2022 ESG INSIGHT REPORT

GRAND PACIFIC PETROCHEMICAL CORPORATION

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OVERVIEW

GPPC's 2022 sustainability report references the GRI Sustainability Reporting Standards and the SASB Standards for the Chemicals industry with scope covering primarily Nan Ya Plastics' Taipei/Taichung offices and Kaohsiung plant.

Our sustainability report is published on an annual basis.

Independently verified by TUV Nord in accordance with the AA1000 Assurance Standard.

Sustainability is a core value that is internalized in Grand Pacific Petrochemical Corporation's (GPPC) initiative. The Sustainability Code of Practice was established in March 2022 and focuses on corporate governance, establishing sustainable environment, maintaining social welfare and strengthening transparency in corporate sustainability development.

In the Sustainability Code of Practice GPPC considers ecological impact of products and education of consumers on sustainable consumption and will adhere to the following principles when conducting R&D and operational activities including production and services in order to reduce our footprint on the natural environment:

1. Reduce resource and energy consumption of products and services.
2. Reduce the discharge of pollutants, toxic substances and wastes, and properly dispose of wastes.
3. Improve the recyclability and reuse of raw materials or products.
4. Maximize sustainable use of renewable resources.
5. Extend the durability of the product.
6. Increase the effectiveness of products and services.

In 2022, we established a "Corporate Social Responsibility Mailbox" (ESG@gppc.com.tw) for communication and feedback from various stakeholders. Recognizing that stakeholder engagement is an integral part of our sustainable issue management, we maintain interaction with stakeholders through various means, including daily business interactions, telephone communication, meetings, satisfaction surveys, site visits, and participation in associations. The concerns raised by stakeholders are addressed in our ESG report as identified significant considerations.

Certifications

Certification		Location	Verification Authority	Certification Validity
Environmental Management System	ISO 14001:2015	Kaohsiung (Ta-She)	SGS	2023-2026
		Kaohsiung (Lu-Chu)	NSF ISR	
Quality Management System	ISO 9001:2015	Kaohsiung (Ta-She)	SGS	2021-2024
		Kaohsiung (Lu-Chu)	NSF ISR	
Operational Health and Safety	ISO 45001:2018	Kaohsiung (Ta-She)	SGS	2022-2025
SONY "Green Partner" Certificate				
ASUS "Green Environmental Management System" Certificate				

ENVIRONMENTAL

GPPC plans to reduce carbon emissions by 40% in 2040 compared to 2015.
Net zero GHG emissions by 2050.

TCFD

10 risk and 4 opportunity factors were identified during the evaluation process of which 4 high priority and high impact factors are shown:

Duration	Countermeasures	Target/ TCFD Scope	Financial Impact
Risk: 2050 net zero carbon emission vision			
Evaluate: Replace coal-fired boilers with natural gas boilers for combined heat and power generation			
Long (2030-2050)	Cogeneration plant reducing carbon (Natural gas substitution) plan.	Replace all the coal-fired boilers with gas boilers by 2040. Reduce Scope 1 GHG emissions by 280,000 tons CO_2e.	Decrease direct costs of NTD 200 million in 2022.
Risk: Water recycling			
Avoiding impacts of extremely drought caused by climate change			
Short (2023-2025)	Recycling water resources plan.	Increase the recycled water from 100 m^3/day to 270 m^3/day.	1. Total investment of NTD 14,660,000 (Direct costs). 2. Operating and maintenance fee: NTD 840,000/year (Indirect costs) for 20 years.
Opportunity: Company reputation			
Compliance with the EPA "VOC emission control regulation"			
Mid (2023-2030)	Add mother burner to combustion tower for energy-saving combustion project.	Reduce natural gas consumption by approx. 70,000 m^3 Reduce Scope 1 GHG emission by 1,750 tons of CO_2e/year.	1. Investing costs occupy less than 1% of total operating revenue. 2. Saving of NTD 6,000,000/year of natural gas fees due to compliance.
Opportunity: Government reward for renewable energy			
Maintain existing cogeneration plant operations as to avoid being regulated by "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity"			
Long (2030-2050)	Supervising and developing cogeneration operating plans.	Operating cogeneration equipment to be exempt from setting up new renewable energy equipment (Scope 2).	Saving a total of NTD65,000,000 by operating cogeneration equipment without being obligated to build solar renewable energy equipment.

Impact for GPPC Under Different Climate Risk Scenarios

Climate Scenario/ 2040 Temp Increase	Impact on GPPC	Financial Impact	Countermeasures
Risk: Transition risk			
IPCC AR6 SSP1-1.9 (Increase 1.2-1.7°C by 2040)	GPPC to transition to face the 1.7°C increase, if not, GPPC will not be able to meet 2030 carbon neutral and 2050 zero carbon emission and need to pay additional carbon fees.	Future carbon fees will be at least USD 5,300,000 /year (Based on carbon fee assumption of USD10/ Ton CO_2e.)	Evaluate more co-generation power or setting green energy equipment.
Risk: Physical risk			
IPCC AR6 SSP5-8.5 (Increase 1.3-1.9°C by 2040)	Climate abnormality will affect the styrene raw material storage quality and manufacturing will be interrupted due to heavy rain and drought.	At least 70% loss of production due to heavy rain and drought.	Implement emergency reaction and strength the disaster prevention facility and purchase property insurance.

