2023 Sustainability Report



ETERNAL MATERIALS

Elements of Infinite Possibilities

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Overview

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

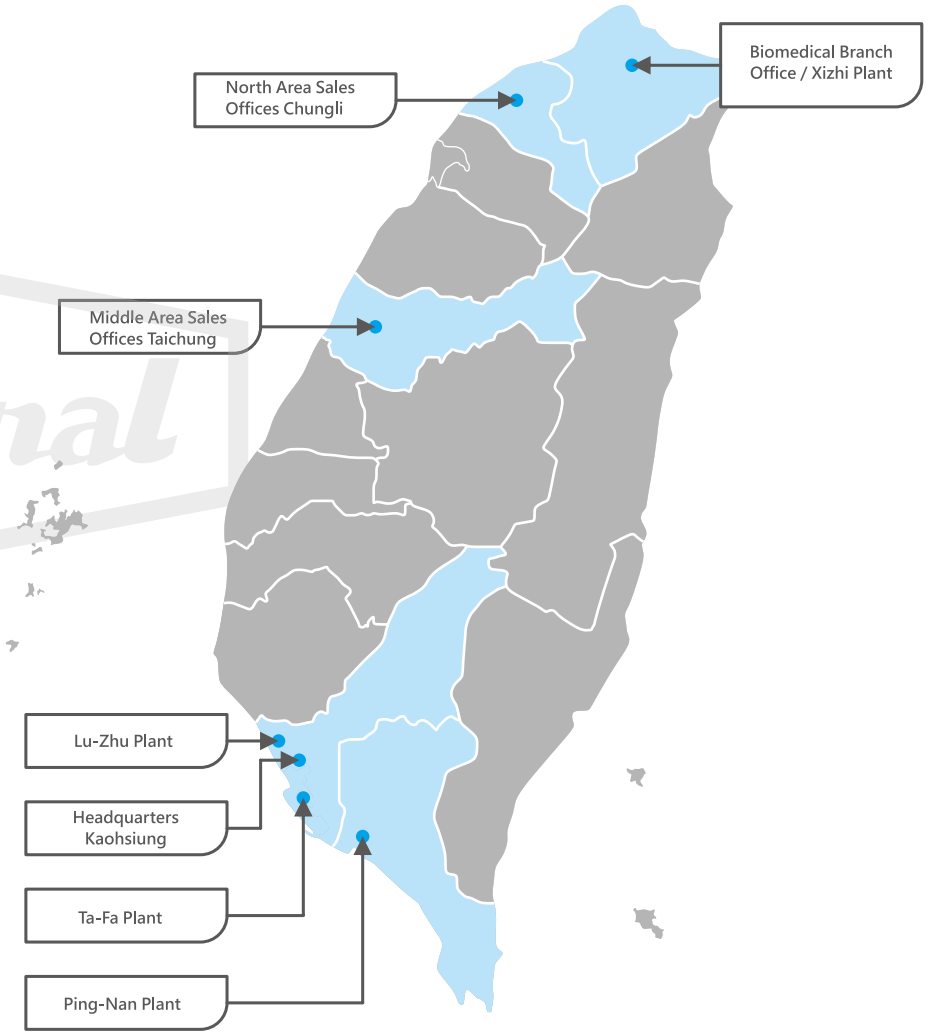
Main product group	Production volume
Synthetic resins(Ton)	104,519
Specialty materials(Ton)	11,287
Electronic materials(KFT²)	665,747
Electronic materials(Other)	Note 2

Note 1. The above expression is consistent with the disclosures in the shareholders' annual report.
Note 2. Due to the numerous types of electronic materials (others), the quantity is not disclosed.

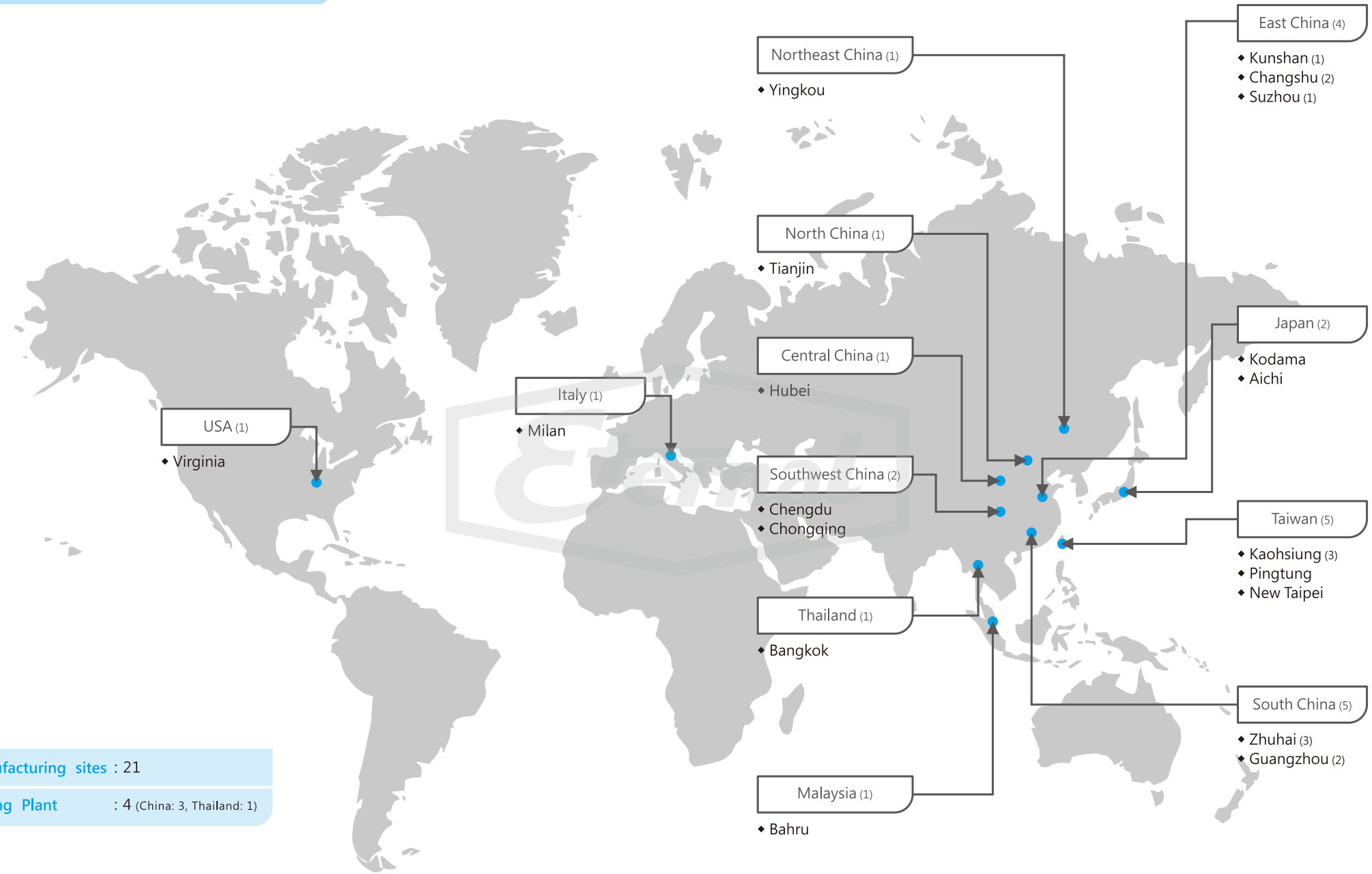
Production Sites & Sales Office

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



Manufacturing sites : 21

Slitting Plant : 4 (China: 3, 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
Chemical Society Located in Taipei	Director/Member
Chinese National Association of Industry and Commerce, Taiwan	Vice Chairperson/Member
Industrial Safety and Health Association of the R.O.C.	Member
The Institute of Internal Auditors-Chinese Taiwan	Member
Taiwan Responsible Care Association	Supervisor/Member
Chinese East Asia Economic Association	Member
The Polymer Society, Taipei	Member
Reinforced Plastics Association, ROC	Member
Chinese Association for Industrial Technology Advancement	Member
Taiwan Listed Companies Association	Supervisor/Member
Taiwan Chemical Industry Association	Executive Director/Member
Taiwan Display Materials & Devices Association	Director/Member
Taiwan Alliance for Sustainable Supply	Member
Taiwan Nanotechnology Industry Development Association	Executive Director/Member
Taiwan Synthetic Resin & Adhesives Industrial Association	Vice Chairperson/Member
Taiwan Paint Industry Association	Supervisor/Member
Taiwan Composite Materials Industry Association	Member
Taiwan Regional Association of Adhesive Tape Manufacturers	Honorary Member
Taiwan Printed Circuit Association	Honorary Director/Member
Taiwan Carbon Association	Director/Member
Taiwan Medical and Biotech Industry Association	Member
Taiwan Chief Information Security Officer Alliance	Member
Association of Taiwan Bio-based and Sustainable Material Industry	Member
Chinese National Federation of Industries	Member

Key Industrial Organizations	Name
Institute for Biotechnology and Medicine Industry	Member
Kaohsiung Chamber of Industry	Director/Member
Importers and Exporters Association of Kaohsiung	Consultant/Member
Kaohsiung Chamber of Commerce	Member
New Taipei City Industrial Association	Member



Editing Principles

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, 2023.

Report Boundaries and Scope

This report sets the organizational boundaries based on the principles of consolidated financial statements, covering Eternal Materials Co., Ltd. and its main subsidiaries, with a focus on operational activities in Taiwan (where Taiwan is the key operational area). Some major thematic areas are extended to other regions or countries based on their impact and are detailed within the content. For more information on the scope of the consolidated financial statements, please refer to pages 37 to 39 of the consolidated financial statements for the year 2023 of Eternal Materials Co., Ltd. available on the Public Information Observatory.

Reporting Guidelines

This report has been prepared in reference to the Sustainability Reporting Standards published by the Global Reporting Initiative (GRI). It encompasses stakeholder inclusiveness, the context of sustainability, materiality, and completeness. An independent third party, Deloitte & Touche, conducted a limited assurance engagement in accordance with Assurance Standard 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," to assess whether the reported information complies with the "Regulations Governing the Preparation and Submission of Sustainability Reports by Listed Companies" issued by the Taiwan Stock Exchange, as well as the sustainability reporting guidelines, sector-specific supplements, and other applicable standards published by the Global Reporting Initiative (GRI). The assurance report was then submitted to the "Corporate Governance and Sustainable Development Committee" and the "Board of Directors."

Release Frequency

The Sustainability Report is published once a year.
Publication date of the previous Report: August 17, 2023.
Expected publication date of this Report: August 31, 2024.

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 : **investor@eternal-group.com**
Suppliers : **supplier@eternal-group.com**
Employees : **employee@eternal-group.com**
Others : **Please refer to the Company's website www.eternal-group.com**



A Letter from the Top Management

Dear Stakeholders,

Eternal recognizes that good corporate governance is critical to the success of a business and is committed to enhancing transparency and accountability to ensure that the legitimate interests of shareholders and stakeholders are fully protected. These efforts have not only consolidated the trust between the Company and its shareholders, employees and the community, but also laid a solid foundation for the Company's sustainable development. Our latest Corporate Governance Rating rankings for 2023 have risen to between 6% and 20% of the tier range, alongside positive trends from other organizations, including an upgrade in MSCI ratings and a decrease in Sustainalytics ESG risk.

In the post-pandemic era, countries around the world are concerned about economic recovery, but at the same time, under the requirements of the United Nations Climate Change Conference, countries around the world have responded to the need to limit global temperature rise to 1.5°C, and through legislation, finance, trade tariffs, and other mechanisms to require enterprises to follow suit. In the face of increasingly stringent domestic and international climate policies and requirements, Eternal has established a Net Zero Emission Task Force in 2021 based on its existing energy management and energy conservation project organizations, to actively promote Eternal's environmentally sustainable development and green business transformation, with the ultimate goal of achieving carbon neutrality at Eternal's global production sites by 2050. In 2023, Eternal invested in renewable energy and water recycling strategies at its production sites around the world. Currently, Eternal's total renewable energy usage has exceeded 33 million kWh, and it has recycled more than 600,000 tons of water, making the Company's operations more robust and the environment better at the same time.

Eternal emphasizes a diverse, inclusive and equal working environment, and encourages internal colleagues to develop their professionalism and achieve meaningful and rewarding career development, so as to promote the mutual growth of employees and the Company. In addition, to ensure a safe working environment in the supply chain, to ensure that employees are treated with respect and dignity, to protect the environment, and to comply with ethical practices, suppliers are required to sign the "Supplier Code of Conduct" in order to jointly implement corporate social responsibility and create a sustainable value chain.

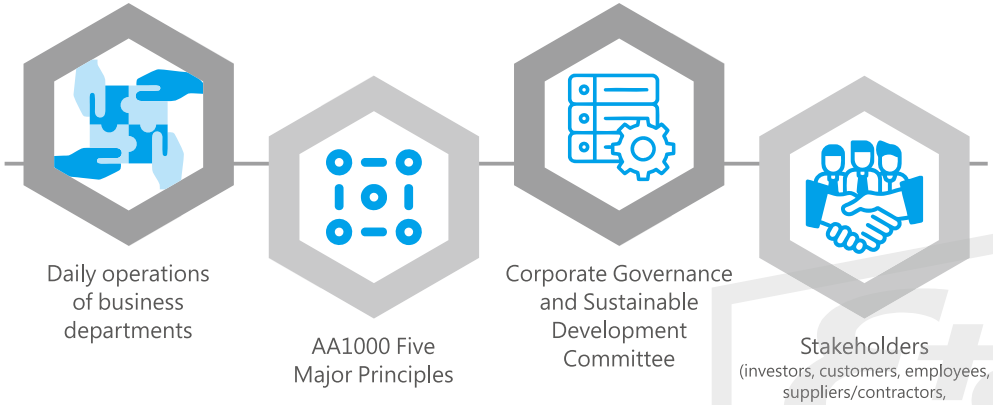
This year, we visited Kaohsiung Daliao Elementary School, which is located near the Ta-Fa Plant, and introduced the characteristics and applications of resin in a theater with animated characters familiar to the children, and demonstrated the use of UV lamps to quickly cure resin to make artificial amber gemstones, so that the children were left with deep memories of the application of resin during the fun and relaxing lessons, and we hope that this would spark the children's interest in science or chemical materials, and achieve the effect of enlightening them in their education. In addition, based on the concept of sustainable development and respect for life, Eternal not only formulates environmental safety and health policies and continuously improves them through PDCA to ensure the occupational safety and health of its employees, but also takes the opportunity of annual recreational activities to promote the safety of chemical use, which in turn affects the friends and family of the neighborhood through the children, and contributes to the sustainability of the environment. For other social welfare activities, please refer to the report.

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



Stakeholders identification and Communication

Involving all relevant personnel, there should be sufficient communication regarding the current key stakeholders and the issues they prioritize. This should be supplemented by the recommendations in the "AA1000SES 2015 Stakeholder Engagement Standards," taking into account dependency, responsibility, tension, influence, and diverse perspectives. A consensus should be reached with the relevant personnel, and the results submitted to the "Corporate Governance and Sustainable Development Committee" for discussion and approval, serving as an important reference for the disclosure in the report.



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	▲Operational performance ▲Information disclosure ▲Material announcements ▲Company website	Shareholders' meeting	Annually
		Annual Report	Annually
		Spokesperson	Irregular basis
		MOPS	Where necessary
		Institutional investors' conference	Where necessary
		Company website	Immediate
Customers	▲Product quality ▲Delivery schedule ▲Services ▲Customer complaint channels	Customer satisfaction survey	Annually
		Visits	Irregular basis
		Email and telephone interview	Irregular basis
		Technical support	Where necessary
		Company website	Immediate
Employees	▲Compensation system ▲Training ▲Benefits ▲Safety and health ▲Health promotion	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
Suppliers Contractors	▲Supplier evaluation ▲Tiered supplier management ▲Contractor construction safety management	Email	Irregular basis
		Telephone communication	Irregular basis
		Invite suppliers for visits	Irregular basis
		Contractor meetings	Annually
		Company website	Immediate
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

Topic Identification of Significance

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 18 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
	Anti-corruption	Confirmed incidents of corruption and actions taken	205-3
Environmental	Energy	Energy consumption of the organization	302-1
		Energy intensity	302-3
		Energy reduction results and practices	302-4
	Water	Interactions with water as a shared resource	303-1
		Management of water discharge-related impacts	303-2
		Water withdrawal	303-3
		Water discharge	303-4
		Water consumption	303-5
	Emissions	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
	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

Category	Material Topics	Description	Item in GRI Standards
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
	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

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:

① Establish effective and appropriate internal control systems.
② Select and supervise managers.
③ Review the Company's management decisions and operational plans, and supervise their implementation progress.
④ Review the Company's financial goals and monitor their progress.
⑤ Supervise the operational results of the Company.
⑥ Review the performance evaluation and remuneration standards for managers and sales personnel, as well as the remuneration structure and system for directors.
⑦ Supervise and address the risks faced by the Company.
⑧ Ensure the Company complies with relevant regulations.
⑨ Map out future development direction for the Company.
⑩ Establish and maintain the Company's image and fulfill social responsibilities.
⑪ Appoint experts such as accountants or lawyers.
⑫ Safeguard the rights and interests of investors.
⑬ 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.

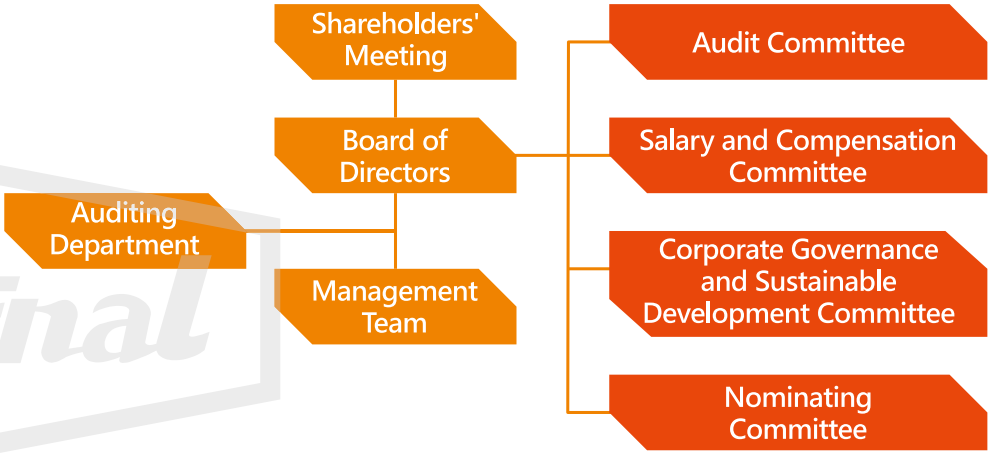
The total amount of remuneration distributed to directors will be reported in the shareholders' meeting to measure the management performance of the highest governance unit. Measuring the performance of the Board of Directors helps to improve its decision-making quality and efficiency, and to achieve effective management and supervision of the Company's 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. Members of the Board of Directors are selected on a merit-based basis, with diverse and complementary abilities across industries, including basic composition (e.g., age, gender, etc.), industry experience and relevant skills (e.g., management, chemical industry, HR management and financial accounting), as well as business judgment, management, leadership and decision making and crisis management abilities.

In order to strengthen the functions of the Board of Directors and achieve the ideal goal of corporate governance, the third chapter of the Governance Code of Eternal Materials, "Strengthening the Functions of the Board of Directors" of the Company has provided a diversity

policy, and the members of the Board of Directors should generally possess the knowledge, skills and qualities necessary to perform their duties. Furthermore, with a view to perfecting the functions of the Company's Board of Directors and strengthening its management mechanism, the Company formulated the Nominating Committee Charter in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and established the Nominating Committee to nominate and elect members of the Board of Directors. Specifically, board members are nominated and elected based on the nomination system as stipulated in the Regulations Governing the Election of Directors to ensure the diversity and independence of board members.

Professional and independent requirements for the Board of Directors

The term of the current Board of Directors is 2022.06.23-2025.06.22 for a total of three years, consisting of 12 directors (including 4 independent directors), specific management objectives: The Board of Directors also focuses on gender equality of its members, and currently there is one female director on the Board; focuses on operational judgement, business management and crisis management capabilities, and more than 2/3 of the board members should have the relevant core project capabilities.

All of the members of the Board of Directors have rich work experience and professional qualifications required by business, legal, financial, accounting or corporate businesses; among the 4 independent directors, each of whom provides objective and professional advice on their areas of expertise to assist the board in making decisions that are best for the Company. The election of directors of Eternal is based on the candidate nomination system. After the qualification examination by the Nominating Committee, the list of candidates will be submitted to the Board of Directors for a resolution to be announced by the shareholders for election from the list for a term of three years.

Qualification and diversity of the board members

① Directors Kao, Kuo-Lun, Ko, Chun-Ping, Yang, Huai-Kun, and Kao, Kuo-Hsun possess operational judgement, business management, crisis management, and international market perspectives; Director Chen, Chao-Hsu possesses a professional background in medicine and is qualified as a medical doctor; and Directors Huang, Shun-Jen, Chen, Chin-Yuan, and Liao, Heng-Ning possess professional backgrounds in science, engineering, technology, and other disciplines.

② Independent directors: Hung, Lee-Jung and Luo, Li-Chun are professionals with expertise in audit, taxation and finance; Chen, I-Heng is a professor specializing in human resources development and management; and Lu, Chun-Cheng is a professional lawyer with legal expertise.

③ The members of the Board of Directors have diverse backgrounds and are able to provide advice on management and strategic development from a variety of perspectives.

④ Employees make up 8.33% of the board, independent directors constitute 33.33% of the board, and female directors make up 8.33%. The four independent directors have not served more than three consecutive terms. One director is over 70 years old, ten directors are between 50 and 70 years old (inclusive), and one director is under 50 years old.



Name \ Diverse core projects		Date of election	Term of office	Date of initial election	Basic composition							Independent director's seniority			Experience and the following professional qualifications								No circumstances in Article 30 of the Company Act
					Nationality	An employee as well	Gender	Education	Age						Diverse core projects						Professional qualifications		
									Under 50	50-70 years old	Over 70 years old	Less than 3 years	3-9 years	Over 9 years	Leadership skills	Operational judgment	Business management	Crisis management	Industrial knowledge	Decision-making ability based on international market perspective	Instructor or higher in a department of commerce, law, finance, accounting, or any other business-related academic department in a public or private college or university	Judge, public prosecutor, attorney, certified public accountant, or any other professional or technical specialist having passed a national examination and been awarded a certificate in a profession necessary for the business operations of the company	
Director	Kao, Kuo-Lun (Note 1)	2022 06 23	3	1992 07 15	Republic of China	✓	Male	Master of Business Administration, University of Southern California	-	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓
	Ko, Chun-Ping (Note 2)	2022 06 23	3	1995 04 28	Republic of China	-	Male	Master of Management Sciences, Tamkang University	-	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓
	Yang, Huai-Kun	2022 06 23	3	1972 05 14	Republic of China	-	Male	Bachelor of Accounting, Soochow University	-	-	✓	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓
	Chen, Chao-Hsu	2022 06 23	3	2022 06 23	Republic of China	-	Male	Bachelor of Medicine, National Taiwan University	-	✓	-	-	-	-	✓	-	✓	✓	✓	✓	-	✓ Physician	✓
	Kao, Kuo-Hsun	2022 06 23	3	2022 06 23	Republic of China	-	Male	Master of Business Administration, City University of Seattle	✓	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓
	Huang, Shun-Jen	2022 06 23	3	2022 06 23	Republic of China	-	Male	Master of Chemistry, National Tsing Hua University	-	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓
	Chen, Chin-Yuan	2022 06 23	3	2022 06 23	Republic of China	-	Male	Bachelor of Chemical Engineering, National Taiwan University	-	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓
	Liao, Heng-Ning	2022 06 23	3	2022 06 23	Republic of China	-	Male	Bachelor of Chemical Engineering, National Taiwan University	-	✓	-	-	-	-	✓	✓	✓	✓	✓	✓	-	-	✓
Independent Director	Hung, Lee-Jung	2022 06 23	3	2016 06 15	Republic of China	-	Female	Bachelor of Accountancy, National Cheng Kung University	-	✓	-	-	8	-	✓	✓	✓	✓	✓	✓	-	✓ Accountant	✓
	Chen, I-Heng	2022 06 23	3	2016 06 15	Republic of China	-	Male	PhD in Human Resources Management and Organization Development, New York University	-	✓	-	-	7	-	✓	✓	✓	✓	✓	✓	✓	-	✓
	Luo, Li-Chun	2022 06 23	3	2019 06 26	Republic of China	-	Male	PhD in Management, Hong Kong Polytechnic University	-	✓	-	-	5	-	✓	✓	✓	✓	✓	✓	✓	-	✓
	Lu, Chun-Cheng	2022 06 23	3	2022 06 23	Republic of China	-	Male	Master of Law, National Chengchi University	-	✓	-	2	-	-	✓	✓	✓	✓	✓	✓	-	✓ Lawyer	✓

Note 1: Position(s) held in other companies: Please refer to the "Information on Directors, Supervisors, and Presidents of Affiliated Companies" section of the 2023 Annual Report. P296-301

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

Nomination and selection in the highest governance unit

I. 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.

II. 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.

III. Eternal selects directors in the following ways:

① The Nominating Committee plans and proposes the search, review and nomination of director candidates based on the criteria of diversified background and independence in terms of expertise, skills, experience and gender required for board members in view of the size of the Company and the nature of its business.
② To identify suitable candidates, propose a list of director candidates to the Board and carefully assess the qualifications of the nominees.
To strengthen the efficacy of directors in carrying on their duties, Eternal will facilitate annual trainings for the directors, in referencing the internal and external conditions and development needs, to enhance directors' professional competency.

IV. Selection method:

① With a candidate nomination system adopted for the election of directors, shareholders' meeting shall elect directors from a list of candidates approved by the resolution of the Board of Directors for a term of three years, and each director may be re-elected. The 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.
② Nominate independent directors whose independence meets regulatory requirements.
③ 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

① The Board of Directors appointed Chairman Kao, Kuo-Lun as the CEO of Eternal on June 26, 2019. The responsibility of a Chairman is to preside over board meetings and execute matters authorized by the Board of Directors, whereas a CEO is responsible for the execution and promotion of the Company's business plan. It is essential to establish the CEO role, given their different responsibilities, despite being held by the same person.
② In 2023, the Board of Directors held six meetings, and each time there were more than three independent directors attending the board meeting in person to fulfill the function of supervision during the period, and the average attendance rate of directors in person was 96%. 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.
③ How the chairman of the highest governance unit avoided conflict of interest:

Avoidance of directors from proposals with interests in 2023:

Date of meeting of the Board of Directors	Director's name	Proposal	Reasons for interest avoidance	Voting or not
5/11	Kao, Kuo-Lun (Chairman)	The Company' s 2022 remuneration distribution proposal for managerial officers.	If the content of the resolution is related to the director's self-interest, he/she shall recuse himself/herself from the discussion and vote in accordance with the law.	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.
11/10	Kao, Kuo-Lun (Chairman)	List of directors, managerial officers, and general employees eligible for stock subscription in the issuance of employee stock options by subsidiary Eternal Precision Mechanics Co., Ltd.	If the content of the resolution is related to the director's self-interest, he/she shall recuse himself/herself from the discussion and vote in accordance with the law.	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.
11/10	Kao, Kuo-Lun (Chairman)	List of directors, managerial officers, and general employees eligible for stock subscription in the issuance of new shares for cash capital increase by subsidiary Eternal Precision Mechanics Co., Ltd.	If the content of the resolution is related to the director's self-interest, he/she shall recuse himself/herself from the discussion and vote in accordance with the law.	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.
12/21	Kao, Kuo-Lun (Chairman)	Managerial officers' annual performance bonus and operation performance bonus in 2023.	If the content of the resolution is related to the director's self-interest, he/she shall recuse himself/herself from the discussion and vote in accordance with the law.	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 2023 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 P41-58
② Directors' Further Education in 2023 P55-58

★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 2023 Annual Report. P30-33

Audit Committee

★Established on June 15, 2016, it is currently in its third term. Current term: 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 Fair presentation of the Company's financial statements.
② The appointment and dismissal, the independence, and performance of CPAs.
③ Effective implementation of the internal control system.
④ 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 / Position	Name	Professional qualifications and experience
Convener Independent Director	Hung, Lee-Jung	She is a former partner and CPA at Pricewaterhouse Coopers Taiwan, and has served as a member of the Audit Committee for more than three years with the acquired professional abilities such as business judgment, accounting and financial analysis, operation and management, crisis management, industry knowledge, international market perspective, leadership, and decision-making ability.
Independent Director	Chen, I-Heng	He is the professor of human resources at Sun Yat-sen University and has served as an independent director of two other public companies. He has been a member of the Audit Committee for more than three years and has the professional abilities in business judgment, talent cultivation, management, crisis management, industry knowledge, international market perspective, leadership, and decision-making.
Independent Director	Luo, Li-Chun	Formerly as a visiting associate professor at Nanyang Business School and CEO of Protrend Management Consulting Co., Ltd. for many years, he has been an Audit Committee member for over 3 years with operational judgment, accounting and financial analysis skills, business administration skills, crisis management skills, industrial knowledge, international market insight, leadership and decision-making skills.
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 judgment, 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 2023 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 assessed the effectiveness of the Company's internal control system policies and procedures (including control measures such as finance, operation, risk management, information security, outsourcing, regulatory compliance, etc.) and audited the Company's audit department and CPAs, as well as management's periodic reports, including risk management and regulatory compliance. 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 Liu, Yu-Hsiang from Deloitte Taiwan passed the independence evaluation in our 10th Audit Committee meeting of the 3rd session on March 7, 2024 and the 12th board meeting of the 19th session on March 8, 2024 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 2023:

Title	Name	Date of Appointment	Education/Work Experience	Attendance times	Attendance rate
Independent Director Convener of the Remuneration Committee	Chen, I-Heng	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 Pricewaterhouse Coopers 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 Chengchi University Partner Lawyer of Huili Law Firm	4	100%

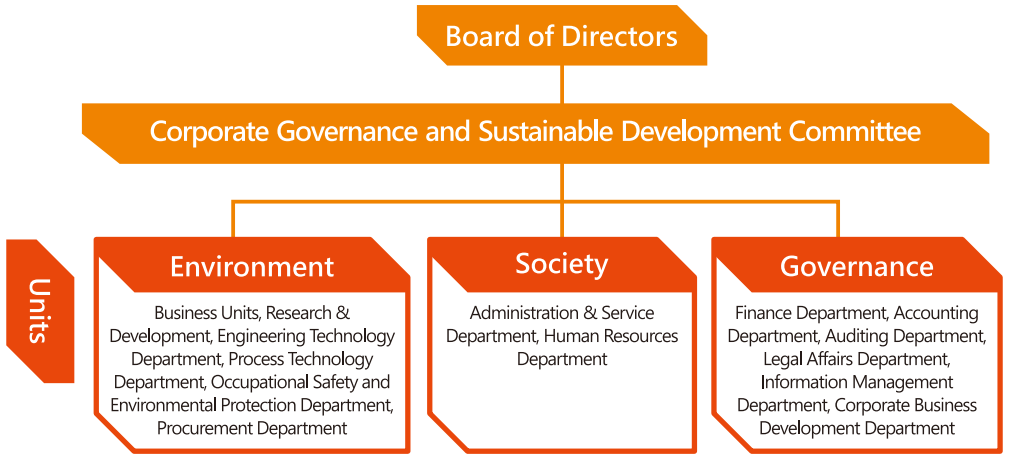
※Please check the Company's website or Annual Report for more information about the Remuneration Committee.

Corporate Governance and Sustainable Development Committee

★Established on November 5, 2021, it is currently in its second term. Current term: 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 2023 Annual Report: Explanation of corporate governance. P65-68

★ 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-Jung	Accounting and taxation
Independent Director	Luo, Li-Chun	Finance
Independent Director	Chen, I-Heng	Human resources
Independent Director	Lu, Chun-Cheng	Legal

For other important positions of members of the governance unit, please refer to the "II. Information on Directors, Supervisors, and Key Managers" in our 2023 annual report. P8-15

Nominating Committee

★It was established on November 10, 2023 and is currently in its first term. Current term: November 10, 2023 to June 22, 2025

★The Nominating Committee of Eternal is comprised of 4 members, all of whom are independent directors. It serves to improve the functioning of the Board of Directors of the Company and to strengthen the management mechanism.

★The main purpose is the following:

With the authorization of the Board of Directors, to exercise the care of a prudent administrator, to perform faithfully the following duties and to submit proposals to the Board of Directors for discussion:

① Formulate the criteria for the diversity of backgrounds, including expertise, skills, experience, and gender, as well as independence required of individual board members, as well as identify, review, and nominate candidates according to the criteria.
② Construct and develop the organizational structure of the Board of Directors and functional committees, conduct performance evaluation for the Board of Directors, functional committees, and individual board members, as well as assess the independence of independent directors.
③ Formulate and regularly review continuing education programs and succession plan for directors.

★Professional qualifications and experience of the committee members.

Title	Name	Expertise
Convener and Independent Director	Lu, Chun-Cheng	Legal
Independent Director	Hung, Lee-Jung	Accounting and taxation
Independent Director	Luo, Li-Chun	Finance
Independent Director	Chen, I-Heng	Human resources

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

Assessment scope: All departments of the Company

Identify and prioritize issues

① Issue collection channels: Issue reports, laws and regulations, complaint channels, and issue development trends.

② Issues: Coverage of issues related to operational performance, product delivery time, employee remuneration, and supplier evaluation.

③ Review the corporate 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.

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 Convene an interdepartmental group meeting to discuss each unit's management planning for each issue, corresponding management objectives, and possible remedies, and to identify if there are any issues that need to be strengthened.

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 remedying negative impacts

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.

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.

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 2023, there was no significant fine or non-monetary sanction for any material violation in the social and economic fields.

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.

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.

★ Please refer to the 2023 Annual Report for details of related party transactions that should be disclosed in accordance with relevant securities laws and regulations: 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 2023 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 2023 Annual Report: Explanation of the operation of the Board of Directors and committees. P28-64

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. In order to actively prevent dishonest behavior, the Code of Conduct has been formulated to implement good corporate governance and risk control mechanisms by stipulating the rules and regulations to be followed, prohibited items, and various measures such as whistle-blowing, which specifically regulate the matters that should be taken into account by the directors, managers, and employees in the execution of their business operations. To establish a robust corporate governance system, we have formulated the "Governance Regulations of Eternal Materials Co., Ltd." 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

★Negative impact

① Increase business risks: 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.

② 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.

★Positive impact

① 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.

② 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	● 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. ● Written promotion: Human resources will provide timely education and promotion during the pre-employment training for new employees, while the rest of the employees will receive internal promotion in the Company's internal bulletin information or publications every year. ● Awareness courses: The Company provides both face-to-face and digital courses to provide guidance on the concepts of corporate governance, internal control, and legal compliance (including anti-corruption, ethical corporate management, and insider trading), which were attended by a total of 1,972 people, thus representing an achievement rate of 97% (11,832 minutes in total). ● 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.	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 2023.

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. "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

★ 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.

★ 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.

★ 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 Asian 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 Plant 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
● 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 oversea 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. ● Some of our downstream customers moved out to Southeast Asian, 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. ● 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. ● 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&D and process capabilities to enhance our overall cost competitiveness.	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 Asian to strengthen our business and product development capabilities.	Direct	Direct	Indirect

Effective evaluation and tracking

★ Results for 2023: For more information, please refer to our 2023 annual report and financial overview. P175-178

★ Evaluation and tracking: Present operational and financial reports at each board meeting to review and track overall profitability.

Overview of Economic Value

The consolidated revenue of Eternal in 2023 is NT$42.5 billion, a decrease of 13% compared with that in 2022. In terms of operating performance, net profit before tax is NT$2.182 billion, 38% lower than that in 2022. Net profit after tax attributable to the owner of the parent company is NT$1.504 billion, and net profit per share is NT$1.28.

In 2023, Eternal's three major industry segments accounted for 52% of revenue from synthetic resins, 26% from electronic materials, and 21% from specialty materials, with synthetic resin shipments taking the lead and stabilizing, resulting in only a slight decrease in revenue compared to the previous year, while electronic materials and specialty materials suffered from the lagging effect of the recovery of the electronics industry, resulting in a more pronounced drop in revenue compared to the previous year.

