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About This Report

D Reporting Period

This Report covers information on the Company's ESG management policies, material topics, responses, actions, and performance from January 1 to December 31, 2021.

D Report Boundaries and Scope

The boundaries of the Report are set in accordance with the consolidated financial statements and covers Eternal Materials Co., Ltd. and its major subsidiaries. The operating activities in Taiwan are used as the scope of the disclosure. And the important operating base is Taiwan. The scope of certain material issues is described in the contents based on the impact in other regions or countries.

D Reporting Guidelines

This report is written in accordance with GRI Standards: Core Options, the sustainability reporting standards published by the Global Reporting Initiative (GRI). The content is inclusive, sustainable, context, materiality, and completeness of stakeholders. The subject information of this report is in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and the Global Sustainability Report. Sustainability reporting guidelines, industry supplementary guidelines and other applicable standards issued by the Global Reporting Initiatives (GRI) according to industry characteristics.

D Release Frequency:

The Sustainability Report is published once a year.

Publication date of the previous Report: June 21, 2021.

Expected publication date of this Report: September 30, 2022.

Note: If there is any inconsistency between the information in this Report and the Annual Report, the Annual Report shall prevail.



DD Contact Information

If you have any questions, opinions, or recommendations regarding this Report, please feel free to contact us through the following channels and help us improve.







• A Letter from the Top Management

Dear Stakeholders,

Due to the impact of the COVID-19 pandemic over the past two years, the risk of business operations has increased. We have established a sound corporate governance system, insisted on ethical management, and actively promoted operational transparency to seize opportunities, ensure the momentum we need, and enhance risk control.

This has enabled us to fulfill our responsibility as a company, protect shareholders' legitimate rights and interest, and take into account other stakeholders' interest.

In 2021, we set up a net-zero emission task force to gradually realize the goals of environmental friendliness and energy conservation and emission reduction in the aspects of R&D, business units, carbon reduction technologies, and clients as per each department's functions and priorities. Meanwhile, we actively made investments in renewable energy and installed solar power facilities on a large scale to achieve energy self-sufficiency and increase the percentage of renewable energy used by the Company step by step. On the other hand, we have implemented the ISO 50001: 2018 energy management system in Taiwan and conducted greenhouse gas inventory again in accordance with the amended greenhouse gas inventory standard ISO 14064-1: 2018, as per which we evaluated where we could further reduce carbon emissions. We are also striving to obtain carbon credits and engaging in green R&D to continue to enhance the growth momentum, thereby gradually establishing an evaluation mechanism for product carbon footprint at the source.

In respect of social charity, we continue to call for our employees to enhance the safety and the landscaping of the school environment in rural areas as volunteers. In addition, the volunteers even turned into magicians to expose school children to chemical materials, help them gain the popular science knowledge, inspire them to explore in the field of science from an early age through magic tricks. The entire process was educational, while entertaining, making it popular with the participants.

Chairman Kao, Kuo-Lun President Mao, Hui-Kuan





About Eternal

Full Name of Company : Eternal Materials Co., Ltd.

Stock Symbol : Listed on Taiwan Stock Exchange; 1717

Core Businesses : Manufacturing, Processing, and Sales of Materials

Founding : December 3, 1964

Headquarters : No. 578, Jiangong Rd., Sanmin Dist., Kaohsiung City 807, Taiwan

⊳⊳ Corporate Culture

Since it was founded in 1964, Eternal has always upheld its values for compliance with laws, integrity, and moral values (civility, ethics, and morality) and make contribution to society. The Company also pays close attention to employee ethics and creates a clean and appealing work environment to establish a positive image for the Company.

D Business Philosophy

Eternal has always upheld its values for providing the best quality and service to customers, and we also care about the employee's welfare, respect the rights of shareholders, strive to ensure the stakeholders' rights, enhance all corporate governance systems, and fulfill corporate social responsibility.



For more information on important code of conduct or the Company's Ethical Corporate Management Best Practice Principles, please refer to the Company's

website: https://www.eternal-group.com/WebData/Director02



D Coatings Resins

To comply with the trend and customer requirements, Eternal keeps developing new materials and their related applications, including water-based and solvent-based coating resins, such as Alkyd resins, Acrylic resins, Oil-free polyester, Fluorocarbons resins, Amino resins, Phenolic resins. In addition, eternal also develop products for specifically targeted industries.

DD Adhesives Resins

Eternal supply water base and solvent base acrylic resins for adhesive-related industries. Such as water-based and solvent acrylic PSA, moisture curing polyurethane resins, peelable adhesive. Eternal also offers polyester polyol as materials for the polyurethane industry.

DD New Products

Eternal keep developing new products for different applications, including waterbased polyurethane dispersion, high molecular weight polyester, polyurethane resins, photo-catalyst resins, conductive polymer PEDOT, and adhesive products for specific applications.

D Unsaturated Polyester Resins

Eternal has experienced in unsaturated polyester resins field for over 40 years, and our product cover most application in the market. On the base of unsaturated polyester resin, we further expand our product portfolio and now we are also a key supplier of vinyl ester resin, epoxy system, fire retardant resin, structural adhesive and polyester polyol. Thermoplastic composite materials are under development.

With long-term commitment in supplying competitive and consistent quality products, our products have met stringent domestic and international quality standards, including Lloyd's, DNV and NK, and export to over 30 countries worldwide.



▷ Acrylate Monomers & Acrylate Oligomers

A broad of range of products including (1) mono-functional monomers, (2) di-functional monomers,(3) tri-functional monomers,(4) multi-functional monomers,(5) Monomers with high refractive index, (6) ethoxylated or propoxylated modified monomers (i.e. The 2nd generation monomers), (7) caprolactone modified acrylate monomers, (8) monomers with stiff and rigid skeleton, (9) toluene-free process's monomers, (10) high flexible monomers, (11) monomers from bio-renewable materials, etc.

We have various acrylate monomers that could provide high-quality products and different specifications to satisfy customer's needs. Besides, we also keep developing the market-oriented new products. There are three production sites, Luzhu plant in Taiwan and both Zhuhai and Suzhou plant in China, which support the sufficiency capacity to supply customers in the world and become a leader in Asia.

Eternal also provides various types of UV-curable acrylate oligomers, including (1) modified epoxy acrylates, (2) polyurethane acrylates, (3) polyester acrylates, (4) polyether acrylates, (5) full-acrylic resins,(6) hyperbranched polyester acrylates, (7) water-borne PUD acrylates, (8) organic-inorganic hybrid materials, (9) reactive amine synergists, (10) self-healing acrylates, (11) silicone modified acrylates, (12) adhesion promoter on various substrate, (13) oligomers for UV matting application, etc.

With outstanding production and R&D inputs for decades, Eternal has integrated the technologies among the Business Groups and built up a unique application database successfully. To be qualified by the markets' requirements, Eternal nowadays is not only certificated by ISO 9001/ISO14001/ISO14064/TOSHMS/OHSAS18001 but also made our efforts to comply with the Chemical regulation (REACH, TSCA, MITI, etc.). In view of the above, our products have earned good reliability among our worldwide customers.

⊳ Specialty Coatings

A Photo-curing system is a promising application technology with solid benefits including energy saving, low environmental pollution, cost-saving over highly automated production systems, and outstanding application potential. Specialty Coatings has products of UV coatings and thermal coatings which are developed for market needs.

▷ Silicone-base Materials

Silicon-based material is a kind of new material with organic and inorganic characteristics due to special chemical characteristics. In the meanwhile, due to excellent thermal stability, weather durability, high water repellency, inert, chemical resistance, and excellent electrical insulation performance, that can be widely used to develop new applications by many global companies with a huge potential market.

Eternal dedicates to developing new materials to fulfill market demands, including "Silicone microsphere products", "Modified silicone products", and "Silicone resins".

(1) Silicone microsphere (or polymethylsilsesquioxane) include light diffuser (DF series), functional powder for cosmetic (WJ series), and friction modifier for coating (GP series). Base on different specifications and traits required by customers, Eternal can customize silicone microsphere products with various particle sizes and provide integrated solutions. Furthermore, we would also like to assist to enhance customers' compatibilities with the continued development of high-performance products and provide in-time technical service. We have two production sites, the Zhuhai plant and the Shanghai plant that can produce high-quality products.

(2) Modified silicone products contain polyether siloxane copolymer, Polyester siloxane copolymer, Epoxy-functional modified siloxane copolymer, Hydroxy-functional modified siloxane copolymer, and acrylate modified siloxane.

(3) Silicone resin/encapsulation: Suitable for Mini LED/Micro LED, general LED encapsulation, COB LED encapsulation, and other applications of silicons material encapsulation. Silicone encapsulants include methyl type (low refractive index ~1.41) and phenyl type (high refractive index ~1.54) silicone

encapsulants. The developed methyl silicone encapsulant by Eternal Materials Co. Ltd has excellent heat resistance, reliability, sun-light resistance, crack resistance, low warpage, low surface tackiness, low shrinkage, and low light-output decay. It is especially suitable for high stability, high-performance, and long-life electronic products or automotive products, such as mini LED backlight modules, automotive mini LED displays, etc. The high refractive index phenyl type silicone encapsulant has the characteristics of high hardness, easy dicing, and high light extraction efficiency. Our team also has dam materials for customers to select. It can be used with COB, PCB, glass substrate, and others for a dam purpose.

DD Laminate Materials

Laminate Materials (including CEM-1 CCL, paper phenolic CCL, phenolic insulation board without copper, bakelite) is the primary material for household appliances, information and telecommunications peripheral devices. In the pursuit of market trends, it develops copper / silver through hole materials and environmental-friendly materials to upgrade the application of the products. The production processes are fully automated and have received UL, BSI, VDE, JET,CQC, ISO9001, ISO14001 and OHSAS 18001 Certifications. "Focusing on service quality and grasping the customer's need" is the primary marketing concept of the company. All the production technology and manufacturing development are based on the needs of our customers.

Photoresist Materials, Vacuum Laminator and Toll Coating Service

Eternal has focused on formula design, precision coating technology and set up worldwide supply chains as our global strategy. We've strived for PCB industry market in years with our commitment to offer customers high-quality products through our distribution center and production facilities in Taiwan, China, Japan, United States, Europe and South East Asia. We're able to provide in-time technical service and rapid logistic capability over the past years, Eternal has developed itself into one of the world's main leading suppliers of Dry Film Photoresist. In 2013, we devoted into vacuum lamination business, looking to offer customers with further total solution in both materials and equipments.

Based on increasing demand on electronic products with functional precision film materials, we're aggressively offering customers toll coating service with our abundant experiences and technology in precision coating. Our customers varied in electronic industry, LCD industry, touch panel industry, optical industry and so on. We look forward to cooperate with industries and develop advanced coating products.

▷ In vitro detection (IVD) reagents

The Eternal R&D team has developed rapid diagnostic test strips and nucleic acid detection reagents based on self-produced key biomedical materials. In addition to showing our capabilities from raw materials to products, our IVD products have obtained international/national certification, and can provide customers with total solutions for product design, development and OEM production. Eternal has built a GMP plant and automated reagent production line in the Xizhi plant to provide customers with high-quality and stable products.

DD Biomedical materials

Eternal develops biomedical materials to expand the layout of the biomedical field, covering various enzymes, recombinant proteins, and monoclonal antibodies. The products have successfully entered the biotechnology supply chain, and the enzyme and protein products have obtained the certification of ISO13485 medical devices quality management system. Focusing on microbial fermentation/cell culture technology, we will continue to expand various application markets for biomedical materials.





Elements of Infinite Possibilities

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Participation in Industry Associations

Eternal continues to participate in regular and ad hoc meetings of trade associations of related industries to discuss and propose opinions on related national policies and international initiatives and form effective and positive negotiation mechanisms.

Key Industrial Organizations	Name
Taiwan Listed Companies Association	Member
Chinese National Federation of Industries	Member
Taiwan Flat Panel Display Materials & Devices Association	Director Member
Taiwan Synthetic Resin & Adhesives Industrial Association	Vice Chairperson Member
Taiwan Paint Industry Association	Supervisor Member
Nonylphenol Toxic Chemical Disaster Allied Defense Organization with Formosan Union Chemical	Team Member
Taiwan Regional Association of Adhesive Tape Manufacturers	Honorary Member
National Toxic Chemicals Regional Allied Defense South District Team	Team Member
Pingnan Industrial Park Association	Executive Supervisor Member
Reinforced Plastics Association, ROC	Member
Taiwan Composite Materials Industry Association	Member
Taiwan Printed Circuit Association	Member
Institute for Biotechnology and Medicine Industry	Member
Chemical Society Located in Taipei	Member
Chinese Association for Industrial Technology Advancement	Member
Taiwan Chemical Industry Association	Executive Director Member
Taiwan Nanotechnology Industry Development Association	Director Member
Association of Bio-based Material Industry	Member
The Polymer Society, Taipei	Member

Key Industrial Organizations	Name
Kaohsiung City Toxic Chemical Allied Defense Team	Team Member
Kaohsiung Chamber of Commerce	Member
Industrial Safety and Health Association of the R.O.C.	Member
Taiwan Responsible Care Association	Supervisor Member
The Institute of Internal Auditors-Chinese Taiwan	Member
Chinese National Association of Industry and Commerce, Taiwan	Vice Chairperson Member
Kaohsiung Chamber of Industry	Director Member
Importers and Exporters Association of Kaohsiung	Consultant Member
Taiwan Carbon Association	Director Member
Taiwan Alliance for Sustainable Supply	Member
Chinese East Asia Economic Association	Member
New Taipei City Industrial Association	Member

D External Initiatives

Eternal applied to join SusChem (http://www.suschem.org) in 2019. The initiative mainly applies to operation sites in Taiwan and include various related stakeholders. The initiative promotes the sustainable low-carbon economy advocated by SusChem to prevent or adapt to material impact of climate change and support dynamic innovation and industrial ecosystems. We implemented measures based on the five major SusChem policies including Competitiveness, Circular Economy, Energy Union, Digital Single Market, and Bioeconomy.



Sustainable Development Policy

Eternal persists on the operating principles, as well as sustainable growth, constantly establishing the corporate culture including law-abiding, keeping promises and morality (social morals, ethic morals, and individual morals); contributing to the society, and beautifying the work environment.

In order to dedicate in the responsibility of environmental protection, we have not only devoted significant amount of budget to conduct facility investment and enhancement, but also actively develops green products which are friendly to the environment, allowing their impacts on the environment to be reduced to the minimum.

As for the aspect of safety management, Eternal has always valued industrial safety and hygiene, as well as fire controls. In addition to constantly reviewing to improve the safety of the production, we also organize educational trainings on a regular basis, so as to implement all relevant knowledge into the work environment.

" Employee " is a vital asset to the enterprise, and besides obeying the various labor regulations, Eternal further devotes in taking care of the employees' body as well as mind health, constantly reviewing the various employees' welfares as well as educational training system, so as to maintain excellent interactive system and stimulate the harmonious relationship between the employees and the employer.

Eternal continuously review itself through the three major fields of "Environmental", "Social " and " Governance " (ESG), thereby fulfilling its responsibilities towards the stakeholder.

ESG Operation Spirit

Eternal follows the United Nations' Sustainable Development Goals (SDGs) in the three areas of ESG to continuously implement the responsibilities of global citizens, whether in employment, respect for human rights, and assisting of health and well-being, ban on child labor, climate action, etc., we are committed to complying with domestic laws and international regulations.

For the practice of sustainable development, the following principles are expressly stated:

- 1. Exercise corporate governance.
- 2. Foster a sustainable environment.
- 3. Preserve public welfare.
- 4. Enhance disclosure of corporate sustainable development information.

Stakeholder identification

Identification of stakeholders is a core task in promoting corporate social responsibility. Employees of each department identify key stakeholders and fully communicate on issues of concern. Based on the recommendations in the "AA1000SES 2015 Stakeholder Engagement Guidelines," we consider the degree of dependency, responsibility, tension, influence, and diverse perspectives, and reach a consensus with related personnel. We then produce a table which is used as an important reference for disclosing the contents of the Report. In 2021, Eternal reviewed the external regulatory, technological, competitive, market, cultural, social, and economic environment and gained a deep understanding for international, national, regional, or local perspectives, and their internal values, culture, knowledge, and performance. We identified six categories of stakeholders in the company's operations, including investors, customers, employees, suppliers/contractors, government, and communities. We also established different channels and communication methods to provide stakeholders with open and diverse communication mechanisms.





Stakeholder Communication

In addition to providing interactive communication with stakeholders through the following diverse channels in regular operations, the Company has also set up a communication mailbox on its website. The main contents consist of employees, investors, customers, suppliers, etc. The Company also assigns different dedicated personnel for each category of stakeholders to process related issues or inquiries.

Stakeholders	lssues of concern	Communication channels	Communication frequency
		Shareholders' meeting	Annually
	▲ Operational	Annual Report	Annually
	performance ▲ Information	Spokesperson	Irregular basis
Investors	disclosure ▲ Material announcements	MOPS	Where necessary
	▲ Company website	Institutional investors' conference	Where necessary
		Company website	Immediate
	 Product quality Delivery schedule Services Customer complaint channels 	Customer satisfaction survey	Annually
		Visits	Irregular basis
Customers		Email and telephone interview	Irregular basis
		Technical support	Where necessary
		Company website	Immediate
		Communication meetings	Irregular basis
	▲ Compensation	Email	Irregular basis
	▲ Training	Interviews with department heads	Semi-annually
Employees	▲ Benefits ▲ Safety and	Employee Welfare Committee	Quarterly
	health	Labor-management meeting	Quarterly
	promotion	Internal announcements	Irregular basis
		Company website	Immediate

Stakeholders	Issues of concern	Communication channels	Communication frequency
	▲ Supplier	Email	Irregular basis
	▲ Tiered supplier	Telephone communication	Irregular basis
Suppliers contractors	management ▲ Contractor	Invite suppliers for visits	Irregular basis
	construction	Contractor meetings	Annually
	management	Company website	Immediate
		Participate in various seminars on regulations	Where necessary
	 Regulatory compliance Safety and 	Participate in drafting legislation	Where necessary
Government	 ▲ Environmental Protection ▲ Industry upgrade 	Visits, official correspondence, or questionnaire surveys	Where necessary
		Awards and contests	Irregular basis
		Industrial zone meetings	Annually
		Company website	Immediate
	▲ Community	Establish good relations with local communities	Where necessary
Community	participation ▲ Activities in the	Continue to support disadvantaged groups	Where necessary
	P	Company website	Immediate
		130	



Analysis Process for Material Issues

⊳⊳ Step.1

Use of external sources: We collect various international sustainability guidelines, policies, and issues of concern proposed by government authorities, and reference the opinions of external experts and experience of benchmark companies.

▷ Step.2

Review internal company sources: We identify and categorize the stakeholders affected by the business activities of each department and learn about their issues of concern through communication channels.

▷ Step.3

We assemble related ESG members to consider internal and external sources, stakeholder opinions, and characteristics of the industry to verify the potential impact of significant issues on the Company and the positive or negative impact on the economy.

⊳⊳ Step.4

After the data are compiled, we completed the identification of ESG materiality issues based the "assessment of impact on stakeholders" and "significant impact on the economy, environment, and society," and identified a total of 20 material key issues. We have integrated environmental compliance and socio-economic compliance into the compliance issue, and integrated supplier environmental assessment and supplier social assessment into the supplier assessment. We responded to the relevant management guidelines in this Report based on the index contents of the GRI Standards.





Elements of Infinite Possibilities

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Material concerns and topics after compilation

Category	Material Issue	Description	Item in GRI Standards	
	Economic	Direct economic value generated and distributed by the organization		
	periormance	Scope of defined benefit plans prepared by the organization	201-3	
_	Market	Ratios of standard entry-level wage by gender compared to local minimum wage	202-1	
Econo	presence	Proportion of senior management hired from the local community	202-2	
mic	Procurement	Proportion of procurement expenses on local suppliers	204-1	
	Anti- corruption	Confirmed incidents of corruption and actions taken	205-3	
	Anti- competitive behavior	Legal actions of anti-competitive behavior, antitrust and monopoly practices	206-1	
		Energy consumption of the organization	302-1	
	Energy	Energy intensity	302-3	
		Energy reduction results and practices	302-4	
	Water	Interactions with water as a shared resource	303-1	
		Management of water discharge-related impacts	303-2)
		Water withdrawal	303-3	
		Water discharge	303-4	
		Water consumption	303-5)
Envi		Direct GHG Emissions (Scope 1)	305-1	
ronr		Indirect GHG Emissions (Scope 2)	305-2	
nen	Emissions	GHG emissions intensity	305-4	
tal		Greenhouse gas reduction	305-5	
		Nitrogen oxides, sulfur oxides, and other significant air emissions	305-7	
	Waste	Waste by type and disposal method	306-2)
	Environmental compliance	307-1		
	Supplier	Environmental criteria adopted to screen new suppliers	308-1)
	environmental assessment	Negative environmental impacts in the supply chain and actions taken	308-2)

Category	Material Issue	Description	Item in GRI Standards
		New employees and departing employees	401-1
	Employer -employee	Benefits provided to full-time employees at important operating locations	401-2
	relationship	Reinstatement rate and retention rate by gender after parental leave	401-3
		Occupational health and safety management system	403-1
		Hazard identification, risk assessment, and incident investigation	403-2
		Occupational health services	403-3
		Worker participation, consultation, and communication on occupational health and safety	403-4
	Occupational health	Worker training on occupational health and safety	403-5
	and safety	Promotion of worker health	403-6
		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	403-7
		Workers covered by an occupational health and safety management system	403-8
		Work-related injuries	403-9
		Work-related ill health	403-10
Social	Training and education	Average training hours per employee by rank and gender	404-1
	Employee diversity and	Diversification of governance units and employees	405-1
	equal opportunities	Ratio of basic salary and remuneration of women to men	405-2
	Non- discrimination	Incidents of discrimination and corrective actions taken	406-1
	Child labor	Whether the Company and important suppliers hire child labor, whether they have established operation sites hazardous to children, and measures taken by companies to end child labor	408-1
	Human	Operations that have been subject to human rights reviews or impact assessments	412-1
	ngints	Employee training on human rights policies or procedures	412-2
	Local	Operations with local community engagement, impact assessments, and development programs	413-1
	communities	Operations with significant actual and potential negative impacts on local communities	413-2
	Supplier	New suppliers screened using social criteria	414-1
	social assessment	Negative social impacts in the supply chain and actions taken	414-2
	Society and economy Regulatory compliance	Non-compliance with social and economic laws and regulations	419-1



Values, Principles, Standards, and Norms of Behavior

Eternal has established internal regulations and systems, such as the "Corporate Governance Regulations," "Ethical Corporate Management Best Practice Principles," "Compliance Management Regulations," and "Reporting System Implementation and Management Regulations" based on its corporate culture of compliance with laws, integrity, and moral values, as well as principles of ethical management and comprehensively developed business structure. We expressly disclose the Company's ethical management policies, require all business activities of the Company and subsidiaries to comply with relevant laws and regulations, and prohibit unethical and illegal actions. The regulations are applicable to the Company and the Group's enterprises and organizations, as well as directors, supervisors, managers, employees, appointees, and those with de facto control. With compliance with laws, integrity, and moral values (civility, ethics, and morality), Eternal has adopted corporate culture and business philosophy as basic policies for ethical management. We have also established good corporate governance and risk control and management mechanisms to create a business environment for sustainable development.

The Company's preventive plans against unethical conduct comply with the local laws and regulations where the Company and the Group's enterprises operate. We also engage in active communication with relevant stakeholders in the process of the formulation of the plans. The preventive plans include preventive measures for the acts below:

- ▲ Offering and acceptance of bribes.
- ▲ Illegal political donations.
- Improper charitable donations or sponsorship.
- Offering or acceptance of unreasonable gifts or hospitality, or other improper benefits.
- ▲ Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- ▲ Engaging in unfair competitive practices.
- Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Prior to establishing business dealings, the Company evaluates the compliance and unethical conduct records of its agents, suppliers, customers, or other business transaction counterparties, and shall avoid conducting transactions with those with records of unethical conduct while requiring directors, managers, employees, appointees, and those with de facto control at the Company or companies under the Group not to offer, promise, request, or accept any improper benefits, directly or indirectly, in any form to or from clients, agents, contractors, suppliers, civil servants, or other stakeholders. In addition, where directors' personal interest or the interest of any juridical persons which they represent involved in a proposal listed on the agenda of a board meeting of the Company or each company under the Group, which may undermine the Company's interests, they may state their opinions and answer inquiries but shall recuse themselves from the discussion and voting of the proposal, and shall not exercise the voting rights on behalf of other directors. Directors shall also exercise self-discipline and must not support one another in improper dealings. The Company's directors, managers, employees, appointees, and those with de facto control shall not take advantage of their positions or influence in the Company to obtain improper benefits for themselves, their spouses, parents, children, or any other person.

Board of Directors

>> Corporate Governance Organizational Structure



Eternal has established an effective corporate governance structure and system in accordance with the Company Act, Securities and Exchange Act, and relevant laws and regulations, and has adopted the protection of shareholders' rights and interests, strengthening the functions of the Board of Directors, respect for stakeholders' rights and interests, and improvement to information transparency as the top guiding principles.

D Establishment of the Board of Directors

The Board of Directors is the Company's highest governance unit. Its main responsibilities include monitoring business performance, preventing conflicts of interest, and ensuring that the Company complies with various laws and regulations. The Company's Board of Directors shall be responsible for the Board of Shareholders. The Board of Directors shall be sure to exercise its functions and powers in accordance with laws, the Articles of Incorporation, or resolutions adopted by the shareholders' meeting for various operations and arrangements of the governance system.



The current term of directors were elected at the 2019 general shareholders' meeting, and there are ten directors at the end of 2021, including three independent directors and two female directors, all of whom with extensive work experience and professional qualifications in business, law, finance, accounting, or required for the Company's business. The three independent directors provide objective and professional opinions in their areas of expertise and assist the Board of Directors in making decisions that are in the best interest of the Company. The independent directors are elected in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies."

The Chairman of the Board of Directors is elected by the Board of Directors. The Chairman serves as the chair of board meetings and represents the Company externally. With a candidate nomination system adopted for the election of directors, shareholders' meeting shall elect directors from a list of candidates approved by the resolution of the Board of Directors for a term of three years, and each director may be re-elected. The relevant matters concerning the acceptance methods and announcements of nominations for director candidates are governed by the relevant laws and regulations of the Company Act and the Securities and Exchange Act. Please refer to the Company's official website and the Annual Report for the shareholders' meeting for information on the directors' education, experience, concurrent roles at other companies, and attendance at meetings.

The Board Meetings shall be convened at least once a quarter in principle. We held a total of eight board meetings during 2021. We disclosed the important resolutions by the Board of Directors were immediately as well as the Articles of Incorporation, the Rules of Procedure of the Board of Directors Meetings, the operations of board meetings, and the directors' remuneration and recusal from proposals, on the Market Observation Post System (MOPS) of Taiwan Stock Exchange Corporation to inform investors at home and abroad in real time.

D Members of the Board of Directors

Title	Name	Gender	Date of Appointment	Education / Work Experience
Chairman	Kao, Kuo-Lun	Male	2019.06.26	 ▲ Master of Business Administration, University of Southern California ▲ Chairman of the Company ▲ CEO of the Company concurrently ▲ Former President of the Company
Vice Chairman	Hsieh, Chin-Kun	Male	2019.06.26	 ▲ Master of Business Administration, National Sun Yat-sen University ▲ Vice Chairman of the Company ▲ Chief Strategy Officer of the Company concurrently ▲ Former President and Chief Operating Officer of the Company
Director	Yang, Huai-Kung	Male	2019.06.26	▲ Bachelor of Accounting, Soochow University ▲ Former Vice-President of the Company

(Title	Name	Gender	Date of Appointment	Education / Work Experience
	Director	Kao, Ying-Chih	Male	2019.06.26	 ▲ Bachelor of Physics, Chung Yuan Christian University ▲ Supervisor of Chengfu International Investment Co., Ltd. ▲ Former Chairman of the Orchard Corporation of Taiwan Ltd.
	Director	Representative of Kwang Yang Motor Co., Ltd.: Ko, Chun-Ping	Male	2019.06.26	 ▲ Master of Management Sciences, Tamkang University ▲ CEO of Kwang Yang Motor Co., Ltd. ▲ Director of New E Materials Co., Ltd.
	Director	Shiao, Tzu-Fei	Male	2019.06.26	 ▲ Master of Business Administration, National Chengchi University ▲ Former Vice Chairman, President, and Chief Strategy Officer of the Company
	Director	Yen, Shu-Fen	Female	2019.06.26	▲ Bachelor of Business Administration, National Cheng Kung University ▲ Former Vice President and Chief Administration Officer of the Company
	Independent Director	Hung, Lee-Jung	Female	2019.06.26	 ▲ Bachelor of Accounting, National Cheng Kung University ▲ Former Certified Public Accountant (CPA) and Partner of Pricewaterhouse Coopers Taiwan ▲ Independent director of Advanced International Multitech Co., Ltd. and Kuen Ling Machinery Refrigerating Co., Ltd.
	Independent Director	Luo, Li-Chun	Male	2019.06.26	 ▲ PhD in Management, Hong Kong Polytechnic University ▲ CEO of Protrend Management Consulting Co., Ltd. ▲ Co-director of the Chinese Family Legacy Research Center, Hang Seng University of Hong Kong
	Independent Director	Chen, I-Heng	Male	2020.06.18	 ▲ Doctoral degree in Human Resource Management and Organizational Development, New York University ▲ Professor of Institute of Human Resource Management, National Sun Yat-sen University ▲ Independent director of Kham Inc. and Tigerair Taiwan Co., Ltd.

Note: Director Huang, Wu-Tung resigned on April 8, 2021.

>> The age distribution is as follows

			2022.04.20
Age distribution	Under 30	30–50 years old	Over 50
Number of persons	0	0	10

2022 04 25



Implementation of Corporate Governance

>> Appointment of the Chief Corporate Governance Officer

Eternal's Board of Directors resolved in the meeting on May 10, 2019, to appoint the Finance Manager Liu, Bing-Cheng to serve as the Company's Chief Corporate Governance Officer to coordinate affairs related to corporate governance and the Finance Department to assist with the process. Mr. Liu, Bing-Cheng has at least three years of experience as the chief financial officer at a publicly listed company. the Company's Chief Corporate Governance Officer is responsible for handling matters related to the board meetings and shareholders' meetings, producing meeting minutes of the board meetings and shareholders' meetings, assisting directors in taking office and with continuing education, providing the information required by the directors to perform professional service, and assisting the directors in complying with laws and regulations.

The Implementation of Corporate Governance Business in 2021 is as follows

- (I) Assist independent directors and general directors to perform their duties, provide necessary materials and arrange continuing education for the directors:
 - ▲ Provide relevant regulations and decrees as required by laws to Board members when they take office this year.
 - ▲ Review and provide company information required by the directors to maintain smooth communication and interaction between the directors and the heads of divisions.
 - ▲ Arrange meetings with the chief internal auditor or CPAs for independent directors who require investigating the Company's financial or business operation in accordance with the Corporate Governance Best Practice Principles.
 - ▲ Assist independent directors and general directors in drawing up an annual continuing education plan and arranging courses in accordance with nature to which the Company belongs and the experience and background of directors.
- (II) Assist in matters related to the rules of procedures of the board meetings and shareholders' meetings as well as legal compliance of resolutions:
 - ▲ Report on the implementation of corporate governance to the Board of Directors, independent directors, and the Audit Committee, and confirm whether the Company's board meetings and shareholders' meetings are held in compliance with relevant laws and regulations and the Corporate Governance Best Practice Principles.
 - ▲ Assist and remind directors of laws and regulations they must comply with when performing their duties or when making resolutions of the Board of Directors.
 - ▲ Be responsible for verifying the release of the material information related to the important resolutions made by the Board of Directors, and ensure the legality and

accuracy of the contents of such information to ensure that investors could keep abreast of trading information.

- (III) Draw up agendas for board meetings and notify directors of the agendas seven days before said meetings, convene meetings and provide information about the meetings, send out reminders regarding agendas that require directors' recusal, and complete the minutes of the Board of Directors' meetings within 20 days after the meetings.
- (IV) Handle pre-registration for shareholders' meetings, prepare meeting notices, agenda handbook, and meeting minutes prior to a deadline, as well as hold by-elections of directors.

D Continuing Education in 2021

Date	Organizer	Course title	Number of hours	Total training hours during the year
8/27	Securities and Futures Institute	Advanced Seminar on Directors' and Supervisors' (including Independent Directors') and the Chief Corporate Governance Officer's Practices	3	
9/3	Taiwan Corporate Governance Association	The Governance Structure of Family Business Succession and Case Study	3	12
9/16	Taiwan Corporate Governance Association	Case Study of Hostile Takeover and Management Rights Competition and Countermeasures	3	
9/27	Securities and Futures Institute	Analysis and Case Study of Directors' and Supervisors' Non-arm's Length Transactions	3	



Functional Committees

Eternal has established three functional committees under the Board of Directors, namely the Audit Committee, the Remuneration Committee, and the Corporate Governance and Sustainability Committee to enhance the board's supervisory function.

