after-tax earnings to society. Besides community engagement and social participation, our services cover schools nearby and children of our employees. We set up scholarship and subsidy programs. Furthermore, we also help schools that are near the coastal areas of Dayuan and Guanyin districts in Taoyuan to organize different learning activities, for example, donating to life education and purchasing books and other teaching equipment.

Community Engagement and Investment (GRI 203-1) (GRI 203-2) (RT-CH-210a.1)

Everlight Chemical continuously communicates with local communities and focuses on the economic, social, and environmental impacts that manufacturing processes may have on the local environment. We proactively give back to the communities and put our effort into the following three aspects:

- 1. Local economy development:** Plants prioritize hiring locally. We also provide dormitories for employees that live afar. The purpose is to drive the development of the local economy since our plants are located there.
- 2. Work safety:** The transportation and storage of hazardous materials comply with the regulations set by the competent authority. These materials are being managed in a safe way. All Everlight plants have joined the defense organization of the industrial zones and participate in drills to increase their ability to respond to disasters.
- 3. Community development:** Plants send representatives regularly to visit district representatives and chiefs of villages of the neighboring areas. Furthermore, Everlight actively participates in disaster prevention activities and helps communities to increase their ability to respond to natural disasters. Adopt-a-river project and beach cleaning activities are other programs we have carried out. We provide medical resources and donate regularly to nearby elementary- and middle-schools. Our performance has been recognized by the general public.

Everlight is in the chemical industry. In order to promote safe and green chemistry, we spare no efforts in making sure that our operations do not hamper environmental protection, occupational health and safety and abide by government regulations. We submit all information to ensure that everything we do complies with regulations and laws. In addition, we try to minimize the direct and potential impacts that our operations may have on local communities.

- 1. Water withdrawal:** Plants actively promote the "Recycle and Reuse Water" program and the amount of water withdrawal decreases year by year. We have successfully conserved a significant amount of water.
- 2. Pollution control:** Plants follow the rules to process pollutants before disposal to make sure the level of pollutants does not exceed the standard set by the government.
- 3. Waste management:** Waste will be sorted and handled properly. We commission eligible businesses to help collect and dispose of waste. We will send inspectors to make sure that businesses are following the rules when handling waste.

Social Welfare (GRI 413-1)

Everlight Chemical gives back at least 1% of annual after-tax earnings to society and money will be used in four major programs: community education, social education, industry development, and charity events. We take actions to contribute back to society, for example, donation, volunteer programs, community services and scholarship funds. Furthermore, we also participated and sponsored charity events held by NGOs.

2021 Charity Donation

Type	Neighborhood training activities (Taoyuan)	College education	Industry development	Charitable activities	Total	Share among total profit after tax
Amount (NT\$0,000)	123	130	87	183	523	1

Charity clubs organized by Everlight employees have been donating to the following organizations:

Guanyin Lovely Home for Disabled People	Ruth Society for Disability Services
Eden Social Welfare Foundation	Chung Yi Society Welfare Foundation
Hong Hua Social Welfare Foundation	Reindeer Foundation
Chinese Christian Relief Association	Fun Chao Education and Nursing Institute
Sunshine Foundation	Huai De Kite Orphanage
World Vision	Taoyuan Association for the Physically Disabled

Character Education Starts from Schools (GRI 413-1)

In the past twenty years, Everlight Chemical has achieved tangible results in promoting character education and has held “Character Education Camp” for children for a long time. We assisted a dozen elementary schools and universities that are near the plants to hold camps, for example, National Taipei University of Business, Chang Jung Christian University, Chung Hua University. We hope to instill the importance of good character in our society. Starting from 2016, Chung Hua University has actively promoted and implemented character education to help students to cultivate good characters. Everlight Chemical and Peking Foundation for Culture and Education have jointly sponsored teaching materials of character education to Chung Hua University. New students of Chung Hua University are required to take courses related to character education. Chung Hua University strives to improve campus culture through character education. In 2021, 60 students enrolled in character education courses.



Everlight holds the Character Education Camp every year (canceled during the pandemic)



Chairman interacts with students participating the Character Education Camp

Promotion of Children Education (GRI 413-1)

Everlight Chemical has long been an advocate for character education. Character education is promoted not only in the company but also in schools. Good characters can benefit children life-long and help establish a value system for children. Through character education, children can become more optimistic, diligent, responsible, and willing to help others.

The company also sponsors the Morning Life Education Program in Shulin and Caota Elementary School in Guanyin District, Taoyuan City. Through story-telling, volunteers educate children on different character traits and how to build good character traits. Our purpose is to cultivate the next generation. In 2021, 685 students in Shulin and Caota Elementary School took part in the Morning Life Education Program.