ENERGY MANAGEMENT

Target: Average annual energy saving percentage of 1% or more.
Actual reduction for 2022 is 0.83%.
2015-2022 average annual electricity savings of 1.25%.

GPPC continuously promote ISO 50001 energy management system to produce products in a more energy-efficient way and reduce energy-intensity rate. In 2022 GPCC implemented 9 notable energy saving measures covering the full factory, steam and power plant, plastic factory and petrochemical plant, amounting to annual energy savings of 29,422.4 GJ.

GPPC's steam power plants generate steam and electricity for internal use and sells the excess to external parties.

	Unit	2019	2020	2021	2022
Kaohsiung employees	Persons	335	334	328	323
ELECTRICITY					
Electricity generated within plant	MWh	321,154	303,964	262,306	106,488
1. Electricity consumed by plant		168,412	162,670	143,516	65,184
2. Purchased electricity		2,842	7,258	27,974	72,494
3. Sold electricity		152,741	141,293	118,790	41,304

	Unit	2019	2020	2021	2022
STEAM					
Steam generated within plant	Tons	1,040,289	970,308	1,001,484	814,061
A. Steam consumed by plant		866,661	831,800	848,048	721,845
B. Purchased steam		0	0	0	0
C. Sold steam		173,628	138,508	153,436	92,216
Total electricity consumed (1+2)	GJ	**616,514**	**661,741**	**617,364**	**495,641**
Total steam consumed (A+B)		**2,448,317**	**2,349,835**	**2,395,736**	**2,040,291**
Total energy consumed (Electricity + Steam)	**GJ**	**3,064,832**	**2,961,576**	**3,013,100**	**2,535,932**
Energy intensity per capita	GJ/employee	**9,149**	**8,867**	**9,186**	**7,851**
Electricity consumed from Grid	%	**1.66%**	**3.95%**	**16.31%**	**52.65%**

● Electricity: 1 MWh = 3.6 GJ ● Steam: 1Ton = 2.825 GJ

GPPC joined the **"Industry Net Zero Alliance"** in 2021, and plans to integrate the supply chain from upstream to downstream to develop the green petrochemical supply chain.

To focus research and develop on carbon reduction for high-quality, standardized, and scale products. 5 aspects of discussion include "Renewable Energy", "Low-carbon Energy", "Carbon Capture Storage and Utilization", "Biofuel Raw Material", and "Plastic Recycling". As well as, start the Carbon Footprint Verification and relevant industry experience sharing.

GHG MANAGEMENT

The carbon inventory data in this report includes the Kaohsiung plant and has been independently verified by SGS, a third-party.

	Unit	2019	2020	2021	2022
Scope 1	tCO_2e	585,524	558,189	526,900	318,972
Scope 2		1,515	3,694	3,643	36,900
GHG Total		**587,039**	**561,884**	**530,543**	**355,872**
Turnover	NTD million	16,229	16,575	18,163	18,180
GHG Intensity	tCO_2e/NTD million	36.17	33.89	29.21	19.57

AIR POLLUTION

GPPC has set up a gas monitoring system in the plant and connected it to the monitoring center to keep track of the emission situation in the plant and established continuous automatic monitoring facilities in the steam and power boiler chimney, connecting to the Department of Environmental Protection to maintain the ambient air quality around the plant. The other chimneys are regularly inspected to keep track of the source emissions.

	Unit	2019	2020	2021	2022
NOx	Tons	112.808	108.241	97.202	128.726
SOx		182.422	155.07	159.006	33.079
Volatile Organic Compounds (VOCs)		24.662	31.408	23.453	17.205
Particulate Emissions		30.471	25.298	6.525	7.774

In terms of air management from 2012 onwards, the Company has removed two fuel heater furnaces, replaced the oil of boilers with natural gas, and invested NT$100 million in installing a regenerative thermal oxidizer (RTO), which have resulted in a removal efficiency of over 98%.

At the same time, GPPC has also implemented several measures to protect the wellbeing of workers and residents around the plant, including monitoring of "invisible" and "non-scented" components, investment of manpower in thorough detection and maintenance, and communication with environmental protection authorities for audits. Over the past decade, GPPC has carried out 29 emission reduction projects, with a total investment of nearly NT$200 million.

