

| Material Topic #1 | Organizational Resilience (including major incident handling and response, digital transformation and development) |
|--|---|
| Impact Assessment | <p>Positive: Effectively prevent/reduce negative impacts on the economy, environment, and society. Additionally, the Company is committed to digital transformation, introducing new management systems to promote economic growth and provide more development opportunities for employees.</p> <p>Negative: Neglecting digital development, failing to effectively identify risks, and poor follow-up management could not only lead to losses for the Company but also hinder development or fail to take advantages of digital transformation.</p> |
| Management Policies and Commitments (GRI 2-23) (GRI 2-24) (RT-CH530a.1) | Maintain financial stability and guard against various environmental risks to ensure sustainable business operation. |
| Governance Structure | Finance Department Executive Secretary of BCMS IT Department |
| Management Actions | <p>Finance Department</p> <ul style="list-style-type: none"> Focuses on the quarterly changes in the ratio of equity to total assets. If there is an unreasonable decrease, identify the causes and provide management recommendations for governance units to make improvements. <p>Executive Secretary of BCMS</p> <ul style="list-style-type: none"> Establishes a Business Continuity Management System (BCMS) in accordance with ISO 22301, conducts operational impact analysis and risk assessment, and implements risk prevention measures for medium to high risks. Develops operational continuity plans and conducts drills. <p>IT Department</p> <ul style="list-style-type: none"> Establishes an Information Security Management System (ISMS) in accordance with ISO 27001. The goal is to prevent corporate operations or information services from being leaked, altered, or interrupted during operation. Identifies potential threats, vulnerabilities and their impact on business operations, manages risks effectively, and establishes information security controls to ensure the confidentiality, integrity and availability of information. |
| Resource Allocation | <p>Finance Department</p> <ul style="list-style-type: none"> Personnel and senior management decision-making. <p>Executive Secretary of BCMS</p> <ul style="list-style-type: none"> Involves supervisors at the manager level (inclusive) and above throughout the Company, and key personnel from each unit. To strengthen risk response capabilities and enhance organizational resilience, the Company annually invests tens of millions in risk prevention and management measures (including improvements/additions of equipment and facilities, establishment of backup plans, etc.). <p>IT Department</p> <ul style="list-style-type: none"> Personnel from IT Department, and members of the Information Security and Personal Information Management Review Committee. Regular risk assessments, vulnerability scanning, social attack drills and disaster drills. Strengthening information security equipment and backup measures and enhancing staff awareness of information security. |

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| Indicators and Targets | <p>Indicators</p> <ul style="list-style-type: none"> Ratio of Own Capital to Total Assets Monthly availability rate (%) of key information systems and network services Number of improvements for BCM med/high- risk events <p>2024 Targets</p> <ul style="list-style-type: none"> Ratio of Own Capital to Total Assets >50% Monthly availability rate (%) of key information systems and network services ≥ 99.5% Number of improvements for BCM med/high- risk events: 5 |
| Assessment Mechanism | <p>Finance Department</p> <ul style="list-style-type: none"> Quarterly evaluates through financial reports reviewed or audited by accountants. <p>Executive Secretary of BCMS</p> <ul style="list-style-type: none"> Annually undergoes third-party audits to verify the effectiveness of Business Continuity Management System. <p>IT Department</p> <ul style="list-style-type: none"> Annually undergoes third-party audits to verify the effectiveness of Information Security Management System. |
| Ensuring Effective Actions | <ul style="list-style-type: none"> The 'Ratio of Own Capital to Total Assets', 'Number of improvements for BCM med/high- risk events', and 'Monthly Availability Rate (%) of Key Information Systems and Network Services' are included in the key indicators for material topics. These are reported to the management team regularly each year. Set up relevant responsible units to manage these indicators. |
| Implementation Results in 2023 | <ul style="list-style-type: none"> Ratio of Own Capital to Total Assets: Individual: 73%; Consolidated: 67% Number of improvements for BCM med/high- risk events: 8 Monthly availability rate of key information systems and network services: 99.9% |
| Communication with Stakeholders | We will communicate occasionally through various forms to provide stakeholders with the latest information on organizational resilience and digital transformation, while listening to their feedback and suggestions, to ensure they have a clear understanding and support for Everlight's strategies and actions. |

I. Corporate Governance Structure

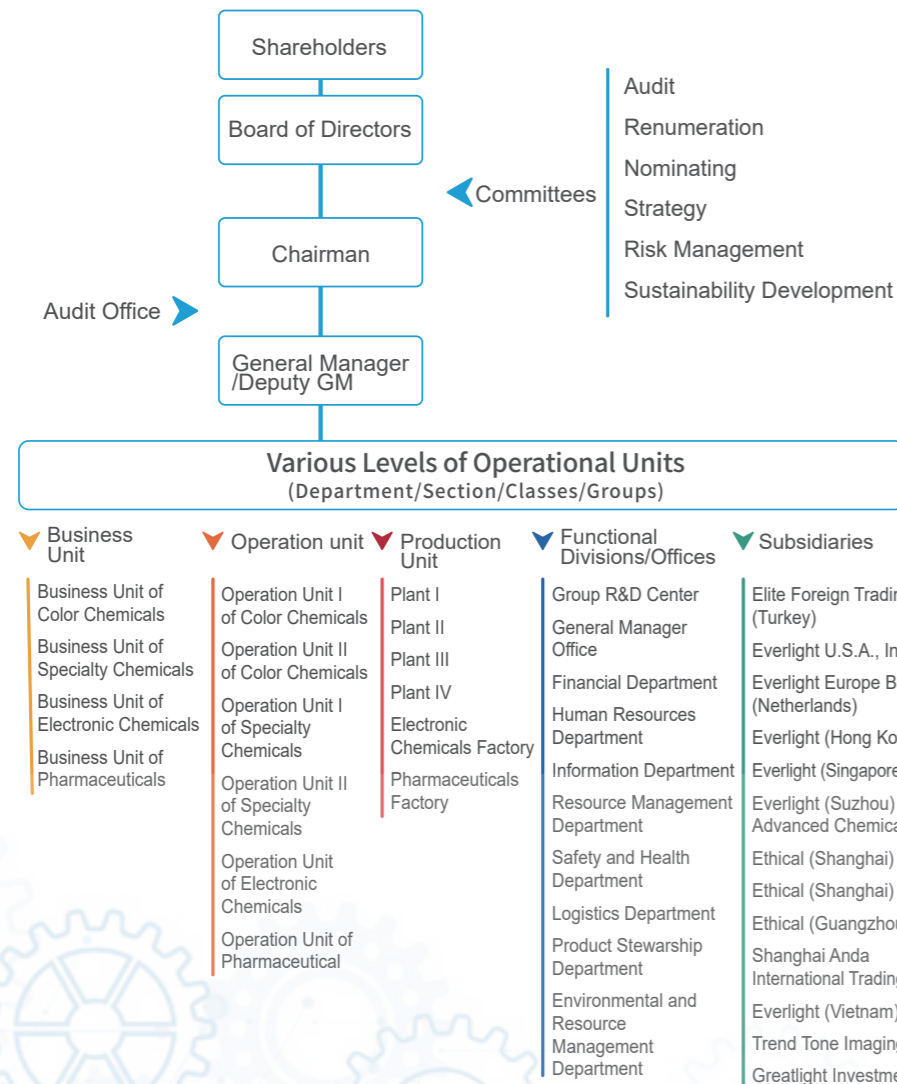
Structure of the Highest Decision-Making and Governance Body (GRI 2-9, 2-10)

Everlight's highest decision-making and governance body is the Board of Directors, which is responsible for formulating the Company's sustainability development strategy and overseeing the management team. The exercise of authority, governance codes, director appointment, and performance evaluation procedures are conducted in accordance with national regulations and company norms such as the "Director Appointment Procedures" and "Corporate Governance Best-Practice Principles."

