2024

TCFD Report

Everlight Chemical Industrial Corporation

Everlight Chemical

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Preface: Addressing the Challenges of Climate Change Through Disclosure

According to the *Global Risks Report* published by the World Economic Forum (WEF), climate change has become a core challenge to global economic development. In the next decade, economies and businesses worldwide will face increasing physical and transition risks. Extreme climate events, changes in policies and regulations, low-carbon technological innovation, and shifting market demands will all have profound impacts on business operations and value chains. The WEF's latest *Global Risks Report 2025* points out that the planet will face the most serious environmental risks in the next decade, including extreme droughts, floods and ecosystem damage and other irreversible situations.

The International Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 to assist companies in identifying and managing climate-related risks and opportunitiesFormulate a standardized information disclosure framework covering four major aspects: climate governance, strategy, risk management, indicators and targets, to improve corporate transparency, promote investment decision-making and capital market stability. In 2023, the IFRS Foundation officially released the IFRS S2 Climate-related Disclosure Standards, replacing the TCFD as the world's leading climate financial disclosure standard, further strengthening enterprises' ability to manage climate risks and opportunities. In response to global trends, Taiwan's Financial Supervisory Commission issued the "Corporate Governance 3.0 – Sustainable Development Blueprint" in 2022, requiring listed companies to refer to TCFD standards when preparing sustainability reports, and gradually align with IFRS S2 to comprehensively disclose climate-related risks, opportunities, and response strategies.

Everlight Chemical Industrial Corporation is a manufacturer of specialty chemical products, with production bases in Taoyuan, Hsinchu and Suzhou, and downstream application fields and customers all over the world. We deeply understand the impact of climate change on industrial supply chains and market competitiveness. In facing climate challenges, Everlight draws on its long-standing experience with environmental management systems (ISO 14001) and has progressively implemented adaptation and response measures under the TCFD framework. Since the early 2000s, Everlight has conducted greenhouse gas inventories and, in 2021, revised its environmental policy to "**Anticipate Environmental Risks, Move Toward Environmental Sustainability**," incorporating assessments of cost pressures and operational risks brought by climate change. That same year, Everlight systematically identified and disclosed climate risks and opportunities in accordance with the TCFD framework, and designated carbon emission management as a key performance indicator (KPI). In 2023, the Board of Directors approved Everlight's 2030 carbon reduction target, aiming to reduce emissions by 25% from 2021 levels. The company continues to lower its total carbon emissions and carbon intensity through enhanced energy management, improved process efficiency, and increased application of low-carbon technologies.

With the consent of the Board of Directors, the company will continue to deepen as follows in the future:

1. The Board of Directors regularly reviews the Group's climate change response strategies and actions, and also considers the impact of extreme weather on the product life cycle (R&D, production, transportation, disposal, etc.) when making decisions.
2. Strengthen manufacturing and R&D capabilities, launch green chemical products, and try to calculate carbon reduction in connection.
3. We will continue to strengthen the climate governance mechanism and financial disclosure transparency, and simultaneously switch to IFRS S2 standards, such as regularly evaluating the effectiveness of carbon management (absolute values of inputs and reductions and reduction percentages).
4. Based on scenario analysis, plan short-term (1-3 years, i.e., 2025-2028) financial sensitivity analysis to ensure that the company's operations can sustainably manage the impact of climate-related risks.

Time	2000 - 2021	2021	2023	2024	2025 - 2027
Key Actions	● Implementation of Environmental Management System ● Adoption of Environmental Accounting ● Adoption of Green Chemistry	● Implementation of TCFD Framework ● Revision of Environmental Policy	● Board Approval of 2030 Carbon Reduction Target	● Implementation of Energy Management System ● Group-wide Organizational Greenhouse Gas Inventory	● Management of Carbon Reduction Targets ● Alignment with IFRS S2 Climate Governance and Financial Disclosure

Chapter 1. Climate Governance Framework & Implementation Mechanism

I. Climate Governance Policy & Environmental Policy Evolution

Everlight Chemical regularly identifies climate-related risks and opportunities through a structured risk assessment process and formulates strategies aligned with its development direction. In 2021, based on a proposal from senior management, the Board approved revising the environmental policy to “Anticipate Environmental Risks and Advance Environmental Sustainability,” and began assessing risks in the manufacturing process, including environmental and climate-related impacts, to identify continuous improvement opportunities. Given the diversity of specialty chemicals, Everlight implements an environmental management system with structured processes and tiered responsibilities to manage and prevent risks.