D> Audit Committee

- (I) The Company established the "Audit Committee" in June 2016 to take over the duties of supervisors and to strengthen the supervisory functions of the Board of Directors.
- (II) The Audit Committee is responsible for assisting the Board of Directors in supervising the proper presentation of the Company's financial statements, the selection (dismissal) and independence and performance of CPAs, the effective implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and the management and control of the Company's existing or potential risks. A total of six meetings were held in 2021, with a total attendance rate of 100%.
- (III) The items reviewed by the Audit Committee mainly include:
 - Formulation of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - ▲ Evaluation of the effectiveness of the internal control system.
 - ▲ Formulation of or amendments to the operating procedures for financial operations of material significance, such as acquisition or disposal of assets, derivatives trading, loans to others, or endorsements or guarantees for others pursuant to Article 36-1 of the Securities and Exchange Act.
 - ▲ Matters involving directors' personal interests.
 - ▲ Material asset or derivatives trading.
 - ▲ Material loans, endorsements, or guarantees provided to others.
 - ▲ Offering, issuance, or private placement of any equity-type securities.
 - ▲ Appointment, dismissal, or compensation of CPAs.
 - ▲ The appointment or dismissal of a financial, accounting, or chief internal auditor.
 - ▲ The annual financial report signed or sealed by the Chairman, manager, and accounting manager, and the second-quarter financial report that must be audited and certified by CPAs.
 - ▲ Any other material matter is required by the Company or the competent authority.
- (IV) According to the laws of the Republic of China, the members of the Audit Committee shall consist of all independent directors. The establishment of the Audit Committee is in alignment with the regulatory requirements, and its convener has extensive work experience in finance and professional qualifications.
- (V) The Audit Committee may, for the performance of its duties, implement any suitable

reviews and investigations in accordance with laws and establish communication channels with the Company's internal audit personnel, CPAs, and employees. The Audit Committee is authorized to employ and supervise lawyers, accountants, or other consultants as it deems appropriate to fulfill its mandates.

(VI) Please refer to the Company's website or the MOPS for the Audit Committee Charter.

(VII) Members of the Audit Committee:

(Title	Name	Date of Appointment	Education / Work Experience
	Independent Director / Audit Committee Convener	Luo, Li-Chun	2019.06.26	 ▲ PhD in Management, Hong Kong Polytechnic University ▲ CEO of Protrend Management Consulting Co., Ltd. ▲ Co-director of the Chinese Family Legacy Research Center, Hang Seng University of Hong Kong
	Independent Director	Hung, Lee-Jung	2019.06.26	 Bachelor of Accounting, National Cheng Kung University CPA and Partner of PricewaterhouseCoopers Taiwan Independent director of Advanced International Multitech Co., Ltd.and Kuen Ling Machinery Refrigerating Co., Ltd.
	Independent Director	Chen, I-Heng	2020.06.18	 ▲ Doctoral degree in Human Resource Management and Organizational Development, New York University ▲ Professor of Institute of Human Resource Management, National Sun Yat-sen University ▲ Independent director of Kham Inc.and Tigerair Taiwan Co., Ltd.

D Remuneration Committee

We established the Remuneration Committee in October 2011 pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

The Remuneration Committee aims to assist the Board of Directors in evaluating the level of remuneration for directors and managers. There are three members on the Remuneration Committee. The external experts, namely Ms. Hung, Lee-Jung, Mr. Lo, Li-Chun, and Mr. Chen, I-Heng, serve as members of the committee. The committee member Hung, Lee-Jung serves as the convener and chair of the committee. A total of three meetings were held in 2021, and all members attended the meetings in person.

Note: Please refer to the Company's Annual Report for detailed information.



▷ Corporate Governance and Sustainability Committee

- (I) To implement corporate governance and promote sustainable development, we established the Corporate Governance and Sustainability Committee in November 2021.
- (II) This committee aims to assist the Board of Directors in formulating the sustainable development goals and strategies, identifying critical sustainability issues, and drawing up action plans, while following up on the implementation results and formulating improvement plans. It shall convene at least a meeting per year.
- (III) It is chaired by the Chairman and the independent directors, the President, and the Chief Administration Officer serve as the members of the committee; the top-level manager of the management team is responsible for managing each unit.
- (VI) Please refer to the Company's website or the MOPS for the Corporate Governance and Sustainability Committee Charter.
- (V) Members of the current term of members of the Corporate Governance and Sustainability Committee:

Title	Name	Date of Appointment	Education / Work Experience
Chairman	Kao, Kuo-Lun	2021.11.05	Master of Business Administration, University of Southern California / Chairman of the Company
President	Mao, Hui-Kuan	2021.11.05	Master of Chemistry, National Taiwan University / President of the Company
Chief Administration Officer	Chu, Jui-Hsin	2021.11.05	Master of Business Administration, National Sun Yat-sen University / Chief Administration Officer of the Company
Independent Director	Luo, Li-Chun	2021.11.05	Doctor of Management, the Hong Kong Polytechnic University/ CEO of Protrend Management Consulting Co., Ltd. / Co-director of the Chinese Family Legacy Research Center, Hang Seng University of Hong Kong
Independent Director	Hung, Lee-Jung	2021.11.05	Department of Accounting, National Cheng Kung University / Former Certified Public Accountant (CPA) and Partner of PricewaterhouseCoopers Taiwan Independent director of Advanced International Multitech Co., Ltd. and Kuen Ling Machinery Refrigerating Co., Ltd.
Independent Director	Chen, I-Heng	2021.11.05	Doctoral degree in Human Resource Management and Organizational Development, New York University / Professor of Institute of Human Resource Management, National Sun Yat-sen University Independent director of Kham Inc. and Tigerair Taiwan Co., Ltd.



D Environmental risk

Risks of greenhouse gases, water resources, air pollution, waste, and hazards of controlled chemicals

Set energy consumption reduction targets, follow the principles of waste reduction at the source and end-of-pipe control, improve processes to reduce energy consumption, increase energy recycling, enhance the control of controlled chemical substances, prudently select end-of-pipe treatment companies, and conduct carbon footprint verification timely to control the risk of hazards to the tolerance level.

Green chemical development

Engage in the research and development (R&D) of low-polluting and eco-friendly substances and green energy materials to reduce the emissions of greenhouse gases and volatile organic compounds (VOCs); develop decomposable and recyclable products to reduce waste and reduce burdens on the environment.

DD Operational risk

Talent recruitment and retention

Adhere to Eternal's Human Rights Policy to continue to reinforce our human rights actions, establish an all-round management mechanism, as well as provide employees with excellent benefits, a comfortable and safe work environment, complete and solid training, and obstacle-free promotion and grievance channels to recruit outstanding talents.

Healthy and safe work environment

Continue to optimize and effectively implement the occupational safety and health management system, establish a work environment and operating procedures where risks are controlled, facilitate the safety culture for all employees through education and training, identify and manage risks to reduce occupational accidents, and maintain the safety in the plants and the neighborhoods.

Supply interruption

Actively work with new suppliers, increase supply sources, establish a raw material inventory control mechanism, set a safety stock level, and pay attention to production and sales demand and the supply in the market, to adjust the inventory accordingly.

Energy supply

Continue to pay attention to the power and water supply and formulate countermeasures to ensure the stability of energy supply.



Corruption risk

Formulate the Corporate Governance Regulations, the Ethical Corporate Management Best Practice Principles, and the Procedures for Handling Material Inside Information and Managing Insider Trading Prevention as the guideline, regularly offer education and training on ethics, inspect the legitimacy of each counterparty's agents, suppliers, clients, or other business partners and their records of unethical conduct, if any, before business dealings to reduce the risk of corruption.

Information security

Pay attention to information security issues and formulate response plans to ensure the appropriateness and effectiveness thereof. Establish layers of control and protection mechanisms for applications, operating systems, and network systems; regularly offer education and training and have a test on employees' knowledge of information security per year to increase their awareness of information security risks.

D Financial risk

Credit risk

Eternal's business operations consist mainly of R&D, manufacturing, and sales. We do not engage in high-risk, high-leverage financial investment, and we implement rigorous rules with regard to the amount and scope for loans to other parties, endorsements and guarantees, or derivative trading. The risks are manageable.

Liquidity risk

Maintain cash, cash equivalents, highly liquid securities, and sufficient bank financing facilities required to ensure continuous operations; pay attention to changes in interest rates and make appropriate adjustments to ensure that the Company has sufficient financial flexibility and liquidity.

Property risk

Purchase various property insurance policies, including fire, property, business interruption, and cargo transportation for business assets, to reduce the risk of property loss due to natural or non-natural disasters and transfer part of the risk to insurance companies.

Market risk

As exports account for a certain percentage of the Company's revenue, our finance unit maintains close communication with financial institutions to stay up-to-date with the exchange rate movement, conduct appropriate management, and bring risk exposure under control. The specific countermeasures adopted are as follows:

▲ Adopt hedging strategies, such as increasing in the positions of foreign currency financing or forward exchange trading, for larger positions of foreign currency assets.

- ▲ Pay for procurement expenditures using our sales income in the same currency to achieve the effect of offsetting the risks of assets and liabilities, while paying for the foreign-currency payables arising from the purchase of raw materials using the foreign-currency cash from the sales of foreign products.
- ▲ Adopt asset management to hedge against most exchange risks, so only the net foreign-currency assets (liabilities) are subject to exchange rate fluctuations.
- ▲ Adopt other tools to hedge against foreign exchange risks, such as increasing or decreasing the position of foreign-currency financing loans or trading forward exchange contracts to hedge against the risk of exchange rate fluctuations in a timely manner.
- ▲ Before business units provide quotes to customers, they decide on appropriate and reasonable quotes based on the estimation of the foreign currency exchange rates by the Finance Department after comprehensive consideration and evaluation.





Implementation of Ethical Management

Eternal's corporate culture is based on "compliance with laws, integrity, and moral values" which are core values to be upheld by all members of the Company. When the Company and its affiliated enterprises engage in inter-company business transactions, we will enter into written agreements for the business transactions as per the principle of fairness and reasonableness. Price conditions and payment methods shall be clearly established in contracts to eradicate unconventional trade violations. All transactions or contracts made by and between the Company and its related parties and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited. The Company has maintained smooth communication channels with banks, other creditors, employees, consumers, suppliers, communities, or the Company's stakeholders, as well as respects and safeguards their due legal rights and interests. When a stakeholder's legal rights or interests are harmed, the Company shall handle the matter in a proper manner and good faith.

The Company discloses information in a timely, accurate, and complete manner in accordance with relevant laws and regulations so that all shareholders and stakeholders are fully informed and have easy access to relevant information in order to protect the interests of investors. To enhance the accuracy and timeliness of material information disclosure, we appoint the person who understands the Company's finance and business or is capable of coordinating all departments to provide relevant information, and is able to make a statement on behalf of the Company as the Company's spokesperson and deputy spokesperson. The Company appoints one or more deputy spokespersons who represent the Company, when the spokesperson cannot perform his/her duties, in making statements to the public independently. We have also established the order of external communications to implement the spokesperson system. The Company discloses the relevant information immediately when there is a change of spokesperson or deputy spokesperson.

The Company sets up the website with the use of Internet access and establishes the information on the Company's financial business and corporate governance as reference for shareholders and stakeholders. The website is maintained by designated persons and the information listed shall be accurate and immediately updated to prevent misleading. Financial and business information from the investor conference is uploaded to an Internet information reporting system according to the rules of the Taiwan Stock Exchange. The Company's website or other appropriate channels are provided for stakeholders to make inquiries.

The Company's employees are prohibited from directly or indirectly offering, promising, requesting, or accepting any improper benefits or commit other unethical acts, including breach of ethics, illegal acts, or breach of fiduciary duty for purposes of acquiring or maintaining interests.

>> Mechanisms for Avoiding Conflicts of Interests

Eternal has explicitly stipulated the clause of directors' recusal for conflicts of interest in our Rules Governing the Meeting of the Board of Directors, Ethical Corporate Management Best Practice Principles, and the Company's corporate governance regulations. In the event of an agenda item representing a conflict of interest for a director or the juridical person he or she represents, he or she shall disclose the conflict at the meeting and refrain from the discussion and voting on the item. He or she shall also recuse themselves from the discussion and voting on the item and shall not exercise the voting rights on behalf of any other director of the board.

Directors shall uphold a high degree of self-discipline. If a proposal listed on the agenda of a board meeting involves a director's personal interests, which may undermine the Company's interests, he/she shall recuse themselves, and shall not participate in discussions and voting, nor shall they exercise the voting rights on behalf of any other director. Directors shall also exercise self-discipline and shall not support one another in improper dealings.

Directors' Recusals from Voting due to Conflicts of Interests

As for proposals on managers' annual salary adjustment, business operation performance bonus, profit performance bonus, annual performance bonus, regulations concerning remunerations, and managers' employee bonus distribution, Chairman Kao, Kuo-Lun, Director Shiao, Tzu-Fei, and Director Hsieh, Chin-Kun recused themselves from the discussion in accordance with the recusal regulations. Chairman Kao, Kuo-Lun then appointed Director Yang, Huai-Kung to preside as the acting chair over said proposals.

>> Performance Evaluation of the Highest Governance Unit

- I. To implement corporate governance and enhance the functions of the Board of Directors, the Company's Board of Directors passed the "Rules of the Performance Evaluation of the Board of Directors" on May 10, 2019, to require the Board of Directors, at the end of each year, to conduct a performance evaluation of the year in accordance with the evaluation procedures and evaluation indicators specified in the rules. The scope of evaluation includes the overall Board of Directors, individual directors, and functional committees.
- II. In accordance with the provisions of the evaluation rules, the self-evaluation by the Board of Directors was conducted at the end of 2021, and the overall operations of the Board of Directors, board members, and functional committees were effective as per the evaluation results, and the results in compliance with corporate governance were reported to the Board of Directors in March 2022.

>> Anti-corruption and Ethical Conduct

Eternal has adopted corporate culture and business philosophy as basic policies for integrity. We have also established good corporate governance and risk control and management mechanisms to create a business environment for sustainable development. Article 12 of the Ethical Corporate Management Best Practice Principles specifies "the prohibition on bribery and acceptance of bribes." When conducting business, the Company's directors, managers, employees, appointees, and those with de facto control, may not offer, promise to offer, request, or accept any improper benefits, directly or indirectly, in any form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

We have formulated the Ethical Corporate Management Best Practice Principles and the Reporting System Implementation and Management Regulations to regulate the behavior of directors, managers, employees, appointees, and those with de facto control at the Company and



the Group's enterprises. Relevant measures have also been disclosed on the Company's official website.

We actively implement an anti-corruption mechanism to avoid corruption and violations. In the past three years, no corruption cases occurred, and the target achievement rate was 100%.

Year	2021	2020	2019	
Actual number	0	0	0	

Anti-corruption and Ethical Conduct Education and Training

>> Awareness-raising and Education and Training

(I) Awareness-raising

- ▲ We informed insiders (including directors and managers) of the laws and regulations on equity transfer on a monthly basis and provided information on the Insider Trading Prevention Briefing Session and the Common Violations of Insider Equity Transfer from time to time, while raising new insiders' awareness of insider trading prevention this year.
- ▲ In-service employees: Awareness-raising written publications are provided every year.

(II) Education and Training

- ▲ We held a 20-minute lecture in the new employee orientation. In the lecture, the concepts of corporate governance, internal control, and compliance (including anti-corruption, ethical management, and insider trading) were introduced to new employees, and they needed to review the concepts and take tests on the internal education platform. A total of 88 new employees in Taiwan completed the training in Taiwan 2021.
- ▲ The Company has been promoting the concept of ethical management to all employees for many years, and 100% of employees in Taiwan are covered.

Shareholder Structure

			Apri	25, 2022 ;	Unit: Thousa	nd shares; %
Shareholder Structure ► Item ▼	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of persons	0	22	186	56,637	247	57,092
Shares Held	0	53,890	306,171	698,889	181,330	1,240,280
Percentage of Ownership	0	4.34	24.69	56.35	14.62	100

D> Legal Actions for Anti-competitive Behavior and Anti-trust

Eternal has established compliance and management regulations for the "Antitrust Law" as the basis for compliance of the employees. Since its establishment, Eternal has not been involved in legal disputes or legal actions for anti-competitive behavior, anti-trust. No failure of compliance with the aforementioned laws and regulations has occurred.

Non-compliance with Laws and Regulations in the Social and Economic Area

Eternal strictly abides by relevant domestic and international laws and regulations. In 2021, there was no significant fine or non-monetary sanction for any material violation in the social and economic fields.

Direct Economic Value Generated and Distributed

The Company's consolidated revenue in 2021 amounted to NT\$50.5 billion, an increase of 32% compared to 2020. In respect of operating performance, our net profit before tax reached NT\$4.432 billion, an increase of 41% compared to 2020; net profit attributable to owners of the parent company was NT\$3.549 billion; and earnings per share after tax stood at NT\$2.86.



Harrison St.

(I) Financial income and expenditure

	Unit: NT\$ thousand
Item	Amounts in 2021
Operating revenue	50,471,397
Operating gross profit	10,694,148
Operating profit	4,095,041
Non-operating income and expenses	336,818
Net profit before tax	4,431,859
Net profit for the year	3,485,710
Other comprehensive income and loss for the year, net of tax	(289,282)
Total comprehensive income for the year	3,196,428
Net profit attributable to owners of the parent company	3,549,268
Net profit attributable to non-controlling interests	(63,558)
Total comprehensive income attributable to owners of the parent company	3,268,236
Total comprehensive income attributable to non-controlling interests	(71,808)
Earnings per share (NT\$)	2.86

Note: As the Company did not disclose financial forecasts for 2021, the relevant information on the budget implementation for 2021 was unavailable.

(II) Profitability analysis

	Unit: %
Item	%
Return on assets (ROA)	6
Return on equity (ROE)	15
Ratio of net profit before tax to paid-in capital	36
Profit margin	7
Earnings per share (NT\$)	2.86



Unit: NT\$ thousand

(1) Condensed Balance Sheet - Consolidated

Year (Note 1) ► Item ▼			Financial information				
		2017	2018	2019	2020	2021	up to March 31, 2022
Current assets		33,149,934	30,666,571	30,227,516	32,621,948	37,041,238	38,562,740
Property, plant and equ	lipment	18,466,249	18,792,384	17,435,546	16,623,050	16,369,000	16,616,796
Intangible assets		318,014	385,279	343,782	282,235	261,442	257,158
Other assets		4,531,308	4,516,045	5,789,885	6,661,392	6,864,009	7,346,402
Total assets		56,465,505	54,360,279	53,796,729	56,188,625	60,535,689	62,783,096
Current liabilition	Before distribution	18,124,943	14,482,801	15,828,650	15,513,121	19,523,383	21,363,382
Current habilities	After distribution	18,704,513	15,599,053	17,565,041	17,373,540	21,383,802	Note2
Non-current liabilities		17,272,451	18,252,309	16,048,344	17,437,202	16,345,449	14,905,625
Total liabilition	Before distribution	35,397,394	32,735,110	31,876,994	32,950,323	35,868,832	36,269,007
Total habilities	After distribution	35,976,964	33,851,362	33,613,385	34,810,742	37,729,251	Note2
Equity attributable to or of the parent company	wners	20,506,760	21,003,079	21,415,337	22,834,497	24,239,108	26,197,629
Share capital		11,591,397	12,402,795	12,402,795	12,402,795	12,402,795	12,402,795
Capital surplus		359,900	356,046	356,046	368,946	368,946	368,946
Retained earnings	Before distribution	8,497,081	8,755,131	10,099,185	10,845,276	12,649,186	13,537,688
Retained earnings	After distribution	7,106,113	7,638,879	8,362,794	8,984,857	10,788,767	Note2
Other equity interests		58,382	(510,893)	(1,442,689)	(782,520)	(1,181,819)	(111,800)
Treasury stock		0	0	0	0	0	0
Non-controlling interests		561,351	622,090	504,398	403,805	427,749	316,460
Total equity	Before distribution	21,068,111	21,625,169	21,919,735	23,238,302	24,666,857	26,514,089
	After distribution	20,488,541	20,508,917	20,183,344	21,377,883	22,806,438	Note2

Note 1: Financial information in the table above has been audited or reviewed by the CPAs. Note 2: For the financial data of after distribution, please fill out in accordance with the resolutions approved by Board of Directors or Shareholders' Meeting.



Unit: NT\$ thousand

(2) Condensed Statement of Comprehensive Income - Consolidated

Year (Note) ►		Financial information				
ltem ▼	2017	2018	2019	2020	2021	up to March 31, 2022
Operating revenue	41,551,117	43,300,155	40,363,238	38,370,366	50,471,397	12,363,833
Operating gross profit	7,438,276	7,279,839	7,856,953	8,885,888	10,694,148	2,745,472
Operating profit or loss	1,861,551	1,813,005	2,335,050	3,138,926	4,095,041	1,071,145
Non-operating income and expenses	409,058	50,966	578,881	5,583	336,818	65,947
Net profit before tax	2,270,609	1,863,971	2,913,931	3,144,509	4,431,859	1,137,092
Net income from continuing operations	1,864,100	1,492,323	2,428,081	2,493,217	3,485,710	891,812
Loss from discontinued operations	0	0	0	0	0	0
Net income (loss) for the year	1,864,100	1,492,323	2,428,081	2 <mark>,4</mark> 93,217	3,485,710	891,812
Other comprehensive income (loss) for the year (net of tax)	(494,191)	(600,017)	(945,873)	593,951	(289,282)	1,082,949
Total comprehensive income for the year	1,369,909	892,306	1,482,208	3,087,168	3,196,428	1,974,761
Net profit attributable to owners of the parent company	1,909,634	1,550,515	2,466,356	2,543,496	3,549,268	888,502
Net profit attributable to non-controlling interests	(45,534)	(58,192)	(38,275)	(50,279)	(63,558)	3,310
Total comprehensive income attributable to owners of the parent company	1,416,409	952,243	1,531,715	3,139,446	3,268,236	1,958,521
Total comprehensive income attributable to non-controlling interests	(46,500)	(59,937)	(49,507)	(52,278)	(71,808)	16,240
Earnings per share (NT\$)	1.54	1.25	1.99	2.05	2.86	0.72

Note: Financial information in the table above has been audited or reviewed by the CPAs. Please refer to the financial statements for the data on revenue and operating costs. https://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&co_id=1717&year=110&seamon=&mtype=A&





Environmental Management Policy

In addition to pursuing profit and protecting shareholders' rights and interests, Eternal has focused on fulfilling our environmental responsibilities and giving back to society. Therefore, as "environmental protection" and "safety first" are our primary goals and concepts, we have implemented enhanced internal safety control to avoid environmental impact caused by abnormal safety accidents while strictly monitoring the environmental indicators of emissions from production and operations. Furthermore, we continue to invest in quality equipment, establish a sound management system, create a clean and pleasant work environment, and adopt sustainable development as our business philosophy. To fulfill our social responsibility and respect life and protect the Earth, we are committed to the following principles:

(I) Comply with regulations and meet all requirements

Safety, health, and environments protection are indispensable parts of business development. We will abide by laws and regulations, implement all operational management, ensure the safe operations of facilities, and protect the safety of employees and the work environment.

(II) Full participation from employees for continuous improvement

All employees are responsible for safety, health, and environmental protection. We encourage workers and their representatives to participate and inquire about relevant issues. We will continue the promotion, prevention, and improvement measures to prevent injuries, abnormal accidents, and environmental incidents based on the principles of health promotion, hazard elimination, and environmental protection.

(III) Prioritize safe production and develop green products

The Company adopts safe designs of the manufacturing process to prevent all hazards and negative effects of our products on the environment. We also actively research and develop energy-saving products to reduce environmental impact and improve the efficiency in the use of resources.

(IV) Effective training and communication to improve the safety and environmental protection culture

We actively encourage employees to receive training on safety, health, and environmental protection, and ask employees about their opinions, through different channels to achieve effective communication. We also enhance employees' emergency response capacity and integrate them into their daily routines to enhance the Company's safety, health, and environmental protection culture.





Environmental Management System

The Company clearly stated in the Comprehensive Quality Management Procedures that each production plant should pass the ISO 14001 environmental management system certification within two years after formal mass production to ensure that various emissions and waste treatment are in compliance with international standards and Plan-Do-Check-Act (PDCA) management requirements, and should identify material environmental issues systematically and implement improvement projects to continuously improve environmental performance.

To integrate the management systems of various management mechanisms, ISO 14001 is built on the existing foundation of ISO9001, and we will introduce and integrate the ISO45001 occupational safety and health management system and the ISO50001 energy management system subsequently. At present, our production plants in Taiwan, China, and Malaysia have passed ISO14001 certification (as our two separation plants in China only conduct cutting operations without engaging in manufacturing, they have extremely low negative impact on the environment. They have not yet applied for ISO14001 management system certification. However, their various management systems are operating in accordance with the regulations adopted by our business units for the plants that have passed the ISO system certification, and are supervised and managed by the responsible business unit and the Company).

Eternal's plants in Taiwan have conducted greenhouse gas inventory in accordance with ISO14064-1: 2006 and verified the data since 2005, and we continue to carry out the inventory and verification operation voluntarily every year. We also conducted greenhouse gas inventory in accordance with the updated ISO14064-1: 2018 and appointed a third party to verify the data in 2021.

Corporate Governance and Sustainable Development Committee

The Board of Directors adopted a resolution to establish the Corporate Governance and Corporate Social Responsibility Committee on November 5, 2021 and renamed it Corporate Governance and Sustainable Development Committee on March 11, 2022. The Chairman serves as the chair of the committee, the President serves as the top-level manager of the execution unit, and each unit is responsible for implementing environment, social, or governance (ESG) projects as per its functions and regularly monitoring the implementation results.

Structure of the Corporate Governance and Sustainable Development Committee





▷ Overview of tasks and operation

The Company's Corporate Governance and Sustainable Development Committee consists of members and independent directors and aims to review and assess the risks from the ESG issues closely related to the Company's core business and formulate management policies or strategies accordingly.

The main purpose of the Corporate Governance and Sustainable Development Committee is responsible for the matters below:

- ▲ Review of the Sustainable Development Best Practice Principles of Eternal Materials Co., Ltd. and the Governance Regulations of Eternal Materials Co., Ltd.
- ▲ The formulation of the annual sustainable development plan and the setting of the strategic direction, including the review of the ESG reports.
- ▲ The formulation of business sustainable development projects and activity plans and follow-up on and review of the implementation results.

Safety and Environmental Protection Committee of Eternal Group

Eternal established the Safety and Environmental Protection Committee of Eternal Group in 2017. The President assigned the Director of Environmental Engineering to serve as the convener of the Group's Safety and Environmental Protection Committee. The heads of business units, the Director of the Process Technologies Department, the Director of the Engineering Technologies Department, the Director of the Research & Development Division, and the Manager of the Lu-Chu Plant serve as members of the committee. Each committee member assigns appropriate personnel to serve as safety officers to assist with the execution of the work. The Industrial Safety & Environmental Protection Department serves as the Executive Secretary of the Committee and sets out the committee's responsibilities:

- Review and promote the planning and implementation of the Eternal's safety and environmental protection work.
- ▲ Integrate company resources and standardize safety and environmental regulations.
- ▲ Integrate the Company's resources and improve the performance of units with poor safety and environmental performance.

The committee reviews, discusses, promotes, and monitors performance quarterly. If a meeting concludes that it requires the Company to invest resources in a project, it will be executed after it is reported to and approved at a senior management meeting chaired by the Chairman. The President presides over the committee meeting every six months in person, and requests the managers of various plants in Taiwan, China, and Malaysia to participate in the meeting to report on the implementation by each plant. The committee has greatly contributed to the Company's safety and environmental protection performance and the improvement of safety and environmental awareness of employees in all departments.



Environmental Management Planning, Monitoring, and Reviewing

The Company complies with all the management regulations of the ISO14001 system, identifies production, activity, and internal and external environmental issues for our operations one by one, and formulates various environmental protection projects, training sessions, and implementation projects, and arranges projects based on various critical environmental indicators for monitoring and measurement to ensure that all environmental pollutants discharged by each plant are in compliance with laws and regulations and the plant's stringent standards. We have also adopted the PDCA model to review the management process while monitoring effectiveness through audits.





Response to Climate Change

D Energy Conservation and Carbon Reduction Actions

Facing the issues and risks of climate change and safeguarding the Earth, Eternal adopts an active closed-loop management mechanism and proactively fulfills our corporate social responsibility. In 2012, we established an Energy Conservation and Carbon Reduction Task Force. Its management scope covers all production sites around the world. The Corporate Governance and Sustainable Development Committee under the Board of Directors has delegated the President to directly manage and regularly convene and preside over energy conservation and carbon reduction management meetings, at which they identify risks and opportunities and assess financial impact under the framework of the Task Force on Climaterelated Financial Disclosures (TCFD), while keeping abreast of changes in external laws and policies, the climate change and natural resources where each plant is located, the energy use and greenhouse gas emissions of each plant's production, and the implementation progress of the energy-saving and emission reduction projects. In this case, we can review and adjust the implementation direction of the Group's energy-saving and carbon reduction projects in realtime, and set the management policy and action plan for the following year. Meanwhile, we completed the ISO 50001 certificate renewal and verification for all plants in Taiwan (the Ping-Nan Plant, the Ta-Fa Plant, the Lu-Chu Plant, and the Taiwan Headquarters), allowing our energy management system to be aligned with international standards, and enhancing the Company's image of environmental protection, safety, health, and energy conservation.

D> Climate-related risks, opportunities and financial impact

Risks		Item	Stakeholders	Potential financial impact	Impact
		Stricter requirements for air pollution and total amount control	Eternal	Investment in air pollution control equipment and development of low-odor products result in an increase in capital expenditures and R&D expenses.	Low
Tra	Poli	Greenhouse gas emissions pricing	Eternal	Energy resource use control and carbon taxes and carbon fees result in limited capacity expansion, a decrease in revenue, and an increase in operating costs.	Medium
Transition Risks	icies and Legal	Control of percentage of renewable energy for energy-heavy users	Eternal	Taiwan's Ministry of Economic Affairs has promulgated the Renewable Energy Development Act to require large energy-heavy users to install facilities to generate renewable energy up to 10% of their installed capacity within five years from 2021.	High
		Enhanced obligation to report and disclose energy and resource consumption	Eternal	ESG indicators, such as total energy consumption, total water withdrawal, and total waste, disclosed in the public information should be confirmed by a third party, resulting in an increase in the verification costs.	Low

Ri	sks	Item	Stakeholders Potential financial impact		Impact
ЧТ		Energy efficiency and energy structure transformation	Eternal	As equipment with low energy efficiency is scrapped and replaced in advance, low- carbon or carbon-negative technologies are adopted, resulting in an increase in operating costs and capital expenditures.	High
ansition Risks	Technology	Gradual replacement of oil-based coatings with water-based coatings	Eternal	As water consumption increases, during the period of water depletion or limited regional production capacity for water- based products, resulting in a decrease in the contribution of revenue.	Medium
Ű		Renewable energy stability	Eternal	As there is no stable energy storage technology for renewable energy and the use of renewable energy in operating activities is limited, the payback period of capital investment becomes longer.	Medium
Market Transition Risks		Replacement of existing raw materials with low- carbon raw materials	Eternal and raw material supply chain	The cost of raw materials for products increases, or it is difficult to find viable alternative green raw materials, while a carbon tax will be levied on product sales and investment in technology development increases.	Medium
	Market	Changes in client and market demands	Eternal and clients' supply chain	Clients' requirements for eco-friendly products are stricter than local and international regulations, and they expect companies to improve their environmental performance and provide third-party verification, resulting in an increase in operating costs.	Medium
		Rising raw material costs	Eternal	As the cost of raw materials used in products increases, the per unit product gross margin decreases.	High
Transitior	Reputa	Orders impacted by poor ESG performance ratings	Eternal and clients' supply chain	As major international businesses impose requirements on ESG performance evaluation ratings, decreased demand for goods is possible due to our poor ESG performance evaluation ratings.	Medium
n Risks	ation	Stigmatized industry	Eternal	Eternal is in the petrochemical industry; as the financial industry is under pressure from climate change, our business revenue may be reduced in the future.	Medium
		Extreme weather events (flooding, typhoons, and droughts)	Eternal, supply chain of raw materials, and clients' supply chain	Extreme weather events result in reduced labor hours, loss of capital property, such as plant and equipment, and delay or disruption of the supply chains of raw materials or products.	High
Physical Risks	Acute	Increased probability of natural disasters, resulting in higher insurance premiums.	Eternal	The risk of natural disasters is quantified for the factory insurance business, causing the values of disaster-prone assets to decline and the insurance costs to rise.	Low
		Unstable power supply	Eternal	The poor quality of the external power supply voltage causes anomalies in the power transmission and distribution system in a plant. Frequent circuit breaker trips may result in reduced useful lives of hardware, early scrapping, or reduced production capacity or capacity interruption.	Medium



Ris	sks	ltem	Stakeholders	Potential financial impact	Impact
Physical	Chron	Water scarcity / Water stress	Eternal	As per the estimates by the Intergovernmental Panel on Climate Change, United Nations, most of the areas where the Eternal's plants are located are medium or high water stress areas. If the water rationing measures are implemented, each plant's production activities will be affected and revenue will decline.	High
al Risks	ō	Average temperature rises	Eternal, supply chain of raw materials, and clients' supply chain	The long-term temperature rises will increase the probability of extreme weather events and impact the ecological environment, thereby affecting each plant's production activities and resulting in a decrease in revenue.	High

Risks		Item	Stakeholders	Potential financial impact	Impact
Res	Energy resource use efficiency uring the production process	Energy management systems, big data, and AI applications	Eternal	Providing low-carbon production activities and low-carbon product footprints is conducive to international market competitiveness.	Medium
source Efficiency	Recycling and reuse	Adoption of effluent recycling and waste heat power generation technologies	Eternal	Increasing the number of recycling loops and reuse is conducive to reducing the total electricity consumption, water withdrawal, and the cost of carbon fees or carbon taxes.	High
	High-efficiency buildings	Improved LED lighting and photoelectric sensor systems	Eternal	Improving power efficiency will reduce operating costs.	Low
Energy Sources	Low-carbon energy	Reduction of use of Category 1 fossil fuels	Eternal	Improving fuel efficiency and reducing carbon intensity per unit of emissions help reduce variable production overheads.	Medium
	Renewable energy	Self-generation and self-use of solar power	Eternal	Reduce the risk and impact of policies and laws and the return on investment in low-carbon technologies	High
	Carbon trading markets	Seeking offset benefits from alternative fuels	Eternal	Reduce the organization's cost of carbon fees and accumulate the Company's carbon asset in advance.	Low

Risks		ltem	Stakeholders	Potential financial impact	Impact
Products an	Development of low-carbon products	Creation of low-carbon footprint products by improving processes and technology R&D	Eternal	Improve clients' brand perception of Eternal and increase product competitiveness.	Medium
d services	Replacement of eco-friendly raw materials	Reduce the use of toxic chemicals or substances of very high concern	Eternal and raw material supply chain	Reducing the carbon footprint of products helps reduce the carbon tariffs for product sales.	Medium
	Making good use of rewards	Seeking subsidies for replacing capital equipment or energy efficiency	Eternal	Reducing the organization's total carbon emissions is conducive to reducing the carbon fees and improving the ESG performance evaluation results.	Low
Markets	Entry into new and emerging markets	Increased green application distribution channels, such as green energy and environmental protection, for products	Eternal and clients' supply chain	Creation of low-carbon business opportunities and increase in product application projects and sales regions.	Low
7	Supply chain management	Carbon footprint data management platforms	Eternal and clients' supply chain	Provide clients with real-time information to enhance Eternal's brand image.	Low
Resilience	Renewable energy resources	Increased installed capacity of renewable energy and reclaimed water treatment equipment	Eternal	Reduce the risk and impact of policies and laws and reduce losses on capacity caused by extreme weather events.	High





DDD Energy Conservation and Carbon Reduction Organizational Structure





In accordance with the TCFD Recommendations and Guidance, the four core factors of the Eternal Energy Conservation and Carbon Reduction Task Force's governance, strategy, risk management, indicators, and goals are specified below.