The nomination and selection of members of Everlight's board of directors and committees not only comply with regulations but also consider the Company's development needs, diversity and independence, stakeholder perspectives, and the ability to manage risks that might impact the organization. The nomination and selection processes are transparent, fair, and reasonable, and are conducted according to the Company's development and strategies to ensure that the members of the governance body and committees can fulfill their responsibilities.

Structure of the Board of Directors and Corporate Governance

- Board Members: 11 directors (including 3 independent directors).
- Board Selection: Uses a candidate nomination system, where directors review qualifications before nominating candidates for election at the shareholder meeting.
- Term of Office: The Company completed the election of the 18th Board of Directors at the annual general meeting of shareholders in 2021. The directors will hold office from July 29, 2021, to July 28, 2024. Five board meetings were convened in 2022.
- Functional Committees: There are six functional committees under the board, including Audit Committee, Remuneration Committee, Nomination Committee, Strategy Committee, Risk Management Committee and Sustainable Development Committee, each assisting the Board in fulfilling its supervisory responsibilities. The organizational charters of these committees are implemented after approval by the Board. For more details, please visit <https://www.everlight.com/corporate-governance/committee/>.
- Operational Units: Strategic Business Units (4), Sales Units (6), Production Units (6), Functional Divisions/Offices (10).



Diversity and Independence of the Board of Directors (GRI 2-11) (GRI 405-1)

Everlight has clearly defined a well-defined policy regarding the diversity of the Board members, actively implementing diversity and independence among them. All directors possess a wealth of professional backgrounds and experiences to meet the Company's operational and industry development needs. The details are as shown in the table below:

| Name | Position | Gender | Nationality | Industry Knowledge and Experience | | | | | Professional Background | Current Role | Previous Roles | Age | Term as Independent Director | Other Company Roles |
|-------------------|----------------------|--------|-------------|-----------------------------------|----------|-----------------|-----------------|-----------------|---|---|--|---------|------------------------------|--|
| | | | | Operational Management | Chemical | Risk Management | Crisis Handling | Decision Making | | | | | | |
| Chen, Chien-Hsin | Chairman | Male | Taiwan | V | V | V | V | V | Pharmaceuticals | Chairman at Everlight Chemical Industrial Corporation | Assistant to Chairman, Vice Chairman at Everlight Chemical Industrial Corporation | Over 51 | Non-independent | None |
| Chen, Ding-Chuan | Director | Male | Taiwan | V | V | V | V | V | Financial Analysis | Chairman at Everlight Chemical Industrial Corporation | Supervisor at Chung Hwa Chemical Industrial Works, Ltd. | Over 51 | Non-independent | None |
| Chen, Ding-Chi | Director | Male | Taiwan | V | V | V | V | V | Education | General Manager, Vice Chairman at Everlight Chemical Industrial Corporation | Director at Good TV Broadcasting Corp. | Over 51 | Non-independent | None |
| Chen, Wei-Wang | Director | Male | Taiwan | V | V | V | V | V | Industrial Engineering, Technology | General Manager at Everlight Chemical Industrial Corporation | Assistant Manager of R&D, Vice General Manager at Everlight Chemical Industrial Corporation | Over 51 | Non-independent | General Manager |
| Chen, Chien-Ming | Director | Male | Taiwan | V | V | V | V | V | Mechanical Engineering | General Manager at Quantong Technology Company | Senior Project Engineer at General Motors, Deputy Director of Materials Dept, General Manager at Everlight USA | Over 51 | Non-independent | General Manager at Quantong Technology |
| Lee, Yung-Long | Director | Male | Taiwan | V | V | V | V | V | Public Administration, Technology | Chairman at Hangzhou Yuda Technology Co. | Chairman of Jedi Technology Co., Ltd. | Over 51 | Non-independent | None |
| Ken, Wen-Yuen | Director | Male | Taiwan | V | V | V | V | V | Information Technology | Chairman at Taiwan Chemie Corporation | General Manager at Chung Hwa Chemical Industrial Works, Ltd. | Over 51 | Non-independent | None |
| Chao, Rong-Shiang | Director | Male | Taiwan | V | V | V | V | V | Financial Analysis | Deputy General Manager at Taiwan Victory High Tech Co. | Vice President at Formosa Sumco Technology Corporation | Over 51 | Non-independent | None |
| Wu, Chung-Fern | Independent Director | Female | Taiwan | V | | V | | V | Accounting, Financial Analysis, M&A, Business Management | Professor at National Taiwan University | Commissioner at Financial Supervisory Commission, Director at Cooperative Bank Financial Holding, Independent Director at Chunghua Telecom, Director at TWSE | Over 51 | 7-9 years | None |
| Yang, Way-Wen | Independent Director | Male | Taiwan | V | | V | | V | Law, M&A, Strategic Management | Associate Professor at Kainan University | Chairman at Star Buck Power Co., Independent and Executive Director at Agricultural Bank of Taiwan | Over 51 | 1-3 years | None |
| Chang, Yuan-Jan | Independent Director | Male | Taiwan | V | | V | | V | Engineering Economy, Civil Environmental, Mechanical Engineering, Technology, M&A | Senior Vice President at Innovative Industrial Technology Transfer Co. | Independent Director at Iron Force Industrial Co., Ltd., Senior Strategic Investment Consultant at Lite-On IT Co., Senior Vice President at DelSolar Co., Ltd., Development Manager at AES USA | Over 51 | 1-3 years | None |

Everlight has established corporate governance practices that specify a clear policy on diversity of Board members and formulate diversified policies based on the Company's operating model and development needs. The diversity policy includes a guideline that the proportion of female directors should reach one-third. Additionally, backgrounds of the Board members include the following majors, such as law, accounting, industry, finance, marketing, or technology, encompassing a broad range of skills and industry experiences.



Corporate Governance Best-Practice Principles



For 2023, Everlight's board of directors comprises 11 members, among which there is one female director, representing 9% of the board of directors. Additionally, there are three independent directors, making up 27% of the board of directors, nearly one-third, thus ensuring a level of independence. All independent directors have served no more than three consecutive terms. Among all board members, two of them are also senior executives of the Company, accounting for 18% of the board of directors, which is less than one-third.

| Board Seat Disclosure | 2020 | 2021 | 2022 | 2023 |
|--|------|------|------|------|
| Total Board Seats | 11 | 11 | 11 | 11 |
| Independent Director Seats | 3 | 3 | 3 | 3 |
| Female Director Seats | 1 | 1 | 1 | 1 |
| Director Seats with Spousal or Second-Degree Relative Relationship | 5 | 5 | 5 | 5 |
| Director Seats Held by Company Executives | 3 | 2 | 2 | 2 |

Overview of Functional Committees

The board of directors has established the Audit Committee, Nomination Committee, Remuneration Committee, Strategy Committee, Risk Management Committee, and Sustainability Development Committee. These committees assist the board in fulfilling its oversight duties. The articles of association for all committees are implemented after approval by the board of directors.



