

2023

TCFD Report

Everlight Chemical Industrial Corporation



**Everlight
Chemical**



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Preface

According to the global risk reports released by the World Economic Forum in recent years, global economic development will be affected by climate change and face severe challenges in the next decade. Enterprise operations and value chains will also be transformed due to the related risks and opportunities brought about by climate change. In order to help companies identify and manage these risks and opportunities, the International Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 to develop financial information disclosure recommendations for climate-related risks and opportunities. Through climate governance, strategy, risk management, indicator and target setting, it help companies identify and disclose the impact of climate change on operations. Taiwan's Financial Regulatory Commission had also released "Corporate Governance 3.0 - Sustainable Development Blueprint" in 2022, requiring listed companies to refer to the TCFD standards to identify climate-related risks and opportunities and disclose the Influence and suggest ways to respond when preparing the sustainability reports.

Taiwan Everlight Chemical Industry Co., Ltd. (referred to as Everlight Chemical) belongs to the specialty chemicals industry. It pays special attention to the management of environmental impact and spares no effort in reducing environmental impact and saving energy and reducing carbon. Greenhouse gas inventory work began in early 2000 . In 2021, Everlight Chemical revised its environmental policy to "anticipate environmental risks and move towards environmental sustainability", and had also taken into account the possible increase in operating costs caused by climate change. In the same year, in accordance with the TCFD guidelines, Everlight Chemical identified and exposed climate risks (and opportunities) from four aspects governance, strategy, risk management, and indicators and targets. One of the important management indicators is the management of carbon emissions. In 2023 , the Board of Directors officially approved the group 's carbon reduction target for 2030 , which is based on a further 25% reduction in carbon emissions in 2021 . In the future, we will continue to manage carbon emissions and carbon intensity through energy management, process management and other methods. We believe that through continued commitment to climate change mitigation and adaptation, as well as communication and cooperation with stakeholders, we can jointly create a sustainable future.

Chapter 1. Governance

The board of directors is the highest management and supervision unit for climate governance

The Board of Directors of Everlight Chemical is the company's highest climate governance unit, it has jurisdiction over the Risk Management Committee and the Sustainable Development Committee. Through risk management and sustainable development needs, we assess the impact of climate change on Everlight Chemical's own operating activities and value chain. Board members receive regular training on climate issues every year to enhance their climate knowledge; the board of directors also takes the impact of climate change issues into consideration and evaluates when making various major decisions.

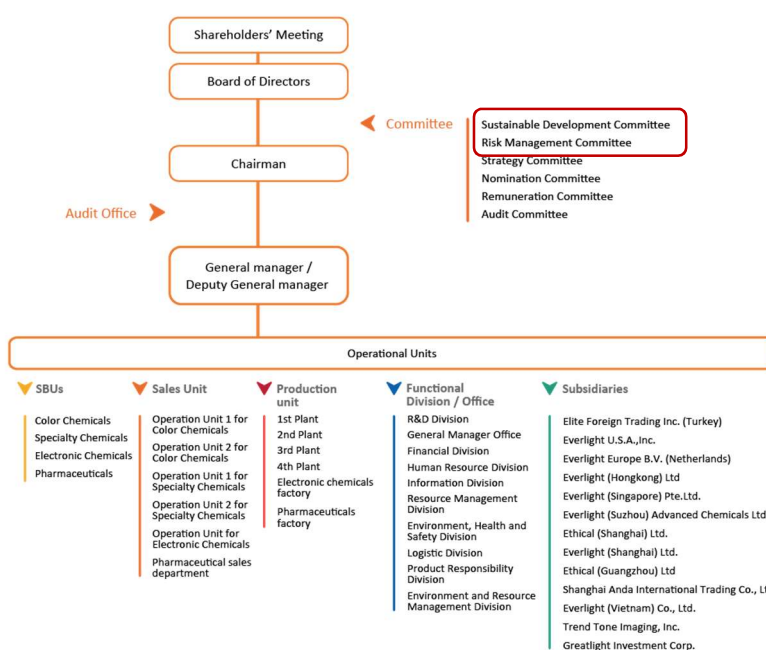


Figure 1. Corporate Governance Organizational Structure of Everlight Chemical

- Risk Management Committee: Chaired by the chairman, the committee holds at least twice meetings per year to discuss risk issues. Climate risk is one of the environmental risks. The Risk Management Committee regularly reports the progress and results of risk management projects to the Board of Directors.
- Sustainable Development Committee (ESG Committee for short): Chaired by the chairman, the Sustainable Development Committee has a governance group, an environmental group, and a social group. In 2021, the Environment Group established the Climate Change Working Group, which is responsible for the identification, assessment and management recommendations of risks and opportunities related to climate change (Figure 2).

