

CH2 Operational Governance

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Performance Highlights

"Platinum Award - Traditional Manufacturing Industries" of Corporate Sustainability Report

Awards at the 16th Taiwan Corporate Sustainability Awards (TCSA)

"Taiwan Top 100 Sustainable Enterprises Award" of comprehensive performance categories at the

16th Taiwan Corporate Sustainability Awards (TCSA)

Ranked **top 6~20%** at the 10th Corporate Governance Evaluation

Revenues: NT\$**6.717** billion

Net income after tax: NT\$**116** million

Total output: **132,241** MT

Material Topics

Economic Performance

SDGs Correspondence



2.1 Corporate Governance

Governance Structure GRI 2-9



Note: In terms of organizational framework, the Procurement & Logistics Division, Group Accounting Division, Group Finance Division, Group Information Systems Division, Group Human Resources Division, and other common departments belong to USIG, and each department has responsible staff to take charge of APC's business.

Board of Directors operation GRI 2-9, 2-10, 2-11

We adopt the candidate nomination system for the directorial (including independent directors) election. The Board along with shareholders holding over one percent of the total issued shares may propose the candidates to add to the List of Candidates for Directors and Independent Directors. After candidate qualification by the Board, the proposal is presented at the meetings of shareholders for shareholders to vote on from the List of Candidates for Directors and Independent Directors. The current board of directors was elected in 2022 and is composed of nine directors with rich experience in their respective professional fields. Among them, four positions are assigned to independent directors, who make up 44% of the Board.

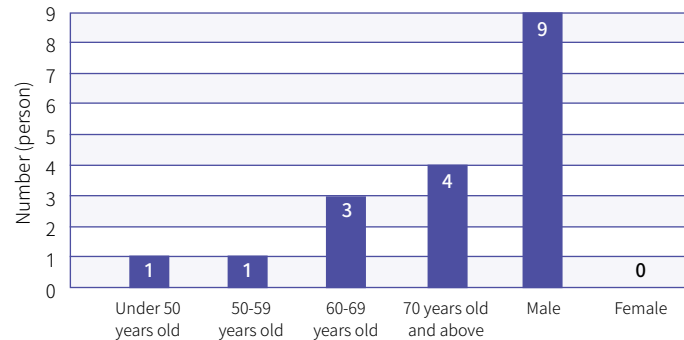
The directors of the Company serve a term of three years and may be reelected for consecutive terms. Please refer to the table below for information about the Board of Directors members.

Current term	May 27, 2022 - May 26, 2025
Member	Directors: Quintin Wu (chairman), Kuo-Hung Li, Pei-Chi Wu (president), Hung-Chu Wu, I-Hsiao Ko Independent directors: Frank Chen, Shang-Hung Shen, Tung-Chein Cheng, Chien-Ping Chen
Gender of members	Male: 9, Female: 0
Age of members	Under 50 years old: 1, 50-59 years old:1, 60-69 years old:3, 70 years old and older: 4

A total of four board meetings were held in 2023 by the Company, with a personal attendance rate (including independent directors) of 91.67% (100% including attendance by proxies). For more operational information of the Board led by the chairman. Please refer to the APC Annual Report 2023 [p.27 of the Annual Report](#) and APC corporate website [Board of Directors Information](#).

The chairman convenes and chairs at least one board meeting each quarter (please refer to [the Rules of Procedure of Meetings of Board of Directors](#)). Under the Board there are functional meetings including the Remuneration Committee, Audit Committee, and ESG Committee. Each committee holds committee meetings to report, discuss, and resolve proposals before referring them to the Board for reporting, discussion, and resolution.

Age and Gender Distributions of Board Members



Process of proposal submission to the Board of Directors GRI 2-12, 2-16

The business responsible unit submits proposals to the functional committee(s) for discussion. After making the resolution, the functional committee(s) forward the proposals to the Board of Directors for discussion and resolution. After the meeting, functional committees and the Secretary Office of the Board produce the meeting minutes containing the resolution results. The process for submitting board meeting proposals is as follows:

1 Responsible Units Proposal Submission

2 Functional Committees Meetings shall be convened according to the relevant scope of authority, where agenda proposals are reported, discussed, and resolved, with the resolution results in meeting minutes.

3 Board Submission Proposals are reported, discussed, and resolved, with the resolution results in meeting minutes.

For the process of proposal submission to the Board of Directors, responsible unit, and important Board resolutions of 2023, please refer to the table below.

Important Board Resolutions of 2023. (Please visit the [Significant Board Resolution](#) section of the Company's website or refer to [pp.113-115 of the APC Annual Report](#)) Additionally, we have established the "Secretary Office of Board of Directors" to plan and prepare matters relating to the Board meeting so as to enhance the efficiency of board meeting and help implement Board resolutions.

Performance of the board member diversity policy

I. Performance of the board diversity policy GRI 2-10

In accordance with Article 20 of "Corporate Governance Best Practice Principles", diversity should be considered for the Board of Directors composition, and board members should be equipped with the knowledge, skills, and competencies required by their duties.

To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- | | |
|--|---------------------------------------|
| 1 Ability to make operational judgments | 5 Knowledge of the industry |
| 2 Ability to perform accounting and financial analysis | 6 An international market perspective |
| 3 Ability to conduct administration management | 7 Leadership ability |
| 4 Ability to conduct crisis management | 8 Ability to decision-making |

In addition to the above eight professional abilities required for carrying out their duties, and in response to the increasing global concerns about topics relating to corporate governance and environmental protection, three directors are also "legal" and "environmental" specialists. All current members have the knowledge, skills, and qualities required for their duties, and they each have expertise in finance accounting, International market, legal, environmental, and more.

II. Targets for management of board diversity GRI 2-17

To recruit external excellent talent into the Board of Directors to achieve the Board diversity, the number of seats for Independent Directors was added from original 3 to 4, and elected on May 27, 2022. Mr. Chien-Ping Chen is a newly appointed Independent Director, with a master's degree in Business Administration from the University of California, USA. He has previously served as the Chairman of Ta Chong Commercial Bank and extensive experience in the financial industry. He specializes in financial risk control, which would contribute to the improvement of the deliberation quality of finance-related proposals by the Board of Directors and thus accomplishing the aim of the board diversity policy. In the future, a director with professional experience in sustainability development will be the next goal for the board diversity. Such experience could assist the Company achieve carbon reduction goals and implement green power policies. A director specializing in operational risk control is another goal to enhance the Company's sustainable competitiveness. With such an establishment, the Board functionalities will be more complete. (Performance of the board member diversity policy: [Pages 43~46 of the APC 2023 Annual Report](#) and the Company's official website).

