



Sustainability Report

2022

Everlight Chemical

Scope and Methodology of This Report GRI 2-1

The Everlight Chemical 2022 Sustainability Report is our 11th sustainability report. It outlines Everlight Chemical's ESG commitments and accomplishments, including our sustainability practices in green chemistry, circular economy and other aspects.

Reporting Period : January 1, 2022 to December 31, 2022 GRI 2-3

Reporting Scope GRI 2-2

The entities included in this report are consistent with those included in the Company's consolidated financial statements for 2022. The scope of disclosure in this report covers Everlight Chemical Industrial Corporation (parent company), Everlight Chemical Plant I-IV in Taoyuan, Trend Tong Imaging, Inc. in Hsinchu and Everlight Advanced Chemicals Ltd. in Suzhou (China), all of which operate in the specialty chemicals industry. Further details on reporting boundaries are provided in the report.

Report Guidelines and Principles

The content and structure of this report have been prepared in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies as well as the GRI Standards (2021). Disclosures have also been prepared per the Sustainability Accounting Standards Board (SASB) Standards for the Chemicals industry and the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Restatements of Information GRI 2-4

The financial data contained in this report is consistent that in with our annual report. Environmental, safety, and health performance information is expressed using internationally-recognized metrics. Where metrics that applicable are used to disclose quantitative data, with explanatory notes. No restatement of information was made in this report.

Preparation Process of This Report GRI 2-14

Everlight Chemical's Board of Directors is the highest governance and decision-making body at the Company. Data collection, preparation and verification for this report has been conducted in accordance with our Sustainability Report Preparation and Validation Guidelines. We sought the expertise of an external consultancy to provide guidance on sustainability reporting methodology. The Executive Secretary of the Sustainable Development (ESG) Committee then coordinated with internal departments to collect ESG-related data, which was then reviewed and approved by heads of functional units and divisions and by teams under the ESG Committee (Environment, Social and Governance Team). Subsequently, the Executive Secretary consolidated the information into the sustainability report, which was then reviewed by a third-party assurance provider and submitted to the Chairman of the Board for approval and publication.

External Assurance GRI 2-5

This report has been independently assured by the Taiwan Branch of the British Standards Institution (BSI Taiwan) in accordance with Type 1 (moderate level of assurance) of the AA1000 Assurance Standard (AA1000 AS v3) and the GRI Standards. We have also entrusted KPMG to provide limited assurance over the reliability and quality of information related to the seven key disclosures stipulated by regulatory requirements in accordance with the TWSAE3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information, an assurance standard issued by the Accounting Research and Development Foundation (ARDF) of Taiwan.

Report Publication GRI 2-3

We publish sustainability reports annually. This report was published in June 2023. The next report is scheduled to be released in June 2024.

Reporting Format and Contact Point GRI 2-3

In line with our commitment to sustainability, this report is mainly issued digitally (made available on Everlight Chemical's website) to minimize paper usage. All stakeholders are welcome to view and download the report online. In case of any error, corrections or information updates in the report, please refer to the latest electronic version released on our website. If you have any comments, suggestions or inquiries about the content of this report, please contact us through the following contact.

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Message From the Chairman

GRI 2-22



Dear stakeholders,

As we celebrated our company's 50th anniversary, we also recognized the complex global challenges that persisted in 2022.

The Russian-Ukraine war that broke out on February 24th, 2022 triggered a series of economic and supply chain disruptions. The ripple effect of inflation, soaring prices and deteriorating economic conditions posed further challenges for business operations. By the grace of God, and thanks to the dedicated efforts and support of all employees and our supply chain partners, despite a 3% revenue decline, we were still able to generate a profit to share with our valued shareholders under these challenges, and I am deeply grateful for what we have accomplished.

In 2022, extreme weather events caused by global warming continued to cause devastation around the world. The United Nations has urged countries around the world to declare a state of climate emergency and step up their climate actions. In March 2022, the Taiwanese government also announced Taiwan's Pathway to Net-Zero Emissions in 2050, a roadmap to achieve net-zero carbon emissions by 2050. Since the establishment of the Climate Change Working Group at our company in 2021, we have been consistently implementing various measures to address climate change. In 2022, we also initiated the Carbon Footprint Verification and Reduction Pathway Project, with the aim of completing carbon footprint verification for Everlight Chemical and the entire Group by 2023 and 2024, respectively.

I am also pleased to announce that, on November 10, 2022, our Board of Directors approved the company's Sustainability ESG Policy, reaffirming our commitment to "Do Our Part as a Global Citizen, Contribute to Protecting the Planet." The policy lays out nine key guidelines that will guide our efforts in the environmental, social and governance aspects.

In addition, we continued to enhance our energy management system by the ISO 50001 standard, implementing a wide range of measures to conserve energy and reduce carbon emissions, with the aim of receiving ISO 50001 certification in 2023. In 2022, we made great progress on various key environmental indicators compared to the previous year. Our greenhouse gas emissions intensity decreased by 7%, while our water consumption was reduced by 13%. We also increased our waste recycling and reuse rate from 71% to 72%, and our recycling rate of hazardous industrial waste from 3.3% to 4.3%.

In the meantime, we remained committed to reducing ESG risks across the board. After a year-long dedication, our Sustainalytics ESG rating has improved from high-risk to medium-risk. We received the Gold Award for the Best 2021 Sustainability Report in the Corporate Sustainability Report Award category of the 2022 Taiwan Corporate Sustainability Awards (TCSA). Building on these successes, we will continue to improve our ESG performance.

Looking ahead, we also plan to further optimize our ESG website and disclosures to facilitate direct and effective communication with external stakeholders. Guided by the principles of transparency, clarity, completeness, timeliness and sustainability context, we aim to continuously improve our sustainability reporting to meet regulatory requirements and investor expectations and communicate our ESG accomplishments effectively.

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

Chen, Chien-Hsin
Chairman of Everlight Chemical

Our Sustainability Accomplishments in 2022

The COVID-19 pandemic persisted in the first half of 2022, while the conflict between Russia and Ukraine, rising interest rates and inflation presented further challenges. Although the second half of the year saw easing lockdown measures, global economic activity remained sluggish. Meanwhile, there was a growing awareness of the need to protect the environment and uphold human rights. Faced with these external challenges, we focused on enhancing our internal sustainability management systems and governance. Our efforts across all divisions and plants have since received wide recognition.

E

Sustainable Environment

Driving positive environmental impact through green factory management

- For the third time, Plant I passed the **Cleaner Production Assessment of the Green Factory Label**
- The Electronic Chemicals Business Division received the **Diamond Award of the e-Touch Green Interior Design Award**
- Electricity Savings of **980 MWh** (1.1% in savings) Energy Conservation of **3,539 GJ** Emissions Reduced by **511 tCO₂e**
- Water Withdrawal Reduced by **12 %** Water Consumption Reduced by **13 %** Water Recovery Rate (R2) Reached **93 %**
- Waste Recycling & Reuse Rate Reached **72 %** Recycling Rate of Hazardous Industrial Waste Reached **4.3 %** Atom efficiency reached **70.9 %**, exceeding the target for the year
- Achieved a greenhouse gas emissions intensity of **8.3** (tCO₂e/ NT M output), representing a reduction by **7 %** from 2021

S

Social Responsibility

Driving social impact and facilitating industry-academia collaborations

- For the second time, Plant II received the **High Distinction Award in the Taoyuan City River Adoption Program**
- Received a certificate of appreciation from the Occupational Safety and Health Administration (OSHA) of the Ministry of Labor in recognition for Everlight Chemical's contribution to **promoting sustainable development of occupational health and safety**
- Held the **Everlight Chemical Green Chemistry** to honor the work of outstanding researchers
- Continued to **support elementary and high schools in nearby communities** through annual donations
- Continued to provide access to the Global Kids Junior Monthly and Global Kids Monthly magazines by the Commonwealth Publishing Group for **21 elementary schools in rural Taoyuan**

G

Corporate Governance

Pursuing improvement and innovation, enhancing management performance, and passing our new Sustainability ESG Policy

- 2022 Corporate Governance Evaluation by TWSE Ranked among the **top 6-20%** listed companies
- 2022 Corporate Governance Evaluation by TWSE Ranked among the **top 10%** listed companies with a market value over NT\$10 billion in the non-financial and non-electronics industry
- Received the **Gold Award** for the Best Sustainability Report (Traditional Manufacturing Category 1) in the 15th Taiwan Corporate Sustainability Awards (TCSA)
- Plant II received the **Excellence Award for the Mutual-Aid Group On-Site Drills for Emergency Response**
- Our Pharmaceutical Business Unit obtained **Good Distribution Practice (GDP) certification from the Taiwan Food and Drug Administration (TFDA)**
- Plant II received the **Excellence Award for the Mutual-Aid Group On-Site Drills for Emergency Response**
- Awarded the certification mark of **Top 500 Excellent Exporters/Importers** by the Bureau of Foreign Trade

About Everlight Chemical

Founded in 1972, Everlight Chemical is guided by the philosophy of "Pursuit of Improvement and Innovation, Promoting Human Dignity, and Improving Human Welfare" and the culture of "Upright Operation, Loving Management." Committed to the mission of sustainable operations, we strive to develop and provide high-tech chemical products, so as to fulfill our vision to become a high-tech chemistry industrial group contributing to people's lives and create value with our customers.

Legal Name of the Company	Everlight Chemical Industrial Corporation
Ownership & Legal Form	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.
Paid-in Capital	NT\$5.5 billion
Location of Headquarters	5F-6F., No. 77, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City
Employee Headcount GRI 2-7	1,302 (Parent Company); 518 (Subsidiaries); 1,820 in total (Calculated as of Dec 31, 2022)

Everlight Chemical's production facilities include

4 plants in **Taoyuan**(6 production sites), **Trend Tone Imaging in Hsinchu**, and **Everlight Suzhou**

Around the world, we have

20 operational sites

Our sales and marketing network spans across

> 100 countries on **5** continents



Global Locations



Our History



About Our Plants

Location and Contact of Production Sites



Plant I

Mainly produces color chemicals

📍 No. 271, Zhongshan N. Rd., Dayuan Dist., Taoyuan City
☎ (03)386-8081



Plant III

Mainly produces specialty chemicals

📍 No. 937, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City
☎ (03)483-7682



Pharmaceutical Factory

Mainly produces active pharmaceutical ingredients (APIs)

📍 No. 12, Gongye 3rd Rd., Guanyin Dist., Taoyuan City
☎ (03)483-8088



Trend Tone Imaging, Inc

Mainly produces and sells toner and cartridges for laser printers, photocopiers and fax machines

📍 No. 3, Gongye E. 1st Rd., East Dist., Hsinchu City
☎ (03)578-3620

Note: Includes Trend Tone Imaging Plant I-III



Plant II

Mainly produces color chemicals

📍 No. 12, Gongye 3rd Rd., Guanyin Dist., Taoyuan City
☎ (03)483-8088



Plant IV

Mainly produces electronic chemicals

📍 No. 399, Datan N. Rd., Guanyin Dist., Taoyuan City
☎ (03)473-7366



Electronic Chemical Factory

Mainly produces electronic chemicals

📍 No. 12, Gongye 3rd Rd., Guanyin Dist., Taoyuan City
☎ (03)483-8088



Everlight (Suzhou) Advanced Chemicals Ltd.

Mainly produces and sells high-tech chemicals for toner and electronics

📍 No.33, Ping Sheng Road, Suzhou Industrial Park, Suzhou, P.R.C.

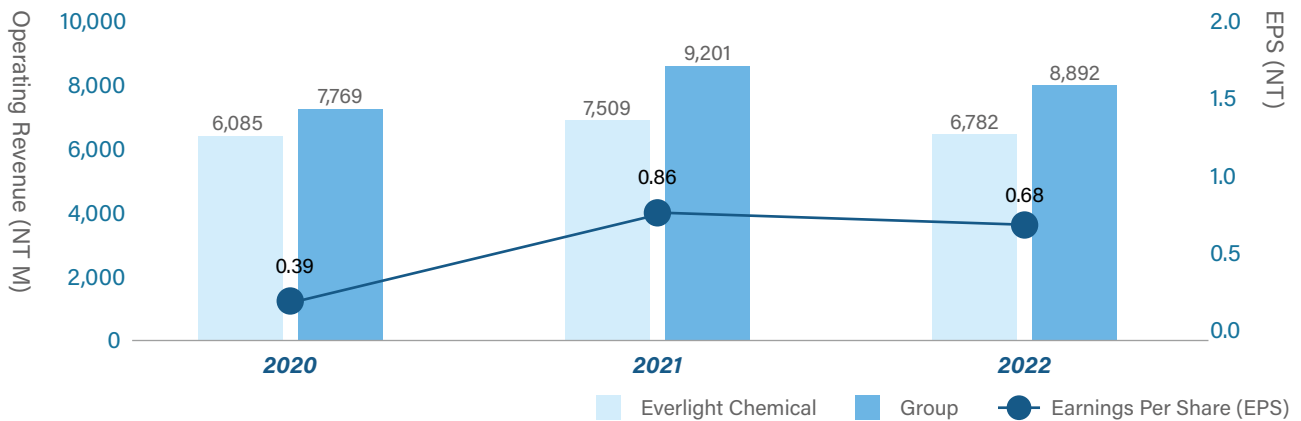
Operational Performance

Everlight Chemical is in the specialty chemicals industry. Our product offerings include color chemicals, specialty chemicals, toner, electronic chemicals and pharmaceutical chemicals. In 2022, the Group recorded a total operating revenue of NT\$8.892 billion, indicating a slight decline of 3% compared to 2021, which could be attributed to the impact of the COVID-19 pandemic on market demand as well as the Russian-Ukraine war. Despite the decline, we also found new directions and opportunities in the midst of the challenges. For example, growing demand for electric vehicles in response to climate change has driven growth in our Electronic Chemicals business, enabling our successful expansion into the automotive supply chain. Meanwhile, Our green products (also referred to as sustainable products) received wide customer recognition. The share of revenue from sustainable products continued to grow steadily.

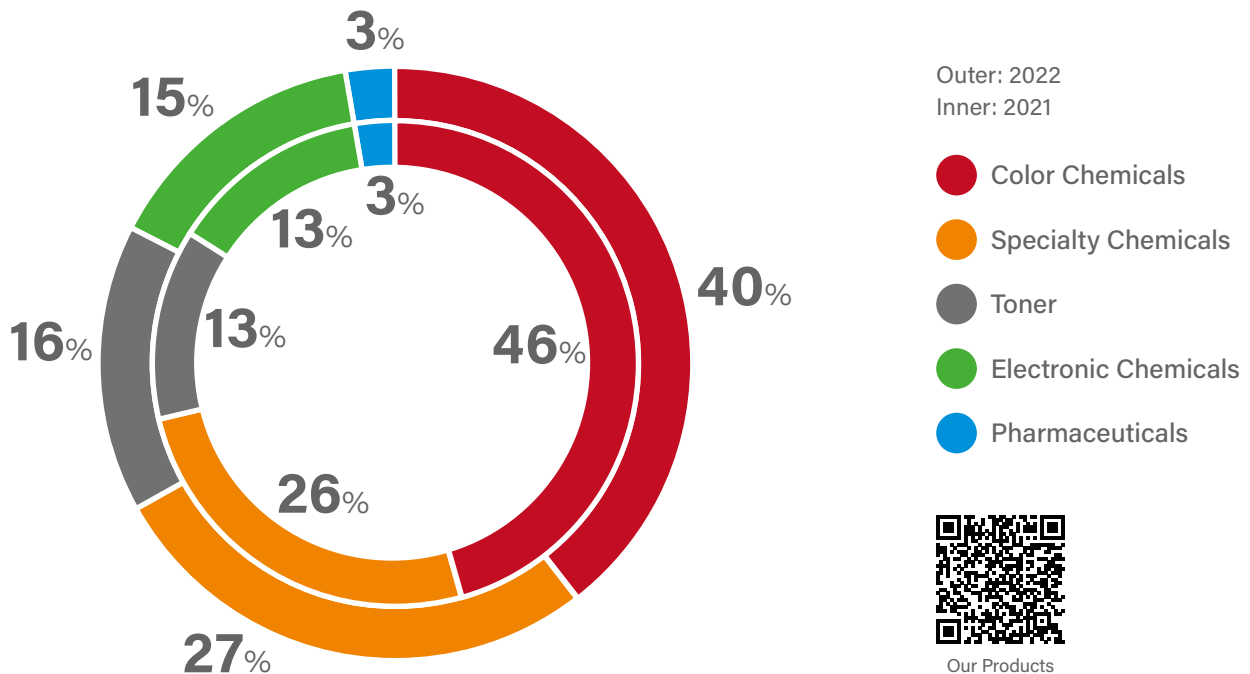
[See the Green Chemistry & Product Responsibility chapter for more information](#)

2020-2022 Standalone and Consolidated Operating Revenue & EPS

[For more information on our operational performance, please refer to our annual report](#)



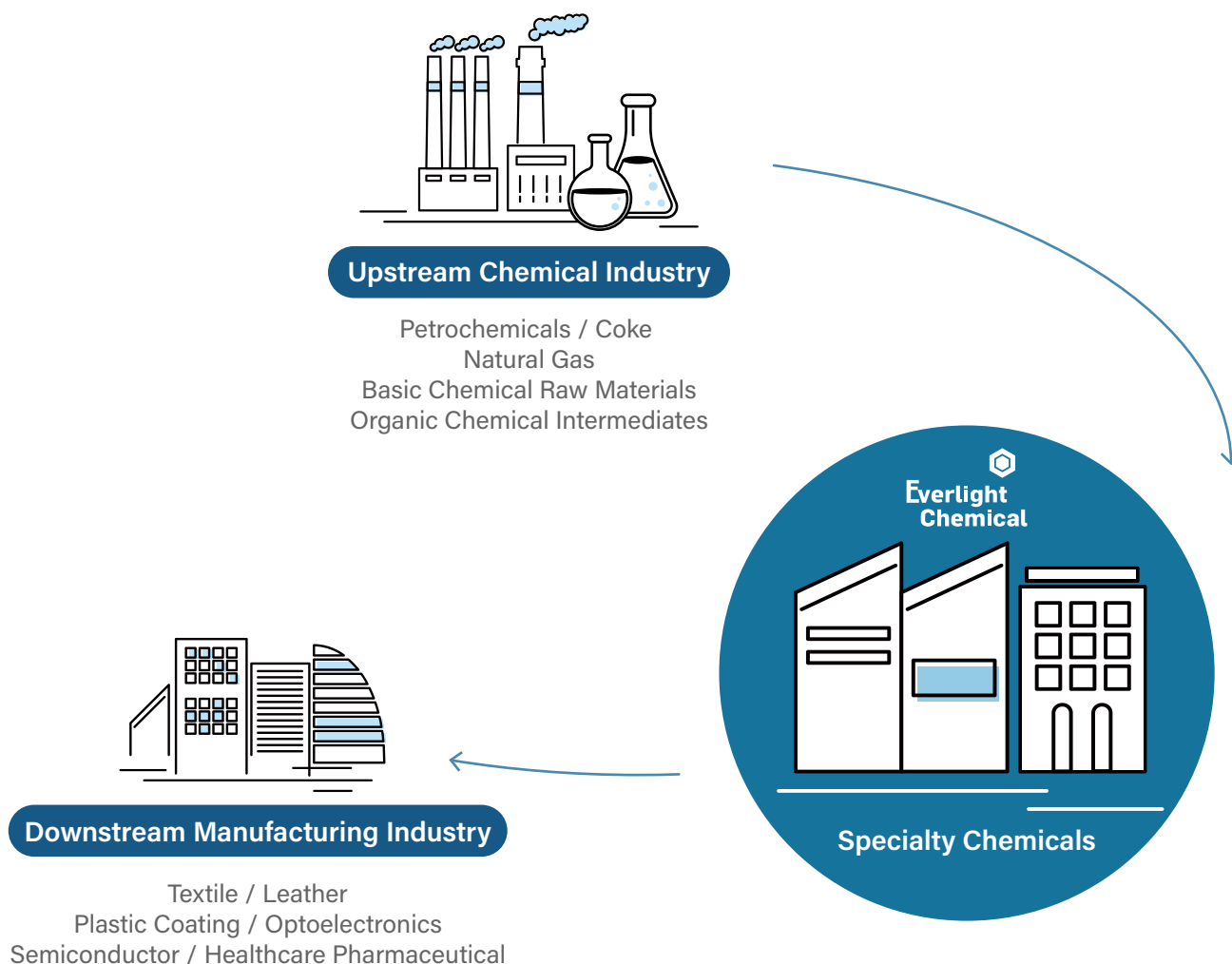
Revenue by Business Unit, 2022 vs 2021 (Group)



Operations and Value Chain GRI 2-6

Our Role in the Specialty Chemical Supply Chain

Everlight Chemical produces specialty chemicals used in a wide range of industries. Our direct upstream are suppliers of basic chemical raw materials and organic intermediates. Further up the supply chain are the petrochemical, coke and natural gas industries. On the downstream side, our clients span across various industries, including textile and leather, plastic/coating, optoelectronics/semiconductor, healthcare and pharmaceuticals, etc.



Advancing towards High Value-Added Products by Harnessing Core Technology

Specialty chemicals play a vital role in the industrial value chain. Working with our supply chain partners, we provide innovative, sustainable and top-quality chemical products and technical services, delivering exceptional value for end customers.

Implementing Rigorous ESG Assessment in Selection of Suppliers

We evaluate and select compliant raw material suppliers based on the 12 Principles of Green Chemistry. We also conduct regular annual inspections, organize ESG training for suppliers and provide guidance and suggestions.

Everlight Chemical's Competitive Advantage

Despite the challenges of the pandemic, we have continued to enhance our corporate brand position and strengthen market competitiveness. Efforts include providing innovative and comprehensive services for overseas distributors and customers through online streaming webinars, online technical forums and product-related educational services.

Customers and Markets

Everlight Chemical has built a global network of sales and operations. Our products mainly cater to overseas markets, with the domestic market accounting for around 20% of total sales revenue, while other markets in Asia contribute to 50% of sales.

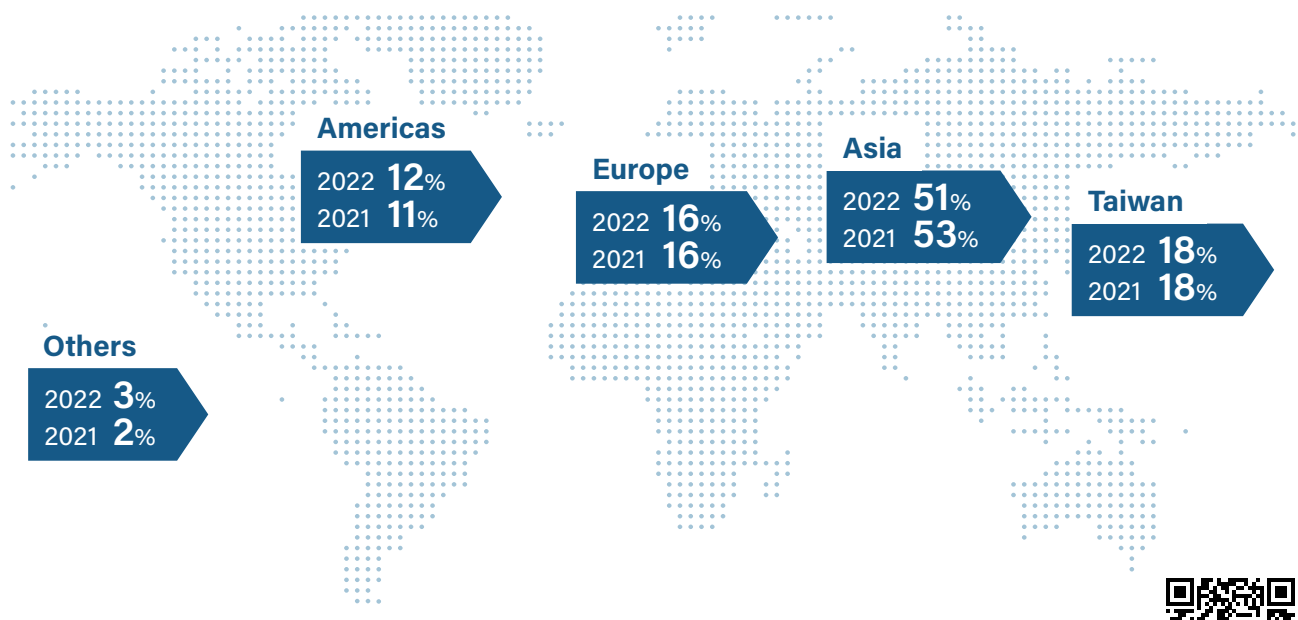
[Visit our official website for more information](#)

Sales Revenue in 2022

Everlight Chemical	Sales Revenue (NT M)	Percentage
Taiwan	1,608	24%
Asia	3,212	48%
Europe	1,043	15%
Americas	691	10%
Others	228	3%
Total	6,782	100%

Group	Sales Revenue (NT M)	Percentage
Taiwan	1,647	18%
Asia	4,569	51%
Europe	1,383	16%
Americas	1,044	12%
Others	249	3%
Total	8,892	100%

Changes in Sales Revenue Across Markets in 2022



Products & Services

Sustainability Values



Our Philosophy and ESG Policy GRI 2-23

Our Philosophy

Inspired by the guidelines of the Bible, Everlight Chemical upholds Truth and Love as the foremost principles underpinning our business operations. Everlight Chemical has adopted "Pursuing Improvement and Innovation, Promoting Human Dignity, and Improving Human Welfare" as our core philosophy.