CIRCULAR ECONOMY

The Company is taking full advantage of the circular economy trend by converting waste into valuable resources. Through the utilization of by-products of manufacturing process such as hydrogen, activated sludge, and fly ash, the petrochemical industry can transform into a low-carbon economy that not only enhances resources circulation but also creates a sustainable business model.

For example, the important by-product “hydrogen”, as high-purity hydrogen can be directly supply to electronics factories through the purification process, and directly participate in the supply chain of the S corridor of the semiconductor industry. Being a raw material for hydrogen fuel cell, hydrogen has also become an important clean energy source worldwide.

Moreover, GPPC has demonstrated a successful model of circular economy through supplying steam generated from its co-generation plant to other manufacturers in the industrial park. As a result of this steam circulation, the industrial park has achieved thermal integration and reduced various pollutants from multiple combustion sources.

HAZARDOUS SUBSTANCES AND WASTE MANAGEMENT

When marketing ABS/SM related products, GPPC considers its’ competitive advantages and disadvantages of the products in terms of health and safety in the industry trend. Our products do not contain environmentally hazardous substances as regulated by customers and regulations (e.g. RoHS). GPPC provides product specifications regarding performance and use & care instructions are listed in the analysis report (COA) and material safety data (SDS), for customers to understand how to safely use the product. In addition, SM has completed registration with the European Chemicals Agency (ECHA) to meet the requirements of REACH registration in the EU.

GPPC also strengthens the management of waste reduction and thermal energy recovery through the construction of a sludge incinerator with an hourly capacity of 390 kg. All other wastes that cannot be handled are entrusted to off-site qualified removal and treatment vendors for cleaning.

No waste leakage in 2022.

Waste Management Kaohsiung Factory	Unit	2019	2020	2021	2022
Waste by Type					
General business waste	Tons	1,290.25	3,372.88	3,559.73	2,953.40
General garbage waste		147	125	119.67	72.65
Reused waste		27,186	28,349.10	26,594.52	13,598.35
Turnover		6.42	0	3.17	0
Total Waste		**28,629.67**	**31,846.98**	**30,277.09**	**16,624.40**
Outsourced waste treatment	%	93.1%	93.8%	93.2%	88.5%
Self-handled waste treatment		6.9%	6.2%	6.8%	11.5%

Notes1: Outsourced waste treatment is entrusted to offsite qualified removal and treatment vendors for cleaning. The Company conducts annual audits of waste removal and disposal companies by sending certificates.

Notes2: Self-handled waste includes organic sludge, waste plastic mixture and non-hazardous organic wastes or waste solvents. The organic sludge is treated and recycled into compost by a professional manufacturer, while the inorganic sludge is thermally treated and used as a concrete blending material.

WATER MANAGEMENT

Waste Water

Waste water from petrochemical plants contains organic pollutants and the focus of effluent monitoring is on chemical oxygen demand (COD) and suspended solids (SS).

	Accepted standards●	Unit	2019	2020	2021	2022
Waste water discharge		Tons	1,025,931	998,743	1,044,777	821,398
COD emissions	400ppm		98.54	109.35	98.93	76
SS emissions	240ppm		40.42	42.37	38.58	29

Note●: The current wastewater plant acceptance standards refer to the sewage treatment plant in the Ta-she Industrial Park area, where GPPC Kaohsiung Factory is located.

The focus of prevention and control is to implement waste water source reduction, to implement measures such as waste water reduction and recycling, storm water diversion treatment, installation of storm water interception facilities, effective maintenance of existing waste water treatment systems and implementation of waste water recycling and reuse.

Water Consumption

The Company's water comes from the surface water of Gaoping River, and the water source area is not a water volume sensitive area.

	Unit	2019	2020	2021	2022
Waste consumption	Tons	2,642,459	2,511,000	2,469,000	2,004,000
Recycled water		1,701,630	1,633,375	1,620,600	1,069,085
Recycling rate	%	39.53%	37.94%	39.63%	34.79%

Targets and Strategies

Short Term (2022):
Daily water savings of 270 tons

Treated recycled water using the anaerobic biological wastewater treatment system is used to clean the filter cloth in belt filter dewatering machine. Equivalent to water consumption reduction of 100 tons per cycle.

Mid-Long Term:
Water recovery rate exceeds 65% by 2025

Integrate internal and external resources of the Company, develop recycled water technology, and continue to implement process water saving and recycled water utilization.

2022 implementations:

- GT-302 blowdown for the reuse of dewatering machine in the wastewater area - can recycle 270 tons/day of water for cooling tower and pure water processes. The total investment is NT$ 14.66 million (direct cost), the trial run and performance test were completed in December 2022.
- GPPC implemented recycled water planning for ultra-pure water systems in steam and power plants, and recycles backwash and forward wash regeneration water to GT-601 and GT-801 operating areas, which adds to water recycling ratios.

