



# 2022

## Sustainability Report



**ETERNAL  
MATERIALS**

Elements of Infinite Possibilities



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## 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.

## 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>

## Products and Services

Please refer to the operational overview in our company's annual report.

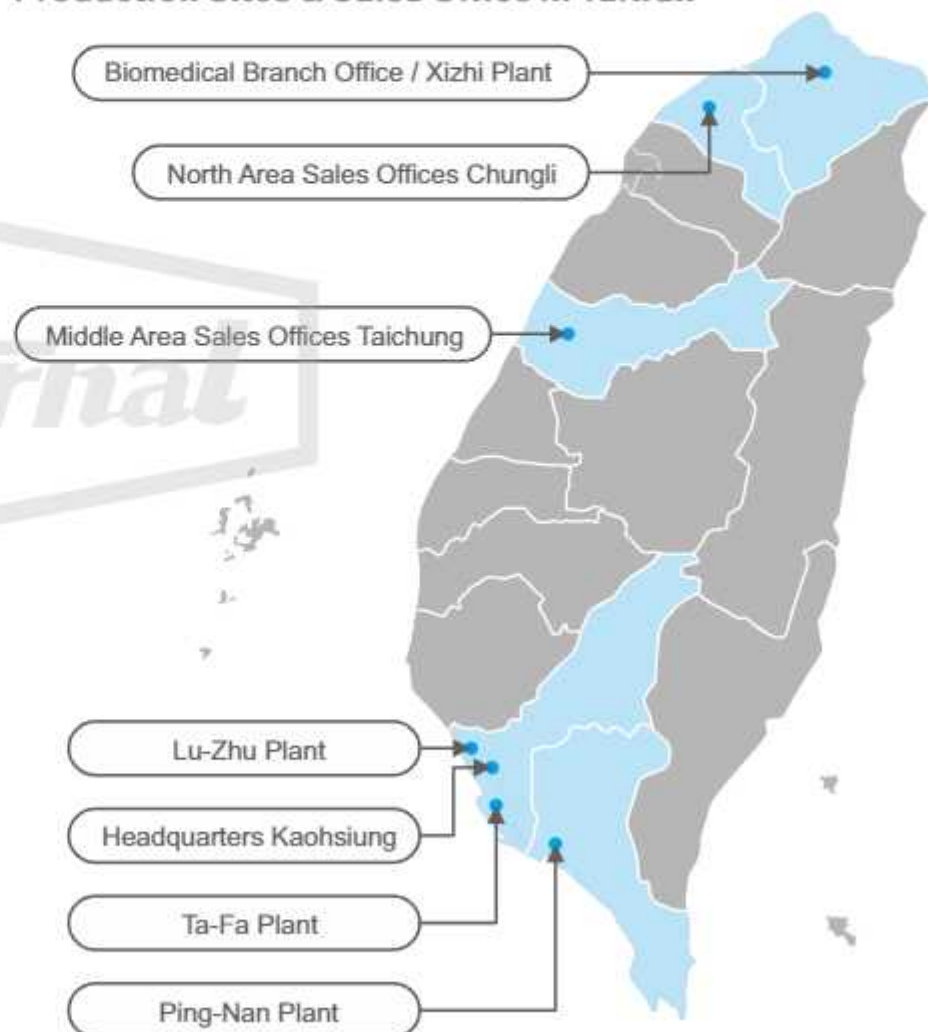
## Product Production Information

Main product group	Production volume
Synthetic resins(Ton)	110,960
Electronic materials(KFT <sup>2</sup> )	860,716
Specialty materials(Ton)	9,561

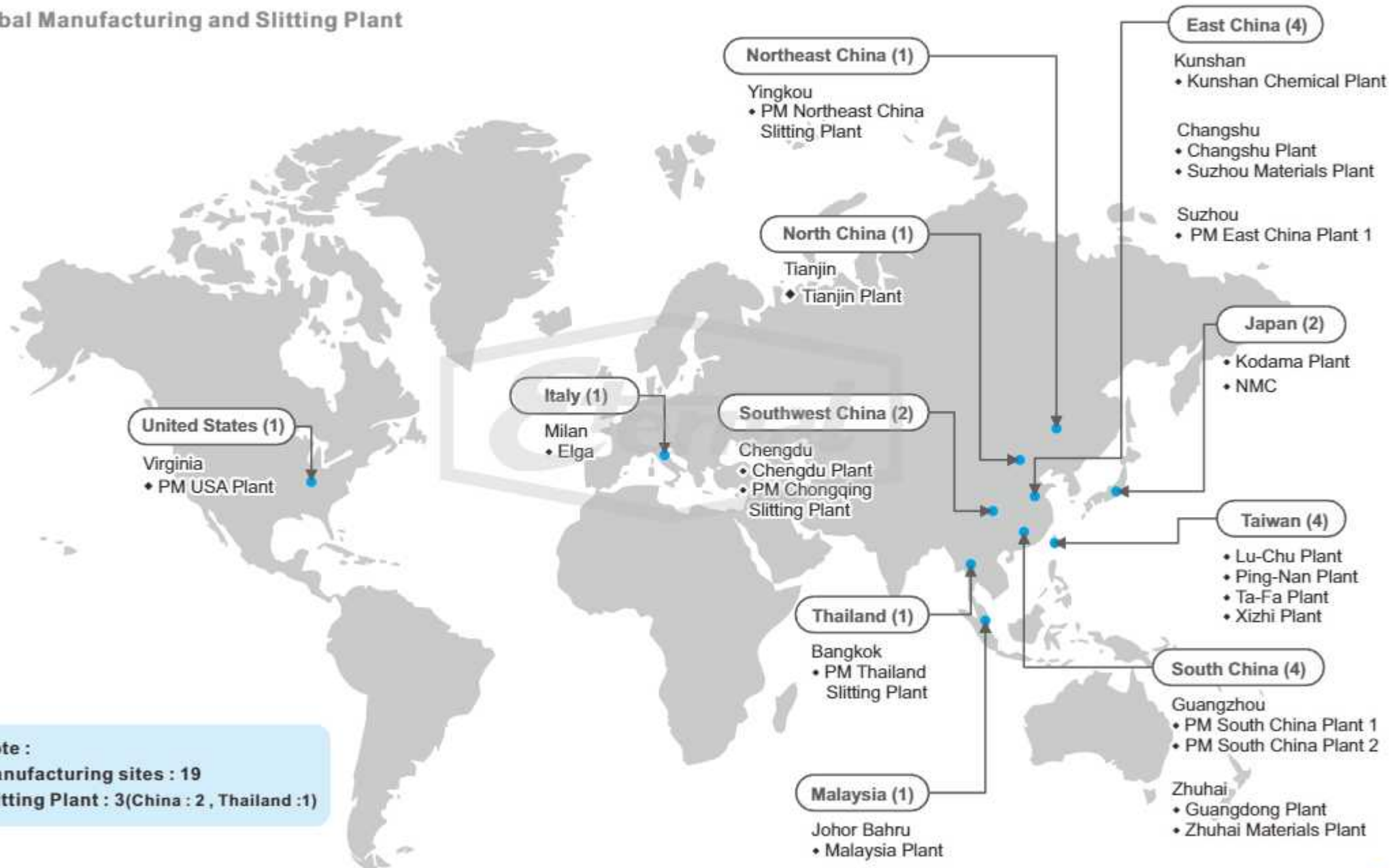
## Production Sites & Sales Office

Eternal's production sites are concentrated in Taiwan, Mainland China, Malaysia, United States, and Japan. We also maintain close technical cooperation with companies in Japan, United States, Germany, and France. Our sales points are distributed in major cities across the world.

### Production Sites & Sales Office in Taiwan



## Global Manufacturing and Slitting Plant



**Note :**  
**Manufacturing sites : 19**  
**Slitting Plant : 3(China : 2 , Thailand :1)**



## 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	Member 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
Kaohsiung City Toxic Chemical Allied Defense Team	Team Member

Key Industrial Organizations	Name
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



## About This Report

### 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, 2022.

### Report Boundaries and Scope

This report is prepared in accordance with the principles of consolidated financial statements, covering Eternal Materials Co., Ltd. and its major subsidiaries. The scope of disclosure is based on the operational activities in Taiwan (with Taiwan being the significant operating base). However, certain significant thematic areas are expanded to include other regions or countries based on their level of impact, as described in the content. For detailed information on the scope of our consolidated financial statements, please refer to pages 37 and 38 of our company's annual report, available on the Market Observation Post System.

### Reporting Guidelines

This report is prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). The content encompasses stakeholder inclusiveness, sustainability context, materiality, and completeness. The report has been independently assured by Deloitte & Touche, a member firm of the global accounting network, in accordance with the ISAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" standard. The assurance covers whether the information in this report, in all material respects, has been prepared in accordance with the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies", as well as the Sustainability Reporting Guidelines, sector-specific supplements, and other applicable criteria published by the Global Reporting Initiative. A limited assurance report has been issued, and the assured report is submitted to the Corporate Governance and Sustainability Committee and the Board of Directors.

### Release Frequency

The Sustainability Report is published once a year.

Publication date of the previous Report: September 26, 2022.

Expected publication date of this Report: September 30, 2023.

### 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.

Investors	<a href="mailto:investor@eternal-group.com">investor@eternal-group.com</a>
Suppliers	<a href="mailto:supplier@eternal-group.com">supplier@eternal-group.com</a>
Employees	<a href="mailto:employee@eternal-group.com">employee@eternal-group.com</a>
Others	Please refer to the Company's website <a href="http://www.eternal-group.com">www.eternal-group.com</a>



## A Letter from the Top Management

Dear Stakeholders,

In response to full lifting of COVID-19 restrictions, interest rate hikes, inflation, ongoing US-China confrontation, geopolitical and other uncertain factors in 2022, Eternal continues to launch new products, optimize product portfolio, and arrange global production and shipments. We are a law-abiding, trustworthy, and ethical company that runs our business in accordance with the regulations of global governments to safeguard the rights and interests of our shareholders and stakeholders and enhance the sustainable value of the Company.

The Paris Agreement aims to limit global warming to below 1.5°C, and countries around the world are required to achieve "carbon neutrality" by 2050. Faced with stricter climate policies and requirements at home and abroad, Eternal builds on existing energy-saving measures and projects to form a net zero carbon emissions task force in 2021 to bring all functional units together such as R&D, business, financial and accounting, procurement, and management unit, and draw up a net zero carbon emissions roadmap. We not only conduct a comprehensive inventory on greenhouse gas emissions in Categories 1, 2, and 3 both domestically and internationally in accordance with ISO 14064-1:2018 greenhouse gas inventory standards, undertake a carbon footprint inventory on all product groups and their raw materials, boost R&D in green products, set green operational targets and invest resources to build infrastructure for our eco-industrial chain, but also promote financial disclosure related to climate change in TCFD, evaluate the opportunity to invest in any renewable energy and acquire carbon rights. Our goal is to encourage more use of renewable energy in the Company, and take eco-friendly, energy saving, emission reduction measures step by step to move toward net zero.

In terms of social welfare, Eternal only used its expertise to support COVID-19 epidemic prevention work by donating tens of thousands of medical and household rapid test kits to relevant units, but also boosted vaccination rate by donating low residual fine needle syringes to fulfill our corporate social responsibility. In terms of education, Eternal not only offers scholarship to community schools help those economically disadvantaged students who cannot obtain government subsidies, but also designs a social welfare program "Education Takes Root" to hold fun magic shows for local students to learn about chemistry, related materials and their functions from daily life and thus become interested in science. We will continue to promote public welfare and development activities in local communities and start from our core technology advantages to pursue mutual prosperity and development with the community.

Chairman **Kao, Kuo-Lun**

President **Mao, Hui-Kuan**



## Stakeholder identification

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.



## 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	Issues of concern	Communication channels	Communication frequency
Investors	<ul style="list-style-type: none"> <li>▲ Operational performance</li> <li>▲ Information disclosure</li> <li>▲ Material announcements</li> <li>▲ Company website</li> </ul>	Shareholders' meeting	Annually
		Annual Report	Annually
		Spokesperson	Irregular basis
		MOPS	Where necessary
		Institutional investors' conference	Where necessary
		Company website	Immediate
Customers	<ul style="list-style-type: none"> <li>▲ Product quality</li> <li>▲ Delivery schedule</li> <li>▲ Services</li> <li>▲ Customer complaint channels</li> </ul>	Customer satisfaction survey	Annually
		Visits	Irregular basis
		Email and telephone interview	Irregular basis
		Technical support	Where necessary
		Company website	Immediate
Employees	<ul style="list-style-type: none"> <li>▲ Compensation system</li> <li>▲ Training</li> <li>▲ Benefits</li> <li>▲ Safety and health</li> <li>▲ Health promotion</li> </ul>	Communication meetings	Irregular basis
		Email	Irregular basis
		Interviews with department heads	Semi-annually
		Employee Welfare Committee	Quarterly
		Labor-management meeting	Quarterly
		Internal announcements	Irregular basis
		Company website	Immediate
		Email	Irregular basis
Suppliers Contractors	<ul style="list-style-type: none"> <li>▲ Supplier evaluation</li> <li>▲ Tiered supplier management</li> <li>▲ Contractor construction safety management</li> </ul>	Telephone communication	Irregular basis
		Invite suppliers for visits	Irregular basis
		Contractor meetings	Annually
		Company website	Immediate



Stakeholders	Issues of concern	Communication channels	Communication frequency
Government	▲ Regulatory compliance ▲ Safety and health ▲ Environmental Protection ▲ Industry upgrade	Participate in various seminars on regulations	Where necessary
		Participate in drafting legislation	Where necessary
		Visits, official correspondence, or questionnaire surveys	Where necessary
		Awards and contests	Irregular basis
		Industrial zone meetings	Annually
		Company website	Immediate
Community	▲ Community participation ▲ Activities in the public interest	Establish good relations with local communities	Where necessary
		Continue to support disadvantaged groups	Where necessary
		Company website	Immediate

## Analysis Process for Material Topics

### 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.

## Material concerns and topics after compilation

Category	Material Topics	Description	Item in GRI Standards
Economic	Economic performance	Direct economic value generated and distributed by the organization	201-1
		Scope of defined benefit plans prepared by the organization	201-3
	Market presence	Ratios of standard entry-level wage by gender compared to local minimum wage	202-1
		Proportion of senior management hired from the local community	202-2
	Procurement	Proportion of procurement expenses on local suppliers	204-1
Environmental	Energy	Anti-corruption	205-3
		Energy consumption of the organization	302-1
		Energy intensity	302-3
	Water	Energy reduction results and practices	302-4
		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
	Emissions	Water consumption	303-5
		Direct GHG Emissions (Scope 1)	305-1
		Indirect GHG Emissions (Scope 2)	305-2
		GHG emissions intensity	305-4
		Greenhouse gas reduction	305-5
		Nitrogen oxides, sulfur oxides, and other significant air emissions	305-7



Category	Material Issue	Description	Item in GRI Standards
Environmental	Waste	Waste by type and disposal method	306-2
	Supplier environmental assessment	Environmental criteria adopted to screen new suppliers	308-1
		Negative environmental impacts in the supply chain and actions taken	308-2
Social	Employer-employee relationship	New employees and departing employees	401-1
		Benefits provided to full-time employees at important operating locations	401-2
		Reinstatement rate and retention rate by gender after parental leave	401-3
	Occupational health and safety	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
		Worker training on occupational health and safety	403-5
		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
	Training and education	Average training hours per employee by rank and gender	404-1
	Employee diversity and equal opportunities	Diversification of governance units and employees	405-1
		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 rights	Operations that have been subject to human rights reviews or impact assessments	412-1
		Employee training on human rights policies or procedures	412-2

Category	Material Issue	Description	Item in GRI Standards
Social	Local communities	Operations with local community engagement, impact assessments, and development programs	413-1
		Operations with significant actual and potential negative impacts on local communities	413-2
	Supplier social assessment	New suppliers screened using social criteria	414-1
		Negative social impacts in the supply chain and actions taken	414-2

### Major theme list changes explanation

206-1 Anti-competitive practices: Following the significant theme identification process, we have reevaluated other companies in our industry externally and our internal business operations and stakeholder interactions. It has been determined that there is minimal risk of engaging in anti-competitive practices compared to other companies, and as a result, this theme will no longer be included.

307-1 and 419-1 alignment with the latest GRI Standards: These themes have been integrated into the GRI 2-27 regulatory compliance, in accordance with the most recent version of the GRI Standards.



## Highest Governance Unit - Board of Directors

The Board of Directors is the highest governance unit at Eternal Materials Co., Ltd. Its duty is to guide the Company's strategy, supervise the management team, and be responsible to the Company and its shareholders.

The main duties of the Board of Directors are as follows:

- ★ Establish effective and appropriate internal control systems.
- ★ Select and supervise managers.
- ★ Review the Company's management decisions and operational plans, and supervise their implementation progress.
- ★ Review the Company's financial goals and monitor their progress.
- ★ Supervise the operational results of the Company.
- ★ Review the performance evaluation and remuneration standards for managers and sales personnel, as well as the remuneration structure and system for directors.
- ★ Supervise and address the risks faced by the Company.
- ★ Ensure the Company complies with relevant regulations.
- ★ Map out future development direction for the Company.
- ★ Establish and maintain the Company's image and fulfill social responsibilities.
- ★ Appoint experts such as accountants or lawyers.
- ★ Safeguard the rights and interests of investors.
- ★ Follow through on matters approved in the shareholders' meeting or by the Board of Directors in accordance with laws, regulations, or the articles of association, or major matters stipulated by the competent authority.

The total amount of remuneration distributed to directors will be reported in the shareholders' meeting to measure the management performance of the highest governance unit. Measuring the performance of the Board of Directors helps to improve its decision-making quality and efficiency, and achieve the goal of effectively managing and supervising the Company operations. In addition, we hold the directors responsible for their duty and obligations by disclosing their attendance rate in board meetings in the annual report to fully supervise and manage the Board of Directors.

## Governance structure and composition

As the highest governance unit at Eternal, the Board of Directors complies with corporate governance principles, reviews the Company's business performance, and addresses important strategic issues, including risks, impacts, and opportunities posed by economic, environmental, and social problems.

### Corporate Governance Organizational Structure



### Board Diversity Policy

Eternal advocates and respects the board diversity policy to strengthen corporate governance and promote a healthy composition and structure of the Board of Directors. We believe that the diversity policy can help improve the overall performance of the Company. Board members are selected based on their diverse cross-industry capabilities, including their basic composition (such as: age and gender), and their industry experience and relevant skills (such as: management, chemical engineering, human resource management, finance and accounting, as well as their business judgment, business administration, leadership, decision-making, and crisis management skills).

In order to strengthen the functions of the Board of Directors and achieve optimal corporate governance, we have developed a diversity policy in Chapter 3 "Strengthening the Functions of the Board of Directors" in the "Governance Code of Eternal Materials". All Board members should possess necessary knowledge, skills, and literacy to perform their duties. According to the "Director Election Guidelines", we adopt the candidate nomination system to nominate and select board members to ensure their diversity and independence.

## Professional and independent requirements for the Board of Directors

The term of office of this Board of Directors debenture is from June 23, 2022 to June 22, 2025. There are 12 directors (including 4 independent directors) with specific management objectives: The Board of Directors at Eternal also emphasizes gender equality among its members by selecting one female director as a board member. Operational judgment, business administration, and crisis management skills are what we are looking for and at least two-thirds of the board members should possess these core abilities.

All of our board members have extensive work experience and expertise in commerce, law, finance, accounting, or company business. We have 4 independent directors to provide objective and professional advice for the Board of Directors to make decisions that are in the best interest of the Company. Eternal elects its directors based on the candidate nomination system. The list of candidates will be reviewed and submitted to the shareholders' meeting to elect directors with a term for three years.

## Qualification and diversity of the board members

- ★ Directors Kao, Kuo-Lun, Ko, Chun-Ping, Yang, Huai-Kun, and Kao, Kuo-Hsun have expertise in operational judgment, business administration, crisis management, and international market. Director Chen, Chao-Hsu has a medical background and physician qualifications, while directors Huang, Shun-Jen, Chen, Chin-Yuan, and Liao, Heng-Ning all have professional backgrounds in science and technology.
- ★ Independent Directors: Hung, Lee-Jung and Luo Li-Chun are professionals specializing in auditing taxation and financial management. Chen, I-Heng is a professor specializing in human resource development management. Lu, Chun-Cheng is a professional lawyer with legal expertise.
- ★ The members of the Board of Directors have diverse backgrounds and are capable of providing insights on business administration and strategic development from different perspectives.
- ★ The percentage of employees as board members is 8.33%. Independent directors account for 33.33% of all directors, while female directors account for 8.33%. All the four independent directors have not served more than three consecutive terms. One director is aged over 70, ten are aged between 50 and 70, and one is aged under 50.





Name	Diverse core projects	Date of selection	Term of office	Date of initial election	Basic composition					Independent director's seniority			With experience and following professional qualifications										No incidents mentioned in Article 30 of the Company Act
					Nationality	An employee as well	Gender	Education	Age				Diverse core projects						Professional qualifications				
									60-70 years old	Over 70 years old	Less than 3 years	3-9 years	Over 9 years	Leadership skills	Operational judgment	Business administration	Chair's management	Chair's knowledge	Industrial decision-making	International market insight	Lecturer or above position in business, law, finance, accounting, or corporate business for a public or private college or university	Judge, prosecutor, lawyer, accountant, or other professional and technical personnel who has passed national exams and obtained certificates required for company business	
Directors	Kao, Kuo-Lun (Note 1)	2022.06.23	3	1992-07-15	Republic of China	✓	Male	University of Southern California Master of Business Administration	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓	
	Ko, Chun-Ping (Note 2)		3	1995-04-28	Republic of China	-	Male	Master of Management Sciences, Tamkang University	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓	
	Yang, Hui-Kun		3	1972-05-14	Republic of China	-	Male	Bachelor of Accounting, Soochow University	-	✓	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓	
	Chen, Chao-Hsu		3	2022-06-23	Republic of China	-	Male	Bachelor of Medicine, National Taiwan University	✓	-	-	-	-	✓	-	✓	✓	✓	✓	-	✓ Physician	✓	
	Kao, Kuo-Hsun		3	2022-06-23	Republic of China	-	Male	Master of Business Administration, City University of Seattle	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓	
	Huang, Shun-Jen		3	2022-06-23	Republic of China	-	Male	Master of Chemistry, National Tsinghua University	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓	
	Chen, Chin-Yuan		3	2022-06-23	Republic of China	-	Male	Bachelor of Chemical Engineering, National Taiwan University	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓	
	Liao, Heng-Ning		3	2022-06-23	Republic of China	-	Male	Bachelor of Chemical Engineering, National Taiwan University	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓	
Independent Directors	Hung, Lee-Jung	2022.06.23	3	2016-06-15	Republic of China	-	Female	Bachelor of Accounting, National Cheng Kung University	✓	-	-	7	-	✓	✓	✓	✓	✓	✓	-	✓ Accountant	✓	
	Chen, I-Heng		3	2016-06-15	Republic of China	-	Male	PhD in Human Resource Management and Organizational Development, New York University	✓	-	-	6	-	✓	✓	✓	✓	✓	✓	✓	-	✓	
	Luo Li-Chun		3	2019-06-26	Republic of China	-	Male	PhD in Management, Hong Kong Polytechnic University	✓	-	-	4	-	✓	✓	✓	✓	✓	✓	✓	-	✓	
	Lu, Chun-Cheng		3	2022-06-23	Republic of China	-	Male	Master of Law, National Chengchi University	✓	-	1	-	-	✓	✓	✓	✓	✓	✓	-	✓ Lawyer	✓	

Note 1 : Currently holding positions in other companies: Please also refer to the "Information on Directors, Supervisors, and President in Subsidiaries" in our 2022 Annual Report.

Note 2 : Director Ko, Chun-Ping - CEO and Managing Director of Kwang Yang Motor Co., Ltd., Chairman of Kwang Hsing Industrial Co., Ltd., Kwang Dah Trading Co., Ltd., and Kwang Jie Co., Ltd., Director of Pro-Ascentek Investment Corporation and New E Materials Co., Ltd.



## Nomination and selection in the highest governance unit

Eternal will consider multiple aspects such as basic conditions and values (gender, age, nationality, or culture), professional knowledge and skills (professional background, professional skills, or industry experience) when selecting directors.

To achieve optimal corporate governance, all directors should possess the necessary knowledge, skills, and literacy to perform their duties. The abilities they should possess are as follows:

- ★ Operational judgment.
- ★ Accounting and financial analysis skills.
- ★ Business administration skills.
- ★ Crisis management skills.
- ★ Industrial knowledge.
- ★ International market insight.
- ★ Leadership skills.
- ★ Decision-making skills.

Eternal selects directors in the following ways:

- ★ Recommended by current directors.
- ★ Recommended by shareholders.
- ★ Determine if a director may serve another term based on his/her performance evaluation results by the Board of Directors.  
To ensure the directors can fully perform their job functions, Eternal will keep up to date with changes in internal and external environmental conditions and development needs of the Company, and arrange annual refresher courses to enhance their professional knowledge and abilities.
- Selection method:
- ★ Eternal selects directors based on the candidate nomination system. After nominated by the Board of Directors, the directors are selected from the nominees agreed in the shareholders' meeting for a term of three years and can be re-elected. The acceptance method and announcement of the nomination of director candidates shall be handled in accordance with relevant laws and regulations of the Company Act and the Securities and Exchange Act. Unless otherwise regulated by laws or articles of association, the "Director Election Guidelines of Eternal Materials" shall be followed.
- ★ Nominate independent directors whose independence meets regulatory requirements.
- ★ 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.

## Chairman of the highest governance unit

- ★ The Board of Directors appointed Chairman Kao, Kuo-Lun as the CEO of Eternal on June 26, 2019. Due to different natures of CEO and Chairman, it is necessary to establish both positions. The Chairman serves to preside over the affairs of the Board of Directors and execute matters authorized by them, while the CEO is responsible for promoting the Company's business plan.
- ★ In 2022, we held 6 board meetings (2 times for the 18th session and 4 times for the 19th session) where all independent directors attended to achieve supervisory purposes. The average attendance rate of directors was 98.5%. If a director is involved in an agenda that may damage the interests of the Company, he/she shall not participate in discussions or voting, nor shall he/she cast a vote on behalf of other directors to avoid and mitigate conflict of interests.
- ★ How the chairman of the highest governance unit avoided conflict of interest: Directors' Recusals from Voting due to Conflicts of Interests in 2022:

Date of Board Meeting	Name of Director	Agenda	Reasons for avoiding conflict of interest	Voting or not
3/11	Kao, Kuo-Lun (Chairman)	Managers' bonus for outstanding performance and for signing project contracts.	The agenda has interests related to the director, so the director lawfully withdrew from the discussion and voting.	The Chairman designated Director Shiao, Tzu-Fei as the proxy to preside over this proposal. The acting chairman consulted with all other attending directors and approved the proposal without objection.
5/13	Kao, Kuo-Lun (Chairman)	Remuneration Distribution to Managers.	The agenda has interests related to Director and CEO Kao, Kuo-Lun, so he lawfully withdrew from the discussion and voting.	The Chairman designated Director Yang, Huai-Kun as the proxy to preside over this proposal. The acting chairman consulted with all other attending directors and approved the proposal without objection.
6/23	Chen, I-Heng	Contract with National Sun Yat-Sen University for industry-academic cooperation and academic remuneration charging mechanisms.	The agenda has interests related to the director, so the director lawfully withdrew from the discussion and voting.	After consulting with the chairman, the remaining attending directors passed the proposal without objection.
6/23	Hung, Loo-Jung Chen, I-Heng Luo Li-Chun	Appointment of members of the Remuneration Committee	The agenda has interests related to the director, so the director lawfully withdrew from the discussion and voting.	After consulting with the chairman, the remaining attending directors passed the proposal without objection.



Date of Board Meeting	Name of Director	Agenda	Reasons for avoiding conflict of interest	Voting or not
6/23	Kao, Kuo-Lun (Chairman)	Appointment of members of the Corporate Governance and Sustainable Development Committee	The agenda has interests related to the director, so the director lawfully withdrew from the discussion and voting.	The Chairman designated Director Yang, Huai-Kun as the proxy to preside over this proposal. The acting chairman consulted with all other attending directors and approved the proposal without objection.
8/3	Lu, Chun-Cheng	Appointment of Additional Members to the Remuneration Committee	The agenda has interests related to the director, so the director lawfully withdrew from the discussion and voting.	After consulting with the chairman, the remaining attending directors passed the proposal without objection.
12/28	Kao, Kuo-Lun (Chairman)	Annual salary adjustment plan for managers, annual performance bonus for managers, and operational performance bonus.	The agenda has interests related to the director, so the director lawfully withdrew from the discussion and voting.	The Chairman designated Director Yang, Huai-Kun as the proxy to preside over this proposal. The acting chairman consulted with all other attending directors and approved the proposal without objection.

## Collective intelligence of the highest governance unit

- ★ For more information, please refer to Eternal 2022 Annual Report:
  - (1)The operational situation of corporate governance and how and why it is different from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
  - (2)Directors' Further Education in 2022
- ★ To enhance the overall knowledge of board members on economic, environmental, and social issues, we present management team reports and annual ESG reports in regular board meetings.

## Performance evaluation of the highest governance unit

- ★ In order to implement corporate governance and enhance the functions of the Board of Directors, Eternal established the "Board Performance Evaluation Measures" approved by the Board of Directors on May 10, 2019. The Board of Directors shall conduct an internal board performance evaluation at least once a year, from the end of each year to the end of the first quarter of the following year, and conduct the annual performance evaluation in accordance with the evaluation procedures and indicators in Articles 6 and 8.

- ★ For more information, please see the "Self-evaluation (or peer evaluation) Cycle and Period, Scope, Method, and Content of the Board of Directors" in Eternal 2022 Annual Reportboard meetings.

## Committee of the highest governance unit

### Audit Committee

- ★ Established on June 15, 2016, it is currently in its third session, with the current term running from June 23, 2022 to June 22, 2025.
- ★ Made up of four independent directors, our audit committee aims to assist the Board of Directors in overseeing the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls.
- ★ The main purpose of the audit committee is to supervise the following matters:
  - (1)Proper expression of the Company's financial statements.
  - (2)The selection (dismissal), independence, and performance of certified public accountants.
  - (3)Effective implementation of internal control within the company.
  - (4)The Company's compliance with relevant laws and regulations.
  - (5)Control of existing or potential risks in the Company.
- ★ Professional qualifications and experience of the committee members.

Conditions		Professional qualifications and experience
Position	Name	
Convener Independent Director	Hung, Lee-Jung	Formerly as a certified public accountant (CPA) and partner of PricewaterhouseCoopers Taiwan, she has been an audit committee member for over 3 years with accounting and financial analysis skills, business administration skills, crisis management skills, industrial knowledge, international market insight, leadership and decision-making skills.
Independent Director	Chen, I-Heng	As a professor at the Institute of Human Resources at Sun Yat-Sen University and independent director of two other public companies, he has been an audit committee member for over 3 years with operational judgement, talent cultivation skills, business administration skills, crisis management skills, industrial knowledge, international market insight, leadership and decision-making skills.
Independent Director	Luo Li-Chun	Formerly as a visiting associate professor at Nanyang Business School and CEO of Profrend Management Consulting Co., Ltd. for many years, he has been an audit committee member for over 3 years with operational judgement, accounting and financial analysis skills, business administration skills, crisis management skills, industrial knowledge, international market insight, leadership and decision-making skills.



Conditions		Professional qualifications and experience
Position	Name	
Independent Director	Lu, Chun-Cheng	As a partner lawyer at Huili Law Firm for over 20 years and also as the Chairman of BEV International Food Corp. and the supervisor of Spring Star Industrial Co., Ltd., he has operational judgement, legal skills, business administration skills, crisis management skills, industrial knowledge, international market insight, leadership and decision-making skills.

★ Review financial reports

Our Board of Directors at Eternal has submitted the 2022 business report, surplus distribution proposal, financial report, and consolidated financial report to the audit committee for review and approval, and there are no discrepancies found by the committee.

★ Evaluate the effectiveness of internal control systems

The audit committee has evaluated the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, compliance, and other control measures), and reviewed reports (including risk management and compliance) submitted by the Company's audit department, certified public accountants, and the management team. Based on a COSO internal control system, Internal Control Integrated Framework, the audit committee believes that the Company's risk management and internal control system are effective with necessary control mechanisms to monitor and correct violations.

★ Appointment of Certified Public Accountant

The duty of the audit committee is to oversee the independence of certified public accountants to ensure the fairness of financial statements. Wang, Chao-Chun and Stephen Hsu from Deloitte Taiwan passed the independence evaluation in our fourth audit committee meeting of the third session on March 9, 2023 and the fifth board meeting the 19th session on March 10, 2023 to be qualified for our financial and tax certified accountant.

## Remuneration Committee

In order to implement corporate governance, strengthen the functions of the Board of Directors, and improve the remuneration system for directors and managers, we established a remuneration committee in October 2011 pursuant to "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 remuneration standards for directors and managers and supervise the following matters:

- ★ Establish and regularly review policies, systems, standards, and structures for evaluating the performance and remuneration of directors and managers.

- ★ Regularly evaluate and determine the remuneration for directors and managers.

Members of the current Remuneration Committee and their attendance status in 2022:

Title	Name	Date of Appointment	Education/Work Experience	Attendance Times	Attendance Rate
Independent Director Convener of the Remuneration Committee	Chen, I-Hong	2022.06.23	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.	4	100%
Independent Director	Hung, Lee-Jung	2022.06.23	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.	4	100%
Independent Director	Luo Li-Chun	2022.06.23	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	4	100%
Independent Director	Lu, Chun-Cheng	2022.08.03	Master of Law, National Chongchi University Partner Lawyer of Huili Law Firm	1(Note)	100%

Note: He was appointed by the Board of Directors as an additional member of the remuneration committee on August 3, 2022 and attended one meeting.

※ Please check the Company's website or Annual Report for more information about the Remuneration Committee Charter.

## Corporate Governance and Sustainable Development Committee

- ★ Established on November 5, 2021, it is currently in its second session, with the current term running from June 23, 2022 to June 22, 2025.

- ★ Made up of 7 members and 4 independent directors, our Corporate Governance and Sustainable Development Committee 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 to move towards a sustainable future in a purposeful, systematic, and organized manner.



## Structure of Corporate Governance and Sustainable Development Committee



- ★ Members have expertise in environment, society, or corporate governance.
- ★ For more information, please refer to Eternal 2022 Annual Report: Explanation of corporate governance.
- ★ The main purpose of the Corporate Governance and Sustainable Development Committee is responsible for the matters below:
  - (1) Review "the Sustainable Development Best Practice Principles of Eternal Materials Co., Ltd." and "the Governance Regulations of Eternal Materials Co., Ltd."
  - (2) Map out annual plans and strategic direction for sustainable development, as well as review ESG reports.
  - (3) Develop business sustainable development projects and activity plans and follow-up on and review their implementation results.
- ★ Professional qualifications of committee members.

Title	Name	Expertise
Convener and Chairman	Kao, Kuo-Lun	Business administration and corporate governance
President	Mao, Hui-Kuan	Business administration and corporate governance
Chief Administration Officer	Chu, Jui-Hsin	Business administration and corporate governance
Independent Director	Hung, Lee-Jun	Accounting and Taxation
Independent Director	Luo Li-Chun	Finance
Independent Director	Chen, I-Heng	Finance
Independent Director	Lu, Chun-Cheng	Human Resources

For other important positions of members of the governance unit, please refer to the "II. Information on Directors, Supervisors, and Key Managers" in our 2022 annual report.

## Statement of sustainable development strategy

Eternal is committed to the sustainable growing corporate concept by continuously shaping law-abiding, trustworthy, ethical (public morality, ethics, and character) culture, creating a nice and clean workplace, and giving back to society.

In order to fulfill our environmental responsibility, we not only invest heavily in equipment and improvement, but also actively develop eco-friendly green products to minimize their impact on the environment.

In terms of safety management, Eternal has been devoting to industrial safety, hygiene, and fire protection. In addition to continuously reviewing and improving manufacturing safety, we also organize regular education and training to fully implement relevant knowledge in our work environment.

Employees are an important asset to a company. In addition to complying with various labor laws and regulations, Eternal is also committed to taking care of the physical and mental health of our employees, constantly reviewing various employee welfare measures and training systems to maintain good interaction and a harmonious relationship between labor and management.

Eternal has always been conscious of environmental protection, social welfare, and corporate governance, and been responsible to our stakeholders.

## Policy Commitments

Eternal is always in line with the UN Sustainable Development Goals (SDGs) by fulfilling our responsibilities as an earth citizen in environmental protection, social welfare, and corporate governance. We are committed to complying with domestic and international laws and regulations on issues such as employment, respect for human rights, promotion of good health and well-being, prohibition of child labor, and climate action.

To fulfill our sustainable development goals, we have explicitly stipulated the following principles:

- ★ Implement corporate governance.
- ★ Develop a sustainable environment.
- ★ Maintain social welfare.
- ★ Strengthen the disclosure of sustainable development information.

## Make policy commitments

Eternal is a law-abiding and ethical company with a corporate culture and business philosophy of being "lawful, trustworthy, and ethical". We have constructed a system of work ethics and compliance, developed internal standards, and established a good corporate governance and risk control mechanism that is applicable to our directors, supervisors, managers, employees, appointees, and any individual with substantial control rights of the company and the group. Internally, we conduct trainings and advocacy campaigns to deepen our corporate culture of being "law-abiding, trustworthy, and ethical", and work together with our customers and suppliers to create a sustainable and mutually beneficial business environment.