Direct Economic Value Generated and Distributed

Item \ Year		2023	2022	(%)
Direct Economic Value Generated	Consolidated Revenue	42,451,576	49,014,100	-13.39%
Economic Value Distributed	Operating Costs	34,304,310	38,851,315	-11.70%
	Operating Expenses	6,232,499	6,885,940	-9.49%
	Welfare Expenses	29	92	-68.48%
	Income Tax Expenses	690,378	895,436	-22.90%
Economic Value Retained		35,528,670	41,232,724	-13.83%

For detailed financial data, please refer to our 2023 financial report:
https://mops.twse.com.tw/mops/web/t57sb01_q1 P183-269
Note: For the entities included in the organization ESG report, please refer to Eternal 2023 annual report: (1) Organizational Chart of the Company P8

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 is NT$1 million or more 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

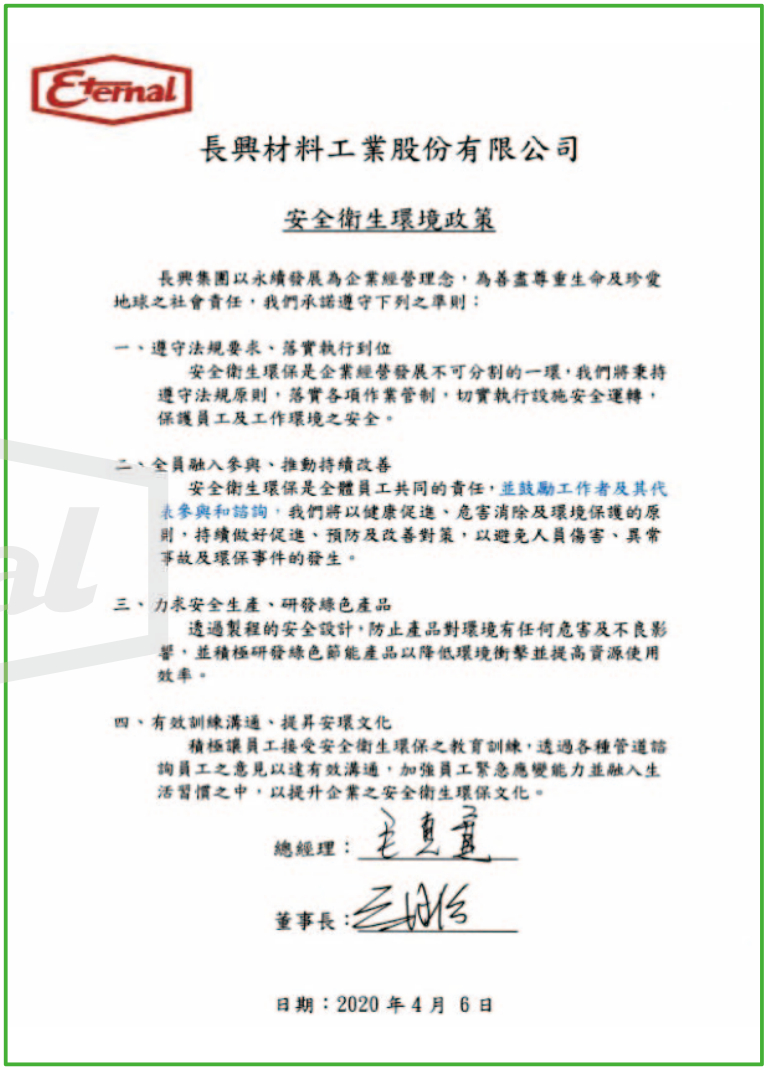
All employees are responsible for safety, health, and environmental protection. We encourage workers and their representatives to participate and inquire about relevant issues. We will continue the promotion, prevention, and improvement measures to prevent injuries, abnormal accidents, and environmental 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愛地球之社會責任，我們承諾遵守下列之準則：

一、遵守法規要求、落實執行到位

安全衛生環保是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

安全衛生環保是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、提昇安環文化

積極讓員工接受安全衛生環保之教育訓練，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保文化。

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 ISO 9001, and we will introduce and integrate the ISO 45001 occupational safety and health management system and the ISO 50001 energy management system subsequently.

The ISO 14001 environmental management system has been certified for the major production plants in Taiwan, China and Malaysia, and the Company promotes the same management standard to continuously optimize environmental issues.

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 plants 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 plants 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



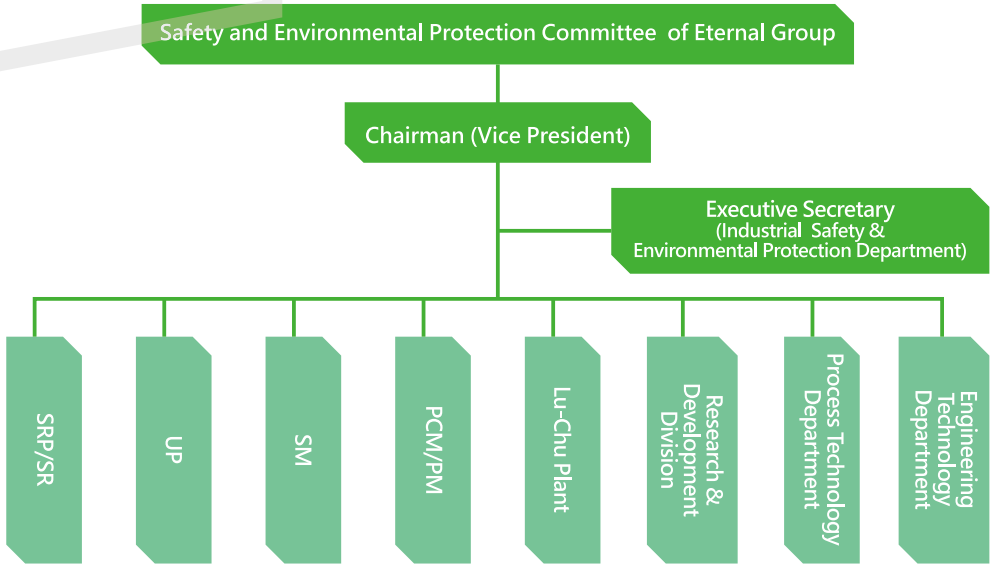
ISO 50001 Certificate

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 Technology Department, the Director of the Engineering Technology 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 Occupational Safety and Environmental Protection Department serves as the Executive Secretary of the committee and sets out the committee's responsibilities:

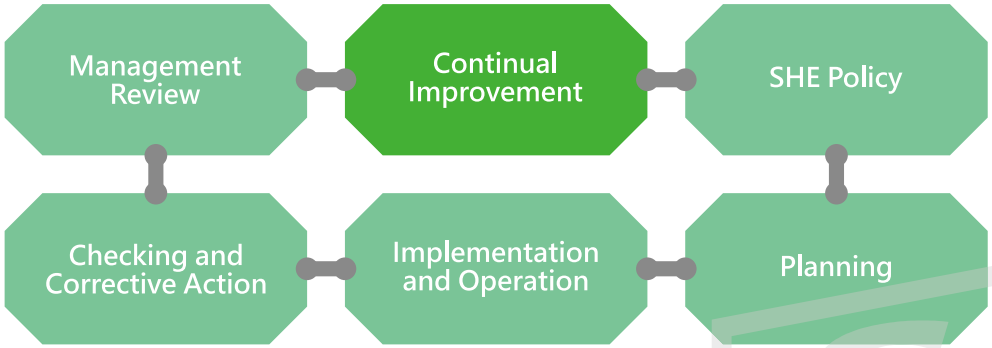
①Review and promote the planning and implementation of the Eternal' s safety and environmental protection work.
②Integrate Company resources and standardize safety and environmental regulations.
③Integrate Company resources and improve the performance of units with poor safety and environmental performance.

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

Impacts and Value Chain Implications



The impact of climate change on the environment is becoming increasingly evident. The COP28 UN Climate Change Conference in 2023 closed with an agreement stated that countries should triple their renewable energy installed capacity and double the global average annual rate of energy efficiency improvements by 2030. Furthermore, the agreement emphasizes the need to assist in the just, orderly, and equitable transition of energy systems away from fossil fuels, accelerating actions by 2030 to achieve net-zero emissions by 2050.Eternal is located in the midstream of the chemical industry chain and can expect to see an increase in the cost of raw materials and energy, as well as restrictions on the use of high carbon fuels in manufacturing, resulting in increased operating costs and challenges. Downstream customers will also have increasingly stringent requirements on carbon emissions from their products, adding to Eternal's operational challenges. In response to the impact of energy and the value chain, Eternal is taking a serious view of the situation and continues to promote energy-saving and carbon reduction projects as well as investments in low-carbon energy transformation, with a view to reducing energy-related impacts and turning crises into opportunities.

Policy and Management Approach

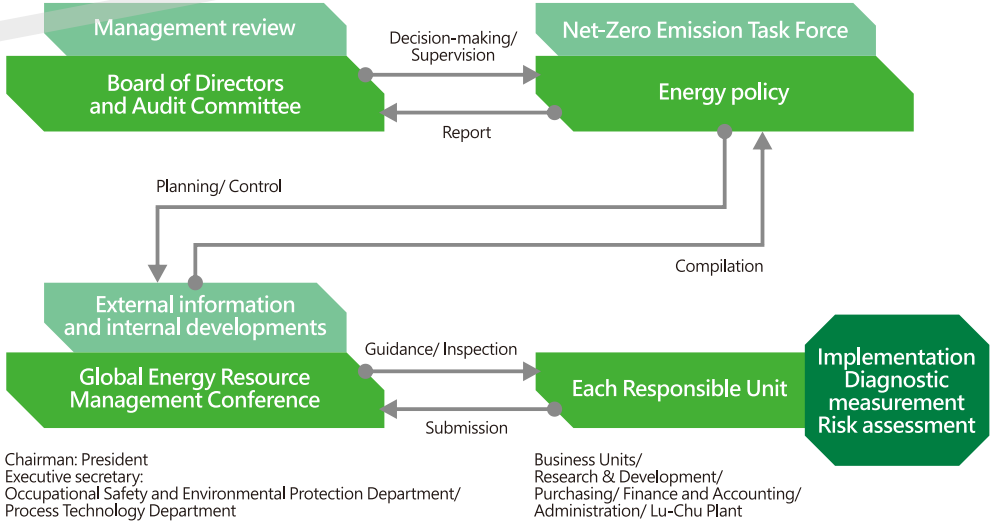
In the face of the impacts and risks brought about by global climate change, energy-related issues are at the core of the issue. Therefore, Eternal fulfilled the spirit of corporate responsibility by setting up the Energy Conservation and Carbon Reduction Task Force in 2012 to carry out energy-related activities and formulated an energy policy and its management regulations in accordance with the ISO 50001 standard to implement the PDCA closed-loop management.

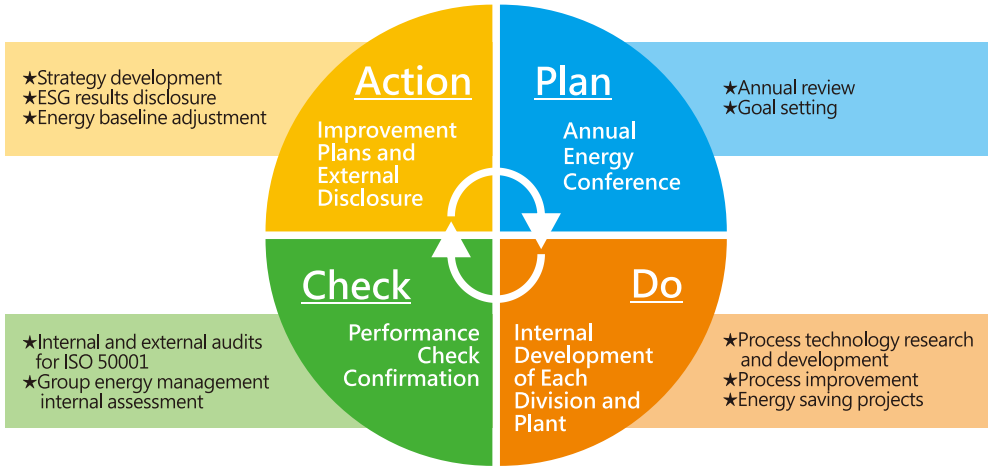
Energy Policy


能源政策



Organization and Management System





Objectives and Performance

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	Performance in 2023	Short-term targets for 2030	Medium- to long-term targets for 2050
Unit consumption of energy resources	Using the average energy consumption per unit from 2016 to 2020 as the baseline, starting from 2021, the energy consumption per unit will be reduced by 1.5% annually.	Electronic materials 63.39 (MJ/Kft^2) Reduction of 7.3% Resin materials 3,621 (MJ/T) Reduction of 4.8%	By 2030, the cumulative reduction in energy consumption per unit will reach 15%.	By 2050, the cumulative reduction in energy consumption per unit will reach 50%.
Development of renewable energy	With 2020 as the base year, the share of renewable energy use in the total global electricity consumption will be increased gradually.	1.91%	By 2030, the share of renewable energy use will reach 10% of the total global electricity consumption in the base year.	By 2050, the share of renewable energy use will reach 100% of the total global electricity consumption in the base year.

Baseline values: 68.40 MJ/Kft^2 for electronic materials, 3,805 MJ/T for resin materials.

Eternal continues to promote energy-saving projects and the evaluation and introduction of new energy technologies with solid process technology research and development capabilities and comprehensive environmental safety and health management systems, so as to enhance energy efficiency, reduce greenhouse gas emissions, fulfill its responsibility as a global citizen, and minimize the impact of environmental and climate change.

Energy Consumption Statistics

Tableofconsumptionofvariousenergyresourcesforproduction (scopeofdisclosure:allplantsinTaiwan,China,andMalaysia):

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	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
	2023	233,990.284	2,222.427	307,328.593	1,005.000	2,968.362	-	547,514.665
Plants in China	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
	2023	356,564.758	610,911.423	477,313.322	2,224.127	309.755	7,200.000	1,447,323.385
Plant in Malaysia	2021	31,954.194	0	108,652.500	0	-	-	140,620.537
	2022	31,670.543	0	123,229.648	2,898.395	-	-	157,798.586
	2023	32,076.929	0	124,160.235	0	-	-	156,237.164
Others	2023	31,477.295	0	34,130.944	673.654	-	-	66,281.893

Note:
★Energy type classification: As defined in GRI 302-1.
★Heating value conversion factor of purchased electricity: 1 kWh = 860 kcal, 3.6 MJ/kWH.
★Heating value of purchased steam: The average value of 7 kg/cm^{2}G of low pressure steam used in the plant and the full heating value of 7 kg/cm2G of steam pressure calculated by the saturated steam pressure gauge tool is 661.173 kcal/kg, calculated as 2.768 MJ/kg.

★Heating value of fuel oil: 40.2 MJ/L, according to Taiwan Ministry of Economic Affairs 2022 Energy Statistics Handbook.
★Heating value of natural gas: 37.68 MJ/m^3, according to Taiwan Ministry of Economic Affairs 2022 Energy Statistics Handbook.
★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).
★Other regions: Italy, Japan Chiryu, Japan Kodama, Thailand, and the US have been included in the management system since 2023.
★The percentage of purchased electricity is 29.38%.



2021-2023 Produced Energy Usage Statistical Chart

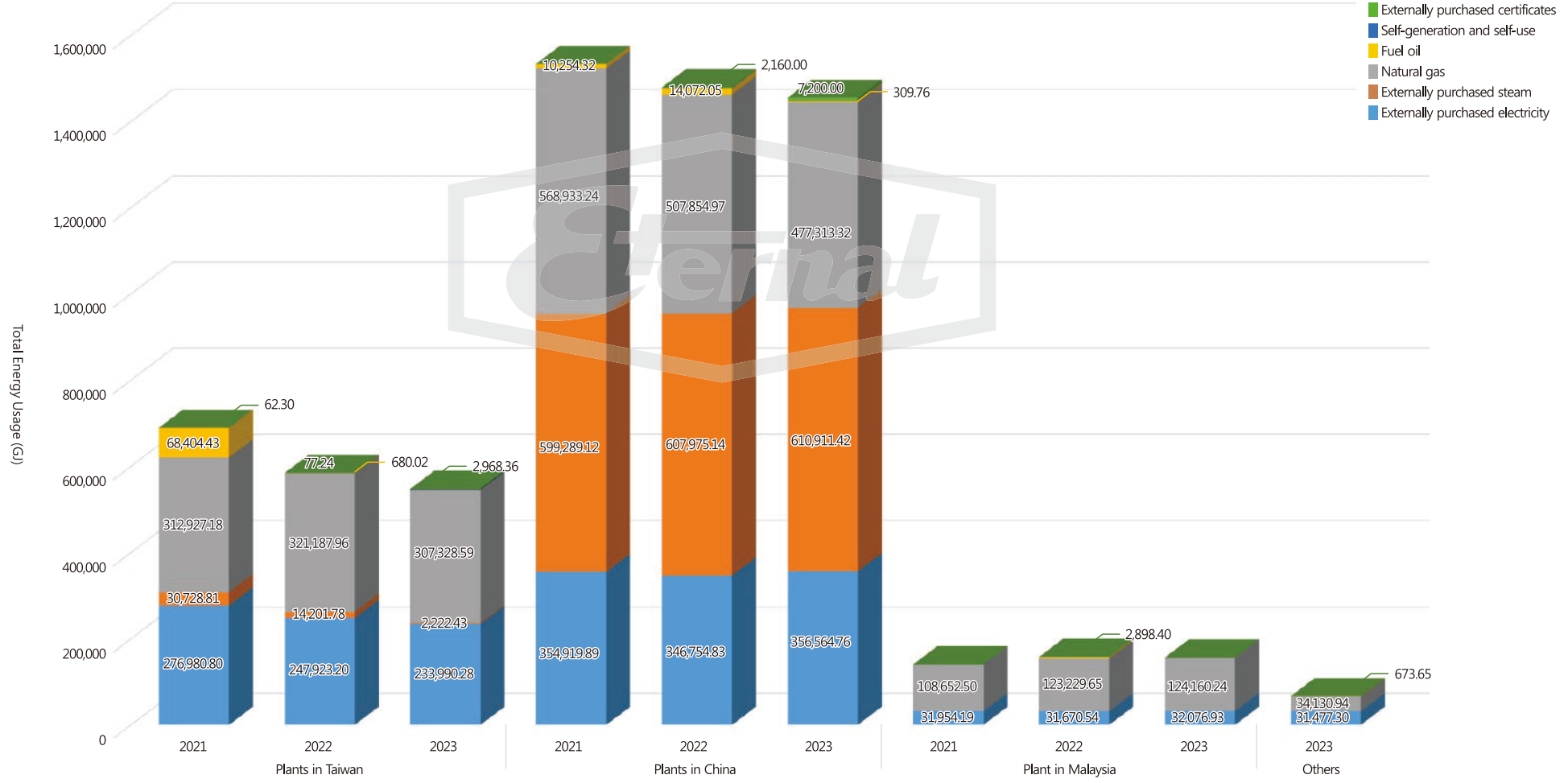


Table of consumption of various energy resources not for production (scope of disclosure: all plants in Taiwan, China, and Malaysia):

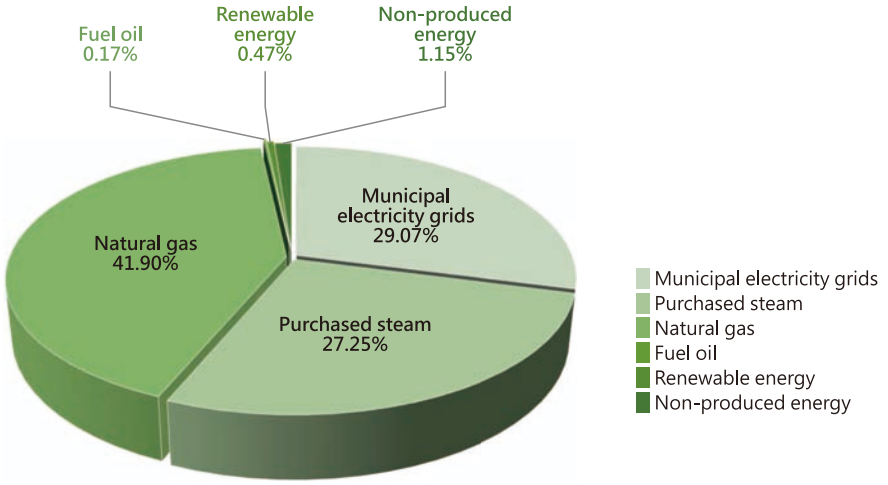
Energy type / Plant	Year	Non-renewable energy (GJ)				Total energy consumption (GJ)
		Externally purchased electricity	Diesel oil	Gasoline	Liquefied petroleum gas	
Plants in Taiwan	2022	-	5,758.084	48.783	1,015.420	6,822.287
	2023	-	5,384.612	1,897.206	977.001	8,258.819
Plants in China	2022	-	17,375.673	1,466.652	245.256	19,087.581
	2023	-	9,349.367	915.448	85.857	10,350.672
Plant in Malaysia	2022	-	2,198.297	0	0	2,198.297
	2023	-	2,112.310	0	0	2,112.310
Others	2023	5,005.893	0	11.127	80.806	5,097.826

Note:
- Starting from 2022, energy consumption is calculated for production and non-production purposes.
- Heating value of diesel oil: 35.17 GJ/m^3, according to Taiwan Ministry of Economic Affairs 2022 Energy Statistics Handbook.
- Heating value of gasoline: 32.66 GJ/m^3, according to Taiwan Ministry of Economic Affairs 2022 Energy Statistics Handbook.
- Heating value of liquefied petroleum gas: 27.78 GJ/m^3, according to Taiwan Ministry of Economic Affairs 2022 Energy Statistics Handbook.
- Other regions: Kaohsiung Company, North Regional Office, Central Regional Office, Korea Office, and Vietnam Office have been formally integrated into the management system since 2023.

2023 Organizational Energy Consumption

Purpose of using the energy	Total energy consumption (GJ)
Production energy consumption	2,217,357.107
Non-production energy consumption	25,819.627
Energy consumption within the organization	2,243,176.734

Proportion of Eternal's global energy consumption during 2023

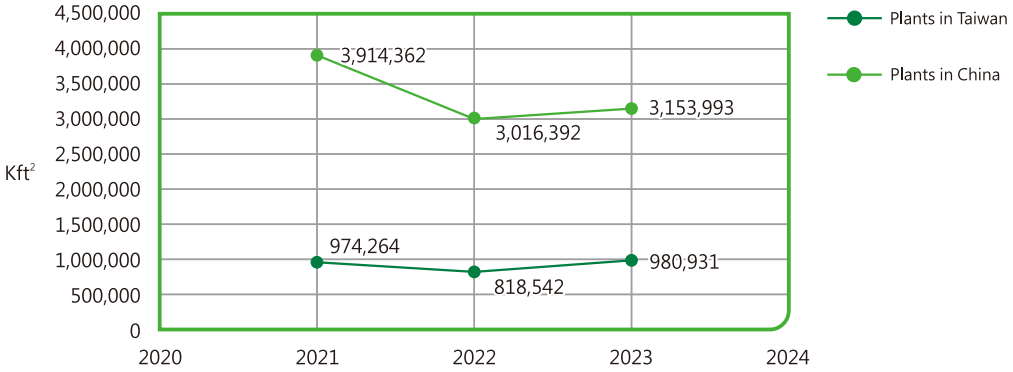


Energy Intensity Indicator

This report is divided into three major products, namely electronic materials, resin materials and biomedical materials, by product attributes, and the unit energy consumption data are disclosed in a product-intensive manner.

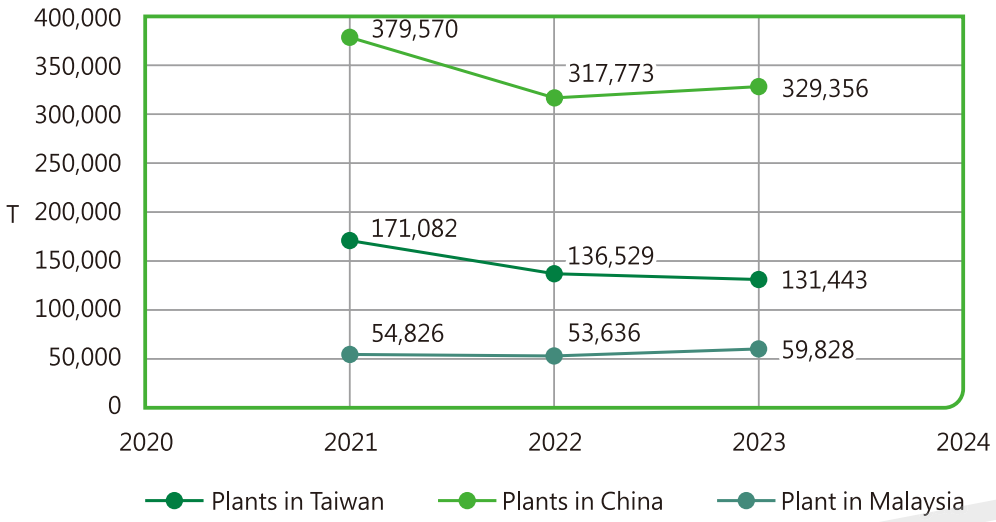
Scope of disclosure: All plants in Taiwan, China, and Malaysia

2021-2023 Production volume of electronic materials by production area



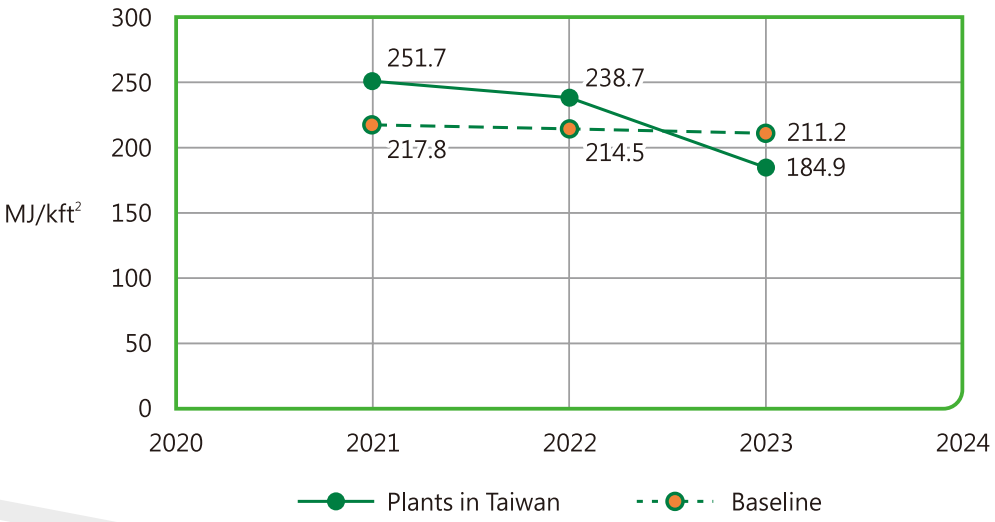
Note: The unit of electronic material products: thousand square feet, abbreviated as kft^2.

2021-2023 Production volume of resin materials by production region

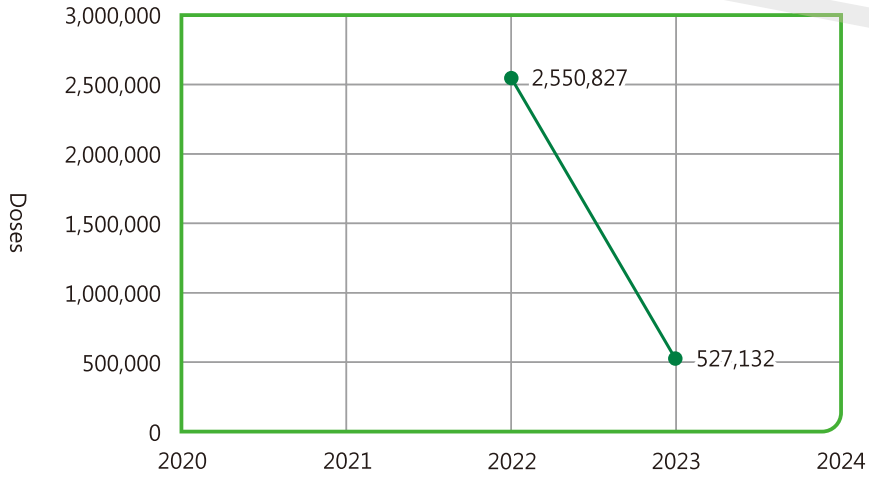


Note:
The resin materials are the sum of the products of the synthetic Resin Materials and the High-Performance Materials.
Unit of measurement of synthetic resin products: Ton, abbreviated to T.

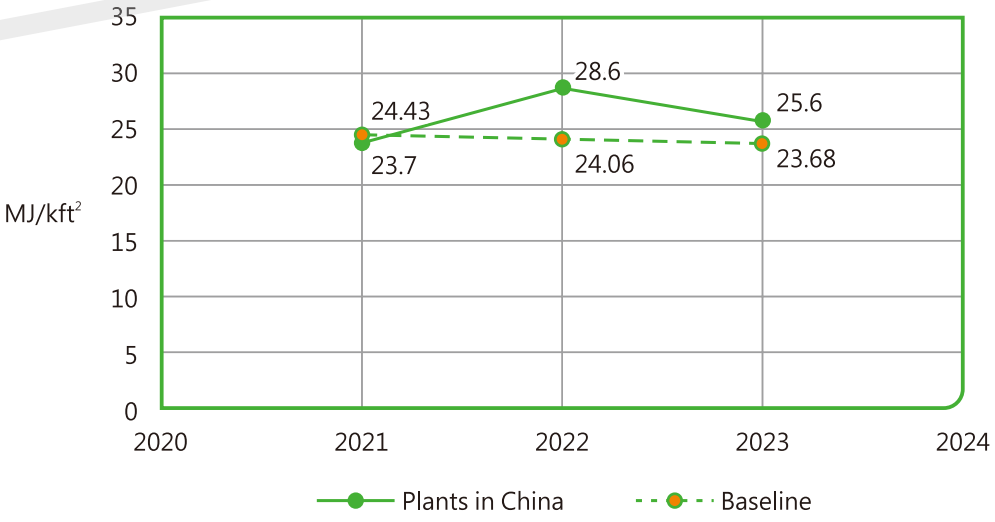
2021-2023 Unit Consumption of Energy Used for Electronic Materials



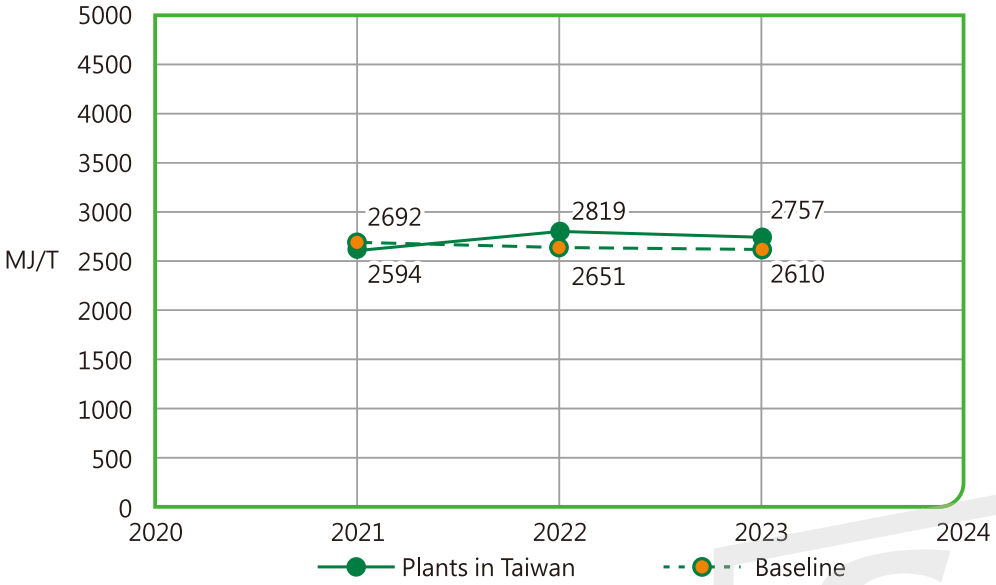
2022-2023 Biomedical Materials Production in Taiwan

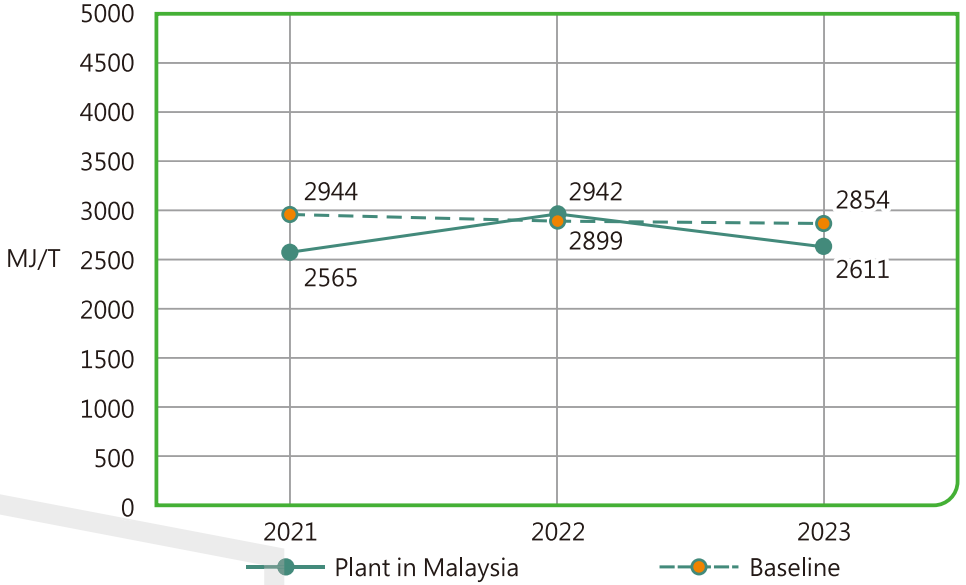


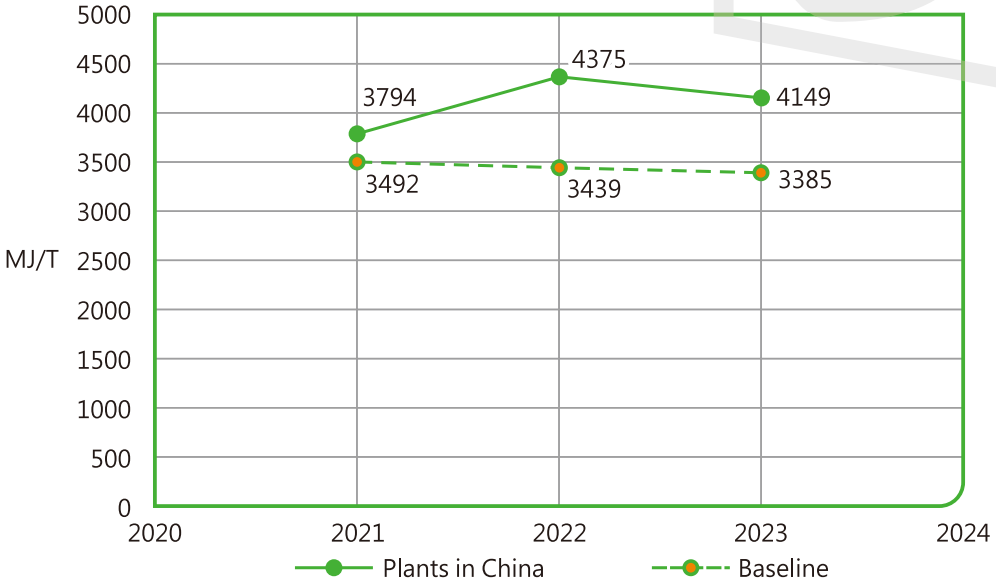
Note: Unit of measurement of biomedical material product: Doses; officially included in the management system since 2022.



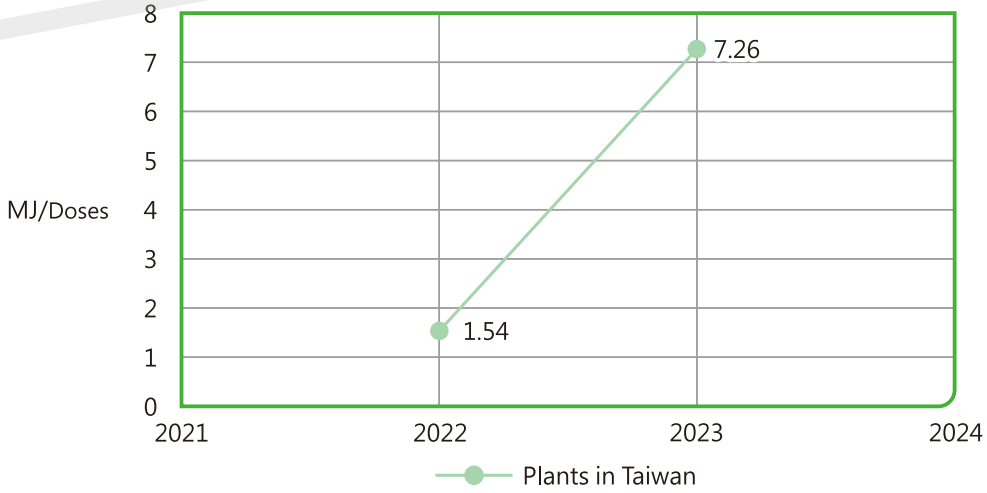
2021-2023 Unit Consumption of Energy Used for Resin Materials







2022-2023 Unit Consumption of Energy Used by Biomedical Materials



Note: Biomedical materials have been officially included in the management system since 2022, and no baseline is available yet.

Energy Saving and Carbon Reduction Project

Since the establishment of the Energy Conservation and Carbon Reduction Task Force in 2012, Eternal has set the Group's target to reduce energy consumption per unit of product year-on-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. In 2023, Eternal completed representative energy-saving and carbon reduction projects with a total investment cost of NT$189,950,000, achieving electricity savings of 30,566,764 megajoules/year (8,490,768 kilowatt-hours), heat savings of 96,016,376 megajoules/year, water use reductions of 887,000 cubic meters, and reductions of 10,560.8 tons of CO2-equivalent greenhouse gas emissions.

Note: Please refer to the appendix for the energy saving and carbon reduction projects implemented by each plant.

Total annual savings in electricity consumption
8,490,768 kWh
Equivalent to the annual electricity consumption of 24,121 households

Total annual heat savings
96,016,376 MJ
Equivalent to a reduction of 2,940,002 liters of gasoline consumption

Carbon reduction and energy saving by 2023
Total cost of NT$189,905,000

Total reduction in annual water consumption
88.7 thousand cubic meters
Equivalent to 843 person-years of usage

Total reduction in annual carbon emissions
10,560.8 tons of carbon dioxide equivalent
Equivalent to the area of 27 Daan Forest Parks

Replacement of water cooler at Ping-Nan Plant

- Steam traps, by mechanical principles, automatically remove steam condensate and air from the pipeline system, ensuring that the steam pipelines and process equipment remain filled with saturated steam, thus maintaining good steam quality. However, after prolonged use, stress fatigue can cause leaks of steam along with condensate and air, leading to significant heat energy waste.



- In 2023, the Ping-Nan Plant conducted a comprehensive steam trap inspection through an external professional vendor and implemented improvements based on the inspection results. According to the annual inspection report, a total of 26 leak points were identified, with an accumulated annual steam leakage of 964 tons. After the improvements, heat loss savings of approximately 637,371 Mcal per year were achieved.



Replacement of UP cooling water pumps at Lu-Chu Plant

- Through the operation of the ISO 50001 management system, Eternal regularly conducts efficiency monitoring on high energy-consuming equipment on a regular basis, if found.
- At the Lu-Chu Plant, after a performance assessment, it was found that the cooling circulation pump used in the unsaturated polyester resin production line had deteriorated to an efficiency of less than 60% due to its age, leading to its replacement.
- Additionally, the control logic for all cooling water pumps in the system was revised to operate two variable frequency drives simultaneously, addressing issues related to pump output suppression.
- After these improvements, annual electricity savings amounted to 70,000 kWh, and annual operational cost savings reached NT$310,000.