Soil and Groundwater Pollution Prevention Measures

In order to prevent and control soil and groundwater pollution, GPPC has completed groundwater surveys and set up groundwater monitoring well systems in all process areas and tanks to provide early warning functions; various preventive measures are taken for underground pipelines, oil tanks and equipment that may cause soil and groundwater contamination, such as installing cathodic anti-corrosion systems, changing oil-water isolation ponds to stainless steel and underground pipelines to prevent organic liquid leakage due to corrosion of equipment; and the delineation of responsibility areas and inspection of underground pipelines and related facilities and pipelines are carried out to achieve the purpose of soil and groundwater pollution prevention.

LEGAL COMPLIANCE

GPPC received six penalties (5 cases of air pollution and 1 case of waste) due to the foul odor and failure to submit the annual maintenance plan a month before the annual maintenance, total penalties amounted to NT$ 1.6 million. Currently, there is no environmental pollution affecting the organization's earnings and competitive position.

Grand Pacific Petrochemical is actively dealing with various environmental protection issues, and is doing its best to protect the environment by following the laws and regulations to carry out improvement work.

ENVIRONMENTAL SPENDING AND INVESTMENT

NTD 280 million spent on carbon reduction initiatives since 2012.

Environmental Spending and Investmen	Unit	2019	2020	2021	2022
Pollution prevention and reutilization fees	NTD	48,807,357	37,322,448	28,892,656	39,335,323
Operating costs and upstream and downstream associated costs		614,000	555,300	434,900	685,530
Monitoring environmental impact fees		11,538,357	12,132,830	15,075,712	15,474,857
Insurance – toxic chemicals		800,000	850,000	850,000	850,000
Total		**61,759,714**	**50,860,578**	**45,253,268**	**56,345,710**

RESEARCH & DEVELOPMENT

GPPC continues to engage in development of renewable plastics post consumption – PCR ABS will help to reduce plastics waste and simultaneously reduce energy consumption, lower carbon emission, and actualize circular economy.

In addition to our core business, GPPC is in the process of starting up and designing the future project of low-carbon three-level carbon industry chain.

SOCIAL

HUMAN RIGHTS

GPPC's human rights policies are based on the International Bill of Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and other internationally recognized standards.

- No child labor
- Prohibit forced labor
- Avoid employment discrimination
- Freedom of association
- Adhere to legal regulations and provide safe and healthy workplace
- Prohibit workplace violence, harassment and intimidation
- Respect employee's privacy and dignity

All employees are protected by the collective bargaining agreement through the union.

Human Rights Protection Training

New Employee	Anti-Harassment	Occupational Health and Safety	Code of Ethics
• Sexual harassment prevention • Anti-discrimination • Anti-harassment • Working hours management • Humane treatment • Workplace health and safety	• Raise employee awareness of their responsibility to help ensure no harassment or illegal infringement in the workplace. • Make accessible the complaint hotline to create a friendly working environment.	• Health and safety education/training • Fire safety training • Emergency response • First aid training	Provide a healthy and positive workplace culture through education and training of daily behavior and ethical standards.

WORKFORCE

In order to protect the working rights of local workers, GPPC does not employ foreign workers and gives priority to local workers. GPPC has more male employees due to more physical effort required for on-site work. The average length of service of our employees is about 14 years. Termination of employment is in accordance with the Labor Standards Act.

Kaohsiung Factory and Taipei Office full-time employees.

Employee structure (including supervisors)	2018	2019	2020	2021	2022
Male	348	347	345	352	359
Female	31	31	31	29	33
Total	**379**	**378**	**376**	**381**	**392**
Females in managerial position %	15.6%	15.9%	21.3%	25.0%	27.4%

SALARY

GPPC insists on equality between men and women.

Our salary is approved according to the individual's ability and job requirements. We uphold the principle of reasonableness and fairness without any differential treatment based on gender. Employees are guaranteed annual salary of 15 months.

Employees (non-supervisory positions)	Unit	2019	2020	2021	2022
Full-time employees	Persons	367	370	360	369
Average salary	Thousand NTD	1,191	1,269	1,588	878
Median salary		1,145	1,209	1,426	774

TURNOVER

2022 Turnover	2019	2020	2021	2022
Retired	8	15	12	13
Resigned	6	24	20	31
Newly hired	14	37	38	50
Turnover rate	**3.7%**	**10.5%**	**8.7%**	**11.3%**

PARENTAL LEAVE

	Colleagues with children under age of 3	Application for unpaid parent leave
Male	28	2
Female	2	1
Total	**30**	**3**

EDUCATION AND TRAINING

Professional Courses

4 categories:
Statutory, General, SOP/WI evaluation and Professional English.
Organized by the supervisor of each unit.

Environmental Safety and Health Courses

Kaohsiung plant employees should be equipped with of foundational knowledge of environmental safety and health.
Organized by the Dept. of Industry and Environment.

Expert Seminars

To enhance the efficiency, quality, and potential of employees.
Organized by the Human Resources Team.