Overview of Functional Committees

| Committee ^[Note1] | Audit Committee | Remuneration Committee | Nomination Committee | Strategy Committee |
|--|----------------------------|--------------------------|--------------------------|--------------------------|
| Required Meeting Frequency | More than once per quarter | More than twice per year | More than twice per year | More than twice per year |
| Number of Meetings Convened in 2023 | 5 | 5 | 4 | 4 |
| Attendance rate | 100% | 100% | 100% | 100% |

Note 1: For the operation of the Sustainability Development Committee, please refer to "Chapter 2: Sustainability Value, Section 2, ESG Implementation Organization". For the operation of the Risk Committee, please see "Chapter 4: Corporate Governance, Section 4, Risk Management"

Evaluation of the Performance of Board Director (GRI 2-18)

Everlight's board of directors approved the "Guidelines for Performance Evaluation of Board of Directors " on March 26, 2015. Each year in the first quarter, a self-assessment of the previous year's performance is conducted for the entire board of directors, individual members, and functional committees. Additionally, an assessment by an external agency is conducted at least every three years. The results of the self- and external assessments are evaluated and discussed by the Nomination Committee, which then presents the conclusions to the board of directors for consideration and improvement of recommended items. There were no changes in the composition or organizational practices of the highest governance body in 2023, with elections scheduled for 2024. Detailed evaluation methods can be viewed on the Company's official website.

The most recent performance evaluation of the board was conducted at the end of 2023 by the Taiwan Cheng-Zheng Business Association. The evaluation covered the period from January 1, 2023 to December 31, 2023. In addition to document review, an assessment team visited the Company to conduct an on-site evaluation and provide suggestions for improvement.



Self-assessment results of the board and its committees for the year 2023 (out of a maximum of 5 points):

- Self-Assessment Score of the Board: 4.84 points.
- Self-Assessment Score of Directors: 4.85 points.
- Self-Assessment Score of Audit Committee: 4.98 points.
- Self-Assessment Score of Nomination Committee: 4.96 points.
- Self-Assessment Score of Remuneration Committee: 4.91 points.
- Self-Assessment Score of Strategy Committee: 4.90 points.



Evaluation of Board Performance

Collective Knowledge of the Board Director (GRI 2-17)

The board members of Everlight are in accordance with the provisions of "Principles for the Implementation of Continuing Education for Directors and Supervisors of TWSE/GTSM Listed Companies" to complete at least 6 hours of continuing education annually. They actively participate in these sessions to enhance their professional expertise, as well as their understanding of sustainable development and climate change issues. In 2023, the total continuing education hours for our directors amounted to 80 hours, complying with the regulatory requirements.



The total number of training hours for the company's directors in 2023 was 80 hours, which complies with the regulatory requirements for training hours.

In addition, through the annual reports of the Sustainability Development Committee, discussions on ESG-related issues are facilitated among the committee members and/or external consultants and the board members. This is aimed at enhancing the collective intelligence and consensus of the board members on economic, environmental, and social issues. For detailed information on the board's learning situation, please refer to the Market Observation Post System and the annual report (2023 Board Education Details).



Board Education and Collective Intelligence

Disclosing Conflicts of Interest to Stakeholders (GRI 2-15)

In accordance with the "Corporate Governance Best-Practice Principles," the Company has formulated "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises." This policy aims to prevent irregular transactions and inappropriate transfers of benefits among related parties, including transactions, asset acquisitions or disposals, endorsements, guarantees, and loans involving members of the board of directors. Additionally, according to our "Rules of Procedure for Board of Directors," directors who have a personal or representational interest in the matters discussed at meetings, and where such interest may harm the Company's interests, must be recused from the discussion and voting. Details on the enforcement of recusal by directors in related matters are available in the section "Status of Corporate Governance" of the Company's annual report, which provides relevant information.

II. Business Integrity and Insider Trading Prevention

Business Integrity and Corporate Ethics

Everlight has formulated a white paper on business philosophy and operating principles. It reveals our business philosophy of integrity and law-abiding, establishes a corporate image of upright management, and complies with domestic and foreign regulatory requirements and international corporate ethics standards.

| Category | Highest Level of Approval | Applicable Activities and Scope | Communication Method (Publication Location/URL) |
|---|---------------------------|---------------------------------|--|
| Ethical Corporate Management Principles | Board of Directors | Directors and All Employees | Company Website PDF Monthly Meetings Email Notification |
| Corporate Governance Best-Practice Principles | Board of Directors | Directors and All Employees | Company Website PDF Email Notification |
| Sustainability Development (ESG) Best-Practice Principles | Board of Directors | Directors and All Employees | Company Website |

Policies and Commitments (GRI 2-23)

Everlight has implemented an "Ethical Corporate Management Principles" and "Procedures for Ethical Management and Guidelines for Conduct." With the business philosophy of integrity, transparency and responsibility, the Company developed a policy based on honesty and establish a good corporate governance and risk control mechanism to create an operating environment of sustainable development; the board of directors and the management level actively implement the commitment of ethical corporate management policies, and require all employees of the whole group to adhere to the prohibition against accepting or offering any improper benefits. This ensures that the actions of all employees are guided by clear rules.

Preventing Conflicts of Interest (GRI 2-15)(GRI 2-24)

Everlight has established regulations to ensure that the behavior of its directors and managers (including the CEO, equivalent senior executives, vice-presidents, assistant vice-presidents, heads of finance, heads of accounting, and others who manage corporate affairs and have signing authority) meets ethical standards. These standards are set to help stakeholders understand the Company's ethical commitments better. The Company has codified these guidelines to be adhered to and discloses its ethical conduct guidelines on the corporate website, annual reports, prospectuses, and through the Market Observation Post System (MOPS). Any amendments to these guidelines are also disclosed in the same manner.

Everlight has legally established procedures that cover how its highest governance body avoids and manages conflicts of interest, ensuring transparent and ethical management across all levels of the organization.



Prevention Measures for Insider Trading and Conflict of Interest (GRI 2-24)

Everlight has implemented the "Operating Procedures for Preventing Insider Trading" to protect the rights and interests of both investors and the Company. The Company carry out educational propaganda on related laws for current directors, managers and employees once a year. Newly appointed directors and managers are scheduled to receive the same training within three months of taking office, and new hires receive the training during orientation training.

Whistleblower System/Complaint Mechanism (GRI 2-26)

Everlight has issued a "Reporting System for Violation of Ethical Corporate Management Regulations," and the accepting unit is the Audit Office. It specifies the details of the reporting hotline and mailbox. The Audit Committee mailbox is also set up. Upon receiving a report, the accepting unit should register the case, check whether it is a reported incident, and within three working days from the date of acceptance, request instructions whether to file the case and initiate an investigation. The system strictly adheres to confidentiality principles of the identity of the whistleblower and the content of the report, allows anonymous reporting, and protects whistleblowers from retaliation. A "Violations and Appeal System" is also in place to ensure that if there are any violations, once verified, penalties will be imposed in accordance with company regulations.

Whistleblowing Channels:
Hotline: +886-2-2326-3502
Audit Office Email: informant@ecic.com.tw
Audit Committee Email: AuditCommittee@ecic.com.tw

In 2023, the whistleblower system was promoted in Traditional Chinese, Simplified Chinese, and English to ensure wide understanding among employees across regions.

Anti-Corruption, Anti-Competitive, Antitrust, and Monopoly Practices

Everlight strictly adheres to anti-corruption and anti-bribery policies, with clear guidelines on Business Integrity and conducts relevant employee training and education on a regular basis. In 2023, anti-corruption, anti-bribery, and anti-trust/anti-competitive training was conducted for employees and directors of the whole group.

24 factories/divisions and 13 subsidiaries of the Company conducted assessments on corruption-related risks in their internal control system and no business activity involving corruption risk had been identified. No incidents of anti-corruption, anti-competitive, antitrust, and monopoly practices occurred in 2023.