The company is also building site-specific risk assessment systems for physical risks, including future sensitivity analysis and control measures. In response to transition risks such as carbon fees and emission regulations, Everlight - though not classified as a high-emission manufacturer - adopts a total emissions control approach, starting with carbon inventories at each site to set group-level reduction goals. Sites then assess feasible reduction measures, which are integrated into overall management. An internal database is also used to estimate carbon emissions by product category, identifying high-emission items for improvement to support group-wide carbon reduction goals.

II. Board Roles & Governance Structure

The Board of Directors of Everlight Chemical serves as the company’s highest governing body for climate-related issues, overseeing both the Risk Management Committee and the Sustainability Development Committee. Through the lens of risk management and sustainability requirements, the company assesses the impacts of climate change on its own operations and value chain. Board members receive annual training on climate-related topics to enhance their climate literacy. In making major strategic decisions, the Board also considers, and evaluates the potential impacts of climate change.

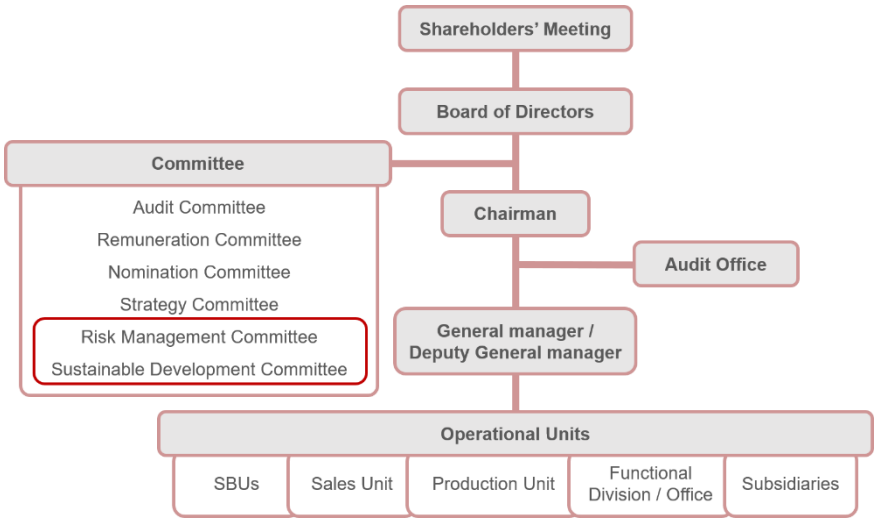

Figure 1. Corporate Governance Structure of Everlight Chemical

- **Risk Management Committee:** The company has established a Risk Management Committee under the Board of Directors to oversee the operations of risk management mechanisms. The committee is responsible for reviewing risk management policies, procedures, and frameworks, as well as regularly evaluating their applicability and effectiveness. It reports to the Board of Directors on a regular basis.

- **Sustainability Development Committee (ESG Committee):** Chaired by the Chairman of the Board, the Sustainability Development Committee has established several working groups to advance the company's sustainability goals. These include: the Corporate Governance Working Group, which promotes and implements sustainable development objectives; the Environmental Sustainability Working Group, responsible for driving and achieving environmental sustainability targets; the Social Responsibility Working Group, which focuses on human rights, community engagement, and cultural development; and the Sustainability Disclosure Working Group, which works to enhance transparency in sustainability-related information.

Figure 2. Organizational Chart of the Sustainability Development Committee

The Chairman and President of Everlight Chemical also serve as chairs of related industry associations.

In response to the global net-zero trend, the company endorsed and signed the Taiwan Chemical Industry Association's Net Zero Declaration. Since then, Everlight Chemical has continued to strengthen internal

energy and resource management. It also participates in industry activities to promote carbon reduction awareness and action across the value chain.