Category	Indicator	Management actions
Governance	The Board of Directors' governance around climate-related risks and opportunities.	We review the risks related to climate change on business operations per year in accordance with the Business Strategy and Risk Assessment Operating Procedures and have established a Sustainable Development Committee under the Board of Directors. The committee reports to the board on a quarterly basis on the risks of climate change to business operations and countermeasures.
	The management team's role in assessing and managing climate- related risks and opportunities.	Our organization for responding to and managing climate change is the Sustainable Development Committee. We have set up the global task forces under the committee, including energy conservation and carbon reduction, net zero emissions, as well as environment, safety, and health as per functional needs. The President serves as the highest-level leader and reviews the effort in addressing climate change issues every quarter. The task forces report on the implementation results of climate change-related indicators to the Board of Directors every year.
	The actual and potential impacts of climate-related risks and opportunitiesin short-, medium-, and long-term	As per the above climate-related risks, opportunities, and financial impacts, each department reports on its climate change risks and opportunities in accordance with the internal and external business risk management timeline.
Strategy	Climate-related risks to and impacts on the organization's business, strategy, and financial planning	We identify material risks and opportunities in accordance with the Risk Assessment and Countermeasures Table attached to the Business Strategy and Risk Assessment Procedures to assess the potential operational and financial impacts of climate change on the Company.
	The organization's strategic resilience and considerations for different climate scenarios.	Each plant takes climate change scenarios into consideration and has formulated natural disaster response operating procedures, while adopting natural disasters in the evacuation and emergency response drills and holding various disaster prevention drills regularly.
Risk Management	The organization's process for identifying and assessing climate-related risks.	We adopt our existing OHSAS 18001, ISO 45001, and ISO 50001 hazard identification and risk assessment processes and the TCFD framework to identify climate risks and opportunities; the Environment, Safety, and Health Task Force convenes various departments and plants around the world to discuss and reach a consensus on the annual major climate risk results, which will then been confirmed by the Sustainable Development Committee.
	The organization's management process for climate-related risks.	We proceed in accordance with the management process under Eternal's Business Strategy and Risk Assessment Procedures.
	How climate-related risk identification, assessment, and management processes are integrated into the organization's risk management system.	We have formulated the Business Strategy and Risk Assessment Procedures and plan to complete the fourth amendment in 2022. We have included climate change risk management in the scope of corporate risk management regulations and defined and identified climate change risks and opportunities in alignment with the TCFD framework, while assessing their financial impacts, formulating climate risk management strategies, and putting forth risk mitigation measures.

Category	Indicator	Management actions				
Metrics and Targets	Disclosure of the metrics that the organization adopts to assess climate- related risks and opportunities as per its strategy and risk management process.	We disclose Eternal's global annual quantitative metrics, including the total consumption and unit consumption of energy and resources adopted in products, the organization's carbon emission intensity, water resources, and waste as per the GRI standard and regularly report such data at the quarterly safety and environment meetings, while paying close attention to extreme climate forecasts to avoid interruption of operation for a long time caused by climate change disasters.				
	Disclosures of categories 1-6 greenhouse gas emissions and relevant risks	We compile statistics on energy consumption and review major energy risk issues in accordance with ISO 50001 and Categories 1 and 2 emission data for each plant in accordance with ISO 14064-1, while disclosing such data in this report, which is verified by a third party.				
	Targets adopted by the organization in managing climate-related risks and opportunities and the performance in achieving such targets.	We have set various energy conservation and carbon reduction management targets for electricity, thermal energy water withdrawal, discharge, and renewable energy and have set short-, mid-, and long-term strategic targets for cutting greenhouse gas emissions. The annual performance for each target is detailed in this report.				

D Energy conservation and carbon reduction management targets

We have set energy baselines and drawn up energy performance indicators in alignment with the international issues and risks of climate change, energy conservation, and emission reduction and in accordance with ISO 50001. Eternal has taken the initiative to declare the global energy conservation and carbon reduction management targets. The details are as follows:

- ▲ Energy conservation management target: We aim to reduce the unit consumption of various energy sources by 1% each year from 2021, and the total unit consumption of various energy consumption by 10% by 2030, with the average energy consumption per unit of energy from 2016 to 2020 as the baseline.
- ▲ Carbon reduction management target: With 2020 as the base year, the total emission reduction in 2025 is 5% of the total emissions in 2020, the total emission reduction in 2030 is 10% of the total emissions in 2020, and the total emission reduction in 2050 is 30% of the total emissions in 2020.
- ▲ Renewable energy development target: We will honor our obligation to help achieve the proportion of renewable energy at 5% of the global total electricity consumption in 2020 by 2030.

We have continued to comprehensively implement energy conservation and carbon reduction measures at plants in various methods through a sound process technology research and development process and a complete environmental, safety, and health management system, improve energy use efficiency, strengthen energy and greenhouse gas management, thereby fulfilling our corporate social responsibility and reducing the impact of our operations on the global environment.



>> Total Energy Consumption within the Eternal group

To demonstrate the will to save energy and reduce carbon emissions and to shoulder the social responsibility as a multinational company, this Report began to disclose the energy use of the Company's production plants across the world in addition to the original production plants in Taiwan from 2020.

Table of consumption of various energy resources (scope of disclosure: All Plants in Taiwan, China, and Malaysia):

Energy Type ►	Year		Non-renewabl	Renewable energy (MJ)	Total energy		
Plant ▼		Externally purchased electricity	Externally purchased steam	Natural gas	Fuel oil	Solar power	(MJ)
	2019	278,745,120	31,788,055	264,470,844	134,789,284	-	709,793,303
Plants in Taiwan	2020	272,347,200	22,842,269	256,531,238	132,589,568		684,310,275
	2021	276,980,800	30,728,814	312,927,175	68,404,429	62,298	689,103,516
	2019	320,301,968	499,981,435	516,531,223	9,8 19,336	-	1,346,633,962
Plants in China	2020	324,153,720	491,593,949	501,481,555	10,339,511	-	1,327,568,735
	2021	354,919,892	599,289,117	568,933,242	10,254,320	-	1,533,396,592
Plant	2020	28,336,151	-	90,687,757	1,670,603	-	120,706,065
In Malaysia	2021	31,954,194	-	108,652,500	0	-	140,620,537

Note:

- Energy type classification: As defined in GRI 302-1.
- The heating value conversion factor of externally purchased electricity: 3.6MJ/KWH.
- The heating value of purchased steam: 2.76716MJ/kg, according to the average heating value of the steam supplied through pipelines in the industrial park where each plant is located.
- Fuel oil heating value: Calculated at 40.96MJ/kg, according to 0.5% low-sulfur fuel oil (ratio: 0.96) of CPC Corporation, Taiwan.
- Natural gas heating value: 38.46 MJ/m3, according to the average of the data provided by natural gas suppliers where each plant is located.
- The plant in Malaysia went into operation in 2020.







D Eternal's energy intensity

Due to our wide variety of products, the products are divided into resin and electronic material products by attributes in this Report, and the unit energy consumption data is disclosed based on intensity.

Scope of disclosure: All Plants in Taiwan, China, and Malaysia Type of energy covered: Consumption of fuels, electricity, steam, and heating & cooling system

	Plant	Type of Product	Year► Unit energy consumption ▼	2019	2020	2021	Note
	Plants in Taiwan	Electronic materials	MJ/M ²	3.24	2.83	2.71	
	Plants in Taiwan	Resin materials	MJ/T	2,715	2,733	2,594	
	Plants in China	Electronic materials	MJ/M ²	0.278	0.267	0.256	
	Plants in China	Resin materials	MJ/T	3,789	3,545	3,794	
	Plant in Malaysia	Electronic materials	MJ/M ²	-		·	No relevant products for now
	Plant in Malaysia	Resin materials	MJ/T	-	2,989	2,565	

O Unit of electronic material products: Square meter, abbreviated to M².

- Unit of synthetic resin products: Ton, abbreviated to T.
- The resin materials are the sum of the products of the synthetic Resin Materials and the High Performance Materials.

D Energy Consumption Reduction

Since the Energy Conservation and Carbon Reduction Task Force was established in 2012, it has aimed to reduce the energy consumption per unit of product by 1% per year. During the implementation period it reviews the efficiency of electricity, water, heat, and carbon emissions, and the reduction regularly every month. In cooperation with relevant government laws and regulations, each plant implements various energy-saving programs thoroughly to achieve the energy-saving and carbon reduction target. Through the discussion at the energy conservation and carbon reduction management meetings, the discussion results can be effectively adopted by each plant, and can be continuously implemented to various energy-saving measures at the plant, thereby reducing energy costs and greenhouse gas emissions. The total investment cost of the indicative energy conservation and carbon reduction projects completed by the Group during 2021 reached NT\$74.97 million, reducing electricity consumption by 3,682,800 MJ/year (1,023,713 kWh), thermal energy by 87,491,036 MJ/year, and carbon dioxide emissions by 6,607.4 tons.





The improvement projects implemented by the Company to reduce energy consumption during 2021 are as follows:

Scope of Disclosure > Plants in Taiwan and abroad

ltem	Investment cost (NT\$10 thousands)	Electricity reduction (kWh)	Heat reduction (MJ)	Water reduction (mega liters)	Expenses reduced (NT\$10 thousands /year)	CO ₂ emission reduced (tons)	
Replacement of thermal oxidizers (TOs) in the Ping-Nan Plant with rotary regenerative thermal oxidizers (RRTOs)	2,700	-	33,274,096	-	1,217.2	2,575.4	
Project on replacement of combustion equipment fuels with natural gas at the Public Utilities Section, Ping-Nan Plant	110	-	6,252,988	-	228.3	483.9	
Smart control of refrigeration / cooling system in the Ping-Nan Plant	65	320,894			80.2	161.0	
Improvement to dust collectors on the thermocompression line by the Lu-Chu Plant	575	129,480			32.4	64.9	
Replacement of 100HP (AC-007) with inverter air compressors by the Ta-Fa Plant	126.3	6,028		·	1.4	3.0	
Reduction of operating costs of fluorocarbon TOs by the Kunshan Chemical Plant	10.3	91,560	11,309,728	-	401.6	921.3	
Reduction of costs of fluorocarbon resin by the exhaust gas treatment unit at the Tianjin Plant	25.8	-	7,679,999	-	270.9	594.4	
Reduction of power consumption per unit of production by the Chengdu Plant	65.4	235,751	-	-	62.8	118.3	
Reuse of reclaimed water by the Suzhou Materials Plant	507.4	-	-	6.9	6.2	-	
Improvement to daily-life and process power efficiency by PM East China Plant 1	292.4	240,000		-	60.2	120.4	

ltem	Investment cost (NT\$10 thousands)	Electricity reduction (kWh)	Heat reduction (MJ)	Water reduction (mega liters)	Expenses reduced (NT\$10 thousands /year)	CO ² emission reduced (tons)		
Reuse of reclaimed effluent by the Changshu Plant	95.4	-	-	6.2	2.6	-		
Replacement of TOs in the Ping-Nan Plant with RRTOs	2,924	-	28,974,225		1,176	1,564.8		
Guangdong Plant's tap water saving project	0	-	-	18	7.5	-		
Total	7,497	1,023,713	87,491,036	31.1	3,547.3	6,607.4		
Energy conservation (MJ)	91,176,402.8							

Note :

The benchmarks for energy consumption reduction are the energy baselines and energy performance indicators set as per ISO 50001 with the 2020 consumption as the baseline.

The calculation of CO₂ emission reduction(tons) is based on the 2020 electricity carbon emission factor announced by the Bureau of Taiwan Energy and the CO₂ emissions from fuel combustion.

The amount of energy reduction is measured directly.

Unit of currency: NTD; exchange rate: 1 CNY = 4.3 NTD.

DD Measures to improve process and energy efficiency





Replacement of TOs in the Ping-Nan Plant with RRTOs

- Ping-Nan Plant's TOs have been installed for more than 25 years since the plant was established in 1994. The processing capacity of the TOs is 20,000NM³/H. According to the average monthly consumption of fuel oil for TOs during 2020, the monthly consumption of fuel oil is about 98 kL.
- RTORE
- Compared with TOs, RRTOs can greatly reduce fuel consumption, with significant economic benefits, in compliance with the air pollution emission regulations.
- ☑ After the replacement with the RRTOs in 2021, the fuel oil consumption is reduced by about 67.62 kL on average per month and 811.4 kL per year, which is equivalent to an amount of 33,274,096 MJ of heat saved and a reduction of 2575.4 tons of CO₂e emissions.

Smart control of refrigeration/cooling system in the Ping-Nan Plant

- ☑ The public cooling water and chilled water systems of the Ping-Nan Plant are used for cooling the manufacturing unit and air conditioning, accounting for about one third of the entire plant's total power consumption.
- Machine learning algorithms are adopted to establish a cooling water pump energy consumption prediction model, and also a prediction model for the number of cooling water pumps in operation, and strengthen the intelligent management of the temperatures of the cooling water and chilled water systems and water pump electricity demand.



- ☑ We can predict the need for motor maintenance and scale formation based on the data.
- \square Compared with 2020, the average unit consumption of electricity in 2021 was reduced by 7%, with a total of 320,894 kWh of electricity saved, and carbon emissions were cut by 161.0 tons of CO₂e.

Reduction of operating costs of fluorocarbon TOs by the Kunshan Chemical Plant

- ☑ To save the exhaust gas generated by the fluorocarbon resin process, the Kunshan Chemical Plant installed a TO in 2018. The annual consumption of natural gas for the operation of the TO is about 518 standard cubic meters and electricity consumption is 270,000 kWh.
- Production, public utilities, and process technology units jointly review the needs for natural gas and electricity, ranging from the temperature & pH value control of the alkaline washing towers, production scheduling, reaction and conversion improvement, exhaust gas dilution to combustion air



volume, to identify the most efficient control points for operating conditions. Since the improvement, the unit consumption of natural gas has been reduced by 42% and the unit consumption of electricity by 11.8% compared with 2020.

☑ In total, the annual electricity consumption has been reduced by 91,560 kWh and the annual natural gas consumption by 298,056 standard cubic meters, which is equivalent to a reduction of carbon emissions by 921.3 tons of CO₂e.


Improvement to process power efficiency by East China Plant 1

☑ The electricity consumption of the PM East China Plant 1 in 2018 was 6.5 million kWh, and the annual electricity consumption expense was about 4.61 million CNY. Therefore, it has continued to review the unreasonable electricity consumption amounts, replace high energy-consuming equipment, and identify the unreasonable consumption since 2019.



- ☑ The high-pressure air provided by the air compressors are used to seal the double butterfly valves on the air outlet side of the first and second lines of the RTO. It has replaced the air compressors with high-pressure blowers for air supply, saving 72,000 kWh of electricity per year.
- ☑ During the production, as there is a large amount of residual steam recovered from the waste heat produced by the waste heat boilers, it installed an absorption chiller after evaluation, to use the remaining steam for cooling, thereby reducing the time of the screw of the chiller in operation and saving 168,000 kWh of electricity per year.
- ☑ Compared with the average baseline between 2016 and 2020, about 16% of electricity has been saved, and the total electricity consumption has been reduced by 240,000 kWh, which is equivalent to a reduction of carbon emissions by 120.4 tons of CO₂e.



▷ Introduction of Renewable Energy

Before the enforcement of the Renewable Energy Development Act in Taiwan, the Company has actively planned and launched each plant's renewable energy power generation facilities for self-use. At present, the Ping-Nan Plant has completed the first phase of the solar power facility with installed capacity of 15kw. The power generated during 2021 was 17,305 kWh, and 8.7 tons of CO₂e emissions were reduced. The Lu-Chu Plant will complete the solar power facility with installed capacity of 1,300kw in 2022. Also, we have launched the renewable energy initiative at all global production sites.

Green production and green buildings

To verify the effectiveness of our energy conservation and carbon reduction management system and improve the effectiveness of our action plans, we require that all the energy conservation and carbon reduction closed-loop management results should be certified by third-party agencies. In addition to the aforementioned ISO50001 management system, the Company's Lu-Chu Plant has separately applied for and been certified by the Green Factory Labeling System and the Cleaner Production Certificate Assessment (certificate granted on January 1, 2022) launched by the IDB, Ministry of Economic Affairs.







Greenhouse Gas Emission Management

Scope of disclosure ► Plants in Taiwan, China, and Malaysia

D Carbon Emission Policy and Management Approach

Since the Industrial Revolution, industrial activities have produced large amounts of greenhouse gases and released them into the atmosphere, leading to increased greenhouse gas effects. Climate change caused by global warming also directly or indirectly affects the natural ecosystem. To ensure the sustainable development of the environment and resources, we must mitigate man-made greenhouse effects immediately. We have followed the international standard ISO 14064-1 and conducted an inventory of the carbon emission from the plants in Taiwan for the seven types of greenhouse gas emissions, including carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), sulfur hexafluoride (SF_6), perfluorocarbons (PFCs), and nitrogen trifluoride (NF_3). We have also taken additional measures, such as volume reduction and control based on the results of the inventory to fulfill our corporate social responsibilities.

We have worked to fulfill our corporate social responsibilities as a member of the global village. Although the Company is in an industry with low energy consumption and greenhouse gas emissions, our plants' greenhouse gas emissions are below the thresholds set by all local governments for inventory and registration. However, we continue to conduct annual inventory and implement energy conservation projects voluntarily, such as replacing heavy fuel oil with clean and low-polluting natural gas, replacing old motors with variable frequency motors, replacing old lighting equipment in offices with energy-saving light bulbs, and upgrading the combustion efficiency of boilers to enhance the competitiveness of our products in the international market.

We adopt carbon reduction and low-carbon measures for all our production processes and energy use. Every year, we formulate carbon reduction projects for reducing greenhouse gas emissions, such as carbon reduction, energy conservation, and power reduction, and continue to review our voluntary reduction policies.

Effectiveness Assessment Method

- ▲ We convene the Corporate Governance and the Corporate Social Responsibility Committees and hold regular energy meetings, and the management and the heads of each plant jointly review the effectiveness of energy management and the performance of the greenhouse gases control indicators, while sharing the Company's energy-saving experience.
- ▲ We appoint a third-party impartial organization to verify the greenhouse gas inventory under ISO14064-1 at our production sites in Taiwan.
- ▲ Each unit analyzes and formulates reduction measures based on the content of the inventory and manages them on a case-by-case basis. The Net Zero Emissions Task Force under the Corporate Governance and Corporate Social Responsibility Committee compiles each unit's plan and regularly monitors their reduction performance.

D Greenhouse Gas and Carbon Reduction Targets

Since 2005, our plants in Taiwan have conducted inventory of their carbon emissions in accordance with ISO14064-1. However, as the plants in China and Malaysia were established in different years, they began to conduct inventory of their carbon emissions not in the same year. Thus, we have adopted the total greenhouse gas emissions in 2020 as the Company's benchmark for emissions (248,039 tCO_2e), set the Company's reduction targets for 2025, 2030, and 2050, accordingly, and formulated a greenhouse gas action plan to follow up on each plant's energy consumption, greenhouse gas emissions, and carbon reduction performance. We also review the Company's carbon reduction performance at the monthly energy conservation at the carbon reduction meeting held regularly, and we will conduct evaluations and make improvements for plants that failed to reach reduction targets.

D Greenhouse Gas and Carbon Reduction Management Targets

hort-term management target	The total emissions will be reduced by 5% compared to 2020 by 2025.
Mid-term management target	The total emissions will be reduced by 10% compared to 2020 by 2030.
ong-term management target	The total emissions will be reduced by 30% compared to 2020 by 2050.

DD Emissions calculation methods and tools

The Company's plants in Taiwan and Malaysia adopted ISO/CNS 14064-1 and Taiwan's Greenhouse Gas Inventory and Registration Guidelines for the inventory of greenhouse gas emissions. We adopted the operation control approach as the method to compile the amount of greenhouse gases. For the global warming potential (GWP), we adopted the factors as in the Fourth Assessment Report of the IPCC (2007) while using the emission factor approach as in the Greenhouse Gas Emission Factor Management Table (Version 6.0.4) announced by the Environmental Protection Administration (EPA) as a calculation methodology. The plants in China have adopted the Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions for China's Chemical Manufacturing Enterprises and the Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions for conducting the National Development and Reform Commission in China as the basis for conducting the inventory. We do not generate any biogenic carbon dioxide emissions.





D> Greenhouse Gas Emissions

«Taiwan**»**

To identify the basis of the greenhouse gas emissions inventory, Taiwan's three plants conducted an inventory of greenhouse gas emissions from 2005 to 2010 in 2011. After evaluation, we adopted the year 2005 as the base year of the three plants' greenhouse gas emissions, and a third-party notary agency was appointed to certify the data in accordance with ISO14064-1.

Greenhouse gas emissions of Taiwan's three plants in 2005

Production sites	Base year of 2005 (t CO₂e)						
in Taiwan	Scope 1	Scope 2	Total emissions				
Lu-Chu Plant	49,329	27,936	77,265				
Ta-Fa Plant	12,212	11,153	23,365				
Ping-Nan Plant	14,112	10,251	24,363				
Total	75,653	49,340	124,993				

Taiwan's three plants implement carbon reduction improvement measures and conduct inventories of the greenhouse gas emissions every year. By 2021, up to 38.2% of the total greenhouse gas emissions, or 77,245 tCO₂e have been reduced compared with the amount of 47,748 tCO₂e in 2005.



20052006200720082009201020112012201320142015201620172018201920202021

Note :

The trends in greenhouse gas emissions of Taiwan's three plants between 2005 and 2021 included direct emissions (Scope 1) and indirect emissions (Scope 2).



《Eternal》

Except for the plants in Taiwan that have conducted inventories of the greenhouse gas emissions every year since 2005, the plants in China have begun to conduct the inventory in their respective year, in which they were established, and the production site in Malaysia began to conduct the inventory in 2019.

2019–2021 Greenhouse gas emissions(t CO₂e)

Production	2019 (tCO ₂ e)			2020 (tCO ₂ e)			2021 (tCO ₂ e)		
site	Scope 1	Scope 2	Total emissions	Scope 1	Scope 2	Total emissions	Scope 1	Scope 2	Total emissions
				Taiv	van				
Lu-Chu Plant	17,871	22,719	40,590	16,462	21,371	37,833	19,952	21,802	41,754
Ta-Fa Plant	6,152	8,632	14,784	5,040	8,181	13,222	6,371	8,114	14,485
Ping-Nan Plant	12,791	9,653	22,444	13,322	10,609	23,930	10,016	10,991	21,007
Subtotal	36,814	41,004	77,818	34,824	40,161	74,985	36,338	40,907	77,245



Production	2019 (tCO ₂ e)				2020 (tCO ₂ e)			2021 (tCO ₂ e)		
site	Scope 1	Scope 2	Total emissions	Scope 1	Scope 2	Total emissions	Scope 1	Scope 2	Total emissions	
China										
South China Plant 1	8,623	4,242	12,865	9,962	4,592	14,554	10,734	4,773	15,506	
South China Plant 2	8,772	3,021	11,793	8,114	3,146	11,260	8,426	3,320	11,746	
Chengdu Plant	1,330	1,027	2,357	1,532	1,113	2,645	1,812	1,273	3,084	
Chongqing Separation Plant	13	166	179	7	171	178	7	179	186	
Guangdong Plant	5,554	18,175	23,729	5,316	18,038	23,354	5,014	15,735	20,749	
Zhuhai Materials Plant	7,606	33,652	41,258	6,716	32,632	39,348	8,062	37,311	45,373	
Northeast China Separation Plant	118	497	615	122	489	611	119	459	578	
East China Plant 1	4,996	2,994	7,989	4,721	2,968	7,689	5,916	3,255	9,171	
Kunshan Chemical Plant	6,285	10,694	16,979	6,814	10,653	17,467	6,097	12,106	18,203	
Tianjin Plant	3,277	7,574	10,852	3,670	7,069	10,739	4,433	5,315	9,748	
Changshu Plant	3,082	5,162	8,244	3,478	5,141	8,619	3,403	5,238	8,640	
Suzhou Materials Plant	3,337	22,710	26,047	2,417	24,170	26,587	4,427	31,828	36,255	
Subtotal	52,992	109,916	162,908	52,869	110,181	163,050	58,448	120,791	179,239	
				Mala	aysia					
Malaysian Plant	5,189	4,196	9,385	5,517	4,487	10,003	6,499	5,059	11,558	
Total	94,995	155,116	250,111	93,210	154,829	248,039	101,285	166,757	268,042	



As the Company's total output in 2021 increased by nearly 10% compared with 2020, our total carbon emissions increased by 8.1%. Among them, the total greenhouse gas emissions from the plants in Taiwan plant in 2021 increased by 3.0%, the plants in China by 9.9%, and the plant in Malaysia by 15.5% compared with 2020.

The Group's greenhouse gas emissions (t CO₂e)



The plants in Taiwan took the lead in quantifying other indirect greenhouse gas emissions (categories 3-6) in 2021 in accordance with ISO14064-1: 2018. We will appoint a third-party impartial unit to verify the quantitative results as a reference for the formulation of Eternal's carbon reduction policy and monitor the implementation.

▷⊳ Greenhouse gas intensity

Eternal's greenhouse gas emissions intensity (tCO $_2$ e/t - product) decreased year by year between 2019 and 2021.

The Company's total output increased by 10% in 2021. Although the increase in production activities has resulted in an increase of 8.1% in total greenhouse gas emissions, the emission intensity of our plants in Taiwan, China, and Malaysia in 2021 was lower than that in 2020. This has demonstrated the effectiveness of our continuous effort in improving equipment energy efficiency as well as energy conservation and carbon reduction.

According to the EPA verification guidelines, the greenhouse gas emission intensity is defined as the ratio of the annual total emissions to annual production of a specific product in tons, where the unit is $tCO_2e/tons$ - product. Therefore, this figure has been adopted as the emission intensity in this Report. In 2021, the greenhouse gas emission intensity of plants in Taiwan, China, and Malaysia is 0.380, 0.413, and 0.211 $tCO_2e/metric ton-product$, respectively.

The Company's total intensity in 2021 is 0.387 tCO $_2$ e/metric ton-product, which is lower than that in 2020.

Region	Item	2019	2020	2021
	Total greenhouse gas emissions (tCO ₂ e)	77,818	74,985	77,245
Taiwan	Product output(t)	208,843	198,554	203,305
	Greenhouse gas intensity(tCO2e/t)	0.373	0.378	0.380
	Total greenhouse gas emissions(tCO2e)	162,908	163,050	179,239
China	Product output (t)	372,144	392,336	433,665
	Greenhouse gas intensity(tCO2e/t)	0.438	0.416	0.413
	Total greenhouse gas emissions(tCO2e)	9,385	10,003	11,558
Malaysian Plant	Product output(t)	33,793	38,163	54,829
	Greenhouse gas intensity (tCO ₂ e/t)	0.278	0.262	0.211
	Total greenhouse gas emissions (tCO2e)	250,111	248,039	268,042
Total	Product output (t)	614,780	629,053	691,799
	Greenhouse gas intensity(tCO ₂ e/t)	0.407	0.394	0.387

Unit : Total greenhouse gas emissions (tCO₂e), product output (metric tons), greenhouse gas emission intensity (tCO₂e/metric ton-product)

Note:

- Sources of data: The greenhouse gas emissions data compiled by the Company included direct emissions (Scope 1) and indirect emissions (Scope 2).
- The three plants in Taiwan are Lu-Chu Plant, Da-Fa Plant, and Ping-Nan Plant. The 12 plants in China are PM South China Plant 1 and Plant 2, Chengdu Plant, Chongqing Separation Plant, Guangdong Plant, Zhuhai Materials Plant, PM Northeast China Separation Plant, PM East China Plant 1, Kunshan Chemical Plant, Tianjin Plant, Changshu Plant, and Suzhou Materials Plant. The production plant in Malaysia has conducted greenhouse gas inventory and disclosed the data since 2019.



Greenhouse gas emissions intensity(t CO₂e /t)



>> Application for the Greenhouse Gas Offset Program

In cooperation with the EPA's promotion of industries to invest in greenhouse gas reduction activities in the early stage and its incentive mechanism of the offset program for reduction, the Company has actively applied for the offset program. In addition to the carbon credits, we will obtain after joining the program, we can demonstrate the effectiveness of the Company's active implementation of relevant carbon reduction projects.

The Company has implemented three offset projects:

(1) Lu-Chu Plant's 2019 project on UP heat exchange boiler fuel replacement with cleaner natural gas

As guided by the Industrial Development Bureau and validated by Bureau Veritas Certification (BV), this project passed the registration review by the EPA in June 2020 and would be implemented during the ten-year period (June 22, 2020-June 21, 2029), with the aim of reducing 10,340 metric tons of CO_2e . We appointed a third party to verify the first-year result in July 2021, and the verification result showed that the plant reduced a total of 955 metric tons of CO_2e in the first year.

We will appoint a third party to verify the reduction data per year for the remaining nine years and record such reduction data in the Company's account on the EPA's Greenhouse Gas Reduction Platform as the Company's reduction credit.



Note : Independent Assurance Statement for the monitoring period

(2) The Lu-Chu Plant and the Ta-Fa Plant's 2020 project on low-carbon fuels for heating facilities.

In 2020, the Lu-Chu Plant and the Ta-Fa Plant's joint project on the adoption of natural gas for three is estimated to reduce 31,690 metric tons of CO_2e over a ten-year period. It planned to submit the project for review in 2021; however, due to the impact of the pandemic, it postponed the third-party verification of this project to 2022 and will continue to implement it in accordance with the EPA's application process to obtain carbon credits.

(3) The Ping-Nan Plant's project on alternative boiler fuel and replacement with high-efficiency boilers

The main natural gas pipelines in the Pingnan Industrial Park, in which the Ping-Nan Plant is located, were completed in 2021. The Ping-Nan Plant immediately launched a project to replace fuel oils with low-carbon natural gas and established natural gas pipelines and replaced old boiler equipment by the end of the same year. It is estimated to submit the project for review in 2022 in alignment with the Industrial Development Bureau's counseling project for carbon credits.



DD Carbon Reduction Measures

Ping-Nan Plant's project on replacement of boiler fuel with natural gas

The direct greenhouse gas emissions (Scope 1) from the use of fuel are the largest

emissions source in Taiwan's plants. In recent years, the replacement of fuel with natural gas has been completed, which has been effective in improving fuel efficiency, energy conservation, and carbon reduction.

The Ping-Nan Plant began to replace the fuel oil of its two steam boilers and three heat medium boilers with natural gas in February 2021 and completed the replacement in January 2022.

It is estimated to reduce greenhouse gas emissions by $3,409 \text{ tCO}_2 \text{e}$ per year.



Installation of a solar power generation system at the Lu-Chu Plant.

Renewable energy is also an energy conservation and carbon reduction measure adopted by Eternal proactively. The Lu-Chu Plant began to set out a solar power system project in 2020 and planned to put it into operation in the third quarter of 2022 to reduce carbon emissions.

The Lu-Chu Plant's investment budget for a renewable energy development project is in the amount of NT\$74.5 million, and it plans to select a 3,200-ping area in the plant to establish solar power facilities that can

generate 1.55 million kWh of electricity per year. This project was outsourced in the second quarter of 2021 and is estimated to be put into operation in the third quarter of 2022. It is estimated that it can reduce greenhouse gas emissions by 778 tCO₂e per year, which will help reduce the Group's greenhouse gas emissions.





Climate Change Adaptation

Eternal pays attention to the potential impacts of climate change for business operations and the risks to the environment, evaluates the crisis to the Company's sustainable operation policy, and assesses the chance of turning risks into opportunities.

We examine the aspects of climate change, prepare appropriate materials, and optimize production schedules to reduce the impact on our production schedules while implementing energy conservation projects to reduce carbon emissions to comply with the Greenhouse Gas Reduction and Management Act and coping with the impact of future climate change.

In response to heavy rains, water shortages, power rationing, natural disasters, and extreme cold weather issues in extreme climate events, we have drawn up and implemented corresponding procedures, and put forth new countermeasures and actions depending on changes in the patterns of climate change.