Relevant integrity management and ethical behavior standards:

- ★ Corporate Governance Regulations
- ★ Integrity Code of Conduct
- ★ Compliance Management Regulations
- ★ Implementation and Management Regulations for the Reporting System
- ★ Management Standards for Handling Major Internal Information and Preventing Insider Transactions

## Risk management

### The role of the highest governance unit in supervising impact management

#### I. Assessment scope: All departments of the Company

#### II. Identify and prioritize issues:

1. Issue collection channels: Issue reports, laws and regulations, appeal channels, and issue development trends.
2. Issues: Including operational performance, product delivery time, employee remuneration, and supplier evaluation.
3. Review the company's value chain: Identify potential human rights issues related to stakeholders', including suppliers, employees, and customers
4. Discuss with responsible departments and stakeholders to determine what issues have significantly negative impacts on different stakeholders.

#### III. Management measures:

1. Responsible department: Once the issues are identified, we will talk to the departments relevant to the stakeholders, such as procurement, human resources, environmental engineering, and administrative department.
2. We will hold a cross-functional team meeting to discuss what management plan, targets, corrective measure each department has to respond to these issues, and determine what issues need to be further addressed.

#### IV. The highest governance unit will review the results of the implementation and improvement plans every year to fully fulfill its role to perform due diligence.

1. Assess the management performance of these issues, determine the need to take improvement and corrective measures.
2. Compile into a report and use it as a reference for improvement measures in the following year.
3. Regularly review the progress according to the above procedure every year.



## The person in charge of impact management

- ★ Eternal formed the Corporate Governance and Sustainable Development Committee in 2021 as a dedicated unit for sustainable development to keep up to date with sustainability trends, analyze sustainable issues such as governance, environment, and society, and combine our core businesses with product innovation and services to map out our strategic sustainability direction and project implementation.
- ★ As the highest supervisor to implement the committee's resolutions, President of Eternal specifies the main responsibilities of each department. The highest supervisors of each unit strictly abide by and implement the internal control system by conducting advocacy campaigns and develop an accountable, information-controlled, and supervised mechanism.

## Procedures for Remediating Negative Impacts

### I. Precautionary Principles or Policies

Since its establishment, Eternal has duly complied with relevant domestic and international laws and regulations, and formulated the "Compliance Management Regulations", and all relevant units are required to review laws and regulations and revise internal regulations accordingly. The Legal Affairs Department also urges and assists relevant units in revising relevant internal rules and regulations every year to meet legal requirements. Depending on the Company's actual needs, all relevant units may hold relevant education and training on their own or by entrusting professionals, in the hope that all employees will understand and abide by the laws and regulations, and avoid violating the laws and regulations. With these precautionary principles in place, we can reduce the Company's risk of violations.

### II. Legal Actions for Anti-competitive Behavior, Anti-trust, and Monopoly Practices

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

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

The Company strictly abides by relevant domestic and international laws and regulations. In 2022, there was no significant fine or non-monetary sanction for any material violation in the social and economic fields.

## IV. Complaint channels, how to convey complaints to the highest governance unit and confidentiality measures

1. Establish relevant regulations such as the whistleblower system to protect whistleblowers, and assign specialized units or personnel to keep their identity and what they report confidential.
2. The reports of wrongdoings will be compiled quarterly for
  - (1) number of reported cases.
  - (2) number of accepted cases.
  - (3) number of unaccepted cases. Description of the reported cases and the acceptance status will be reported to independent directors.

## Integrity and Ethics

### Conflict of Interest

Eternal avoids conflict of interest through layers of procedures:

- ★ 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.
- ★ 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.
- ★ Disclose transactions made by stakeholders according to relevant securities laws and regulations. For more information, please refer to Eternal 2022 Annual Report: (1) Information on the Board of Directors, supervisors, and managers (2) Operation of the audit committee (3) Operation of the Board of Directors (4) Information on the top ten shareholders with most shares and who are related parties to each other (5) List of major suppliers and customers (6) More information about our affiliates can be found in our 2022 consolidated financial report.



## Communicate key major incidents

- ★ In addition to holding regular board meetings, our management team will also regularly provide important reports and information to the directors:
  - (1)Accounting Department: Deals with monthly financial information and quarterly financial reports
  - (2)Internal Audit Department: Deals with quarterly internal audit reports
  - (3)Our board members will keep a close contact with our management team to address major incidents.
- ★ For more information, please refer to Eternal 2022 Annual Report: Explanation of the operation of the Board of Directors and committees.

## Anti-corruption

### Management Approach

According to the United Nations Convention against Corruption, all countries should take measures in accordance with the fundamental principles of their laws against corporate corruption and ensure their internal control mechanisms can prevent and detect corruption. Eternal has a "law-abiding, trustworthy, and ethical" corporate culture and runs business with integrity. In accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" issued by the Taiwan Stock Exchange and the Taipei Exchange, we have formulated our "Code of Integrity Management for Eternal Materials" approved by the Board of Directors and submitted to the shareholders' meeting. Eternal actively prevents dishonest behaviors, and we have explicitly stipulated regulations, which specified laws to abide by, prohibited behaviors, and whistle-blowing policies etc., for our directors, managers, and employees to follow when executing businesses, in order to implement company governance and risk control mechanism. To establish a robust corporate governance system, we have formulated the "Governance Regulations for Eternal Materials" approved by the Board of Directors pursuant to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies". The regulations explicitly stipulate the principles for our shareholders, customers, employees, consumers, communities, and other stakeholders to act with integrity, and respect and safeguard their legitimate rights and interests.

### Impact

#### (1)Negative impact

- ★ Pose more risks to the company Anti-corruption measures may pose a risk to a company. If a company is suspected of corruption or other illegal activities, it may be subject to government investigation, fines, or penalties.
- ★ Increase compliance costs: Eliminate improper behaviors: Anti-corruption measures may eliminate improper behaviors in a company, such as corruption and bribery. This can help establish a fair and transparent business environment and boost the company's competitive advantage.

#### (2)Positive impact

- ★ Impact on corporate image: If a company is suspected of corruption or other illegal activities, it may damage its own image and reputation, thereby affecting its market position and brand value.
- ★ Eliminate improper behaviors: Anti-corruption measures may eliminate improper behaviors in a company, such as corruption and bribery. This can help establish a fair and transparent business environment and boost the company's competitive advantage.

## Impact caused by the value chain

Major issues	Management Procedures	Special Actions	Impact Scope		
			Upstream	Eternal	Downstream
Anti-corruption	<ul style="list-style-type: none"> <li>According to the "Code of Integrity Management for Eternal Materials", we take actions to assist our customers, suppliers, and business partners to recognize and practice our company's integrity management policies and corporate culture.</li> <li>Advocacy publications: Advocacy campaigns will be conducted by the HR in new employee orientations and posted in our internal public information platforms or publications for our existing employees every year.</li> <li>Advocacy courses: 162 people have participated in both physical and digital courses for 1,325 minutes on conceptual guidance on internal control and compliance in corporate governance, including anti-corruption, integrity management, and insider trading.</li> <li>We require all suppliers to sign a Supplier Code of Conduct to practice our business philosophy. Our supply chain should consider this as an important extension of their value chain. To create a safe workplace for our supply chain, we will ensure our employees are respected and dignified, environmentally conscious, and ethical. This Supplier Code of Conduct is formulated to require our suppliers to fully comply with the laws and regulations of the country/region where they operate and encourage them to comply with this Code in all aspects of their business.</li> </ul>	We will arrange online training and tests every year for our employees.	Direct	Direct	Indirect

## Effective evaluation and tracking

Generally speaking, the impact of anti-corruption on a business depends on whether it complies with anti-corruption laws and regulatory standards, as well as whether it has good business ethics and moral hazard management mechanisms. If a business can comply with anti-corruption laws and regulatory standards, and establish a robust risk management system, their anti-corruption measures will have a positive impact. There were no fraud or corruption cases for Eternal in 2022.



## Business performance

### Management Approach

We are committed to producing products of the highest quality to serve our customers, care for our employees, respect the rights and interests of our stakeholders, strengthen various corporate governance systems, and fulfill our corporate social responsibility.

### Strategy and Commitment

"Research and innovation" are why Eternal continues to grow. We have been making technological development and improvement with a commitment to "quality, reputation, innovation, and service" to make more quality products for the public to grow sustainability with leading technologies. As our Chinese name suggests: "We plan for a sustainable future to create a global brand." With a broader international perspective, we strive to deepen our efforts in key global markets to become a world-class material supplier. Looking ahead in a fiercely competitive global environment, we will continue to pursue breakthroughs and growth and face new challenges confidently and responsively to take our business to another level.

### Target

1. Our R&D in new products will focus on potential industries such as 5G, electric vehicles, semiconductors, green energy, and energy storage. We will stay responsive to customer needs with our R&D momentum by accelerating product launch.
2. We will expand our Greater China market by staying up to date with industry trends, expanding market penetration, remain competitive in the existing market, and increasing sales of niche products.
3. We will expand to emerging markets such as ASEAN and India, and increase our regional sales with our advantages in production capacity, tariffs, and transport costs in Malaysia. We will also strategically work with large factories in Asia to strengthen our business and product development capabilities.

Faced with ever-changing industrial trends and market competition, we will strengthen our operational management capabilities, integrate internal and external resources, stabilize existing markets, and actively expand to emerging regions with a clear strategic direction, long-term R&D momentum and an extensive sales network. We will also respond to global trends such as net zero carbon reduction to stay competitive with investment in key materials.

Specific actions:

We will look to build our production bases in Southeast Asia by purchasing lands near our Malaysian factory and seeking other expansion locations in Southeast Asia for future expansion.

## Description of Positive and Negative Impact

Affected Item	Negative impact	Positive impact
Management team	Improper internal management, incompetent management team or mistakes may lead to a decline in corporate performance.	A company led by a management team with extensive experience and professional knowledge typically has better business performance.
Financial condition	A company that fails in investment or has inappropriate strategies may face financial difficulties and decline, thereby affecting its performance.	A business with good financial conditions typically has easier access to financial support and gain an advantage in the market.
Product Technology	More R&D is required to enhance product technology of a company, thus resulting in more R&D costs and less operational efficiency. This also involves technology development risks, such as technical bottlenecks, and product development failures that may have a negative impact on the business performance of the company.	Enhancing product technology can bring more innovative products, thereby meeting customer needs, boosting market competitiveness and revenue profitability.

## Impact on the Value Chain

Management Procedures	Special Actions	Impact Scope		
		Upstream	Eternal	Downstream
<ul style="list-style-type: none"> <li>■ Drastic changes in raw material supply and shipment caused by various factors may put a burden on the company's operations and profits. In addition to integrating upstream raw material manufacturing, we also seek overseas raw material supply to stay competitive in bargaining the price with our suppliers, keep up to date with changes in raw material prices and adjust our sales strategies accordingly.</li> <li>■ Some of our downstream customers moved out to Southeast Asia, and a few of them have been buying raw materials from local suppliers since; also, restricted by the high regional tariff, we need to plan early by setting up Malaysian Plant for better serving our customers and to avoid potential risks.</li> <li>■ With value-added tax rate of the manufacturing industry in China decreasing from 16% to 13% and more proportion of export tax refunds, we are experiencing sluggish growth in China and thus may face more intense regional competition.</li> <li>■ The formation of RCEP has led to higher tariffs for exports from Taiwan's manufacturers. In addition to arranging flexible shipment from different factories to prevent cost increases caused by tariffs, we will also actively strengthen our R&amp;D and process capabilities to enhance our overall cost competitiveness.</li> </ul>	<p>We will expand to emerging markets such as ASEAN and India, and increase our regional sales with our advantages in production capacity, tariffs, and transport costs in Malaysia. We will also strategically work with large factories in Asia to strengthen our business and product development capabilities.</p>	Direct	Direct	Indirect



## Effective evaluation and tracking

### 2022 Achievements

- ★ For more information, please refer to our 2022 annual report and financial overview.
- ★ Evaluation and Tracking: Present operational and financial reports at each board meeting to review and track overall profitability.

## Overview of Economic Value

Eternal's 2022 revenue was NT\$ 49 billion, slightly lower than the previous year. As the global economy was significantly slowing down in the second half of last year, our net profit after tax attributable to the parent company was NT\$2.618 billion, a decrease of 26.25% year on year. Our earnings per share (EPS) was NT\$2.15.

Our 2022 proportion of revenue in three major business departments was 49.1% for synthetic resin, 27.2% for electronic materials, and 22.9% for special materials. The main market for synthetic resin and special materials is China. Following lifting of COVID-19 restrictions this year, it is expected that China's economy will gradually recover and the demand will steadily rebound.

## Direct Economic Value Generated and Distributed

Year		2022	2021	(%)
Item				
Direct Economic Value Generated	Consolidated Revenue	49,014,100	50,471,397	-2.89%
Economic Value Distributed	Operating Costs	38,851,315	39,777,248	-2.33%
	Operating Expenses	6,885,940	6,599,107	4.35%
	Welfare Expenses	92	47	95.74%
	Income Tax Expenses	895,436	946,149	-5.36%
Economic Value Retained		41,232,724	42,926,141	-3.94%

For detailed financial data, please refer to our 2022 financial report  
[https://mops.twse.com.tw/mops/web/t57sb01\\_q1](https://mops.twse.com.tw/mops/web/t57sb01_q1)

Note: For the entities included in the organization ESG report, please refer to Eternal 2022 annual report: (1) Organizational Chart of the Company

## Legal Compliance

- ★ Definition of Major Violations of Regulations: Refers to a single incident that has caused a work or business to be suspended temporarily or permanently by a regulatory authority or with a cumulative fine of over NT\$1 million in accordance with the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities".
- ★ The total number of major regulatory violations that occurred during the reporting period: No such violation.
- ★ The total amount and number of fines paid for violations of regulations during the reporting period: No such violation.
- ★ Describe major violations: No such violation.
- ★ No such violation occurred in the previous year.



## Environmental Management Policy

### Policies and Guidelines

Eternal adheres to the business philosophy of sustainable growth and shapes corporate culture of law-abiding, trustworthy, ethical (civility, ethics, and morality), giving back to society, and creating a clean and pleasant work environment. 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:

#### 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.

#### 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.

#### 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.

#### 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.



長興材料工業股份有限公司

#### 安全衛生環境政策

長興集團以永續發展為企業經營理念，為善盡尊重生命及珍貴地球之社會責任，我們承諾遵守下列之準則：

- 一、遵守法規要求，落實執行到位  
安全衛生環境係企業經營發展不可分割的一環，我們將秉持遵守法規原則，落實各項作業管制，切實執行設施安全運轉，保護員工及工作環境之安全。
- 二、全員融入參與，推動持續改善  
安全衛生環境係全體員工共同的責任，並鼓勵工作者及其代表參與和諮詢，我們將以健康促進、危害消除及環境保護的原則，持續做好促進、預防及改善對策，以避免人員傷害、異常事故及環保事件的發生。
- 三、力求安全生產，研發綠色產品  
透過製程的安全設計，防止產品對環境有任何危害及不良影響，並積極研發綠色節能產品以降低環境衝擊並提高資源使用效率。
- 四、有效訓練溝通，提升安環文化  
積極讓員工接受安全衛生環境之教育訓練，透過各種管道諮詢員工之意見以達有效溝通，加強員工緊急應變能力並融入生活習慣之中，以提升企業之安全衛生環境文化。

總經理：

董事長：

日期：2020年4月6日



## 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 Slitting 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).

We have been conducting the ISO 14064-1:2006 greenhouse gas inventory in SCOPE 1 and 2 and passed third-party verification for our Taiwan factories annually since 2005 and introduced the new version of ISO 14064-1:2018 specification in 2022. We have been conducting inventory in SCOPE 1 to 3 and passed third-party verification annually since 2021 in accordance with the new version of the specification. The result of these annual inventories is an important basis for Eternal to develop greenhouse gas reduction measures.

In addition to the ISO 14001 environmental management system, ISO 14064-1 greenhouse gas quantification and verification standards, ISO 9001, and ISO 45001 occupational safety and health management systems, we have also integrated the ISO 50001 energy management system to our Taiwan factories over the past few years to strengthen our energy supervision and environmental management mechanisms for energy conservation and carbon reduction.



ISO 14001 Certificate



ISO 14064-1 Certificate



ISO 50001 Certificate

## 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:

- (1) Review and promote the planning and implementation of the Eternal's safety and environmental protection work.
- (2) Integrate company resources and standardize safety and environmental regulations.
- (3) 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 Review

The Company adheres to ISO 14001, ISO 50001, and ISO 14064-1 system to identify issues related to production, operation activities, energy conservation and carbon reduction, and the environment inside and outside the organization and formulates various environmental protection programs, energy conservation and carbon reduction programs, 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 also proactively launched response plans for climate change PDCA Cycle to review the management process while monitoring effectiveness through audits.



## Energy Conservation and Carbon Reduction Actions

### Energy Impact on Value Chain

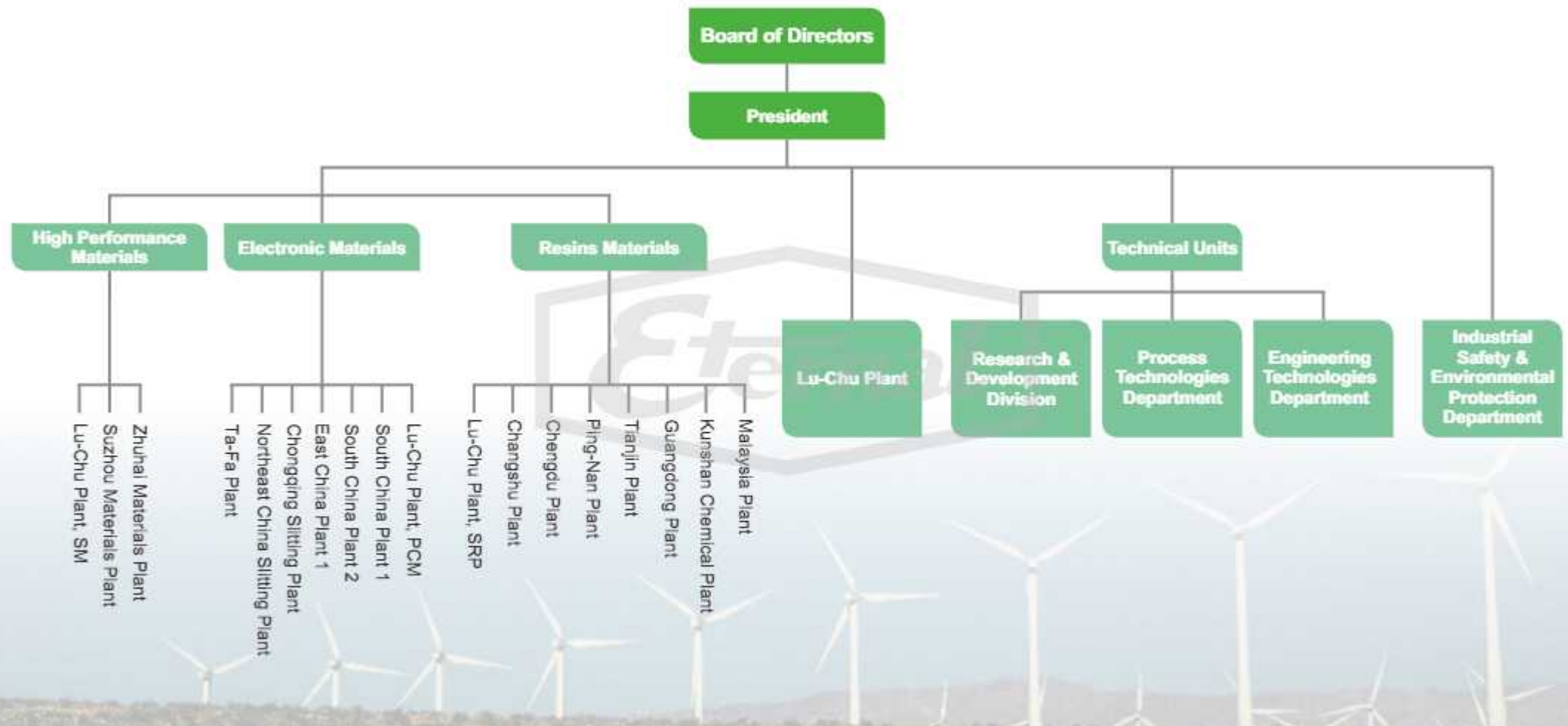
Faced with impact from climate change, businesses around the world are looking to minimize environmental costs from using energy while maximize the efficiency of using various resources as a necessary strategy to pursue sustainable development. According to real business cycle models, it can be expected that the rising energy price will have a significantly negative impact on the operating costs of enterprises in energy use, output, and employment. In the midstream the resin and electronic materials industry chain, Eternal may face impacts and risks from using energy for product production and processing, increasing costs or unresponsive supply of petrochemical raw materials because of energy shortage in the upstream, and the demand for low-carbon conversion by the downstream and constrained product prices. However, Eternal is still optimistic about the global trend of net zero in the long run. In despite of the impact from fluctuations in energy prices, we have long been investing in low-carbon energy transformation for many years and seen this as an opportunity for us to transit to low-carbon processes and develop products that can expand to new markets. We not only have our upstream suppliers and downstream customers sign the Code of Conduct and conduct annual environmental, social, and governance surveys on them, but also disclose our energy usage in our ESG report to lead our industry chain to fulfill social responsibility together.

### Energy Conservation and Carbon Reduction Management Approach

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 Climate-related Financial Disclosures (TCFD), while keeping abreast of changes in external laws and policies, the climate 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 real-time and set the management policy and action plan for the following year. Meanwhile, we completed the ISO 50001 third party 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) in 2021, 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.

## Energy Conservation and Carbon Reduction Organizational Structure

### Eternal Energy Conservation and Carbon Reduction Task Force





## 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 resources and greenhouse gas emission management targets. The details are as follows:

Indicators	Benchmark Year & Annual Management Goal	2030 Milestone	2050 Ultimate Goal
Unit consumption of energy resources	Based on the average unit consumption of various energy resources (process electricity, thermal energy, and total water intake) from 2016 to 2020, we have an average decrease of 1.5% every year since 2021.	By 2030, our total unit consumption of these energy resources will lower by 15%.	By 2050, our total unit consumption of these energy resources will lower by 50%.
The number of times of using each drop of water	Each drop of water will be used for 1.6 times globally by 2025.	More than twice by 2030 globally.	Zero discharge of wastewater will be achieved by 2050.
Carbon intensity (physical strength)	Carbon emissions per unit of product (Scope 1 + 2) will lower by 1.5%. The benchmark year is 2020.	Down by 15% by 2030.	Eternal's plants in Taiwan will achieve carbon neutrality, while our global physical carbon intensity will decrease by 50% by 2050.
Carbon intensity (economic intensity)	Carbon emissions per unit of revenue (Scope 1 + 2) will lower by 3%. The benchmark year is 2020.	Down by 30% by 2030.	By 2050, Eternal's plants in Taiwan will achieve carbon neutrality, while our global economic carbon intensity will decrease by 90%.
Actions for Total Reduction	Our total global carbon emission will lower by 3% every year compared to the 2020 level.	Our total global carbon emission will lower by 30% by 2030.	Our total global carbon emission will lower by 100% by 2050.
Renewable Energy Development	With 2020 as the benchmark year to gradually increase the proportion of renewable energy compared to our total global electricity consumption.	Our utilization of renewable energy will reach 10% of the total energy consumption by 2030.	Our utilization of renewable energy will reach 100% of the total energy consumption by 2050.
Scope 3 Total Emissions	With 2021 as the benchmark year to reduce emissions in Scope 3 every year.	Down by 20% by 2030.	Down by 50% by 2050.

So far, we continue 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 Eternal Energy Use

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 plants across the world in addition to the original plants in Taiwan from 2020.

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

Energy Type Plant	Year	Non-renewable Energy (GJ)				Renewable Energy(GJ)		Total Energy Consumption (GJ)
		Externally purchased electricity	Externally purchased steam	Natural gas	Fuel oil	Self-generation and self-use	Externally purchased certificates	
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
	2022	247,923.196	14,201.778	321,187.960	680.018	77.242	-	584,070.194
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
	2022	346,754.831	607,975.137	507,854.967	14,072.054	-	2,160.000	1,476,656.989
Plant in Malaysia	2020	28,336.151	-	90,687.757	1,670.603	-	-	120,706.065
	2021	31,954.194	-	108,652.500	0	-	-	140,620.537
	2022	31,670.543	-	123,229.648	2,898.395	-	-	157,798.586

Note:

- ★ Energy type classification: As defined in GRI 302-1.
- ★ The heating value conversion factor of externally purchased electricity: 3.6 MJ/KWH.
- ★ The heating value of purchased steam: 2.768 MJ/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 40.96 MJ/kg, according to 0.5% low-sulfur fuel oil (ratio: 0.96) of CPC Corporation, Taiwan.
- ★ Natural gas heating value: 38.46 MJ/m<sup>3</sup>, according to the average of the data provided by natural gas suppliers where each plant is located.
- ★ Unit of measurement of energy: According to assurance agencies, GJ (gigajoules) is used uniformly. Conversion of heating value: 1 GJ (gigajoules) = 1000 MJ (million joules).

**Table of consumption of various energy resources not for production (scope of disclosure: All Plants in Taiwan, China, and Malaysia):**

Energy Type Plant	Year	Non-renewable Energy (GJ)			Total Energy Consumption (GJ)
		Diesel oil	Gasoline	Liquefied petroleum gas	
Plants in Taiwan	2022	5,758.084	48.783	1,015.420	6,822.287
Plants in China	2022	17,375.673	1,466.652	245.256	19,087.581
Plant in Malaysia	2022	2,198.297	0	0	2,198.297

Note:

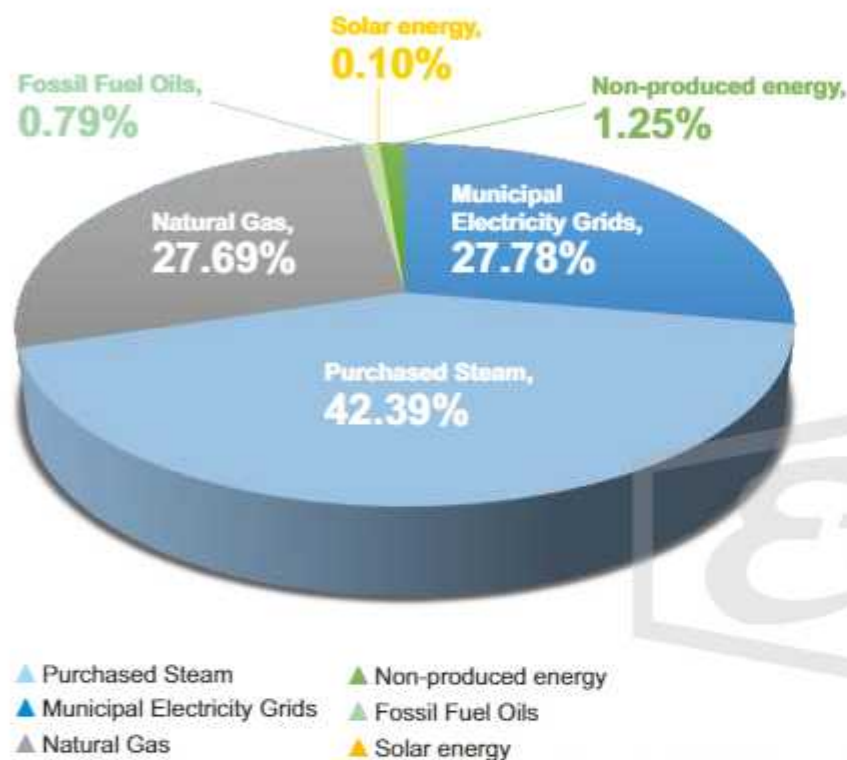
- ★ Starting from 2022, energy consumption is calculated for production and non-production purposes.
- ★ Heating value of Diesel oil: 35.28 GJ/ m<sup>3</sup> according to the Energy Statistics Handbook 2021 released by Ministry of Economic Affairs.
- ★ Heating value of Gasoline: 32.76 GJ/ m<sup>3</sup> according to the Energy Statistics Handbook 2021 released by Ministry of Economic Affairs.
- ★ Heating value of Liquefied petroleum gas: 27.87 GJ/ m<sup>3</sup> according to the Energy Statistics Handbook 2021 released by Ministry of Economic Affairs.
- ★ Unit of total energy consumption: gigajoule (GJ) is used according to the requirements of the certifying authority. In conversion, 1 GJ = 1000 MJ (million joules).

### Energy consumption within the organization

Purpose of using the energy	Year	Total energy consumption (GJ)
Production energy consumption	2022	2,218,525.769
Non-production energy consumption	2022	28,108.165
Energy consumption within the organization	2022	2,246,633.934



## Proportion of Eternal's global energy consumption during 2022



## Eternal's energy intensity

Due to our wide variety of products, the products are divided into resin and electronic and biomedical 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

Total production volume:

Plant	Type of Product	Year Total production output ▼	2020	2021	2022	Note
Plants in Taiwan	Electronic materials	M <sup>2</sup>	78,724,508	90,509,206	76,042,583	
Plants in Taiwan	Resin materials	T	169,127	171,082	136,529	
Plants in Taiwan	Biomedical materials	Number of doses	-	-	2,550,827	
Plants in China	Electronic materials	M <sup>2</sup>	351,262,881	363,644,254	280,222,840	
Plants in China	Resin materials	T	348,085	379,570	317,773	
Plant in Malaysia	Electronic materials	M <sup>2</sup>	-	-	-	No relevant products for now
Plant in Malaysia	Resin materials	T	40,389	54,826	53,636	

- ★ Unit of measurement of electronic material products: Square meter, abbreviated to M<sup>2</sup>.
- ★ Unit of measurement of synthetic resin products: Ton, abbreviated to T.
- ★ Unit of measurement of biomedical material product: Doses; officially included in the management system since 2022.
- ★ The Resins Materials are the sum of the products of the synthetic Resins Materials and the High Performance Materials.

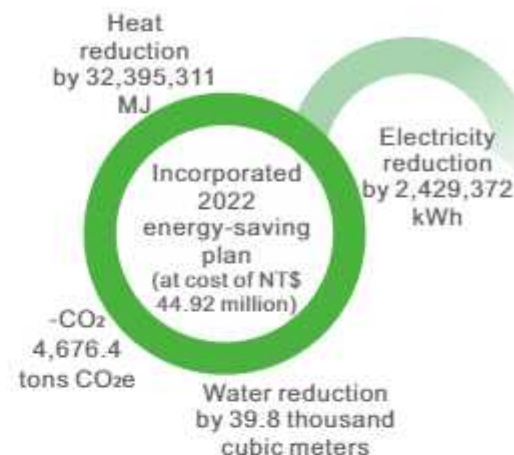
Type of energy covered: Unit energy consumption of fuels, electricity, heating, cooling, and steam

Plant	Type of Product	Year ▶ Total production output ▼	2020	2021	2022	Note
Plants in Taiwan	Electronic materials	MJ / M <sup>2</sup>	2.83	2.71	2.57	
Plants in Taiwan	Resin materials	MJ / T	2,733	2,594	2,819	
Plants in Taiwan	Biomedical materials	MJ / Number of doses	-	-	1.54	
Plants in China	Electronic materials	MJ / M <sup>2</sup>	0.267	0.256	0.308	
Plants in China	Resin materials	MJ / T	3,545	3,794	4,375	
Plant in Malaysia	Electronic materials	MJ / M <sup>2</sup>	-	-	-	No relevant products for now
Plant in Malaysia	Resin materials	MJ / T	2,989	2,565	2,942	

- ★ Unit of measurement of electronic material products: Square meter, abbreviated to M<sup>2</sup>.
- ★ Unit of measurement of synthetic resin products: Ton, abbreviated to T.
- ★ Unit of measurement of biomedical material product: Doses ; officially included in the management system since 2022.
- ★ The resin materials are the sum of the products of the synthetic Resin Materials and the High-Performance Materials.

## 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 Eternal during 2022 reached NT\$44.92 million, reducing electricity consumption by 87,457,392 MJ/year (2,429,372 kWh), thermal energy by 32,395,311 MJ/year, and carbon dioxide emissions by 4,676.4 tons.



The improvement projects implemented by the Company to reduce energy consumption during 2022 are as follows:

Scope of Disclosure: Plants in Taiwan and abroad

Item	Investment cost(NT\$10 thousands)	Annual electricity reduction (kWh)	Annual heat reduction (MJ)	Annual water reduction (Thousand cubic meters)	Cost reduction (NT\$10 thousands/year)	CO <sub>2</sub> emission reduction (tons)
Reducing consumption of natural gas by distributing process water in the activated carbon system in Lu-Chu Plant	32.9	-	2,242,012	-	109.3	121
Reducing consumption of natural gas by recovering steam condensate and waste heat in Lu-Chu Plant	206	-	422,049	-	11.4	13
Overall replacement of air compressors in Lu-Chu Plant	494	463,969	-	-	145.1	236.1
Saving electricity by replacing AC box motors in Ta-Fa Plant	37	21,665	-	-	6.5	11.0
Saving electricity by replacing LED lights in Ta-Fa Plant	61.4	17,432	-	-	5.2	8.8
Replacing AC water chiller units in Ping-Nan Plant	181	161,673	-	-	48.5	82.3



Item	Investment cost(NT\$10 thousands)	Annual electricity reduction (kWh)	Annual heat reduction (MJ)	Annual water reduction (Thousand cubic meters)	Cost reduction (NT\$10 thousands/year)	CO <sub>2</sub> emission reduction (tons)
Reducing consumption of natural gas by adding waste heat recovery exchangers to the heat exchange boiler in Ping-Nan Plant	500	-	2,304,047	-	127.6	187.6
Reducing consumption of natural gas by improving steam for heating purposes in Tianjin Plant	25.8	-	633,436	-	43	34.3
Saving electricity by replacing with energy-saving air compressors in Tianjin Plant	167.7	193,000	-	-	36.1	98.2
Reducing consumption of purchased steam by improving steam usage in Zhuohai Material Plant	172	-	16,038,459	-	766.6	2,004
Saving electricity by using a centralized AC system in Guangdong Plant	45	206,174	-	-	66.2	104.9
Collecting and recycling rainwater in Guangdong Plant	2.1	-	-	20.0	21.0	-
Saving electricity by sealing the double butterfly valves with high pressure in East China Plant 1	63.2	90,000	-	-	105.8	45.8
Start using absorption chillers in Production Line 3 of East China Plant 1	317.3	49,200	-	-	41.5	24.6
Saving electricity by replacing waste heat boilers in South China Plant	331.1	100,000	-	-	30.1	50.9
Save electricity by using inverter control for chiller pumps in the South China Plant	102.8	63,000	-	-	18.9	32.0
Save electricity by coating the inner shell of the chiller pumps in Kunshan Chemical Plant	53.3	198,264	-	-	53.7	100.9
Saving fuel by renovating solid waste distillation furnaces in Kunshan Chemical Plant	602	-	1,360,599	-	59.3	76

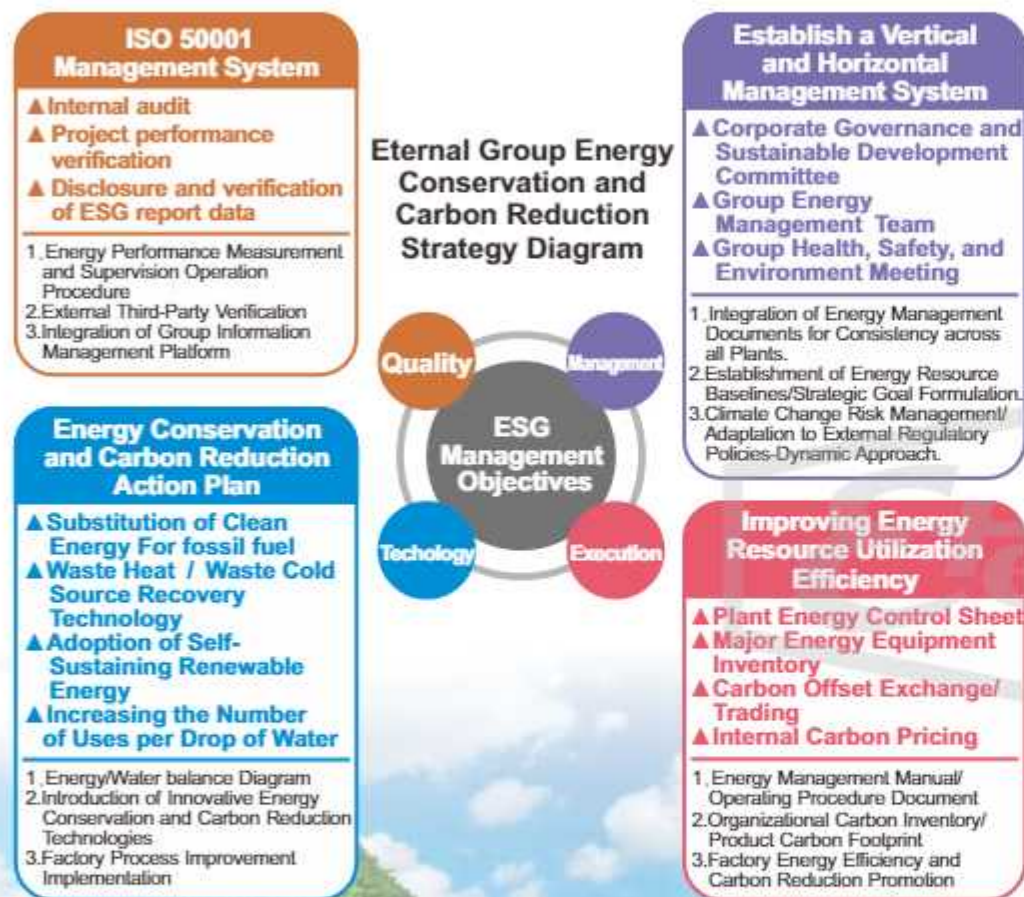
Item	Investment cost(NT\$10 thousands)	Annual electricity reduction (kWh)	Annual heat reduction (MJ)	Annual water reduction (Thousand cubic meters)	Cost reduction (NT\$10 thousands/year)	CO <sub>2</sub> emission reduction (tons)
Recycling the wastewater of process and cleaning in Chengdu Plant	2.6	-	-	2.0	2.7	-
Saving fuel by renovating solid waste distillation furnaces in Kunshan Chemical Plant	48.6	534,275	657,000	-	107.5	307.5
Reverse osmosis recovery of wastewater in Suzhou Materials Plant	507.4	-	-	11.5	15.8	-
Reducing consumption of purchased steam by improving steam utilization in Suzhou Material Plant	29.1	-	674,205	-	27.1	84.2
Reducing consumption of purchased steam by recovering waste heat from waste gas furnaces in Changshu Plant	406.1	-	8,063,504	-	365.5	885
Saving electricity by using automatic control for cooling water in the adjustment tanks in the Changshu Plant	0	62,880	-	-	22.7	32.0
Automation of lighting and fans in the cooling water system in the Malaysia Plant	8.9	267,840	-	-	171.4	136.3
Condensate recycling in the Malaysia Plant	94.7	-	-	6.3	14.1	-
Total	4,492.0	2,429,372	32,395,311	39.8	2,422.6	4,676.4
Reduced consumption(MJ)	41,141,050.2					

Note:

- ★ The benchmarks for energy consumption reduction are energy performance indicators set as per ISO 50001 with the 2021 consumption as the baseline.
- ★ The calculation of CO<sub>2</sub> emission reduction(tons) is based on the 2021 electricity carbon emission factor announced by the Bureau of Taiwan Energy and the CO<sub>2</sub> emissions from fuel combustion.
- ★ The amount of energy reduction is measured directly.
- ★ Unit of currency: NTD; exchange rate: 1 CNY = 4.3 NTD; 1 MYR = 6.8 NTD.