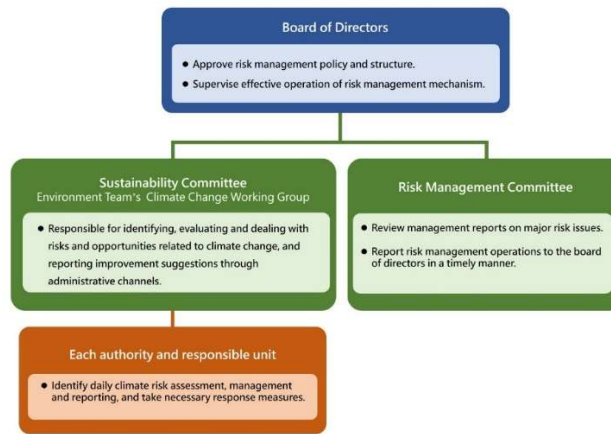


Figure 2. Organization chart of the Sustainable Development Committee

The chairman and general manager of Everlight Chemical are respectively the chairman of the relevant industry associations in Taiwan. In response to the global trend for net-zero emissions, Everlight Chemical responded to the Taiwan Chemical Industry Association's net-zero emission declaration and took an oath to sign with the chairman.

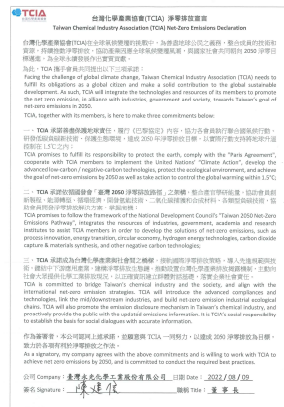


Figure 3. Taiwan Chemical Industry Association's Net Zero Emissions Declaration

Management team regularly assesses climate-related risks and opportunities and promotes relevant projects

The Climate Change Working Group" was established in 2021, whose members include representatives from production, finance, materials, research and development, logistics, energy resources, risk management, and environmental, safety and health divisions. The Climate Change Working Group adopted the TCFD (Climate-related Financial Disclosure Framework) to review the 17 climate-related risks and 20 climate-related opportunities which recommended by the TCFD Guidelines, and selected short-term (within 1-3 years) and medium-term (within 3-5 years) climate-related risks and opportunities that will have a greater impact on the company's operations and set countermeasures accordingly . One of the key indicators is the management of carbon emissions. Countermeasures include introducing a new

version of the greenhouse gas inventory in 2022 , and setting short-term (within 1-3 years) and medium-term (within 3-5 years) carbon reduction paths and targets based on the inventory results. It is expected that on the basis of existing risk management, appropriate climate change response and adaptation strategies will be gradually developed.

To strengthen the understanding of TCFD , the group hold a TCFD workshop in January 2024. Participants include members of the Sustainability Committee and Climate Change Working Group, the Risk Management Committee, and senior executives from each operating unit of Everlight Chemical. The chairman also instructed how to consider climate-related risks and opportunities when managing various tasks, and set specific targets to implement various tasks to build a consensus for the group's understanding of climate issues.



Figure 4. TCFD training for senior managers

Chapter 2. Strategy

Everlight Chemical's main products include color chemicals, specialty chemicals, electronic chemicals, toners and printing consumables, and API products. The upstream raw material of each product mainly comes from petrochemical, and the downstream customers have a wide range of applications, including textiles, people's livelihood good, automotive, electronics and other industries. We identify climate-related risks and opportunities through the risk assessment process and formulate corresponding strategies in accordance with the company's strategic direction.

1. Carbon management is set as a first priority: The board of directors adopted a 2030 carbon reduction target, with a further 25% reduction using 2021 as the base year, and in line with the country's goal of achieving net-zero greenhouse gas emissions in 2050.

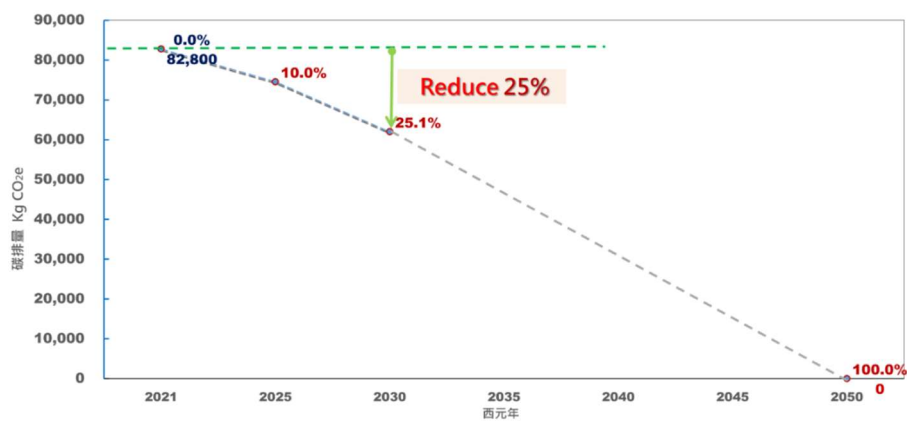


Figure 5. Schematic diagram of Everlight Chemical’s carbon reduction targets

Relevant actions under carbon management include:

- ✓ Introduce energy management system
- ✓ Start replacing high-energy-consuming equipments
- ✓ Conduct Carbon inventory and carbon reduction route

Everlight Chemical has set a timetable for the introduction of energy management systems for each production plant. It will gradually start the replacement of high-energy-consuming equipment and conduct regular carbon inventories to ensure that the carbon reduction route meets the set targets.