Our Sustainability ESG Policy

Since our honorary chairman established aforementioned company philosophy, corporate social responsibility and sustainable development have always been a key priority to us. Given the nature of the specialty chemicals industry, environmental protection and pollution prevention are integral to our day-to-day operations. In November 2022, the Board of Directors deliberated and approved our company-wide Sustainability ESG Policy, "Do Our Part as a Global Citizen, Contribute to Protecting Our Planet."

Social Responsibility

- Happiness Enterprise
- Community Engagement
- Contribution to Society

Sustainable Environment

- Environmental Management
- Green Chemistry
- Zero-Carbon Economy

Corporate Governance

- Business by Integrity
- Shareholder Interests
- Organizational Resilience



Our Sustainability ESG Policy Encompasses
Three Aspects and
Nine Implementation Guidelines

Positive Impact and Contribution (Better Chemistry, Better Life)

In corporate governance, we continue to improve the efficiency of various management systems and strengthen our governance practices. On the front of environmental protection, we continuously enhance our environmental management and measures to address climate change. We have also signed the TCIA 2050 Net-Zero Emissions Declaration to demonstrate our commitment to sustainable development. In the social aspect, we are dedicated to providing employees with a safe and fulfilling working environment, promoting character education, and expanding our community engagement and social impact.

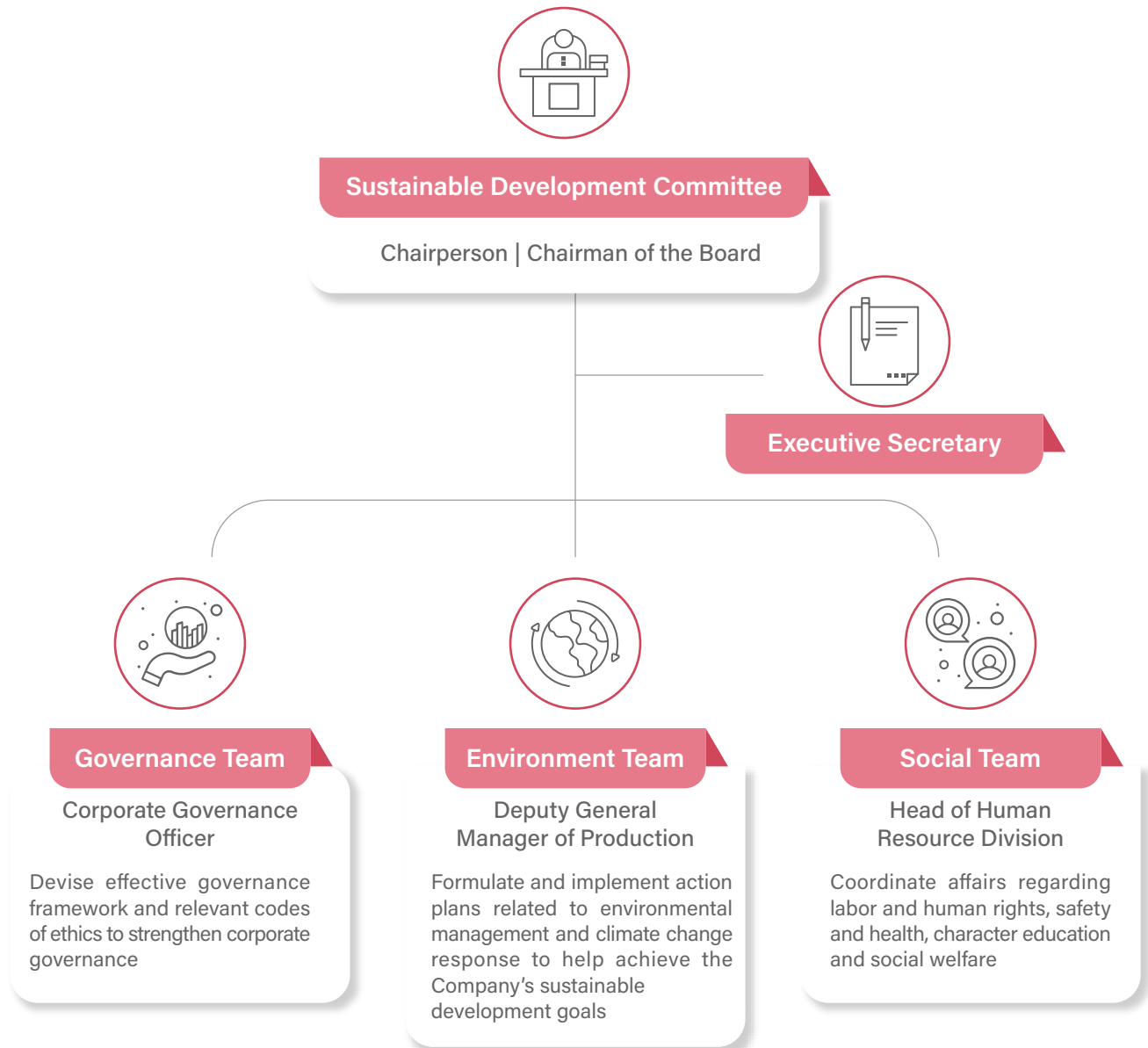


Our Net-Zero
Emissions Declaration

ESG Implementation Structure GRI 2-14

In 2012, Everlight Chemical established its Corporate Social Responsibility Committee and adopted the Corporate Social Responsibility Best Practice Principles to guide the Company's efforts in fulfilling corporate social responsibilities. On Jan 4, 2022, the committee was renamed as the Sustainable Development Committee (also referred to as ESG Committee).

The Chairman of the board has been appointed to lead the ESG Committee and oversee the Company's sustainable development goals and strategies, guided by the company vision of "Becoming the High-tech Chemistry Industrial Group Contributing to People's Lives."



The first ESG Committee meeting took place on May 23, 2022. An overview of the Company's performance regarding ESG measures and material topics throughout 2021 was subsequently presented to the board on August 11, 2022. Key projects in 2022 included confirming on the management approaches, performance indicators and targets for 2022-2023 based on identified material topics.



Stakeholders and Material Topics

GRI 3-1

GRI 3-2

GRI 3-3

The Board of Director is the highest governance body responsible for overseeing and deliberating on Everlight Chemical's management of sustainability impacts and material topics. The Risk Management Committee and Audit Committee are also in place and are responsible for preventing and mitigating actual and potential risks and impacts. Based on all the potential issues collected, the ESG Committee utilized questionnaires and interviews with department managers to conduct impact assessment and topic prioritization.

Process	Description
1 Understand the organization's context Identify stakeholders and compile a list of ESG issues and social welfare	Stakeholder identification Based on the five principles of the AA1000 Stakeholder Engagement Standard (AA1000 SES), we identified seven groups of stakeholders, which are shareholders/investors, customers/brand owners, employees, suppliers/contractors, nearby communities, government agencies and banks. Source of potential material topics We referenced international ESG trends, the GRI Standards, the SASB Standards for the Chemicals industry, requirements of international ESG rating institutions and the TWSE Corporate Governance Evaluation for Listed Companies by the Financial Supervisory Commission (FSC) and developed a list of 15 sustainability topics for further materiality assessment. Survey on stakeholder interests In July 2021, through various channels such as online questionnaires, we conducted a comprehensive survey to capture stakeholders' interests on the potential material topics. A total of 180 questionnaires were distributed, and 151 were completed and returned. This represents a survey response rate of 83.8%.
2 Identify actual and potential impacts Internal management team conducts impact assessment on each material topic	Assessment of the significance of impacts on the economy, environment, and people (including human rights) We interviewed department managers and distributed 30 questionnaires to assess the scope and degree of involvement in the positive and negative impacts, assessing the scale and likelihood of impacts under each topic. Assessment of the impact of sustainability topics on Everlight Chemical's operations Besides assessing the Company's impacts on the economy, the environment, and people (including human rights), we also evaluated the level of impact the sustainability risks on the Company's operations, including both actual and potential impacts.
3 Assess significance of the impacts Confirm on six material topics and define KPIs aligned with relevant SDGs	Determine material topics Based on our assessment of the significance and likelihood of actual and potential impacts, we mapped out a materiality matrix and determined on six key material topics for management and reporting. We analyzed how the six material topics correspond to the UN Sustainable Development Goals (SDGs), based on which we developed performance indicators to effectively track progress on each topic. Four SDGs were identified for prioritization.
4 Determine material topics for reporting Confirm on the material topics and relevant performance indicators for reporting	Confirm on material topics for reporting, corresponding management approaches and performance indicators Devising performance indicators: Based on our latest assessment of positive/negative impacts and due diligence in response to the updated GRI Universal Standards (2021), we added a new material topic, Customer Relationship and Marketing Development, to demonstrate Everlight Chemical's commitment to high-quality sustainable products and green chemistry practices. Furthermore, to enhance the Company's positive contributions to the economy, environment and people while to prevent and mitigate negative impacts, we developed action plans and follow-up mechanisms, assigning tasks and responsibilities across functions and departments.

Assessment of Positive and Negative Impacts for Material Topics

Material Topic	Positive/Negative Impact Rating (P/N, Score: 1-4)			Scope of Impact / Degree of Involvement				
	Impact Level	Likelihood	Description	Shareholders	Customers	Employees	Suppliers	Communities
Regulatory Compliance	P : 4 N : 1	4	<p>Positive Impact Everlight Chemical has always prioritized compliance with laws and regulations, fostering positive corporate image and influence.</p> <p>Negative Impact We have incurred fines in environmental and social aspects in 2022, but has since conducted reviews and made improvements.</p>	<input type="checkbox"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="checkbox"/>	<input checked="" type="radio"/>
Occupational Safety & Health	P : 4 N : 2	4	<p>Positive Impact Everlight Chemical is committed to its zero-accident mission and has taken measures to mitigate related risks.</p> <p>Negative Impact A fire incident occurred due to inadequate preventive measures. Immediate corrective actions had been taken.</p>		<input type="checkbox"/>	<input checked="" type="radio"/>	<input type="radio"/>	
Pollution Prevention	P : 4 N : 1	4	<p>Water Resource Management We continued to reduce water consumption and ensure regulatory compliance in terms of wastewater discharge, minimizing our environmental impacts. We outperformed our target for 2022.</p>		<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="checkbox"/>	
	P : 4 N : 2	4	<p>Air Pollution Prevention We aim to reduce our air pollution emissions to mitigate environmental impacts. Yet we missed our target in 2022 due to the fire incident. We have made immediate improvements accordingly.</p>		<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="checkbox"/>	
	P : 4 N : 1	4	<p>Waste Management Waste recycling is an important focus of our circular economy practices that helps reduce negative impacts on the environment. In addition, we use atom efficiency as an indicator of resource utilization efficiency. High atom efficiency indicates less waste is produced. We outperformed the target set for 2022.</p>		<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="checkbox"/>	
Product Responsibility	P : 4 N : 1	4	We continued to increase the proportion of revenue generated by sustainable products and improve the use-phase efficiency/benefits of our products. We also further promoted process safety to prevent hazards and negative impacts. Related targets for 2022 were achieved.		<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="checkbox"/>	
Customer Relationship & Marketing Development	P : 4 N : 2	4	Relevant performance indicators include product quality level, share of sales revenue from new products which implement green chemistry principles, and customer satisfaction. In 2022, our performance on these indicators surpassed the targets set for the year.		<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="checkbox"/>	
Organizational Resilience	P : 4 N : 1	4	Organizational resilience relies on robust performance in various aspects, including labor relations (employee turnover rate), information security (monthly availability rate of critical information systems and network services), supplier management (on-time delivery rate, proportion of mid/high-risk suppliers), and risk management (number of mid/high-level risks addressed). We have assigned relevant functions and departments to manage impacts in these aspects.	<input type="checkbox"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: 1. Impact level is rated per the following: 1 = No impact, 2 = Low impact, 3 = Moderate impact, 4 = High impact;
Likelihood is rated per the following: 1 = Highly unlikely to occur, 2 = Occasionally occurs, 3 = Frequently occurs, 4 = Always occurs
(Actual impact); the symbol * indicates newly added performance indicators
2. ● The organization directly causes impact ○ The organization contributes to impact □ The organization is directly linked to the impact through a business relationship

2022 List of Material Topics Based on Stakeholder Interests and Internal Assessment of Impact on the Company



Changes to the List of Material Topics Compared to 2021

GRI 3-2

Among the six material topics selected for 2022, five are the same as material topics selected for 2021, while their priorities have been adjusted in response to market trends and Everlight Chemical's net-zero commitment. One new material topic, Customer Relationship and Marketing Development, has been added, taking into account new market opportunities and transition opportunities in the face of climate change.

Material Topics in 2021

- Business Performance
- Value Creation through R&D and Technological Innovation
- Measures and Response to Risk Impact
- Regulations to Comply with in Business Operations
- Resource Management and Wastewater Treatment
- Occupational Health and Industrial Safety
- Product Quality and Services

Material Topics in 2022

Regulatory Compliance

Existing topic, moved up in ranking and includes our net-zero commitment

Occupational Safety and Health

Existing topic, moved up in ranking in response to global trends to prioritize human rights issues

Pollution Prevention

Consolidated from two existing topics (Measures and Response to Risk Impact, Water Resource Management and Wastewater Treatment)

Product Responsibility

Consolidated from two existing topics (Value Creation through R&D and Technological Innovation, Product Quality and Services)

Customer Relationship & Marketing Development

New material topic

Organizational Resilience

Consolidated from two existing topics (Business Performance, Measures and Response to Risk Impact)

Aligning Material Topics with UN SDGs

Based on the material topics we identified and taking into account international ESG trends, the SASB Standards for the Chemicals industry and Everlight Chemical's own development strategy, we have selected four SDGs that we can respond to. We have also reviewed the targets and indicators under these SDG goals to adjust and devise practical and concrete performance indicators.





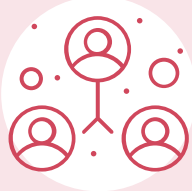

UN SDGs Related to Our Material Topics





Material Topic	Corresponding SDGs				Performance Indicator	2022 Target	2022 Actual
	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION			
Regulatory Compliance	●		●		Fines Incurred (NT\$0,000)*	0	45.5
Occupational Safety & Health	●		●		Frequency-Severity Indicator (FSI)	0	0.01
Pollution Prevention	●		●		Water Recovery Rate (R2) (%)	≥ 83	93
			●		Emissions Reduction Rate per Unit of Production (%) (PM, SOx, NOx, VOC) (kg/ton of products)	≥ 5	-3
			●		Waste Recycling and Reuse Rate (%)	≥ 70	72
			●		Proper Disposal Rate of Hazardous Industrial Waste (%)	100	100
			●		Recycling Rate of Hazardous Industrial Waste (%)	≥ 3.1	4.3
			●	●	Atom Efficiency (%)	≥ 66.6	70.9
Product Responsibility		●	●	●	Share of Revenue from Sustainable Products (%)*	≥ 56	56
			●		Progress on Establishing Process Safety Management (PSM) Systems	Fulfill	Fulfill
Customer Relationship & Marketing Development			●		Product Quality Leve (%)*	≥ 3.2	2.9
			●	●	Percentage of Sales Revenue from New Products (%)*	≥ 13	14
	—	—	●	—	Customer Satisfaction (Score)*	≥ 88	90
Organizational Resilience	—	—	—	—	Employee Turnover Rate (%)*	≤ 1.5	1.2
	—	—	—	—	Monthly Availability Rate of Critical Information Systems and Network Services (%)*	≥ 99.5	99.9
			●		On-time Delivery Rate (%)*	≥ 85	85
	●	●	●	●	Share of Mid/High-risk Suppliers (%)*	≥ 3	3
			●		Number of Mid/High-level Risks Addressed*	6	7

Note: The table shows the 2022 targets and actual performance of the Group; the symbol "—" indicates the material topic has little relevance to the SDGs

Stakeholder Engagement GRI 2-29

We engage with our stakeholders through diverse channels of communication and interaction to gather feedback and suggestions for improvement. The following table summarizes our stakeholder engagement in 2022 (An overview was also presented to the board on Aug 11, 2022) GRI 2-16

 Shareholders / Investors	 Banks	 Government Agencies	 Suppliers / Contractors
Topics of Interest	Topics of Interest	Topics of Interest	Topics of Interest
<ul style="list-style-type: none"> Business operation and profitability Corporate governance Operational strategy Investment plans 	<ul style="list-style-type: none"> Business operation and profitability Corporate governance 	<ul style="list-style-type: none"> Corporate governance Environmental responsibility Labor relations 	<ul style="list-style-type: none"> Supplier management Environmental management Business integrity
Communication Channel and Frequency	Communication Channel and Frequency	Communication Channel and Frequency	Communication Channel and Frequency
<ul style="list-style-type: none"> Annual reports and annual general meetings Company website and the Market Observation Post System of TWSE Investor hotline and mailbox Investor conferences (2 times/year) 	<ul style="list-style-type: none"> Phone communication Personnel visits Company website 	<ul style="list-style-type: none"> Participation in info sessions, educational activities, symposiums and seminars Fulfilling filing and reporting duties and complying with on-site inspections Communication via official correspondence and phone 	<ul style="list-style-type: none"> Supplier visits and / or audits Supplier education and training Company website / telephone/ email communication
Actions Taken	Actions Taken	Actions Taken	Actions Taken
<ul style="list-style-type: none"> All communication frequencies and goals were achieved. Complied with all regulatory requirements: issuance of an annual report, holding shareholders meetings and investor conferences. 	<p>We regularly communicated with banking personnel, usually through phone calls, to ensure effective communication.</p>	<ul style="list-style-type: none"> Assigned representatives to participate in info sessions held by government agencies to understand compliance, filing and inspection requirements. Proactively sought guidance from competent authorities through phone calls or in-person visits. 	<p>We conduct supplier surveys annually based on the risk profile, product category (raw materials, equipment), level of business relationship (critical/major/new suppliers) of our suppliers. For the survey results, please refer to the Supply Chain Management section of this report and the Supply Chain Management page on our website.</p>

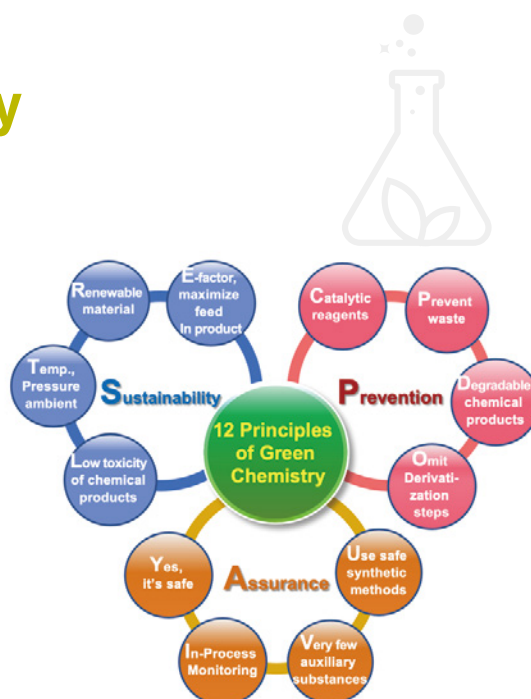
 Nearby Communities	 Customers / Brand Owners	 Employees
Topics of Interest	Topics of Interest	Topics of Interest
<ul style="list-style-type: none"> ● Environmental responsibility ● Social welfare 	<ul style="list-style-type: none"> ● Business operation and profitability ● Green innovation and green products ● Environmental responsibility 	<ul style="list-style-type: none"> ● Business operation and profitability ● Employee benefits and protection ● Working conditions Labor relations
Communication Channel and Frequency	Communication Channel and Frequency	Communication Channel and Frequency
<ul style="list-style-type: none"> ● Personnel visits ● Participation in community meetings ● Participation in community activities 	<ul style="list-style-type: none"> ● Customer satisfaction survey (annual) ● Client visits and/or audits ● Dealer conferences (annual) ● Company website, phone line and email communications 	<ul style="list-style-type: none"> ● Monthly meetings / Environment, Health and Safety Committee meetings (monthly) ● Labor-management consultation meetings / Welfare Committee meetings (quarterly) ● One-by-one interview or satisfaction surveys (annual) ● Employee mailbox and public announcement bulletin (year-round) ● Sexual Harassment Prevention Committee meetings (ad hoc)
Actions Taken	Actions Taken	Actions Taken
<ul style="list-style-type: none"> ● In 2022, a total of 98 community consultations were conducted, and our plants responded to and addressed matters of concern raised in these engagements. ● We actively participated in community disaster preparedness programs, donated pandemic relief resources, took part in river adoption programs, held beach cleanup activities and made donations to support local elementary and high schools. ● In 2022, we conducted our first Local Community Satisfaction Survey at the plant level, recording a satisfaction rate of 95.2%. 	<p>All communication frequencies and goals were achieved.</p> <p>Customer satisfaction score: 90 (vs. target: > 88)Key accomplishments:</p> <ul style="list-style-type: none"> ● Passed various audits and inspections by clients and brand owners. ● Held the annual dealer conference and arranged client visits. ● Continued to do our best in fulfilling customer needs and creating value with customers. 	<ul style="list-style-type: none"> ● Internal meetings (monthly meetings, manager meetings, labor-management consultations) were held to communicate and discuss important information. ● Semiannual performance reviews were held to discuss career development prospects with employees and provide necessary support. 

Green Chemistry and Product Responsibility

Since 2015, Everlight Chemical has been implementing the 12 Principles of Green Chemistry to develop green products that prioritize the well-being of both humans and the environment. We also continue to develop green manufacturing processes and implement circular economy practices to deliver enhanced economic benefits.



Green Chemistry
Success Stories



The 12 Principles of Green Chemistry were developed by Paul Anastas and John Warner. The twelve elements are summarized in the above graph

Sustainable Product Development and Production

Actions Taken

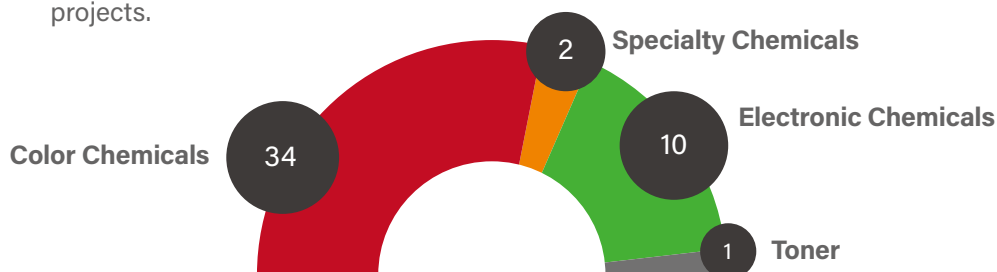
Product Innovation and R&D

Management Approach : Pursue improvement and innovation to enhance product benefits and value

- Actively participate in the Industrial Upgrading Innovation Platform Guidance Program of the Ministry of Economic Affairs of Taiwan (e.g. our project to develop SiC Slurry with fine diamond powder for wafer grinding and polishing has been approved)
- Connect upstream raw materials suppliers and downstream applications to facilitate industry-university-institute collaborations
- Implement product development process based on our seven indicators for sustainable products

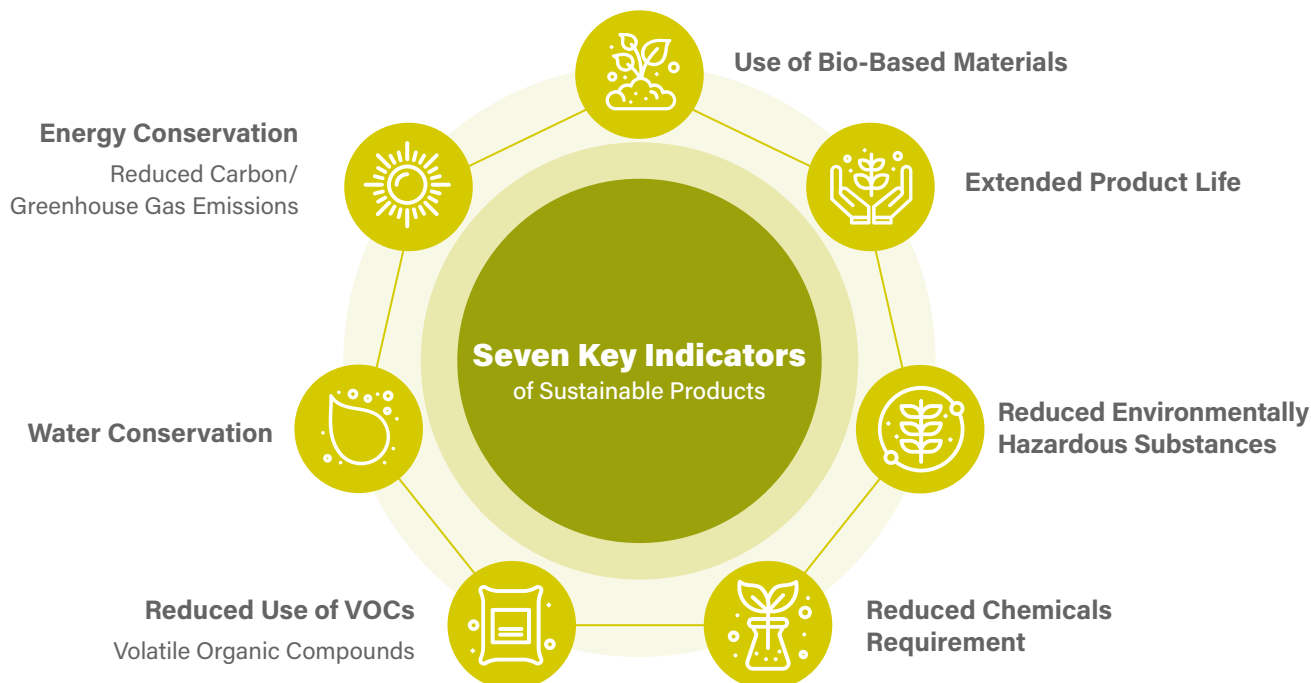
Accomplishments in 2022

- In 2022, our total R&D expenses were NT\$368 million, accounting for 4.14% of our operating revenue.
- In 2022, we acquired four new patents, bringing the total patent ownership to 195 patents as of the end of 2022.
- In 2022, all business units together completed 47 new product development projects.