## Process-related energy efficiency measures



## Overall replacement of air compressors in Lu-Chu Plant

As our Lu-Chu Plant was established long time ago with production lines that were built in different parts of the plant and built with a separate compressed air supply system, the systems have been inefficient. Therefore, we have begun to integrate the supply air compressors in all business units in the Lu-Chu Plant since 2019 to provide service to the entire plant by interconnecting their pipelines, replacing old air compressors, and using automatic start and stop control monitored by a computer in the factory's public affairs department to save energy.



So far, we have reduced consumption of electricity by 463,969 kWh a year, equivalent to a reduction of 236.1 tCO<sub>2</sub>e.

## Adding waste heat recovery exchangers to the heat exchange boiler in Ping-Nan Plant

As the old heat exchange boiler system of the Ping-Nan Plant was set up a long time ago without a heat recovery mechanism, the waste heat would be discharged from the chimney, resulting in waste of heat energy. The chimney temperature was at about 350°C.



In 2022, we replaced a 1.5 million kilo calorie heat exchange boiler with a high-efficiency boiler and added a waste heat recovery system to the Ping-Nan Plant. We added a heat recovery exchanger to the waste heat outlet of the heat exchange boiler to preheat the combustion air temperature using waste heat to lower the chimney temperature to about 110°C. By doing this, we can not only lower the chimney emission temperature, but also reduce the thermal energy consumption of the combustion engine of the heat exchange boiler.

After being improved, the Ping-Nan Plant can reduce natural gas consumption by 99,872 Nm<sup>3</sup> a year and cut down costs by NT\$1,276.36 thousand a year, equivalent to a carbon reduction of 187.6 tCO<sub>2</sub>e a year.



## Reducing consumption of natural gas by renovating solid waste distillation furnaces in Kunshan Chemical Plant

The original solid waste incinerator in Kunshan Chemical Plant was used to treat solid waste generated during the production process. In 2021, we have treated 277 tons of hazardous waste with unit consumption of natural gas of 750 Nm<sup>3</sup> per ton of solid waste. As the solid waste distillation furnaces has been in service for more than 10 years, its main components were too old and inefficient.



By using the pyrolysis technology to replace the original oxidation combustion technology, the calorific value of gas hydrocarbons generated by the solid waste distillation can be fully utilized to improve its destruction efficiency and reduce natural gas consumption.

We can reduce consumption of natural gas by 34,311 Nm<sup>3</sup> a year, with a unit consumption increase of approximately 43%, equivalent to a reduction of 76 tCO<sub>2</sub>e.

## Reducing consumption of purchased steam by improving steam usage in Zhuhai Material Plant

The proportion of annual energy consumption of purchased steam at Zhuhai Material Plant is close to 50%. In order to increase more productivity, generate more income for the Company, and promote ESG in response to the government's "Dual Carbon" policy, we will continue to carry out energy-saving work and reduce use of steam as our top priority in this effort for the Zhuhai Materials Plant.



Since 2022, we have started to integrate the requirements for steam pressure and temperature in the production lines of the Zhuhai Materials Plant by readjusting the secondary pressure and temperature of the main steam pipes to a reasonable level, inspect and replace these pipes and drain valve on the production lines to reduce excessive waste or prevent steam leakage.



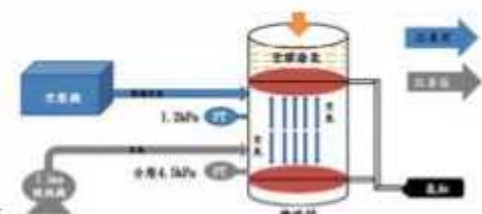
After the improvement, we have reduced the total consumption of the purchased steam by about 5,554 tons a year, equivalent to a decrease of carbon emissions of about 2,004 tCO<sub>2</sub>e.

## Saving electricity by sealing the double butterfly valves with high pressure in East China Plant 1

We seal the double butterfly valves on the air outlet side on the RTO in East China Plant 1 to prevent the untreated VOC leakage to the chimney. Currently, we use compressed air provided by the air compressor to seal the double butterfly valve with a large amount of compressed air. Thus, the air compressors were more energy consuming.



We address this problem by using high-pressure blowers as the positive pressure air supply to the double butterfly valves instead of using air compressors. The higher pressure inside the double butterfly valves, the better sealing and odor reduction effect. In addition, the improved air compressor and blower can save electricity by 264 KWH a day and by 90,000 KWH a year, equivalent to an emission decrease of 45.8 tCO<sub>2</sub>e a year.



## Recovering waste heat from waste gas furnaces in Changshu Plant

The original exhaust gas furnace denitrification device in Changshu Plant was replaced with a dual phase catalyst for simultaneous denitrification and dioxin. Considering the need for the flue gas temperature to be reduced from 330°C to 230°C during the reaction between the flue gas and the catalyst, we have designed a waste heat boiler to recover the heat from the flue gas, cool the flue gas, and generate a certain amount of steam for the production lines. This can reduce the need for buying additional steam.



This project can not only further reduce the level of nitrogen oxide and dioxin emissions, but also reduce approximately 2,914 tons of purchased pipeline steam a year, equivalent to a reduction of 885 tCO<sub>2</sub>e a year.



## Introduction of Renewable Energy

Before the enforcement of the Renewable Energy Development Act in Taiwan, the Company has been taking actions by launching each plant's renewable energy power generation facilities for self-use and developing plans for green energy and carbon rights. In 2022, the actual generation capacity of renewable energy for self-use in Eternal's factory facilities was 21,456-kilowatt hours, and the purchased green electricity was 600,000-kilowatt hours, which contributed to carbon reduction of approximately 316.3 tons of CO<sub>2</sub>e. We will continue to invest in more renewable energy in our production facilities around the world.



## Greenhouse Gas Emission Management

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

### Impact of greenhouse gas emissions

To prevent climate disasters, the world is striving to limit the global warming to below 1.5 degrees Celsius. "2050 Net Zero" has become a common goal shared by the globe. To achieve this goal, different countries have been strengthening their carbon control intensity, such as by imposing carbon tariffs, carbon fees, and customer requirements to fight against climate risks. Eternal has begun to carry out greenhouse gas inventory since 2005 to identify carbon emissions in the production process and take measures to monitor and reduce carbon emissions.

Our stakeholders from the upstream to downstream, including suppliers, contractors, employees, communities, customers, and investors across the value chain will be impacted differently. Eternal will carry out communication with our stakeholders through different channels to address the issues that concern them (see the "Communication with Stakeholders" section) and negotiate with our value chain on greenhouse gas emissions issues by the same principle.

## Policies and Guidelines

### Net-Zero Emission Task Force

After establishing the "Corporate Governance and Sustainable Development Committee" on November 5, 2021, we immediately formed the "Net-Zero Emission Task Force" to manage greenhouse gas emissions. The team consists of members from various departments and is chaired by the General Manager. The team is responsible for consolidation, review, and supervision of various carbon emission issues in the Company, such as carbon inventory, green research and development, carbon emission management in new investment projects, renewable energy, and carbon right plans. The team will regularly monitors the implementation effectiveness and reports to the management team..





## Strategic Guidelines for Energy Conservation and Carbon Reduction

We conduct annual greenhouse emission inventory voluntarily on all of our production sites and take energy conservation measures 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.

Our policy to increase the proportion of renewable energy is to not only establish a solar power generation system (1,300 KW) for the Lu-Chu Plant, but also look for renewable energy solutions for all of our plants. This policy will be in place after being reviewed by the Net Zero Carbon Emission Task Force of the Corporate Governance and Sustainable Development Committee and approved by the Company. We will also carry out evaluation on building infrastructure for a wide range of green power.

## Greenhouse Gas and Carbon Reduction Targets

Eternal's greenhouse gas management targets are as follows:

Indicators	Benchmark Year & Annual Management Goal	2030 Milestone	2050 Ultimate Goal
Carbon intensity (Physical Intensity)	Carbon emissions per unit of product (Scope 1 + 2) will lower by 1.5%. The benchmark year is 2020.	Down by 15% by 2030.	Our Taiwan's factories will achieve carbon neutrality, while our global physical carbon intensity will decrease by 50% by 2050.
Carbon intensity (Economic intensity)	Carbon emissions per unit of revenue (Scope 1 + 2) will lower by 3%. The benchmark year is 2020.	Down by 30% by 2030.	Our Taiwan's factories will achieve carbon neutrality, while our global economic carbon intensity will decrease by 90% by 2050.
Actions for Total Reduction	Our total global carbon emission will lower by 3% every year compared to the 2020 level.	Our total global carbon emission will lower by 30% by 2030.	Our total global carbon emission will lower by 100% by 2050.
Scope 3 Total Emissions	With 2021 as the benchmark year to reduce emissions in Scope 3 every year.	Down by 20% by 2030.	Down by 50% by 2050.

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 (248,140 tCO<sub>2</sub>e), set the Company's reduction targets for 2030, 2040, 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; our management goal will also be in line with the type and quantity of carbon rights or reduction projects approved by the government when offsetting emissions.

## Effectiveness Assessment and Tracking

- ★ We convene the Corporate Governance and the Corporate Governance and Sustainable Development Committee, Net Zero Task force, and energy meetings where the management team and the heads of each plant will jointly review the effectiveness of energy management and the performance of the greenhouse gases control indicators, while sharing their energy-saving experience.
- ★ We appoint a third-party impartial organization to verify our greenhouse gas inventory tasks under ISO14064-1 for 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 and Energy Conservation and Carbon Reduction Task Force under the Corporate Governance and Sustainable Development Committee compiles each unit's plan and regularly monitors their reduction performance.

## Emissions calculation methods and tools

The Company's plants in Taiwan and Malaysia adopted ISO 14064-1:2018 and Taiwan's Greenhouse Gas Inventory and Registration Guidelines for the inventory of greenhouse gas emissions on 7 types of greenhouse gas emissions, including CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, SF<sub>6</sub>, PFCs, and NF<sub>3</sub>. 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 Electronic Equipment Manufacturing Enterprises promulgated by the National Development and Reform Commission in China as the basis for conducting the inventory.

So far, Eternal has no record of carbon offsetting for greenhouse gas emissions.



## Greenhouse Gas Emissions

### [Scope 1 and Scope 2 Emissions]

The following table shows our inventory results for greenhouse gas emissions (tCO<sub>2</sub>e) in Scope 1 and 2 from 2020 to 2022.

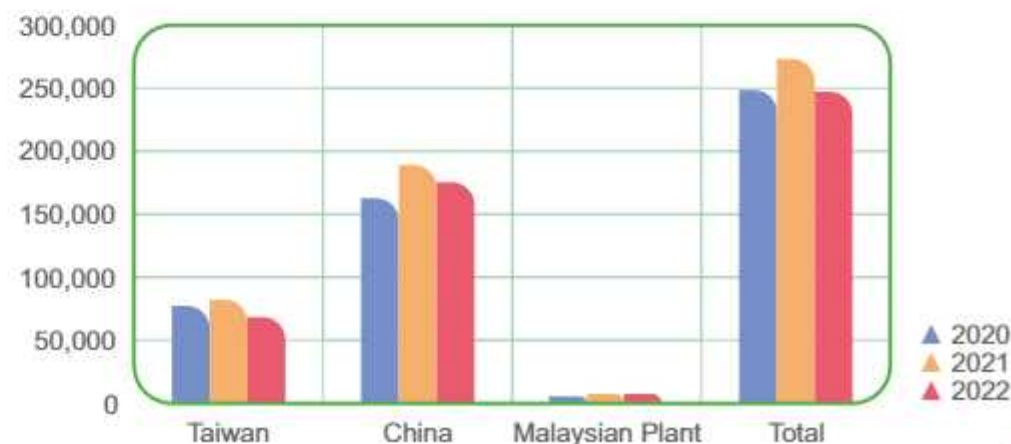
Production site	2020(tCO <sub>2</sub> e)			2021(tCO <sub>2</sub> e)			2022(tCO <sub>2</sub> e)		
	Scope1	Scope2	Total emissions	Scope1	Scope2	Total emissions	Scope1	Scope2	Total emissions
Taiwan									
Lu-Chu Plant	16,462	21,371	37,833	19,952	21,802	41,754	15,108	18,937	34,045
Ta-Fa Plant	5,040	8,181	13,222	6,371	8,114	14,485	5,127	8,053	13,180
Ping-Nan Plant	13,322	10,609	23,930	10,016	10,991	21,007	7,714	8,550	16,264
Subtotal	34,824	40,161	74,985	36,338	40,907	77,245	27,949	35,540	63,489

Production site	2020(tCO <sub>2</sub> e)			2021(tCO <sub>2</sub> e)			2022(tCO <sub>2</sub> e)		
	Scope1	Scope2	Total emissions	Scope1	Scope2	Total emissions	Scope1	Scope2	Total emissions
China									
South China Plant 1	9,962	4,592	14,554	10,734	4,773	15,506	7,146	4,192	11,338
South China Plant 2	8,114	3,146	11,260	8,426	3,320	11,746	7,170	3,031	10,201
Chengdu Plant	1,532	1,113	2,645	1,823	1,273	3,095	1,883	1,155	3,038
Chongqing Separation Plant	3	171	174	1	179	180	0	167	167
Guangdong Plant	5,316	18,038	23,354	5,014	22,106	27,119	3,973	21,926	25,899
Zhuhai Materials Plant	6,716	32,632	39,348	8,062	37,311	45,373	6,534	35,584	42,118
Northeast China Separation Plant	122	489	611	119	459	578	133	447	580
East China Plant 1	4,721	2,968	7,689	5,916	3,255	9,171	4,623	3,213	7,836
Kunshan Chemical Plant	6,814	10,653	17,467	6,097	12,106	18,203	4,620	9,846	14,466

Production site	2020(tCO <sub>2</sub> e)			2021(tCO <sub>2</sub> e)			2022(tCO <sub>2</sub> e)		
	Scope1	Scope2	Total emissions	Scope1	Scope2	Total emissions	Scope1	Scope2	Total emissions
China									
Tianjin Plant	3,670	7,069	10,739	4,433	5,315	9,748	4,355	4,807	9,162
Changshu Plant	3,478	5,141	8,619	3,480	5,238	8,718	3,919	4,543	8,462
Suzhou Materials Plant	2,417	24,170	26,587	4,427	31,828	36,255	3,913	32,185	36,098
Subtotal	52,865	110,181	163,046	58,530	127,161	185,691	48,268	121,097	169,365
Malaysia									
Plant in Malaysia	5,622	4,487	10,109	6,625	5,059	11,684	7,437	4,839	12,275
Subtotal	93,311	154,829	248,140	101,493	173,128	274,621	83,654	161,475	245,129

As the Company's total output in 2022 increased by nearly 16.97% compared with 2021, our total carbon emissions increased by 10.74%. Among them, the total greenhouse gas emissions from the plants in Taiwan plant in 2022 increased by 17.81%, the plants in China by 8.79%, and the plant in Malaysia by 5.06% compared with 2021.

### The Group's greenhouse gas emissions(tCO<sub>2</sub>e)





## 《Emissions from biological sources》

The CO<sub>2</sub> biomass energy (or bioenergy) emitted from methane (CH<sub>4</sub>) greenhouse gas generated by the anaerobic operation unit of the wastewater treatment plant in Ping-Nan Plant in 2022 was equivalent to 13.7071 (tCO<sub>2</sub>e) (SCOPE 1), which has been verified by BV (a third-party certification company).

## 《Scope 3 Emissions》

Starting from 2021, Eternal has begun to conduct inventories by quantifying greenhouse gas (SCOPE 3) and other indirect greenhouse gases (excluding SCOPE 2 indirect greenhouse gas emissions) in accordance with the ISO 14064-1:2018 standard. Inventories on our Taiwan plants have also been through a third-party verification, and we use the results to develop our Scope 3 carbon reduction policies.

Production site	2021	2022
	Scope3(tCO <sub>2</sub> e)	Scope3(tCO <sub>2</sub> e)
<b>Taiwan</b>		
Lu-Chu Plant	252,280	177,486
Ta-Fa Plant	29,043	29,608
Ping-Nan Plant	179,175	152,532
<b>China</b>		
PM South China Plant 1	55,357	38,651
PM South China Plant 2	49,614	45,868
Chengdu Plant	67,840	60,053
Chongqing Slitting Plant	4,962	5,246
Guangdong Plant	326,938	291,669
Zhuhai Materials Plant	171,233	169,439
PM Northeast China Slitting Plant	3,439	2,746
PM East China Plant 1	38,265	24,306
Kunshan Chemical Plant	317,171	164,263
Tianjin Plant	228,303	218,450
Changshu Plant	91,046	89,364
Suzhou Materials Plant	110,477	127,690
<b>Malaysia</b>		
Plant in Malaysia	130,694	140,931
Group-wide total	2,055,835	1,738,304

## Greenhouse gas intensity

Eternal's greenhouse gas emissions intensity (tCO<sub>2</sub>e/t-product) slightly increased year by year between 2020 and 2022.

Our total output in 2022 decreased by 16.97%, while our total carbon emissions decreased by 10.74%. However, the emission intensity in our China and Malaysia plants in 2022 was slightly higher than their 2021 level.

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<sub>2</sub>e/tons-product. Therefore, this figure has been adopted as the emission intensity in this Report. In 2022, the greenhouse gas emission intensity of plants in Taiwan, China, and Malaysia is 0.399, 0.469 and 0.228 tCO<sub>2</sub>e/metric ton-product respectively. The total emission intensity of the whole company is 0.427 tCO<sub>2</sub>e-product.

Unit: Total greenhouse gas emissions(tCO<sub>2</sub>e), product output(metric tons), greenhouse gas emission intensity (tCO<sub>2</sub>e/ton-product)

Region	Item	2020	2021	2022
Taiwan	Total greenhouse gas emissions (tCO <sub>2</sub> e)	74,985	77,245	63,489
	Product output (t)	198,554	203,305	159,120
	Greenhouse gas intensity (tCO <sub>2</sub> e/t)	0.378	0.380	0.399
China	Total greenhouse gas emissions (tCO <sub>2</sub> e)	163,046	185,691	169,365
	Product output (t)	392,336	433,665	361,412.13
	Greenhouse gas intensity (tCO <sub>2</sub> e/t)	0.416	0.428	0.469
Malaysia	Total greenhouse gas emissions (tCO <sub>2</sub> e)	10,109	11,684	12,275
	Product output (t)	38,163	54,829	53,864.15
	Greenhouse gas intensity (tCO <sub>2</sub> e/t)	0.265	0.213	0.228
Total	Total greenhouse gas emissions (tCO <sub>2</sub> e)	248,140	268,042	245,129
	Product output (t)	629,053	691,799	574,396.28
	Greenhouse gas intensity (tCO <sub>2</sub> e/t)	0.394	0.397	0.427

Note 1 : Sources of data: The greenhouse gas emission intensity data compiled by the Company included direct emissions (Scope 1) and indirect emissions (Scope 2).

Note 2 : The three plants in Taiwan are Lu-Chu Plant, Ta-Fa Plant, and Ping-Nan Plant. The 12 plants in China are PM South China Plant 1 and Plant 2, Chengdu Plant, Chongqing Slitting Plant, Guangdong Plant, Zhuhai Materials Plant, PM Northeast China Slitting Plant, PM East China Plant 1, Kunshan Chemical Plant, Tianjin Plant, Changshu Plant, and Suzhou Materials Plant. Malaysia Plant is our plant in Malaysia.

Greenhouse gas emissions intensity(t CO<sub>2</sub>e /t)



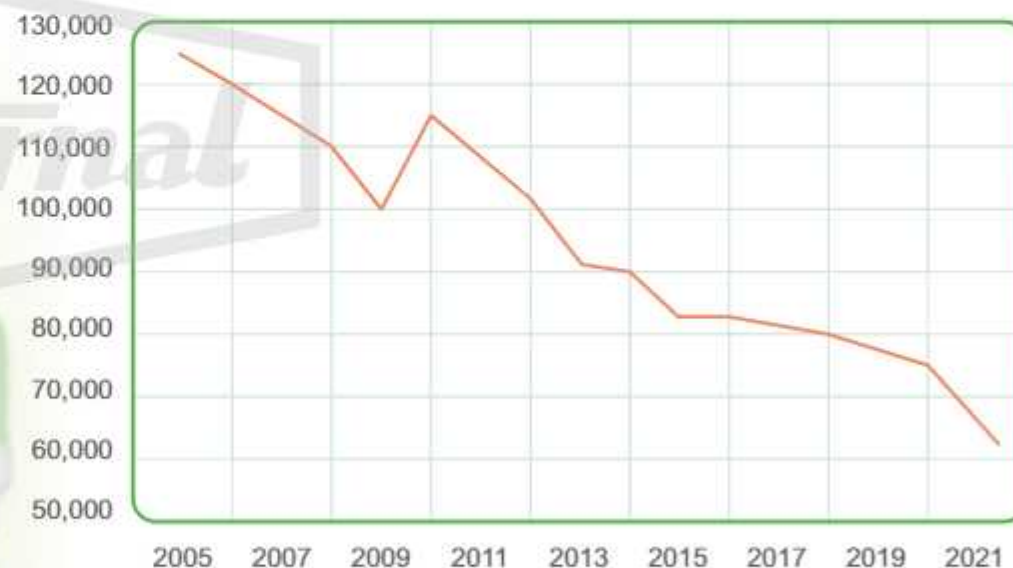
## Greenhouse Gas Emissions

### Reduction effectiveness in Taiwan plants

To identify the basis of the greenhouse gas emissions inventory, we conducted an inventory of greenhouse gas emissions (Scope 1 and 2) on three of our plants in Taiwan from 2005 to 2010 in 2011 and passed the third-party verification under ISO14064-1.

Taiwan's three plants implement carbon reduction improvement measures and conduct inventories of the greenhouse gas emissions every year. Our total greenhouse gas emissions in 2022 was 63,489 tCO<sub>2</sub>e, which is 49.21% less than our 2005 level of 124,978 tCO<sub>2</sub>e.

Taiwan's Carbon Emissions from 2005 to 2022 (tCO<sub>2</sub>e/t)



Note : The trends in greenhouse gas emissions of Taiwan's three plants between 2005 and 2022 included direct emissions (Scope 1) and indirect emissions (Scope 2).



## Main carbon reduction measures

### Using low carbon fuels

The direct greenhouse gas emissions (Scope 1) from the use high carbon fuel are the largest source of emissions in our factories in Taiwan. Since 2014, the Lu-Chu Plant and Ta-Fa Plant have successively replaced fuel oil with low-carbon natural gas. After we connected natural gas pipelines to the Ping-Nan Plant in 2021, we immediately initiated the natural gas pipeline replacement program.

We have begun to use with low-carbon natural gas instead of high carbon fuel for combustion and incineration purposes. It can effectively improve fuel efficiency and achieve energy conservation and carbon reduction.

The following chart shows the carbon reduction trend (tCO<sub>2</sub>e) in our Taiwan plants after replacing high carbon fuel oil with low-carbon natural gas since 2014.

Effectiveness of Emissions Reduction through Low-Carbon Fuel Replacement (tCO<sub>2</sub>e/t)



Note : Fuel emission trend (Scope 1) in Taiwan's three plants from 2014 to 2022.

### Installation of a solar power generation system

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 2023 to reduce carbon emissions.

The Lu-Chu Plant's investment budget for a renewable energy development project is 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 first quarter of 2023.



Note: View of installation of a solar power generation system at the Lu-Chu Plant.

## Energy Conservation and Carbon Reduction Task Force

As stated in the chapter on energy conservation and carbon reduction in this report, the "Energy Conservation and Carbon Reduction Task Force" and the "Net-Zero Emission Task Force" are key carbon management departments at Eternal. They regularly report on the effectiveness of carbon reduction measures to the "Corporate Governance and Sustainable Development Committee" to join hands to promote the group's carbon management policies, develop carbon reduction targets, and map out plans for buying carbon credits. The Energy Conservation and Carbon Reduction Task Force focuses on innovative R&D and improvement of manufacturing processes based on the production characteristics of different factories, and regularly reviews the effectiveness of our energy conservation and carbon reduction measures.



## Apply for Greenhouse Gas Offset Credits

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:

### 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<sub>2</sub>e. 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<sub>2</sub>e in the first year.

The offset credits that we have obtained will be recorded in the Company's account on the EPA's Greenhouse Gas Reduction Platform as the Company's reduction credits.

### The Lu-Chu Plant's 2021 project on low-carbon fuels for heating facilities.

In 2021, our Lu-Chu Plant replaced fuel boilers with three sets of natural gas. It is expected that the cumulative reduction over a ten-year period will reach 19,550 tCO<sub>2</sub>e. We will follow the registration procedures of the Environmental Protection Administration to file for offset credits and go through third-party certifications.

### The Ping-Nan Plant's 2022 project on alternative boiler fuel and replacement with high-efficiency boilers

The main natural gas pipelines in the Ping-Nan 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. We expect to complete verification and review of our documents for acquiring carbon credits between 2022 and 2023 with the help of Industrial Development Bureau.





## Water Cycle and Management

### Water Impact

According to the World Water Development Report published by UNESCO in 2014, over 768 million people worldwide have no access to safe water resources. The report predicts that by 2050, more than 40% of the world's population may live in arid areas with extreme water scarcity. Drought not only affects agriculture, but also various industries. For example, as the reservoir storage capacity in Taiwan hit a record low due to prolonged drought, industries have been impacted by hydroelectric power shortage and have to shut down production. As our water consumption for operations has limited impact on the catchment area and our factories were set up outside the catchment areas with more demand for water, we don't have to fight for water with the residents. However, climate change around the world has caused the areas with abundant water to produce less water, so that we have to shut down production when only with limited hydroelectric power. When our whole supply chain from upstream to downstream has to stop producing raw materials, we have to suffer loss from material shortage and insufficient orders.

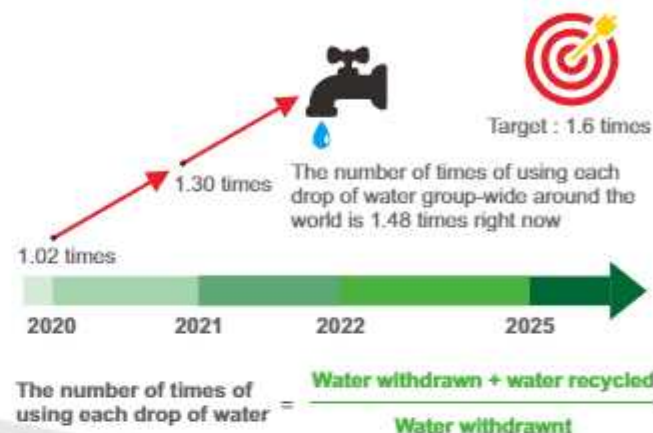
### Water Management and Impact on Value Chain

Facing the extreme climate events and the global crisis of severe water shortage, Eternal has regarded water resources as one of the strategic resources used in plants since 2014 and listed "process and domestic water" as an issue managed by the Company's Energy Conservation and Carbon Reduction Task Force. At the management meeting regularly convened by the President, the Group's Environmental Safety and Health Division reviews and adjusts the water conditions of the Company's plants while drawing up the corresponding action plans to alleviate the impact of water shortages on the spot. In general, our action plans include:

- ★ The water supply and water stress of the plant site are included in the risk assessment of the investment project of the new plant site. We will set up our factories outside the water-intensive areas.
- ★ The source of water withdrawal and discharge is connected with 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, rivers, lakes, and seas, thereby reducing the environmental impact.
- ★ The wastewater and sewage recycling or disaster prevention and response procedures are launched timely depending on the severe water shortage or flood disasters at the location of each plant.
- ★ Recycled water is included in the management metrics by tracking the number of times each drop of water is used in the plants.
- ★ We actively answer external advocacy organizations' questionnaires related to water resource management, disclose our water resource usage in the ESG report, and include the hydrological impact that our plants may face under climate change in the climate change financial disclosure report. By having our upstream and downstream supply chains sign a Code of Conduct, we can identify water resource risks posed by

our suppliers and assess their performance in this regard.

In addition, we have set a water resource management target since 2019 to reduce the total water consumption by 1% every year and reuse per drop of water more than 1.6 times by 2025 to achieve the vision of "zero-discharge water cycle" ultimately.



### Eternal's Water withdrawn

To examine the use of water resources and shoulder the social responsibility as a multinational company, this Report began to disclose the use of water resources at the Company's plants across the world in addition to the plants in Taiwan from 2020.

Scope of disclosure: Plants in Taiwan (Lu-Chu Plant, Ta-Fa Plant, Ping-Nan Plant and Xizhi Plant)

Source of water intake: Municipal water supply (tap water)

	Water withdrawn (thousand cubic meters)			Water discharge (thousand cubic meters)			Water consumption (thousand cubic meters)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Lu-Chu Plant	242.31	224.40	198.23	119.97	99.77	82.56	122.34	124.63	115.67
Ta-Fa Plant	93.95	87.09	80.11	48.30	48.67	44.25	45.65	38.42	35.86
Ping-Nan Plant	105.16	97.26	83.46	30.43	31.64	22.66	74.73	65.62	60.80
Xizhi Plant	—	—	2.16	—	—	0	—	—	2.16
Total	441.42	408.75	363.96	198.70	180.08	149.47	242.72	228.67	214.49

Note 1 : The water withdrawn and discharge volume of our plants in Taiwan are based on monthly tap water bills for process water and general domestic water.

Note 2 : The Group does not use water sources other than tap water.

Note 3 : The Xizhi Plant was officially included in the management system starting from 2022.



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

Source of water intake: Municipal water supply (tap water)

	Water withdrawn (thousand cubic meters)			Water discharge (thousand cubic meters)			Water consumption (thousand cubic meters)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
PM South China Plant 1	51.82	52.74	59.77	1.50	6.02	1.00	50.32	46.72	58.77
PM South China Plant 2	26.14	31.25	28.28	0.77	3.74	0.79	25.37	27.51	27.49
Chengdu Plant	13.86	15.21	13.53	2.95	3.60	6.95	10.91	11.61	6.58
PM Chongqing Plant	1.29	1.24	1.25	0.00	1.00	0.00	1.29	0.24	1.25
Guangdong Plant	123.69	142.65	85.62	69.70	65.53	55.60	53.99	77.12	30.02
Zhuhai Materials Plant	154.05	251.82	230.81	25.78	56.54	18.44	128.27	195.28	212.37
PM Northeast China Separation Plant	1.47	1.82	1.60	0.00	1.50	0.00	1.47	0.32	1.60
PM East China Plant 1	30.70	34.77	44.12	4.39	17.98	2.95	26.31	16.79	41.17
Kunshan Chemical Plant	108.38	96.06	63.73	4.82	14.83	4.92	103.56	81.23	58.81
Tianjin Plant	28.92	32.62	32.30	10.70	9.68	9.48	18.22	22.94	22.82
Changshu Plant	20.82	19.22	15.87	12.07	6.19	4.40	8.75	13.03	11.47
Suzhou Materials Plant	54.17	61.34	61.99	23.12	21.65	15.09	31.05	39.69	46.90
Total	615.31	740.74	638.87	155.80	208.26	119.62	459.51	532.48	519.25
Plant in Malaysia	56.86	78.23	70.84	9.48	9.95	8.63	47.38	68.28	62.21

Note 1 : The water intake by the plants in China and Malaysia is based on the monthly tap water bills.

Note 2 : Our water discharge in China and Malaysia only includes discharge of "process" wastewater without including domestic water discharge connected to the municipal pipeline network because we only have estimated numbers.

Note 3 : The Group does not use water sources other than tap water.

Note 4 : The plant in Malaysia went into operation in 2020.

Scope of disclosure: Eternal Group (2020-2022)

	Water withdrawn (thousand cubic meters)			Water discharge (thousand cubic meters)			Water consumption (thousand cubic meters)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total in Taiwan	441.42	408.75	363.96	198.70	180.08	149.47	242.72	228.67	214.49
Total in China	615.31	740.74	638.87	155.80	208.26	119.62	459.51	532.48	519.25
Total in Malaysia	56.86	78.23	70.84	9.48	9.95	8.63	47.38	68.28	62.21
Group-wide total	1113.59	1227.72	1073.67	363.98	398.29	277.72	749.61	829.43	795.95

Note : The Xizhi Plant was officially included in the management system starting from 2022.

### Trend of water consumption per unit at Eternal

Due to our wide variety of products, we divide our products into resin and electronic and biomedical material products by attributes in this Report and disclose energy consumption per unit of product.

Scope of disclosure: All Plants in Taiwan, China, and Malaysia

Plant	Type of Product	Water consumption per unit	Year	2020	2021	2022	Note
Total in Taiwan	Electronic materials	Thousand cubic meters/M <sup>2</sup>		1.50E-06	1.28E-06	1.37E-06	
Plants in Taiwan	Resin materials	Thousand cubic meters/T		1.91E-03	1.71E-03	1.89E-03	
Plants in Taiwan	Biomedical materials	Thousand cubic meters/dose		-	-	8.47E-07	
Plants in China	Electronic materials	Thousand cubic meters/M <sup>2</sup>		3.30E-07	3.35E-07	4.82E-07	
Plants in China	Resin materials	Thousand cubic meters/T		9.28E-04	1.61E-03	1.59E-03	
Plant in Malaysia	Electronic materials	Thousand cubic meters/M <sup>2</sup>		-	-	-	No relevant products for now
Plant in Malaysia	Resin materials	Thousand cubic meters/T		1.35E-03	1.42E-03	1.32E-03	

Unit of measurement of electronic material products : Square meter, abbreviated to M<sup>2</sup>.

Unit of measurement of synthetic resin products : Ton, abbreviated to T.

Unit of measurement of biomedical material product : Doses : officially included in the management system since 2022.

The resin materials are the sum of the products of the synthetic Resin Materials and the High-Performance Materials.



## Mutual benefits from sharing water resources

In order to ensure that the water used in our operation and production process does not impact the catchment areas where each factory site is located, and to monitor the changes in water resources caused by climate change in those areas, we have begun to disclose the proportion of our total water consumption in identified operational activities in each region to the local water resource usage in our ESG report since 2022 in accordance with GRI 303:2018.

Region	Identification of catchment areas	Annual total water supply in the region(thousand cubic meters)	Annual water intake ratio
Taiwan	South District Reservoir Water Supply	726,380	0.047%
China(North China)	Municipal Water Supply in Yellow River Basin	50,145,000	$6.87 \times 10^{-5} \%$
China(Other areas)	Municipal water supply in Yangtze River Basin	207,236,000	$3.26 \times 10^{-4} \%$
Malaysia	Municipal water supply in Johor River Basin	145,010	0.054%

Note 1 : China (North China): including the Tianjin Plant and PM Northeast China Slitting Plant.

Note 2 : Sources of data: Water Resources Demand and Supply Table from the Water Resources Agency of the Ministry of Economic Affairs, CEO Water Mandate, Interactive Database of the World's River Basins, [riverbasins.wateractionhub.org/](http://riverbasins.wateractionhub.org/), accessed on 1 June 2018. WWF, HydroSHEDS, <http://www.hydrosheds.org/>, Accessed on 1 June 2018. 2021 "Yangtze River Basin and Southwest River Water Resources Bulletin", 2021 "Yellow River Basin Water Resources Bulletin"

## Eternal's water recycled

Since 2020, the Group has begun to recycle water and continued to improve the water resources optimization plan depending on the actual situation, while we have improved the utilities systems, including effluent recycling, cooling water, and steam condensate systems, or the process water, including process wastewater treatment and recycling and replacement of tap water with reclaimed water for processes, to improve water use efficiency or water recycling and reuse, 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 2022

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

Plant	Recycled from Production utility equipment	Recycled from water discharged	Total	Details
Lu-Chu Plant	50.77	0	50.77	Recycling of condensate from main steam pipelines, cooled overflow water, and neutralizing wastewater to reduce its concentration.
Ta-Fa Plant	16.05	5.96	22.01	Using the wastewater recovery system to recycle water and RTO steam condensate for reuse.
Ping-Nan Plant	62.63	0	62.63	Recycling RO system wastewater and steam condensate.
Total	129.45	5.96	135.41	The number of times of using each drop of water : 1.37

Note 1:The above units are thousand cubic meters.