III. Performance of the board member diversity policy: GRI 2-17

Name of Director	Gender	Diversification Items									
		Operation judgments	Accounting finance	Management administration	Crisis management	Industry background knowledge	International market	Ability to lead	Ability to make policy decisions	Law	Eco-friendly
Quintin Wu	Male	✓	✓	✓	✓	✓	✓	✓	✓		
Kuo-Hung Li	Male	✓	✓	✓	✓	✓	✓	✓	✓		✓
Pei-Chi Wu	Male	✓		✓	✓	✓	✓	✓	✓		
Hung-Chu Wu	Male	✓		✓	✓			✓	✓		
I-Hsiao Ko	Male	✓		✓	✓	✓	✓	✓	✓		
Ta-Hsiung Chen	Male	✓	✓	✓	✓		✓	✓	✓	✓	
Shang-Hung Shen	Male	✓	✓	✓	✓		✓	✓	✓		✓
Tun-Chien Cheng	Male	✓	✓	✓	✓		✓	✓	✓		
Chien-Ping Chen	Male	✓	✓	✓	✓			✓	✓		

Note1: Currently, 22% of directors at APC are also employees, and 44% of them are independent directors.

Note2: All four independent directors have not served more than three consecutive terms.

Enhancement of director's professional competence GRI 2-17

To improve the professional competence of directors, the Company regularly provides information of related continuing education courses for directors and plans a total of 6 hours of internal continuing education courses. In 2023 we arranged 72 hours of external continuing education courses for all directors and independent directors. All directors completed the training hours as stipulated for the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.” Please refer to [Page 31~33 of the APC 2023 Annual Report](#) for more information regarding the continuing education courses and their lengths.

Avoidance of conflicts of interest of the Board of Directors GRI 2-11, 2-15

The Board of Directors has established comprehensive regulations for avoiding conflicts of interest, adopted measures of avoidance in procedures, and recorded the process in the minutes of meetings, as described below:

① In order to strengthen Corporate Governance, the Board of Directors has established a comprehensive system to avoid Conflicts of Interest among directors to safeguard the rights and interests of investors. (Please refer to [Procedure for the Board of Directors Meetings Regulations](#), [the Code of Ethical Conduct for Directors and Managerial Officers](#), [Ethical Corporate Management Best Practice Principles](#), and [Procedures for Ethical Management and Guidelines for Conduct](#)).

② Measures for avoidance of conflicts of interest: When discussing a proposal constituting a conflict of interest for one or more directors during the meeting, the chairman shall remind such directors to recuse themselves from the discussion. If there is a conflict of interest for the chairman, the chairman shall recuse and assign a director having no conflict of interest with the proposal to act as the chairman.

③ In accordance with the Rules of Procedure for the Board of Directors Meetings Regulations, the Board Secretary Office has detailed the reasons for avoidance and the implementation status in the board meeting minutes related to proposals that involve a conflict of interest with the directors.

④ The board of directors' execution of avoidance for conflicts of interest proposals in 2023 complied with the law (please refer to the operation of the board of directors in page 29 of the APC 2023 Annual Report).

⑤ For the responses to the conflicts of interest between Board of Directors members and stakeholders, please refer to the "Member Information of the Board of Directors", "Shareholders Among the Top Ten in Shareholding Ratio", and "Related Party Transactions" in the 2023 financial statements.

APC Board of Directors' performance in avoidance of conflicts of interest in proposals in 2023 is as follows:

Name of Director	Motion Content	Reasons for Avoidance due to Conflicts of Interest	Participation in Voting	Note
Quintin Wu Pei-Chi Wu Han-Tai Liu	Donation to the "USI Education Foundation".	Directors recusing themselves from the proposal were also the directors of the Foundation.	Abstained from voting	The 1st meeting in 2023 March 3, 2023
Shang-Hung Shen Ta-Hsiung Chen Tun-Chien Cheng	Proposal of abolition on directors of non-compete restriction	Directors recusing themselves from the proposal were also the directors with non-compete restrictions.	Abstained from voting	The 1st meeting in 2023 March 3, 2023
Pei-Chi Wu	Non-compete behavior of managers.	A conflict of interest with directors.	Abstained from voting	The 4th meeting in 2023 November 3, 2023

The Board of Directors Performance Evaluation Implementation Status GRI 2-18

Set assessment methods and approaches for the performance of the Board of

Directors, execute regular self-assessment of the performance of the Board as a whole, individual directors, and Functional Committees every year. The Board Secretary Office is responsible for conducting these assessments through self-evaluation, using the assessment results as a reference for the company's review and improvement.

The overall internal performance assessment results for the Board of Directors, individual directors, and Functional Committees in 2023 are as follows:

(1) Overall board performance

Aspect of Evaluation	Score (Note)	Results of evaluation and supplementary notes
Participation in the Company's operations	4.67	The results of the overall Board performance evaluation show that the average score of the five major aspects is 4.6, which means "good".
Improvement of the decision quality of the board of directors	5	
Composition and structure of the board of directors	5	
Selection and continuing education of directors	5	
Internal control	5	
Note: Score range: 0-5, 5 is the highest.		

(2) Individual Director Performance

Aspect of Evaluation	Score (Note)	Results of evaluation and supplementary notes
Corporate targets and mission control	4.88	The results of director self-assessment show that the average score of all six major aspects is over 4.7, which means the overall assessment result is good.
Duty awareness of directors	5	
Participation in the Company's operations	4.84	
Internal relationship development and communication	4.88	
Expertise and continuing education of directors	4.79	
Internal control	4.83	
Note: Score range: 0-5, 5 is the highest.		

(1) Performance assessment of the Audit Committee

Aspect of Evaluation	Score (Note)	Results of evaluation
Participation in the Company's operations	4.75	The results of Audit Committee self-assessment show that the average score of all five major aspects is over 4.7, which means the overall assessment result is good.
Duty awareness of the Audit Committee	4.75	
Improvement of the decision making quality of the Audit Committee	4.92	
Composition and member selection of the Audit Committee	5	
Internal control	4.88	
Note: Score range: 0-5, 5 is the highest.		

(2) Performance assessment of the Remuneration Committee

Aspect of Evaluation	Score (Note)	Results of evaluation
Participation in the Company's operations	4.84	The results of Remuneration Committee self-assessment show that the average score of all four major aspects is over 4.6, which means the overall assessment result is good.
Duty awareness of the Remuneration Committee	4.67	
Improvement of the decision making quality of the Remuneration Committee	4.89	
Composition and member selection of the Remuneration Committee	5	
Note: Score range: 0-5, 5 is the highest.		