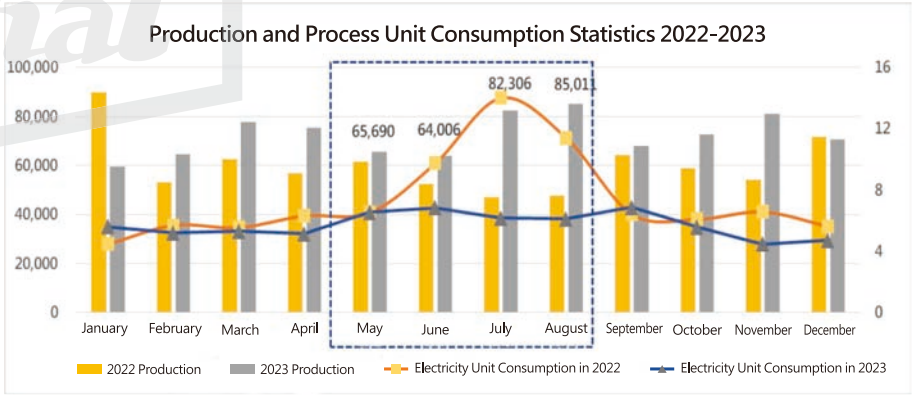
Adding new lithium bromide chillers at Guangdong Plant

- In addition to the improved energy efficiency from replacing old equipment with newer models, Eternal continuously tracks advancements in energy-saving technologies. By introducing innovations at appropriate times and places, significant improvements have been achieved in existing production processes.
- Before the improvement, the Guangdong Plant's amino resin production line consumed approximately 8,500 tons of steam per month, while other production lines used about 1,600 tons of steam per month. The condensate produced from heat exchange was collected and returned to the cooling water system as make-up water, without effective utilization of its thermal energy.
- The ice water system's annual electricity consumption reached nearly 2.09 million kWh, indicating a potential for energy savings.
- After the renovation, condensate and low-pressure steam from the amino resin production line and distillation tower were utilized by transporting them via pipelines to the refrigeration station's steam separator. A new hot water-type lithium bromide chiller was installed to use the thermal energy from the condensate and low-pressure steam to produce chilled water.
- Since the lithium bromide chiller was put into operation in December 2022, the total electricity savings for the ice water system in 2023 amounted to approximately 540,000 kWh per year. Considering the increased production capacity, the savings could reach up to 640,000 kWh per year.



Scheduling optimization to improve energy efficiency at East China Plant 1

- Starting in 2022, in alignment with regional development strategies, several products were shifted from the Taiwan parent company to Eternal's East China Plant 1 for production. Due to changes in adhesive formulations and production line configurations, there were significant fluctuations in electricity usage. If production scheduling had been based on past experiences, it would have led to suboptimal production output and energy usage, with excessive public system output.
- By implementing strategies such as staggered production line start-up times, using high-energy products in conjunction with ovens and exhaust gas RTO furnaces, switching from wide to narrow coating widths and thicknesses, and concentrating production runs, the number of start-ups and standby times for production and public systems was reduced.
- Compared to 2022, even with a 20% increase in total production volume in 2023, the ice water system's electricity consumption decreased by approximately 220,000 kWh, resulting in cost savings of about RMB 180,000.



Electricity Unit Consumption	January	February	March	April	May	June	July	August	September	October	November	December	Total
2022	1,737	1,137	7,920	14,788	13,738	89,547	159,132	138,307	23,357	11,519	6,226	4,166	471,574
2023	3,674	2,953	5,238	3,813	27,273	35,878	42,515	51,091	49,465	15,606	2,134	3,568	243,208
Variations	1,937	1,816	-2,682	-10,975	13,535	-53,669	-116,617	-87,216	26,108	4,087	-4,092	-598	-228,366

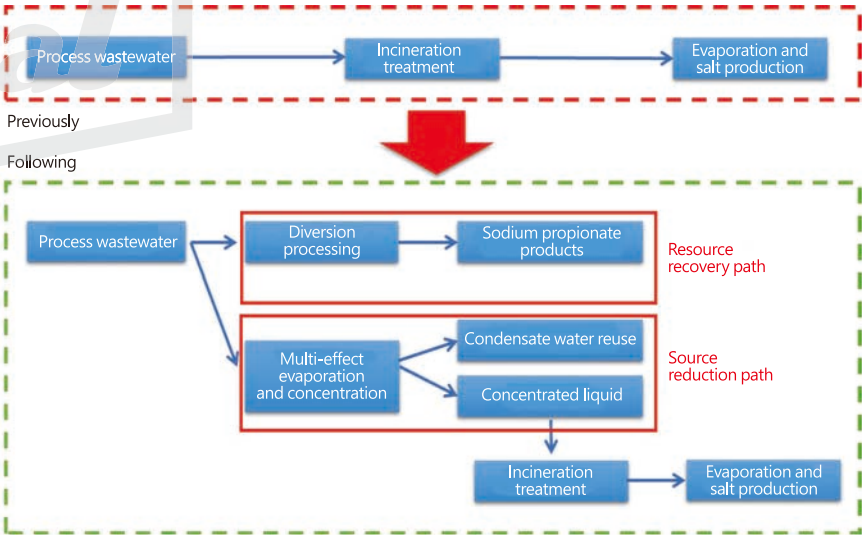
Optimization of waste gas and waste liquid furnaces at the Chengdu Plant



- At Eternal's Chengdu Plant, the flue gas furnace and waste liquid furnace operate within environmental emission standards, but long-term monitoring shows that the oxygen content in the flue gas is between 8% and 10%. This indicates an excess of combustion air, leading to higher fuel consumption for heating the exhaust gases.
- By adjusting the combustion air amount for natural gas, the oxygen content in the flue gas was reduced to around 5%, while still maintaining the minimum temperature requirements for the denitrification system. For the waste liquid furnace, this adjustment reduced natural gas consumption by about 75 standard cubic meters per ton of waste water.
- Additionally, the flue gas furnace's PID automatic variable frequency control was optimized by changing from step control to continuous fine control, maintaining a slight negative pressure at the end. This adjustment reduced the airflow of the fan from 6,300 standard cubic meters per hour to 3,300 standard cubic meters per hour, without affecting flue gas emission quality.
- With these combustion control optimizations, the 2023 processing of flue gases and waste liquids saved a total of 96,000 standard cubic meters of natural gas, equivalent to approximately 3,689,043 MJ of thermal energy, and reduced fuel costs by around RMB 340,000.

Process wastewater regeneration at Zhuhai Materials Plant

- At Eternal's Zhuhai Materials Plant, the main source of greenhouse gas emissions during operations comes from the energy consumed in treating process wastewater in the incineration furnace. Due to the low heating value of the wastewater and the high content of inorganic salts, incineration and salt production processes consume more than one-third of the plant's energy (natural gas and pipeline steam) to ensure the treated wastewater meets discharge standards.
- Since 2021, the Zhuhai Materials Plant has actively sought external industrial applications and pathways for converting wastewater into resources. After continuous testing, the plant passed the environmental impact assessment in 2023, established a production and shipment control system for resource recovery products, and continues to optimize product quality.
- After diversion, the process wastewater can be directly converted into by-products for resource recovery through in-house reprocessing. The remaining wastewater is concentrated by multi-effect evaporation to increase its heating value before entering the incineration furnace for treatment. Following these process adjustments, the plant reduces wastewater treatment by 1,200 tons per month, saves 20,6000 standard cubic meters of natural gas per month, reduces fuel costs by approximately RMB 400,000 per month, and achieves an annual carbon reduction of 4,400 tons CO_2e.



Energy Saving and Reduction Measures of Eternal

The improvement projects implemented by the Company to reduce energy consumption during 2023 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)	CO2 emission reduction (tons)
Replacement of chillers in the experimental plant of Lu-Chu Plant	320	70,144	-	-	28.0	34.7
Optimization of cooling tower fan control at Lu-Chu Plant	3	18,714	-	-	7.4	9.2
Load reduction improvement of mixing operations at Lu-Chu Plant	0	7645	-	-	3.0	3.7
Replacement of RRTO6 PGF motor at Lu-Chu Plant	81.0	32,313	-	-	12.9	15.9
Replacement of water cooler at Lu-Chu Plant	7.2	-	963,150	-	8.3	40.9
Replacement of UP cooling water pumps at Lu-Chu Plant	96.6	79,104	-	-	31.6	39.1
Self-constructed solar power generation in Lu-Chu Plant	7,358	1,560,000	-	-	624.0	772.2
Steam condensate recovery at Lu-Chu Plant	4.5	-	-	10.6	13.3	-
Lighting improvement at Ta-Fa Plant	4.5	7,557	-	-	3.0	3.7
Reduction of PET replacement time at Ta-Fa Plant	0	-	765,745	-	17.3	41.5
Replacement of chilled water circulation pumps at Ta-Fa Plant	380	34,528	-	-	12	17.0
Wastewater treatment and condensate recovery at Ta-Fa Plant	1370	-	-	22.3	28.5	-
Air conditioning system replacement at Ping-Nan Plant	200	55,116	-	-	22.0	27.2
Ping-Nan Plant's cooling chilled water system energy saving	0	119,287	-	-	47.7	59.0
Improvement of the leakage of the compressed air system at Ping-Nan Plant	0	159,444	-	-	63.7	78.9
Optimization of production efficiency (power saving) at Ping-Nan Plant	0	92,968	-	-	37.1	46.0
Optimization of production efficiency (thermal energy saving) at Ping-Nan Plant	0	-	848,559	-	167	63.6
Optimization of production efficiency (water saving) at Ping-Nan Plant	200	-	-	4.5	5.8	-
Replacement of water cooler at Ping-Nan Plant	20	-	2,668,672	-	53	200.5
Lighting improvement at Tianjin Plant	120	133,140	-	-	44.3	65.9
Optimization of the operation of the heat media transfer pump for the heat exchange boiler at Tianjin Plant	13.7	45,000	-	-	31.1	22.2
Optimization of energy saving of air pressure system at Tianjin Plant	0	52,700	-	-	17.4	26.0
Rainwater harvesting for greenery irrigation at Tianjin Plant	0	-	-	0.3	1.0	-
Water conservation improvements in utility systems at Tianjin Plant	4.3	-	-	0.7	6.3	-
Optimization of production efficiency (power saving) at Tianjin Plant	0	24,000	-	-	8.0	11.8
Optimization of production efficiency (thermal energy saving) at Tianjin Plant	0	-	56,125	-	2.7	6.1

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)	CO2 emission reduction (tons)
Increased insulation measures in the constant temperature storage at Kunshan Chemical Plant	60.2	-	138,150	-	11.1	15.1
Reduction of amino steam consumption at Kunshan Chemical Plant	98.9	-	212,751	-	18.0	23.4
Replacement of compressed air system at Kunshan Chemical Plant	105.7	60,778	-	-	35.2	30.0
Optimization of electric tracing in Kunshan Chemical Plant	17.2	59,354	-	-	34.4	29.3
Replacement of cooling water pumps at Kunshan Chemical Plant	64.5	21,973	-	-	12.9	10.8
Variable frequency drive for aeration blowers in water treatment at Chengdu Plant	16.3	29,200	-	-	7.9	14.4
Optimization of waste gas and waste liquid furnaces at the Chengdu Plant	0	-	3,689,043	-	149.0	207.6
Repair of leak points in fire water pipes at Chengdu Plant	86	-	-	0.5	0.8	-
Rainwater harvesting at Chengdu Plant	172	-	-	3.6	5.0	-
Optimization of the Chengdu Plant's utility systems (thermal energy saving)	0	-	5,226,144	-	211.1	294.1
Production efficiency optimization (power saving) at Chengdu Plant	0	25296	-	-	7.4	12.5
Lighting improvement at Guangdong Plant	7.9	5,300	-	-	1.8	2.6
Adding new lithium bromide chillers at Guangdong Plant	537.5	545,824	-	-	185.7	270.1
Replacement of air conditioning units with energy-efficient models in Guangdong Plant office building	129.0	18,735	-	-	10.7	0.9
Improvement of steam leakage point in Guangdong Plant	232.2	-	3,189,330	-	132.9	350.8

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)	CO2 emission reduction (tons)
Wastewater process improvement and rainwater recycling in Guangdong Plant	10.7	-	-	15	259.3	-
Reduction of acrylic wastewater production at Guangdong Plant	0	-	1,004,335	-	42.5	110.4
Replacement of utility systems at Changshu Plant (energy saving)	346.1	83,500	-	-	29.2	41.3
Replacement of water cooler at Changshu Plant	51.6	-	138,066	-	6.4	15.1
Wastewater recycling in Changshu Plant	172	-	-	1.5	7.7	-
Lighting improvement at Changshu Plant	32.2	12,500	-	-	4.3	6.1
Reduction of exhaust gas treatment volume in Changshu Plant	0	-	2,882,749	-	116.1	317.1
Concentration of high-concentration process wastewater at Zhuhai Materials Plant	1,978	-	29,468,106	-	285.9	1,790.3
Process wastewater regeneration at Zhuhai Materials Plant	0	-	43,063,295	-	1797.4	2,616.3
Water substitution at Suzhou Materials Plant	64.5	-	-	22.8	82.5	-
New solar power generation at Suzhou Materials Plant	752.5	171,000	-	-	49.2	84.6
Optimization of production efficiency (power saving) at Suzhou Materials Plant	15.9	73,040	-	-	32.6	36.1
Optimization of production efficiency (thermal energy saving) at Suzhou Materials Plant	0	-	731,954	-	55.5	80.5
Frequency conversion renovation project of the cooling tower at East China Plant	98.0	14,577	-	-	13.7	7.2

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)	CO2 emission reduction (tons)
Optimization of production efficiency (power saving) at East China Plant	195.2	293,089	-	-	109.7	145.0
Steam condensate recovery project at East China Plant	115.6	-	-	0.2	0.4	-
Procurement of green energy certificates from external sources by East China Plant	31.5	2,000,000	-	-	-	990.0
Scheduling optimization to improve energy efficiency at East China Plant	0	228,366	-	-	77.4	113.0
Lighting improvement at South China Plant	176.3	366,000	-	-	110.1	181.1
Utility system improvement (power saving) at South China Plant	386.5	275,402	-	-	86.4	136.3
RTO replaces heavy oil with natural gas at South China Plant	2541.3	-	-	-	393.4	127.4
Wastewater reuse at South China Plant	43	-	-	5.3	10.0	-
Introduction of photovoltaic power generation in South China Plant	0	1,260,000	-	-	-	623.7
Utility system improvement (power saving) at South China Plant	186.6	358,384	-	-	121.4	177.4
Wastewater reuse at South China Plant	0.4	-	-	1.4	-	-
Northeast China Slitting Plant utility system management (power saving)	0	4,400	-	-	0.3	2.1
Northeast China Slitting Plant utility system management (heat reduction)	0	-	265,241	-	23.6	29.1
Lighting improvement at Chongqing Slitting Plant	6.8	455	-	-	1.6	0.2
Lighting improvement at Malaysia Plant	74.6	62,371	-	-	25.0	30.8
Optimization of production efficiency (power saving) at Malaysia Plant	5.5	29,564	-	-	90.9	14.6
Waste solvent assisted combustion at Malaysia Plant	0	-	704,961	-	158.7	38.4
Total	18,995.0	8,490,768	96,016,376	88.7	6,105.5	10,560.8
Reduced consumption (MJ)	126,583,140.8					

Note:

★The baseline for the reduction of energy consumption was set in accordance with ISO 50001 for the verification of energy performance indicators, and the actual usage in 2022 was used as the baseline.

★The calculation of CO2 emission reduction (tons) is based on the 2022 Electricity Carbon Emission Factor and Fuel Combustion CO2 Emission Statistics provided by the Energy Administration of Taiwan.

★The amount of energy reduction is measured directly.

★Unit of currency: NTD; exchange rate: 1 CNY = 4.3 NTD; 1 MYR = 6.8 NTD.



Introduction of autonomous 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 2023, Eternal' s plants generated a total of 910,588 kWh of self-produced renewable energy. The amount of renewable energy supplied for internal use was 412,420 kWh. Additionally, the Company purchased 2,000,000 kWh of green electricity. This contributed to a reduction in carbon emissions of approximately 1,611.4 tons CO_2e. Moving forward, Eternal will continue to increase its investment and deployment of renewable energy across its global production bases.

Renewable Energy Utilization by Eternal



Greenhouse Gas Emission Management

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

Greenhouse gas emissions and impacts

Climate change is now a critical issue that can no longer be ignored globally, as it could lead to severe environmental and economic consequences, potentially causing significant global economic losses. To prevent the worsening of this climate catastrophe, it is essential to limit the temperature rise to 1.5°C. Achieving "Net Zero Emissions by 2050" has become a common global goal. To reach this target, various countries have intensified their carbon control measures. For instance, Taiwan is set to begin carbon fee collection in 2025, while the EU's CBAM and the USA's CCA carbon tariffs are examples of various management mechanisms. Additionally, the demands and ratings from customers and the value chain are creating further challenges.

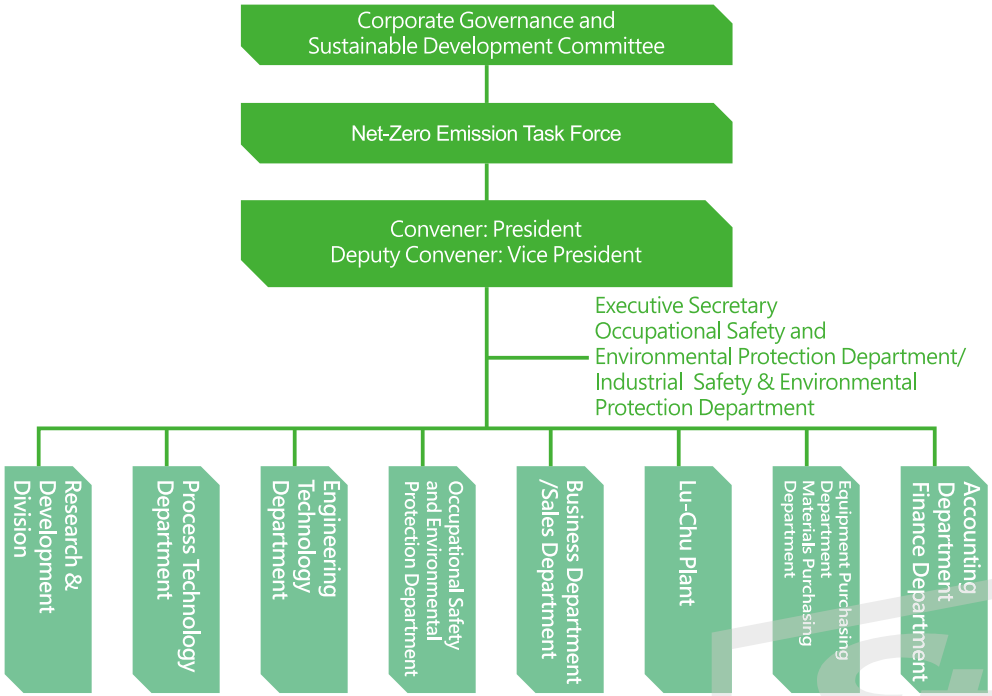
Since 2005, Eternal has initiated the greenhouse gas inventory for its Taiwan production sites. By implementing the ISO 14064-1 system, the Company has identified carbon emissions throughout the production process and established corresponding carbon reduction measures. This effort has now been expanded to include other domestic and international locations. Eternal continuously reviews and monitors these measures annually to ensure ongoing progress and effectiveness in reducing 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 carry out negotiation on with our value chain on greenhouse gas emissions issues by the same principle.

Policy and Management Approach

Net-Zero Emission Task Force

On November 5, 2021, following the establishment of the "Corporate Governance and Sustainable Development Committee," Eternal created the "Net-Zero Emission Task Force". This task force includes members from various departments and is chaired by the President. The task force is responsible for consolidating, reviewing, and supervising all carbon-related issues within the Company, such as carbon inventory, green research and development, carbon management for new investments, renewable energy, and carbon credit arrangements. The task force regularly monitors the execution of these initiatives and reports their progress to the Company's management.



Strategic Guidelines for Energy Conservation and Carbon Reduction

Each year, all production sites conduct an inventory of greenhouse gas emissions and report annual variance analysis and carbon reduction measures. The Net-Zero Emission Task Force regularly monitors the effectiveness of reduction efforts and conducts annual carbon reduction performance evaluations for each site.

Carbon reduction measures, such as switching from heavy oil to clean, low-pollution natural gas, replacing inverter motors, replacing energy-saving light fixtures, replacing high-efficiency equipment, energy-saving joint control of equipment, improvement of manufacturing processes, and upgrading the efficiency of boiler combustion, are some of the energy-saving projects that will increase the competitiveness of the Company's products in the international arena.

We have formulated policies and targets for increasing the share of renewable energy, and have taken stock of feasible renewable energy solutions in all of our plants, which will be implemented after review by the Net-Zero Emission Task Force of the Corporate Governance and Sustainable Development Committee and approval by the Company, in order to increase the share of renewable energy on a yearly basis. In addition, we have also begun the evaluation of diversified green power layouts and installations.

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)	The benchmark year is 2020. Carbon emissions per unit of product (Scope 1 + 2) will lower by 1.5%.	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)	With 2020 as the base year, carbon emissions per unit of revenue (Scope 1+ 2) will be reduced by 3%.	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%.
Cumulative carbon emission reductions	With 2020 as the base year, the total annual global carbon emissions reduction will reach 3% of carbon emissions in the base year.	By 2030, the total reduction in carbon emissions will reach 30% of the baseline year's emissions.	By 2050, the total reduction in carbon emissions will reach 100% of the baseline year's emissions.
Scope 3 total emissions	The baseline year is 2021, with a gradual annual reduction in Scope 3 emissions.	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 tCO2e), 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 Sustainable Development Committee, Net-Zero Emission 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 ISO 14064-1 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 Emission 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 CO2, CH4, N2O, HFCs, SF6, PFCs, and NF3. 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 Sixth Assessment Report of the IPCC (2021) while using the emission factor approach as in the Greenhouse Gas Emission Factor Management Table (Version 6.0.4) announced by the Ministry of Environment 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

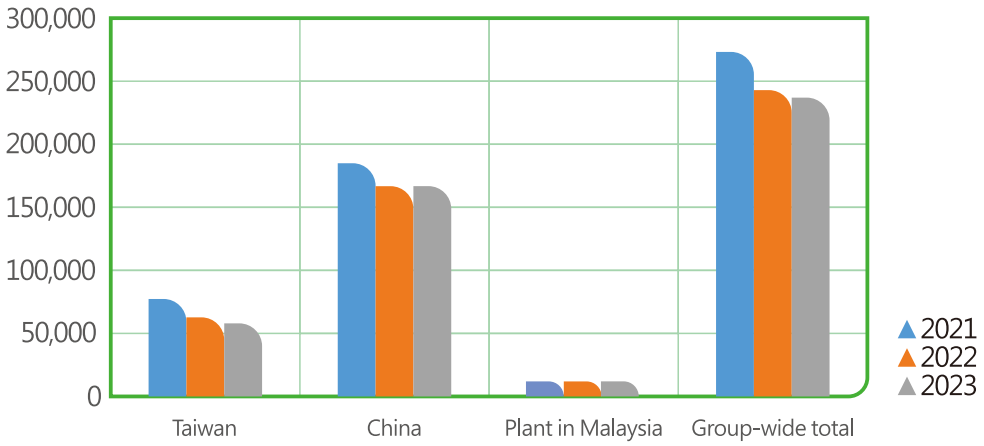
Scope 1 and Scope 2 Emissions

The following table shows our inventory results for greenhouse gas emissions (tCO2e) in Scope 1 and 2 from 2021 to 2023.

Production site	2021(CO_2e)			2022(CO_2e)			2023(CO_2e)		
	Scope 1	Scope 2	Total emissions	Scope 1	Scope 2	Total emissions	Scope 1	Scope 2	Total emissions
(Taiwan)									
Lu-Chu Plant	19,952	21,802	41,754	15,108	18,937	34,045	13,998	17,360	31,358
Ta-Fa Plant	6,371	8,114	14,485	5,127	8,053	13,180	4,854	7,402	12,256
Ping-Nan Plant	10,016	10,991	21,007	7,714	8,550	16,264	7,493	6,818	14,310
Subtotal	36,338	40,907	77,245	27,949	35,540	63,489	26,345	31,579	57,924
(China)									
South China Plant 1	10,734	4,773	15,506	7,146	4,192	11,338	6,169	3,994	10,163
South China Plant 2	8,426	3,320	11,746	7,170	3,031	10,201	7,354	3,106	10,460
Chengdu Plant	1,823	1,273	3,095	1,883	1,155	3,038	1,490	1,154	2,644
Chongqing Slitting Plant	1	179	180	0	167	167	1	155	156
Guangdong Plant	5,014	22,106	27,119	3,973	21,926	25,899	4,574	22,207	26,781
Zhuhai Materials Plant	8,062	37,311	45,373	6,534	35,584	42,118	5,727	37,825	43,552
Northeast China Slitting Plant	119	459	578	133	447	580	90	409	499
East China Plant 1	6,128	3,255	9,383	4,375	3,213	7,588	5,510	1,766	7,276
Kunshan Chemical Plant	6,097	12,106	18,203	4,620	9,846	14,466	5,075	10,229	15,304
Tianjin Plant	4,433	5,315	9,748	4,355	4,807	9,162	3,290	3,970	7,260
Changshu Plant	3,480	5,238	8,718	3,919	4,543	8,462	3,590	3,939	7,528
Suzhou Materials Plant	4,427	31,828	36,255	4,180	30,530	34,710	4,594	30,826	35,421
Subtotal	58,741	127,161	185,903	48,287	119,441	167,728	47,464	119,580	167,045
(Malaysia)									
Plant in Malaysia	6,625	5,059	11,684	7,437	4,839	12,275	7,680	4,901	12,581
Company-wide total	101,705	173,128	274,833	83,672	159,820	243,492	81,489	156,060	237,549

In 2023, Eternal' s total production increased by 1.35% compared to 2022, while the Company' s total carbon emissions decreased by 2.44%. Specifically, the total greenhouse gas emissions in Taiwan's plants decreased by 8.77% compared to 2022, emissions in China' s plants decreased by 0.41%, and emissions in Malaysia' s plant increased by 2.49%.

Eternal greenhouse gas emissions(tCO_2e)



Emissions from Biological Sources

The CO_2 biomass energy (or bioenergy) emitted from methane (CH_4) greenhouse gas generated by the anaerobic operation unit of the wastewater treatment plant in Ping-Nan Plant in 2023 was equivalent to 15.268 (tCO_2e) (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	2023
	Scope 3(tCO_2e)	Scope 3(tCO_2e)	Scope 3(tCO_2e)
(Taiwan)			
Lu-Chu Plant	252,280	177,486	167,204
Ta-Fa Plant	29,043	29,608	27,478
Ping-Nan Plant	179,175	152,532	156,384
(China)			
PM South China Plant 1	55,357	38,651	23,725
PM South China Plant 2	49,614	45,868	27,912
Chengdu Plant	67,840	60,053	53,006
Chongqing Slitting Plant	4,962	5,246	4,867
Guangdong Plant	326,938	291,669	309,121
Zhuhai Materials Plant	171,233	169,439	158,263
PM Northeast China Slitting Plant	3,439	2,746	1,559
PM East China Plant 1	38,265	24,306	21,723
Kunshan Chemical Plant	317,171	159,372	172,097
Tianjin Plant	228,303	218,450	168,302
Changshu Plant	91,046	89,364	93,753
Suzhou Materials Plant	110,477	96,944	93,961
(Malaysia)			
Plant in Malaysia	130,694	140,931	151,674
Group-wide total	2,055,835	1,702,667	1,629,867

Greenhouse Gas Emission Intensity and Density

According to the Ministry of Environment's verification guidelines, greenhouse gas emission intensity is defined as the ratio of the total annual greenhouse gas emissions per product to the annual production volume, measured in tCO_2e per metric ton of product. Emission density is measured in tCO_2e /NT$ million dollars of revenue.

In 2023, the greenhouse gas emission intensities for the plants in Taiwan, China, and Malaysia were 0.392, 0.445, and 0.212 tCO_2e per metric ton of product, respectively. The overall Company emission intensity was 0.411 tCO_2e per metric ton of product.

In 2023, the greenhouse gas emission densities for the plants in Taiwan, China, and Malaysia were 4.363, 6.192, and 4.658 tCO_2e /NT$ million dollars of revenue, respectively. The overall Company emission density was 5.530 tCO_2e /NT$ million dollars of revenue.

Overall, in 2023, Eternal' s total production increased by 1.35%. The greenhouse gas emission intensity (tCO_2e/t-product) slightly decreased compared to 2022, while the total emission density (tCO_2e/ NT$ million dollars of revenue) slightly increased.

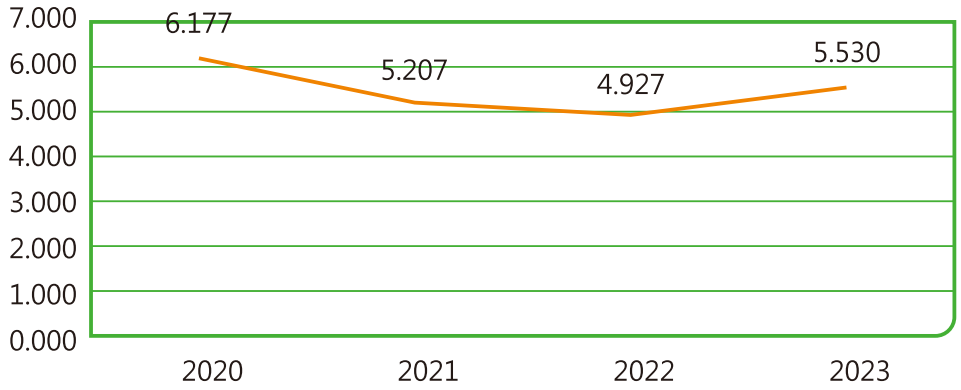
Unit: Total greenhouse gas emissions (tCO_2e), greenhouse gas emission intensity (tCO_2e/metric ton-product), and greenhouse gas emission density (tCO_2e/ NT$ million dollars-revenue)

Region	Item	2021	2022	2023
Taiwan	Total greenhouse gas emissions(tCO_2e)	77,245	63,489	57,924
	Greenhouse gas emission density (tCO_2e/NT$ million dollars)	4.676	3.949	4.363
	Greenhouse gas emission intensity (tCO_2e/t)	0.380	0.399	0.392
China	Total greenhouse gas emissions (tCO_2e)	185,903	167,728	167,045
	Greenhouse gas emission density (tCO_2e/NT$ million dollars)	5.477	5.480	6.192
	Greenhouse gas emission intensity (tCO_2e/t)	0.429	0.464	0.445
Malaysia	Total greenhouse gas emissions(tCO_2e)	11,684	12,275	12,581
	Greenhouse gas emission density (tCO_2e/NT$ million dollars)	5.043	4.480	4.658
	Greenhouse gas emission intensity (tCO_2e/t)	0.213	0.228	0.212
Total	Total greenhouse gas emissions (tCO_2e)	268,042	243,492	237,549
	Greenhouse gas emission density (tCO_2e/NT$ million dollars)	5.207	4.927	5.530
	Greenhouse gas emission intensity (tCO_2e/t)	0.397	0.424	0.408

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 emission density (tCO_2e/NT$ million)

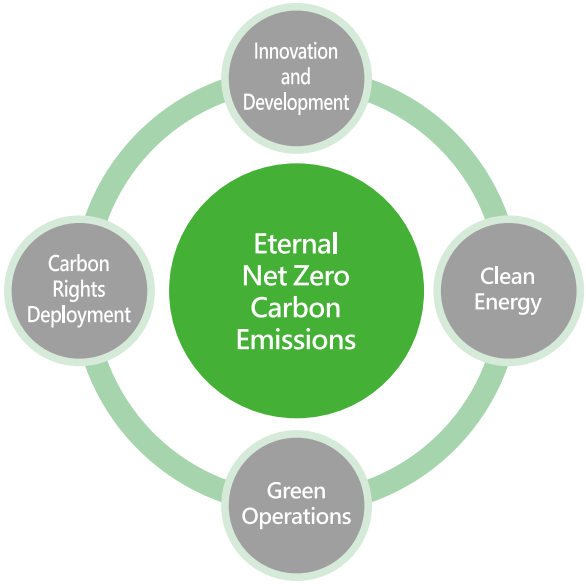


Reduction of Greenhouse Gas Emissions

Organizational Implementation and Monitoring of Carbon Reduction Measures

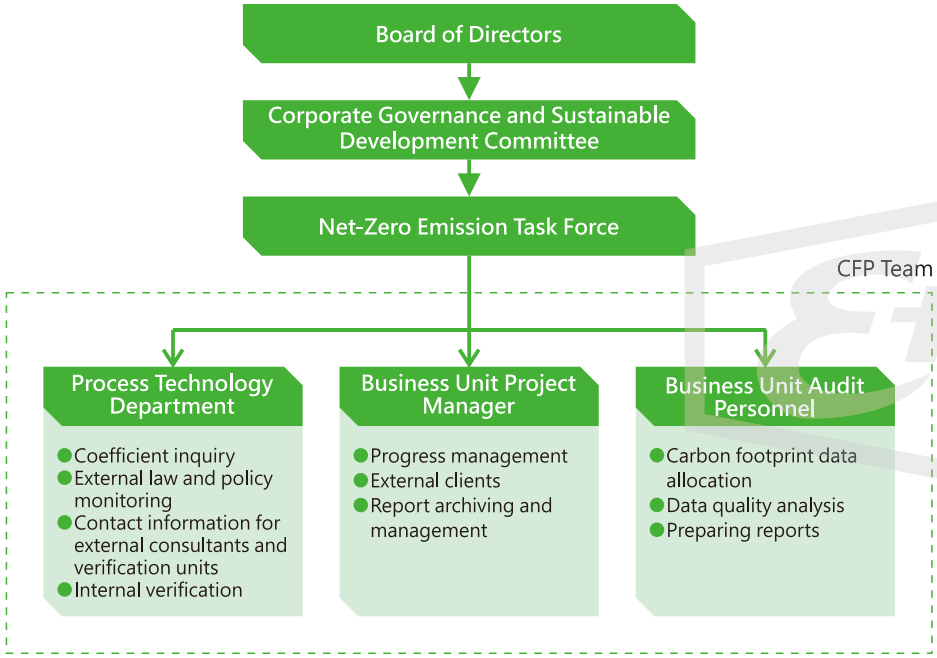
Energy Conservation and Carbon Reduction Task Force and Net-Zero Emission Task Force

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 plants, and regularly reviews the effectiveness of our energy conservation and carbon reduction measures.



Product carbon footprint
Operations of the CFP Team at Eternal

In response to greenhouse gas issues and supplier responsibilities, Eternal established the CFP team under the Board of Directors as part of its Net-Zero Emission Task Force. The CFP team mainly assists with product carbon footprint assessments and training for various business units. In 2023, Eternal developed the Product Carbon Footprint Management Procedure (RDH-PRJ-02). The procedure, aligned with ISO 14067 standards, includes a customized assessment template created by Eternal' s CFP team and internal management system. This team is responsible for training business units to conduct product carbon footprint assessments, analyzing carbon emissions from raw material extraction to manufacturing processes (B to B). Starting in 2023, Eternal has expanded this initiative to internal carbon footprint assessments for 50 main product categories across all its plants. The analysis from these assessments will serve as a basis for future evaluations and efforts to reduce greenhouse gas emissions.



Eternal Product Carbon Footprint Results

Through internal verification conducted by the CFP team following ISO 14067 standards, and using carbon emission coefficients from the Carbon Footprint Information Platform and ECOINVENT 3, nearly 50 products were assessed between 2022 and 2023. The products can be categorized into synthetic resins, high-value resins, special monomers, special oligomers, dry-film photoresists, and circuit boards. The assessment results indicate that a significant portion of the carbon footprint originates from the raw material stage. Therefore, our primary tasks for reducing product carbon footprints are value chain decarbonization, for example, bio-based or recycled substitution of fossil raw materials.

Cradle-to-Gate

Upstream supply chain	Manufacturing in Eternal	Product Type
92.65%	7.35%	Synthetic Resins
76.20%	23.8%	Special Materials
71.72%	28.28%	Electronic Materials

Major Reduction Measures

High-Efficiency Burner replacement

The Lu-Chu Plant currently uses a direct-fired waste gas incinerator (TO), which has higher operational costs and carbon emissions compared to a regenerative thermal oxidizer. To align with the Group's energy-saving and emission reduction goals, it is proposed to replace the TO with an RRTO to achieve the Group's net zero carbon emissions target. The investment amount is NT$28.3 million.

By converting from a TO incinerator to an RRTO, daily fuel consumption will decrease from 1,400 Nm3 of natural gas to 400 Nm3. This is expected to reduce annual carbon emissions by 798,270 kg-CO2e and decrease fuel costs by approximately NT$3.66 million per year.



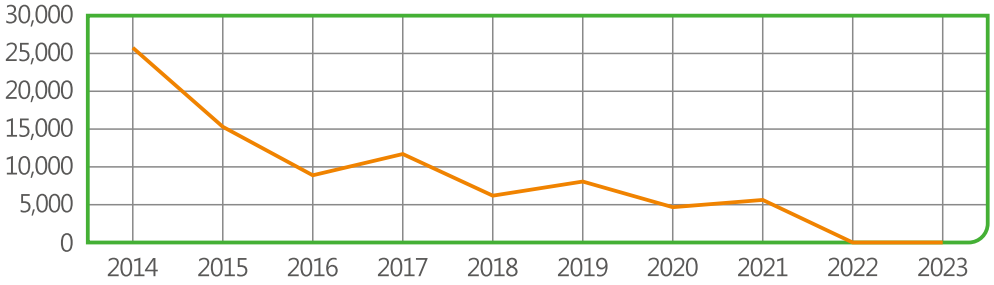
Using low carbon fuels

The direct greenhouse gas emissions (Scope 1) from the use high carbon fuel are the largest source of emissions in our plants 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 figure shows the trend of tCO2e from 2014 to 2023 for each plant in Taiwan independently replacing high carbon fuel oil with low carbon natural gas, and the amount of high carbon fuel oil is approaching zero.