Note 2:The volume of water recycled was directly measured and excluding circulating capacity of the cooling water towers

## Volume of water recycled by plants overseas during 2022

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	11.91	N/A for now	11.91	Steam condensate recycle
PM South China Plant 2	12.28	N/A for now	12.28	Steam condensate recycle
Chengdu Plant	3.55	N/A for now	3.55	PE process wastewater recycle.
PM Chongqing Plant	N/A for now	N/A for now	N/A for now	N/A for now
Guangdong Plant	11.00	N/A for now	112.51	Steam condensate recycle and clean rainwater reuse.
Zhuhai Materials Plant	77.49	48.10	125.59	Recycling of steam condensate, wastewater at the sewage treatment stations, and process wastewater. Also, recycle wastewater by using multi-effect distillation.
PM Northeast China Slitting Plant	N/A for now	N/A for now	N/A for now	N/A for now
PM East China Plant 1	15.04	N/A for now	15.04	Steam condensate recycle
Kunshan Chemical Plant	17.89	N/A for now	17.89	Steam condensate and RO system wastewater recycle
Tianjin Plant	10.04	N/A for now	10.04	Steam condensate and RO system wastewater recycle
Changshu Plant	3.34	2.32	5.66	Steam condensate recycle and the reuse of the wastewater at the sewage treatment stations



Plant	Recycled from Production utility equipment	Recycled from water discharged	Total	Details
Suzhou Materials Plant	45.37	10.30	55.67	Recycling condensate by using multi-effect distillation, collecting rainwater for reuse, recycling wastewater by using RO systems
Total	207.91	60.72	370.14	The number of times of using each drop of water: 1.58
Plant in Malaysia	14.30	0	14.30	Recycle the RO system wastewater and reuse the wastewater at the sewage treatment stations The number of times of using each drop of water: 1.20

Note 1: The above units are thousand cubic meters.

Note 2: The volume of water recycled was directly measured and excluding circulating capacity of the cooling water towers

### Reverse osmosis recovery of wastewater in Suzhou Materials Plant

Each plant at Eternal 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 from the processes. In Suzhou Materials Plant, for example, the biochemically treated wastewater that used to be discharged from the wastewater pool can now be directed back to the production line after we have begun to use filtration adsorption and reverse osmosis recovery treatment equipment since 2022. So far, we have recovered more than 11,500 tons of process wastewater and reduced our water intake during the production process.



### Collecting and recycling rainwater in Guangdong Plant

The coastal provinces in South China have abundant annual rainfall due to their geographical benefits. In order to reduce the use of tap water from the municipal pipeline network during factory operations, our Guangdong plant utilizes existing rainwater ditches and detention tanks, install rainwater recovery pipelines and delivery pumps to recover the rainwater that used to be directly discharged to the cooling water tank for reuse. In 2022, we have collected a total of 20,000 tons of recycled water to reduce tap water consumption and water costs.



## Wastewater Management

### Scope of Disclosure: Plants in Taiwan, China, and Malaysia

### Management Approach

We will continue to reduce the water discharge volume and improve water quality 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.

Our stakeholders from the upstream to downstream, including suppliers, contractors, employees, communities, customers, and investors across the value chain will be impacted differently. Eternal will carry out communication with our stakeholders through different channels to address the issues that concern them (see the "Communication with Stakeholders" section) and carry out negotiation on with our value chain on wastewater issues by the same principle.

### Policy and Commitment

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.

### Management Method

- ★ 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 the local residents have doubts about the emissions from the factory, they can communicate with or appeal to us through our official website, phone or email. We will address their complaints in a timely manner according to our 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.

## 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 located 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 compliance 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 upgrade 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 multi-stage wastewater reduction target which aims to reduce our total wastewater volume by 25% by 2025 and by 30% by 2030 compared to the 2020 level. 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 (%)

We will reduce our total wastewater volume by **25%** by 2025 and by **30%** by 2030 compared to the 2020 level.

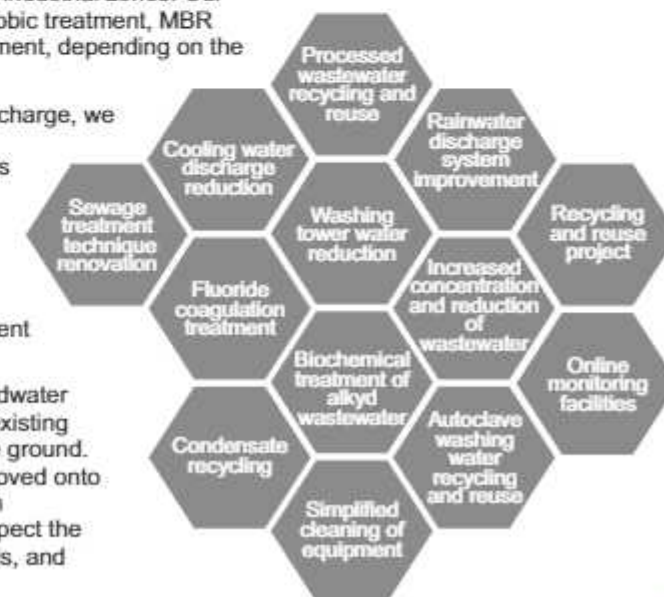
## Active promotion of water pollution prevention and recycling

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. We reduce our wastewater discharge by 23.71% in 2022, a result achieved by a collected efforts from each department.

Our plants are mainly located in industrial zones, and none of them are located in the protected areas of the local countries. We have three plants (in Taiwan, China, and Malaysia respectively) 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. Our treatment methods include aerobic treatment, MBR treatment, and anaerobic treatment, depending on the nature of the wastewater.

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.



## Wastewater reduction measures

Eternal manages various wastewater reduction projects in each plant and regularly monitors their implementation results.

In recent years, our Zhuhai Plant has begun to take the following two wastewater reduction measures and use a biochemical wastewater treatment station to recycle wastewater for reuse to achieve an impressive reduction rate of 93%.

### Measure 1

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

We added a PSQ photolysis system in Phase II and III of our PSQ production capacity expansion plan to increase system capacity and efficiency. The expansion began in July 2021 and recycled a total of 8,616 tons of water in 2022.



### Measure 2

#### PSQ wastewater recycling and reuse

We added a PSQ wastewater reuse and recovery system that uses a reverse osmosis (RO) membrane device. The wastewater discharge decreased from 8,077 tons before the implementation of the reduction measure in 2021 to 522 tons in 2022, which is a reduction rate 93%.



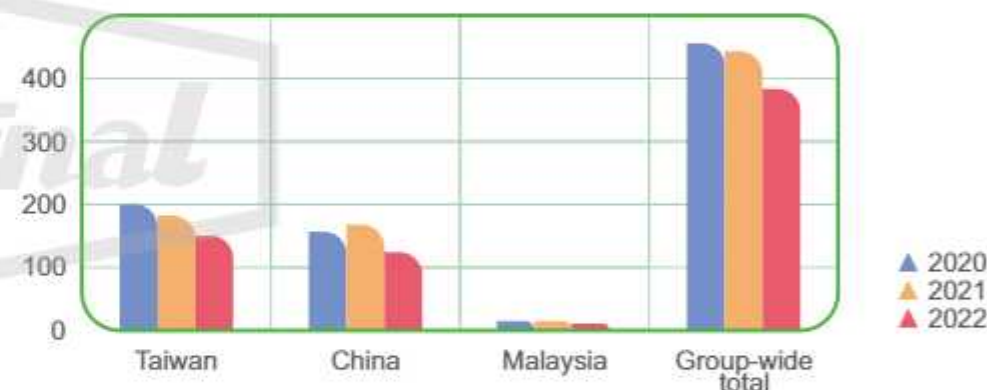
## Wastewater Discharge

### (1) Wastewater discharge

As per the Company's wastewater discharged (megaliters) between 2020 and 2022, the total wastewater discharge in 2022 decreased by 23.71% compared to the 2020 level.

Wastewater volume (million liters)	Taiwan	China	Malaysia	Group-wide total	Reduction
2020	198.7	155.8	9.5	364.0	-
2021	180.1	164.6	10.0	354.7	-2.57%
2022	149.5	119.6	8.6	277.7	-23.71%

### Discharge volume (megaliters)





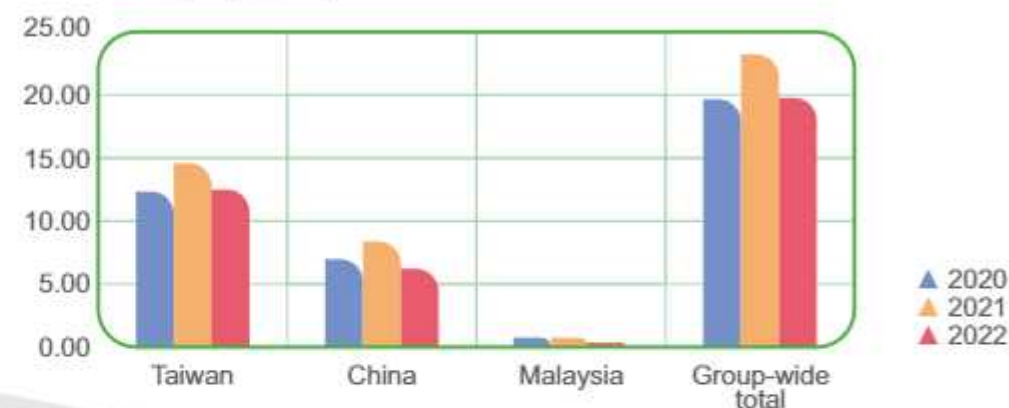
## (2) Wastewater SS and COD discharged and discharge destination

Discharge destination, discharge volume (megaliters), and SS and COD discharge volumes (tons/year) from 2020 to 2022

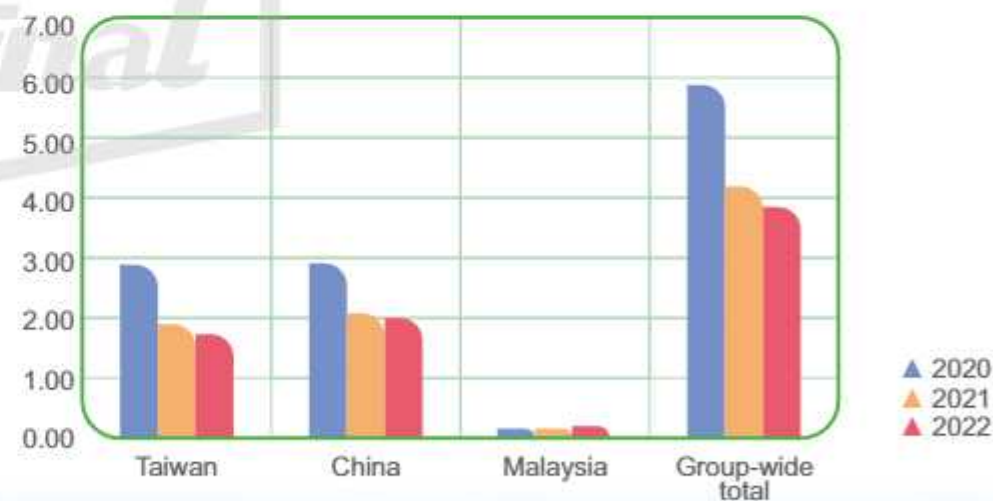
Year	Region	Discharge destination	Discharge volume (megaliters/year)	SS discharged (tons/year)	COD discharged (tons/year)
2020	Taiwan	Surface water	120.00	0.37	4.39
		Third party	78.70	2.46	8.15
	China	Surface water	4.80	0.03	0.09
		Third party	150.98	2.84	6.68
	Malaysia	Surface water	9.50	0.10	0.50
		<b>Total</b>	<b>364.00</b>	<b>5.80</b>	<b>19.80</b>
2021	Taiwan	Surface water	99.80	0.32	4.41
		Third party	80.30	1.56	10.44
	China	Surface water	6.00	0.05	0.12
		Third party	158.60	2.04	7.85
	Malaysia	Surface water	10.00	0.10	0.50
		<b>Total</b>	<b>354.70</b>	<b>4.10</b>	<b>23.30</b>
2022	Taiwan	Surface water	82.56	0.22	2.23
		Third party	66.91	1.42	10.94
	China	Surface water	4.92	0.03	0.13
		Third party	114.68	2.01	6.40
	Malaysia	Surface water	8.63	0.17	0.13
		<b>Total</b>	<b>277.70</b>	<b>3.85</b>	<b>19.83</b>

Note: The disclosed data is the amount of waste (sewage) declared by each factory to the local government.

### COD discharged (T/year)



### SS emissions (T/year)

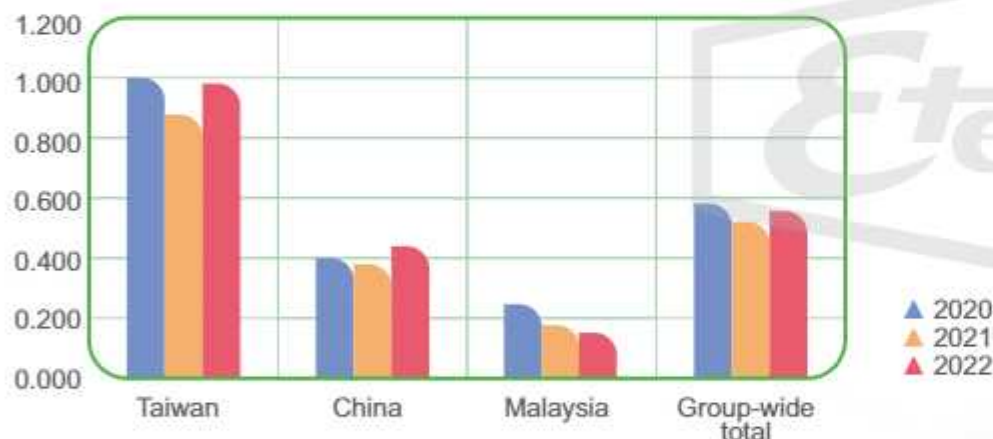


## Wastewater Discharge Intensity

The wastewater volume per unit of output (megaliters/kt (output)) of Eternal's three production sites between 2020 and 2022 is as follows.

Wastewater volume per unit output (megaliters/production capacity (kt))	2020	2021	2022
Taiwan	1.001	0.886	0.939
China	0.397	0.380	0.437
Malaysia	0.248	0.182	0.160
Total	0.579	0.513	0.550

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.

### 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, the Kunshan Chemical Plant in China, and the Malaysia Plant outside the industrial zone discharge water into the water body permitted by the competent authorities.

### 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.

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 Materials Plant, Northeast China Slitting Plant, PM East China Plant, Kunshan Chemical Plant, Tianjin Plant, Changshu Plant, and Suzhou Materials Plant), and the Malaysian Plant are different in 2022. 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 2022, 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	pH	COD (ppm)	BOD (ppm)	SS (ppm)	Ammonia nitrogen (ppm)	Total nitrogen (ppm)	Total phosphorus (ppm)
Taiwan	Legal standards	5~9	100~640	30~480	30~480	-	-	-
	Internal stringent standards	5.5~8.5	90~540	-	-	-	-	-
	Average discharge concentration	6.7~8.0	48~299	9.9~55	2.5~41	-	-	-
China	Legal standards	6~9	50~500	20~350	30~400	5~45	15~70	0.5~8
	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
Malaysia	Legal standards	6~9	80	20	50	-	-	-
	Internal stringent standards	-	-	-	-	-	-	-
	Average discharge concentration	7.1	48.7	13.2	13.7	-	-	-



## Air Pollution Control

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 regulations, and we continue to review our emission reduction efforts.

### Impact

Total suspended particles (TSP) have an adverse 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 impact on the health of on-site workers than the three elements mentioned above and also affect the ozone concentration in the atmosphere.

### Policy and Commitment

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

### Grievance mechanism

When the local residents have doubts about the emissions from the factory, they can communicate with or file a complaint through Eternal's official website, phone or email. We will address to their complaints in a timely manner as per the management procedures.

### Specific Actions

- ★ Replace fuel oil with natural gas to reduce SOx, NOx, TSP, and VOCs emissions.
- ★ Recover waste heat from process exhaust gas to produce steam, thereby reducing fuel consumption and air pollution emissions.
- ★ Establish online exhaust emission monitoring facilities to grasp the emission status and improve in real-time.
- ★ Strengthen the management and control of the fugitive emission sources of equipment components, increase the self-inspection frequency, and reduce leaks.



## Target

Using the three-year average emissions from 2018 to 2020 as the baseline year:

1. The emissions of SO<sub>x</sub> by 2025 will be reduced by 90% compared to the baseline year and by 95% by 2030;
2. NO<sub>x</sub> emissions by 2025 will decrease by 30% compared to the baseline year and 40% by 2030;
3. TSP emissions by 2025 will decrease by 20% compared to the baseline year and 30% by 2030;
4. VOCs emissions by 2025 will decrease by 5% compared to the baseline

## 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.
- ★ 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.

## 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 exhaust gas) or TO, RTO, or RRTTO, 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 Chinese government 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' NO<sub>x</sub> control capacity needed to be improved and therefore invested in the NO<sub>x</sub> 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 upgrades such as the upgrade to high-efficient shaftless pumps to eliminate fugitive emissions from shaft seals and reduce fugitive emissions of VOCs 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 inspections. We purchased the expensive infrared inspection equipment GasFindIR and assigned personnel or appointed third parties to monitor and detect leaks early for repairs to fulfill our management responsibility.

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.
- ★ 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.
- ★ Setup exhaust gas online monitoring system: Monitored the air pollutants emitted from the pipelines.
- ★ Install an SCR or SNCR system in the waste liquid furnace and RTO furnace.
- ★ Low-nitrogen retrofit of gas-fired boiler.
- ★ Strengthen leakage control of equipment components.
- ★ Participate in Industrial Technology Research Institute's (ITRI's) Air Pollution Improvement Counseling Project.

## Current Status and Trends of Air Pollution Emissions

Eternal has continued to implement improvement measures for our major air pollutants (SO<sub>x</sub>, NO<sub>x</sub>, TSP, and VOCs) for years, and pollution emissions continued to decrease.

### 1. Eternal's Management Performance:

- (1) 2020~2022 Our emissions per unit of capacity (tons/tons) of air pollution have shown a downward trend year by year in 2022 (compared to the average emission level of the baseline year from 2018 to 2020):

- ★ SO<sub>x</sub> down by 93.4%
- ★ NO<sub>x</sub> down by 44.7%
- ★ TSP down by 50.7%
- ★ VOCs down by 19.1%



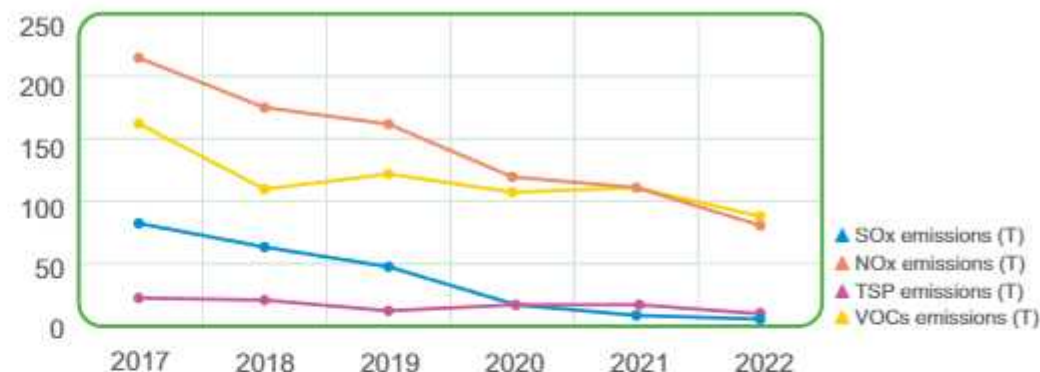
(2) From 2020 to 2022, the emissions per unit of capacity (tons/tons) of air pollution have shown a downward trend year by year.

Emissions of major pollutants from stationary sources in Taiwan, China, and Malaysia from 2020 to 2022 are shown below Unit: Tons

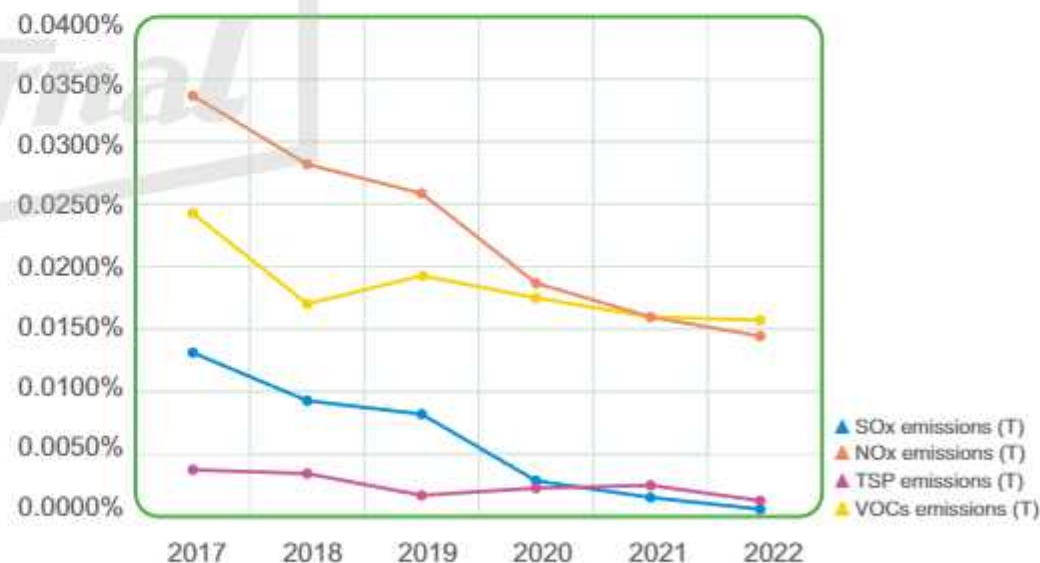
Year	Region	SOx emissions	NOx emissions	TSP emissions	VOCs emissions
Using the three-year average emissions from 2018 to 2020 as the baseline year		41.56	152.06	14.45	111.77
2020	Taiwan	9.02	66.88	3.07	86.99
	China	6.30	41.36	6.96	20.63
	Malaysia	0.24	8.31	1.74	0.41
	Total	15.56	116.55	11.77	108.03
2021	Taiwan	3.67	75.33	2.36	88.24
	China	1.62	33.81	10.53	21.07
	Malaysia	0.88	0.95	0.11	0.32
	Total	6.18	110.08	13.00	109.62
2022	Taiwan	0.85	48.24	1.33	70.67
	China	0.97	34.53	5.61	19.45
	Malaysia	0.91	1.34	0.18	0.32
	Total	2.73	84.11	7.12	90.44

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

**Eternal's air pollution emissions (tons) showed a downward trend from 2017-2022**



**Eternal's air pollution emissions per unit of capacity (tons/tons) showed a downward trend year by year from 2017-2022**



## 2.Prevention and control measures for VOCs fugitive emission sources of equipment component

Eternal is committed to developing and strengthening management systems and efforts for equipment components and promoting strict independent management approach to our plants in China and Malaysia. We have established a KPI control system and consistently tracks the progress and make improvements to reduce VOCs emissions from all equipment components. Recently, our plants in Taiwan have undergone multiple on-site inspections by the competent authority and found no deficiencies, indicating that the management of VOCs leakage from equipment components is proven effective.

Three plants' equipment components fugitive (greater than 2000ppm) emission leakage rate (%) in Taiwan from 2020-2022

Year	Region	Number of equipment components	Q1 leakage (%)	Q2 leakage (%)	Q3 leakage (%)	Q4 leakage (%)
2020	Lu-Chu Plant	34,388	0.000	0.000	0.000	0.000
	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
2021	Lu-Chu Plant	39,533	0.003	0.000	0.000	0.000
	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
2022	Lu-Chu Plant	38,812	0.000	0.000	0.000	0.000
	Ta-Fa Plant	11,993	0.000	0.000	0.000	0.000
	Ping-Nan Plant	45,687	0.000	0.000	0.000	0.000



## Waste Management

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

### Positive and negative impacts

Eternal purchases raw materials from upstream suppliers, produces products that meets customers' needs through its proprietary manufacturing process, and then delivers our products to customers around the world. The production, waste gas and wastewater from the manufacturing processes will generate various types of wastes that results in negative impacts, such as:

- ★ **Increase in production costs:** the fact that valuable raw materials will ultimately become waste, and the cost to treat those waste has been on the rise with higher environmental awareness all lead to an increase in production costs;
- ★ **Loss of corporate reputation:** use qualified waste plants that did not properly treat waste, thus posing environmental hazards and potential negative impacts on the Company's reputation.

When waste is properly disposed of, it will have positive impacts as follows:

- ★ **Rebirth of waste:** Understand the characteristics of waste, find appropriate recycling and treatment plants, restore their original functions, or transform them into another form to continue to supply resources to the Earth, rather than just incinerating or burying waste, so that resources can be sustainable utilized;
- ★ **Reduce customer waste:** Evaluate customers' packaging materials, prioritize materials that can be recycled or reused, and establish a comprehensive recycling mechanism to reduce customer waste and disposal costs to ensure resources can be used sustainable on Earth.

### Negative Impact on Value Chain

Our activities or business partners may have negative impacts. Relevant activities or business partners are explained as follows:

- ★ **Upstream (supplier):**  
In order to reduce the negative impact of packaging waste and production costs, the following clauses are explicitly stipulated in the procurement contract;  
(1) Require suppliers to recycle raw material packaging containers;  
(2) Require suppliers to provide large packaging or bulk raw materials according to the company's production conditions;
- ★ **Mid-stream (the Company and employees):** use qualified waste plants that did not  
Various types of waste will be generated depending on different process conditions of the company's production activities, thus resulting in a negative impact of increased treatment costs:  
(1) Waste generated from quality control sampling during the production process (such as waste resin);



- (2) Clean residual raw materials in production equipment (such as reaction kettles) with solvents when replacing products; (such as waste solvents);
- (3) The dehydration waste liquid from the production process of synthetic reactions and substances that were incinerated in an incinerator and deemed as a waste by the competent authority;
- (4) Scraps that were cut off according to customer specifications;
- (5) Dumped empty barrels of raw material packaging containers and dumped pallets that used to carry raw materials;
- (6) Dumped filters from a product
- (7) Waste insulation materials and refractory materials left over by equipment
- (8) Waste generated by pollution control equipment (such as wastewater sludge, incineration bottom ash, and furnace ash);
- (9) Iron scraps, waste paper, waste plastic
- (10) Domestic waste

★ **Downstream (customers or waste treatment plants):**

- (1) Wastes from non-conforming products returned from customers after inspection;
- (2) Wastes that cannot be disposed of internally must be taken care of in a qualified disposal plant.

## Policy and Commitment

- ★ Eternal adopts the "Safety, Health, and Environmental Policy" to prevent any harm and adverse effects of our products on the environment through the design of the manufacturing processes and 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. Therefore, Eternal's waste management policy adopts the "4R Goal" for Reducing waste at the source by Reusing raw materials in the process, Recycling, and Regenerating to take proactive waste management measures to reduce waste output for a sustainable Earth.
- ★ Waste that cannot be treated through the 4R measure should be disposed of and honestly declared in accordance with local government waste regulations.

## Eternal's Waste Management Target

Increase waste reuse rate to **60%** by 2025  
Increase waste reuse rate to **70%** by 2030

## Waste Reduction Measures and Actions

**Reduce waste at the source:**

1. The high-concentration waste liquid from the synthesis and the dehydration processes is formulated and recycled as a raw material.
2. Without compromising the quality of the washing kettle, the process washing solvent is finely managed and reused multiple times to reduce the output of the waste solvent.
3. Reduce high-concentration waste liquid from synthetic dehydration in the process.
4. Purchase high-strength plastic pallets that can be recycled to replace ordinary wooden pallets to reduce the output of waste pallets.
5. The packaging materials are returned in large packages, bulk packages, or packaging containers to suppliers for repeated use.
6. Wastewater sludge is dried and reduced in volume before being outsourced for treatment.
7. Research on solutions to improve filtration efficiency and reduce the output of waste filter materials.
8. The packaging containers of Eternal products are reused in large packaging or recyclable containers to meet customer needs.

**Reuse raw materials in the process:**

1. Resin sampled from the processes is classified for management and put back to the same series of process.
2. The cutting waste is stripped and sorted for recycling, and the parts that contain resin are crushed and put back into the production process as raw materials. Some of them are recycled, while those that cannot be recycled are disposed of as waste

**Recycling:**

Dumped empty barrels of raw material packaging containers are cleaned by a qualified vendor and then repurchased for reuse.

**Waste Regeneration:**

Find appropriate recycling and treatment plants, restore their original functions, or transform them into another form to continue to supply resources to the Earth, rather than just incinerating or burying waste to extend the life cycle of waste. (For example, Solid Recovered Fuel or SRF)

## Reduction Action for Circular Economy

Pass the verification of "BS 8001 Circular Economy Implementation Principles" project.

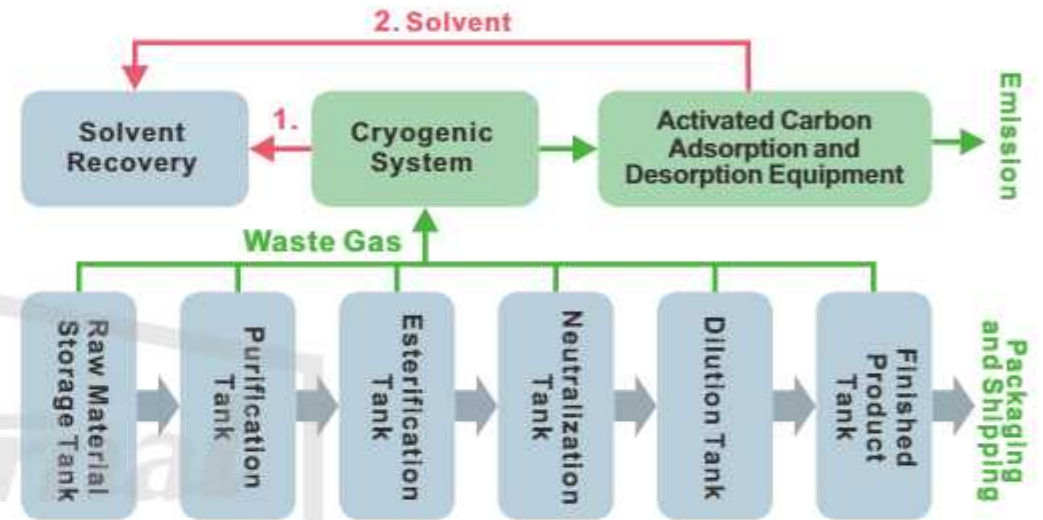
- ★ Reduce waste and reuse resources, take into account the potential of circular economy in each stage of the product life cycle, and develop a business model of circular economy through measures such as reduction, reuse, and recycling. In 2020, our Lu-Chu Plant was the first factory in Taiwan's chemical industry to pass the BS 8001:2017 circular economy "Level Optimizing" audit for its "waste gas treatment and solvent recovery" project.

The solvent (toluene and cyclohexane, etc.) in the waste gas generated by the Lu-Chu Plant is recycled in two stages (cryogenic system recovery in the first stage and activated carbon system desorption recovery in the second stage), with a recovery rate of over 80%. It can save the use of raw materials, reduce air pollution and waste emissions, and replace the carbon emissions from the original combustion control equipment. It is a good example of using low-carbon, low emissions, and energy saving resources.



## Circular Economy Project - Waste Gas Treatment and Solvent Recovery

### Explanation of Waste Gas Flow



**Solvent Recovery Rate of 80%**

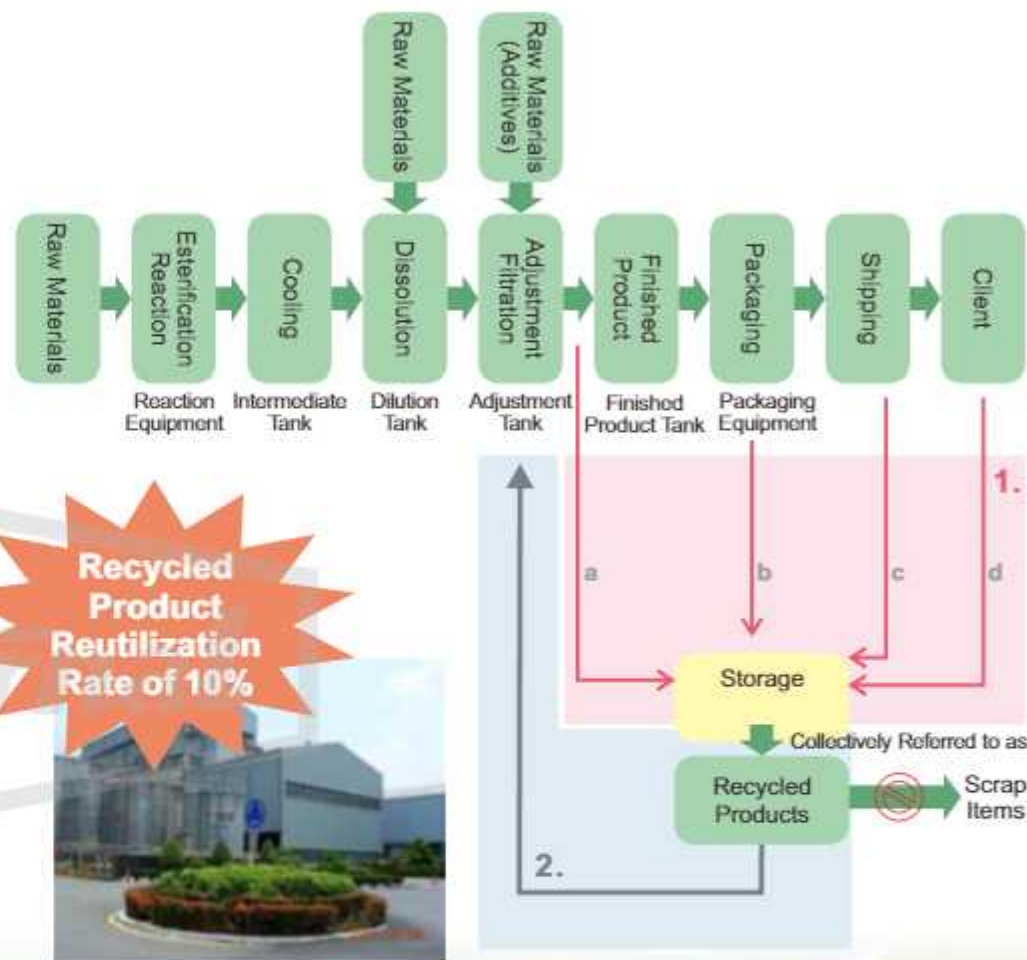


Activated Carbon Adsorption and Desorption Equipment



★In 2022, the Lu-Chu Plant passed the BSI BS8001 Circular Economy “Level Optimizing” audit for the “Unsaturated Resin Recycling and Reuse” project.

When producing new batches of products, the Lu-Chu Plant moderately added recycled products (scrap, long-term stock, returned products, etc.) without affecting product characteristics and applications. The total usage of recycled products from 2020 to 2022 was 12,448 tons.



## Conversion of waste to SRF (Solid Recovered Fuel)

Ta-Fa plant follows the Environmental Protection Administration (EPA) policy of promoting the "conversion of waste to energy" and cooperate with the professional firm on the conversion of waste to Solid Recovered Fuel (SRF), with a resource treatment quantity of 223.6 tons in 2021 and 2022.

## Waste recycling

South China Plant 2 and the East China Plant 1 have separated and classified the waste product into three parts: shaft tubes plastic film and rubber blocks for recycling, contributing to the total recovery material volume of 1,506 tons from 2020 to 2022.

### SRF Processing Flow

#### SRF Operation Process



Slitting Waste



Peeling and Classification



## Track the effectiveness of waste reduction

Eternal implements various waste reduction measures based on the negative and positive impacts that the waste has on Eternal. Eternal tracks effectiveness of these measures and impose them across the company in terms of process optimization and management as explained below:

### ★Process optimization:

- (1) Process optimization and waste reduction issues related to source reduction are reported, managed, and tracked at the group's monthly process technology meetings and quarterly process technology committees. The progress and effectiveness of the managed projects are reported and shared in the meetings to promote waste reduction projects to various production sites at home and abroad;
- (2) Waste reduction management: The issue of waste reduction that can be achieved through refined management of waste classification is reported and tracked at the Safety and Environmental Protection Committee of Eternal Group. The performance of the annual waste treatment declaration of each factory is reviewed periodically and at least at the end of each year. We also developed a tracking system for target plan proposals based on the ISO 14001 environmental management system. Each factory may submit its performance for review anytime or at the end of the year to make sure it carries out the plan effectively.