(3) Performance assessment of the ESG Committee

Aspect of Evaluation	Score (Note)	Results of evaluation
Participation in the Company's operations	5	The results of ESG Committee self-assessment show that the average score of all four major aspects is over 4.9, which means the overall assessment result is good.
Duty awareness of the Remuneration Committee	4.92	
Improvement of the decision-making quality of the Remuneration Committee	5	
Composition and member selection of the Remuneration Committee	5	
Note: Score range: 0-5, 5 is the highest.		

Remarks: 1. Score range: 0-5, 5 is the highest. The performance evaluation for the period from January 1, 2023 to December 31, 2023.

2. The performance evaluation results of the overall Board of Directors, individual director members, and Functional Committees were reported to the Board of Directors in the first quarter of 2024.

Recommendation and implementation:

In view of the increasing global attention to Environmental, Social, Governance (ESG) issues, the Company has actively implemented various measures in accordance with the Corporate Governance 3.0 Sustainable Development Roadmap issued by the regulatory authorities. The measures have been brought to the ESG Committee and Board of Directors, where directors are thoroughly briefed. The directors often provide invaluable advice during the meetings. Apart from continuously enhancing corporate governance, we have also planned carbon reduction targets and development strategies for green power to meet the international standards so as to achieve the ultimate goal of corporate sustainable development.

Chief corporate governance officer (CCGO)

To protect the rights and interests of shareholders and improve the competence of the board of directors, the Board made a resolution on May 9, 2019 to assign Director of Legal Division, Yung-Chih Chen to be the Chief Corporate Governance Officer (CCGO) as the top officer of the Company's corporate governance. Director Yung-Chih Chen has over 20 years of experience as a practicing attorney and nearly 10 years of experience as the head of legal affairs in listed companies. His main responsibilities include handling affairs related to the meetings of the Board of Directors and shareholders according to the law, preparing minutes for the meetings of the Board of Directors and shareholders, assisting directors in taking office and continuing education, providing information needed by directors in conducting business, assisting directors in complying with laws and regulations, reporting to the Board of Directors on the results of reviewing whether the qualifications of Independent Directors are in compliance with relevant laws and regulations during their nomination, appointment, and tenure, and handling affairs related to changes in directors. In 2023, Director Yung-Chih Chen was the CCGO of the Company and received 49 hours of continuing education. Please refer to [page 32 of the APC 2023 Annual Report](#) for more information.

Functional Committees GRI 2-9, 2-13

Asia Polymer Corporation has established three functional committees under its Board of Directors: the Audit Committee, the Remuneration Committee, and the ESG Committee. These committees are responsible for developing and reviewing policies related to their respective responsibilities, thereby enhancing corporate governance.

Title	Name	Audit Committee	Remuneration Committee	ESG Committee
Chairman	Quintin Wu	---	---	Committee Member
President	Pei-Chi Wu	---	---	Deputy Chief
Independent Director	Ta-Hsiung Chen	Committee Member	Convener	---
Independent Director	Shang-Hung Shen	Convener	Committee Member	---
Independent Director	Tun-Chien Cheng	Committee Member	Committee Member	Committee Chief
Independent Director	Chien-Ping Chen	Committee Member	---	Committee Member

Audit Committee GRI 2-19, 2-20

The term of the current committee commenced on May 27, 2022 and will end on May 26, 2025. All four seats of the committee are taken by all independent directors of the Company.

A total of 4 committee meetings were held in 2023, with a 94% personal attendance rate (100% including attendance by proxies). Please refer to pp. 34~39 of the [APC 2023 Annual Report](#) for more information regarding Audit Committee operation.

Remuneration Committee

① The term of the current committee commenced on June 2, 2022 and will end on May 26, 2025. All three seats of the committee are taken by the independent directors of the Company.

② The Remuneration Committee holds committee meetings at least twice each year. Three committee meetings were held in 2023, with a 100% personal attendance rate of members. Please visit the Remuneration Committee section on the Company's website [Remuneration Committee](#) or refer to pp. 61~62 of the [APC 2023 Annual Report](#) or [Market Observation Post System \(MOPS\)](#) for more information regarding the committee operation.

③ The Committee periodically reviews the (1) salary and remuneration policy, system, standard, and structure, and (2) performance evaluation of directors and managers. The Remuneration Committee also determines and assesses the salary and remuneration of directors and managers with references to factors such as the median earnings in the industry, individual's duration of engagement, responsibilities, achievement of personal goals, salary and remuneration for equivalent positions, accomplishment of the Company's short-term and long-term business goals, and the Company's financial condition, then submit the results to the Board of Directors for approval. Remuneration of directors and senior managers, [please refer to pp. 20~24 of the 2023 Annual Report](#).

- **Salary and remuneration:** The remuneration for directors covers remuneration, director profit sharing, and income for professional practice; and the compensation for managers includes the monthly salary, fixed-amount bonuses, year-end bonus, employee profit sharing, annual special bonus, and pension contribution and benefit payments by law. The profit sharing for directors and employees are subject to Article 18 of the articles of incorporation.
- The total compensation ratio and ratio of the percentage change in total compensation in 2023 were 4.31:1 and 64.17% respectively. GRI 2-21
- **Performance evaluation:** The performance evaluation of directors covers the alignment with the corporate goals and missions, awareness of the directorial responsibility, development and communication of internal relationships, expertise and continuing professional development, and internal controls; The performance evaluation of managers cover the finance aspect (operating revenue, operating profits, and net income before tax), customers aspect (customer satisfaction, service quality, and others), products aspect (branding, quality innovation, and others), talents aspect (talents development, potential development, and others), safety aspect (zero pollution, zero emissions, zero occupational hazards, zero accidents, zero breakdown, and others), and program aspect (digital transformation, energy saving and carbon reduction, circular economy, net zero emissions, and others). The weight of indicators related to sustainability should be at least 5%. The performance indicators in 2023 and sustainability-related aspects for the President, include 20% for safety (comprise the five-zero goals and process safety management), 10% for carbon reduction achievement rate, and 10% for talent development programs.

1. Total compensation ratio: The ratio of the total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual).
2. Ratio of the percentage change in total compensation: The ratio of the percentage change in the total compensation for the organization's highest-paid individual to the median percentage increase in the total compensation for all employees (excluding the highest-paid individual).