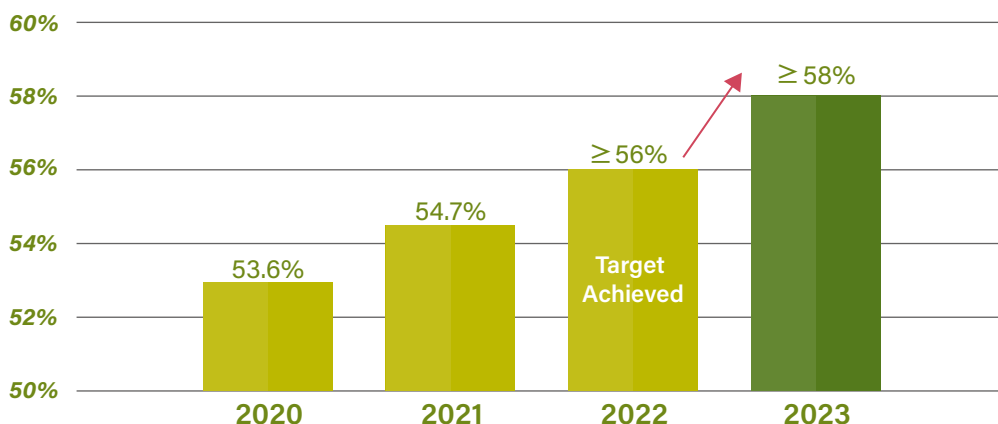
Developing Green/Sustainable Products

Guided by green chemistry principles, Everlight Chemical is committed to developing and producing safer chemicals and environmentally-friendly products to mitigate the environmental impact of hazardous substances as much as possible. We established the Sustainable Product Team in 2021, responsible for defining internal criteria of sustainable products and managing the Company's sustainable products. We seek to produce products that meet our criteria for sustainable products:



From Safe and Compliant Chemical Products to Eco-Friendly Products and Sustainable Products **RT-CH-410a.1**

From 2020 to 2022, the share of revenue generated by our sustainable products continued to grow year by year. We will continue to strive towards the goal of achieving a 58% share of revenue generated from sustainable products by 2023.



Our Sustainable Products

Future Goals & Commitments

Everlight Chemical remains committed to effective chemical management, hazardous substance process management (HSPM), green procurement, green supply chain and other initiatives.

Metrics and Targets

- Ensure that the chemicals we use continue to comply with international standards.
- Enhance safety awareness regarding proper chemical handling among our supply chain partners.
- Provide customers with sustainable products that promote sustainable development.
- Develop products that enhance use-phase efficiency (UPE).

Chemical Safety Management

Everlight Chemical has established a Product Responsibility Division, which oversees compliance management, ensures compliant labeling for all products, and facilitates the process of securing international certifications required for downstream industries.

Material Topic #4

Product
Responsibility

Impact Assessment

Category : Positive Impact

Description : We have set goals according to our Product Health Index to facilitate robust chemical safety management and effect positive impact.

Policy & Commitment

Management Approach

- Established protocols for hazardous substance process management (HSPM)
- Avoid using animal-tested ingredients
- Avoid sourcing or using conflict minerals
- Implement the GreenScreen List Translator™ for accurate chemical hazard assessment
- Provide accurate and compliant safety data sheets (SDSs) and labeling of safety information
- Establishing product health index



Our Commitments

- Zero use of conflict minerals
- Avoid using animal-tested ingredients. Unless requested by competent authorities, we do not engage in any product testing that conducts experiments on animals
- Continue to work towards the goal of 100% compliance rates across international standards and industry requirements
- Collaborate with our supply chain partners to realize the vision of zero discharge of hazardous chemicals (ZDHC)

Metrics and Targets

Completion of establishing process safety management (PSM) systems in 2022 (Target achieved)
56% of revenue to be generated from sustainable products (Target achieved)

How We Track the Effectiveness of Actions Taken

- We have included the share of revenue generated from sustainable products and progress on implementing PSM systems as key performance indicators and regularly report on the progress to the management team.
- Work environment monitoring : we regularly conduct inspections in compliance with government regulations on work environment monitoring. The results of all inspections met the legally permitted standards.

Stakeholder Engagement

We regularly disclose information, including share of revenue generated by sustainable products, in our sustainability reports and company website.

Accomplishments in 2022

- **Implement Protocols for Hazardous Substance Process Management (HSPM)**
 - 1 Everlight Chemical adheres to the IECQ QC080000 HSPM system for hazardous substance process management.
 - 2 We maintain 100% adherence rate to the ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) and regulatory/client requirements across all products for textile and leather.
- **Zero Use of Conflict Minerals**
 - 1 In accordance with international regulatory requirements, Everlight Chemical does not use any conflict minerals in its production process.

- **Avoid Using Animal-Tested Ingredients**
 - ① In accordance with international regulations and requirements, unless requested by competent authorities, we do not use any raw materials that involve animal testing, and the ingredients used in and products we offer do not contain any materials derived from the carcasses of animals or their derivatives.
- **Adopt the GreenScreen List Translator™ for Effective Chemical and Product Hazard Assessment**
 - ① Completed GSLT screening for 886 products whose sales volume surpassed three tons during 2019-2021 (CCBU 556\SCBU 92\ECBU 24\Toner 214).
 - ② Completed GSLT assessment scoring of chemicals in 806 of the 886 screened products (CCBU 555, SCBU 57, ECBU 109, Toner 85).
 - ③ Completed GSLT scoring on raw materials used for chemical synthesis at our plants in 2021. Nine color chemicals submitted for the third-party Screened Chemistry certification, including two chemical substances that completed verified chemical hazard assessments (vCHA) and four chemical substances currently undergoing the vCHA process.
 - ④ Completed GSLT training completed for one employee in 2022 (60 training hours in total).
- **Provide Accurate and Compliant Safety Data Sheets (SDSs) and Labeling for Communicating Safety Information**
 - ① Completed classifying chemical products that belong to Class 1/Class 2 of the Health or Environmental Hazard Category of GHS. These products generated a revenue of NT\$53.9 million, accounting for 61.22% of our consolidated revenue. The products have been 100% verified according to our hazard risk assessment requirements.
 - ② Issued 1,062 product safety certificates per client request (vs. 2021:1,313; 2020:1,214), with zero product safety complaints filed in 2022.
- **Product Health Index**
 - ① Internal Verification
All Products:RoHS Directive 100% / WEEE Directive 100% / SVHCs 99%
Textile, Leather & Dyestuff Products:REACH Annex XVII 100% / Standard 100 by OEKO-TEX >98%
 - ② Third-Party or Brand Owner Certification (As of 2022/12/31)
Global Organic Textile Standard (GOTS):218 products
bluesign® Label:429 products
ZDHC MRSL:802 products
The List by Inditex IV:1:686 products

Resource Efficiency Management

Actions Taken

- We introduced atom efficiency as a performance indicator in 2016, setting an annual target rate of 58%. Looking ahead, our target is to achieve an atom efficiency rate of 69.3% or higher by 2025.
- Each plant continued to diligently implement the 12 Principles of Green Chemistry, aiming to further optimize resource utilization.
- Each plant and division provided monthly reports on atom efficiency performance and actively exchanged knowledge and expertise.

Accomplishments

- Everlight Chemical was awarded the Green Chemistry Application and Innovation Award by the Environmental Protection Administration in 2019 and 2021.
- In 2021, the Company was awarded the Circular Economy Award by the Taiwan Chemical Industry Association (TCIA) in 2021.
In 2022, the Company achieved an atom efficiency of 70.9%, significantly outperforming the target of 66.6% while exceeding 2025, target rate of 69.3% .
- Our resource efficiency efforts led to a waste reduction of 818.1 tons compared to that of 2021.

Across division and departments, we continued to implement the 12 Principles of Green Chemistry and circular economy concepts to improve production processes and resource reutilization.



Our Approach to
Atom Efficiency



Circular Economy
Case Studies

Corporate Governance



Corporate Governance Structure

Structure of the Highest Decision-Making & Governance Body

The Board of Directors is the highest decision-making and governance body of the Company, tasked with the responsibility of formulating the Company's sustainable development strategies and overseeing the management team. **GRI 2-9** **GRI 2-10**



Board & Corporate Governance Structure



Board Diversity and Independence **GRI 405-1**

Everlight Chemical has established a well-defined policy regarding the diversity of board members. The current board consists of 11 directors, including 3 independent directors and 1 female director. The Company actively promotes both diversity and independence within the board. All directors are equipped with extensive expertise and experience.



About Our Board Directors



Functional Committees

The Board of Directors has established the Audit Committee, Nomination Committee, Remuneration Committee and Strategy Committee to assist the board in fulfilling its oversight duties. The articles of association for all committees have been approved by the board.



Overview of Functional Committees



Continuing Education & Collective Knowledge of the Board **GRI 2-17**

Board members also actively engage in continuing education to enhance their professional expertise, including gaining in-depth knowledge on issues related to sustainable development and climate change. In 2022, the total hours dedicated to continuing education by board directors was 71 hours.



Continuing Education of the Board



Evaluation of Board Performance **GRI 2-18**

In accordance with the Company's Board of Directors Performance Evaluation Guidelines established in 2015, a self-assessment on the performance of the entire board, individual directors and functional committees is conducted and presented to the board in the first quarter of each year.



2022 Board Performance

Business Integrity and Insider Trading Prevention

Business Integrity and Ethics

Everlight Chemical has formulated the Business Philosophy and Principle Whitepaper, demonstrating the Company's commitment to operating with business integrity and regulatory compliance. With "Business by Integrity" as one of our core philosophies, we steadfastly ensure compliance with regulations and corporate ethical standards both at home and abroad.



Business Integrity & Ethics

Policy & Commitment **GRI 2-23**

The Company has formulated the Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct. At Everlight Chemical, we embrace the principles of integrity, transparency and accountability in our business operations. We have established policies grounded in business integrity as well as sound corporate governance and risk management mechanisms to ensure sustainable operations.

Preventing Conflicts of Interest

GRI 2-24

We have established procedures to prevent and manage conflicts of interest in accordance with relevant laws and regulations. The procedures also cover the prevention of conflicts of interest within the highest governance body.

**Accounting & Internal Control System**

We have established effective accounting and internal control systems and conduct regular internal audits in accordance with the law and report the results to the board.

**Preventing Insider Trading & Conflicts of Interest**

GRI 2-24

We have established the Procedures for Prevention of Insider Trading to protect the rights and interests of both investors and the Company itself.

**Anti-Corruption, Anti-Competitive, Antitrust & Monopoly Practices**

We have established clear anti-corruption and anti-bribery policies and guidelines and conduct relevant employee training and education on a regular basis.

**Business Integrity & Ethics Performance in 2022**

In 2022, all 24 plants and 11 subsidiaries conducted assessments on corruption-related risks in their internal control system. No violations of policies or regulations related to anti-corruption, anti-competitive, antitrust or monopoly practices occurred in 2022.

Anti-Corruption & Business Integrity Training

We have published our Ethical Corporate Management Best Practice Principles and Policy for the Whistleblowing System for Reporting Violations of Ethical Corporate Management on our official website, available in both Chinese and English for internal and external reference.

Training on Ethical Corporate Management Best Practice Principles

1,650 people completed the training in 2022, representing a 100% training completion rate.

Communicating Our Business Integrity and Anti-Corruption Policy to Suppliers and Contractors

We have communicated our ethical corporate management policy with 457 contractors/suppliers, which account for 89% of all business partners (515) we work with. We will continue to work towards the goal of reaching 100% coverage.

Training on Whistleblowing System for Reporting Unethical Behavior

Training for all directors was completed on August 11, 2022. An educational video on the topic was played to all employees at 20 monthly meetings. 1,650 people completed the training, representing 137.5 training hours and a 100% training completion rate.

**Whistleblowing/Grievance Mechanism**

No complaint was received in 2022.

We have established a whistleblowing system for reporting violations of ethical corporate management rules, with the Audit Office as the responsible unit for handling complaints. We have set up a dedicated phone line and email address for reports of any suspected wrongdoing. The email address of the Audit Committee is also available. Complaint channels include:

Phone: +886-2-2326-3502
Dedicated Whistleblowing Mailbox:
informant@ecic.com.tw
Email Address of Audit Committee:
AuditCommittee@ecic.com.tw

Internal Audit System and Operation

Our Audit Office reports directly to the board. The scope of internal audits encompasses the design and implementation of internal controls and the review of self-assessment on internal controls.

All internal audit items for the year 2022 have been completed according to the plans and goals we devised.



Remuneration Policy GRI 2-19

Everlight Chemical implements employment practices that exceed requirements of the Labor Standards Act and also offers bonuses based on individual employee performance and achievement of organizational or profitability goals to reward employees for their outstanding accomplishments and share the fruits of the organization's success with employees.

Board Diversity and Independence GRI 2-19

The Board of Directors is Everlight Chemical's highest governance body, under which a Remuneration Committee is established in accordance with the law.



Process to Determine Remuneration GRI 2-20

Article 27 of the Company's Articles of Incorporation stipulates that 5% of the Company's annual profits shall be allocated as employee remuneration where the Company realizes profits in the year. The compensation and bonuses of managers are determined based on the Company's standards for remuneration and take into account the executive's role, contribution, performance and responsibilities. Compensation decisions are reviewed individually by the Remuneration Committee on a regular basis and submitted to the board for approval. Performance evaluation includes various criteria serves as the basis of year-end bonuses and employee remuneration.

Director Remuneration

In accordance with our Articles of Incorporation, the Board of Directors is authorized to determine remuneration of the Company's directors, regardless of the Company's profit or loss, based on their devotion to the Company's operation and the value of their contribution and taking into account the compensation level of industry peers. The reasonableness of the compensation is reviewed by both the Remuneration Committee and the Board of Directors. Directors receive fixed remuneration do not receive variable compensation.

Risk Management

Everlight Chemical implements the 9-AA-05 Risk Evaluation Procedures. We monitor major changes in the overall business environment and select issues for prioritization and formulate response measures accordingly. Also, our plants operate various management systems to implement risk monitoring and take preventive measures.

We conduct risk assessment based on the seven major risk categories* outlined below, considering the likelihood of each risk and assessing whether to take responsive measures:

Risk Category	Assessment Result	Action Taken
Market Risk	Likely to occur	Regular monitoring
Political Risk	Less likely to occur	Regular observation
Environmental Risk	Likely to occur	Enhance emergency response mechanism and risk management
Legal Risk	Less likely to occur	Regular observation
Financial Risk	Likely to occur	Regular monitoring
Operational Risk	Likely to occur	Enhance emergency response mechanism and risk management
Other Risk	Less likely to occur	Regular observation

Note: The definition of each risk category is as follows.

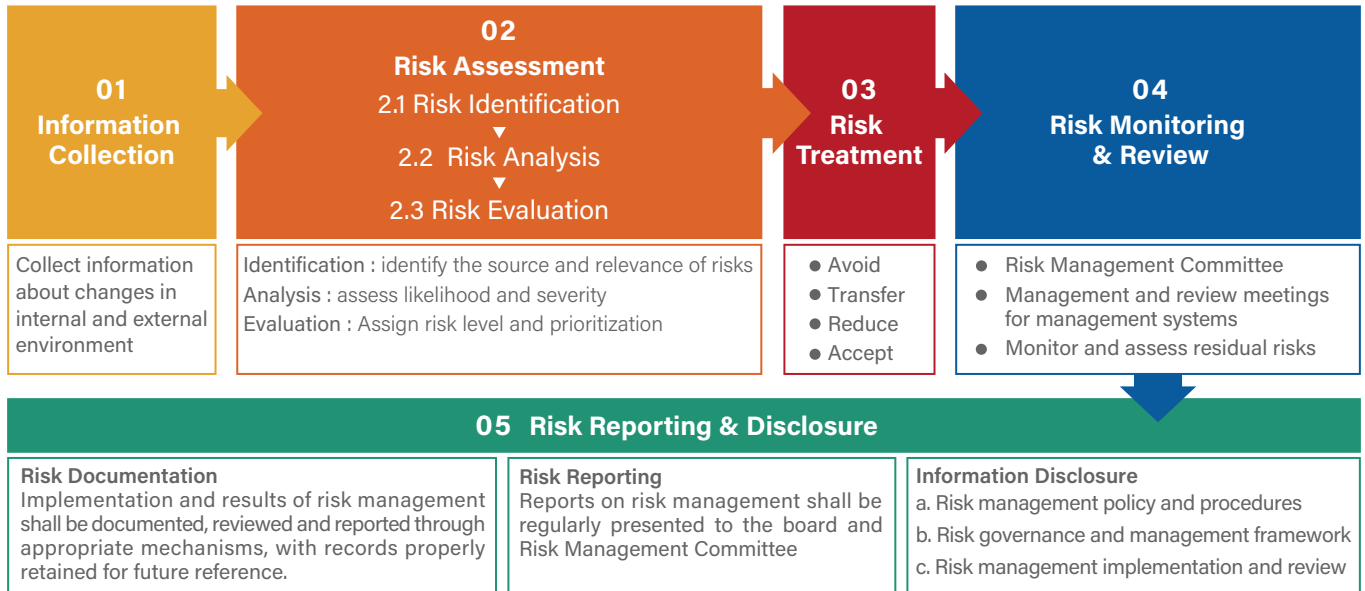
- Market risk: uncertainty in changes in domestic and international economy, technological development or market demand related to the industry, which may have adverse effects on the Company's ability to achieve its established goals
- Political risk: risks related to geopolitical changes that could result in long-term impact
- Environmental risk: risks related to natural disasters, climate change, infectious disease and other uncontrollable risks
- Legal risk: risks related to non-compliance with regulations in business operations or external events that may lead to reputational damage or financial loss
- Financial risk: risks related to financial activities that may lead to financial losses to the Company
- Operational risk: risks related to the Company's internal control or management that may incur loss of personnel, financial assets, liabilities or profits
- Other risk: any other types of risks that may cause significant loss to the Company



Risk Management

Risk Management Process

Everlight Chemical has formulated its Risk Management Procedures based on ISO 31000:2018 Risk Management — Guidelines and relevant resources.



Risk Management Policy GRI 2-23

Everlight Chemical recognizes the ever-evolving nature of global situations. To reduce business management risks and protect shareholder interests, the Company has formulated its Risk Management Policy, with "Implementing Risk Management, Ensuring Business Sustainability" as the guiding principle and has adopted the following strategies:

- Establish a risk management system across the group
- Strengthen all employees' risk awareness through education and training
- Discern evolving trends in the business environment
- Comply with international product safety regulations and standards
- Ensure industrial safety and environmental protection



Implementation and Performance in 2022

2022 Target	2022 Performance	2023 Target
ESG Risk Rating Score ≤ 30	ESG Risk Rating reduced to 26.4	ESG Risk Rating Score ≤ 30
<ul style="list-style-type: none"> ● Supply Chain Management On-time Delivery (OTD) Rate $\geq 85\%$ Share of Mid/High-Risk Suppliers $\leq 3\%$ 	<ul style="list-style-type: none"> ● Supply Chain Management On-time Delivery (OTD) Rate : 85% Share of Mid/High-Risk Suppliers : 3% 	<ul style="list-style-type: none"> ● Supply Chain Management On-time Delivery (OTD) Rate $\geq 85\%$ Share of Mid/High-Risk Suppliers $\leq 3\%$
<ul style="list-style-type: none"> ● Information Security Management Monthly Availability Rate of Critical Information Systems and Network Services $\geq 99.5\%$ 	<ul style="list-style-type: none"> ● Information Security Management Monthly Availability Rate of Critical Information Systems and Network Services : 99.9% 	<ul style="list-style-type: none"> ● Information Security Management Monthly Availability Rate of Critical Information Systems and Network Services $\geq 99.5\%$
<ul style="list-style-type: none"> ● Number of Mid/High-level Risks Addressed in Key Operational Activities: 6 	<ul style="list-style-type: none"> ● Number of Mid/High-level Risks Addressed in Key Operational Activities : 7 	<ul style="list-style-type: none"> ● Number of Mid/High-level Risks Addressed in Key Operational Activities: 6
<ul style="list-style-type: none"> ● Human Resource Management Employee Turnover Rate $\leq 1.5\%$ 	<ul style="list-style-type: none"> ● Human Resource Management Employee Turnover Rate : 1.2% 	<ul style="list-style-type: none"> ● Human Resource Management Employee Turnover Rate $\leq 1.5\%$

Quality Management and Customer Relationship Management

Material Topic #5

**Customer
Relationship
and Marketing
Development**

Impact Assessment

Category: Positive Impact

Description: The products Everlight Chemical produces by implementing green chemistry principles help reduce negative environmental impacts and make positive contributions to the economy. Our high-quality products enable customers and end users to engage in subsequent production activities.

Management Approach & Commitment

In accordance with our Quality Policy of "Customers Caring with Value Creation," we implement the PDCA (Plan-Do-Check-Act) cycle and ensure the effectiveness of our quality management system through rigorous internal audits and management reviews.

Metrics

Based on our Quality Policy, we have devised the following performance indicators, focusing on customer satisfaction, product quality and the share of revenue from new products:

- Product quality level (σ) ≥ 3.2
- Share of sales revenue from new products (%) ≥ 13
- Customer satisfaction score ≥ 88



[Learn More](#)

How We Track the Effectiveness of Actions Taken

Our quality management system has obtained ISO 9001 certification and IATF 16949 International Quality Management System certification. We implement the PDCA (Plan-Do-Check-Act) cycle and conduct rigorous internal audits and management reviews to ensure the effectiveness of our quality management system.

- All company branches and facilities have obtained ISO 9001 certification.
- All operating locations providing products to the automotive supply chain, including the Specialty Chemical Business Unit and Electronic Chemical Business Unit, have obtained IATF 16949 International Quality Management System certification.
- For ISO 9001 and IATF 16949 certification status of each operational location, please visit our official website. [Learn More](#)

Stakeholder Engagement

- We directly engage and communicate with our customers through various channels, including customer feedback, customer satisfaction surveys, client visits or audits and our dealer conferences.
- We also provide contact information in the Stakeholders section of our website, providing phone, email and other contacts for open and robust communication.

Key Performance Indicators for our Quality Management System

- The Company implements the Six Sigma (6σ) quality management methodology, providing comprehensive training and operating a proprietary 6σ certification system.
- We implement process management systems and utilize statistical tools to deliver the best product quality and performance to meet customer needs.

Customer-Oriented Core Processes

- Customer Relationship Management
- New Product Development Management
- Production Management
- Supplier Relationship Management
- Logistics Management
- Technical Marketing and Services

Support Processes

- Human Resource Management
- Infrastructure Management
- Internal Audit Management
- Instrument and Calibration Management

Business-Oriented Process

- Business Strategy Management
- Continuous Improvement Management

Implementation and Performance

- All communication frequencies and goals for 2022 have been achieved
- We have passed all audits and inspections by clients and brand owners in 2022, with a firmwide customer satisfaction score of 90 points, exceeding the target of > 88 points for the year. Key measures implemented include the following:
 - ① Each business unit held their annual dealer conference and also arranged client visits.
 - ② We passed all audits and inspections by clients and brand owners in 2022, including on-site client inspections and providing clients with documentation on our ESG practices.
 - ③ We will continue to do our best to fulfill customer needs and create value with customers.