Book Donation Program for Rural Schools to Cultivate Love for Books in Children

The company has long been a sponsor of the Rainbow Kids Organization and has helped it to initialize programs to support the education of children in remote areas. We also sponsored volunteer groups to send resources needed in remote schools. We received applications from 29 organizations and have donated 232 picture books.



Nurturing a love for books in children takes time. Support for over three years has brought joy and hope to children in Taoyuan



Children explore future possibilities through books. A dream to become an archeologist starts from reading a book about dinosaur fossils

Everlight Chemical take actions to realize our mission - Better Chemistry, Better Life

Everlight Chemical actively contributes to social welfare and promotes character education. Since 2014, we have supported reading programs for children established by Global Views Educational Foundation for eight years. We donated “Global Kids Junior Monthly” and “Global Kids Monthly” to 21 elementary schools near our plants in Guanyin and Fuhshing districts. James Chen, Chairman at Everlight Chemical, wishes that, through reading, children can learn how to treat people with respect and better prepare for a changing society in the future. Reading can help children become more resilient for upcoming changes and live a wonderful and righteous life.



(Left to right) Everlight Chemical Special Asst. to Chairman, Yi-Chung Tu; Executive Director of the Rainbow Kids Organization, Jin-Long Chen and his wife Hui-Yan Xie

永光化學具體實踐品牌承諾
以更用心的化學 為社會打造更美好的生活

近年來，全球化學除了推動環保與行動性轉型，ESG 議題也隨之崛起，永光化學致力於環境永續發展，多年累積上下游夥伴合作，共同打造綠色供應鏈，持續研發名貴農藥與農藥、環保永續的新產品，為落實「更用心的化學，更美好的生活」的承諾承諾，永光化學與全球社會公益團體積極合作，自 2014 年起，連續八年支持遠東、天下文化教育基金會所發起的「種下希望的種子」植樹了一顆大未來。計畫，發展服務社會的回饋計畫，從開工 21 萬小學《未來兒童》、《未來少年》雜誌，鼓勵青少年積極參與社會公益活動，從化學到科學，從科學到人文與藝術，將未來的希望與熱情，從閱讀中萌芽，從閱讀中茁壯，從閱讀中綻放，從閱讀中開花，從閱讀中結實。

種下希望的種子，給孩子一個大未來
願以真誠與愛護孩子，勇於突破，達成教育，守護每個人的心願。
世界因我們而更美好，歡迎各界人士。
地址：台灣桃園市龍潭區永光路 107 號
電話：03-32710490 傳真：03-32710491
電子郵件：mailto:everlight@everlight.com.tw
官方微博：@everlightchem
上海分公司：地址：上海市虹口區四川北路 1000 號
上海分公司：電話：021-26111111



INDEPENDENT ASSURANCE OPINION STATEMENT

Everlight Chemical Industrial Corporation 2021 Sustainability Report

The British Standards Institution is independent to Everlight Chemical Industrial Corporation (hereafter referred to as ECIC in this statement) and has no financial interest in the operation of ECIC other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of ECIC only for the purposes of assuring its statements relating to its sustainability, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by ECIC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to ECIC only.

Scope

The scope of engagement agreed upon with ECIC includes the followings:

1. The assurance scope is consistent with the description of Everlight Chemical Industrial Corporation 2021 Sustainability Report.
2. The evaluation of the nature and extent of the ECIC's adherence to AA1000 AccountAbility Principles (2018) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement and therefore, the information/data disclosed in the report is not verified through the verification process.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the Everlight Chemical Industrial Corporation 2021 Sustainability Report provides a fair view of the ECIC sustainability programmes and performances during 2021. The sustainability report subject to assurance is free from material misstatement based upon testing within the limitations of the scope of the assurance, the information and data provided by the ECIC and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are fairly represented. The sustainability performance information disclosed in the report demonstrate ECIC's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that ECIC's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to ECIC's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on approach to stakeholder engagement. However, we had no direct contact with external stakeholders.
- 9 interviews with staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of key organizational developments.
- review of the findings of internal audits.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018).

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and GRI Standards is set out below:

Inclusivity

This report has reflected a fact that ECIC has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the ECIC's inclusivity issues.

Materiality

ECIC publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of ECIC and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the ECIC's management and performance. In our professional opinion the report covers the ECIC's material issues.

Responsiveness

ECIC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for ECIC is developed and continually provides the opportunity to further enhance ECIC's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the ECIC's responsiveness issues.

Impact

ECIC has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. ECIC has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within the organization. In our professional opinion the report covers the ECIC's impact issues.