ESG Committee GRI 2-13, 2-14

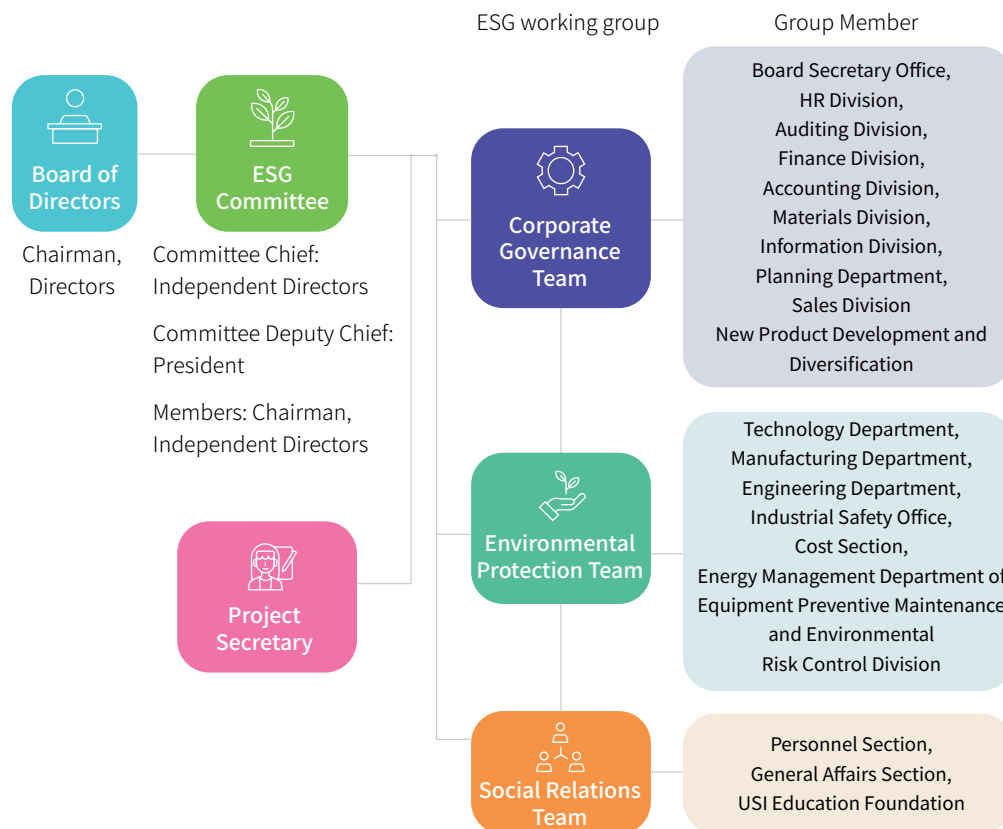
The term of the current committee commenced on June 2, 2022 and will end on May 26, 2025. The Committee members include the Chairman, President, Independent Director Tun-Chien Cheng and Chien-Ping Chen. The committee consists of a total of four members.

The three working groups of the Committee include corporate governance, environmental protection, and social relations.

The ESG Committee holds meetings at least twice each year. Two committee meetings were held in 2023, with a 100% personal attendance rate of members. The meeting results were reported to the Board of Directors.

Please refer to pp. 86~88 of the APC 2023 Annual Report or the [ESG Committee](#) section of the Company's website for more information regarding committee operation.

The organizational structure, composition, and responsibilities of the ESG Committee are illustrated below:



Committee Responsibility

Committee Responsibility

- ✓ Discussion and establishment of the ESG policy
- ✓ Discussion and establishment of ESG strategy planning, annual plans, and project plans
- ✓ Supervision of the implementation of ESG strategy planning, annual plans and project plans, and assessment of their performance
- ✓ Review of the ESG report
- ✓ Report the annual sustainable development performance results to the Board of Directors yearly
- ✓ Other assignments instructed by the Board

Project Secretary and Working Team Responsibilities

Project Secretary

- ✓ Plan ESG policies and set ESG targets
- ✓ Follow up on the progress of action plans and improvement performance

Corporate Governance Team

- ✓ Data collection on economic topics such as corporate governance, supply chain management
- ✓ Propose topics concerning sustainable development for discussion and review by the ESG Committee
- ✓ Compile corporate governance and economic data for the ESG report


Environmental Protection Team

- ✓ Integrate data related topics such as environmental protection, energy saving and carbon emissions, and green products
- ✓ Propose topics concerning environmental protection for the discussion and review by the ESG Committee
- ✓ Compile data relating to environmental protection in the ESG report

Social Relations Team

- ✓ Collect and integrate topics that concern the employees, community residents, and general social groups
- ✓ Propose topics concerning labor-management relations and society for the discussion and review by the ESG Committee
- ✓ Compile data relating to labor-management relations, employee welfare, charitable activities, and community engagement in the ESG report

ESG Committee Annual Tasks and Next-Year Annual Plan GRI 2-16

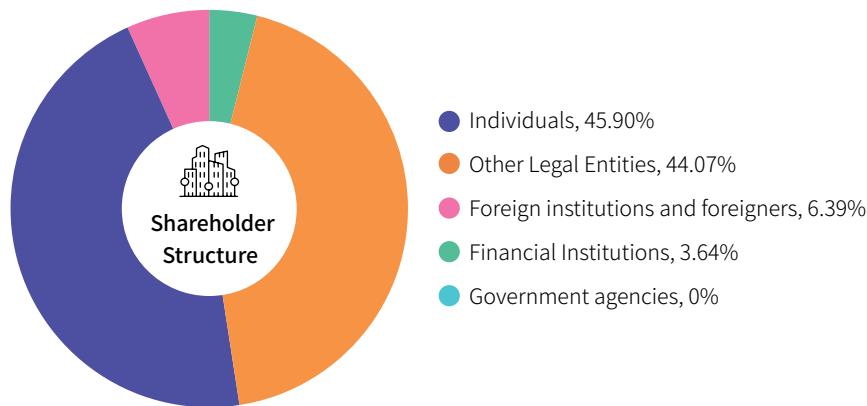
Highlights of Sustainable Development Performance Reported to the Board of Directors in 2023	2024 ESG Work Plan
<ul style="list-style-type: none"> ✓ The greenhouse gas inventory and assurance progress have been completed for individual companies (Lin Yuan Plant, Taipei Headquarters). ✓ Greenhouse gas emissions have decreased by 7.7% compared to the baseline year (2017), achieving a yearly rate of 102%. ✓ Results of the Energy saving and carbon reduction Program: Electricity saved: 516,000 kWh, Steam saved: 2,736 MT, Carbon reduced: 840 MT of CO₂e. Results of water conservation: Water usage per unit product is 3.70 M³/MT, a 2.9% decrease compared to the previous year. ✓ Implement the goals of "Zero Accident" in OHS, the total cumulative of zero lost-time due to disabling injury have reached 5.81 million working hours, and the record is continuously being maintained. ✓ Donated NT\$5 million to the USI Education Foundation to support in caring for the disadvantaged, rural education, community development, and promote domestic cultural development. ✓ Sustainability Activities and Awards: <ol style="list-style-type: none"> 1. Participated in the 16th Taiwan Corporate Sustainability Awards (TCSA) Won the "Platinum Award" of Corporate Sustainability Report Awards in traditional manufacturing industries; honored with the "Taiwan Top 100 Sustainable Enterprises Award" for comprehensive performance. 2. Ranked the top 6~20% among all listed companies at the 10th Corporate Governance Evaluation. 3. Awarded AA rating in ESG evaluation by Cathay Securities. 4. Received the "Top 10% of Occupational Health and Safety Indicators in Corporate Sustainability Reports" proactive evaluation from the Occupational Safety and Health Administration. 5. Organized an afforestation event on May 20th, collaborated with the Experimental Forest of the College of Bio-Resources and Agriculture at National Taiwan University on afforestation projects, participated in the ESG Sustainable Market, and sold agricultural products. 	<ol style="list-style-type: none"> 1. Complete GHG inventories for the subsidiaries in the consolidated statements 2. In accordance with the group's carbon reduction goals, plan the carbon reduction roadmap and review it annually. 3. Promote energy-saving and carbon reduction program; implement water resources management. 4. Implement the goals of "Zero Accident" in OHS 5. Implement Social Engagement 6. Participate in Sustainable Development related activities and various sustainability assessments <div data-bbox="1518 1010 1998 1362" data-label="Image">  </div>