Information Security Management

Impact Assessment

Prevention of external cyber threats and relevant internal management weaknesses

Governance Body

Information Security & Personal Information Management Committee

Management Approach

To ensure the confidentiality, integrity, and availability of information, the Company has formulated its Information Security Management Policy and implemented various protection measures to ensure information security



Information Security
Management

Management Approach**External Threat Prevention**

- Regularly scan the Company's network for vulnerabilities and patch them up to prevent hacker attacks
- Deploy firewalls to protect the network from malware
- Deploy anti-spam software to catch any virus and spam in emails
- Update anti-virus software regularly to prevent all kinds of computer viruses
- 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
- Everlight Chemical has become a member of Taiwan CERT/CSIRT Alliance and participates in cybersecurity information sharing, security incident reporting, and collaborating on incident response and coordination

Internal Management

- Enhance information security promotion and training
- Implement an encryption system to encrypt all confidential documents and prevent information leaks
- Perform regular backups for critical servers, contract backup and disaster recovery services and conduct annual disaster preparedness drills
- Periodically review and manage privileged and regular accounts
- Put in place a testing environment for system development to reduce man made errors
- External personnel must apply in advance to access the Company's intranet resources (Wi-Fi)
- Collect and monitor system logs to prevent any illegal access to the Company's system
- External hard drives must be registered before being used on company computers

Implementation Results in 2022

- The Information Security and Personal Information Management Committee holds meetings on a regular basis, and the Head of the Information Division reports on the Company's information security management and performance to the board on an annual basis. The latest report to the board took place on November 10, 2022.
- In 2022, the Company continued to pass ISO 27001 Information Security Management System certification.
- In 2022, no information security incidents that affected the Company's operations occurred.

Intellectual Property Management

Impact Assessment

Everlight Chemical continues to strengthen its technological foundation developing new high-tech products. We have also developed a business model that drives value creation through intellectual property strategies to safeguard our competitive advantages.

Governance Body Management Approach

Patent Management Committee

We utilize an online management platform and our Intellectual Property Management Manual to strengthen our intellectual property management capabilities.

Patent Protection Measures

By implementing evaluation mechanisms, incentive programs and training, we encourage employees to participate in innovation and take actions to protect the Company's R&D accomplishments.

Taiwan Intellectual Property Management System (TIPS)

Everlight Chemical has obtained reaccreditation to the Level A certification of Taiwan Intellectual Property Management System (TIPS) on December 31, 2022. The certificate is valid through December 31, 2024.



Intellectual Property Management

Accomplishments in 2022

In 2022, the Company obtained 4 new patents, bringing the number of invention patents owned by the Company to 195. Additionally, 8 journal publications/conference papers were published, and 6 training sessions related to patents were held.

Regulatory Compliance

Compliance with regulations has always been a matter of great importance for Everlight Chemical. We ensure that all aspects of our business operate within the framework of the law through a series of measures. This includes protecting the rights and interests of our employees and customers, as well as fulfilling our responsibilities in economic, social and environmental aspects.

During the reporting period, the Company was fined on a few environmental and social matters. We have reviewed the cause of each issue and re-evaluated our overall management system. Concrete improvement plans have been implemented since then.



Supply Chain Management

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 oversee suppliers' performance in corporate social responsibilities.

Supplier Screening and Evaluation

Environmental Protection Standards

Based on domestic and international ESG standards and requirements

- Record of awards by government agencies for environment-related accomplishments or outstanding environmental management
- No record of environmental violations
- Proper management of toxic and restricted substances, solid waste, wastewater and exhaust; having the licenses, proposals and dedicated personnel per local regulatory requirements
- Proper management of energy, resources and greenhouse gas (GHG) emissions
 - Records of energy and resource consumption and GHG emissions
 - Energy / Resource consumption and GHG emissions reduction plans
- Assessment and treatment of environment-related risks and opportunities
 - Assessment on significant environmental impacts
 - Implementation of measures to mitigate significant environmental impacts

Social Responsibility Standards

Based on the supplier selection criteria in the Responsible Business Alliance (RBA) guidelines

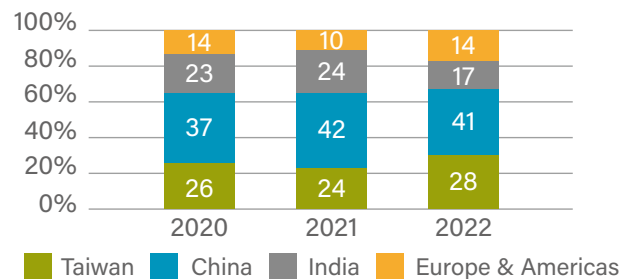
- Commit to providing (workers with) acceptable living (working) environment
- Forbid forced labor
- Protect freedom of association and collective bargaining
- Ensure employee health and safety
- Zero tolerance for discrimination
- Guarantee minimum wages
- Humane treatment of employees with disciplinary procedures clearly defined and communicated to employees
- Adhere to the maximum working hours limit
- Prohibit child labor

Local Procurement Ratio

In 2022, 28% of our procurement expense was spent on local suppliers and 72% from non-local suppliers.

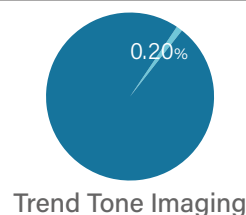
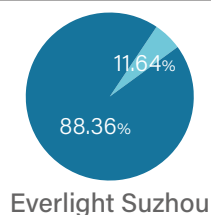
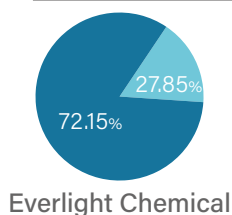
Local Procurement Ratios of Everlight Chemical Taiwan Headquarters GRI 204-1

	Year	2020	2021	2022
Local Procurement (%)	Taiwan	26	24	28
	China	37	42	41
Non-local Procurement (%)	India	23	24	17
	Europe & Americas	14	10	14



2022 Local Procurement Ratios of Everlight Chemical & Subsidiaries

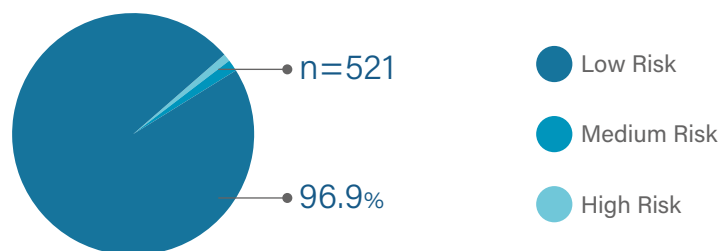
Location	Local Procurement (%)	Non-Local Procurement (%)	Total (%)
Everlight Chemical	27.85	72.15	100
Everlight Suzhou	11.64	88.36	100
Trend Tone Imaging	0.20	99.80	100



- Local Procurement
- Non-Local Procurement

Supply Chain Risk Management

To ensure the reliable supply of raw materials, we have expanded the scope of our supplier risk evaluation to evaluating suppliers of all raw material items. The results of our assessment in 2022 showed that 96.9% of suppliers were in the low-risk category.



Year	2020		2021		2022	
Risk Level	No. of Suppliers	%	No. of Suppliers	%	No. of Suppliers	%
Low	497	96.7	529	96.7	505	96.9
Medium	13	2.5	14	2.6	14	2.7
High	4	0.8	4	0.7	2	0.4
Total	514	100	547	100	521	100

Green Supply Chain Management Performance

GRI 308-2

GRI 414-2

We divide suppliers into three categories (major, critical and new suppliers) and evaluate each supplier's ESG policy (or lack of) and performance in environmental and social aspects. We also require critical suppliers to complete our Regulatory Compliance Survey.



Supplier Type	Major Supplier		Critical Supplier		New Supplier
Assessment Method	Supplier Evaluation Form	Supplier Evaluation Form	Environmental Regulatory Compliance Survey	Social Regulatory Compliance Survey	Supplier Evaluation Form
No. of Suppliers	171 (2022)	32 (2022)	32 (2022)		16 (2022)
Survey Response Rate	58%	78%	84%	100%	100%
No. of Suppliers that Completed the Survey/Form	99	25	27	32	16
Compliance Rate	100%	100%	Improved wastewater generation: 96% Improved wastewater discharge: 93%	Occupational safety and health compliance: 94% Labor laws: 100%	100%

The response rate of major suppliers was 58%, and all responding suppliers complied with our environmental and social indicators. Among critical suppliers, the response rate for the environmental compliance survey was 84%, with compliance rates of 96% and 93% for the two indicators (improvement on wastewater generation reduction and wastewater discharge) respectively. The response rate for the social compliance survey was 100%, with compliance rates of 94% and 100% for the two indicators (occupational safety & health compliance and labor law compliance) respectively. For suppliers that failed to comply with relevant indicators, we will continue to engage in communication and education.

In 2022, all new suppliers were 100% compliant with our environmental and social indicators.

Raw Material Suppliers

We conduct the Raw Material Supplier Satisfaction Survey to identify areas of improvement in our interaction and procurement process with suppliers. By engaging in constructive and specific communication, we strive to foster a strong relationship with our suppliers for win-win partnership.

The survey response rate was 100%, and the overall satisfaction score was 92.3 points. The following two items scored above 95 points:

- Professional ethics and integrity of our purchasing personnel, and the professional competence of our purchasing personnel
- We will enhance our communication with suppliers and provide necessary support.



Supply Chain Management

On-Site Contractor Management

In 2022, a total of 8,527 contractors received on-site hazard briefings. We also organized 42 training sessions for contractors (359 participants in total), aiming to enhance contractors' operational safety awareness.

In the fourth quarter of 2022, each plant conducted its first satisfaction survey for contractors, covering 89 contractors in total. We will continue to communicate and collaborate with contractors to address their concerns and make improvements accordingly.

- Contractor satisfaction score: 96.8 (out of 100 points)
- Ethics and integrity of purchasing personnel: 9.9 (out of 10 points)
- Review process prior to operations: 9.6 (out of 10 points)

Sustainable Environment

Disclosures in this chapter cover production facilities and subsidiaries that have obtained ISO 14001 certification, which include Everlight Chemical Plant I-IV in Taoyuan, Trend Tone Imaging in Hsinchu, and Everlight Suzhou in China.



Environmental Sustainability Management System

Environmental protection is a top priority for Everlight Chemical. Relevant material topics include regulatory compliance and pollution prevention. Our efforts have been reflected in our environmental expenses as well as performance across various indicators.

Material Topic #3

Pollution Prevention

Impact Assessment

Positive impact : We actively promote and implement green chemistry and circular economy practices. We also implement the ISO 14001 Environmental Management System, supporting net-zero emissions and other environmental management initiatives that contribute to positive environmental impact.

Negative impact : Our production processes inevitably consume energy and resources and generate air pollutants, wastewater and waste that require proper processing prior to discharge. We implement a wide range of pollution prevention and waste management measures to effectively manage and reduce these negative impacts.

Policy and Commitment

RT-CH-530a.1

Everlight Chemical acknowledges the importance of natural resource conservation and sustainable development. In response to environmental initiatives such as Task Force on Climate-related Financial Disclosures, Net Zero Emissions, Renewable Energy, Green Chemistry, and Circular Economy, our Environmental Policy is:

Mitigate Environmental Risks, Towards Ecological Sustainability.

We promise to:

- Establish ISO 14001 Environmental Management System, and implement continuous improvements.
- Consult with stakeholders on environmental issues of concern on a regular basis.
- Formulate, monitor, and achieve corporate environmental performance goals.
- Disclose environmental information periodically in compliance with relevant local and international regulations.



Management Approach

Prevention/Mitigation

Formulate environmental policy and goals:

We have established clear environmental policy and goals to guide our business activities and promote sustainability.

Develop environmental management process:

We have established processes to ensure our operations comply with related environmental regulations and standards.

Remediation**Enhanced employee training:**

Everlight Chemical provides comprehensive environmental training and resources for employees. This ensures that employees are well-informed about the Company's environmental policy and equipped to perform their roles responsibly.

Monitoring and reporting:

We have a monitoring and reporting mechanism in place to track the environmental impacts of our activities and promptly report related issues.

Impact Management

We regularly review our management systems and processes to make sure that they align with the latest environmental regulations and standards and make adjustments based on performance assessments.

Metrics and Targets

We use six performance indicators to track progress. These indicators are the water recovery rate (R2) (%), emissions reduction rate per unit of production (%), waste recycling and reuse rate, proper disposal rate of hazardous industrial waste (%), recycling rate of hazardous industrial waste (%) and atom efficiency (%)

How We Track the Effectiveness of Actions Taken

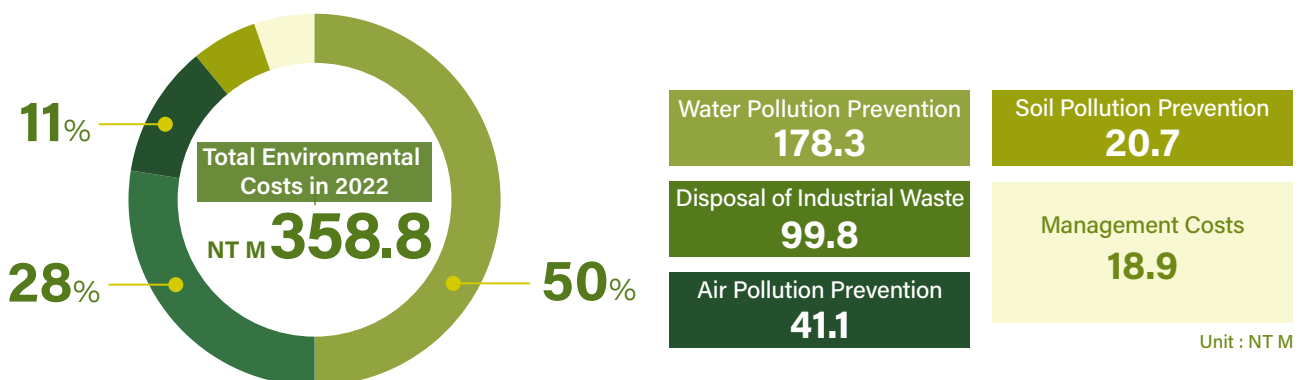
- **Processes** : We implement the PDCA (Plan-Do-Check-Act) cycle and regularly hold environment, health and safety (EHS) performance review meetings to evaluate and improve performance on different environmental goals.
- **Tracking Effectiveness of Actions** : We evaluate effectiveness by reviewing performance on the goals and targets we set each year.
- **Lessons Learned** : We have achieved great accomplishments in implementing green chemistry and circular economy practices. We will continue to pursue environmental sustainability through measures like enhancing atom efficiency and production process improvement, aiming to reduce the carbon footprint of our products. We also actively participate in community engagement and educational programs to promote environmental awareness.

Stakeholder Engagement

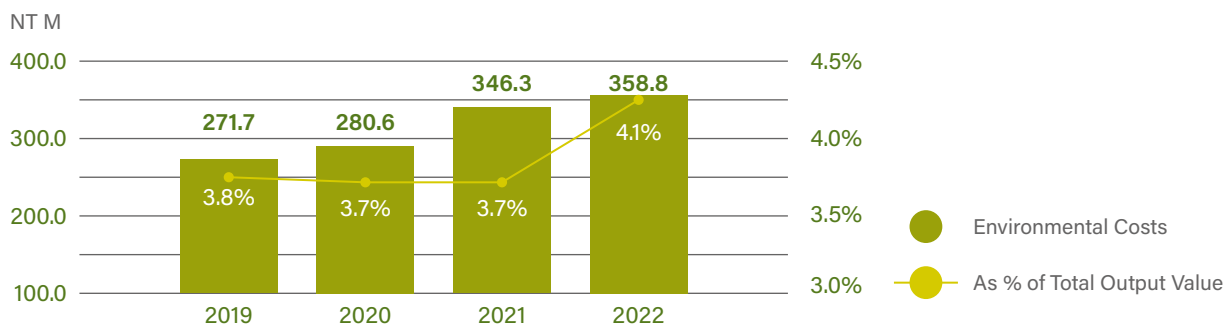
Relevant Stakeholders : Shareholders/Investors, customers/brand owners, suppliers/contractors, nearby communities and government agencies. We communicate with shareholders through various channels on both regular and ad hoc basis.

Environmental Management Costs

In 2022, our total environmental costs amounted to NT\$358.8 million, equivalent to 4.1% of total output value. Measures to prevent water pollution accounted for the largest share of the costs. We continued to ensure proper wastewater treatment at all production facilities comply with regulatory requirements related to water discharge (our wastewater treatment compliance rate reached 100% across the board).







2019-2022 Environmental Costs as % of Total Output Value



Environmental Management Performance

Key Environmental Issues and Performance Indicators

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

Management Focus	Performance Indicators	2021 Actual	2022 Actual	2022 Target	2023 Short-Term Target	2025 Mid-Term Target	2030 Long-Term Target
 Water Pollution Prevention	Water Recovery Rate (R2) (%)	86	93	≥83	≥84	≥84	≥86
	Wastewater Treatment Compliance Rate (%)	100	100	100	100	100	100
	Total Water Withdrawal (ML)	824.5	721.5	≤872	≤872	≤872	≤872
 Waste Management	Air Pollution Prevention Emissions Reduction Rate per Unit of Production (%)	6	-3	≥5	≥2	≥3	≥4
	Waste Recycling and Reuse Rate (%)	71	72	≥70	≥71	≥72	≥73
	Proper Disposal Rate of Hazardous Industrial Waste (%)	100	100	100	100	100	100
	Recycling Rate of Hazardous Industrial Waste (%)	3.3	4.3	≥3.1	≥3.1	≥3.3	≥3.5
Resource Efficiency	Atom Efficiency (%)	67.1	70.9	≥66.6	≥69.0	≥69.3	To be adjusted based on biannual review
  GHG Inventory and Energy Use*	Electricity Savings (%)	1.2	1.1	≥1	≥1	≥1	≥1
	Energy Intensity (GJ/NT M output)	80	72	≤85	≤79	≤77	≤74
	GHG Emissions Intensity (tCO ₂ e/NT M output)	8.9	8.3	≤8.6	≤8.7	≤8.1	≤6.8

Note: In 2022, we engaged external experts to assist us in developing energy-saving and carbon reduction plans, based on which we have adjusted our short-, mid- and long-term targets for energy and emissions intensities.

Pollution Prevention

Water Resource Management and Water Pollution Prevention

GRI 303-1 GRI 303-2 GRI 303-3 GRI 303-4 GRI 303-5



Policy & Commitment

Everlight Chemical understands the finite nature of water resources. Therefore, we strive to increase our water recycling rate (R2) and wastewater treatment effectiveness to reduce our environmental impact.



Governance Body

- Headquarters: the Company's Environmental Management Committee
- Plant level: environmental management team and dedicated environmental protection unit at each plant



Management Approach

- Water withdrawal : enhance water recycling measures and conduct water use surveys
- Water discharge : enhance wastewater treatment effectiveness and regularly inspect the quality of treated wastewater
- Regularly assess if any production site is at risk of being located in water-stressed areas



Evaluation Mechanism

- Environment management reviews (annual)
- ESG Committee meetings (twice every year)
- Plant policy reviews (quarterly)
- Internal audits on our environment management system (annual)
- External audits on our environmental management system by DNV (annual)



Key Performance Indicator (KPI)

- Water withdrawal : Total water withdrawal (ML) = Sum of water withdrawal from all sources (tap water, groundwater, and industrial water)
- Water discharge : Wastewater treatment compliance rate (%) = [Amount of discharged water within the limit set by competent authorities / Total water discharge] x 100%
- Water Recovery : Water Recovery Rate R2 (%) = [(Total water recycled + Total water circulation)/(Total water withdrawal + Total water recycled + Total water circulation)] x 100%



Targets

- Water withdrawal : Total water withdrawal (ML): ≤872ML (2025, 2030)
- Water discharge : Wastewater treatment compliance rate (%): 100% (2025, 2030)
- Water recycling : Water recovery rate (R2) (%) : ≥84% (2025), ≥86% (2030)



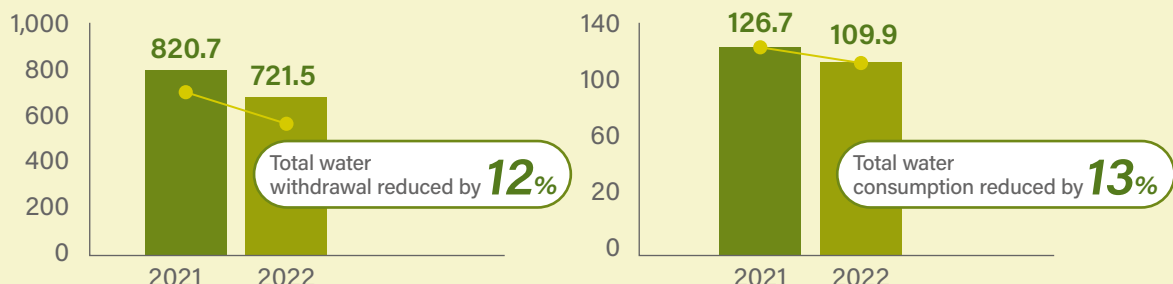
Resource Investment

- Develop water recycling system, ozone catalytic oxidation (OZCO) techniques and membrane distillation (MD) techniques
- Adopt Aqueduct Water Risk Atlas, an analytics tool by the World Resources Institute, to evaluate possible impacts on water resources

Water Withdrawal Management

Our total water withdrawal in 2022 was 721.5 ML, where groundwater accounted for around 60%. Our total water consumption during the year was 109.9 ML. Compared with 2021, we effectively reduced water withdrawal by 12% and water consumption by 13%.

2022 vs.2021 Water Withdrawal and Water Consumption (ML)



Water Resource Management

Water Discharge Performance Indicators

Total water discharge in 2022 was 611.6 ML, representing a 12% reduction from 2021.

Water Discharge Disclosures

In 2022, we achieved a 100% wastewater treatment compliance rate.

Unit: ML

Year	2019	2020	2021	2022
Total Water Discharge	587.2	547.9	697.8	611.6

Key Emission Disclosure Indicators

Concerned Substance	Plant	Average Discharge Concentration	Regulatory Limit
COD (mg/L)	Plant I	13.9	100
	Plant II	94.8	560
	Plant III	175.2	560
	Plant IV	46.9	350
	Everlight Suzhou	24.8	500
SS (mg/L)	Plant I	5.2	30
	Plant II	26.1	480
	Plant III	14.0	480
	Plant IV	29.1	200
	Everlight Suzhou	40.7	400
Amino Nitrogen (mg/L)	Plant I	37.7	60
	Plant II	59.4	100
	Plant III	12.3	100
	Plant IV	11.0	70
	Everlight Suzhou	13.7	45
Nitrate Nitrogen (mg/L)	Plant I	0.2	50
	Plant II	24.7	50
	Plant III	3.5	50
	Plant IV	5.0	100
	Everlight Suzhou	-	-*

Note: The "-" symbol indicates that no data is available. Everlight Suzhou does not monitor this item, and thus there is no data available for this location.

Water Recycling and Reuse GRI 303-5

In 2022, our total water recycled and total water circulation combined amounted to 9,381.5 megaliters, saving an amount of water equivalent to the volume of 3,753 standard swimming pools. Our R2 water recovery rate for the year was 93%, representing a 7% increase from 2021.

2019-2022 Total Water Recycled and Total Water Circulation

Item		2019	2020	2021	2022
Total Water Recycled	Condensate/Rainwater Recovery	38.7	45.2	54.6	49.1
	Wastewater Recovered from Production Processes	361.1	353.3	392.1	334.4
	(Total Volume of Water Recovered for Secondary Use)	17.3	11.5	27.8	30.1
Total Water Circulation	Water Circulation in Scrubbing Towers	2,651.5	2,534.5	4,752.5	8,967.9
Total Water Recycled + Total Water Circulation		3,068.2	2,944.5	5,227.0	9,381.5
Water Recovery Rate (R2) (excl. Cooling Water Circulation)		81%	81%	86%	93%

In 2022, the performance indicators for water resource management and water pollution prevention have all achieved the annual targets we set, demonstrating the effectiveness of our water resource management measures.



Water Resource Management

Water Resource and Water Pollution Prevention Performance for Previous Years and Progress on Mid-term Targets

Performance Indicator	2019	2020	2021	2022	Mid-Term Target (2025)*
Water Recovery Rate (R2) (%)	81	81	86	93	≥ 84
Total Water Withdrawal (ML)	711.9	688.1	824.5	721.5	≤ 872
Wastewater Treatment Compliance Rate (%)	100	100	100	100	100

Note: We started to include subsidiaries in the monitoring of these indicators in 2021. To that end, we have referenced the headquarters' 2018-2020 performance and future plans to devise feasible mid- and long-term targets for the Group as a whole.