Figure 3. Net Zero Emissions Declaration of the Taiwan Chemical Industry Association

III. Senior Management Involvement & Promotion Of Practice

The “Climate Change Working Group" was established in 2021, whose members include representatives from production, finance, procurement, research and development, logistics, energy resources, risk management, and environmental, safety and health divisions. The Climate Change Working Group adopted the TCFD (Climate-related Financial Disclosure Framework) to review the 17 climate-related risks and 20 climate-related opportunities which recommended by the TCFD Guidelines, and selected short-term (within 1-3 years) and medium-term (within 3-5 years) climate-related risks and opportunities that will have a greater impact on the company's operations and set countermeasures accordingly. One of the key indicators is the management of carbon emissions. Countermeasures include introducing a new version of the greenhouse gas inventory in 2022, and setting short-term (within 1-3 years) and medium-term (within 3-5 years) carbon reduction paths and targets based on the inventory results. It is expected that on the basis of existing risk management, appropriate climate change response and adaptation strategies will be gradually developed.

To strengthen the understanding of TCFD, the group hold a TCFD workshop in January 2024. Participants include Chairman, General Manager, members of the ESG Committee, Risk Management Committee, and senior executives of the Group’s operating unit. The Chairman also instructed how to consider climate-related risks and opportunities when managing various tasks, and set specific targets to implement various tasks to build a consensus for the group's understanding of climate issues.

Figure 4. TCFD training for senior managers

Chapter 2. Strategic Planning & Actions on Climate Risks & Opportunities

Everlight Chemical's product categories include color chemicals, specialty chemicals, electronic chemicals, toners and printing consumables, and API products. The upstream raw material of each product mainly comes from petrochemical, and the downstream customers have a wide range of applications, including textiles, people's livelihood good, automotive, electronics, and other industries. From the perspective of the whole product life cycle, in terms of mitigation strategy, the Company first focuses on carbon reduction at the production process stage and continues to develop products that are conducive to promoting customer benefits, and in terms of adaptation strategy, the Company continues to develop Business Continuity Management (BCM) based on physical risks to enhance operational resilience, which is described as follows.