Shareholder rights and Information transparency

The stock transfer for the 2024 Shareholders' Annual General Meeting will be closed by April 1, 2024., the main shareholder structure of APC is dominated by individual and other legal entities. For the names of shareholders holding over 5% shares or the top ten shareholders, please refer to pp.121 of the APC 2023 Annual Report..

APC is committed to providing shareholders with transparent and real-time corporate information. Every year, we organize investor conferences and shareholders meetings regularly, publish annual reports and ESG reports, and list operating performance, financial statements, and significant news on the "Market Observation Post System" of Taiwan Stock Exchange. We also set up the "Investor Services" webpage in both Chinese and English, where disclose the Company's governance status, business announcements, financial statements, investor conferences, and updates on group dynamics. Moreover, we continuously collect shareholder opinions to provide feedback to the management team for decision-making reference.

We value the rights and interests of foreign investors and the trend of enterprise internationalization. Therefore, since 2018, we began to enhance information disclosures in English in the annual report and on the MOPS and the Company website. By actively establishing various unfettered two-way communication channels with shareholders, we maintain the rights and interests of shareholders in real action.



IP Rights Management

APC established the Intellectual Property Rights Management Plan on 12 August 2020 to oversee the trade secrets relating to production operations and intellectual property from the outcomes and copyrights of R&D process to enhance the Company's competitive advantage. The performance in IP rights management is reported to the Board of Directors at least once a year. The "IP Management Practices and Implementation Status" was reported to the 4th Board of Directors meeting on November 3, 2023 to implement the company's Intellectual Property Rights management policy.

Patent management

1 Innovation patent and invention application platform

We have established an "Innovation Patents and Inventions Application Platform" to keep a full record of and store the innovative ideas and experiment outcomes during R&D process. R&D outcomes are submitted to the relevant officers for review before forwarding to the chief R&D officer to determine the need for patent application.

Performance in 2023: 0 patent application.

2 Trademark Management

In case of disputes regarding the rights of the Company's existing registered trademarks, it signifies that either the Company's trademark rights have been unlawfully infringed upon or have faced objections, assessments, or annulments raised by others. As this could significantly impact the Company's sales and eventually its revenues, it is necessary not only to reassess the adequacy of the current trademark application management but also to devise corresponding countermeasures for trademark maintenance and disputes as they arise.

Current acquired trademarks: 2 in Taiwan and 4 in Mainland China.

There was no trademark dispute at APC in 2023.

2.2 Economic Performance

Material topics: Economic performance corresponding with sustainability principle: Innovative Technology GRI 2-25, 3-3

Management Approach and Components	Impact Management	Targets Execution and Performance of Management Approach	Evaluation of Management Approach
Significance to APC	Positive/Negative Impacts	2022 Performance	Effectiveness Assessment
Steady growth in financial performance is the foundation of corporate sustainable development. The Company's business performance affects the expectation of investors, employee welfare.	Positive actual impact - Steady growth in Financial performance	<ul style="list-style-type: none"> Earnings per share after tax NT\$2.43 Return on Equity (ROE) 9.75% Annual total sales 130,414 MT 	<ul style="list-style-type: none"> Company Financial Statements and Annual Report ESG Reports Corporate Governance Evaluation
Management Practice and Objectives	Processes to remediate and prevent negative impacts	2023 Performance	Grievance Mechanism
Enhance product competitiveness and business performance through continual product R&D and innovation and market expansion to maintain continual corporate growth and sustainable development.	—	<ul style="list-style-type: none"> Earnings per share after tax NT0.2 Return on Equity (ROE) 0.84% Annual total sales 130,335 MT Gulei Integrated Refinery Project has been completed and fully operational in May 2023 	<ul style="list-style-type: none"> "Investor Service" mailbox on the corporate website Investor conferences Shareholders' Meeting
Strategy		Short-Term (< 3 years) Goals	Adjust the management approach
<ul style="list-style-type: none"> Product R&D and innovation Strengthen market expansion Increase brand awareness or brand value 		<ul style="list-style-type: none"> The Ethylene Underground Pipelines construction of the second phase of Kaohsiung Intercontinental port area is ongoing, with a projected completion in the fourth quarter of 2024. 	<ul style="list-style-type: none"> Review through related meetings including executive meetings, production meetings, and development quality meetings to adjust the direction of market development in a timely manner.
		Medium- Long-Term (≥ 3 years) Goals Planning	
		<ul style="list-style-type: none"> Integrate the products and production lines of USI, APC, and Gulei to enhance market influence. 	

Financial Performance GRI 201-1

The consolidated operational performance this year, in terms of business, due to the initial low prices in the EVA market at the beginning of the year and increased demand during the traditional peak season, downstream plants actively stocked up, leading to enhanced market confidence and a rise in EVA prices. At the end of the first quarter, due to the off-season demand in Mainland China's traditional foam, cable, and coating industries' order follow-ups were sluggish. The prices in the photovoltaic industry chain fell, prompting EVA photovoltaic film manufacturers to adopt a bearish stance and show little enthusiasm in purchasing, resulting in a drop in prices. In addition, the added capacity of the Gulei EVA Project began mass production in the middle of the year, exacerbating the market downturn. In H2, although there was a brief rise in EVA prices due to the improvement in demand for photovoltaics and cables. However, due to an increase in inventory of photovoltaic

manufacturers and weaker demand for modules combined with other applications that did not show an improvement, the price softened until the end of the year. The annual LDPE / EVA sales reduced by 1% over the last year, and the average selling price dropped 31%. In terms of production, the prices of ethylene and VAM raw materials dropped with the weakening of petrochemical derivatives. The total production of LDPE/EVA for the year was approximately 132,000 MT, an increase of 2% from the previous year. Besides, we continued to improve the process for the development of hot melt adhesive products and gradually promoted them to the application market. In addition, we replaced old equipment to enhance production efficiency and optimized some system sensing for future energy consumption and production process parameter monitoring and simulation analysis. Summarizing the operating results for the year, the decrease in sales price of products has not been able to maintain the same pace as the surging materials costs, resulting in a narrowed margin.