GRI Sustainability Reporting Standards (GRI Standards)

ECIC provided us with their self-declaration of in accordance with GRI Standards: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the ECIC's sustainability topics.

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.


Responsibility

The sustainability report is the responsibility of the ECIC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:


Peter Pu, Managing Director BSI Taiwan

Statement No: SRA-TW-2021036
2022-04-26

...making excellence a habit.™



安侯建業聯合會計師事務所

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Independent Limited Assurance Report

To Everlight Chemical Industrial Corporation:

We were engaged by Everlight Chemical Industrial Corporation (“Everlight”) to provide limited assurance over the selected information attached as Appendix I (“the Underlying Subject Matter”) on the 2021 Sustainability Report of Everlight (“the Report”) for the year ended December 31, 2021.

Reporting Criteria of the Underlying Subject Matter

Everlight shall prepare the Underlying Subject Matter and reporting criteria in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (“the Regulation”) as set forth in Appendix I.

Management’s Responsibility for the Report

Everlight is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the reporting criteria to fairly prepare and present the Underlying Subject Matter. Everlight is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Underlying Subject Matter that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We performed our work in accordance with the Standard on Assurance Engagements No. 1 – “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation and to issue a limited assurance conclusion on whether the Underlying Subject Matter is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

Independence, Professional Standards and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In addition, we applied Statements of Auditing Standard No. 46 – “Quality Control for Public Accounting Firms” in the Republic of China. Accordingly, we maintained a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.



Summary of Work Performed

As stated in reporting criteria of the Underlying Subject Matter paragraph, our main work on the selected information included:

- Reading the Report of Everlight;
- Inquiries with responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the Underlying Subject Matter.
- On the basis of the understanding obtained listed above, perform analytical procedures on the Underlying Subject Matter and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

The work described above based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Underlying Subject Matter, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

The Report for the year ended 2021 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of Everlight. Therefore, the different stakeholders may have different interpretations of such information.

Conclusion

Based on the work we have performed and the evidence we have obtained, as described above, nothing has come to our attention that causes us to believe that the Underlying Subject Matter has not been properly prepared, in all material aspects, in accordance with the reporting criteria.

Other Matters

The management of Everlight is responsible for the maintenance of its website where includes the Limited Assurance Report, we shall not be responsible for any further changes on the Underlying Subject Matter or its applicable reporting criteria, nor be responsible for reconducting any assurance work after the issuance date of the Limited Assurance Report.

KPMG

Taipei, Taiwan (Republic of China)
May 31, 2022

Notes to reader

The limited assurance report and the accompanying selected information are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report and the selected information, the Chinese version shall prevail.



Appendix I : Summary of the Selected Information

No.	Corresponding Section	Page	Selected Information	Reporting Criteria	The Regulation
1	Chapter 4 Sustainable Environment 4. GHG Inventory and Energy Use	51~52	<ul style="list-style-type: none"> ■ In 2021, total energy consumption was 745.97×103GJ ■ 2021 Energy Consumption Breakdown (Unit of measurement is 10³GJ) <ul style="list-style-type: none"> - Everlight (Plant 1-4) <ul style="list-style-type: none"> • Electricity: 223.28 • Vapor: 197.36 • Natural gas : 198.25 • Diesel fuel : 3.14 • Gasoline : 1.20 • Liquefied petroleum gas : 0.72 • Total : 623.95 - Trend Tone <ul style="list-style-type: none"> • Electricity : 71.54 • Vapor : 0.00 • Natural gas : 0.00 • Diesel fuel : 0.00 • Gasoline : 0.12 • Liquefied petroleum gas : 0.00 • Total : 71.66 - Suzhou Everlight <ul style="list-style-type: none"> • Electricity : 50.17 • Vapor : 0.00 • Natural gas : 0.00 • Diesel fuel : 0.05 • Gasoline : 0.14 • Liquefied petroleum gas : 0.00 • Total : 50.36 - Total <ul style="list-style-type: none"> • Electricity : 344.99 • Vapor : 197.36 • Natural gas : 198.25 • Diesel fuel : 3.19 • Gasoline : 1.46 • Liquefied petroleum gas : 0.72 • Total : 745.97 ■ Results above used heating value published by the Bureau of Energy to calculate. 	<ul style="list-style-type: none"> ■ Details on energy consumption. 	<ul style="list-style-type: none"> Article 4-2-1 Total energy consumption.