Business Integrity Performance in 2023

- Whistleblower Cases: There was one report received concerning a former salesperson from a subsidiary. After investigation, no credible evidence was found suggesting any dishonest or unethical behavior.
- Internal Control Audits: Pay attention to unreasonable business practices or suspicious transaction patterns. No fraud were found.
- Propaganda for Anti-corruption and Business Integrity: The Chinese and English electronic file of "Ethical Corporate Management Principles" and "Reporting System for Violation of Ethical Corporate Management Regulations" are provided on the official website for internal and external review.
- Prevention Measures for Insider Trading and Conflict of Interest: A five-minute educational video was shown to current directors (On August 10, 2023) and managers and employees (at monthly meetings in August 2023), reaching 1,158 attendees and a total of 96.5 hours with a 100% completion rate. The Company also has other regulations and practices in place to prevent and manage conflicts of interest at the highest governance levels.
- Training on Whistleblowing System for Reporting Unethical Behavior: Training for all directors was completed on August 10, 2023. An educational video was shown to employees of the whole group (at 20 monthly meetings in August 2023), reaching 1,707 attendees for a total of 142.2 hours with a 100% completion rate.

| Category | Number Completed | Number Required | Completion Rate (%) |
|----------------|------------------|-----------------|---------------------|
| Executives | 562 | 562 | 100.0% |
| Non-executives | 1,134 | 1,143 | 99.2% |
| Board Members | 11 | 11 | 100.0% |
| Total | 1,707 | 1,716 | 99.5% |

- The Company communicated its integrity and anti-corruption policies to 406 contractors and suppliers in 2023, which accounts for 98% of all vendors (413 in total). They are committed to striving towards the goal of reaching 100% communication to ensure all external partners are aligned with their ethical standards.

| Category | Supplier ^[Note 1] | | | Contractor | | | Total | | |
|-------------|------------------------------|--------------------------------------|------------|--------------------------|--------------------------------------|------------|--------------------------|--------------------------------------|------------|
| | Total Number of Entities | Number of Entities Communicated With | Proportion | Total Number of Entities | Number of Entities Communicated With | Proportion | Total Number of Entities | Number of Entities Communicated With | Proportion |
| Headquarter | 35 | 28 | 80% | 24 | 24 | 100% | 59 | 52 | 88% |
| Plant I | 25 | 25 | 100% | 28 | 28 | 100% | 53 | 53 | 100% |
| Plant II | 16 | 16 | 100% | 136 | 136 | 100% | 152 | 152 | 100% |
| Plant III | 33 | 33 | 100% | 92 | 92 | 100% | 125 | 125 | 100% |
| Plant IV | 3 | 3 | 100% | 21 | 21 | 100% | 24 | 24 | 100% |
| Total | 112 | 105 | 94% | 301 | 301 | 100% | 413 | 406 | 98% |

Note 1: The surveyed suppliers are those with an annual procurement amount exceeding NT\$500,000.

Internal Audit System and Operations

To assist the board of directors and managers in implementing corporate governance and enhancing internal control and audit operations, the Company's Audit Office reports directly to the board of directors. It is headed by a Chief Auditor, with two full-time auditors under his jurisdiction. The scope of work includes auditing the design and execution of internal controls and reviewing the self-assessment of internal controls. The operation of audit tasks is as follows:

- Risk Assessment of Internal Audit Plan:** Identify potential risk factors using the "Risk Assessment Form for Internal Audit Plan" before the end of each year, assess the level of impact, consider the effectiveness of control measures, and determine the terminal level of risk. Formulate an annual audit plan based on the evaluation results, submit it to the Audit Committee and the board of directors for approval, and then declare it in accordance with the law.
- Planned and Project-Based Audit Work:** Convene pre-audit meetings, perform audit tasks, write internal audit recommendations, hold closing meetings, and submit audit reports.
- Internal Audit Work:** Monthly Reports and Quarterly Tracking Reports are reviewed by independent directors. The Chief Auditor attends meetings of Audit Committee and the board of directors and reports on the execution results of internal audit work.
- Internal Control Self-Assessment for 2023:** The supervisors of each unit use an electronic platform to conduct internal control design and execution effectiveness assessments. These are reviewed by senior supervisors and diagnostic recommendations are issued. The Audit Office then reviews and compiles these into a "Self-Assessment of Internal Control and Review of Diagnostic Report," which serves as the main basis for the board of directors and the general manager to evaluate the effectiveness of the internal control system and issue a "Proposal for Management's Reports on Internal Control."
- Internal audit work has been completed as planned. The key points of the internal audit in 2023 are as follows:

| Audit Items | Key Points and Descriptio |
|--|--|
| Compliance with Laws and Regulations | Monitoring and adherence to applicable laws across units |
| Procurement and Payment Cycle | Inquiry, negotiation processes, and supplier management |
| Production Cycle | Chemical and production safety management |
| Sales and Collection Cycle | Quoting processes, receivables management, and bad debt recovery |
| Payroll Cycle | Recruitment and retention, and salary payment operations |
| Computer Operations Management | Implementation of SAP ERP, firewall policies, and access control |
| Supervision and Management of Subsidiaries | Quoting processes and seal management |

III. Remuneration Policies (GRI 2-19)

As a high-tech chemical company, we are committed to enhancing the highest quality and services for our clients. We also follow the philosophy of "loving management" to manage the company, providing reasonable benefits and welfare for our employees and maintaining harmonious labor relations.

The Company adopts practices that exceed the requirements of the Labor Standards Act, offering employees a stable work environment for growth and remuneration. We regularly review our remuneration levels against industry standards to ensure competitiveness and sound internal management. In addition to this, we also offer variable remuneration such as bonuses, determined based on individual performance and achievement of organizational goals (or profitability), to reward employees for their outstanding performance and share the fruits of business success with employees.

For the remuneration policy of our highest governance body, please refer to "3. Board Remuneration" (including fixed and variable salary). The remuneration policy for senior supervisors is handled in accordance with the Labor Standards Act, similar to that for all employees at Everlight. The senior supervisor's participation in a retirement plan in accordance with the Labor Pension Act.

Board Governance of Remuneration Management (GRI 2-19)

The Board of Directors is Everlight's highest governance body, which has legally established a Remuneration Committee. The responsibilities of this committee include: :

- Regular review the Company's remuneration measures and provide recommendations for amendments.
- Formulate and regularly review the policy, system, standards and structure of performance assessment and remuneration of directors and managers.
- Regularly review the remuneration for directors and managers.

Remuneration Decision Process (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 if the company is profitable for the year. The salaries and bonuses of managers are determined based on the Company's standards for remuneration, taking into account their roles, contributions, performance outcomes, and responsibilities. Remuneration decisions are reviewed individually by the Remuneration Committee on a regular basis and submitted to the board for approval. Performance evaluation includes criteria such as professional competence, interpersonal skills, philosophical skills and leadership abilities and integrated into the calculation of annual bonuses and employee remuneration. The remuneration of the Board of Directors (including independent directors) shall be reviewed and approved at the second meeting of each session of the board of directors.

Board Remuneration

In accordance with the Company's articles of association, the remuneration for Board of Directors is determined regardless of the Company's profit or loss. The Board of Directors is authorized to set the remuneration based on the directors' involvement in the Company's operations and their contributions, taking into consideration the remuneration n level of industry peers. The reasonableness of the remuneration is approved by the Remuneration Committee and the Board of Directors. The remuneration package for directors includes fixed remuneration and director bonuses but does not include variable pay. Independent directors receive only fixed salaries. The Company's articles of association stipulate that up to 2% of the annual profits may be allocated as director's remuneration, which is linked to the company's annual profitability.

Tax Policy

Everlight operates with integrity and complies with the law, and always aims to accurately reflect facts and adhere to contracts and commitments. Our tax policy is designed to comply with the tax laws and regulations of each country where we operate. Over the years, we have avoided negative incidents or penalties due to tax risks. This commitment to lawful and honest tax practices reflects our dedication to responsible corporate conduct and supports our reputation for reliability and ethical business conduct.