Consolidated Financial Information in the Past 4 Years

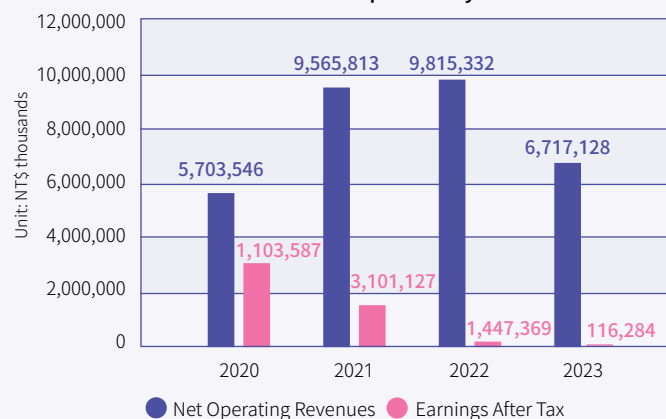
Unit: thousand dollars

Item	Basic Element	2020	2021	2022	2023
Direct economic value	Income (including net sales, financial investment income, and asset sales income)	5,878,383	9,838,486	10,191,795	6,915,808
Distributed economic value	Operating costs	4,411,844	5,834,461	6,468,607	5,418,126
	Employee wages and benefits	361,699	401,024	389,657	365,135
	Payment to investors	857,480	1,803,975	722,804	276,297
	Payment to the government (including income tax, fines, land value tax, and property tax)	196,503	668,221	656,892	229,908
	Investments in community	4,875	6,873	7,898	8,247
Economic value retained		45,982	1,123,932	1,945,937	618,095

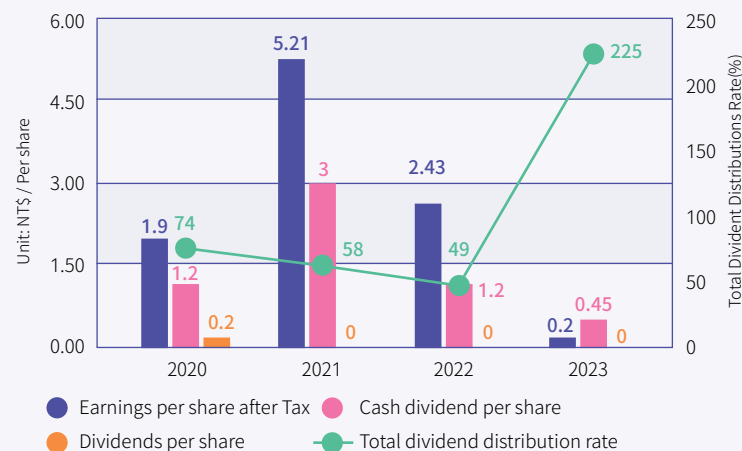
Distribution of profit

In 2023, the operating revenues were NT\$6,717,128 thousand, income tax (excluding estimates) was NT\$661,081 thousand, accounting for 9.84% of the operating revenues, and the distributable earnings were NT\$3.76 billion. The cash dividend was approved as NT\$0.45 per share. The charts below show the operating revenues and dividend distribution of Asia Polymer Corporation over the past four years:

Operating revenues and earnings after tax for the past four years



Dividend distributions for the past four years



[Financial statements over the years](#)



[Dividend distribution over the years](#)

Major investments

① Gulei Project

Investment Purpose

Many changes have emerged in the global petrochemical industry in recent years, included the rise of the petrochemical industry in emerging regions and shale oil mining in North America, which have brought not only huge impacts to the energy structure and petrochemical material supply but also significant changes to development of the petrochemical industry across the Taiwan Strait.

To get prepared for future trends and challenges, petrochemical companies of Taiwan and Mainland China co-established the Gulei Integrated Refinery Project to achieve the vertical integration of the mid- and down-stream products.

Investment Item

The project engages in the production and sales of the following petrochemical products.

1. Ethylene, Propylene, Butadiene
2. Ethylene Vinyl Acetate Copolymer (EVA)
3. Ethylene Oxide (EO)
4. Ethylene Glycol (EG)

Investment Amount and Benefits

- After the approval of the relevant competent authorities, re-investment in the Gulei Port Economic Development Zone Project in Zhangzhou, Fujian Province, mainland China, was made through a third region with a maximum amount of NT\$6 billion.
- In the future, the project will stabilize upstream material supplies, vertically integrate steam cracking, petrochemical intermediate materials, and plastic products, reduce transportation costs, and enhance competitive niche to facilitate deployment in the Greater China market and sales competition in the international market.

Progress of Investment Items

- The steam cracker is the core processing unit, and hot commissioning was completed smoothly in August 2021
- The first shipment of ethylene monomers from Gulei Petrochemical was already sold to Taiwan in November 2021
- Fujian Gulei Petrochemical Co., Ltd. started commercial operations in December 2021
- The intermediate delivery of EVA plant was completed in October 2022*
- Gulei Integrated Refinery Project has been completed and fully operational in May 2023

Note: Intermediate delivery refers to the delivery of a construction project in the middle of the construction period. It suggests that the contractor has completed the construction of all processing routes, including running the pressure and utilities test, while the remaining projects will not affect the trial run.

Project Milestones

- May 2023** Smooth hot commissioning of EVA plant
- Oct 2022** Intermediate delivery of EVA plant
- Dec 2021** Fujian Gulei Petrochemical Co., Ltd. started commercial operations
- Aug 2021** Smooth hot commissioning of steam crackers, SM, EO/EG
- Mar 2021** PP hot commissioning succeeded
- Sep 2020** Intermediate delivery of the PP processing units
- Jun 2019** Project construction started
- May 2019** Approval of the land for project planning by the Gulei Committee
- Aug 2018** Official approval was granted to the Gulei Integrated Refinery Project in Zhangzhou, Fujian
- Nov 2016** Established Fujian Gulei Petrochemical Co., Ltd.