No.	Corresponding Section	Page	Selected Information	Reporting Criteria	The Regulation
2	Chapter 4 Sustainable Environment 3. Water Management and Water Pollution Prevention	45	<ul style="list-style-type: none"> ■ 2021 Water Withdrawal and Consumption: <ul style="list-style-type: none"> - Everlight First to Fourth Plants: <ul style="list-style-type: none"> • Tap Water: 229.3 megaliters • Groundwater: 514.9 megaliters • Water for Industrial Use: 3.8 megaliters • Total Water Withdrawal: 748.0 megaliters • Total Water Consumption: 86.1 megaliters - Trend Tone Imaging, Inc. <ul style="list-style-type: none"> • Tap Water: 18.5 megaliters • Groundwater: 0 megaliters • Water for Industrial Use: 0 megaliters • Total Water Withdrawal: 18.5 megaliters • Total Water Consumption: 3.7 megaliters - Everlight (Suzhou) Advanced Chemicals Ltd. <ul style="list-style-type: none"> • Tap Water: 58.0 megaliters • Groundwater: 0 megaliters • Water for Industrial Use: 0 megaliters • Total Water Withdrawal: 58.0 megaliters • Total Water Consumption: 36.9 megaliters ■ Total water withdrawal in 2021 is 824.5 megaliters. ■ Total water consumption in 2021 is 126.7 megaliters. 	<ul style="list-style-type: none"> ■ Details on water withdrawal and Water Discharge. 	Article 4-2-2 Total amount of water Withdrawn, and volume of effluent required to be disclosed under the law or to be disclosed voluntarily.
		47	<ul style="list-style-type: none"> ■ 2021 Water Discharge : <ul style="list-style-type: none"> - Everlight (Plant 1-4) : 661.9 megaliters - Trend Tone : 14.8 megaliters - Suzhou Everlight : 21.1 megaliters - Total : 697.8 megaliters 		

No.	Corresponding Section	Page	Selected Information	Reporting Criteria	The Regulation
3	Chapter 4 Sustainable Environment 7. Waste Generation and Treatment	65	<ul style="list-style-type: none"> ■ In accordance with regulations on waste disposal and Everlight's Waste Management Procedures, industrial waste generated is mainly outsourced to third-party services for recycling/reuse, incineration and landfilling. But certain hazardous industrial waste (solvent waste mainly) is processed internally through incineration for steam collection or is returned to suppliers for recycling and reuse. All outsourced waste disposal goes to nationally certified professional vendors (without any cross-border waste disposal practices). We also implement various waste management practices, including: <ul style="list-style-type: none"> - Conduct on-site sorting, storage and labeling for waste - Evaluate disposal service vendors and sign contracts with them - Track and manage the trajectory of waste weighing and disposal trucks - Check information on and file waste disposal manifests - Regularly inspect disposal service vendors and conduct ad-hoc checks (random checks on disposal trucks to ensure outsourced waste has been properly handled) - Set up contingency plans to prevent any additional environmental burden or pollution risks from waste disposal ■ 2021 Hazardous Waste Disposal Breakdown <ul style="list-style-type: none"> • Reuse & Recycling : 64.4 ton • Incineration : 1,844.8 ton • Landfill : 0 ton • On-site Storage : 120.7 ton • Total : 2,029.9 ton ■ In 2021, the total amount of hazardous industrial waste was 2,029.9 tons. 	<ul style="list-style-type: none"> ■ Details on wastes generation and disposal. 	<p>Article 4-2-3</p> <p>Total quantity of hazardous wastes generated during the production process of products required to be disclosed under the law or to be disclosed voluntarily.</p>

No.	Corresponding Section	Page	Selected Information	Reporting Criteria	The Regulation
4	Chapter 5 Social Responsibility 3. Occupational Safety and Health		<ul style="list-style-type: none"> ■ Statistics of Everlight Group 2021 and definition of incidents <ul style="list-style-type: none"> - Absenteeism Rate (AR): 1.07% - Fatality Rates Caused by Occupational Injuries: 0.00% - Occupational Disease Rate (ODR): 0.00 - Incidence Rate (IR) <ul style="list-style-type: none"> • Severe work injury rate: 0.00 • Recordable work injury rate: 5.04 - Lost Day Rate (LDR): 6.44 - Process Safety Total Incident Rate (PSTIR): 0.22 ■ Non-routine duties performed by contracted workers are excluded from the calculation of recordable work injury rate of non-employees since the exact working hours can't be assessed. ■ 2021 Statistics of disabling injury of Everlight Inc. (the headquarters, Everlight Chemical First Plant, Second Plant, Third Plant, Fourth Plant) and Corporation (including branch offices): There were 4 occupational accidents and they resulted in 23 lost workdays. Four occupational accidents are one falling, one cutting, one bumping, and one crushing. Four people were injured at work (total number of employees at the end of 2021 was 1,748 and the share of people who were injured at work was 0.23%). <ul style="list-style-type: none"> - Death (Total number ; Lost workdays): <ul style="list-style-type: none"> • Everlight entity : 0 case ; 0 day • Everlight group : 0 case ; 0 day - Permanent total disability (Total number ; Lost workdays): <ul style="list-style-type: none"> • Everlight entity : 0 case ; 0 day • Everlight group : 0 case ; 0 day - Permanent partial disability (Total number ; Lost workdays): <ul style="list-style-type: none"> • Everlight entity : 0 case ; 0 day • Everlight group : 0 case ; 0 day - Temporary total disability (Total number ; Lost workdays): <ul style="list-style-type: none"> • Everlight entity : 0 case ; 0 day • Everlight group : 4 cases ; 23 days 	<ul style="list-style-type: none"> ■ Details on performance of occupational safety and health. 	<p>Article 4-2-4</p> <p>Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.</p>