D Extreme Climate Change Countermeasures

Extreme Climate Change

Event	Countermeasures
Water shortage	 ▲ Increase the reuse rate of water resources. ▲ Reduce the water consumption of processes. ▲ Monitor the wet bulb temperature of the cooling water tower to reduce the volume of water discharged. ▲ Introduce domestic water-saving equipment. ▲ Collect and reuse steam condensate.
Heavy rain and flood	 △ Set up rainstorm collection pools. △ Conduct complete plant site assessment, avoid △ establishment in low-lying and flood-prone areas.
Power rationing	 ▲ Improve processes to reduce power consumption per unit product. ▲ Replace the equipment with the level 1 energy or energy label. ▲ Adopt IE3 high-efficiency motors. ▲ Set up a backup power supply system. ▲ Replace T5 fluorescent tubes and fully introduce LED tubes. ▲ Set the air-conditioning temperature in the office at 27°C.

Event	Countermeasu	ires
Natural disaster	 Draw up procedures for responding to natural disasters. Increase property and liability insurance. Implement inspections and equipment replacement operations to ensure that the water, electricity, steam, and fire safety facilities of the processes can function stably when a natural disaster occurs. Ensure outdoor facilities at waterproof, dust-proof, and frost-proof levels. Pay attention to extreme weather forecasts and take corresponding preventive measures in advance. Adopt natural disasters in the evacuation and emergency response drills, and hold various disaster prevention drills regularly. Install lightning protection equipment 	New countermeasures in 2020 • Perform periodic inspections and clear the drainage system; open up other water channels to divert water flow during torrential rains.
Extremely cold weather	 A Heating tracing system for outdoor fire safety facilities A Heating tracing system for sampling valve for kerosene A Heating tracing system for roller shutters of the main workshop A Electric heat tracing of raw material pipelines and their control switches A Tank pipeline heating tracing system 	

Extremely Cold Weather Adaptation Measures

The Tianjin Plant is located in the cold northeast area of China at high latitudes. In cold winter, to allow production and safety protection measures to operate as usual, the plant has installed a heating and insulation system where various production equipment, important workshops, and fire safety equipment are located, to ensure that production equipment and safety protection measures function as usual without being affected by extremely cold weather events.







Water Cycle Management

Water Management

Facing the extreme climate change and the severe water shortage crisis, Eternal has regarded water as necessary resources like energy since 2014, and the usage of "process and domestic water" is monitored and managed by the Group's Energy Conservation and Carbon Reduction Task Force. The President regularly convenes the management meetings and the Group's Environmental Safety and Health Division has to report the status of the water usage of each plant and the corresponding action plans for alleviating the impact of water shortages. In general, the execution plans include:

- ▲ The water supply and the possible water stress of the plant site are included in the risk assessment of the new plant investment evaluation.
- ▲ The water withdrawal and discharge are connected to the legal municipal tap water sources and discharge pipelines respectively to avoid our plants' direct extraction from or discharge to natural water areas, such as rivers, lakes, and seas, and thereby reduce the environmental impact.
- ▲ Either the initiation of wastewater and sewage recycling procedures or launching the flooding prevention and response operating procedures according to the severe water shortage or flooding situation on site, respectively.
- ▲ Each plant strives for process water reduction and water recycling, thereby reducing the amount of raw water taken.
- ▲ Recycled water is included in the management metrics by tracking the number of times each drop of water used in the plants

In addition, we have set water resource management targets since 2019, which are reducing the total water consumption by 1% every year and reusing each drop of water more than 1.6 times by 2025 to achieve the vision of "zero-discharge water cycle" ultimately.

D Eternal's water withdrawal

To examine the usage of water resources and to shoulder the social responsibility as a multinational company, this Report began to disclose the usage of water resources at the Company's oversea plants since 2020.

Scope of disclosure > Plants in Taiwan (Lu-Chu Plant, Da-Fa Plant, and Ping-Nan Plant) Source of water withdrawal > Municipal water supply (tap water)

	Water withdrawal (megaliters)			Water di	scharge (me	egaliters)	Water consumption (megaliters)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Lu-Chu Plant	237.35	242.31	224.40	126.27	119.97	99.77	111.08	123.34	126.50
Ta-Fa Plant	95.77	93.95	87.09	41.95	48.30	48.67	53.82	45.65	38.37
Ping-Nan Plant	117.56	105.16	97.26	35.81	30.43	31.64	81.75	74.73	75.21
Total	450.68	441.42	408.75	204.03	198.70	180.08	246.65	243.72	240.08

Note:

The amount of water withdrawal and water discharge of each plant in Taiwan is based on monthly meter data, including process water and general domestic water.

The Group does not use other external water sources but tap water.



Scope of disclosure > Overseas plants (including all plants in China and Malaysia) Source of water withdrawal > Municipal water supply (tap water)

	Wa (ter withdra megaliters	iwal 5)	Water discharge (megaliters)			Water consumption (megaliters)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
PM South China Plant 1	54.55	51.82	52.74	1.50	1.50	6.02	53.05	50.32	45.69
PM South China Plant 2	30.09	26.14	31.25	0.74	0.77	3.74	29.35	25.37	27.61
Chengdu Plant	11.48	13.86	15.21	2.80	2.95	3.60	8.68	10.91	10.59
PM Chongqing Separation Plant	1.24	1.29	1.24	0.00	0.00	1.00	1.24	1.29	0.25
Guangdong Plant	114.06	123.69	142.65	72.48	69.70	65.53	41.58	53.99	77.13
Zhuhai Materials Plant	215.03	154.05	251.82	27.08	25.78	56.54	187.95	128.27	200.80
PM Northeast China Separation Plant	1.69	1.47	1.82	0.00	0.00	1.50	1.69	1.47	0.32
PM East China Plant 1	26.37	30.70	34.77	5.55	4.39	17.98	20.82	26.31	16.78
Kunshan Chemical Plant	103.13	108.38	96.06	5.41	4.82	14.83	97.72	103.56	74.95
Tianjin Plant	26.35	28.92	32.62	9.02	10.70	9.68	17.33	18.22	22.94
Changshu Plant	19.10	20.82	19.22	7.50	12.07	6.19	11.60	8.75	11.78
Suzhou Materials Plant	45.23	54.17	61.34	17.13	23.12	21.65	28.10	31.05	40.60
Total	648.32	615.31	740.74	149.20	155.80	208.26	499.12	459.51	529.44
Malaysian	-	56.86	78.23	-	9.48	9.95	-	47.38	68.11

Note:

The amount of water withdrawal of each plant in China and Malaysia is based on the monthly data on the water meters.

The amount of water discharge before 2021 only refers to monthly meter data of "process" wastewater discharge and excludes domestic water discharge connected to the municipal pipeline network; the process water and general domestic water has been included since 2021.

The Group does not use other external water sources but tap water.

The plant in Malaysia went into operation in 2020.

Scope of disclosure≻The Group (2018–2021)

	Water wi	Water withdrawal (megaliters)			Water discharge (megaliters)			Water consumption (megaliters)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	
Total in Taiwan	450.68	441.42	408.75	204.03	198.70	180.08	246.65	243.72	240.08	
Total in China	648.32	615.31	740.74	149.20	155.80	208.26	499.12	459.51	529.44	
Total in Malaysia		56.86	78.23		9.48	9.95		47.38	68.11	
Group- wide total	1099.00	1113.59	1227.72	353.23	363.98	398.29	745.77	750.61	837.63	

Note: The plant in Malaysia went into operation in 2020.

Eternal's water recycled

Since 2020, the Group has begun to recycle water and continued to optimize the efficiency of water resource usage depending on the actual situation. Meanwhile, we have improved the utilities systems (e.g. effluent recycling, cooling water systems, and steam condensate systems) and the process water system (e.g. process wastewater treatment and recycling, and the replacement of tap water with reclaimed water for process use) to enhance the water recycling efficiency and increase the number of times each water used, thereby reducing the amount of tap water used or wastewater discharged. We cherish the water resources provided by nature.

Volume of water recycled by plants in Taiwan during 2021

Scope of disclosure≻Plants in Taiwan (Lu-Chu Plant, Da-Fa Plant, and Ping-Nan Plant)

Plant	Recycled from Production utility equipment	Recycled from water discharged	Total	Details
Lu-Chu Plant	67.75	0.60	68.35	Recycling of condensate from main steam pipelines, cooled overflow water, and water discharged at the sewage treatment stations.
Ta-Fa Plant	N/A for now	N/A for now	N/A for now	The facilities for the effluent recycling project are under construction.
Ping-Nan Plant	61.67	0	61.67	Recycling of RO system wastewater and boiler condensate.
Total	129.42	0.60	130.02	The number of times of using each drop of water = 1.31 times

Note:

The unit for the above data is in megaliters.

The volume of water recycled was directly measured.



Volume of water recycled by plants overseas during 2021

Scope of disclosure Overseas plants (including all plants in China and Malaysia)

Plant	Recycled from Production utility equipment	Recycled from water discharged	Total	Details
PM South China Plant 1	9.59	N/A for now	9.59	Collection and reuse of steam condensate.
PM South China Plant 2	8.14	N/A for now	8.14	Collection and reuse of steam condensate.
Chengdu Plant	0.60	N/A for now	0.60	Recycling and reuse of RPE process wastewater
PM Chongqing Separation Plant	N/A for now	N/A for now	N/A for now	N/A for now
Guangdong Plant	70.01	N/A for now	70.01	Collection and reuse of steam condensate.
Zhuhai Materials Plant	81.41	17.85	99.26	Collection and reuse of steam condensate, recycling and reuse of the wastewater at the sewage treatment stations, and process wastewater treatment and recycling
PM Northeast China Separation Plant	N/A for now	N/A for now	N/A for now	N/A for now
PM East China Plant 1	6.33	N/A for now	6.33	Collection and reuse of steam condensate.
Kunshan Chemical Plant	19.50	N/A for now	19.50	Collection and reuse of steam condensate and recycling of RO system wastewater
Tianjin Plant	7.23	N/A for now	7.23	Collection and reuse of steam condensate and recycling of RO system wastewater
Changshu Plant	1.15	0.97	2.12	Collection and reuse of steam condensate and recycling and reuse of the wastewater at the sewage treatment stations
Suzhou Materials Plant	41.58	6.59	48.17	Process wastewater treatment and recycling and rainwater collection and reuse
Total	255.74	25.4	233.14	The number of times of using each drop of water = 1.32 times
Malaysian Plant	10.18	0.77	10.95	Recycling of RO system wastewater and reuse of the wastewater at the sewage treatment stations The number of times of using each drop of water = 1.14 times

Target: 1.6 times The number of times of using each drop of water group-wide around the world is 1.30 times right now 2020 2021 2025

The number of times of using each drop of water =

Water withdrawn + water recycled Water withdrawn

Reclaimed water reuse technology of the Zhuhai Materials Plant

Each plant of the Group attaches great importance to the issue of water resources management and continues to improve the efficiency of water use and implement water-saving projects in daily operations, to cherish each drop of water produced from the processes. Take the Zhuhai Materials Plant as an example, it adopted the RO recycling and treatment technology in 2021 to recycle the wastewater from the multipleeffect evaporation and centrifugal filtration processes to be directly reused in the production. So far, it has recycled more than 14,000 tons of process wastewater,



thereby reducing the amount of tap water withdrawn for its production processes.

Note: The unit for the above data is in megaliters.

• The volume of water recycled was directly measured.



Wastewater Management

Scope of disclosure ► Plants in Taiwan, China, and Malaysia

DD Management Approach

We continue to reduce the water dis-charge volume and improve water qual-ity while controlling water consumption from the source and recycling water at the end of the pipelines to alleviate the impact on the ecology.

⊳⊳ Impact

Water pollution is hazardous to life, health, and the ecological environment. It affects the survival of humans, animals, and plants in the water. If pollutants are discharged directly or indirectly into water bodies without adequate and effective treatment, they will affect the water in varying degrees.

Policy and Commit-ment

The Company is committed to reducing and reusing process wastewater and recycling wastewater after treatment to reduce discharge and achieve the vision of zero liquid discharge.

Manage-ment Meth-od

- Reduction from the source: Improvement processes to reduce water consumption and wastewater discharge.
- ▲ Separate collection: Collect wastewater from production processes, cooling water, and rainwater separately to reduce the impact on the environment.
- ▲ Terminal treatment: Each production plant sets up wastewater treatment facilities based on the characteristics of wastewater to recycle and reuse wastewater.
- ▲ Regular inspection: Online real-time monitoring, manual sampling and monitoring on a regular basis, and accurate control of pollution discharge.

Grievance Mechanism

When nearby residents have doubts about discharge from the plant, they can communicate or file a complaint through Eternal's official website, telephone, or email, and we will respond to it in a timely manner as per the management procedures.

Specific Actions

- ▲ Process water recycling and reuse, discharge water recycling, and water-saving equipment introduction.
- ▲ Separate wastewater treatment with reasonable and effective treatment to increase the efficiency of recycling and use of discharged water.
- ▲ Develop a KPI indicator for the number of times a drop of water is used.

D Effectiveness Assessment

- ▲ Site assessment: The Company's plants are mainly located in industrial zones, none of which are built in the national water source protection zone, with low sensitivity to environmental impacts. We have plants lo-cated in the non-industrial zone in Taiwan and China, respectively, and the wastewater will be treated by the wastewater treatment plant before being discharged into the ocean or rivers in com-pliance with the regulations. The wastewater from the industrial zone is all discharged into the joint sewage plant in the industrial zone.
- ▲ Optimization of treatment process: For new and expanded processes, we need to assess and review the impact of various environmental issues in advance and formulate preventive measures to minimize the impact of wastewater discharge.
- ▲ Improvement to treatment performance: When process production conditions change or regulations change, we immediately evaluate the wastewater treatment performance and up-grade the performance of wastewater treatment facilities in a timely manner.
- ▲ Stricter internal control standards: We establish stricter standards for quality of discharged water, each plant has set stringent standards that are stricter than what is stipulated in the law. When the quality of discharged water is close to the standards, we will follow it up and will not discharge the water if it does not meet our stringent standards.
- ▲ Real-time monitoring of wastewater water discharge: We have established online wastewater monitoring facilities, and 100% of the plants have had two- and three-stage wastewater treatment plants in place.
- ▲ Performance monitoring and evaluation: We evaluate each plant's environmental performance regularly and review the effectiveness of wastewater reduction.





• Wastewater Discharge Reduction Target

We have formulated a five-year wastewater reduction target in the first phase. The amount of water discharged in 2025 should be reduced by 12% of that in 2020. Each plant has also formulated reduction measures and targets year by year. We regularly monitor and follow up on the results with the aim of achieving the ultimate goal of zero liquid discharge.

Wastewater discharge target (%)

Total wastewater discharge in 2025 is 12% lower than that in 2020

>> Active promotion of water pollution prevention and recycling

Each plant reviews its reduction measures per year, sets wastewater reduction targets, lists them as environmental management goals and targets, and reviews the implementation results per quarter. Although the Company's production in-creased by 9.97% in 2021, and the increased production activities is not conducive to the reduction of waste, wastewater, and energy consumption, the wastewater discharge still decreased by 2.57%, and the discharge intensity per unit of output has decreased for three consecutive years, indicating each unit's endeavor.

Our plants are mainly located in industrial zones, and none of them are located in the protected areas of the local countries. We have two plants (one in Taiwan and one in China) that discharge wastewater directly (the plant in Taiwan discharges wastewater to a channel, while that in China to a river). The remaining plants discharge wastewater into the sewage

treatment plants in the industrial zones; the treatment methods include aerobic treatment, MBR treatment, and anaerobic treatment. We are also actively seeking the Chinese local government's approval of discharging qualified wastewater to the local sewage treatment plant for treatment before discharging the treated wastewater to the river to reduce the impact on the environment.

To reduce wastewater discharge, we strictly implement a diversion mechanism to separate process wastewater and clean sewage through different pipelines and control them through valves. The valve in the tank area and the master valve in the plant area are usually closed to prevent accidental leakage.

To prevent soil and groundwater pollution, we have moved the existing underground pipelines onto the ground. For the tanks that cannot be moved onto the ground, we cover them with impermeable materials and inspect the wastewater storage tanks, pools, and pipelines per year.



D Wastewater reduction measures

Eternal manages various wastewater reduction projects in each plant and regularly monitors their implementation re-sults.

The Zhuhai Plant implemented the following two wastewater reduction measures and recycled and reused the bio-chemical wastewater from the treatment station (750 tons/month; recycling rate 50%) in 2021, its average wastewater discharge in the fourth quarter of 2021 was 1,366 tons/month, an 80% decrease compared with 6,677 tons/month in the first half of the year.



Measure 1 Adoption of a phases two and three photocatalytic water splitting system for PSQ wastewater

It installed a phases two and three photocatalytic water splitting system based on the production capacity of PSQ in 2021, increased the capacity of the equipment and optimized the process,

improved the COD of the equipment incoming water, and canceled the pretreatment operation; as such, the sewage discharged was reduced by 3,000 tons per month.



▷ Wastewater Discharge

(I) Wastewater discharge

As per the Company's wastewater discharged (megaliters) between 2019 and 2021, the total wastewater discharge in 2021 de-creased by 2.57% compared with 2020

Wastewater volume (megaliters)

	Taiwan	China	Malaysia	Total	Reduction(%)
2019	204.0	149.2	8.9	362.2	-
2020	198.7	155.8	9.5	364.0	0.5
2021	180.1	164.6	10.0	354.6	-2.6

Measure 2 PSQ wastewater recycling and reuse

It installed a PSQ wastewater recycling system in July 2021. The system adopts a RO membrane device. When the production line is fully loaded, 1,000 tons of wastewater can be recycled and reused per month, reducing sewage discharged by 1,000 tons. The recycling rate is 40%. It aims to achieve 70% in 2022.



Discharge volume (megaliters)

400 350 300 250 200 150 100 ▲ 2019 50 ▲ 2020 ▲ 2021 0 Group Total Taiwan China Malaysia



(II) Wastewater SS and COD discharged and discharge destination

Discharge destination, discharge volume (megaliters), and SS and COD discharge volumes from 2019 to 2021(tons/year) between 2019 and 2021

Year	Region	Discharge destination	Discharge volume (megaliters / year)	SS discharged (tons / year)	COD discharged (tons / year)
	Taiwan	Surface water	126.3	0.41	4.59
	Taiwan	Third party	77.8	1.571	10.18
2010	China	Surface water	5.4	0.15	0.045
2019	China	Third party	143.8	2.48	6.20
	Malaysia	Surface water	8.9	0.1	0.4
	Total		362.2	4.7	21.4
	Taiwan	Surface water	120.0	0.37	4.39
	Idiwali	Third party	78.7	2.46	8.15
2020		Surface water	4.8	0.03	0.09
2020	China	Third party	150.98	2.84	6.68
	Malaysia	Surface water	9.5	0.1	0.5
		Total	364.0	5.8	19.8
	Taiwan	Surface water	99.8	0.32	4.41
	Taiwan	Third party	80.3	1.56	10.44
2024	China	Surface water	6.0	0.05	0.12
2021	China	Third party	158.6	2.04	7.85
	Malaysia	Surface water	10.0	0.1	0.5
	Total		354.6	4.1	23.3

COD discharged (T/year)







DD Wastewater Discharge Intensity

The Company's total discharge per unit of production (megaliters/kt (output)) decreased for three consecutive years from 2019 through 2021.

In 2021, the Company's total output increased by 9.97%. Although production activities have increased, each plant has con-tinued to implement waste reduction and recycling measures. The total wastewater discharge decreased by 2.57%, and the total wastewater discharge per unit of production in 2021 dropped by 11.4% compared with 2020 and has declined for three consecu-tive years.

The wastewater volume per unit of output (megaliters/kt (output)) of Eternal's three production sites between 2019 and 2021 is as follows.

Wastewater volume per unit of output (megaliters/output (kt))	2019	2020	2021	Reduction (%)
Taiwan	0.977	1.001	0.886	-11.5
China	0.401	0.397	0.380	-4.4
Malaysia	0.264	0.248	0.182	-26.9
Total	0.589	0.579	0.513	-11.4

Note: Reduction (%) refers to the percentage of reduction in 2021 compared to 2020.

Wastewater volume per unit output (megaliters/production capacity (kt))





>> Management of discharge impacts

Discharge quality standard

The quality of the water discharged by each plant is in line with the local competent authority's discharge channel water quality standards, the management standards of the joint sewage treatment plant in the industrial zone, or the emission standards in the audit of environmental impact reports

Internal stringent standards

As each plant's discharge water quality indicators and management standards monitored are not the same, we have formulated the Wastewater Management Procedures to require each plant to set out stringent discharge standards for important water quality items, as each plant's control value of the discharge water management, to ensure that all water discharged can comply with the laws and regulations and internal regulations.

Water bodies receiving wastewater discharge

The wastewater is discharged in accordance with the discharge methods and channels approved by the competent authority. Most of our plants are located in the industrial zones, and the wastewater is discharged by the sewage plant in the industrial zones. Only the Lu-Chu Plant in Taiwan and the Kunshan Chemical Plant in China outside the industrial zone discharge water into the water body permitted by the competent authorities.

The wastewater discharge quality standards for Taiwan's Plants (Lu-Chu Plant, Ta-Fa Plant, and Ping-Nan Plant), China's Plants (PM South China Plant 1, PM South China Plant 2, Chengdu Plant, Chongqing Plant, Guangdong Plant, Zhuhai Mate-rials Plant, Northeast China Separation Plant, PM East China Plant, Kunshan Chemical Plant, Tianjin Plant, Changshu Plant, and Suzhou Materials Plant), and the Malaysian Plant are different in 2021. The compiled results of the main discharge quality indicators are shown in the table below. We have also raised the standards for the main pollutants in the discharge. During 2021, all plants' discharge met the water quality standards and was into the water bodies designated by competent authorities.

The stringent standards for COD water discharge quality of each plant are set as follows

Location of water discharge	COD regulations and standards	Internal stringent standards	Actual water discharge quality
Plants in industrial zones	400~640 PPM	50~540 PPM	48~300 PPM
Plants in non-industrial zones	100 PPM	90 PPM	40~60 PPM

Situation of discharge quality in various regions

Region	Standards and discharge	РН	COD (PPM)	BOD (PPM)	SS (PPM)	Ammonia nitrogen (PPM)	Total nitrogen (PPM)	Total phosphorus (PPM)
	Legal standards	5~9	100~640	30~480	30~480	-	-	-
Taiwan	Internal stringent standards	5.5~8.5	90~540	-	-	-	-	-
	Average discharge concentration	6.7~8.0	48~299	9.9~55	2.5~41	-	-	-
	Legal standards	6~9	50~500	20~350	30~400	5~45	15~70	0.5~8
China	Internal stringent standards	6.5~8.5	50~450	20~280	30~400	3~36	15~55	0.5~6
	Average discharge concentration	7.1~7.8	20~90	8.9~21	1~18	0.1~16.2	6.7~21.3	0.4~1.6
	Legal standards	6~9	80	20	50	-	-	
Malaysian Plant	Internal stringent standards	-	-	-	-	-	-	
	Average discharge concentration	7.1	48.7	13.2	13.7	-	-	-



Air Pollution Discharge Management

Scope of disclosure > Plants in Taiwan, China and Malaysia

>> Management Approach

The air pollutants from the Company's processes are collected and treated and discharged in compliance with regula-tions, and we continue to review our emission reduction efforts.

⊳ Impact

Total suspended particles (TSP) have an ad-verse impact on human respiratory function. Sulfur oxides (SOx) have a pungent odor and result in acid rain, and nitrogen oxides (NOx) can also lead to acid rain, while raising the ozone concentration in the atmosphere. The volatile organic compounds (VOCs) from equipment components cause a more direct im-pact on the health of on-site workers than the three elements mentioned above and also affect the ozone concentration in the atmosphere.

>> Management Method

Policy and Commitment

The Company is committed to adopting clean energy, improving processes from the source, and adopting the best feasible control technology to improve the performance of air pollution emissions.

Target

- ▲ Replace fuel oil with natural gas to reduce SO_x, NO_x, TSP, and VOCs emissions.
- ▲ Recover waste heat from process exhaust gas to produce steam, thereby reducing fuel consumption and air pollution emissions.
- ▲ Set up online monitoring facilities to keep abreast of the status of exhaust gas emissions in real-time.

Grievance Mechanism

When nearby residents have doubts about emissions from the plant, they can communicate or file a complaint through Eternal's official website, telephone, or email, and we will respond to it in a timely manner as per the management procedures.

Specific Actions

- ▲ Actively strive for the natural gas pipeline linkage project for the Ping-Nan Plant to use clean fuels.
- ▲ Strengthen the management and control of the fugitive emission sources of equipment components, increase the self-inspection frequency, and reduce leaks.
- ▲ Establish online exhaust emission monitoring facilities to grasp the emission status and improve in real-time.

D Effectiveness Assessment

- ▲ Improvement to exhaust gas treatment efficiency: When process production conditions change or regulations change, we immediately evaluate the exhaust gas treatment efficiency, and upgrade the efficiency of exhaust gas treatment facilities in a timely manner.
- ▲ We strictly perform inspections in accordance with the required frequency, monitor pollution prevention equipment online, require each plant to monitor the status, and appoint third-party institutions to perform inspection and testing regularly, to ensure compliance with emissions standards.
- ▲ We maintain the availability of air pollution prevention equipment to ensure stable operations of the equipment.
- ▲ The Company evaluates the environmental performance of each plant, performs audits of the implementation, and improves the effec-tiveness.



DD Air Pollution Control Measures

The Company's air pollution prevention and control systems all adopt the best available control technology to evaluate the possibility of reuse of process exhaust gas. According to the characteristics of the process exhaust gas and as approved by the local competent authorities, we have installed non-destructive recycling and treatment equipment (such as cryogenic equipment to recycle the solvents in the process ex-haust gas) or TO, RTO, or RRTO, and use clean natural gas to replace fuel oil to reduce the emissions of sulfur oxides and particulate matter while continuing to execute cleaner production projects every year.

The Company is also actively responding to the government's regulatory requirements. In recent years, the government of mainland China has implemented increasingly rigorous controls over air pollution and announced the emission standards for the synthetic resin industry in 2015. After our assessment, we believed that our resin plants' NOx control capacity needed to be improved and therefore invested in the NOx removal equipment for incinerators before the regulations came into force. The total investment in the equipment amounted to RMB 20.05 million. Due to the special composition of the exhaust gas from the fluorocarbon resin process, we invested RMB 19.55 million in two sets of dedicated equipment to improve the treatment efficiency.

The management of unorganized VOCs emissions is also a key part of enhancing monitoring and control measures. In addition to general equipment and components, we set up breather valve port connection for storage tanks, installed exhaust gas balancing pipes to reduce loading emissions for the loading of materials onto tankers, and use water sealing or condensation for transportation into the waste gas incineration treatment system to reduce fugitive emissions. We comply with the government's requirements to create files on equipment components and implement third-party tests of the entire plant. We also established our own KPI management standards. The Company implements a tiered management system for components, and the plants inspect and monitor high leakage risk locations every two weeks. We use hardware up-grades such as the upgrade to high-efficiency shaftless pumps to eliminate fugitive emissions from shaft seals and reduce fugitive emissions from all equipment components. As the competent authorities in Taiwan have tightened the standards and audits on equipment components, the Company has invested large amounts of management capacity for self-inspections in addition to the outsourced statutory regular inspec-tions. We purchased the expensive infrared inspection equipment GasFindIR and assigned personnel or appointed third parties to monitor and detect leaks early for repairs.

The Company is committed to continuous improvement of air pollution equipment. In recent years, the main prevention and control measures implemented are as follows:

- ▲ Replace fuel oil with natural gas: Replaced the fuel oil of various boilers with natural gas, replaced the old equipment with new one, and installed heat recovery devices (Lu-Chu Plant, Ta-Fa Plant, and Ping-Nan Plant).
- ▲ Solvent recycling: Recycled solvents after being condensed by a cryogenic system and treated through a biological filter and activated carbon for adsorption and desorption to reduce the fugitive emissions to the atmosphere (Lu-Chu Plant, Zhuhai Materials Plant, and Suzhou Materials Plant).
- ▲ Setup exhaust gas online monitoring system: Monitored the air pollutants emitted from the pipelines (each plant).
- ▲ Install an SCR system in the waste liquid furnace (Chengdu Plant).
- ▲ Install an SCR system in the RTO furnace (Lu-Chu Plant).
- ▲ Low-nitrogen retrofit of gas-fired boiler (Chengdu Plant).
- ▲ Change the combustion-supporting agent to replace the highly polluting heavy oil (Ping-Nan Plant).
- ▲ Strengthen leakage control of equipment components (each plant)
- ▲ Participate in Industrial Technology Research Institute's (ITRI's) Air Pollution Improvement Counseling Project (Lu-Chu Plant).

ITRI's Air Pollution Improvement Inspection and Counseling Project

We commissioned ITRI's Green Energy and Environment Research Labora-tories to conduct OPFTIR, VOC pipeline odor, and fingerprint analysis; peripheral boundary odor and fingerprint analysis; risk assessment, atmospheric background development in sensitive areas, and a





diffusion simulation project at the Lu-Chu Plant every year from 2011 to 2020 while making improvements according to the improvement suggestion report issued.



>> Current Status and Trends of Air Pollution Emissions

Eternal has continued to implement improvement measures for our major air pollutants (SOx, NOx, TSP, and VOCs) for years, and pollution emissions continued to decrease.

(I) Management performance:

- (1) The Company's air pollution emissions from 2019 to 2021 all showed a downward trend year by year. In comparison of 2021 to 2019:
 - ▲ SOx is down by 87.2 %.
 - ▲ NOx is down by 30.9 %.
 - ▲ TSP is up by 14.6 %.
 - ▲ VOCs is down by 7.61 %.
- (2) From 2019 to 2021, the emissions per unit of capacity (tons/tons) of air pollution have shown a downward trend year by year.

Emissions of major pollutants from stationary sources in Taiwan and China from 2019 to 2021

Year	Region	SOx emissions	NOx emissions	TSP emissions	VOCs emissions
	Taiwan	30.42	81	4.13	100.47
2019	China	17.92	78.4	7.21	18.18
	Total	48.34	159.4	11.34	118.65
	Taiwan	9.02	66.88	3.07	86.99
2020	China	6.30	41.36	6.96	20.63
2020	Malaysia	0.24	8.31	1.74	0.41
	Total	15.56	116.55	11.77	108.03
	Taiwan	3.67	75.33	2.36	88.24
2024	China	1.62	33.81	10.53	21.07
2021	Malaysia	0.88	0.95	0.11	0.32
	Total	6.18	110.08	13.00	109.62

Note: The emissions from stationary sources (exhaust pipes) are calculated based on the results of the inspection conducted by a com-missioned inspection agency that is certified by the local government.



Eternal's air pollution emissions showed a downward trend from 2017–2021 (T)



Eternal's air pollution emissions per unit of capacity (T/T) showed a downward trend year by year from 2017–2021



(II) Prevention and control measures for fugitive emission sources of equipment component

In 2019, the Company was fined three times for excessive fugitive emission leakage from VOC equipment components. After we developed and enhanced our management system and endeavor, the total leakage based on the regular inspections on those greater than 2000PPM (Taiwan's legal standard) was 0.003%, and we continue to monitor and improve this issue. In 2020 and 2021, the competent authority repeatedly inspected our plants and did not identify any defects. It is clear that our efforts in the management of the fugitive emissions from VOC components have been effective.

Three plants' equipment components fugitive (greater than 2000ppm) emission leakage rate (%) in Taiwan from 2019–2021

Year	Region	Number of equipment com-ponents	Q1 leakage (%)	Q2 leakage (%)	Q3 leakage (%)	Q4 leakage (%)
	Lu-Chu Plant	39,626	0.000	0.000	0.000	0.000
2019	Ta-Fa Plant	13,216	0.000	0.000	0.017	0.000
	Ping-Nan Plant	40,781	0.007	0.007	0.002	0.002
	Lu-Chu Plant	34,388	0.000	0.000	0.000	0.000
2020	Ta-Fa Plant	11,892	0.000	0.000	0.000	0.025
	Ping-Nan Plant	43,488	0.000	0.000	0.007	0.007
	Lu-Chu Plant	39,533	0.003	0.000	0.000	0.000
2021	Ta-Fa Plant	11,066	0.000	0.000	0.000	0.000
	Ping-Nan Plant	45,449	0.007	0.007	0.013	0.013



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Strengthened control measures for fugitive emission leakage from equipment components

Equipment components inspection management

We strengthen the management of component plants and grade and classify them while formulating a self-inspection management and cross-audit plan on a weekly, monthly, and quarterly basis.







ELEM SPLS



Waste Management

Scope of disclosure ► Plants in Taiwan, China, and Malaysia

D Management Approach

The reduction from the source of the process is more effective and more important than the end-of-pipe recycling or treatment, and is the Company's prioritized management strategy, and we actively implement waste recycling to achieve the "reduce, reuse, and recycle (3R)" target.

⊳ Impact

The disposal costs of wastes continue to increase after they are produced. The negative impact of the treatment process on personnel and the environment, restrictions on waste removal caused by the limited resources for outsourced treatment, and the factories' safety and environment issue derived from temporary waste have all caused risks to the business operation.

Policy and Commitment

- ▲ The Company has been committed to, in our safety, health, and environmental policy, preventing any harm and adverse effects of our products on the environment through the design of the manufacturing processes, and we actively research and develop green and energy-efficient products to mitigate the environmental impact and to improve resource use efficiency, thereby strengthening the reduction of waste.
- ▲ We dispose of waste and file a report in accordance with the waste regulations announced by the local government.