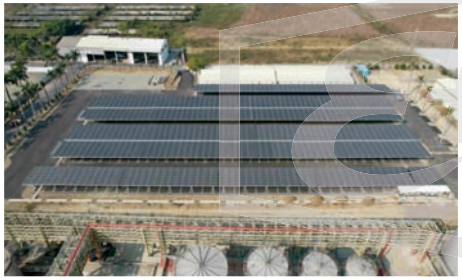
Replacement of low carbon fuel emissions(tCO_2e)



Note: Trend of greenhouse gas emissions from fuel oil in Taiwan's three plants from 2014 to 2023.

Solar power renewable energy plan

The plan involves establishing a renewable energy system with a capacity of 1,300 kW and an investment amount of NT$73.58 million. The system started operation in April 2023. It is expected to generate 1,560,000 kWh of electricity annually and achieve a reduction in greenhouse gas emissions of 772 tCO2e per year.



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

Group's Carbon Reduction Strategy, Carbon Reduction Product Development

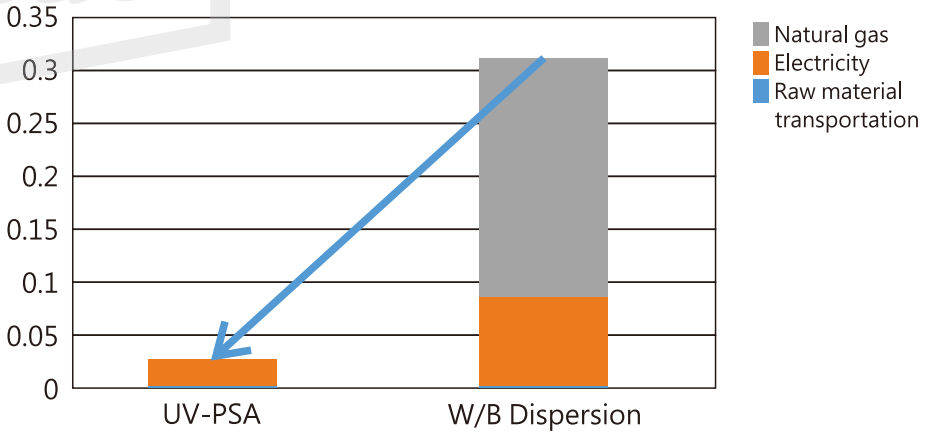
In addition to investing in a number of measures to reduce greenhouse gases in the production process, Eternal has been actively involved in the selection of low carbon raw materials, the feasibility assessment of raw material substitution, and the introduction of recycled raw materials for the raw material stage, which accounts for a large portion of the product's carbon footprint.

Replacement of Low Carbon Emission Coefficient Solvents

Raw material name	14067 Emission coefficient	Unit	Coefficient source
Ethyl acetate	3.980	$kgCO_2e/kg$	Carbon Footprint Information Platform
2-Butanone	3.150	$kgCO_2e/kg$	Carbon Footprint Information Platform
Methanol	2.340	$kgCO_2e/kg$	Carbon Footprint Information Platform
Acetone	1.820	$kgCO_2e/kg$	Carbon Footprint Information Platform
Isopropanol	1.500	$kgCO_2e/kg$	Carbon Footprint Information Platform

Note 1: Eternal' s CFP team collects local solvent coefficients and provides the technical unit with the basis for formula adjustment and carbon reduction design.
Note 2: Changed the synthesis conditions of resin products from ethyl acetate, a solvent with a high coefficient of carbon emissions, to methanol, a solvent with a low coefficient of carbon emissions, to reduce greenhouse gas emissions.
Note 3: Before and after the formulation change, a total of 1,577 tCO_2 emissions were reduced in 2023. The product's carbon footprint was reduced by 8.6% compared to the pre-improvement period.
Note 4: The sales amount for the product in 2023 was NT$1.33 billion.

Low Carbon Raw Material Selection & Transition from Solvent-Based to Water-Based Dispersion

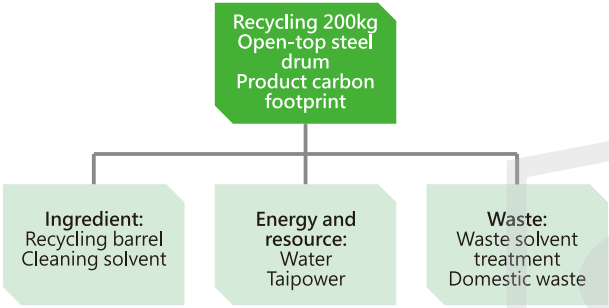


Note 1: By consulting international carbon emission coefficient databases, avoiding raw materials with high carbon emission coefficients can reduce the product's carbon footprint.
Note 2: Use bio-based raw materials and consider land use issues in the production region, such as soybean oil and palm oil. Design products that are both environmentally friendly and have a low carbon footprint, such as alkyd resins. Transition from aliphatic solvent-based to water-based dispersions and replace high-carbon soybean oil with other vegetable oils. Overall, this can reduce the product's carbon footprint by 68%.

Value Chain Carbon Reduction Activities

Eternal actively leverages its corporate influence in the value chain to collaborate with supply chain partners in identifying paths to reduce the product's carbon footprint. Value chain carbon reduction activities are divided into upstream and downstream relationships. For upstream suppliers, Eternal provides products that are recyclable. The CFP team assists these suppliers with carbon footprint assessment training and provides them with coefficient data to help reduce the carbon footprint of our products, such as packaging drums, PET bottle flakes, and FIBC bags. For downstream suppliers, we calculate the greenhouse gas emissions generated from using Eternal products and assist them with basic greenhouse gas assessment, carbon footprint calculation training, and participation in value chain carbon reduction activities, such as UV-curable adhesives, water-based acrylic resins, and high-solid-content resins.

Assist upstream packaging container manufacturers with carbon footprint assessment



Note 1: Eternal's CFP team assists suppliers in conducting product carbon footprint assessments, which can improve the accuracy of Eternal's product carbon footprint.

Note 2: The recycling drum manufacturer holds a license for recycling discarded empty drums but lacks the capability to independently calculate carbon footprints. With guidance from the Eternal's CFP team, they can be provided with appropriate tools and templates.

By comparing the carbon footprint assessment of recycled open-head barrels with that of brand-new empty barrels, the percentage reduction in the carbon footprint of recycled barrels can be determined.

Carbon Offset Project for Carbon Credits

Eternal is participating in the offset project application mechanism established by the Ministry of Environment. The "UP Heat Transfer Boiler Fuel Replacement with Cleaner Natural Gas Project" at the Lu-Chu Plant was guided by the Industrial Development Administration and verified by BV. It passed the Ministry of Environment registration review in June 2020, with a ten-year crediting period (from June 22, 2020, to June 21, 2029), and is expected to reduce 10,340 tCO_2e. In February 2023, the project successfully passed the first year of monitoring and third-party verification, officially obtaining a carbon credit allocation of 955 tCO_2e.



Water Management

Impacts and Value Chain Implications

In the 2023 "World Water Development Report" published by UNESCO, it was revealed that over the past 40 years, global water consumption has grown at a rate of about 1% per year. Driven by population growth, socio-economic development, and changing consumption patterns, it is expected that global water consumption will continue to grow at a similar rate until 2050. This growth is mainly concentrated in low- and middle-income countries, particularly in emerging economies. Due to the impacts of climate change, regions that currently have abundant water resources (such as parts of Central Africa, East Asia, and South America) are experiencing further exacerbation of seasonal water shortages. Since most of Eternal's plants are located in East Asia, they face increasing water demand pressures. During periods of seasonal water shortages, local governments often implement industrial water use restrictions, which in turn affect production activities. Efficient water use has become a key indicator of corporate competitiveness. Therefore, Eternal has formulated water resource management measures to ensure sustainable corporate development.

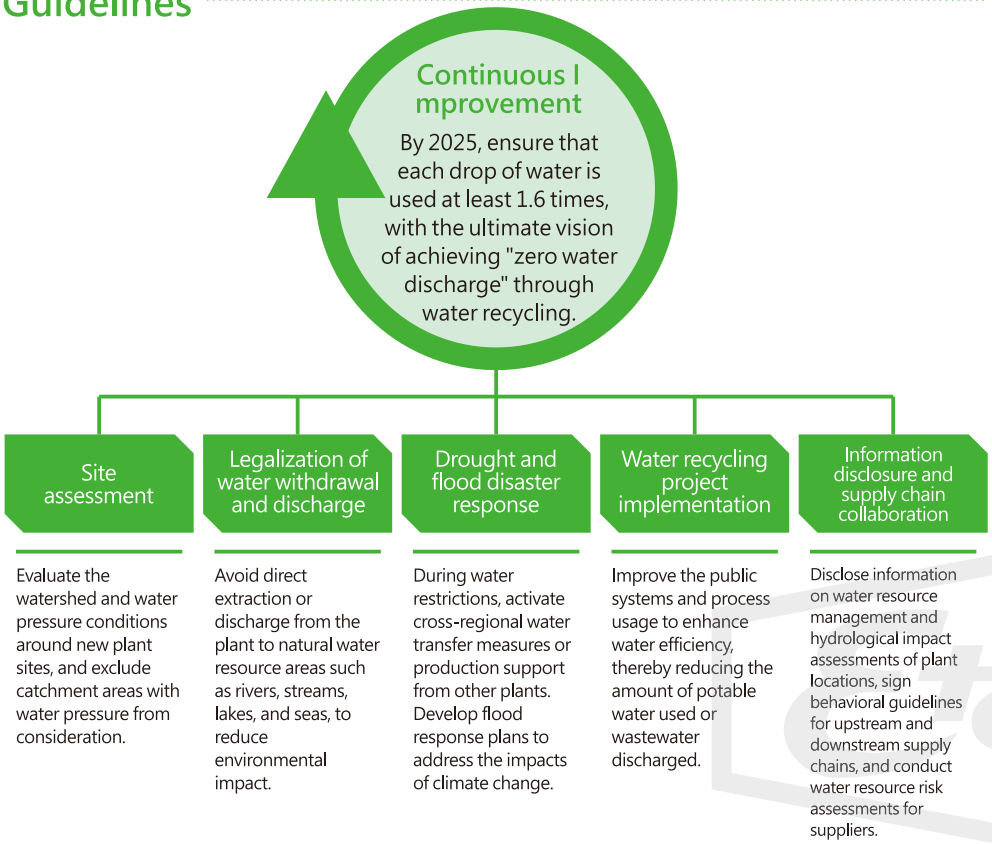
Policies and Guidelines

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.

Management Mechanisms

Board of Directors Sustainable Development Committee	The highest-level organization for water management is composed of committee members including the President and independent directors. This committee regularly reports to the Board of Directors to track the Company's global water usage and water resource status.
Eternal Net-Zero Emission Task Force	Chaired by the President, the global energy resource management meetings are held regularly. During these meetings, the execution and tracking of the Company's water resource management indicators are assessed, and the annual water resource management policies and targets are issued.
Business Unit and Plant Energy Resource Team	Chaired by the Business Unit Head or Plant Director, regular meetings are held to assess and improve the execution of plant water resource management indicators, identifying risks and opportunities within the region.

Guidelines



Objectives and Performance

Indicators	Benchmark year & annual management goal	Performance in 2023	2030 Milestone	2050 Ultimate goal
Water consumption per unit	Using the average of water unit consumption from 2016 to 2020 as a baseline, reduce unit consumption of all types of energy by 1.5% per year from 2021 onwards.	Electronic materials 4.59E-05 (thousand cubic meters/kft²) Synthetic resins 1.49E-03 (thousand cubic meters/T)	Reduce water unit consumption by 15% by 2030.	Reduce water unit consumption by 50% by 2050.
Number of uses per drop of water	The number of times a drop of water is used globally will reach more than 2.0 times by 2025.	1.70	More than twice by 2030 globally.	Zero discharge of wastewater will be achieved by 2050.

Water Withdrawal Statistics

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: The Group (2021-2023)

Production Water

	Water withdrawal (thousand cubic meters)			Water discharge (thousand cubic meters)			Water consumption (thousand cubic meters)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Total in Taiwan	408.75	363.96	332.16	180.08	149.47	137.33	228.67	214.49	194.83
Total in China	740.74	638.87	585.26	208.26	119.62	101.32	532.48	519.25	483.94
Total in Malaysia	78.23	70.84	75.03	9.95	8.63	9.59	68.28	62.21	65.44
Group-wide total	1227.72	1073.67	992.45	398.29	277.72	248.24	829.43	795.95	744.21

Note: The Xi-zhi Plant has been officially included in the management system since 2022.

Production water sources

Plant	Year	Municipal water (m³)	Other water purchases (m³)	Groundwater (m³)	Other water sources (m³)	Rainwater/ Surface water (m³)	Producing water meters (m³)	Water withdrawal (m³)
Plants in Taiwan	2023	331,040	0	1,083	0	40	0	332,163
Plants in China	2023	578,074	0	0	0	860	6,322	585,256
Plant in Malaysia	2023	75,026	0	0	0	0	0	75,026
Others	2023	28,453	0	0	0	0	0	28,453

★Other regions：Italy, Japan Chiryu, Japan Kodama, Thailand, and US have been included in the management system since 2023.

Non-Production Water and Other Areas

	Water withdrawal (thousand cubic meters)
	2023
Taiwan	13.82
Others	28.48
Group-wide total	42.30

Note:

★Other regions: Italy, Japan Chiryu, Japan Kodama, Thailand, US, and Korea have been included in the management system since 2023. Additionally, the Vietnam office is a single office without direct water sources or facilities, and no water resource costs were incurred during the lease period. Therefore, this location cannot provide non-production water withdrawal data.

★The office is unable to compile statistics on the volume of water discharged and therefore does not disclose the volume of water discharged and the amount of water consumed.

Mutual Benefits from Sharing Water Resources

To ensure that Eternal's water usage in its operational and production processes does not impact the water resources of the catchments at each plant location, and to monitor the changes in water resources caused by climate change at these locations, this Report also discloses, following GRI 303:2018 guidelines, that from 2022 onwards, Eternal has adopted the Aqueduct Tool developed by the World Resources Institute (WRI). This tool is used as the water resource risk assessment method to identify the water stress at each plant' s main water withdrawal sources. The identification results are the same as in 2022, showing that the Company has 8 production sites located in areas with water stress (baseline water stress at medium-high risk or above). These 8 production sites accounted for approximately 19.8% of the Company's total global water withdrawals in 2023, and about 21.96% of the Company's total global water consumption in 2023, both of which decreased by 2% compared to 2022. Although no plant has yet faced production reductions or shutdowns due to regional water stress, Eternal continues to strengthen operational management in water-stressed areas and actively sets and executes water resource management goals, working with the local community to protect precious water resources.

Region	Plant	Main water source	Regional water stress	Reduction or stoppage of production due to water shortage?
Taiwan	Lu-Chu Plant	Nanhua Reservoir	Low-medium (10-20%)	No
	Ta-Fa Plant	Fengshan Reservoir	Low-medium(10-20%)	No
	Ping-Nan Plant	Mudan Reservoir	Low-medium(10-20%)	No
	Xi-zhi Plant	Feicui Reservoir	Low-medium(10-20%)	No
China	Tianjin Plant	Dagang Water Supply Company (Yellow River)	High(40-80%)	No
	Northeast China Slitting Plant	Yingkou Water Group Sixth Water Treatment Plant	Extremely high(>80%)	No
	Kunshan Chemical Plant	Kuilei Lake + Yangtze River	High(40-80%)	No
	Changshu Plant	Yangtze River	Medium-high(20-40%)	No
	Suzhou Materials Plant	Sino-French Water	Medium-high(20-40%)	No
	East China Plant 1	Taihu	High(40-80%)	No
	South China Plant 1	North Main Stream of Dongjiang River	Low(<10%)	No
	South China Plant 2	North Main Stream of Dongjiang River	Low(<10%)	No
	Guangdong Plant	Qianwu Reservoir	Low (<10%)	No
	Zhuhai Materials Plant	Qianwu Reservoir	Low(<10%)	No
	Chengdu Plant	Wolong Water Plant	High(40-80%)	No
	Chongqing Slitting Plant	Lidu Water Plant	Extremely high(>80%)	No
Malaysia	Plant in Malaysia	Ranhill SAJ	Low (<10%)	No

Note:

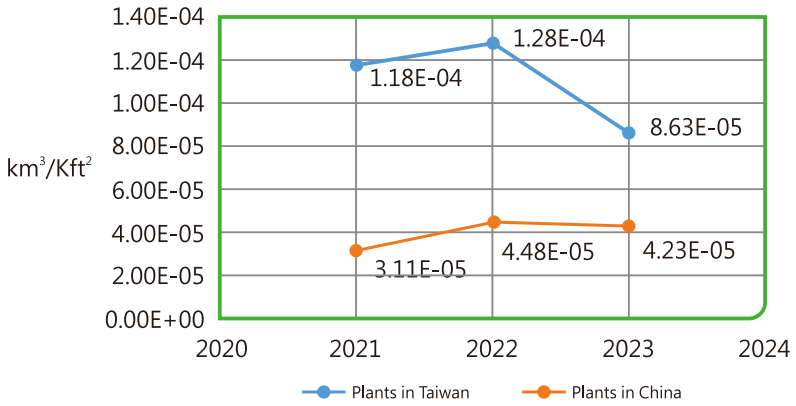
★Use the Aqueduct Tool developed by the WRI for water resource risk assessment. (https://www.wri.org/aqueduct)

Water Unit Consumption Indicators

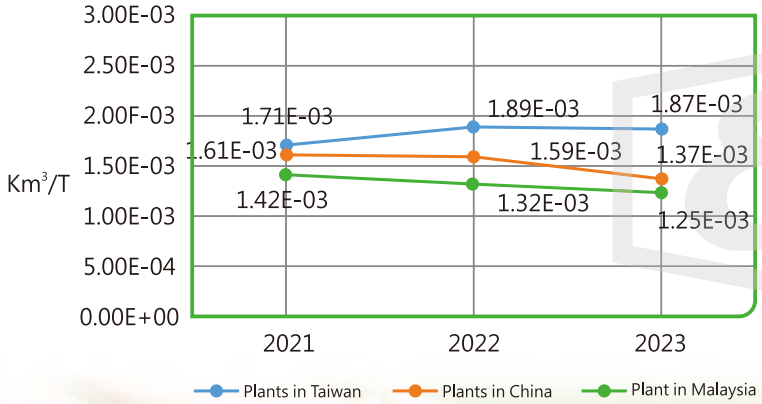
This report is divided into three major products, namely electronic materials, resin materials, and biomedical materials, according to the product attributes, and reveals the unit water consumption data in the form of product water consumption.

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

Water Consumption per Unit of Electronic Materials

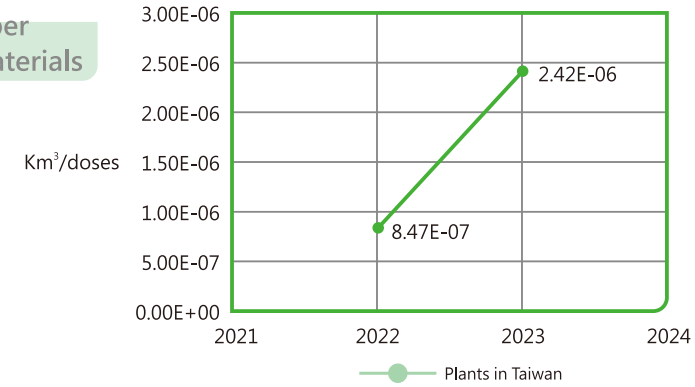


Water Consumption per Unit of Resin Materials





Water Consumption per Unit of Biomedical Materials



Note: Biomedical materials have been officially included in the management system since 2022, and no baseline is available yet.

Water Recycling Project Promotes Effectiveness

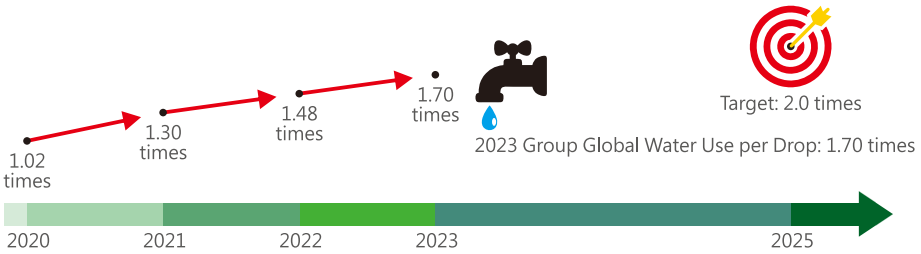
Since 2020, Eternal has been promoting the Group water recycling project, continuously optimizing water resource management. The focus is on improving both public systems (e.g., wastewater recycling, cooling water systems, steam condensate) and process usage (e.g., process wastewater treatment and recycling, using recycled water instead of potable water). This aims to enhance water efficiency or reuse, thereby reducing the amount of potable water used and wastewater discharged, and cherishing the water resources provided by nature.

Global Recycled Water Volume in 2023

Scope of disclosure: Various production bases in Taiwan, China, and Malaysia

Location	Total
Taiwan	72.22
China	22.30
Malaysia	74.83
Group-wide total	169.35

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.
Note 3:Please refer to the Appendix for the implementation of recycled water projects in each plant.
Note 4:Other regions (Italy Plant, Chiryu Plant in Japan, Kodama Plant in Japan, Thailand Slitting Plant, US Plant) and offices (non-production bases, including Kaohsiung Company, Northern Sales Office, Central Sales Office, Korea Office, Vietnam Office) did not implement water recycling strategies in 2023.



$$\text{Number of uses per drop of water} = \frac{\text{Water withdrawal} + \text{Recycled water volume} - \text{Single-use raw water}}{\text{Water withdrawal} - \text{Single-use raw water}}$$

Wastewater treatment and condensate recovery at Ta-Fa Plant

★Eternal's production base in Taiwan is located in the southern region, which has recently been significantly affected by climate change. This has led to drought and heat crises in the spring and summer seasons, causing greater impacts on water withdrawal, water quality, and evaporation losses compared to other regions.

★For example, at the Ta-Fa Plant, Eternal has re-evaluated the plant' s water resource map and invested in wastewater recycling, condensate water recovery, and rainwater collection without accounting for recycling benefits. This aims to minimize reliance on external municipal water supplies.

★At the source, the Ta-Fa Plant has enhanced steam condensate water recovery and utilized existing idle areas for rainwater collection to increase the reuse of each drop of water and avoid direct discharge as wastewater. Additionally, at the end of the process, the Ta-Fa Plant invested in and activated a wastewater treatment and recycling system in 2023. Wastewater is first filtered through a bag filter to capture larger particles, then treated by ultrafiltration membranes and reverse osmosis desalination. The overall recovery rate of the water recycling system is approximately 57%, with the quality of recycled water even surpassing that of municipal water. This recycled water is primarily used for supplementing and regulating cooling water in the plant, reducing the need for municipal water to make up for evaporation losses in cooling towers.

★By adopting these measures, a total of 22,340 cubic meters of municipal water consumption can be saved annually.



Volume of water recycled by plants in Taiwan during 2023

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	72.22	0	72.22	Recycling of condensate from main steam pipelines, cooled overflow water, and neutralizing wastewater to reduce its concentration
Ta-Fa Plant	18.50	3.80	22.30	Using the wastewater recovery system to recycle water and RTO steam condensate for reuse
Ping-Nan Plant	74.83	0	74.83	Recycling RO system wastewater and steam condensate
Total	165.55	3.80	169.35	The number of times of using each drop of water = 1.54 times

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 2023

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	16.42	N/A for now	16.42	Collection and reuse of steam condensate
PM South China Plant 2	15.96	N/A for now	15.96	Collection and reuse of steam condensate
Chengdu Plant	6.21	N/A for now	6.21	Recycling and reuse of PE process wastewater
PM Chongqing Plant	N/A for now	N/A for now	N/A for now	N/A for now
Guangdong Plant	136.35	N/A for now	136.35	Recycling steam condensate and clean rainwater for reuse
Zhuhai Materials Plant	97.74	52.85	150.59	Collection and reuse of steam condensate, recycling and reuse of the wastewater at the sewage treatment stations, process wastewater treatment and recycling, and recycling condensate 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	20.53	N/A for now	20.53	Collection and reuse of steam condensate
Kunshan Chemical Plant	25.62	N/A for now	25.62	Collection and reuse of steam condensate and recycling of RO system wastewater
Tianjin Plant	8.59	N/A for now	8.59	Collection and reuse of steam condensate and recycling of RO system wastewater
Changshu Plant	3.97	2.28	6.25	Collection and reuse of steam condensate and recycling and reuse of the wastewater at the sewage treatment stations
Suzhou Materials Plant	59.59	14.92	74.51	Recycling condensate using multi-effect distillation, collecting rainwater for reuse, recycling wastewater using reverse osmosis systems
Total	390.98	70.05	461.03	The number of times of using each drop of water = 1.84 times
Plant in Malaysia	20.67	1.93	22.60	Recycling of RO system wastewater and reuse of the wastewater at the sewage treatment stations The number of times of using each drop of water = 1.32 times

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.

Wastewater Management

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

Impact

If wastewater is discharged into water bodies without appropriate and effective treatment, it can significantly impact the living environment of aquatic plants and animals, human water use, and in severe cases, threaten health and cause ecological disasters. However, proper treatment, recy-cling, and utilization of wastewater can positively enhance the recycling and sustainable use of Earth's water resources.

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 is-sues that concern them (see the "Communication with Stakeholders" section) and carry out negotiation on with our value chain on wastewater is-sues by the same principle.

Management Approach

In response to the United Nations Sustainable Development Goal (SDG) 6: Ensure availability and sustainable management of water and sanitation for all, and specifically targets 6.3 and 6.a on improving water quality, reducing pollution, wastewater treatment, and increasing recycling and reuse rates, Eternal is committed to 100% compliant wastewater treatment and total pollutant control of discharged water. The Company aims to reduce and recycle treated discharge water to minimize the use of fresh water and enhance water resource efficiency.

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 at source: Process improvement reduces water usage and wastewater discharge.

★ Separate collection: Separate collection of process wastewater, non-contact cooling water and rainwater.

★ Recycling and end treatment: Direct recycling of water collected by diversion, discharge of wastewater after compliant treatment in wastewater treatment facilities according to the characteristics of wastewater, or recycling of wastewater after advanced treatment.

★ Regular testing: Manual on-site sampling and monitoring on a regular basis, real-time monitoring of wastewater treatment facilities online, accurate control of sewage water quality.

Complaint 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.

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.

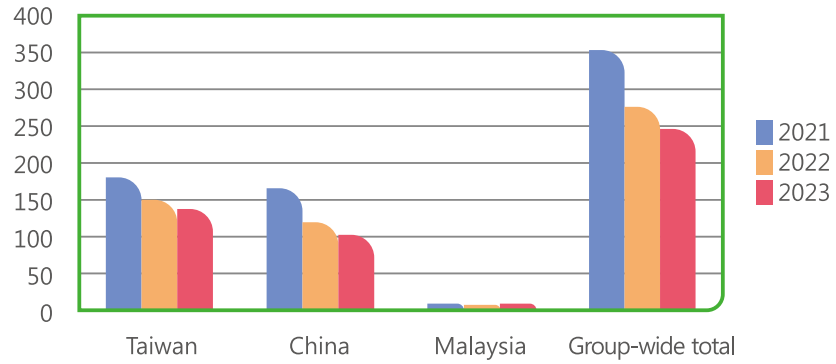
Wastewater Discharge

Wastewater discharge

As per the Company' s wastewater discharged (megaliters) between 2021 and 2023, the total wastewater discharge in 2023 decreased by 31.80% compared to the 2020 (the target base year) level.

Wastewater vol-ume (megaliters)	Taiwan	China	Malaysia	Group-wide total	Reduction
2020 (base year)	198.7	155.8	9.5	364	-
2021	180.1	164.6	10.0	354.6	-2.57%
2022	149.5	119.6	8.6	277.7	-23.71%
2023	137.3	101.3	9.6	248.2	-31.80%

Discharge volume (megaliters)



Wastewater SS and COD discharged and discharge destination

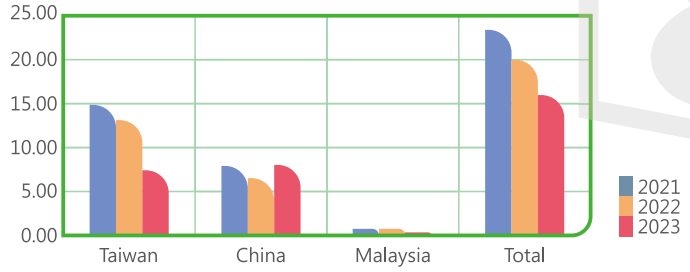
Compiling the wastewater discharge endpoints, wastewater discharge (megaliters/year) and SS and COD discharge (tons/year) of Eternal from 2021 to 2023, the combined wastewater discharge in 2023 decreased by 31.80%, SS discharge decreased by 32.76%, and COD discharge de-creased by 19.75% compared with that of 2020 (the target base year).

Year	Region	Discharge des-tination	Discharge volume (megaliters/year)	SS discharged (tons/year)	COD discharged (tons/year)
2020 (base year)	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
	Total		364.00	5.80	19.80
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
	Total		354.70	4.10	23.30

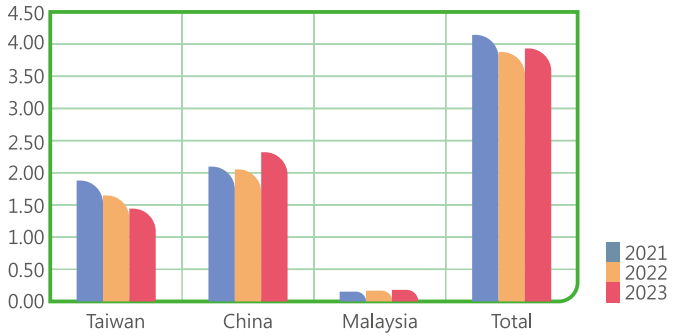
Year	Region	Discharge des-tination	Discharge volume (megaliters/year)	SS discharged (tons/year)	COD discharged (tons/year)
2022	Taiwan	Surface water	82.56	0.22	2.23
		Third party	66.91	1.42	10.94
	China	Surface water	4.92	0.03	0.13
		Third party	114.68	2.01	6.40
	Malaysia	Surface water	8.63	0.17	0.13
	Total		277.70	3.85	19.83
2023	Taiwan	Surface water	89.80	0.09	1.29
		Third party	47.52	1.34	6.14
	China	Surface water	5.12	0.03	0.09
		Third party	96.20	2.26	7.91
	Malaysia	Surface water	9.59	0.18	0.46
	Total		248.23	3.90	15.89

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

COD discharged (T/year)



SS discharged (T/year)

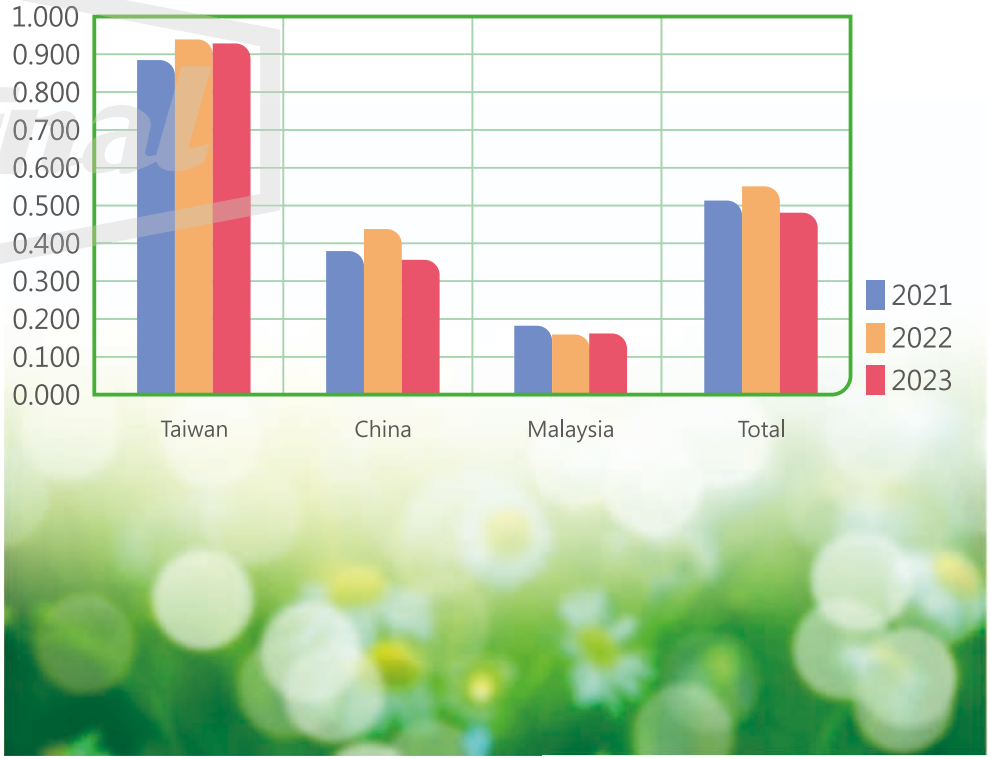


Wastewater Discharge Intensity

Aggregate disclosure of wastewater (megaliters/kt) per unit of production capacity at Eternal's three production sites from 2021 to 2023 is shown in the chart below, with the combined total emissions in 2023 decreasing by 16.75% compared to 2020 (the target base year).

Wastewater volume per unit output (megali-ters/production capacity (kt))	2020 (base year)	2021	2022	2023
Taiwan	1.001	0.886	0.939	0.930
China	0.397	0.380	0.437	0.356
Malaysia	0.248	0.182	0.160	0.162
Total	0.579	0.513	0.550	0.482
Reduction	-	11.40%	5.01%	16.75%

Wastewater volume per unit output (megali-ters/production capacity (kt))



Wastewater Reduction Measures

Ta-Fa Plant wastewater recycling system

The Ta-Fa Plant has invested in a wastewater recycling treatment system. After processing through this system, the treated clean water is reused in the cooling towers. This not only re-duces the amount of wastewater discharged but also provides an additional water source for the plant. In 2023, the system treated a total of 23,740 tons of wastewater, producing 9,940 tons of water, achieving a recycling rate of ap-proximately 42%.



Zhuhai Materials Plant wastewater reuse

The wastewater from the biological treatment plant is processed through a reclaimed water reuse system. The purified water is reused as make-up water for the cooling towers, while the concentrated water is reused in the biochemical equalization tank, reducing emissions by 40%-50%. (700 tons/month)





Zhuhai Materials Plant cooling water discharge reuse

The cooling water discharge from the Zhuhai Materials Plant is treated through an UF sys-tem, which removes impurities and reduces tur-bidity to below 10 NTU. The treated water is then reused in the original system, reducing wastewater discharge (200 tons/month).



Zhuhai Materials Plant rainwater harvesting and reuse system

During the rainy season, the Zhuhai Materials Plant collects and filters rainwater through a network of rainwater collection pipes. The puri-fied rainwater is then pumped to the circulation water pool and used as make-up water for the cooling system, supplying approximately 800 tons of water annually.



Management of Discharge Impacts

The process wastewater and domestic wastewater generated in various areas of the plant are 100% compliant with regulations through the wastewater treatment system, as described below:

Site assessment

The Company's plants are primarily located in industrial zones, none of which are situated within national water source protection areas. This results in a low sensitivity to environmental impact. The discharge of wastewater is managed according to the methods and watercourses approved by regulatory authorities. Currently, three plants discharge treated wastewater directly into channel rivers (one each in Taiwan, China, and Malaysia), while the rest discharge into industrial zone wastewater treatment plants.

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.

Effective wastewater treatment facilities

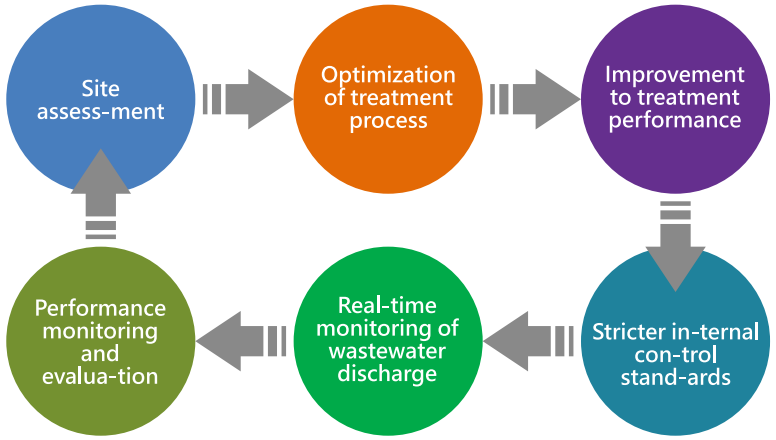
When production conditions or regulations change, timely assessments of wastewater treatment effectiveness are conducted. Investments are made as needed to upgrade the performance of wastewater treatment facilities, enhancing treatment efficiency. Treatment methods are tailored to the characteristics of the wastewater, such as aerobic biological treatment, MBR treatment, and anaerobic treatment methods.

Stricter internal water quality 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 dis-charged 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.

Wastewater discharge monitoring

Establish online monitoring facilities for wastewater to provide real-time sur-veillance of discharge conditions.



Wastewater Discharge Quality Monitoring and Management

Eternal strictly implements the segregation of wastewater, channeling process wastewater and clean wastewater through separate pipe-lines to improve the quality of treated discharge and effectively recycle treated water to reduce wastewater discharge.

In 2023, the discharge water quality standards varied among the Taiwan sites (Lu-Chu Plant, Ta-Fa Plant, and Ping-Nan Plant), China sites (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, Chang-shu Plant, and Suzhou Plant), and Malaysia Plant. The discharge quality results for major parameters and internal stricter standards are summarized in the table below. All plants complied with water quality standards in 2023.

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 ni-trogen (ppm)	Total phosphor (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	-	-	-

Control Measures to Prevent Soil and Groundwater Pollution

To eliminate environmental incidents related to soil and groundwater pollution, Eternal implements the following management and control measures for new and existing underground pipelines and tanks with potential pollution concerns:

★New installations:

① Storage tanks, pits, pipelines, and other potentially polluting structures should be prioritized for above-ground installation.

② Tanks and pits must be designed to prevent leaks and resist corrosion, with plans for regular leakage inspec-tions.

③ The completion and acceptance of new tanks, pits, and pipelines must be tested for full water, PT, and holding pressure.

★Existing: Depending on the factual situation, the following measures are implemented.

① Discontinue underground pipelines and tanks, and seal them after emptying and checking that no residue re-mains.

② Pipelines that cannot be above ground should be replaced with open ditches or exposed conduits to facilitate inspections and thickness measurements.