2. In addition, Everlight Chemical also adheres to its years of experience in investing in green chemistry, and will continue to develop green chemical production technology, as well as invest in the development of sustainable products and promote circular economy.

The estimated implementation timetable is showed as followed.

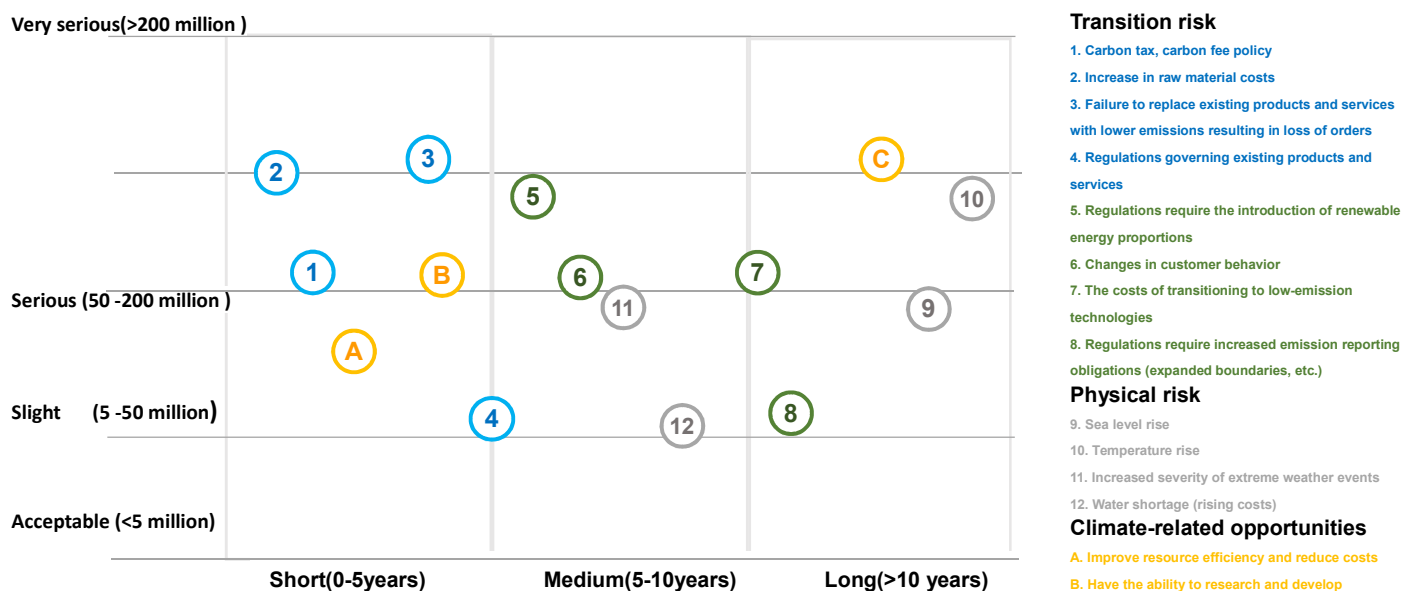
Strategy and Planning Timeline	2021-2025 Short term	2026-2030 Medium term	2031-2050 Long term
1) Develop sustainable products	V	V	V
2) Develop green chemical production technology	V	V	V
3) Promote circular economy	V	V	V
4) Introduction of energy management system	V	Continuous improvement of energy management system	- Assessing the energy transition - Use low-carbon energy - Evaluate the adoption of carbon capture, reuse and storage technologies - Carbon sequestration and carbon-negative technologies
5) Start replacing high-energy-consuming equipment	V	V	---
6) Carbon inventory and carbon reduction route	Implement Carbon Risk Management System	Implement Carbon Risk Management System	V

Identification results of climate-related risks and opportunities in the short, medium and long term

In order to conduct a comprehensive climate risk assessment, the Climate Change Working Group relied on the TCFD framework and referred to the World Business Council For Sustainable Development (WBCSD) Chemical Industry Case Guidelines, CDP Questionnaire, and the unique industrial nature of the chemical industry, identify climate-related risks and related issues, and sort climate-related risk issues through a risk matrix. At the same time, based on the company's risk management system, countermeasures are formulated for risk control. The identification results are explained below.