General Skills

English proficiency and computer application.
Organized by the Human Resources Team.

The total number of courses conducted internally and externally in 2022 reached 183, with a total of 2,679 attendees, and a total of 7,431 hours, with an average of 2.78 hours of training per person.

In pursuance of safety first, training courses included 640 hours of environmental safety and health courses.

GPPC also reinforces ethical awareness and emphasizes anti-corruption policies and procedures in its employee handbook and new recruits training.

OCCUPATIONAL HEALTH AND SAFETY

Safety and Health Policy

In order to improve the overall corporate safety and health standards, GPPC began to implement the OHSAS 18001 system in 2006 and officially obtained the ISO 45001 Occupational Safety and Health Management System standard in 2018.

GPPC commitment:

"In order to protect the lives and health of the employees of the Company and the contractors, the Company will strive to eliminate and prevent injuries and illnesses by continuously improving the operating environment and facilities, installing equipment that meets the laws and engineering standards, strengthening the education and training of employees, requiring and caring for the safety of contractors, and establishing a perfect safety and health system and operating procedures that can be operated to improve the safety and health standards of the entire company and establish a quality safety and health culture."

Goal of zero disasters and zero injuries through the principles of "technology", "safety and health culture", "responsibility" and "communication".

Labor Safety and Health Committee

- Represented by 63% from employer and 36% labor representatives.
- Formed in accordance to law, Labor Safety and Health Organization Management and Automatic Inspection Regulations.
- Responsible for promoting work safety, preventing accidents, improving the working environment and maintaining the health of employees.
- Meets quarterly and keeps track of the status of resolutions until they are completed.

Occupational Hazards

GPPC constructed the occupational safety hazard identification and risk assessment system in the ISO45001 Occupational Safety and Health Management System to perform major occupational safety and health risk assessment, and include the objectives and action plans for unacceptable risks and acceptable improvement opportunities to effectively control risks, and also construct the abnormal incident handling system to formulate the notification norms for different levels of safety and health events including false alarm events.

OHS Training

We have established the "Safety, Health and Environmental Protection Education and Training Method", and set up occupational safety and health business supervisors, occupational safety (health) managers and operators of dangerous machinery and equipment, and require all kinds of specialized personnel, managers and operators to retrain regularly during the in-service education and training period.

For general employees in the transfer of operations or change of duties, the new supervisor of the unit of duty will decide whether to arrange appropriate occupational safety and health on-the-job training.

2022 OHS Issues for Improvement

FACTORY

- Health examination and promotion.
- Process and operation risk assessment.
- Standardized management of safety production, in pursuit of zero disaster, zero injury planning activities and program safety.
- Implementation of improvement measures for abnormal incidents.

SUPPLIER

- Discussion on contractor safety management matters.
- "Occupational safety and health management" is included in the weighting of annual supplier management evaluation.

Pipeline Safety

Since the Kaohsiung underground pipeline gas explosion incident, GPPC has cooperated with the Industrial Development Bureau and the Kaohsiung City Economic Development Bureau in the joint investigation and inspection, as well as continues to implement the "underground pipeline maintenance management plan" in 2022 to enforce various short-term and mid-term control measures to ensure pipeline risk assessment and safety.

Crisis Management

The number of accidents has been decreasing over the past ten years. In order to control the accident situation, an "Emergency Response Plan" is formulated, and each unit then formulates crisis and emergency management organizations and countermeasures according to its own operation and environmental conditions, and regularly rehearses to familiarize itself with the response procedures in order to reduce the expansion of the disaster and minimize the loss of personnel and equipment in the event of an accident.

Equipment

The characteristics of the industry and production process means GPPC has many dangerous machinery and equipment. In addition to regular primary maintenance, rotational type of equipment is subject to non-destructive tests such as infrared inspection and ultrasonic inspection to inspect its condition.

Incident Investigation and Handling

Injury Rate	2019	2020	2021	2022
Work Injury Rate FR	1.495	1.499	0	2.87
Occupational Disease Rate (ODR)	0	0	0	0
Severity Rate SR	89.7	44.96	0	47.37
Occupational Fatal Accidents	0	0	0	0
Number of Accidents	2	2	0	2
Employees Involved	1	0	0	2
Contractors Involved	2	1	0	0

SPECIAL MEDICAL EXAMINATIONS

According to the ISO45002 management system and operating environment monitoring, GPPC conducts chemical substance concentration tests for butadiene and benzene workplaces, and noise measurement in compressor operating areas for styrene monomer plant No.3, in addition, the jobs that require special physical examination are summarized as follows:

(1) Annual health check for plastic factory workers (dimethylformamide)

(2) Annual health check for personnel engaged in special hazards at petrochemical plants (benzene)

(3) Annual health checkups for personnel engaged in special hazards in the petrochemical/plastic/automotive/nylon business units (noise)

In the past years, disease arising from the work was not found on the health examination results of the personnel engaged in the special hazard operation of the Company.