## Communication and Negotiation with Stakeholders on Waste Reduction Actions

Stakeholder engagement plays a key role in achieving our waste reduction goal. Therefore, it is necessary for the main responsible units of the waste reduction project to communicate and coordinate with their stakeholders to do the same. Taking supplier negotiation as an example, the procurement unit will make sure the supplier will cooperate through negotiation and contracts. If there is any inconsistency or abnormality with the contract terms during the execution period, the plant will report to the procurement unit and then ask the supplier to improve. For waste reduction projects implemented within the factory, we will hold meetings to explain our engineering plans or management measures, train personnel and use the company's Management of Change (MOC) system to keep track of the projects to achieve our reduction goal.

### Management and Audit for Outsourcing Waste

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.

- (1) Classified the composition of waste: The factory waste is outsourced to a qualified third-party testing company to test its composition to determine classification of the waste and qualifications of the proposed treatment plant.
- (2) Sign a waste disposal contract: Before signing the contract, we will review of the vendor's qualification documents. New vendors shall conduct on-site inspections without any errors before submitting electronic documents for review by various departments and signing the contract.

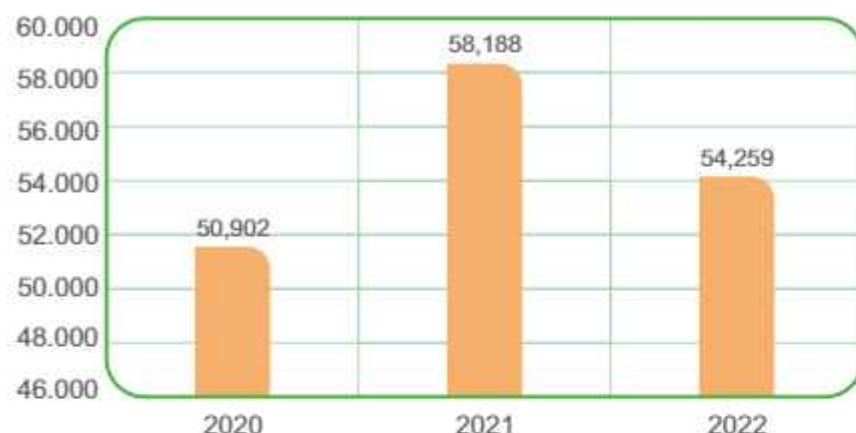
- (3) Waste disposal control: The qualification of the waste disposal vehicle shall be reviewed again before entering the factory. The waste shall be declared before the vehicle leaves the factory.
- (4) Waste disposal audit: The factory may follow or monitor the disposal vehicle using GPS, and conducts on-site visits to the disposal vendor to make sure the waste has been disposed of in accordance with the methods reviewed and approved by the competent authority.
- (5) Implementing internal audit: Follow the audit mechanism of the ISO 14001 environmental management system, establish an audit mechanism for both the factory and the company to ensure that waste is monitored and managed in terms of production, storage, recording, and disposal declaration.

## Waste Output

The industrial wastes from our factories in Taiwan, China, and Malaysia in 2022 were all treated locally instead of overseas. The waste output was calculated based on the standards and declaration regulations of local regulatory authorities of each factory. The total waste volume of Eternal showed a downward trend from 2020 to 2022, with a decrease of 6.75% in 2022 compared with 2021. We will continue to promote waste reduction, take environmentally friendly management measures, and reduce the Company's disposal costs.

Year	2020	2021	2022
Production site	Waste output (ton/year)		
Plants in Taiwan	9,948	10,568	8,536
Plants in China	39,548	45,893	41,916
Plant in Malaysia	1,405	1,728	3,807
Total	50,902	58,188	54,259

## Waste output (tons/year)



## Waste classification and disposal

### Classification and disposal methods

★ According to the new version of the GRI 306:

Waste 2020 Topic Standards, waste classification includes direct disposal and disposal transfer, where disposal transfer includes "preparation for reuse", "recycling", and "recovery". This year, all of our factories only reported information for "recycling" to local regulatory authorities, and have not yet reported detailed information for "preparation for reuse" and "recovery". We will do it in the future.

★ Definition of waste disposal and transfer

- (1) Preparation for reuse: Inspect, clean, or repair products or components that have become waste to prepare them to be used for the same purpose.
- (2) Recycling: Reprocess products or components that have become waste to produce new materials.
- (3) Recovery: Prepare products, components, or materials that are ready to become waste through any operational means, so that they can be used to replace new products, components, or materials that were intended for the same purpose.

★ Waste is classified and disposed of depending on its composition. The waste from our factories in Taiwan, China, and Malaysia in 2022 is shown as below:

Unit: Tons

Unit: Ton

2022		Plants in Taiwan		Plants in China		Plant in Malaysia		Total
		Out of factory	In factory	Out of factory	In factory	Out of factory	In factory	
Hazardous waste								
Direct disposal	Incineration (excluding energy recovery)	453	0	1,835	25,142	0	148	27,578
	Incineration (including energy recovery)	200	2,409	1,021	7,386	0	1,486	12,502
	Landfill	0	0	156	0	0	0	156
	Other disposal means	79	0	0	0	0	0	79
Disposal transfer	Preparation for Reuse	0	0	0	0	0	0	0
	Recycling	92	0	4,710	0	1,544	0	6,346
	Other recycling means	0	0	0	0	0	0	0
Total		824	2,409	7,722	32,528	1,544	1,634	46,661
Non-hazardous waste								
Direct disposal	Incineration (excluding energy recovery)	311	0	42	0	0	0	353
	Incineration (including energy recovery)	696	0	0	0	0	0	696
	Landfill	102	0	22	0	0	0	124
	Other disposal means	432	0	0	0	0	0	432
Disposal transfer	Preparation for Reuse	0	0	0	0	0	0	0
	Recycling	3,762	0	1,603	0	629	0	5,993
	Other recycling means	0	0	0	0	0	0	0
Total		5,303	0	1,666	0	629	0	7,598

- Note: 1. The recycling rate of hazardous waste in Eternal in 2022 (recycling ratio) was 13.60%.  
 2. Other disposal means include solidification treatment, chemical treatment, and heat treatment.  
 3. For our factories in China, dangerous waste is listed as hazardous waste according to China's "Directory of National Hazardous Wastes" (2021).  
 4. According to the new GRI 306 Topic Standards, recycling does not include energy recycling when reporting waste.



## Waste Recycling Rate and Trends

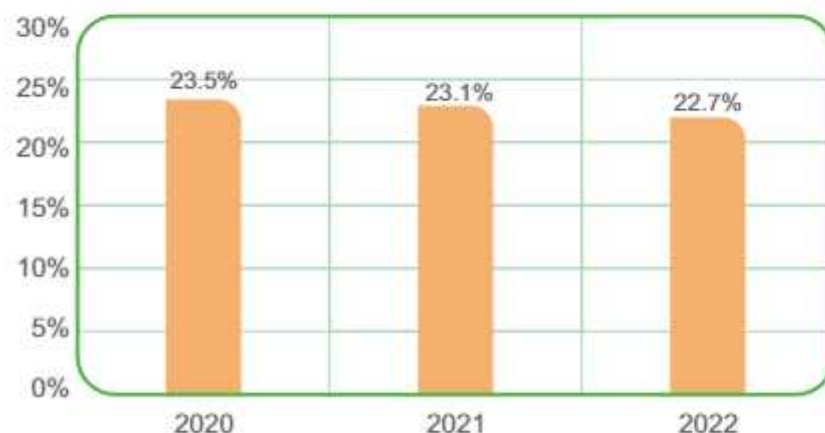
According to Eternal's waste management policy, recycling and resource reclamation are our top priority, and each plant will continue to increase the reuse rate to break through the limitations of the nature of some waste materials and the inadequacy of legal treatment channels and companies.

Eternal reports and disclose its waste output to local regulatory authorities. The waste reuse rate (%) is equal to the total amount of disposal and transfer/ (total amount of disposal and transfer + total amount of direct disposal) \*100%. After recalculating the waste reuse rate over the past three years, the following table shows that the reuse rate is low, which is due to the lack of "preparation for reuse" and "recovery" statistics. Therefore, we will calculate the waste of "preparation for reuse" and "recovery" and disclose in the second half of this year to continue to improve waste reuse efficiency and carry out resource management tasks.

### Waste reuse rate in Eternal:

Production site	2020 Reuse rate (%)	2021 Reuse rate (%)	2022 Reuse rate (%)
Plants in Taiwan	46.3	47.0	45.2
Plants in China	15.9	15.6	15.1
Plant in Malaysia	76.0	75.4	57.1
Total	23.5	23.1	22.7

### Waste recycling rate (%)



### Waste reuse rate in our factories:

Plant	2020	2021	2022
	Waste reuse rate (%)		
Lu-Chu Plant	67.24	62.86	56.38
Ta-Fa Plant	52.83	61.35	66.03
Ping-Nan Plant	29.86	29.03	27.89
South China Plant 1	78.05	71.11	60.89
South China Plant 2	71.78	72.94	63.89
Chengdu Plant	2.28	4.54	4.42
Chongqing Slitting Plant	54.91	53.28	47.28
Guangdong Plant	15.18	15.99	16.87
Zhuhai Plant	3.10	2.78	3.26
Northeast China Slitting Plant	20.22	48.03	59.25
East China Plant 1	58.86	65.48	72.12
Kunshan Chemical Plant	35.39	40.92	34.31
Tianjin Plant	78.74	67.93	65.21
Changshu Plant	81.88	92.14	91.22
Suzhou Plant	34.64	34.83	48.42
Malaysian Plant	76.01	75.41	57.08



## 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 legislative 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' willingness to invest.

### Management Method

#### Policies and Systems

- 1.The Company's safety and environmental policies include [comply with regulations and meet all requirements] which are exemplified in Eternal's culture of "compliance with laws, integrity, and moral values."
- 2.Implement compliance inspection measures and identify compliance with new or amended government policies regularly, conduct compliance assessment, and respond and track.
- 3.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

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

#### Environmental compliance effectiveness assessment method

- 1.Formulate a plan in accordance with the Law Review Management Procedures and regularly and comprehensively review the compliance with environmental regulations.
- 2.Conduct inspections around the plants regularly and from time to time to check if the on-site operation is in compliance with environmental regulations.

- 3.The non-conformity improvement review and follow-up are sent to the factory manager for approval. We also review the non-conformity improvements in the prior year in the annual environmental management system management audit.

## Environmental violations between 2020 and 2022

### 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 identified in external audits, to meet legal standards and achieve the goal of zero fine within the Company.

Environmental violations between 2020 and 2022 are as follows:

Year	Plant	Date of violation	Details of violation	Amount of fine	Improvement project
2020	Kunshan Chemical Plant	2020/5/11	The concentration of fluoride in wastewater exceeded the standards	120,000 (CNY)	1.Establish water quality self-inspection capability. 2.Install coagulation treatment equipment.
2021	-	-	None	0	-
2022	Changshu Plant	2022/11/27	Device component (LDAR) VOC exceeding standard	29,000 (CNY)	1.Component leakage risk level and self-check. 2.Frequent self-checks after component operations. 3.Non typical component self-checks. 4.Infrared instrument scanning and inspection. 5.Inspected by a commissioned inspection company for data comparison. 6.The list of components is always up to date.
	Tianjin Plant	2022/8/1	The concentration of VOC emission in sample connections exceeded the standards	100,000 (CNY)	1.Optimize the RTO pre-treatment system and dampers. 2.Add a deep cooling device for process waste gas.
	Tianjin Plant	2022/12/7	No proof of environmental impact assessment approval procedures for the styrene exhausts vents	30,000 (CNY)	1.Blind seal and add a breathing valve with a flame arrester. 2.Add a dedicated micro-oxygen nitrogen sealing device for styrene storage tanks.

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



## Green R&D Innovation

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

### Impact

Rising temperatures are posing a threat to our living space, along with the emergence of extreme weather that challenges how we adapt to the environment around us. As the environment is being destroyed along the way, the beautiful Earth seems to be losing its original brilliance. How to restore the vitality of the Earth and ensure all life can live happily and sustainably on Earth has become an urgent task! As a leading supplier of various materials, Eternal attaches great importance to research and development innovation and sustainable environmental development. In addition to focusing on the continuous development of low-carbon products, implementing resource recycling and reuse, and reducing carbon emissions, it also focuses on the promotion of environmentally friendly products and green chemistry for safer alternatives to reduce negative impacts on the environment and leave a beautiful environment for future generations.

### Goals and Results

#### Medium to Long Term Goals

	Base Year 2021	2030 Vision	SDGs Related
Green product sales <sup>1</sup>	8.4 billion	Up by 50%	
Sales revenue of green energy / energy-saving material	1.44 billion	Up by 50%	
Use of Substances of Very High Concern (SVHC)	4600 ton	Down by 40%	

Note 1: This year, we define green products according to the 12 principles of green chemistry and identify green energy / energy-saving material.

#### 2022 Results and 2023 Goals

	2022 Results	2023 Goals
Green Product Sales	8.69 billion	9.26 billion
Sales revenue of green energy / energy-saving material	1.82 billion	1.59 billion
Use of Substances of Very High Concern (SVHC)	Down by >5%	Down by 5% continuously

### Development approaches and policies

To develop materials that reduce environmental pollution, green energy, 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 (eco-friendly) products to reduce VOCs emissions.
- ★ Emphasize resource reuse and incorporate the concept of circular economy into product design.
- ★ Develop environmentally friendly/green energy materials to promote low-carbon transformation.

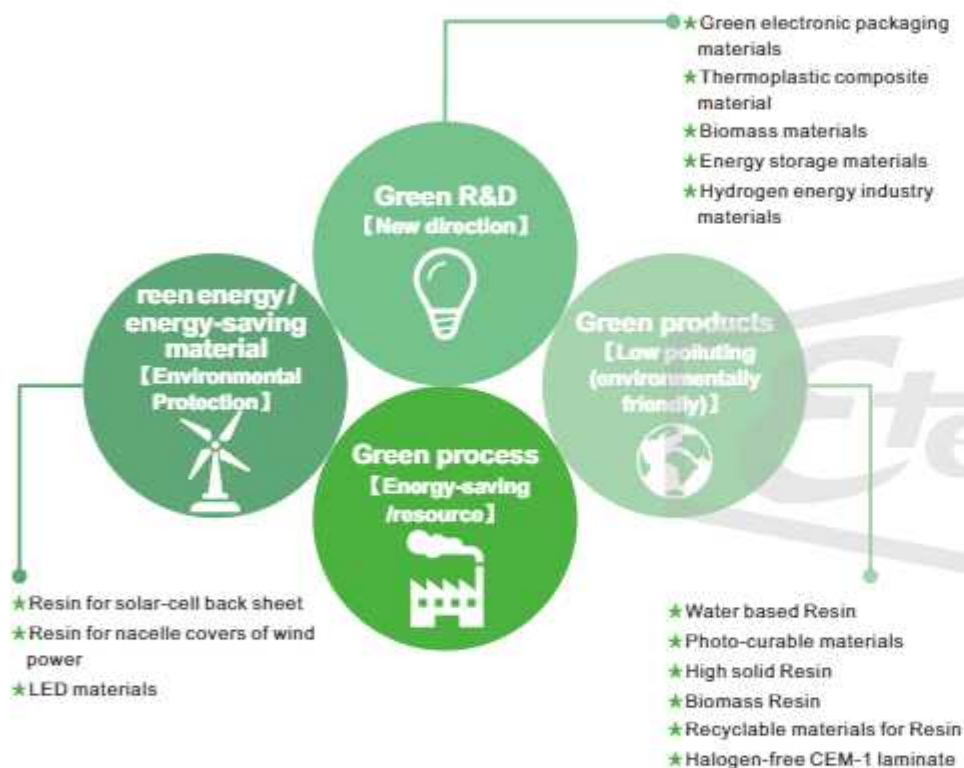
### Effectiveness Assessment and Tracking

Develop a green activity plan, regularly track research progress for improvement according to PDCA, and calculate sales of relevant green products.



## Green R&D products

With innovative research and development in mind, we will develop low pollution and environmentally friendly green products 1 to reduce the harm to the Earth's environment and biological health. We will also develop green energy materials as part of the green energy-saving campaign. We will continue to invest R&D resources in green activities to develop new products.

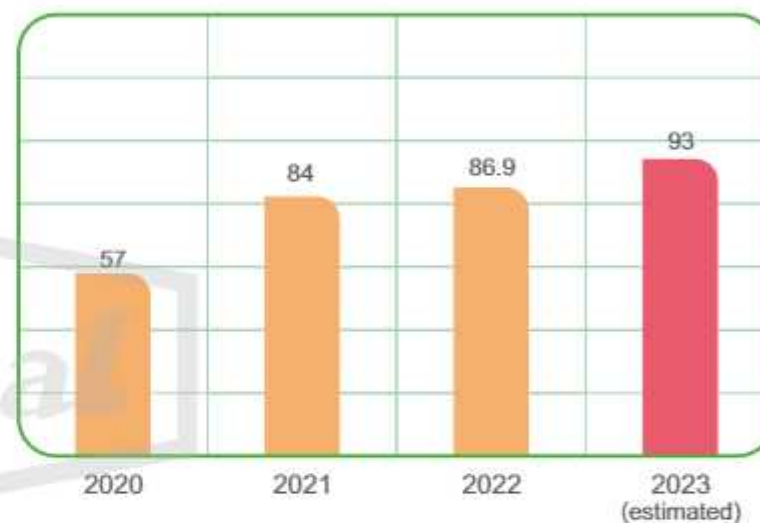


## Green products

### Implementation results

Eternal focuses on the research and development of green products, and our sales green products break record every year. Our 2022 sales were over NT\$8.69 billion and it is estimated the sales of green products will exceed NT\$9.3 billion in 2023.

Total sales (in NT\$ millions)



### Water based Resin

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 aqueous resins. We have reduced VOC from the beginning of product design, developed eco-friendly coatings, and reduced VOCs emissions during the resin production process. Meanwhile, we take actions to actively replace the chemicals of high concern with water-based 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.

We have developed a variety of water-based products, including polyurethane dispersions and water-soluble acrylic, and acrylic emulsion that does not contain formaldehyde or APEO. Polyurethane dispersion is a new generation of green and environmentally friendly technology. It uses water as its dispersion medium. It is a non-toxic, environmentally friendly, and non-flammable substance that has been widely used in various fields such as textiles, leather, inks, and adhesives.



## Waterproof Breathable Waterborne Resins

### Introduction

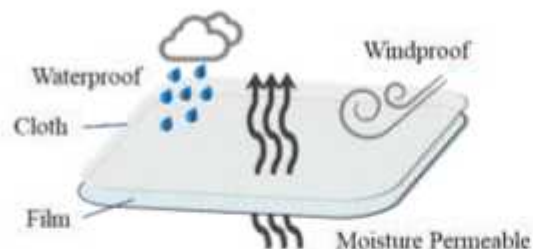
Waterproof breathable waterborne resins could effectively block rain and allow the sweat to be quickly removed, It has the advantages of environmental protection, less toxicity.

### Performance

- ★ High water vapor permeability
- ★ Windproof and Waterproof
- ★ Soft and dry

### Applications

- ★ Rain wear and windbreaker
- ★ Good Washability



## Water-based acrylic and polyurethane resins for leather

### Introduction

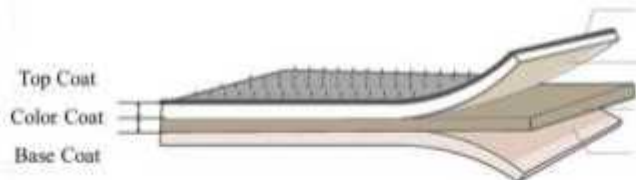
The water-based acrylic resin can be used as a base coat for natural leather to repair damaged leather and give it a soft and delicate feel. Polyurethane can be used as a top coat for brightness or extinction of the leather surface.

### Performance

- ★ Excellent hot water resistance
- ★ Excellent toluene resistance
- ★ Embossing resistance and shape setting
- ★ Good gloss and matte effect
- ★ Excellent cold resistance

### Applications

- ★ Shoe upper leather
- ★ clothing leather
- ★ sofa leather
- ★ Leather wrap
- ★ All kinds of leather



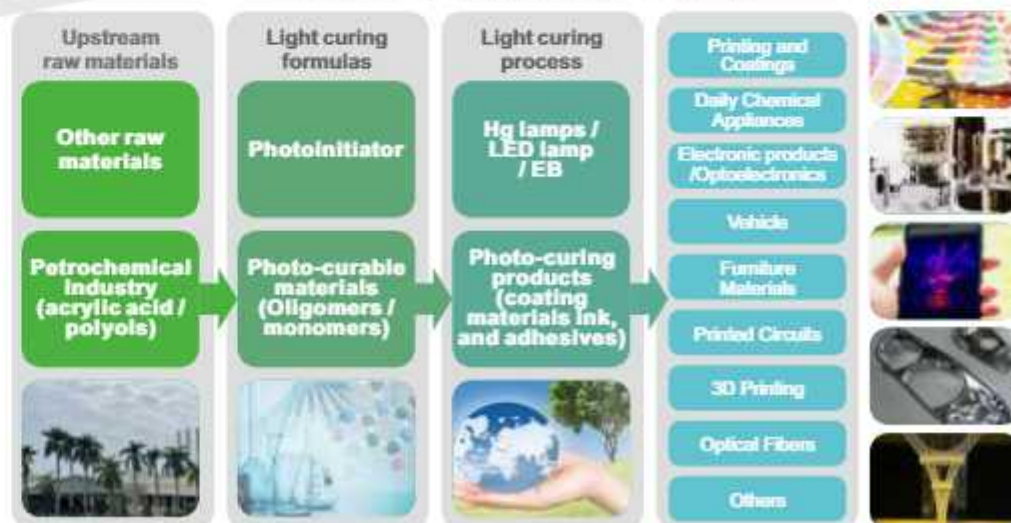
## Photo-curable materials

We have experienced in field of photo-curable technology and relevant novel materials for nearly 30 years. The photo-curable coatings are lit by UV/LED light to induce a series of free radical polymerization reactions through photoinitiators within unsaturated reactive species, and the cross-linking polymerization is further completed in an instant (0.1 to several seconds). Due to the instantaneous growth of the polymer molecular weight of the coating, it endows it with high hardness, chemical resistance, and weather resistance properties. And it works well on thermal sensitive substrates. Conventional coatings use a large number of solvents, which can harm personnel and the environment during the application process. Photocuring technology do not have the aforementioned disadvantages and the energy consumption is only 1/5 to 1/10 of that compaction of solvent based thermal curing systems. It is an energy-saving, environmentally friendly, and efficient industrial technology.

Photo-curing technology has been widely used in various coatings (such as daily chemicals necessities, cases of electronic products, furniture, and hard coatings), inks (such as offset printing, flexo printing, digital inkjet printing, and varnish), adhesives (such as optical adhesives, pressure-sensitive adhesives, transfer adhesives, and hotmelt adhesives), and even in 3D printing and acrylic lenses (as the diagram of the UV light-curing industry chain). Moving forward, we keep actively developing of water-based UV materials and adopting sustainable raw materials. These strategic measures are crucial in our pursuit of reaching the emission peak and attaining carbon neutrality in the future.



## Photo-curing Industry Chain





## ● High solid Resin

Eternal protects the environment by developing resins for solid coatings (with a solid content of over 80%), polyaspartic ester, polyester polyol, powder resin powder resin, moisture cured polyurethane among other products. We have sold high solid content products with over 12,000 tons of resin. The resin used for high solid content coatings is characterized by its high solid content that can reduce energy consumption in baking and curing, and VOC volatilization, and gradually replacing traditional solvent based coating resins.

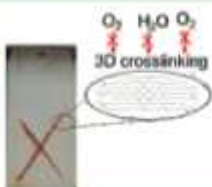


Application of polyester polyols in PU related products

## ● Biomass Resin

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 been engaged in R&D of bio-based polyols 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.



Water-based alkyd resins for corrosion prevention purposes



Crosslinker agent made from cashew nutshell liquid (CNSL) used for Epoxy coating for anti-corrosion.

Eternal has been committed to develop new technologies for the conversion of renewable raw materials to chemicals. PET (Polyethylene Terephthalate), which is one of the most commonly used plastics in food packaging. Although mechanical recycling processes are successful in effectively recovering waste bottle to fabrics. The mechanical processes inevitably reduces the molecular weight and weakens the mechanical properties of PET polymer. This way is not suit for mixed plastic materials and food residual container, such as soy sauce bottles and oil bottles. Recently, we has developed a chemical recycling method that can convert colored and mixed colored bottle pieces into the chemical raw materials for synthetic resins, successfully converted the waste into low carbon-footprint and high-purity raw materials.



## ● Recycling products

### ★ "Recycled 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 tons. The sales reached about 700 tons in 2022 and are estimated to reach 800 tons in 2023.

### ★ Recycling and reuse of by-products from processes

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 quality of the products, to reduce waste for less burden on the environment.



## ● "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.

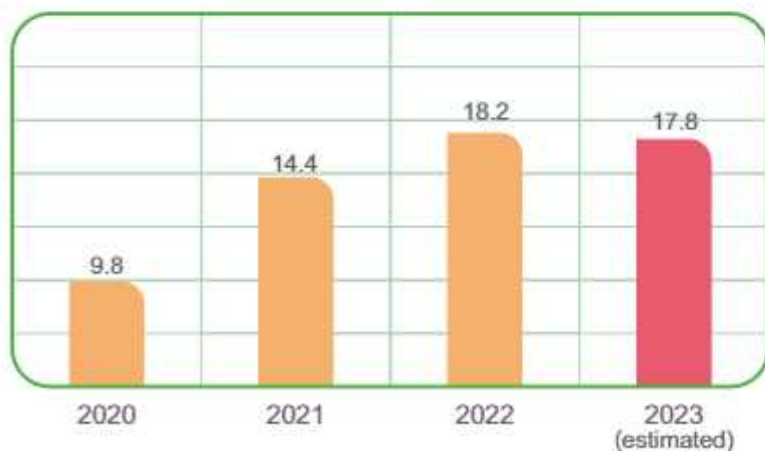
The ETL-CEM1-507 product developed by the Company is a grade V-0 halogen-free CEM-1 composite laminate with high leakage resistance and a grade V-0 halogen-free paper substrate ETL-FR1-207. The product meets the EU RoHS and other international regulations on restricted substances. The halogen has also passed the SGS test and met international standards. The content bromide (Br) is less than 900 ppm, chloride (Cl) less than 900 ppm, and total halogen less than 1500 ppm.

## Green energy / energy-saving materials

### Implementation results

Eternal is dedicated to developing renewable energy and energy-saving products and providing high-quality materials. In 2022, our sales of green energy /energy-saving materials reached over NTD\$1.82 billion.

Total sales (in NT\$ millions)



### ● Resin for solar-cell back sheet

In order to contribute to the green energy industry, Eternal uses its fluorocarbon resin in solar backboards. In addition to its good bonding with PET in the backboard, fluorocarbon resin also provides structural stability, acid and alkali resistance, UV resistance, and even deformation resistance. It provides excellent long-term protection for backboard materials, ensuring that the inner layer of the backboard and PET surface do not fall off, pulverize, or even crack even after high temperature, high humidity, and exposure testing to extend the life of the backboard.

In addition, the coating of laminated backboards also meets the industry's cost reduction needs and can accelerate the popularization of solar energy applications.



### ● Resin for wind turbine hood and resin 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.

### ● Encapsulation Material's of Mini-LED/LCD

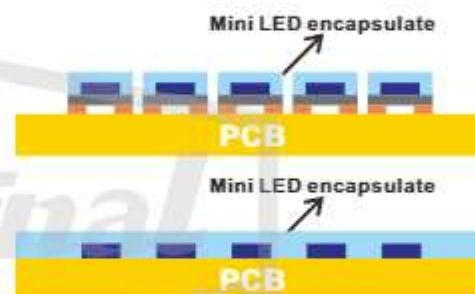
Since the end of the 20th century, the display industry has evolved from traditional CRTs (cathode ray tubes) to liquid crystal displays (LCD) mostly used in computers, televisions, mobile phones, or tablet screens. An LCD panel cannot emit light itself unless is used with a backlight module to display color through the LCD layer and color filter. Even though LCD panels are still much thinner than CRT displays, the market is consistently seeking lightweight displays and actively developing mini LED display technology, a backlight module panel technology that combines energy conservation and high contrast and resolution. LCD panels require a backlight module to display color through the LCD layer and

As a technology between traditional LED and Micro LED, Mini LED can provide a highly curved backlight when used with a soft substrate. With a local dimming design, it has better color rendering and energy-saving effects of up to 80%, comes with smaller HDR zones on LCD panels, and with a thickness close to OLED. Therefore, it is the best fit for products such as mobile phones, televisions, car panels, and gaming laptops due to its energy-saving performance, smaller size, HDR and irregular display backlight features. With the local dimming design, it can produce high color rendering and brightness that create better resolution than OLED displays, saves energy at least 50% better than OLED, and has a longer service life. We look to forward its future development.

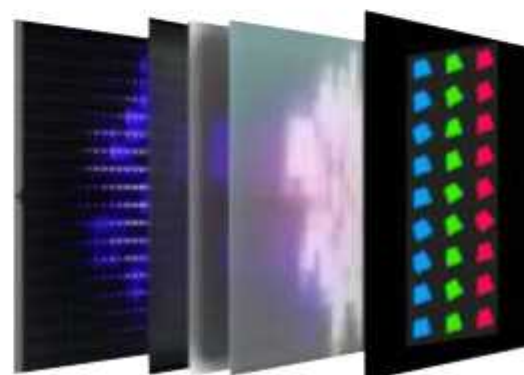
Our silicon material team has gained insight into the research of key silicon packaging materials for miniaturized LED chip displays to gear up for new Mini/Micro LCD displays. With its robust testing capabilities for advanced instruments, the R&D team has been making breakthroughs. With high activity packaging reaction polymerization rate, low modulus, anti-warping and anti-adhesion properties, the material of this optical organic silicon packaging adhesive can produce integrated Mini LED backlights that can be packaged in a whole plate for mass production to achieve

high partition (small chip spacing) and thinner size. It can be used in 3C products such as tablets, laptops, high-end televisions and screens. Its Mini LED-backlit LCD can produce high-contrast images, and the brightness (nit value) of the panel is higher than that of OLED panels. The display has a longer life and better power-saving effect than OLED and traditional LCD panels. Since 2021, we have begun mass production of our Mini LED packaging adhesives in an electronic grade production workshop with low dust emissions to produce more industrial products.

In addition to the packaging material for mini LEDs, Eternal's silicon material can also be used for chip packaging in LED bulbs. Compared to traditional energy-saving bulbs, LED bulbs require lower wattage to produce the same brightness (lumen). Generally speaking, the luminous efficiency of energy-saving bulbs is about 60 lm/W, while that of LED bulbs is about 100 lm/W. With the same brightness, LED bulbs save about 60% of energy.



LED emitter



Mini-LED  
Mini-LED backlight unit  
Micro-LED  
Micro-LED direct display



## Green R&D [New Direction]

Eternal actively develops green products and green energy materials. Currently, 45% of our 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, thermoplastic composite materials, biomass materials and energy storage materials, and hydrogen industry material 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.

### ● Energy storage materials

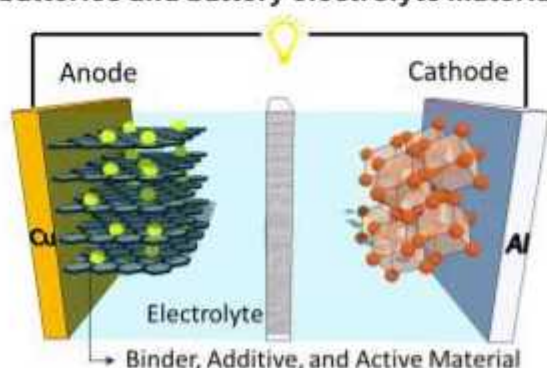
Countries around the world have pledged to achieve carbon neutrality. Renewable energy has become a critical source to generate power in the future and also boosted business opportunities in the energy storage market. As battery energy storage can achieve safe and efficient green energy generation, it 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 oil-based PVDF and those produced through reaction with high energy consumption.

We have developed a new type of water-based adhesive to replace the traditional oil-based 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**



## Management of Chemical Safety(GRI 416-1) (GRI 417-1)

### 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.

### Commitment

- ★ Focus on source management and systematically manage chemicals
- ★ Gather green chemical information from around the world to continue to promote green and safer chemical alternatives.
- ★ Clearly label chemicals to allow users to understand the hazards and increase the safety of use.

### 2022 Results and 2023 Plan

#### 2022 Results

##### Optimize the electronic system for managing chemicals

- ★ Create a date archive notice (composition information for raw materials as the basic data for raw material inventories)
- ★ Incorporate SVHC, Taiwan and China regulations into our SAP system
- ★ Use electronic confirmation forms for use of chemicals, check against legal compliance before using chemicals

##### Green and safer chemical alternatives

- ★ Raw materials used in Taiwan will be substituted in 32 projects according to the list of SVHC (Substances of Very High Concern), SIN (Substitute It Now), and Taiwan Toxic Chemical Substances.
- ★ Conduct a group-wide inventory on controlled chemicals

#### 2023 Plan

##### Optimize the electronic system for managing chemicals

- ★ Incorporate Malaysia regional regulations into our electronic system
- ★ Have an early warning function when checking against legal compliance for chemical purchase request

##### Green and safer chemical alternatives

- ★ The R&D management system automatically calculates the effectiveness of green R&D
- ★ Based on the results of the inventory on raw materials, we will develop our green substitution plan and include it in the management of research cases
- ★ Manage at the source by excluding the use of substances on the SVHC list for new raw materials.
- ★ Manage at the source by reducing the procurement quantity of raw materials by 5% for substances listed in SVHC, and procuring less of them every year.



### Implementation and plan for optimizing the electronic system for managing chemicals

In order to fully understand the types of chemicals used by Eternal, we began to create the composition of existing raw materials in our system in 2022. New raw materials will be recorded in an electronic form called "Composition Archive Notice" when requesting source materials to remind personnel to remotely control the input of new raw material composition into the system to avoid omissions. The use of chemicals will be inspected based on the raw material database.

To comply with regional regulations, we incorporated SVHC, Taiwan, and China regulations into the SAP system in 2022. Based on the regulatory system database, we managed the electronic system for all chemicals and developed the "Chemical Use Confirmation Form". Before purchasing and using chemicals, we will identify whether they are controlled chemicals to initiate relevant chemical management measures.

In 2023, we will impose Malaysian control regulations, refining and completing our regulatory system database. We will also add new features to our procurement system to check against legal compliance when purchasing raw materials and notify EH&S to prepare for the job.

### Implementation and Plan for Green and Safer Chemical Substitutes

In 2022, we developed 32 plans of the chemicals listed in SVHC (Substances of Very High Concern), SIN (Substitute it Now), and Taiwan Toxic Chemical Substances. 16 concern materials will be substituted, while another 6 materials will be used less in the formula. Conduct a group-wide inventory on controlled chemicals

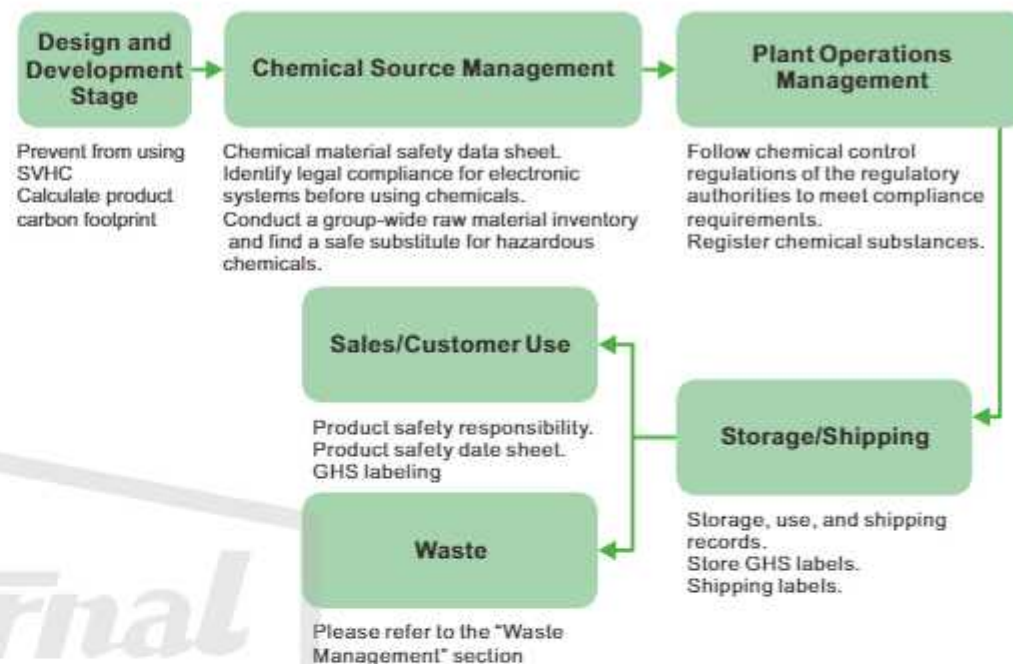
In 2023, we will continue to implement our green substitution plan for controlled chemicals in SVHC, Taiwan, and China and manage them in our R&D management system. Our electronic system research plans will be classified by the type of green R&D product, and the product sales will be automatically recorded in the system.

### Chemical Safety Management Procedure

We will impose 12 green chemical principles in our product design and development stage to exclude chemicals that are harmful to the environment or human health. To support the global effort to achieve net zero emissions, we will calculate carbon emissions from the product during its R&D stage and take into account product emissions when designing and developing a product.