Organizational short, medium and long-term risks and opportunities

A climate risk matrix diagram is created based on the severity and probability of occurrence of climate change-related risks, as shown in Figure 6. The identification results of climate risks and opportunities in short, medium and long term are summarized in Table 1



Note: The degree of impact is expressed in terms of severity. very serious - financial losses > NT\$200 million; Serious - financial losses NT\$50 million - NT\$200 million; Slight - financial losses NT\$5 million - NT\$50 million; Acceptable --Within NT\$5 million.

Figure 6. Short-, medium-, and long-term climate risk and opportunity matrix

Based on the impact of various climate-related risks and opportunities in the short, medium and long term, and respond to climate-related risks and opportunities of short-term impacts. Everlight Chemical identified risks with higher impact in the short term (0-3 years) including "due to changes in carbon policies, control of existing products and services; and market risks such as cost increases in raw materials and their dispatch costs " as well as physical risks like extreme weather events (Heavy rainfall, drought, drastic changes in temperature, etc.) increase in severity. Medium and long term climate-related risks have a higher impact, such as "possible losses caused by changes in consumer preferences and customer behavior,

as well as the investment costs required to transform to low-carbon technologies, and the expansion of emission reporting obligations required by regulations." Therefore, response strategies are formulated and mitigation and adaptation actions are carried out to strengthen organizational resilience.

We also evaluate the opportunities brought about by climate change. For example, short-term opportunities include reducing costs and waste due to improved resource efficiency, and medium and long term opportunities due to developing BCM(Business Continuity Management) with flexible adaptability and improving resource efficiency to reduce carbon emissions.

Period	Risk identification	Opportunity identification
Short term 0 -5 years	<p>Physical Risks</p> <ul style="list-style-type: none"> ● Mainly due to the increased severity of extreme weather events (heavy rainfall, drought, drastic changes in temperature, etc.). <p>Trainsiton Risks</p> <ul style="list-style-type: none"> ● Due to changes in carbon policies, controls on existing products and services, and market risks, the main increase is the cost of raw materials and their dispatch. ● Regulations require the proportion of renewable energy introduced. 	<ul style="list-style-type: none"> ● Improve resource efficiency, reduce costs and waste, and reduce carbon emissions. ● It has the ability to research and develop advanced green chemistry and develop circular economy processes.
Medium term 5-10 years	<p>Physical Risks</p> <ul style="list-style-type: none"> ● The severity of extreme weather events increases. ● Water shortages. 	<ul style="list-style-type: none"> ● Develop BCM with flexibility and adaptability. ● Emphasis on continuous improvement can establish a comprehensive climate adjustment strategy and integrate it into the overall operating strategy.
	<p>Trainsiton Risks</p> <ul style="list-style-type: none"> ● Carbon management costs increased capital expenditures or management costs due to reducing carbon emissions, including carbon taxes/carbon tariffs, high greenhouse gas emission pricing, and the use of renewable energy, all require increased costs. Changes in customers behavior and consumers preferences require the introduction of lower carbon products to meet market demand and prevent reputational risk, and the technical risk of not replacing existing products and services with lower carbon emissions. 	<ul style="list-style-type: none"> ● Have the ability to develop low-carbon products and help customers reduce carbon emissions and create sustainable products. ● Own high-quality product quality and strong technical service capabilities.
Long term >10 years	<p>Physical Risks</p> <ul style="list-style-type: none"> ● Rising average temperatures, resulting in changes in lifestyles and consumption patterns, and rising sea levels may affect actual factory operations. 	<ul style="list-style-type: none"> ● Actively cultivate R&D talents and capabilities to develop and construct a value chain of low-carbon products and services that meet customer needs.

Table 1. Identification results of short-, medium- and long-term climate risks and opportunities

Strategies and achievements in response to risks and opportunities

Everlight Chemical's operating strategies and specific achievements are summarized in Table 2.

Specific measures	illustration	Achievements and actions in 2023
1) Introduce energy management	<ul style="list-style-type: none"> ● Improve energy performance 	<ul style="list-style-type: none"> ● Pass external verification of ISO 50001 energy management system in 2023 .
2) Carbon inventory project	<ul style="list-style-type: none"> ● Import I SO 14064-1: 2 018 inventory system ● Import I SO 14067: 2 018 inventory system 	Organizational carbon inventory and verification: <ul style="list-style-type: none"> ● Complete parent company scope verification in 2023. ● From 2024, verification will be conducted at all group locations. ● Product carbon footprint inventory will be conducted from 2023.
3) Carbon reduction target and carbon reduction path project	<ul style="list-style-type: none"> ● Establish specific carbon reduction targets and carbon reduction pathways for 2030 . 	<ul style="list-style-type: none"> ● 2023 , the board of directors adopted a carbon reduction target for 2030, with a further 25 % reduction based on 2021 .
4) Develop sustainable products	<ul style="list-style-type: none"> ● Develop green/sustainable products that improve client usage efficiency and save energy and resource on the production side. 	<ul style="list-style-type: none"> ● Eversorb ® AQ products, special light stabilizers for water-based coatings, won the 2024 Taiwan Excellence Award due to its non-toxic, odorless, weather-resistant and environmentally friendly properties.
5) Develop green chemistry production technology	<ul style="list-style-type: none"> ● Engage in product design and production in accordance with green chemistry principles. 	<ul style="list-style-type: none"> ● 12 principles of green chemistry into the manufacturing process , it won the Environmental Protection Agency's first (2019) and second (2021) Green Chemistry Application and Innovation Awards.
6) Promote circular economy	<ul style="list-style-type: none"> ● Improve resource utilization efficiency through industrial cooperation. 	<ul style="list-style-type: none"> ● Won the 2021 TCIA Circular Economy Achievement Award.