Management Procedures

- ▲ Manage the waste generated in accordance with the waste management operating procedures, and conduct reviews of qualifications and on-site surveys to select waste treatment companies.
- ▲ File reports in compliance with the regulations and the declaration procedures and implement access control management for waste leaving plants.

Target

- ▲ Reduction from the source: Reduce waste from the processes and recycle and reuse it.
- ▲ Terminal treatment: Treat waste legally, select waste treatment companies prudently, and recycle and reuse waste.

Specific Actions

- ▲ Truck tracking for waste leaving plant: Track and audit waste trucks for hazardous waste treatment companies or new ones in a frequency that is higher than what is stipulated in the laws.
- ▲ Disposal monitoring: Regularly monitor the wastes of each plant, and put forth joint review and improvement measures for the waste that is difficult to be removed.

D Effectiveness Assessment

- ▲ The waste components are tested by a qualified third-party testing company to confirm the classification for legal treatment.
- ▲ We review the waste treatment companies' qualification documents and conduct on-site surveys of our partners or companies that treat waste with high pollution risk to confirm their treatment capabilities.
- ▲ For the waste-leaving-plant operations, we need to review the waste treatment companies' qualifications, and they should apply for entry in line with the access control management procedures in advance, and we will confirm if the report filing is completed before they leave the plant.
- ▲ Each plant will track the waste trucks, use GPS to track and monitor the transportation and disposal trajectory from time to time, or conduct on-site reviews for the cooperating waste disposal and treatment companies, to confirm that all the waste is disposed of legally in accordance with the methods reviewed and approved by the competent authority.
- ▲ We conduct internal audits, follow the audit mechanism of the ISO management system, and conduct regular monitoring and audits of waste compliance and the process from generation, storage, treatment, and filing.



DD Waste Reduction Measures

The Company implements various hazardous waste reduction measures. Those that belong to the process improvement projects are tracked at the Company's process technology meetings. The reduction management measures are monitored and managed by each plant. The details are listed below:

Process Improvement Projects

- ▲ The high-concentration waste liquid from the synthesis and the dehydration processes is recycled and used as raw material, to achieve "zero liquid waste".
- ▲ The project on reduction of high-concentration waste liquid from synthetic dehydration in the process.

Plant management

- ▲ The autoclave washing solvent in the process is reused repeatedly, reducing the output of waste solvents and taking into account the quality of autoclave washing.
- Resin sampled from the processes is classified for management and reused in the processes to achieve zero waste.
- ▲ Waste in each plant is reclassified as recyclable waste and hazardous waste, and part of them can be reused in the process as raw materials.

Procurement Management

- ▲ The packaging materials are reduced from the source, and we return large packages, bulk packages, or packaging containers to suppliers for repeated use.
- ▲ We purchase high-strength plastic pallets to replace ordinary wooden pallets to reduce the output of waste pallets.

⊳ Waste Output

In 2021, the business waste in Taiwan, China, and Malaysia was disposed of locally and not exported to other countries. Between 2019 and 2021, the Company's total volume of waste showed an upward trend with our increased production capacity. In 2021, the volume increased by 14.3% compared with 2020. We will continue to reduce waste, take eco-friendly management measures, and reduce our waste disposal costs.

Year	2019	20 20	2021		
Production site	Waste output (ton/year)				
Subtotal in Taiwan	9,760	9,948	10,568		
Subtotal in China	40,569	39,548	45,893		
Malaysia	972	1,405	1,728		
Total	51,302	50,902	58,188		

Note: The data sources are calculations made by each plant in accordance with the regulations and reporting rules of the local competent authority. Note: It increased by 14.3% in 2021 compared to 2020.

Waste output (tons/year)





▷ Methods of waste collection and transport

I. Methods of waste collection and transport

The waste generated by each unit of the Company is disposed of within the territory of each region. After we signed a contract with a qualified contractor, the waste is transported by vehicles and disposed of in a legal method approved by the competent authority; then, we file a report to the competent authority as required.

II. Method of disposal

The Company's waste treatment is outsourced, and we select waste treatment companies based on the characteristics of the waste and the treatment methods are divided into three categories: incineration, landfill, and reuse. The data of the three categories for plants in Taiwan, China, and Malaysia in 2021 is as follows:

2021	Hazardous / General	Total (metric ton /year)	Incineration (metric ton /year)	Landfill (metric ton /year)	Reuse (metric ton /year)	Others (metric ton /year)
Taiwan	Hazardous waste	10 569	3,508	0	890	2
Taiwan	General waste	10,508	1,817	272	4,080	0
China	Hazardous waste	15 803	38,426	241	5,3 03	8
China	General waste	40,090	47	15	1,853	0
Malaysia	Hazardous waste	1 728	358	0	673	67
Walaysia	General waste	1,720	0	0	630	0
The Group	Hazardous waste	58 188	42,293	241	6,866	77
	General waste	50,100	1,863	287	6,562	0

Note: Others include solidification, chemical treatment, and treatment on our own.

>> Waste Recycling Rate and Trends

According to Eternal's waste treatment policy, recycling and reuse are prioritized, and each plant continues to increase the reuse rate (%) to break through the limitations of the nature of some waste materials and the inadequacy of legal treatment channels and companies.

Production site	2019 reuse rate (%)	2020 reuse rate (%)	2021 reuse rate (%)
Taiwan	45.9%	50.0%	51.1%
China	41.5%	44.6%	47.5%
Malaysia	76.0%	76.0%	75.4%
The Group	44.5%	47.6%	49.9%

Note: The reuse rate in 2021 increased by 4.95% compared to 2020.

Waste recycling rate (%)





Environmental Regulatory Compliance

Scope of disclosure > Plants in Taiwan, China, and Malaysia

>> Management Approach

The Company pays close attention to relevant local and international environmental regulations, and compliance therewith and draft risk assessments related to greenhouse gas, air pollution, water pollution, waste, noise, and chemicals.

The Company invests resources, actively participates in relevant meetings to formulate laws and regulations held by relevant industry associations, competent authorities, and experts, understands stakeholders' concerns, communicates and interacts with stakeholders when necessary, and keeps abreast of legisla-tive trends to draw up countermeasures for plants in advance, thereby enabling the Company to meet external expectations.

⊳⊳ Impact

Receipt of fines for violation of laws and regulations will have a significant impact on the Company's image and investors' willing-ness to invest.

>> Management Method

Policies and Systems

- ▲ The Company's safety and environmental policies include [comply with regula-tions and meet all requirements] which are exemplified in Eternal's culture of "compliance with laws, integrity, and moral values."
- ▲ Formulate [Laws and Regulations Inspection Management Operating Proce-dures], and review compliance regularly, conduct compliance assessment, and respond and track.
- Conduct audits, inspections, and on-site inspections regularly, to check plants' compliance, and track non-compliant units until the improvement is completed.

Goals

"Zero fine" is the goal that we continue to strive to achieve.

Grievance Mechanism

- ▲ Internal communication channels include: Regulatory compliance inspections, employee education and training, proposal improvement system, telephone, and meetings.
- External communication channels include: Telephone, mail, visits, and opinion survey forms.

Environmental violations between 2019 and 2021

Environmental fines and improvement

The Company adopts a company-wide notification and analogy investigation, formulate improvement measures, conduct regular audits, adopt monitoring and tracking mechanisms based on deficiencies identi-fied in external audits, to meet legal standards and achieve the goal of zero fine within the Company.

Environmental violations between 2019 and 2021 are as follows:

Year	Plant	Date of violation	Details of violation	Amount of fine	Improvement project
	Lu-Chu Plant	2019/2/14	The VOC of equipment components exceeds the standard.	100,000 (NTD)	 Component leakage risk classification and self-inspection Frequent component self-inspection
2019	Lu-Chu Plant	2019/9/27	The VOC of equipment components exceeds the standard.	100,000 (NTD)	 after opera-tion ▲ Atypical component self-inspection ▲ Infrared instrument scan-ning and inspection/testing ▲ Outsourced testing institu-tion's testing
	Ta-Fa Plant	2019/12/5	The VOC of equipment components exceeds the standard.		result compar-ison ▲ Update of the list of com-ponents in real time
2020	Kunshan Chemical Plant	2020/5/11	The concentration of fluo-ride in wastewater ex-ceeded the standards	120,000 (CNY)	 Establish water quality self-inspection capability. Install coagulation treat-ment equipment.
2021	-	-	None	0	-

Note: Violations of environmental laws and regulations that resulted in a fine of NT\$100,000 or more are disclosed.



Continue to Innovate in Green Technology and Provide Environmentally Sustainable Products

D Development approaches and policies

To develop materials that reduce environmental pollution, green energy, as well as biodegradable and recyclable materials, we aim to develop sustainable products that are both innovative and eco-friendly, thereby creating green values and enhancing competitiveness.

The policy on the green innovative technologies that we continue to implement is as follows:

- ▲ Develop low-polluting and eco-friendly substances to reduce VOC emissions.
- ▲ Develop eco-friendly green energy and materials to help reduce CO₂ emissions.
- Develop biodegradable materials and recyclable products to reduce waste and reduce burdens on the environment.
- ▲ Establish quantitative metrics for the performance of green chemicals in order to be aligned with the international standards.



▷ ▷ Implementation results

We have engaged in the green industry for many years, and our sales of green products have been growing year by year. The sales reached at least NT\$9 billion in 2021 and will continue to grow in 2022 in an estimated amount of NT\$10 billion or more.

Total sales (in NT\$ millions)



Eco-friendly Products [Low Pollution]

>> Waterborne resin products

As the Company complies with the government's laws and regulations and puts great emphasis on environmental protection, we have spared no effort in the development of waterborne resins. We have developed eco-friendly coatings which reduced VOC from the beginning of product design, and reduced VOC emissions during the resin production process. Meanwhile, we take actions to actively replace the chemicals of high concern with waterborne products, to alleviate the harm to the environment during the production process or when such products are used by end customers, thereby meeting the environmental protection requirements of a low-carbon economy.

Sales (in thousand tons)



We have developed a variety of waterborne products, including aqueous dispersions and water-soluble acrylic, and formaldehyde or APEO free waterborne emulsion or hydrogel. The annual sales volume in 2021 is 20,000 tons or more.



Waterbased Resin for Wood Coatings

▲ Introduction

Waterborne Wood Coatings market is mainly divided into Furniture finishing, DIY paint and exterior wood coatings.



▲ Painting processing



▲ Product

- Oil closed acrylic primer
 ETERSOL 11385s
 ETERWAT 1140
 ETERWAT 11430
- ETERSOL 11563ETERACT 89452

► ETERSOL 1151

Clear acrylic latex for base / top coat

- Hydrophobic acrylic latex
 ETERSOL 11215
 ETERSOL 11212
- Self-matt acrylic latex
 ETERSOL 1152

Opaque Hollow Polymer Emulsion

▲ Introduction

▲ Performance

Lower Cost of Paint

Improve Dirty Pick up

Less Settlement

▲ Applications

Architecture Coating

Improve Scrub Resistance

Hollow polymer (HP) ETERSOL 11761 provides effective hiding power due to the light scattering of polymer after drying. Used in coating formulations to reduce coating costs and improve coating performance.





 Scrub Resistance ETERSOL 11761







D Environmental Friendly Photocurable Materials

A board of photo-curing technology and relevant novel materials has been developed in Eternal Material for nearly 30 years. The Photo-curable technology is frequently used in industrial applications on wood, paper, adhesive, plastics, and 3D/Inkjet printing due to its own advantages: the ability to achieve complete curing within a few seconds at room temperature, higher production efficiency, and energy saving (one-fifth to one-tenth of that by thermal curing). Besides, the energy used for UV/LED curing is mainly electricity, no fuel or gas is required. The energy from the ultraviolet light initiates the photo-polymerization to cure or dry the coatings into a network, which enhances physical properties such as the resistance to stain, scratch, and chemicals. In a variety of industries, automated online production systems can thus be realized. Therefore, the UV/LED curing technology is also regarded as Green Technology and is conducive to reducing economic costs.

Our photocurable products were sold for coatings, inks, and adhesives in a quantity of around 20,000 metric tons in 2021, which could reduce VOC emissions by roughly 13,000 metric tons Furthermore, we are also actively developing UV waterborne materials and utilizing more natural biobased raw materials as our components of resin, to achieve the CO_2 emission reduction and carbon neutrality.

Reduction of VOC content (in thousand tons)





Photo-curing Industry Chain



▶ High solid content/powder resin/oil-to-water system

In response to environmental protection, we have developed high solid content/powder resin/oil-to-water products to assist the coating industry in reducing the VOC content.

We sell at least 15,000 tons of oil-to-water/high solid content/solid resin products annually, which can reduce roughly at least 5,000 metric tons of VOC emissions into the environment.

Reduction of VOC content (in thousand tons)







▷ Halogen-free CEM-1 laminate

Printed circuit boards (PCB) integrate electronic components and closely affect the progress of today's electronic products, but environmental issues are also exacerbating. Therefore, in response to the green environmental protection trends of the lead-free process and the halogen-free laminate materials, selecting materials for the laminates has become a critical issue in design.

For the copper-clad laminate, it is necessary to pay attention to the problems of lead (Pb) and halogen. In response to the halogen-free requirement for environmental protection, halogen-free materials are mainly used to replace the halogenated flame retardants added in the laminate. Then, phosphorus-containing epoxy resin is used to replace the bromine-containing epoxy resin. According to the norms of international organizations, chlorine (Cl) or bromine (Br) should be less than 900ppm, respectively, or should not exceed 1,500ppm together. The lead-free conversion is to change the solder material, and its high-temperature assembly is the basic procedure, and the laminate material must resist the temperature of the lead-free process.

The ETL-CEM1-507 product developed by the Company is a grade V-0 halogen-free CEM-1 composite laminate with high leakage resistance. The product meets the EU RoHS and other international regulations on restricted substances. The halogen has also passed the SGS test and met international standards. The content bromide (Br) is less than 900 ppm, chloride (CI) less than 900 ppm, and total halogen less than 1500 ppm.

In 2021, the Company began to sell the halogen-free CEM-1 laminate, with the sales reaching 40,000 to 50,000 square meters per month. The total sales for 2022 are estimated to grow to 800,000 square meters.

▷> Bio-based raw material products

Petroleum is not a renewable natural resource. The pollution and greenhouse gases produced in the process of using petroleum synthetic resin products will affect the ecological environment, leading to climate change and global warming. The development of resin using natural resources will not cause a burden on environmental resources, and the resources used for the resins are recycled from the natural environment and will not produce a great deal of carbon emissions like petroleum.

The Company uses biomass raw materials, such as fatty acids and cardanol, extracted from recycled vegetable oils to produce alkyd resins and epoxy crosslinking agents. Recently, we have engaged in R&D of bio-based polyols by recycling PET for alkyd and polyol products, to reduce the proportion of petrochemical raw materials used in products and recycle resources, to pave the way for the issue of carbon footprint of coating products. The sales of this series of products in 2021 exceeded 35,000 metric tons.

The Company is committed to R&D of new technologies to make chemical raw materials from renewable, bio-based, or agricultural by-products to reduce carbon footprint. For example, lactic acid obtained through fermentation of agricultural waste materials can be used to obtain the intermediate, lactide, through polycondensation and dehydration. In addition to being further polymerized to obtain polylactic acid, lactide can be processed into biodegradable films and plastic products and also be derivatized into diols, which are used in the PU manufacturing processes as well as widely adopted in coatings and the manufacturing of adhesive resins.

* * * *

Sales (in thousand tons)









Recycling and Reuse of Products [Recyclable]

▷ Recycle Claim Standard (RCS)

The textile industry takes environmental protection as its core requirement and encourages the increase in the use of recycled materials. RCS is the internationally accepted recycling standard. We add recycled resin to the button resin for downstream customers to produce buttons. This has allowed us to contribute to the environment on Earth. The Company has obtained relevant RCS certifications in 2020.

We began to sell button resins in 2020, with a sales volume of approximately 260 metric tons. The sales reached about 560 metric tons in 2021 and are estimated to reach 700 metric tons in 2022.



▷> Recycling and reuse of processed water

The Company distills the alcohol by-products generated in the resin production process and the solvents recovered from the production of amino resins and recycles and reuses the waste chemical raw materials in finished resin products through purification or a designed formula and special quality control measures without affecting the guality of the products, to reduce waste. The average annual sales of our products made from by-products recycled from processes are 12,000 or more metric tons, to reduce the burden on the environment.

Sales (in thousand tons)



Green Energy-related Materials [Environmental Protection]

▷▷ Resin for nacelle covers of wind power and resins for wind turbine blades

The wind turbine nacelle cover is the protective structure of the outer shell of a large wind turbine, including the nacelle and the nose cone, covering the internal equipment and electrical components, so that the wind turbines can function normally in the harsh weather environment and protect the internal equipment and personnel from wind, snow, rain, salt mist, ultraviolet (UV), and other external environmental factors. Therefore, the requirements for its strength and rigidity are relatively high. Meanwhile, it must have the features of weather resistance, corrosion resistance, temperature difference resistance, aging resistance, fatigue resistance, and UV resistance. Due to the requirements for the load-bearing capacity of the entire wind turbine, as well as the lightweight, high strength, and high load-carrying capacity of nacelle covers, the application of new composite materials of nacelle covers has received much attention. The new composite material is made through the vacuum forming process and the light resin transfer molding (LRTM) process.

We have developed resins suitable for this process to make nacelle covers, which is in line with the requirements for physical property. Such resins can also be applied flexibly and solidified quickly.

Wind turbine blades are exposed to many harsh environmental factors during operation, such as strong sunlight, large temperature differences, wear due to blown sand, corrosion by acid rains, and ice and snow. When the blades are running at high speeds, the blade tip speed generally exceeds 100m/s, and unprotected blades will quickly wear out, age, weather, and even break due to long-term exposure to the natural environment. At present, the simplest and most effective protection is coating. Different environments have different requirements for

protective coatings for wind turbine blades. There are mainly two types: onshore and offshore. Either onshore or offshore, the excellent adhesion, chemical resistance, and rain corrosion resistance of the protective coating for the blade materials are indispensable.

The Company has developed resins for wind turbine blades that are suitable to be solidified at room temperature and are anti-ice with superior weather resistance and sand resistance, thereby extending the useful life of the blades. In addition, as we have extensive production experience with a full range of manufacturing equipment, we play an indispensable role in the development of the wind power industry which then generates green energy to reduce carbon emissions.

The sales volume of the resins for wind power in 2020





was at least 40,000 tons, which could help reduce around at least 400,000 metric Over tons of carbon dioxide. The sales volume in 2021 was about 25,000 metric tons, which could help reduce at least around 250.000 metric tons of carbon dioxide. The sales volume in 2022 is estimated to be at least 15 thousand metric tons.



Reduction of CO₂ emissions (in thousand tons)



Fluorocarbon polymer applications in the energy industry



▷ Resin for solar backsheets

In the development of solar energy, because our fluorocarbon resin has good bonding with polyethylene terephthalate (PET) in the panel, it makes the structure stable, and is acid and alkali resistant, UV resistant, and even resistant to deformation, so it can provide long-term protection for the backsheet material. As such, the whole inner layer of the backsheet and the PET surface will not fall off, be weathered, or even crack after the high temperature and high humidity tests.

As the backsheets are gradually coated in the market, we have begun to develop various traditional coating resins for the solar backsheet industry in alignment with clients' needs, to help reduce clients' cost and promote the use of solar energy in various fields.

The sales volume of our resin for solar backsheets was 4,000 metric tons or more in 2020, which could help reduce 120,000 metric tons or more of carbon dioxide. The sales volume was 3,000 metric tons or more in 2021, which could help reduce 85,000 metric tons or more of carbon dioxide. The sales volume in 2022 is estimated to be at least 3 thousand metric tons.

Reduction of CO₂ emissions (in thousand tons)



Elements of Infinite Possibilities



Fluorocarbon polymeric materials

FEVE : Fluoro Ethylene-Vinyl Ether (Ester) copolymer



D Energy storage materials

Countries around the world have pledged to achieve carbon neutrality. Renewable energy has become a critical source to generate power in the future and also boosted business opportunities in the energy storage market. As battery energy storage can achieve safe and efficient green energy generation, it is heavily discussed and in great demand in the market.

Battery energy storage systems will play a crucial role in various industries. In addition to stabilizing the quality of power generated using renewable energy and improving power reliability, the rapid development of the global electric vehicle market in recent years and the continuous increase in electricity consumption around the world will drive the power battery and energy storage market and demand to expand.

At present, lithium-ion batteries are the mainstream of the power battery and battery energy storage market, but the adhesives and active substances required to manufacture the lithium-ion batteries are mostly solvent-based PVDF and those produced through reaction with high energy consumption.

We have developed a new type of waterborne adhesive to replace the traditional solventbased PVDF one to improve the shortcomings of the silicon negative electrode. The high binding force of the adhesive is used to maintain the structure of the pole piece during charging and discharging, to achieve high battery capacity and excellent cycle life.

The negative electrode of lithium batteries and battery electrolyte materials





Actively Development of New Green Products

We take sustainable development as our mission and actively develop green energy-saving products and solutions. At present, 44% of our 150 R&D projects are related to green products. We will continue to develop new green products in alignment with the government policy, including green electronic packaging materials, green energy materials, and bio-based materials, to provide high-quality eco-friendly products and reduce or avoid raw materials that are harmful to the environment or human body, thereby fulfilling our corporate social responsibility.

Management of Chemical Safety

Management Approach

Ensure people's health and convenience of life brought by high industrialization, effectively control the risks of chemical substances, and improve the value and quality of human life.

DD Commitment

- Improve the computerized management system for source management to effectively control the use of chemicals.
- Focus on source management, innovate R&D technologies, and reduce the use of controlled substances year by year.
- ▲ Participate in external industry-government-academia platforms to access the industry's green chemical information.
- ▲ Clearly label chemicals to allow users to understand the hazards and increase the safety of use.

As one of the leading suppliers of various materials, Eternal adopts a strategy of source management in chemical safety management, to effectively control the risks of all chemicals. When there is a need for new types of chemicals, it is necessary to fill out an application form for review, to identify the types of chemicals to be used and ensure compliance with international laws and environmental protection regulations. In addition, we check and review the use of chemicals regularly and gradually phase out or terminate the use of harmful chemicals, and seek alternative green chemicals.



We have an instrument analysis team under the Research & Development Division and a full range of analysis equipment for chemical composition and impurities, while having personnel dedicated to operating the instruments for analysis and judgment. We have an oxygen bomb and a microwave digestion system for the pretreatment equipment for metal impurities and perform quantitative analysis with ICP-AES and ICP-MS; adopt GC/MS, GC/MS/MS, HPLC, LC/MS, and GC/FID to analyze chemical substances, to perform analysis of substances of interest in advance. We register or obtain inspection reports from certified laboratories regarding finished goods to be sold externally as per the content of ingredients, local government regulations, and clients' requirements to ensure compliance.

In 2021, based on the substances of very high concern (SVHC), the Substitute It Now! (SIN) List, and the substances listed in toxic substances in Taiwan, we completed the

Implementation of chemical safety management



inspection of raw materials used in Taiwan according to the division to which they belong and formulated a reduction project to control chemicals. The implementation is as follows:

- ▲ We inspect master files of existing chemical raw materials in Taiwan and confirm the list of controlled chemicals used by each business unit.
- ▲ Each business unit using such chemicals draws up a reduction plan based on the type and the use amount, and the technical management unit follows up on the performance and regularly reviews the implementation results.
- ▲ The raw materials used for the development of new products should be reviewed by the control department. If controlled chemicals are used, they should be carefully evaluated by the head of the technical unit and approved by the senior executive before being used to avoid misuse and ensure the transparency of use.

As per the Chemical Management Procedures of Eternal, the names and hazard information of chemicals should be clearly labeled in the local language at the storage site or during transportation or loading or in the containers;

SDS should be prepared at the workplace to ensure easy access to the chemical hazards' information. Operators need to wear qualified protective equipment; the safety and environmental protection unit at each plant conduct inspections regularly or from time to time to confirm the effectiveness of the implementation.



The implementation plan for 2022 is as follows:

Improve the management system and increase the digitalized operations	de "reduction of controlled chemicals in research project management alize chemical confirmation sheets an early warning function in place for chemical purchase requisition ass
system and increase the digitalized operations	alize chemical confirmation sheets an early warning function in place for chemical purchase requisition ess

Reinforce the control of the use of substances in the SVHC/SIN lists

Need the approval of senior executives for new raw materials, which are on the SVHC list
 Reduce the types of raw materials used on the SVHC list by 25%

Inspect controlled chemicals and implement a reduction project

▲ Reduce controlled substance in Taiwan and review & close the case
 ▲ Inspect group-wide raw materials used
 ▲ Formulate a group-wide chemical reduction project

Develop a chemical reduction and detoxification roadmap (collaboration with third parties)

A Quantity the benefits of green chemicals on a trial basis



Human Resources Management Policy

Talents are Eternal's most valuable assets. We are therefore committed to increasing the human capital of employees (knowledge, skills, and attitude) to ensure the effective implementation of manpower and to achieve the Company's overall business goals. We also assist employees in the development of their professional skills and organizational capacity.

Policies

- ▲ Selection: Attract outstanding talents that meet the corporate culture.
- ▲ Training: Cultivate talents and improve organizational capacity.
- ▲ Employment: Increase talent use and contribution.
- ▲ Retention: Retain excellent talents.
- ▲ Employee relations: Improve employees' work satisfaction.

Management System

- ▲ The Company implements human resource affairs in accordance with relevant human resource management rules. We regularly review and propose improvement plans.
- ▲ We continue to implement the Talent Quality-management System (TTQS) and use systematic management to attain training effects and talent development.



Targets and Objectives

- ▲ Value human rights: The Company is committed to compliance with international regulations for corporate social responsibility and relevant domestic labor laws and regulations. We uphold principles, such as "respect for human rights", "prohibition of unlawful discrimination", "prohibition of child labor", "prohibition of forced labor", "placing the right person in the right position", and "providing a safe and comfortable work environment for employees". Zero child labor, zero incidents of forced labor, and zero complaints of illegal discrimination are the most basic requirements of the Company's management policies.
- ▲ Employment recruitment and retention: We treat all employees fairly and appropriately, and assign employees to suitable tasks. We also maintain and enhance a fair and healthy environment for talent development. Due to the implementation of appropriate talent retention measures, the turnover rate of employees under the management of the parent company has been less than 5% in past years, and the turnover rate of our subsidiaries in mainland China has been less than 15%. The figures show that our human resources measures can retain talents effectively.
- ▲ Learning and career development: We improve human capital and assist employees in the development of their professional skills and organizational capacity. The Group's training policy aims to attain at least 30 training hours per person per year.
- Remuneration and benefits: The Company makes suitable adjustments to its overall compensation policy each year through assessments of prevailing salary levels on the market and macroeconomic indicators, to attract and retain outstanding employees.

Grievance mechanism

- ▲ The Company's employees and job seekers can provide feedback on work-related matters or the Company with the Employee Complaint Mailbox.
- ▲ If the Company's employees need to give feedback on matters related to illegal harm in the workplace, they can directly file a complaint to the human resources unit. The human resources unit will organize a complaint handling committee in accordance with the SOP on Establishing Measures of Prevention and Complaint Violence at Workplace, and aim to close the case within three months.


D Respect for Human Rights

Eternal is committed to complying with international regulations for corporate social responsibility and related domestic labor laws and regulations. We uphold principles, such as "respect for human rights", "prohibition of unlawful discrimination", "prohibition of child labor", "prohibition of forced labor", "placing the right person in the right position", and "providing a safe and comfortable work environment for employees". The Company does not discriminate against employees or offer them preferential treatment due to race, class, language, ideology, religion, party affiliation, nationality, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical or mental disabilities, or labor union membership. To fully express our determination to protect human rights, we published the "Eternal Human Rights Policy" in accordance with the United Nations Universal Declaration of Human Rights, and disclosed it on the Company's website https://www.eternal-group.com/WebData/Director02. We also regularly review relevant regulations and procedures on employees' rights and strive to protect and maintain labor rights.

A total of three important operating sites were assessed for human rights issues and impact, accounting for 63.6% of all sites. We conducted the assessment by having employees sign a labor contract, which is 100% in compliance with the local labor regulations.

2021	Taiwan	China	Malaysia	Total
Total number of employees	2,090	2,245	270	4,605
Number of employees who signed a labor contract	425	2,245	260	2,930
Ratio	20.3%	100%	96.3%	63.6%

Notes:

The above three regions are the Company's important operating sites.

CEmployees refer to full-time personnel, contract workers, and dispatched workers

New employees recruited after May 18, 2018 in Taiwan have signed a written labor contract.

1.1 Zero Child Labor and Underage Labor Management

All Eternal's operational sites comply with standards of the international community, local laws and regulations, and Eternal's corporate social responsibility standards. The Personnel Employment Management Procedures explicitly prohibit the employment of child laborers under the age of 16, and any action that may result in the employment of child laborers is not permitted. After review this year, we confirm that we do not have hired child laborers under the age of 16 (inclusive) and young workers under 18 years old.

Although there is no possibility of employing child labor, Eternal has established remedial measures for child labor hiring practices to implement risk control and fulfill social responsibility. Once a violation is confirmed, it must be immediately reported to the head of the

Human Resources Department, who will report to the senior management. The Human Resources Department shall provide solutions (including terminating contracts, contacting parents or legal guardians to escort them home, providing necessary compensation, training human resources recruiters for identification, and enhancing the identification system) and duly implement and record them.

Relevant control measures include employment procedures (job candidates recruited are required to provide photocopies of their national ID cards, academic certificates, and relevant materials), and an age warning function of the personnel management system to ensure that there is no possibility of recruitment of child laborers and underage laborers by accident in the recruitment process. If it is confirmed that a person aged between 16 and 18 has been employed, the human resources unit will ensure that the minors do no engage in dangerous or hazardous work, that their normal daily working hours shall not exceed eight hours a day, and that the total number of working hours a week shall not exceed 40 hours. They are also not permitted to work between 8:00 p.m. and 6:00 a.m. Moreover, when they work for two consecutive hours, they shall rest for at least 15 minutes, and they shall take a day off on either Saturday or Sunday per week as a holiday on which they are not permitted to work.

1.2 Prohibition on Forced Labor

Eternal provides good working conditions and reasonable working hours to all employees to ensure that they provide labor services on a voluntary basis. The Company respects employees' freedom and rights, including the freedom of employment and the freedom of resignation. In addition, the Company may not impose unreasonable restrictions on employees' freedom of movement in the workplace.

The specific measures for the prohibition on forced labor include the prohibition on requiring employees to pay a deposit or hand over any important document, such as education certification, diplomas, national ID card, or the original copy of the passport at the beginning or during the period of employment; all employees must be hired on a voluntary basis and no coercion or fraud shall be permitted to induce employees to work for the Company; employee's freedom of movement during break time and their actions that are unrelated to work shall be respected; employees may refuse to work overtime for justifiable reasons if the work requires overtime work; no individual shall be discriminated against, threatened, intimidated, insulted, or deprived of his/her normal wages; supervisors may not use methods, such as obstruction of freedom, assault, abuse, or threats when they are responsible for providing job support, assistance, or work assignments; after employees have completed the procedures required by law, they have the right to leave their jobs and their departure may not be delayed in any form.

To implement effective management, specific regulations are provided in related procedures, employee handbook, new hire training, and supervisor courses which explain the definitions and consequences of forced labor as well as complaint channels for employees.



1.3 Prohibition on Illegal Discrimination

All Eternal's operational sites comply with standards of the international community, local laws and regulations and Eternal's corporate social responsibility standards. We have implemented internal regulations on employment management, prevention of sexual harassment and workplace violence, as well as internal control and verification procedures to eliminate unlawful discrimination and to ensure equality in employment.

In addition, we teach employees and supervisors about their rights and interests and the impact of violations of laws in new hire training, employee handbook, and supervisor courses to protect employees from illegal harm in the workplace (including workplace violence and sexual harassment). To ensure smooth communication and complaint channels, the Company has set up a complaint channel (the mailbox and telephone number of the Director of Human Resources Department) and various communication channels, including the message function on the Company's official website, the mailboxes of plant managers, and regular Employee Welfare Committee and labor-management meetings, to spare no effort in maintaining workplace safety and health. In the case of illegal harm in the workplace, the Company shall organize a complaint handling committee in accordance with the Workplace Protective Measures Complaint Procedures and aim to close the case within three months. We received three complaints from employees in Taiwan during 2021. After understanding and investigating these three complaints, we completed the internal communication and work environment maintenance process and have continued to raise employees' awareness of their rights in the workplace to maintain the safety of the work environment for all employees.

	Region		Taiwan	Mainland China and Other Regions					
Region/Year	Incident Category	Complaint	Processed and case closed	Complaint	Processed and case closed				
	Sexual harassment incidents	0	0	0	0				
2019	Workplace violence	0	0	0	0				
	Other complaints	0	0	0	0				
	Sexual harassment incidents	0	0	0	0				
2020	Workplace violence	0	0	0	0				
	Other complaints	0	0	0	0				
	Sexual harassment incidents	0	0	0	0				
2021	Workplace violence	1	1	0	0				
	Other complaints	2	2	0	0				

1.4 Human Rights Protection Measures

To be committed to the protection of labor human rights, we have not only implemented the internal control inspection system but continue to offer training on human rights protection for new and in-service employees. The total human rights training hours in 2021 was 144.9 in Taiwan; each trainee received an average number of 0.07 hours of training, and the training rate was 97.1%; in China, there were a total of 157.9 hours; each trainee received an average number of 0.07 hours of training on human rights training hours in Malaysia was 13.6 hours, or 0.05 hours per trainee. We also increase awareness of human rights protection through the announcement of the Eternal Human Rights Policy on the official website. We will continue to implement relevant training activities to protect labor rights and interests.