Conduct chemical safety management while taking into account the lifecycle of the chemical. Before using a chemical, we will check and control the source of the chemical, and use an electronic system to identify the types of the chemical to and ensure compliance with international laws and environmental regulations. We will gather green chemical information from around the world, inspect the use of chemicals on a regular basis to reduce the use or prohibit the use of toxic chemicals, and seek alternative green chemicals.

### Chemical Safety Management Procedure



### Plant Operations Management

Eternal pays attention to international chemical laws and regulations, regularly checks regulations, conducts compliance identification, and evaluates company procedure compliance. We continue to improve our operating procedures using PDCA, develops relevant chemical management procedures, and ensures that the operations of each factory comply with local regulations. We also hold education, training, and advocacy campaigns to make our employees more aware of chemical hazards and regulations.

To fully communicate the hazards of chemicals, the name and hazard information of the chemicals should be clearly marked in the local language in chemical storage sites, while shipping and loading, and on 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 to protect themselves and use chemicals safely. The safety and environmental protection unit at each plant will conduct inspections regularly or from time to time to confirm the effectiveness of the implementation. Record the amount and status of the chemical being used based on the characteristics of the chemical, such as the storage of public hazardous materials or toxic and substances of concern, to comply with regulations and reduce chemical risks.



## Chemical substances registration

According to local chemical substance registration regulations, we have registered our chemical substances in the European Union, Taiwan, and other countries.

### Chemical substances registration

Declaration of new and existing chemical substances in Taiwan with 1,551 chemical substances declared in 2021.

We have completed standard registration of two existing chemical substances in Taiwan.

Completed 30 registrations in REACH.

Completed 54 pre-registrations in Korea.

Completed 111 pre-registrations in Turkey.

## Product Safety Management

Through legal verification and identification, we can keep up to date and comply with regulatory requirements related to product production and sales, analyze product composition, provide product safety data sheets and labels, communicate hazard information, develop remedial and response measures for customers.

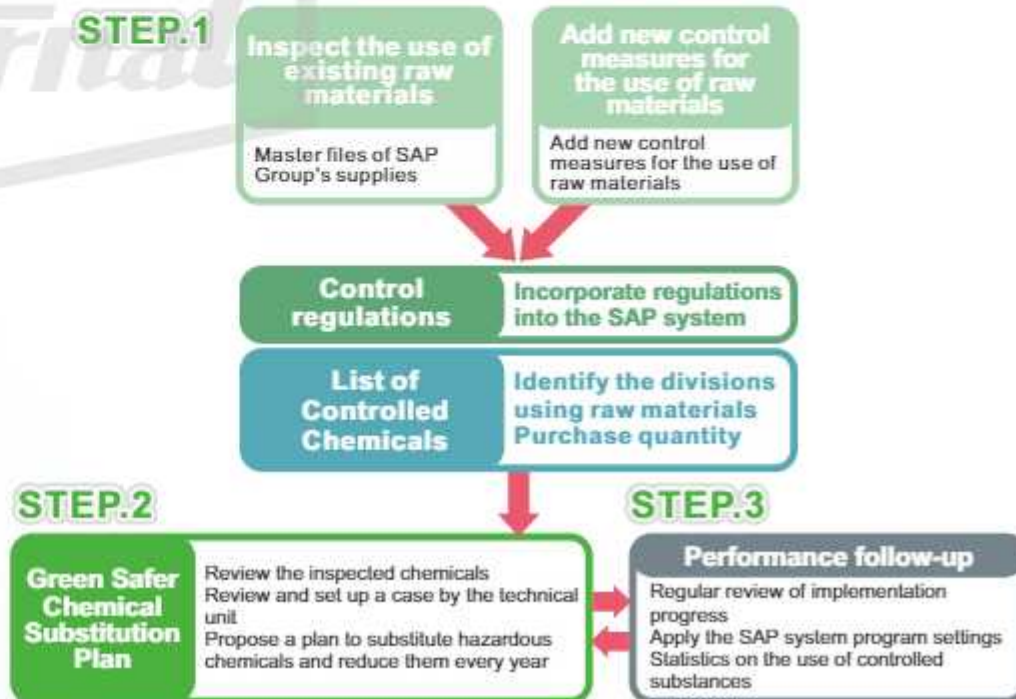
## Chemical analysis and testing

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.

## Promote green and safer chemical alternatives

1. We inspect master files of existing chemical raw materials used by the Group and confirm the list of controlled chemicals used by each business unit.
2. Each business unit using such chemicals will draw up a green safe chemical substitution plan, and the technical management unit will follow up on the performance and regularly review the implementation results.
3. 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.
4. Stop using substances on the SVHC list as new raw material.
5. Each business unit should propose a SVHC substances reduction plan and adjust research plans and sales strategies accordingly.
6. We will track and calculate the purchased SVHC substances on a quarterly basis, and review the progress of the SVHC reduction plan. We will also report the progress during management meetings chaired by the General Manager to make improvements.

### Implementation Procedure for Green and Safer Chemical Substitutes for Hazardous Chemicals





## Inclusive Workplace

### 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

1. The Company implements human resource affairs in accordance with relevant human resource management rules. We regularly review and propose improvement plans.
2. 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 on illegal discrimination", "prohibition of child labor", "prohibition on 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

1. The Company's employees and job seekers can provide feedback on work-related matters or the Company with the Employee Complaint Mailbox.
2. 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 Workplace Protective Measures Complaint Procedures, and aim to close the case within three months.

### 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 on illegal discrimination", "prohibition of child labor", "prohibition on 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, Eternal adheres to internationally recognized human rights standards such as the International Bill of Human Rights and the International Labor Organization's Core Treaty on Labor Standards Protection, and publicly disclose "Eternal Human Rights Policy" on the company's website <https://www.eternal-group.com/WebData/Director02>.

In addition to clearly describing its application to stakeholders such as the company itself, supply chain, and partners, and regularly reviewing internal employee rights related measures and procedures, the policy is committed to safeguarding and implementing labor rights. In 2022, our global operating sites had no significant violations of human rights.

A total of three important operating sites were assessed for human rights issues and impact, accounting for 66.3% of all sites. We conducted the assessment by having employees sign a labor contract, which is 100% in compliance with the local labor regulations.

2022	Taiwan	China	Malaysia	Total
Total number of employees	2038	2255	250	4543
Number of employees who signed a written contract	506	2255	250	3011
%	24.8%	100%	100%	66.3%

#### Notes:

1. The above three regions are the Company's important operating sites.
2. Employees refer to full-time personnel, contract workers, and dispatched workers
3. New employees recruited after May 18, 2018 in Taiwan have signed a written labor contract.



## Establish Human Rights Due Diligence System Management Procedure

To ensure that all of our operating sites comply with labor human rights management policy and each supervisor and employee can implement this policy in their daily life, we began to establish a human rights due diligence procedure starting from the fourth quarter of 2022.



Eternal Human Rights Policy was approved by the general manager and chairman in October 2018 and then reviewed and approved again by the newly elected general manager in June, 2019 to keep up to date with domestic and international human rights situations. In addition, the risk identification of human rights issues is based on relevant international human rights issues, internal and external audit results to identify human rights issues that should be given more attention, review internal management procedures, and develop mitigation measures. At present, we carry out human rights management for issues of high concern, such as "child labor and underage labor", "prohibition on forced labor", and "prohibition of workplace violations". In 2023, we will begin to investigate risk probability and possible severity to carry out subsequent risk identification and prevention to safeguard the company's human rights policy.

Eternal will review policies and internal standards to ensure the comprehensiveness of all management measures. Relevant human rights risks can be effectively controlled and reduced through internal electronic system management, internal and external audits, smooth communication channels, and training.

### (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 reviewing 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 not 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.

### (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.



### (3) No Illegal Discrimination in the Workplace

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 two complaints from employees in Taiwan during 2022. After understanding and investigating these 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/Year	Region	Taiwan		Mainland China and Other Regions	
	Incident Category	Complaint	Processed and case closed	Complaint	Processed and case closed
2020	Sexual harassment incidents	0	0	0	0
	Workplace violence	0	0	0	0
	Other complaints	0	0	0	0
2021	Sexual harassment incidents	0	0	0	0
	Workplace violence	1	1	0	0
	Other complaints	2	2	0	0
2022	Sexual harassment incidents	0	0	0	0
	Workplace violence	1	1	0	0
	Other complaints	1	1	0	0

Table of Issues of Concern

Issue of Concern	No child Labor	Prohibition on Forced Labor	No Illegal Harm and Discrimination in the Workplace
Impact	To maintain social equality and labor rights, the company has strict regulations regarding the age of new employees.	To safeguard labor rights and prevent forced labor from impacting all employees.	If there are no clear regulations to prevent workplace violations and discrimination, it will have an impact on all and new employees.
Those being affected	The Company and all staff	The Company and all staff	The Company and all staff
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.	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.	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 set a reminder function in the overtime application system and inspect the overtime situation at each plant regularly.	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 and discrimination 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.	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.



## Human Rights Protection Measures and Training

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 2022 was 239.82 in Taiwan; each trainee received an average number of 0.1 hours of training, and the training rate was 100%; in China, there were a total of 235.62 hours; each trainee received an average number of 0.1 hours of training, and the training rate was 88.3%. The number of total training hours in Malaysia was 100.5 hours, or 0.5 hours per trainee. 80.4% of our Malaysia employees attended the training. 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:

- (1) 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.
- (2) Provide online courses on workplace violence prevention and control, including workplace violence (including sexual harassment) prevention, and violence incident handling and complaint methods.

## Employee 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. In addition, the company respects the freedom of our employees to form associations and organize trade unions in accordance with the law. Therefore, each subsidiary in Taiwan and China has its own trade union, and the proportion of employees in the Group participating in trade union organization is 82.9%. Among them, two subsidiaries (PM South China Plant and Suzhou Material Plant) have signed group agreements with the trade union (accounting for 11.2% of all regular employees in Eternal).

We hold regular labor-management meetings in Taiwan every year. When there are significant changes in company issues or laws/policies, we also hold communication meetings to negotiate and discuss these matters. In 2022, we held 4 labor-management meetings and senior management seminars and 4 meetings of the Employee Welfare Committee in Taiwan. 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. 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.

Since 2018, Eternal has begun to conduct an employee engagement survey every two years. In 2022, the survey was conducted in Taiwan and China subsidiaries, and also in our Malaysia plant for the first time. We surveyed a total of 4,580 employees in the Group (93.2% of all group staff), and received 3,268 questionnaires (71.4% of the surveyed employees). The survey shows that the engagement rate in 2022 was 54%, slightly lower than the previous period (55% in 2020). Lower scores can be seen in "Employment" and "Executive Leadership" in the survey, indicating that the external factor mostly come from a talent market that is shrinking and suffering from under supply due to low global birth rates, while the internal factor comes from the fact that our employees have no access to company policies or messages and expect to have more engagement or understanding of the company's vision and development. According to analysis of the survey results, a summary of what improvements can be made is provided:

1. Strengthen corporate brand building externally, promote culture and build consensus internally;
2. Strengthen the connection of salary and bonus systems with organizational/individual performance, and increase the proportion of variable salaries.
3. High-level executives in each business unit take the initiative to get long-term vision and short-term goals across to mid to lower-level executive to build consensus.
4. Encourage departmental supervisors to engage in more internal communication, conduct communication forums at all levels, and engage in multiple internal communication channels (such as the current factory monthly and daily meetings) to share information about industrial safety and health, the current operational status and future prospects of each business unit to create a work atmosphere that shares information and operational status of the company.
5. Praise employees for their good deeds in public and shape positive organization culture and behavior model.

## 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 2022, a total of 20 employees applied for maternity leave without pay, including 13 male and 7 female employees. The reinstatement and retention rates are shown below.



Year	2020		Total
Item \ Gender	Male	Female	
Number of employees eligible for unpaid parental leave during the year(A)	165	34	199
Number of applicants for unpaid parental leave during the year (B)	5	13	18
Number of employees expected to be reinstated from unpaid parental leave during the year (C)	5	12	17
Number of employees actually reinstated during the year (D)	4	12	16
Reinstatement rate (D/C)	80%	100%	94%
Number of employees reinstated in the previous year (E)	3	9	12
Number of employees reinstated in the previous year and have worked for more than one year (F)	3	9	12
Retention rate after unpaid parental leave (F/E)	100%	100%	100%

Year	2021		Total
Item \ Gender	Male	Female	
Number of employees eligible for unpaid parental leave during the year(A)	167	28	195
Number of applicants for unpaid parental leave during the year (B)	4	6	10
Number of employees expected to be reinstated from unpaid parental leave during the year (C)	3	4	7
Number of employees actually reinstated during the year (D)	2	4	6
Reinstatement rate (D/C)	67%	100%	86%
Number of employees reinstated in the previous year (E)	4	12	16
Number of employees reinstated in the previous year and have worked for more than one year (F)	3	12	15
Retention rate after unpaid parental leave (F/E)	75%	100%	94%

Year	2020		Total
Item \ Gender	Male	Female	
Number of employees eligible for unpaid parental leave during the year(A)	136	29	165
Number of applicants for unpaid parental leave during the year (B)	13	7	20
Number of employees expected to be reinstated from unpaid parental leave during the year (C)	10	8	18
Number of employees actually reinstated during the year (D)	9	8	17
Reinstatement rate (D/C)	90%	100%	94%
Number of employees reinstated in the previous year (E)	2	4	6
Number of employees reinstated in the previous year and have worked for more than one year (F)	1	4	5
Retention rate after unpaid parental leave (F/E)	50%	100%	83%

With 2022 as the example, the data for other years are calculated in the same way

Note 1: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 2020 to 2022.

Note 2:Reinstatement rate calculation formula: Number of employees reinstated after parental leave in 2022 / Number of employees who shall be reinstated after parental leave in 2022 x 100%

Note 3:Retention rate calculation formula: Number of employees employed by the Company for 12 months after reinstatement from parental leave in 2021 / Number of employees reinstated after parental leave in 2021 x 100%

## 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	2022 Achievements	2023 Targets
The parent company's turnover rate shall be less than 5%	The parent company's turnover rate was 5.2%	Less than 5%
The turnover rate of subsidiaries in China shall be less than 15%	The turnover rate of subsidiaries in China was 8.9%	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 41.9% 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, China and Malaysia, we also recruit talents actively from around the world.

We firmly believe that only with the value of localization and diversity in an inclusive workplace where all employees are fairly treated can the company continue to thrive. We provide fair employment and promotion opportunities for all employees regardless of their gender, religion, race, nationality, or political orientation. Our employment policy of "respecting human rights" and "use right people in the right place" helps the company fully utilize local human resources and develop a diverse culture to meet local needs of our subsidiaries around the world and gain an advantage.

Issue of Concern	Employ local talent to promote diversity and inclusion, ensuring fair appointment and equal development opportunities
Impact	In terms of appointment, internal promotion, and personnel development, we will treat all employees fairly regardless of their culture, gender, race, or nationality to prevent a biased policy that may affect personnel development and manpower utilization.
Those being affected	All staff
Policy and Commitment	<ol style="list-style-type: none"> <li>1.The company has established procedures for personnel recruitment and management, as well as measures for employee promotion management as the standard for recruiting and promote talent who is in tune with the company's development.</li> <li>2.Eternal Human Rights Policy pledges to respect human rights and treat all employees and stakeholders fairly</li> </ol>
Effectiveness Assessment and Tracking	<ol style="list-style-type: none"> <li>1.Establish the Remuneration Committee to provide competitive salaries for potential talent and reflect the company's operational performance on employees' income with a transparent remuneration policy.</li> <li>2.Establish the Personnel Review Committee made up of the operating and functional chiefs of each business unit to fairly promote local outstanding talent from across the Group as high-level supervisors to develop locally.</li> </ol>
Specific Actions and Mitigation Measures	<ol style="list-style-type: none"> <li>1.When there is biased personnel utilization and salary policies, any employee can appeal to the Human Resources Management Department and the Labor Union.</li> <li>2.The members of the Personnel Review Committee also have the Human Resources Management Department keep track of job vacancies of important positions to recruit outstanding talent from the globe to promote inclusion.</li> </ol>

## Manpower Structure

As of the end of December 2022, the total number of employees in the Group was 4,866, a decrease of approximately 1.2% compared to the end of last year, and there was no significant difference in the overall number of employees. We have 4,832 regular employees, 34 contracted employees, and 0 dispatched employee. We have 2,038 employees in Taiwan, including 1,701 indirect employees and 337 direct employees, and have seen an increase of 2.5% compared to 2021. The ratio of male and female employees is 78% and 22%. Employees aged 30 to 50 accounted for 68% of all employees and 56% of the employees have served at the Company for more than 10 years. We have 2,255 employees in China, including 1,625 indirect employees and 630 direct employees, and have seen an increase of 0.4% compared to the end of last year. The ratio of male and female employees is 75% and 25%. Employees aged 30 to 50 accounted for 75% of all employees and 43.7% of the employees have served at the Company for more than 10 years. We have 573 full-time employees in other regions, including 360 indirect employees and 213 direct employees and have seen a decrease of 2.7% compared to the end of last year. The ratio of male and female employees is 75% and 25%. Employees aged 30 to 50 accounted for 46% of all employees and 20.2% 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 27 employees with disabilities, accounting for 0.6% of the total employees.

Region		Taiwan			China			Others		
Item		Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
2020	Regular employees	1,550	452	2,002	1,703	564	2,267	420	129	549
	Contract workers	10	3	13	0	0	0	10	4	14
	Dispatched workers	3	0	3	0	0	0	0	0	0
	Total	1,563	455	2,018	1,703	564	2,267	430	133	563
2021	Regular employees	1,615	464	2,079	1,676	569	2,245	431	141	572
	Contract workers	6	5	11	0	0	0	13	4	17
	Dispatched workers	0	0	0	0	0	0	0	0	0
	Total	1,621	469	2,090	1,676	569	2,245	444	145	589
2022	Regular employees	1,573	454	2,027	1,697	558	2,255	416	134	550
	Contract workers	7	4	11	0	0	0	13	10	23
	Dispatched workers	0	0	0	0	0	0	0	0	0
	Total	1,580	458	2,038	1,697	558	2,255	429	144	573

Note 1: Other regions include Japan, Thailand, USA, Vietnam, India, Indonesia, Malaysia, Korea, and Italy.

Note 2: Regular employees refer to employees who are permanently hired and both parties sign non fixed-term labor contracts; contract workers refer to temporary employees who sign a fixed-term labor contract between the two parties; dispatched workers refer to person not dispatched by a dispatch company to work at Eternal, but they are not part of Eternal.

Note 3: Regular employees, contract workers, and dispatched workers are all full-time employees.

Note 4: Eternal does not hire "employees without guaranteed hours" or "part-time employees".



Manpower Structure in Taiwan			2020					2021					2022				
Item			Male	%	Female	%	Total	Male	%	Female	%	Total	Male	%	Female	%	Total
Functions	Director labor		292	14%	10	0.5%	302	339	16%	9	0.4%	348	326	16%	11	1%	337
	Managerial roles		326	16%	46	2%	372	335	16%	42	2%	377	324	16%	46	2%	370
	Professional roles		945	47%	399	20%	1,344	947	45%	418	20%	1,365	930	46%	401	20%	1,331
Age	Director labor	<30years old	70	3%	3	0.1%	73	80	4%	0	0.0%	80	64	3%	0	0.0%	64
		30-50years old	186	9%	5	0.2%	191	218	10%	4	0.2%	222	220	11%	6	0.3%	226
		>50years old	36	2%	2	0.1%	38	41	2%	5	0.2%	46	42	2%	5	0.2%	47
	Indirect labor	<30years old	96	5%	24	1%	120	90	4%	39	2%	129	82	4%	31	2%	113
		30-50years old	882	44%	311	15%	1,193	875	42%	309	15%	1,184	858	42%	303	15%	1,161
		>50years old	293	15%	110	5%	403	317	15%	112	5%	429	314	15%	113	6%	427
Years of service	Less than 1 year		133	7%	42	2%	175	141	7%	36	2%	177	101	5%	30	1%	131
	1-3 years		204	10%	31	2%	235	235	11%	61	3%	296	281	14%	73	4%	354
	4-5 years		93	5%	28	1%	121	95	5%	18	1%	113	95	5%	13	1%	108
	6-10 years		328	16%	101	5%	429	309	15%	87	4%	396	245	12%	69	3%	314
	11-15 years		230	11%	62	3%	292	248	12%	72	3%	320	251	12%	74	4%	325
	16 years or more		575	28%	191	9%	766	593	28%	195	9%	788	607	30%	199	10%	806
Total			1,563	77%	455	23%	2,018	1,621	78%	469	22%	2,090	1,580	78%	458	22%	2,038





Manpower Structure in China			2020					2021					2022				
Item			Male	%	Female	%	Total	Male	%	Female	%	Total	Male	%	Female	%	Total
Functions	Director labor		572	24%	39	3%	611	581	25%	46	2%	627	584	26%	46	2%	630
	Managerial roles		387	17%	92	8%	479	364	16%	86	4%	450	380	17%	85	4%	465
	Professional roles		744	32%	433	37%	1177	731	31%	437	19%	1168	733	33%	427	19%	1160
Age	Director labor	<30years old	135	6%	6	1%	141	127	5%	6	0%	133	131	6%	6	0%	137
		30-50years old	418	18%	32	3%	450	438	19%	39	2%	477	427	19%	39	2%	466
		>50years old	19	1%	1	0%	20	16	1%	1	0%	17	26	1%	1	0%	27
	Indirect labor	<30years old	156	7%	95	8%	251	133	6%	97	4%	230	138	6%	97	4%	235
		30-50years old	877	38%	425	36%	1302	851	36%	422	18%	1273	823	36%	408	18%	1231
		>50years old	98	4%	5	0%	103	111	5%	4	0%	115	152	7%	7	0%	159
Years of service	Less than 1 year		68	3%	15	1%	83	61	3%	27	1%	88	134	6%	38	2%	172
	1-3 years		367	16%	125	11%	492	343	15%	121	5%	464	213	9%	79	4%	292
	4-5 years		229	10%	72	6%	301	195	10%	66	3%	261	172	8%	65	3%	237
	6-10 years		452	19%	153	13%	605	464	20%	146	6%	610	432	19%	136	6%	568
	11-15 years		291	12%	92	8%	383	292	12%	99	4%	391	339	15%	110	5%	449
	16 years or more		296	13%	107	9%	403	321	14%	110	5%	431	407	18%	130	6%	537
Total			1703	75%	564	48%	2267	1676	75%	569	24%	2245	1697	75%	558	25%	2255



Manpower Structure in Other Regions			2020					2021					2022				
Item			Male	%	Female	%	Total	Male	%	Female	%	Total	Male	%	Female	%	Total
Functions	Director labor		231	41%	10	2%	241	235	40%	17	3%	252	194	34%	19	3%	213
	Managerial roles		80	14%	7	1%	87	62	11%	10	2%	72	67	12%	9	2%	76
	Professional roles		119	21%	116	21%	235	147	25%	118	20%	265	168	29%	116	20%	284
Age	Director labor	<30years old	121	21%	2	0.4%	123	111	19%	5	1%	116	81	14%	2	0%	83
		30-50years old	70	12%	6	1%	76	83	14%	8	1%	91	75	13%	12	2%	87
		>50years old	40	7%	2	0.4%	42	41	7%	4	1%	45	38	7%	5	1%	43
	Indirect labor	<30years old	75	13%	53	9%	128	80	14%	52	9%	132	87	15%	50	9%	137
		30-50years old	83	15%	56	10%	139	89	15%	61	10%	150	115	20%	62	11%	177
		>50years old	41	7%	14	2%	55	40	7%	15	3%	55	33	6%	13	2%	46
Years of service	Less than 1 year		85	15%	23	4%	108	65	11%	20	3%	85	69	12%	27	5%	96
	1-3 years		167	30%	60	11%	227	165	28%	60	10%	225	129	23%	44	8%	173
	4-5 years		40	7%	12	2%	52	59	10%	24	4%	83	74	13%	34	6%	108
	6-10 years		42	7%	15	3%	57	59	10%	16	3%	75	65	11%	15	3%	80
	11-15 years		19	3%	10	2%	29	25	4%	13	2%	38	39	7%	14	2%	53
	16 years or more		77	14%	13	2%	90	71	12%	12	2%	83	53	9%	10	2%	63
Total			430	76%	133	24%	563	444	75%	145	25%	589	429	75%	144	25%	573

Note 1: Direct labor is defined as onsite personnel in direct contact with products.

Note 2: Managerial roles are defined as employees with managerial responsibilities.

Note 3: Professional roles are defined as non-direct labor or managerial personnel.

Note 4: Other regions include Japan, Thailand, USA, Vietnam, India, Indonesia, Malaysia, Korea, and Italy.



## 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 long-term 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 and scholarship activities for chemistry departments at major universities in Taiwan to recruit suitable and outstanding talents.

In 2022, we employed a total of 210 people in Taiwan. To promote the Company's growth momentum and employment diversity, we recruited new employees under the age of 30, accounting for 33.8% of the total new employees while employing a total of 242 people in China with the number of new employees under the age of 30 accounting for 53% of the total employees as well as 101 people in other regions with the number of new employees under the age of 30 accounting for 59.4% of the total employees, adding to the momentum of the Company's continuous growth.



### New Hires and Turnovers in Taiwan in 2020

Item	Indirect labor						Director labor						Total
	Total	By gender		By age			Total	By gender		By age			
		Male	Female	<30	30~50	>50		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	1,641	1,221	420	105	1,118	418	285	280	5	69	175	41	1,926
Number of employees at the end of the year	1,715	1,270	445	120	1,141	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	1,678	1,245.5	432.5	112.5	1,129.5	436	293.5	286	7.5	71	180.5	42	1,971.5
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%



## New Hires and Turnovers in China in 2020

Item	Indirect labor						Director labor						Total
	Total	By gender		By age			Total	By gender		By age			
		Male	Female	<30	30~50	>50		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	1,660	1,128	532	277	1,286	97	684	638	46	183	479	22	2,344
Number of employees at the end of the year	1,656	1,131	525	251	1,302	103	611	572	39	141	450	20	2,267
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1,658	1,130	529	264	1,294	100	648	605	43	162	465	21	2,306
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%

## New Hires and Turnovers in Other regions in 2020

Item	Indirect labor						Director labor						Total
	Total	By gender		By age			Total	By gender		By age			
		Male	Female	<30	30~50	>50		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%

## New Hires and Turnovers in China in 2021

Item	Indirect labor						Director labor						Total
	Total	By gender		By age			Total	By gender		By age			
		Male	Female	<30	30~50	>50		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	1,708	1,271	437	115	1,191	402	323	309	14	80	200	43	2,031
Number of employees at the end of the year	1,742	1,282	460	129	1,184	429	348	339	9	80	222	46	2,090
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1,725	1,276.5	448.5	122	1,187.5	415.5	335.5	324	11.5	80	211	44.5	2,060.5
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%

## New Hires and Turnovers in Other regions in 2021

Item	Indirect labor						Director labor						Total
	Total	By gender		By age			Total	By gender		By age			
		Male	Female	<30	30~50	>50		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	1,656	1,131	525	251	1,302	103	611	572	39	141	450	20	2,267
Number of employees at the end of the year	1,618	1,095	523	230	1,273	115	627	581	46	133	477	17	2,245
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1,637	1,113	524	241	1,288	109	619	577	43	137	464	19	2,256
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%



## Data for other regions during 2021

Item	Indirect labor						Director labor						Total
	Total	By gender		By age			Total	By gender		By age			
		Male	Female	<30	30~50	>50		Male	Female	<30	30~50	>50	
Number of new employees	73	57	16	27	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	82	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%

## New Hires and Turnovers in Taiwan in 2022

Item	Indirect labor						Director labor						Total
	Total	By gender		By age			Total	By gender		By age			
		Male	Female	<30	30~50	>50		Male	Female	<30	30~50	>50	
Number of new employees	161	89	72	53	88	20	49	47	2	18	28	3	210
Number of employees at the beginning of the year	1,745	1,287	458	129	1,182	434	353	344	9	81	226	46	2,098
Number of employees at the end of the year	1,701	1,254	447	113	1,161	427	337	326	11	64	226	47	2,038
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1,723	1,270.5	452.5	121	1,171.5	430.5	345	335	10	72.5	226	46.5	2,068
New hire rate (%)	9.34%	7.01%	15.91%	43.80%	7.51%	4.65%	14.20%	14.03%	20.00%	24.83%	12.39%	6.45%	10.15%
Number of departed employees	65	48	17	22	42	1	42	42	0	16	26	0	107
Turnover rate (%)	3.77%	3.78%	3.76%	18.18%	3.59%	0.23%	12.17%	12.54%	0.00%	22.07%	11.50%	0.00%	5.17%

## New Hires and Turnovers in China in 2022

Item	Indirect labor						Director labor						Total
	Total	By gender		By age			Total	By gender		By age			
		Male	Female	<30	30~50	>50		Male	Female	<30	30~50	>50	
Number of new employees	128	85	43	71	56	1	114	110	4	57	57	0	242
Number of employees at the beginning of the year	1,618	1,095	523	230	1,273	115	627	581	46	133	477	17	2,245
Number of employees at the end of the year	1,625	1,113	512	235	1,231	159	630	584	46	137	466	27	2,255
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1,622	1,104	518	233	1,252	137	629	583	46	135	472	22	2,250
New hire rate (%)	7.89%	7.70%	8.31%	30.54%	4.47%	0.73%	18.14%	18.88%	8.70%	42.22%	12.09%	0.00%	10.76%
Number of departed employees	96	69	27	42	53	1	105	105	0	48	57	0	201
Turnover rate (%)	5.92%	6.25%	5.22%	18.06%	4.23%	0.73%	16.71%	18.03%	0.00%	35.56%	12.09%	0.00%	8.93%

## New Hires and Turnovers in Other regions in 2022

Item	Indirect labor						Director labor						Total
	Total	By gender		By age			Total	By gender		By age			
		Male	Female	<30	30~50	>50		Male	Female	<30	30~50	>50	
Number of new employees	73	53	20	48	21	4	28	23	5	12	15	1	101
Number of employees at the beginning of the year	336	219	117	142	141	53	253	230	23	130	81	42	589
Number of employees at the end of the year	360	235	125	137	177	46	213	194	19	83	87	43	573
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	348	227	121	140	159	50	233	212	21	107	84	43	581
New hire rate (%)	20.98%	23.35%	16.53%	34.41%	13.21%	8.08%	12.02%	10.85%	23.81%	11.27%	17.86%	2.35%	17.38%
Number of departed employees	39	24	15	13	17	9	20	17	3	11	7	2	59
Turnover rate (%)	11.21%	10.57%	12.40%	9.32%	10.69%	18.18%	8.58%	8.02%	14.29%	10.33%	8.33%	4.71%	10.15%

Note 1: New hire rate = Direct (indirect) new recruits in the category / [(Number of direct (indirect) employees in the region at the beginning of 2022 + Number of direct (indirect) employees in the region at the end of +2022) / 2]  
 Note 2: Turnover rate = Direct (indirect) employee turnover in the category / [(Number of direct (indirect) employees in the region at the beginning of 2022 + Number of direct (indirect) employees in the region at the end of +2022) / 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 2022, the percentage of the vacancies filled by internal employees at the section level or above was 94% in Taiwan and 96.4% 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 5.2% and a new hire rate of approximately 10.2%. In mainland China, the annual turnover rate was approximately 8.9% and the new hire rate was approximately 10.8%. In other regions, the annual turnover rate was approximately 10.2% and the new hire rate was approximately 17.4%. This has indicated the vibrant development of Eternal's human resources.

## Fair Employment of Local Talents

To promote localized employment in our global sites to bring together advantages of excellent people from different countries and prevent unfair employee treatment that may impact local operations. The proportion of senior executives in Taiwan served by local employees is 100%; 33.3% in China; 45.5% in other regions.

Region	2020			2021			2022		
	Senior executive	Senior executive served by local employees	%	Senior executive	Senior executive served by local employees	%	Senior executive	Senior executive served by local employees	%
Taiwan	20	20	100.0%	17	17	100.0%	14	14	100.0%
China	23	4	17.4%	28	9	32.1%	30	10	33.3%
Others	12	3	25.0%	12	4	33.3%	11	5	45.5%

Notes: Senior executives are defined as managers ranked Assistant Vice President and above

Issue of Concern	Stable employment relationship
Impact	Excellent, diversified, and stable employees in a company can contribute to the smooth operation of human resources. Without them, production and operation costs, internal stability, and driving force of the company will be affected.
Those being affected	All staff
Policy and Commitment	1. Eternal Human Rights Policy pledges to respect human rights and treat all employees and stakeholders fairly. 2. The Company imposes relevant welfare policies on all employees regardless of their gender, race, age, or union membership status. All employees who apply for parental leave can enjoy company benefits and return to work after parental leave.
Effectiveness Assessment and Tracking	The company conducts a biennial employee engagement survey to understand the employees' attitudes towards the company's retention, promotion, and contributions, and follow up on action plans.
Specific Actions and Mitigation Measures	Any employee who has undergone unlawful infringement can appeal to the Human Resources Management Department and the Labor Union.

## 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	2022 Achievements	2022 Targets
The Company has an education and training policy in place to 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 Group's average number of training hours was 29.7 hours.	The average number of training hours per person per year is at least 30 hours.

### 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 courses for new recruits. In addition, Eternal has partnered with external language training organizations to introduce a digital language learning model so that employees can improve themselves anytime, anywhere. Due to impact of the epidemic, the Company encourages all units to develop digital courses to prevent mass gathering. In 2022, Eternal designed 85 digital courses with a total of 9,925 learning hours. By doing this, learning resources can be shared across the company to create a learning environment where employees can learn 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		OJT (Off-The-Job Training)					OJT (On-The-Job Training)			SD (Self-Development)	
Managerial personnel	Business Administration	Corporate governance/business management training			Master of business administration on-the-job training	Internal lecturer training	Quality / environment, safety, and health training	Reading books and magazines and job rotations / substitutes,project assignment, deputy supervisor training,(enhanced) assignment to overseas subsidiaries, and mentoring			Language training (enhancement) subsidies lectures, rewards for on-the-job training, and lending of books and multimedia contents
	Senior management	Long-term overseas training	Senior management training								
	Mid-level management		Mid-management training								
	Entry-level management		Training for new managers and entry-level management training								
	Functional management	Functional professional training			Internal auditor training						
All employees	Business and marketing	Training for sales cycle and internal control procedures		Industry platform lectures							
	R&D and technology	Quality system tools	Introduction to the Group's core process technologies, results presentation seminars, and patent training								
	Manufacturing quality		Professional manufacturing quality training								
New recruits	Profession level	Pre-service training		Lectures for new recruits (Profession level), plant tours, and courses on products and industry trends			Professional training of each department				
	Operation level			Lectures for new recruits (Operation level)							



### ★ 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.

### ★ 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 training for new managers, TWI training for lower-level supervisors, HPM training, and courses on 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.



Lectures by the founder  
for new recruits



HPM training courses

### ★ 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. The parent company offered 150 different types of courses in 2022 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.



CPR training

## Learning and Participation

Due to the impact of COVID-19, the Company reduced the number of physical courses to avoid mass gathering and focused on promoting digital learning models, and each unit developed its own digital courses (85 new courses); the Group's reading hours increased by 33.4% compared to 2021 (a total of 9925,45 hours). In physical courses, 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 34,797.2 and the average total training hours 17.1; the total training expenditure was around NT\$5.65 million. The total number of training hours in China was 96,687 and the average total training hours 42.9; the total training cost was roughly NT\$6.17 million. The total number of training hours in the Malaysian Plant was 3,553 and the average training hours 14.2; the training expenditure was around NT\$438,000.

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.



## 2020 Training Records

Region	Employee Category	Male			Female			Total		
		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
Taiwan	Director labor	7,880.0	292	27.0	139.9	10	14.0	8,019.9	302	26.6
	Managerial roles	11,665.7	326	35.8	657.1	46	14.3	12,322.8	372	33.1
	Professional roles	18,823.2	945	19.9	4,035.9	399	10.1	22,859.1	1,344	17.0
	Subtotal	38,368.9	1,563	24.5	4,832.9	455	10.6	43,201.8	2,018	21.4
China	Director labor	44,155.64	572	77.2	630.50	39	16.2	44,786.14	611	73.3
	Managerial roles	15,320.79	387	39.6	3,340.21	92	36.3	18,661.0	479	39.0
	Professional roles	31,266.31	744	42.0	13,487.02	433	31.1	44,753.3	1,177	38.0
	Subtotal	90,742.74	1,703	53.3	17,457.73	564	31.0	108,200	2,267	47.7
Malaysian Plant	Director labor	995	114	8.7	145	13	11.2	1,140	127	9.0
	Managerial roles	802	44	18.2	178	5	35.5	979	49	20.0
	Professional roles	906	42	21.6	641	40	16.0	1,547	82	18.9
	Subtotal	2702	200	13.5	964	58	16.6	3,665	258	14.2
Total		131,813	3,466	38.0	23,254	1,077	21.6	155,067	4,543	34.1

## 2021 Training Records

Region	Employee Category	Male			Female			Total		
		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
Taiwan	Director labor	4886	339	14.4	39	9	4.3	4924	348	14.1
	Managerial roles	8022	335	23.9	752	42	17.9	8774	377	23.3
	Professional roles	15680	947	16.6	4099	418	9.8	19779	1365	14.5
	Subtotal	28588	1621	17.6	4889	469	10.4	33477	2090	16.0
China	Director labor	32538	581	56.0	703	46	15.3	33241	627	53.0
	Managerial roles	12873	364	35.4	2924	86	34.0	15797	450	35.1
	Professional roles	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
Malaysian Plant	Director labor	893	121	7.4	163	13	12.5	1055	134	7.9
	Managerial roles	807	48	16.8	195	8	24.4	1002	56	17.9
	Professional roles	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



## 2022 Training Records

Region	Employee Category	Male			Female			Total		
		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
Taiwan	Director labor	5,112.0	326	15.7	61.9	11	5.6	5,173.9	337	15.4
	Managerial roles	7,737.1	324	23.9	1,176.9	46	25.6	8,914.0	370	24.1
	Professional roles	15,817.5	930	17.0	4,891.8	401	12.2	20,709.3	1,331	15.6
	Subtotal	28,666.6	1,580	18.1	6,130.7	458	13.4	34,797.2	2,038	17.1
China	Director labor	33204	584	56.9	929	46	20.2	34133	630	54.2
	Managerial roles	14848	380	39.1	2791	85	32.8	17639	465	37.9
	Professional roles	29472	733	40.2	15443	427	36.2	44915	1160	38.7
	Subtotal	77524	1697	45.7	19163	558	34.3	96687	2255	42.9
Malaysian Plant	Director labor	1274	69	18.5	40	1	40.0	1314	70	18.8
	Managerial roles	1625	25	65.0	548	7	78.3	2173	32	67.9
	Professional roles	8	98	0.1	59	50	1.2	66	148	0.4
	Subtotal	2907	192	15.1	647	58	11.1	3553	250	14.2
Total		109097	3469	31.4	25940	1074	24.2	135037	4543	29.7

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

(2) Number of in-service employees at each company at the end of the year

(3) Average hours per employee = Hours of training / Number of employees

(4) Managerial roles: Team and group managers, section managers, managers, plant managers, assistant vice presidents, vice presidents, president, and chairman

(5) Professional roles: Non-managerial roles

Note 1: 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.