Table 2. Specific measures and actions to address climate-related risks and opportunities

The process improvement cases and their performance in 2023 are shown in Table 3. In terms of improving resource efficiency and reducing carbon emissions, Everlight Chemical will reduce carbon emissions by a total of 129,213 kg CO₂e in 2023 by developing green chemical production technology and improving energy efficiency.

Strategy	Process summary		Total carbon reduction (kg CO ₂ e)/year
Develop green chemistry production technology	Process improvement	<ul style="list-style-type: none"> ● Increase solid content and reduce drying time ● Additives are added additionally to reduce the amount and time of spray drying gas. 	93,738
		<ul style="list-style-type: none"> ● Improved dissolution of wet standards, reducing gas consumption and time 	
		<ul style="list-style-type: none"> ● Increase solid content and reduce drying time ● Simplify the process and reduce raw materials and process reaction time 	
		<ul style="list-style-type: none"> ● Replenish water for cooling down, reducing electricity consumption in the process 	
		<ul style="list-style-type: none"> ● Improve efficiency and reduce electricity and steam consumption in the process 	
		<ul style="list-style-type: none"> ● Process improvement, reducing acid precipitation and secondary separation, shortening working hours and reducing electricity consumption 	
		<ul style="list-style-type: none"> ● Improve original aqueous solution and reduce the electricity consumption in the process 	
		Boost energy	

usage efficiency	Equipment improvement	<ul style="list-style-type: none"> ● Optimize the process, improve parameters and filtration facilities, and reduce the amount of electricity and nitrogen in the process 	Total	129 , 213
		<ul style="list-style-type: none"> ● Optimize process operating parameters and save air compressor energy consumption 		

Table 3. Process improvement cases and carbon reduction performance in 2023

Impact of climate-related risks and opportunities on business, strategy and financial planning

Evaluating mitigation and adaptation strategies for climate issues must also consider various aspects such as R&D and manufacturing, supply chain management, and market operations. We will manage carbon issues according to the five major categories of the group's products, and based on the inventory of major risks and opportunities, comprehensively assess the financial impact that the organization may face before and after the low-carbon transformation actions required in response to each issue as shown in Table 4, to facilitate understanding of the overall financial impact and developing contingency plans and timetables.

	Risks and Opportunities	Impacts	Financial impact before actions	Actions	Cost of taking action
Risks	Government collection of Carbon fee/tax	<ul style="list-style-type: none"> ● The government has planned a carbon fee collection policy. ● The European Union and other countries have announced that they will impose carbon border tariffs, which may lead cost increasing of whole chemical industry. 	The government has formulated a carbon fee collection policy and the future implementation of CBAM (EU Carbon Border Tariff). After the formal inclusion of organic chemicals, the annual cost may increase by more than NT\$ 50 million.	Assess and introduce carbon footprint and carbon risk management. Plan carbon reduction paths and timetables through carbon inventory.	From Aug. 2022 to July 2025, it is planned to introduce an organizational greenhouse gas and product carbon footprint inventory system at a cost of approximately NT\$ 9.2 million.
	Use regeneration energy	<ul style="list-style-type: none"> ● If the use of renewable energy is required by government, it will increase overall production cost. ● To achieve the 2030 carbon reduction target, green power needs to be purchased. 	<ul style="list-style-type: none"> ● Plant No. II had invested NT\$ 21.4 million in solar power generation facilities in 2023 . ● The green power procurement may increase operating costs by 1 % . 	<ul style="list-style-type: none"> ● Import ISO 50001 energy management system to improve energy efficiency. ● Replace and use energy-saving equipment. 	From 2022, energy management system counseling will cost approximately NT\$ 1.2 million. In 2023, the cost of replacing energy-saving equipments will be approximately NT\$ 30 million.
	Raw material cost rising	Due to climate change, the limitations and restrictions will be increased and cause cost rising owing to shortage of raw materials.	moderate negative impact.	Assess and introduce carbon footprint and carbon risk management.	Please refer to the following opportunity input costs.
	Market/ consumers shift towards low carbon products	As a result of carbon pricing, consumers are increasingly scrutinizing the carbon emissions of products or services , resulting in a	moderate negative impact .	Develop low-carbon products and sustainable products and development blueprint.	