The income tax paid by Everlight from 2020 to 2023 is as follows. Since the Company's consolidated revenue has not yet reached the revenue threshold of NT\$27 billion, country-by-country reports was not disclosed.

| Company Name | Everlight Chemical Industrial Corporation, Taiwan |
|-----------------------------------|---|
| Revenue (2020-2023) | NT\$33,723,180 ^[Note 1] |
| Pre-tax Profit (Loss) (2020-2023) | NT\$1,455,007 |
| Accrued Income Tax (2020-2023) | NT\$280,539 |
| Income Tax Paid (2020-2023) | NT\$255,128 |

Note 1: This is the consolidated amount for the whole group.

IV. Risk Management (GRI 2-12)

The Company implements the "9-AA-05 Risk Evaluation Procedure". Annually we conduct discussions based on changes in the macro-environment (e.g., considering resources such as the Horizon Scan Report and Global Risks Report, etc.), select priority issues, and decide on appropriate responses. Each plant also carries out risk assessments and adopts preventative measures in accordance with various management systems (ISO 9001, IATF 16949, ISO 14001, ISO 45001, ISO 22301, TIPS, GMP, etc.).

To adequately address risks from pandemics and climate change, we aim to achieve organizational resilience within risk management objectives. We include human resource management, information security management, supply chain management, and operational continuity of critical business activities into the scope of assessments to ensure that the Company has proper risk management mechanisms to maintain operations.

Risk impact assessment and identification

The Company refers to the COSO framework "Enterprise Risk Management—Integrating with Strategy and Performance," particularly its application to environmental, social, and governance (ESG) risks. We categorize enterprise risks into five major types. The definitions of each risk type are as follows:

| Risk Category | Description | Assessment Result | Follow-up Action |
|------------------|--|-------------------|---|
| Strategic Risk | Risks due to insufficient internal and external information or misjudgment of situations, affecting normal operations or causing financial loss. | Low probability | Regular monitoring |
| Compliance Risk | Risks of penalties for operations not complying with regulations, or reputational/financial damage from external litigation. | Possible | Regular monitoring |
| Financial Risk | Risks of losses during financial activities. | Low probability | Regular monitoring |
| Operational Risk | Risks during operational processes due to internal control/management factors leading to personal, asset, liability, and net profit losses. | Low probability | Regular monitoring |
| Other Risks | Risks not covered above but could cause significant losses to the company. | Possible | Strengthen risk management and emergency response |

After assessing the impact of various risks, we have more detailed management strategies of operational risks, including responses to climate risks within environmental risks. For more details on our approach to climate change—both mitigation and adaptation—please refer to Section 5.6, "Climate Action: Mitigation and Adaptation." This chapter will also describe our management practices for handling operational risks.



Risk Management Process

The Company has formulated the "Risk Management Process" based on "ISO 31000:2018 Risk Management - Guidelines", "Best Practice Principles on Risk Management for TWSE/TPEX Listed Companies", and "Enterprise Risk Management: Integrating". We categorize risks into five major types: strategic risk, compliance risk, financial risk, operational risk and other risks. Each responsible unit shall conduct assessments (including risk identification, risk analysis and risk assessment), report and implement response/preventive measures within its business scope in accordance with the risk management process detailed in the "Risk Management Process" to mitigate the impact of potential risks. See below:



Risk Management Policy (GRI 2-23)(GRI 2-24)

In view of the rapid changes in the global environment, the Company has implemented a "Risk Management Policy" to reduce overall operational risks and protect shareholder interests. This policy aims to keep abreast of changes in the business environment and enhance risk awareness among all employees to ensure sustainable operations. Each operating unit, according to its short, medium, and long-term goals and responsibilities, conducts risk identification and management at least annually and whenever significant changes occur in the internal or external operational environment.



Risk Management Committee and Decision-Making Management Levels

The Company's Risk Management Committee is chaired by the Chairman of the Board and its members include the General Manager and heads of departments such as Production and Finance.

The responsibilities of the Risk Management Committee are as follows:

- (1) Review risk management policies, procedures, and frameworks, and regularly assess their suitability and effectiveness of implementation.
- (2) Approve risk appetite (risk tolerance) and guide resource allocation.
- (3) Ensure that the risk management mechanisms are capable of adequately addressing the risks faced by the Company and integrate them into daily operating processes.
- (4) Approve the priorities and levels of risk control.
- (5) Review the execution of risk management, make necessary suggestions for improvement, and report to the board of directors regularly (at least annually).
- (6) Implement the risk management decisions of the board of directors.

2023 Implementation Results

| 2022 Target | 2022 Actual | 2023 Risk Management Target | 2023 Performance Execution |
|---|---|---|---|
| ESG Risk Score ≤ 30 | ESG Risk Score 26.4 | ESG Risk Score ≤ 30 | ESG Risk Score to be announced in December 2024 |
| Supply Chain Management Delivery Accuracy ≥ 85% Med/High- Risk Suppliers ≤ 3% | Supply Chain Management Delivery Accuracy 85% Med/High- Risk Suppliers 3% | Supply Chain Management Delivery Accuracy ≥ 85% Med/High- Risk Suppliers ≤ 3% | Supply Chain Management Delivery Accuracy 92% Med/High- Risk Suppliers 1.2% |
| Information and communication management monthly availability rate of critical information systems and network services ≥ 99.5% | Information and communication management monthly availability rate of critical information systems and network services 99.9% | Information and communication management monthly availability rate of critical information systems and network services ≥ 99.5% | Information and communication management monthly availability rate of critical information systems and network services 99.9% |
| Number of Improvements for Med/High- Risk Events 6 | Number of Improvements for Med/High- Risk Events 7 | Number of Improvements for Med/High- Risk Events 6 | Number of Improvements for Med/High- Risk Events 8 |
| Human resources management Annual turnover rate ≤ 18% | Human resources management Annual turnover rate 15% | Human resources management Annual turnover rate ≤ 18% | Human resources management Annual turnover rate 14% |



- Communication Channels and Frequency**
1. Customer satisfaction survey (once a year)
 2. Customer visits or audits (irregular)
 3. Agent Conference (once a year)
 4. Company website, phone or email communications (year-round)



2023 Implementation Results and Specific Actions

Implementation Results

1. Implementation Status in 2023: Achieved communication frequency and targets.
2. Customer Satisfaction: Passed audit verifications by customers/brands in 2023, with an overall customer satisfaction score of 92, meeting the annual target (> 88).

Specific Actions

1. Agency Conferences: Each business unit holds an annual agent meeting every year to arrange customer visits.
2. Audit Verifications: Successfully passed various client audits in 2023, including providing ESG supporting data, and accepting factory inspections by third-party verification agencies like TUV & DNV.
3. Meet Customer Needs: We will continue to strive to meet customer demands and create shared value.

V. Quality Management/Customer Relationship Management

Customers are crucial stakeholders for our company and are direct buyers or users of Everlight products, which are widely used in various fields including textiles, leather, plastics, coatings, optoelectronics, semiconductors, healthcare, automotive and electronics. 'Customer First' is one of the core values of our brand. We support our customers by providing high-quality products, services and technical support to help them succeed.

Since the establishment of a new subsidiary in Vietnam in 1994, all our products at each operational site have consistently maintained 100% ISO 9001 certification, integrating quality requirements into daily management practices. Additionally, locations serving the automotive supply chain are 100% certified under the IATF 16949 international quality management system. Everlight adheres to a quality policy of 'Caring for Customers, Creating Value' and implements PDCA management cycle, internal audits and management reviews to ensure the effective use of the quality management system.