Note 2: 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 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	2,001	99%	572	39	2,267	100%	231	10	563	100%
Indirect labor	Managerial roles	325	46			387	92			80	7		
	Professional roles	933	396			744	433			119	116		

### Proportion of Employees Receiving Performance Evaluation during 2021

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		339	9	2,078	99%	581	46	2,245	100%	235	17	589	100%
Indirect labor	Managerial roles	334	42			364	86			62	10		
	Professional roles	941	413			731	437			147	118		

### Proportion of Employees Receiving Performance Evaluation during 2022

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		326	11	2,026	99%	584	46	2,255	100%	181	9	550	96%
Indirect labor	Managerial roles	324	46			380	85			67	9		
	Professional roles	922	397			733	427			168	116		

Note: Those who did not have to undergo performance evaluation include the Chairman, temporary workers, and dispatched workers



Issue of Concern	Talent Training and Development
Impact	The Company encourages our employees to learning and develop continuously to be adaptive to such a competitive market environment. Otherwise, the company's development and sustainable operations may be impacted greatly.
Those being affected	All staff
Policy and Commitment	<p>1.The Company has established training procedures for education and training management, safety and environmental protection, and research systems. Each subsidiary also has operational procedures for external and internal training to ensure that employee training can be conducted accordingly.</p> <p>2.Eternal Education and Training Policy: Develop employees' professional skills and organizational capacity to improve the quality of human capital (knowledge, skills, and attitude) and to utilize manpower effectively, to achieve the Company's overall business goals.</p>
Effectiveness Assessment and Tracking	To ensure our annual education and training plan are to be carried out effectively, the HR Department reviews the achievement status regularly and make plans for the coming year, and report execution outcome to the President annually.
Specific Actions and Mitigation Measures	The company will design required courses and minimum training hours for different employees and job functions. For example, each employee in the Lu-Chu Plant is required to take 6 hours of environmental safety training every year and to be reviewed by the supervisors at all levels in the EHS unit of the Plant. Relevant measures will be imposed if they fail the training.

## 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 statutory minimum wage in 2022 was 1.11:1; the ratio was 1.71:1 at plants in China and 1.11:1 at the Malaysian Plant. The starting salary for women and men is the same. 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	Taiwan					
Women to Men Average Salary Ratio	2020		2021		2022	
Employee Category	Basic Salary	Remuneration	Basic Salary	Remuneration	Basic Salary	Remuneration
Managerial roles	1:1.05	1:1.12	1:1.0	1:1.05	1:0.99	1:1.05
Professional roles	1:1.11	1:1.12	1:1.11	1:1.12	1:1.12	1:1.12
Director labor	1:0.96	1:0.99	1:1.01	1:1.03	1:1.00	1:1.01

Region	China					
Women to Men Average Salary Ratio	2020		2021		2022	
Employee Category	Basic Salary	Remuneration	Basic Salary	Remuneration	Basic Salary	Remuneration
Managerial roles	1:0.91	1:0.86	1:0.87	1:0.84	1:0.89	1:0.87
Professional roles	1:1.21	1:1.19	1:1.08	1:1.02	1:1.07	1:1.08
Director labor	1:1.03	1:0.99	1:1.04	1:1.04	1:1.15	1:1.12

Region	Malaysia					
Women to Men Average Salary Ratio	2020		2021		2022	
Employee Category	Basic Salary	Remuneration	Basic Salary	Remuneration	Basic Salary	Remuneration
Managerial roles	1:0.94	1:1.02	1:1.15	1:1.15	1:1.21	1:1.24
Professional roles	1:1.25	1:1.42	1:1.11	1:1.16	1:1.11	1:1.16
Director labor	/	/	1:0.91	1:1.84	1:0.86	1:0.88

Note 1:Direct employees refer to on-site personnel in direct contact with products.

Note 2:Managerial roles refer to employees with management responsibilities.

Note 3:Professional roles are defined as non-direct labor or managerial personnel.

Note 4: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 2020, 2021, and 2022

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 1,970 employees with total salaries amounting to NT\$1,880,521 thousand. The average salary of each employee is NT\$955 thousand and the median salary is NT\$816 thousand. 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

Amount / Year	2022(A)	2021(B)	2020	Difference from the Prior Year (A)-(B)
Number of Employees (person)	1,970	1,964	1,850	6
Total Salary (NTD thousand)	1,880,521	1,922,916	1,707,778	-42,395
Average Salary (NTD thousand)	955	979	923	-24
Median Salary (NTD thousand)	816	824	797	-8

Note: 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 Salary of Managerial Officers

The compensation of senior executives will be calculated in accordance with the company's Articles of Association and the relevant remuneration measures, and their variable salary will be linked to the company's financial, environmental, social, and corporate governance performance indicators to ensure the company's operational goals can meet its sustainable result as part of our sustainable development strategy.

To implement corporate governance and enhance the functions of the Board of Directors, we developed the "Board Performance Evaluation Method" to measure the performance of the Board, board members, and functional committees in leading and supervising the company on an annual basis. We also hire professional independent agencies to evaluate the overall performance of the Board and provide specific suggestions to help enhance the functions and efficiency of the Board and determine the directors' remuneration. The relevant evaluation results will be disclosed in the Company's annual report.

According to Article 17 of the company's Articles of Association, no more than 1% of the profit of the current year shall be used as the director's remuneration. In accordance with Article 14-1, the relevant remuneration distribution regulations shall be determined based on industry standards, and there shall be a separate "Guidelines for Director's Remuneration and Remuneration Distribution". Any revision to the regulations and the distribution of remuneration shall be implemented in accordance with the resolution of the Remuneration Committee and the Board of Directors. Independent directors receive a fixed remuneration, while general directors are paid based on their level of company engagement and contribution, as well as company performance, their professional ability, and responsibilities. All directors are also paid travel expense depending on their attendance in board meetings. The company will review the director's remuneration policy based on its operational conditions and future risks.

The annual remuneration of managers includes salary, bonuses, and surplus distribution, as well as allocated pension (including new and old policy) and welfare benefits in accordance with the company's regulations. In special circumstances, managers will also be paid other compensations (bonus without contract, recruitment bonus, severance pay, and clawback provision). Remuneration distributed to managers is

determined based on the prevailing standards in the industry, the Company's operating performance, individual performance, and future risks. In 2022, 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 57% of the total annual remuneration of managers. 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. Remuneration of 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 2022 was 34:1 in Taiwan, 13.2:1 in China, and 8.9:1 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 2022 was 4.4:1 in Taiwan, 6.2:1 in China, and 5.7: 1 in Malaysia. Because of the different proportions of the human resources structure in each region, the salary adjustment was also different.

Note 1: Annual total salary ratio = Annual total salary of the highest paid individual / Median annual total salary of all employees (excluding the highest paid individual)

Note 2: Annual total salary increase ratio = Annual total salary increases of the highest paid individual / Median annual total salary increase of all employees (excluding the highest paid individual)

## 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 of the employees whose pension will be paid according to the old pension policy to their 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.



Unit: NT\$ thousand

By Nature \ By Function	2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total
<b>Employee Benefit Expenses</b>			
Salary expenses	844,904	1,266,257	2,111,161
Labor Insurance and National Health Insurance expenses	84,765	103,367	188,132
Pension expenses	67,894	88,589	156,483
Directors' remuneration	-	24,013	24,013
Other employee benefit expenses	58,354	73,457	131,811
Depreciation expenses	450,488	212,209	662,697
Amortization expenses	311	17,232	17,603

By Nature \ By Function	2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total
<b>Employee Benefit Expenses</b>			
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

Note 1: The number of employees during 2022, 2021, and 2020 was 2,129, 2,109, and 2,004 respectively, and the number of directors who did not serve as employees concurrently was 10, 9, and 8 respectively.

Note 2: 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\$1,221 thousand (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\$1,214 thousand (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\$996 thousand (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\$1,023 thousand (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 -2.64% (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.
- ★ 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 quarterly 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:

## Economic Benefits

### Insurance Plan

1. 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.
2. 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 level of insurance or purchase insurance for their family members based on their own needs.
3. We also provide a comprehensive insurance package to expatriates: including travel insurance and local medical insurance.

### Pension System

1. The Company complies with relevant laws and regulations and deposit reserves in the statutory pension account.
2. 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."
3. 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. No employee stock ownership trust plan is implemented.

### Regular health examination

### Meal subsidies

### Cash gifts for birthday and 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.

## Work-Hour Benefits

### Travel 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.

### Travel leave for employees

one-day leave every two year.

### Paid leave

### Unpaid parental leave

### Menstrual leave, maternity leave, paternity leave, pregnancy checkup leave, and family care leave



## Facilities Benefits

Employee cafeteria, employee dormitory, library, commuting shuttles, cafe shop

## Other benefits

Employee travel subsidiaries

Club activities

Year-end party

Language training subsidies

Company winter coat

Leisure activities

Eternal Family Day, annual softball games, etc.

Cultural activities

Humanities lectures from time to time.

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 for their outstanding performance and regard them as role models.

Note: 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

## Positive and Negative Impacts

Eternal is engaged in the production of materials such as synthetic resins, special chemicals, electronic chemistry, and semiconductors. To safeguard the rights and interests of our stakeholders and ensure the safety and health of our workers, we developed occupational safety and health policies based on organizational culture and social trends and created a comfortable and safe, healthy workplace for our workers. We introduced the ISO 45001 occupational safety and health management system released by the International Standards Organization (ISO) into our operation management system. The system has its advantage and disadvantages in our services and production:

Negative impact related to occupational safety and health

1. Safety and health awareness and concepts: Workers unaware of workplace hazards will pose a threat to their safety and health.
2. Safety actions taken by executives: Insufficient communication between managers and workers regarding occupational safety and health may lead to accidents.
3. Workplace hazard investigation: Failure to identify hidden risks due to insufficient investigation may result in injury and financial loss.

Positive impact on occupational safety and health management

1. Robust management system: We use the PDCA management system to address occupational safety and health-related issues in production and services to make the system more comprehensive.
2. Enhancing business reputation: Positive safety culture helps to strengthen our relationship with our customers and partners.

Negative Impact on Value Chain

1. Upstream (supplier)  
Suppliers or contractors shall receive training before carrying out their work in the workplace and comply with the contractor's management procedures.
2. Midstream (the Company and its employees)
  - ★ Conduct a safety culture survey and adjust the management approach based on the survey results.
  - ★ The number of self-inspections arranged for plants shall be higher than those conducted by regulatory authorities.
  - ★ Design E-learning training materials for safety supervisor management.
3. Downstream (customers)  
Every year, we will be verified by a third-party occupational safety and health management system to meet customer requirements.



Policy and Commitment	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 adopted the PDCA management model to make continuous improvements.
Management Approach/ Actions to Address Impacts	We will develop short to long-term strategies to create a safe workplace to achieve zero occupational hazards, zero accidents, and zero occupational diseases.
Regular follow-up actions	The factory-level Safety and Environmental Committee of the Group will be guided by occupational safety and health consultants and communicate with union representatives to regularly review the effectiveness of management objectives and action plans.
Cooperate to Achieve Mutual Prosperity	<ol style="list-style-type: none"> <li>1. Hold regular or irregular communication and coordination meetings with contractors</li> <li>2. Regularly hold a safety and environmental committee meeting to communicate with employees and union representatives.</li> <li>3. Accept irregular visits from customers and engage in interaction.</li> <li>4. Provide charity services to the community and campus from time to time.</li> </ol>

## Occupational Safety and Health Management System

To create a safe working environment, our Kaohsiung office and manufacturing plants follow the ISO 45001 occupational safety and health management system issued by the ISO International Standards Organization. Under the existing management system framework, Eternal consistently strengthens our occupational safety and health management measures. Every year, we request a third-party organization to check if our ISO 45001 management system is in line with the PDCA Cycle and our major manufacturing plants have all obtained the ISO 45001 certificate. Our two Slitting Plants in China are product-cutting and shipping bases because they have lower safety risks. Although these plants have not applied for ISO 45001 management system validation, they follow the framework of the ISO management system, local standards, and standard safe factory production specifications to manage their plant. Major production sites that have passed the occupational safety and health management system (ISO 45001: 2018)

Sites in Taiwan	Sites in China	Site in Malaysia
Headquarters in Kaohsiung, Lu-Chu Plant, Ta-Fa Plant, and Ping-Nan Plant	Guangdong Plant, Zhuhai Materials Plant, PM South China Plant 1, PM South China Plant 2, Chengdu Plant, Kunshan Chemical Plant, Changshu Plant, Suzhou Materials Plant, PM East China Plant 1, and Tianjin Plant	Plant in Malaysia

## Scope of Occupational Safety and Health Management System

The ISO 45001 management system in all of our major manufacturing sites governs workers who perform work activities under control. To improve the safety and health management system in the workplace, we create a safe working environment to protect workers from work-related injuries and illnesses. The workers include those who carry out work under control, and anyone related to the work. All manufacturing bases must pass audits and certifications to ensure they comply with ISO 45001 requirements and meet their commitment to the safety and health of workers and stakeholders.

### Manufacturing Site Management System Verification Scope

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 Specialty Materials (Monomer, Oligomer and UV Coating).



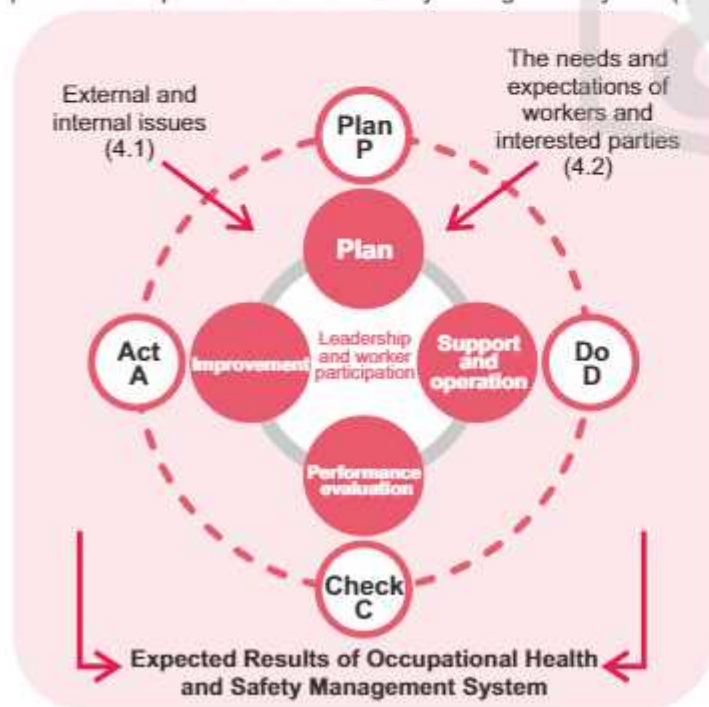
## Occupational Safety and Health Management

The occupational safety and health management system is an important tool to ensure the safety and health of workers within the organization. The professionals responsible for managing this system are mainly occupational safety and health engineers in each manufacturing base. The operation of the manufacturing base management system is also supervised and guided by the parent company's safety and health department and the group's safety and environmental committee. The company will assign the highest supervisor of the business operation system to serve as an occupational safety and health consultant.

According to the corporate culture, safety and health policies, implementation performance, and stakeholder needs and expectations, Eternal has the safety and Health Department of the parent company review and revise the safety and health strategy key points every year, and each manufacturing base will propose the corresponding annual occupational safety and health plan according to the key points of the strategy, which will be implemented after it is approved. During the implementation process, we will consistently improve the management process and procedures to enhance our safety and health level. At the end of each year, we will assess the safety and health condition of each manufacturing base to ensure that the procedure and control are implemented in line with the PDCA management cycle so that all workers can be fully protected.

### Context of Organization (4)

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



## Occupational Safety and Health 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 actual 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.

### 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 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.

## Occupational Safety and Health Committee

Eternal attaches great importance to the safety and health of its employees' work environment. According to the group's safety and health policy and committee guidance, we promote safety by engaging the occupational safety and health committee at the factory director level and employees. We will communicate with union representatives quarterly to build a consensus between management and employees. The Chairman and General Manager will jointly sign and announce the company safety policy to all staff and encourage workers and union representatives to join the meeting so that such policy can be implemented in our work environment. Supervisors at the factory director level will not only convene the occupational safety and health committee quarterly to study, promote, coordinate, and supervise the implementation of safety, environment, and health measures in various units of the factory, but also provide union members such as safety and health engineers and workers with the opportunity to participate in legal and occupational safety and health activities organized by government agencies and third-party professional safety agencies.

The number of participants in the organization operation of the occupational safety and health committee at the factory director level in 2022 is shown below:

Category \ Operational Location	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	14	54
Labor Member	14	8	5	22
Proportion of Labor Representatives	82%	34%	36%	41%

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:

- (1) The Occupational Safety and Health Committee was established and operates by 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.
- (2) 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.

### Safety and Health Collective Bargaining Agreement

Eternal convenes regular safety and health meetings with labor representatives elected by all employees every year. Therefore, all employees are included in the collective bargaining agreement. In 2022, the official agreement discussion items regarding the collective bargaining agreement with the union accounted for 47% of the 155 overall meeting items in the meeting agenda and the discussion items with the union at the Occupational Safety and Health Committee meetings.

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



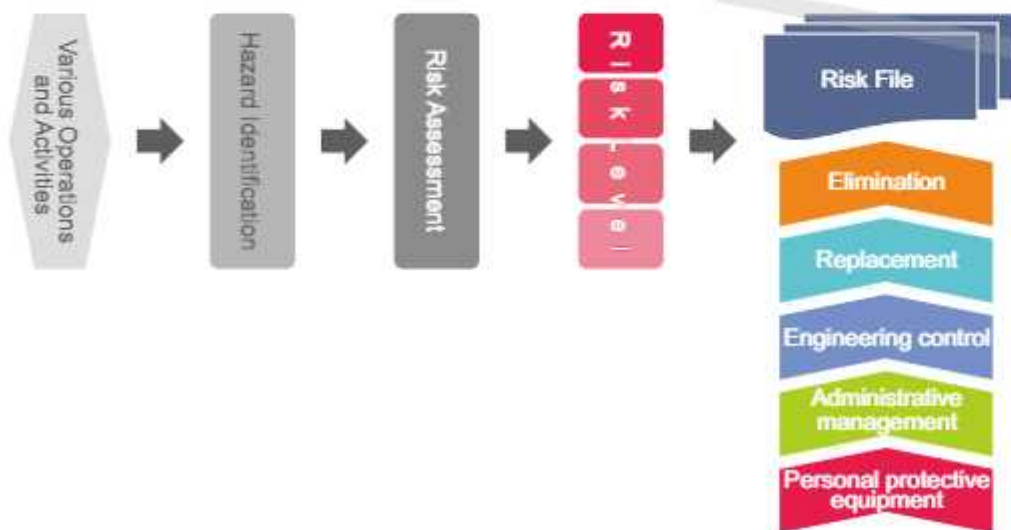
## Occupational Safety and Health Hazard Identification and Risk Assessment

Eternal has developed hazard identification and risk assessment procedures in accordance with the management requirements of ISO 45001 for safety and health risks, continuously optimizing hazard identification and risk assessment tools, and using systematic analysis methods to identify potential hazards and environmental impact factors that may occur in various conventional and unconventional operations, services, and activities. Through digital data analysis, we can quickly identify various types of hazards and evaluate high-risk projects (significant risks). We will follow through on these projects every year, include them as part of the annual safety and environmental goal, and take improvement measures.

On-site operators and occupational safety and health engineers from each manufacturing base will conduct hazard identification and risk assessment. They will identify and evaluate potential hazards and environmental impacts from different jobs or activities and report to their supervisors for review and confirmation.

Hazards that may occur in the company mostly result from fire, chemical leakage, cutting/curling, health effects from chemical exposure, and human factors engineering. Hazards are identified and managed separately based on their risk level. For significant risks, we will review annually and set goals and management plans for improvement. For general risks, we will investigate their hidden danger and monitor work safety. In 2022, a total of 4,945 hidden dangers were identified in all of our manufacturing bases, with an improvement rate of 95%.

Hazard Identification and Risk and Opportunity Assessment Process



## Process Safety Management

Eternal also attaches great importance to process safety management by adopting PSLC (Process Safety Life Cycle) as our process safety management system. PSLC is a scientific and systematic approach aimed at reducing the risk of process safety issues by reviewing, evaluating, and improving process safety. It covers all aspects of safety from its basic principles, safety document management to employee training.

We will follow the PSLC principle and constantly improve our process safety management procedure to ensure the safety and efficiency of our production process. Our employees will receive regular training to ensure they are mindful of safety at all times. In addition, we will conduct regular safety audits to ensure that our process safety management system can be constantly improved. We firmly believe that by focusing on process safety, we can ensure the safety of our employees, customers, and the environment.

### 2022 Process Safety Management Performance

Total Count of Process Safety Incidents (PSIC)	1
Process Safety Total Incident Rate (PSTIR)	0.021
Process Safety Incident Severity Rate (PSISR)	0.587

Note:

- 1.The ratio adjustment indicator of the severity-weighted system is according to the ICCA (International Council of Chemical Associations) Global Harmonized Process Safety Indicator Reporting Guidelines (Appendix A).
- 2.Process Safety Total Incident Rate (PSTIR): total number of incidents/total working hours x 200,000.
- 3.Process Safety Incident Severity Rate (PSISR): total severity score of all incidents/total working hours x 200,000.

## Safety and Health Education and Training

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. Each manufacturing base will conduct annual training on safety and health based on its safety management performance. The training courses include the working environment, health, and safety topics, such as personal protective equipment (PPE), process risk assessment, plant emergency response, human factors engineering, and relevant regulatory requirements on air, water, waste, and toxic materials. Operators 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 conducting on-site courses, we recently designed an e-Learning learning mode to encourage our workers to learn by themselves anytime, anywhere. Especially due to the COVID-19 pandemic, online learning is more important than ever to avoid potential epidemic risks caused by group activities. In 2022, a total of 17,591 people participated in our online safety and health courses. To achieve the goal of tripling the number of workers learning online by 2025 compared to 7,082 participants in 2020, we will continue to design more professional safety and health learning materials.





Fall protection training



Process safety assessment training

## Collaboration between contractors and suppliers

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 to avoid operational hazards in the workplace.

### Statistics of Contractor Training Hours in 2022

Gender	Sites in Taiwan		Sites in China		Site in Malaysia		Total
	Male	Female	Male	Female	Male	Female	
Training Hours	4098	265	3941	77	460	5	8846
Number of Persons	2452	165	3111	70	460	5	6263
Average Hours	1.66	1.60	1.26	1.1	1	1	1.41

To ensure the safety of purchased materials, equipment, and engineering under Eternal's safety and health policies, our quality, safety, environment, procurement, and design departments will evaluate new suppliers and contractors. Only approved suppliers and third-party vendors can become our partners. We regularly audit and evaluate our suppliers to ensure they still qualify. In addition to reviewing their qualification, we will also communicate with suppliers and third-party vendors to ensure smooth operation and avoid accidents. In 2022, there were no deaths caused by occupational injuries to contractors.

### Contractor Accidents

Total working hours	Number of accidents	LDR	TRIR	Type of accident
992724	3	39.08	0.60	A contractor's truck driver rolled from the back of the truck.
				Hurt fingers when performing die cutting.
				Slip and bump into something while walking.

Note:

- 1.LDR: Total days lost due to disabling injuries × 200,000/Total working hours Incident Rate (IR)= (total occupational accident / total hours of work) × 200,000.
- 2.TRIR: Number of recordable injuries × 200,000/Total working hours Total recordable incident rate (TRIR) = Number of incidents × 200,000 / total number of employee hours worked in a year.

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 delivery vehicles and to ensure the safety of other road users.



Safety training for contractors



Communication with contractors on safety

## Response to Workplace Accidents

We 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 enhance personnel's ability to respond to emergencies, we will strengthen their emergency response skills by conducting fire extinguishing and equipment operation training at the fire training center. In 2022, we conducted a total of 252 emergency response training and drills on different topics. 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.





Fire prevention and disaster response drill

A simulated disaster drill



Sampling burn emergency training



Exercise of toxic chemical accidents and air pollution incidents

## Occupational Safety Injury Statistics

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. The statistics do not include traffic accidents during commutes, slight injuries, and other accidents. From 2020 to 2022, our Malaysia plant continued to record no human disability accidents, while our China plants had fewer such accidents than the 2021 level, and our Taiwan plants had more serious such accidents than in 2021, with one case counted as it is still under review by the competent authority. In 2022, Eternal recorded no fatalities, and the absence rate was 0.97%.

Year	Sites in Taiwan		Sites in China		Site in Malaysia	
	IR	LDR	IR	LDR	IR	LDR
2020	0.10	0.54	0.09	0.80	0	0
2021	0.10	1.28	0.04	0.78	0	0
2022	0.15	4.31	0.04	0.38	0	0

In 2022, there were a total of 4 cases of male and female disability accidents in our manufacturing bases where 4 male personnel were injured. The types of accidents include burns to the hands caused by high-temperature containers, sudden onset of cardiovascular disease during business trips, leg injury when moving goods, and injury caused by getting stuck in the rollers when performing cleaning jobs. We make improvements by using a system to analyze and identify the causes of the accidents in accordance with management requirements. The injured employees will be taken care of and allowed to return to their work.

Gender		Kaohsiung	Lu Chu	Ta-Fa	Ping-Nan	Guangdong	Zhuhai	South China	Chengdu	Chongqing	Kunshan	Changshu	Suzhou	East China	Tianjin	North-east China	Malaysia
		IR	LDR	IR	LDR	IR	LDR	IR	LDR	IR	LDR	IR	LDR	IR	LDR	IR	LDR
Male	IR	0	0.12	0.36	0.35	0	0	0	0	0	0	0	0	0.75	0	0	0
	LDR	0	0.58	23.3	4.84	0	0	0	0	0	0	0	0	6.77	0	0	0
Female	IR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	LDR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

According to the annual total recordable incident rate (TRIR) and the annual incident rate (IR) of the total work hours of 9,185,131 in 2022, TRIR was 0.46 in Taiwan, 0.04 in China, and 0 in Malaysia; the Group's TRIR was 0.22 and IR 0.09, both showing a trend under control. To create a safe workplace with zero accidents and occupational hazards, 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:

1. IR: Number of persons injured and disabled  $\times 200,000 / \text{Total working hours}$ .  
Incident rate (IR) = (total occupational accident / total hours of work)  $\times 200,000$ .
2. LDR: Total days lost due to disabling injuries  $\times 200,000 / \text{Total working hours}$ . Lost day rate (LDR) = (number of lost days / total work hours)  $\times 200,000$ .
3. TRIR: Number of recordable injuries  $\times 200,000 / \text{Total working hours}$ . Total recordable incident rate (TRIR) = Number of incidents  $\times 200,000 / \text{total number of employee hours worked in a year}$ .
4. Absentee rate (AR): Absentee hours / required attendance hours  $\times 100\%$ . Absence rate (AR) = (absence days / total number of days of work)  $\times 100\%$ .
5. 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).

## Occupational Safety and Accident Prevention Management

To implement accident preventive and corrective measures, we have established the "abnormal accident management operating procedures" and drawn up an abnormal accident electronic notification form. Each factory can quickly report accidents or false alarms and carry out occupational safety and production safety investigations according to the procedures to find out the real causes, review the hazard rating again, and prevent accidents from happening again according to the improvement strategy. We will continue to promote health, eliminate hazards, and protect the environment by taking preventive and corrective measures to protect the life and property of our employees, company, and community.

## Accident/False Alarm Investigation and Corrective and Preventive Process



## Employee Health Care

### Workplace Employee Health Management

Due to the ongoing COVID-19 pandemic, the Company developed the "COVID-19 Response and Prevention Requirements" for all operational sites and provided pandemic relief supplies to ensure workers' health in the workplace.

Eternal is committed to taking care of our employees' health by conducting health checks at frequencies and projects that exceed regulatory requirements. Based on their health examination results, we take different management measures depending on the health condition of the employees. We provided medical care for a total of 417 employees who received consultation and care for their health. Considering the confidentiality of personal health data, employees can enter their account and password in their company computer to check their personal health status over the years to protect their health. The overall health examination rate in our production sites in Taiwan, Malaysia, and China reached 99% in 2022 while complying with regulatory requirements. The focus of major manufacturing bases in Taiwan is to prevent occupational diseases by preventing working overtime, human factor engineering hazards in the workplace, and protecting the maternal health of female employees. Prevent cardiovascular diseases and musculoskeletal injuries by developing health promotion plans and improving the functions of health examination software. In 2022, a total of 144 employees talked to the doctor for health guidance. To prevent hazards to the mother and the child, nurses and occupational safety and health units will inspect the workplace, while doctors will provide consultation and education for prenatal health. In 2022, we provided parental care for a total of 13 employees.

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. □ Some of our 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.

## Occupational Disease Prevention and Health Management

For personnel who is exposed to chemicals at work or performing special job assignment in our Taiwan plants, our occupational safety and health personnel and medical staff in the factory will conduct an overall inventory of workplace health risks by assessing workplace chemical exposure and on-site environmental monitoring data to ensure we understand the health status of our employees and take preventive measures. We provide protection for 140 health workers involved in special job assignments. They have to be educated and take different management measures depending on their health condition. In 2022, none of our workers died of occupational diseases in workplaces not controlled by Eternal or contracted such diseases confirmed by government safety and health agencies and occupational physicians. Our occupational disease rate (ODR) was 0% in that year.

## Health Promotion in Friendly Workplace

The Nurses will draw up a health promotion plan and arrange various activities every year according to the analysis results of the employees' annual health examination plan. Although affected by the COVID-19 epidemic, we still arranged related health promotion activities for a small number of people at a safe distance. We held a total of 47 activities on Dementia care, summer skin and scalp care, government subsidiaries for the Long-Term Nursing Care 2.0 Policy, prevention of metabolic syndrome, next-generation COVID-19 vaccine and Influenza vaccine, and arranged health lectures, healthy diet campaign, and physical activities for our employees.

Physical fitness activities



Maternal Health Consultation



Medical personnel's health education and consultation services



Exercise to stay healthy



Basic fitness courses for middle-aged and elderly workers





Physical fitness activities

Our manufacturing bases greatly promote a smoke-free and healthy environment by reducing secondhand smoke hazards, preventing obesity, hypertension, hyperglycemia, and hyperlipidemia, organizing outdoor family activities, and regularly providing CPR training to encourage our employees to engage in independent, healthy workplace certification campaigns for a friendly working environment.



Healthy Workplace Certification



Healthy Workplace Certification



Summer Skin and Scalp Care Tips



Family Outdoor Walking Activity



Use Summer to Treat Winter Illness with Sanfu Plasters



Parent-Child Relationship Seminar for Toddlers

Workplace name	111	110	109	108	107	106	105	104
Eternal Materials Co., Ltd- Luzhu Factory	Promote			Promote			★ Promote	
Eternal Materials Co., Ltd- Dafa Factory		Promote			Promote			Promote
Eternal Materials Co., Ltd- Pingnan Branch	Promote			★ Promote			★ Promote	

## Corporate Responsibility for Healthy Citizens

To create a healthy environment for employees and fulfill corporate social responsibility, we participate in health activities organized by the competent authorities, such as beach cleaning, blood donation activities, drug abuse and suicide prevention and control activities to take good care of our employees and even our stakeholders mentally and physically.



Promise a Healthy



Drug Abuse and Suicide Prevention



Clean Beach to Make a Difference



Save Lives by Donating



## Customer Service

### Management Approach

Ensure the quality of the Company's products and services, establish a client-oriented quality system, and 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 is 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 interests, health, and safety.

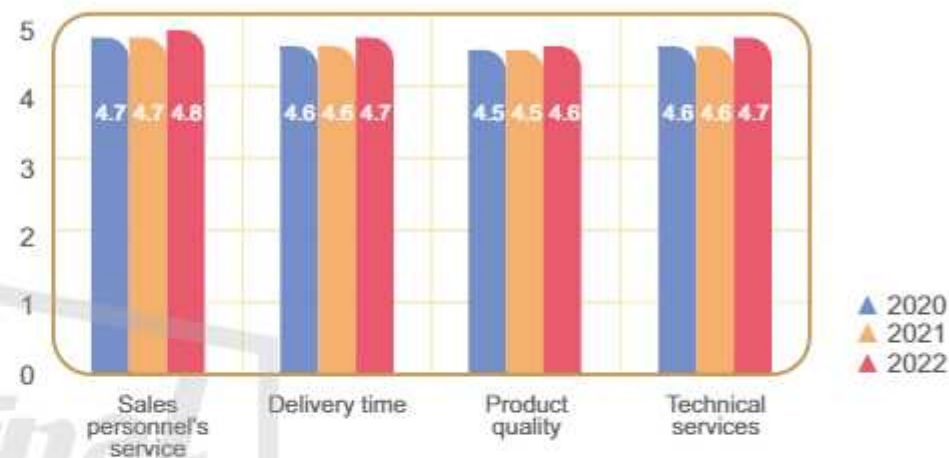
Our marketing and R&D personnel put forth needs for product designs as per market demand or clients' requirements through interviews with clients, competitor analysis, product creativity, proposal improvement, and discussions with the management team.

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, responses to clients' complaints, and customer satisfaction surveys to continuously improve our customer relationships.

To ensure product and service quality, we have established a client-oriented quality system, regularly held 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 at least one customer satisfaction survey a year. The satisfaction survey includes sales personnel's services, delivery, product quality, and technical services. We will review the survey results and assign personnel from the sales, production, marketing, and technical support units to address the issues 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





## Supply Chain Management

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 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 suppliers to create a reasonable, efficient, and competitive supply chain. Eternal and our suppliers have become partners with mutual trust to contribute to social and environmental sustainability.

### Supply chain distribution: upstream and downstream entities and their activities in the supply chain

Petrochemical basic raw materials Ethylene, ethylene oxide, propylene, butadiene, benzene, methanol, and propylene oxide				
Intermediate petrochemical materials Styrene, ethylene glycol, acrylate, propylene glycol, phthalic anhydride, methacrylic acid, adipic acid, acetone, toluene, and xylene				
Adhesive resin	Coating resin	Polyester resin	Stereolithography monomer	Photoresist materials
Circuit board	Vinyl ester	Water-based coatings	Structural adhesive	Liquid polyimide material
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				

### Supplier Management and Evaluation

The parent company in Taiwan conducts annual on-site audits of potential partners, new suppliers, delivery service providers, oligopolistic, or important suppliers with high procurement frequency to learn about the suppliers' current plant management status and to follow up on improvements.

### Raw Material Supplier Management

There was no major change in Eternal's supply chain in 2022. 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 in 2022, 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.

Year	Number of Suppliers that Received On-site Audit and Inspections
2020	7
2021	6
2022	6

### Annual evaluation and rating for raw material suppliers

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 5,000 tons, 1,000–5,000 tons, 100–1,000 tons, and less than 100 tons) to evaluate raw material suppliers. The scoring standards are:

<b>Quality (50 points)</b> <ul style="list-style-type: none"> <li>Does it have an ISO9001 certificate (10 points)</li> <li>Does it have an environmental, safety, and health management system in place (10 points)</li> <li>Does it attach an inspection certificate (10 points)</li> <li>Delivery quality (20 points)</li> </ul>	<b>Cost (20 points)</b> <ul style="list-style-type: none"> <li>Is its price competitive (20 points)</li> </ul>
	<b>Delivery (10 points)</b> <ul style="list-style-type: none"> <li>Does it deliver supplies on time (10 points)</li> </ul>
	<b>Service (20 points)</b> <ul style="list-style-type: none"> <li>Company's requirements (10 points)</li> <li>CSR (10 points)</li> </ul>



The evaluation results are classified into Level A: Over 90 points, Level B: 75–89 points, Level C: 60–74 points, and Level 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 only resume the procurement after they have made improvements. According to the evaluation results in 2022, all suppliers performed well, and none of them were rated C or D.

Evaluation result	Items of Materials Evaluated	A	B	C	D
2020	20	29	14	1	0
2021	20	21	17	0	0
2022	20	22	16	0	0

## Diverse Supply of Materials

Suppliers are Eternal's long-term business 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 process.