PRODUCT SAFETY AND LABELING

The Company is increasingly required to properly manage and disclose information on substances contained in various products throughout the product life cycle in accordance with the requirements of the European ELV Directive, RoHS Directive, and REACH regulations, and we are evaluating all new and existing suppliers to avoid the transmission of environmentally controlled substances. Our products comply with government regulations for products and services. GPPC's plastic ABS products are tested annually by SGS for compliance with EU RoHS regulations and are free of the 10 environmental hazards.

1. The SDS must be attached to each customer's first shipment, clearly indicating information on banned substances, disposal methods, and conditions of use, and the SDS can be provided at any time upon request.

2. Conduct HSF quality satisfaction surveys on customers at any time. We communicate with our customers on our website, during visits to customers, or in public (e.g., seminars, product launches, etc.) to emphasize our management philosophy of sustainable products.

3. Currently, all of our products utilize the above-mentioned sustainable product descriptions, and no lawsuits have been filed in 2022 in which penalties were imposed for violations of product specifications, voluntary guidelines, or product labeling.

To ensure that our products reach our customers safely, we comply with the "Hazardous and Harmful Substances Labeling and Identification Regulations" of the Labor and Safety Bureau during the transportation of our chemicals, and perform 100% labeling according to the GHS (Global Harmonization System for Classification and Labeling of Chemicals).

SUPPLIER MANAGEMENT

GPPC's suppliers are 100% local manufacturers, such as SINOPEC/CPC/FPCC.

Key Supplier Management Implementations:

- "Code of Conduct for Partners" instills environmental protection and corporate social principles into our supplier management mechanism.
  The Code requires our partners to comply with local laws and regulations and protection of basic human rights, including not to force labor, adhere to legal working hours and wages, environmental safety and health, and welfare, etc.
- "New Supplier Evaluation Form" to assess compliance indicators during new supplier audit such as RoHS, ISO14001, ISO45001, freedom of association, prohibition of child labor.
- Ensure suppliers comply with the Principle of Impartiality from Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labor Organization.
- **Supplier ESG Code of Conduct:**

1. Protecting Labor Rights

Commit to establish appropriate grievance mechanisms, prohibit child labor, provide reasonable benefits, prohibit workplace bullying, avoid employment discrimination, protect freedom of association, and continuously improve employee functions.

2. Health and Safety

Suppliers are required to follow ISO 45001 occupational safety standards to control potential hazards in the workplace that employees are exposed to through proper design, engineering and management controls, preventive maintenance and safe operating procedures. When the source of the hazard cannot be fully controlled by the above methods, employees should be provided with appropriate personal protective equipment. Disciplinary action shall not be used as means to raise the safety awareness of employees.

3. Environmental Protection

GPPC's suppliers required to take responsibility for environmental protection. The manufacturing process should minimize the negative impact on the environment and natural resources while protecting the health and safety of the public.

4. Ethical Standards

GPPC's suppliers are held to the highest standards of integrity in their business dealings, and corruption, extortion and bribery of any kind are strictly prohibited and no improper benefits are offered.

Management Principles	Target	Achievement		Subsequent Management Objectives
		2021	2022	
New Supplier				
Implementation of ESG review by signing of "Grand Pacific Petrochemical Partner Code of Conduct"	100%	100%	100%	Include the CSR clause in the commitment
Completion of ESG evaluation through "Qualified Supplier Annual Evaluation Form	100%	100%	100%	Increase the proportion of on-site evaluation
Contractor/ Security Company				
Execution of Human Rights Review by signing the "Grand Pacific Petrochemical Partner Code of Conduct"	100%	70%	75%	The human rights clauses are set out in the contractual agreement