Air Pollution Prevention GRI 305-7

We comply with relevant government regulations and measures on air pollution emissions, implementing measures by standards that exceed regulatory requirements. We also strive to use clean energy sources that are less polluting and implement process improvement plans to reduce our SOx and NOx emissions.



Policy & Commitment

Everlight Chemical is committed to maintaining the air quality near our manufacturing sites by continuously adopting the best technology to reduce air pollution.



Governance Body

- Headquarters : the Company's Environmental Management Committee
- Plant level: environmental management team and dedicated environmental protection unit at each plant



Management Approach

We have implemented the following measures to protect air quality.

- Use clean fuels
- Install more pollution prevention equipment
- Strengthen the availability of pollution prevention equipment



Evaluation Mechanism

- Environment management reviews (annual)
- ESG Committee meetings (twice every year)
- Plant policy reviews (quarterly)
- Internal audits on our environment management system (annual)
- External audits on our environmental management system by DNV (annual)



Key Performance Indicator (KPI)

Emissions reduction rate per unit of production (%): $[1 - (\text{Total air pollutant emissions (kg)}) / \text{Production (ton)} / \text{Benchmark(1.93)}] \times 100\%$



Targets

Gradually increase the emissions reduction rate per unit of production:
Mid-term target ≥3% (2025);
Long-term target ≥4% (2030)



Resource Investment

- Introduce the best processing technologies
- Enhance inspections on pollution prevention equipment

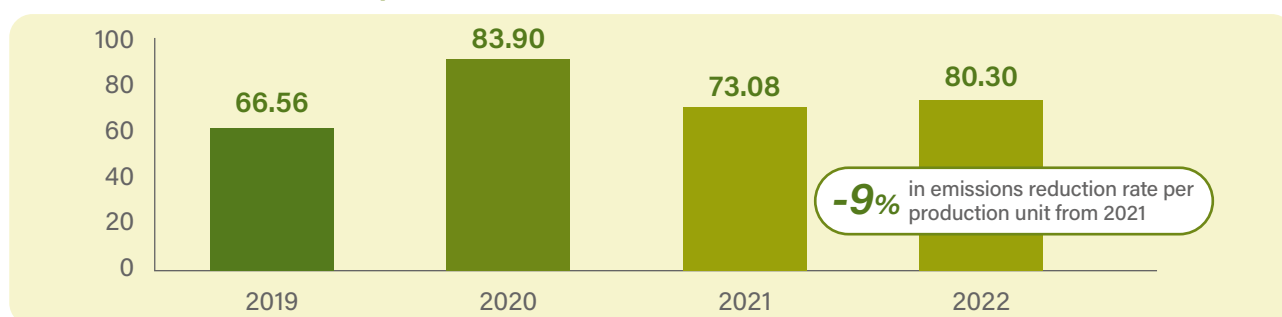
Compared with the previous year, performance on the emissions reduction rate declined. We have reviewed the issue and developed improvement plans, setting a goal for the reduction rate to reach ≥ 3 by 2025.



Air Pollution Prevention

Year	2019	2020	2021	2022	Mid-Term Target (2025)
Total Air Pollutant Emissions of the Group	66.56	83.90	73.08	80.30	-
Total Production Output of the Group	39,225	35,561	40,120	40,323	-
Air Pollution Emissions per Unit of Production	1.70	2.36	1.82	2.01	-
Emissions Reduction Rate per Unit of Production (%)	12	-22	6	-3	≥ 3

Emission Reduction Rate per Production Unit Over the Years (Unit: ton)



GHG Inventory and Energy Management

GRI 305-1 GRI 305-2 GRI 305-4

Everlight Chemical continues to implement energy management measures, including equipment efficiency improvements, energy conservation measures and greenhouse gas (GHG) inventory, to reduce our GHG emissions.



Policy & Commitment

Our Energy Management Policy is "Improve Energy Performance, Towards Net Zero Sustainability"



Governance Body

- Headquarters: the Company's Environmental Management Committee
- Plant level: environmental management team and dedicated environmental protection unit at each plant



Management Approach

We have taken the following measures to control and reduce GHG emissions.

- Improve manufacturing processes and equipment
- Introduce innovative management techniques
- Conduct GHG inventory following ISO 14064-1 or standards set by competent authorities
- Continue to promote GHG emissions reduction measures



Evaluation Mechanism

- Environment management reviews (annual)
- ESG Committee meetings (twice every year)
- Plant policy reviews (quarterly)
- Internal audits on our environment management system (annual)
- External audits on our environmental management system by DNV (annual)



Key Performance Indicator (KPI)

- Electricity savings (%) : $[\text{Electricity savings} / (\text{Total electricity consumption} + \text{Electricity savings})] \times 100\%$
- GHG emissions intensity : $\text{Total GHG emissions ((Scope1+Scope2) tCO}_2\text{e)} / \text{NT M output}$
- Energy intensity : $\text{Total energy consumption (GJ)} / \text{NT M output}$



Targets

- Electricity savings (%) : $\geq 1\%$ (2025); $\geq 1\%$ (2030)
- GHG emissions intensity (tCO₂e/NT M output) : ≤ 8.1 (2025); ≤ 6.8 (2030)
- Energy intensity (GJ/NT M output) : ≤ 77 (2025); ≤ 74 (2030)



Resource Investment

Starting from 2022, we have implemented the ISO 14064-1:2018 standard and the ISO 50001 standard and plan to obtain certification for both standards across our branches and facilities.

- Implementation of energy management systems
- Investment in and development of renewable energy capabilities
- Establishment of the Climate Change Working Group
- Measures to increase energy efficiency of our products

Energy Management (Energy Intensity Management)

GRI 302-1 GRI 302-3 GRI 302-4 GRI 305-1 GRI 305-2

Our total energy consumption was $626.93 \times 10^3 \text{GJ}$ in 2022, representing a 16% reduction of $118.90 \times 10^3 \text{GJ}$ compared to our performance in 2021 ($745.83 \times 10^3 \text{GJ}$).



GHG and Energy Management

Year	2019	2020	2021	2022
Total Energy Consumption (10 ³ GJ)	716.14	642.96	745.83	626.93
Output Value (NT M)	9,106	7,543	9,311	8,744
Energy Intensity (GJ/NT M output)	79	85	80	72
Annual GHG Emissions	2019	2020	2021	2022
Scope 1 (tCO ₂ e)	17,719	14,233	19,141	15,764
Scope 2 (tCO ₂ e)	68,007	58,132	63,652	57,134
Total (tCO ₂ e)	85,726	72,365	82,794	72,898

Performance on Energy Conservation and Carbon Reduction

We made substantial progress in reducing our energy consumption and carbon emissions in 2022. We achieved electricity savings of 980 MWh and heating value savings of 84.3 million kcal. These savings resulted in a reduction of carbon emissions by 511 tCO₂e and electricity consumption by 1.1%.

Key Performance Indicators (KPIs)	2019	2020	2021	2022	Mid-Term Target(2025)*
Electricity Savings (%)	1.5	0.8*	1.2	1.1	≥ 1
GHG Emissions Intensity (tCO ₂ e/NT M output)	9.4	9.6	8.9	8.3	≤ 8.1
Energy Intensity (GJ/NT M output)	79	85	80	72	≤ 72

Note:1.In 2022, we engaged external experts to assist us in developing energy-saving and carbon reduction plans, based on which we have adjusted our short-, mid- and long-term targets for energy and emissions intensities.

2.Electricity savings for the year were lower due to reduced production capacity caused by the COVID-19 pandemic and increased production of products that required higher energy consumption.

Climate Change Response and Adaptation

In response to global trends on climate change, we have conducted assessments on climate-related risks and opportunities based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and have devised short-, mid- and long-term emissions reduction goals and measures accordingly.

Governance

The Board's Oversight of Climate-Related Risks and Opportunities

The Board of Directors has established the Risk Management Committee and Sustainable Development (ESG) Committee to assess issues related to impacts of climate change. In 2021, the Environment Team under the Sustainable Development Committee established the Climate Change Working Group. The Working Group is responsible for assessing climate-related risks and opportunities, and making recommendations on how to manage these risks and opportunities.



GHG and Energy Management

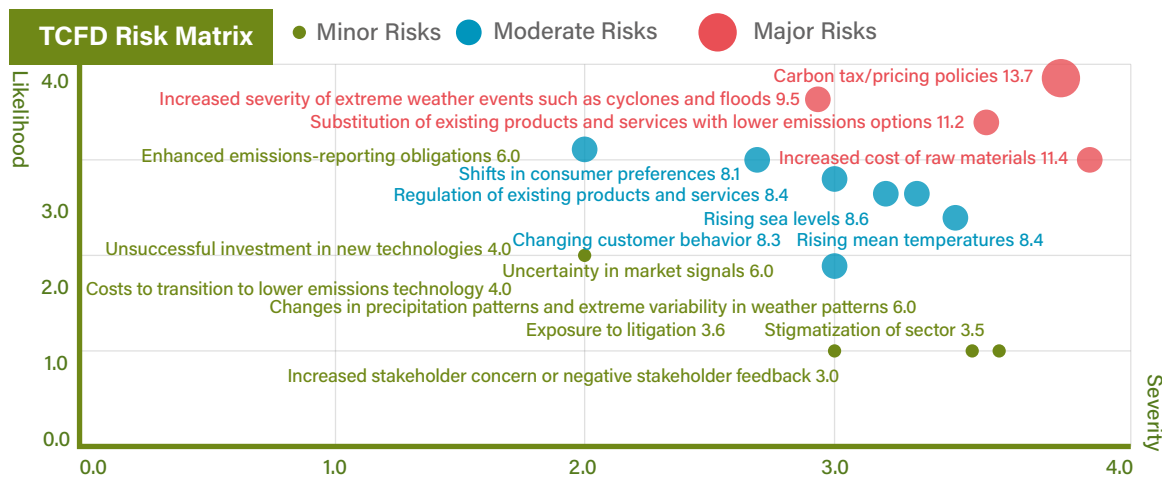
Strategy

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

We have conducted climate-related risk identification and prioritization, using a risk matrix based on the severity and likelihood of each risk. Towards the most significant climate-related issues, we have discussed and developed response strategies and considered potential opportunities.

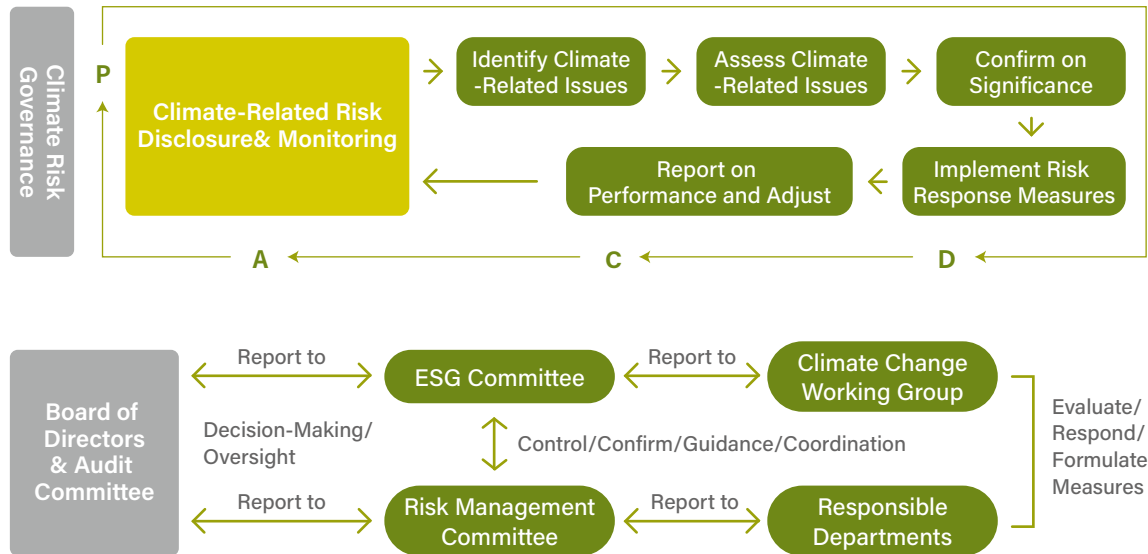
After taking into consideration the risk adaptation strategies and transition opportunities, we have devised the following goals:

- **Short Term** Improve production and delivery efficiency and develop low-carbon processes using new technologies
- **Medium Term** Accelerate the development of environmentally-friendly and sustainable products
- **Long Term** Achieve carbon neutrality/net-zero carbon emission goals



Risk Management

Our current climate-related risk management approach follows the PDCA (Plan-Do-Check-Act) management process, based on which we have developed risk treatment principles and strategies.



Metrics and Targets

Based on the above climate-related risk management process, we have devised the following strategies and performance indicators in response to potential risks and opportunities.



Climate Change
Response & Adaptation

Type	Source of Risk	Issue	Management Approach & Strategy	Performance Indicator	2023 Target
Transition Risk	Changes in Carbon-Related Policies and Regulations	Carbon tax/pricing policies	<ul style="list-style-type: none"> Implement energy management systems Introduce comprehensive carbon footprint assessment 	Completion of third-party ISO 50001 certification for energy management systems by 2023 Q3	100%
		Regulation of existing products and services	<ul style="list-style-type: none"> Carbon risk management Develop sustainable products Replace outdated and high-energy-consuming equipment 	Completion of organizational carbon footprint assessment and third-party verification for parent company by 2023 Q3 Completion of third-party carbon footprint verification for selected products by 2023 Q4	100%
	Reputational Risk	Shifts in consumer preferences	<ul style="list-style-type: none"> Use low-carbon energy sources Increase energy efficiency 	Percentage of Revenue from Sustainable Products (%)	≥58%
	Technology	Substitution of existing products and services with lower emissions options	<ul style="list-style-type: none"> Reduce GHG emissions intensity Increase waste recycling rate Increase water recovery rate 	GHG emissions intensity (tCO ₂ e/NT M output)	≤8.7%

Type	Source of Risk	Issue	Management Approach & Strategy	Performance Indicator	2023 Target
Transition Risk	Market	Changing customer behavior		Water recovery rate (R2)	≥84%
		Increased cost of raw materials		Waste recycling and reuse rate	≥71%
Physical Risk	Acute	Increased severity of extreme weather events such as cyclones and floods	Improve drainage capabilities of production facilities in response to increased risk of heavy rainfall, enhance organizational resilience	Incidence of flooding at production sites due to heavy rainfall	0

Waste Management

GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5 RT-CH-150a.1

We actively recycle reusable materials in each step of our day-to-day operations, including raw material sourcing, product shipment, production process, environmental pollution prevention and so on.



Policy & Commitment

Our company is committed to sustainable use of natural resources. We actively promote waste reduction and resource recycling.



Governance Body

- Headquarters: the Company's Environmental Management Committee
- Plant level: environmental management team and dedicated environmental protection unit at each plant



Management Approach

We have adopted the following waste management measures.

- Reuse and recycle more waste
- Classify and reduce waste at the source
- Ensure proper disposal and tracking of waste



Resource Investment

Develop circular economy and green chemistry practices



Evaluation Mechanism

- Environment management reviews (annual)
- ESG Committee meetings (twice every year)
- Plant policy reviews (quarterly)
- Internal audits on our environment management system (annual)
- External audits on our environmental management system by DNV (annual)
- Evaluation of waste disposal/management vendors (annual)



Key Performance Indicator (KPI) RT-CH-150a.1

- Waste recycling and reuse rate (%): [Total amount of industrial waste recycled and reused / Total amount of industrial waste generated] × 100%
- Proper disposal rate of hazardous industrial waste (%): [Total amount of properly treated hazardous industrial waste / (Total amount of hazardous industrial waste generated - Temporary storage)] × 100%
- Recycling rate of hazardous industrial waste (%): [Total amount of hazardous industrial waste recycled / Total amount of hazardous industrial waste generated] × 100%.



Key Performance Indicator (KPI) RT-CH-150a.1

- Waste recycling and reuse rate (%): $[\text{Total amount of industrial waste recycled and reused} / \text{Total amount of industrial waste generated}] \times 100\%$
- Proper disposal rate of hazardous industrial waste (%): $[\text{Total amount of properly treated hazardous industrial waste} / (\text{Total amount of hazardous industrial waste generated} - \text{Temporary storage})] \times 100\%$
- Recycling rate of hazardous industrial waste (%): $[\text{Total amount of hazardous industrial waste recycled} / \text{Total amount of hazardous industrial waste generated}] \times 100\%$



Targets

- Waste recycling and reuse rate: $\geq 72\%$ (2025); $\geq 73\%$ (2030)
- Proper disposal rate of hazardous industrial waste: 100% (2025); 100% (2030)
- Recycling rate of hazardous industrial waste: $\geq 3.3\%$ (2025); $\geq 3.5\%$ (2030)

In 2022, the total weight of industrial waste generated was 10,497.4 tons (including 1,693.4 tons of hazardous industrial waste and 8,804.0 tons of general industrial waste), representing a 7% decrease compared that of 2021 (11,315.5 tons). The total weight of recycled and reused waste was 7,534.8 tons, representing a high waste recycling and reuse rate of 72%. From the total amount of waste generated, we were also able to recycle 73.1 tons of hazardous industrial waste (representing a 4.3% recycling rate for hazardous industrial waste).

Performance Indicator	2019	2020	2021	2022	Mid-Term Target (2025)
Waste Recycling and Reuse Rate (%)	62	69	71	72	≥ 72
Proper Disposal Rate of Hazardous Industrial Waste (%)	100	100	100	100	100
Recycling Rate of Hazardous Industrial Waste (%)	1.7	2.8	3.3	4.3	≥ 3.3

Circular Economy

Our Purpose

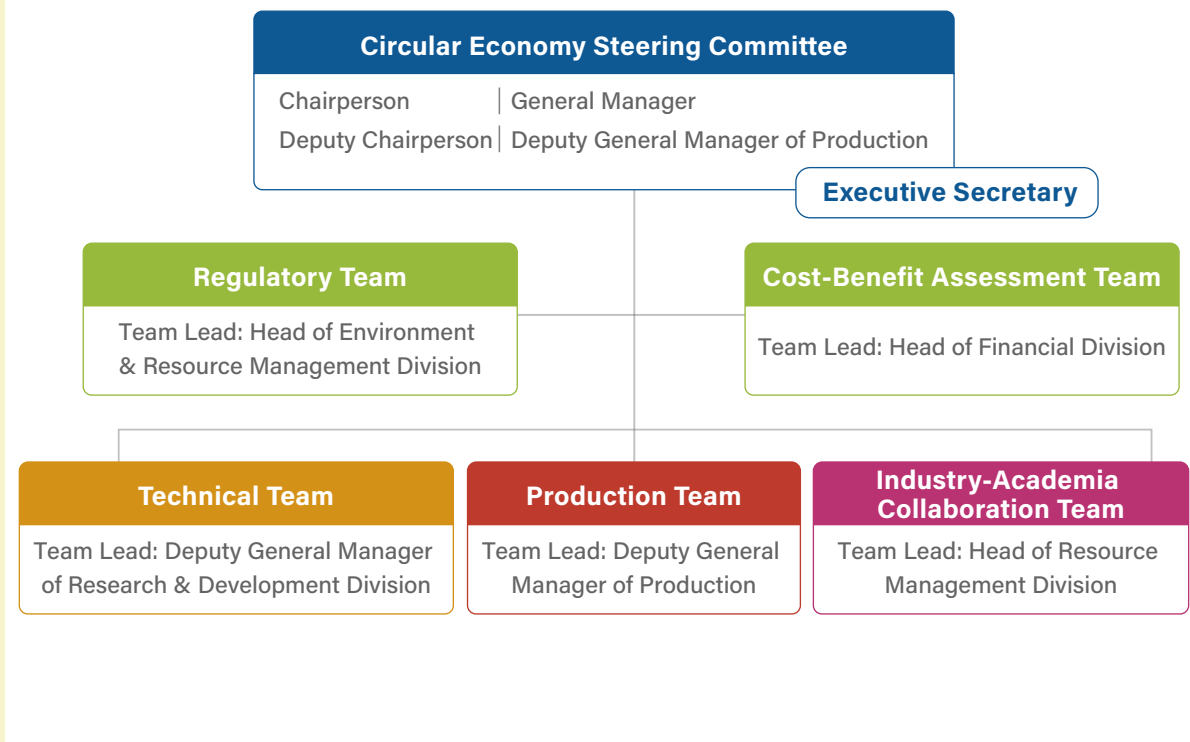
Based on the principles of “protecting and conserving natural resources, optimizing resource utilization and promoting system efficiency,” Everlight Chemical is committed to building a circular system for its operations. We aim to implement circular economy approaches in our management of energy efficiency, resource recycling and reuse, waste management, water resource management, material flow management, shipment and logistics, and air and noise pollution prevention, with the ultimate goal of achieving “Zero Emissions and Zero Waste.”



Circular Economy

Establishing a Circular Economy Steering Committee

Two support teams (Regulatory, Cost-Benefit Assessment) and three operational teams (Technical, Production, Industry-Academia Collaboration) have been established under the Circular Economy Steering Committee.



From Product (Inner Loop) to Industry Chain (Outer Loop)



- Within the Company, used materials are processed through various methods (such as filtration, distillation and purification, regeneration and reactivation, etc.) to a degree where they can be reintroduced into the production process or repurposed for other uses, in order to increase circularity in our operations.
- For example, in 2022, we applied membrane separation technology to purify PEG300 used in our manufacturing process for reuse in our production process. The approach has helped us recycle around 250 tons of PEG300 annually, contributing to a financial benefit of NT\$8 million in cost saving.

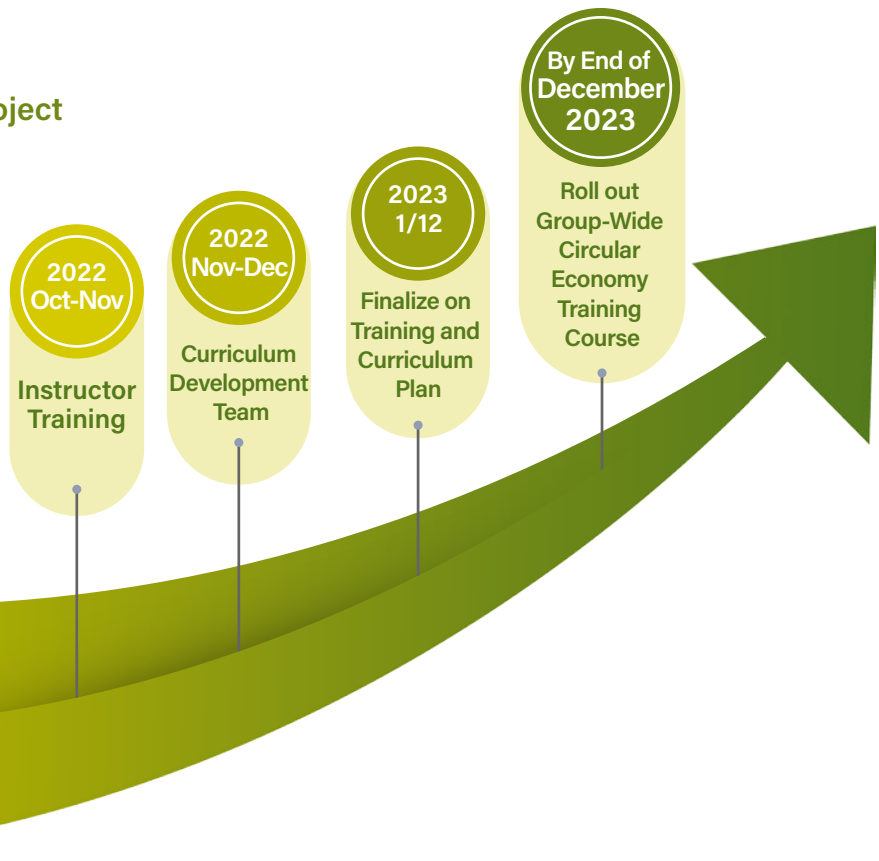


Industry Chain (Outer Loop)

- We collaborate with our upstream suppliers and downstream clients to reuse packaging materials or revitalize used raw materials, reducing expenses on packaging materials and waste generated in production processes.
- For example, in terms of raw material packaging, we worked with our suppliers to replace steel drums with lorries for importing raw materials and deliver them in batches based on our production needs. This resulted in a waste reduction of 8,000 steel drums (and a cost saving of NT\$7.5 million) each year and also helped optimize storage space at production facilities.

Everlight Sustainability & Circular Economy Training Project

In 2022, we began training a group of colleagues to become instructors for our internal sustainability training course about circular economy. We have also established a curriculum development team for the training program. In 2023, we aim to roll out the training course across the Group to encourage all employees to put sustainability and circular economy in practice.