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

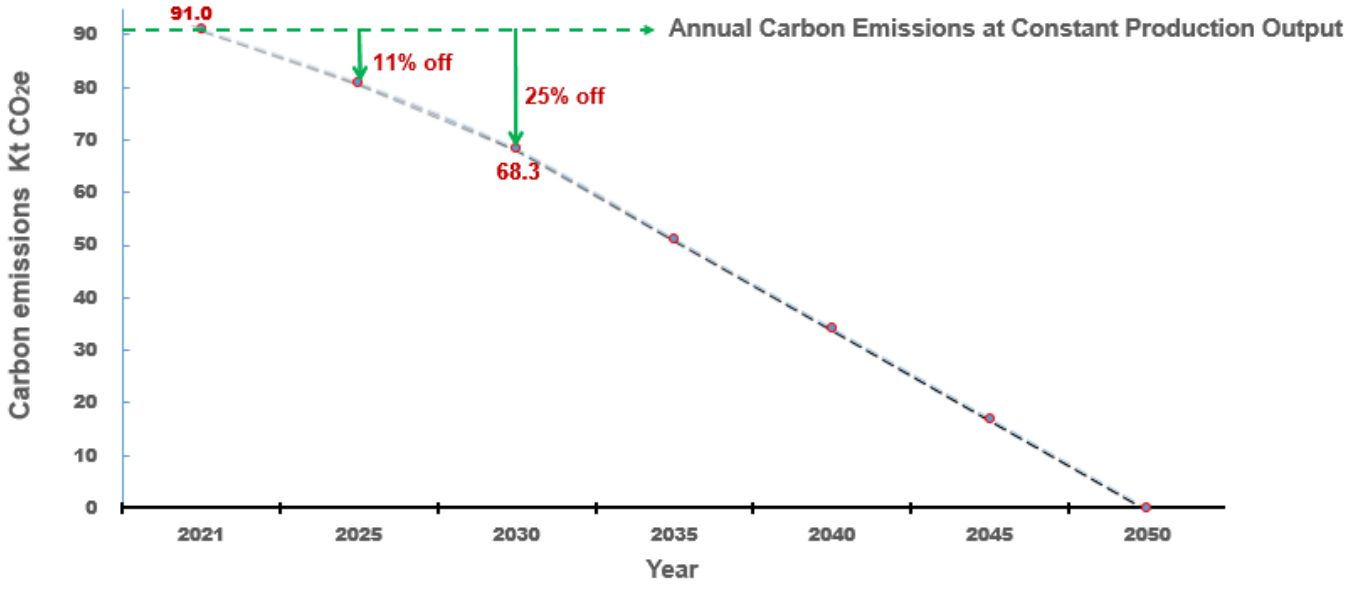

Figure 5. Schematic diagram of Everlight Chemical’s carbon reduction targets

Relevant actions under carbon management include:

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

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

2. Promotion of green technology, sustainable products and circular economy: In recent years, with the rising concern over climate change and shifts in the global economic landscape, the demand for low-carbon products has increased. Everlight's sustainable products are developed with a focus on environmental friendliness and non-toxicity. In addition to achieving low-carbon manufacturing processes, these products are also designed to help customers reduce their carbon footprint, thereby enhancing User-Phase-Efficiency (UPE). By 2024, sustainable products accounted for 73% of total production. The related strategies and timeline are outlined below.

Planned Implementation Timeline

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

I. Identification of Short, Medium & Long-Term Climate Risks & Opportunities

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

Organizational Short, Medium and Long-Term Risks and Opportunities

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

Note: The matrix's vertical axis indicates impact severity: Very Severe - financial loss > NT$200 million; Severe - financial loss NT$50-200 million; Moderate - financial loss NT$5-50 million, Acceptable - financial loss < NT$5 million.

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

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

emission reporting obligations required by regulations." Therefore, response strategies are formulated and mitigation and adaptation actions are carried out to strengthen organizational resilience.

Opportunities associated with climate change were also evaluated. In the short term, these include improving resource efficiency, which helps reduce costs and minimize waste. In the medium to long term, the development of BCM capabilities and further enhancements in resource efficiency are expected to deliver tangible carbon reduction benefits. The identification results for short, medium, and long-term climate risks and opportunities are summarized in Table 1.

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

Period	Risk identification	Opportunity identification
Short term **0 -5 years**	**Physical Risks** ● Mainly due to the increased severity of extreme weather events (heavy rainfall, drought, drastic changes in temperature, etc.). **Trainsiton Risks** ● Due to changes in carbon policies, controls on existing products and services, and market risks, the main increase is the cost of raw materials and their dispatch. ● Regulations require the proportion of renewable energy introduced.	● Improve resource efficiency, reduce costs and waste, and reduce carbon emissions. ● It has the ability to research and develop advanced green chemistry and develop circular economy processes.
Medium term **5-10 years**	**Physical Risks** ● The severity of extreme weather events increases. ● Water resource risks: drought and flooding ● Risks associated with the destruction of global ecosystems	● Develop BCM with flexibility and adaptability. ● Emphasis on continuous improvement can establish a comprehensive climate adjustment strategy and integrate it into the overall operating strategy.
	Trainsiton Risks ● Carbon management increases costs due to emissions reduction efforts - such as carbon taxes, tariffs, or renewable energy use. Shifts in customer behavior and preferences also require low-carbon products to meet demand, avoid reputational risk, and reduce the technical risk of not upgrading current products.	● Have the ability to develop low-carbon products and help customers reduce carbon emissions and create sustainable products. ● Own high-quality product quality and strong technical service capabilities.
Long term **>10 years**	**Physical Risks** ● Rising average temperatures, resulting in changes in lifestyles and consumption patterns, and rising sea levels may affect actual factory operations.	● Actively cultivate R&D talents and capabilities to develop and construct a value chain of low-carbon products and services that meet customer needs.