GRI Content Index: Universal Standards (GRI 102-55)

GRI Standard	Disclosure	Report Content or Explanation	Page Number
GRI 102 General Disclosures 2016			
GRI 102-1	Name of the organization	Overview of the Company - About Everlight Chemical	6
GRI 102-2	Activities, brands, products, and services	Overview of the Company - Operational Performance	7
GRI 102-3	Location of headquarters	Overview of the Company - About Everlight Chemical	6
GRI 102-4	Location of operations	Overview of the Company - About Everlight Chemical	6
GRI 102-5	Ownership and legal form	Overview of the Company - About Everlight Chemical	6
GRI 102-6	Markets served	Overview of the Company - Operational Performance	7
GRI 102-7	Scale of the organization	Overview of the Company - About Everlight Chemical	6-8
GRI 102-8	Information on employees and other workers	Social Responsibility - Building a Happy Workplace	71-72
GRI 102-9	Supply chain	Overview of the Company - The Specialty Chemical Supply Chain Corporate Governance - Supply Chain Management	9 33-38
GRI 102-10	Significant changes to the organization and its supply chain	Corporate Governance - Supply Chain Management	34
GRI 102-11	Precautionary Principle or approach	Corporate Governance - Risk Management	27
GRI 102-12	External initiatives	Overview of the Company - Membership of Associations and External Initiatives	14
GRI 102-13	Membership of associations	Overview of the Company - Membership of Associations and External Initiatives	14
GRI 102-14	Statement from senior decision-maker	Message from the Chairman	2-3
GRI 102-16	Values, principles, standards, and norms of behavior	Overview of the Company - Green Chemistry & Sustainable Products	9
GRI 102-17	Mechanisms for advice and Concerns about ethics	Corporate Governance - Business Integrity and Ethics	25-27
GRI 102-18	Governance structure	Corporate Governance - Corporate Governance Structure	22
GRI 102-19	Delegating authority	Values of Sustainability - ESG Governance Bodies	15
GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Values of Sustainability - ESG Governance Bodies	15
GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	Values of Sustainability - Stakeholders and Material Topics	16-17
GRI 102-22	Composition of the highest governance body and its committees	Corporate Governance - Corporate Governance Structure	21-25
GRI 102-23	Chair of the highest governance body	Corporate Governance - Corporate Governance Structure	21
GRI 102-24	Nominating and selecting the highest governance body	Corporate Governance - Corporate Governance Structure	21
GRI 102-25	Conflicts of interest	Corporate Governance - Business Integrity and Ethics	26
GRI 102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance - Corporate Governance Structure	21
GRI 102-27	Collective knowledge of highest governance body	Corporate Governance - Corporate Governance Structure	23
GRI 102-28	Evaluating the highest governance body's performance	Corporate Governance - Corporate Governance Structure	23
GRI 102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance - Risk Management	27
GRI 102-30	Effectiveness of risk management processes	Corporate Governance - Risk Management	29
GRI 102-31	Review of economic environmental, and social topics	Corporate Governance - Risk Management	30
GRI 102-32	Highest governance body's role in sustainability reporting	Values of Sustainability - ESG Governance Bodies	15
GRI 102-33	Communicating critical concerns	Values of Sustainability - Stakeholders and Material Topics	16-17
GRI 102-35	Remuneration policies	Social Responsibility - Compensation Policy	24, 74
GRI 102-36	Process for determining remuneration	Corporate Governance - Corporate Governance Structure	24
GRI 102-37	Stakeholders' involvement in remuneration	Values of Sustainability - Stakeholder Identification and Communication	17