③ The renewed underground tanks and ponds shall be lined with leakage prevention measures, such as stainless steel, vinyl resin, FRP and other lining materials.

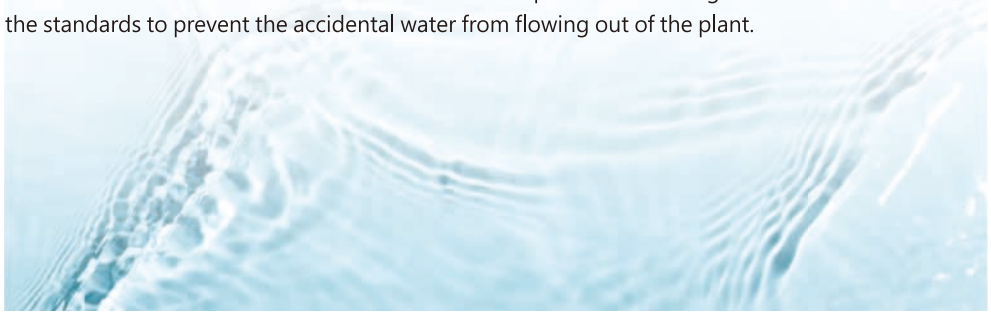
④ The underground tanks and pipelines shall be tested for leakage at regular intervals.

⑤ Annual visual and leakage inspections of reclaimed underground tanks.

⑥ Identify high contamination potential sites and install groundwater monitoring wells. The soil and groundwa-ter contamination monitoring operations have been commissioned by a third party on an annual basis and have not resulted in any contamination to date.

Abnormal Discharge Management

The wastewater and rainwater discharges to the outside of the plant are equipped with gates that are always closed to pre-vent polluted water from flowing out of the plant in case of abnormal events. Accidental water collection measures have been es-tablished in each plant area and can be directed to the wastewater treatment facilities in the plant and discharged after treatment to meet the standards to prevent the accidental water from flowing out of the plant.



Air Pollution Discharge Management

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

Management Approach

Enabling the public and employees to have clean air and a healthy living and working environment is Eternal's mission at the heart of air pollu-tion management.

Impact

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

Management Method

Policy and Commit-ment

Eternal is committed to the use of cleaner energy, source reduction in manu-facturing processes and the adoption of BACT pollution control equipment to continuously improve air emission performance.

Manage-ment Goal

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

SOx: 41.56 tons, NOx: 152.06 tons, TSP: 14.45 tons, VOCs: 111.77 tons

SOx	Reduce by 90% by 2025, 95% by 2030.
NOx	Reduce by 30% by 2025, 40% by 2030.
TSP	Reduce by 20% by 2025, 30% by 2030.
VOCs	Reduce by 5% by 2025, 10% by 2030.

Action Plan

★Evaluate technical feasibility and regulatory compliance.

★Organize the project team in each plant to promote the implementation.

★Regularly review the effectiveness of the tracking and monitor the con-tinued effectiveness of the system.

Grievance Mechanism

When the local residents have doubts about the emissions from the plant, 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.

Current Status of Air Pollution Emissions

The main air pollutants emitted by Eternal (SOX, NOX, TSP, VOCS) have shown continuous reduction in emissions due to the implementation of reduction measures over the years.

Air Pollution Emission Management Performance of Eternal

①From 2021 to 2023, Eternal has shown a yearly decrease in air pollutant emissions. In 2023, emissions met the set targets, with reductions compared to the base year (average of 2018–2020) as follows:

★SOX down by 89.0 %

★NOX down by 45.9 %

★TSP down by 47.1%

★VOCs down by 32.4%



Emissions of major pollutants from stationary sources in Taiwan, China, and Malaysia from 2021 to 2023 are shown below

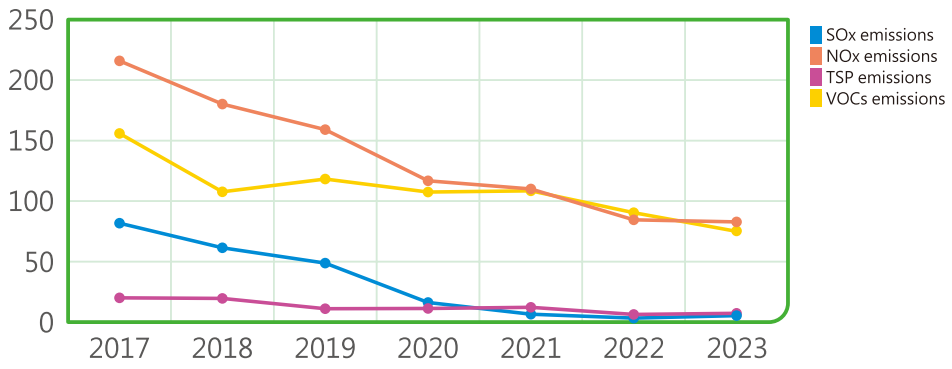
Unit: Tons

Year	Region	SOx emissions	NOx emissions	TSP emissions	VOCs emissions
Using the three -year average emissions from 2018 to 2020 as the base year	Region	41.56	152.06	14.45	111.77
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
2023	Taiwan	1.26	43.59	2.23	61.42
	China	1.53	36.74	5.36	13.68
	Malaysia	1.80	1.86	0.06	0.48
	Total	4.58	82.20	7.65	75.58

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.

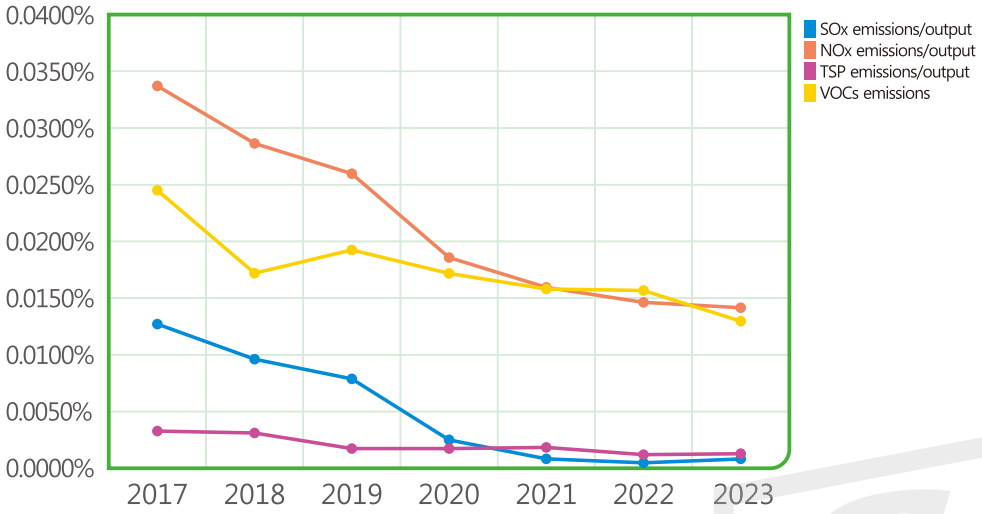
Eternal' s air pollution emissions (tons) showed a downward trend year by year from 2017-2023

Air pollutant emissions (tons) from 2017-2023

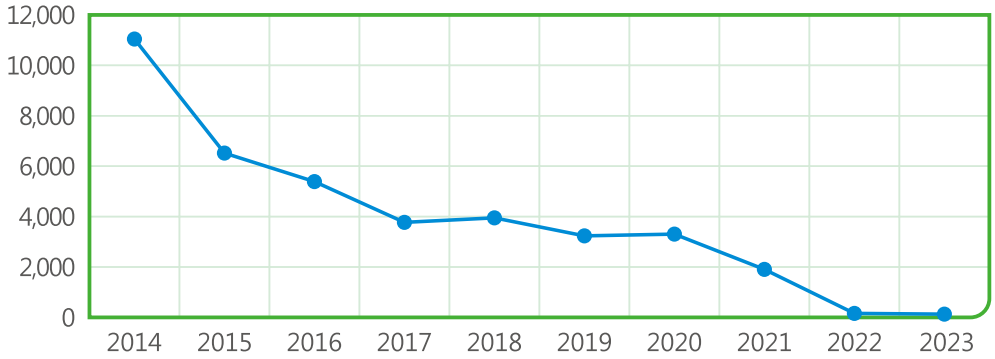


Eternal’ s air pollution emissions per unit of capacity (tons/tons) showed a downward trend year by year from 2017-2023

Air pollution emissions per unit (tons/tons) from 2017-2023



Fuel consumption (KL)



Air Pollution Emission Reduction Management Measures

To meet policy commitments and management goals, Eternal not only researches the best feasible control technologies but also continuously implements reduction measures that exceed regulatory requirements. These measures include switching from heavy oil to clean energy natural gas, updating pollution control equipment, managing sources to reduce solvent generation, and establishing practices for self-monitoring, online mon-itoring, and project-specific monitoring. These practices help track pollutant emissions and provide analysis and evaluation for source improve-ment and reduction. Examples of Eternal’ s air pollution reduction management measures are as follows:

Fuel switch from heavy oil to clean energy natural gas

In the absence of regulatory requirements, Eternal's Taiwan plants, in line with the government's natural gas pipeline policy, have been replacing the use of heavy oil and other fuels with natural gas at the Lu-Chu, Ta-Fa and Ping-Nan plants since 2017. The use of heavy oil at the three plants has been gradually decreasing, with the amount of heavy oil used approaching zero by 2023, and has resulted in a reduction of SOX, a major air pollutant, by close to 90%.

Equipment component VOCs fugitive source prevention and control measures

In recent years, Eternal has been committed to strengthening the optimization of the equipment component management system and improving the on-site equipment, and has promoted the independent and stringent management method in Taiwan to plants in China and Malaysia to establish its own KPIs and continuously monitor and improve the system to comprehensively reduce the fugitive emissions of VOCs from the equipment com-ponents.

Administrative management



- Inventory of high-risk equipment components (Class A components), and strengthen monitoring and management of Class A components in each plant; the number of Class A components in each plant under the Company's control is 8,281, accounting for 2% of all the Company's compo-nents.
- All plants of the Company have uniformly tightened the leakage concentration of equipment components to 250 ppm, which is included in the KPI management of key performance indicators, and if it is greater than this con-centration, immediate improvement should be made.
- The plant purchased VOC testing equipment and out-sourced regular independent testing.
- Since 2015, the Lu-Chu Plant has purchased an infrared monitor, trained staff to equip themselves with independent detection and reading capabilities, first monitored a wide range of possible leakage areas, and then used FID detec-tion to improve the leakage

detection rate. From 2021 to 2023, the Lu-Chu Plant's environmental safety detected an average of 22 leaks per year, effectively reducing the risk of non-compliance with the VOC equipment components.

- For production, sampling, or other operations that fre-quently rotate and switch components, establish a mecha-nism to conduct inspections after each operation.
- Regularly conduct random inspections of equipment components by the environmental safety unit to supervise the implementation of on-site unit management.
- When third-party testing is commissioned, the environ-mental safety unit compares the testing and implements the third-party testing operation.

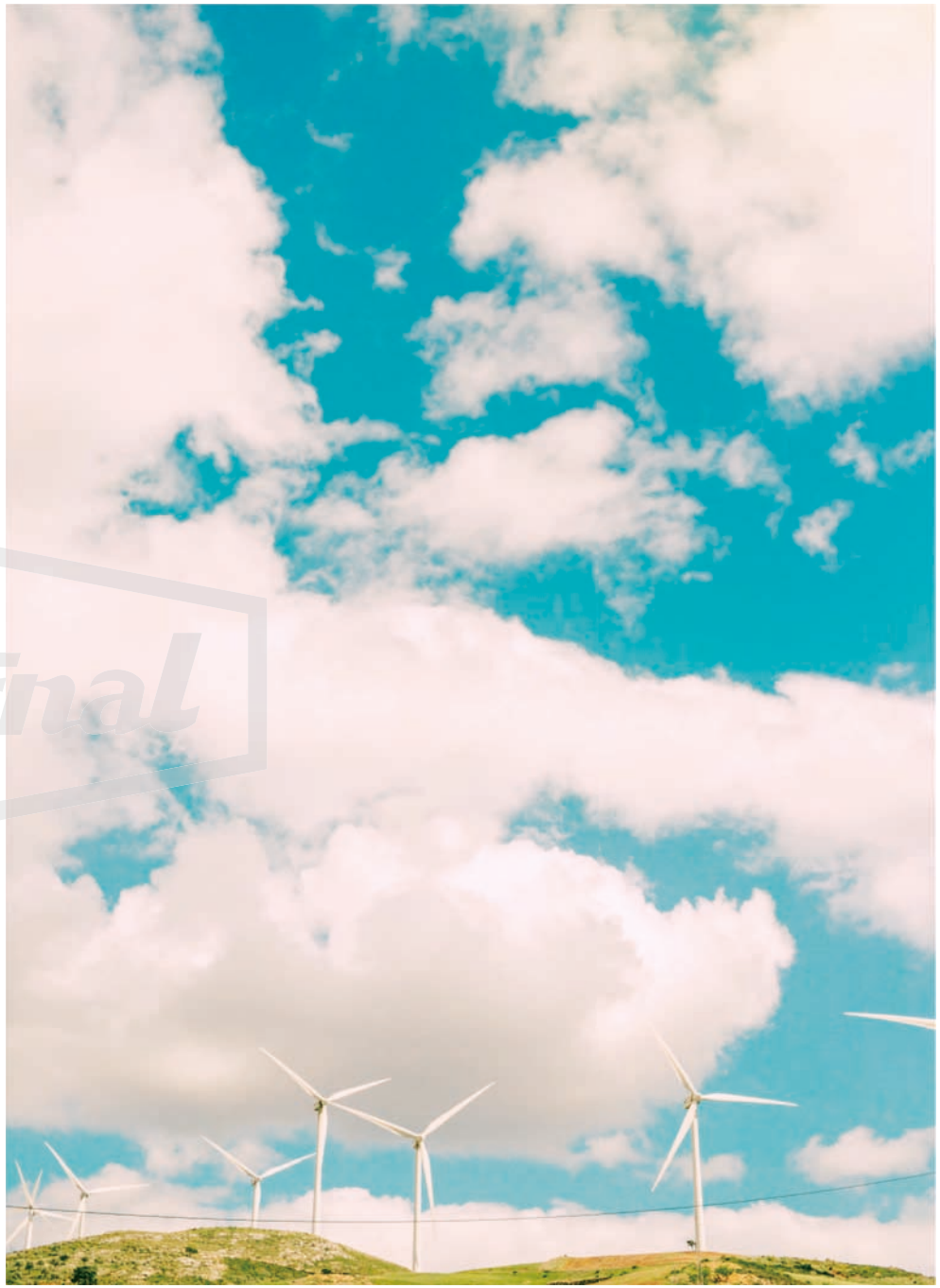
Equipment improvement

- The plant has replaced high-risk pumps with shaftless seal pumps. The plants in Taiwan have completed the re-placement of high-risk pumps. In 2023, the initiative was extended to China, where 31 pumps were replaced with shaftless seal pumps, with a total investment of RMB 1.84 million (approximately NTD 8.05 million).



Air quality monitoring system installation at Lu-Chu Plant

The Lu-Chu Plant in Taiwan is not located within an industrial zone. To establish a basic continuous air quality monitoring system and achieve the goal of monitoring pollution levels within the plant, the air quality monitoring system has been progressively set up since 2022. It is expected to be fully imple-mented by 2024.



Air pollution control equipment replacement and fuel update at Ping-Nan Plant

To reduce pollutant emissions and comply with the Company' s energy-saving, carbon-reduction, and environmental policies, the Ping-Nan Plant replaced its existing waste gas incinerator (TO) with a rotary regenerative thermal oxidizer (RRTO) in 2021. Additionally, the fuel used in the waste gas incinerator was updated from heavy oil before 2019 to natural gas by 2021. According to the historical trend of pollutant emissions from the plant' s waste gas incinerator, the fuel and equipment updates have significantly reduced the air pollutants at Ping-Nan Plant. From 2021 to 2023, the average concentrations of pollutants were reduced by 64% for particulate matter, 83% for SOx, and 76% for NOx compared to 2019 levels.

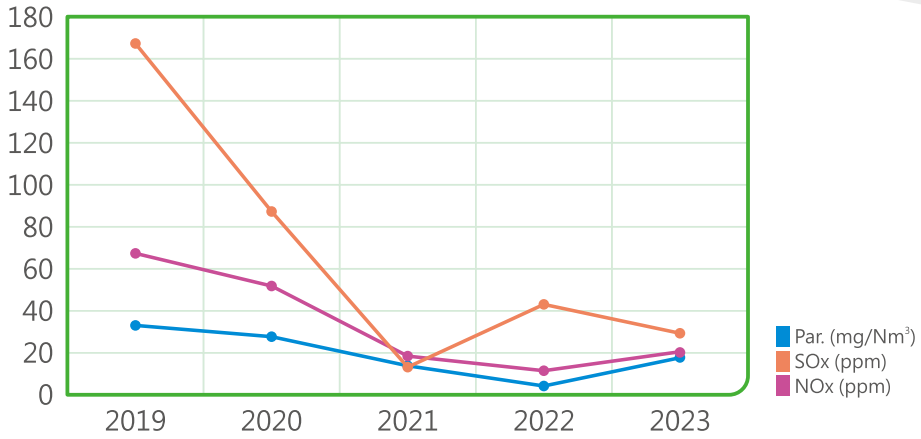


Waste gas incinerator replaced with rotary regenerative thermal oxidizer



Fuel changed to natural gas in the plant

Changes in air pollutant concentrations from the waste gas incinerator at Ping-Nan Plant



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. Various types of wastes are generated from the procurement process, production process, and the compliant treatment of process emissions and wastewater, which have negative impacts, for example:

Resource waste and increased production costs

Valuable raw materials that are not properly used become waste, leading to the need to purchase additional raw materials to meet production demands. This results in resource waste and increased production costs as waste disposal fees rise with growing environmental awareness.

Damage to Company reputation

If waste is mishandled during the disposal process, whether handled internally or outsourced, it can lead to legal violations, environmental harm, and negative impacts on the Company's reputation.

In waste management, in addition to reducing the negative impacts of waste, research and development at the source and effective production management can positively impact the Company, such as:

★Establishing a circular economy business model for sustainable development

By rethinking the use of Earth' s resources through material search, research and development, production, and sales, we can maximize resource utilization. This approach helps achieve both resource sustainability and corporate sustainability.

★Providing waste reduction solutions for the supply chain

With a holistic view of the industrial chain, from raw material supply to end sales, and leveraging Eternal' s R&D strengths, the Company can establish optimal chemical material supply services. This leads to a win-win cooperation model, benefiting both parties.

Negative Impact on Value Chain

Eternal’ s activities or business relationships involving potential negative impacts are described as follows:

□Upstream (supplier)

Waste generated from raw material packaging: Terms in procurement contracts include:

①Requiring suppliers to recycle raw material packaging containers.

②Requesting suppliers to provide bulk or large-package raw materials according to the company's production conditions.

□Mid-stream (the Company and employees)

Waste generated from production activities includes:

① Quality control sampling or filter material waste from production activities.

Waste from cleaning tanks during the replacement of production equipment.

High-concentration process wastewater generated from chemical reactions.

Scrap materials generated to meet customer specifications.

Raw material packaging containers and transport pallets.

Peripheral waste from the replacement of old equipment.

Waste generated from the treatment of pollution control (prevention) equipment.

Scrap metal, paper waste, plastic waste, and domestic waste.

□Downstream (customers or waste treatment plants)

①Returned goods due to customer quality inspection failures.

②Waste disposal handled by the Company itself or outsourced to contractors.

Policy and Commitment

★Eternal's commitment in the "Safety, Health and Environmental Policy" is to "prevent any harm or adverse impact on the environment through the design of manufacturing processes, and to actively research and develop green and energy-saving products in order to reduce the environmental impact and improve the efficiency of resource use". Therefore, Eternal's waste management policy adopts the 4R objectives of reduce waste at the source, reuse raw materials in the process, recycling, and waste regeneration, and actively implements waste management in order to reduce the production of wastes, with a view to realizing the concept of sustainability of the Earth's resources.

★Waste that cannot be treated through the 4R measure should be disposed of and honestly declared in accordance with local government waste regulations.

★In order to reduce the impact of high-hazardous wastes on the environment, especially for hazardous wastes to reduce and reuse at source, and to develop relevant management measures and process improvements.

Management Measures for Significant Impact of Waste

Eternal has implemented measures to manage the significant impact of waste. Based on the significant impact of waste on Eternal's negative and positive impacts, the value chain, and the Company's policies and commitments, Eternal has formulated waste management objectives, and has tracked the effectiveness of these objectives in the three areas of management organization operations, process source optimization, and end management, and has implemented these measures throughout the Company:

Eternal's Waste Management Target

Waste reuse rate of 60% in 2025 and 70% in 2030.
Hazardous waste reuse rate of 50% in 2025 and 60% in 2030.

★Management organization operations

The Company’ s plants in Taiwan, China, and Malaysia have all obtained ISO 14001 Environmental Management System certification. Each year, they submit reduction plans according to the Company’ s policy goals. The performance of these reduction plans is tracked in the quarterly Group Safety and Environment Committee meetings, and the Group evaluates the performance of the plants at the end of each year, highlighting those that are performing well or lagging behind. (Detailed information is provided in the sections on "Environmental Management System" and "Group Safety and Environment Committee".)

□Process source optimization

Through analysis and review of waste generation sources, supply chain issues are coordinated separately by procurement and sales systems with suppliers and customers. For process waste reduction optimization involving production processes, these are managed and tracked in the Group Process Technology Monthly Meetings and the quarterly Process Technology Committee meetings, with waste reduction projects being promoted to domestic and international production sites.

Example:

Reduce waste at the source

① Use of waste solvent after distillation and purification.

Solvents used in the cleaning process can be reused multiple times with enhanced management.

Concentration and reduction of high-concentration wastewater generated from chemical reactions in the process.

Procurement of high-strength plastic pallets to replace wooden pallets, reducing waste pallet generation.

Use of large packaging, bulk, or recyclable containers for raw materials or product packaging to promote reuse.

Treatment of wastewater sludge after drying and volume reduction.

Research on solutions to improve filtration efficiency and reduce the output of waste filter materials.

Reuse raw materials in the process

① Process quality control sampling waste resin optimized from manual operation to direct process recycling.

Cutting waste material is stripped and sorted, then either reused in the process or sent for recycling or disposal.

Recycling

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

Waste regeneration

Based on the principle of extending the lifecycle of waste, seek appropriate reuse and processing vendors to convert waste into energy, such as Solid Recovered Fuel (SRF).

Management and Audit for Outsourcing Waste

Materials or packaging that are determined to be no longer usable must be handled legally and compliantly to avoid negative impacts on Eternal. If conditions permit, Eternal should handle the waste internally as a priority. If not feasible, the waste should be entrusted to a qualified local processing facility for compliant treatment, with a preference for outsourcing to facilities that offer recycling or reuse options. Currently, Eternal's plants do not export waste for treatment abroad. The basic management principles for outsourced treatment are as follows:

★Determine Eternal's waste composition

Entrust a qualified third-party testing company to analyze the composition of the waste generated at the plant to confirm waste classification and the alignment of the selected processing vendor’ s qualifications.

★Vendor qualification and contract signing

Conduct a review of the vendor's qualification documents before signing a contract. New vendors must undergo a site inspection, and contracts are signed only after review by all relevant departments through electronic document processing.

★Waste clearance control

Recheck the qualifications of waste clearance vehicles before they enter the plant and ensure that waste declaration procedures are completed before the vehicles leave.

★Waste clearance and treatment audits

Conduct periodic tracking of clearance vehicles via follow-up or GPS monitoring, and perform on-site inspections of processing vendors to ensure that waste is disposed of legally according to regulatory authority standards.

★Implement internal audits

Follow the ISO 14001 environmental management system audit mechanism to establish auditing procedures for the plant and Company, ensuring compliance in all aspects of waste generation, storage, documentation, and treatment reporting.

Communication and Negotiation with Stakeholders on Waste Reduction Actions

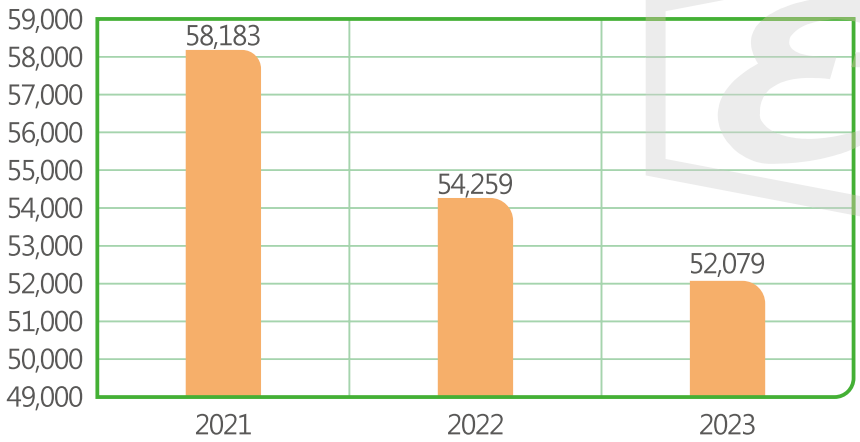
Stakeholder engagement plays a key role in achieving our waste reduction goal. Therefore, it is necessary for the main responsible units of the waste reduction project to communicate and coordinate with their stakeholders to do the same. Taking supplier negotiation as an example, the procurement unit 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 plant, 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.

Waste Output

In 2023, business waste from Taiwan, China, and Malaysia plants was processed locally and not exported across borders. The calculation of waste generation was based on the regulations and reporting requirements of local authorities in each location. From 2021 to 2023, the Company has shown a decreasing trend in total waste volume. In 2023, waste was reduced by 4.02% compared to 2022. The Company will continue to promote waste reduction, implement environmentally friendly management practices, and lower handling costs.

Year	2021	2022	2023
Production site	Waste output (metric ton/year)		
Plants in Taiwan	10,568	8,536	7,244
Plants in China	45,893	41,916	40,444
Plant in Malaysia	1,728	3,807	4,391
Total	58,183	54,259	52,079

Waste output (metric ton/year)



Note: The waste output quantity in this chart refers to the amount of waste that must be reported according to regulations, excluding waste classified as "preparation for reuse" and "recovery" under GRI definitions.

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, Eternal has not only conducted "recycling" statistics according to the regulations and reporting requirements of local authorities at each plant but has also carried out detailed statistics for "preparation for reuse" and "recovery".

★Definition of waste disposal and transfer:

①Preparation for reuse: Inspect, clean, or repair products or components that have become waste to prepare them to be used for the same purpose.

②Recycling: Reprocess products or components that have become waste to produce new materials.

③Recovery: 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 plants in Taiwan, China, and Malaysia in 2023 is shown as below:



Unit: Metric tons

2023		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)	566	0	1,602	21,699	0	98	23,965
	Incineration (including energy recovery)	463	1,665	1,352	10,675	0	2,589	16,744
	Landfill	0	0	229	0	0	0	229
	Other disposal means	5	0	16	0	0	0	20
Disposal transfer	Preparation for reuse	0	1,343	2,913	2,966	0	535	7,758
	Recycling	106	0	3,410	0	1,449	0	4,965
	Other recycling means	5,177	12,640	6,334	56,259	0	572	80,981
Total		6,317	15,648	15,855	91,599	1,449	3,794	134,662
Non-hazardous waste								
Direct disposal	Incineration (excluding energy recovery)	448	0	5	0	0	0	453
	Incineration (including energy recovery)	477	0	0	0	0	0	477
	Landfill	62	0	18	0	0	0	80
	Other disposal means	0	0	0	0	0	0	0
Disposal transfer	Preparation for reuse	23	450	48	432	0	950	1,903
	Recycling	3,452	0	1,438	0	256	0	5,146
	Other recycling means	0	7,565	0	20	0	0	7,585
Total		4,462	8,015	1,510	452	256	950	15,644

Note: ★The reuse rate (recycling ratio) of hazardous waste in Eternal in 2023 was 62.34%.
★Other disposal means include solidification treatment, chemical treatment, and heat treatment.
★For our plants in China, dangerous waste is listed as hazardous waste according to China's "Directory of National Hazardous Wastes" (2021).
★According to the new GRI 306 Topic Standards, recycling does not include energy recycling when reporting waste.

Compiling Eternal's waste classification and disposal schedules for 2022 and 2023, the Company added two new categories of waste preparation for reuse and other recycling operations as defined by GRI in 2023. Ongoing process improvements and administrative management efforts have increased the quantity of waste disposal and transfer, thus enhancing the waste reuse rate. Compared to 2022, in 2023 the quantities of hazardous waste for "preparing for reuse" and other recycling operations increased by 7,758 metric tons and 80,981 metric tons, respectively. For non-hazardous industrial waste, the increases were 1,903 metric tons and 7,585 metric tons, respectively. The consolidated data is presented in the following table:

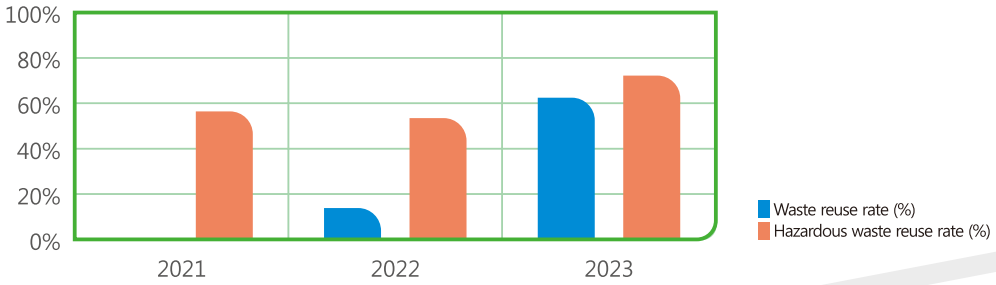
Year		2022			2023		
		Out of factory	In factory	Total	Out of factory	In factory	Total
Hazardous waste (metric tons)							
Direct disposal	Incineration (excluding energy recovery)	2,288	25,290	27,578	2,168	21,796	23,965
	Incineration (including energy recovery)	1,220	11,282	12,502	1,815	14,929	16,744
	Landfill	156	0	156	229	0	229
	Other disposal means	79	0	79	20	0	20
	Total direct disposal	3,743	36,571	40,314	4,233	36,725	40,958
Disposal transfer	Preparation for reuse	0	0	0	2,913	4,845	7,758
	Recycling	6,347	0	6,347	4,965	0	4,965
	Other recycling means	0	0	0	11,510	69,471	80,981
	Total disposal transfer	6,347	0	6,347	19,388	74,316	93,704
Total		10,090	36,571	46,661	23,621	111,040	134,662



Eternal waste and hazardous waste reuse rate

Year	Waste reuse rate (%)	Hazardous waste reuse rate (%)
2021	56.5	-
2022	53.4	13.6
2023	72.1	62.3

Eternal waste and hazardous waste reuse rate(%)



Reduce Waste at the Source

Source reduction of process and waste liquids at Zhuhai Materials Plant

The plant has installed a three-effect concentration unit for process water. This system increases the concentration of process water through three-effect evaporation, which reduces the amount of process water sent to the sodium salt furnace for incineration. This reduction in process water decreases both waste volume and energy consumption, while increasing the number of times each drop of water is recycled. In 2023, the plant reduced process water incineration by 3,198 metric tons compared to 2022, with an expected reduction of 8,000 metric tons in 2024.



Solvent and solution recovery and reuse in various plants

In the plants in Taiwan and China, process optimization and the establishment of recovery equipment, such as online or newly added distillation systems, are used to recycle and reuse solvents and intermediate solutions generated during the process. In 2023, a total of 56,658.4 metric tons of solvents and solutions were recovered and reused across all plants.



Resin closed online sampling recovery device

In the Specialty Materials Division, the resin closed online sampling recovery device has been widely installed at the Zhuhai Materials Plant, Lu-Chu Plant, and Suzhou Materials Plant. This system uses a circulation pipeline to return resin to the reactor, significantly reducing the amount of waste resin produced after sampling. Additionally, the design includes a negative pressure gas collection system that helps prevent VOC emissions. In 2023, approximately 20 metric tons of resin were recovered using this system.



Year		2022			2023		
		Out of factory	In factory	Total	Out of factory	In factory	Total
Non-hazardous waste (metric tons)							
Direct disposal	Incineration (excluding energy recovery)	353	0	353	453	0	453
	Incineration (including energy recovery)	696	0	696	477	0	477
	Landfill	124	0	124	80	0	80
	Other disposal means	432	0	432	0	0	0
	Total direct disposal	1,605	0	1,605	1,011	0	1,011
Disposal transfer	Preparation for reuse	0	0	0	71	1,832	1,903
	Recycling	5,993	0	5,993	5,146	0	5,146
	Other recycling means	0	0	0	0	7,585	7,585
	Total disposal transfer	5,993	0	5,993	5,217	9,417	14,634
Total		7,598	0	7,598	6,227	9,417	15,644

Waste Reuse Rate and Trends

According to Eternal's waste management policy, recycling and regeneration are prioritized. Each plant continuously enhances waste reuse rates and regeneration processes to promote sustainable use of Earth's resources.

Eternal is required to report and disclose the amount of waste generated in accordance with the regulations of the local authorities. Waste reuse rate (%) = Total disposal transfer / (Total disposal transfer + Total direct disposal)*100% In 2023, Eternal implemented GRI-defined statistics for "preparation for reuse" and "recovery" and disclosed three years of waste and hazardous waste reuse rates in the 2023 ESG report.

The target for waste reuse rate by 2025 is 60%. In 2023, the waste reuse rate achieved was 72.1%, surpassing the target. For hazardous waste, the 2025 target is 50%, and the 2023 hazardous waste reuse rate was 62.34%, also meeting the target. Eternal improves the lifecycle of hazardous industrial waste primarily through source reduction and regeneration measures, achieving the Company's waste reuse management goals.

Waste Regeneration

Process wastewater regeneration at Zhuhai Materials Plant



Previously, process water required incineration in a sodium salt furnace. The Zhuhai Materials Plant developed a solution to meet downstream customer demands and obtained the necessary qualifications and administrative approvals. The plant now processes the process water into sodium acrylate solution, which is sold as a product to customers. This approach reduces waste generation and energy consumption, while minimizing the environmental impact of waste and improving resource efficiency. In 2023, the Zhuhai Materials Plant sold a total of 3,130 metric tons of sodium acrylate solution.

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 compli-ance 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 authori-ties, and experts, understands stakeholders' concerns, communicates and interacts with stakeholders when nec-essary, 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 regula-tions will have a significant impact on the Company's image and investors' willingness to invest.

Management Method

Policies and systems

★The Company's safety and environmental policies include [comply with regula-tions and meet all requirements] which are exemplified in Eternal's culture of compliance with laws, integrity, and moral values.

★Implement compliance inspection measures and identify compliance with new or amended government policies regularly, conduct compliance assessment, and respond and track.

★Conduct audits, inspections, and on-site inspections regularly, to check plants' compliance, and track non-compliant units until the improvement is completed.

Goals

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

Grievance mechanism

★Internal communication channels include: Regulatory compliance inspections, employee education and training, proposal improvement system, telephone, and meetings.

★External communication channels include: Telephone, mail, visits, and opinion survey forms.

Environmental Violations between 2021 to 2023

Environmental fines and improvement

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

Environmental violations between 2021 and 2023 are as follows:

Year	Plant	Date of viola-tion	Details of violation	Amount of fine	Improvement project
2021	-	-	None	0	-
2022	Changshu Plant	2022/11/27	Device component (LDAR) VOC exceeding standard	29,000 (CNY)	●Component leakage risk level and self-check. ●Frequent self-checks after component operations. ●Non typical component self-checks. ●Infrared instrument scanning and inspection. ●Inspected by a commissioned inspection company for data comparison. ●The list of components is al-ways up to date.
	Tianjin Plant	2022/8/1	The concentration of VOC emission in sample connec-tions exceeded the standards	100,000 (CNY)	●Optimize the RTO pre-treatment system and dampers. ●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)	●Blind seal and add a breathing valve with a flame arrester. ●Add a dedicated mi-cro-oxygen nitrogen sealing device for styrene storage tanks.
2023	-	-	None	0	-

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

Green R&D Innovation

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

Impact

With the rising average temperature of the Earth threatening human living spaces and the emergence of extreme weather challenging our ability to adapt, the gradual destruction of the environment is causing our beautiful planet to lose its original splendor. Restoring the vitality of the Earth and ensuring the sustainable and happy survival of life on our planet is an urgent and critical issue that demands immediate action. As a leading supplier of various materials, Eternal prioritizes research and development innovation and environmental sustainability. The Company is committed to the continuous development of low-carbon products, implementing resource recycling and reuse, and reducing carbon emissions. Additionally, Eternal focuses on promoting environmentally friendly products and green chemical safety alternatives to minimize negative environmental impacts, aiming to leave a beautiful and sustainable environment for future generations.

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:

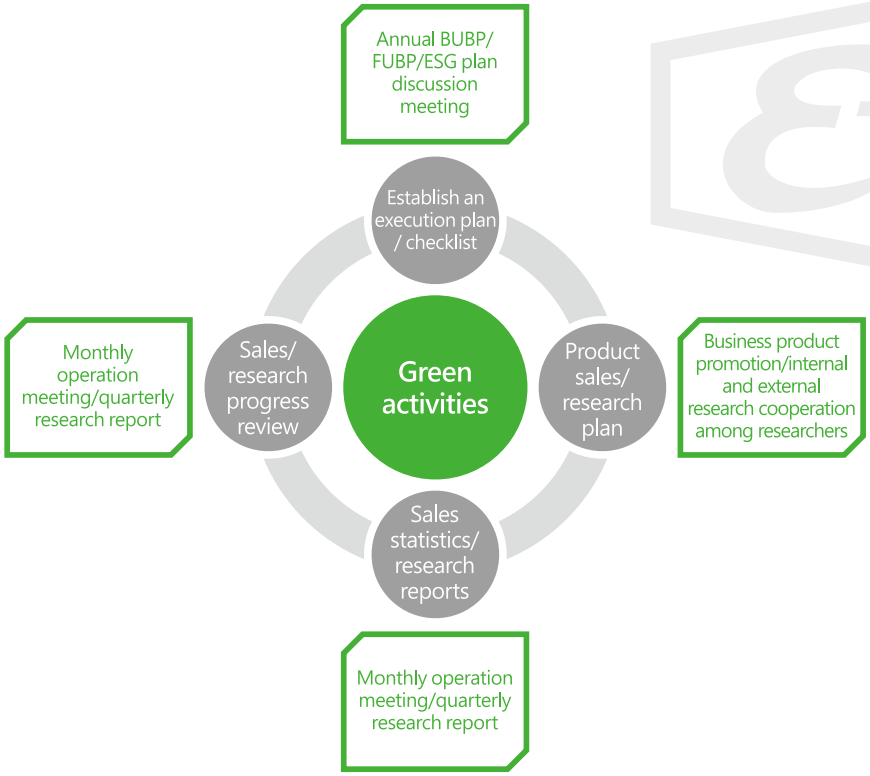
★Develop low-polluting and eco-friendly products to reduce VOCs emissions.