CONTRACTOR SAFETY MANAGEMENT

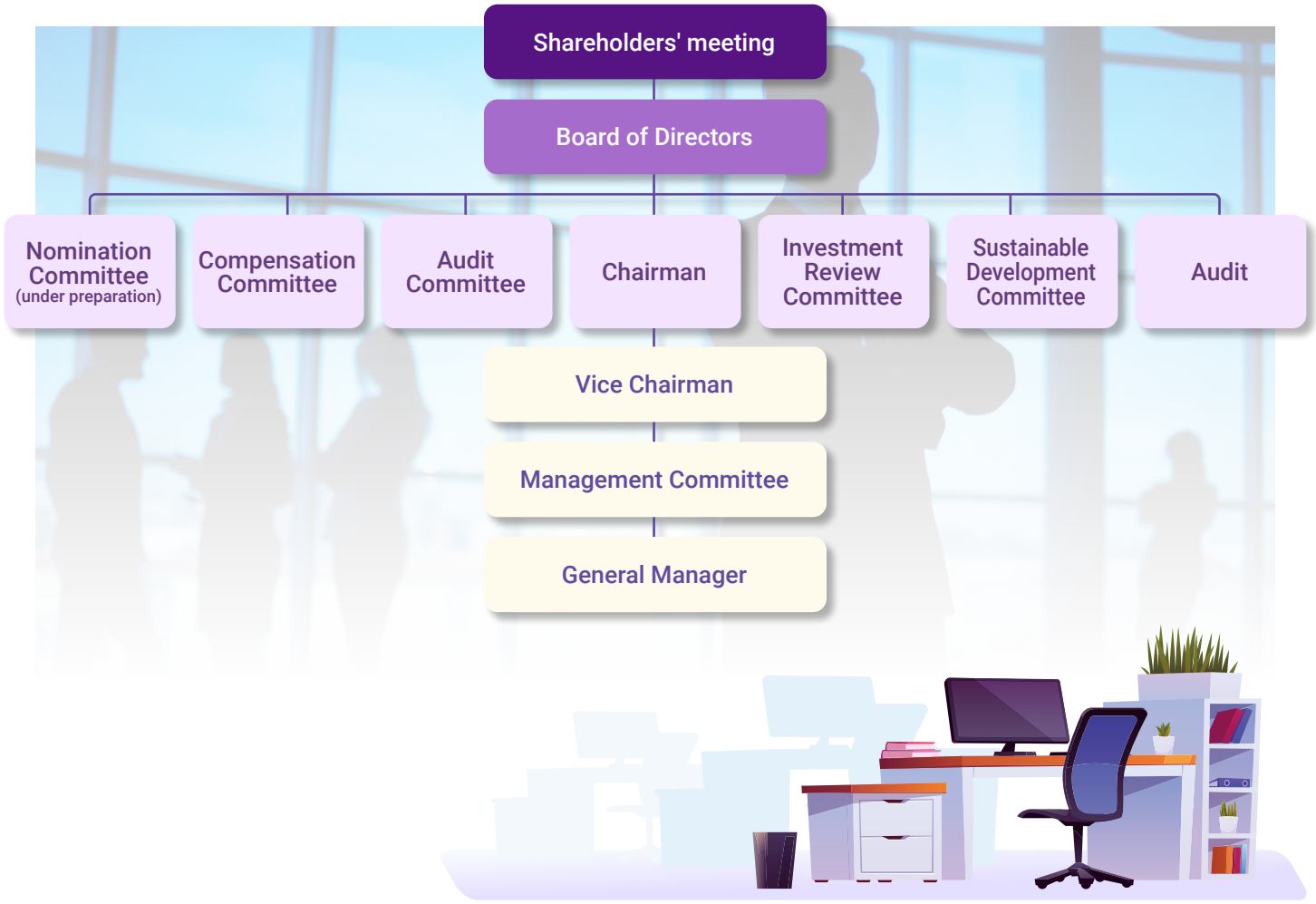
Contractors are often involved with high-risk work, therefore GPPC formulated the "Contractor Safety and Health Management Procedures" and the "Safety Work Permit Procedures", which strictly enforces the same standards of safety management for contractors as the employees.

Contractors entering the plant will undergo safety and health education and training and also sign the joint operation agreement to ensure that no additional waste and wastewater pollution will be caused in the plant.

Mutual meetings are regularly held to promote occupational safety and health of ALL persons. Unannounced random inspections are conducted at construction sites to reduce risk of unsafe behavior of the contractor's staff.

GOVERNANCE

Grand Pacific Petrochemical Organizational Chart



BOARD OF DIRECTORS

The Board is made up of 6 members including 2 independent directors. The previous term members duly completed their 3-year fiduciary service, ending on 2023/06/11. 6 meetings were held in 2022 with near full attendance, where 1 director attended 1 meeting by proxy.

The newly elected board members with term period from 2023/06/28-2026/06/27 were elected during AGM in June 2023.

- 33% independent director
- 17% female director

Chairman Pin Cheng Yang retired with effective date on 2023/08/11 and Teh Hsin Chiu was appointed as the new Chairman.

As of 2024/01/18 board of directors are:

Director	Name	Representative	Gender	Age
Chairman	Chung Kwan Investment Co., Ltd	Teh Hsin Chiu	F	51-60
Director	Jing Kwan Investment Co., Ltd	Pin Cheng Yang	M	61-70
Director	Hung Wan Investment Co., Ltd	Chen Ching Ting	M	51-60
Director	Chao Feng Investment Co., Ltd	Chen Ling Chang	M	51-60
Independent Director	Mu Hsien Chen		M	51-60
Independent Director	Chih Hung Hsieh		M	61-70

Note: Independent director Chun Fu Chang resigned on 2023/11/10, thus a third independent director will be elected according to regulations.

FUNCTIONAL COMMITTEES

6 Audit Committee meetings were held in 2022 with 100% attendance.

5 Compensation Committee meetings were held in 2022 with 100% attendance. Individual compensation figures for directors, independent directors and senior executives of GPPC are available in our annual report.