GRI Standard	Disclosure	Report Content or Explanation	Page Number
GRI 102-38	Annual total compensation ratio	Social Responsibility – Building a Happy Workplace	74
GRI 102-39	Percentage increase in annual total compensation ratio	Social Responsibility – Building a Happy Workplace	74
GRI 102-40	List of stakeholder groups	Values of Sustainability - Stakeholders and Material Topics	17
GRI 102-41	Collective bargaining agreements	Social Responsibility – Building a Happy Workplace	77
GRI 102-42	Identifying and selecting stakeholders	Values of Sustainability - Stakeholders and Material Topics	16
GRI 102-43	Approach to stakeholder engagement	Values of Sustainability - Stakeholders and Material Topics	17
GRI 102-44	Key topics and concerns raised	Values of Sustainability - Stakeholders and Material Topics	17
GRI 102-45	Entities included in the consolidated financial statements	Scope and Methodology of This Report	1
		Overview of the Company – Production Facilities and Global Locations	6
GRI 102-46	Defining report content and topic Boundaries	Values of Sustainability - Stakeholders and Material Topics	18~19
GRI 102-47	List of material topics	Values of Sustainability - Stakeholders and Material Topics	18~19
GRI 102-48	Restatements of information	Scope and Methodology of This Report	1
GRI 102-49	Changes in reporting	Scope and Methodology of This Report	1
GRI 102-50	Reporting period	Scope and Methodology of This Report	1
GRI 102-51	Date of most recent report	Scope and Methodology of This Report	1
GRI 102-52	Reporting cycle	Scope and Methodology of This Report	1
GRI 102-53	Contact point for questions regarding the report	Scope and Methodology of This Report	1
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Scope and Methodology of This Report	1
GRI 102-55	GRI content index	Appendix - GRI Content Index: Universal Standards	
GRI 102-56	External assurance	Appendix - Statement of Independent Third-Party Assurance / Assurance Report	
GRI 103 Management Approach 2016			
GRI 103-1	Explanation of the material topic and its Boundary	Material Topics and Management Approach	19
GRI 103-2	The management approach and its components	Material Topics and Management Approach Corporate Governance - Business Integrity and Ethics	19 25
		Sustainable Environment -Sustainability Management Approach Social Responsibility	39 69
GRI 103-3	Evaluation of the management approach		

GRI Content Index: Material Topics

GRI Standard	Disclosure	Report Content or Explanation	Page Number	Material Topics
GRI 200 Economy				
GRI 201 Economic Performance 2016				
GRI 201-1	Direct economic value generated and distributed	Overview of the Company - Operational Performance	9	■
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Sustainable Environment - Climate Change Assessment	54~61	
GRI 201-3	Defined benefit plan obligations and other retirement plans	Social Responsibility – Building a Happy Workplace	78~79	
GRI 202 Market Presence 2016				
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Social Responsibility - Building a Happy Workplace	74	
GRI 203 Indirect Economic Impacts 2016				
GRI 203-1	Infrastructure investments and services supported	Social Responsibility – Social Engagement	90	
GRI 203-2	Significant indirect economic impacts	Social Responsibility – Social Engagement	90	

GRI Standard	Disclosure	Report Content or Explanation	Page Number	Material Topics
GRI 204 Purchasing Practice 2016				
GRI 204-1	Proportion of spending on local suppliers	Corporate Governance - Supply Chain Management	33	
GRI 205 Anti-corruption 2016				
GRI 205-1	Operations assessed for risks related to corruption	Corporate Governance – Business Integrity and Ethics	26	
GRI 205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance – Business Integrity and Ethics	26	
GRI 206 Anti-competitive Behavior 2016				
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Governance – Business Integrity and Ethics	No such practices took place in 2021	
GRI 300 Environment				
GRI 301 Materials 2016				
GRI 301-2	Recycled input materials used	Sustainable Environment - Improve Resource Utilization	66~67	
GRI 302 Energy 2016				
GRI 302-1	Energy consumption within the organization	Sustainable Environment - Energy Management	50	
GRI 302-3	Energy intensity	Sustainable Environment - Energy Management	51	
GRI 302-4	Reduction of energy consumption	Sustainable Environment - Energy Management	50	
GRI 303 Water and Effluents 2018				
GRI 303-1	Interactions with water as a shared resource	Sustainable Environment - Water Management and Water Pollution Prevention	44	■
GRI 303-2	Management of water discharge-related impacts	Sustainable Environment - Water Management and Water Pollution Prevention	44~45	■
GRI 303-3	Water withdrawal	Sustainable Environment - Water Management and Water Pollution Prevention	45	■
GRI 303-4	Water discharge	Sustainable Environment - Water Management and Water Pollution Prevention	46~47	■
GRI 303-5	Water consumption	Sustainable Environment - Water Management and Water Pollution Prevention	48	■
GRI 305 EMISSIONS 2016				
GRI 305-1	Direct (Scope 1) GHG emissions	Sustainable Environment - Energy Management	49	
GRI 305-2	Energy indirect (Scope 2) GHG emissions	Sustainable Environment - Energy Management	49~52	
GRI 305-4	GHG emissions intensity	Sustainable Environment - Energy Management	50~52	
GRI 305-5	Reduction of GHG emissions	Sustainable Environment - Energy Management	52	
GRI 305-6	Emissions of ozone-depleting substances (ODS)	Sustainable Environment - Energy Management	53	
GRI 305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Sustainable Environment - Air Pollution Prevention	61~62	
GRI 306 Waste 2020				
GRI 306-1	Waste generation and significant waste-related impacts	Sustainable Environment - Waste Generation and Treatment	63	
GRI 306-2	Management of significant waste-related impacts	Sustainable Environment - Waste Generation and Treatment	64, 68	
GRI 306-3	Waste generated	Sustainable Environment - Waste Generation and Treatment	65	
GRI 306-4	Waste diverted from disposal	Sustainable Environment - Waste Generation and Treatment	65	
GRI 306-5	Waste directed to disposal	Sustainable Environment - Waste Generation and Treatment	65	
GRI 307 Environmental Compliance 2016				
GRI 307-1	Non-compliance with environmental laws and regulations	Sustainable Environment - Environmental Regulation Compliance	67	■