We establish and operate a "Customer Relationship Management Process," and identify "Customer Satisfaction" as a key management indicator. We strive to enhance "Customer Satisfaction" through the following measures:

1. Contact and visit customers regularly and frequently to maintain a warm relationship.
2. Share company status, breakthrough product developments, and awards with customers to strengthen their confidence.
3. Arrange senior executives to visit as needed to make customers feel valued.
4. Listen to customer feedback, promptly identify and resolve their issues and needs.
5. Provide competitive products and services to help customers transform and upgrade, and increase profit opportunities.
6. Offer customized solutions to meet customer needs and achieve for a win-win situation.



VI. Information Security Management

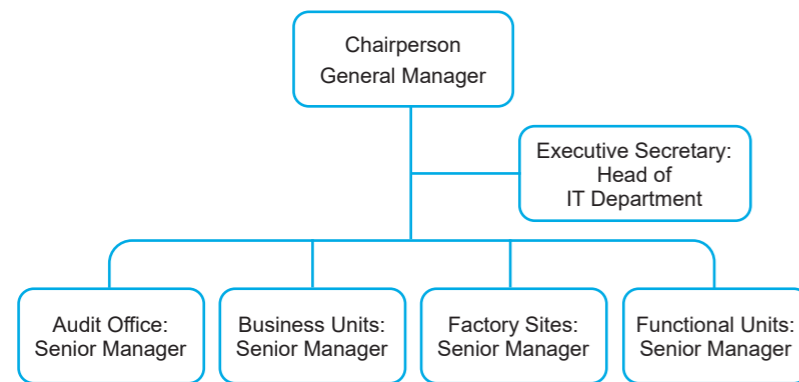
Everlight recognizes information security as a crucial issue for sustainable corporate development. We established the "Information Security and Personal Data Management Committee" in 2016, and appointed a Chief Information Security Officer in 2023, responsible for guarding against external threats and internal management lapses.

Responsible Units

The "Information Security and Personal Data Management Committee" is chaired by the General Manager, with the head of the IT department serving as the executive secretary. Key managers from various departments are appointed as information security representatives, convening regularly for information security review meetings.

Management Policy (GRI 2-23, 2-24)

In order to ensure the confidentiality, integrity and availability of information, an information security management policy has been formulated: implement protective measures to ensure information security.



Information Security Notification

If an information security or personal information incident is reported, it will be handled according to the Company's reporting procedures.

Specific Practices

In July 2019, the Information Security and Personal Data Management Committee decided to introduce external consultancy resources. In December of the same year, the "Information Security Management System Implementation and Verification Project" was launched; it successfully passed the ISO 27001 Information Security Management System certification in 2021. The main tasks include external threat prevention and internal management, as follows:

External Threat Prevention Measures

- 1.Regular conduct vulnerability scanning, system updates, and social engineering attack drills to reduce hacker intrusions.
- 2.Use a firewalls to filter malicious websites and programs.
- 3.Use email filtering software to filter out email viruses and spam.
- 4.Update antivirus software to prevent infection from various viruses.
- 5.Conduct audits on software and hardware suppliers and sign a "Non-disclosure Agreement" with outsourcing vendor personnel.
- 6.Join the "Taiwan CERT/CSIRT Alliance" for sharing cybersecurity intelligence and coordinating responses to cybersecurity incidents.

Internal Management Tasks

- 1.Strengthen network security awareness and training.
- 2.Implement encryption systems for securing confidential documents to prevent data leakage.
- 3.Regular back up critical servers and sign contracts for backup services, along with annual disaster recovery drills.
- 4.Regular review privileged and general accounts to manage account control.
- 5.Set up system development and testing environments to minimize human errors.
- 6.External personnel must apply for access to internal network resources (WiFi).
- 7.Collect system logs to prevent unauthorized system access.
- 8.USB flash drives must be registered before they can be used on company computers.



Remedial Measures for Security Incidents

According to the operational principles for handling information security and personal data incidents. If a major information security incident occurs, the Company will promptly follow the established procedures to address the incident and minimize the impacts.



Performance Outcomes in 2023

1. The "Information Security and Personal Data Management Committee" regularly holds meetings, and the head of the IT department reports the results of information security implementation to the board of directors annually. The most recent report was made on November 9, 2023.
- 2.The Company continued to maintain ISO 27001 information security management system certification in 2023.
- 3.In 2023, there were no information security incidents that affected the Company's operations.

Number and description of information security incidents and from 2021 to 2023

| Definitions | | Annual Incident Frequency | | |
|-------------|---|---------------------------|------|------|
| | | 2021 | 2022 | 2023 |
| Minor | Company's general documents and business data are leaked or altered; general business operations are affected, or system efficiency is reduced, but normal operations can be restored within 72 hours. | 8 | 10 | 8 |
| Moderate | Restricted-access documents and business data are leaked; important business systems or restricted data are severely altered; key business operations are affected, with normal operations restored within 4 hours, or non-critical business services are disrupted and cannot be restored within 72 hours; one to two internal personal computers are subjected to ransomware attacks and encrypted. | 4 | 2 | 0 |
| Major | Customer data, company secrets, and highly confidential documents are leaked or altered; critical business services are interrupted and cannot be restored within 4 hours; three or more internal personal computers or one server are subjected to a ransomware attack. | 0 | 0 | 0 |

VII. Intellectual Property Management

Facing the fiercely competitive business environment, Everlight continuously strengthens its technological foundation and develops high-tech new products, recognizing "intellectual property" as a very important asset. The Company has devised a business model that combines company operational goals with an intellectual property strategy to create company value, ensuring a competitive advantage.

Management System, Policies, and Practices

The Company is oriented towards "high-tech knowledge industry" and "green economy industry," focusing on its core competencies in R&D, technology applications, and manufacturing capabilities, and promoting environmentally friendly high-tech chemicals. The Company recognizes that intellectual property is an extremely important part of its competitiveness. To comply with government regulations, respect others' rights, and protect the Company's proprietary key technologies, the "Intellectual Property Management Policy" was formulated, which clearly stipulates: "Comply with intellectual property regulations and protect intellectual property." This includes three strategies: (1) Establish and continuously improve the intellectual property management system. (2) Integrate intellectual property resources and capture intellectual property opportunities. (3) Strengthen training and communication to enhance awareness of intellectual property rights.

Responsible Units

The Patent Management Committee is responsible for managing and protecting intellectual property rights and patents.

Intellectual Property Management System

Through an E-management platform and intellectual property rights management manual: through daily management and continuous improvement, internal and external audits, and management reviews, relevant details are reviewed and revised to ensure the effectiveness of the management system, thereby enhancing the company's intellectual property management capabilities.

Patent Protection Measures

Patent Management Committee: Through the implementation of the review mechanisms, incentive systems, and educational programs at the executive level, Everlight encourages colleagues to actively participate in invention activities and protects the company's R&D results; certified patents are evaluated annually for maintenance to ensure effective management and protection of the company's patents.

Taiwan Intellectual Property Management System (TIPS): Everlight passed the "Taiwan Intellectual Property Management Standards (TIPS)" A-level re-verification at the end of 2022, with the certificate valid until 12/31/2024.