Human rights training includes the following:

- ▲ Provide relevant education on laws and regulations in the new employee orientation, including prohibition of workplace violence, prohibition of child labor, anti-discrimination, anti-sexual harassment, and relevant laws and regulations, and provide a healthy and safe environment.
- ▲ Provide online courses on workplace violence prevention and control, including workplace violence (including sexual harassment) prevention, and violence incident handling and complaint methods.

1.5 Unpaid Parental Leave

To help employees meet their personal needs and take care of their families, the Company implemented relevant matters in accordance with the regulations in the "Act of Gender Equality in Employment" (including setting up breastfeeding rooms, the contracts signed by the plants in Taiwan with children daycare institutions). When an employee needs a longer leave of absence due to military service, caring for an infant, serious injury or illness, etc., he/she can apply for unpaid leave and be reinstated at the end of the period. These measures are taken to help employees respond to special circumstances. In 2019, a total of 12 employees applied for unpaid parental leave, including five males and 13 females. In 2021, a total of 10 employees applied for unpaid parental leave, including five males and six females. The reinstatement rate and retention rate are shown in the table below.



Total

Year			Total		
Item/Gender	Male	%	Female	%	IOtal
Number of employees eligible for unpaid parental leave during the year ((A))	169	83%	34	17%	203
Number of applicants for unpaid parental leave during the year (B)	4	33%	8	67%	12
Number of employees expected to be reinstated from unpaid parental leave during the year (C)	3	25%	9	75%	12
Number of employees actually reinstated during the year (D)	3	25%	9	75%	12
Reinstatement rate (D/C)	100%		100%		
Number of employees reinstated in the previous year (E)	2	22%	7	78%	9
Number of employees reinstated in the previous year and have worked for more than one year (F)	2	22%	7	78%	9
Retention rate after unpaid parental leave (F/E)	100%		100%		

	Item/Gender	Male	%	Female	%	
	Number of employees eligible for unpaid parental leave during the year ((A))	167	86%	28	14%	195
	Number of applicants for unpaid parental leave during the year (B)	4	40%	6	60%	10
	Number of employees expected to be reinstated from unpaid parental leave during the year (C)	3	43%	4	57%	7
	Number of employees actually reinstated during the year (D)	2	33%	4	67%	6
	Reinstatement rate (D/C)	67%		100%		
	Number of employees reinstated in the previous year (E)	4	25%	12	75%	16
	Number of employees reinstated in the previous year and have worked for more than one year (F)	3	20%	12	80%	15
6	Retention rate after unpaid parental leave (F/E)	75%		100%		

With 2021 as the example, the data for other years are calculated in the same way

Year

Calculation of the number of employees eligible for unpaid parental leave: The number of employees who had applied for maternity leave and paternity leave from 2019 through 2021.

Ceinstatement rate calculation formula: Number of employees reinstated after parental leave during 2021 / Number of employees who shall be reinstated after parental leave during 2021 x 100%

• Retention rate calculation formula: Number of employees employed by the Company for 12 months after reinstatement from parental leave during 2020 / Number of employees reinstated after parental leave during 2020 x 100%

Year		Tatal			
Item/Gender	Male	%	Female	%	IOtal
Number of employees eligible for unpaid parental leave during the year ((A))	165	83%	34	17%	199
Number of applicants for unpaid parental leave during the year (B)	5	28%	13	72%	18
Number of employees expected to be reinstated from unpaid parental leave during the year (C)	5	29%	12	71%	17
Number of employees actually reinstated during the year (D)	4	25%	12	75%	16
Reinstatement rate (D/C)	80%		100%		
Number of employees reinstated in the previous year (E)	3	25%	9	75%	12
Number of employees reinstated in the previous year and have worked for more than one year (F)	3	25%	9	75%	12
Retention rate after unpaid parental leave (F/E)	100%		100%		





1.6 Communication Channels

Eternal attaches great importance to communication between employees and the management. We look forward to establishing positive relations with employees through positive interactions. Eternal holds labor-management meetings and meetings of the Employee Welfare Committee each quarter to communicate with employees on key management tasks, labor conditions, and employee welfare policies. The Company also respects the employees' freedom of association and their right to form associations and organize labor unions in accordance with the law. Therefore, each subsidiary in mainland China has its own union, and plants in Taiwan have established the Labor Union of Eternal and Affiliated Companies which compiles opinions of employees at different plants and represents the employees. In 2021, 84.3% of the employees in Taiwan participated in the union. The Company holds regular labor-management meetings every year to discuss major issues or changes in laws/policies. We will also hold communication meetings to facilitate negotiation and discussion.

In Taiwan, 4 labor-management meetings and senior management seminars and 4 meetings of the Employee Welfare Committee were held in 2021. Business units also convene monthly interdepartmental meetings to discuss the Company's policies, communicate ideas, and discuss employee remuneration and benefits. We gradually compiled opinions and provided them to the management as one of the sources of support for system implementation. In addition, the Company conducts an employee engagement survey every two years. In 2020, we surveyed 4,154 people (85.7% of all employees in the Group) and received 3,224 questionnaires (77.6% of the participants). After the survey in 2020, we improved and enhanced the indicators that should be strengthened in the prior year during 2021. First, in terms of talent attraction and retention, we adjusted the starting salary standard for new employees to attract talents, reviewed outstanding employees' salaries, and provided supervisors with suggestions for a pay raise. Meanwhile, we closely linked our promotion and development system to performance. In terms of performance management, we continued to adopt the Company's existing performance management system, worked to achieve annual performance targets, and had interviews on performance and effectiveness review at the end of the year. We also strengthened supervisors' feedback and coaching plans to improve the performance for those with poor performance, allowing employees to understand their strengths and weaknesses through such feedback.

The plants in mainland China convene meetings of the labor unions, employee representatives, and plant management meetings. These meetings consist of different types of staff representatives and supervisors who meet from time to time when necessary or attend government meetings, training programs, and activities. Multiple communication and interaction modes are implemented in each plant to respond to local conditions and needs. Therefore, when there is a change in the law or a significant change in internal operations (if there is a change in operations with a need to notify employees, employees will be notified before the deadline as stipulated in law), the Company and employees can disclose information through multiple communication channels and quickly provide information and opinions to create a positive work environment.



Table of Major Human Rights Issues of Key Concern:

Issue of Concern	No child Labor	Prohibition on Forced Labor	Equal Employment Opportunity	No Illegal Harm in the Workplace
Goals and Approaches	The "Personnel Employment Management Procedures" clearly stipulates that child laborers who have not reached the age of 16 shall not be employed, and the hired employees shall be inspected to ensure that there are no violations	According to the "Eternal Human Rights Policy", all employees shall provide labor services on a voluntary basis, employees' freedom and rights shall be respected, including the freedom of employment and the freedom of resignation. Meanwhile, it is not allowed to impose unreasonable restrictions on employees' freedom of movement in the workplace to achieve the goal of zero forced labor.	Eternal abides by the local government's labor laws and regulations and the Eternal Human Rights Policy and does not discriminate against employees or offer them preferential treatment due to race, class, language, ideology, religion, party affiliation, nationality, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical or mental disabilities, or labor union membership, to ensure zero discrimination.	All Eternal's operational sites comply with standards of the international community, local laws and regulations, and Eternal's corporate social responsibility standards, and we have implemented internal regulations on employment management, prevention of sexual harassment, and workplace violence.
Risk Assessment	Applicants shall provide identification documents(such as national ID cards and academic certificates) to confirm whether they are 16 years old or older.	In addition to internal system management of working hours, we monitor the situation through the Company's internal communication channels.	During the recruitment process, the Company will not ask job applicants to provide personal information that is not related to work.	We monitor it through communication channels and the grievance system.
Mitigation Measures	Since the beginning of recruitment, we have implemented the recruitment process in accordance with the law to prevent child labor.	We have set a reminder function in the overtime application system, and inspect the overtime situation at each plant regularly.	Since the beginning of recruitment, we have launched the recruitment process in accordance with the regulations to prevent unlawful discrimination.	We teach employees and supervisors about their rights and interests and the impact of violations of laws in new employee orientation, the employee handbook, and supervisor courses to protect employees from illegal harm in the workplace, while ensuring smooth communication and grievance channels.
Remedial Measures	There is no concern about this issue. However, if happens, it shall be reported to the head of the Human Resources Department immediately, who will report to the senior management. The Human Resources Department will put forth solutions (including terminating contracts, contacting parents or legal guardians to escort them home, providing necessary compensation, training human resources recruiters for identification, and enhancing the identification system).	If there is evidence of forced labor, we will assist the head of the unit to implement improvement measures.	There is no concern about this issue. However, if happens, parties involved can file a complaint in "Opinion and Feedback" on External's official website.	A complaint handling committee will be organized in accordance with the Workplace Protective Measures Complaint Procedures, and a case shall be closed within three months.



Employee Recruitment

Management Approach

We attract excellent and suitable talents to join Eternal and maintain and enhance a fair and healthy environment for talent development.

Talent Attraction and Retention	2021 Achievements	2022 Targets
The parent company's turnover rate shall be less than 5%	The parent company's turnover rate was 4.9%	Less than 5%
The turnover rate of subsidiaries in China shall be less than 15%	The turnover rate of subsidiaries in China was 12.2%	Less than 13%

Eternal upholds the principles of "respect for human rights" and "placing the right person in the right position" in its Employment Policy. We comply with local labor laws and regulations and we respect all talents by providing them with fair opportunities for interviews and selections in the recruitment process.

In terms of work location distribution, approximately 42.5% of our employees are located in Eternal's main operational sites in Taiwan. Our overseas subsidiaries are located in mainland China, United States, Japan, Thailand, Vietnam, India, Indonesia, Korea, Italy, and other regions. Eternal also recognizes the importance of employee diversity. In addition to recruiting a large number of employees in Taiwan and mainland China, we recruit talents actively from around the world.

2.1 Manpower Structure

As of the end of December 2021, we had 4924 employees across the globe including 4896 full-time employees, 28 contract workers, and 0 dispatched workers. We had 2090 employees in Taiwan, which was a 3.4% increase from 2020, including 1742 indirect employees and 348 direct employees. The ratio of male and female employees is 78% and 22%. Employees aged 30 to 50 accounted for 67.3% of all employees and 53% of the employees have served at the Company for more than 10 years. We had 2245 employees in mainland China, including 1618 indirect employees and 627 direct employees. The ratio of male and female employees is 75% and 24%. Employees aged 30 to 50 accounted for 77.95% of all employees and 36.6% of the employees have served at the Company for more than 10 years. We had 589 full-time employees in other regions, including 337 indirect employees and 252 direct employees. The ratio of male and female employees is 75% and 25%. Employees aged 30 to 50 accounted for 40.9% of all employees and 20.5% of the employees have served at the Company for more than 10 years. As Eternal is a manufacturing company, we have a higher proportion of male employees (female employees account for 24% of all employees). However, we still have a significant number of female executives (15.4%). Our recruitment, promotion, performance evaluation, and salary systems for employees are not affected by gender. To protect the employment rights of people with disabilities, the Group hired 20 employees with disabilities, accounting for 0.56% of the total employees.

	Region		Taiwan			China		Others			
	Item	Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal	
	Full-time employees	1490	422	1912	1767	577	2344	396	130	526	
2010	Contract workers	3	4	7	0 0		0	1	2	3	
2019	Dispatched workers	5	0	5 0		0	0	0	0	0	
	Total	1498	426	1924	1767	577	2344	397	132	529	
	Full-time employees	1550	452	2002	1703	564	2267	420	129	549	
2020	Contract workers	10	3	13	0	0	0	10	4	14	
2020	Dispatched workers	3	0	3	0	0	0	0	0	0	
	Total	1563	455	2018	1703	564	2267	430	133	563	
	Full-time employees	1615	464	2079	1676	569	2245	431	141	572	
2021	Contract workers	6	5	11	0	0	0	13	4	17	
2021	Dispatched workers	0	0	0	0	0	0	0	0	0	
	Total	1621	469	2090	1676	569	2245	444	145	589	

Note:

Other regions include Japan, Thailand, USA, Vietnam, India, Indonesia, Malaysia, Korea, and Italy.

Regular employees, contract workers, and dispatched workers are all full-time employees; contract workers belong to temporary employment; dispatched workers are not directly employed by Eternal.





Manp	Manpower Structure in Taiwan			2019						2020		2021					
	Item		Male	%	Female	%	Total	Male	%	Female	%	Total	Male	%	Female	%	Total
	Directo	r labor	281	14%	5	0%	286	292	14%	10	0%	302	339	16%	9	0%	348
Functions	Manageme	ent Position	316	16%	43	2%	359	326	16%	46	2%	372	335	16%	42	2%	377
	Non-manage	ment Position	901	45%	378	19%	1279	945	47%	399	20%	1344	947	45%	418	20%	1365
		< 30 years old	70	3%	0	0%	70	70	3%	3	0%	73	80	4%	0	0%	80
	Director labor	30–50 years old	172	9%	3	0%	175	186	9%	5	0%	191	218	10%	4	0%	222
Age		> 50 years old	39	2%	2	0%	41	36	2%	2	0%	38	41	2%	5	0%	46
Age	Indirect labor	< 30 years old	91	5%	13	1%	104	96	5%	24	1%	120	90	4%	39	2%	129
		30–50 years old	829	41%	295	15%	1124	882	44%	311	15%	1193	875	42%	309	15%	1184
		> 50 years old	297	15%	113	6%	410	293	15%	110	5%	403	317	15%	112	5%	429
	Less tha	n 1 year	99	5%	21	1%	120	133	7%	42	2%	175	141	7%	36	2%	177
	ر 1–3 ر	/ears	177	9%	26	1%	203	204	10%	31	2%	235	235	11%	61	3%	296
	4–5 y	/ears	133	7%	30	1%	163	93	5%	28	1%	121	95	5%	18	1%	113
Years of service	6–10	years	289	14%	93	5%	382	328	16%	101	5%	429	309	15%	87	4%	396
	11–15	years	271	13%	80	4%	351	230	11%	62	3%	292	248	12%	72	3%	320
	16 years	or more	529	26%	176	9%	705	575	28%	191	9%	766	593	28%	195	9%	788
	То	tal	1498	74%	426	21%	1924	1563	77%	455	23%	2018	1621	78%	469	22%	2090



Man	Manpower Structure in China			2019						2020			2021					
	Item		Male	%	Female	%	Total	Male	%	Female	%	Total	Male	%	Female	%	Total	
	Directo	or labor	638	27%	46	2%	684	572	24%	39	2%	611	581	25%	46	2%	627	
Functions	Manageme	ent Position	400	17%	90	4%	490	387	17%	92	4%	479	364	16%	86	4%	450	
	Non-manage	ment Position	728	31%	442	19%	1170	744	32%	433	19%	1177	731	31%	437	19%	1168	
		< 30 years old	169	7%	14	1%	183	135	6%	6	0%	141	127	5%	6	0%	133	
	Director labor	30–50 years old	448	19%	31	1%	479	418	18%	32	1%	450	438	19%	39	2%	477	
4.50		> 50 years old	21	1%	1	0%	22	19	1%	1	0%	20	16	1%	1	0%	17	
Age	Indirect labor	< 30 years old	169	7%	108	5%	277	156	7%	95	4%	251	133	6%	97	4%	230	
		30–50 years old	867	37%	419	18%	1286	877	38%	425	19%	1301	851	36%	422	18%	1273	
		> 50 years old	92	4%	5	0%	97	98	4%	5	0%	103	111	5%	4	0%	115	
	Less tha	n 1 year	92	4%	22	1%	114	68	3%	15	1%	83	61	3%	27	1%	88	
	1–3 y	/ears	418	18%	148	6%	566	367	16%	125	6%	492	343	15%	121	5%	464	
	4–5 <u>v</u>	years	246	10%	76	3%	322	229	10%	72	3%	301	195	10%	66	3%	261	
Years of service	6–10	years	441	19%	152	7%	593	452	19%	153	7%	605	464	20%	146	6%	610	
	11–15	years	317	14%	92	4%	409	291	12%	92	4%	383	292	12%	99	4%	391	
	16 years	or more	253	11%	87	4%	340	296	13%	107	5%	403	321	14%	110	5%	431	
	То	tal	1767	75%	577	25%	2344	1703	75%	564	25%	2267	1676	75%	569	24%	2245	



Manpowe	Manpower Structure in Other Regions		2019					2020					2021					
	Item		Male	%	Female	%	Total	Male	%	Female	%	Total	Male	%	Female	%	Total	
	Directo	r labor	205	36%	10	2%	215	231	41%	10	2%	241	235	40%	17	3%	252	
Functions	Manageme	ent Position	82	15%	9	2%	91	80	14%	7	1%	87	62	11%	10	2%	72	
	Non-manager	ment Position	110	20%	113	20%	223	119	21%	116	21%	235	147	25%	118	20%	265	
		< 30 years old	99	18%	0	0%	99	121	21%	2	0%	123	111	19%	5	1%	116	
	Director labor	30–50 years old	70	12%	6	1%	76	70	12%	6	1%	76	83	14%	8	1%	91	
Age		> 50 years old	36	6%	4	1%	40	40	7%	2	0%	42	41	7%	4	1%	45	
	Indirect labor	< 30 years old	75	13%	58	10%	133	75	13%	53	9%	128	80	14%	52	9%	132	
		30–50 years old	80	14%	51	9%	131	83	15%	56	10%	139	89	15%	61	10%	150	
		> 50 years old	37	7%	13	2%	50	41	7%	14	2%	55	40	7%	15	3%	55	
	Less tha	n 1 year	80	14%	28	5%	108	85	15%	23	4%	108	65	11%	20	3%	85	
	ر 1–3 ر	vears	146	26%	52	9%	198	167	30%	60	11%	227	165	28%	60	10%	225	
	4–5 y	/ears	44	8%	17	3%	61	40	7%	12	2%	52	59	10%	24	4%	83	
Years of service	6–10	years	33	6%	11	2%	44	42	7%	15	3%	57	59	10%	16	3%	75	
	11–15	years	24	4%	9	2%	33	19	3%	10	2%	29	25	4%	13	2%	38	
	16 years	or more	70	12%	15	3%	85	77	14%	13	2%	90	71	12%	12	2%	83	
	То	tal	397	71%	132	23%	529	430	76%	133	24%	563	444	75%	145	25%	589	

Note:

 $\ensuremath{{ \bullet}}$ Direct labor is defined as onsite personnel in direct contact with products.

•Management Position are defined as employees with managerial responsibilities.

ONon-management Position are defined as non-direct labor or managerial personnel.

 $\label{eq:constraint} \ensuremath{\textcircled{O}}\xspace{-1.5} Other regions include Japan, Thailand, USA, Vietnam, India, Indonesia, Malaysia, Korea, and Italy.$



2.2 Talent Recruitment

As times change, Eternal believes that only active recruitment and talent retention can allow talents to support the Company in global competition and challenges, and maintain longterm competitive advantages. Eternal organizes multiple community talent recruitment activities and campus recruiting activities each year. We venture into communities and campuses to promote the Company's R&D technologies, R&D substitute servicemen recruitment, and scholarship activities for chemistry departments at major universities in Taiwan to recruit suitable and outstanding talents.

In 2020, we employed a total of 215 people in Taiwan. To promote the Company's growth momentum, we recruited new employees under the age of 30, accounting for 37.7% of the total new employees while employing a total of 230 people in China with the number of new employees under the age of 30 accounting for 53% of the total employees as well as 150 people in other regions with the number of new employees under the age of 30 accounting for 44.7% of the total employees, adding to the momentum of the Company's continuous growth.



New Hires and Turnovers in 2019

Taiwan														
			Indirec	t labor			Director labor							
Item		By g	ender		By age		Total	By gender		By age			Total	
		Male	Female	<30	30~50	>50	Totai	Male	Female	<30	30~50	>50		
Number of new employees	91	68	23	47	40	4	46	46	0	28	18	0	137	
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1643	1224	419	99	1133	412	285	280	5	67	177	42	1928	
New hire rate (%)	4.72%	3.53%	1.19%	2.44%	2.08%	0.21%	2.39%	2.39%	0.00%	1.45%	0.93%	0.00%	7.11%	
Number of departed employees	55	48	7	16	37	2	20	20	0	9	11	0	75	
Turnover rate (%)	2.85%	2.49%	0.36%	0.83%	1.92%	0.10%	1.04%	1.04%	0.00%	0.47%	0.57%	0.00%	3.89%	

	China														
			Indirec	t labor					Directo	or labor					
Item	Total	By g	ender		By age		Total	By g	ender		By age		Total		
	Total	Male	Female	<30	30~50	>50	TOLAI	Male	Female	<30	30~50	>50			
Number of new employees	179	118	61	81	93	5	177	169	8	89	87	1	356		
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1723	1156	534	313	1292	85	654	605	47	191	444	17	2377		
New hire rate (%)	7.53%	4.97%	2.57%	3.41%	3.91%	0.21%	7.45%	7.11%	0.34%	3.75%	3.66%	0.04%	14.98%		
Number of departed employees	189	126	63	73	108	8	157	149	8	72	84	1	346		
Turnover rate (%)	7.95%	5.30%	2.65%	3.07%	4.54%	0.34%	6.61%	6.27%	0.34%	3.03%	3.53%	0.04%	14.56%		

Others														
			Indired	t labor					Directo	or labor				
Item	Tatal	By g	ender		By age		Total	By g	ender		By age		Total	
	Total	Male	Female	<30	30~50	>50	Total	Male	Female	<30	30~50	>50		
Number of new employees	76	76 45 31			18	4	65	63	2	54	10	1	141	
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	301	187	115	125	124	52	215	205	11	94	80	42	516	
New hire rate (%)	14.73%	8.72%	6.01%	10.47%	3.49%	0.78%	12.60%	12.21%	0.39%	10.47%	1.94%	0.19%	27.33%	
Number of departed employees	50	34	16	30	15	5	52	50	2	35	14	3	102	
Turnover rate (%)	9.69%	6.59%	3.10%	5.81%	2.91%	0.97%	10.08%	9.69%	0.39%	6.78%	2.71%	0.58%	19.77%	

Notes:

New hire rate = Direct (indirect) new recruits in the category / [(Number of employees in the category at the beginning of 2019 + Number of employees in the category at the end of +2019) / 2]
 Turnover rate = Direct (indirect) employee turnover in the category / [(Number of employees in the category at the beginning of 2019 + Number of employees in the category at the end of +2019) / 2]



New Hires and Turnovers in 2020

			Taiwan										
			Indirec	t labor					Directo	or labor			
Item	Tatal	By g	ender		By age		Total	By ge	ender		By age		Total
	Total	Male	Female	<30	30~50	>50	Total	Male	Female	<30	30~50	>50	
Number of new employees	147	105	42	63	77	7	70	64	6	41	29	0	217
Number of employees at the beginning of the year	1641	1221	420	105	1118	418	285	280	5	69	175	41	1926
Number of employees at the end of the year	1715	1270	445	120	1141	454	302	292	10	73	186	43	2017
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1678	1245.5	432.5	112.5	1129.5	436	293.5	286	7.5	71	180.5	42	1971.5
New hire rate (%)	8.76%	8.43%	9.71%	56.00%	6.82%	1.61%	23.85%	22.38%	80.00%	57.75%	16.07%	0.00%	11.01%
Number of departed employees	60	52	8	16	43	1	36	36	0	18	18	0	96
Turnover rate (%)	3.58%	4.18%	1.85%	14.22%	3.81%	0.23%	12.27%	12.59%	0.00%	25.35%	9.97%	0.00%	4.87%

			China										
			Indirec	t labor					Directo	or labor			
Item	Tatal	By g	ender		By age		T -4-1	By ge	ender		By age		Total
	Iotai	Male	Female	<30	30~50	>50	Iotai	Male	Female	<30	30~50	>50	
Number of new employees	121	87	34	73	48	0	112	109	3	58	54	0	233
Number of employees at the beginning of the year	1660	1128	532	277	1286	97	684	638	46	183	479	22	2344
Number of employees at the end of the year	1656	1131	525	251	1302	103	611	572	39	141	450	20	2267
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1658	1130	529	264	1294	100	648	605	43	162	465	21	2306
New hire rate (%)	7.30%	7.70%	6.43%	27.65%	3.71%	0.00%	17.30%	18.02%	7.06%	35.80%	11.63%	0.00%	10.11%
Number of departed employees	101	76	25	45	54	2	94	90	4	37	56	1	195
Turnover rate (%)	6.09%	6.73%	4.73%	17.05%	4.17%	2.00%	14.52%	14.88%	9.41%	22.84%	12.06%	4.76%	8.46%



Others														
			Indirec	t labor					Directo	or labor				
Item	-	By g	ender		By age		-	By g	ender		By age		Total	
	Iotal	Male	Female	<30	30~50	>50	Iotal	Male	Female	<30	30~50	>50		
Number of new employees	57	33	24	34	22	1	83	81	2	60	22	1	140	
Number of employees at the beginning of the year	315	197	118	124	135	56	209	198	11	89	76	44	524	
Number of employees at the end of the year	322	199	123	128	139	55	241	231	10	123	76	42	563	
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	319	198	121	126	137	56	225	215	11	106	76	43	543.5	
New hire rate (%)	17.90%	16.67%	19.92%	26.98%	16.06%	1.80%	36.89%	37.76%	19.05%	56.60%	28.95%	2.33%	25.76%	
Number of departed employees	37	19	18	20	16	1	48	48	0	34	12	2	85	
Turnover rate (%)	11.62%	9.60%	14.94%	15.87%	11.68%	1.80%	21.33%	22.38%	0.00%	32.08%	15.79%	4.65%	15.64%	

Note

• New hire rate = Direct (indirect) new recruits in the category / [(Number of direct (indirect) employees in the region at the beginning of 2020 + Number of direct (indirect) employees in the region at the end of 2020) / 2]
• Turnover rate = Direct (indirect) employee turnover in the category / [(Number of direct (indirect) employees in the region at the beginning of 2020 + Number of direct (indirect) employees in the region at the end of 2020) / 2]

New Hires and Turnovers in 2021

Data for Taiwan during 2021														
			Indired	t labor					Directo	or labor				
Item	Tetel	By g	ender		By age		T-4-1	By ge	ender		By age		Total	
	Iotai	Male	Female	<30	30~50	>50	Total	Male	Female	<30	30~50	>50		
Number of new employees	128	85	43	47	75	6	87	85	2	34	52	1	215	
Number of employees at the beginning of the year	1708	1708 1271 437			1191	402	323	309	14	80	200	43	2031	
Number of employees at the end of the year	1742	1282	460	129	1184	429	348	339	9	80	222	46	2090	
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1725	1276.5	448.5	122	1187.5	415.5	335.5	324	11.5	80	211	44.5	2060.5	
New hire rate (%)	7.42%	6.66%	9.59%	38.52%	6.32%	1.44%	25.93%	26.23%	17.39%	42.50%	24.64%	2.25%	10.43%	
Number of departed employees	64	47	17	12	48	4	37	36	1	11	25	1	101	
Turnover rate (%)	3.71%	3.68%	3.79%	9.84%	4.04%	0.96%	11.03%	11.11%	8.70%	13.75%	11.85%	2.25%	4.90%	



Data for China during 2021														
			Indirec	t labor					Directo	r labor			J	
Item	Total	By g	ender		By age		Total	By ge	ender		By age		Total	
	Total	Male	Female	<30	30~50	>50	TOLAI	Male	Female	<30	30~50	>50		
Number of new employees	118	65	53	72	46	0	112	101	11	50	62	0	230	
Number of employees at the beginning of the year	1656	1131	525	251	1302	103	611	572	39	141	450	20	2267	
Number of employees at the end of the year	1618	1095	523	230	1273	115	627	581	46	133	477	17	2245	
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1637	1113	524	241	1288	109	619	577	43	137	464	19	2256	
New hire rate (%)	7.21%	5.84%	10.11%	29.94%	3.57%	0.00%	18.09%	17.52%	25.88%	36.50%	13.38%	0.00%	10.20%	
Number of departed employees	146	97	49	56	88	2	129	125	4	57	71	1	275	
Turnover rate (%)	8.92%	8.72%	9.35%	23.28%	6.83%	1.83%	20.84%	21.68%	9.41%	41.61%	15.32%	5.41%	12.19%	

		ata for othe	r regions du	ring 2021		7							
			Indired	t labor					Directo	or labor			
Item	Total	By g	ender		By age	1	Total	By g	ender		By age		Total
	Total	Male	Female	<30	30~50	>50	Total	Male	Female	<30	30~50	>50	
Number of new employees	73	73 57 16			35	11	77	68	9	40	27	10	150
Number of employees at the beginning of the year	323	201	122	126	140	57	244	233	11	121	84	49	567
Number of employees at the end of the year	337	209	128	132	150	55	252	235	17	116	91	45	589
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	330	205	125	129	145	56	248	234	14	119	87	47	578
New hire rate (%)	22.12%	27.80%	12.80%	20.93%	24.14%	19.64%	31.05%	29.06%	64.29%	33.76%	31.21%	21.28%	25.95%
Number of departed employees	23	17	6	18	4	1	43	42	1	25	18	0	66
Turnover rate (%)	6.97%	8.29%	4.80%	13.95%	2.76%	1.79%	17.34%	17.95%	7.14%	21.10%	20.81%	0.00%	11.42%

Note

New hire rate = Direct (indirect) new recruits in the category / [(Number of direct (indirect) employees in the region at the beginning of 2021 + Number of direct (indirect) employees in the region at the end of +2021) / 2]
 Turnover rate = Direct (indirect) employee turnover in the category / [(Number of direct (indirect) employees in the region at the beginning of 2021 + Number of direct (indirect) employees in the region at the end of +2021) / 2]



To retain outstanding talents and continue to facilitate the internal talent mobility, Eternal has provided various incentive measures for employees with different qualifications and professional skills including newcomer orientation training, employee care and motivation, reward for long-serving and outstanding employees, internal job rotations, promotions, salary structure adjustments, and various incentives for strengthening the management system. We seek to actively establish a healthy system and excellent work environment. During 2021, the percentage of the vacancies filled by internal employees at the section level or above was 93.4% in Taiwan and 95% in China. This has shown that we have worked to facilitate internal mobility. A high proportion of the professional vacancies was filled by internal outstanding personnel through job promotion.

The turnover rate in Taiwan has remained stable with an annual turnover rate of 4.9% and a new hire rate of approximately 10.4%. In mainland China, the annual turnover rate was approximately 12.2% and the new hire rate was approximately 10.2%. In other regions, the annual turnover rate was approximately 11.4% and the new hire rate was approximately 25.9%. This has indicated the vibrant development of Eternal's human resources.

2.3 Employment of Local Talents

To increase the percentage of local talents recruited and leverage the advantages of employing diverse talents in different countries, the proportion of senior executives in Taiwan served by local employees is 100%; 32% in China; 33% in other regions.

		2019			2020			2021	
Region	Senior executive	Senior executives served by local employees	%	Senior executive	Senior executives served by local employees	%	Senior executive	enior executives served by local employees	%
Taiwan	17	17	100.00%	20	20	100.00%	17	17	100.00%
China	21	3	14.29%	23	4	17.39%	28	9	32.14%
Others	12	3	25.00%	12	3	25.00%	12	4	33.33%

Note

Management Position are defined as employees with managerial responsibilities.
 Senior executives are defined as managers ranked Assistant Vice President and above.

Talent Training and Development

▷ Management Approach

Eternal helps employees obtain the necessary knowledge, attitude, and skills to achieve the goals of the organization and the individual employee in accordance with the requirements for the development of the Company and the organization's manpower plans to improve efficiency and quality.

Education and Training Policy	2021 Achievements	2022 Targets
Develop employees' professional skills and organizational capacity, to improve the quality of human capital, utilize manpower effectively, and achieve the Company's overall business goals. The average number of training hours per person per year is at least 30 hours.	The Group's average number of training hours was 26.6 hours.	The average number of training hours per person per year is at least 30 hours. Strengthen the effectiveness of digital learning.

(I) Learning system

The learning system follows the needs of business development and workforce planning in the organization; Eternal is committed to helping employees obtain the necessary knowledge, attitude, and skills to achieve the goals of the organization and the individual employee in accordance with the requirements for the development of the Company and the organization's manpower plans to improve efficiency and quality. Eternal has planned a training system for all employees at all levels that is suitable for their individual responsibilities. The Company offers different training courses and development methods for core competencies, management competencies, professional competencies, and self-development. Since 2015, the Company has built the Eternal Digital Learning Platform which mainly contains courses on functional training courses and training organizations to introduce a digital language learning model so that employees can improve themselves anytime, anywhere.

Eternal's training system is provided below. Employees on all levels follow their respective training development paths for training and development. The trainees are divided into the three following categories:



Eternal Training System

	Target			(1	Off-JT Off-The-Job Trainir	ng)			(On-The	OJT Job Training)	SD (Self-Develoment)
Ma	Business Administration	Corp	oorate governance/b	ousiness management tra	aining	Master of					
Inage	Senior management		Se	enior management trainir	ng	business administration on-the-iob			Reading books and magazin	nes and job rotations / substitutes,	
rial p	Mid-level management	Long-term overseas training	1	Mid-management training]	training			assignment to overseas	subsidiaries, and mentoring	
erson	Entry-level management	5	Training for	Training for new managers and entry		ent training					
nel	Functional management		Functional p	rofessional training			Internal lecturer				
	Business and marketing	Training for sa	ales cycle and intern	nal control procedures	Industry		u ali lii ig	Quality /	Meeting instructions, job		Language training (enhancement) subsidies
All employees	R&D and technology	Quality	Introduction to the technologies, seminars, a	e Group's core process results presentation ind patent training	platform lectures	Internal auditor training		and health training	rotations, substitutes, project assignment, STAMPQ professional training, operatingprocedures training, and instructions training	Inspection and calibration personnel	training, and lending of books and multimedia contents
	Manufacturing quality	tools	Professio	onal manufacturing quality	y training					Manufacturing supervision operations training	9
New rec	Profession level	Pre-servi	Lectures for new recruits (Professi products and		cruits (Profession le products and ind	evel), plant tours, an ustry trends	nd courses on		Professional traini	ng of each department	
ruits	Operation level			Lectu)	res for new recruit	s (Operation level					

1. New recruits

All new recruits are required to attend "pre-service training/professional training of each department" and "lectures for new recruits". "Pre-service training/professional training of each department" is provided within three months after the first day of employment. The main contents include basic safety and health courses, basic employee rules and regulations, and professional competencies of the department. The "lectures for new recruits" are divided into those for employees and lecturer-level employees. They are provided with courses on the organization of the Company, rules and regulations, career development for

Eternal's employees, Eternal's culture, company products, and industry

trends. The Company also arranges an optional course called the "Plant Tour" for new employees to gain a better understanding of the Company's management, system and culture. These courses help integrate new recruits into the organization and help them adapt to our corporate culture and the work environment more quickly.