★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.



Target

Medium to Long Term Goals

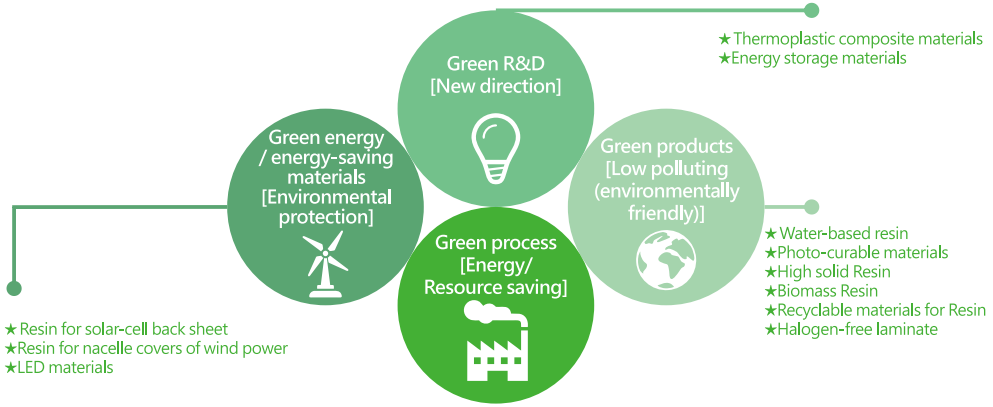
	2030 Vision	SDGs Related
Green R&D Product Sales	50% growth from 2021	3 健康與福祉 / 7 可負擔的潔淨能源
Use of Substances of Very High Concern (SVHC)	40% reduction from 2021	3 健康與福祉

2023 Results and 2024 Goals

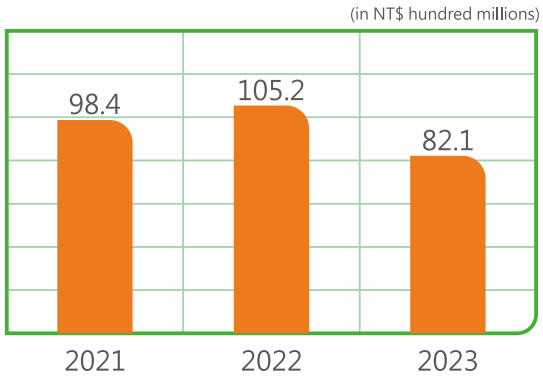
	2023	2024 Goals
Green R&D Product Sales	Green products 7 billion Green energy/ energy-saving materials 1.2 billion	11.4 billion
Use of Substances of Very High Concern (SVHC)	5% reduction in types	Continuous 5% reduction in types

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.



Sales of green R&D products



Green products

- "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 water-based resins. We have reduced VOCs 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 aqueous polyurethane dispersions and water-soluble acrylic, and aqueous emulsion or hydrogel that does not contain formaldehyde or APEO. Aqueous polyurethane 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.



Waterborne acrylic polyol dispersions



The developed acrylic dispersion with low VOC meets modern environmental standards and demonstrates excellent low-temperature freeze-thaw stability. It combines the performance of solvent-based coatings with outstanding durability and chemical resistance, making it suitable for various climate conditions. This expands application possibilities and meets diverse customer needs. Additionally, the core-shell acrylic-modified dispersion exhibits exceptional optical effects, showcasing high gloss and fullness, making the product visually appealing and enhancing the coating's decorative effect.

Waterborne FEVE emulsion

We have developed a series of water-based FEVE emulsions that offer advantages such as being free from APEO, PFOA, and PFOS, and low toxicity. These water-based FEVE emulsions can be used in single-component high-performance building exterior coatings, curtain insulation, and thermal insulation coatings. The resins have superior structural properties and exceptional weather resistance. By incorporating aerospace-grade nanotechnology materials and inorganic minerals, our thermal insulation coatings effectively reduce thermal conduction, achieving a solar reflectance rate of over 90%. This not only helps to reduce the heat energy absorbed by buildings but also creates a durable and efficient thermal insulation, waterproofing, and soundproofing layer, with mold resistance properties.

Our goal is to provide solutions that offer durability, energy efficiency, thermal insulation, waterproofing, soundproofing, and mold resistance to meet the ever-increasing environmental and building standards.



Chemical storage tank bodies; building exterior wall paint; bridge piers; raw concrete

Water-based polyester dispersion for baking paint

The developed polyester dispersion overcomes the issue of hydrolysis common in traditional polyesters, offering exceptional storage stability. It retains the excellent toughness and impact resistance of polyester, along with superior pigment wetting and dispersion, outstanding metal adhesion, and recoatability. This provides greater flexibility for the coatings industry while saving costs and resources. The dispersion also features high gloss and vibrant imaging. Its excellent silver powder orientation extends its application range, making it suitable for various coating and painting fields. With VOCs content below 50g/L, it meets environmental standards, making the product more eco-friendly and sustainable. This characteristic reflects a commitment to environmental friendliness and aligns with the modern coating industry's pursuit of low volatile hazardous substances.

Development of permanent PVC vehicle wrap water-based adhesive

Currently, the market for acrylic pressure-sensitive adhesives used on PVC substrates is predominantly dominated by solvent-based products. Although some water-based products have replaced lower-end solvent-based products, they often suffer from issues such as low adhesion, adhesive residue, and significant shrinkage due to performance limitations. With the increasing awareness of environmental and safety concerns and the push from national policies, Eternal has designed and developed a high-performance, eco-friendly water-based acrylic pressure-sensitive adhesive. This product is free from APEO and can replace solvent-based acrylic pressure-sensitive adhesives for use on PVC substrates. It matches the performance of solvent-based acrylic pressure-sensitive adhesives, offering excellent adhesion, some repositionability, and resistance to PVC shrinkage.



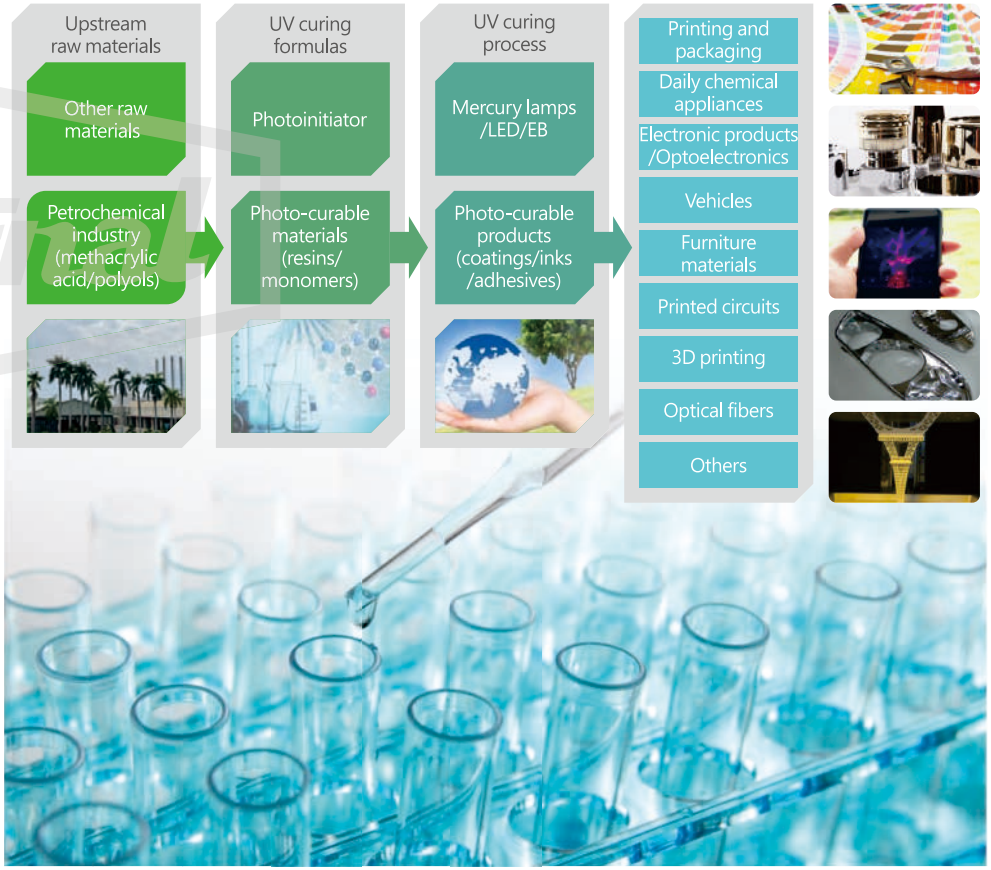
Finished adhesive film
(raw adhesive/added black paste)

- **"Photo-curable materials"**

We have developed photo-curable technology and relevant novel materials for nearly 30 years. Our 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 completed in an instant in only 0.1 to several seconds, turning the liquid coatings into a solid state. 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, making it suitable for thermal sensitive substrate coatings.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 compassion of solvent based thermal curing systems. It is an energy-saving, environmentally friendly, and efficient industrial technology.

Photo-curable materials are also widely used in various coatings (such as daily necessities, cases of electronic products, furniture, and hard coatings), inks (such as offset printing, flexo printing, 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). In the future, we will actively develop water-based UV materials and adopt biomass raw materials, to achieve the emission peak and carbon neutrality.

UV curing industry chain



Environmentally friendly overprint varnish

Compared to traditional overprint varnishes, UV overprint varnishes can reduce VOCs and minimize energy consumption. However, some UV monomers and photoinitiators can pose health and environmental risks. To address this, Eternal has developed a more eco-friendly formulation of UV overprint varnish that is solvent-free and does not contain TMPTA or benzophenone, contributing to environmental protection.

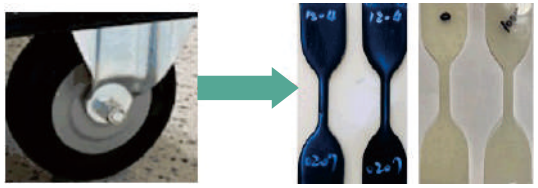


Water-based UV resin for electronic product plastic parts

Applied to the exterior coatings of electronic products such as laptops, smartphones, and home appliances, this UV varnish effectively reduces VOCs emitted during the coating process. It also enhances the appearance and provides additional protective functions, thereby increasing the product's value.

● "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, moisture cured polyurethane among other products. We have sold high solid products with over 12,000 tons of resin. The resin used for high solid coatings is characterized by its high solid content that can reduce energy consumption in baking and curing, and VOC volatilization. It is gradually replacing traditional solvent-based coating resins.



Application of polyester polyols in PU related products

● "Biomass resin"

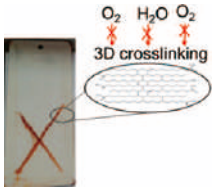
Petroleum is not a renewable natural resource. The pollution and greenhouse gases produced in the process of using petroleum synthetic resin products will affect the ecological environment, leading to climate change and global warming. The development of resin using natural resources will not cause a 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.

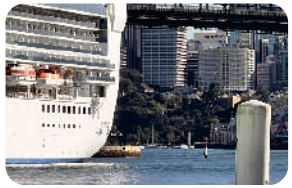








Fatty acids extracted from vegetable oil to produce water-based alkyd resins for corrosion prevention purposes





Application of epoxy bridging agent in anti-corrosion using cashew phenols and other biomass raw materials



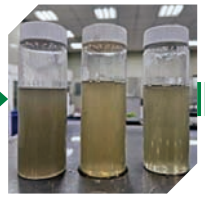
● "Recycling products"

"Recycling PET for reuse"

Eternal has developed a chemical recycling method for PET, which degrades PET bottle flakes and converts them into the chemical raw materials needed for synthetic resins, addressing waste disposal issues.



PET



Degradation as raw material



Synthetic resin



Downstream product applications

Button resin obtains GRS certification

The textile industry, with a focus on environmental sustainability, promotes the use of recycled materials through internationally recognized recycling standards. Eternal has incorporated recycled PET into button resins and achieved GRS certification. In 2023, the sales of button resin containing 25% recycled PET reached 430 tons. For 2024, the goal is to develop button resins with over 30% recycled PET, with anticipated sales surpassing 400 tons.


SCOPE CERTIFICATE

ETERNAL MATERIALS CO., LTD.

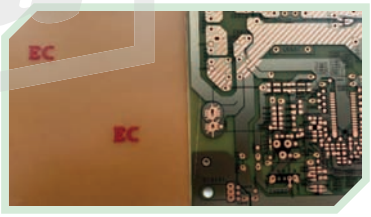
"Recycling and reuse of by-products from processes"

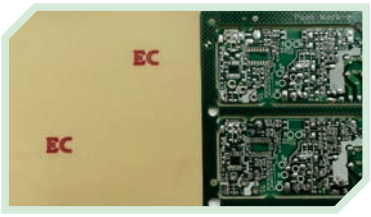
The Company distills the alcohol by-products generated in the resin production process and the solvents recovered from the production of amino resins and recycles and reuses the waste chemical raw materials in finished resin products through purification or a designed formula and special quality control measures without affecting the quality of the products, to reduce waste for less burden on the environment.

● "Halogen-free 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.

Halogen-free materials refer to components, coatings, and processes that do not contain halogens. This technology is designed to comply with RoHS regulations, as bromine-containing polymers release harmful substances when burned or heated. These substances can not only corrode electronic components, rendering them non-reusable, but they may also damage the ozone layer, making them significant environmental pollutants.





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. Reactive flame retardants are primarily used, as they contribute to more stable product quality and compliance with halogen-free standards. 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.

Eternal's halogen-free laminates:

ETL-CEM1-507 :

This is a V-0 grade halogen-free CEM-1 high-resistance composite substrate, suitable for high-end electrical power boards, lighting, and LEDs. It features excellent insulation and thermal stability while complying with environmental regulations.

ETL-XPC-207 :

This is a halogen-free FR-1 paper-based substrate, suitable for home appliances, automotive audio, LEDs, and traditional lighting driver boards. It has low water absorption, which enhances the material's reliability.

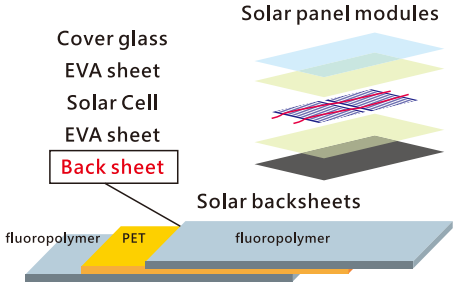
Green energy / energy-saving materials

● " Resin for solar-cell back sheet "

In order to contribute to the green energy industry, Eternal uses its fluorocarbon resin in solar backsheets. In addition to its good bonding with PET in the backsheet, fluorocarbon resin also provides structural stability, acid and alkali resistance, UV resistance, and even deformation resistance. It provides excellent long-term protection for backsheet materials, ensuring that the inner layer of the backsheet 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 backsheet.

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





● "Resin for wind turbine cabin cover" 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.

Floating offshore wind turbine resin



Drawing from international experiences in offshore wind development, the transition from fixed-bottom to floating wind turbines is anticipated as offshore wind farms move from shallow to deeper waters. According to WindEurope's report, floating offshore wind turbines are projected to become a major commercial development target around 2030, given the current pace and progress of their development. Eternal has collaborated with wind turbine assembly manufacturers to develop and supply resins specifically designed for floating offshore wind turbines.

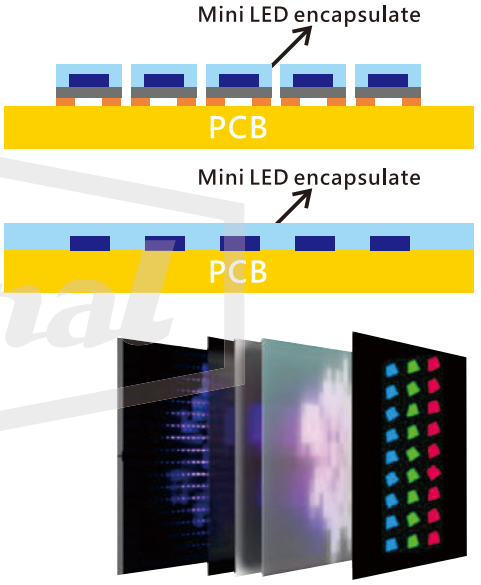
●" Encapsulation Material' s of Mini-LED/LED "

Since the end of the 20th century, the display industry has evolved from traditional cathode-ray tubes (CRTs) to liquid crystal displays (LCDs) 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, and 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.

Mini LED technology sits between traditional LED and Micro LED technologies. When paired with flexible substrates, it enables high-curvature backlighting. Mini LEDs feature local dimming design, offering improved color rendering and energy efficiency. This technology provides LCD panels with more refined HDR zones and approaches OLED thickness, achieving up to 80% energy savings. It is ideal for applications in mobile phones, televisions, automotive displays, and gaming laptops due to its focus on energy efficiency, slim form factor, HDR capabilities, and versatile backlighting options. With 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 longer service life. We look to forward to its future development.

Our silicon material team has gained an 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 instrument, 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 a thinner size. It can be used in electronic 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 backlight unit
Micro-LED direct display

Green R&D [New Direction]

Eternal actively develops green products and green energy materials. Currently, 43% 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 "thermoplastic composite materials" and "energy storage materials" to provide high-quality eco-friendly products and reduce or avoid raw materials that are harmful to the environment or human body, thereby fulfilling our corporate social responsibility.

●"Thermoplastic composite materials"

Long Fiber Reinforced Thermoplastic (LFT) is a composite material composed of base material thermoplastic resin and reinforced fibers. LFT has the advantages of high specific strength, high rigidity, high toughness and low creep, which can satisfy the goal of replacing metal with plastics to make the product lightweight.

Lightweight materials applied to transportation vehicles can reduce energy consumption, decrease pollution, and improve energy efficiency. Additionally, LFT materials can be processed through injection molding, which provides the advantage of rapid processing, significantly lowering production energy consumption and reducing carbon emissions during production.

Moreover, due to its high strength, LFT can be used as a reinforcing agent for homogeneous recycled materials. Adding LFT enhances the strength of recycled materials, allowing these reinforced materials to be applied to a diverse range of products.

Eternal's LFT development status in 2023 is as follows:

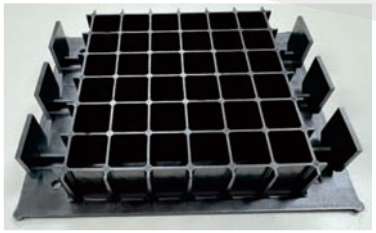
★LFTs are used to replace metal materials in the bicycle, electric vehicle, and aerospace industries, achieving product lightweighting and extending battery life, thereby reducing carbon emissions and energy consumption.

★LFTs replace thermosetting composites, enhancing processing speed and production capacity while ensuring the feasibility of recycling finished products, contributing to global net-zero carbon goals.

Applications of thermoplastic composites in product lightweighting:



Bicycle swingarms



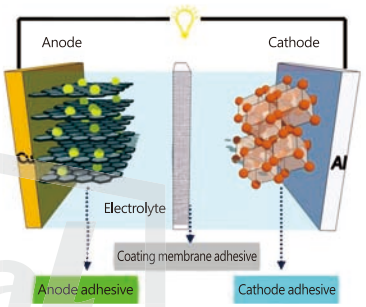
Honeycomb boards

●"Lithium batteries and energy storage materials"

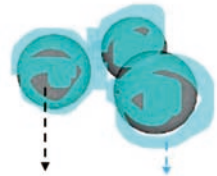
Lithium-ion batteries (LIBs) are widely recognized as the primary power source for electric vehicles (EVs) due to their inherent advantages in energy density, cycle performance, and manufacturing costs. According to the International Energy Agency (IEA), over 145 million EVs are expected to be in use globally by 2030. The rapid proliferation of EVs further accelerates the growth of the power LIB market. This situation has also raised concerns about the energy density and resource sustainability of LIBs. On one hand, LIBs need to have higher energy density to alleviate "range anxiety" in EVs. On the other hand, the production capacity of LIBs has already surpassed 1000 GWh. Considering their 6-8 year service life, this will lead to a wave of discarded LIBs. The environmentally friendly disposal of used LIBs has become an increasing concern. In this context, there is an urgent need in modern society to develop recyclable and eco-friendly LIB materials.

At present, the adhesives and active materials required in lithium battery processes are primarily based on oil-based PVDF and high-energy-consuming reactions. To address this issue, Eternal has developed a new type of water-based adhesive to replace traditional oil-based PVDF adhesives. This new water-based adhesive has high binding strength, allowing the electrodes to maintain their structure during charge and discharge cycles, thus achieving high capacity and good cycle life.

Lithium battery composition



Adhesive bonding diagram



Management of Chemical Safety

Management Approach

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

Commitment

★Focus on source management and systematically manage chemicals.

★Gather green chemical information from around the world to continue to promote green and safe chemical alternatives.

★Clearly label chemicals to allow users to understand the hazards and increase the safety of use.

★In 2023, a new feature was added to the procurement system. When ordering raw materials, the system automatically cross-references the regulatory list and notifies environmental safety personnel if any chemicals listed as controlled are included in the order. This ensures that preparations are made in accordance with regulatory requirements.

★Awarded the 3rd Green Chemistry Application and Innovation Award by the Ministry of Environment' s Chemicals Administration.

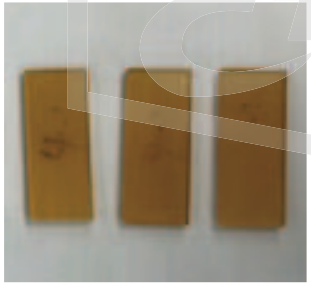
★Source management: No new use of SVHC materials, and 5% of existing materials have been phased out.

★In 2023, the Group implemented a green alternative plan focusing on SVHC, Taiwanese, and Chinese chemical regulations, establishing a total of 16 substitution plans.



Bisphenol A replacement plan

Bisphenol A (BPA) was used to synthesise polycarbonate plastics and epoxy resins in the 20th century due to its excellent heat resistance and physical properties. However, due to its reproductive toxicity and toxicity in interfering with human endocrine secretion, it has been included in the list of SVHC. Eternal has proactively established a green replacement evaluation plan for BPA to reduce its use and fulfill social responsibility.



- For existing vinyl ester resins synthesized with BPA, evaluate the feasibility of partially replacing BPA with dicarboxylic acids.
- Assess the possibility of reducing BPA use by adjusting the synthesis reaction conditions for resins used in circuit boards.

By replacing part of the BPA with dicarboxylic acids, the resulting injection-molded sheets meet the highest grade of chemical resistance according to JIS K6919 UP-CEE standards.

BPA-NI interior coating resin



We are introducing a range of polymer polyesters specially designed to replace traditional epoxy coatings in food cans, and completely free from BPA. The new products offer several outstanding features that will enhance safety and reliability in the food packaging sector.

The polymer polyester boasts superior hardness and flexibility. It enhances the durability of food can shells while adapting to various usage environments to ensure the preservation and quality of the food. This new material exhibits exceptional resistance to sterilization, making it suitable for high-temperature and high-pressure sterilization processes, thereby ensuring comprehensive protection for food during packaging. Its antimicrobial properties contribute to the safety and hygiene of the final product. Additionally, this polymer polyester is free from genotoxic components and does not contain endocrine-disrupting substances, ensuring that food remains uncontaminated by harmful substances and safeguarding consumer health.

In terms of applications, the material is ideally suited for beverage lids, D&I food cans and single-component aerosol cans. Its excellent applicability and manufacturability allow for flexibility in food packaging design, while providing more options to meet the diverse needs of the market.

Overall, this BPA-free polymer polyester represents an advanced solution for the future of food packaging. With its superior physical properties, sterilization resistance, and non-toxic characteristics, it will be a key driver in advancing the food packaging industry towards healthier, safer, and more environmentally friendly solutions.

N-Methyl-2-pyrrolidone replacement in waterborne polyurethane dispersion

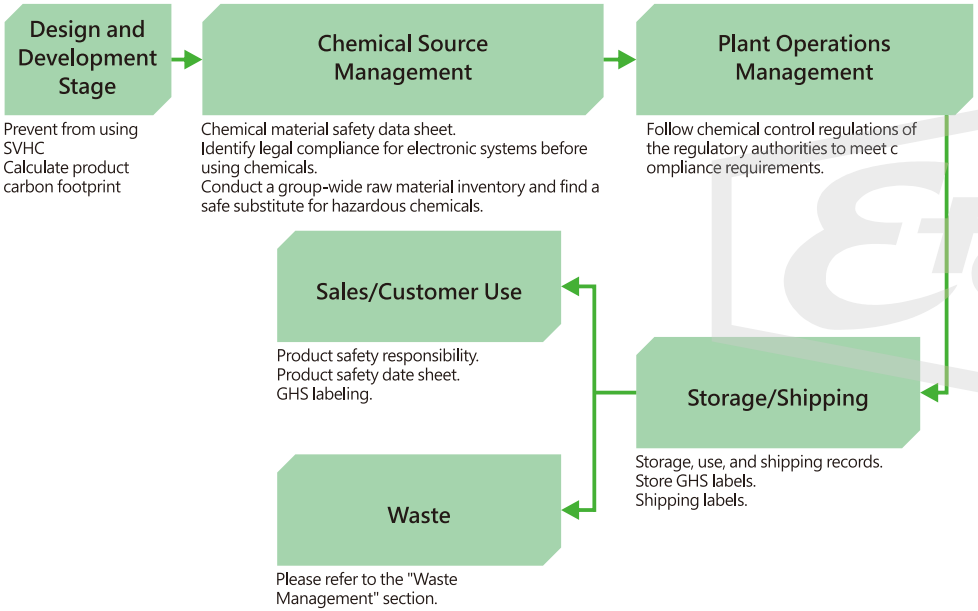
In response to industry concerns about restricted substances in coating processes, Eternal has improved the formula for anti-fingerprint coatings using waterborne polyurethane dispersion (PUD). We have successfully replaced N-Methyl-2-Pyrrolidone (NMP) with N-Ethyl-2-Pyrrolidone (NEP) in our products. This enhancement has been well received by our customers. We remain committed to improving environmental performance and ensuring compliance with relevant industry standards and regulations to meet market and customer needs.

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 hazardous 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 plant 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 1,615 chemical substances declared in 2022.
We have completed standard registration of 7 existing chemical substances in Taiwan.
Completed 30 registrations in REACH.
Completed 206 pre-registrations in Korea.
Completed 113 pre-registrations in Turkey.
Completed 16 DUIN submissions in UK.

●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

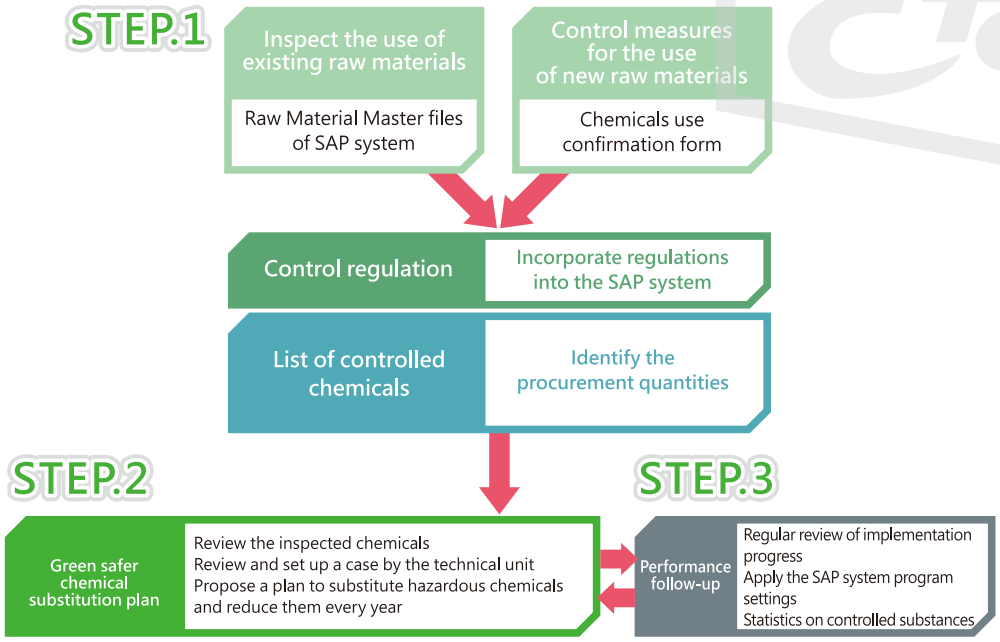
★In the future, there will be no new use of substances on the SVHC list, and the use of SVHC substances will be gradually reduced.

★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.

★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.

★Each business unit using such chemicals will draw up a green safer chemical substitution plan, and the technical management unit will follow up on the performance and regularly review the implementation results.

Implementation Procedure for Green and Safer Chemical Substitutes for Hazardous Chemicals





Eternal

Human Resources Management Policy

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

Policies

★Selection: Attract outstanding talents that meet the corporate culture.

★Training: Cultivate talents and improve organizational capacity.

★Employment: Increase talent use and contribution.

★Retention: Retain excellent talents.

★Employee relations: Improve employees' work satisfaction.

Management System

★The Company implements human resource affairs in accordance with relevant human resource management rules. We regularly review and propose improvement plans.

□We continue to implement the Talent Quality-management System (TTQS) and use systematic management to attain training effects and talent development.

Targets and Objectives

★Value human rights: The Company is committed to compliance with international regulations for corporate social responsibility and relevant domestic labor laws and regulations. We uphold principles, such as "respect for human rights", "prohibition of unlawful discrimination", "prohibition of child labor", "prohibition of forced labor", "placing the right person in the right position", and "providing a safe and comfortable work environment for employees". Zero child labor, zero incidents of forced labor, and zero complaints of illegal discrimination are the most basic requirements of the Company's management policies.

★Employment recruitment and retention: We treat all employees fairly and appropriately, and assign employees to suitable tasks. We also maintain and enhance a fair and healthy environment for talent development. Due to the implementation of appropriate talent retention measures, the turnover rate of employees under the management of the parent company has been less than 5% in past years, and the turnover rate of our subsidiaries in mainland China has been less than 10%. 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.

★Salary and benefits: The Company makes suitable adjustments to its overall compensation policy each year through assessments of prevailing salary levels on the market and macroeconomic indicators, to attract and retain outstanding employees.

Grievance mechanism

□ The Company's employees and job seekers can provide feedback on work-related matters or the Company with the Employee Complaint Mailbox.

□ If the Company's employees need to give feedback on matters related to illegal harm in the workplace, they can directly file a complaint to the human resources unit. The human resources unit will organize a complaint handling committee in accordance with the 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 2023, 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 67.8% of all sites. We conducted the assessment by having employees sign a labor contract, which is 100% in compliance with the local labor regulations.

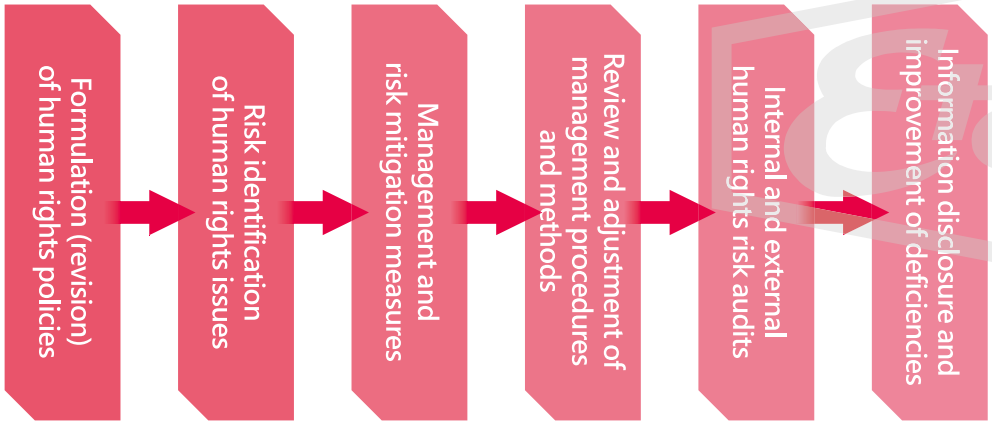
2023	Taiwan	China	Malaysia	Total
Total number of employees	1935	2220	273	4428
Number of employees who signed a written contract	508	2220	273	3001
%	26.3%	100.0%	100.0%	67.8%

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 Management

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 president and chairman in October 2018 and then reviewed and approved again by the newly elected president 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. Human rights management focuses on issues such as "child labor and underage labor", "prohibition on forced labor", and "prohibition of workplace violations". Subsequent identification of material topics will be integrated to initiate risk prevention and uphold 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.

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 no engage in dangerous or hazardous work, that their normal daily working hours shall not exceed eight hours a day, and that the total number of working hours a week shall not exceed 40 hours. They are also not permitted to work between 8:00 p.m. and 6:00 a.m. Moreover, when they work for two consecutive hours, they shall rest for at least 15 minutes, and they shall take a day off on either Saturday or Sunday per week as a holiday on which they are not permitted to work.

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.

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 one complaint from employees in Taiwan during 2023. After understanding and investigating the complaint, 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
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
2023	Sexual harassment incidents	0	0	0	0
	Workplace violence	1	1	0	0
	Other complaints	0	0	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.

Issue of concern	No child labor	Prohibition on Forced Labor	No illegal harm and discrimination in the workplace
Riskassessment	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.
Mitigationmeasures	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. Additionally, the Company ensures that communication and grievance channels are open and accessible.
RemedialImeasures	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

With a commitment to safeguarding labor rights, the Company has not only rolled out and implemented the internal control and inspection system, but also continues to conduct training related to human rights protection for new employees, supervisors, and existing employees. In 2023, the total number of human rights training hours in Taiwan was 325.75 hours, with an average of 0.2 hours of training for each trainee; whereas the total number of human rights training hours in China was 329.87 hours, with an average of 0.2 hours of training for each trainee. On the other hand, the total number of human rights training hours in Malaysia was 27.3 hours, with an average of 0.1 hours of training for each trainee. Trainees in the aforesaid regions completed 100% of the training (where existing employees accounted for 95.9% of all trainees, which did not include any trainee on long sick leave or leave without pay). We also increase awareness of human rights protection through the announcement of the Eternal Human Rights Policy on the official website. We will continue to implement relevant training activities to protect labor rights and interests.

Human rights training includes the following

★Provide relevant education on laws and regulations in the new employee orientation, including prohibition of workplace violence, prohibition of child labor, anti-discrimination, anti-sexual harassment, and relevant laws and regulations, and provide a healthy and safe environment.

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

★The training program for new supervisors includes content on preventing workplace violence (including sexual harassment), related penalties, the responsibilities of supervisors in preventing such issues, and the complaint process.

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. Additionally, the Company respects employees' rights to legally form associations and organize unions. Therefore, subsidiaries in Taiwan and China each have their own unions, with 83.8% of the entire Group's employees participating in union organizations. Some subsidiaries have signed collective agreements with their unions (including Kunshan Chemical Plant, Guangdong Plant, Changshu Plant, PM South China Plant, and Suzhou Materials Plant), representing 28.2% of Eternal's total regular employees.

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 2023, 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. Thus, the Company does not rely solely on signing collective agreements for labor-management communication. Effective communication and consensus are achieved through other channels and meetings to ensure harmonious labor relations.

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. Based on the survey results, the planned summary of improvement actions includes: 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. In 2024, the Company will initiate a new employee engagement survey to assess whether the improvements made after the previous survey have garnered positive responses from employees. This will guide the ongoing optimization of relevant policies.

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 "Gender Equality in Employment Act" (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 2023, a total of 16 employees applied for parental leave without pay, including 9 male and 7 female employees. The reinstatement and retention rates are shown below.

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%	
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%	

Year	2022		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%	
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%	

Year	2023		Total
Item/Gender	Male	Female	
Number of employees eligible for unpaid parental leave during the year (A)	136	28	164
Number of applicants for unpaid parental leave during the year (B)	9	7	16
Number of employees expected to be reinstated from unpaid parental leave during the year (C)	7	8	15
Number of employees actually reinstated during the year (D)	6	7	13
Reinstatement rate (D/C)	86%	88%	
Number of employees reinstated in the previous year (E)	9	8	17
Number of employees reinstated in the previous year and have worked for more than one year (F)	7	7	14
Retention rate after unpaid parental leave (F/E)	78%	88%	

With 2023 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 2021 to 2023.

Note 2: Reinstatement rate calculation formula: Number of employees reinstated after parental leave in 2023 / Number of employees who shall be reinstated after parental leave in 2023 x 100%

Note 3: Retention rate calculation formula: Number of employees employed by the Company for 12 months after reinstatement from parental leave in 2022 / Number of employees reinstated after parental leave in 2022 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	2023 Achievements	2024 Goals
The parent company's turnover rate shall be less than 5%	The parent company's turnover rate was 5.7%	Less than 5%
The turnover rate of subsidiaries in China shall be less than 15%	The turnover rate of subsidiaries in China was 7.9%	Less than 15%

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 41.6% 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 "respect for human rights" and "placing the right person in the right position" 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

Issue of concern	Employ local talent to promote diversity and inclusion, ensuring fair appointment and equal development opportunities
Policy and commitment	● 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. ● Eternal Human Rights Policy pledges to respect human rights and treat all employees and stakeholders fairly.
Effectiveness assessment and tracking	● 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 police. ● 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.
Specific actions and mitigation measures	● When there is biased personnel utilization and salary policies, any employee can appeal to the Human Resources Department and the Labor Union. ● The members of the Personnel Review Committee also have the Human Resources Department keep track of job vacancies of important positions to recruit outstanding talent from the globe to promote inclusion.