Year	Sample test	External sample request	Total
2020	51	47	98
2021	39	65	104
2022	114	84	198

## Management of Delivery Companies

### Scope of Disclosure: Taiwan

Eternal's land delivery service providers in Taiwan must obtain government approval for legitimate business operations and comply with relevant government laws and regulations. The Company requires all vehicles entering its plants to comply with all safety and health regulations. The Company requires our delivery service providers to comply with government regulations during shipping after leaving the plant to prevent accidents.

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 the materials are transported safely.

## Annual Evaluation and Rating of Delivery Service Providers

Delivery service provider evaluation: develop the delivery service provider evaluation form to raise the standard for hiring qualified vendors to ensure delivery safety. The Company continuously evaluates its performance. We continue to hire those who have implemented improvements and meet standards and remove those who have not to reduce the occurrence of transportation accidents and protect public safety and the environment.

Delivery service provider evaluation criteria: To comply with government regulations and our company's requirements, we set up 20 evaluation criteria under the category of "Delivery Capacity," "Delivery Anomaly management," and "Delivery Safety and Services."

The evaluation results are classified into Grade A: Above 90 points, Grade B: 70–89 points, Grade C: 60–69 points, and Grade D: Below 60 points. We will reduce purchases from delivery service providers rated C. Delivery service providers with a rating of D are assessed for special conditions or disqualified.

Evaluation result	A	B	C	D
2020	10	2	0	0
2021	12	2	1	0
2022	9	7	0	0
The total amount of money we spent on 16 delivery service providers in 2022 was approximately NT\$80 million. (Unit currency: NTD)				

In 2022, we signed collaboration agreements with 16 delivery service providers, and we rated all of the 16 providers. The evaluation result shows that all of them were rated B or above. (The delivery service provider rated C in 2021 was re-evaluated as Level B)

## 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

#### Management Approach

Eternal has adopted sustainable development as our business philosophy 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.

(How we follow GRI2-24 to fulfill our commitment by building business relationships)

Since 2017, Eternal has required all new suppliers to sign the Supplier Code of Conduct, which expressly includes ethics, compliance, health, and safety mechanisms in 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). To encourage our suppliers to comply with the Supplier Code of Conduct to be in line with our business philosophy of sustainability, we consider the contract as one of the criteria for making purchasing and contracting decisions.

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 1,198 suppliers in Taiwan have participated in the signing of the Code of Conduct, accounting for approximately 65% of the procurement. We will continue to sign this Code with the other suppliers. Besides, most large and international suppliers have published their annual ESG reports, which are practical actions taken by them to fulfill their corporate social responsibilities. We will include the proportion of suppliers with ESG 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 provide their company documents	Total number of suppliers that signed the code	Ratio of suppliers who have signed the code to all suppliers	Percentage of the total annual procurement amount from suppliers that signed the code
2021	507	13	941	55%	63%
2022	764	13	1198	65%	64%

In 2022, 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 2022.



## GRI3-3 Major Issue Disclosure

Ratio of local procurement, supplier expenditure analysis, and supplier environmental assessment 308-1/308-2, supplier social assessment 414-1/414-2 (GRI 3-3)

	Negative impact	Positive Impact
Ratio of local procurement and supplier expenditure analysis	Including the risk of delayed supply, material shortage, and force majeure with international political and policy implications for the origin of raw materials.	Including benefits such as reduced delivery costs, quality assurance, rapid local services, and improved delivery speed.
Supplier Environmental Assessment 308-1/308-2 Supplier Social Assessment 414-1/414-2	The Supplier Code of Conduct demonstrates our commitment to preventing environmental, labor, human rights, or social impacts, such as prohibiting child labor, hazardous substances, and waste disposal. Failure to follow this Code will pose a risk to the supplier's effort to protect the environment.	Suppliers sign the Supplier Code of Conduct to resonate with Eternal's commitment to fulfilling environmental and social responsibility by reducing social and environmental risks.

## Impact on Value Chain

Major Issues	Management Procedures	Special Actions	Scope of Impact		
			Upstream	Eternal	Downstream
Proportion of procurement expenses from local suppliers	To meet our global plants' demand for raw materials, 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 can 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.	Increasing procurement from local suppliers in the future	Direct	Direct	Indirect
Supplier Environmental and Social Assessment	Include ethics, compliance, health, and safety mechanisms in 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).	Since 2017, Eternal has begun to require new suppliers to sign the "Supplier Code of Conduct."	Direct	Direct	Indirect

## Effectiveness Assessment and Tracking

We take into account the environmental footprint generated when procuring raw materials and expect our suppliers to procure locally as part of our effort to protect the environment.

The percentage of local procurement of materials in Taiwan (important operating sites) in 2022 was 70%. 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. As of the end of 2022, there were a total of 655 raw material suppliers, with an expenditure of approximately NT\$9.7 billion. Thirty-eight suppliers were being evaluated, and they accounted for 52% of our total procurement amount.

Year	Percentage of Local Procurement Amount	Percentage of Imported Procurement Amount
2020	64%	36%
2021	73%	27%
2022	70%	30%

The impact of suppliers' environmental and social assessment on the company depends on whether they comply with the Supplier Code of Conduct, and they have good business ethics and risk management mechanisms. 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 2022.





## Local Communities

Eternal has four production bases in Taiwan (Lu-Chu Plant, Ta-Fa Plant, Ping-Nan Plant, and Xi-zhi Plant), each of which conducts analysis and evaluation of issues concerned by the local community. In addition, Eternal also spares no effort in assisting local development and is a good neighbor for the Lu Chu Community. The two plants located in the industrial zone (Ta-Fa Plant and Ping-Nan Plant) not only coordinate with the industrial zone management center to carry out various community assistance activities but also provide care to nearby schools or the neighborhood through direct participation, depending on their situation. Due to the special nature of the industry, Xi-zhi Plant is currently located in an office building and follows the regulations and management measures of the property company. To sum up, Eternal is devoted to meeting the environmental requirements of the competent authorities for emissions, wastewater discharge, and waste treatment. The information is disclosed in the "Environmental" chapter of this report and provides a detailed description of the management policies, impact assessments, response strategies, and short-term to long-term goals for each issue. Assessing that the environment in Taiwan in 2022 will not have a negative impact on the local community, nor will it cause any negative impact on the society. It has been implemented with stakeholders in the local community (surrounding residents, employees, schools, community service agencies, competent authorities... etc.) The communication base reaches 100%.

### Management Approach

It is an important business philosophy of Eternal to "give back what is taken from the society", based on this belief, Eternal has been supporting charitable activities for many years.

After a long period of observation of the development of 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

We are committing to improving the education or cultural environment and opportunities for rural areas and unprivileged groups.

We seek to help the disadvantaged to complete their education or acquire skills to improve their lives and support their family to make a difference in the world, and consequently reduce social problems and improve environmental harmony.

## Community/social activities during 2022 are summarized as follows:

### Development and Engagement in Local Community

Our plants work with stakeholders in the neighborhood by investing manpower and money to support local construction and charitable activities such as building harmonious relations with the local community, renovating old buildings, and organizing charity groups and temple festivals.

#### Eternal Takes the Lead to Do Charity Work



Lu-Chu Charity Association, a charity organization in Lu-Chu District enjoying the reputation of "kindness," not only visits residents during important national holidays but also holds blood donation activities regularly. For many years, the last Lu-Chu Blood Donation Tour was held by the Association in December. Eternal has earned recognition from event organizers and residents for its effort to organize charity activities.



Eternal also makes an effort to protect the environment in the neighborhood by cleaning the streets and ditches and trimming trees. We have won a lot of praise from residents for our effort to create such a clean environment.

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





### Care for the Local Community

The Eternal Arts and Culture Center is located in our Lu-Chu Plant, surrounded by many industrial parks and farmlands. The nearby South Taiwan Science Park has attracted many optoelectronic and material manufacturers and has become a hot spot for high-tech development 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 artworks as a medium, along with education in the museum, to provide residents and related visiting groups with different leisure activities, thereby enhancing the museum experience and local art promotion.

Since it was established, the center has received residents, employees, contractors, clients, schools, and government agencies. During 2022, there were 77 visits, with a total of 1,203 visitors.



## Environmental Education Starts from Childhood

We organized environmental protection education sessions on sustainable environment and social engagement in collaboration with the elementary and junior high schools around the plant. We decided on themes based on the hot topics in society and the concept of sustainable development and environmental protection while sharing pollution prevention achievements with children to enhance their positive environmental protection concepts.



The Lu-Chu Plant held an awareness-raising event, "Protect the Environment through Resource Recycling and Reuse," at Tsai Wen Elementary School in Lu-Chu District on November 18, 2022.

With resource recycling and energy labels as the theme, we shared the concept of green consumption with children. The Lu-Chu Plant also donated NT\$25,000 to Tsai Wen Elementary School to renovate old buildings and improve the safety of the school facilities.



We have been holding blood donation activities during the annual maintenance of our plants for many years. We also invited other companies in the same industrial park and the Pingnan Industrial Park Service Center to be part of this event and won praise and recognition from residents.

## Beach Cleanup to Safeguard the Ocean

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. On International Coastal Cleanup Day, we took action to be part of the effort to protect the ocean, save lives, and create a sustainable environment.



## Charity by Eternal

Eternal has long been concerned about the shortage of local school resources. This year, we donated grants to six Kaohsiung schools to help poor students who are unable to obtain government subsidies. We also extended the group's social welfare "Education Takes Root Program" to those schools to show their students how static electricity is transmitted and conducted by doing magic tricks in an easy and inspiring way.

Our 2022 charity program aims to help poor school children and extend the group's social welfare program, "Education Takes Root," even further. By leveraging our technology foundation, we designed interesting magic shows in small experiments for the students from Lu-Chu Elementary School to observe and learn how static electricity is conducted and how we can prevent electric shock in daily life. This allows students to understand chemical materials from daily life and inspires them to learn more about science or materials.

Eternal stated that the company would continue to promote public welfare activities in the local community, contribute to local development, and start from its core technical capabilities to apply professional knowledge of chemical materials into daily life in an easy and interesting way and fulfill corporate social responsibility.





## Nurture Professional Baseball Players

Since 2011, Eternal has been committed to supporting disadvantaged students in rural areas, one of the sponsorships is Kaohsiung Municipal Jhong Siao Junior High School Baseball Team. Over the decade, the school has nurtured several outstanding players, such as Wei-Chung Wang, Tzu-Wei Lin, and Chi-Ling Hsu, who successively joined Major League Baseball. After returning to Taiwan, they went on to play in the Chinese Professional Baseball League. The school also has another promising player, Sheng-En Lin, who is now being scouted by other countries.

This is good news for us because it demonstrates our long-term support for these children eventually bore fruit. Eternal firmly believes that the power of sports can give young people unlimited hope and inspire them to build teamwork, self-confidence, and perseverance and walk their path in life.





## Appendix One - GRI Content Index Table

Statement of use	The 2022 Etemal Sustainability Report complies with the requirements of new GRI Standards (2021). The scope of data and information disclosed is January 1 to December 31, 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable GRI Sector Standard(s)

### GRI 2

item	Disclosure	Page/Explanation
2-1	Organizational details	003
2-2	Entities included in the organization's sustainability reporting	006
2-3	Reporting period, frequency and contact point	006
2-4	Restatements of information	No information restated
2-5	External assurance	114
2-6	Activities, value chain and other business relationships	003 · 104 · 105
2-7	Employees	075
2-8	Workers who are not employees	075
2-9	Governance structure and composition	011
2-10	Nomination and selection of the highest governance body	014
2-11	Chair of the highest governance body	014
2-12	Role of the highest governance body in overseeing the management of impacts	018
2-13	Delegation of responsibility for managing impacts	019
2-14	Role of the highest governance body in sustainability reporting	016
2-15	Conflicts of interest	019
2-16	Communication of critical concerns	020
2-17	Collective knowledge of the highest governance body	015
2-18	Evaluation of the performance of the highest governance body	015
2-19	Remuneration policies	090
2-20	Process to determine remuneration	090
2-21	Annual total compensation ratio	090
2-22	Statement on sustainable development strategy	017
2-23	Policy commitments	018
2-24	Embedding policy commitments	018
2-25	Processes to remediate negative impacts	019
2-26	Mechanisms for seeking advice and raising concerns	019
2-27	Compliance with laws and regulations	022
2-28	Membership associations	005
2-29	Approach to stakeholder engagement	008
2-30	Collective bargaining agreements	073

### Material Topics

Category	GRI Index	Item	Disclosure	Page/Explanation
Economic	GRI 3	3-1	Process to determine material topics	009
		3-2	List of material topics	009
		3-3	Management of material topics	Each topic is described separately
	Economic performance 2016	201-1	Direct economic value generated and distributed	022
		201-3	Defined benefit plan obligations and other retirement plans	091
	Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	090
		202-2	Proportion of senior management hired from the local community	084
	Procurement Practices 2016	204-1	Proportion of spending on local suppliers	108
	Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	020
Environmental	Energy 2016	302-1	Energy consumption within the organization	028
		302-3	Energy intensity	029
		302-4	Reduction of energy consumption	030
	Water and Effluents 2018	303-1	Interactions with water as a shared resource	042
		303-2	Management of water discharge-related impacts	041
		303-3	Water withdrawal	041
		303-4	Water discharge	041
		303-5	Water consumption	041
	Emissions 2016	305-1	Direct GHG Emissions (Scope 1)	036
		305-2	Indirect GHG Emissions (Scope 2)	036
		305-4	GHG emissions intensity	037
		305-5	Greenhouse gas reduction	038
		305-7	Nitrogen oxides, sulfur oxides, and other significant air emissions	051
	Waste 2016	306-2	Waste by type and disposal method	058
	Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	107
		308-2	Negative environmental impacts in the supply chain and actions taken	108



Category	GRI Index	Item	Disclosure	Page/Explanation
Social	Employment 2016	401-1	New employee hires and employee turnover	079
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	091
		401-3	Parental leave	073
	Occupational health and safety 2018	403-1	Occupational health and safety management system	095
		403-2	Hazard identification, risk assessment, and incident investigation	098
		403-3	Occupational health services	102
		403-4	Worker participation, consultation, and communication on occupational health and safety	097
		403-5	Worker training on occupational health and safety	098
		403-6	Promotion of worker health	101
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	094
		403-8	Workers covered by an occupational health and safety management system	095
		403-9	Work-related injuries	100
		403-10	Work-related ill health	102
	Training and education 2016	404-1	Average hours of training per year per employee	087
	Employee diversity and equal opportunities 2016	405-1	Diversification of governance units and employees	015
		405-2	Ratio of basic salary and remuneration of women to men	090
	Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	072
	Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	071 - 107
	Human rights 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	070
		412-2	Employee training on human rights policies or procedures	073
	Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	109
		413-2	Operations with significant actual and potential negative impacts on local communities	109
	Supplier social assessment 2016	414-1	New suppliers screened using social criteria	107
		414-2	Negative social impacts in the supply chain and actions taken	108

## Appendix Sustainability Accounting Standards Board, SASB

Topic (Table 1)	Indicator Code	Disclosure Indicators	Page/Explanation
Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	034-040
	RT-CH-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	034-040
Air Quality	RT-CH-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	049-052
Energy management	RT-CH-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4) total self-generated energy <sup>1</sup>	025-034
Water Management	RT-CH-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	041-048
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	041-048
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	041-048
Hazardous Waste Management	RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled <sup>2</sup>	052-059
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	109-111
Workforce Health & Safety	RT-CH-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	094-103
	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	094-103
Product Design for Use-phase Efficiency	RT-CH-410a.1	Revenue from products designed for usephase resource efficiency	061-067
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	067-069
	RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	067-069
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms(GMOs)	NA



Topic (Table 1)	Indicator Code	Disclosure indicators	Page/Explanation
Management of the Legal & Regulatory Environment	RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	005 - 022
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR) <sup>3</sup>	098-099
	RT-CH-540a.2	Number of transport incidents <sup>4</sup>	Zero(106)
Topic (Table 2)	Indicator Code	Disclosure indicators	Page/Explanation
Production by reportable segment <sup>5</sup>	RT-CH-000.A	Quantitative	003

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#### INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders  
Eternal Materials Co., Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report ("the Report") of Eternal Materials Co., Ltd. ("the Company") for the year ended December 31, 2022.

#### Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

#### Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

We planned and conducted our work on the selected subject matter information (see Appendix) in the Report in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board to issue a limited assurance report on the preparation, with no material misstatement in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

#### Inherent Limitations

The subject information included non-financial information, which was under more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

#### Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Quality Management Standard I "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

#### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report is, in all material respects, not prepared in accordance with the above mentioned reporting criteria.

#### Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of this report.

The engagement partner on the limited assurance report is Han-Ni Fang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 12, 2023



## SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Assurance Subject Matter	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-2, Number 1	Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy/total energy), and total self-generated and self-use energy.	CH3 Environmental	Total energy consumption and utilization rate of purchased electricity, purchased steam, natural gas, fuel oil, and renewable energy (solar energy).
2.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-2, Number 2	Total water withdrawn, total water consumption, mandatory or voluntarily disclosed total wastewater (sewage) discharged.	CH3 Environmental	Total water withdrawn, total water consumption, and total wastewater discharged.
3.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-2, Number 3	Total quantity of hazardous wastes generated during the production process of products required to be disclosed under the law or to be disclosed voluntarily.	CH3 Environmental	Total quantity and recycling rate of hazardous wastes generated during the production process of products.
4.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-2, Number 4	Number of employees in and rate of occupational accidents.	CH4 Workplace	The disabling injury rate, the lost day rate, and the annual recordable accident rate of total employees.
5.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-2, Number 5	Operations with significant actual and potential negative impacts on local communities.	CH6 Neighborly	Identification and assessment of operations with significant actual and potential negative impacts on local communities.
6.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-2, Number 6	Concrete valid mechanisms and actions implemented by the company itself and its suppliers to mitigate negative environmental or social impact.	CH3 Environmental CH5 Partners	Actions implemented by the company itself and its suppliers to mitigate negative environmental or social impact.
7.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-2, Number 7	Production by product category.	CH1 About This Report	Production by main product category.

## Climate Risk Management Report aligned with TCFD

To respond to global climate change that poses increasing risks to our operations and the environment, we not only followed the "Corporate Governance 3.0 Sustainable Development Road Map" issued by the Financial Supervisory Commission, but also introduced climate risk identification and assessment across all departments in 2022 to address climate change issues by taking into account corporate social responsibility and turning risks into opportunities through sustainability. We evaluated the impacts that bring risks and opportunities to our financial management in different scenarios to develop response measures and implement risk mitigation strategies.

## Governance

## Corporate Governance and Sustainable Development Committee

To implement corporate governance and sustainable development, Eternal established the "Corporate Governance and Corporate Social Responsibility Committee" approved by the Board of Directors on November 5, 2021, and changed its name to the "Corporate Governance and Sustainable Development Committee" on March 11, 2022. The committee aims to assist the Board of Directors in setting the company's sustainable development goals and strategies, identifying sustainability issues that need to be addressed, developing action plans, tracking implementation results, and pushing for improvements. We hold at least one committee meeting every year to effectively supervise and govern the company.

The committee is chaired by the Chairman, along with Independent Director, the General Manager, and the Chief Administrative Officer serving as committee members. Also, as the highest supervisor of the executing unit, the General Manager is responsible for supervising and coordinating with different units. Different units will promote different projects on E (Environment), S (Society), and G (Governance) depending on their function and follow through on the results regularly.

## Governance Structure and Supervision

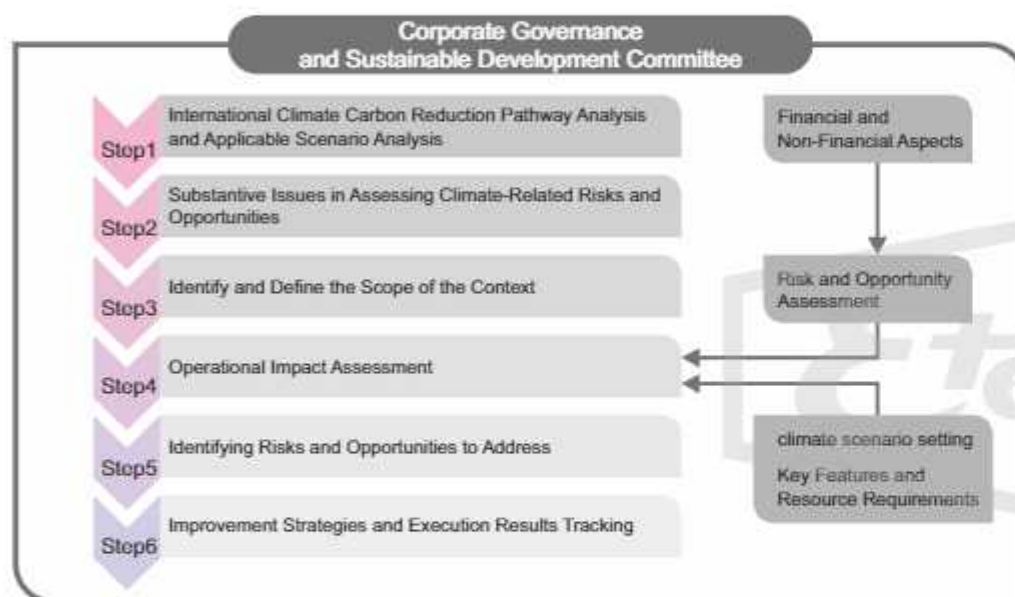
We also formed the Net Zero Emission Task Force under the Corporate Governance and Sustainable Development Committee to supervise our production bases around the world. The General Manager leads the Task Force to review the measures in response to climate change issues on a quarterly basis. The task force will report directly to the Board of Directors about the result of climate change-related indicators.

We review the risks related to climate change on business operations every year in accordance with the Business Strategy and Risk Assessment Operating Procedures and have the committee report to the Board quarterly on the risks of climate change to business operations and countermeasures. We also developed the "Approval Guidelines for Increasing or Decreasing Budget," which stipulates the guidelines for the authority to approve capital expenditure and budget. If the increased or decreased budget reaches a certain amount, we will report to the Board of Directors for approval.



# Risk and Opportunity Management

## Risk and Opportunity Identification and Evaluation Process



### Climate-Related Risk and Opportunity Assessment Process

The Corporate Governance and Sustainable Development Committee will classify and identify risks and opportunities based on the categories (transformation risk, physical risk, and opportunity) recommended by the TCFD framework and talk to each department. They can identify risks and opportunities brought by climate change by addressing the issues of existing measures and solutions, as well as the method, feasibility, and source of acquiring quantitative financial data.

We will identify climate risks based on the impact of climate change on the overall operation of the company and reference the TCFD report framework and the climate-related risks released by the Japanese Ministry of the Environment. Introduction and analysis of opportunity scenarios guide ver2.0 for procedure design. First, we will identify the key units and equipment in Eternal, such as energy demand, regulatory requirements, and carbon reduction goals, and then evaluate potential impacts and the level of impact.

## Risk and Opportunity Management Procedure

In terms of potential risks and opportunities brought by climate change to Eternal, we take into account its level of impact on our operations and the probability of occurrence and give a rating based on the scores defined in the company's impact level scale and the probability of occurrence scale. The financial impact will be taken into consideration before other impacts. If we cannot quantify the impact, we will evaluate it from a non-financial perspective.

After assessing the impact level and probability of occurrence, we will refer to the "Risk and Opportunity Rating Matrix Guide" to further classify risks and opportunities based on their impact level to identify the risks and opportunities that need to be addressed.

## Integration of the overall risk management mechanism of the organization

Eternal brings together the identification of risks and opportunities related to climate change issues to effectively integrate management mechanisms. According to the "Charter of Corporate Governance and Sustainable Development Committee," the Committee reports to the Board of Directors and has the authority to track and review the effectiveness of the annual sustainable development plan and projects and other relevant action plans. It works with the Net Zero Emission Task Force to evaluate environmental issues inside and outside the organization once a year by looking at the correlation between these issues and the company's operational risks and risk levels from different perspectives. The General Manager reports to the Committee annually regarding matters of climate risks and opportunity implementation, and the Committee reports the implementation results to the Board of Directors, and to constantly improve and implement management measures.

## Strategy

### Climate Scenario Simulation (1.5°C)

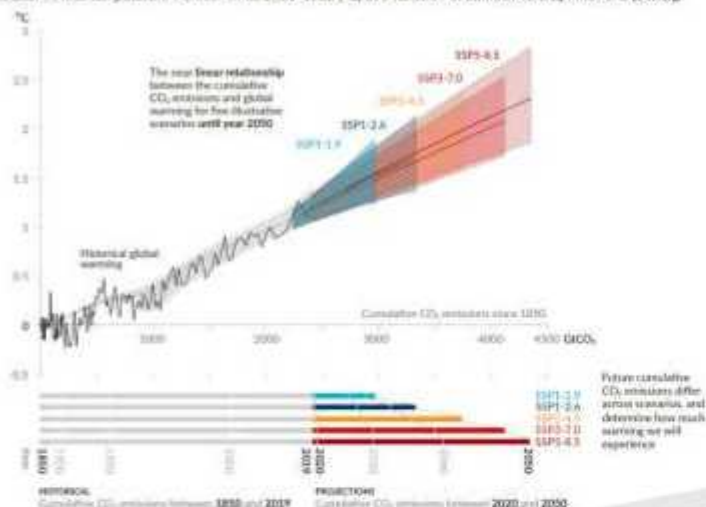
We refer to the latest sixth evaluation report (AR6) of the IPCC that adopts a more detailed "Shared Socio-economic Pathways" (SSP) by incorporating qualitative socio-economic conditions into a comprehensive evaluation model, such as the real situation of the following basic elements or namely driving factors, such as population, human development, economy, lifestyle, policies and authorities, technology, environment, and natural resources. By doing this, we generated five scenarios from carbon negative to extremely high carbon emissions: SSP1-1.9, SSP1 -2.6, SSP2-4.5, SSP2-7.0, and SSP5-8.5.

Of the above 5 scenarios, there is only a slight difference in the impact of SSP1-1.9 and SSP1 -2.6, as well as SSP2-7.0 and SSP5-8.5. Therefore, we only analyzed SSP1-1.9, SSP2-4.5, and SSP5-8.5 during the same periods for the 1.5°C target.



## Every tonne of CO<sub>2</sub> emissions adds to global warming

Global surface temperature increase since 1850-1900 (°C) as a function of cumulative CO<sub>2</sub> emissions (GtCO<sub>2</sub>)



## 2021 Illustrative Climate Schematic Diagram

## Eternal's Climate Scenario Target

Year Scenario	2022-2023	2022-2023	2024-2025	2023-2030	2031-2040	2041-2050
SSP1-1.9 B2DS	1.5°C	1.5°C	1.5°C	1.5°C	1.5°C	1.5°C
SSP2-4.5 2DS	1.5°C	1.5°C	1.5°C	1.5°C	1.5°C	2°C
SSP1-1.9 B2DS	1.5°C	1.5°C	1.5°C	1.5°C	2°C	3°C

## Physical risk

The global sea level rise today is about 20 centimeters higher than the 1900 level. According to the assessment report of IPCC AR6, it is estimated that the average sea level will rise by 30 centimeters to 1 meter or even higher by 2100 due to the impact of the concentration of carbon dioxide in the atmosphere.

This year, Eternal uses a sea level rise assessment software, "Surging seas MAPPING CHOICES", from the Climate Central of the United States to conduct assessments. Our main production sites in Taiwan, China, and Malaysia are not affected by sea level rise at an average global warming of 1.5°C. However, once the average global warming reaches 4°C, the headquarters will need to watch out for the risk of floods for years to come.



Headquarters



Lu-Chu Plant



Ta-Fa Plant



Ping-Nan Plant

**Impact of the scenario of rising sea level after 1.5°C global warming on our major sites**



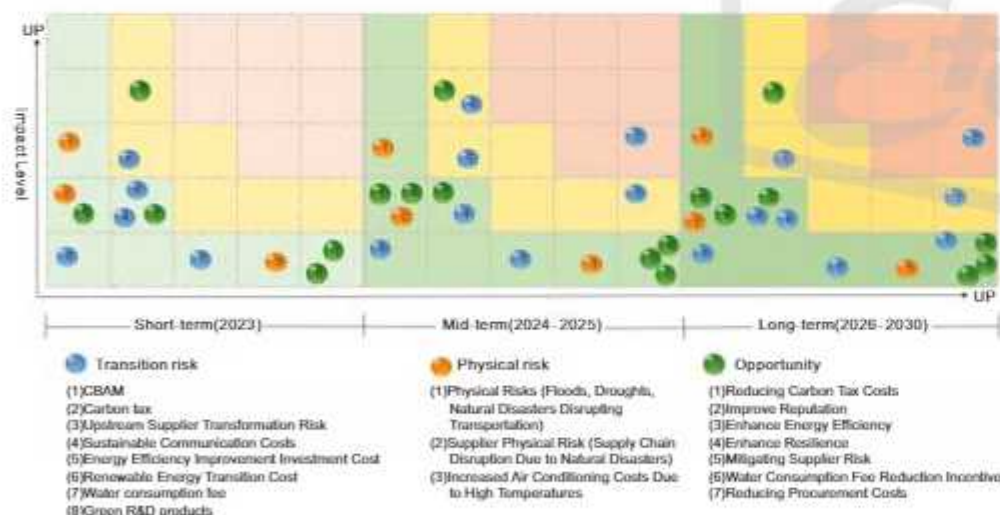
## Transition risk

In response to changes in global policy, carbon border taxes, supply chain emission reduction pressures, increased operational risks, and transformation risks posed by carbon reduction technologies in response to climate change, Eternal has begun to take action by conducting risk assessments, improving energy efficiency, and developing plans for purchasing carbon credits to maintain its competitiveness.

## Climate Risk and Financial Impact Assessment

We conduct such assessments to achieve the short-term goal in 2023, the mid-term goal from 2024 to 2025, and the long-term goal from 2026 to 2030. To address the current climate change risk opportunity issues, we will assess the level of impact and the likelihood of occurrence of these issues on our operations based on our existing measures, simulated scenarios, and the correlation with these issues to draw a risk opportunity matrix. The green blocks in the picture represent a low-risk opportunity zone. The yellow blocks represent a moderate-risk opportunity zone. The Pink and orange blocks represent a high-risk opportunity zone. We will develop risk opportunity response strategies on the score and time of each issue.

Climate-related risk opportunity matrix



Issues that have a significant financial impact from short-term to long-term.

- ★ Short-term: No high-risk issues.
- ★ Mid-term: The high-risk issue is the carbon fee (approximately NT\$300 per ton).
- ★ Long-term: The high-risk issue is the carbon fee (approximately NT\$300 per ton).

Our mid-term and long-term goal is to achieve a total carbon reduction emissions of 30% of the 2020 benchmark year by 2030 to limit global warming to below 1.5°C. We will review the efficiency and reduction measures of electricity, water, thermal energy, and carbon emissions in the Group monthly, invest in R&D of green products, install solar power generation systems, and replace old equipment to improve energy efficiency, and comply with relevant government laws and regulations; Our factories will push for various energy-saving plans to achieve energy conservation and carbon reduction and ensure the impact of climate risk issues on operating income is below 0.3% in the short term to long-term and increase the investment in green product costs every year.

## Indicators and Targets

### Greenhouse gas emissions target

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 accordance with ISO 50001. Our carbon reduction target will be described below:

- (1) Energy conservation target: We aim to reduce the total unit consumption of various energy by 15% by 2030, with the average energy consumption per unit from 2016 to 2020 as the baseline.
- (2) Carbon reduction target: We aim to reduce carbon emissions per product unit by 1.5% by 2030 compared to 2020.
- (3) Renewable energy development target: We will fulfill our obligation to help achieve the proportion of renewable energy at 10% 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.





In accordance with Taiwan's "Regulations Governing Information to be Published in Annual Reports of Public Companies," Eternal shall disclose information on carbon emissions and intensity.

2022		Total emissions (tons of CO <sub>2</sub> e)	Intensity (tons of CO <sub>2</sub> e/NT\$ million)
Scope1			
Parent company	Lu-Chu Plant	15,108	1.756
	Ta-Fa Plant	5,127	2.566
	Ping-Nan Plant	7,714	1.408
Scope2			
Parent company	Lu-Chu Plant	18,937	2.201
	Ta-Fa Plant	8,053	4.030
	Ping-Nan Plant	8,550	1.561
Scope3			
Parent company	Lu-Chu Plant	177,486	
	Ta-Fa Plant	29,608	
	Ping-Nan Plant	152,532	

The above greenhouse gas emissions are the results of annual independent inspections of our plants in Taiwan since 2005 and in other countries since their establishment (see section on greenhouse gas management). Our Taiwan plants conduct a third-party inspection annually based on ISO14064-1 in accordance with relevant laws and regulations.

## Indicators of climate-related risks and opportunities

To reduce the impact of climate change on our operations, other than setting plans for energy conservation and reducing greenhouse gas emissions, we also implement energy conservation and carbon reduction management targets for electricity, thermal energy, water intake and discharge, and renewable energy. We will keep track of the progress of each target each year and develop improvement plans.

Climate-Related Indicators			
Indicator	2020	2021	2022
Power reduction rate (%)	0.23%	0.55%	1.42%
Heat reduction rate (%)	0.32%	5.15%	2.03%
Renewable energy installations (kW)	0	15	15
Use of renewable energy (kWh)	0	17,305	621,465
Energy intensity of electronic materials (MJ/m <sup>2</sup> )	0.85	0.81	0.79
Energy intensity of resin materials (MJ/ton.)	3,456.59	3,369.14	3,782.71
Energy intensity of biomedical materials (MJ/dose)	-	-	1.54
Water intake (million liters)	1,114.59	1,227.72	1,073.67
Number of times a drop of water is used	1.02	1.30	1.48

## Target and Measures

Based on the results of the climate scenario simulation, we have identified risks and opportunities, as well as the impact or benefits of climate change on our financial situation, to set targets for greenhouse gas emissions, energy conservation, and carbon reduction in different stages and develop response measures. We will also regularly monitor the effectiveness of each target according to the company's governance structure to mitigate the impact on the enterprise.



## Climate risk opportunity analysis and response measures

Climate Impact Incidents	Type of Risk	Potential Financial Risk	Type of Opportunity	Potential Financial Benefits	Management Measures
Regulatory or Agreement Requirements	Transition risk: -Compulsory laws or agreements -Technical risk	Laws, policies, and reduction target: (1)2050 net zero emissions (2)Corporate Governance 3.0	Enhancing company resilience	Improve the company's ESG performance and market investment value	1.Incorporating energy management systems. 2.Replacing process equipment and utility equipment 3.Constructing solar power generation facilities. 4.Geothermal feasibility assessment. 5.Keeping track of short to long-term ESG performance accordingly (ESG reports).
Supply interruption	Physical risk -Immediate/ long-term	Supply chain management: (1)Interruption of raw material supply (2)Increased cost of sustainable energy in the supply chain	Resilience-reducing supply chain risks	Improving the reliability and resilience of the supply chain	Diverse supply chain management.
Market preference changes	Transition risk -Market -Technology	Market preference changes: (1)Customer's requirements for green design	(1)Revenue improvement (2)Increase in market share	Increasing customer trust, competitiveness, and revenue	Increasing R&D costs and market share of green products.
Increased severity of extreme weather events such as typhoons or floods	Physical risk -Immediate/ long-term	Impact of extreme weather events: (1)Floods caused by extreme weather, heavy rainfall, or typhoons.	Improving the resilience of the company and the supply chain		Apply for relevant disaster insurance.
Average temperature rises	Physical risk -Immediate/ long-term	High-temperature impact: (1)Increased demand for air conditioning in offices and factories due to high temperatures, resulting in increased electricity consumption	Improving the resilience of the company and the supply chain		1.Introducing energy management systems to control the use of energy. 2. Replacing energy equipment to improve energy efficiency.
Changes in rainfall (water) patterns and climate patterns	Physical risk -Immediate/ long-term	Droughts caused by extreme weather			Using water recovery systems.

Sea level rise	Physical risk -Immediate/ long-term	Floods caused by rising sea levels			The company should be insured for related disaster risks.
Limited water supply/outages	Physical risk -Immediate/ long-term	(1)Loss due to decreased production/ (2)factory shutdown			1. Implement regulation and response measures based on water situation signals. 2. Improve water recovery rate.

## TCFD Disclosure Comparison Table

Dimension	TCFD recommended disclosures	Chapter	Page number
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	The Climate Governance Framework and Management Responsibilities	115
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	The Climate Governance Framework and Management Responsibilities Climate-related risks and opportunities management procedure	116
Strategy	a) Describe the climate-related risks and opportunities the company has identified over the short, medium, and long term.	Short, medium, and long-term climate-related risks and opportunities	116
	b) Describe the impact of climate-related risks and opportunities on the company's businesses, strategy, and financial planning.	The impact of climate-related risks and opportunities on an organization's business, strategy, and financial situation	117 - 118
	c) Describe the resilience of the company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate-related scenario simulation (1.5 °C)	117 - 118
Risk management	a) Describe the company's processes for identifying and assessing climate-related risks.	Climate-related risks and opportunities identification and assessment procedure	116
	b) Describe the company's processes for managing climate-related risks.	Climate related risks and opportunities management procedure	116
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the company's overall risk management.	Integration of the overall risk management mechanism of the organization	116
Metrics and Targets	a) Disclose the metrics used by the company to assess climate-related risks and opportunities in line with its strategy and risk management process.	Indicators of climate-related risks and opportunities	118
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Greenhouse gas emission indicators	119
	c) Describe the targets used by the company to manage climate-related risks and opportunities and performance against targets.	Description of Target and Measures	119 - 120