Risks and Opportunities	Impacts	Financial impact before actions	Actions	Cost of taking action
	decline in the competitiveness of high-carbon products.			
Extreme climate events	Heavy rainfall, drought, and drastic temperature changes lead to company operational interruptions	moderate negative impact.	To strengthen the factory infrastructure and personnel adjustment capabilities.	Professional training for personnel from 2024 will be about NT\$ 0.5 million.
Opportunities	The necessity of developing low-carbon products	The market/consumers will shift to low-carbon products, and low-carbon products at the process end need to be developed.	medium to high positive impact.	About 4% of turnover is invested in R&D funds for low-carbon products each year.
	Develop use phase with Carbon reduction and sustainable products	The market/consumers will shift to low-carbon products, and use phase with low-carbon products need to be developed.	medium to high positive impact.	

Table 4. Description and financial impact of climate change risks and opportunities

Resilience in strategy: Scenario analysis of climate change

The following three scenarios were considered to assess the strategic resilience to achieve the carbon reduction targets,

1. BAU (without active carbon reduction actions): Aims to reduce carbon emissions by 1% per year . The transformation risk in this scenario is not significant, but the adjustment strategy must be strengthened. In this scenario, green power prices will be increased and carbon pricing will decrease.
2. National mid-term and long-term target path: Based on the 24% emission reduction in 2030 proposed by the National Development Council and the 2050 net-zero carbon emission target set by the Climate Change Response Act , this scenario has moderate transition risks and moderate physical risks .
3. 1.5 °C path (the most aggressive carbon reduction target): Represents a 50% reduction in emissions in 2030 and net-zero carbon emissions in 2050. This scenario is highly transformation risks and physical risks are less significant. In this scenario, green power prices will fall and carbon pricing will rise.

The carbon reduction goals and paths set by Everlight Chemical are consistent with the National goals. Under this scenario, the strategy to achieve the group's 25 % carbon reduction target in 2030 is shown in Figure 7.

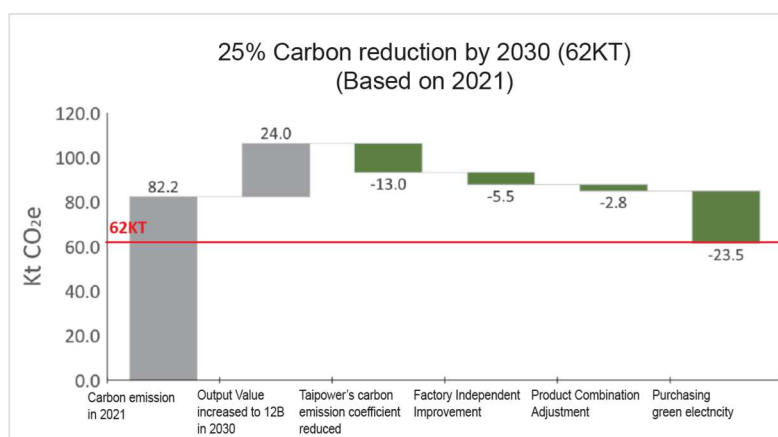


Figure 7. Group's 2030 carbon reduction goals and strategies

Consider the following parameters under the above scenario : Green electricity price, carbon pricing, electricity carbon emission coefficient, output value, policy and market changes.

Scenario analysis assumption: Output value will grow with economic development, green electricity prices will not fluctuate too much, gray electricity prices will increase by 5 % per year , and the factory's independent improvement plan will be completed (such as replacement of high-energy-consuming equipment, installation of solar photovoltaics, and process improvement).

Analysis factors: Including carbon reduction costs, carbon reduction benefits and financial risks.

Main financial impact: According to the analysis, the main financial impact of adopting the above strategy to achieve the 25% carbon reduction target in 2030 will have an increase of approximately 1% in operating costs and an increase in financial risks from future is expected by carbon pricing fluctuations.

Chapter 3. Risk management of climate change

Process for identifying and assessing the climate-related risks

Everlight Chemical refers to "ISO 31000:2018 Risk Management - Principles and Guidance Outline" to introduce risk management procedures, based on different risk attributes and risk categories (market, political, environmental, legal, financial, operational, other) and risk occurrence probability and severity, develops risk treatment principles and strategies.

Climate risks are divided into two categories: transformation risks and physical risks. According to current risk management system, transformation and physical climate risks are assessed: including policies and regulations, technology, market, corporate reputation, as well as immediate and long-term climate risks that may affect impacts. The assessment process includes: Identifying risks → Risk analysis → Risk assessment → Risk adjustment and Preparedness are planned and integrated into the existing risk management system.

Climate-related risk management process

Current climate risk management follows the corresponding PDCA management process, as shown in Figure 8. After climate risk issues are identified and assessed every year, reporting and management are

carried out based on actual conditions. The board of directors and the audit committee will also perform decision-making and supervisory roles based on relevant reports. When climate risk issues are rated as major risks, specific countermeasures will be proposed in accordance with the risk management procedures.