Execution Results and Specific Actions

1. No significant intellectual property violation incidents.
2. In 2023, the Patent Management Committee reviewed 7 new patent applications, 8 journal articles or conference papers were published, and held 6 patent-related educational training sessions.
3. As of December 2023, the company had obtained 198 invention patents and 211 domestic and international trademarks.
4. Sharing Patent Category Cases in 2023

| Patent Category | Description and Examples |
|----------------------|---|
| Utility model Patent | <ul style="list-style-type: none"> Formed foamed polyurethane dyeing solution and method and dyeing solution usage: A novel dyeing solution specifically for colored molded polyurethane materials, its uses and a dyeing method designed to achieve uniform coloring of the performance of molded polyurethane material. UV-Curable Composition: This composition maintains good adhesion or stability after curing, ensuring that the items using it exhibit good weatherability and reliability. |
| Invention Patent | <ul style="list-style-type: none"> Regeneration Method for Silicon Carbide Substrate Grinding Fluid: This method involves recycling and reuse to significantly reduce water consumption and waste disposal costs, effectively implementing the principles of the circular economy and green chemistry. |

VIII. Compliance with laws and regulations (GRI 2-27)

Regulatory compliance is a topic that Everlight attaches great importance to. Through a series of measures, the company ensures that all business operations are conducted within the legal and regulatory frameworks, protecting the rights and interests of employees and customers, and fulfilling its responsibilities in economic, social, and environmental aspects. During the reporting period, there were no major legal violations (fines exceeding NT\$1 million), including non-monetary penalties.

During the reporting period, the Company encountered the following environmental and social-related penalties. After examining the causes of various matters, we have also re-examined the overall management system and have adopted specific improvement plans.

Unit: NTD

| Category | Items | 2022 Fines / Penalties (NTD) | 2023 Fines / Penalties | | Explanation of Reasons | Actions | Progress of Improvement |
|----------------------|---------------------|------------------------------|------------------------|------------------------|---|---|-------------------------|
| | | | Amount (NTD) | Non-Monetary Sanctions | | | |
| Corporate Governance | Income Tax Related | NT\$750 | None | None | Late declaration | Immediate Filing | Closed |
| Environment | Air | NT\$120,000 | None | None | Fire at Plant Three | Equipment management improvements implemented | Closed |
| | Toxic and chemical | NT\$120,000 | None | None | Violation of Toxic Substances Law | Prevention measures taken | Closed |
| Social Related | Occupational Safety | NT\$60,000 | NT\$100,000 | None | Violation of Occupational Safety Law Article 280 | Reinforced safety training and education. Implemented various safety measures | Improved; completed |
| | Fire Law | None | NT\$22,000 | None | Violation of Fire Law Article 15 | Installation of exhaust systems and overall compliance check with fire laws | Improved; completed |
| | Labor Law | NT\$150,000 | NT\$150,000 | None | Violation of Labor Law Article 32 on overtime for foreign workers | Developed new software to track and warn about overtime hours automatically | Improved; completed |
| | Customs Regulations | NT\$4,410 | None | None | Failure to mark ingredients as per Customs Regulations | Immediate corrections made | Closed |

Note: Everlight defines significant events according to relevant regulations from the Taiwan Stock Exchange's Market Observation Post System. Events resulting in fines of over 1 million NTD are considered significant.

IX. Supplier Management

To provide safe, reliable, high-quality, and sustainable green chemical products, Everlight collaborates with all partners in the raw material supply chain to jointly undertake corresponding responsibilities for sustainable development, with integrity as the cornerstone of our partnerships. We promote green procurement, implement supplier management policies, supervise suppliers to fulfill corporate social responsibilities, adhere to labor and human rights standards, and ensure safety and health, stable quality, on-time delivery, competitive prices, and high-quality products and services of raw materials, and create a win-win situation.

Supplier Evaluation and Selection Mechanism

We require all suppliers to understand the relevant standards set for controlled substances in raw materials and restricted substances restricted by regulations worldwide, and to use these criteria to select suppliers who meet environmental protection and social responsibility standards.



Supplier Environmental Protection Regulations and Social Responsibility Standards

Supplier Reporting Channel and Process

Suppliers interacting with Everlight must adhere strictly to the boundaries of business dealings. In the event of any instances of private bribery, acceptance of kickbacks, improper benefits, conflicts of interest, unauthorized subcontracting, or similar circumstances, it is mandatory to immediately report through Everlight's reporting channels.

Reporting Channels:

Hotline: +886-2-2326-3502

Audit Department Reporting Email: informant@ecic.com.tw

Audit Committee Email: AuditCommittee@ecic.com.tw

Proportion of local procurement

Procurement Policy: Comply with regulations, promote green procurement, and establish partnerships with suppliers based on integrity principles.

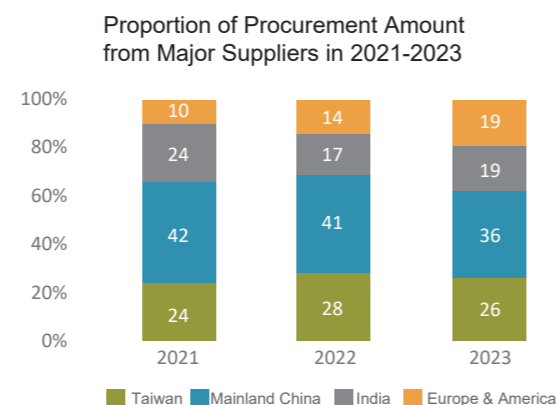
Due to the nature of the industry, most of Everlight's raw materials come from mainland China. After the pandemic, with the global economic downturn and falling raw material prices, the proportion of procurement expenses from local suppliers has slightly decreased.

The proportion of local procurement is 26% in 2023. In the future, we will also give priority to local procurement if the product requirements are met.

Proportion of raw material procurement from Everlight Chemical's main suppliers

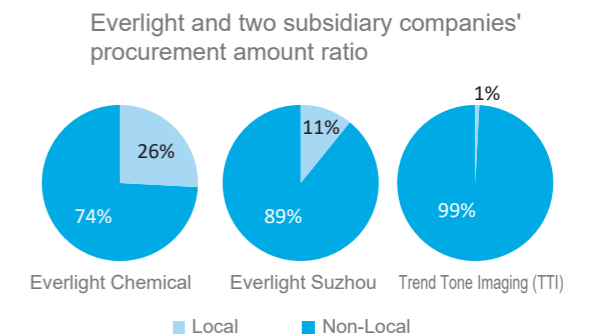
in 2021-2023 (GRI 204-1)

| Procurement Source | | 2021 | 2022 | 2023 |
|--------------------|----------------------|------|------|------|
| Local | Taiwan (%) | 24 | 28 | 26 |
| | Mainland China (%) | 42 | 41 | 36 |
| Non-local | India (%) | 24 | 17 | 19 |
| | Europe & America (%) | 10 | 14 | 19 |



Proportion of local and overseas raw material procurement amount of Everlight Chemical and its two production-type subsidiaries in 2023

| Category | Region | Proportion of Procurement Amount(%) |
|-----------|--|-------------------------------------|
| Local | Everlight Chemical | 26% |
| | Everlight Suzhou | 11% |
| | Trend Tone Imaging (TTI) | 1% |
| Non-Local | Everlight Chemical | 74% |
| | Everlight Suzhou | 89% |
| | Trend Tone Imaging (TTI) ^[Note] | 99% |



Note:Trend Tone Imaging belongs to the toner industry and cooperates with key domestic and foreign supply chain manufacturers of upstream resin, iron powder and colorants to ensure the stability of material supply sources.

Risk Management of Supply Chain

Procurement Policy: Comply with regulations, promote green procurement, and establish partnerships with suppliers based on integrity principles.

Supplier Management Policy: Supervise suppliers to fulfill corporate social responsibilities, adhere to labor and human rights standards, and supply raw materials with implemented safety and environmental practices, stable quality, on-time delivery, competitive prices, and excellent service, to create win-win situations.