Manpower Structure

As of December 31, 2023, the total number of employees across the Group is 4,653, a decrease of approximately 4.4% compared to the end of the previous year, with a minor overall change in numbers. This includes 4,628 regular employees, 25 contracted employees, and no dispatched employees. We have 1,935 employees in Taiwan, including 1,633 indirect employees and 302 direct employees, and have seen a decrease of 5.1% compared to 2022. The ratio of male to female is 77% to 23%. 69% of employees are aged 30 to 50, and 58% of our colleagues have more than 10 years of service. We have 2,220 employees in China, including 1,679 indirect employees and 541 direct employees, and have seen a decrease of 1.6% compared to the end of last year. The ratio of male to female is 75% to 25%. 76% of employees are aged 30 to 50, and 42.8% of our colleagues have more than 10 years of service. We have 498 full-time employees in other regions, including 310 indirect employees and 188 direct employees and have seen a decrease of 13.1% compared to the end of last year. The ratio of male to female is 75% to 25%. 42% of employees are aged 30 to 50, and 17% of our colleagues have more than 10 years of service. 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 (15.6%). 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 29 employees with disabilities, accounting for 0.6% of the total employees.

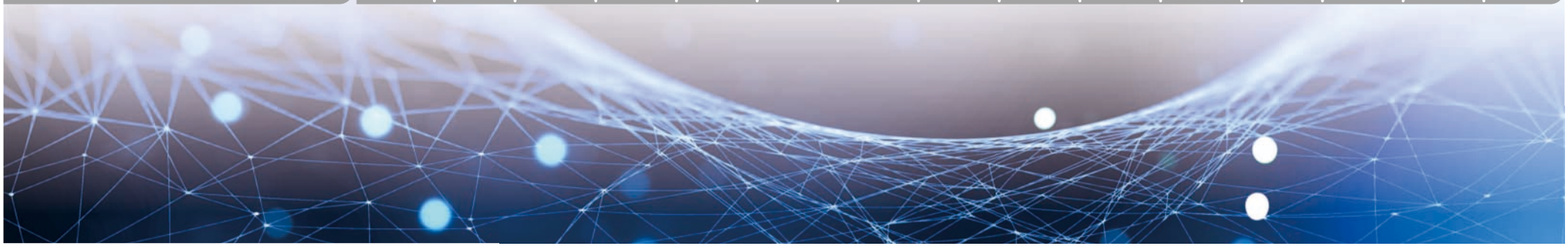
Region		Taiwan			China			Others		
Item		Male	Female	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal
2021	Regular employees	1615	464	2079	1676	569	2245	431	141	572
	Contract workers	6	5	11	0	0	0	13	4	17
	Dispatched workers	0	0	0	0	0	0	0	0	0
	Total	1621	469	2090	1676	569	2245	444	145	589
2022	Regular employees	1573	454	2027	1697	558	2255	416	134	550
	Temporary (contract) workers	7	4	11	0	0	0	13	10	23
	Dispatched workers	0	0	0	0	0	0	0	0	0
	Total	1580	458	2038	1697	558	2255	429	144	573
2023	Regular employees	1480	447	1927	1670	548	2218	363	120	483
	Temporary (contract) workers	6	2	8	0	2	2	10	5	15
	Dispatched workers	0	0	0	0	0	0	0	0	0
	Total	1486	449	1935	1670	550	2220	373	125	498

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 personnel 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			2021					2022					2023				
Item			Male	%	Female	%	Total	Male	%	Female	%	Total	Male	%	Female	%	Total
Functions	Director labor		339	16%	9	0.4%	348	326	16%	11	1%	337	293	15%	9	0%	302
	Managerial roles		335	16%	42	2%	377	324	16%	46	2%	370	321	17%	46	2%	367
	Professional roles		947	45%	418	20%	1365	930	46%	401	20%	1331	872	45%	394	20%	1266
Age	Director labor	<30 years old	80	4%	0	0.0%	80	64	3%	0	0.0%	64	52	3%	0	0%	52
		30–50 years old	218	10%	4	0.2%	222	220	11%	6	0.3%	226	206	11%	5	0%	211
		> 50 years old	41	2%	5	0.2%	46	42	2%	5	0.2%	47	35	2%	4	0%	39
	Indirect labor	<30 years old	90	4%	39	2%	129	82	4%	31	2%	113	69	4%	29	1%	98
		30–50 years old	875	42%	309	15%	1184	858	42%	303	15%	1161	825	43%	294	15%	1119
		> 50 years old	317	15%	112	5%	429	314	15%	113	6%	427	299	15%	117	6%	416
Years of service	Less than 1 year		141	7%	36	2%	177	101	5%	30	1%	131	50	3%	16	1%	66
	1–3 years		235	11%	61	3%	296	281	14%	73	4%	354	261	13%	82	4%	343
	4–5 years		95	5%	18	1%	113	95	5%	13	1%	108	88	5%	19	1%	107
	6–10 years		309	15%	87	4%	396	245	12%	69	3%	314	238	12%	55	3%	293
	11–15 years		248	12%	72	3%	320	251	12%	74	4%	325	245	13%	80	4%	325
	16 years or more		593	28%	195	9%	788	607	30%	199	10%	806	604	31%	197	10%	801
Total			1621	78%	469	22%	2090	1580	78%	458	22%	2038	1486	77%	449	23%	1935

Manpower Structure in China			2021					2022					2023				
Item			Male	%	Female	%	Total	Male	%	Female	%	Total	Male	%	Female	%	Total
Functions	Director labor		581	25%	46	2%	627	584	26%	46	2%	630	527	23%	14	1%	541
	Managerial roles		364	16%	86	4%	450	380	17%	85	4%	465	389	17%	89	4%	478
	Professional roles		731	31%	437	19%	1168	733	33%	427	19%	1160	754	33%	447	20%	1201
Age	Director labor	<30 years old	127	5%	6	0%	133	131	6%	6	0%	137	81	4%	1	0%	82
		30–50 years old	438	19%	39	2%	477	427	19%	39	2%	466	412	18%	13	1%	425
		> 50 years old	16	1%	1	0%	17	26	1%	1	0%	27	34	1%	0	0%	34
	Indirect labor	<30 years old	133	6%	97	4%	230	138	6%	97	4%	235	137	6%	91	4%	228
		30–50 years old	851	36%	422	18%	1273	823	36%	408	18%	1231	831	37%	436	19%	1267
		> 50 years old	111	5%	4	0%	115	152	7%	7	0%	159	175	8%	9	0%	184
Years of service	Less than 1 year		61	3%	27	1%	88	134	6%	38	2%	172	135	6%	30	1%	165
	1–3 years		343	15%	121	5%	464	213	9%	79	4%	292	256	11%	104	5%	360
	4–5 years		195	10%	66	3%	261	172	8%	65	3%	237	152	7%	56	2%	208
	6–10 years		464	20%	146	6%	610	432	19%	136	6%	568	408	18%	128	6%	536
	11–15 years		292	12%	99	4%	391	339	15%	110	5%	449	326	14%	108	5%	434
	16 years or more		321	14%	110	5%	431	407	18%	130	6%	537	393	17%	124	5%	517
Total			1676	75%	569	24%	2245	1697	75%	558	25%	2255	1670	74%	550	0.2426	2220



Manpower Structure in Other Regions			2021					2022					2023				
Item			Male	%	Female	%	Total	Male	%	Female	%	Total	Male	%	Female	%	Total
Functions	Director labor		235	40%	17	3%	252	194	34%	19	3%	213	177	36%	11	2%	188
	Managerial roles		62	11%	10	2%	72	67	12%	9	2%	76	70	14%	9	2%	79
	Professional roles		147	25%	118	20%	265	168	29%	116	20%	284	126	25%	105	21%	231
Age	Director labor	<30 years old	111	19%	5	1%	116	81	14%	2	0%	83	85	17%	3	1%	88
		30–50 years old	83	14%	8	1%	91	75	13%	12	2%	87	58	12%	3	1%	61
		> 50 years old	41	7%	4	1%	45	38	7%	5	1%	43	34	7%	5	1%	39
	Indirect labor	<30 years old	80	14%	52	9%	132	87	15%	50	9%	137	86	17%	43	9%	129
		30–50 years old	89	15%	61	10%	150	115	20%	62	11%	177	91	18%	58	12%	149
		> 50 years old	40	7%	15	3%	55	33	6%	13	2%	46	19	4%	13	3%	32
Years of service	Less than 1 year		65	11%	20	3%	85	69	12%	27	5%	96	90	18%	33	7%	123
	1–3 years		165	28%	60	10%	225	129	23%	44	8%	173	92	18%	33	7%	125
	4–5 years		59	10%	24	4%	83	74	13%	34	6%	108	53	11%	18	4%	71
	6–10 years		59	10%	16	3%	75	65	11%	15	3%	80	73	15%	21	4%	94
	11–15 years		25	4%	13	2%	38	39	7%	14	2%	53	40	8%	13	3%	53
	16 years or more		71	12%	12	2%	83	53	9%	10	2%	63	25	5%	7	1%	32
Total			444	75%	145	25%	589	429	75%	144	25%	573	373	75%	125	25%	498

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 2023, we employed a total of 88 people in Taiwan. To promote the Company's growth momentum and employment diversity, we recruited new employees under the age of 30, accounting for 26% of the total new employees while employing a total of 206 people in China with the number of new employees under the age of 30 accounting for 53% of the total employees as well as 123 people in other regions with the number of new employees under the age of 30 accounting for 67.5% of the total employees, adding to the momentum of the Company' s continuous growth.



New Hires and Turnovers in Taiwan 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 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	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%

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	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%

New Hires and Turnovers in Taiwan in 2023

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	63	55	8	11	50	2	25	25	0	12	13	0	88
Number of employees at the beginning of the year	1696	1249	447	112	1151	433	337	326	11	63	229	45	2033
Number of employees at the end of the year	1633	1193	440	98	1119	416	302	293	9	52	211	39	1935
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1664.5	1221	443.5	105	1135	424.5	319.5	309.5	10	57.5	220	42	1984
New hire rate (%)	3.78%	4.50%	1.80%	10.48%	4.41%	0.47%	7.82%	8.08%	0.00%	20.87%	5.91%	0.00%	4.44%
Number of departed employees	82	51	31	43	37	2	31	31	0	12	16	3	113
Turnover rate (%)	4.93%	4.18%	6.99%	40.95%	3.26%	0.47%	9.70%	10.02%	0.00%	20.87%	7.27%	7.14%	5.70%

New Hires and Turnovers in China in 2023

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	117	86	31	74	42	1	89	89	0	35	53	1	206
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	1690	1154	537	247	1271	172	550	532	18	94	426	30	2240
New hire rate (%)	6.92%	7.46%	5.78%	29.96%	3.30%	0.58%	16.20%	16.73%	0.00%	37.23%	12.46%	3.33%	9.20%
Number of departed employees	109	81	28	52	56	1	68	66	2	33	35	0	177
Turnover rate (%)	6.45%	7.02%	5.22%	21.05%	4.41%	0.58%	12.37%	12.41%	11.43%	35.11%	8.23%	0.00%	7.90%

New Hires and Turnovers in other regions in 2023

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	78	46	32	49	28	1	45	44	1	34	9	2	123
Number of employees at the beginning of the year	276	170	106	125	127	24	158	153	5	71	55	32	434
Number of employees at the end of the year	310	196	114	129	149	32	188	177	11	88	61	39	498
(Number of employees at the beginning of the year + Number of employees at the end of the year)/2	293	183	110	127	138	28	173	165	8	80	58	36	466
New hire rate (%)	26.62%	25.14%	29.09%	38.58%	20.29%	3.57%	26.01%	26.67%	12.50%	42.77%	15.52%	5.63%	26.39%
Number of departed employees	82	51	31	43	37	2	31	31	0	12	16	3	113
Turnover rate (%)	27.99%	27.87%	28.18%	33.86%	26.81%	7.14%	17.92%	18.79%	0.00%	15.09%	27.59%	8.45%	24.25%

Note 1: New hire rate = Direct (indirect) new recruits in the category / [(Number of direct (indirect) employees in the region at the beginning of 2023 + Number of direct (indirect) employees in the region at the end of 2023) / 2]
Note 2: Turnover rate = Direct (indirect) employee turnover in the category / [(Number of direct (indirect) employees in the region at the beginning of 2023 + Number of direct (indirect) employees in the region at the end of 2023) / 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 2023, the percentage of the vacancies filled by internal employees at the section level or above was 95.8% in Taiwan, 97.6% in China, and 84.6% in Malaysia Plant. 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 5.7% and a new hire rate of approximately 4.4%. In mainland China, the annual turnover rate was approximately 7.9% and the new hire rate was approximately 9.2%. In other regions, the annual turnover rate was approximately 24.3% and the new hire rate was approximately 26.4%. 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%; 37% in China; 40% in other regions.

Region	Senior executive	Senior executives served by local employees	%
Taiwan	12	12	100%
China	27	10	37%
Others	10	4	40%

Note: 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	● Eternal Human Rights Policy pledges to respect human rights and treat all employees and stakeholders fairly. ● 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 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	2023 Achievements	2024 Goals
The Company is committed to developing employees' professional skills and organizational capabilities, enhancing the quality of human capital, and ensuring effective utilization of human resources to achieve overall business goals.	The Group's average number of training hours was 38.7 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 pandemic, the Company encourages all units to develop digital courses to prevent mass gathering. In 2023, Eternal designed 102 digital courses with a total of 11,868 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

<table>
<tr><th colspan="2">Target</th><th colspan="5">Off-JT
(Off-The-Job Training)</th><th>OJT
(On-The-Job Training)</th><th>SD
(Self-Develoment)</th></tr>
<tr><td rowspan="8">Managerial personnel</td><td>Business administration</td><td colspan="3">Corporate governance/business management training</td><td rowspan="4">Master of management on-the-job training</td><td rowspan="8">Internal lecturer training</td><td rowspan="8">Quality / environment, safety, and health training</td><td rowspan="4">Reading books and magazines and job rotations/substitutes, project assignment, deputy supervisor training, (enhanced) assignment to overseas subsidiaries, and mentoring</td><td rowspan="8">Language training (enhancement) subsidies
Themed lecture
Rewards for on-the-job training
Audiovisual and book lending</td></tr>
<tr><td>Senior management</td><td rowspan="4">Overseas long-term training</td><td colspan="2">Senior management training</td></tr>
<tr><td>Mid-level management</td><td colspan="2">Mid-management training</td></tr>
<tr><td>Entry-level management</td><td colspan="2">Training for new managers and entry-level management training</td></tr>
<tr><td>Functional management</td><td colspan="3">Functional professional training</td><td rowspan="4">Internal auditor training</td><td rowspan="4">Meeting instructions
Job rotations
Job substitutes
Project assignment
STAMPQ professional training
Operating procedures training
Instructions training</td></tr>
<tr><td rowspan="4">All employees</td><td>Business and marketing</td><td colspan="2">Training for sales cycle and internal control procedures</td><td rowspan="3">Industry platform lectures</td></tr>
<tr><td>R&D and technology</td><td rowspan="3">Quality system tools</td><td rowspan="2">Introduction to the Group' s core process technologies, results presentation seminars, and patent training</td></tr>
<tr><td>Manufacturing quality</td><td rowspan="2">Inspection and calibration training</td></tr>
<tr><td colspan="2">Professional manufacturing quality training</td><td>Manufacturing supervision operations training</td></tr>
<tr><td rowspan="2">New recruits</td><td>Profession level</td><td colspan="2" rowspan="2">Pre-service training</td><td colspan="4">Lectures for new recruits (profession level), plant tours, and courses on products and industry trends</td><td colspan="2">Professional training of each department</td></tr>
<tr><td>Operation level</td><td colspan="4">Lectures for new recruits (operation level)</td></tr>
</table>

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 operation-level and profession-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.



Lectures by the founder for new recruits

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.



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 171 different types of courses in 2023 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.

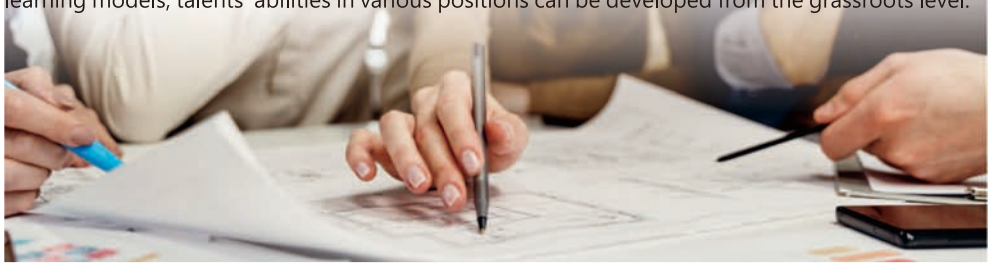


Firefighting training (training in other places: Tianliao)

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 (102 new courses); the Group's reading hours increased by 19.6% compared to 2022 (a total of 11,868 hours). In terms of physical courses, the focus is on mid-to-senior management and advanced professional training, and on increasing the proportion of on-the-job training for grassroots employees. In Taiwan, the total training hours (both physical and online) amounted to 51,498.4 hours, with an average training time of 26.6 hours per employee, and a total training expenditure of NT$5.02 million. In China, the total training hours were 114,668 hours, with an average training time of 51.7 hours per employee, and a total training cost of over NT$6.11 million. In Malaysia, the workforce has been steadily growing in recent years, and training has become more structured. For 2023, additional courses on environmental safety and ISO 14001, ISO 9001 were introduced. Section-level training courses have also been strengthened, with in-house trainers established for instruction. The total training hours were 5,265 hours, with an average training time of 19.4 hours per employee, and a total training expenditure of over NT$1.3 million.

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.



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	4,886	339	14.4	39	9	4.3	4,924	348	14.1
	Managerial roles	8,022	335	23.9	752	42	17.9	8,774	377	23.3
	Professional roles	15,680	947	16.6	4,099	418	9.8	19,779	1,365	14.5
	Subtotal	28,588	1,621	17.6	4,889	469	10.4	33,477	2,090	16.0
China	Director labor	32,538	581	56.0	703	46	15.3	33,241	627	53.0
	Managerial roles	12,873	364	35.4	2,924	86	34.0	15,797	450	35.1
	Professional roles	24,575	731	33.6	12,556	437	28.7	37,132	1,168	31.8
	Subtotal	69,987	1,676	41.8	16,183	569	28.4	86,170	2,245	38.4
Malaysian Plant	Director labor	893	121	7.4	163	13	12.5	1,055	134	7.9
	Managerial roles	807	48	16.8	195	8	24.4	1,002	56	17.9
	Professional roles	534	39	13.7	394	41	9.6	928	80	11.6
	Subtotal	2,233	208	10.7	752	62	12.1	2,985	270	11.1
Total		100,808	3,505	28.8	21,824	1100	19.8	122,632	4,605	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	33,204	584	56.9	929	46	20.2	34,133	630	54.2
	Managerial roles	14,848	380	39.1	2,791	85	32.8	17,639	465	37.9
	Professional roles	29,472	733	40.2	15443	427	36.2	44,915	1,160	38.7
	Subtotal	77,524	1,697	45.7	19,163	558	34.3	96,687	2,255	42.9
Malaysian Plant	Director labor	1,274	69	18.5	40	1	40.0	1,314	70	18.8
	Managerial roles	1,625	25	65.0	548	7	78.3	2,173	32	67.9
	Professional roles	8	98	0.1	59	50	1.2	66	148	0.4
	Subtotal	2,907	192	15.1	647	58	11.1	3,553	250	14.2
Total		109,097	3,469	31.4	25,940	1,074	24.2	135,037	4,543	29.7

2023 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	14,340.1	293	48.9	920.3	9	102.3	15,260.5	302	50.5
	Managerial roles	9,034.1	321	28.1	856.4	46	18.6	9,890.5	367	26.9
	Professional roles	19,780.6	872	22.7	6,566.8	394	16.7	26,347.4	1,266	20.8
	Subtotal	43,154.8	1,486	29.0	8,343.5	449	18.6	51,498.4	1,935	26.6
China	Director labor	38721	527	73.5	902	14	64.4	39623	541	73.2
	Managerial roles	18998	389	48.8	3092	89	34.7	22090	478	46.2
	Professional roles	37939	754	50.3	15016	447	33.6	52955	1201	44.1
	Subtotal	95658	1670	57.3	19010	550	34.6	114668	2220	51.7
Malaysian Plant	Director labor	582	84	6.9	0	0	#DIV/0!	582	84	6.9
	Managerial roles	990	45	22.0	226	5	45.2	1216	50	24.3
	Professional roles	2621	82	32.0	847	56	15.1	3468	138	25.1
	Subtotal	4193	211	19.9	1073	61	17.6	5265	272	19.4
Total		143006	3367	42.5	28426	1060	26.8	171432	4427	38.7

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

★Number of in-service employees at each company at the end of the year

★Average hours per employee = Hours of training / Number of employees

★Managerial roles: Team and group managers, section managers, managers, plant managers, assistant vice presidents, vice presidents, president, and chairman

★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 .5%) 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 2021

Item		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[Note]	334	42			364	86			62	10		
	Professional roles	941	413			731	437			147	118		

Proportion of Employees Receiving Performance Evaluation during 2022

Item		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[Note]	324	46			380	85			67	9		
	Professional roles	922	397			733	427			168	116		

Proportion of Employees Receiving Performance Evaluation during 2023

Item		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		293	9	1926	99.53%	527	14	2220	100%	177	11	483	97%
Indirect labor	Managerial roles[Note]	321	46			389	89			70	9		
	Professional roles	865	392			754	447			116	100		

Note: Those who did not have to undergo performance evaluation include the Chairman, contracted 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	● 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. ● Eternal' s education and training policy: To develop employees' professional and organizational capabilities, enhance human capital (knowledge, skills, and attitudes), and ensure the effective use of human resources to achieve the Company's overall business goals.
Effectiveness assessment and tracking	To ensure our annual education and training plan are to be carried out effectively, the Human Resources Department reviews the achievement status regularly, makes plans for the coming year, and reports 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 remuneration, and the award of long-service 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 2023 was 1.10:1; the ratio was 1.71:1 at plants in China and 1.17:1 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	2021		2022		2023	
Employee category	Basic salary	Remuneration salary	Basic salary	Remuneration salary	Basic salary	Remuneration salary
Managerial roles	1:1.0	1:1.05	1:0.99	1:1.05	1:0.98	1:1.01
Professional positions	1:1.11	1:1.12	1:1.12	1:1.12	1:1.10	1:1.10
Director labor	1:1.01	1:1.03	1:1.00	1:1.01	1:0.99	1:1.01

Region	China					
Women to men average salary ratio	2021		2022		2023	
Employee category	Basic salary	Remuneration salary	Basic salary	Remuneration salary	Basic salary	Remuneration salary
Managerial roles	1:0.87	1:0.84	1:0.89	1:0.87	1:0.93	1:0.91
Professional positions	1:1.08	1:1.02	1:1.07	1:1.08	1:1.17	1:1.16
Director labor	1:1.04	1:1.04	1:1.15	1:1.12	1:0.94	1:0.93

Region	Malaysia					
Women to men average salary ratio	2021		2022		2023	
Employee category	Basic salary	Remuneration salary	Basic salary	Remuneration salary	Basic salary	Remuneration salary
Managerial roles	1:1.15	1:1.15	1:1.21	1:1.24	1:1.33	1:0.99
Professional positions	1:1.11	1:1.16	1:1.11	1:1.16	1:1.09	1:1.40
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: In 2023, the Malaysia Plant had no female employees on-site.

Information on Full-time Non-managerial Employees' Salaries in 2021, 2022, and 2023

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 1,927 employees with total salaries amounting to NT$1,754,544 thousand. The average salary of each employee is NT$911 thousand and the median salary is NT$796 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	2023 (A)	2022 (B)	2021	Difference from the prior year(A)-(B)
Number of employees (person)	1,927	1,970	1,964	-43
Total salary (NTD thousand)	1,754,544	1,880,521	1,922,916	-125,977
Average salary (NTD thousand)	911	955	979	-44
Median salary (NTD thousand)	796	816	824	-20

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 remuneration 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 remunerations (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 2023, the amount of bonuses and employee remuneration allocated based on the managerial officer's positions and participation in the performance of operating contributions accounted for approximately 51% of the total annual remuneration of managers. It is evident that the managerial officers' remuneration is closely connected to the operating performance. Employee remuneration amounts are proposed by the Board of Directors and approved by the shareholders' meeting. Managerial remuneration, in addition to being issued based on the review by the Remuneration Committee and resolutions by the Board of Directors in accordance with legal regulations, is also appropriately disclosed in the Company's annual report.

The ratio of the highest total salaries to the median total salaries of all employees (excluding the highest ones) in the Company in 2023 was 29:1 in Taiwan, 9.6:1 in China, and 6.5:1 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 2023 was 4.5:1 in Taiwan, 8.2:1 in China, and 7.8: 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. Additionally, the Company allocates 10% of the total salary of employees with old retirement benefits to a retirement reserve fund each month. This fund is stored in a dedicated account at Bank of Taiwan. The balance of this account is reviewed periodically. 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 5.1% 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 Function / By Nature	2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expenses			
Salary expenses	798,442	1,119,389	1,917,831
Labor and health insurance expenses	78,842	91,691	170,533
Pension expenses	41,890	56,869	98,759
Directors' remuneration	-	17,136	17,136
Other employee benefit expenses	52,839	66,243	119,082
Depreciation expenses	439,469	204,366	643,835
Amortization expenses	529	16,089	16,618

By Function / By Nature	2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expenses			
Salary expenses	844,904	1,266,257	2,111,161
Labor and 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	17,292	17,603

By Function / By Nature	2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expenses			
Salary expenses	907,088	1,242,030	2,149,118
Labor and 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 2023, 2022, and 2021 was 2,046, 2,129, and 2,109 respectively, and the number of directors who did not serve as employees concurrently was 11, 10, and 9 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$1,133 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$1,221 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$942 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$996 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 -5.42% (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 Association, the Company should set aside 4.5% to 5.5% of the profit, if any, for employee remuneration.

The directors' remuneration, as per the Articles of Association, 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 remuneration 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

★Company:

We provide employees with coverage of labor and health insurance, employer's liability insurance, and group accident insurance starting on the first day of employment.

★Welfare Committee:

We purchase group insurance for employees with contents that include fixed-term life insurance and cancer medical insurance. Employees can also increase the level of insurance or purchase insurance for their family members based on their own needs.

★We also provide a comprehensive insurance package to expatriates, including travel insurance and local medical insurance.

Pension system

★Contribution to the statutory pension account in accordance with the relevant law

★Better than statutory voluntary retirement:

"Employees who have served the Company for at least 20 years may apply for voluntary retirement".

★The preferential retirement program allows employees who have completed a certain number of years of service to apply within a certain period of time and will be granted a preferential pension after approval.

Senior employee travel subsidy

The Company offers senior employees travel subsidy in order to reward them for their long-term contribution to the Company.

Employee mutual aid fund

The Company has set up an employee bereavement mutual aid fund with the intention of encouraging employees to help each other in times of need.

Year-end bonus and performance bonus

The Company provides year-end bonus and performance bonus to reward employees for their contributions to the Company's operating performance. The Company has not implemented any employee stock ownership plan.

Regular health check

Meal subsidies

Birthday gift, and bonuses for four festivals

Emergency relief and subsidies

The Welfare Committee handles applications for funeral subsidy, marriage subsidy, childbirth subsidy, new home completion subsidy, and hospitalization subsidy.

Scholarships for existing employees and their children

The Welfare Committee has set up and manages a scholarship program aimed at encouraging existing employees and their children to pursue their studies.

Work-Hour Benefits

Travel leave for senior employees

Senior employees are granted travel leave upon reaching the required seniority in order to reward them for their long-term contributions to the Company.

Employee travel leave

One day every two years

Special 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, café shop

Other Benefits

Employee travel subsidiaries

Employee travel subsidiaries

Year-end party

Language enhancement grant

Company winter coat

Cultural and recreational activities

Family day, Annual softball tournament, etc.

Arts and cultural activities

The Company organizes seminars on culture and humanities from time to time.

Long-serving employee commendation and recognition

The Company awards plaques and commemorative coins to all employees who have completed the required years of service.

Exemplary employee commendation and recognition

Top-performing employees who have set an example for all employees are commended and recognized by the Company.

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 create 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	Safety and health awareness and concepts: Workers unaware of workplace hazards will pose a threat to their safety and health. Safety actions taken by executives: Insufficient communication between managers and workers regarding occupational safety and health may lead to accidents. 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	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. Enhancing business reputation: Positive safety culture helps to strengthen our relationship with our customers and partners.
Negative impact on value chain	Upstream (supplier) Suppliers or contractors shall receive training before carrying out their work in the workplace and comply with the contractor's management procedures. Midstream (the Company and its employees) ★Build a strong safety culture within the organization, demonstrating leadership from management. ★Implement hazard identification and risk management, deeply embedding the core principles of risk awareness and mitigation. ★Disclose and integrate safety information in operational guidelines. 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 communicating with union representatives to regularly review the effectiveness of management objectives and action plans.
Cooperate to achieve mutual prosperity	Hold regular or irregular communication and coordination meetings with contractors Regularly hold a safety and environmental committee meeting to communicate with employees and union representatives. Accept irregular visits from customers and engage in interaction. Provide charity services to the community and campus from time to time.

Occupational Safety and Health Management System

To create a safe working environment, our Kaohsiung office and manufacturing plants all 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 separation 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 standardized 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, as well as 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, thermoplastic composites, packaging materials, electronic application materials, energy storage materials, and biomedical materials for in vitro diagnostics
Eternal Materials Co., Ltd. (Ta-Fa Plant)	R&D and production of photoresist materials and optical materials
Eternal Materials Co., Ltd. (Ping-Nan Plant)	R&D and production of resins and optical materials
Eternal Electronic Material (Guangzhou) Co., Ltd.	Dry film photoresist production, sales, and services
Eternal Photo Electronic Materials (Guangzhou) Co., Ltd.	Dry film photoresist and vacuum laminator production, sales, and services
Eternal Materials (Guangdong) Co., Ltd.	Design, development, manufacturing and sales of general-purpose resins, coating resins, and unsaturated polyester resins
Eternal Specialty Materials (Zhuhai) Co., Ltd.	Production and sales of acrylic monomers, curable resins (oligomers) and UV curable coatings, as well as design, production, and sales of organic silica microspheres and modified silicone oils
Eternal Chemical (Chengdu) Co., Ltd.	R&D, production, processing and sales of synthetic resins
Eternal Chemical (China) Co., Ltd.	Design, manufacturing, and sales of general-purpose resins and coating resins
Eternal Chemical (Tianjin) Co., Ltd.	Design, development, production, and sales of general-purpose resins and coating resins
Eternal Synthetic Resins (Changshu) Co., Ltd.	Design, manufacturing, and sales of unsaturated polyester resins and relevant products
Eternal Electronic (Suzhou) Co., Ltd.	Dry film photoresist production, sales, and services
Eternal Specialty Materials (Suzhou) Co., Ltd.	Production and sales of specialty monomers, oligomers, and acrylic resins
Eternal Materials (Malaysia) Sdn Bhd	Research and Design, Manufacture and Supply of Synthetic Resins, Unsaturated Polyester and Speciality Materials (Monomer,Oligomer and UV Coating).

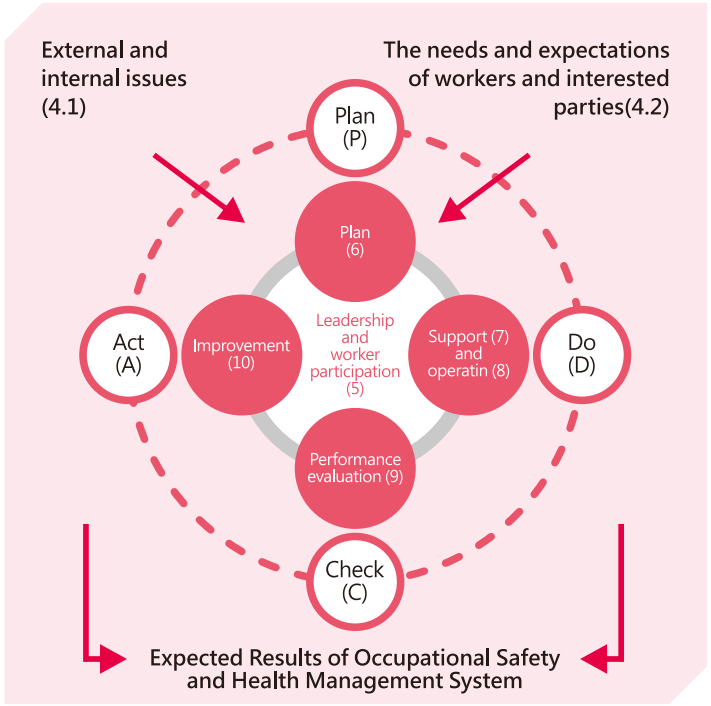
Occupational Safety and Health Management

The occupational safety and health management system is an important tool used 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 safety and health 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 true safety while employing the strategies below:

Management Approach

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

Impact

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

Management Goal

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

Short-term

Safety

Focus on both process safety and occupational safety, prioritize the establishment of the standard operating procedures for operations with high risks, retrain employees at all levels, and implement operations in accordance with the standards.

Occupational health

Regularly assess the work environment and the health management system, combine the health examination participation rate and the health examination management system, to keep abreast of the information on the work environment and employee health risks, thereby establishing a basic line of defense.

Medium-term

Safety

Implement the PSLC process safety management system to increase the capacity for risk identification in the process, improve the mechanical integrity (MI) management system, and establish indicators to monitor process safety performance.

Occupational health

Analyze and manage monitoring data to reduce and eliminate hazardous factors to personnel from the source effectively.

Long-term

Safety

Establish a high-standard safety culture and adopt proactive leading indicators to identify potential risks for early improvements to build a safe and accident-free work environment.

Occupational health

Combine product life cycle database, environment monitoring database, and health management data cloud to keep abreast of the risks of health hazards for personnel and eliminate the risks in advance.

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 President 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 2023 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	12	54
Labor Member	14	8	4	22
Proportion of Labor Representatives	82%	34%	33%	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 has been established and operating in accordance with laws. Members of the Committee include the plant manager (Chairman of the Committee), department heads, occupational safety and health personnel, experts, and medical care personnel. Labor representatives account for more than one-third of the total members.

(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 2023, the official agreement discussion items regarding the collective bargaining agreement with the union accounted for 31% of the 181 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 jointly formulate the occupational safety work rules which were submitted to the labor inspection authority for registration. These rules became the safety and health rules to be followed by all employees and the Company.

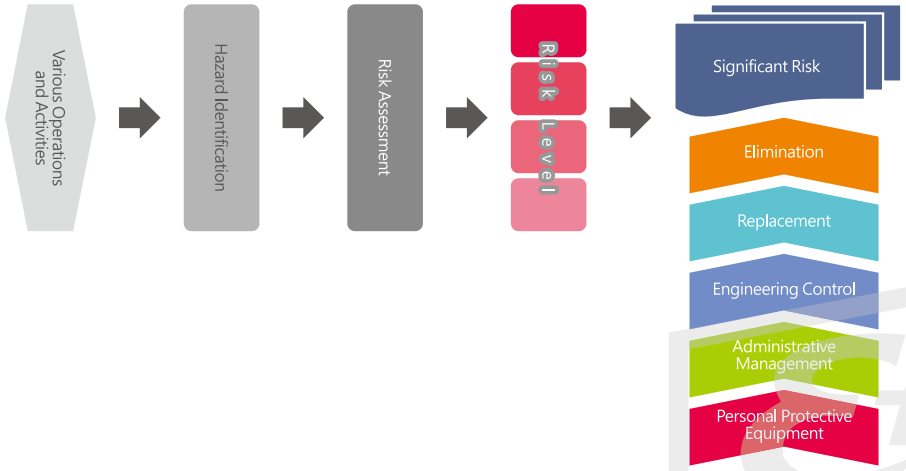
Occupational Safety and Health Hazard Identification and Risk Assessment

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, included 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 impact from different jobs or activities, and report to their supervisors for review and confirmation.

The Company identifies major hazards such as fire, chemical spills, exposure to harmful substances, electric shock, explosions, and object rupture. Relevant hazards are managed according to their assessed risk levels. Significant risks are reviewed annually, with goals and management plans set for improvement. For general risks, a risk inspection plan and operational safety observations are implemented. In 2023, a total of 8,379 non-conformance issues were identified across all manufacturing bases, with a correction and improvement rate of 94.72%.

Hazard Identification and Risk and Opportunity Assessment Process



Process Safety Management

Eternal adopts the Process Safety Life Cycle (PSLC) 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 can we ensure the safety of our employees, customers, and the environment.

2023 Process Safety Management Performance

Process Safety Management Indicators	2021	2022	2023
Total Count of Process Safety Incidents (PSIC)	2	1	2
Process Safety Total Incident Rate (PSTIR)	0.043	0.021	0.044
Process Safety Incident Severity Rate (PSISR)	0.605	0.587	0.111

Note:

① Based on the ICCA Global Harmonized Process Safety Indicator Reporting Guidelines (Appendix A), Eternal has adjusted its process safety management indicators with a stricter weighting ratio for severity.

② Process Safety Total Incident Rate (PSTIR): total number of incidents/total working hours x 200,000

③Process Safety Incident Severity Rate (PSISR): total severity score of all incidents/total working hours x 200,000

Safety and Health Education and Training

In controlled areas and activities, 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, emergency response in plants, 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.

For EHS e-Learning, which actively promotes self-learning without time and environmental constraints, a significant number of training courses have been added. In 2023, a total of 21,753 participants engaged in online EHS training courses, achieving a learning rate that is three times the 7,082 participants in 2020. Based on the training management process, it has been found that more precise arrangements of suitable courses for different audiences are possible. By reflecting on areas for improvement in worker training, the plan will focus on tailoring training management needs according to the specific competencies required for different roles, ensuring customized training courses for various levels.



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 so that they can avoid operational hazards in the workplace. Eternal has implemented a contractor management module, utilizing a more systematic digital management approach to enhance management efficiency and ensure the safety of contractor workers in the workplace.

Statistics of Contractor Training Hours in 2023

Gender	Sites in Taiwan		Sites in China		Site in Malaysia		Total
	Male	Female	Male	Female	Male	Female	
Training Hours	2804	293	4292	58.5	341	8	7797
Number of Persons	1644	168	2685	56	341	8	4902
Average Hours	1.71	1.74	1.60	1.04	1	1	1.59

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 2023, there were no deaths caused by occupational injuries to contractors.