Happiness Workplace

Guided by the principle of "Management by Love," Everlight Chemical is committed to providing a safe and supportive workplace where employees can find a sense of security, belonging and purpose. We are committed to sharing the fruits of our business success with our employees and enriching their lives.

Human Rights Policy

GRI 2-23

GRI 406

GRI 407

GRI 408

GRI 409

The Everlight Chemical Human Rights Policy was formulated on August 16, 2019. The policy is underpinned by our core philosophy and values.



Human Rights Policy



Human Rights Risk Assessment

All our global locations strictly comply with local regulations and implement our Human Rights Policy, including providing relevant training. In the 3,000+ procurement contracts we sign with suppliers each year, we have included explicit provisions stipulating that both parties and their affiliates shall adhere to corporate social responsibilities, including obligations to respect universal human rights, prohibit use of child labor, prohibit forced labor and discrimination, ensure employees' health and safety, etc.

Human Rights Training

In 2022, the training completion rate of our Human Rights Policy Training was 100%. The training was completed by 1,128 employees, with 56 training hours in total.

Non-Discrimination Policy GRI 406-1

Zero tolerance for discrimination is explicitly stated in Everlight Chemical's Human Rights Policy. "Respecting employees" is one of our core business principles. We have also established the Measures for Complaints & Disciplinary Actions against Workplace Sexual Harassment and the Sexual Harassment Investigation Committee to address potential concerns. No complaints of discrimination were filed in 2022.

Sexual Harassment Prevention

We have established the Measures for Complaints & Disciplinary Actions against Workplace Sexual Harassment and have set up designated phone line, telex, special mail box and email address to handle complaints concerning sexual harassment. No complaints of sexual harassment were filed in 2022.

Employee Communication GRI 2-30



The labor union at Everlight Chemical was founded in 1987. As of 2022, the union has 955 members, equivalent to 73% of employees at Everlight Chemical. Although no collective agreements have been established, the Company has formulated work rules and holds four labor-management consultation meetings each year as required by regulations. We also hold year-end dinner meetings with union representatives, facilitating smooth communication and coordination on labor relations matters through presentations and proposals (a resolution to increase group dining allowances was passed in 2022). There had been no labor-related disputes in 2022.

◀ Group photo of union representatives and the Chairman at the Company's 50th anniversary celebration

Advance Notice of Termination GRI 402-1

Everlight Chemical holds quarterly labor-management consultation meetings as required by law. In the event of significant operational changes that require the termination of employment with certain employees, advance notice will be provided in accordance with local laws and regulations at each operating location.

Diverse and Inclusive Workplace

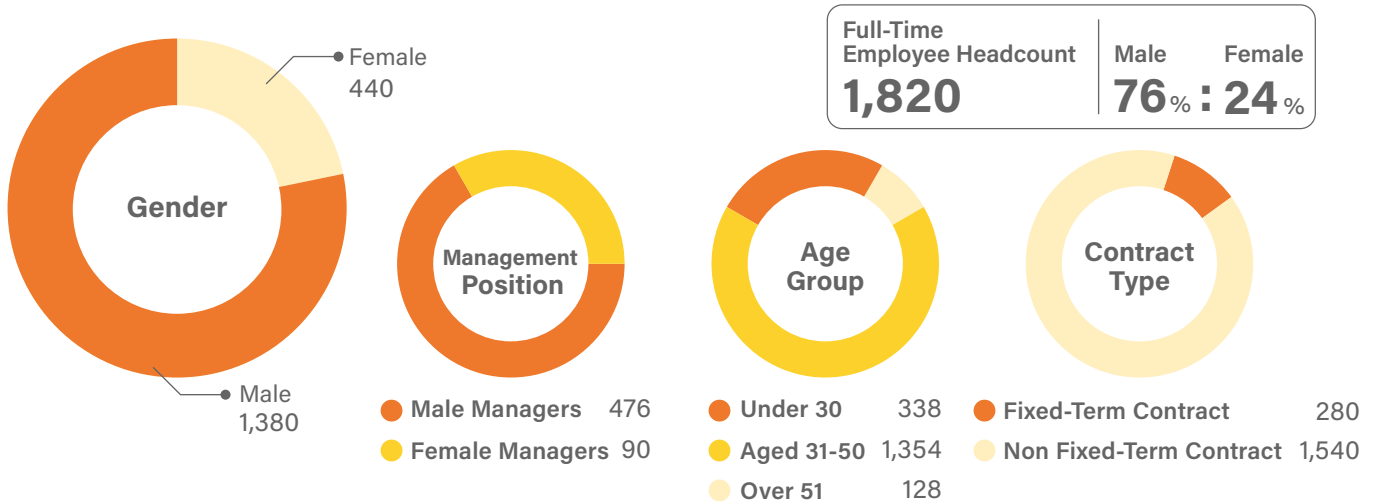
Workforce Composition GRI 2-7 GRI 2-8 GRI 405-1

In 2022, Everlight Chemical had 1,820 full-time employees in total, 76% of whom were male employees and 24% female employees.



Workforce Composition of the Group

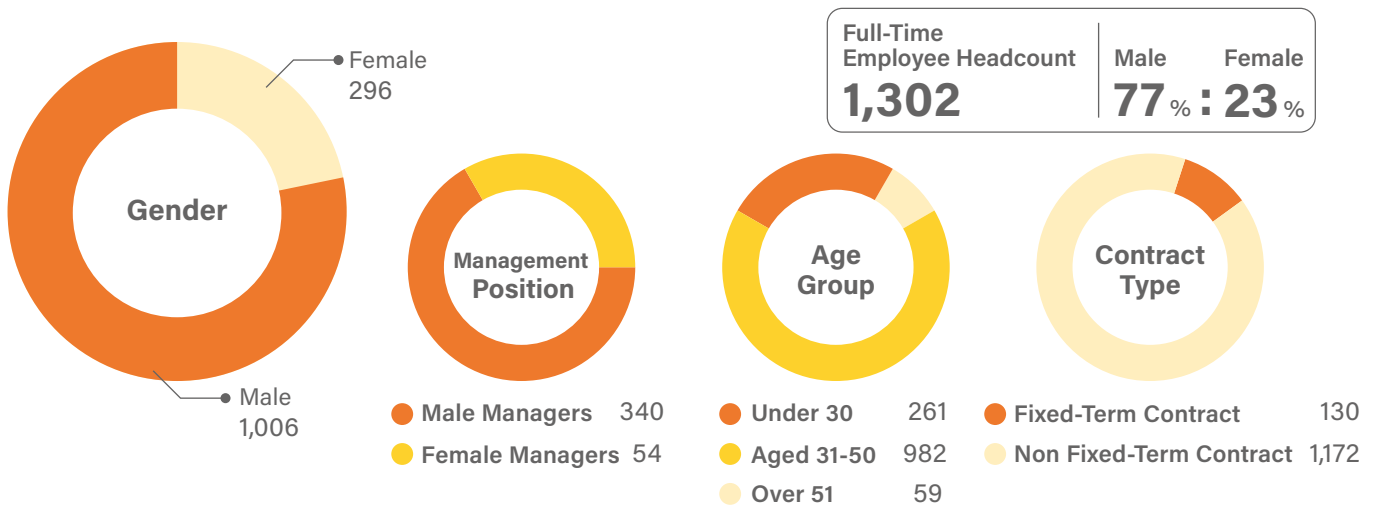
Including global locations



Note: Non fixed-term contract employees refer to full-time employees. Fixed-term contract employees include foreign workers, students in work-training programs and some employees from overseas subsidiaries. Currently, the Company does not employ temporary employees, non-guaranteed hours employees or part-time employees.

Workforce Composition of Everlight Chemical

Scope: Taipei headquarters and Plant I-IV

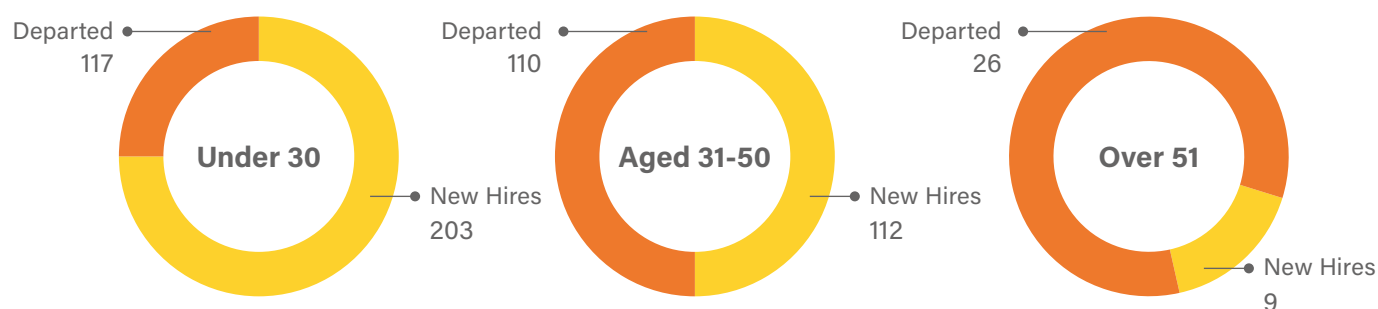


New Hires and Employee Turnover GRI 401-1

In 2022, 324 new hires joined the Everlight Chemical Group, while 253 full-time employees left the Group. Most of the new hires were under the age of 30, while most of the departed employees were between 31-50 years old. The number and demographics of new hires and departed employees in 2022 were similar to that of 2021.

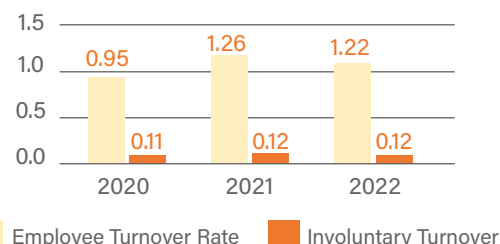
Age Distribution of New Hires and Departed Employees of the Group (2022)

(Including global locations)



Supporting Departing Employees

- Managers of related departments or HR managers proactively ask departing employees to share their reasons for resignation to identify where improvements can be made.
- The Company's employee turnover rate in 2022 was 1.22%, and the involuntary turnover rate was 0.12%.



Diversity Commitment and Percentage of Female Employees GRI 405-1

Everlight Chemical is committed to providing a diverse and inclusive work environment. We are committed to building a culture of diversity. In terms of recruitment and employment, we do not discriminate against nationality, race or religion. We also offer cross-functional rotation programs to promote multi-skill development and interdisciplinary capabilities. We are also committed to ensuring equal pay for equal work between male and female workers.

Currently, 24% of the employees of Everlight Chemical are female workers, which is higher than our industry peers (around 11-25%).



Diverse & Supportive Workplace

Number of employees/Year	2020	2021	2022
Number and Share of Female Employees	281 (22%)	427 (24%)	440 (24%)
Number and Share of Female Managers	53 (13%)	82 (15%)	90 (16%)
Number of Female Directors	1	1	1

Ratio of Standard Entry Level Wage by Gender Compared to Local Minimum Wage

GRI 202-1

For the year 2022, the ratio of salary for both male and female entry-level employees at the Group to local minimum wage was 1.19 to 1.

Compared to 2021, the average and median compensation for full-time employees in non-managerial positions grew by 6.07% and 5.09% respectively in 2022.

Item	2019	2020	2021	2022
Number of Full-Time Employees in Non-managerial Positions	1,310	1,257	1,175	1,174
Average Compensation for Full-Time Employees in Non-managerial Positions (NT K/person)	713	676	741	786
Median Compensation for Full-Time Employees in Non-managerial Positions (NT K/person)	680	647	707	743

Ratio of Basic Salary and Remuneration of Women to Men GRI 405-2

In 2022, the ratio of basic salary and remuneration of female employees to male employees was 1:0.95.

Annual Total Compensation Ratio GRI 2-11

In 2022, the ratio of the annual total compensation for the highest-paid individual at the Company to the median annual compensation for all employees excluding the highest-paid individual (NT\$743,000) was 4.18 to 1. The ratio of the percentage increase in annual total compensation for the highest-paid individual to the median percentage increase in annual total compensation for all employees excluding the highest-paid individual was -1.41%.

Employee Reinstatement and Retention from Parental Leave in 2022 (Group)

GRI 401-3

We offer parental leave for employees to care for their newborns. In 2022, the post-parental-leave retention rate of both female and male workers was 100%.

Item	Male	Female
Number of Employees Eligible for Parental Leave in 2022	57	32
Number of Employees who Applied for Unpaid Parental Leave in 2022	8	5
Number of Employees Whose Parental Leave Ended in 2022 (A)	2	15
Number of Employees who Returned to Work after Parental Leave in 2022 (B)	2	10
Reinstatement Rate in 2022 (B/A) (%)	100%	67%
Number of Employees who Returned to Work after Parental Leave in 2021 (C)	2	7
Number of Employees that Remained in Service 12 Months after Returning from Parental Leave in 2021 (D)	2	7

Employee Benefits and Care

Employee Care and Support GRI 401-2 GRI 401-3 GRI 411

With a commitment to taking care of employees' well-being and protecting their rights and interests, Everlight Chemical has established the Welfare Committee to coordinate on matters and measures regarding employee welfare, extending our support to employees' families as well. Key measures are outlined below.

- **Building a Diverse & Gender-Friendly Workplace**
 - ① To support female employees, we provide breastfeeding rooms and maternity parking.
 - ② To ensure that female employees feel supported and valued, we provide relevant maternal health protection measures during the prenatal and postnatal period.
- **Parental Allowance & Childcare Services**
 - ① Starting from 2022, we established a parental allowance program that offers employees a parental allowance of NT 20K. 19 employees have benefited from this year.
 - ② Everlight Chemical partners with community kindergartens to provide childcare services for employees and offers enrollment discounts.
- **Scholarships for Children of Employees**
 - ① We offered scholarship stipends to 227 employees in 2022, benefiting 598 children of our employees. Towards families of deceased employees, we offer a cost-of-living allowance for children of the bereaved families, offer condolence stipends every Lunar New Year and check in with them by phone.
- **Annual Corporate Retreats**
 - ① The Welfare Committee is responsible for planning annual corporate retreats. A wide variety of travel itineraries are provided.
 - ② 1,214 employees participated in the annual corporate retreat in 2022, and travel stipends were utilized by 93% of our employees.
- **Promotion & Allowances for Diverse Group and Club Activities**
 - ① Everlight Chemical has 18 clubs formed by employees voluntarily. The clubs regularly hold activities, enhancing the physical and mental well-being of employees



▲ Basketball game held for foreign employees



▲ Group photo of year-end Thanksgiving service for foreign employees



▲ Performance at year-end Thanksgiving service for foreign employees

● Supporting Indigenous and Foreign Workers

- 1 Everlight Chemical respects the culture and traditions of indigenous peoples. We offer leave for traditional indigenous ceremonies to the seven indigenous employees at our company.
- 2 A total of 129 foreign employees were employed by us in 2022. In accordance with our Foreign Employee Management Policy, we regularly assess the recruitment agencies we work with and provide the following support services, with an aim to provide a warm, positive and inclusive work environment where foreign employees can work with a sense of security. Starting from 2022, we also offer foreign employees an employment stipend to alleviate the financial burden of relocating to a new country.
 - Offer space for sports and leisure activities
 - Assign counselors to our plants to check in with employees and provide support
 - Hold year-end Thanksgiving services and dinners
 - Hold sports competitions and leisure activities
 - Provide access to satellite television
 - Provide dishes from hometowns of foreign employees on weekends

● Low-Carbon & Healthy Kitchens

- 1 We have set up low-carbon cafeteria kitchens at our facilities to provide healthy meals for our employees (Our kitchens have been certified by the Taoyuan City Government as Low-Carbon Healthy Kitchens)

● Supporting Employees with Critical Illness or Injury and Dependents of Deceased Employees

- 1 We implement a support program for employees with critical illness or injury, providing them with necessary assistance in life. For families of deceased employees, we offer a cost-of-living allowance for children of the bereaved families, offer condolence stipends every Lunar New Year and check in with them by phone.

● Employee Assistance Program GRI 404-2 GRI 2-25

- 1 Everlight Chemical provides an employee assistance program (EAP) that offers on-the-phone and in-person counseling services from the Taiwan Institute of Psychotherapy.
- 2 90 employees utilized the phone counseling services in 2022 (no sessions involved the topic of retirement).

● Retirement System GRI 201-3

- 1 Everlight Chemical offers retirement plans to employees per the Labor Standards Act or the Labor Pension Act. The Company also offers an Early Retirement Program and the Formula Sixty Program (Tenure of Service + Age) to any employees in need. The Company also provides retirees with opportunities to transition to an advisory role based on expertise
- 2 In 2022, 3 employee-turned advisors were hired to participate in projects/counseling, sharing their experience and insights.



Talent Cultivation and Development

Employee Skills Upgrade, Continuous Education and Career Development GRI 404-1 GRI 404-2

Everlight Chemical conducts recruitment, cultivation, employment and performance management based on the job function and competency framework the Company has developed. To strengthen employees' skills across the board, we conduct annual surveys on training needs, in which employees can raise training needs based on general competencies, technical competencies and a checklist for key business continuity management (BCM) competencies.



Talent Cultivation & Development

Opportunities for Further Studies and Career Development GRI 404-1

We arrange and provide educational training for employees based on our Annual Training Plan.

- So far 37 employees have completed a master's/PhD degree or on-the-job training program while working at Everlight Chemical.
- In 2022, 6 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.

Average Hours of Training per Year per Employee of the Group GRI 404-1

Everlight Chemical Group (Including subsidiaries)
Number of Employees that Received Training: 1,832

Item	Male	Male Non-Managers	Female	Female Non-Managers
Number of Employees	522	831	95	384
Total Hours of Training	35,134	59,315	7,934	22,935
Average Hours of Training per Employee	67	71	84	60

Everlight Chemical (Including operational locations in Taiwan)
Number of Employees that Received Training: 1,316

Number of Employees	386	595	59	276
Total Hours of Training	31,546	52,395	6,518	20,466
Average Hours of Training per Employee	82	88	110	74

Orientation Training Mentorship Program for New Hires

Besides providing new hire orientation per our Educational Training Implementation Measures, we also implement a mentorship program that mingles senior colleagues with junior employees, thereby senior-level employees could share technical know-how and expertise with junior employees.

Employee Character Education

Everlight Chemical promotes character education, positivity and believes that good character should be a lifelong pursuit. To foster employees' understanding and alignment with the Company's philosophy and culture, we have established the Everlight Character First Implementation Measures as the basis of promoting character education.

Regular Performance and Career Development Reviews

- We regularly conduct performance reviews for all employees in accordance with our Performance Review Procedures. Performance reviews are conducted in May and November each year, where performance is evaluated against key annual goals and will serve as the basis for future training and promotion.
- As of the end of 2022, performance reviews for all full-time employees have been completed. In 2022, we also introduced the Individual Development Plan (IDP) program incorporating the Managerial
- Assessment of Proficiency (MAP) tool to enhance employee competence and strengthen organizational robustness, which will further enhance the Company's competitiveness.

Occupational Safety and Health

At Everlight Chemical, we are committed to "Safety First, Quality Second, and Efficiency Third." Our occupational safety and health system and management guidelines follow ISO 45001, the international standard for occupational health and safety management systems.

Occupational Safety and Health Management System, Policy and Measures

The Everlight Chemical Group has established its Occupational Safety and Health Policy, with "Revere Life and Pursue Zero Incident" as the highest guiding principle for occupational safety and health.

Policy & Commitment

- Implement ISO 45001 Occupational Safety and Health Management System
- Provide safe and healthy working environment
- Comply with health and safety regulations and requirements
- Eliminate hazards and reduce occupational safety and health risks
- Facilitate OSH consultation with workers and encourage participation

Governance Body

- Head office and plant-level occupational safety and health committees
- Environment, Safety and Health Management Committee of the Company
- Safety and health management team and dedicated safety and health unit at each plant
- First-level dedicated safety and health unit and personnel established at the head office and each plant

Management Approach

In August 2022, the Everlight Chemical headquarters, Plant I-IV, Trend Tone Imaging and Everlight Suzhou all passed the annual ISO 45001 certification by DNV which helps ensure the effectiveness of our occupational safety and health systems.

 For related certificates visit the Occupational Safety and Health - <https://en-esg.ecic.com/happywork/ohs/>

Key Performance Indicator (KPI)**KPI #1 Frequency-Severity Indicator (FSI)**

Year	2016	2017	2018	2019	2020	2021	2022	Short-Term Target	Mid-Term Target	Long-Term Target
Everlight Chemical	0.05	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Group	N/A	N/A	N/A	N/A	N/A	0.08	0.01	0.00	0.00	0.00

KPI #2 Progress on Establishing Process Safety Management (PSM) Systems

The project began with engagement of external experts in April 2021 to provide guidance. After twenty months of thorough planning, we have completed the development of a process management system and established related ISO documents, with trial operation rolled out in 2023.

Evaluation Mechanism

- Safety and health management reviews (annual)
- ESG committee meetings (twice every year)
- Plant policy reviews (quarterly)
- Internal audits on our safety and health management system (annual)

The audit team, composed of trained and qualified personnel, perform internal audits once a year according to the internal auditing plan.

The dates of internal audits in 2022 are as follows:

Location	Headquarter	Plant I	Plant II	Plant III
Date of Audit	2022/4/7	2022/3/15	2022/3/17	2022/4/8
Location	Plant IV	TTI	Everlight Suzhou	
Date of Audit	2022/3/21	2022/5/11-5/18	2022/3/29-4/1	

- External audit (DNV) on our safety and health management system (annual)

In August 2022, all branches and facilities passed the annual ISO 45001 certification by DNV.

Audit findings: 25 minor non-conformances, 21 observations, and 2 opportunities for improvement. All corrective and improvements have been made.

Grievance Mechanism

We have established the following procedures and mechanisms to ensure remediation of negative impacts and feedback channels are in place.

- Grievance application in accordance with Article 32 of the Labor Inspection Act (applicable to locations in Taiwan)
- Complaint mechanism for illegal workplace abuse:
One complaint was filed in 2022. The complaint was promptly and properly resolved according to relevant internal policies.
- Complaint mechanism for violation of employee rights
- Complaint mechanism for workplace sexual harassment

Occupational Safety and Health (OSH) Management & Accomplishments

Implement OSH Management System and Eliminate Occupational Hazards

- 1 In 2022, there was one occupational hazard incident involving one person and four lost workdays, accounting for 0.05% of the total of 1,814 employees as of the end of 2022 (FR = 0.28, SR = 1).
- 2 The occupational hazard was a finger crushing injury. An incident investigation was completed with corrective/preventive measures.

Conduct External Audits to Ensure the Effectiveness of Our Management Systems

- 1 Everlight Chemical headquarters and all production sites (Plant I-IV, Trend Tone Imaging, Everlight Suzhou) passed the annual ISO 45001 audit by DNV. Audit findings included 25 minor conformances, 21 observations and 2 opportunities, all of which have been corrected. Our certificate remains valid.



Encourage Safety and Health Initiatives and Foster a Supportive Workplace

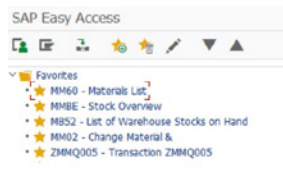
- 1 The Chairman and General Manager conducted a combined total of 8 safety inspections in 2022. 106 proposals were raised from employees under our safety and health incentive program. We also implement the 5S routine and "Know Your Hazard" pointing & calling safety methods in our daily operations.



▲ Gemba walk with the Chairman ▲ Gemba walk with the General Manager

Utilize Expert Resources to Cultivate Professional Competence

- 1 We have completed developing our process safety management system, including training and protocol documents. We have completed three explosion prevention trainings.



Building Smart ERP Management System to Enhance Work Efficiency

- 1 We have adopted the SAP enterprise resource planning (ERP) system, enabling digital regulatory compliance management for chemical raw materials.

Boost Safety Awareness through Digital Safety & Health Training

- 1 We have established an eHRD online training platform, replacing traditional in-person training.



Learn from Leading Companies to Further Improve Management Measures

- 1 We explore AI and digital technologies for compliance enforcement.

Implementing Hazard Identification and Risk Assessment and Prevention

GRI 3-3

GRI 2-25

GRI 403-2

GRI 403-8

RT-CH-320a.2

Locations that have been ISO 45001 certified in 2022 have established procedures for hazard identification and risk and opportunity assessment. Staff of all departments and divisions have participated in the process and have completed related training, thereby equipped with the required assessment skills. The ISO 45001 certification status and coverage of our production sites is as follows (91.6% coverage for employees (1,662 out of 1,814 employees); 100% coverage for non-employees).