Summary of Response Strategies and Implementation Results

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

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

Specific measures	Description	Achievements & Actions in 2024
1) Introduce energy management	● Improve energy performance	● Pass external verification of ISO 50001 energy management system in 2024.
2) Carbon inventory project	● Import ISO 14064-1:2018 inventory system ● Import ISO 14067:2018 inventory system	Organizational carbon inventory and verification: ● Complete parent company scope verification in 2023. ● From 2024, verification will be conducted at all group locations. ● Product carbon footprint inventory conducted from 2023.
3) Carbon reduction target and carbon reduction path project	● Establish 2030 carbon reduction targets and roadmap	● In 2023, the Board approved a 25% carbon reduction target by 2030 (2021 baseline). To date, total GHG emissions are down 22.7%, with an 8.7% drop in emission intensity per production value.
4) Develop sustainable products	● Develop sustainable products that enhance efficiency and reduce resource use.	● 【Eversorb® AQ prodcuts】Enhanced recycled TPU weather resistance and developed supercritical foaming for better footwear performance. Awarded Silver at the 2024 TaipeiPLAS.
5) Develop green chemistry production technology	● Apply green chemistry in product design and manufacturing	● 【IBR/IPR UV Light-Shielding Adhesives】Green, solvent-free and in large-capacity packaging to reduce plastic use. Received Taiwan Excellence Gold Award.
6) Promote circular economy	● Improve resource efficiency through industry collaboration	● 【Eversorb® AQ Light Stabilizers】For water-based coatings, focusing on waste, energy and emission reduction. Awarded 2024 Resource Recycling Silver Award.

As shown in Table 3, process improvement cases and their performance in 2024 demonstrate Everlight Chemical's efforts in enhancing resource efficiency and reducing carbon emissions. Through the development of green chemistry production technologies and improvements in energy efficiency, the company achieved a total carbon reduction of 394,574 kgCO_2e in 2024.

Table 3. Process improvement cases and carbon reduction performance in 2024

Strategy	Process summary		Total carbon reduction ($kgCO_2e$)/year
Develop green chemistry production technology	Process improvement	● Simplified processes & improved efficiency	382,366
		● Raw material dissolution without heating, reducing steam consumption	
		● Optimized RO water use to improve process efficiency	
		● Enhanced RO & spray drying efficiency	
		● Condensation reaction without heating to reduce energy use	
		● Intermediate stage without heating for energy saving	
		● Increased production scale to lower batches and energy consumption	
		● Static mixers enable heat-free mixing and energy savings	
Boost energy usage efficiency	Equipment improvement	● Improved PUR oven for energy savings	12,208
		● Applied variable frequency control to cooling towers	
		● Upgraded air compressor cooling system	
		● Enabled remote control of air compressors (Buildings A & C)	
		● Retrofitted with permanent magnet fans	
Total			**394, 574**

II. Impact of Climate-Related Risks & Opportunities On Business, Strategy & Financial Planning

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

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

Risks & Opportunities		Impacts	Financial Impact Before Actions	Actions	Cost of Taking Action
Risks	Government collection of Carbon fee/tax	● The government has planned a carbon fee collection policy. ● Carbon border taxes in the EU and other countries may raise supply chain costs	Carbon fees and EU CBAM expansion may increase annual costs by over NT$50 million.	Assess and introduce carbon footprint and carbon risk management. Plan carbon reduction paths and timetables through carbon inventory.	Planned investment of NT$9.2 million (Aug 2022-Jul 2025) to implement GHG inventory and product carbon footprint management
	Use regeneration energy	● Renewable energy requirements will increase production costs. ● Achieving the 2030 target will require green electricity procurement	● Plant II had invested NT$ 21.4 million in solar power generation facilities in 2023 . ● The green power procurement may increase operating costs by 1 % .	● Import ISO 50001 energy management system to improve energy efficiency. ● Replace and use energy-saving equipment.	Since 2022, NT$1.2 million has been invested in energy management systems, with NT$86 million spent on energy-saving equipment by 2024. The system supports systematic energy management.
	Raw material cost rising	Stricter climate rules may limit supply and raise material costs.	moderate negative impact	Implement carbon footprint and risk management strategies.	Please refer to the following opportunity input costs.
	Market/ consumers shift towards low carbon products	Carbon pricing pressures may reduce competitiveness of high-emission products.	moderate negative impact	Develop low-carbon products and sustainability roadmaps.	
	Extreme climate events	Heavy rainfall, drought and drastic temperature changes lead to company operational interruptions	moderate negative impact	Assess flood risks at production sites; improvements planned for Plants I & III.	Following the on-site assessments, expenses will be allocated based on the improvement plans.
Oppurtunities	The necessity of developing low-carbon products	The market/consumers will shift to low-carbon product, and low-carbon products at the process end need to be developed.	medium to high positive impact	Develop green chemical production technology and promote circular economy.	About 4% of turnover is invested in R&D funds for low-carbon products each year. In 2024, spending reached NT$365.83 million (4.48% of NT$8.17 billion revenue).
	Develop use phase with Carbon reduction and sustainable products		medium to high positive impact	Develop sustainable products and development blueprints.	