Figure 8. PDCA for Climate Risk Management

Risk reporting, response and monitoring: Each responsible unit should continuously monitor the risks related to operations, track the risks that have been dealt with and confirm that the residual risks have been effectively controlled, reviewed and reported to the risk management committee or various management systems. Risk status and risk treatment results serve as a reference for adjusting risk management and control mechanisms and operating strategies.

Climate -related risks are integrated into the organizational overall risk management system

Everlight Chemical’s climate-related risk management system integrates the following management mechanisms of different functional units and levels. We consider management policies, actual assessment practices, and confirmation of pro-active measures.. etc. to reduce operational impacts.

Management system	Function
Board of Directors Governance of climate-related risks and opportunities	Approve risk management policy and structure. Supervise the effective operation of the risk management mechanism.
Risk Management Committee Climate-related risks and opportunities for management	Review management reports on major risk issues. Report risk management operations to the board of directors in a timely manner.
ESG Committee_ Environmental Group’s Climate Change Group Identification, assessment and recommendations of risks and opportunities	Responsible for identifying, evaluating and dealing with risks and opportunities related to climate change and reporting improvement suggestions through administrative channels.
Each Authority and Responsible unit Operational level of climate-related risks and opportunities	Identify daily climate risk assessment, management and reporting, and take necessary response measures.

Table 5. Organization and functions integrated with climate-related risk management system

The identification and assessment of transformation risks are the responsibility of the Climate Change Team established by the Environmental Group of the ESG Committee . The assessment results will be reported and discussed through the administrative system. The Risk Management Committee is responsible for supervising the mitigation of climate change risks and the effectiveness of adaptation across the company. After risk assessment, we confirmed that the risks that need to be managed are:

1. Carbon management: In response to the time pressure required by government and regulations for levying carbon fees/taxes, as well as the increasing requirements of customers and consumers for carbon management, we have set climate-related risk management indicators as the goal of overall carbon management. This includes setting greenhouse gas intensity reduction targets and introducing energy management systems through a systematic management methods to continuously make improvement.
2. Sustainable product development : In response to raw material cost-rising and customer preferences change, Everlight Chemical will continue to invest in R&D for sustainable products (including the use of low-carbon or recycled materials) to provide more innovative solutions and services to customers.

Chapter 4. Indicators and Goals

In response to Everlight Chemical's sustainable development strategy, we set and manage goals for two major management indicators: Carbon management and Sustainable product development.

Management indicators used for climate-related risks and opportunities

Carbon management and sustainable product indicators

Everlight Chemical is the first chemical company in Taiwan to obtain the ISO 14001 Environmental Management Certification. Relying on the long-term operation and continuous improvement of the environmental management system, we have continued to promote the review, evaluation and improvement of energy resource usage efficiency. In response to the trend of global carbon reduction issues in the future, we had introduced the ISO 50001 energy management system since 2022 and passed the external verification in 2023.

According to the assessment of the Climate Change Team, implementing energy management and improving the efficiency of energy resource usage will help us to cope with risks related to climate change and promote the realization of a circular economy. We therefore set indicators and goals for energy resources, energy conservation and carbon reduction as shown in Table 6.

Risks	Response	2023 Progress	Achievement	Next Step
Policy and regulatory changes: Carbon tax/carbon fee policy	Set carbon reduction and carbon intensity targets.	Reduce greenhouse gas emission intensity (tons of CO ₂ e/million output value).	Achieved 8.6 Exceeded target (≤8.7)	≤8.3

Customers and consumers have increased requirements for carbon management and consumer preferences have changed. If Everlight Chemical does not replace existing products and services with lower carbon emissions, there may be a risk of being replaced.	1. Introduce energy management system. 2. Introduce comprehensive carbon inventory for carbon risk management. 3. Develop sustainable products. 4. Replace old and high-energy-consuming equipments 5. Use low-carbon energy. 6. Improve energy efficiency. 7. Reduce greenhouse gas emission intensity.	<ul style="list-style-type: none"> ● Obtained external verification of ISO 50001 Energy Management system in 2023Q3. ● Completed ISO14064-1 organizational inventory and external verification in 2023Q3 . ● Completed ISO 14067 carbon footprint inventory of designated products In 2023Q4. 	Achieved	Expand verification scope
	8. Improve water recovery rate.	Improve water recovery rate R2	Achieved 95% Exceeded target (≥84%)	Improve water recovery rates ≥94%
Market risk: raw material cost-rising	Continue to develop sustainable products and increase the proportion in revenue	Proportion of sustainable products in revenue	Achieved 70% Exceeded target (≥58%)	Increase the Proportion ≥73%
The severity increase of extreme weather events (heavy rainfall, drought, dramatic changes in temperature, etc.)	Strengthen the stormwater drainage capacity of the factory areas and improve organizational resilience .	Investigate water accumulation potential in production sites as a physical risk	Achieved (Completed evaluation)	Continuous monitoring

Table 6. Indicators and targets for energy resources and energy conservation and carbon reduction

Disclosure of Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and related risks

Since 2005, Everlight Chemical has obtained the third-party verification statement of ISO 14064-1: 2006 Greenhouse Gas Emissions (Factory No.1, No.2 and No.3) for six consecutive years, and continues to follow this systematic approach to establish group's organizational carbon inventory data (including Factory No.4, Trend Tone Imaging and Suzhou Everlight) to ensure the accuracy of greenhouse gas emissions. The Group's greenhouse gas emission information from 2020 to 2023 and the performance of greenhouse gas emission intensity in recent years are summarized in Tables 7 and 8 respectively.