GRI Standard	Disclosure	Report Content or Explanation	Page Number	Material Topics
GRI 308 Supplier Environmental Assessment 2016				
GRI 308-1	New suppliers that were screened using environmental criteria	Corporate Governance - Supply Chain Management	38	
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	Corporate Governance - Supply Chain Management	38	
GRI 400 Social				
GRI 401 : Employment 2016				
GRI 401-1	New employee hires and employee turnover	Social Responsibility - Building a Happy Workplace	73~74	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Responsibility - Building a Happy Workplace	78~80	
GRI 401-3	Parental leave	Social Responsibility - Building a Happy Workplace	79	
GRI 403 Occupational Health and Safety 2018				
GRI 403-1	Occupational health and safety management system	Social Responsibility - Occupational Safety and Health	80	■
GRI 403-2	Hazard identification, risk assessment, and incident investigation	Social Responsibility - Occupational Safety and Health	82~83	■
GRI 403-3	Occupational health services	Social Responsibility - Occupational Safety and Health	88	■
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Social Responsibility - Occupational Safety and Health	83	■
GRI 403-5	Worker training on occupational health and safety	Social Responsibility - Occupational Safety and Health	85	■
GRI 403-6	Promotion of worker health	Social Responsibility - Occupational Safety and Health	88	■
GRI 403-7	Prevention and mitigation of health and safety impacts directly linked by business relationships	Social Responsibility - Occupational Safety and Health	84	■
GRI 403-8	Workers covered by an occupational health and safety management system	Social Responsibility - Occupational Safety and Health	82	■
GRI 403-9	Work-related injuries	Social Responsibility - Occupational Safety and Health	86~87	■
GRI 403-10	Work-related ill health	Social Responsibility - Occupational Safety and Health	89	■
GRI 404 Training and Education 2016				
GRI 404-1	Average hours of training per year per employee	Social Responsibility – Building a Happy Workplace	76	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Social Responsibility – Building a Happy Workplace	76~77	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Social Responsibility – Building a Happy Workplace	77	
GRI 405 Diversity and Equal Opportunity 2016				
GRI 405-1	Diversity of governance bodies and employees	Corporate Governance- Diversity and Independence of the Board of Directors Social Responsibility - Building a Happy Workplace	22 72	
GRI 405-2	Ratio of basic salary and remuneration of women to men	Social Responsibility – Building a Happy Workplace	74	
GRI 406 Non-discrimination 2016				
GRI 406-1	Incidents of discrimination and corrective actions taken	Social Responsibility - Human Rights Issues and Assessment	70~71	
GRI 407 Freedom of Association and Collective Bargaining 2016				
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Social Responsibility - Human Rights Issues and Assessment	70	
GRI 408 Child Labor 2016				
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	Corporate Governance - Supply Chain Management Social Responsibility - Human Rights Issues and Assessment	35 69~70	
GRI 409 Forced or Compulsory Labor 2016				