III. Strategic Resilience: Climate-related Scenario Analysis

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

1. BAU (without active carbon reduction actions): Aims to reduce carbon emissions by 1% per year. The transformation risk in this scenario is not significant, but the adjustment strategy must be strengthened. In this scenario, green power prices will be increased and carbon pricing will decrease.

2. National mid-term and long-term target path: Based on the 24% emission reduction in 2030 proposed by the National Development Council and the 2050 net-zero carbon emission target set by the Climate Change Response Act, this scenario has moderate transition risks and moderate physical risks.

3. 1.5°C path (the most aggressive carbon reduction target): Represents a 50% reduction in emissions in 2030 and net-zero carbon emissions in 2050. This scenario is highly transformation risks and physical risks are less significant. In this scenario, green power prices will fall and carbon pricing will rise.

The carbon reduction targets and pathways set by Everlight Chemical are aligned with national goals. Under this scenario, the strategy to achieve the Group's 25% carbon reduction target by 2030 is illustrated in Figure 7. Figure 7 is based on the recompiled greenhouse gas emissions data, which incorporates the latest Global Warming Potential (GWP) values, emission factors, and the revised identification of RTO emissions. For further details, please refer to the "Everlight Chemical 2024 Sustainability Report."

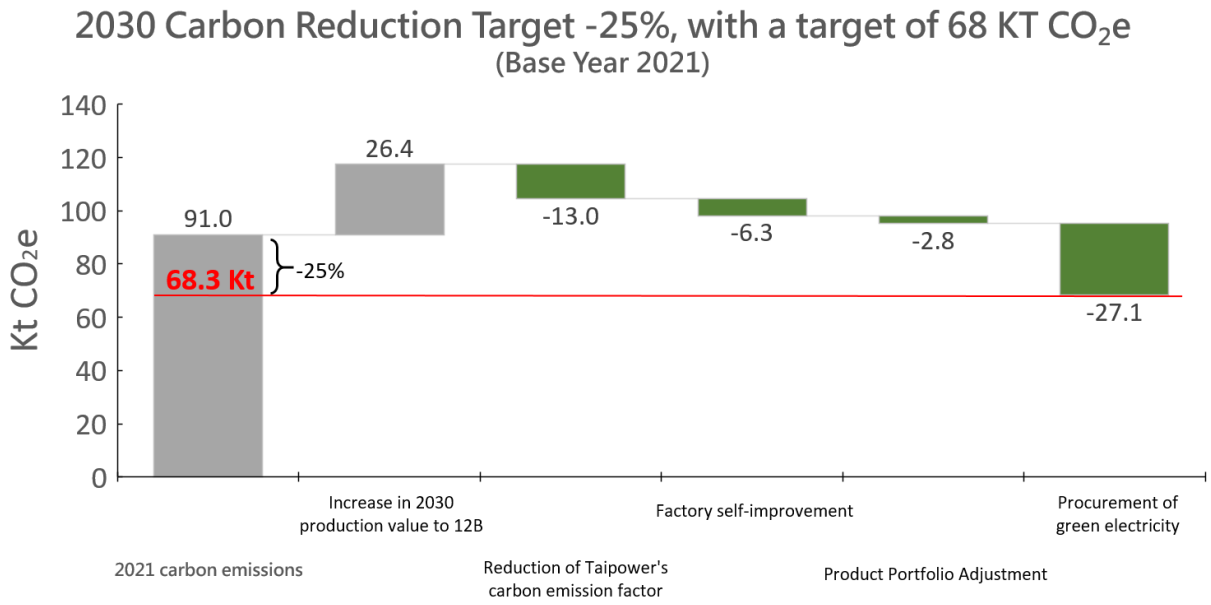

Figure 7. Group’s 2030 carbon reduction goals and strategies

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

Scenario analysis assumption: Output value will grow with economic development, green electricity prices will not fluctuate too much, gray electricity prices will increase by 5 % per year, and the factory's

independent improvement plan will be completed (such as replacement of high-energy-consuming equipment, installation of solar photovoltaics, and process improvement).

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

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

Chapter 3. Climate Risk Identification & Management Process

I. Risk Identification & Assessment Process

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

Climate risks are divided into two categories: transformation risks and physical risks. According to current risk management system, transformation and physical climate risks are assessed: including policies and regulations, technology, market, corporate reputation, as well as immediate and long-term climate risks that may affect impacts.

The assessment process includes: Identifying risks → Risk analysis → Risk assessment → Risk adjustment and Preparedness are planned and integrated into the existing risk management system.

II. Risk Management Process & PDCA Cycle

Everlight Chemical's current climate risk management follows the corresponding PDCA (Plan-Do-Check-Act) cycle, as illustrated in Figure 8. Each year, the company identifies and assesses climate-related issues, then proceeds with reporting and management based on actual circumstances. The Board of Directors and the Audit Committee play roles in decision-making and oversight in accordance with the related reports. When a climate-related issue is assessed as a significant risk, specific response measures are proposed in line with the risk handling procedures.