2 Investment Plan for Storage and Transportation of Kaohsiung Intercontinental Container Terminal Phase II

In response to the Petrochemical Product Storage and Transportation Center Policy of the Kaohsiung Intercontinental Container Terminal Project launched by the Port of Kaohsiung, Taiwan International Ports Corporation, Ltd., China General Terminal & Distribution Corporation, the ethylene transportation side of Linyuan Plant, will be relocated from the old port area to the Petrochemical Product Storage and Transportation Center of the Kaohsiung Intercontinental Container Terminal Project Phase II. To ensure the steady production and transportation of ethylene, APC invested NT\$1.02 billion to build the outgoing pipelines for the ethylene cold storage at the Petrochemical Product Storage and Transportation Center of the Kaohsiung Intercontinental Container Terminal Project Phase II, hoping to continuously provide existing customers with steady ethylene supply after project completion.



Panorama of China General Terminal & Distribution Plant at Intercontinental Container Terminal Phase II

Financial assistance received from government GRI 201-4

On 4 January 2021 the Ministry of Economic Affairs approved APC application for the “Action Plan for Accelerated Investment by Domestic Corporations” program to the with the Kaohsiung Intercontinental Container Terminal Project Phase II, enabling us to apply for bank project financing of up to 80% of the amount of project investment. Additionally, we will also receive a subsidy at 0.5% of the financing service charge from the National Development Fund, as if a kind of preferential interest reduction.

With the Kaohsiung Intercontinental Container Terminal Project Phase II investment project, APC was granted a project financing credit of NT\$1.419 billion. Apart from NT\$549 million has been drawn from the credit by the end of 2023, we also received a subsidy of approximately NT\$2.69 million from the Government’s National Development Fund by 2023.



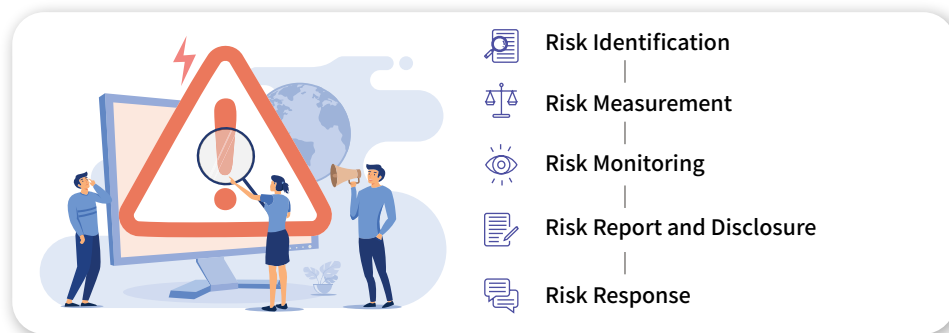
China General Terminal & Distribution Plant at Intercontinental Container Terminal Project Phase II: Ethylene Storage Plant

2.3 Risk Management

To strengthen the Company's corporate governance, reduce potential operational risks, and ensure the steady operations and sustainable development, the Audit Committee and the Board of Directors passed the establishment of the "Regulations for Risk Management Policy and Procedure" in December 2020. These Regulations cover the policy, structure, process, category, and mechanism for risk management implemented by the Board, Audit Committee, various risk management units, and the Auditing Division to effectively control risks in business activities so as to improve the effectiveness of risk management and protect the interest of the Company, employees, shareholders, and stakeholders.

Risk Management Process GRI 3-3

Based on the characteristics of the company's business and various aspects of the internal and external environment, we establish appropriate measurement methods to identify risks as the basis for risk management, and each risk management unit continues to monitor the risks of its business and propose countermeasures to report to senior management to ensure that the management structure and risk controls functions operate normally.



Risk Management Category

Based on the characteristics of APC's business and operations, include the following risk categories into management:

Risk Category	Risk Description	Risk Category	Risk Description
Financial Risk	<ul style="list-style-type: none"> Interest rate risk Exchange rate risk Property loss risk Endorsement guarantee risk Accounts receivable risk 	Strategy and Operational Risk	<ul style="list-style-type: none"> Industry risk Investment risk Operational interruption risk Materials and finished products inventory risk
Climate Change and Environmental Risk	<ul style="list-style-type: none"> Risks and opportunities assessment due to climate change Legal compliance Grasp the information on environmental protection laws and regulations 	Information Security Risk	<ul style="list-style-type: none"> Information maintenance system Educational training and publicity of information security Security protection of customer transactions
Legal Risk	<ul style="list-style-type: none"> Legal compliance risk Transaction risk Litigation settlement Legal compliance awareness and behavior 	Disaster and accident risk	<ul style="list-style-type: none"> Accident response management Operational, property and personnel loss risks Employee operational safety risk Operational interruption risk
Materials Prices and Supply Chain Risk	<ul style="list-style-type: none"> Grasp the information on materials prices change Materials inventory and logistics management Production equipment and spare part plan 	Human Resources Risk	<ul style="list-style-type: none"> Legal compliance risk Human resources shortage risk Workforce stability risk
Occupational Safety and Health	<ul style="list-style-type: none"> Legal compliance audit Contractor occupational safety management Occupational safety educational training and publicity Occupational hazards and safety working hours Conduct annual group environment safety and health audit plan 	Research and Development Risk	<ul style="list-style-type: none"> Product competitive risk Research and development information control risk Outdated technology and product development delay Intellectual property rights and patent rights risk
Technology Risk	<ul style="list-style-type: none"> Cyber security risk caused by new technology use Changes in market consumption habits and outdated production technology 	Other Risks	<ul style="list-style-type: none"> Severe novel pathogens disease (COVID-19)

Operational Risk Management GRI 2-24

After analyzing the risk within its unit, each risk management unit proposes counteractions and reports the risk status to senior management based on the performance of counteractions. The president or the person designates should report the status of operational risk management to the Audit Committee and the Board of Directors at least once a year.

On November 3, 2023, the head of the Sales & Marketing Division reported the status of 2023 Operational Risk Management to the Board of Directors. Please refer to the ESG section [2023 Operational Risk Management Report](#) on the official website for the report.

Information Security Policy GRI 2-23

ISO 27001 information security management system: The Company established the ISO 27001:2013 information security management system in 2014 and hired BSI Taiwan, an external third-party certification body, to review and audit the system. So far, the system has passed the certification by BSI Taiwan for 9 consecutive years. The current certification is valid from July 4, 2023, to October 31, 2025.

NIST Cybersecurity Framework (CSF): The Company included the Cybersecurity Framework (CSF) developed by the US National Institute of Standards and Technology (NIST).

By integrating ISO 27001 information security management system and NIST CSF, we enhance risk control, improve information security resilience, and equip the Company with the capabilities to tolerate, stop, and quickly recover from information security incidents to maintain business continuity of the supply chain.