GRI Standard	Disclosure	Report Content or Explanation	Page Number	Material Topics
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Corporate Governance - Supply Chain Management Social Responsibility - Human Rights Issues and Assessment	35 69~70	
GRI 412 Human Rights Assessment 2016				
GRI 412-1	Operations that have been subject to human rights reviews or impact assessments	Social Responsibility - Human Rights Issues and Assessment	70	
GRI 412-2	Employee training on human rights policies or procedures	Social Responsibility - Human Rights Issues and Assessment	70	
GRI 412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Social Responsibility - Human Rights Issues and Assessment	70	
GRI 413 Local Communities 2016				
GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Values of Sustainability – Environmental Impact Assessment of the Local Community and Supply Chain Social Responsibility – Social Engagement	68 90~92	
GRI 413-2	Operations with significant actual and potential negative impacts on local communities	Values of Sustainability – Environmental Impact Assessment of the Local Community and Supply Chain	68	
GRI 414 Supplier Social Assessment 2016				
GRI 414-1	New suppliers that were screened using social criteria	Corporate Governance - Supply Chain Management	38	
GRI 414-2	Negative social impacts in the supply chain and actions taken	Corporate Governance - Supply Chain Management	36	
GRI 416 Customer Health and Safety 2016				
GRI 416-1	Assessment of the health and safety impacts of product and service categories	Values of Sustainability - Chemical Safety Management & Product Stewardship	10~12	
GRI 417 Marketing and Labeling 2016				
GRI 417-1	Requirements for product and service information and labeling	Values of Sustainability - Chemical Safety Management & Product Stewardship	10~12	
GRI 418 Customer Privacy 2016				
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	None	None in 2021	
GRI 419 Socioeconomic Compliance 2016				
GRI 419-1	Non-compliance with laws and regulations in the social and economic area	None	None in 2021	■

SASB Chemical Industry Standard Index

CODE	ACCOUNTING METRIC	Report Contents or Explanation	Page Number
Greenhouse Gas Emissions			
RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	● Direct (Scope 1) GHG emissions, energy indirect (Scope 2) GHG emissions	52
RT-CH-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	● GHG Inventory and Energy Use (Policies and commitments, management approach, key performance indicators, evaluation mechanism, targets)	53
Air Quality			
RT-CH-120a.1	Air emissions of the following pollutants: (1) NOX (excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	● Air Pollution Emissions Statistics	62
Energy Management			
RT-CH-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	● Energy Intensity: total energy consumption (GJ)/ NT\$ million output ● Total energy consumption	51

CODE	ACCOUNTING METRIC	Report Contents or Explanation	Page Number
Water Management			
RT-CH-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	<ul style="list-style-type: none"> Total water withdrawal (megaliters), total water consumption 	45
RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	<ul style="list-style-type: none"> Wastewater discharge, wastewater treatment compliance rate 	48
RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	<ul style="list-style-type: none"> Water Management and Water Pollution Prevention (Policies and commitments, management approach, key performance indicators, water withdrawal management) 	44-45
Hazardous Waste Management			
RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	<ul style="list-style-type: none"> Waste generation and treatment 2,029.9 tons of hazardous industrial waste were generated and 64.4 tons were recycled, and the rate of hazardous industrial waste recycled and treated hit 3.2%. 	63 65
Community Relations			
RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	<ul style="list-style-type: none"> Environmental Impact Assessment of the Local Community and Supply Chain Community Engagement and Investment, including local economy development, work safety, and community development 	68 90
Workforce Health & Safety			
RT-CH-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	<ul style="list-style-type: none"> Incidence rate (IR): 5.04; Fatality rate: 0 P.89 Definition of work injuries and statistics from 2021 	86-87
RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	<ul style="list-style-type: none"> Eliminate hazards and reduce occupational safety and health risks by hazard identification and risk assessment 	88
Product Design for Use-phase Efficiency			
RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	<ul style="list-style-type: none"> Percentage of sustainable products is 53.6% in 2020 and 54.7% in 2021. 	13
Safety & Environmental Stewardship of Chemicals			
RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	<ul style="list-style-type: none"> Chemical Safety Management & Product Stewardship – 2021 Accomplishments 	10-11
RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	<ul style="list-style-type: none"> Green Chemistry & Sustainable Products 	9
Genetically Modified Organisms			
RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	<ul style="list-style-type: none"> Not applicable to our company 	-
Management of the Legal & Regulatory Environment			
RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	<ul style="list-style-type: none"> Sustainability Management Approach Social Responsibility 	39 69
Operational Safety, Emergency Preparedness & Response			
RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	<ul style="list-style-type: none"> Number of manufacturing process-related safety incidents in 2021: 4 PSTIR: 0.22 We began collecting PSISR statistics in 2022. 	87 87
RT-CH-540a.2	Number of transport incidents	<ul style="list-style-type: none"> No transport incidents in recent four years. 	86