Tenure of office for functional committee members ended on June 11, 2023. Current members of the committee are as in table below:

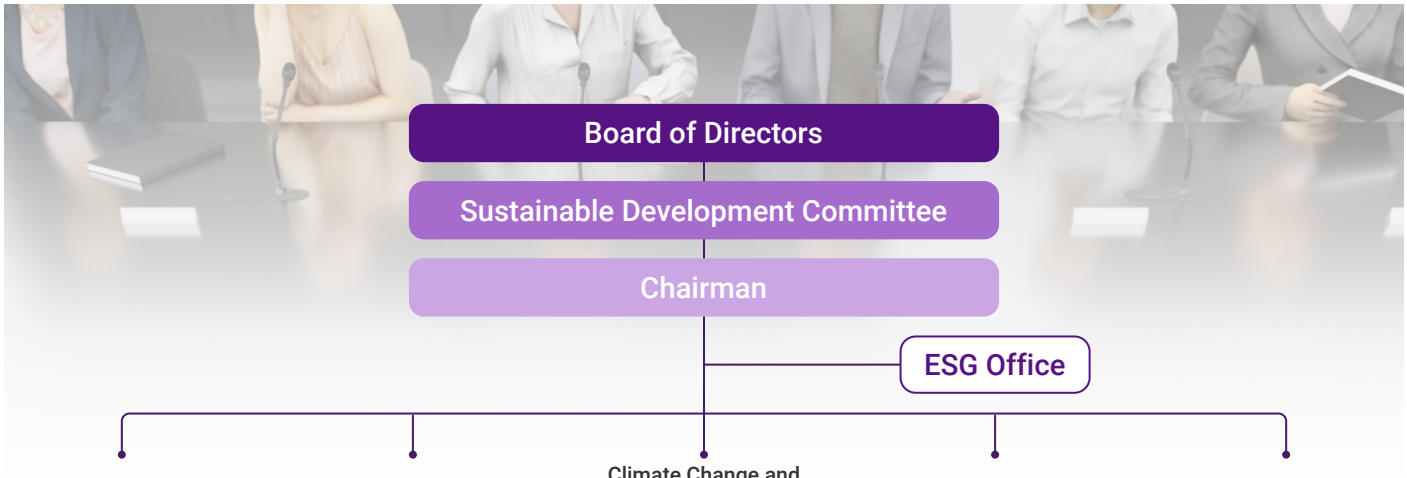
	Name	Audit Committee	Compensation Committee	Sustainable Development Committee
No. of Members		**2**	**2**	**4**
Independent Director	Mu Hsien Chen	Member	Member	Member
Independent Director	Chih Hung Hsieh	Member	Member	Member
Director	Pin Cheng Yang			Member
Director	Chen Ching Ting			Member

The Board passed the Nomination Committee Charter on November 11, 2022. The Nomination Committee will have a minimum of 3 members with over half of the members being independent directors.

Sustainable Development Committee

In the future, the Company plans to link the reward with the ESG performance; The Sustainable Development Committee will report the climate governing performance to the board of directors, and the boards will supervise, decide, and manage.

The Sustainable Development Committee Charter was passed by the board on May 11, 2023. The Sustainable Development Committee is led by 4 members including 2 independent directors and 2 directors. At least two meetings are held per year and reports made to the Board annually. 5 taskforce subcommittees are formed under the Committee for implementation.



Board of Directors

Sustainable Development Committee

Chairman

ESG Office

Sustainable Managing Committee	Employee Care Committee	Climate Change and Green Sustainability Management Committee	Partnership Management Committee	Community Development Committee
• Formulation and maintenance of ethical corporate management • Financial and accounting indicators • Legal affairs indicators	• Employee benefit • Employee training • Employee care	• Carbon/water footprint indicators • Safety & health indicators • Organization/ product aspects • Environmental protection, energy efficiency and carbon reduction	• Client communication • Suppliers' communication • Shareholders and media communication	• Social welfare

ETHICAL MANAGEMENT

Our ethical management and fair business practices are grounded upon sound ethical management and preventative measures for high risk, dishonest behavior. Ethical Corporate Management Best Practice Principles provides policy to:

- Prohibit bribery and acceptance of bribes
- Prohibit illegal political contributions
- Prohibit inappropriate charitable donations or sponsorships
- Prohibit unreasonable gifts, services, entertainment or other improper advantages
- Avoid unfair competition
- Fulfill tax obligations

WHISTLEBLOWING

Internal policy with regards to the reporting of illegal, unethical and dishonest conduct was established in 2019. The Company will maintain the confidentiality and protection of the complainant, the investigators, and the case details to prevent unfair treatment or retaliation. Where the complainant is an employee, the Company guarantees the employee will not be improperly treated due to reporting of misconduct.

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