Experiential lectures for new recruits and A plant tour courses on product industry trends

2. Managerial personnel

We arrange corresponding training courses for managers based on the needs of different managerial levels to equip our managers with necessary management skills. We provide skills training to new, first-line, and middle managers, and the training courses included performance interviewing skills, employee sensitivity, team motivation,

Carnegie management, and management seminars based on the annual training priorities. The Company also offers customized training courses for assigned managers based on their individual training needs. We help them understand related local systems and regulations before they are sent on their assignments.



High performance management (HPM) course



3. All employees

The Company offers courses to meet employees' needs for their different professional competencies, including process, R&D, sales and marketing, environment and safety, and body-mind balance/work-life balance. We offered 139 different types of courses in 2021 based on key training points to provide knowledge and skills training to employees in different professional fields and enable them to fully leverage their talents at work.



Humanities lecture by Mr. Hsing- Kuo Wu.

D (II) Learning and Participation

In 2021, due to the impact of COVID-19, the Company reduced the number of physical courses to avoid people gathering and focused on promoting digital learning models, and each unit developed its own digital courses (44 new courses); the Group's reading hours increased by 203% compared to 2019 (a total of 7,441 hours). As the anti-pandemic measures were adjusted in Q3, physical courses were offered gradually. The training was focused on mid-level and senior management training and advanced professional training, and the proportion of on-the-job training for entry-level employees increased; thus, the total number of training hours in Taiwan was 33,477 and the average total training hours 16; the total training expenditure was around NT\$4.64 million. The total number of training hours in China was 86,170 and the average total training hours 38; the total training cost was roughly NT\$6.82 million. The total number of training hours 11; the training expenditure was around NT\$65,000.

In addition, to promote the development of professional competencies, each unit in Taiwan has begun to establish a career development blueprint for each position, and continued to accumulate its own self-developed professional competency textbooks year by year. Through the development of professional competencies, as well as the learning-by-doing and self-directed learning models, talents' abilities in various positions can be developed from the grassroots level.

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2019 Training Records

			Male			Female			Total	
Region	Employee Category	Training Hours	Number of Employees	Average Hours Employee	^D er Training Hours	Number of Employees	Average Hours Per Employee	Training Hours	Number of Employees	Average Hours Per Employee
	Director labor	4744	281	16.9	4	5	0.8	4748	286	16.6
	Management Position	7005.8	316	22.2	474.5	43	11.0	7480.3	359	20.8
laiwan	Non-management Position	16089.4	901	17.9	4582.7	378	12.1	20672.1	1279	16.2
	Subtotal	23095.1	1217	19.0	5057.2	421	12.0	28152.3	1638	17.2
	Director labor	34516	638	54.1	890	46	19.4	35407	684	51.8
	Management Position	14985	400	37.5	3430	90	38.1	18415	490	37.6
China	Non-management Position	33826	728	46.5	14345	442	32.5	48171	1170	41.2
	Subtotal	83327	1766	47.2	18666	578	32.3	101993	2344	43.5
	Total	106422	2983	35.7	23723	999	23.7	130145	3982	32.7
2020 Traini	ing Records									

2020 Training Records

zuzu maini	ng Records									
			Male			Female	1		Total	
Region	Employee Category	Training Hours	Number of Employees	Average Hours Per Employee	Training Hours	Number of Employees	Average Hours Per Employee	Training Hours	Number of Employees	Average Hours Per Employee
	Director labor	7880.0	292	27.0	139.9	10	14.0	8019.9	302	26.6
Taiwan	Management Position	11665.7	326	35.8	657.1	46	14.3	12322.8	372	33.1
	Non-management Position	18823.2	945	19.9	4035.9	399	10.1	22859.1	1344	17.0
	Subtotal	38368.9	1563	24.5	4832.9	455	10.6	43201.8	2018	21.4
	Director labor	44155.64	572	77.2	630.50	39	16.2	44786.14	611	73.3
01.1	Management Position	15320.79	387	39.6	3340.21	92	36.3	18661.0	479	39.0
China	Non-management Position	31266.31	744	42.0	13487.02	433	31.1	44753.3	1177	38.0
	Subtotal	90742.74	1703	53.3	17457.73	564	31.0	108200	2267	47.7
	Director labor	995	114	8.7	145	13	11.2	1140	127	9.0
Malaysian	Management Position	802	44	18.2	178	5	35.5	979	49	20.0
Plant	Non-management Position	906	42	21.6	641	40	16.0	1547	82	18.9
	Subtotal	2702	200	13.5	964	58	16.6	3665	258	14.2
	Total	131813	3466	38.0	23254	1077	21.6	155067	4543	34.1



2021 Training Records

			Male			Female		Total		
Region	Employee Category	Training Hours	Number of Employees	Average Hours Per Employee	Training Hours	Number of Employees	Average Hours Per Employee	Training Hours	Number of Employees	Average Hours Per Employee
	Director labor	4885.7	339	14.4	38.5	9	4.3	4924.2	348	14.1
Taiwan	Management Position	8022.2	335	23.9	751.5	42	17.9	8773.7	377	23.3
Taiwai i	Non-management Position	15680.0	947	16.6	4099.0	418	9.8	19779.0	1365	14.5
	Subtotal	28587.9	1621	17.6	4889.0	469	10.4	33476.9	2090	16.0
	Director labor	32538	581	56.0	703	46	15.3	33241	627	53.0
Chino	Management Position	12873	364	35.4	2924	86	34.0	15797	450	35.1
Griina	Non-management Position	24575	731	33.6	12556	437	28.7	37132	1168	31.8
	Subtotal	69987	1676	41.8	16183	569	28.4	86170	2245	38.4
	Director labor	893	121	7.4	163	13	12.5	1055	134	7.9
Malaysian	Management Position	807	48	16.8	195	8	24.4	1002	56	17.9
Plant	Non-management Position	534	39	13.7	394	41	9.6	928	80	11.6
	Subtotal	2233	208	10.7	752	62	12.1	2985	270	11.1
	Total	100808	3505	28.8	21824	1100	19.8	122632	4605	26.6

▲ Training hours = Internal training hours(including new recruit training, environmental protection, management, professional, and procedures) + External training hours (including licenses, trade shows, and seminars).

- ▲ Number of in-service employees at each company at the end of the year.
- Average hours per employee = Hours of training / Number of employees.
- ▲ Management Position: Team and group managers, section managers, managers, plant managers, assistant vice presidents, vice presidents, president, and chairman.
- ▲ Non-management Position: Non-Management Position.
- ▲ Note: Direct labor refers to those in direct contact with the production line and engaged in manufacturing activities, such as employees of the departments responsible for manufacturing, coating, film processing, resin, slitting, etc. However, it does not include team and group managers, section managers, or managers.
 - •Indirect labor: Other employees not considered direct employees.

To help employees fully leverage their talent and achieve their goals in career development in Eternal, the Company regularly implements the performance evaluation system (the evaluation coverage rate is 99%) and the Management by Objectives (MBO) system. Through regular performance interviews, we provide employees with a clear picture of their individual performance, strengths, and weaknesses to help them to attain better results. In addition to work, we provide incentives and benefits for employees to balance work, life, and family and help employees make long-term contributions to the Company's goals.



Proportion of Employees Receiving Performance Evaluation during 2019

	Category		Proportion of employees in Taiwan receiving performance evaluation			Proportion of employees in China receiving performance evaluation			Proportion of employees in other regions receiving performance evaluation					
			Male	Female	Total	%	Male	Female	Total	%	Male	Female	Total	%
	Director	labor	281	5			638	46			205	10		
		management Position	315	43	1911	99%	400	90	2344	100%	82	9	526	99%
	Indirect labor	Non-management Position	893	374			728	442			109	111		

• The personnel in Taiwan who did not receive performance evaluation include the chief executive officer, temporary workers, and dispatched workers.

Proportion of Employees Receiving Performance Evaluation during 2020

Category		Proportion of employees in Taiwan receiving performance evaluation			Proportion of employees in China receiving performance evaluation			Proportion of employees in other regions receiving performance evaluation					
		Male	Female	Total	%	Male	Female	Total	%	Male	Female	Total	%
Director	labor	291	10			572	39			231	10		
	management Position	325	46	2001	99%	387	92	2267	100%	80	7	563	100%
Indirect labor	Non-management Position	933	396			744	433			119	116		

• The personnel in Taiwan who did not receive performance evaluation include the chief executive officer, temporary workers, and dispatched workers.

Proportion of Employees Receiving Performance Evaluation during 2021

		Proportion of employees in Taiwan receiving performance evaluation			Proportion of	Proportion of employees in China receiving performance evaluation			Proportion of employees in other regions receiving performance evaluation				
Category		Male	Female	Total	%	Male	Female	Total	%	Male	Female	Total	%
Director	labor	339	9			581	46			235	17		
	management Position	334	42	2078	99%	364	86	2245	100%	62	10	589	100%
Indirect labor	Non-management Position	941	413			731	437			147	118		

The personnel in Taiwan who did not receive performance evaluation include the chief exe



IV. Remuneration and Benefits

To attract and retain the best talents, and reward employees for their performance and long-term contributions, Eternal conducts salary surveys every year to measure the market's salary level and overall economic indicators. Appropriate adjustments have been made to the overall salary policy. Such as the annual salary adjustment and a complete promotion system, various reward systems have been made to encourage employees with outstanding performance. For example, research and development bonuses, patent bonuses, business bonuses, production bonuses, performance bonuses, employee compensation, and the award of long-term employee bonuses and model employees are offered without preferential treatment or discrimination due to gender, age, race, nationality, religion, or political stance.

The ratio of the starting salary standard for the parent company's entry-level employees to the legal minimum wage in 2021 was 1.13 to 1; 1.15 to 1 at subsidiaries in China, and 1.17 to 1 at the Malaysian Plant. We also reviewed the performance of managers, professional employees, and direct employees in the basic salary and remuneration of women and men, and there was no obvious difference. Our salary system applies to males and females on an equal footing, and there is no difference due to gender.

Region			Taiw	an		
Women to Men Average Salary Ratio	201	9	202	.0	202	1 - 7
Employee Category	Basic Salary	Remuneration	Basic Salary	Remuneration	Basic Salary	Remuneration
Management Position	1:1.04	1:1.09	1:1.05	1:1.12	1:1.	1:1
Non-management Position	1:1.12	1:1.13	1:1.11	1:1.12	1:1.1	1:1.1
Director labor	1:0.96	1:0.96	1:0.96	1:0.99	1:1	1:1

Region	China						
Women to Men Average Salary Ratio	202	0	2021				
Employee Category	Basic Salary	Remuneration	Basic Salary	Remuneration			
Management Position	1:0.91	1:0.86	1:0.9	1:0.8			
Non-management Position	1:1.21	1:1.19	1:1.1	1:1			
Director labor	1:1.03	1:0.99	1:1	1:1			

Region	Malaysia						
Women to Men Average Salary Ratio	202	20	202	:1			
Employee Category	Basic Salary	Remuneration	Basic Salary	Remuneration			
Management Position	1:0.94	1:1.02	1:1.1	1:1.1			
Non-management Position	1:1.25	1:1.42	1:1.1	1:1.2			
Director labor	/	/	1:0.9	1:0.8			

Direct employees refer to on-site personnel in direct contact with products.
 Management Position refer to employees with management responsibilities.
 Non-management Position are defined as non-direct labor or managerial personnel.

There was only one female employee in the Malaysian Plant during 2020, which might cause numerical errors due to an extremely small sample size, so the Malaysian Plant's data is not presented,

Information on full-time non-managerial employees' salaries in 2019, 2020, and 2021

If we exclude the Company's managers (including the president, vice presidents, assistant vice presidents, head of finance, head of accounting, and other persons with managerial and signature authority) and employees who have been employed for less than six months, the Company has 1964 employees with total salaries amounting to NT\$1,922,916,000. The average salary of each employee is NT\$979,000 and the median salary is NT\$824,000. These figures show that we pay close attention to our employees' salary. In addition to fixed salaries, we actively encourage employees to create better performance.

Information on Salaries of Full-time Non-management Employees

	2021 (A)	2020 (B)	2019	Difference from the Prior Year (A)-(B)
Number of Employees (person)	1,964	1,850	1,809	114
Total Salary (NTD thousand)	1,922,916	1,707,778	1,625,353	215,138
Average Salary (NTD thousand)	979	923	898	56
Median Salary (NTD thousand)	824	797	784	27

The "full-time non-managerial employees" refer to full-time employees other than directors and managerial officers. This definition is based on the definition announced by TWSE.



Policy and Procedures for Managerial Officers' Salaries

The annual remuneration of the Company's managerial officers includes salaries, bonuses, and compensation for employees based on earnings distribution. The remuneration is based on prevailing standards in the industry, the Company's operating performance, individual performance, and the reasonableness of the connection to future risks. In 2021, the amount of bonuses and employee compensation allocated based on the managerial officer's positions and participation in the performance of operating contributions accounted for approximately 52% of the total annual remuneration. It is evident that the managerial officers' remuneration is closely connected to the operating performance. The amount of employee compensation is determined and approved by the Board of Directors, while the remuneration of the top-level managers is ratified by the Remuneration Committee and disclosed in the Company's annual report appropriately.

The ratio of the highest total salaries to the median total salaries of all employees (excluding the highest ones) in the Company in 2021 was 33 to 1 in Taiwan, 10.56 to 1 in China, and 8.9 to 1 in Malaysia. The ratio of the highest increase percentage in total salaries to the median increase percentage of all employees (excluding the highest ones) in 2021 was 0.44 to 1 in Taiwan, 1.44 to 1 in China, and 3.07 to 1 in Malaysia. Because of the different proportions of the human resources structure in each region, the salary adjustment was also different.

Employee Benefits

The Company offers a variety of employee benefits, including allowances for childbirth, marriage, funerals, travel subsidies, group insurance, birthday and festival bonuses, senior employee rewards, regular health examination, year-end bonus, employee cafeteria, shuttle bus service, dormitory, and library access.

According to the Labor Standards Act, the years of service of regular employees before the implementation of the Labor Pension Act on July 1, 2005 and the years of service to which the regular employees choose to apply the Labor Standards Act after the implementation of the Labor Pension Act shall be included in the calculation of the years of service for retirement. Meanwhile, the Company makes a monthly contribution equal to 10% of total salaries to the designated account with the Bank of Taiwan and reviews the balance every month. If the balance is insufficient to pay the employees to be retired as required by law in the following year, the Company will complete the appropriation by the end of the following March to ensure said employees' rights and interests. We will also convene regular meetings of the Supervisory Committee of the Labor Retirement Reserve to review the allocation and use of the pension to fully protect the employees' retirement interest and pension. Moreover, starting from July 1, 2005, new recruits are enrolled in accordance with the Labor Pension Act, which stipulates that the Company shall appropriate 6% of each employee's salary to his/her individual pension account at the Bureau of Labor Insurance every month. The Company's pension expenses accounted for approximately 4.6% of the employees' salary expenses. In addition, the Company's subsidiaries in China are required to pay pension insurance every month in accordance with the local government's regulations.

By function		2019	
By nature	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expenses			
Salary expenses	739,451	1,086,565	1,826,016
Labor Insurance and National Health Insurance expenses	68,085	81,563	149,648
Pension expenses	44,460	56,638	101,098
Directors' remuneration	-	19,135	19,135
Other employee benefit expenses	50,377	70,091	120,468
Depreciation expenses	485,437	168,637	654,074
Amortization expenses	-	7,630	7,630

By function		2020	
By nature	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expenses			
Salary expenses	769,206	1,182,068	1,951,274
Labor Insurance and National Health Insurance expenses	67,804	80,021	147,825
Pension expenses	44,725	61,040	105,765
Directors' remuneration	-	19,543	19,543
Other employee benefit expenses	50,581	68,189	118,770
Depreciation expenses	480,296	188,100	668,396
Amortization expenses	-	15,217	15,217



By function		2021	
By nature	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expenses			
Salary expenses	907,088	1,242,030	2,149,118
Labor Insurance and National Health Insurance expenses	79,244	92,733	171,977
Pension expenses	43,371	54,859	98,230
Directors' remuneration	-	28,800	28,800
Other employee benefit expenses	56,282	73,819	130,101
Depreciation expenses	482,068	216,848	698,916
Amortization expenses	35	17,853	17,888

- ▲ The number of employees during 2021, 2020, and 2019 was 2,109, 2,004, and 1,972 respectively, and the number of directors who did not serve as employees concurrently was 9, 8, and 8 respectively.
- ▲ As the Company's stock has been listed on Taiwan Stock Exchange, we are required to disclose the information below:
- The average employee benefit expense for this year was NT\$1,214,000 (Total employee benefit expense for this year Total directors' remuneration / Number of employees for this year Number of directors who do not serve as employees concurrently). The average employee benefit expense for the prior year was NT\$1,164,000 (Total employee benefit expense for the prior year was NT\$1,164,000 (Total molecular employee benefit expense for the prior year was NT\$1,164,000 (Total employee benefit expense for the prior year was NT\$1,164,000 (Total employee benefit expense for the prior year was NT\$1,164,000 (Total employee benefit expense for the prior year was NT\$1,164,000 (Total employee benefit expense for the prior year Total directors' remuneration / Number of employees for the prior year was NT\$1,164,000 (Total employee benefit expense for the prior year Total directors' remuneration / Number of employees for the prior year Number of directors who did not serve as employees concurrently).
- The average employee salary expense for this year was NT\$1,023,000 (Total salary expense for this year / Number of employees for this year Number of directors who do not serve as employees concurrently). The average employee salary expense for the prior year was NT\$978,000 (Total salary expense for the prior year / Number of employees for the prior year Number of directors who did not serve as employees concurrently).
- The average employee salary increase was 4.6% (Average employee salary expense for this year Average employee salary expense for the prior year/Average employee salary expense for the prior year).
- The Company does not have supervisors in place.
- The Company conducts a salary survey to measure the salary levels in the market and macro-economic indicators and makes suitable adjustments to our overall salary policy each year. In addition to the routine annual salary increase and well-established promotion system, we have established various reward systems to motivate outstanding employees. As per the Articles of Incorporation, the Company should set aside 4.5% to 5.5% of the profit, if any, for employee compensation.

The directors' remuneration, as per the Articles of Incorporation, shall be determined based on their participation in the Company's operations and the values of their contribution and with reference to the relevant remuneration regulations in the industry. The Company shall set aside no more than 1% of the profit, if any, for the year for directors' remuneration, while paying out remuneration to each independent director in accordance with the Company's Director's Remuneration and Payment Guidelines on a guarterly basis.

The annual remuneration of the Company's managerial officers includes salaries, bonuses, and compensation for employees based on earnings distribution. Reasonable remuneration is determined based on the prevailing standards in the industry, the Company's operating performance, individual performance, and future risks. Remuneration to managerial officers should be paid out after being reviewed by the Remuneration Committee and approved by the resolution of the Board of Directors in accordance with laws and regulations.

The Company has adopted sustainable development as our goal and encourages employees to understand our management philosophy and to stay with us on a long-term basis. Therefore, we recognize our long-serving employees every year by presenting them with commemorative medals and gold coins publicly as a token of our appreciation for their hard work and achievements. In addition, we provide travel bonuses and vacation subsidies to reward senior employees for their long-term contributions to the Company after they have served for 15 years or more and after they reach the prescribed length of service. We also encourage employees to support each other in times of need. We have established the employee funerary mutual assistance fund and formulated employee compensation management regulations. Furthermore, we have established the Employee Welfare Committee to provide subsidies for employees' travel, their children's education, and employee club activities.

Eternal values each employee and treat them with sincerity. Whenever the Company celebrates a major event, relevant departments always invite retired employees to join the event and send calendars and cards at the end of the year to celebrate the New Year, to fully implement a culture of employee care and contribution to society. The welfare system of the parent company in Taiwan is described below:





D Economic Benefits

▲ Insurance Plan

- -Company: We provide employees with coverage of Labor Insurance, National Health Insurance, employer's liability insurance, and group accident insurance starting on the first day of employment.
- -Welfare Committee: We purchase group insurance for employees with contents that include fixed-term life insurance and cancer medical insurance. Employees can also increase the amount of coverage offered or purchase insurance for their family members based on their own needs.
- -We also provide a comprehensive insurance package to expatriates, including travel insurance and local medical insurance.

▲ Pension System

- -The Company complies with relevant laws and regulations and deposit reserves in the statutory pension account.
- -Voluntary retirement with terms superior to those specified in the laws: "Employees who have served at the Company for 20 years or more may apply for voluntary retirement."
- -The Company provides preferential retirement plans to employees with a certain number of years of service. They can apply for preferential retirement within a certain period of time and are eligible for preferential pension after approval.
- ▲ Travel subsidies for senior employees: We provide travel subsidies to reward senior employees for their long-term contributions to the Company after they reach the prescribed length of service.
- ▲ Employee mutual assistance fund: We encourage employees to support each other in times of need and have established an employee funerary mutual assistance fund.
- ▲ Year-end bonus and annual performance bonus: We reward employees for their contributions to the Company's operating performance.
- ▲ Regular health examination
- ▲ Meal subsidies
- ▲ Cash gifts for birthdays and the four traditional holidays
- ▲ Emergency relief and subsidies: The Employee Welfare Committee provides funerary subsidies, marriage subsidies, childbirth subsidies, new home subsidies, and hospitalization subsidies.
- ▲ Scholarships for employees and their children: The Employee Welfare Committee provides scholarships to motivate current employees and their children to study.

D Work-Hour Benefits

- ▲ Vacation leave for senior employees: We provide travel leave to reward senior employees for their long-term contributions to the Company after they reach the prescribed length of service.
- ▲ Paid leave
- ▲ Unpaid parental leave
- ▲ Menstrual leave, maternity leave, paternity leave, pregnancy checkup leave, and family care leave

DD Other benefits

▲ Language training subsidies

▲ Company's commemorative jackets

▲ Employee travel

▲ Club activities

▲ Year-end party

DD Facilities Benefits

- ▲Employee cafeteria
- ▲ Employee dorm
- ▲ Library
- ▲ Commuting shuttles
- ▲ Leisure activities: Eternal Family Day, annual softball games, etc.
- ▲ Art and cultural events: Eternal cultural seminars.
- ▲ Awards for long-serving employees: We award medals and commemorative gold coins to employees who reach the prescribed length of service.
- ▲ Recognition of model employees: We recognize employees with outstanding performance and regard them as role models.

Notes: Benefits are provided to full-time employees (excluding contract or temporary employees)



Occupational Safety and Health

Scope of disclosure All plants in Taiwan, China, and Malaysia

>> Occupational Safety and Health Management System

To develop a safe work environment, Eternal's headquarters in Kaohsiung and all manufacturing sites follow the occupational safety and health management system launched by the International Organization for Standardization (ISO) and have converted to and passed ISO 45001: 2018 certification in 2020 under the framework of the existing OHSAS18001 management system, while the Malaysian Plant passed a third-party verification institution's review and obtained an ISO 45001:2018 certificate in May 2021 Thus, 100% of the Group's manufacturing sites have obtained the ISO 45001 certificates (two separation plants in China are cutting and distribution centers with lower safety risks, so they did not apply for ISO 45001 management system certification and follow the local national standards or standardized safety production system structure and the plant regulations adopted by the business units certified by the ISO system, while being the supervised and managed by the business units and the Group.)

Major production sites that have passed the occupational safety and health management system (ISO 45001: 2018)

▲ Sites in Taiwan

Headquarters in Kaohsiung, Lu-Chu Plant, Ta-Fa Plant, and Ping-Nan Plant Sites in China

Guangdong Plant,

Chengdu Plant,

Zhuhai Materials Plant.

PM South China Plant 1,

PM South China Plant 2,

Kunshan Chemical Plant, Changshu Plant, Suzhou Materials Plant, PM East China Plant 1, and Tianjin Plant Site in Malaysia Malaysian Plant All major manufacturing site management system categories cover workers who perform work activities under control.

Manufacturing Site Management System Category

Eternal Materials Co., Ltd. (parent company)	Management of Business Operations
Eternal Materials Co., Ltd. (Lu-Chu Plant)	R&D and production of resins, special coatings, specialty materials, circuit boards and photoelectric adhesives, solar cell materials, flat panel display materials, packaging materials, electronic application materials, energy storage materials, and biomedical materials for in vitro diagnostics
Eternal Materials Co., Ltd. (Ta-Fa Plant)	R&D and production of photoresist materials and optical materials
Eternal Materials Co., Ltd. (Ping-Nan Plant)	R&D and production of resins and optical materials
Eternal Electronic Material (Guangzhou) Co., Ltd.	Dry film photoresist production, sales, and services
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Dry film photoresist and vacuum laminator production, sales, and services
Eternal Materials (Guangdong) Co., Ltd.	Design, development, manufacturing and sales of general-purpose resins, coating resins, and unsaturated polyester resins
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Production and sales of acrylic monomers, curable resins (oligomers) and UV curable coatings, as well as design, production, and sales of organic silica microspheres and modified silicone oils
Eternal Chemical (Chengdu) Co., Ltd.	R&D, production, processing and sales of synthetic resins
Eternal Chemical (China) Co., Ltd.	Design, manufacturing, and sales of general-purpose resins and coating resins
Eternal Chemical (Tianjin) Co., Ltd.	Design, development, production, and sales of general-purpose resins and coating resins
Eternal Synthetic Resins (Changshu) Co., Ltd.	Design, manufacturing, and sales of unsaturated polyester resins and relevant products
Eternal Electronic (Suzhou) Co., Ltd.	Dry film photoresist production, sales, and services
Eternal Specialty Materials (Suzhou) Co., Ltd.	Production and sales of specialty monomers, oligomers, and acrylic resins
Eternal Materials (Malaysia) Sdn Bhd	Research and Design, Manufacture and Supply of Synthetic Resins, Unsaturated Polyester and Speciality Materials (Monomer, Oligomer and UV Coating).

ETERNAL MATERIALS

Eternal's Industrial Safety & Environmental Protection Department and each plant propose annual safety and environmental protection plans in accordance with the corporate culture, safety, and environmental protection policies, and the key points of the safety and environmental protection strategies reviewed and revised every year. They are implemented with the approval of the management. We launch the safety and environmental assessment of our plants at the end of each year to provide rewards to plants with excellent performance, and establish a management model of mutual learning and assistance for our plants. We also provide resources to plants with poorer performance in the assessment to continuously improve their safety and environmental performance.

With the Safety and Environmental Protection Committee of the Eternal Group established in 2017, the Company has striven to strengthen the process safety life cycle (PSLC) management system since 2018 and has comprehensively trained managers and process safety engineers in the plants, systematically re-identified process safety risks, and duly implemented and managed key procedures, while adopting the Plan-Do-Check-Act (PDCA) management model to manage internal systems and inviting external process experts to audit the effectiveness of our management systems and regularly review and follow up on the performance.

Context of Organization (4) Scope of the occupational health and safety management system (4.3/4.4)



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Plant Occupational Safety and Health Committee

We attach great importance to the safety and health of the work environment for our employees. In terms of safety and environmental strategy and the safety and environmental protection initiatives organized by the Occupational Safety and Health Committee, we communicate with labor representatives on a guarterly basis to reach common ground through the participation of the Occupational Safety and Health Committee at the plant manager level and our employees. The company policies are jointly signed off by the Chairman and the President and announced to all personnel in the Group. Employees and their representatives are encouraged to participate in such meetings to consult relevant parties, allowing the safety and environment policy to be duly implemented in the workplace. At the Occupational Safety and Health Committee meeting convened by the plant managers every quarter the implementation of safety, environmental, and health measures of all units at the plants is discussed, promoted, coordinated, and supervised while employee representatives are allowed to participate and consult. We also participate in legal and occupational safety and health activities organized by government agencies and external professional safety and environmental protection organizations actively. The number of people involved in the operation of the Occupational Safety and Health Committee and their respective competencies in 2021 is shown in the table below.

Operational Location Category	Headquarters	Lu-Chu Plant	Ta-Fa Plant	Ping-Nan Plant
Chairman	Director of the Administration & Service Department	Plant Manager	Plant Manager	Plant Manager
Member	17	23	13	51
Labor Member	14	8	5	22
Proportion of Labor Representatives	82%	34%	38%	43%

There are (plant management meetings) and other activities in place to implement collective bargaining agreements and to establish safety and health regulations for everyone to follow.

Note:

- The Occupational Safety and Health Committee has been established and operating in accordance with laws. Members of the Committee include the plant manager (Chairman of the Committee), department heads, occupational safety and health personnel, experts, and medical care personnel. Labor representatives account for more than one-third of the total members.
- Although the Occupational Safety and Health Committee has not yet been established for the plants in China and Malaysia, there are still safety production management meetings held.

Other safety and health items not discussed in the meetings were resolved by inviting labor representatives to jointly formulate the occupational safety work rules which were submitted to the labor inspection authority for registration. These rules became the safety and health rules for compliance of all employees and the Company.



Labor-Management Safety and Health Collective Bargaining Agreements

Eternal convenes regular meetings on labor-management safety and health with labor union representatives elected by all employees every year. Therefore, all employees are included in the collective bargaining agreement. In 2021, the official agreement discussion items regarding the collective bargaining agreement with the union accounted for 61% of the 86 overall meeting items in the meeting agenda and the discussion items with the union at the Occupational Safety and Health Committee meetings.

Strategic Goal

We have formulated the environmental safety and health policy with the "business philosophy of sustainability" and "respect for life and cherishing the earth" as the foundation of corporate culture, and have adopted the PDCA management model to make continuous improvements, thereby achieving true safety while employing the strategies below:

Management Approach

The Company ensures an environment and operations where risks are controllable, and trains employees to reject uncontrollable risks as the starting point for "understanding risks to avoid risks" and "prevention first", to provide a harmless and accident-free work environment. Eternal also focuses on preventing all work-related illnesses and health issues. We continue to optimize and effectively implement all requirements of the occupational safety and health management system.

▷▷ Impact

Enjoying a healthy and safe work environment is a universally recognized human right and a major issue of concern to Eternal and our stakeholders. Eternal has promoted and implemented various safety and health management systems and activities effectively, and has reviewed and amended safety and environmental strategies and key points of management each year to build a work environment for workers to work comfortably and with peace of mind, thereby creating a corporate culture of sustainability.

D Management Goal

Establish a work environment with zero occupational hazards, zero accidents, and zero occupational disease.

Short term:

- ▲Safety: Focus on both process safety and occupational safety, prioritize the establishment of the standard operating procedures for operations with high risks, retrain employees at all levels, and implement operations in accordance with the standards.
- ▲ Occupational health: Regularly assess the work environment and the health management system, combine the health examination participation rate and the health examination management system, to keep abreast of the information on the work environment and employee health risks, thereby establishing a basic line of defense.

Medium term:

- ▲ Safety: Implement the PSLC process safety management system to increase the capacity for risk identification in the process, improve the mechanical integrity (MI) management system, and establish indicators to monitor process safety performance.
- ▲Occupational health: Analyze and manage monitoring data to reduce and eliminate hazardous factors to personnel from the source effectively.

Long term:

- ▲ Safety: Establish a high-standard safety culture and adopt proactive leading indicators to identify potential risks for early improvements to build a safe and accident-free work environment.
- ▲Occupational health: Combine product life cycle database, environment monitoring database, and health management data cloud to keep abreast of the risks of health hazards for personnel and eliminate the risks in advance.

Safety and Health Hazard Identification and Risk Assessment

According to ISO31000 risk management principles and guidelines, we have established the hazard identification and risk assessment procedures to identify potential hazards and environmental impact factors that may occur in various routine or non-routine operations, services, or activities using systematic analysis methods. High-risk items identified are included in the risk file for management, reviewed and included in the annual safety and environmental targets. We will also draw up management plans to make improvements accordingly.



Hazard Identification and Risk and Opportunity Assessment Process

At each of the Company's plants, trained personnel identify and evaluate potential highrisk hazards and environmental impacts for various operations or activities, and the head of the unit will review and confirm whether they are in line with the actual situation on the ground. The main hazards generally include fires/explosions, leakage of harmful chemicals, pinch points, being hit, and health-related chemical exposure, or human factors engineering. We manage relevant hazards separately according to their risk levels, and have set goals and devised management plans to improve the on-site work environment and equipment while having established control procedures, such as procedures for response to contingencies in the process and procedures for wearing personal protective equipment, to ensure personnel's safety. We have drawn up a hidden danger investigation plan and an emergency response plan for hazard risks. With the environmental safety and health policy in place, we also encourage workers and their representatives to actively participate and consult. Each plant has devised its own hidden danger investigation plan in different themes and conducts inspection accordingly. In 2021, a total of 5592 hidden dangers were identified, with an improvement rate of 94%.