Figure 8. PDCA for Climate Risk Management

Risk reporting, response and monitoring: Each responsible unit should continuously monitor the risks related to operations, track the risks that have been dealt with and confirm that the residual risks have been effectively controlled, reviewed, and reported to the risk management committee or various

management systems. Risk status and risk treatment results serve as a reference for adjusting risk management, and control mechanisms and operating strategies.

III. How Climate Risk Management Integrates Corporate Governance Systems

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

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

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

The identification and assessment of transition risks are handled by the Climate Change Team set up by the Environment Group of the ESG Committee, and the assessment results are reported and discussed by the administrative system, and the Risk Management Committee is responsible for supervising the effectiveness of the company's climate change risk mitigation and adaptation.

Key action items after risk identification:

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

Chapter 4. Indicators & Targets of Carbon Management & Sustainable Development

To support Everlight Chemical's sustainability strategy, we manage two key indicators: carbon management and sustainable product development. As planned under the FSC's roadmap, the 2026 annual report will disclose the Group's 2025 GHG inventory and 2026 goals, while the 2027 report will include the 2026 standalone inventory, assurance results, and performance review.

I. Overview of Management Indicators of Climate Risks & Opportunities

Carbon management and sustainable product indicators

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

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

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

Risks	Response	2024 Progress	2024 Performance	Next Step
Policy and regulatory changes: Carbon tax/carbon fee policy	Set carbon reduction and carbon intensity targets.	Reduce greenhouse gas emission intensity (tons of CO_2e/million output value).	8.9	≦ 8.8
Customers and consumers have increased requirements for carbon management and consumer preferences have changed. If Everlight Chemical does not replace existing products and services with lower carbon emissions, there may be a risk of being replaced.	1. Implement energy management 2. Conduct carbon inventory for carbon risk management. 3. Develop sustainable products. 4. Replace outdated high-energy equipment 5. Use low-carbon energy. 6. Enhance energy efficiency 7. Lower GHG emission intensity	● Completed ISO 50001 external verification in 2024 ● Completed ISO 14064-1 organizational GHG inventory and verification in 2024 ● Completed ISO 14067 product carbon footprint inventory in 2024	Achieved	Ongoing
	8. Improve water recovery rate	Improve water recovery rate R2	92%	≧ 92 %
Market risk: raw material cost-rising	Continue to develop sustainable products and increase the proportion in revenue	Proportion of sustainable products in revenue	73%	≧ 73 %
Increasing severity of extreme weather events (heavy rainfall, drought, dramatic changes in temperature, etc.)	Enhance factory drainage and resilience .	Investigate water accumulation potential in production sites as a physical risk	Completed potential risk assessment	Drainage evaluation and improvement at Plants I & III