Type	Locations with ISO 45001 Certificate				
Headcount	Headquarter	Plant I-IV	TTI	Everlight Suzhou	Subtotal
Employees	160	1,128	207	167	1,662
Non-Employees	0	13	2	0	15

Type	Locations without ISO 45001 Certificate				
Headcount	Business Office (Taiwan)	Administrative Subsidiaries (China)	Administrative Subsidiaries (US, Netherlands, Turkey)	Subtotal	Total Headcount
Employees	12	87	53	152	1,814
Non-Employees	0	0	0	0	15



Occupational Safety & Health



Hazard Identification & Risk Assessment

Note: Non-Employees refer to workers providing services such as maintenance, soil conservation projects, cafeteria and cooking services and cleaning at our plants and facilities.

Hazard Identification

Each department uses the Job Safety Analysis (JSA) process to identify and manage hazards in each step of operational activities. The process includes:



Risk Assessment Results in 2022

High and Medium Risks Assessment Result

Type	Number of Risks	Hazard Type	Item	Target	Actual
High Risk	0	None	Objectives	17	16
Medium Risk	38	Exposure to hazardous substance/condition, fire and explosion, falling object, collision, electric shock, collapse, caught-in hazard, oxygen deficiency, fall or roll hazard, drowning	Targets	23	22

Implementing Robust Health & Safety Management to Build a Resilient Safety Culture

GRI 403-5 GRI 403-7 RT-CH-540a.2

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

Key Occupational Safety & Health Management Measures in 2022

- The procurement expense associated with occupational safety and health (excluding Trend Tone Imaging) was NT\$35 million.
 - 509 consultation cases for contract work were processed. There were 15 reported cases of contractor non-conformance and 0 accidents.
 - There was a total of 124 cases of safety and health related changes.
 - There were 130 cases of non-conformance, with 122 resolved, representing a resolution rate of 93.8%.
- (Note: the eight unclosed cases have been reviewed and corrective actions are being implemented. The cases will be resolved in 2023.)



2022 Safety & Health Management

For results of the various safety and health management measures we have implemented in 2022, including in chemical safety management, machinery management, procurement management, contractor management, change management and permit management, please visit our website.

[Learn more](#)

Occupational Safety & Health Training GRI 403-5

In 2022, a total of 100 occupational safety and health trainings were held to strengthen employees' safety awareness.

Type	Orientation Training	Compliance & License Training	On-the-Job Training
Target	New or Transferred Employees	Initial & Refresher Training	Specific or General Staff
Number of Training	394	175	2,918
Total Training Hours	4,075	2,595	18,137

Employee Communication on Occupational Safety & Health GRI 403-4

Our headquarters and production sites all have occupational safety and health management committees in place to provide recommendations on occupational safety and health policies and to review and coordinate on safety and health-related measures. In 2022, a total of 28 meetings were held with worker representatives representing 30-56% staffs.

Occupational Health Services & Health Promotion

GRI 403-3 GRI 403-6 RT-CH-320a.2

Health Examinations

Subject	New Employees		All Employees (Annual)		Senior Employees
Target	Regular Physical Checkup	Special Physical Checkup	Regular Health Examination	Regular Health Examination	Health Examination
No. of Recipients	217	98	1,368	412	93

On-Site Health Services

Subject	Headquarter	Plant I	Plant II	Plant III	Plant IV	TTI
On-Site Medical Services by Doctors	4	6	12	6	1	4
On-Site Medical Services by Nurses	48	72	Full-time	72	12	24
Employees who Attended Health Education Activities	33	98	90	34	21	60
Employees who Scheduled Consultation Session for Health Guidance	122	10	72	90	21	22

Health Protection & Preventive Care Plans Covering Elderly/Middle-Aged Employees and Night Shift Workers

Maternal Health Protection			Reports of Abnormal Workload	Number of Ergonomics Improvements
Pregnant	1 Year after Childbirth	Breastfeeding beyond 1 Year after Childbirth		
11	7	0	5	3

Occupational Incidents & Injuries

GRI 403-9 GRI 403-10 GRI 403-10 RT-CH-540a.1 RT-CH-540a.2

The scope of our occupational incident and injury investigation in 2022 included both employees and non-employees at our production sites.

- The total employee working hours was 3,506,675 hours in 2022. There was one occupational injury (involving one person and four workdays lost). The injury type was crushing. Incident investigation was completed and corrective and preventive measures have been taken.
- The total non-employee working hours was 29,880 hours. No occupational incident or injury happened in 2022.

Total number of occupational accidents and lost workdays

Item	Death		Permanent Total Disability		Permanent Partial Disability		Temporary Total Disability		Absenteeism Rate (AR)	Fatality Rate for Occupational Injuries
	No.	Days	No.	Days	No.	Days	No.	Days		
2021	0	0	0	0	0	0	4	23	1.07%	0
2022	0	0	0	0	0	0	1	4	5.21%	0
Item	Occupational Disease Rate (ODR)		Injury Rate (IR)		Lost Day Rate (LDR)		Process Safety Total Incident Rate (PSTIR)		Process Safety Incident Severity Rate (PSERS)	
			Severe	Recordable						
2021	0		0	5.04	6.44		0.22		None	
2022	0		0	4.27	1.14		0.28		0.91	

Social Engagement



Improving human welfare is one of Everlight Chemical's core business philosophies. Each year, we budget at least 1% of our net income after tax for giving back to society.

Community Engagement

Community Impact Assessment & Management

Operating in the chemical industry, Everlight Chemical is committed to providing safe chemical products and implementing green chemistry principles. Our plants strictly comply with all applicable environmental, health and safety regulations and complete documentation and filing requirements to ensure full regulatory compliance. We strive to reduce any significant negative impact our business activities have on local communities.

Community Communication GRI 203-1 GRI 203-2 RT-CH-210a.1

Everlight Chemical continues to actively communicate with local communities and to take into account the economic, social, and environmental impacts that our production processes may have on the local community. We focus our efforts on three aspects:



The Local Community Satisfaction Survey we conducted in 2022 Q4 recorded a high satisfaction rate of 95.2

Promoting Local Economic Development

We prioritize local hiring across all our plants and also provide employee housing for employees who live far away. By hiring locally, we hope to drive and support the development of the local economy.

Ensuring Industrial Safety

We ensure safe management, transportation and storage of hazardous materials and comply with relevant regulations set by the competent authorities. All our plants have joined mutual-aid groups for emergency response at the industrial zones the facilities are located. We actively participate in drills to enhance our disaster response capabilities.

Supporting Community Development

Each plant assigns dedicated personnel to regularly visit local borough chiefs to address concerns from the community. We also actively support community disaster prevention efforts, participate in river adoption programs, hold beach cleanup days, donate pandemic relief supplies and support local elementary and high schools through donations.

Community Engagement Highlights

Outstanding Achievement Award from the Taoyuan City Government for Supporting Community Flood Resilience Efforts

Due to the impact of global climate change, extreme weather conditions have become more prevalent, resulting in increased intensity of typhoons and record-high rainfall during flood seasons. In response, Plant II has signed a memorandum of understanding (MOU) with the Shulin District to collaborate on enhancing the community's disaster preparedness and resilience against floods.



▲ Chief Officer of Plant II Mr. Shun Xing Yeh (third from the right in the front row) at the Taoyuan City Community Flood Resilience Pledge Ceremony



▲ Taoyuan City Community Flood Resilience Pledge Ceremony

We also participate in the Taoyuan City River Adoption Program and have adopted the Guanyin coast and Daku River. We hold beach and river cleanups as well as educational activities that teach the public about environmental protection and ecology. There is no end to our commitment to caring for this planet and the environment.



▲ Beach cleanup day co-organized by Everlight Chemical and the Taiwan Dyestuffs and Pigments Industrial Association



▲ River conservation educational tour and volunteer street cleanup day

Giving Back to the Community GRI 413-1

Each year, we allocate at least 1% of our net income after tax to give back to society. Our total donation amount was NT\$4.95 million in 2022.

Donations and Philanthropic Activities (2017-2022)

(NT\$,0,000)

Year	Community Activity and Education (Taoyuan)	College/ Social Education	Industry Development	Charity Events	Total	% of Net Income After Tax
2022	152	104	118	121	495	1.3
2021	123	130	87	183	523	1
2020	142	125	17	62	346	1.6
2019	175	135	38	129	477	1.27
2018	135	193	24	183	535	1.33
2017	156	278	68	198	700	1.9

Membership of Associations and External Initiatives

Besides working with partners across the supply chain, Everlight Chemical also participates in various organizations and associations to support relevant initiatives.



▲ TCIA Net Zero Emission Declaration

- The Chairman of Everlight Chemical currently serves as the Chairman of the Taiwan Dyestuffs and Pigments Industrial Association and Director of the Business Council for Sustainable Development of the Republic of China (BCSD Taiwan). The General Manager of Everlight Chemical serves as the Chairman of the Board of the Taiwan Chemical Industry Association (TCIA). Other executives at the Company also serve as supervisors, directors or executive directors of external associations and organizations, including Taiwan Corporate Governance Association (TCGA), Chinese International Economic Cooperation Association (CIECA), Taiwan Responsible Care Association (TRCA), Taiwan Display Materials and Devices Association (TDMDA) and so on.
- Trend Tone Imaging is a member of the Allied Association for Science Park Industries (ASIP) and the Taiwan Dyestuffs and Pigments Industrial Association.
- Everlight (Suzhou) Advanced Chemicals also participates in various local associations, including the National Technical Committee for Standardization in Copy Machines (SAC/TC147), the China Culture & Office Equipment Association (CCOEA) and the Suzhou Industrial Park subdivision of the Taiwan Compatriot Investment Enterprise Association.

Promoting Character Education GRI 413-1



▲ Monthly publication for character education



▲ Executive Director of Institute in Basic Life Principles Guo-Bao Chen teaching the character education course at National Taipei University of Business

Character Education Starts from Schools

For over twenty years, we have continued to promote character education, not only within the company but also extending our efforts to schools, aiming to instill the importance and benefits of character education in the society.

In 2022, 243 students participated in our character education courses.

Promotion of Children Education

Everlight Chemical continues to organize the Character Education Camp, a long-time tradition of the Company, with the belief that good character can benefit children throughout their lives and help them establish positive values.

Supporting the Life Education Morning Program at Elementary Schools in the Guanyin District (Number of participants has grown by 100 students compared to 2021)

In 2022, a total of 788 students participated in the Life Education Morning Program, including 673 students from Caota Elementary School and 115 students from Shulin Elementary School.

Book Donation Program: Empowering Children for a Bright Future

Since 2014, we have been supporting the reading programs established by Global Views Educational Foundation. We provide access to the Global Kids Junior Monthly and Global Kids Monthly magazines by the Commonwealth Publishing Group for 21 elementary schools in Taoyuan.

The Little Warriors in Taiwan Program

Everlight Chemical has long been a sponsor of the Little Warriors in Taiwan Program by the Rainbow Kids Organization. 19 children received the Little Warrior Award in 2022. The program has awarded 313 children so far.



▲ Photo of the Chairman's wife (second from the left) and the Little Warriors award recipients



▲ Photo of the Chairman's wife (second from the right) and the Little Warriors award recipients

Social Impact

We use the London Benchmark Group (LBG) model for social impact to assess the positive impact achieved by our community engagement in 2022.

Enhancing Corporate Profile and Brand Image

We have been awarded the high distinction award of the Taoyuan City River Adoption Program by the local department of environmental protection for the fourth consecutive year.

We also actively support local communities in enhancing disaster preparedness capabilities and hold beach cleanup activities, doing our part in protecting the planet.



Social Engagement

Promoting Local Economic Development

Most of our employees are from local communities. We recognize that our business activities and performance are directly connected to the development of the local economy. Therefore, we understand the importance of community engagement and are committed to building a strong connection with the local community.

Strengthening Environmental Awareness

Since our business activities could pose negative impacts on the environment in local communities, we have established an Environmental Policy that outlines our commitment, "Mitigate Environmental Risks, Towards Ecological Sustainability." We strive to fulfill our commitments under the policy. Our efforts include active water resource recycling, proper treatment and disposal of waste and pollutants, implementation of measures against climate change, and signing a memorandum of understanding (MOU) on disaster preparedness with the local community. We hope to protect the environment and enhance disaster resilience of the local community, at the same time raising environmental protection awareness.

Facilitating Community Engagement and Development

Through community engagement such as participating in community disaster preparedness efforts, adopting a river, holding beach cleanup days, promoting character education and more, we not only strive to promote the welfare of the community but also actively participate in community initiatives.

Supporting the Sustainable Development of Taiwan's Agriculture Businesses

In 2022, Everlight Chemical participated in the "Grow a Table of Food" Program (for Koshihikari rice) by the social enterprise, Buy Directly From Farmers (BDFF). Also, 37 employees and their family participated in the program event on October 31, where we promoted our philosophy in recycling and sustainability, meanwhile supporting the local agriculture industry in Taiwan. In 2022, we purchased a total of 224 Lunar New Year gifts from the program.



▲ Everlight Chemical "Grow a Table of Food" Promotion Card

INDEPENDENT ASSURANCE OPINION STATEMENT

Everlight Chemical Industrial Corporation 2022 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 purpose of assuring its statements relating to its sustainability report, 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 2022 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 2022 Sustainability Report provides a fair view of the ECIC sustainability programmes and performances during 2022. 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 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.
- 8 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 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, comply with all reporting requirements for disclosures). 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



AA1000
Licensed Report
000-4/V3-UE1A0

Statement No: SRA-TW-2022025
2023-04-24

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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 Subject Matter Information”) on the 2022 Sustainability Report of Everlight (“the Report”) for the year ended December 31, 2022.

Reporting Criteria of the Subject Matter Information

Everlight shall prepare the Subject Matter Information in accordance with reporting criteria required by Article 4 of 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 Subject Matter Information. Everlight is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter Information 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 TWSAE3000 – “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” issued by the Accounting Research and Development Foundation in Taiwan and to issue a limited assurance conclusion on whether the Subject Matter Information 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 and Standards on Quality Management

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 the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

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Summary of Work Performed

As stated in reporting criteria of the Subject Matter Information 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 Subject Matter Information.
- On the basis of the understanding obtained mentioned above, perform analytical procedures on the Subject Matter Information 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 Subject Matter Information, 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 has a reasonable assurance engagement been performed.

Inherent limitations

The Report for the year ended December 31, 2022 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 Subject Matter Information 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 Subject Matter Information 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)
Jun 21, 2023

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	Subject Matter Information	Reporting Criteria	The Regulation
1	Appendix Table: Topic-Specific Sustainability Disclosures for the Chemical Industry	78	<ul style="list-style-type: none"> ■ Total energy consumption: 626.93 x 10³GJ ■ Percentage of purchased electricity: 52% ■ Percentage of energy consumption from renewables and total self-use renewable energy generation: 0 	Details on energy consumption.	Taiwan Stock Exchange Corporation Rules Table 1-2 No.1 Total energy consumption, percentage of grid electricity consumption, percentage of renewable energy consumption, and total self-generated energy
2	Appendix Table: Topic-Specific Sustainability Disclosures for the Chemical Industry	78	<ul style="list-style-type: none"> ■ Total water withdrawal: 721.5ML ■ Total water consumption: 109.9ML ■ Wastewater discharge: 611.6ML 	Details on water withdrawn and water discharge.	Taiwan Stock Exchange Corporation Rules Table 1-2 No.2 Total amount of water withdrawn, total amount of water consumption, and volume of wastewater (effluent) discharged as required to be disclosed by law or to be disclosed voluntarily
3	Appendix Table: Topic-Specific Sustainability Disclosures for the Chemical Industry	78	<ul style="list-style-type: none"> ■ Total volume of hazardous waste generated: 1,693.4 tons ■ Recycling rate for hazardous waste: 4.3% 	Details on wastes generation and disposal.	Taiwan Stock Exchange Corporation Rules Table 1-2 No.3 Total amount of hazardous waste generated in the product production process and percentage of hazardous waste recycled, as required to be disclosed by law or to be disclosed voluntarily
4	Chapter 6 Happiness Workplace: Occupational Safety and Health	56	<ul style="list-style-type: none"> ■ The total employee working hours was 3,506,675 hours in 2022. There was one occupational injury (involving one person and four workdays lost). The injury type was crushing. Incident investigation was completed, and corrective and preventive measures have been taken. <ul style="list-style-type: none"> - Death (Total number ; Lost workdays): 0 ; 0 - Permanent total disability (Total number ; Lost workdays): 0 ; 0 	Details on performance of occupational safety and health.	Taiwan Stock Exchange Corporation Rules Table 1-2 No.4 Number and rate of occupational accidents

No.	Corresponding Section	Page	Subject Matter Information	Reporting Criteria	The Regulation
			<ul style="list-style-type: none"> - Permanent partial disability (Total number ; Lost workdays): 0 ; 0 - Temporary total disability(Total number ; Lost workdays): 1 ; 4 - Absenteeism Rate (AR): 5.21% - Fatality Rate for Occupational Injuries : 0 - Occupational Disease Rate (ODR) : 0 - Injury Rate (IR): Recordable: 4.27 Severe: 0 - Lost Day Rate (LDR): 1.14 ■ The total non-employee working hours was 29,880 hours. No occupational incident or injury happened in 2022. 		
	Appendix Table: Topic-Specific Sustainability Disclosures for the Chemical Industry	78	<ul style="list-style-type: none"> ■ Number of people involved in occupational injury: 1 person ■ Rate of injury: 0.05% 		
5	Appendix Table: Topic-Specific Sustainability Disclosures for the Chemical Industry	78	<p>The following aspects of our operational activities involve impacts on local communities:</p> <ul style="list-style-type: none"> ■ Water withdrawal of production facilities ■ Pollutant discharge management ■ Waste management ■ Chemical safety management 	Evaluation results of operation impact on local communities	Taiwan Stock Exchange Corporation Rules Table 1-2 No.5 Significant actual and potential negative impacts of operations
6	Chapter 5 Sustainable Environment: Pollution Prevention_ Water Resource Management and Water Pollution Prevention	34	<ul style="list-style-type: none"> ■ Management Approach <ul style="list-style-type: none"> - Water withdrawal: enhance water recycling measures and conduct water use surveys - Water discharge: enhance wastewater treatment effectiveness and regularly inspect the quality of treated wastewater - Regularly assess if any production site is at risk of being located in water-stressed areas 	Measures to water withdrawal management	Taiwan Stock Exchange Corporation Rules Table 1-2 No.6 Specific and effective actions taken by the company and its suppliers to reduce negative impacts on the environment or society

No.	Corresponding Section	Page	Subject Matter Information	Reporting Criteria	The Regulation
	Chapter 5 Sustainable Environment: Air Pollution Prevention	36	<ul style="list-style-type: none"> ■ We comply with relevant government regulations and measures on air pollution emissions, implementing measures by standards that exceed regulatory requirements. ■ Implemented the following measures to protect air quality. <ul style="list-style-type: none"> - Use clean fuels - Install more pollution prevention equipment - Strengthen the availability of pollution prevention equipment 	Measures to air pollution emission management	
	Chapter 5 Sustainable Environment: Waste Management	41	<ul style="list-style-type: none"> ■ We actively recycle reusable materials in each step of our day-to-day operations, including raw material sourcing, product shipment, production process, environmental pollution prevention and so on. ■ We have adopted the following waste management measures. <ul style="list-style-type: none"> - Reuse and recycle more waste - Classify and reduce waste at the source - Ensure proper disposal and tracking of waste 	Measures to waste management	
	Chapter 3 Green Chemistry and Product Responsibility: Chemical Safety Management	19	<ul style="list-style-type: none"> ■ Everlight Chemical has established a Product Responsibility Division, which oversees compliance management, ensures compliant labeling for all products, and facilitates the process of securing international certifications required for downstream industries. ■ Management Approach <ul style="list-style-type: none"> - Established protocols for hazardous substance process management (HSPM) - Avoid using animal-tested ingredients - Avoid sourcing or using conflict minerals - Implement the GreenScreen List Translator™ for accurate chemical hazard assessment - Provide accurate and compliant 	Measures to chemical management	

No.	Corresponding Section	Page	Subject Matter Information	Reporting Criteria	The Regulation
			safety data sheets (SDSs) and labeling of safety information - Established product health Index		
	Chapter 4 Corporate Governance: Supply Chain Management	27	<ul style="list-style-type: none"> ■ 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 oversee suppliers' performance in corporate social responsibilities. 	Measures to supply chain management	
7	Appendix Table: Topic-Specific Sustainability Disclosures for the Chemical Industry	79	<ul style="list-style-type: none"> ■ Color chemicals: 17,583 tons ■ Specialty chemicals: 4,241 tons ■ Toner: 6,172 tons ■ Electronic chemicals: <ul style="list-style-type: none"> - Photoresists: 556 tons - Other: 9,953 tons ■ Pharmaceuticals <ul style="list-style-type: none"> - Prostaglandin: 23,242 g - Other APIs: 1,017 kg 	Production output in 2022	Taiwan Stock Exchange Corporation Rules Table 1-2 No.7 Production output by product category

Appendix

GRI Content Index

Statement of Use	Everlight Chemical has reported in accordance with the GRI Standards for the period from January 1, 2022, to December 31, 2022.
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI Standard / Other Source	Disclosure	Location	Page
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	Scope and Methodology of This Report	1
		01 Overview of the Company: About Everlight Chemical	5
	2-2 Entities included in the organization's sustainability reporting	01 Overview of the Company: About Everlight Chemical	5
	2-3 Reporting period, frequency and contact point	Scope and Methodology of This Report	1
	2-4 Restatements of information	Scope and Methodology of This Report	1
	2-5 External assurance	Appendix: Third-Party Independent Assurance Opinion Statement Independent Auditor's Limited Assurance Report	1 xx
	2-6 Activities, value chain and other business relationships	01 Overview of the Company: Operational Performance, Operations and Value Chain, Customers and Markets 04 Corporate Governance: Supply Chain Management	6-8 27-28
	2-7 Employees	01 Overview of the Company: About Everlight Chemical 06 Happiness Workplace: Diverse and Inclusive Workplace	5 40
	2-8 Workers who are not employees	06 Happiness Workplace: Diverse and Inclusive Workplace	40
	2-9 Governance structure and composition	04 Corporate Governance: Corporate Governance Structure	21
	2-10 Nomination and selection of the highest governance body	04 Corporate Governance: Corporate Governance Structure	21
	2-11 Chair of the highest governance body	04 Corporate Governance: Corporate Governance Structure	21
	2-12 Role of the highest governance body in overseeing the management of impacts	02 Sustainability Values: ESG Implementation Structure	10
	2-13 Delegation of responsibility for managing impacts	02 Sustainability Values: ESG Implementation Structure	10
	2-14 Role of the highest governance body in sustainability reporting	02 Sustainability Values: ESG Implementation Structure	10
	2-15 Conflicts of interest	04 Corporate Governance: Business Integrity and Insider Trading Prevention	21-22

GRI Standard / Other Source	Disclosure	Location	Page
General Disclosures			
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	02 Sustainability Values: Stakeholders and Material Topics	11-16
	2-17 Collective knowledge of the highest governance body	04 Corporate Governance: Continuing Education & Collective Knowledge of the Board	21
	2-18 Evaluation of the performance of the highest governance body	04 Corporate Governance: Evaluation of Board Performance	21
	2-19 Remuneration policies	04 Corporate Governance: Remuneration Policy	23
		06 Happiness Workplace: Diverse and Inclusive Workplace	41
	2-20 Process to determine remuneration	04 Corporate Governance: Remuneration Policy	23
	2-21 Annual total compensation ratio	06 Happiness Workplace: Diverse and Inclusive Workplace	41
	2-22 Statement on sustainable development strategy	Message From the Chairman	03
	2-23 Policy commitments	06 Happiness Workplace: Human Rights Policy	39
	2-24 Embedding policy commitments	06 Happiness Workplace: Human Rights Policy - Human Rights Risk Assessment / Non-Discrimination Policy / Sexual Harassment Prevention / Employee Communication	39
	2-25 Processes to remediate negative impacts	02 Sustainability Values: Stakeholders and Material Topics	11-12
	2-26 Mechanisms for seeking advice and raising concerns	02 Sustainability Values: Stakeholders and Material Topics	11-16
		04 Corporate Governance: Whistleblowing/Grievance Mechanism	22
	2-27 Compliance with laws and regulations	04 Corporate Governance: Regulatory Compliance	27
	2-28 Membership associations	07 Social Engagement: Membership of Associations and External Initiatives	48
	2-29 Approach to stakeholder engagement	02 Sustainability Values: Stakeholder Engagement	15-16
	2-30 Collective bargaining agreements	06 Happiness Workplace: Employee Communication	39

Note: No reasons for omission are cited

GRI Standard / Other Source	Disclosure	Location	Page
Material Topic			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	02 Sustainability Values: Stakeholders and Material Topics	11
	3-2 List of material topics	02 Sustainability Values: Stakeholders and Material Topics - Assessment of Positive and Negative Impacts for Material Topics / Changes to the List of Material Topics Compared to 2021	12-13