Risk File

Elimination

equipment

D Emergency Response

Eternal invited domestic experts to provide assistance in the process safety promotion program and strengthen the Group's internal process risk assessment to improve safety and health management. We enhance Eternal's process safety management capabilities by ensuring the safety of the production process, from R&D from the source to the manufacturing process. To strengthen personnel's emergency response capabilities and their emergency response skills in the case of an accident, we hold fire-fighting and fire safety equipment training provided by a fire safety training center. In 2021, a total of 199 pieces of emergency response training and drills in different themes were held. In 2021, the Lu-Chu Plant and the Ta-Fa Plant were awarded the Excellent Fire Safety Management Site Award and the Excellent Fire Safety Manager Award by the Fire Brigade No. 5 under the Kaohsiung City Fire Department. Each production site also held chemical leak and firefighting drills in storage tanks and tank areas and a firefighting skill competition in terms of high-risk operations or sites, to prevent and respond to an accident in the first place while reducing the impact on personnel and stakeholders after the accident.



The Excellent Fire Safety Management Site Award is presented

The Excellent Fire Safety Management Award and training







A simulated disaster drill









Various chemical disaster scenarios competition and training





Occupational Accident Prevention and Management

To implement accident corrective and preventive measures, we have established the "abnormal accident management operating procedures" and drawn up an abnormal accident electronic notification form. Each plant can send notifications regarding a false alarm or an accident quickly, and conduct occupational safety or process safety false alarm/accident investigations in accordance with the procedures to identify the root cause, re-examine the hazard, and confirm the risk level as per the countermeasures set out. If it is a high-risk item, we will carry out various improvements at all plants to prevent the recurrence of the accident. We will continue to implement the promotion, preventive, and improvement measures based on the principles of health promotion, hazard elimination, and environmental protection to avoid personal injuries, abnormal accidents, and environmental protection incidents, thereby protecting the lives and property safety of workers, companies, and communities.

Accident / False Alarm Investigation and Corrective and Preventive Process



Statistical Analysis of Occupational Hazards

Eternal has chosen the disabling injury rate (IR) and the lost day rate (LDR) for our occupational injury statistics mainly based on the international indicators for labor occupational accidents, and the statistics do not include traffic accidents during commutes, slight injuries, and other accidents.

Regarding the IR and the LDR between 2019 and 2021, the Malaysian Plant continued to maintain zero disabling accident, and the plants in China reduced the rates compared to 2020, while the plants in Taiwan witnessed a higher LDR compared to 2020. The overall performance of the plants in the three regions was better than 2020. There was no fatal accident taking place during 2021; the absence rate in 2021 was 0.90%.

Year	Sites in Taiwan		Sites i	n China	Site in Malaysia	
	I.R	L.D.R	I.R	L.D.R	I.R	L.S.R
2019	0.21	1.57	0.13	16.08	0	0
2020	0.10	0.54	0.09	0.80	0	0
2021	0.10	1.28	0.04	0.78	0	0

During 2021, a total of three males had accidents and were injured: one was burned by chemicals when emptying pipelines, another one was burned by chemicals during separation of materials, and the other got injured when maintaining the shelf. All the injury accidents were analyzed and reviewed systematically in accordance with management requirements to implement improvement measures. The injured workers were also given care before returning to work.

G	ender	Kaohsiung	Lu-Chu	Ta-Fa	Ping-Nan	Guangdong	Zhuhai	South China	Chengdu
Mala	I.R	0	0	0	0.55	0	0	0	0
Male	L.D.R	0	0	0	6.92	0	0	0	0
Female	I.R	0	0	0	0	0	0	0	0
	L.D.R	0	0	0	0	0	0	0	0

	Gender	Chongqing	Kunshan Chemical	Changshu	Suzhou	East China	Tianjin	Northeast China	Malaysia
Mala	I.R	0	0	0.09	0	0	0	0	0
Male	L.D.R	0	0	1.64	0	0	0	0	0
	I.R	0	0	0	0	0	0	0	0
Female	L.D.R	0	0	0	0	0	0	0	0

According to the annual total recordable incident rate TRIR and the annual IR, of the total work hours of 9,245,127.61 in 2021, TRIR was 0.25 in Taiwan, 0.04 in China, and 0 in Malaysia; the Group's TRIR was 0.129 and IR 0.065, both showing a long-term downward trend. To move toward a safe workplace with zero accident and occupational hazard, we aim to achieve a TRIR of 0.15 or lower and IR of 0.05 or lower by 2025 to continue to improve our safety performance.



TRIR Trend



Note:

- IR: Number of persons injured and disabled × 200,000/Total working hours.
- LDR: Total days lost due to disabling injuries × 200,000)/Total working hours.
- TRIR: Number of recordable injuries × 200,000/Total working hours.
- Absentee rate (AR): Absentee hours/Required attendance hours × 100%.
- Total days lost due to disabling injuries: The number of days, excluding the day of injury but including the number of days in between (including national holidays and workplace closures).

Safety and Health Education and Training (GRI403-5)

All Eternal's employees and contractors are required to participate in the safety and health training held by the Company before proceeding with their operations. They are not allowed to operate on-site until they pass tests. The Company conducts annual training on safety and health in accordance with the annual education and training plan. The training courses include environment, health, and safety topics, such as personal protective equipment (PPE), process risk assessment, emergency response in plants, human factors engineering, and relevant regulatory requirements on air, water, waste, and toxic materials. Personnel who have yet to obtain the certificates required by law, or the qualification certificates designated by Eternal may not engage in relevant operations.

In addition to on-site courses, we launched an e-learning platform in recent years to actively motivate employees to engage in online self-directed learning at any time beyond the constraints of time and space. It has appeared even more important when people avoided gatherings during the pandemic period. In 2021, the online safety and health courses were attended 12,452 times. To increase the participation of online learning resources, we aim to increase the number of online learners to three times the number of learners of 7,082 people in 2020 by 2025. We will continue to actively enhance the professional safety and health learning materials.

Supplier and Contractor Management

To ensure that the safety of the purchased materials, equipment, and construction meet the Company's safety and environmental policy, the departments responsible for the quality, safety and environment protection, procurement, and design assess new suppliers' and contractors' capabilities. Only companies that pass the qualification reviews can become suppliers and contractors. We also conduct regular audits and assessments of our suppliers to ensure the validity of their qualifications. In addition to quality audits, we hold seminars to communicate with suppliers and contractors, ensure smooth operations, and prevent accidents. During contractors' total working hours of 2,302,503 in 2021, no accident occurred.

Contractors are required to take hazard awareness training and tests before they are permitted to work in the plants. The trained personnel must undergo refresher training and tests at the prescribed training frequency to ensure that the contractor's employees understand the relevant management systems, equipment, and environment of the plant so that they can avoid operational hazards in the workplace.

Statistics of Contractor Training Hours in 2021

Candar	Sites in	Sites in Taiwan		Sites in China		Site in Malaysia	
Gender	Male	Female	Male	Female	Male	Female	Total
Training Hours	3480	134	4000.5	44.5	221.5	0.5	7881
Number of Persons	2112	94	2831	51	443	1	5532
Average Hours	1.65	1.43	1.41	0.87	0.5	0.5	1.42

To ensure the safety of the operations of contractors that cooperate with the Company's requirements, we provide routine training on transportation safety for transportation service providers inside Eternal's plants. We also organize regular training on the transportation of dangerous goods and response to accidents for transportation service providers. We require them to purchase fixed-sum insurance premiums in contractual requirements to maintain the safety of transportation vehicles and to ensure the safety of other road users.





Communication with contractors on safety



Employee Health Care

▷▷ High-risk Operations and Health Management for Special Hazards

To take care of employees' health, Eternal has implemented employee health examinations with a frequency and scope that is superior to the regulatory requirements. We combine the workplace environmental monitoring data, plant safety data, and healthcare data with the results of health examinations based on the results of health examinations and the statistical analysis functions of the health examination software. We conduct comprehensive reviews of workplace health hazards to keep abreast of employees' health information and prevent health hazards in the workplace. The operating sites in Taiwan protect employees involved in special operations; a total of 178 employees have received consultation services and different management measures depending on their levels based on the hierarchical management model. A total of 497 employees have received health care. During 2021, there was no death caused by occupational diseases nor occupational disease case confirmed by government safety and health agencies or occupational physicians during health examination for special operations or of workers whose workplace is controlled by Eternal. The occupational disease rate (ODR) is 0%.

>> Workplace Employee Health Management

Due to the continuous spread of the COVID-19 pandemic in 2021, to maintain workers' health and safety, the Company set out the COVID-19 Response and Prevention Requirements for all operational sites to comply in 2021 and has prepared anti-pandemic supplies to ensure workers' health in the workplace to reduce the panic of being infected.

In 2021, the general health examinations of workers at the production sites in Taiwan, Malaysia, and China are in compliance with laws and regulations. The preventive measures for employee occupational diseases at the operating sites in Taiwan include prevention of overtime work and overload, ergonomic factors in the workplace, and maternity protection. We also formulate health promotion plans and improve health examination software functions to promote health management to prevent cardiovascular diseases and musculoskeletal injuries. In 2021, a total of 209 personnel had interviews with doctors for health guidance. In addition, as for the prevention of maternal and child hazards, after the nurses and the occupational safety and health unit jointly conduct a work environment assessment and pay a visit to the parties protected, doctors will provide consultation services and relevant health education during these employees' pregnancy. In 2021, we took care of a total of 13 people.

All employees in other operating sites are required to receive general health examinations on the first day of work. In addition, the operating sites in China provide special health examinations to employees involved in special operations with potential occupational hazards at the beginning, during, and at the end of the employment in accordance with the provisions of the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases.

Health Management Item	Job Description
Maternal health protection	During pregnancy till one year after childbirth, female employees are protected from maternal health hazards through hazard assessment and control, specialist physician interviews and guidance, risk management, and special work arrangements.
Ergonomics in the workplace	Prevent musculoskeletal diseases caused by poor posture, excessive exertion, repetitive movements, etc. by adopting relevant human factors engineering improvement measures.
Diseases caused by abnormal workload	To help employees who suffer from brain and cardiovascular diseases caused by stress due to long working hours, shifts and other abnormal work patterns, the Company provides measures for health guidance, adjustment of work hours, and replacement of job contents. * Certain plants have appointed psychological counselors to provide counseling services to employees.
Workplace safety protection	The Company identifies and evaluates violence and sexual harassment that affect employees in the workplace. We implement job fitness arrangements, hazard prevention, and communication skill training so that employees can have a work environment free from workplace violence. * The Company has set up verbal, written, or e-mail complaint channels.





Based on the analysis results of the annual health examination plan, the registered nurses formulate a health promotion plan every year and hold various events and activities, such as health seminars, introduction to and prevention of COVID-19, public health information announcement, implementation of healthy diets, and strengthening of employees' physical fitness, exercise to stay healthy, and plank exercise. The number of participants in health promotion activities was limited due to the impact of the pandemic, to maintain social distancing and reduce the number of outdoor activities.

The Company promotes a tobacco-free workplace, reduces second-hand smoking, holds blood donation events, and organizes health promotion activities and events, such as weight loss contests to prevent obesity and reduce hypertension, hyperglycemia, and hyperlipidemias. We also hold cardiopulmonary resuscitation (CPR) training to help employees respond to accidents at home and encourage them and plants to actively participate in voluntary healthy workplace certification.



Medical personnel's health education and consultation services

Health Seminar on How to Prevent Metabolic Syndrome







Physical fitness activities

CPR training

Healthy Workplace Certificate



Exercise to stay healthy



Plank exercise

>> Sharing of Healthy Workplace Experience with External Entities

To enable the public to understand our healthy workplace for employees, fulfill our corporate social responsibilities, and actively participate in healthy workplace events organized by the competent authority, we participated in the 2020 Move to Stay Slender Healthily and Proudly in Pingtung event held by the Public Health Bureau, Pingtung County Government, and the Ministry of Health and Welfare's expanded hepatitis B and C screening program for adult preventive care and held flu vaccination activities actively in cooperation with the health policy of the Health Promotion Administration.



Move to Stay Slender Healthily and Proudly Hepatitis B and C screening

Government-funded flu vaccine administration



Customer Relationship

>> Management Approach

Ensure the quality of the Company's products and services, establish a client-oriented quality system, adopt integrated marketing and strategic management to put together resources to meet clients' requirements. The Company is committed to technological development and improvement, developing more excellent products, and serving the community based on the principles of "quality, reputation, innovation, and service" to achieve sustainable development and create leading technology. With a broad global vision, we have striven to develop key global markets to become a world-class material supplier.

We are responsible for our products and services and attach great importance to marketing ethics. The information on our product quality and services are open and transparent. Our product marketing, labeling, and customer privacy are all in compliance with applicable regulations and international standards to ensure their safety and prevent such products or services from causing damage to customers' rights and interest, health, and safety.

Our marketing and R&D personnel put forth needs for product designs as per market demand or clients' requirements through interviews with clients, competitor analysis, product creativity, proposal improvement, and discussions with the management team. After a product is commercialized, we will inform clients where appropriate by printing product catalogs, product manuals, or safety data sheets, to enhance their understanding of our products or meet their needs for product information. After a product is sold, our after-sales services include technical services, response to clients' complaints, and client satisfaction surveys to continuously improve our customer relationships.

To ensure product and service quality, we have established a client-oriented quality system, regularly hold production and sales meetings and business meetings to review and respond to product quality issues, formulated client complaint response management regulations and complaint channels, and set up the Stakeholders section on the official website. Consumers may file complaints to the Company at any time by phone, letter, or email. We conduct client satisfaction survey at least once a year. The satisfaction survey includes sales personnel's services, delivery, product quality, and technical services. We have discussions as per the feedback data, and the sales, the production and marketing, and the technical support units assign personnel to improve issues and optimize them accordingly.

In response to the ever-changing market demand, we engage in in-depth communication and close collaboration with clients, while striving to constantly improve our technology, manufacturing processes, and services to meet their needs.

>> Customer satisfaction survey results



▲ 2019 ▲ 2020







Scope of Disclosure►Taiwan

Management Approach

Eternal uses more than 1,000 types of materials. We strengthen synergy in procurement management by integrating internal and external resources to ensure stable quality and normal supply of raw materials from suppliers, and we implement tiered procurement based on procurement volume and importance through effective risk management: I. We implement global sourcing of bulk raw materials for the Group's factories across the world to make full use of the Group's procurement advantages; II. We use the three procurement centers in mainland China which were established based on the Company's product portfolio to procure important raw materials for products to effectively integrate the procurement of raw materials for each plant; III. We prioritize the procurement of competitively priced and readily available raw materials from local supplies to create a reasonable, efficient, and competitive supply chain. Eternal and our suppliers have become partners with mutual trust, with the aim of contributing to social and environmental sustainability.

D Supply Chain Distribution



Applicable industries

Energy and utilities, transportation, construction, furniture and home decoration, electronics and electrical engineering, general consumer goods, packaging and printing, metal machinery, healthcare, and biotechnology



Transportation Management

Scope of Disclosure►Taiwan

Management Approach

Eternal's land-based transportation service providers in Taiwan must be those who are authorized by the government and conduct operations in accordance with legal requirements. If the goods transported by the service providers are dangerous as regulated by the Ministry of Transportation and Communications (MOTC) or toxic chemicals as regulated by the Environmental Protection Administration (EPA), they shall meet the transportation safety (including dangerous goods and toxic chemicals) regulations of the MOTC and EPA to ensure that the supply of materials meets the production needs and that materials are transported safely. In 2021, there was no leakage of raw materials caused by traffic accidents during the transportation of raw materials.

The Company requires all vehicles entering its plants to comply with all safety and health regulations of the plants such as movement and fire control regulations. The Company requires transportation service providers to comply with government regulations in the transportation process after leaving the plant to ensure that all operations fully comply with safety requirements and prevent transportation accidents.

Legal Compliance

- ▲ Strictly require transportation service providers to comply with relevant government regulations in the transportation of dangerous goods.
- ▲ All vehicles must pass the inspections by the transportation supervisory unit and obtain a "temporary pass" issued by the local public road supervisory authority.
- Accept the training, inspections, and supervision of the competent authorities and the Company.

Equipment Management

- ▲ Transportation vehicles must be inspected according to the periodic inspection requirements of the Road Transportation Safety Regulations. Those that fail to pass inspections may not enter the Company's plants for operations.
- ▲ Transportation vehicles must be equipped with fire extinguishers and emergency response equipment that have passed inspections.
- ▲ The vehicles must be equipped with a functioning dashboard camera. In the event of a traffic accident or irregular incident that causes harm to the driver, goods or vehicle, the data recorded on the dashboard camera must be properly saved.
- ▲ The Company strictly requires drivers to comply with the "no fire" requirement and have emergency response equipment on board at all times. The equipment must include at least anti-leak equipment and personal protective equipment.

Personnel Management

- ▲ Transportation service providers must hire personnel with related licenses and qualifications in training for the transportation of hazardous goods. The same applies to those who escort the transportation of hazardous goods.
- ▲Before a transportation service provider enters a plant to provide transportation services, it must receive safety and health training and hazard notice from the plant.
- ▲ Tanker drivers and onsite operation personnel must verify that they have put on safety equipment before loading and unloading operations.
- ▲A transportation service provider shall have the ability to respond to emergency accidents (such as leakage, fire, or explosion). If an unusual accident occurs during transportation, the driver shall take emergency response measures immediately to prevent the accident from escalating.
- ▲ Each transportation service provider's vehicles must comply with the relevant safety, health, and environmental protection regulations when entering Eternal's plants. Drivers must cooperate with Eternal in the implementation of random alcohol breathalyzer tests. If the alcohol concentration in the driver's breath is higher than 0, Party A has the right to request Party B to send another person to continue the transportation service.

D Effectiveness Assessment

Transportation service provider evaluation: Since 2018, the transportation business evaluation form has been revised to improve the transportation safety contracting and hiring standards. The Company continuously evaluates their performance. We continue to hire those who have implemented improvements and meet standards and remove those who have not in order to reduce the occurrence of transportation accidents and protect public safety and the environment.

Transportation service provider evaluation items: Compliance with the requirements of competent authorities of the government, vehicle resources, adequacy of resources from previous transactions, ability to provide temporary emergency delivery service, punctuality of regular deliveries, quality of product storage during transportation, ability to follow up on inquiries during shipments, analysis and handling of customer complaints, driver management and signing of contracts, work responsibility and ethics, etc.

The evaluation results are classified into Grade A: Above 90 points, Grade B: 75-89 points, Grade C: 60-74 points, Grade D: Below 60 points. We will reduce purchases from transportation service providers rated C. Transportation service providers with a rating of D are assessed for special conditions or disqualified.

Evaluation result	А	В	С	D
2019	12	7	0	0
2020	10	2	0	0
2021	12	2	1	0

In 2021, we signed collaboration agreements with 15 transportation service providers and evaluated 15 of them, 14 of whom were rated B or above and one was rated C. We decided to reduce the volume of waste to be transported by the provider who was rated C and will make further adjustments after re-evaluation in 2022.



Supplier Management and Evaluation

The parent company in Taiwan conducts annual on-site audits of potential partners, new suppliers, oligopolistic, or important suppliers with high procurement frequency to learn about the suppliers' current plant management status and to follow up on improvements. There was no major change in Eternal's supply chain during 2021. In the future, the material procurement personnel in Taiwan and China will conduct random on-site audits of all qualified material suppliers each year to learn about the status of plant operations and management and whether they meet CSR objectives. Affected by the pandemic during 2021, we suspended the audits of all our overseas suppliers and adjusted the on-site audit schedule for domestic suppliers depending on the pandemic situation.

The R&D unit, the procurement unit, and the quality assurance unit evaluate suppliers' business services, quality systems, and R&D capabilities, to select new raw material suppliers and raise their awareness of corporate social responsibility, including labor rights, human rights issues, environmental protection, and business ethics, which have formed the Supplier Code of Conduct. We evaluated 114 new suppliers during 2021, 104 were qualified, so the pass rate is 91%.

Year	Number of Suppliers that Received On-site Audit and Inspections
2019	25
2020	7
2021	6

Annual Supplier Evaluation

Eternal's parent company conducts an annual written evaluation of suppliers in the first quarter of each year, and selects representative raw materials items (five items for each level) according to the annual consumption volume (divided into four levels: over 5000 tons, 1000–5000 tons, 100–1000 tons, and less than 100 tons) to evaluate raw material suppliers. The scoring standards are:

▲Quality (50 points)

△Does it have an ISO9001 certificate (10 points)

- △Does it have an environmental, safety, and health management system in place (10 points)
- △Does it attach an inspection certificate (10 points)
- \triangle Delivery quality (20 points)

▲Cost (20 points)

△Is its price competitive (20 points) ▲Delivery (10 points)

△Does it deliver supplies on time (10 points)

▲Service(20 points)

 \triangle Company's requirements (10 points) \triangle CSR (10 points)

The evaluation results are classified into Grade A: Over 90 points, Grade B: 75–89 points, Grade C: 60–74 points, Grade D: Below 60 points. Suppliers rated C will be required to make improvements and procurement from such suppliers shall be reduced. Procurement from those rated D shall be suspended and will only resume the procurement after they have made improvements. As per the 2021 evaluation results, all suppliers performed well, and no supplier was rated as C or D. We will implement the annual supplier evaluation and audit in China based on the evaluation methods in Taiwan.

Evaluation result	Items of Materials Evaluated	А	В	С	D
2019	20	39	7	0	0
2020	20	29	14	1	0
2021	20	21	17	0	0

Diverse Supply of Materials

Suppliers are Eternal's long-term partners who work with the Company to achieve mutual growth. To optimize supply chain management, reduce the risk of supply chain disruption, and ensure a diverse supply of raw materials, the Group has also established a sample test management process to evaluate new raw materials and new supply sources, and we also use the "Sample Testing Application Form" and "External Sample Request and Cross-Plant Material Collection Application Form" to audit chemicals once delivered and to manage the sample testing rocess.

Year	Sample test	External sample request	Total
2019	87	17	104
2020	51	47	98
2021	39	65	104


Ratio of local procurement

With respect to the plants' demand for materials in each region, Eternal's procurement policy focuses on the development of local suppliers and requires them to comply with the safety and health laws and regulations of the countries of their operations. By prioritizing local suppliers, the Company is able to reduce the environmental impact of the transportation of materials and develop local suppliers that can provide a more stable supply of materials and reduce transportation time. The percentage of local procurement of materials in Taiwan (important operating sites) in 2021 was 73%. Due to the demand in domestic production processes, a certain percentage of materials that are not produced in Taiwan or those that are in short supply must be purchased overseas. The Company is also required to maintain risk management for secondary sources of supply. As a result, a certain proportion of the products are still purchased from overseas sources.

Year	Percentage of Local Procurement Amount	Percentage of Imported Procurement Amount
2019	73%	27%
2020	64%	36%
2021	73%	27%

Procurement personnel accountability education

In addition to the procurement policy for suppliers, Eternal offers corporate social responsibility education to procurement personnel. We have trained procurement personnel in terms of procurement and corporate social responsibility and developed their basic concepts and knowledge of the Group's corporate social responsibility policy.

Supplier Social Responsibility Commitment

Scope of Disclosure►Taiwan

D Management Approach

Eternal has adopted sustainable development as our business philosophy while with reference to the spirit of the UN Sustainable Development Goals (SDGs). We regard the supply chain as an important extension of our value chain. To help our supplier partners understand and comply with our relevant safety and ethical standards, maintain safety in the work environment of the supply chain, ensure that employees are treated with respect and dignity, implement environmental protection, and comply with ethical standards, we require suppliers to fully comply with the laws and regulations of the countries/regions where they operate. We also convey our culture of "compliance, integrity, and moral values" to all suppliers through correspondence and relevant meetings in the hope of using the opportunities to convey and fulfill our corporate social responsibility and to work with our suppliers to promote sustainable development.

Since 2017, Eternal has established and required all new suppliers to sign the Supplier Code of Conduct, which expressly includes ethics, compliance, health, and safety mechanisms into the regulations. We require suppliers to abide by social regulations (labor and human rights, health and safety, and ethics and integrity provisions) and environmental regulations (no use of raw materials banned by regulations, reduction of waste and emissions, compliance with environmental protection regulations, and protection of the health and safety of the public). Due to the differences in the scale and characteristics of new suppliers, the criteria of whether new suppliers have obtained ISO 14001 or ISO 45001 certification or published CSR reports cannot be adopted as necessary criteria for selecting suppliers. However, the said certification and publication are still included as a reference and serve as the basis for the evaluation of new suppliers in the hope of increasing the supply chain's attention and dedication to sustainability.

Key Points in the Supplier Code of Conduct Education

Labor and Human Rights

No forced labor, no illegal employment of employees, prohibition of child labor, no discrimination, working hours in compliance with local laws and regulations, and humane treatment



Health and Safety

Work safety in the workplace, promotion of employee health, and industrial hygiene

Environmental Protection

Compliance with RoHS regulations, no use of banned raw materials, reduction of waste and emissions, and product and service labeling

Ethics and Integrity

Avoidance of entertainment and gifts, information disclosure, no falsification, no leakage of customer information, principle of good faith, and compliance with relevant import and export laws and regulations

A total of 507 suppliers in Taiwan have participated in signing of the code of conduct, accounting for approximately 55% of the procurement. Existing suppliers have gradually joined the ranks of the signatories and we plan to renew the signing in five years. In addition, most large and international suppliers have published their annual CSR reports which are practical actions taken by them to fulfill their corporate social responsibilities. We will include the proportion of suppliers with CSR reports to all suppliers.

Year	The cumulative number of suppliers who have signed the code	Number of suppliers that failed to sign the code and to provide their own company documents	Total number of suppliers that signed the code	Percentage of the total annual procurement amount from suppliers that signed the code	Ratio of suppliers who have signed the code to all suppliers
2020	306	13	622	51%	57%
2021	507	507 13 941 55%		55%	63%

In 2021, the Company assessed suppliers' environmental/social impact through supplier evaluation and on-site visits and audits. For suppliers with no CSR report published, we will require them to fill out the supplier CSR self-assessment form as a reference for our procurement evaluation. After evaluating suppliers' environmental (waste/wastewater treatment processes) and social aspects (labor relations, records of social impact, etc.), we did not find any violations of laws by any of the main suppliers in terms of environmental, labor, human rights, or social impact incidents in 2021.

In the future, the Company will conduct self-disclosure questionnaire surveys of suppliers. All new suppliers will be required to take the self-disclosure survey. The Supplier Self-Assessment Questionnaire will be used as an evaluation item based on the contents of the Supplier Code of Conduct, and the scoring criteria and selection method will be planned for the assessment of new suppliers' environmental and social aspects, to select suppliers that meet environmental and social standards as partners. We aim to fully assess, identify, and manage the significant actual and potential negative impact in the supply chain through the Supplier Self-Assessment Questionnaire by 2023, and work with suppliers to fulfill our corporate social responsibilities.

Local Communities

Among Eternal's three production sites in Taiwan, the oldest plant and the only plant that is not established in an industrial zone is Lu-Chu Plant. When it was built in 1973, the Company opened a road to help employees get to work safely and conveniently and the road was named Changxing (Eternal) Road. The Plant later cooperated with the Township Office in various greening activities to improve the cleanliness and appearance of the nearby environment. Eternal has spared no effort in promoting local development as a good neighbor in the Luzhu community. The other plants were located in industrial zones (Ta-Fa Plant and the Ping-Nan Plant). In addition to cooperation with the management of the industrial zones by providing assistance to community activities, the Plants also directly participate in certain activities based on actual conditions and provide care to nearby schools or communities. Therefore, the Company strictly complies with the requirements of the competent authorities on air and wastewater discharge in the environmental aspect. The information is disclosed in the chapter on sustainability indicators without any negative impact. We did not cause any negative impact in the social aspect, and all our plants have communicated with the local communities.

D Management Approach

Eternal upholds the spirit of "giving back what is taken from society" in interaction with local communities. We have therefore continuously supported various local activities. After a long period of observation of the development of the society and the regions, Eternal has become convinced that education and culture are the best ways to generate positive energy for society. These areas could also benefit the most from companies' support and assistance, particularly rural areas and disadvantaged groups.



Scope

As Eternal's business operations are spread across the world, our interactions with local communities and societies have expanded along with our operating activities.

Approach and Objectives

The relevant departments are responsible for evaluating and proposing projects to be included in the key annual plans for full implementation. With Eternal's investments, we hope to improve the education or cultural environment and opportunities in remote areas. We seek to help the disadvantaged to successfully complete their education or acquire skills to support or improve their lives and families and reduce social issues.

Community/social activities during 2021 are summarized as follows:

Beach cleanup to safeguard the ocean (number of participants: 71)

Taiwan boasts winding and beautiful coastlines and vast oceans. The Ping-Nan Plant is located at the southernmost tip of Taiwan and is also the plant that is closest to the coastline. Without a healthy ocean, there will be no healthy planet and, hence, no healthy body for human beings. What can we do for the ocean on International Coastal Cleanup Day? We turned the spirit of compassion and love into practical actions to clean up the beach and safeguard creatures. We picked up the plastic waste on the beach and took actions to use less plastic bags and use our eco-friendly tableware or tableware of alternative materials to safeguard the ocean, save creatures, and do our share for environmental sustainability.

Contribution to the reduction of air pollution

We adopted a 260-meter-long road in the industrial zone and maintained its cleanness, thereby reducing airborne dust and improving air quality.



Harmonious relations with the local community

The Shun'an Temple, a local community belief center in Luzhu, has been built for more than 200 years. With the safety concerns about the old buildings, the Lu-Chu Plant assisted in repairing the buildings, including the replacement of energy-consuming lamps. After the repair, it can be used as a venue for local residents to gather safely, which can also reduce greenhouse gas emissions. This action is highly praised by both the temple personnel and local residents.

During 2021, we assisted with the replacement of old and traditional lamps with a total of 40 energy-efficient LED ones. It is estimated that the annual electricity consumption will be reduced by about 3,854 kWh and the carbon emission of CO2e by roughly 1,962kg.



Health promotion

We sponsor softball games organized by companies around the plants every year to increase the interaction between our employees and surrounding companies and facilitate the health promotion activities in the plant, achieving a win-win outcome.







Care for the local community

Eternal Arts and Culture Center is located in the Lu-Chu Plant. Our plants are surrounded by many industrial zones and agricultural land. Among them, the Tainan Science Park is home to a number of optoelectronic and material companies, which is a key area for the development of high-tech industries in Kaohsiung. As one of the few corporate museums in northern Kaohsiung, Eternal Arts and Culture Center has worked to promote arts and develop community culture and education. Based on our founder's spirit of "art sharing", we adopt art works as a medium, along with education in the museum, to provide local residents and related visiting groups with different leisure activities, thereby enhancing the museum experience and art promotion.

Since it was established, the center has continued to receive local residents, employees, contractors, clients, schools, and government agencies. During 2021, there were 77 visits with a total of 1,344 visitors.



Environmental sustainability and social engagement

We organized two environmental protection education sessions in collaboration with the elementary and junior high schools around the plant. We decided themes based on the hot topics in society and the concept of sustainable development and environmental protection, while sharing relevant information and interacting with children to enhance their positive concepts of environmental protection.

The Lu-Chu Plant held an awareness-raising event "Resource Recycling and Energy Reuse" at Tsai Wen Elementary School in the Luzhu District on April 28, 2021. With the resource recycling and energy labels as the theme, we shared the concept of green consumption with children. The Lu-Chu Plant also made donations to Tsai Wen Elementary School to renovate old buildings and improve the safety of the school facilities.



The Lu-Chu Plant held an awareness-raising event "Paper Container Recycling" at Yi-Jia Junior High School in the Luzhu District on November 05, 2021.

The severe pandemic situation has resulted in a surge of takeout paper containers; we mainly shared the concept of paper container recycling and reduction and interacted with students at this event. The Lu-Chu Plant also made donations to Yi-Jia Junior High School to replace old lamps, thereby reducing Carbon dioxide equivalent (CO_2e) .



Greenhouse gas reduction

The Lu-Chu Plant is a long-standing plant. In view of the impact of greenhouse gases on its operations, it has improved its equipment year by year. In 2021, it participated in the Greenhouse Gas Reduction Evaluation held by the Environmental Protection Bureau, Kaohsiung City Government, and won the gold award.

With its performance in the reduction of greenhouse gases, the Environmental Protection Bureau, Kaohsiung City Government, observed how the work was carried out on site, to pass the experience onto other enterprises in the jurisdiction and enhance such enterprises' international competitiveness.











Donation of police cars

As a member of the community, the Company insists on "giving what we have taken from society back to society" and donated police cars and devices, following last year's donation of one patrol car and 16 police motorcycles, to help the police to accomplish their tasks and inspire the public to pay attention to the police officers' work and work closely with the police in various tasks as a strong support for the police.



Smoke alarms

As the old buildings are threatened by fire and lack of an adequate emergency escape system, we worked with the Fire Bureau, Kaohsiung City Government, and donated smoke alarms to expand the scope of the subsidy for the installation of smoke alarms for the disadvantaged and the elderly living alone in the old buildings, to ensure a safe home for everyone.

Charity by Eternal

The Company has long been concerned about the lack of resources in rural schools. This year, we visited Koushe Elementary School in Sandimen Township, Pingtung County, and participated in the landscaping of the school with local teachers and students, a construction company, and more than 20 volunteers and other partners. We repaired the stairs on both sides of the school platform and interacted with children through magic tricks, to pass on the special knowledge of chemical materials to the children through interesting games.

In addition to providing children with a beautiful and safe school environment, we aimed to extend the Group's charity program on education. Elementary school students, particularly those who are in the rural schools with relatively inadequate educational resources, are relatively unfamiliar with chemical knowledge. Through this social charity event, we made chemistry fun through magic tricks, allowing the school students to learn about chemical materials in their daily life, to achieve the purpose of knowledge dissemination and enlightenment.



















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