Internal control and audit systems GRI 2-23

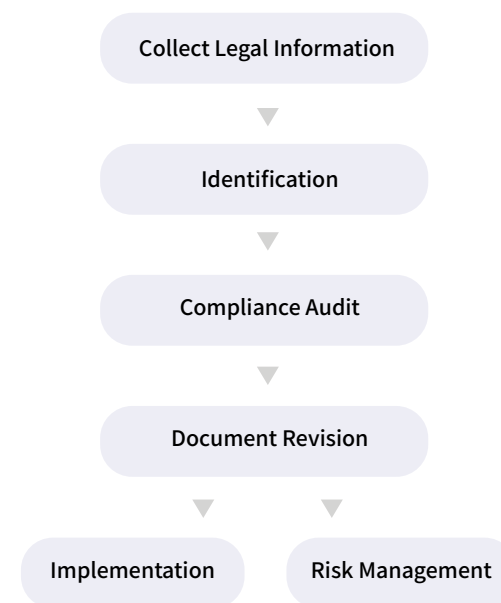
The Audit Division of Asia Polymer Corporation is an independent unit under the direct control of the Board of Directors. It recruits professionals who have obtained the Certified Internal Auditor certificate to join the audit team and carries out its duties with an impartial and independent spirit. Each year the Auditing Division conducts internal audits according to the audit program approved by the Board of Directors, reports the audit findings and matters required for improvement and follow-up to the Auditing Committee and the Board. In 2023 the Auditing Division submitted 48 audit reports and 5 improvement follow-up reports, with a 100% improvement follow-up rate. The improvement results are highlighted below:

Audit Item	Recommendation	Improvement Status
Sales Cycle	Recommendation for adding a verification function to the discounted ERP application program.	All corrections have been made as recommended.
Industrial safety cycle	Recommendation for enhance the supervision in management of contractor entry the plant and confirm whether the related safety equipment in the plant can be used.	
Production Cycle	Recommendation for comparing whether the actual settings of production equipment alarms on-site are consistent with the standard books. Timely adjustments should be made when necessary.	

Legal compliance GRI 2-27

In addition to ethical corporate management, APC also emphasize legal compliance in all areas. In routine operations, we continually monitor and collect information about the establishment of and amendment to laws and regulations in areas such as corporate governance, labor human rights, environmental protection, and occupational health and safety from government agencies at all times. Also identify the conformity of these laws and regulations to our operations, revise relevant documents, and carry out risk management or enforce regulations.

SASB RT-CH-530a.1



Ethical Corporate Management GRI 2-26

To establish a corporate culture for ethical corporate management, we have established the “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, “Code of Ethics Conduct for Directors and Managerial Officers”.

Applicability: Directors, managers, employees, or those who have substantial control over the company

Standardized behavior

No direct or indirect offers, commitments, requests or acceptance of any improper benefits, or any other acts of dishonesty that violate honesty, illegality, or breach of fiduciary duty, should be made in order to gain or maintain interest.

Forms of standardized benefits, including money, endowments, commissions, gold, positions, services, preferential treatment, or kickbacks, etc. in any form or name.

To ensure all employees understand legal compliance topics, we have set up the "Ethical Corporate Management" section on the internal website to publicize ethical behavior, and continuously organize related educational training sessions and hold departmental routine meetings to publicize the latest regulatory information and trends, enabling employees to acquire information regarding new laws and regulations and amendments of existing laws and regulations, while the Legal Division also provides legal consultation and advice. Additionally, apart from arranging internal training or irregular external training courses, we also invite external legal experts to hold lectures to enrich employees' knowledge and competencies in business-related policies and regulations. Also, we offer related courses in the educational training for new employees and request them to sign the integrity relevant statements.

To enforce ethical corporate management and ethical behavior, we continuously publicize and related training courses are held. In 2023, APC organized a total of **263** hours of education and training relating to ethical corporate management (including the Fair Trade Act, prevention of workplace violence, online copyrights and use of legal software, and the Trade Secrets Act, etc.) for a total of **131** participants.

List of Relevant Regulatory Training Courses for APC in 2023

Item	Course Name	Hours	Person	Total hours
1	[Ethics Lecture] Stop, Look, and Listen to Cybersecurity Traps	2	64	128
2	[Ethics Lecture] Legal Awareness and Response Required in the Intelligent Era	2	42	84
3	[Ethics Lecture] Legal Advocacy - Insider Trading and Gender Equality	2	18	36
4	[Ethics Lecture] Discussion on Preventing Workplace Unlawful Infringement	2	6	12
5	[Ethics Lecture] Legal Responsibility and Case Analysis of Breach of Trust	3	1	3
	Total		131	263

APC 2023 Governance Aspect

No violations of relevant laws and regulations.

APC 2023 Social Aspect

No violations of relevant laws and regulations.

APC 2023 Environmental Aspects

Linyuan Plant was fined NT\$150,000 by the Environmental Protection Bureau, Kaohsiung City for violated the "Air Pollution Control Act".

The relevant reasons for offense and improvement are described as follows: **GRI 2-27**

Item	Competent Authority	Reason for Disposal (Violation of Laws)	Disposal Date	Amount of Fine (\$10K)	Improvement Descriptions
1	Environmental Protection Bureau of Kaohsiung City	On August 31, 2023, the Environmental Protection Department conducted an inspection on the leakage concentration of volatile organic compounds in equipment components under the Manufacturing Process of Low-Density Polyethylene (M03). The results showed that the net detection value of leakages across four equipment components exceeded 2,000 ppm, as stipulated by the "Kaohsiung City Equipment Component Volatile Organic Compounds Control and Emission Standard". (Violation of Article 20, Paragraph 1 of the Air Pollution Control Act).	December 1, 2023	15	<ol style="list-style-type: none"> 1. Strengthen the management of on-site personnel equipment component inspection work. 2. The environmental protection section conducts monthly spot checks on equipment/components to increase the frequency of inspections. 3. The equipment components continue to undergo replacement.

Reporting channels **GRI 2-25, 2-26**

On 9 November 2017 the Audit Committee and the Board of Directors passed the proposal to establish "Regulations for Handling Reports of Illegal and Unethical or Dishonest Behaviors" specifying the reporting and processing procedures and related protection mechanisms. Whistleblowers can report an illegal and unethical or dishonest behavior personally or through the report email or report hotline. All reports will be handled by the responsible units.

Report Email "Audit Committee Email" in the "Investor Service" section on the APC website.
Report Hotline Report Hotline: (02)2650-3783

After consolidation the Audit Division reports the acceptance, processing, and improvement of each report to the Auditing Committee. There was no report of noncompliance from Audit Division in 2023.