GRI Standard / Other Source	Disclosure	Location	Page
1. Regulatory Compliance (Custom Material Topic)			
GRI 3: Material Topics 2021	3-3 Management of material topics	02 Sustainability Values: Stakeholders and Material Topics - Assessment of Positive and Negative Impacts for Material Topics / Changes to the List of Material Topics Compared to 2021	12-13
2. Occupational Safety and Health			
GRI 3: Material Topics 2021	3-3 Management of material topics	02 Sustainability Values: Stakeholders and Material Topics - Assessment of Positive and Negative Impacts for Material Topics / Changes to the List of Material Topics Compared to 2021	12-13
GRI 403: Occupational Health and Safety 2018 Occupational Safety and Health	403-1 Occupational health and safety management system	06 Happiness Workplace: Occupational Safety and Health - Occupational Safety and Health Management System, Policy and Measures	44-45
	403-2 Hazard identification, risk assessment, and incident investigation	06 Happiness Workplace: Occupational Safety and Health - Implementing Hazard Identification and Risk Assessment and Prevention	45
	403-3 Occupational health services	06 Happiness Workplace: Occupational Safety and Health - Occupational Health Services & Health Promotion	46
	403-4 Worker participation, consultation, and communication on occupational health and safety	06 Happiness Workplace: Occupational Safety and Health - Employee Communication on Occupational Safety & Health	46
	403-5 Worker training on occupational health and safety	06 Happiness Workplace: Occupational Safety and Health - Occupational Safety & Health Training	46
	403-6 Promotion of worker health	06 Happiness Workplace: Occupational Safety and Health - Occupational Health Services & Health Promotion	46
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	06 Happiness Workplace: Occupational Safety and Health - Implementing Robust Health Safety Management to Build a Resilient Safety Culture / Occupational Safety Health Training	46
	403-8 Workers covered by an occupational health and safety management system	06 Happiness Workplace: Occupational Safety and Health - Implementing Hazard Identification and Risk Assessment and Prevention	45
	403-9 Work-related injuries	06 Happiness Workplace: Occupational Safety and Health - Occupational Incidents & Injuries	46
	403-10 Work-related ill health	06 Happiness Workplace: Occupational Safety and Health - Occupational Incidents & Injuries	46
3. Pollution Prevention			
GRI 3: Material Topics 2021	3-3 Management of material topics	02 Sustainability Values: Stakeholders and Material Topics - Assessment of Positive and Negative Impacts for Material Topics / Changes to the List of Material Topics Compared to 2021	12-13
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	05 Sustainable Environment: Pollution Prevention - Water Stewardship and Water Pollution Control	31-32

GRI Standard / Other Source	Disclosure	Location	Page
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	05 Sustainable Environment: Pollution Prevention - Water Stewardship and Water Pollution Control	31-32
	303-3 Water withdrawal	05 Sustainable Environment: Pollution Prevention - Water Stewardship and Water Pollution Control	31-32
	303-4 Water discharge	05 Sustainable Environment: Pollution Prevention - Water Stewardship and Water Pollution Control	31-32
	303-5 Water consumption	05 Sustainable Environment: Pollution Prevention - Water Stewardship and Water Pollution Control	31-32
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	05 Sustainable Environment: Greenhouse Gas Inventory and Energy Management	34-35
	305-2 Energy indirect (Scope 2) GHG emissions	05 Sustainable Environment: Greenhouse Gas Inventory and Energy Management	34-35
	305-3 Other indirect (Scope 3) GHG emissions	Not disclosed. We plan to disclose this information in the future.	34-35
	305-4 GHG emissions intensity	05 Sustainable Environment: Greenhouse Gas Inventory and Energy Management	34-35
	305-5 Reduction of GHG emissions	05 Sustainable Environment: Greenhouse Gas Inventory and Energy Management	34-35
	305-6 Emissions of ozone-depleting substances (ODS)	05 Sustainable Environment: Greenhouse Gas Inventory and Energy Management	34-35
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	05 Sustainable Environment: Greenhouse Gas Inventory and Energy Management	34-35
3. Pollution Prevention			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	06 Happiness Workplace: Occupational Safety and Health - Occupational Incidents & Injuries	37-38
	306-2 Management of significant waste-related impacts	05 Sustainable Environment: Waste Management / Circular Economy	37-38
	306-3 Waste generated	05 Sustainable Environment: Waste Management / Circular Economy	37-38
	306-4 Waste diverted from disposal	05 Sustainable Environment: Waste Management / Circular Economy	37-38
	306-5 Waste directed to disposal	05 Sustainable Environment: Waste Management / Circular Economy	37-38
4. Product Responsibility (Custom Material Topic)			
GRI 3: Material Topics 2021	3-3 Management of material topics	02 Sustainability Values: Stakeholders and Material Topics - Assessment of Positive and Negative Impacts for Material Topics / Changes to the List of Material Topics Compared to 2021	12-13
		03 Green Chemistry and Product Responsibility: Sustainable Product Development and Production / Chemical Safety Management / Resource Efficiency Management	17-20

GRI Standard / Other Source	Disclosure	Location	Page
5. Customer Relationship and Marketing Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	02 Sustainability Values: Stakeholders and Material Topics - Assessment of Positive and Negative Impacts for Material Topics / Changes to the List of Material Topics Compared to 2021	12-13
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	03 Green Chemistry and Product Responsibility: Chemical Safety Management	19-20
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and service	No such incidents occurred.	None in 2022
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	03 Green Chemistry and Product Responsibility: Chemical Safety Management	19-20
	417-2 Incidents of non-compliance concerning product and service information and labeling	No such incidents occurred.	None in 2022
	417-3 Incidents of non-compliance concerning marketing communications	No such incidents occurred.	None in 2022
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such incidents occurred.	None in 2022
6. Organizational Resilience			
GRI 3: Material Topics 2021	3-3 Management of material topics	02 Sustainability Values: Stakeholders and Material Topics - Assessment of Positive and Negative Impacts for Material Topics / Changes to the List of Material Topics Compared to 2021 04 Corporate Governance: Risk Management	12-13 23-24
Other Topic Standard Disclosures			
GRI Standard	Description	Location	Page
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	01 Overview of the Company: Operational Performance	6
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	04 Corporate Governance: Supply Chain Management	37
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	04 Corporate Governance: Supply Chain Management	37
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	04 Corporate Governance: Supply Chain Management	37

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Code	Accounting Metric	Content of Report Description	Page
Greenhouse Gas Emissions			
RT-CH-110a. 1	Gross global Scope 1 emissions, (tCO ₂ e); percentage covered under emissions-limiting regulations (%)	<ul style="list-style-type: none"> Direct (Scope 1) GHG emissions, energy indirect (Scope 2) GHG emissions 	34

Code	Accounting Metric	Content of Report Description	Page
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	<ul style="list-style-type: none"> GHG Inventory and Energy Management: policy and commitment, management approach, key performance indicators, evaluation mechanism, and targets 	34-35
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)	<ul style="list-style-type: none"> Air pollutant emissions disclosures 	33
Energy Management			
RT-CH-130a. 1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	<ul style="list-style-type: none"> Energy intensity disclosures (GJ/NT M output) Total energy consumption disclosures 	34
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 (ML), total water consumption disclosures 	31
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 and treatment disclosures, wastewater treatment compliance rate 	31-32
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 Stewardship and Water Pollution Control: policy and commitment, management approach, key performance indicators, water withdrawal management 	31-32
Hazardous Waste Management			
RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	<ul style="list-style-type: none"> Waste generation and treatment disclosures Total hazardous industrial waste generated was 1,693.4 tons, with 73.1 tons recycled, representing a 4.3% recycling rate for hazardous industrial waste 	37
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"> Impact assessment and response measures for environmental impacts on local communities and the supply chain Community communication and engagement, including promoting local economic development, industrial safety and community development 	47-48
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"> Injury rate (IR): 0.05%; Fatality rate for occupational injuries: 0 	46

Code	Accounting Metric	Content of Report Description	Page
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"> Implemented hazard identification and risk assessment measures to eliminate hazards and reduce occupational safety and health risks 	45
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 revenue from sustainable products in 2021 and 2022 was 54.7% and 56% respectively 	18
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"> Implementing proper chemical safety management and fulfilling product responsibility: Accomplishments in 2022 	19-20
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 and Sustainable Products 	17-20
Genetically Modified Organisms			
RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	<ul style="list-style-type: none"> The Company does not produce such products. 	N/A
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"> Management approach for topics under sustainable environment Disclosures on social responsibility 	29-30 39-46
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"> 2022 Number of Process Safety Incidents: 5 2022 PSTIR: 0.28 2022 Process Safety Event Severity Rate (PSESr): 0.91 	46
RT-CH-540a.2	Number of transport incidents	<ul style="list-style-type: none"> No transport incidents occurred over the past four years. 	N/A

Table

1. Topic-Specific Sustainability Disclosures for the Chemical Industry

No.	Disclosure Metric	Metric Type	2022 Disclosure	Unit	Note (Corresponding Section)
1	Total energy consumption, percentage of purchased electricity, percentage of energy consumption from renewables and total self-use renewable energy generation	Quantitative	<ul style="list-style-type: none"> Total energy consumption: 626.93 x10³GJ Percentage of purchased electricity: 52% Percentage of energy consumption from renewables and total self-use renewable energy generation: 0 	GJ, Percentage (%)	
2	Total water withdrawal, total water consumption, volume of wastewater discharged (effluent) required for disclosure by law or disclosed voluntarily	Quantitative	<ul style="list-style-type: none"> Total water withdrawal: 721.5ML Total water consumption: 109.9ML Wastewater discharge: 611.6ML 	Megalitre (ML), Percentage (%)	
3	Total volume of hazardous waste generated from production process of products and percentage of hazardous waste recycled, as required for disclosure by law or disclosed voluntarily	Quantitative	<ul style="list-style-type: none"> Total volume of hazardous waste generated: 1,693.4 tons Recycling rate for hazardous waste: 4.3% 	Ton (t), Percentage (%)	
4	Number of people involved in occupational injury and rate of injury	Quantitative	0.05%, 1 person	Percentage (%), Quantity	
5	Operations with significant actual or potential negative impacts on local communities	Qualitative Description	<p>The following aspects of our operational activities involve impacts on local communities:</p> <ul style="list-style-type: none"> Water withdrawal of production facilities Pollutant discharge management Waste management Chemical safety management 	N/A	<p>03 Green Chemistry and Product Responsibility: Chemical Safety Management</p> <p>04 Corporate Governance: Supply Chain Management</p> <p>05 Sustainable Environment: Water Stewardship Air Pollution Prevention Waste Management</p>

No.	Disclosure Metric	Metric Type	2022 Disclosure	Unit	Note (Corresponding Section)
6	Negative environmental or social impacts from the company itself or its supply chain, actions taken or mechanism in response to these impacts	Qualitative Description	<ul style="list-style-type: none"> Water withdrawal of production facilities Pollutant discharge management Waste management Chemical safety management Supply chain management 	N/A	
7	Production volume by product category	Quantitative	Color chemicals: 17,583 tons Specialty chemicals: 4,241 tons Toner: 6,172 tons Electronic chemicals: Photoresists: 556 tons Other: 9,953 tons Pharmaceuticals Prostaglandin: 23,242 g Other APIs: 1,017 kg	Based on product type	Since the unit price of APIs is higher, the production volume of APIs is calculated in grams.

2. Climate-Related Risks and Opportunities Identified by the Company and Related Response Measures

	Item	Implementation Status	
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Implemented	<p>Everlight Chemical's Board of Directors is the highest governance body for climate-related risks and opportunities. The Board of Directors has established the Risk Management Committee and Sustainable Development (ESG) Committee as responsible units for management of climate-related risks and opportunities. The ESG Committee consists of personnel from different management levels. In 2021, the Environment Team under the committee established the Climate Change Working Group, including personnel from production, finance, resource management, R&D, logistics, energy and resource management, risk management, and environment, health & safety. The working group is responsible for assessing climate-related risks and opportunities, and making recommendations on how to manage these risks and opportunities. The Executive Secretary of the ESG committee regularly reports to the board on relevant measures and progress.</p>

	Item	Implementation Status	
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Implemented	<p>Short-, Medium-, and Long-term Risks and Opportunities: Identification of Climate-related Risks and Opportunities</p> <p>We categorize risks into short-, medium- and long-term risks based on the likelihood and potential impact of each risk:</p> <ul style="list-style-type: none"> ▪ Short-Term (1-3 years) <ul style="list-style-type: none"> ▪ Physical Risk - Acute: Increased severity of extreme weather events such as cyclones and floods ▪ Transition Risk - Policy Risk: Regulation of existing products and services ▪ Transition Risk - Market Risk: Increased cost of raw materials ▪ Medium-Term (4-10 years) <ul style="list-style-type: none"> ▪ Transition Risk - Market Risk: Increased cost of carbon management (increased capital expenditure or management costs incurred to reduce carbon emissions), including carbon taxes and carbon tariffs (raising GHG emissions pricing) and increased costs associated with the use of renewables ▪ Transition Risk - Reputational Risk: Shifts in consumer preferences ▪ Transition Risk - Technology Risk: Substitution of existing products and services with lower emissions options ▪ Transition Risk - Market Risk: Changing customer behavior that compels the company to offer low-carbon products to meet market demand ▪ Long-Term (>10 years) <ul style="list-style-type: none"> ▪ Physical Risk: Rising mean temperatures leading to changes in lifestyles and consumption patterns ▪ Physical Risk: Rising sea levels impacting the operations of plants and facilities <p>Based on the risk identification and assessment by the Climate Change Working Group, four major transition risks are identified:</p> <ul style="list-style-type: none"> ▪ Increased cost associated with the use of renewable energy sources, Carbon tax / carbon pricing, ▪ Shortage and increased costs of raw materials due to climate change, and ▪ Market/Consumer shifts towards low-carbon products
3	Describe the financial impact of extreme weather events and transformative actions.	Implemented	<p>In terms of response to physical risks associated with extreme weather events such as heavy rainfall, typhoons and floods, each production facility has long been strengthening its drainage capabilities and enhancing the preparedness of critical operations. As a result, the financial impact of these risks is limited.</p>

	Item	Implementation Status			
3	Risk and Opportunity	Related Impact	Financial Impact Assessment	Action Taken	Type of Financial Impact
	Increased cost associated with renewables	Potential increase in cost of renewable energy due to increasing demand and slow development of green energy sources.	Medium to high negative impact	Introduce ISO 50001 to improve energy efficiency; replace equipment for better energy conservation	Increased capital expenditure; increased operating costs
	Carbon tax / carbon pricing	Impact on the competitiveness of high-carbon products due to expanded regulation of the EU's Carbon Border Adjustment Mechanism (CBAM) and global adoption of carbon pricing	Medium to high negative impact	Introduce energy management system; implement carbon footprint assessment and carbon management	Increased operating costs
	Increased cost of raw materials	Shortage or increased cost of raw materials due to climate change-related requirements and standards	Medium negative impact	Implement carbon footprint assessment and carbon management	Increased operating costs
	Market/ Consumer shifts to low-carbon products	Carbon pricing leading to increased consumer scrutiny on the carbon emissions of products or services, affecting the competitiveness of high-carbon products	Medium negative impact	Develop low-carbon products; develop sustainable products and sustainable development blueprint	Increased operating costs
	Necessity to develop low-carbon products	Necessity to develop products with low-carbon manufacturing processes due to shifts in market/- consumer preferences	Medium to high positive impact	Develop production technologies that implement green chemistry principles; promote circular economy practices	Revenue from green products
	Development of sustainable products for carbon reduction at user's end	Necessity to develop products with lower carbon emissions at the user's end due to shifts in market/consumer preferences	Medium to high positive impact	Develop sustainable products and sustainable development blueprint	Revenue from green products
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Implemented	Everlight Chemical's climate-related risk management system integrates the management mechanisms across departments / divisions and management levels. We develop management policies, evaluate existing measures, and adopt preventive measures to reduce operational impacts.		

	Item	Implementation Status
4	Management System	Function
	Board of Directors Governance body of climate-related risks and opportunities	Review and approve risk management policy and framework;Oversee the effectiveness of the Company's risk management system
	Risk Management Committee Management level of climate-related risks and opportunities	Review reports on management of critical risks;Report on the implementation of risk management to the board
	Climate Change Working Group under the ESG Committee Identification and recommendations on climate-related risks and opportunities	Assess and address climate-related risks and opportunities and propose recommendations for improvement through administrative channels
5	Responsible Units and Divisions Execution of measures related to climate-related risks and opportunities	Evaluate, manage and report related risks/opportunities in day-to-day operations and implement necessary response measures
	<p>The Climate Change Working Group under the Environment Team of the ESG Committee is responsible for identifying and assessing related transition risks. The working group then reports the results upwards for the development of response measures. The Risk Management Committee oversees the effectiveness of the Company's climate change mitigation and adaptation measures.</p>	
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	<p>Yes</p> <ul style="list-style-type: none"> ▪ Business-as-Usual (BAU) Scenario : No proactive decarbonization efforts are implemented and annual targets for emissions reduction are set at only 1%. In this context, while the transition risk to a low-carbon economy is not significant, acute physical risks (such as impact of extreme weather events on operations) and chronic risks (such as rising sea levels) would materialize. Under this scenario, organizations should strengthen their adaptation strategies. ▪ Medium/Long-Term National Emissions Reduction Pathway : Under this scenario, emissions are reduced in accordance with the National Development Council's goal to cut greenhouse gas emissions by 24% by 2030, and net-zero emissions are achieved by 2050 as stipulated by the Climate Change Response Act. This scenario implies moderate low-carbon transition risk and low to moderate physical risks. ▪ 1.5°C Pathway (the most ambitious decarbonization target) : The scenario represents a 50% emission reduction by 2030 and achieving net-zero carbon emissions by 2050. In this context, it is crucial to accelerate and strengthen decarbonization strategies. Otherwise the organization will face high transition risks. Physical risks are less significant under this scenario. <p>Decarbonization targets and pathways under different scenarios are described in the section related to climate change in the report.</p>

Item		Implementation Status			
If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.		Implemented	Transition Plan for Related Risks		
Risk Type	Source of Risk	Issue	Response to Opportunity/Risk	Performance Indicator	2023 Target
Transition	Changes in carbon-related policies and regulations	Carbon tax/ pricing policies	1. Implement energy management systems 2. Introduce comprehensive carbon footprint assessment and carbon risk management 3. Develop sustainable products	Progress on completing third-party ISO 50001 certification for energy management systems by 2023 Q3	100%
		Regulation of existing products and services	4. Replace outdated and high-energy-consuming equipment, use low-carbon energy sources, increase energy efficiency, reduce GHG emissions intensity	Progress on completing organizational carbon footprint assessment and third-party verification for parent company by 2023 Q3	100%
			5. Improve waste recycling rate 6. Improve water recovery rate	Progress on completing third-party carbon footprint verification for selected products by 2023 Q4	100%
	Reputation	Shifts in consumer preferences		Percentage of revenue from sustainable products (%)	≥ 58%
	Market	Substitution of existing products and services with low emissions options		GHG emissions intensity (tCO ₂ e/NT M output)	≤ 8.7%
		Changing customer behavior		Water recovery rate (R2)	≥ 84%
		Increased cost of raw materials		Waste recycling and reuse rate	≥ 71%
Physical	Acute	Increased severity of extreme weather events such as cyclones and floods	Improve drainage capabilities of production facilities in response to increased risk of heavy rainfall, enhance organizational resilience	Incidence of flooding at production sites due to heavy rainfall	0

	Item	Implementation Status	
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Not yet planned	
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Implemented	In 2022, we engaged external experts to assist us in setting concrete carbon reduction targets and carbon reduction pathways for the next ten year. Based on expert recommendations, we have devised the medium-to-long term goal of reducing emissions by 24% compared to the 2021 level, and will continue to strive for achieving net-zero emissions by 2050.
		Under planning	
		Not yet planned	

Carbon Emissions, tCO₂e

Legend:

- Use Green Energy Sources, tCO₂e
- Improve Energy Performance of Equipment, tCO₂e
- Implement Systematic Boiler Dispatch Management, tCO₂e
- Improve Spray Dryer Operations, tCO₂e
- Replace Equipment for Better Energy Efficiency, tCO₂e
- Carbon Emissions, tCO₂e

Year	Use Green Energy Sources, tCO ₂ e	Improve Energy Performance of Equipment, tCO ₂ e	Implement Systematic Boiler Dispatch Management, tCO ₂ e	Improve Spray Dryer Operations, tCO ₂ e	Replace Equipment for Better Energy Efficiency, tCO ₂ e	Carbon Emissions, tCO ₂ e
2021						82800
2022						82800
2023	932	488	0			81116
2024	2800	758	917	0		78032
2025	4667	1516	1400	0		74924
2026	6535	1516	1400	596		72460
2027	8402	1516	1400	1192		69997
2028	10269	1516	1400	1788		65070
2029	12137	1516	1400	2384		62607
2030	14004	1516	1400	2980		62011
2031	14004	1516	1400	3576		61387
2032	14004	1516	1400	4199		

2-1. Greenhouse Gas Inventory and Assurance Status

Instructions for Completing the Table:

- The company may conduct the greenhouse gas inventory in accordance with the following standards:
 - (1) The Greenhouse Gas Protocol (GHG Protocol).
 - (2) ISO 14064-1 issued by the International Organization for Standardization.
- The assurance body shall meet the provisions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.
- The information for subsidiaries may be reported individually, or in aggregate (e.g., by country or by region), or on a consolidated basis (Note 1).
- The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT K) should be disclosed (Note 2).
- The proportion of total emissions from operating sites or subsidiaries not included in the inventory calculation shall not be more than 5%. Total emissions refers to the volume of emissions calculated according to the mandatory inventory scope referred to in point 1. of these Instructions for Completing the Table.
- The description of assurance status shall summarize the content of the assurance report of the assurance body, and the complete assurance opinion shall be uploaded (Note 3).

Basic Information of the Company	Minimum Required Disclosure under the Sustainable Development Roadmap for TWSE/TPEX Listed Companies	
<input type="checkbox"/> Capital of NT\$10 billion or more, iron and steel industry, or cement industry <input checked="" type="checkbox"/> Capital of NT\$5 billion or more but less than NT\$10 billion <input type="checkbox"/> Capital of less than NT\$5 billion	<input type="checkbox"/> Inventory for parent company only <input type="checkbox"/> Assurance for parent company only	<input type="checkbox"/> Inventory for all consolidated entities <input type="checkbox"/> Assurance for all consolidated entities

Scope 1	Total Emissions (tCO ₂ e)	Intensity (tCO ₂ e/NT M output)	Assurance Body	Description of Assurance Status
Parent Company (Plant I-IV)	15,535.1185	1.776	DNV	We plan to obtain assurance in August 2023
Subsidiaries (TTI and EVSZ)	228.7250	0.026		
Total	15,763.8435	1.802		
Scope 2	Total Emissions (tCO ₂ e)	Intensity (tCO ₂ e/NT M output)		
Parent Company (Plant I-IV)	39,784.7137	4.550		
Subsidiaries (TTI and EVSZ)	17,348.9872	1.984		
Total	57,133.7009	6.534		

3. List of ISO Certificates Obtained by Everlight Chemical

Table prepared on 2023/5/23

Management System	Issuing Agency	Certificate Version	Scope of Certification	Expiration Date
ISO 14001	DNV	ISO 14001:2015	Plant I-IV Everlight Suzhou	2025/11/21
	DNV	ISO 14001:2015	Trend Tone Imaging	2025/07/17
ISO 9001	DNV	GB/T 19001-2016/ ISO 9001:2015	Taipei Headquarters Plant I, II, IV Trend Tone Imaging Everlight Suzhou	2025/11/21
ISO 9001	TUV	ISO 9001:2015	Taipei Headquarters Plant III Everlight USA Everlight Europe (Netherlands) Everlight Shanghai Ethical Guangzhou Everlight Hong Kong	2024/10/18
IATF 16949	TUV	IATF 16949:2016	Taipei Headquarters Plant III Everlight USA Everlight Europe (Netherlands) Everlight Shanghai Ethical Guangzhou	2024/09/01
ISO 9001	TUV	ISO 9001:2015	Taipei Headquarters Electronic Chemical Factory (ECBU)	2024/12/28
IATF 16949		IATF 16949:2016	Electronic Chemical Factory (ECBU)	2024/12/28
ISO 45001	TUV	ISO 45001:2018	Taipei Headquarters Plant I-IV Everlight Suzhou	2025/10/24
ISO 22301	DNV	ISO 22301:2019	Taipei Headquarters Plant I Plant II Plant III	2025/09/01
ISO 27001	DNV	ISO/IEC 27001:2013	The entire company	2024/08/20
Taiwan Intellectual Property Management System (TIPS)	Industrial Development Bureau, MOEA	Level A Certification	The entire company	2024/12/31

Note: To view the certificates, please visit our website here <https://www.ecic.com/about/certificates/>



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