Year	Items (tons CO ₂ e)	Factory No.1	Factory No.2	Factory No.3	Factory No.4	Trend Tone Imaging	Suzhou Everlight	Company	Whole Group
2020	Category 1	3,598.10	9,286.32	2,916.52	99.11	122.27	149.66	15,900.04	16,171.97
	Category 2	12,817.82	12,822.73	17,118.25	646.85	8,519.64	6,206.63	43,405.64	58,131.91
	Total	6,415.92	22,109.05	20,034.76	745.95	8,641.91	6,356.29	59,305.68	74,303.88
	Output value (NT\$ million)								6,084
2021	Category 1	4,032.17	11,435.77	2,752.18	121.28	113.62	126.21	18,341.41	18,581.24
	Category 2	12,598.37	14,965.62	20,014.51	728.14	9,973.10	5,391.95	48,306.65	63,671.71
	Total	16,630.54	26,401.40	22,766.69	849.43	10,086.72	5,518.17	66,648.06	82,252.94
	Output value (NT\$ million)								7,773

2022	Category 1	3,525.74	9,462.30	5,370.70	130.17	119.25	132.52	18,488.90	18,740.67
	Category	12,785.23	12,193.38	13,633.24	584.96	10,105.84	7,243.15	39,196.81	56,545.79
	Total	16,310.96	21,655.68	19,003.93	715.13	10,225.09	7,375.67	57,685.71	75,286.47
Output value (NT\$ million)								7,103	8,744
2023	Category 1	2,980.30	8,614.21	4,936.36	128.15	106.39	143.13	16,659.01	16,908.53
	Category 2	11,157.97	11,040.47	9,502.31	556.42	8,216.95	4,934.89	32,257.18	45,409.02
	Total	14,138.28	19,654.68	14,438.67	684.57	8,323.34	5,078.01	48,916.20	62,317.55
Output value (NT\$ million)								5,925	7,283

Table 7 Greenhouse gas emission of Everlight Chemical from 2020 to 2023

Unit: ton CO₂e/ NT\$ million output value

Year	2020			2021			2022			2023		
Items	Category 1	Category 2	Total	Category 1	Category 2	Total	Category 1	Category 2	Total	Category 1	Category 2	Total
Company	2.6	7.1	9.8	2.4	6.2	8.6	2.6	5.5	8.1	2.8	5.4	8.3
Whole Group	2.1	7.7	9.9	2.0	6.8	8.8	2.1	6.5	8.6	2.3	6.2	8.6

Table 8. 2020 -2023 Greenhouse gas emission intensity

The targets used by the organization to manage climate-related risks and opportunities and its implementation performance

In 2023, Board of Directors of Everlight Chemical approved the group's greenhouse gas emission reduction target for 2030. This target is based on a further 25 % reduction based on the carbon emissions in 2021. This means the carbon emissions of the whole group will be reduced from more than 80,000 tons to 60,000 tons per year. The reduction amount of absolute carbon emissions is about 20,000 tons.

1. The indicator for managing climate-related risks and opportunities is tons of CO₂e/million output value for reducing medium and long-term greenhouse gas emission intensity.
2. In 2023, despite the global market impact that caused the group output value is approximately 21 % lower than that in 2021, the group's greenhouse gas emission intensity still reached the annual target in 2023 through the efforts of all colleagues.

The specific mid-term targets are shown in Table 9.

Unit: ton CO₂e/million

Year	2021			2022			2023			2024	2030
Items	Category 1	Category 2	total	Category 1	Category 2	total	Category 1	Category 2	total	Aggregated target	
Company	2.4	6.2	8.6	2.6	5.5	8.1	2.8	5.4	8.3	8.1	6.4
Whole Group	2.0	6.8	8.8	2.1	6.5	8.6	2.3	6.2	8.6	8.3	6.6

Table 9. Greenhouse gas emission intensity in recent years and 2030 target output value

Chapter 5. Report management

- The time period covered by this report is from January 1, 2020 to December 31, 2023.
- Frequency of producing this report: once a year or when there are major changes.
- This report is mainly produced based on the TCFD framework (Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017).

- This report is an internal reference document of Everlight Chemical and could be used by customers, investment institutions and group companies.
- Report publication date and version: June 30 , 2024, First version
- Report contact information

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