Contractor Accidents

Total working hours	Number of accidents	LDR	TRIR	Type of accident
1,043,720	2	2.49	0.38	Contractor truck driver injured by tailgate during activity
				Hand cut while mixing cement

Note:
①LDR: Total days lost due to disabling injuries × 200,000)/Total working hours
②TRIR: Number of recordable injuries × 200,000/Total working hours

For the transportation partners, to ensure contractor safety, we not only focus on safety at Eternal' s work sites but also regularly provide training on hazardous materials transport and accident response. Additionally, contracts require fixed-amount insurance. In 2023, the procurement department at Eternal reviewed and reassessed the evaluation mechanisms for some transportation partners to enhance driving safety and protect general road users.



Safety training for contractors



Communication with contractors on safety



Contractor knowledge quiz activity



Contractor fire extinguisher usage training

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. In response to recent large-scale fire incidents in society, and to enhance personnel's emergency response capabilities in the event of abnormal accidents and strengthen emergency response skills, professional fire training is conducted at specialized training centers. This includes hiring professional instructors to provide training on fire extinguishing and the operation of fire safety equipment. In 2023, we conducted a total of 281 emergency response training and drills on different topics. Each production site also held chemical leak and firefighting drills in plant 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.



Firefighting training



Comprehensive disaster drill



Toxic chemical spill drill



Confined space rescue drill

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. Based on the data from 2021 to 2023, all three regional sites have shown an upward trend over the years. Although the extent of the difference remains within the management range, it is crucial to explore the underlying causes of the injuries and address the root causes to make improvements. In 2023, Eternal recorded no fatalities, and the absence rate was 1.07%.

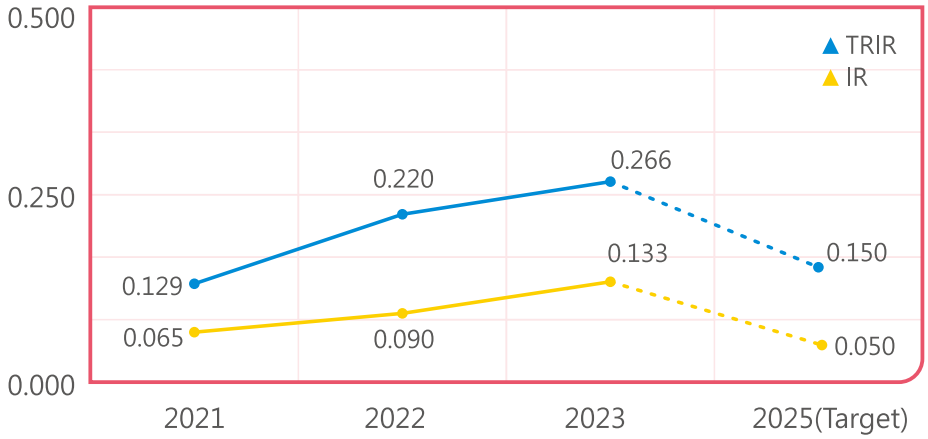
Year	Sites in Taiwan		Sites in China		Site in Malaysia	
	IR	LDR	IR	LDR	IR	LDR
2021	0.10	1.28	0.04	0.78	0	0
2022	0.15	4.31	0.04	0.38	0	0
2023	0.17	6.96	0.08	5.55	0.35	0.35

In 2023, six incidents of incapacitating injuries involving both male and female employees were reported across our manufacturing sites, resulting in injuries to 5 male employees and 1 female employee. Specifically, the ratio of the number of incapacitating injuries to the total number of employees across the Company was 0.0014. The types of accidents reported at the Company encompass inspection operations, removal of obstructions in the kettle, removal of filters, removal and repair of pipelines and contact with harmful substances, high temperature burns during feeding operations, and injuries during transportation of storage barrels. We implemented improvements after carrying out systematic analysis and review of the causes of these accidents based on 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 Chemical	Changshu	Suzhou	East China	Tianjin	Northeast China	Malaysia
Male	IR	0	0.08	4.70	0	0.30	0	0	0	0	0.36	0	0	0	0	0	0.89
	LDR	0	8.56	51.65	0	4.25	0	0	0	0	43.31	0	0	0	0	0	101.60
Female	IR	0	0.38	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	LDR	0	5.35	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), in 2023, the entire Group experienced a total of 9,022,150 work hours. The TRIR for the Taiwan, China, and Malaysia plants were 0.39, 0.17, and 0.35 respectively, with an overall average of 0.26. The IR was 0.13. 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:
①IR: Number of persons injured and disabled × 200,000/Total working hours.
②LDR: Total days lost due to disabling injuries × 200,000)/Total working hours.
③TRIR: Number of recordable injuries × 200,000/Total working hours.
④Absentee rate (AR): Absentee hours/Required attendance hours × 100%.
⑤Total 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

Notification
★Notification time, place, unit, category
★Explanation of response to and the preliminary reasons for accidents/false alarms

Investigation
★Investigation into the root cause of accidents/false alarms
★Re-examination of hazards and risk assessment.

Improvement
★Drafting and implementation of improvement/preventive measures
★Launch of improvement measures at each plant

Employee Health Care

Workplace Employee Health Management

In response to the impact of the COVID-19 pandemic, Eternal has continued to focus on post-pandemic worker health. The Company has placed even greater emphasis on global public health issues, particularly in promoting and preventing important infectious diseases such as dengue fever, HIV/AIDS, tuberculosis, and malaria, to ensure the health and safety of workers 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 451 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 2023, 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 2023, a total of 115 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 2023, we provided 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. *Certain plants have appointed psychological counselors to provide counseling services to employees.
Workplace safety protection	The Company identifies and evaluates violence and sexual harassment that affect employees in the workplace. We implement job fitness arrangements, hazard prevention, and communication skill training so that employees can have a work environment free from workplace violence. *The Company has set up verbal, written, or e-mail complaint channels.

Occupational Disease Prevention and Health Management

For personnel exposed to chemical operations and those performing special tasks, a total of 3,857 environmental monitoring points were assessed across various plant locations in 2023, with all results meeting standards. Occupational safety and health staff, along with medical personnel, conducted a comprehensive review of workplace health risks to ensure an understanding of employee health conditions and early prevention measures. Special health protection was provided to workers engaged in hazardous operations, with 1,515 special-task workers undergoing health checks, achieving a 100% special health check rate. In the mainland China locations, workers with occupational contraindications were reassigned to different tasks. In Taiwan, different management measures were implemented based on risk levels, with 152 individuals found to have abnormalities unrelated to their work receiving health guidance and consultations. In 2023, 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

Based on the results of the annual health check plan analysis, a health promotion plan is developed each year to organize various activities. A total of 69 events were held, including activities such as "Healthy Living and Wellness", "Understanding the Risks of Obesity and the Benefits of Weight Loss", "Stressed Out? What to Do—Discussing Stress Management and Relaxation Techniques", "Cheer Up and Relax", "Saying Goodbye to Hypertension, High Blood Sugar, and High Cholesterol, and Cancer", and "Common Heat-Related Illnesses and Principles of Treatment".



Physical fitness activities



Flower arrangement activities



Cheer up and relax



Rhythmic coordination exercise

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.



Poetry and travel to distant places





Mountain climbing and hiking activities



Free medical consultations and health services



Family Day activities



Traditional chinese medicine for diabetes prevention and treatment



Corporate Responsibility for Healthy Citizens

To create a healthy environment for employees and fulfill corporate social responsibility, the Company organizes and participates in health activities in the surrounding community and with relevant authorities. These activities include beach clean-ups, blood donation drives, oral and colon cancer screenings, and hepatitis B and C tests. The Company actively invests in the physical and mental well-being of employees and extends care to a broader range of stakeholders, thereby implementing workplace health initiatives.



Save lives by donating



Flu vaccination



Community health seminars



HPA cancer screenings
(oral and colon cancer screenings; Hepatitis B and C tests)

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.

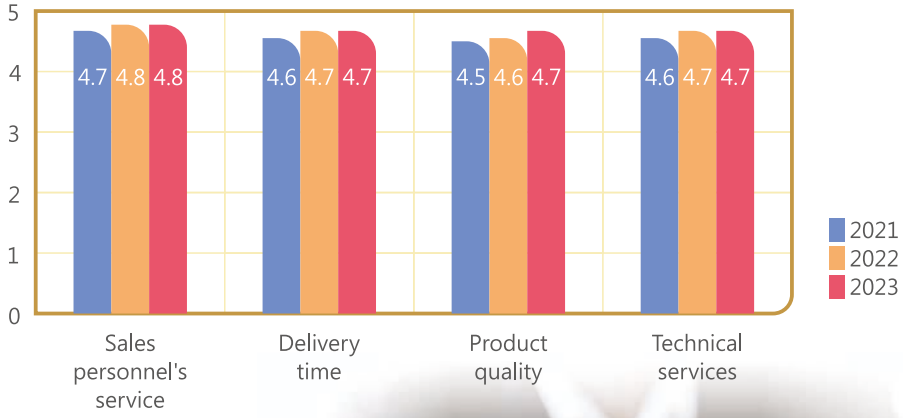
Our marketing and R&D personnel put forth needs for product designs as per market demand or clients' requirements through interviews with clients, competitor analysis, product creativity, proposal improvement, and discussions with the management team.

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, response 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 and marketing, and the 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: 1. We implement global sourcing of bulk raw materials for the Group's plants across the world to make full use of the Group's procurement advantages; 2. We use the three procurement centers in mainland China which were established based on the Company's product portfolio to procure important raw materials for products to effectively integrate the procurement of raw materials for each plant; 3. We prioritize the procurement of competitively priced and readily available raw materials from local supplies to create a reasonable, efficient, and competitive supply chain. Eternal and our suppliers have become partners with mutual trust, with the aim of contributing to social and environmental sustainability.

Supply Chain Distribution: Upstream and Downstream Entities and 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 Taiwanese parent company arranges annual on-site audits for potential future partners, new suppliers, transporters, and key suppliers with significant market share or high procurement frequency. The purpose is to understand the current management status of supplier factories and to track improvement issues.

Raw Material Supplier Management

There was no major change in Eternal' s supply chain during 2023. 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.

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
2021	6
2022	6
2023	38

Annual Evaluation of Raw Material Suppliers and Establishment of Supplier Grading

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

Quality (50 points)	**Cost (20 points)**
Whether there is ISO9001 certificate (10 points)	Is its price competitive (20 points)
Whether there is an environmental safety and health management system (10 points)	**Delivery (10 points)**
Whether an inspection form is attached (10 points)	Does it deliver supplies on time (10 points)
Delivery quality (20 points)	**Service (20 points)**
	Company requirements (10 points)
	CSR (10 points)

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 will only resume the procurement after they have made improvements. In terms of the evaluation results in 2023, all suppliers performed well, with no suppliers receiving a C or D grade.

Evaluation result	Items of materials evaluated	A	B	C	D
2021	20	21	17	0	0
2022	20	22	16	0	0
2023	19	25	10	0	0

Diverse Supply of Materials

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

Year	Sample test	External sample request	Total
2021	39	65	104
2022	114	84	198
2023	96	52	148

Management of Transport Contractors

(Scope of disclosure: Taiwan)

Eternal requires that land transport contractors in the Taiwan region be legally approved operators by the government and mandates that transport contractors comply with relevant government regulations. The Company requires all vehicles entering its plants to comply with all safety and health regulations of the plants. The Company requires transport contractors to comply with government regulations in the shipping process after leaving the plant to prevent accidents.

When the goods transported by the service providers are classified as dangerous materials regulated by the Ministry of Transportation and Communications or toxic chemicals listed by the Ministry of Environment, they must comply with the Ministry of Transportation and Communications and Ministry of Environment regulations regarding transportation safety (including hazardous materials and toxic chemicals) to ensure the safe delivery of raw materials.

Transportation Contractor’ s Annual Evaluation and Rating

Transportation contractor’ s evaluation:
The transportation contractor evaluation form has been developed to improve the transportation safety contracting and hiring standards. The Company continuously evaluates their performance. We continue to hire those who have implemented improvements and meet standards and remove those who have not in order to reduce the occurrence of transportation accidents and protect public safety and the environment.
Transportation contractor’ s evaluation criteria:
To meet government regulations and Company requirements, the evaluation covers three main areas: "Delivery Capability", "Delivery Anomaly Management", and "Delivery Safety and Services", comprising a total of 20 items as evaluation standards.

The evaluation results are classified into Grade A:
Above 90 points, Grade B: 70-89 points, Grade C: 60-69 points, and Grade D: 59 points or below. We will reduce purchases from transportation contractors rated C. Transportation contractors with a rating of D are assessed for special conditions or disqualified.

Evaluation result	A	B	C	D
2021	12	2	1	0
2022	9	7	0	0
2023	12	4	0	0

In 2023, the total transaction amount for 16 transportation contractors was approximately NT$80 million. (Unit currency: NTD)

In 2023, we signed collaboration agreements with 16 transportation contractors and evaluated all 16 providers, who were all rated B or above.

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

Enforce commitments through business relationships

Since 2017, Eternal has required new suppliers to sign the Supplier Code of Conduct, which expressly includes ethics, compliance, health, and safety mechanisms into the regulations. We require suppliers to abide by social regulations (labor and human rights, health and safety, and ethics and integrity provisions) and environmental regulations (no use of raw materials banned by regulations, reduction of waste and emissions, compliance with environmental protection regulations, and protection of the health and safety of the public). To encourage suppliers to comply with the Supplier Code of Conduct and align with the Company's sustainability goals, the signing of this document is one of the factors considered by the Company when 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.

Eternal uses the signing of the Supplier Code of Conduct, the provision of ESG reports, or the submission of a supplier corporate social responsibility self-assessment as one of the evaluation criteria for suppliers. In 2023, the Company selected the top 50 suppliers by procurement amount in Taiwan to confirm the signing rate of the Supplier Code of Conduct. Additionally, most large and international suppliers have conducted annual ESG reporting, which reflects concrete practice of supplier corporate social responsibility. The confirmation results for the top 50 suppliers in 2023 showed a 100% rate of signing or providing ESG reports. Furthermore, the signing rate of the Supplier Code of Conduct for newly added suppliers in 2023 also reached 100%.

In 2023, 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 aspects (waste/wastewater treatment processes) and social aspects (labor relations, social impact records, etc.), Eternal, through public information checks by the Ministry of Environment and the Ministry of Labor in 2023, found no legal violations by any major suppliers related to environmental, labor, human rights, or social impact issues.

Local Procurement Ratio of Raw Materials, Supplier Expenditure Analysis, and Supplier Environmental Assessment

	Negative impact	Positive impact
Local procurement ratio of raw materials and supplier expenditure analysis	Includes risks such as delays, material shortages, and uncontrollable factors from international political and policy influences on the origin of raw materials.	Includes benefits such as reduced transportation costs, improved quality assurance, faster local service, and enhanced delivery speed.
Supplier Environmental Assessment	Supplier Social AssessmentThe Supplier Code of Conduct explicitly outlines commitments related to the environment, labor, human rights, and social impact (e.g., prohibition of child labor, hazardous substances, waste management). Non-compliance may pose risks to the supplier's protection of the natural environment.	Signing the Supplier Code of Conduct indicates the supplier's commitment to Eternal's environmental and social responsibilities, fostering alignment and reducing social and environmental risks.

Impact on Value Chain

Major issues	Management procedures	Special actions	Scope of impact		
			Upstream	Eternal	Downstream
Proportion of procurement expenditure from local suppliers	With respect to the plants' demand for materials in each region, Eternal's procurement policy focuses on the development of local suppliers and requires them to comply with the safety and health laws and regulations of the countries of their operations. By prioritizing local suppliers, the Company is able to reduce the environmental impact of the transportation of materials and develop local suppliers that can provide a more stable supply of materials and reduce transportation time.	Future efforts will focus on continuously increasing the procurement ratio from local suppliers.	Direct	Direct	Indirect
Supplier environmental and social assessment	Include ethics, compliance, health, and safety mechanisms into the regulations. We require suppliers to abide by social regulations (labor and human rights, health and safety, and ethics and integrity provisions) and environmental regulations (no use of raw materials banned by regulations, reduction of waste and emissions, compliance with environmental protection regulations, and protection of the health and safety of the public).	Since 2017, Eternal has required new suppliers to sign the "Supplier Code of Conduct".	Direct	Direct	Indirect

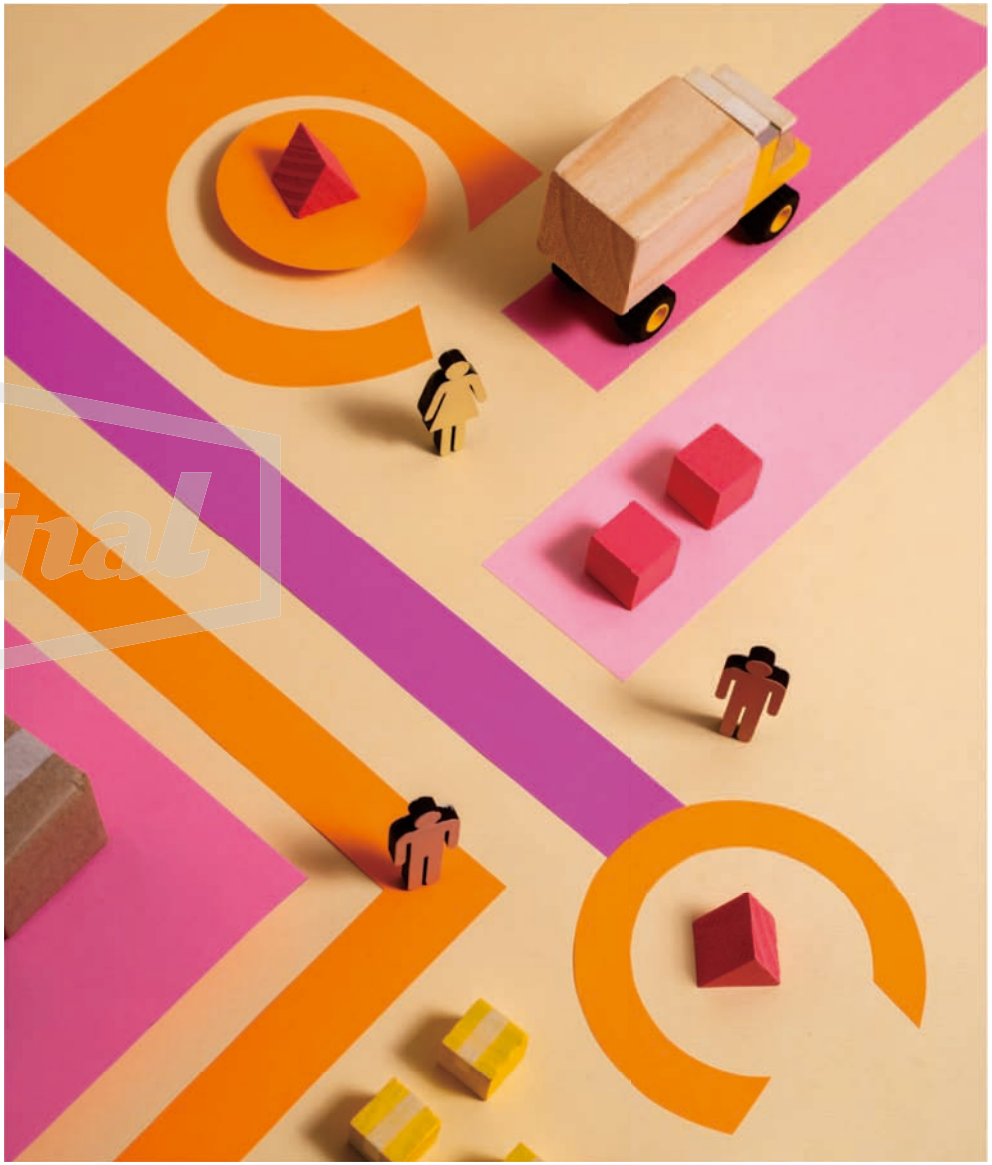
Effective Evaluation and Tracking

The environmental footprint of raw material procurement impacts the environment. Therefore, we hope that our supplier partners will operate as locally as possible to jointly contribute to environmental protection.

The percentage of local procurement of materials in Taiwan (important operating sites) in 2023 was 71%. 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 2023, there are a total of 452 raw material suppliers with expenditures amounting to approximately NT$7.3 billion. Among these, 32 suppliers have been evaluated, accounting for 50% of the procurement amount.

Year	Percentage of local procurement amount	Percentage of imported procurement amount
2021	73%	27%
2022	70%	30%
2023	71%	29%

The impact of supplier environmental and social assessments on a business depends on whether the suppliers adhere to the Supplier Code of Conduct and whether they have strong business ethics and risk management mechanisms. Eternal, through public information checks by the Ministry of Environment and the Ministry of Labor in 2023, found no legal violations by any major suppliers related to environmental, labor, human rights, or social impact issues.



Local Community and Social Activities

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 adheres to regulatory requirements of the competent authorities for concerning air, wastewater emissions, and waste management. 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 eachissue. Assessing that the environment in Taiwan in 2023 will not have a negative impact onthe local community, nor will it cause any negative impact on the society, and regular inspections and maintenance are conducted at the plants. Eternal has also implemented ISO 50001, 14001, and 45001 management systems to address potential impacts with concrete measures. Communication with local stakeholders (including surrounding residents, employees, schools, community service organizations, and regulatory authorities) has been achieved at a 100% rate.

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

Assist in improving the educational or cultural environment and opportunities for underserved and vulnerable communities. Help disadvantaged individuals successfully complete their education or acquire vocational skills to support or enhance their own lives and families, thereby indirectly reducing social issues and improving the social harmony.

2023 Community/Social Activities Summary

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.

Care for the Local Community

The Eternal Art Museum 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 become a hot spot for high-tech development in Kaohsiung. As one of the few corporate museums in northern Kaohsiung, Eternal Art Museum has worked to promote arts and develop community culture and education. Based on our founder's spirit of "art sharing", we adopt art works as a medium, along with education in the museum, to provide local residents and related visiting groups with different leisure activities, thereby enhancing the museum experience and local art promotion.





Since it was established, the museum has continued to receive residents, employees, contractors, clients, schools, and government agencies. During 2023, there were 108 visits with a total of 1,871 visitors.

Environmental Education Starts from Childhood

We organized environmental protection education sessions on the topics of 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 Lu-Chu Plant's pollution prevention achievements with children to enhance their positive concepts of environmental protection.



The Lu-Chu Plant held an awareness-raising event "Protect the Environment through Resource Recycling and Reuse" at Lu Chu Elementary School in Luzhu District on November 24, 2023. 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 Lu Chu Elementary School to renovate old buildings and improve the school facilities.





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. Additionally, Eternal has received recognition and an invitation from the Pingtung County Environmental Protection Bureau to participate in the "Marine Waste Return, Fishery Harvest and Winter Beach Clean-Up" event. The Bureau organized a beach clean-up activity in the Donggang area, and the Ping-Nan Plant actively participated, fulfilling its corporate social responsibility.





Environmental Cleanliness with Eternal: A Beautiful Community and Good Mood

Eternal actively builds trust with local residents by co-organizing various community and charity events to promote the development and enhancement of the surrounding community and environment.



The Company actively participates in community cleanliness activities, including street cleaning, drainage dredging, and tree pruning, which beautifies the community environment and reduces sanitation issues. These efforts have received high praise from the community and have earned the trust of the residents.

Eternal replaced the over-15-year-old air conditioning units in the community faith center's indoor meeting area, addressing the issue of excessively high summer temperatures and solving the environmental problems caused by leakage. Additionally, by using variable frequency models, saving electricity can be achieved, ensuring that community residents enjoy a more comfortable experience.





Our employees are also dedicated to environmental protection. They participate in the community hiking club, working together to care for the mountains and organize clean-up events. Through these mountain clean-up activities, they not only directly remove trash from the trails but also indirectly provide environmental education to fellow hikers, fostering proper mountain conservation awareness. The motto is: Leave footprints, take away trash.

Eternal' s Long-term Sponsorship of Zhongxiao Junior High School Baseball Team: Witnessing Players' Dreams Come True



In 2023, Lin, Shrng-En, who officially joined the Cincinnati Reds of Major League Baseball, visited Eternal to express his gratitude before heading to the US. Changxing Company' s Chairman, Kao, Kuo-Lun, not only offered encouragement and blessings but also emphasized the significance of corporate social responsibility, reflecting on how long-term nurturing leads to blooming results.

Support for Pandemic Prevention Policies

During the pandemic, Eternal served as a strong ally in the national pandemic prevention efforts, donating preventive materials to relevant government agencies and medical institutions. The Company also complied with government policies by providing capacity for COVID-19 rapid test kits, supporting the government' s pandemic prevention efforts and fulfilling its corporate responsibility. On May 2, 2023, Eternal was invited to the "COVID-19 Donation Appreciation and Award Ceremony" hosted by the Ministry of Health and Welfare and attended by President Tsai, Ing-wen, where the Company received an award for its contributions to pandemic prevention.



Charity by Eternal

On December 5, Eternal' s public welfare educational activity took place at Daliao Elementary School in Kaohsiung City, near the Ta-Fa Plant. In addition to promoting safety guidelines for chemical use, the event featured animated character theater and experimental courses to introduce students to synthetic resins and guide them in making everyday items, helping them understand the extensive applications of synthetic resins in daily life.

With years of experience interacting with students, Eternal has developed the "Eternal Education" program, leveraging the Company's expertise to create educational themes based on common phenomena or objects. This approach naturally sparks students' interest and helps them learn relevant knowledge. Eternal used familiar animated characters to introduce the properties and applications of resins. The event included demonstrations of UV lamps for quickly curing resins to create artificial amber gemstones, leaving students with lasting impressions of resin applications through enjoyable and engaging courses. Eternal hopes to ignite students' interest in science and chemical materials, achieving educational enlightenment.

Chemicals are widely used in daily life for food, clothing, housing, and transportation, providing convenience but potentially affecting health and the environment if misused. Proper use and attention to dosage make chemicals both safe and convenient. Through this educational activity, Eternal aims to promote chemical safety awareness and expand its influence through students to their families and friends, contributing to environmental sustainability.

Eternal emphasizes that fulfilling corporate social responsibility is a core business philosophy. The Company will continue to support local community welfare activities, including investing in local infrastructure and social welfare, improving educational and cultural opportunities for disadvantaged areas and groups, addressing resource shortages in local schools, and promoting environmental sustainability and social engagement. Eternal is committed to these efforts and will continue to contribute diligently.



Appendix One - GRI Content Index Table

Statement of use	The 2023 Eternal Sustainability Report complies with the requirements of new GRI Standards (2021). The scope of data and information disclosed is January 1 to December 31, 2023
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	3
2-2	Entities included in the organization’ s sustainability reporting	6
2-3	Reporting period, frequency and contact point	6
2-4	Restatements of information	No information restated
2-5	External assurance	121
2-6	Activities, value chain and other business relationships	3、111、112
2-7	Employees	82
2-8	Workers who are not employees	82
2-9	Governance structure and composition	11
2-10	Nomination and selection of the highest governance body	14
2-11	Chair of the highest governance body	14
2-12	Role of the highest governance body in overseeing the management of impacts	18
2-13	Delegation of responsibility for managing impacts	19
2-14	Role of the highest governance body in sustainability reporting	16
2-15	Conflicts of interest	19
2-16	Communication of critical concerns	20
2-17	Collective knowledge of the highest governance body	15
2-18	Evaluation of the performance of the highest governance body	15
2-19	Remuneration policies	97
2-20	Process to determine remuneration	98
2-21	Annual total compensation ratio	98
2-22	Statement on sustainable development strategy	17
2-23	Policy commitments	18
2-24	Embedding policy commitments	18
2-25	Processes to remediate negative impacts	19
2-26	Mechanisms for seeking advice and raising concerns	19
2-27	Compliance with laws and regulations	22
2-28	Membership associations	5
2-29	Approach to stakeholder engagement	8
2-30	Collective bargaining agreements	80

Material Topics

Category	GRI Index	item	Disclosure	Page/Explanation
Economic	GRI 3	3-1	Process to determine material topics	9
		3-2	List of material topics	10
		3-3	Management of material topics	Each topic is described separately
	Economic performance 2016	201-1	Direct economic value generated and distributed	22
		201-3	Defined benefit plan obligations and other retirement plans	98
	Market presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	97
		202-2	Proportion of senior management hired from the local community	91
	Procurement Practices 2016	204-1	Proportion of spending on local suppliers	115
	Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	20
Environmental	Energy 2016	302-1	Energy consumption within the organization	26
		302-3	Energy intensity	28
		302-4	Reduction of energy consumption	31
	Water and Effluents 2018	303-1	Interactions with water as a shared resource	44
		303-2	Management of water discharge-related impacts	44
		303-3	Water withdrawal	45
		303-4	Water discharge	45
		303-5	Water consumption	45
	Emissions 2016	305-1	Direct GHG Emissions (Scope 1)	39
		305-2	Indirect GHG Emissions (Scope 2)	39
		305-4	GHG emissions intensity	40
		305-5	Greenhouse gas reduction	41
		305-7	Nitrogen oxides, sulfur oxides, and other significant air emissions	54
	Waste 2016	306-2	Waste by type and disposal method	58
	Supplier environmental assessment 2016	308-1	New suppliers that were screened using environmental criteria	114
		308-2	Negative environmental impacts in the supply chain and actions taken	114
Social	Employment 2016	401-1	New employee hires and employee turnover	86
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	100
		401-3	Parental leave	81
	Occupational health and safety 2018	403-1	Occupational health and safety management system	102
		403-2	Hazard identification, risk assessment, and incident investigation	108
		403-3	Occupational health services	108

Category	GRI Index	item	Disclosure	Page/Explanation
Social	Occupational health and safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	104
		403-5	Worker training on occupational health and safety	105
		403-6	Promotion of worker health	109
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	101、104
		403-8	Workers covered by an occupational health and safety management system	102
		403-9	Work-related injuries	107
		403-10	Work-related ill health	109
	Training and education 2016	404-1	Average hours of training per year per employee	91
	Employee diversity and equal opportunities 2016	405-1	Diversification of governance units and employees	13
		405-2	Ratio of basic salary and remuneration of women to men	97
	Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	79
	Child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	78
	Human rights 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	77
		412-2	Employee training on human rights policies or procedures	77、80
	Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	116
		413-2	Operations with significant actual and potential negative impacts on local communities	116
	Supplier social assessment 2016	414-1	New suppliers screened using social criteria	114
		414-2	Negative social impacts in the supply chain and actions taken	114

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	37-44
	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	37-44
Air Quality	RT-CH-120a.1	Air emissions of the following pollutants: (1) NOX (excluding N_2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	54-58

Topic (Table 1)	Indicator Code	Disclosure indicators	Page/Explanation
Energy management	RT-CH-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable and (4)total self-generated energy[1]	25-37
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	44-49
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	44-49
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	44-49
Hazardous Waste Management	RT-CH-150a.1	Amount of hazardous waste generated,percentage recycled[2]	58-64
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	116-118
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	101-111
	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	101-111
Product Design for Use-phase Efficiency	RT-CH-410a.1	Revenue from products designed for usephase resource efficiency	65-76
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	65-76
	RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	65-76
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	NA
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	5、22
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)[3]	105-106
	RT-CH-540a.2	Number of transport incidents[4]	0

Topic (Table 2)	Indicator Code	Disclosure indicators	Page/Explanation
Production by reportable segment[5]	RT-CH-000.A	Quantitative	3

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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

Eternal Materials Co., Ltd.

We have undertaken a limited assurance engagement on the selected performance indicators in the Sustainability Report ("the Report") of Eternal Materials Co., Ltd. ("the Company") for the year ended December 31, 2023.

Subject Matter Information and Applicable Criteria

See Appendix 1 for the Company's selected performance indicators ("the Subject Matter Information") and applicable criteria.

Responsibilities of Management

The management of the Company is responsible for the preparation of the Subject Matter Information in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, 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 Subject Matter Information that are free from material misstatement resulted from fraud or error.

Auditors' Responsibilities

Our responsibility is to plan and conduct our limited assurance engagement in accordance with Standard on Assurance Engagement 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on whether the Subject Matter Information (see Appendix 1) is free from material misstatement. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We based on our professional judgment in the planning and conducting 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:

- Inquiring of management and the personnel responsible for the Subject Matter Information to obtain an understanding of the policies, procedures, internal control, and information system relevant to the Subject Matter Information to identify areas where a material misstatement of the Subject Matter Information is likely to arise.
- Selecting sample items from the Subject Matter Information and performing procedures such as inspection, re-calculation, observation, and analytical procedures to obtain evidence supporting limited assurance.

Inherent Limitations

The Subject Matter Information involved non-financial information, which was subject to 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 Control

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 is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Standard on Quality Management 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China, which 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 we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information is not prepared, in all material respects, in accordance with the applicable criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the applicable criteria after the issuance date of this report.

The engagement partner on the limited assurance report is Chien-Hsin Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

June 25, 2024

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of subject matter information shall prevail.

APPENDIX 1

SUMMARY OF SUBJECT MATTER INFORMATION

<table>
<tr><th>#</th><th>Subject Matter Information</th><th>Corresponding Section</th><th>Applicable Criteria</th><th>Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports</th></tr>
<tr><td>1.</td><td>The total energy consumption within the organization is 2,243,176.734 GJ, the percentage of purchased electricity is 29.38%, the renewable energy rate is 0.47%.
Total self-generation and self-use energy
<table><tr><th>Plant</th><th>Unit</th><th>2023</th></tr><tr><td>Plants in Taiwan</td><td rowspan="4">GJ</td><td>2,968.362</td></tr><tr><td>Plants in China</td><td>309.755</td></tr><tr><td>Plant in Malaysia</td><td>0</td></tr><tr><td>Others</td><td>0</td></tr></table></td><td>CH3 Environmental</td><td>Total energy consumption, percentage of purchased electricity, utilization rate (renewable energy/ total energy), and total self-generated and self-use energy</td><td>Appendix 1-2 No.1</td></tr>
<tr><td>2.</td><td>Production Water in 2023
<table><tr><th>Unit: Thousand Cubic Meters</th><th>Water Withdrawal</th><th>Water Discharge</th><th>Water Consumption</th></tr><tr><td>Total in Taiwan</td><td>332.16</td><td>137.33</td><td>194.83</td></tr><tr><td>Total in China</td><td>585.26</td><td>101.32</td><td>483.94</td></tr><tr><td>Total in Malaysia</td><td>75.03</td><td>9.59</td><td>65.44</td></tr><tr><td>Group-wide total</td><td>992.45</td><td>248.24</td><td>744.21</td></tr></table>Note: The Xi-zhi Plant has been officially included in the management system since 2022.
Non-production water and other areas in 2023
<table><tr><th>Unit: Thousand Cubic Meters</th><th>Water Withdrawal</th></tr><tr><td>Taiwan</td><td>13.82</td></tr><tr><td>Others</td><td>28.48</td></tr><tr><td>Group-wide total</td><td>42.30</td></tr></table>Note:
1. Other regions: Italy, Japan Chiryu, Japan Kodama, Thailand, US, and Korea have been included in the management system since 2023. Additionally, the Vietnam office is a single office without direct water sources or facilities, and no water resource costs were incurred during the lease period. Therefore, this location cannot provide non-production water withdrawal data.
2. The office is unable to compile statistics on the volume of water discharged and therefore does not disclose the volume of water discharged and the amount of water consumed.</td><td>CH3 Environmental</td><td>Total water withdrawn, total water consumption, mandatorily or voluntarily disclosed total wastewater (sewage) discharged</td><td>Appendix 1-2 No.2</td></tr>
</table>

(Continued)

<table>
<tr><th>#</th><th>Subject Matter Information</th><th>Corresponding Section</th><th>Applicable Criteria</th><th>Industry-specific Disclosures of the Sustainability Metrics Describe in the Rules Governing the Preparation and Filing of Sustainability Reports</th></tr>
<tr><td>3.</td><td>The total of the hazardous waste within plants in Taiwan, China and Malaysia was 134,662 metric tons. The reuse rate (recycling ratio) of hazardous waste in Eternal in 2023 was 62.34%.</td><td>CH3 Environmental</td><td>Total quantity of hazardous wastes generated during the production process of products required to be disclosed under the law or to be disclosed voluntarily.</td><td>Appendix 1-2 No.3</td></tr>
<tr><td>4.</td><td>In 2023, six incidents of incapacitating injuries involving both male and female employees were reported across our manufacturing sites. The IR was 0.13.
IR: Number of persons injured and disabled × 200,000/Total working hours.</td><td>CH4 Workplace</td><td>Number of employees in and rate of occupational accidents</td><td>Appendix 1-2 No.4</td></tr>
<tr><td>5.</td><td>Eternal assessing that the environment in Taiwan in 2023 will not have a negative impact on the local community, nor will it cause any negative impact on the society. Eternal uses the signing of the Supplier Code of Conduct, the provision of ESG reports, or the submission</td><td>CH6 Neighborly</td><td>Operations with significant actual and potential negative impacts on local communities.</td><td>Appendix 1-2 No.5</td></tr>
<tr><td>6.</td><td>of a supplier corporate social responsibility self-assessment as one of the evaluation criteria for suppliers. In 2023, the Company selected the top 50 suppliers by procurement amount in Taiwan to confirm the signing rate of the Supplier Code of Conduct. Additionally, most large and international suppliers have conducted annual ESG reporting, which reflects concrete practice of supplier corporate social responsibility. The confirmation results for the top 50 suppliers in 2023 showed a 100% rate of signing or providing ESG reports. Furthermore, the signing rate of the Supplier Code of Conduct for newly added suppliers in 2023 also reached 100%.</td><td>CH3 Environmental
CH5 Partners</td><td>Concrete valid mechanisms and actions implemented by the company itself and its suppliers to mitigate negative environmental or social impact</td><td>Appendix 1-2 No.6</td></tr>
<tr><td>7.</td><td>Product Production Information
<table><tr><th>Main Product Group</th><th>Production Volume</th></tr><tr><td>Synthetic resins (ton)</td><td>104,519</td></tr><tr><td>Specialty materials (ton)</td><td>11,287</td></tr><tr><td>Electronic materials (KFT²)</td><td>665,747</td></tr></table></td><td>CH1 About This Report</td><td>Production by product category</td><td>Appendix 1-2 No.7</td></tr>
</table>

(Concluded)