To ensure the supply of raw materials and align with the Company's management policy of improving organizational resilience and consolidating the supply of raw materials, the scope of supplier risk assessment has been expanded to cover "all categories" of suppliers.

The results of the supplier risk assessment in 2023 showed that 98.8% were classified as low risk (96.9% in 2022).

| Year | 2021 | | 2022 | | 2023 | |
|--------|---------------------|----------------|---------------------|----------------|---------------------|----------------|
| | Number of Suppliers | Percentage (%) | Number of Suppliers | Percentage (%) | Number of Suppliers | Percentage (%) |
| Low | 529 | 96.7 | 505 | 96.9 | 494 | 98.8 |
| Medium | 14 | 2.6 | 14 | 2.7 | 6 | 1.2 |
| High | 4 | 0.7 | 2 | 0.4 | 0 | 0 |
| Total | 547 | 100 | 521 | 100 | 500 | 100 |

The Materials Procurement Department tracks the inventory status of medium, high risk and single-source suppliers on a monthly basis. Additionally, they also engage in activities such as developing additional supply sources, increasing inventory levels, procuring in advance, and monitoring consumption and logistics through weekly reports to mitigate supply interruption risks. For suppliers categorized as high or medium risk, a "Supplier Evaluation Form" will be sent to enhance management intensity. The department continuously evaluates suppliers' performance in areas such as quality, process management, environmental protection systems, occupational health and safety systems, and operational continuity.

Green Supply Chain Management Performance (GRI 308-2) (GRI 414-2)

In promoting a green supply chain, we categorize suppliers into three groups: primary, important, and new. For important and new suppliers, we send "Supplier Evaluation Forms" to assess whether they have ESG/CSR policies and guidelines, as well as related performance in environmental and social aspects. We also require important suppliers to fill out a "Regulatory Compliance Questionnaire," which includes inquiries about (a) the improvement rate of wastewater output and discharge improvement rate per ton of finished product, (b) compliance with occupational health and safety regulations in operations, and (c) compliance with relevant regulations regarding the employment of employees by local governments. For suppliers that do not meet the criteria, we continue to communicate and promote the concept of green chemistry with our suppliers.

| Supplier Category | Primary Suppliers (Procurement value >NTD 5 Million) | | Key Suppliers (Procurement value > NTD 30 Million) | | | | | | New Suppliers |
|-----------------------------|---|------|---|------|--|------|---|------|--|
| | ESG Report / CSR Report or Statement | | Supplier Evaluation Form | | Environmental Compliance Questionnaire | | Social Compliance Questionnaire | | |
| Survey Method | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2023 |
| Year | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2023 |
| Number of Suppliers | 171 | 128 | 32 | 19 | 32 | 19 | 32 | 19 | 10 |
| Response Rate | 58% | 61% | 78% | 100% | 84% | 95% | 100% | 100% | 100% |
| Number of Completed Surveys | 99 | 78 | 25 | 19 | 27 | 18 | 32 | 19 | 10 |
| Compliance Rate | 100% ^[Note 1] | | 100% | | Wastewater output Improvement Rate: 89% ^[Note 12.1] Improved :12 Same: 4 Regressed: 2 Confidential: 1 | | Occupational Health and Safety Regulatory Compliance Rate: 100% Labor Law Regulatory Compliance Rate: 100% | | A total of 10 new suppliers were added in 2023. Their environmental and social performance were reviewed through the Supplier Evaluation Form. |
| | | | | | Wastewater Discharge Improvement Rate: 94% ^[Note 2.2] Improved: 13 Same: 4 Regressed: 1 Confidential: 1 | | | | |

Note 1: Criteria for "Compliance" on Environmental and Social Indicators:
The criteria for "compliance" on the Supplier Evaluation Form: each score of environmental and social indicators must be >50%. (For the 2020 version, with a total score of 3 points, a score >2 points is considered qualified. For the 2022 version, with a total score of 5 points, a score >3 points is considered qualified.)

Note 2: Explanation of Environmental Regulatory Compliance Questionnaire Results:
(Note 2.1) Improvement Rate of Wastewater Output: Among 18 suppliers, 2 regressed. One supplier increased wastewater output due to improving product quality, resulting in increased water usage and wastewater volume. However, the wastewater is treated and recyclable, leading to an improvement in wastewater discharge rate compared to the previous year. Another supplier adjusted its product plans according to market demands, with some products requiring large amounts of water, leading to a corresponding increase in wastewater discharge.
(Note 2.2) Improvement Rate of Wastewater Discharge: Among 18 suppliers, 1 regressed. Due to adjustments in product plans according to market demands, some products require large amounts of water, resulting in a corresponding increase in wastewater discharge.



Everlight will collaborate with the supply chain to promote Green Partner and implement E-ESG certification

| Develop Green/Sustainable Supplier Behavior Guidelines (Promote Green Partner) | Issue Everlight Supplier Code of Conduct in 2024 |
|--|---|
| Conduct Green/Sustainable Supplier Risk Assessment | Implement the E-ESG certification for Everlight suppliers in 2024. In 2023, there are a total of 23 original EGP suppliers, which will be recognized as Everlight Chemical E-E Award (Environmental Protection Category) in 2024 ^[Note 1] . |
| Conduct Green/Sustainable Supplier On-site Audits | Implement the E-ESG certification for suppliers in 2024 |
| Provide Guidance on Green/Sustainability to Suppliers | Implement the E-ESG certification for suppliers in 2024 |
| Provide Rewards for Excellent Suppliers | Statistics for Excellent Suppliers in 2023: Sustainable Supplier Award: 3 occurrences. Excellent Quality Supplier Award: 1 occurrence. On-time Delivery Supplier Award: 1 occurrence. |
| Suppliers are required to follow Human Rights Policy (comply with social indicators such as no forced labor, no child labor, etc.) | These clauses are included in every purchase contract. (2,697 contracts in 2023). |
| Each raw material purchase contract requires suppliers not to use conflict minerals. | |

Note 1: The Green/Sustainable Supplier Risk Assessment includes four categories of awards: E-ESG Sustainability, E-E Environmental Protection, E-S Social Responsibility, and E-G Corporate Governance.

Supplier Satisfaction Surveys

(1) Raw Material Suppliers:

- Through the "Raw Material Supplier Satisfaction Survey," the company aims to understand the interaction between employees and suppliers and identify areas for improvement in the procurement process. Through mutual agreement and concrete communication, cooperation and mutual benefit are promoted and create a win-win situation.
- In 2023, a total of 23 suppliers (excluding OEM suppliers) with annual procurement amounts exceeding NTD 30 Million were surveyed, achieving a questionnaire response rate of 100% with a satisfaction score of 95.7 points.
- The highest satisfaction score was for the ethics and integrity of purchasing personnel (98.3 points), followed by the professionalism of purchasing personnel and contract performance, both scoring 97.4 points. Compared to 2022, there were no items scoring below 90 points in 2023. The two lowest scoring items were handling of non-compliant raw materials from suppliers (93 points) and purchasing webpage operations (93.9 points). These two items are due to the supplier's own factors. We will communicate more with the supplier and provide necessary assistance.

(2) Contractors at Plant Sites

- In 2023, hazard briefings were conducted for 1,425 contractors when entering the production site. Additionally, 58 training sessions were organized for 369 contractors to enhance work safety awareness.
- In the first quarter of 2024, satisfaction surveys were conducted for 59 contractors across various plant sites, achieving a satisfaction score of 97.0 points. "Ethical conduct of purchasing personnel" scored close to the maximum (9.9 points), while "communication process regarding contract scope and project objectives" and "safety protection at the operation site" scored slightly lower at 9.6 points. We will continue to communicate and improve with the contractors on various issues of concern.