II. Greenhouse Gas Inventory & Emission Disclosure

Since 2005, Everlight Chemical has obtained the third-party verification statement of ISO 14064-1:2006 Greenhouse Gas Emissions (Plants I to III) for six consecutive years, and continues to follow this systematic approach to establish group's organizational carbon inventory data (including Plant IV, Trend Tone Imaging, Inc. and Suzhou Everlight) to ensure the accuracy of greenhouse gas emissions. The Group's greenhouse gas emission information from 2021 to 2024 is summarized in Tables 7.

Table 7. Greenhouse gas emission of Everlight Chemical from 2021 to 2024

Year	Items	Plants I to IV	Trend Tone Imaging, Inc.	Suzhou Everlight	tCO_2e Total (1)	Per Million Production Value (2)
2021	**Scope 1 (A)**	23,845	198	129	24,172	9,311
	Scope 2 (B)	49,129	9,954	7,758	66,841	
	Total (A+B)	72,974	10,152	7,887	91,013	
2022	**Scope 1 (A)**	19,565	203	136	19,904	8,744
	Scope 2 (B)	39,197	10,106	10,421	59,724	
	Total (A+B)	58,762	10,309	10,557	79,628	
2023	**Scope 1 (A)**	17,702	187	108	17,997	7,283
	Scope 2 (B)	32,041	8,195	7,100	47,336	
	Total (A+B)	49,743	8,382	7,208	65,333	
2024	**Scope 1 (A)**	19,833	204	144	20,181	7,884
	Scope 2 (B)	35,010	8,224	6,886	50,120	
	Total (A+B)	54,843	8,428	7,030	70,301	

III. Climate Target Setting & Medium-Term Performance Presentation

In 2023, Everlight Chemical's Board of Directors approved the Group's 2030 greenhouse gas reduction target. This target aims for a 25% reduction based on the company's 2021 carbon emissions, meaning total emissions will decrease from over 91,000 metric tons to approximately 68,000 metric tons. This represents an absolute reduction of around 23,000 metric tons of greenhouse gas emissions.

We use the reduction of medium- to long-term greenhouse gas (GHG) emission intensity as an indicator for managing climate-related risks and opportunities, measured in tons of CO_2e per million in production value. Thanks to the collective efforts of all employees, the Group's GHG emission intensity in 2024 decreased by 8.7% compared to 2021. The medium-term target is to achieve a 25% reduction by 2030, as shown in Table 8.

Table 8. Greenhouse gas emission intensity in recent years and 2030 target output value

Unit: tCO_2e/million

Year	2021			2022			2023			2024			2030
Items	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	Scope 1	Scope 2	Total	Total
Company	3.07	6.32	9.39	2.75	5.52	8.27	2.99	5.41	8.40	3.01	5.32	8.33	7.04
Group	2.60	7.18	9.77	2.28	6.83	9.11	2.47	6.50	8.97	2.56	6.36	8.92	7.33

Chapter 5. Report Compilation Notes & Contact Information

- The time period covered by this report is from January 1, 2021 to December 31, 2024.
- Disclosure frequency of this report: once a year or when there are major changes.
- This report is mainly produced based on the TCFD framework (Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017) .
- This report is an internal reference document of Everlight Chemical and could be used by customers, investment institutions and group companies.
- Publication Date and Version: August 21st, 2025, First Edition
- Report contact information

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